

Approved by
Resolution of the
Management Board of
JSC NC
“KazMunayGas”
as of September 19, 2014
Minutes No.89

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Resolution of the Board of
Directors of
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Policy of Economic Security of “National Company “KazMunayGas” JSC

General provisions, goals and objectives

- The Policy of Economic Security of “National Company “KazMunayGas” JSC (hereinafter – the Policy) is the core document defining the key goals, objectives, principles, and directions of activity of KMG on ensuring the economic security of KMG and establishment of an efficient system for protection of vitally important interests in the financial and economic, production and technological, and other areas of activity.
- The Policy reflects a uniform vision and approaches of KMG to ensuring its economic security, fraud and corruption management, and other unlawful phenomena; it is consistent and complex and provides for integration into strategic and corporate governance at all levels.
- The goals of the present Policy is creation of the most efficient terms for a stable operation and dynamic development of KMG based on an efficient system of economic security aimed at prevention or minimization of any potential damage to KMG interests.

The objective of the Policy:

- 1) elaboration of a uniform understanding of KMG’s Policy and forming an efficient organizational and legal procedure of management of any unlawful actions, including fraud and corruption;
- 2) promotion of intolerance of KMG’s employees to fraud, corruption, and other unlawful actions;
- 3) development and conduct of diversified and consistent measures for prevention and suppression of unlawful actions, removal of their causes and conditions;
- 4) identification of actual and potential criminal threats to stability and development of KMG, due informing of KMG management Board about the most essential economic threats including fraud and corruption offences;
- 5) promotion of the legal culture of KMG’s employees based on principles of compliance with the law, fairness, integrity, and transparency in performance of their official duties.

Scope of regulation

- Requirements and principles of the present Policy shall be applied to all

employees of KMG and shall be maintained through implementation of consistent legal, organizational, and technical measures.

Main principles and approaches towards arrangement and ensuring economic security

- KMG's activities related to ensuring the economic security shall be based on the principles of:

- 1) legality, integrity, timeliness, consistency, and commitment to implementation of the set objectives;
- 2) economic feasibility and comparability of a potential damage with the costs for ensuring the economic security;
- 3) uniform understanding and centralization of management of the economic security system on the basis of clearly defined interaction of interested subdivisions and services;
- 4) prevention and nonacceptance of any unlawful activities, fraud, and corruption in any forms and in all of their aspects;
- 5) negative attitude towards any aspects of corruption and fraud, inactivity and negligence at all levels of corporate governance;
- 6) unavailability of punishment for the committed unlawful actions;
- 7) an active involvement of KMG's employees in management of unlawful phenomena, including corruption and fraud.

Major types of activities on combatting fraudulence, corruption and other unlawful phenomena

- Policy coherence in KMG in the sphere of combatting fraudulence and corruption, prevention of embezzlement and damage to commodity stocks and supplies, of falsification and distortions in financial reporting, of abuse of power, negligence, etc.

- Creation of collaborative mechanism between KMG and relevant institutions, third-party companies, civil society in combatting fraudulence and corruption.

- Availability of administrative and other motivation factors to involve KMG staff in active combatting fraudulence and corruption, in formation of public intolerance to any manifestation of fraud, corruption and other unlawful actions.

- Preventive activities against any forms of unlawful actions.

Means and measures to ensure economic security and prevention of fraudulence and corruption

The key measures to implement Policy are:

- development and inaction in KMG of different internal documents and procedures to ensure economic security;

- analysis and expert review of KMG regulation and corporate documents in

regard to exposure to conditions imminent for unlawful actions of fraudulent, corruptive and any other illegal character and reflection of relevant preventive measures in such documents;

- organizing inspection of counterparties in reference to fiscal evasion, provision of false, altered or corrupted information which could result in damaging the interests of KMG and/or the state, including the information related to legalization (laundering) of income received by illegal means and terrorism financing.

Reporting on unlawful actions, including corruption and fraudulence

- KMG shall organize safe confidential and accessible channels for informing on facts of unlawful activities of KMG staff or third parties.
- The procedure for informing on facts of violation of the law of the Republic of Kazakhstan and the internal documents of KMG, including on those related to embezzlement, corruption and fraud is defined by the Operational Instruction on organizing the activities of KMG information system of confidence.
- Any employee of KMG or any other person in case of doubts in regard to legitimacy of actions of other employees, contractors or other parties interacting with KMG, may report on that to KMG management, or his immediate manager, or/and to the relevant department.
- Reports on possible or familiar instances of unlawful activities, corruption and fraud may be forwarded via the following channels and means of communication that ensure confidentiality:
 - electronic mail address: **doverie@kmg.kz**;
 - KMG hot line (trust line): **+7 (7172) 78 65 65**;
 - mail address: Republic of Kazakhstan, 010000, Astana, Kabanbai batyr Ave., 19, to Chairman of KMG Management Board, or director of Department of corporate security, marked: **“Confidential”**;
 - submitted personally to an officer of the relevant department.

Employees are obliged to inform of any cases of violation of the present Policy their linear managers or the relevant department.

Not a single employee shall have his (her) labor agreement terminated, or be downgraded in position, deprived of premium or other incentives, if he (she) informed of facts of unlawful activities, or refused to give or receive a bribe, to make a payment or act as a bribery intermediary.