

Approved by Resolution of  
JSC NC “KazMunayGas”  
Management Board  
dated May 26, 2014,  
Minutes No. 50

**Standard Rules of Social Assistance Provided to Employees of Subsidiaries and  
Affiliates of JSC NC “KazMunayGas”**

## **1. Document Objective and General Provisions**

- 1.1 These Standard Rules of Social Assistance Provided to Employees of Subsidiaries and Affiliates of JSC NC “KazMunayGas” (hereinafter referred to as the “Rules”) have been developed for the purpose of establishing a unified system of social assistance provided to the employees of JSC “KazMunayGas” subsidiaries and affiliates (S&A) and their family members, as well as ensuring transparency of principles and approaches when determining and distributing financial assistance, social allowances and compensations, and social securities (hereinafter referred to as the “Social Package”).
- 1.2 These Rules determine the procedure for creating a Social Package and providing S&A employees and their family members with social assistance, as well as its types, content, size and conditions.
- 1.3 These Rules have been developed in accordance with the legislation of the Republic of Kazakhstan, the Charter of JSC NC “KazMunayGas”, and the Code of Corporate Social Responsibility of JSC NC “KazMunayGas” approved by Resolution of the Board of Directors of JSC NC “KazMunayGas” dated December 10, 2012(Minutes No. 12/2012).
- 1.4 Social assistance is provided as an additional material incentive to employees in order to create favourable and attractive conditions for their effective work, to retain and attract highly qualified specialists, and to establish effective social and labour relations.
- 1.5 The Social Package (its types and sizes) is determined by the Collective Agreement concluded between the employer and the employees, represented by a Trade Union or other authorized representatives, in accordance with these Rules. In the absence of the Trade Union, the Social Package (its types and sizes) is approved by the decision of the S&A agreed upon with the authorized representatives of the employees.
- 1.6 Social assistance in S&A is provided in the form of a Social Package for the employees and their family members, comprising:
  - 1) Financial assistance
  - 2) Social allowances and compensations
  - 3) Social securities.
- 1.7 The types of financial assistance, social allowances and compensations, and social securities included in the Social Package are determined by:
  - 1) Laws of the Republic of Kazakhstan
  - 2) These Rules
  - 3) Collective Agreement.

## **1.8. Types of the Social Package**

1.8.1. The Social Package may be of the following types:

- 1) Guaranteed Social Package
- 2) Additional Social Package.

1.8.2. The Guaranteed Social Package includes financial assistance, social allowances and compensations, and social securities:

### **1.8.3. Guaranteed by the laws of the Republic of Kazakhstan**

- 1) Social allowances and compensations:
  - Payment in the event of termination in accordance with the established procedure of an employment agreement with an employee who has lost their ability to work as a result of an industrial accident, occupational illness or disability
  - Compensation payments related to the move of an employee in case of their secondment to another place of work together with the employer
  - Compensation payments related to the loss of employment (in the event of reduction in the number of employees or liquidation of the legal entity being the employer)
  - Social allowance for temporary disability not exceeding 15 MCI amounts.
- 2) Social securities:

Employees' professional training, refresher training, advanced training.

### **1.8.4. Guaranteed by JSC NC “KazMunayGas”**

#### **1) Financial assistance:**

To improve employees' health when providing paid annual leave KMG-F-2113.1-6/PR-2045.1-6

In connection with the birth/adoption of a child KMG-F-2114.1-6/PR-2045.1-6

In connection with the death of family members of an employee KMG-F-2123.1-6/PR-2045.1-6.

#### **2) Social allowances and compensations:**

Social allowances for pregnancy and childbirth (less government-funded) KMG-F-2115.1-6/PR-2045.1-6

Monthly payments to employees on parental leave until the child reaches the age of 1.5 KMG-F-2116.1-6/PR-2045.1-6

Compensation in the event of termination of the employment agreement in case of inability to transfer an employee to another job due to total disability and assigning a disability category KMG-F-2117.1-6/PR-2045.1-6

Lump sum in connection with the death of an employee to arrange the funeral KMG-F-2118.1-6/PR-2045.1-6

Lump sum paid to the family of the deceased employee as a result of an industrial accident KMG-F-2119.1-6/PR-2045.1-6.

### **3) Social securities:**

Voluntary health insurance and health services for employees and their families KMG-F-2120.1-6/PR-2045.1-6

Organization of recreation for employees' children at the age of 7 to 14 in children's health camps in Kazakhstan KMG-F-2121.1-6/PR-2045.1-6.

1.8.5. Social assistance guaranteed by KMG is provided in accordance with these Rules.

1.8.6. The Additional Social Package includes other types of financial assistance, social allowances and compensations, social securities, which are determined by the Collective Agreement in accordance with clauses 5.2 and 5.3 of these Rules.

## **2. Scope**

2.1. These Rules regulate the procedure and conditions for providing social assistance to S&A employees and their family members.

2.2. Details of social assistance of the employees of the S&A branch (representative office) located outside the Republic of Kazakhstan may be stipulated in the internal documents of the S&A regulating the activities of the branch (representative office).

## **3. Definitions and Abbreviations**

3.1. The basic concepts used in these Rules have the following meanings:

**KMG** — JSC NC “KazMunayGas”.

**Social assistance** — Social Package in the form of financial assistance, social allowance and compensation, social securities.

**S&A** — subsidiaries and affiliates, including jointly controlled entities and joint ventures of JSC “National Company “KazMunayGas”.

**Employer** — an S&A with which an employee has labour relations.

**Subsidiary** — a legal entity where KMG has formed the majority of its charter capital, or where KMG has the ability to determine the decisions taken by this entity under an agreement (or otherwise) concluded between them.

**Affiliate** — a joint-stock company in which KMG has more than

	twenty percent of the voting shares, but which is not a subsidiary.
<b>Jointly controlled entities</b>	— entities in which KMG has an interest and is entitled to determine the decisions taken by the entity in accordance with the agreements concluded with other participants.
<b>Sponsor</b>	— First Deputy Chairman of the Management Board / Deputy Chairman of the Management Board / Managing Director / Head of the Business Unit, whose competence includes solving issues of effective management of the block of shares (interests) in S&A in accordance with the order of the Chairman of the Management Board.
<b>Collective Agreement</b>	— a legal act in the form of a written agreement between the personnel represented by the Trade Union or other authorized representatives, and the employer, regulating social and labour relations in S&A.
<b>Employees</b>	— individuals who are in labour relations with the employer and work directly under an employment agreement.
<b>Employee's family members</b>	— close relatives of the employee: spouse, minor children, children under the age of 23: students of secondary, special and higher education institutions (full-time education), as well as adult disabled children living with the employee, as well as the employee's parents.
<b>Guaranteed Social Package</b>	— type of a Social Package which the employer is obliged to provide.
<b>Additional Social Package</b>	— type of a Social Package, which is provided by the employer depending on the financial capacity of the S&A.
<b>Financial assistance</b>	— gratuitous lump sum paid by the employer to the employee, except for social allowances and compensations and social securities.
<b>Social allowances and compensations</b>	— gratuitous payment provided by the employer to the employees or their family members related to the risks of income loss.
<b>Social securities</b>	— all the benefits provided by the employer to the employees or their family members for the realization of the most important social and economic rights.
<b>Tariff rate</b>	— a fixed amount of an employee's remuneration for fulfilling their standard labour (work duties) of a certain complexity (qualification) per unit of time.
<b>Monthly calculation index</b>	— the indicator used in Kazakhstan for calculating pensions, allowances and other social payments, as established by the law on the republican budget for the corresponding financial year.

- 3.2. The terms used but not defined in these Rules have the same meaning as in the laws of the Republic of Kazakhstan, the Charter and internal documents of KMG.

#### **4. Responsibilities**

- 4.1. KMG is responsible:

- 1) For creating a unified policy of social assistance provided to S&A employees and their family members
- 2) For determining the types and amounts of financial assistance, social allowances and compensations, and social securities included in the Guaranteed Social Package.

- 4.2. The S&A sponsors are responsible:

For timely ensuring that the internal documents of the S&A under supervision are brought into compliance with these Rules.

#### **5. Process Description**

##### **5.1. Terms and Conditions of the Guaranteed Social Package**

- 5.1.1. The employer shall provide financial assistance, social allowances and compensations, social securities included in the Guaranteed Social Package in accordance with the amounts determined by these Rules.
- 5.1.2. Should S&A have financial capability, the amounts of financial assistance, social allowances and compensations, as well as social securities included in the Guaranteed Social Package may be changed within the budget agreed with KMG.

##### **5.2. Terms and Conditions of the Additional Social Package**

- 5.2.1. S&A has the right to consider creating the Additional Social Package only if there are sufficient funds for the Guaranteed Social Package.
- 5.2.2. The list of types and amounts of financial assistance, social allowances and compensations, and social securities included in the Additional Social Package shall be defined in the Collective Agreement within the budget agreed with KMG.
- 5.2.3. The Additional Social Package may include measures of social assistance for retirees.

### **5.3. Decision-Making on Social Assistance and Financing of Their Recipients**

5.3.1. The employer shall determine the appropriate recipient of financial assistance, social allowance and compensation, and social securities.

5.3.2. According to the decision of the employer or the Collective Agreement, the Trade Union is entitled to:

- 1) Recommend (approve) the recipient of social securities in terms of:
  - Recreation of employees' children at the age of 7 to 14 in children's health camps in Kazakhstan
  - Health resort treatment of the employees
  - Education of employees' children in secondary and higher education institutions at the expense of S&A
  - Assistance in solving housing problems
- 2) Identify the appropriate recipient of social securities and financing in terms of:
  - Health resort treatment
  - Recreation of employees' children at the age of 7 to 14 in children's health camps in Kazakhstan
  - Social assistance for retirees
  - Organization of cultural events
  - Organization of sporting events.

5.3.3. If the Trade Union has the rights stipulated in clause 5.3.2, the employer shall transfer the necessary funds to the current account of the Trade Union within the terms defined in the Collective Agreement.

### **5.4. Procedure for Determining S&A Expenses for the Social Package**

5.4.1. Expenses of S&A for the Social Package are included in business plans agreed in accordance with the Rules for Development, Coordination, Approval, Adjustment and Monitoring of Business Plans of Subsidiaries, Affiliates and Joint Ventures of JSC NC "KazMunayGas".

### **5.5. KMG Rights**

KMG has the right to determine and approve the types and amounts of financial assistance, social allowances and compensations, and social securities included in the Guaranteed Social Package by the KMG Management Board Resolution.

## **5.6. S&A Rights**

S&A are entitled:

To approve, in accordance with the established procedure, the internal documents regulating the procedure for granting the Guaranteed Social Package in accordance with these Rules

As agreed with KMG, to include in the budget the funds for providing social assistance to the employees and their family members under the Guaranteed and Additional Social Packages, as well as to adjust the budget by relevant items of expenditure in case of changes in the S&A financial performance

When an event occurs (upon receipt of an application from an employee), to make decisions on providing the relevant type of social assistance within the approved budget, including on the basis of the decision of the Trade Union

To provide sponsorship and/or charitable assistance to the Trade Union in accordance with the established procedure for the implementation of its statutory activities for the purposes of social assistance.