1. **Purpose and General Provisions**

1.1. Rules for Conducting Anti-Corruption Monitoring and Internal Analysis of Corruption Risks at JSC NC “KazMunayGas” and its Subsidiaries and Affiliates (hereinafter the Rules) have been developed in compliance with the Anti-Corruption Law of the Republic of Kazakhstan and KMG’s Economic Security Policy, and provide for the uniform procedure of anti-corruption monitoring and analysis of corruption risks at KMG and its S&A.

1.2. The purposes of the Rules are as follows:

* obtaining objective data regarding the status, results and efficiency of anti-corruption measures implemented at KMG/S&A;
* identifying and forecasting the key areas for improving the anti-corruption performance and creating an effective system to protect the KMG/S&A interests in all areas of activities;
* developing and implementing comprehensive and consistent measures for preventing and combating, and eliminating the causes of, corrupt practices;
* developing the anti-corruption culture among KMG/S&A employees based on the principles of lawfulness, honesty, integrity, and transparency during performance of their duties.

1. **Scope of Application**

2.1. These Rules are applicable to and mandatory for all the participants of anti-corruption monitoring and internal analysis of corruption risks at KMG.

The participants of anti-corruption monitoring and internal analysis of corruption risks at S&A apply these Rules in compliance with the established procedure by developing and approving equivalent Rules or harmonising the internal regulations of S&A in line with these Rules.

1. **Terms and Abbreviations**
   1. The terms and abbreviations used herein are as follows:

|  |  |
| --- | --- |
| **anti-corruption monitoring** | activities comprising collection, processing, summarizing, analysis, and evaluation of information related to the status and effectiveness of law-enforcement practice in countering corruption; |
| **internal analysis of corruption risks** | identification and study of causes and conditions contributing to the commission of corruption offences at KMG and S&A; |
| **S&A** | subsidiaries and affiliates, including KMG’s jointly controlled entities and joint ventures; |
| **KMG** | Joint-Stock Company “National Company “KazMunayGas”; |
| **conflict of interest** | collision between personal interests of officials and their official powers where personal interests of such officials may lead to improper performance of their official powers; |
| **corruption** | unlawful use of official powers and related opportunities by an individual performing managerial functions at KMG and S&A in order to gain or derive, personally or through intermediaries, any material (non-material) benefits and advantages for themselves or any third parties, as well as bribing such individuals by giving benefits and advantages; |
| **corruption risk** | possibility of occurrence of causes and conditions contributing to the commission of corruption offences; |
| **corruption offence** | a wrongful act (action or omission) featuring signs of corruption subject to administrative or criminal liability; |
| **responsible business unit** | a KMG/S&A business unit or other employees responsible for coordination of anti-corruption monitoring and internal analysis of corruption risks; |
| **Rules** | Rules for Conducting Anti-Corruption Monitoring and Internal Analysis of Corruption Risks at JSC NC “KazMunayGas” and its Subsidiaries and Affiliates; |
| **anti-corruption** | activities of KMG/S&A within their powers aimed at prevention of corruption, including development of anti-corruption culture, identification and elimination of causes and conditions contributing to the commission of corruption offences, as well as consequences thereof; |
| **business**  **unit** | an independent unit within KMG’s organisational structure responsible for a specific area of activities; |
| **development of anti-corruption culture** | activities performed by KMG/S&A within their competence aimed to preserve and enhance the system of values with zero tolerance to corruption at KMG and its S&A. |

3.2. The terms and abbreviations used but not defined herein shall have definitions used in the laws of the Republic of Kazakhstan, the Charter and the internal documents of KMG/S&A.

1. **Responsibility**

4.1. For the purposes of these Rules, the KMG/S&A responsible business unit (hereinafter the RBU) is in charge of timely and high-quality performance of anti-corruption monitoring and internal analysis of corruption risks at KMG/S&A, as well as preparation and submission of corresponding reports.

4.2. At the level of S&A business units, the overall control and coordination of anti-corruption monitoring, internal analysis of corruption risks and provision of corresponding information and reports to KMG should be the responsibility of the S&A CEOs.

1. **Process Description**

5.1. Anti-corruption monitoring

5.1.1. The RBU performs anti-corruption monitoring through:

1) examination and assessment of the KMG/S&A business units’ activities in terms of anti-corruption practices and compliance with the anti-corruption laws;

2) examination and assessment of causes and conditions contributing to the commission of corruption offences by KMG/S&A employees;

3) review and analysis of mass media publications and reports from individuals and legal entities on corruption at KMG/S&A.

5.1.2. The results of anti-corruption monitoring are summarised and filed as per form **KMG-F-2327.1-22/PR-2326.1-22** attached hereto.

5.2. Analysis of corruption risks

5.2.1. The basis for conducting an internal analysis of corruption risks is a resolution of the Chairman of KMG’s Management Board and/or CEO of the S&A as proposed by the RBU.

5.2.2. The decision to conduct an internal analysis of corruption risks can also be taken following anti-corruption monitoring.

5.2.3. An internal analysis of corruption risks is conducted by the RBU or a working group established by resolution of the Chairman of KMG’s Management Board and/or CEO of the S&A.

5.2.4. The object of the internal analysis of corruption risks is the activities of the KMG/S&A business units.

5.2.5. The resolution to conduct an internal analysis of corruption risks specifies the following:

1) name of the KMG/S&A business unit subject to an internal analysis of corruption risks;

2) main areas for the internal analysis of corruption risks in compliance with clause 5.2.7 hereof;

3) information on the RBU or the composition of the working group that will conduct the internal analysis of corruption risks;

4) period of time when the internal analysis of corruption risks will be conducted;

5) information on the individual who is in charge of management, coordination and conduct of the internal analysis of corruption risks, as well as provision of the results.

5.2.6. The frequency of internal analyses of corruption risks is established by the Chairman of KMG’s Management Board and/or CEO of the S&A as proposed by the RBU.

5.2.7. An internal analysis of corruption risks is conducted in the following areas:

1) identification of corruption risks in the KMG/S&A internal documents concerning the business units’ operations;

2) identification of corruption risks in the organisational and management activities of the KMG/S&A business units.

5.2.8. Factors contributing to the commission of corruption offences by employees are identified in the KMG/S&A internal documents concerning the KMG/S&A business units’ operations.

5.2.9. Organisational and management activities of the KMG/S&A business units comprise the following:

1) personnel management, including personnel turnover;

2) settlement of conflicts of interest;

3) goods, work and services procurement management;

4) other issues resulting from organisational and management activities of the KMG/S&A business units.

5.2.10. The sources of information for internal analysis of corruption risks are as follows:

1) internal documents concerning all or specific business unit(s) of KMG/S&A;

2) results of audits previously performed by governmental and supervising authorities in relation to the KMG/S&A business units;

3) publications in mass media;

4) reports from individuals and legal entities received by KMG/S&A;

5) prosecutor’s supervision acts;

6) court acts;

7) other information that is not prohibited to be disclosed in compliance with the laws of the Republic of Kazakhstan.

5.2.11. Following the internal analysis of corruption risks, an analysis report is prepared as per form **KMG-F-2328.1-22/PR-2326/1-22** attached hereto, which specifies the following:

1) information on the identified corruption risks;

2) recommendations for their elimination;

3) timelines for implementation of the recommendations for elimination of identified corruption risks.

5.2.12. If a working group is established, the analysis report should be approved by all members of the working group engaged in the internal analysis of corruption risks, the head of the KMG and/or S&A business unit that was subject to the analysis of corruption risks, and should be signed by the official specified in subclause 5 of clause 5.2.5 hereof.

5.2.13. The analysis report with recommendations for elimination of the identified corruption risks is submitted to the Chairman of the KMG’s Management Board and/or CEO of the S&A for review and action.

5.2.14. The results of the internal analysis are published on the KMG/S&A website.

5.2.15. A public discussion of the internal analysis results is allowed, including discussion during the meetings of KMG/S&A collegial and advisory boards.

5.2.16. Upon completion of all organisational procedures, all analysis and reference documents received and prepared in the process of monitoring and analysis should be delivered to the Archive.

1. **Process Efficiency Criteria**

6.1. Conduct of anti-corruption monitoring and internal analysis of corruption risks in a timely and quality manner.

1. **References**

|  |  |  |
| --- | --- | --- |
| Anti-Corruption Law No. 410-V of the Republic of Kazakhstan dated 18.11.2015 |  | On Combating Corruption |
| Resolution No. 14/2014 of KMG’s Board of Directors dated 23.10.2014 |  | KMG’s Economic Security Policy |
| Order No. 13 of the Chairman of the RoK State Service and Anti-Corruption Agency dated 19.10.2016 |  | Rules for Conducting Anti-Corruption Monitoring |
| Order No. 12 of the Chairman of the RoK State Service and Anti-Corruption Agency dated 19.10.2016 |  | Standard Rules for Conducting Internal Analysis of Corruption Risks |

1. **Record Forms**

|  |  |  |
| --- | --- | --- |
| KMG-F-2327.1-22/PR-2326.1-22- |  | Analysis information based on the results of anti-corruption monitoring |
| KMG- F-2328.1-22/PR-2326.1-22 |  | Analysis report based on the results of internal analysis of corruption risks |

1. **Flowchart**

|  |  |  |  |
| --- | --- | --- | --- |
| Process entry: | **Anti-corruption monitoring and internal analysis of corruption risks at KMG and its S&A** | | |
| **Flowchart** | **Action** | **Responsible party** | **Record** |
| 1 | Anti-corruption monitoring  (clause 5.1.1.) | RBU | Resolution (instruction) of the Chairman of KMG’s Management Board and/or CEO of the S&A |
| 2 | Preparation and drawing up of analysis information based on the results of anti-corruption monitoring (clause 5.1.2.) | RBU | Analysis information |
| 3 | Internal analysis of corruption risks  (clauses 5.2.1.-5.2.4., clauses 5.2.5-5.2.10) | RBU | Resolution (instruction) of the Chairman of KMG’s Management Board and/or CEO of the S&A |
| 4 | Preparation and drawing up of an analysis report based on the results of internal analysis of corruption risks and submission of the report to the Chairman of KMG’s Management Board and/or CEO of the S&A for review and action  (clauses 5.2.11-5.2.13.) | RBU/  Head of the working group | Analysis report |
| **no**  5 | Decision to publish the information on the KMG and/or S&A website and public discussion during the meetings of KMG/S&A collegial and advisory boards | Chairman of KMG’s Management Board and/or CEO of the S&A | Resolution (instruction) of the Chairman of KMG’s Management Board and/or CEO of the S&A |
| **yes**  6 | Publication of the results of internal analysis of corruption risks on the KMG/S&A website and public discussion during the meetings of KMG/S&A collegial and advisory boards (clauses 5.2.14.-5.2.15.) | RBU | Information on the website |
| Process exit: | **Filing of all analysis and report documentation for storage** | | |