



ҚазМұнайГаз
NATIONAL COMPANY ҰЛТТЫҚ КОМПАНИЯСЫ

Nur-Sultan,
2020

Code of Ethics of
JSC «NC «KAZMUNAYGAS»





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Dear Colleagues,

The successful activity of JSC NC KazMunayGas today and the prospects for the dynamic development of the Company along the path of the world-class oil and gas company in the future depends on how much we are a team of like-minded people united by common goals, traditions and culture of doing business and business behavior.

The Code of Ethics is a set of norms and rules for the individual and collective behavior of all KMG employees, regardless of the profession, position and place of work.

The Code is intended to create an inspiring working atmosphere in which each employee can feel responsible for the results of KMG's performance and reputation and, at the same time, rely on the Company's attention to his personality when performing his/her job duties.

The Code of Ethics is one of the most important tools for creating such a Company in which each employee is a professional in his/her field and part of a single corporate culture.

Corporate ethics is a key element that unites employees into a single social organism. A clear understanding of the moral guidelines of activity is necessary for the coordinated work of all departments. Adherence to high ethical standards will help maintain and strengthen trust in the team, and in relations with external partners, society and the state.

Compliance with the Code is one of the steps in strengthening KMG's reputation today and ensuring sustainable development and achieving the Company's strategic goals in the future.

Each employee by his/her work and behavior determines the reputation and prestige of KMG. That is why - impeccable adherence to the Code should be a top priority for the KMG employees.

Alik Aidarbayev

Chairman of the Management board

Terms, definitions and abbreviations

Term, abbreviation	Definition
Officials	1. Persons who, by virtue of the law, other legal act or document of KMG, are authorized to act on behalf of KMG 2. Members of the Board of Directors and Management Board of KMG.
Stakeholders	Individuals and legal entities that can influence the implementation of KMG's activities, including the decision-making process of KMG, or whose interests are affected by KMG's activities
Competitor	An individual, individual entrepreneur or a legal entity that provides services (performs work, sells goods) similar to services (works, goods) that KMG provides (performs, sells)
Counterparty	An individual or legal entity with whom KMG has entered into or plans to enter into an agreement (for example, an agreement on the provision of services / supply of goods, an agency agreement, an agreement for the sale of oil, gas, oil products, KMG assets, etc.)
Code	Code of Ethics of JSC "NC "KazMunayGas"
Conflict of interest	Any situations or circumstances in which the Personal benefit or activities of the Employee or the Official contradict the interests of KMG or may potentially conflict with them and thus may lead to improper performance of their official duties and the objectivity of decisions on issues related to KMG
Personal gain	The possibility of receiving by the Official / Employee in the performance of official duties income in the form of money, valuables, other property or services of a property nature, other property and non-property rights for themselves or third parties
Company	Joint Stock Company "NC "KazMunayGas"
Ombudsman	A person appointed by the KMG Board of Directors, whose role is to advise the KMG Employees who have contacted him and provide assistance in resolving labor disputes, conflicts, problematic issues of a social and labor nature, as well as in observing the principles of business ethics by KMG Employees

Terms, definitions and abbreviations

Term, abbreviation	Definition
Luxury item	<p>For the purposes of this Code, luxury goods include the following gifts:</p> <ul style="list-style-type: none"> • Jewelry (jewelry, raw and processed precious minerals, precious and semi-precious stones); • Securities, including certificates of deposit and savings certificates, shares, shares; • Means of transport, including yachts, cars, airplanes and other vehicles; • Real estate; • Items that are antiques or of cultural or artistic value; • Other items that may be considered luxury goods in the eyes of the public.
Politically exposed person	<p>1. A civil servant is a citizen of the Republic of Kazakhstan who, in accordance with the procedure established by the legislation of the Republic of Kazakhstan, holds a public position in a government body paid from the republican or local budgets or from the funds of the National Bank of the Republic of Kazakhstan and exercises official powers in order to implement the tasks and functions of the state;</p> <p>2. An official is a person who permanently, temporarily or by special authority performs the functions of a representative of the authorities or performs organizational and administrative functions in state bodies;</p> <p>3. Foreign official - an official of a foreign state, including members of a foreign public assembly, officials of the international organizations, members of the international parliamentary assembly, judges of a foreign state and officials of an international court, as well as officials in the armed forces and other military formations of a foreign state.</p>
Employee	A person who has an employment contract with KMG and directly performs work under an employment contract, as well as other persons involved under an agreement through a headhunter and a civil law contract
Compliance Service of KMG	Responsible structural unit of KMG responsible for compliance issues
KMG International	A group of legal entities whose parent company is KMG International N.V.

General provisions

Who the Code applies to and how it is complied with?

The Code defines KMG's corporate values and is a set of corporate ethics requirements that should be followed by all Employees and Officials.



» This Code applies to:

- JSC NC "KazMunayGas"

» Compliance with the Code

Every Employee and Official undertakes to familiarize himself/herself with the provisions of the Code. All Employees and Officials must sign a confirmation form on familiarization with the Code in accordance with Appendix No. 1 of the Code.

Employees and Officials who have committed or allowed actions (inaction) that violate the requirements of the Code, if there are grounds, are subject to disciplinary liability in the prescribed manner.

KMG's Counterparties and Stakeholders are advised to adhere to the provisions of the Code.

The Code was developed in accordance with the legislation of the Republic of Kazakhstan, KMG's internal regulations, as well international anti-corruption legislation.

If the legislation of the countries where the companies of the KMG group are located establish more stringent requirements than the provisions of the Code, then the requirements of such legislation apply.

In the event that certain provisions of the Code come into conflict with traditions, customs or someone's personal vision, the provisions of the Code apply.

Corporate values

What are the corporate values of KMG?



Justice

- We act honestly
- We keep our word and do not accept double standards
- We give everyone equal opportunity and fairness



Loyalty

- We accept that the interests of the Company are above our own
- We are not indifferent to the Company and take great care of everything that we have
- We are one team



Development

- We invest in people and technology
- We are changing for the better and constantly growing, striving to become a global company
- We drive change



Safety

- We care about the safety of our employees, partners and society
- We care about the environment
- We care about our reputation



Responsibility

- We make informed decisions
- We learn from mistakes
- We are persistent and disciplined

Relations with Employees and Officials

Basic principles of conduct for all KMG Employees and Officials

» All Employees and Officials adhere to the following basic principles and rules of internal corporate conduct:

- Undertake to read, understand, and faithfully follow the provisions of the Code;
- Professionally fulfill their duties and internal labor regulations;
- Use and manage the property and financial assets of KMG exclusively for official purposes;
- Avoid the emergence of a Conflict of Interest, reject corruption and fraud;
- Not disclose confidential information;
- Promptly report violations of this Code.

» Equal terms of employment and work

KMG complies with the labor legislation of the Republic of Kazakhstan, as well as applicable local laws of the states in which it operates.

KMG ensures equal rules for hiring, assessing achievements and promoting Employees and Officials, based on clear and transparent criteria.

KMG recognizes the right of Employees to unite and conclude collective agreements in order to protect or preserve the rights of Employees.

» Prohibition of discrimination and harassment

KMG does not allow intimidation, including in a joking form, and any discrimination against anyone on the basis of race, religion, ethnicity, gender, political views, social origin, property and official status, language of communication and other circumstances, as well as the provision of any privileges to individual Employees based on the indicated characteristics.

» QUESTION

«Recently, during negotiations, my manager, in my opinion, behaved incorrectly, calling me a bad specialist while the Counterparty was there. I felt uncomfortable. Is this permissible?»

» RESPONSE

«No. KMG makes efforts to strengthen its professional reputation in the eyes of our Counterparties, and also does not accept humiliation of the dignity of its Employees»

Relations with Employees and Officials

Basic principles of conduct of the Officials

Senior Officials of KMG should demonstrate an example of ethical behavior by personal example and set a "tone from the top"



» Duties of the KMG Senior Officials:

- Ensure that Employees are aware of, comply with the provisions of the Code and support Employees who initiate discussion of ethical issues;
- Take immediate measures to eliminate violations of the provisions of the Code;
- Take into account the compliance of the Employees with the requirements of the Code when assessing them;
- Create an environment of open and respectful communication in the team;
- Not give the Employees instructions that violate the requirements of applicable law, the Code or other local regulations;
- Not to emphasize or use their official position to the detriment of the interests of subordinates.

» Employees and Officials are prohibited from:

- Make public statements that present KMG, Employees or Officials, KMG's Stakeholders in a negative or distorted light;
- To act on behalf of KMG without having official powers for that;
- Use drugs and unauthorized psychotropic substances, be at the workplace in a state of alcoholic intoxication, smoke outside of the specially designated areas.

» QUESTION

«My subordinate asks, as it seems to me, too many questions and distracts me from my work. How to politely explain to him/her that it is not always convenient for me to spare time on this?»

» RESPONSE

«You are expected to encourage employees to ask questions, make suggestions, and report violations of the Code and other company policies.»

» QUESTION

«Sometimes at home I visit blogs on the Internet. A few days ago, I noticed a comment from a former KMG employee who described his experience in the company in a rather negative way. I would like to respond to his comments. Can I do that?»

» RESPONSE

«You are not entitled to answer on behalf of KMG. However, it is permissible (but not recommended) to express your personal point of view about working for KMG, making sure that you do not disclose any confidential information about the company.»

Relations with stakeholders

Relations with shareholders, government agencies and Politically exposed persons

» Observance and protection of the rights of KMG shareholders is one of the main priorities

Relations with shareholders, including the procedure for the exchange of information between KMG and shareholders, are based on the requirements of the legislation of the Republic of Kazakhstan, other applicable legislation of the states in which KMG operates, the requirements of stock exchanges on which KMG's securities are traded, as well as the Charter and internal documents of the Company.

» Interaction of KMG with politically exposed persons, state bodies

Exercise special care when dealing with PEPs, government agencies, or government-owned or government-controlled companies.

Employees, Officials and intermediaries representing the interests of KMG are prohibited from:

- Providing any PEP with cash, gifts, hospitality, or anything of value.
- Make illegal payments to expedite formalities to Politically Exposed Persons, government agencies and state-owned or government-controlled companies.
- Doing business with PEPs may pose a risk of corruption. Employees and Officials are prohibited from entering into such commercial transactions without prior due diligence in accordance with the internal procedures.
- Events are allowed where Politically Exposed Persons are invited to congratulate KMG's employees, to the grand opening of production facilities, as well as to state and national holidays, as well as to other business meetings in order to discuss the interaction between KMG and these PEPs. At the same time, within the framework of these events / meetings, the Politically Exposed Person will not be provided with preferences regarding other invited persons.

» Вопрос

«Контрагентом предложено осуществить «плату за ускорение» в пользу государственного служащего, для получения разрешения. Потребуется только увеличить гонорар на эту сумму. Это приемлемо?»

» Ответ

«Нет. Предложение Контрагента представляет собой серьезное нарушение, о чем необходимо незамедлительно сообщить»

Relations with stakeholders

Relations with Counterparties and Competitors

» In its relations with Counterparties, KMG adheres to the following principles:

- Interaction on the basis of legality, transparency, compliance with the terms of contracts, integrity and intolerance to any manifestations of corruption, as well as the selection of Counterparties based on a combination of factors: the best price, quality and conditions, business reputation of the Counterparty;
- Ensuring the independent work of the tender commission and non-interference in its activities.

KMG expects from its Counterparties to comply with the requirements of applicable law, fair treatment of employees, non-use of child labor, ensure safe working conditions, protect the environment and adherence to other principles of ethical behavior.

» In their relations with the Competitors, Employees are prohibited from:

- Exchange information with Competitors in respect of which the confidentiality regime is established;
- Formal or informal agreement with Competitors on prices or market division, which may entail liability for KMG and damage its reputation;
- Exchange information with Competitors in respect of which the confidentiality regime is established;
- formal or informal agreement with Competitors on prices or market division, which may entail liability for KMG and damage its reputation.

KMG complies with applicable antitrust laws, including applicable local competition laws.

We use only bona fide and reliable advertising and do not violate the law or the rights of third parties when conducting advertising and marketing activities.

» In its relations with society, KMG adheres to the following principles:

- Seeks to support programs aimed at the development of socially significant sectors of the economy, if this does not contradict the KMG Charter, the expectations and requirements of KMG shareholders and other internal regulations of KMG.
- Introduces the principles of social responsibility of business.

Risk management

Combating bribery and corruption,
preventing and resolving conflicts
of interest

» As part of the fight against corruption, KMG adheres to the following principles:

- KMG is guided by applicable local and international legislation, the provisions of the Code and other internal documents in the field of anti-corruption, and also confirms its adherence to international anti-corruption standards.
- The principle of rejection of corruption in any forms and manifestations (the principle of "zero tolerance") is enshrined in KMG.
- KMG identifies, regularly updates indicators of corruption risks, develops and implements appropriate procedures to minimize the risks of corruption and monitors their observance.

» KMG strives to avoid a conflict between the personal interests of Employees and Officials and their professional responsibilities. Employees and Officers should avoid such situations:

- Employees and Officials are obliged to act and make business decisions strictly in the interests of KMG;
- Employees and Officers should disclose any potential conflict of interest well in advance;
- In all cases, the situation that has led or may lead to the emergence of a Conflict of Interest must be resolved.

» QUESTION

«I am a KMG Employee and previously was a co-founder of a company that supplied goods to the KMG group company. Last month I sold my stake in this business to a business partner. Can I now declare that there is no Conflict of Interest?»

» RESPONSE

«It is necessary to declare the sale of your share, however, if you continue to exercise informal control over this company, then the Conflict of Interest remains».

Confidential information is information classified as such in accordance with the legislation of the Republic of Kazakhstan and KMG's internal documents, or in accordance with other applicable local legislation of the states in which KMG operates.

» **When working with confidential information, Employees and Officials adhere to the following principles:**

- Take all necessary measures to protect confidential information
- Not disclose confidential information in accordance with applicable local laws
- Take care of preventing unauthorized access and disclosure of confidential information to other Employees who do not have access to confidential information, or other third parties outside of KMG, as well as prevent the loss or destruction of data.

» **Employees and Officials are prohibited from using inside information**

Information for personal purposes to carry out transactions with financial instruments, disclose it to third parties or give recommendations / encourage third parties to purchase or sell financial instruments of KMG.

» **As part of the protection of property, the Employees and Officials adhere to the following principles:**

- Respect for the property and assets of KMG, preventing theft, damage, waste, negligence
- A ban on the use of KMG's property for the purpose of obtaining Personal Benefit
- Protection of intellectual property of KMG
- Any violations or cases of fraud must be communicated in accordance with the established internal documents.

» **KMG's property and assets include:**

Tangible assets, cash, rights to intellectual property, know-how, data on business processes, network resources, labor resources, as well as written correspondence and information and information disclosed and received via e-mail and other communication systems or stored in them.

Risk management

Gift exchange

KMG develops partnerships with Counterparties and allows the receipt and transfer of gifts that comply with business practices



Employees and Officials operating on the territory of the Republic of Kazakhstan have the right to give gifts to Counterparties, the value of which does not exceed 20,000 tenge, including the cost of packaging and delivery of the gift. Only giving of gifts and souvenirs with KMG symbols is allowed.

Employees operating on the territory of the Republic of Kazakhstan have the right to receive gifts from the Counterparties in an amount not exceeding 2 monthly calculation indices (MCI) established by the legislation of the Republic of Kazakhstan for a calendar year.

Officials are **not entitled** to receive gifts from or on behalf of the Counterparty.

» It is prohibited:

- Giving and accepting any gifts in relation to PEP;
- Giving more than two gifts to one representative of the Counterparty during one calendar year;
- Giving and accepting gifts in the following formats:
 - Luxury goods;
 - Cash and cash equivalents, including bank cards, traveler's checks and gift certificates;
 - Other items, the transfer of which may affect the decision-making by the Counterparty.

Under no circumstances should the exchange of gifts be a hidden reward that could have a negative impact on the reputation of the Employee, the Official and / or KMG as a whole.

All gifts gifted and received by Employees or Officials to Counterparties or other persons must be disclosed and entered by the Employees in the Register of Gifts and Hospitality.

Risk management

Hospitality, charity and sponsorship

» Hospitality expenses, including expenses for business hospitality, must meet all of the following criteria:

- Not contradict the principles and requirements of the Anti-Corruption Policy, this Code and applicable law,
- Not be Luxury Goods,
- Not constitute a hidden reward or attempt to influence the recipient for another illegal or unethical purpose.

The Employees, carrying out activities in Kazakhstan have the right to accept an invitation to a business lunch / dinner at the expense of the Counterparty, if such a gesture does not constitute a hidden bribe.

Officials are not entitled to accept invitations to a business lunch / dinner at the expense of the Counterparty.

Hospitality expenses for the companies of the KMG group operating in Kazakhstan should not exceed the limits on the hospitality expenses determined by JSC NWF Samruk-Kazyna in the manner prescribed by the law of the Republic of Kazakhstan.

» Charity and sponsorship

- Charitable and sponsorship assistance can be provided by KMG only by transferring funds to the Fund for the Development of Social Projects «Samruk-Kazyna Trust».
- Writing off obsolete assets for charitable purposes, rendering assistance to low-income families at the request of akimats can only be carried out with the prior approval of the KMG Compliance Service.
- Charitable and sponsorship assistance on direct instructions from NWF Samruk-Kazyna JSC can be provided only upon written request for specific purposes, followed by a detailed report on the targeted spending of funds.
- KMG can carry out charity only in the event of a declaration of an emergency and (or) state of emergency, or to eliminate the consequences of an emergency and (or) state of emergency.

Communication channels for compliance issues

Ombudsman and Compliance Service

» The duties of the Ombudsman include:

- Provide explanation and advice on the provisions of this Code on business ethics, social and labor issues of Employees, discrimination, sexual and other harassment, labor disputes, etc.
- Be neutral, impartial and independent, advocate fair and equitable conduct of processes when considering cases, not side with any of the Employees;
- Ensure the confidentiality of information and anonymity of the Employee and / or the Official who applied for violations of their rights and / or provisions of this Code;
- Within the limits of their competence, advise the Employees, Officials, participants in labor disputes and assist them in developing a mutually beneficial, constructive and implementable solution;
- To submit for consideration by the relevant authorities and Officials the identified problematic social and labor issues that are of a systemic nature and require appropriate decisions;
- Coordinate work on conducting investigations of revealed violations in accordance with the established procedure.

» The responsibilities of the KMG Compliance Service include:

- Provide clarifications and advice on the provisions of this Code on corruption and bribery, fraud, business gifts and hospitality, relations with government agencies, and internal investigations on these issues;
- Monitor and control compliance with the provisions of this Code in the matters specified above;
- Initiate and conduct independent and objective internal investigations in relation to Employees and Officials in case of violations.

Communication channels for compliance issues

Whom should KMG employees contact?

» In order to comply with the provisions of the Code, as well as other internal regulations of KMG, channels for contacting the Ombudsman and the “hot line” have been introduced.

» Ombudsman:

- Тел: +7 (7172) 78 65 60
- e-mail: ombudsman@kmg.kz

» Hotline:

- Hotline telephone number: 8 800 080 47 47
- WhatsApp messenger via number: 8 771 191 88 16
- Internet portal: www.sk-hotline.kz
- E-mail: mail@sk-hotline.kz

» QUESTION

«I would like to report a violation of the Code, but I have no evidence. Is it worth doing?»

» RESPONSE

«Yes of course. All allegations received are subject for consideration. If these facts are confirmed during the check, an investigation will be initiated on its basis. KMG appreciates the employees' activity in matters of ethics and compliance».



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