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| эмблема | **JSC “National Company “KazMunayGas”** | |
| Document title: | **Economic Security Regulations of Joint-Stock Company “National Company “KazMunayGas”** | |
| Document type: **Regulations** | **KMG-RG-3749.1-22** | **page 1** **of 7** |
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**1. General, Purpose and Objectives**

1.1. The Economic Security Regulations of Joint-Stock Company “National Company “KazMunayGas” (hereinafter the Regulations) are a basic document defining the key goals, objectives, principles and areas of KMG in maintaining economic security and creating an effective system for protecting vital financial, economic, production, technological and other business interests.

1.2. The Regulations describe the common vision and approaches of KMG to maintain economic security and counteract unlawful acts against its legitimate rights and interests.

1.3. The purpose of these Regulations is to create an environment for the sustainable operation and development of KMG based on an effective economic security system aimed at preventing or minimising potential damage.

1.4. Objectives of the Regulations:

1) develop uniform economic security rules and approaches and an effective mechanism for countering any forms of unlawful acts against the legitimate rights and interests of KMG;

2) promote zero tolerance among KMG’s employees to any unlawful acts that may be committed using official powers and/or official position and/or in connection with the performance of functional duties;

3) develop and implement comprehensive and consistent measures to prevent and suppress unlawful acts against the legitimate rights and interests of KMG, eliminate their causes, preconditions and effects;

4) identify real and potential external and internal economic threats to the sustainable development of KMG, and timely report them to the management;

5) foster a legal culture among KMG’s employees based on the principles of legality, integrity and fairness in the performance of their official duties.

1.5. The Regulations are based on criminal, anti-corruption laws, law on administrative offences, ratified international treaties, Samruk-Kazyna JSC’s corporate documents and KMG’s internal documents.

1. **Scope**

2.1. The requirements and principles of these Regulations shall apply to all employees of KMG, shall be described in internal documents and supported through the implementation of systematic legal, organisational and technical measures.

2.2. The management and heads of KMG’s business units shall be responsible for taking steps to implement the principles and requirements of these Regulations.

2.3. SDEs are advised to develop and duly approve similar Economic Security Regulations specific to their operations.

1. **Definitions and Abbreviations**

3.1. The definitions and abbreviations used herein shall have the following meanings:

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| **Anti-Deviant Monitoring**  (for the purpose of these Regulations) | - | monitoring of measures taken at KMG to counteract any unlawful acts; |
| **Hotline** | - | a set of organisational and technical measures of KMG to handle reports on violations in activities of KMG or its SDEs, its employees and counterparties that concern involvement or suspicion of involvement of KMG or its SDEs, its employees or counterparties in corrupt practices, fraud or any unethical conduct, as well as subsequent processing and response to such reports; |
| **SDEs** | - | subsidiaries and dependent entities, including jointly controlled entities and joint ventures of JSC NC “KazMunayGas”; |
| **CSD** | - | KMG’s Corporate Security Department; |
| **KMG’s WBS (Whistleblowing System)**  **КМГ** | - | a system for receiving, registering (recording), processing (reviewing) and storing incoming reports, including a helpline and e-mail; |
| **KMG** | - | Joint-Stock Company “National Company “KazMunayGas”; |
| **Counterparty** | - | a legal entity or an individual that is a party to a contract with KMG and has undertaken certain obligations as a potential supplier of goods, works and services; |
| **Unlawful Acts** | - | action or omission of an employee (employees) committed in violation of the laws of the Republic of Kazakhstan, as well as corporate and other requirements of KMG; |
| **Employee** | - | an individual employed by KMG under an employment contract; |
| **Management** (for the purpose of these Regulations) | - | Chairman, his/her deputy and members of the executive body of KMG; |
| **Heads of Business Units** | - | Directors of Departments, Heads of Services, Independent Departments and Units; |
| **Economic Security** | - | the state of protection of KMG’s financial, economic, legal, industrial, technological and other interests from exposure to external and internal threats, which ensures the most effective use of corporate resources aimed at sustainable development, achieving strategic goals and eliminating undesirable changes. |

3.2. The definitions and abbreviations used, but not disclosed herein, shall correspond to the definitions used in the laws of the Republic of Kazakhstan, KMG’s Charter and internal documents.

1. **Responsibility**

4.1. Responsibility for the implementation of these Regulation is distributed as follows:

1) the Management and heads of business units shall be responsible for non-compliance with these Regulations in accordance with the laws of the Republic of Kazakhstan and KMG’s internal documents;

2) the legal support units, when conducting legal reviews of internal documents, shall be responsible for their compliance with the laws of the Republic of Kazakhstan and other internal documents of KMG;

3) the internal control and risk management unit, jointly with risk owners, shall be responsible for the operation of the internal control system and consolidation of information on economic risks, timely response to changes in risk appetite and the development of effective forms and methods for managing and mitigating risks;

4) the HR unit shall be responsible for determining the professional suitability of candidates, improving the personnel incentive system to comply with the requirements of these Regulations, professional development and training of employees in the main areas of economic security;

5) the document control unit shall be responsible for the management of documents containing trade and other secrets of KMG protected by the laws of the Republic of Kazakhstan (except for confidential documents), control and timely update of regulatory documents in this area;

6) the IT units shall be responsible for the operation of information processing and storage systems, improving and providing technical support for software and hardware and enforcing information security requirements for the protection of information resources;

7) the units involved in procurement procedures and budget program administrators shall be responsible for enforcing the principles of integrity, openness, competition and neutrality, as well as for maintaining confidentiality when dealing with individuals and legal entities participating in procurement procedures;

8) the financial and economic units shall be responsible for maintaining confidentiality when handling information including corporate finance, tax planning, consolidated financial statements, insider and other financial and economic information until it is duly disclosed;

9) the marketing and sales units shall be responsible for reducing risks during commercial operations when selling oil and petroleum products on the domestic and international markets;

10) the compliance department shall be responsible for compliance with mandatory regulatory anti-corruption requirements, developing a compliance risk assessment methodology;

11) the corporate security units shall be responsible for:

- pursuing a common policy and coordinating the economic security activities of business units;

- taking measures jointly with the concerned units to foster a legal culture among employees that promotes zero tolerance to unlawful conduct and nurture the principles of honesty and integrity in the performance of their duties;

- implementing economic security measures covered by these Regulations;

- monitoring the state of business processes in order to maintain economic security;

- developing and monitoring the implementation of information security requirements for the protection of information resources of an economic nature, protection against unauthorised intrusion into information systems;

- neutrality, completeness and reliability of official investigations of unlawful acts as instructed by the management, which is regulated by separate internal documents.

4.2. Persons guilty of violating the requirements of these Regulations shall be held liable under the laws of the Republic of Kazakhstan.

1. **Description of the Regulations**

**5.1. Economic Security Philosophy and Approaches**

5.1.1. KMG’s economic security measures are based on the following philosophy:

* 1. legality, complexity, timeliness, continuity and proactiveness in achieving set goals;
  2. economic feasibility and commensurability of possible damage with the costs of economic security;
  3. centralisation of the economic security system management based on clear interfaces of concerned units and departments;
  4. zero tolerance to any unlawful acts;
  5. proactive involvement of employees in countering unlawful acts.

**5.2. Subjects and Objects of Economic Security**

5.2.1. The subjects of economic security are all employees of KMG.

5.2.2. The objects of economic security include human and material resources, underprotection of which poses a threat to economic security, including: property, property rights, claims and commitments, any confidential and insider information, trade and other secrets protected by the law of the Republic of Kazakhstan.

**5.3. Main Areas of Countering Unlawful Acts**

5.3.1. Unlawful acts shall be countered at KMG by:

1. pursuing a common economic security policy in order to identify and prevent criminal and administrative offences, disciplinary offences;
2. interacting with government authorities and organisations, non-governmental organisations, individuals and legal entities,
3. involving employees in activities aimed at countering unlawful acts and promoting zero tolerance among employees to any unlawful behaviour;
4. preventing any forms of unlawful conduct.

**5.4. Economic Security Measures**

5.4.1. The main measures to be taken to implement these Regulations include:

1. development and implementation of internal economic security documents and procedures;
2. analysis and expert review of the adopted regulatory and administrative documents for vulnerabilities that create prerequisites for unlawful acts by employees, and the consolidation of appropriate preventive measures in them;
3. anti-deviant monitoring for:

* vulnerabilities of KMG’s business processes;
* business reputation of counterparties and their managers and founders (participants/shareholders);
* no conflict of interest in transactions that are subject to special conditions under the laws of the Republic of Kazakhstan;

1. identification and analysis of economic security risks, development and implementation of adequate procedures and measures to prevent and minimise them;
2. restriction or provision of access to information resources of an economic nature that constitute a trade or other secret of KMG protected by the law of the Republic of Kazakhstan;
3. introduction and application of software and hardware for monitoring and protecting information resources of an economic nature against unauthorised intrusion into information systems;
4. official investigations of unlawful acts or attempts to commit such acts by employees;
5. interviews with employees, training workshops on criminal and administrative offence laws of the Republic of Kazakhstan, and informing employees about any identified illegal facts and judicial acts issued on them;
6. recommendations and suggestions on the organisation and adoption of measures to minimise economic security risks and threats;
7. interaction with law enforcement and special agencies in order to coordinate economic security efforts, and exchange of information about possible unlawful acts on the part of unscrupulous competitors or criminal structures, including attempts to obtain confidential data and other protected information from employees, involving them in activities that could harm KMG’s legitimate rights and interests;
8. claim and complaint handling (within the competence);
9. reduction of accounts receivable (within the competence);
10. checking, if necessary, employees and candidates if they are involved in and/or have committed corruption and other offences;
11. continuous operation of KMG’s WBS in order to engage employees and other persons in reporting the signs of unlawful acts, and timely review of reports;
12. raising awareness of compliance with the requirements of these Regulations as necessary;
13. other measures to minimise economic security threats by any means that do not contradict the laws of the Republic of Kazakhstan.

**5.5. Employee Engagement**

5.5.1. Employees shall be made aware of the need to comply with the laws of the Republic of Kazakhstan and these Regulations, and of liability for violating them.

5.5.2. In order to establish an appropriate level of legal culture, induction training in these Regulations and related documents shall be conducted for new employees, periodic awareness-raising workshops shall be held for existing employees, including those in remote form.

**5.6. Reporting Unlawful Acts**

5.6.1. KMG has safe, confidential and accessible means of reporting unlawful acts by employees and third parties.

5.6.2. Possible or known cases of unlawful acts can be reported to the Hotline or through the communication channels and means of KMG’s WBS. Contact details of KMG’s Hotline and WBS shall be posted on KMG’s official website, on information stands located in public places in KMG’s offices.

5.6.3. An employee is obliged, and any other person has the right, to immediately report to his/her line manager, the Compliance Department and/or Corporate Security Department (CSD) in case of doubts regarding the legality of conduct by other employees, counterparties, or any other persons interacting with KMG.

None of such employees can be discriminated against (dismissal, demotion, withholding of bonus and other encouragement forms, worsening of labour conditions, etc.) due to his/her reporting on the committed or imminent unlawful act.

1. **References**

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| Law of the Republic of Kazakhstan No. 422-V dated 24.11.2015 |  | Criminal Code of the Republic of Kazakhstan |
| Law of the Republic of Kazakhstan No. 235-V dated 05.07.2014 |  | Administrative Violations Code of the Republic of Kazakhstan |
| Law of the Republic of Kazakhstan No. 414-V dated 23.11.2015 |  | Labour Code of the Republic of Kazakhstan |
| Resolution of the Management Board of Samruk-Kazyna JSC No. 46/18 dated 26.12.2018 |  | Corporate Security Standard of Samruk-Kazyna JSC |
| Resolution of the Management Board of Samruk-Kazyna JSC No. 20/19 dated 24.06.2019 |  | Economic Security Standard of Samruk-Kazyna JSC |
| Resolution of the Management Board of JSC NC “KazMunayGas” No. 46/35 dated 09.12.2016 |  | Disciplining Rules of JSC NC “KazMunayGas” |

1. **Amendment**

Amendments hereto shall be made in accordance with KMG’s internal documents.