

NAC Kazatomprom JSC	SD	Security
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## ANTI-CORRUPTION AND ANTI-FRAUD POLICY OF NAC KAZATOMPROM JSC

### 1. Purpose

This Anti-Corruption and Anti-Fraud Policy of NAC Kazatomprom JSC (hereinafter – the Policy) shall define the key areas of activity of NAC Kazatomprom JSC (hereinafter – the Company) and general rules of conduct for executive officers and employees of the Company on preventing the corruption and fraud.

### 2. Scope

Principles and requirements of this Policy shall apply to all Company's departments.

### 3. Terms and definitions

The following terms and definitions are used in this Policy:

**3.1 Corruption** – the acceptance of material benefits or advantages that is not specified by the law, personally or through intermediaries, by the persons who perform state functions, and by the persons equal to them as well, with the use of their ex-officio full power and opportunities related thereto, or the use by them their powers for getting material benefit, that is bribery of these persons by way of illegal granting of the said benefits and advantages to them by physical and legal persons.

**3.2 Corrupt business practices** – illegal transfer of money, securities or other property to the person exercising administrative functions in commercial or other

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0.		Security Department Director Yelubayev B.Y. <hr/> May 2, 2013	Resolution of the Management Board of NAC Kazatomprom JSC No.221 May 16, 2013	Resolution of the Board of Directors of NAC Kazatomprom JSC No.5/13 May 21, 2013
1.	Pages.....1- 5,7,8	Security Department Director Yelubayev B.Y. <hr/> February 19, 2015	Resolution of the Management Board of NAC Kazatomprom JSC No.181 March 17, 2015	Resolution of the Board of Directors of NAC Kazatomprom JSC No.7/15 April 30, 2015

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organization, and illegal rendering by him/her of a material nature for the use of his/her official position, as well as for protection or condonation in favor of the person making corrupt actions.

**3.4 Person, authorized to perform public functions** – is public employee according to the laws of the Republic of Kazakhstan on Public service, member of maslikhat.

**3.5 Person considered equivalent to the person authorized to perform public functions** – is the person, elected to local authorities; citizen registered in a prescribed by the laws of the Republic of Kazakhstan manner as a candidate for a President of the Republic of Kazakhstan, member of Parliament of the Republic of Kazakhstan or maslikhats, as well as for members of elective body of local authorities, whose salaries are paid from the state budget of the Republic of Kazakhstan; the person performing administrative functions in state authority or institution in which participatory share in its charter capital is more than fifty per cent, including in the national welfare fund, national holding, national company, national development institute whose shareholder is the state, their subsidiaries more than fifty per cent of voting shares (participatory interest) are owned by them, as well as in legal entities, more than fifty per cent of voting shares (participatory interest) are owned by the indicated subsidiary; employees of the National Bank of the Republic of Kazakhstan and its institutions.

**3.6 Fraud** – misappropriation of one's property or acquiring a right for one's property by way of dishonesty or abuse of trust.

**3.7 Ombudsman** – an employee of the Company who is not the member of the Board of Directors or the member of the Management Board, appointed by the Board of Directors, and who explains the provisions of the Code of Conduct and this Policy, on confidentiality basis makes acquisition and consideration of information on violation of these provisions hereunder.

**3.8 Employee** – a physical person who has labor relations with the employer (Company) and who carries out work under labor contract.

## 4. General provisions

4.1 This Policy has been developed subject to the applicable anti-corruption, administrative and criminal legislation of the Republic of Kazakhstan, applicable international law, Code of Conduct, Code of Corporate Governance and other internal normative documents of the Company.

4.2. Potential subjects of corruption offences related to the activity of the Company may include:

1) persons who constantly, temporary or under special powers perform the organizational-and-regulatory or administrative functions in the Company<sup>1</sup>;

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<sup>1</sup> Organizational-and-regulatory functions mean the activity of persons on performing the powers of executive body of the Company specified by the legislation and founding documents. These functions include the general management, placement and selection of cadres, organization and control over the labor of employees, control of discipline in the form of incentives and disciplinary sanctions.

Administrative functions mean the performance by the persons, who bear full financial liability, of the activity within the frame of his powers on management and disposition of property, including funds on the balance and bank accounts of the organization.



2) physical and legal persons acting on behalf of the Company who bribe officials and other persons authorized to perform state functions, or persons equal to them according to the Law on corruption;

3) physical and legal persons acting on behalf of the Company who illegally give material benefits and advantages to officials and other persons authorized to perform state functions or to the persons equal to them according to the Law on corruption;

4) physical and legal persons bribing the persons specified in subclause 1) or illegally giving material benefits and advantages to the persons specified in subclause 1);

5) other persons who are liable for conducting corruption offences under the Criminal Code of the Republic of Kazakhstan, the Code of the Republic of Kazakhstan on administrative violations and other laws of the Republic of Kazakhstan.

4.3 Administrative corruption violations covered by the Code of the Republic of Kazakhstan on administrative violations are as follows:

- Granting by physical persons to the persons authorized to perform state functions, or persons considered equivalent to the persons authorized to perform state functions, of illegal material remuneration, gifts, privileges or services if such actions have no features of a criminal act,
- Receipt by the person authorized to perform state functions, or considered equivalent to him/her personally or through an intermediary of illegal material remuneration, gifts, privileges or services for actions (failure to act) in favor of persons, who granted them, if such actions (failure to act) are the part of powers of the person, authorized to perform state functions or considered equivalent to the person, authorized to perform state functions, if such actions have no features of a criminal act.
- Granting by legal entities to the persons authorized to perform state functions, or persons considered equivalent to the persons authorized to perform state functions, of illegal material remuneration, gifts, privileges or services if such actions have no features of a criminal act violation of financial control measures;
- Failure by the executives or responsible secretaries or other officials, specified by the President of the Republic of Kazakhstan, of the state bodies, Military Forces of the Republic of Kazakhstan, other armies and military units of the Republic of Kazakhstan within their powers, to take measures towards their inferiors, guilty in corruption acts, or taking the above measures with violation of anticorruption laws, or failure to submit the related information to public revenue bodies according to the place of residence of guilty persons;
- Employment by the heads of the state bodies, institutions and enterprises or by the heads of national companies, national welfare funds, national holdings, national development institutes, as well as their subsidiaries of persons who previously committed corruption crime.

4.4 Corruption offences specified in the Criminal Code of the Republic of Kazakhstan are as follows:

- abuse of powers;
- transgression of authority or powers;
- appropriation of power authorization;
- illegal participation in entrepreneurial activity;
- Preventing lawful entrepreneurial activity;
- Bribetaking;
- Bribery;
- intermediacy in bribery;
- forgery by an official;
- failure to act ex officio;
- negligence.

4.5 The following acts shall be deemed as inadmissible and inconsistent with the activity of the Company:

- direct or indirect promise, offer or permission for acquiring, receiving of thing of value (corporeal or incorporeal) that contradict to the interests of the Company;
- offer by any physical and legal persons or acceptance by the persons specified in subclause 1) clause 4.2. of the Policy, of any material benefits not specified by the law and/or internal documents of the Company (including the so called «kickback», loan, fee, compensation, discount or other benefit);
- payments to dummy organizations or organizations which structure of ownership is not transparent;
- payments to offshore bank accounts;
- payments to legal entities that belong to, or controlled by the persons authorized to perform state functions and the persons equal to them, their close relatives;
- transfer of illegal compensation in the form of cash, bonds or other securities;
- services rendered free of charge or not at the market price;
- receiving of unreasonable discounts;
- gifts in cash form;
- admission of close relatives or representatives of corrupted persons to be founders, co-owners, authorities to manage funds and dividends of legal entities conducting corruption bribery.
- illegal embezzlement of tangible and intangible assets by way of deceit or misuse of trust;
- illegal acts with the use of impermissible checks, promissory notes, bills or dummy exchange transaction;
- fraud actions with the use of informational technologies.

## 5. Key anti-corruption and anti-fraud principles

To prevent corruption and fraud the Company shall base upon the following principles:

- legitimacy and ethics;



- non-acceptance of corruption and fraud in whatsoever form and demonstration;
- uncompromising attitude to corruption and fraud actions at all levels of corporate management;
- necessity of penalty for corruption and fraud actions;
- inadmissibility of corruption and fraud actions including the interest of conflict demonstration;
- active involvement into the work on prevention of corruption and fraud of Officials and Employees of the Company.

## 6. Policy goals and tasks

6.1 Company confirms its adherence to high ethic standards, conduct of open and fair business for further improvement of corporate culture and support of business image.

6.2 This Policy has been developed to:

6.2.1 implement efficient anti-corruption and anti-fraud measures in the Company;

6.2.2 create a uniform understanding for the Company's Officials and Employees, partners and investment community about the Company's position on non-acceptance of corruption and fraudulent actions in different forms and demonstrations;

6.2.3 reduce corruption and fraud risks in the Company.

6.3 Meeting anti-corruption and anti-fraud goals is provided through:

6.3.1 integration, explanation and informing Company's Officials and Employees about policy and requirements of anti-corruption legislation;

6.3.2 taking steps on minimizing the risk of Company's involvement in corruption and fraudulent actions, as well as taking preventive measures on corruption and fraud prevention;

6.3.3 provision of information links to inform about cases of corruption and fraud;

6.3.4 obligations of the Company's Officials and Employees to know and comply with this Policy provisions and norms of anti-corruption law.

## 7. Responsibility and authority

7.1 Each Company's Official and Employee shall be entrusted with the responsibility for anti-corruption and anti-fraud actions.

The Head of the Company's department shall be also entrusted with the responsibility to take necessary measures for ensuring the observance of anti-corruption law and this Policy provisions by the employees of his department.

7.2 Company's Officials and Employees, other persons, acting in the name of or on behalf of the Company, either expressly or by implication, personally or through



the intermediary, are prohibited to participate in corruption and fraudulent actions regardless of business practice in this or another country.

7.3 Company's Officials and Employees, as well as persons acting in the name of and on behalf of the Company are obliged:

- to examine and to implement in good faith the provisions of this Policy;
- to inform about the fact of corruption and fraud, became known to him/her in the manner prescribed by the internal documents of the Company;
- to give an assistance in holding an official investigation on the facts of corruption and fraud;
- to inform his/her immediate supervisor or director of security department of the Company about the cases of corruption and fraud, which became known to him/her.

7.4 In case of doubt in his/her rightful actions and their compliance with the provisions of this Policy, the Company's Employee should consult on this question with immediate supervisor or the Company's responsible person for corporate ethics - Ombudsman.

7.5 Persons who are guilty in violation of this Policy provisions shall be brought to disciplinary, administrative, civil and criminal responsibility in the manner prescribed by the law.

## **8. Anti-corruption and anti-fraud measures**

8.1 Company's Security Department which can, if necessary, involve other departments of the Company to assist within their competence, is responsible for the development and taking anti-corruption and anti-fraud measures, ensuring the implementation of this Policy provisions.

8.2 Company implements the following preventive measures:

8.2.1 ensures reasonable control over corruption and fraud risk management according to the requirements of the Company's risk management internal documents;

8.2.2 takes necessary measures to exclude the creation of business relations with organizations which intentionally violate anticorruption law and could by their actions negatively affect the Company's business reputation;

8.2.3 ensures efficient financial and internal control which includes institutional mechanisms of inspection of accounting practice, human resource and other activity aimed at detection of corruption and fraud actions;

8.2.4 ensures the validity of financial operations, properly documenting them and prevents unofficial (double) accounting; conducting of undeterminable or unduly accounting transactions; keeping record of non-existent expenses; underlying obligations, subject of which is identified incorrectly; purposive destruction of accounting and other documentation before the terms, prescribed by the national legislation;

8.2.5 applies special-purpose methodologies and advanced technical solutions to ensure efficient ways of blocking various corruption and fraudulent schemes;

8.2.6 abstains from promises, proposals or granting to foreign public official or public international organization of illegal privilege for the official personally or other

physical or legal person in order that such official makes any action or fails to make an action while performing his/her duties for receipt, keep of commercial or other illegal property;

8.2.7 prevents the use to the benefit of the Company of illegal measures of cooperation with the representatives of governmental and non-governmental bodies: promises, proposals or granting of illegal privilege or benefit;

8.2.8 develops and applies control regulations, ensuring the compliance with anticorruption requirements both towards the third parties and towards the Company's employees;

8.2.9 performs periodical researches of causes and conditions assisting to occurrence of corruption and fraud as well as makes continuing efficiency monitoring of measures, which are under implementation on their prevention;

8.2.10 supports the Company's Officials and Employees in cases of their appeal at rising of corporate conflict (dispute) or conflict of interests;

8.2.11 ensures bringing this Policy to the notice of partners by including anticorruption provisions into agreements (contracts);

8.2.12 fixes in internal regulations principles, rules and procedures, aimed at prevention of corruption and fraud, including the norms of corporate ethics, regulations of anticorruption control and audit, procedures for prevention of conflicts of interests;

8.2.13 arranges professional training upgrade of the Company's Employees in the field of anticorruption and antifraud activity;

8.2.14 promotes anticorruption culture upgrade through informing and training of the Company's Employees;

8.2.15 places for free access this Policy on the Company's corporate web-site.

## **9. Fraud and Corruption reporting**

9.1 Reporting procedure for possible or suspected corruption and fraud cases is defined in the document «Policy of confidential reporting about possible or well-known facts of fraud, violation of internal control regulations and other standards of «NAC «Kazatomprom» JSC (Employees notify), approved by the decision of the Company's Board of Directors dated June 30, 2014 No. 6/14.

9.2 Information on possible or known cases of corruption and fraud may be given over the following communication links and facilities, ensuring confidentiality:

- E-mail: [dover@kazatomprom.kz](mailto:dover@kazatomprom.kz);
- «NAC «Kazatomprom» JSC's hot line: +7 717 2, 58 03 61; extension: 10-108;
- post address: «NAC «Kazatomprom» JSC, 10 Kunaev Street, 010000, Astana, Republic of Kazakhstan, Director, Security Department marked «Private and confidential – employees notify».

## **10. Holding an official investigation**

10.1 For the purposes of fair, full and broad occurrence circumstances which can be referred to corruption or fraud, recognition and removal of causes and conditions facilitating of its effect, identification of persons concerned to the above mentioned facts and to eliminate of unfounded bringing to responsibility with regard to each information (submission) that meets the requirements of Reporting Policy, the Company's Security Department is holding an official investigation.

10.2 Ground for official investigation may be:

- statement, application and written information, received in accordance with Section 9.2 hereunder;
- inspection results, audit and internal audit findings;
- messages from Officials, organizations and mass media.

10.3 Official investigation shall be held by the commission appointed by the order of the Company's Chairman of the Management Board, in a manner prescribed by internal regulations of the Company,

10.4 Official investigation results shall be reported to the Chairman of the Management Board who makes the decision, if necessary, on submitting related documents to law enforcement agency of the Republic of Kazakhstan.

