



**Approved by resolution
of “Samruk-Energy” JSC
Board of Directors
dated “9” of December 2016
Minutes No.10/16**

CORPORATE MANAGEMENT SYSTEM

“SAMRUK-ENERGY” JSC ANTI- FRAUD AND CORRUPTION POLICY

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1 Assignment

1. This Anti-fraud and Corruption Policy of JSC “Samruk-Energy” (hereinafter – the Policy) was designed in accordance with the Criminal Code of the Republic of Kazakhstan, the Republic of Kazakhstan Anti-corruption Law, other legislative acts of the Republic of Kazakhstan in the field of anti-fraud and corruption acts, theft of property, as well as the internal normative documents regulating the activity of the JSC “Samruk-Energy” (hereinafter – the Company).

2. The Company’s Anti-fraud and Corruption Policy sets:

1) The Company’s and subsidiaries’ Anti-fraud and Corruption basic principles;

2) Management and organizational basis` for the prevention of fraud and corruption violations;

3) Control activities, minimize, and (or) the liquidation of the consequences of fraud and corruption;

4) Educating the Company’s employees to strictly comply with legislation of the Republic of Kazakhstan as well as internal normative documents regulating activity of the Company.

3. The major purpose of this Policy is the formation of legal culture of the Company`s employees and its subsidiaries`, providing principles of fairness and transparency in the performance of official duties.

4. This Policy should be regarded jointly with the Code of business ethics of the Company whose principles, as well as normative legal acts are fully supported by the Company.

2 Field of application

5. The Rules of this Policy covers officials, employees of the Company and organizations, more than 50% of voting shares (shares) that belong to the Company on the right of ownership or on the fiduciary capacity (hereinafter – a subsidiary), as well as third parties – contractor, functioning within contractual relations or on behalf of higher authority (auditors, agents, consultants, etc.).

6. Dissemination of this Policy at subsidiaries, in which ownership of the voting shares (stakes) on the right of ownership or trust management of the Company is fifty percent or less, is agreed with other shareholders or participants.

3 Definitions and Abbreviations

7. In this Policy the following definitions and abbreviations are used:

- 1) **fraud** - theft of another`s property or misappropriation by deception or abuse of trust;
- 2) **corruption** – the unlawful use of powers and related opportunities by the persons authorized to perform state functions and persons considered equal thereto as well as officials in order to obtain or gain, either personally or through intermediaries, proprietary (non-proprietary) benefits and advantages for themselves or third parties, and equally bribery of such persons through the provision of benefits and advantages;
- 3) **fraud operations** – intentional acts or omission of individuals and/or legal entities to benefit at the expense of the company and/or to cause material and non-pecuniary damages to the company;
- 4) **corruption operations** – intentional acts of employee of the Company with using of official position to benefit properties and other assets;
- 5) **corruption risk** – the possibility of emergence of reasons and conditions conducive to corruption offenses;
- 6) **anti-corruption policy** – activity, aimed at designing of anti-corruption system;
- 7) **anti-fraud and corruption** –activity of officials, employees of the Company and subsidiaries within powers:
 - a) preventing fraud and corruption, including detecting and elimination of the causes;
 - b) detecting, preventing, suppressing, detecting and investigation fraud and corruption operations;
- 8) **larceny** –crime involving the unlawful taking of the personal property of another person ;
- 9) **contractor** – legal entity or individual, that according to the contract with the Company or subsidiaries, taking on certain liabilities as a potential supplier (contractor or customer);
- 10) **BU** - business unit of the Company;
- 11) **BUS** - business unit of the Company responsible for security matters;
- 12) **BUHR** - business unit of the Company responsible for the management of human resources.

4 Responsibility

8. This Policy is approved by the decision of the Company’s Board of Directors.
9. The Head of BUS is in charge of control over implementation of requirements, mentioned in this Policy.
10. Officials and employees of the Company and subsidiaries are

criminal, administrative, civil and disciplinary responsible for committing fraud and corruption in accordance with the existing laws of the Republic of Kazakhstan.

11. Officials and employees of the Company and subsidiaries that have been applied criminal, administrative, civil and disciplinary responsibility for committing fraud and corruption shall not exempt from responsibility up to full compensation of material damage.

12. All heads of BU, responsible Heads within their powers, including subsidiaries of the Company, as well as heads of third parties being contractors, working on behalf of the Company and within the contractual arrangements, or on behalf of the higher authority (auditors, agents, consultants and etc.) are in charge of organization and coordination of the activity on implementation of provisions of this Policy.

13. BUS of the Company is in charge of managing this Policy.

14. The Policy is amended by the decision of the Board of directors.

15. Updating of the Policy is conducting in following cases:

- 1) amendments of applicable laws;
- 2) amendments of organizational structure, competence of managing body and powers of the Head of the Company;
- 3) detecting lack of efficacy of this Policy;
- 4) adjustment with other internal normative documents of the Company;
- 5) other cases of regulatory system modernization of the Company.

16. Initiators of the Policy amendments are the BUS of the Company, as well as other BU of the Company and subsidiaries as agreed with the BUS of the Company.

17. BUS of the Company is in charge of updating of the Policy.

5 Regulatory references

18. The references to the following regulatory documents and the Republic of Kazakhstan laws and regulations were used in this Policy:

- 1) Civil Code of the Republic of Kazakhstan;
- 2) Criminal Code of the Republic of Kazakhstan;
- 3) Code of the Republic of Kazakhstan on Administrative Offences;
- 4) Law of the Republic of Kazakhstan on fight against Corruption;
- 5) Charter of the Company;
- 6) Code of Business Conduct of the Company;
- 7) Rules for identification and assessment of the Company’s risks;
- 8) procedures for internal investigations in the Company;

- 9) Rules for management of the Company’s internal regulations;
- 10) internal regulations that govern the Company’s performance.

6 Anti-fraud and corruptions basic principles

19. Anti-fraud and corruption basic principles of the Company are:
 - 1) lawfulness;
 - 2) publicity and transparency of the activity;
 - 3) comprehensive use of managing, organizational, informational, social and economic, legal, special and other measures;
 - 4) assistance to form legal culture of the employees of the Company and subsidiaries, rejecting fraud and corruption and providing principles of fairness and incorruption operating official duties;
 - 5) anti-corruption propaganda implementation;
 - 6) cooperation in the field of anti-corruption activity, as well as with partners and clients of the Company.

7 Types of fraud and corruption violations and forms of larceny

20. Types of fraud operations in the Company:
 - 1) internal:
 - a) distortion of financial accountability - intentional acts of one or few employees and/or management team by means of illegal operations (inaction) for illegal profit;
 - b) unlawful use/appropriation/larceny of the Company`s assets – larceny and no-purpose use of funds, theft and purposeful damage of property assets, material assets;
 - c) corruption operations, abuse and excess of official powers – use of official powers and applied opportunities for benefit, violations in the exercise of purchasing items/work/services, including falsification/manipulation of documents, purposely overshooting or undercharge prices on items, work, services for receipt of funds, expensive gifts or profitable services.
 - 2) external :
 - a) operations, taken by contractors with purpose of extra benefit, including tax evasion and compulsory payments in budget, that may lead to the damage of the Company and /or the country;
 - b) providing patently false, changed, distorted information to contractors, to fraud or misrepresentation and to benefit at the expense of the Company;
 - c) operations, aimed at unauthorized access to the information systems of the Company or acquisition of confidential information to damage the activity

and/or negative influence on the reputation of the Company;

d) unlawful use/appropriation/larceny of the Company`s assets;

e) larceny and purposeful damage of property assets, material assets, resources of the Company and subsidiaries.

21. Corruption violations are:

1) Intentional acts, during giving or acceptance of bribe;

2) commercial bribery or other illegal use of the Company`s employee and his/her official position against the legitimate interests of the Company and its Shareholder in order to obtain benefit in the form of money, property, gifts and other property or services of property, physical or moral character;

3) obtaining other property rights for oneself or for third parties or presenting such benefit for a third party other individuals;

4) And obtaining other property benefits and advantages, according to the legislation of the Republic of Kazakhstan on corruption.

8 Methods

22. To prevent or detect fraud and corruption operations the BUS of the Company conduct the following activities:

1) initiate official investigation/ audit/ control on the received information in the Company and its subsidiaries;

2) amortization, disposal, storage property is checked if necessary;

3) all residues and excess inventory of material values and stocks is checked, as well as property assets and other assets;

4) any action to prevent, deter, detect and investigate acts of fraud and corrupt is carried out;

23. Departments of the Company and subsidiaries that are in charge of the purchase, is mandatory to inspect potential contractors for pseudo-entrepreneurship, reliability, availability and other tax debt through official websites of authorized bodies (Ministry of Finance of the Republic of Kazakhstan, JSC «National Welfare Fund «Samruk - Kazyna» and etc.) or by sending requests.

24. Officials and employees of the Company and subsidiaries have a right to inform the BUS of the Company about its suspicions or grant received information from other persons about the potential fraud and corruption operations, committed by any official or employee supplier, or other parties, related to the Company or subsidiaries.

25. Any person, that possess satisfactory proof of illegal act shall not attempt to hold an inquiry by oneself, discuss given information with others and etc.

26. The BUS of the Company guarantees confidentiality to all officials, employees and subsidiaries, as well as other persons (contractors) that informed

about violations from good faith.

27. The Company reserves the right not to inspect any internal investigation by anonymous allegations of fraud or corruption.

28. To clarify the circumstances, The BUS of the Company independently or jointly with interested departments of the Company may create a Committee or appoint an officer of The BUS for holding official investigation/ monitoring fraud or corruption practices.

29. Employee of the BUS of the Company or members of the Committee within the process of official investigation has free access to any documents of the Company and objects, whether it is property of the Company or leased. There is also a right to check, take picture, film in the area of investigation and copy documents in whole or in part, that keep in folders, desks or in other storage areas of the Company, including confidential ones.

30. Employees of the Company, that held an official investigation, must keep confidential of given information and to protect reputation of all connected parties, granting access to information , related to the appeal and investigation to legal access persons.

31. In case of detection fraud and corruption on the part of officials filing accusation or relegation of the results of the investigation to law-enforcement bodies decision, shall be made the management of the Company.

32. The Company has a right to present available materials to law-enforcement and judicial bodies, given during the process of official investigation/ inspection.

33. In cases when the evidence is sufficient to bring individuals to disciplinary responsibility, it shall be done in accordance with applicable Laws of the Republic of Kazakhstan.

34. Appeals, mentioned in paragraph 27 of this Policy shall not be considered by the Company, as entered information might be inadequate, and mostly fictitious in order to discredit someone`s name or activities.

35. Employees of the Company in case of corruption of other employee of the Company and its subsidiaries, as well as a third party and / or having information on known facts or suspicions regarding the Company's employee inducement to corruption must immediately notify the BUS of the Company

9 Assessment of corruption risks

36. The Company's management shall, on a periodic basis, at least once a year and as necessary, initiate assessment of corruption risks in accordance with the Rules for identification and assessment of “Samruk-Energy” JSC risks.

37. The purpose of assessing the risk of corruption is to identify specific processes and activities of the Company in the implementation of which there is a

high probability that officials and employees of the Company may commit corruption offenses for personal benefit or for the benefit of the Company.

38. The procedure for assessment of corruption risks:

1) to present the activities of the Company in the form of individual processes, all of which highlight the constituent elements;

2) to identify the "critical points" - to determine for each process the elements in the implementation of which the probability of occurrence of corruption offenses is high;

3) for each element, the implementation of which is related to the risk of corruption, to describe possible corruption offenses, including:

a) description of benefits and advantages that can be received by the Company or its individual officials and employees in the commission of "corruption offense";

b) positions in the Company, which are the "key" for committing corruption offenses - what public officers of the Company needs to be involved that the commitment of corruption offense has been made possible;

c) the likely forms of the making corruption payments.

10 Checking of counterparties

39. The Company shall make reasonable efforts to minimize the risk of business relations with contractors who may be involved in corrupt practices, therefore the assessment of counterparties tolerance to bribery is conducted, such assessment includes the check of their own anti-corruption policies and procedures and their willingness to comply with the requirements of this Policy and to include anti-corruption provisions into agreements, as well as to provide mutual assistance in order to conduct ethical business and prevent corruption (Appendix 1).

40. The use of an anti-corruption clause helps to maintain trust between the parties and prevent corruption, both in conclusion and in the execution of contracts.

41. When seeking to establish business relations with contractors, the initiator of the contract and / or other agreements, together with the BUS of the Company is required to check whether the "risk factors" listed in Annex 2 are available.

42. In case of revealing the "risk factors" (corruption, fraud), the initiator of the contract and / or other agreements, together with the BUS of the Company shall in mandatory manner bring to the attention of Company's management in charge in order to make a relevant decision.

11 Participation in charitable and sponsorship activities

43. The Company does not finance charitable and sponsorship projects on its own or through a representative offices, subsidiaries and employees of representative offices and subsidiaries in order to obtain or retain benefits in its operations.

12 Participation in political activities

44. The Company does not finance political parties, public organizations on its own or through a representative offices, subsidiaries and employees of representative offices and subsidiaries in order to obtain or retain benefits in its operations.

45. Officials and employees of the Company shall be entitled to participate in public associations such as political parties, public organizations, social movements, public funds, and other non-profit organizations established in accordance with the laws of the Republic of Kazakhstan, as well as in international public associations the purpose of which is not to obtain or retain benefits for the Company in its operations.

46. Officials and employees of the Company during the participation of public associations may not offer, give, promise or make payments, contribute the property, give gifts, etc. on behalf of the Company in order to obtain or retain benefits for the Company in its operations.

47. Officials and employees of the Company shall bear responsibility on their own in accordance with the current legislation of the Republic of Kazakhstan for participation in public organizations.

13 Payment for simplification of formalities

48. This policy prohibits paying or receiving payments as remuneration for facilitation of formalities. Payment for the facilitation of formalities means payments made to the officials to perform or expedite routine procedures. Payment for the facilitation differs from the official fees for services, information about the amount which is in the public domain.

14 Gifts and hospitality

49. The Company recognizes the exchange of business gifts and bearing costs for hospitality, including the business hospitality as a necessary part of doing business and generally accepted business practices. The Company encourages an

atmosphere of honesty and transparency in respect of business gifts and business hospitality costs.

50. The exchange of business gifts and making payments related to hospitality, including the Company's business hospitality with a third party shall meet the following criteria:

1) fully comply with provisions of current laws of the Republic of Kazakhstan, the Code of Business Conduct of "Samruk-Energy" JSC, Rules for using the funds allocated to the individual types of administrative expenses of "Samruk-Energy" JSC and other internal regulatory documents of the Company;

2) be reasonably justified, proportionate and not be a luxury item;

3) does not constitute a disguised fee for the service, act, omission, connivance, patronage, granting of rights, the adoption of certain decisions about the deal, agreement, license, permit, etc. or attempt to influence the recipient for other illegal or unethical purpose;

4) not to create a reputational risk for the Company, officers and employees of the Company and other persons in case of disclosure information about gifts or hospitality expenses.

51. All costs for business gifts and business hospitality, and advertising expenses must be approved by the Company's management.

52. In case of doubt as to whether the business gift or event complies with requirements of this Policy, the employee should consult on the matter with the immediate supervisor or officer responsible for compliance with business ethics.

15 Mutual cooperation

53. The Company cooperate on the basis of principle of reciprocity in the field of fraud and corruption with authorized state bodies and organizations, partners and clients, public associations and non-government organizations in order to:

1) to detect suspects in committing fraud and/or corruption operations, their location, as well as location of other individuals, accessory to corresponding acts;

2) To detect and grant back or in behalf of the state, property, taken as a result of fraud and/ or corruption operations;

3) Exchange of information on the anti-fraud and corruption issues;

4) Coordination of actions and drafting on preventing and anti-fraud and corruption measures.

16 Anti-fraud and corruptions basic trends

54. The Company follows policy of zero tolerance for fulfillment or concealing of fraud, corruption and other illegal operations.

55. Such cases shall be investigated and complete, including extension of lawsuits, bringing to disciplinary, administrative or criminal responsibility if necessary.

56. During investigation record of work, position, relations with the Company shall not be taken into consideration.

57. Anti-fraud and corruption basic trends are:

- 1) holding of unified policy in the field of anti-fraud and corruption;
- 2) adoption of administrative and other measures to attract employees of the Company actively participate to counteract unlawful acts;
- 3) holding of fairness, transparency, fair competition during work and rendering of services.

17 Measures to prevent fraud and corruption

58. Measures to prevent fraud and corruption are realized by following ways:

- 1) Forming of the employees of the Company intolerance to fraud and corruption operations by:
 - a) holding expository conversation with employees of responsible BU by the management of the Company;
 - b) informing employees of the Company about detected cases in the Company and its subsidiaries and judgments if there are any;
 - c) holding of annual workshops for employees of the Company on explanation of anti-corruption laws of the Republic of Kazakhstan;
- 2) Implementation the rule to personnel work practice, which includes long-term, perfect and effective execution of official service should be taken into account on appointment an employee to higher position or in case of reward;
- 3) Granting employees of the Company and its subsidiaries as well as third parties a right to inform about known facts or suspicion regarding committing fraud, corruption, abuse and other illegal acts, with any authorized methods according to the Law s of the Republic of Kazakhstan.

18 Final Provisions

59. Officials and employees of the Company assume responsibility to examine, understand and strictly follow the requirements, set in this Policy. After insight with the provisions of this Policy officials and employees must sign «Confirmation» form in accordance with FF P 02-03-13 to this Policy that will be kept in personal file of an official and employee of the Company.

60. Officials and employees must be instructed of applying of Anti-fraud and Corruption Policy and internal procedures in this field, sign document of instruction and insight of mentioned documents.

61. BUS jointly with BUHR of the Company annually arranges training and/or testing the knowledge of anti-fraud, corruption policy and internal procedures in this field of the Company’s officials and employees.

19 Fill out forms

№ Sl.n	Title	Form of record	Executor	Place of storage	Period of storage
1	Confirmation	FF 01 P-02-03- 13	Officials and employee s	BUHR	75 years minus age of an employee

FF 01 P-02-03-13

Use this form to confirm that you have carefully studied, understood and agree to comply with requirements set in “Samruk-Energy” JSC Anti-fraud and Corruption Policy.

Filled and signed confirmation form is kept in a personal file of each employee of the Company from the moment of performance of official duties and is presented annually to 15th day of first month.

Confirmation

Please tick the appropriate box

- I confirm, that I have studied and understood “Samruk-Energy” JSC Anti-fraud and Corruption Policy

- I am obliged to strictly follow the requirements set by “Samruk-Energy” JSC Anti-fraud and Corruption Policy

- I agree to confirm once a year, during performance of official duties, that I examined and understood and obliged to strictly follow requirements set by “Samruk-Energy” JSC Anti-fraud and Corruption Policy

- I am aware that in case of my violation of “Samruk-Energy” JSC Anti-fraud and Corruption Policy, I may be brought to administrative, criminal and civil liability including dismissal from office according to the Laws of the Republic of Kazakhstan.

Please, sign here

Full name _____

Signature, date _____

Appendix 1**Anti-corruption clause**

1. "Samruk-Energy" JSC (hereinafter - the Company) shall inform the other Party to the Agreement on the principles and requirements of anti-fraud and corruption policy of "Samruk-Energy" JSC (hereinafter - the Policy). The other party confirms acquaintance with the Company's policy by concluding the contract. In the performance of its obligations under the Agreement, the Parties shall undertake to comply and ensure compliance of their employees with requirements of anti-corruption legislation of the Republic of Kazakhstan, and not to commit corruption offenses provided for by applicable international acts and legislative acts of foreign states on combating corruption that are applicable for the purposes of the Agreement.

2. Corruption offenses for the purpose of the Agreement shall include deliberate acts committed in giving or receiving a bribe, commercial bribery or other illegal use of an official position by the Parties' employee in violation of legitimate interests of the Parties in order to obtain benefits in the form of money, property, gifts and other property or property-related services or services of physical or moral nature, obtaining other property rights for himself/herself or for third parties, or the illegal provision of such benefits to the said person by other individuals, and obtaining other property benefits and advantages, according to the anti-corruption legislation of the Republic of Kazakhstan or the country of residence and / or business of the Party (hereinafter - corruption offenses).

3. In case the Party has a reasonable assumption that the Corruption offense has occurred or may occur (when receiving the information about initiation of a criminal case against an employee (s) of the other Party in connection with committing a corruption crime or other reliable information about corruption offense), such Party shall notify the other Party in writing indicating the relevant facts (hereinafter - notification) and shall have right not to fulfill their obligations under the Agreement until obtaining the confirmation from the other Party that a corruption offense has not occurred or will not occur. The mentioned confirmation must be provided to the other party within 10 (ten) working days from the date of receipt of Notification.

4. Company in obtaining reliable information on corruption offenses and subject to the provisions of this Article shall be entitled to cancel the agreement unilaterally in whole or in part, by sending written notice to the other Party, as well as demand from the other party compensation for damages caused by the termination of the Agreement.

Appendix 2

Risk factors

- 1) cases of financial insolvency or bankruptcy in the past
- 2) cases of negative audit opinion;
- 3) availability of information on pre-trial inspections or court proceedings on charges of bribery or other corrupt practices;
- 4) lack of qualification, relevant experience of the counterparty with which the conclusion of the contract is scheduled, absence of license or permits required for the execution of the contract or the presence of other factors that may hinder the counterparty to fulfill the terms of the contract;
- 5) the value of products / services is significantly higher or lower than the market;
- 6) the agreement with the counterparty provides for the reimbursement of costs which have not been confirmed by necessary documents and are unreasonably high;
- 7) an agreement with the counterparty provides the transfer of funds to pay for products / services to accounts in countries other than those in which the services were rendered or in which the counterparty is registered;
- 8) an agreement with contractor provides for the payment for goods / services in cash;
- 9) the owner or beneficiary of the contractor is a State or official;
- 10) the counterparty is affiliated with government agencies or officials;
- 11) interaction with the counterparty was recommended by an official;
- 12) counterparty offers to attract intermediaries;
- 13) the presence of a conflict of interest;
- 14) the counterparty refuses to provide the information necessary for evaluation procedures.