



Document owner: **Legal Compliance Counsel**

Title: **Anti-Bribery and Corruption and Anti-Money Laundering Manual**

Document No: **KPO-AL-LEG-MAN-00001-E**

This is an uncontrolled copy unless it is being viewed on screen from the KPO Intranet.

Executive Summary

This Anti-Bribery and Corruption and Anti-Money Laundering Manual (the “Manual”) defines Karachaganak Petroleum Operating B.V. (the “KPO”) requirements to comply with laws that prohibit bribery, corruption and money laundering. It also provides references for further information.

The KPO Legal Director is the owner of this Manual. The Legal Compliance Counsel (LCC) has the authority to approve exceptions to the requirements of this Manual. Requests for exceptions and their approvals or refusals must be Recorded by the Staff requesting such approval.

The authoritative version of this Manual, along with supplementary material, is available on the KPO Intranet.

This Manual has been classified as Restricted. Full or partial communication of this document outside KPO requires prior consent of the owner.

This Manual builds on the KPO Business Principles (KPO BP) and the KPO Code of Conduct that set out KPO’s commitment to compliance with anti-bribery and corruption and anti-money laundering laws.

Compliance is ultimately the accountability of the KPO General Director, Directors and Controllers who must ensure that individuals understand their responsibility to comply with the requirements of this Manual.

If there are any questions about this Manual address them with the Legal Compliance Department.

In the event of conflicts between any translated version and the English language version, the English language version shall prevail.

Content

REVISION HISTORY	ERROR! BOOKMARK NOT DEFINED.
DOCUMENT VERIFICATION	ERROR! BOOKMARK NOT DEFINED.
ЗАПИСЬ RACIE	3
EXECUTIVE SUMMARY	2
CONTENT	5
DEFINITIONS/ABBREVIATIONS	4
1. INTRODUCTION	8
2. CONTRACTING	9
3. OFFERING OR RECEIVING GIFTS AND HOSPITALITY (G&H)	12
4. CONFLICTS OF INTEREST (COI)	13
5. FACILITATION PAYMENTS	14
6. FUNDING SOCIAL INVESTMENT	14
7. POLITICAL PAYMENTS AND TRADE ASSOCIATIONS	15
8. MANAGING INCIDENTS AND REPORTING A CONCERN	16
9. TRAINING	16
10. KEY ROLES AND RESPONSIBILITIES	16

Definitions/Abbreviations

Affiliates	Individuals or legal entities: (a) able to directly and (or) indirectly influence decisions taken by a candidate or staff or (b) whose decisions can be directly and (or) indirectly influenced by a candidate or staff – including: <ul style="list-style-type: none"> • Close relatives, spouses, close relatives of a candidate’s or a staff’s spouse; • A legal entity whose interest in the charter capital (shares) are directly and(or) indirectly owned by a candidate or a staff or their close relatives, spouses, spouse’s close relatives; • A legal entity whose officer is a candidate or a staff or their close relatives, spouses, spouse’s close relatives.
ABC/AML Clauses	Specific clauses to be inserted into a contract that address ABC or AML risk. The clauses are advised by the Legal Compliance Department.
Compliance Investigations Section	Specialist unit within the Legal Compliance Department of the Legal Directorate responsible for Code of Conduct incident reporting including the compliance Hotline (which is operated by a third party supplier). It investigates allegations of violations of anti-bribery or anti-money laundering laws in conjunction with the Legal Compliance Department.
Code of Conduct	The KPO Code of Conduct available via the KPO intranet and www.kpo.kz website.
Conflicts of Interest and Gifts and Hospitality Registers	Mandatory KPO tool for recording COI and G&H and attendance at Trade Association events. Both Registers is available via the KPO intranet.
Conflict of Interest (COI)	A situation where there are factors that affect or can affect a candidate’s or a staff’s objectivity in the performance of their duties and (or) taking decisions in KPO. Examples of such factors for the mentioned persons are as follows: <ul style="list-style-type: none"> • Affiliates among: (a) staff and (or) (b) organizations being contractors, vendors, competitors, KPO business partners or companies that aim to become ones; • Status of a Person related to a Government Official; • Other factors. Other examples of Col, as well as additional guidelines/instructions can be found on the Intranet web page of the Legal Compliance Department.
Contractor(s) and/or Supplier(s)	A general term for an individual or a firm that has entered into a legal contract to provide goods and/or services to KPO.
Counterparty	A third party involved in a contract with KPO.
Donations	Charitable contributions, i.e., grants, standalone donations to charities or donations in funds, goods or services with a non-profit organisation.
FPSA	Final Production Sharing Agreement relating to the Contract Area of the Karachaganak Oil and Gas Condensate Field dated as of November 18, 1997.
Facilitation Payment	A minor payment to induce a (usually low-ranking) Government Official to expedite or secure performance of a routine duty which that person is already obliged to perform and where such payment would exceed what is properly due. A facilitation payment is not permitted by KPO and is illegal under the UK Bribery Act and laws of the Republic of Kazakhstan. The urgent processing of a regular government provided service, against rates published by the

	government, for which payment is made into a government administered account and for which an official receipt is given, is not a facilitation payment.
Gifts and Hospitality (G&H)	Includes (but is not limited to) gifts, travel, accommodation, trips, services, entertainment, prizes from external competitions or lotteries and any other gratuitous item, event, benefit or thing of value received from or offered to any person in connection with KPO business.
Government Intermediary (GI)	<p>Any person, company, firm or joint venture that is engaged by KPO and has any direct or indirect dealings with a GO in connection with KPO's business, including an intermediary nominated by a Government but paid by KPO. GIs include (but are not limited to):</p> <ul style="list-style-type: none"> • Processing agents: freight forwarders, customs agents, couriers, visa processors or persons providing similar services; • Commercial agents: consultants, business agents, or other persons, including joint ventures or joint venture partners, who assist in obtaining Government contracts, concessions, permits or other Government-issued rights; • Professional agents: attorneys, accountants, lobbyists or other persons engaged on a professional basis to represent KPO in Government business (including delivery of documents to Government bodies) or to lobby for a change in law. (Attorneys representing KPO companies in private litigation are not considered GIs for the purposes of this Manual, provided that neither the Government nor a GO is a party to the litigation). <p>Note that certain contracts may de facto include the appointment of a GI such as Drilling contracts, turnkey contracts for the construction of facilities, EPC contracts and contracts for the supply of goods or materials with delivered duty paid (DDP) as per Incoterms as published by the International Chamber of Commerce. When in doubt, seek legal advice to determine whether your contract appoints a GI.</p>
Government Official (GO)	<ul style="list-style-type: none"> • Official or employee of any Government, or any agency, ministry or department of a Government (at any level); • Any person acting in an official capacity for a Government regardless of rank or position; • Official or employee of a company wholly or partially controlled by a Government (for example, a state-owned oil company), except for employees seconded to KPO from such companies; • Any official of a political party; • Candidate for political office; • Officer or employee of a public international organisation, such as the United Nations or the World Bank. <p>Note: Government Officials include political parties, members of the Senate, the Mazhilis or a Maslikhat, Akims and employees of state or Akimat departments, and representatives of local communities. A person may be a Government Official under KPO policies and procedures even if they are not classified as a Government Official under Republic of Kazakhstan or other local law (for example, members of the TGA and PSA).</p>
Person related to a Government Official	<p>A candidate or a staff that are themselves or whose Affiliate is:</p> <ul style="list-style-type: none"> • a Government Official (or was a Government Official within the past three years); • currently or in the past (within the past three years) is/was a business partner of a Government Official. <p>A candidate recommended for KPO employment by a Government Official is also considered as a Person related to a Government Official.</p>

Immediate Family Member	Parents (parent), children, adoptive parents, adopted children, siblings/half-siblings, grandfather, grandmother, grandchildren.
Ethical Due Diligence	Counterparty due diligence conducted as a prerequisite to accepting new business partners allowing KPO to have a clear overview of the key risks that the counterparty may represent. It includes Integrity Screening along with a number of other elements.
Integrity Screening	Screening for the integrity risks of a Third Party through a number of checks using public and business intelligence databases which may include sanctions lists, adverse media, news feeds etc.
Manual of Authorities (MOA)	Documented principal delegated authorities which support KPO in the maintenance of a risk-based system of internal controls to ensure that transactions are carried out in accordance with management's authorisation. The MOA can be found at KPO intranet.
Per Diem Payment	<p>A specific amount of money allocated to an individual to spend per day, to cover living and travelling expenses in connection with work (i.e., daily allowance).</p> <p>Note: this definition does not substitute the term "per diem allowance" provided for in the Labour Law of the Republic of Kazakhstan, and is used only for the purposes of this Manual.</p>
Political Payment	<ul style="list-style-type: none"> • Contributions to any political campaign, political party, political candidate, or any of their affiliated organisations. • Expenditure related to political lobbying. • Expenditure related to memberships of Industry Associations that undertake political activity and/or political payments. • Any contributions that could be perceived to be any of the above.
Record	A sub-set of information created or received as evidence of a business activity, or required for legal, tax, regulatory or accounting purposes, or of importance to KPO's business or corporate memory. Records may exist on paper, as physical items, as images or be stored in an electronically readable or audible format.
Red Flag (ABC & AML & TC)	Term that denotes various indicators and signals, both explicit and implicit, that indicates a potential higher ABC and/or AML or Trade Controls (TC) risk and may warrant further investigation. (Note: Red Flags are different to risk ratings). An example list of some ABC and AML (including after sales red flags) Red Flags are attached to the Ethical Due Diligence Procedure.
Secondee	Staff loaned to a JV partner or other organisation.
KPO Business Principles (KPO BP)	Describe KPO's core values, its responsibilities and the principles and behaviours by which it does business. The KPO BP can be found at KPO intranet.
Social Investment (SI)	The contribution of skills and/or resources to a host society in order to provide lasting benefit to the host society and/or the environment and to KPO. SI activities may range from increasing local capacity building skills to supporting national education, health or conservation programmes. Social investment may be voluntary or required by a host Government under a contract (for example, Social and Infrastructure Projects under the FPSA).
Sponsorship	A form of advertising to promote the KPO brand in which KPO offers funding to a company, association or other institution in return for a range of promotional opportunities.
Staff	All KPO Employees, Contract Staff (Staff providing services under KPO's day to day supervision who have no direct contractual relationship with KPO but are employed and paid by an external company/manpower agency) and Secondees.

Third Party	For the purposes of this Manual, Third Parties refer to all counterparties mentioned in the mandatory requirements of this Manual.
Trade Association	Any organisation, irrespective of what it is called, which bring competitors together and where the primary aim of the forum is for competitors to engage in one or more of the following commercial or business-related activities: <ul data-bbox="443 367 1348 539" style="list-style-type: none">• Sharing of industry best practices related to commercial activities;• Advancing industry or joint commercial terms and conditions;• Market data collection;• Industry benchmarking activities; or• Industry joint advocacy. Such bodies may also be referred to as an “Industry Roundtable”, or an “Industry Working Group”.

1. INTRODUCTION

What is this about and Why?

Bribery and corruption and money laundering are two different but related Ethics and Compliance subjects. Individually, they are subject to different laws and regulatory acts but share many common risk areas which need to be managed consistently. This Manual describes the requirements to address both risk areas.

KPO is subject to national and international laws prohibiting bribery and corruption and money laundering. KPO is the Netherlands registered company that acts as an agent to the Operator under the Final Production Sharing Agreement relating to the Contract Area of the Karachaganak Oil and Gas Condensate Field dated as of 18 November 1997. Operator consists of two companies: Shell and Eni. As Royal Dutch Shell, an ultimate parent company of Shell entity, is a UK company and its securities are traded in the US and UK, Shell companies and Shell-controlled joint ventures must comply with the US Foreign Corrupt Practices Act (FCPA) and the UK Bribery Act 2010 (UKBA), which have international effect, as well as all applicable anti-bribery and corruption (ABC) and anti-money laundering (AML) legislation in the countries where Shell operates. Similarly, Eni SpA is an Italian company, and its securities are traded in the US, Eni companies and Eni-controlled joint ventures must comply with the US Foreign Corrupt Practices Act and the UK Bribery Act 2010, which have international effect, as well as all applicable anti-bribery and corruption (ABC) and anti-money laundering (AML) legislation in the countries where Eni operates.

Bribery occurs when a payment, gift, favour or advantage is offered, made, sought or accepted to influence a business outcome. Serious penalties, including prison sentences, may be imposed upon those guilty of bribery. Bribery and corruption may involve Government Officials, companies or private individuals, and may occur directly or indirectly through third parties (including joint ventures or their participants).

KPO prohibits the payment of all bribes including Facilitation Payments.

Money laundering is a term used to describe the process of hiding the criminal origins of money or property, which are the proceeds of crime within legitimate business activities. It also describes the use of money of a legitimate origin that supports terrorism. Money laundering could be a consequence of almost any profit-generating crime.

Who does this apply to?

This Manual is mandatory for all KPO Staff including Seconddees, directly hired employees and contractor Staff provided by the manpower agencies.

KPO General Director, Directors and Controllers must ensure that:

- Staff understand their responsibilities to comply with applicable ABC and AML laws by following the requirements of this Manual;
- Staff know how to report any suspicion, allegation or breach of this Manual's requirements (by KPO Staff or any third party) via the KPO compliance Hotline.
- Staff understand that turning a blind eye to suspicions of bribery, corruption or money laundering can result in liability for KPO and for individuals; and
- If there is any reason to believe that any activity is being engaged in with a corrupt purpose, even if it is technically permitted under this Manual, it must be reported (see section 3) and a Legal Director and/or Legal Compliance Counsel must be consulted before proceeding.

Failure to act in accordance with applicable laws, the KPO BP, the Code of Conduct or this Manual may result in disciplinary action up to and including dismissal or contract termination. This Manual describes how to report suspicions of bribery and corruption or money laundering. Failure to report such suspicions could result in criminal liability for both the individual and

KPO. Under no circumstances should an individual notify the subject of any suspicions or perform their own investigations.

2. CONTRACTING

2.1 Ethical Due Diligence

Before entering into a contract or any binding agreement, the integrity of a Counterparty must be assessed through the Ethical Due Diligence and any related issues, concerns or Red Flags addressed. Further guidance on dealing with ABC and AML Red Flags can be found in the annex to the Ethical Due Diligence Procedure.

Ethical Due Diligence does not replace the need for conducting broader, more comprehensive assessments where required or deemed appropriate depending on the nature of the anticipated relationship (e.g., HSE, Financial, Legal, Operational, and Commercial assessments). Ethical Due Diligence has two stages: the Integrity Screening and the more comprehensive Enhanced Due Diligence Assessment.

See the Ethical Due Diligence Procedure describing how the due diligence process is carried out.

1. Where ABC Red Flags or other non-AML integrity issues are identified either pre-contract or at any time during the life of the contract, a Legal Compliance Department must be consulted.
2. Where AML Red Flags are identified either pre-contract or during the life of the contract, they must be brought to the attention of the relevant KPO Director, Supply Chain Director and Legal Director/Legal Compliance Department to resolve.
3. All contracts where KPO is receiving goods or services must include the appropriate ABC and AML Clauses and where KPO is receiving payments, the appropriate AML Clauses. Legal Compliance Department advises on the model ABC and AML Clauses and approves deviations from such model clauses.
4. All Ethical Due Diligence documentation and any follow-up actions must be kept as a Record.

The following sections describe the risk-based requirements for the different Counterparty types.

2.2 Contracting with Contractors or Suppliers and Government Intermediaries (GIs)

A. The Ethical Due Diligence requirements when contracting with Government Intermediaries (GIs), Contractors or Suppliers are risk-based.

Stage 1. The Integrity Screening is required when the value of a contract or purchase order for the provision of goods is less than USD100,000.

The Integrity Screening is required at minimum once a year from the date of the last screening for every Contractor.

Stage 2. The Enhanced Due Diligence Assessment is required in the following cases:

- When the value of a contract or purchase order for the provision of goods and services exceeds USD100,000;
- Any contract with a Government Intermediary;
- When KPO needs to conduct an additional assessment, when necessary, and upon Legal Compliance Department's discretion;
- All single and sole source contracts.

The Enhanced Due Diligence Assessment is required at minimum once a year from the date of the last assessment for every Government Intermediary.

The Enhanced Due Diligence Assessment is also required at minimum once in three years for a Contractor with a current contractual commitment.

For further guidance see the Ethical Due Diligence Procedure.

B. If the Counterparty is a Government Official (GO) or is owned or part-owned, directly or indirectly, by a GO, advance support of the Legal Compliance Department must be obtained.

C. If the Counterparty is a GI, they must undertake their own due diligence on their subcontractors. KPO's consent to subcontracting must not be given unless due diligence has been performed by the first contractor. Such due diligence must be undertaken prior to seeking KPO's consent. In exceptional circumstances, due diligence on the proposed subcontractor may be executed by KPO.

2.3 Contracting with Customers for Sales of Products and Services

For the sale of products or services to a customer where annual gross proceeds exceed USD500k, Integrity Screening must be carried out by the relevant directorate/controllership requested through the Legal Compliance Department:

- prior to setting up a new customer account and
- repeated on renegotiation of the contract or every three years (for contracts of longer duration).

2.4 Contracting for Sales of Surplus Materials

For the sale of Surplus Materials where the annual gross proceeds will exceed USD500k, Integrity Screening must be carried out by the relevant directorate/controllership on the buyer for each contract.

2.5 Contracting as Landlords or Tenants

Where KPO is the Tenant the requirements in section 2.1.1 Contracting with Government Intermediaries or Contractors or Suppliers, as relevant, must be followed.

2.6 Contracting with Financial Institutions

When a new banking arrangement or a Financial Advisory Service is being agreed with a Financial Institution, Integrity Screening must be:

- requested through the Market Intelligence and Vendor Qualification Department; and
- repeated on renegotiation of the contract or at five-year intervals (for contracts of longer duration).

2.7 Contracting for Social Investments, Donations and Sponsorships

When contracting for a Social Investment (included those under Annex 5 to FPSA), Donation or Sponsorship, a due diligence on the beneficiaries and/or on the other parties involved in such Social Investment, Donation or Sponsorships will be required. The relevant KPO Directorate must receive a clearance from the Legal Compliance Department before entering into any binding arrangements. For more information on Social Investments, Donations and Sponsorships see Section 6.

3. OFFERING OR RECEIVING GIFTS AND HOSPITALITY (G&H)

Giving or receiving anything that has an economic value with an improper purpose, including gifts, trips or other forms of hospitality, can, under certain circumstances, represent forms of corruption. Furthermore, gifts and hospitality can give rise to the issues connected to Conflicts of Interest or otherwise damage KPO's reputation. Finally, providing gifts and hospitality, without reporting them in detail in KPO's books and registers, and without retaining the related documents can also expose KPO to potential corruption risks under applicable ABC laws.

The general principles set out in this section below are applicable without distinction to all inbound and outbound G&H, regardless of the specific cases.

3.1 General Principles

As a general rule, KPO discourages Staff from accepting G&H from a business partner. Notwithstanding this, KPO recognizes that the occasional acceptance or offer of modest G&H may be a legitimate contribution to good business relationships. However, all G&H must comply with the requirements of this section and G&H to a Government Official (GO) is subject to additional scrutiny as described below.

G&H must never be offered, given or received in a way that an impartial observer could presume that these are aimed at creating a duty of gratitude, influencing the recipient to abuse his or her position, or at obtaining any improper advantage. This principle must be strictly observed, even if the Staff pays for outbound G&H using personal financial resources. In order to avoid such circumstances, all G&H must in any case:

- a) be reasonable, under the circumstances, made in good faith, proportional and not appear inappropriate;
- b) be in good taste and compliant with the generally accepted standards of professional courtesy;
- c) be provided in relation to legitimate business purposes and not just personal;
- d) not be offered, given or accepted in order to obtain any benefit in exchange or to exercise undue influence on any business, legal or regulatory decision significant to KPO or to any other party (i.e. should not be “quid pro quo”);
- e) not consist of a cash or the equivalent of cash (for example, cheques, gift certificates, vouchers);
- f) comply with the local laws and any regulations applicable to the recipient of the G&H, including codes of conduct or other regulations that the public or private entity, to which the individual belongs, has adopted.

The offer or acceptance of G&H to or from a counterparty during a business negotiation, a dispute or while waiting for discretionary government decisions, could more easily be perceived by an impartial observer as aimed at influencing the recipient. Therefore, under these circumstances, G&H must only be offered when it is strictly necessary and in compliance with the General principles. The acceptance, offer or provision of G&H, on the other hand, can only be carried out after consulting the Legal Compliance Department.

The beneficiaries of outbound G&H are selected on the basis of objective criteria, taking into account the business purposes of the expenses. Family members or guests of the beneficiaries (for example, spouses) should not normally be included among the recipients of outbound G&H, except in cases where the opinion of the Legal Compliance Department function has been requested and obtained in advance.

3.2 Prohibited G&H

No G&H may be offered or accepted that are:

- Offered, presented or accepted with the aim to obtain any benefit in exchange or influence any business, legal or regulatory decisions critical for KPO or any other party (i.e. presented on a repayable basis);
- Illegal under local law or under laws with international effect (e.g., US FCPA, UK Bribery Act);
- Inappropriate;
- Cash or cash equivalents;
- Loans;
- Personal services;
- Events/meals where the business partner is absent;

- Can be linked to important business decisions during sensitive decision periods;
- Per diem payments offered as an alternative to gifts, meals, lodging, entertainment or travel-related expenses (unless required by contract or local government regulation and/or supported by Legal Compliance Department).

In addition to the above prohibitions, when offering or receiving G&H, the following must never be offered or paid unless supported by the Legal Compliance Department:

- Additional days of travel to tourist destinations or private visits
- Accompanying family members/guests.

3.3 G&H Declaring and Registration Thresholds

Any G&H offered to or received by Staff must comply with the General Principles. If the G&H does not comply with the General Principles, Staff must refuse it and immediately inform his Line Manager.

The following matrix describes the Code of Conduct requirements for giving/accepting G&H:

G&H Total Amount	To/From Counterparty	To/From Government Official
Up to USD50	No action required	Line Manager and Compliance approvals via registration in the G&H Register.
USD50 and above	Line Manager approval via registration in the G&H Register.	Line Manager and Compliance approvals via registration in the G&H Register.
USD500 and above	Line Manager approval via registration in the G&H Register.	Legal Director/Legal Compliance Department and General Director endorsement via G&H Register

3.4 Cumulative G&H

In case of cumulative G&H offered/received to/from the same counterparty in a calendar year, the above thresholds will apply on the basis of the aggregate value of the G&H offered or received.

3.5 G&H to Government Officials (GO)

Regardless of the country and in advance of offering any G&H to a GO where the value is USD 500 or greater, the G&H must be supported by the Legal Compliance Department and approved by the General Director via the G&H Register.

Any entries related to the G&H to GOs must include:

1. a description of the proposed expenditure;
2. a detailed budget;
3. the programme details or agenda;
4. the name of the GO and, if applicable, the name of any GO family member(s) or guest(s) who are also proposed recipients that have been approved by the Legal Compliance Department;
5. a description of any interaction the GO has had or is expected to have with KPO, particularly if the GO is expected to be involved in any decision affecting KPO;
6. any facts or Red Flags that could cause an impartial observer to perceive the expenditure could obtain an improper business advantage; and

7. the business reasons for the expenditure.

The Legal Compliance Department will monitor all G&H per calendar year. Where cumulative amounts to a specific third party appear likely to exceed USD500, the relevant directorates/controllerships will be informed and the procedures for G&H valued at USD500 or greater must be followed.

3.6 G&H to Government Officials (GO) in the Republic of Kazakhstan

Giving gifts to GOs in the Republic of Kazakhstan may give rise to administrative and criminal liability in accordance with the applicable laws of the Republic of Kazakhstan, hence, is prohibited by KPO. All exceptions must be discussed with and supported by the Legal Director/Legal Compliance Department and the General Director, where necessary.

3.7 Meals and Transportation provided in Aksay or any other KPO locations/facilities

Meals at the canteens available in KPO's premises in Aksay (for example in the Czech Camp and the Field) and local transportation in Aksay provided to GOs involved in inspections and/or other institutional activities (included institutional visits) are considered as G&H to GOs and must be registered by the General Services Department using G&H Register as per thresholds in the section 3.3 above.

3.8 Records

All documentation relating to the approval of the G&H and which is external to the Register must be kept as a Record.

4. CONFLICTS OF INTEREST (COI)

4.1 General Principles

Col must be avoided and, where a perceived, potential or actual Col occurs, it must be recorded in the Col Register for appropriate management action.

A Col happens in the presence of factors that affect or may affect the objectivity in the performance of duties and (or) taking decisions. A Col need not lead to unethical or illegal actions.

It is important for Staff to avoid Cols, including a perceived or potential Col that could create the perception that they may be improperly influenced in their decision-making.

A Col can be damaging to Staff or to KPO. In some situations, a perceived or potential Col that has been fully disclosed to KPO may be acceptable, assuming appropriate mitigations have been agreed and implemented.

A staff cannot take decisions on issues that present an actual Col.

It is not possible to list all situations or relationships which may create a Col or the appearance of one, so each situation must be evaluated.

KPO General Director, Directors and Controllers must ensure that:

1. Staff are aware of the need to register any perceived, potential or actual Col in the Col Register;
2. Line managers agree and record any actions required to mitigate the perceived or actual Col in the Col Register; and
3. Any perceived, potential or actual Col is escalated to the Legal Compliance Department for advice.

4.2 Special Provisions on Recruitment

The recruitment of a GO, former GO could be viewed as a favour or advantage, potentially constituting bribery, and/or may create a perceived, potential or actual Col. Such a COI may impair an individual's decision-making or jeopardize the reputation of the individual and that of KPO. Same logic applies in case of hiring of an affiliate of a KPO senior staff.

At an early stage in the process of recruiting any potential employee (including interns) or Seconded into KPO, the Recruiter must determine whether that individual candidate is a GO, former GO, as well as has any affiliates in the KPO. If a candidate has been initially identified as such then Recruitment interviews must be conducted by interviewers who are not aware of whether the individual candidate is a GO, former GO, or a Person related to a GO, or are impartial, in order to avoid the candidate's position influencing or appearing to influence the recruitment outcome.

Where the candidate is identified as a GO, former GO or having an affiliate in KPO, during the recruitment process, the Recruiter and the Hiring Manager must inform the HR Controller, who will then seek support of the Legal Compliance Department. If support is not obtained, an offer of employment, secondment or internship must not be extended.

If they are hired then the Recruiter must bring this to the immediate attention of the Hiring Manager. If any successful applicant has a COI, they must register in the Conflicts of Interest Register once they start in the role.

5. FACILITATION PAYMENTS

Facilitation Payments are bribes and must not be made.

Where a Facilitation Payment has been requested:

1. The Legal Compliance Department or KPO Legal must be immediately informed of the request and actions taken; or
2. The incident must be immediately reported to the KPO Compliance Hotline;

A payment made in the good faith belief that life, health or safety may be in imminent danger is not a Facilitation Payment but must be reported as noted above and recorded in accounts.

Fees that are required by written law are not Facilitation Payments.

A "Facilitation Payment" is a minor payment to induce a (usually low-ranking) Government Official to expedite or secure performance of a routine duty which that person is already obliged to perform and where such payment would exceed what is properly due.

A Facilitation Payment is not permitted by KPO and is illegal in most of the jurisdictions including the Republic of Kazakhstan.

The urgent processing of a regular government-provided service, against rates published by the government, for which payment is made into a government administered account and for which an official receipt is given, is not a Facilitation Payment.

6. FUNDING SOCIAL INVESTMENT

Funding of Social Investments, Donations and Sponsorships must never improperly influence a business outcome.

Social Investments, Donations and Sponsorships carry certain bribery and corruption risks, particularly in relation to the interaction with external parties. These risks must be identified through appropriate due diligence as per Section 2.1 of this Manual and mitigated when considering requests from third parties to ensure that funding never improperly influences a business outcome.

Any approved Social Investments, Donations or Sponsorships must be contributed to an organization and not to any individual. Funding of Social Investments, Donations or Sponsorships where a Government Official (GO) is involved (and that is not exempted below) must follow required approval and Record retention processes.

Before offering or committing any funds relevant KPO directorate/controllership must:

1. Ensure that the proposed recipient is a legitimate organization;

2. Identify whether a GO is involved (e.g., a GO has requested the Donation or Sponsorship; a GO is affiliated with the recipient of the Donation or Sponsorship); if no GO is involved, the due diligence confirming this must be kept as a Record.
3. Ensure that any Red Flags raised in due diligence are resolved; and
4. If the funds are for a Social Investment, work with a department responsible for Social Investments to ensure relevant Social Investment requirements are followed.

Where a GO is involved the following additional steps must be taken:

5. A memorandum or Umbrella Memorandum (in case of the social investment program with multiple projects) is completed to obtain the Legal Compliance Department's support which includes:
 - a. a description of the proposed expenditure;
 - b. an itemised budget;
 - c. the name of the organization for which the expenditure is intended;
 - d. the name of the GO and, if applicable, the name of any GO family member(s);
 - e. a description of any interaction the GO has had or is expected to have with KPO, particularly if the GO is expected to be involved in any decision affecting KPO;
 - f. any facts that could cause an impartial observer to perceive the expenditure could obtain an improper business advantage; and
 - g. the business reasons for the expenditure.
6. Approval to release funds is given by a manager with the appropriate level of authority as defined in the Manual of Authorities;
7. ABC/AML Clauses are included where a contract is in place or relevant Social Investment ABC/AML undertakings, as advised by the Legal Compliance Department, are signed where a contract is not in place; and
8. All documentation relating to the funding must be kept as a Record.

7. POLITICAL PAYMENTS AND TRADE ASSOCIATIONS

As stated in the KPO BP and the Code of Conduct, Political Payments or "in-kind contributions" must never be made by KPO or by Trade Associations with KPO funds. KPO must not take part in party politics.

Trade Associations must be asked to confirm that KPO funds or resources are not used for payments to political parties, political organizations or their representatives either directly or indirectly. If this requirement is not met, the Legal Compliance Department must be contacted before proceeding with the membership.

Political payments that are classed as "in-kind contributions" such as the use of company facilities, resources, funds or premises for the purpose of political activities such as rallies, campaigns, elections or political speeches are not permitted. If such requests from governments, political parties, organizations or their representatives are made, the Legal Compliance Department must be consulted.

Trade Association memberships must be registered in the Col Register.

The Government Relations Department will review a list of membership registrations annually in line with renewals to identify any companies that are known to make payments towards lobbying activities. In the event that an Association has been identified as making payments towards lobbying activities, it is the role of the Government Relations to escalate this issue to the Legal Compliance Department to obtain support for the appropriate action to be taken.

8. MANAGING INCIDENTS AND REPORTING A CONCERN

KPO has a duty to investigate all good faith allegations that a violation of the KPO Code of Conduct or the law has occurred. The KPO Internal Investigations Procedure ensures that all Code of Conduct incidents are recorded appropriately and handled in accordance with the KPO Investigation Principles.

All allegations will be addressed confidentially, impartially and in a timely manner by the Compliance Investigations Section of the Legal Compliance Department and/or HR. KPO protects from retaliation anyone who makes any good faith allegation of a breach of the Code of Conduct.

If it is known or suspected that an engaged third party has made or will make a corrupt payment in connection with a KPO contract or if there is a suspicion of money laundering or a breach of this Manual's requirements (by KPO or any individual acting for KPO or a third party), it must be immediately reported to the Legal Compliance Department or the KPO compliance Hotline which can be contacted anonymously.

The failure to report could result in criminal liability for both the individual and KPO.

Under no circumstances should an individual notify the subject of any suspicions or perform their own investigations as this may prejudice an investigation and could itself be a violation of AML laws.

9. TRAINING

Staff in roles exposed to bribery and corruption and/or money-laundering risk must complete appropriate KPO ABC and/or AML training.

The type of ABC and/or AML Training that Staff must take will depend on the level of risk associated with their role. Based on the level of risk, Staff may be nominated by the Legal Compliance Department in consultation with the KPO General Director, Directors or Controllers to complete on-line or face-to-face training. The ABC face-to-face training may be delivered in person or virtually via a webcast.

Further tailored ABC Training can be provided for Staff in leadership positions (KPO General Director, Directors or Controllers and other managers directly or indirectly reporting to them).

The KPO General Director, Directors or Controllers must:

- Assist the Legal Compliance Department to identify those roles determined to be "at risk" and nominate Staff for ABC and/or AML training;
- Ensure that Staff who have been nominated complete the training by the training due date; and
- Take appropriate action with those Staff who have not completed the required training, including taking consequence management actions as agreed with HR.

10. KEY ROLES AND RESPONSIBILITIES

The KPO General Director, Directors or Controllers:

- determine the key legal and ethical compliance risks in their respective directorates/controllerships;
- assess and monitor the risks; communicate and report change; and ensure relevant business plans, discussion and operations are considered;
- implement controls and communicate the requirements of the ABC and AML programmes;

- ensure compliance by their Staff with the requirements of this Manual.

The Legal Compliance Department Staff:

- support and monitor ABC and AML activities within their respective directorates/controllerships;
- work with the directorates/controllerships to identify and assess the overall level of ABC and AML risk;
- work with directorates/controllerships to identify Staff exposed to ABC and AML risk and assist in nominating identified Staff for ABC and AML training.
- define the risks and legal and ethical requirements to mitigate ABC and AML risks and ensure they are incorporated into this Manual as appropriate;
- support memoranda as required by this Manual;
- provide content material for ABC and AML training and ensure changes in relevant legislation are assessed and materials and training are updated; and
- provide advice to the directorates/controllerships and to the legal community at a country level, on legal issues relating to ABC and AML.