

Ulba Metallurgical Plant Joint Stock Company

Approved by

the Resolution of the meeting in absentia
of the Board of Directors of UMP JSC
Minutes No. 7 dated 26.05 2020

Approved by

Resolution No. 14/12-12 dated 20.03. 2020
of the Executive Board of UMP JSC

ANTI-CORRUPTION AND FRAUD MANAGEMENT POLICY

Developed by

Acting Safety and Security Director


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26 02 2020

Agreed with

Trade Union Committee Chairman


_____ A. Feoktistov

26 02 2020

Ust-Kamenogorsk

1. Purpose

1.1 This Policy of Ulba Metallurgical Plant Joint Stock Company on anti-corruption and fraud management (hereinafter - the "Policy") defines the basic business lines of Ulba Metallurgical Plant Joint Stock Company (hereinafter - the "Company") and the general rules of conduct of the Employees of the Company for anti-corruption and fraud management.

1.2 The Policy establishes the managerial and organizational principles for preventing corruption/acts of corruption as well as minimizing and/or eliminating the consequences of corruption-related violations.

1.3 This Policy is binding for the Company, including affiliates and associated organizations of the Company.

2. Terms and Definitions

The following terms and definitions are used herein:

2.1 **Corruption Risks Analysis (External and Internal)** means the identification and study of the causes and conditions which procure corruption offenses.

2.2 **Anti-corruption Monitoring** means the activity of anti-corruption entities for collecting, processing, summarizing, analyzing and evaluating information regarding the effectiveness of anti-corruption policy, the state of law enforcement in the field of corruption control as well as the perception and assessment of corruption level by the Company.

2.3 **Anti-corruption Restrictions** mean restrictions established by the legislation of the Republic of Kazakhstan and aimed at the prevention of corruption offenses.

2.4 **Anti-corruption Standard** means a system of recommendations established for the business of the Company and aimed at preventing corruption (Appendix 1 hereto).

2.5 **Close Relatives** mean parents (parent), children, adoptive parents, adoptive children, full and half brothers and sisters, grandmothers and grandfathers and grandchildren.

2.6 **Relatives in-law** mean brothers, sisters, parents and children of the spouse.

2.7 **Counterparty** means any Kazakh or foreign legal or natural person (including individual entrepreneurs) that has executed or is in the process of execution of contractual relations with the Company except for labor relations.

2.8 **Commercial Bribery** means illegal transfer of money, securities or other property to a Person performing managerial functions in any commercial or other organization and also illegal provision of property services to him/her for using his/her official position as well as for general patronage or failure to endeavor in the interests of the person carrying out the bribery.

2.9 **Control Environment** means a set of internal control procedures operating within the framework of risk management and internal control systems. The Control Environment is the basis of an effective internal control system and it affects other components.

2.10 **Conflict of Interests** means a contradiction between the personal interests of Persons performing managerial functions in the Company and their official powers when the personal interests of these persons may lead to non-performance and/or improper performance of their official functions.

2.11 **Corporate Compliance System** means a set of measures and preventive actions aimed at preventing violations of legislation, industry standards and internal documents of the Company.

2.12 **Corporate Fraud** means actions or inactions of natural persons and/or legal entities (in cases provided for by the applicable law) with the aim of obtaining personal gain and/or benefit of another person to the detriment of the interests of the Company and/or inflicting material and/or non-material damage to the Company by fraud, breach of trust, misrepresentation or otherwise. Corporate Fraud manifests itself in the form of financial misstatements, corruption as well as theft and other abuses, including intentional damage and other violations in relation to the assets of the Company. Examples of Corporate Fraud are provided in Appendix 2 hereto.

2.13 **Corruption Offense** means wrongful and guilty acts (action or inaction) having corruption features for which the law sets administrative or criminal liability.

2.14 **Corruption** means illegal use of the official powers and associated possibilities by persons holding a responsible public position, by persons authorized to carry out state functions, by equivalent persons authorized to perform state functions, and officials in order to obtain property (non-property) benefits and advantages, either personally or through intermediates, for themselves or Third Parties, as well as bribery of these persons by granting of priorities and advantages.

2.15 **Person performing managerial functions in the Company (for the purpose of this Policy)** means a person who permanently, temporarily or by special authority performs organizational and administrative or managerial functions¹ in the Company.

2.16. **A person equated with persons authorized to perform state functions** means a Person performing managerial functions in the Company, i.e. in a quasipublic company.

2.17 **Ombudsman** means a person appointed by the Board of Directors of the Company, whose role is to advise Employees of the Company, affiliates and associated organizations of the Company who have applied to him/her and to assist in the resolution of labor disputes, conflicts, problematic issues of a social and labor nature, as well as in the observance of principles of business ethics by Employees of the Company, affiliates and associated organizations of the Company.

¹ Organizational and administrative functions mean the right granted in the manner prescribed by the law of the Republic of Kazakhstan to issue orders and instructions binding on subordinates as well as apply incentive measures and disciplinary sanctions against subordinates.

2.18 **Applicable Law** means legislation of the Republic of Kazakhstan and foreign legislation of other jurisdiction (of extraterritorial nature), in which the securities of JSC NAC Kazatomprom as the Sole Shareholder of the Company are admitted to trading at the organized market.

2.19 **Employee** means a physical person who has an employment relationship with the employer (the Company) and who directly carries out the work under the labor agreement.

2.20 **Third Parties** mean individuals or legal entities that do not have contractual relations with the Company.

2.21 **Losses** mean expenses incurred or to be incurred by the Company in case of violation of its rights, loss or damage to its property (real damage) as well as lost revenues that the Company would have received under normal conditions of turnover if its right had not been violated (lost profit).

Other terms and definitions used in this Policy have the meanings established by the legislation of the Republic of Kazakhstan, other applicable laws and internal regulatory documents of the Company.

3. General Provisions

3.1 This Policy is developed in accordance with the Applicable Anti-Corruption Legislation and documents of the Company, including:

- Anti-Corruption Convention of the United Nations (UN) dated 31.10.2003 (ratified by the Law of the Republic and Kazakhstan dated 04.05.2008);
- The UK Bribery Act 2010;
- Labor Code of the Republic of Kazakhstan, No. 414-V dated 23.11.2015;
- Anti-corruption law of the Republic of Kazakhstan, No. 410-V dated 18.11.2015;
- Anti-corruption and Fraud Management Policy of JSC NAC Kazatomprom, approved by Resolution No.11/19 dated 28.11.2019 of the Board of Directors of JSC NAC Kazatomprom;
- Code of Corporate Ethics and Compliance of Ulba Metallurgical Plant Joint Stock Company, approved by Resolution No.5 dated 27.03.2020 of the meeting in absentia of the Board of Directors of the Company;
- Corporate Governance Code of Ulba Metallurgical Plant Joint Stock Company, approved by the Resolution of the Sole Shareholder (Resolution No.414 dated 09.09.2015 of the Management Board of JSC NAC Kazatomprom),

and other internal documents of the Company.

3.2 This Policy is one of the most important documents for achievement of the declared goal by the Company and it defines key principles and requirements that the Company puts forward in relation to Persons performing managerial functions

in the Company, Employees of the Company, affiliates and associated organizations of the Company and Counterparties.

4. Corruption Offenses Subjects and Types

4.1 Potential subjects of Corruption Offenses in connection with the business of the Company include as follows:

4.1.1 Persons performing managerial functions in the Company.

4.1.2 Natural persons and legal entities acting on behalf of the Company and illegally using their official powers and related opportunities in order to obtain or extract personally or through intermediaries property (non-property) benefits and advantages for themselves or Third Parties, as well as bribery of persons taking a responsible state position, persons authorized to perform state functions or Persons equated with persons authorized to perform state functions or officers by providing the property benefits and advantages.

4.1.3 Other persons whose liability for Corruption Offenses is provided by the Criminal Code of the Republic of Kazakhstan, Administrative Offenses Code of the Republic of Kazakhstan and other Applicable Laws.

4.2 Corruption Offenses provided for by the Administrative Offenses Code of the Republic of Kazakhstan include as follows:

4.2.1 Providing by natural persons or legal entities persons of illegal consideration, gifts, benefits or services, if these actions do not contain evidence of a criminal offense to persons authorized to perform state functions or Persons equated with persons authorized to perform state functions;

4.2.2 Acquiring by a person authorized to perform state functions or a Person equated with persons authorized to perform state functions through an intermediary or personally of illegal consideration, gifts, benefits or services for the actions (inaction) in favor of providing persons, if such actions (inaction) are included into the official powers of a person authorized to perform state functions, or a Person equated with persons authorized to perform state functions, if these actions do not contain evidence of a criminal offense;

4.2.3 Performing by the state authorities or local authorities for the entrepreneurial activity of functions which are not entrusted by the legislation, or accepting of material benefits and advantages in addition to established sources of financing;

4.2.4 Failure to take measures by managers, responsible secretaries or other officials defined by the President of the Republic of Kazakhstan, state authorities of the Republic of Kazakhstan, Military Forces of the Republic of Kazakhstan, other troops and military formations of the Republic of Kazakhstan within their authorities to address the violations of the Anti-corruption Legislation of the Republic of Kazakhstan, or in relation to subordinate persons who are guilty of Corruption Offenses, or adoption of these measures in violation of the Anti-corruption Legislation of the Republic of Kazakhstan, or failure to provide relevant information to the state revenue authorities at the place of guilty persons residence;

4.2.5 Employment by the head of the Company of persons who were previously accused in the Corruption Offence.

4.3 The following corruption crimes are recognized according to the Criminal Code of the Republic of Kazakhstan:

4.3.1 Abuse of authority;

4.3.2 Abuse of authority or powers;

4.3.3 Appropriation of the official's authority;

4.3.4 Illegal participation in entrepreneurial activity;

4.3.5 Obstruction of legitimate business;

4.3.6 Receiving a bribe;

4.3.7 Giving a bribe;

4.3.8 Bribery mediation;

4.3.9 Official forgery;

4.3.10 Official inaction;

4.3.11 Negligence.

4.4 The following actions are considered by the Company as unacceptable and incompatible with the business of the Company:

4.4.1 Direct or indirect promise, offer or permission to acquire any value (tangible or intangible) in contradiction to the interests of the Company;

4.4.2 Offering by any natural person or legal entities or acceptance by persons referred to in par. 3.3 hereof, of any property benefits not provided for by law and/or internal documents of the Company (including the so-called "kickback", loan, fee, remuneration, discount or other benefits);

4.4.3 Payments to fictitious organizations or organizations which ownership structure is not transparent;

4.4.4 Payments to offshore bank accounts;

4.4.5 Payments to legal entities owned or controlled by Persons authorized to perform state functions and Persons equated with persons authorized to perform state functions, or Close Relatives;

4.4.6 Transfer and/or receipt of illegal remuneration in the form of cash, bonds and other securities;

4.4.7 Receipt of unreasonable discounts;

4.4.8 Giving and/or receiving gifts, including cash;

4.4.9 Employment of people who were previously accused in the Corruption Offences;

4.4.10 Misappropriation of tangible and intangible assets by fraud or breach of trust;

4.4.11 Illegal actions with the use of illegal checks, debt commitments, bills of exchange or fictitious exchange transactions;

4.4.12 Fraud actions with the use of information technologies;

4.4.13 Use of official and other information which is not subject to official distribution in order to obtain or extract property and non-property benefits and advantages.

5. Fundamentals of Anti-Corruption and Fraud

5.1 The Company follows the following principles of anti-corruption and fraud management:

5.1.1 Corporate Fraud Non-acceptance: The Company does not accept any manifestations of Corporate Fraud and implements a set of measures and preventive actions aimed at counteracting Corporate Fraud.

5.1.2 Top Management Example (Tone at the Top): Administrative staff of the Company, affiliates and associated organizations shall demonstrate an uncompromising attitude to any form and manifestations of fraud and Corruption at any level.

5.1.3 Inevitability of Punishment: The Company shall demonstrate an uncompromising attitude to any type of Corporate Fraud, respond promptly to the received reports of Corporate Fraud, and also bring to responsibility the persons who are guilty Corruption and fraud or violation of control procedures.

5.1.4 Separation of Incompatible Functions: The Company shall assure proper separation of functions (i.e. not allowed the simultaneous performing of the functions of development, approval, application, monitoring and evaluation by the same Employee) in order to minimize the risk of occurrence and/or concealment of Corporate Fraud.

5.1.5 Prevention of the Conflict of Interests: The Company believes that Persons performing managerial functions in the Company shall not exercise official functions in the event of a Conflict of Interests. These persons are obliged to notify in writing directly to the direct manager or the Chairman of the Executive Board or the Ombudsman about the arisen Conflict of Interests or of its possible occurrence as soon as they become aware of it.

5.1.6 Due Diligence: The Company exercises due diligence in the event of the establishment/continuation of business relations with counterparties, candidates for work and other Third Parties by carrying out timely audits of trustworthiness and absence of a Conflict of Interests.

5.1.7 Involvement of Employees and Concerned Third Parties: The Company encourages Employees and concerned Third Parties to report as soon as possible of any possible violations of the requirements of this Policy and facts that indicate Corporate Fraud or corruption.

5.1.8 Waiver of Response Actions and Sanctions: The Company declares that unreasonable sanctions, including dismissal, non-accrual of bonuses or refusal of promotions will not be applied to an Employee who conscientiously reports of Corporate Fraud and corruption, supposed violations of control procedures and other abuses. Those persons who provided false information about the fact of Corruption Offense and are liable to prosecution in accordance with the legislation of the Republic of Kazakhstan are excepted from this principle.

5.2 Persons performing managerial functions in the Company assume the Anti-corruption Restrictions stipulated by the legislation of the Republic of Kazakhstan by signing a Statement of Liability (Annex 3).

5.3 The HR Director of the Company provides for fixation of consents of the Persons performing managerial functions in the Company to adopt appropriate Anti-corruption Restrictions in writing both during employment and labor relations.

6. Basic Principles for the Formation of Anti-corruption and Fraud Management System

6.1 Legality: The Company, affiliates and associated organizations of the Company strictly comply with the Applicable Law and any of their action or inaction does not conflict with the legislation of the Republic of Kazakhstan.

6.2 Timeliness: The Company seeks to create an effective system of anti-corruption and fraud management by introduction of control procedures aimed at early detection of threats to the Company's safety, including signs of possible Corporate Fraud and prompt response to identified signs.

6.3 Integrity: The Company seeks to ensure the integrated safety of tangible and intangible assets.

6.4 Centralized Management: The Company ensures the distribution of responsibility and powers in the process of anti-corruption and fraud management.

6.5. Principle of Systematic and Continuous Activity of the Company in Anti-corruption and Fraud Management: The Company strives to ensure that the procedures for anti-corruption and fraud management are as transparent as possible, enforceable and reasonably consistent with the identified risks.

6.6 Interaction and Coordination: The Company, affiliates and associated organizations of the Company ensure coordination of actions of any concerned structural units as well as effective interaction with state and law enforcement agencies in the process of Corporate Fraud management.

7. Major Violations and Liability According to UK Bribery Act

7.1 The UK Bribery Act applies to any organizations with a business presence in the UK. This law treats Corruption Offenses as a corporate inability to prevent bribery. This law divides responsibility for offenses into "active" and "passive":

- "Active" violations include bribery of state/foreign public officials;
- "Passive" violations include taking a bribe and the inability of a commercial organization to prevent corruption, i.e. lack of adequate procedures to prevent Corruption in the organization.
 - According to the UK Bribery Act the below factors are not taken into account for consideration of the fraud cases:
- Did the organization know about the bribe?

- Who paid the bribe: an Employee or agent as a person carrying out activities in the interests of the organization or on behalf of the organization;
- In what country the offense was committed?

7.3 Responsibility for Corruption violations committed by individuals related to giving (including a foreign public official) or receiving a bribe: up to 10 years in prison and/or a fine in an unlimited amount.

7.4 Responsibility for Corruption Offenses committed by legal entities related to the organization's inability to prevent Corruption Offenses: a fine which amount is not limited by the UK law.

8. Stages of Anti-corruption and Fraud Management Process

8.1 Control Environment Improvement:

The Company regularly develops measures to improve the Control Environment in accordance with the Applicable Law and internal documents of the Company, including:

8.1.1 Create impatience to any forms and manifestations of Corporate Fraud, including Corruption by information about the standards and principles adopted by the Company and in other ways;

8.1.2 Create a system of information, including anonymous, of any violations and Conflicts of Interests to assure confidentiality of persons who reported about violations in the Company;

8.1.3 Practically implement the principle of Due Diligence in selecting a Counterparty and candidates for work;

8.1.4 Implement the principle of separation of incompatible functions and monitor the compliance;

8.1.5 Improve the training system on risk management and internal control, including with regard to anti-corruption and Corporate Fraud management;

8.1.6 Conducting internal audits/inspections and investigations.

8.2 Detection of signs of corporate fraud and corruption:

An Employee of the Company, affiliates and associated organizations of the Company or any Third Party who has discovered or encountered signs of a possible or known case of Corporate Fraud, Corruption or other violation of control procedures shall report via one of the following communication channels:

- E-mail: sk.hotline@deloitte.kz;
- Hotline of a group of companies of Samruk-Kazyna JSC: Tel.: 8 800 080 19 94;
- Internet portal: sk.deloitte-hotline.com;
- Helplines of the Office of the Director for Safety and Security of UMP JSC: 8 (7232) 29-81-72, 29-81-08, 29-81-41;
- Postal address: 102 Abay Ave., 070005, Ust-Kamenogorsk, the Republic of Kazakhstan, Attn.: Director for Safety and Security with marking "Personally – Employees Warn".

When contacting the above communication channels the Employee of the Company should indicate the following information (if any) about:

- A person who leans towards Corruption Offenses as well as witnesses or other persons involved in corruption or fraud actions;
- A subject of the supposed Corruption Offense for which an Employee of the Company is induced and also a method of inducement (bribery, blackmail, threat, solicitation, bribes, etc.);
- Time, place and other circumstances of inducement to Corruption Offenses.

Contracting through the above channels can be anonymous; however, if desired, a natural person can indicate a surname, initials and/or contact details so that he/she could be contacted to clarify details and report about the results of the consideration of the message.

The Company guarantees confidentiality to all Employees and other persons reporting about signs of Corporate Fraud and corruption.

8.3 Actions after detection evidence of corruption and fraud:

A Line Manager, an Ombudsman, or a Risk and Compliance Officer who receives a report of possible corporate fraud, corruption, or other violation shall prepare a memo addressed to the Safety & Security Director describing possible corporate fraud or other violation including information about estimated period of violation, how the violation was detected, persons involved in the violation, the amount of damage (if any) and measures taken within his functions.

8.4 Preliminary check of information on the evidence of corporate fraud or corruption:

The Safety & Security Director and/or the Company's Ombudsman shall conduct preliminary check of information received on the evidence of corporate fraud, corruption or other violation of control procedures, including those obtained through communication channels existing in the Company in order to determine whether it is appropriate to initiate an internal investigation involving a working group.

Preliminary check can also be initiated if the information about fraud, corruption, theft, deficiencies, damage to property, loss of confidential and insider information and other violations of control procedures is obtained from the following sources:

- Office memos of the Company's Employees and/or its subsidiaries and affiliates;
- Applications and letters from citizens addressed to the Company and/or its subsidiaries and affiliates;
- Messages and letters from governmental authorities;
- Media reports;
- Reports on the results of audits of financial and economic activities, inventories, audits, etc.;
- Audit reports of the Company's Internal Audit Office;
- Other materials or documents.

In course of preliminary check of messages, the main circumstances of the violation are identified including presence or absence of the evidences of violation, its main elements and the presence of damage. If it is determined that it is appropriate to conduct an internal investigation, the Ombudsman or the Safety & Security Director of the Company informs the Executive Board Chairman of the Company about the need to conduct an internal investigation.

8.5 Internal investigation of corporate fraud and corruption:

Internal investigations of corporate fraud and corruption are conducted by a Commission appointed by the order of the Executive Board Chairman of the Company in accordance with the procedure established by the Company's internal documents.

The results of internal investigation are provided to the Executive Board Chairman. If there are indications of corruption offense, the Company submits relevant materials to the law enforcement agencies of the Republic of Kazakhstan.

In cases where the identified corruption offense (including corporate fraud) was committed directly in person or with participation of members of the Company's Executive body, the results of internal investigation are submitted by the Executive Board Chairman for consideration by the Company's Board of Directors.

8.6 Compensation of damage and liability:

Compensation for material loss caused to the Company and (or) its subsidiaries and affiliates as well as prosecuting the perpetrator is exercised in the manner prescribed by Applicable legislation.

8.7 Development of recommendations to prevent corporate fraud and/or corruption:

Based on the results of internal investigation, Safety & Security Director of the Company together with the Internal Audit Office develops recommendations for improving internal control system. If necessary, Safety & Security Director and/or the Internal Audit Office initiates changes to the Company's internal documents based on the recommendations developed to eliminate possibility of repeated corporate fraud and/or corruption in future.

8.8 Control and audit:

The Company evaluates effectiveness of internal control system on a regular basis, in particular, accounting and management accounting system as well as the compliance system.

9. Responsibilities and Authorities

9.1 All Company Employees are imposed with the direct personal duty to fight corruption and fraud.

9.2 A Head of a structural subdivision of the Company is also imposed with the duty of taking necessary action to ensure that the employees of his/her subdivision observe the anti-corruption laws and the provisions of this Policy.

9.3 Persons performing managerial functions in the Company, employees of the Company, other persons acting on behalf of the Company or in its interests, directly or indirectly, personally or through any mediation, are prohibited from

participating in corrupt and fraudulent activities regardless of the practice of doing business in that or another country.

9.4 The Management of the Company provides support to countermeasures to corporate fraud and corruption, such as:

9.4.1 Implementation of necessary measures related to ensuring safety of assets and improving internal control system;

9.4.2 Conducting timely investigation of corporate fraud and/or corruption evidencies;

9.4.3 Ensuring necessary actions to hold employees of the Company and/or its subsidiaries and affiliates liable if violations in their activities have resulted in commission of corporate fraud or corruption offenses.

9.5 Managers and employees of the Company regularly identify and evaluate the risks of fraud and/or corruption, develop and implement measures to mitigate the risks of fraud and/or corruption in their area of responsibility (business processes).

For these purposes, they are obliged to:

9.5.1 Ensure effective functioning of internal control system, answerability, controllability and transparency of decision-making procedures;

9.5.2 Identify processes and procedures that are vulnerable to corporate fraud and/or corruption;

9.5.3 Take measures to form anti-corruption culture;

9.5.4 Provide assistance to employees/commission conducting preliminary check and/or internal investigation by timely provision of the requested materials, or access to premises/facilities;

9.5.5 Timely inform Safety & Security Director of the Company of all evidencies of corporate fraud and/or corruption or attempts to commit them in his/her area of responsibility.

9.6 In case of doubt regarding legitimacy of their actions and their compliance with provisions of this Policy, an employee of the Company should consult on this matter with a line manager or an employee of the Company responsible for maintaining business ethics - the Ombudsman.

9.7 Persons guilty of violating the provisions of this Policy could be brought to disciplinary, administrative, civil or criminal liability in the manner and on the grounds set forth by the legislation of the Republic of Kazakhstan and other Applicable legislation.

Anti-corruption Standard of UMP JSC

1. Anti-corruption standard of UMP JSC (hereinafter – the Company) was developed according to Article 10.2 of Anti-Corruption Law of the Republic of Kazakhstan.
2. Anti-corruption standard is aimed at encouraging environment of intolerance towards any corruption manifestations in the Company by creating a system of valuable and moral anti-corruption guidelines for the Company employees while performing their duties.
3. Name of public relations area: production, processing and sale of high-tech types of uranium, beryllium, tantalum, niobium products and hydrofluoric acid, supply of a nuclear fuel cycle product line on the world market.
4. The principles of anti-corruption standards are as follows:
 - 4.1 legality;
 - 4.2 transparency;
 - 4.3 ethics;
 - 4.4 compliance with the rights and legitimate interests of individuals and legal entities and their protection from corruption;
 - 4.5 prevention of conflict of interest.
5. Anti-corruption standard specifies the following code of conduct for all the Company employees:
 - 5.1 Be governed by the principle of legality, the requirements of the Constitution of the Republic of Kazakhstan, laws and other legal acts of the Republic of Kazakhstan and other countries as applicable to the Company activities, as well as strictly comply with anti-corruption legislation.
 - 5.2 Ensure compliance and protection of the rights, freedoms, legitimate interests of individuals and legal entities.
 - 5.3 Prevent actions that could discredit the Company.
 - 5.4 Report to the direct supervisor or safety and security director about conflict of interest, personal interest in performing official duties, inducement to corrupt behavior and receiving gifts.
 - 5.5 Refrain from making unlawful requests to colleagues and managers that violate the established procedure of mutual relationship, which may affect an impartial official judgement.
 - 5.6 Do not induce other employees to commit corruption offenses and do not encourage such actions.
 - 5.7 Do not use official or other information not subject to distribution in order to obtain or gain property and non-property benefits and advantages.
 - 5.8 Refuse from appointment to a position with managerial functions in the Company if it is directly subordinate to the positions held by their close relatives (parents (parent), children, adoptive parents (adopters), adopted children, half-brothers and siblings, grandfather, grandmother, grandchildren) and (or) husband

(wife), as well as relatives in-law (brothers, sisters, parents and children of husband (wife)).

5.9 Avoid being guided by personal and (or) vested interests while performing official duties.

5.10 Do not accept gifts in connection with the performance of official duties that could lead to a conflict of interest.

5.11 Permanently take measures to eliminate the causes and conditions of a possible conflict of interest, corruption offenses and their consequences.

5.12 Refrain from assisting anyone in carrying out entrepreneurial and (or) other activities related to deriving revenue.

5.13 Refrain from representing or lobbying the interests of third parties, as well as taking actions on their behalf.

5.14 Exhibit anti-corruption activity in disclosure of corruption offenses.

5.15 Immediately report to the management or safety and security director of the Company about known facts of corruption, including the inducement to receive any benefit for expedited consideration of materials, or the facts of red taping.

5.16 Immediately inform the direct supervisor or safety and security director of the Company in writing about doubts in legality of the order received for execution.

5.17 Contact senior management or use available communication channels of the Company, provided for by the Policy, if the direct manager himself is involved in a conflict of interest.

5.18 Support and require colleagues to maintain a high legal anti-corruption culture.

5.19. Do not use the means of material, technical, financial and information support, as well as other property of the Company and proprietary information for non-official purposes.

6. Managers of all levels in relations with the subordinates are required:

6.1 Prevent cases of selection and placement of personnel on the grounds of kinship, fraternity and personal loyalty, ensure compliance with the principles of meritocracy.

6.2 Accurately determine tasks and scope of authority of subordinate employees.

6.3 Prevent uneven distribution of workload between subordinate employees.

6.4 Demonstrate impartiality and objectivity in evaluating of the subordinates' performance as well as use of incentives and penalties.

6.5 Not give to subordinates obviously impracticable or exceeding the scope of their official duties as well as orders contrary to the law.

6.6 Do not use official position to influence the activities of subordinates in resolving issues of unofficial nature.

6.7 Do not force subordinate employees to commit corruption offenses.

6.8 Prevent and suppress violations of anti-corruption laws by subordinates and other employees.

6.9 Timely take comprehensive measures to prevent and resolve a conflict of interest that a subordinate employee while performing official duties.

6.10 Take comprehensive measures to prevent corruption.

6.11 Eliminate causes and conditions conducive to the commission of corruption

offenses by subordinates.

6.12 Prevent subordinates from engaging in unofficial or personal tasks.

6.13 Set an example to subordinate employees with own impeccable behavior.

7. Leaders of all levels shall ensure compliance with this Anti-corruption Standard and arrange anti-corruption work among subordinate employees.

Examples of Corporate Fraud and Corruption

The following examples of corporate fraud are based on international and Kazakhstan practices. It is understood that employees of UMP JSC are responsible for such cases of corporate fraud as a result of their actions. In cases where employees of UMP JSC made mistakes, misprints, errors based on knowingly (willfully) misrepresented or incorrect data provided by subsidiaries and affiliates, third parties, they are liable for such actions bearing signs of corporate fraud, accordingly, employees of such subsidiaries and affiliates and third parties.

Investment activities:

- financing of investments (projects) that are not related to the activities of the Company, which do not bring a beneficial effect of the Company's activities without appropriate justification and approval or with false justification and approval (with the exception of projects approved for implementation by an authorized collegial body based on the needs of the Company);
- misuse of funds allocated for investment activities, without appropriate justification and approval or with false justification and approval;
- distortion of data on the achieved economic effect of investments, etc.

Deliberate misrepresentation of financial statements:

- reflection of fictitious assets, expenses, revenue, liabilities or its concealment;
- capitalization of losses without justification;
- manipulations with asset valuations and valuation indicators, reserves (fixed assets, capital investments, financial investments, stocks, etc.);
- reflection of the facts of reporting period in another period;
- improper disclosure of information on financial results, property status, cash flow, other facts of economic life in the notes to the financial statements, etc.

Purchases:

- ordering of the goods, works or services for personal purposes or from a specific supplier in exchange for any benefit;
- ordering of the goods, works or services from a counterparty belonging to a close relative, spouse(s) or to a proprietor, bypassing the proper procurement procedure;
- ordering of the goods, works or services at prices significantly higher than average market prices (by 30% or more) when making purchases from a single source (if there is a tool to determine average market prices);

- performance by a third-party consultant of the work different from that specified in the contract;
- an external organization at the time of purchase is a false enterprise, which is proved by a court decision, including organizations registered in offshore jurisdictions, etc.;
- capitalization of a smaller quantity of the goods in comparison with that indicated in the invoice, but with payment of the full amount;
- creating or presenting fake accounts for which no order has been placed;
- violations in the purchase procedures;
- orders for work/service not foreseen by the contract;
- “consulting services” contracts, which include only a general and vague description of the services.

Payment applications for services, works:

- payment for services which work has not been provided;
- payment for a greater volume of services, work than was actually provided;
- re-purchase from third parties of services, works that have already been paid or rendered by the Company independently;
- excessive commissions (20% or more) to external agents or consultants;
- third-party organization asks for payment to bank accounts in a different jurisdiction than the one where services, work, etc. are provided.

Property and assets:

- misuse and (or) theft of the Company’s assets and/or its subsidiaries, affiliates (fixed assets, securities (derivative financial instruments), property rights, etc.);
- use of the Company’s assets and/or its subsidiaries, affiliates for personal gain (abuse), etc.

Cash desk and cash receipts:

- accepting money without appropriate documentation;
- correction of the documents to conceal the theft of cash, etc.

Salary:

- receipt of money for fictitious employees included in the supporting documents when paying money;
- overstatement of the worked hours without any reason for receiving additional payment for processing;
- part-time work not provided for in the labor contract in another organization during working hours paid by the Company and/or its subsidiaries, affiliates;
- receipt of payment from another organization during the work paid by the Company and/or its subsidiary, affiliate, not provided for in the labor contract, etc.

Business trips advance reports:

- request for reimbursement of expenses on unrealized business trips;
- compensation for travel expenses not provided for by the assignment, etc.

Other advance reports:

- understated, overpriced or fictitious requests for reimbursement of representation expenses;
- submission of an application for compensation of expenses already paid by the third party;
- economically unjustified compensation for expenses not provided for by the local regulatory documents of the Company or enterprise of the Company, as well as in the absence of instructions from the Board Chairman of the Company or enterprise of the Company, etc.

Conflict of interests:

- conclusion by a person performing managerial functions in the Company of a contract with a counterparty under direct or indirect control or in the property (direct or indirect) of a close relative, spouse and (or) possessor;
- third-party organization is associated with a person performing managerial functions in the Company or subsidiary, affiliate of the Company;
- participation by the third-party organization in a transaction only at the direction or insistence of a person performing managerial functions in the Company or subsidiary, affiliate of the Company;
- concealment of information about abuses committed by the employee, representative of the counterparty, as a result of business relations with him, of a person performing managerial functions in the Company or subsidiary, affiliate of the Company that has identified a violation;
- hiring the Company, subsidiary or affiliate of the Company or establishing benefits and (or) privileges for close relatives, spouse or the owners of person performing managerial functions in the Company, subsidiary or affiliate of the Company in the absence of the required competencies or to the detriment of more qualified candidates.

Charity, sponsorship:

- transfer of funds under the guise of charity without subsequent reports on the use of funds;
- payments for illegal decisions of public servants in the form of sponsorship and charity;
- activities of the beneficiary are not related to the priority goals of the benefactor;
- sponsorship without a reasonable economic effect, etc.

OBLIGATION

I _____,
(Full name)

in the performance of managerial functions in Ulba Metallurgical Plant Joint-Stock Company (UMP JSC) in accordance with the requirements of Article 12 of the Law of the Republic of Kazakhstan "On anti-corruption management" dated 18.11.2015 No. 410-V, UMP JSC anti-corruption and fraud policy, accept anti-corruption restrictions for:

- 1) implementation of activities incompatible with the performance of state functions;
- 2) inadmissibility of joint service (work) of close relatives, spouses and relatives;
- 3) use of an official and other information not subject to official distribution in order to obtain or extract property and non-property benefits and advantages;
- 4) acceptance of gifts in connection with the performance of official duties in accordance with the legislation of the Republic of Kazakhstan, with the exception of cases established by the laws of the Republic of Kazakhstan.

(signature) (surname, initials)

" " _____ 20__

Recorded by:

(job title, full name, signature of employee of the HR Director's Office of UMP JSC)

" " _____ 20__