

Annex ____
to the minutes of meeting of the Board of Directors
of JSC Halyk Bank by absent voting
No. ____ dated ____ 2020

JSC Halyk Bank's Anti-Bribery and Corruption Policy

Chapter 1. General Provisions and Glossary

1. The Anti-Bribery and Corruption Policy of JSC Halyk Bank (the ABC Policy) is developed in accordance with the Anti-Corruption Law (the Anti-Corruption Law) of the Republic of Kazakhstan (the RK), the Criminal Code of the Republic of Kazakhstan, the Administrative Violations Code of the Republic of Kazakhstan, the internal documents of JSC Halyk Bank (the Bank) and international standards.

2. The ABC Policy is the main internal document of the Bank that defines the key principles and requirements aimed at combating corruption offenses, and measures to minimize and/or curb the consequences of corruption offenses, as well as ensuring compliance with the Bank's applicable anti-corruption laws by the Bank, its employees, and other persons authorized to act in its name and on behalf of the Bank.

3. The provisions of the ABC Policy cover all structural subdivisions, employees, bodies of the Bank and establish the basic requirements and standards that are key ingredients to prevent and fight corruption in the Bank.

4. The Bank subsidiaries must harmonize with the ABC Policy, to the extent allowed by law of a country in which Bank subsidiaries are located and (or) with the statutory requirements applicable to the Bank subsidiaries. The requirements of a country in which Bank subsidiaries operate shall prevail when the above-mentioned participants implement the ABC Policy.

5. The Bank in doing business adheres to the principle of zero tolerance for corruption in all its forms and manifestations. The principles and requirements of the ABC Policy are intended to apply to every employee, and the Bank expects of them to comply with relevant anti-corruption obligations.

6. The Internal Security Division (the ISD) is a subdivision responsible for coordinating activities throughout the ABC Policy implementation and is the owner of this document.

7. The following basic terms are used in this Policy:

Bank's authorized body – the Board of Directors/Management Board of the Bank.

Employee – an individual who works for the Bank under a contract of employment.

Customer – an individual, legal entity or sole proprietor who is a banking service user or who intends to use banking service.

Corruption – is the unlawful use by persons holding responsible public positions, persons authorized to perform public functions, persons similar to those authorized to perform public functions, and officials, of their official powers and associated opportunities in order to obtain or extract, directly or through intermediaries, property (non-property) benefits and advantages for themselves or for third parties, and bribery of such persons by providing benefits and advantages.

First line of defence – all structural subdivisions of the Bank, except for subdivisions functioning as a second and a third line of defense.

Second line of defence – the subdivisions in charge of risk management, compliance-control and other subdivisions exercising control functions (including subdivisions exercising as part of their competence security, quality control, HR management, financial control, operating risk, as well as Legal Service and Chancellery).

Third line of defence – Internal Audit Service.

Corruption Offence – an unlawful culpable commission (action or inaction) having signs of corruption, which is recognized as administrative offence or criminal act.

Counterparty – an individual, legal entity, a party to a contract with the Bank, including an agent and a partner, and who is not a Customer;

Conflict of interest - a situation in which there is a conflict between the personal interest of the Bank's officers and (or) its employees and proper exercise of their official powers by them, or the property and other interests of the Bank and (or) its employees and (or) customers, which may entail adverse consequences for the Bank and (or) its customers, as well as a conflict between groups of shareholders, between shareholders and officers of the Bank, between the shareholder and employees, in relation to property, financial flows and business in general, between the Head Bank and branches, between the Bank and its subsidiaries.

Gifts – transfer or promise to transfer any material or intangible valuables without obligation to pay the usual price, including money, securities and other property, monetizable services and benefits

(work, services, payments for entertainment, recreation, transportation charges, loans, discounts, making available for use a property, including housing, donations, charitable giving, etc.) with a prevarication intent, i.e. on preferential terms for the giver and/or in violation of the rules and procedures established by the RK legislation and/or internal documents of the Bank.

Anti-Corruption – the activities of the Bank including the activities of its bodies within their powers, aimed at introducing elements of corporate culture, rules and procedures regulated by internal documents of the Bank to prevent corruption offenses, including identify and subsequently address the cause of corruption (corruption prevention), limit and curb the causes and conditions conducive to the commission of corruption offenses.

Chapter 2. Basic principles and control measures to fight corruption offenses

8. The main purpose of the ABC Policy is to identify, prevent, disclose and investigate corruption offenses, as well as to minimize cases of unlawful, unethical, corrupt conduct of Bank employees. The ABC Policy is aimed at creating intolerance towards all manifestations of corruption and understanding the essence of corruption actions and forms and manifestations to prevent and suppress situations that potentially may violate as well the requirements of the legislation of the Republic of Kazakhstan and applicable international laws.

9. The main objectives of the anti-corruption system are:

- 1) establish principles and rules for combating corruption in the Bank;
 - 2) create effective mechanisms, procedures, control and other measures aimed at combating corruption and minimize risks of involving the Bank and employees in corrupt practices;
 - 3) create anti-corruption culture in the Bank, including prevent incorrect reporting and using fake documents;
 - 4) introduce anti-corruption principles at all levels of the Bank operations;
 - 5) create a common understanding among the Bank employees of the ABC Policy principles;
 - 6) inform the Bank's authorized body about corruption offenses and anti-corruption measures, as well as submit the ABC Policy Annual Implementation Report for consideration of the Board of Directors;
 - 7) use of remedies for corruption practices.
 - 8) create an atmosphere of intolerance towards corruption;
 - 9) identify conditions and reasons conducive to corruption offenses, and curb consequences;
 - 10) identify, suppress, disclose and investigate corruption offenses.
10. When countering corruption, the Bank adheres to the following principles:
- 1) legitimacy and corporate ethics;
 - 2) preventing corruption in all forms and manifestations;
 - 3) irreconcilable attitude to any forms and manifestations of corruption at all levels of corporate governance;
 - 4) inadmissibility of corruption practices, including the prevention and settlement of conflicts of interest on the basis of procedures established by the Bank;
 - 5) publicity and transparency;
 - 6) systematic and integrated use of anti-corruption measures;
 - 7) anti-corruption measures on a priority basis;
 - 8) inevitability of punishment for corruption offenses.

Chapter 3. Anti-corruption measures and corrupt prevention

11. Corruption in the Bank is prevented through the following basic measures, but not limited to:

- The Bank on a periodic basis identifies, evaluates and studies the causes and conditions conducive to corruption offenses in its activities in general and for certain particular areas;
- The Bank carries out work to identify and minimize the risks of business relations between counterparties and Bank employees in the preparation of contracts, and monitors procurement of goods

and services, and also contract execution procedures in accordance with the Bank's internal regulatory documents;

- introduction of anti-corruption education in order to form a rejection of corruption through seminars and lectures with the participation of responsible structural subdivisions on anti-corruption issues.

In this case, mandatory anti-corruption training is carried out for:

- members of the Bank's authorized body;
- first line of defence,
- second line of defence,
- third line of defence.
- The Bank contributes to anti-corruption culture awareness raising through trainings with Bank employees in order to form the pro-active attitude against corruption;
- The Bank employees and third parties may report on known facts or suspicions of corruption offenses and other unlawful actions contrary to the Bank's ABC Policy, other internal documents of the Bank and the RK legislation.

12. The Bank seeks to prevent corruption practices, therefore the Bank's authorized bodies and employees have powers to:

- 1) create intolerance to corruption in any form;
- 2) create corporate and social responsibility in the field of combating corruption;
- 3) fight against corruption - identify, prevent, suppress, disclose and investigate corruption;
- 4) minimize and/or curb corruption;
- 5) report corruption offenses;
- 6) bring to responsibility persons who committed corruption.

13. To effectively identify, assess and minimize the risks of corruption offenses, the Bank uses the following main approaches:

- 1) to ensure proper control in corruption risk management;
- 2) to assess and process any incoming information about the facts of corruption offenses or any cases of contacting employees with the aim of inducing them to commit corruption offenses;
- 3) to restrict the participation of the Bank employees in the share capital and/or management bodies of third parties while working in the Bank;
- 4) to hold Bank officials and top manager seekers to comply with relevant legal requirements and/or those contracted in the employment agreement;
- 5) to establish rules on gifts and hospitality expenses;
- 6) to establish a procedure for disclosing information in order to settle and prevent a conflict of interest in the Bank, including potential conflict of interest;
- 7) to maintain complete and reliable recording and documentation of all payments made by the Bank;
- 8) to establish procedures for evaluating, analyzing and selecting counterparties of the Bank, as well as rules for interacting with them;
- 9) to implement control procedures in order to prevent the responsibility of the same Bank employee for development, implementation and control over implementation of anti-corruption measures;
- 10) to protect a Bank employees in the event of a conflict of interest in the Bank/corruption action;
- 11) to bring the rules and requirements of the ABC Policy to the Bank employees' and Divisions' Heads;
- 12) to bring to responsibility persons who committed corruption;
- 13) to keep Bank activities open and public (subject to restrictions related to disclosure of confidential information).

14. To ensure the effective operation of the risk corruption management system, the Bank determines the participants in the process of managing this risk based on the three lines of defence:

The first line of defence is provided by the structural subdivisions of the Bank. This means that the Heads of structural subdivisions are responsible for identifying, measuring, monitoring and controlling corruption risks;

the second line of defence is provided by subdivisions serving control functions;

the third line of defence is provided by the internal audit service during audits through an independent evaluation of the effectiveness of the internal control system, the risk management system and corporate governance at the Bank, including corruption practices.

Chapter 4. Corruption risks

15. For the purposes of the ABC Policy, the corruption practices are the actions committed:

1) in relation to the Bank for or on behalf of the Bank, including in respect of state authorities and public officers, or other persons authorized to perform public functions, or persons equated to them in accordance with the Anti-Corruption Law, other legal entities and their employees, management bodies and representatives of these legal entities;

2) directly or indirectly, personally or through third parties;

3) regardless of the purpose, including the simplification of administrative, bureaucratic and other formalities and other procedures in any form, to compete on preferential terms and provide other corruption related advantages;

4) in any form, including in the form of receipt/provision of money, valuables, gifts, benefits, or other property or monetizable services, other property rights.

16. The Bank's ABC Policy defines corruption risks primarily inherent in the following corruption offenses:

1) bribery;

2) mediation in bribery;

3) the use by the Bank employees for themselves or in favor of third parties of the opportunities associated with their occupational status and/or official powers to obtain financial or other benefits/advantages not provided for by the RK legislation and/or the Bank's internal regulatory documents;

4) other illegal use of his/her occupational status contrary to the legitimate interests of the Bank, in order to obtain financial advantage or other benefits.

17. The Bank employees are prohibited from performing any actions specified in Chapter 4 hereof.

18. In the event that an employee of the Bank becomes aware of a violation of the requirements of the ABC Policy, as well as if an employee of the Bank has been offered whatever in violation of the ABC Policy the employee must report to direct Head of subdivision.

Chapter 5. Bank's Anti-corruption measures

19. The Bank employees must notify their line managers or the Bank's ISD of any cases when any persons contact them in order to induce them to commit corruption offenses.

20. If any employee of the Bank has information or suspicions of possible corruption or inaction of other employees, counterparties or other persons interacting with the Bank, it is necessary to report to the ISD or call "Trust Line" of the Bank.

21. The Bank guarantees that the principle of confidentiality is observed with respect to all sources and that the information will be verified within the time limits set by the Bank. The employee will not be sanctioned, and this fact will not affect the employee's labor relations (employment agreement termination, transfer to another position, salaries and benefits, etc.), if he/she reported on the alleged fact of corruption, including if the facts indicated in the appeal were not confirmed during the audit. However, if it is a knowingly false statement, for example, in order to slander or get any preferences or to avoid responsibility, then Bank will enforce against such employee, in accordance with the provisions of the ABC Policy and the RK legislation.

Chapter 6. Anti-corruption restrictions

22. The Bank defines the main regulatory tasks, rules and restrictions as for receiving/giving gifts and services in the course of business as part of official duties performed by employees and management of the Bank, including lists and criteria of permitted and unauthorized gifts, as well as reasons for their acceptance/giving.

23. Under no circumstances should the giving/receiving of gifts be a hidden compensation capable of adversely affecting the reputation of employee/authorized body of the Bank/Bank in general.

24. It is prohibited to give gifts to family members, relatives who are not family members, or other close persons of the Bank employee, due to performance by employee of any actions (inaction) related to his/her functional and official duties at the Bank.

25. When assessing the possibility of receiving/giving a gift, each employee should be guided by the following principles:

- 1) the reason must be obvious and generally accepted in the Bank;
- 2) the lack of ability to factor into the objectivity of decisions and/or the occurrence of obligations of the Bank employee, counterparty, customer, partner of the Bank due to receipt/giving of a gift;
- 3) reasonable value of a gift.

26. Hospitality expenditures of the Bank, including business entertainment, may be incurred on behalf of and at the expense of the Bank, gifts and services may be provided or rendered on behalf of and at the expense of the Bank, or accepted from individuals and organizations, including those having business relations with the Bank or seeking to create one, only when all below criteria are met:

1) hospitality expenses and gifts are directly related to the legitimate objectives of the Bank, for example, presentation or completion of business projects, successful contracts or generally accepted holidays;

2) hospitality expenses and gifts correspond to common business practice and well within business etiquette (flowers, promotional souvenirs or brand souvenirs, etc.);

3) the cost of hospitality expenses and gifts on behalf of the Bank should be moderate and meet the goals and scope of the events or the significance of the event, the cost must be determined in accordance with the Bank's internal regulatory documents;

4) the purpose of hospitality expenses and gifts is not a hidden compensation for a service, action (inaction), connivance, patronage, granting rights, making a specific decision on a transaction, agreement, license, permit or other similar decisions or attempting to influence the recipient for other illegal purpose;

5) Bank's business reputation does not suffer from hospitality expenses and gifts;

6) hospitality expenses and gifts do not contradict the principles and requirements of the ABC Policy, internal regulatory documents of the Bank that determine the principles of professional ethics and business etiquette, other documents of the Bank, as well as the RK legislation.

27. Gifts are not allowed on behalf of the Bank and its employees, representatives of the Bank to third parties in the form of money, regardless of form (cash/non-cash) and type of currency.

28. The Bank has developed a systematic approach to charity/sponsorship, identified the participants in the process and the main areas of charity/sponsorship.

29. The Bank employees are entitled to make charitable contributions in the form of delivering goods or services, providing technical assistance, training or financial support. Nevertheless, the Bank takes measures to ensure that the beneficiary is a bona fide charitable foundation or other organization, in accordance with the Bank's internal regulatory documents, and the Bank has no reason to believe that this fund or other organization in accordance with the Bank's documents, directly or indirectly, carry out its activity to benefit, including a public officer or persons closely associated with him/her. The Bank employees must obtain written approval of the Bank's authorized body before making charitable contributions on behalf of the Bank in accordance with the Bank's internal regulatory documents.

30. The procedure for the provision by the Bank of charitable contributions, donations, as well as sponsorship is carried out in accordance with the Bank's internal regulatory documents. The Bank's authorized body exercises control over the allocation of funds for mentioned purposes.

31. The Bank does not participate in the activities of political and religious organizations and does not finance their activities. The political solicitation (party or candidates) and dissemination by employees of their religious and political views and beliefs is not allowed on the territory of the Bank.

32. The Bank employees are prohibited from giving gifts, making contributions for political purposes, or organizing entertainment events for political parties or candidates for election to an office, on behalf of the Bank.

33. Other issues related to gifts and hospitality expenses are regulated by the relevant internal regulatory documents of the Bank.

Chapter 7. Responsibility

34. The senior management and employees of the Bank, regardless of their position, are personally responsible for observing the principles and requirements of the ABC Policy, as well as for actions (inaction) of subordinates who violate mentioned principles and requirements.

35. The Heads of the structural subdivisions of the Bank control the observance of the principles and requirements of the ABC Policy by employees within subdivision's competence.

36. For committing corruption offenses and other unlawful actions referred to herein, the administrative, criminal proceedings may be instituted against the persons in the manner established by the RK legislation. The disciplinary action can also be instituted against the Bank employees in accordance with the RK legislation, the employment agreement. The Bank can also take measures provided for by the RK Civil Laws.

Chapter 8. Final provisions

37. The ABC Policy is amended as may be necessary in accordance with the requirements of the RK legislation and the Bank's internal regulatory documents.

38. The Bank publishes the ABC Policy in the public domain on the Bank's official website, declares openly of intolerance to corruption and corruption offenses in all its forms and manifestations, encourages compliance with the principles and requirements of the ABC Policy by all counterparties, senior management, employees of the Bank and other persons, and assist in raising anti-corruption culture awareness in society and among the Bank employees through communications and training.

39. The provisions of the ABC Policy must be strictly observed by officials, heads of structural subdivisions and employees of the Bank.

40. The Bank is guided by the RK legislation and internal documents of the Bank for any other business not reflected in the ABC Policy.