

Approved
by the decision of the Board of
Directors
JSC NC "KazMunayGas"
from 9 September 2021,
minutes of the meeting 14/2021

COUNTERPARTY DUE DILIGENCE POLICY

Nur-Sultan, 2021

1. PURPOSE OF THE DOCUMENT AND GENERAL PROVISIONS

1.1. The policy on due diligence of the Counterparties of JSC NC KazMunayGas and its subsidiaries (hereinafter referred to as the Policy) was developed in accordance with the legislation of the Republic of Kazakhstan, the KMG Code of Conduct, the Anti-Corruption Policy in JSC NC KazMunayGas and its subsidiaries and other internal documents of KMG.

1.2. The Policy regulates the mechanism for conducting due diligence checks on KMG's Counterparties, as well as analysis, processing and storage of information about Counterparties.

1.3. The purpose of this Policy is to reduce the risks of material and non-material damage to KMG or its subsidiaries, to limit relationships with unreliable Counterparties, as well as to avoid financial, corruption, reputational and other risks for KMG and its subsidiaries.

1.4. The Policy does not regulate the procedures for checking the Counterparty in the course of purchases through commodity exchanges or at centralized trading in electrical energy.

1.5. The Policy does not apply to labor relations, as well as to contracts concluded between companies belonging to the KMG group.

2. APPLICATION OF THE POLICY

2.1. The policy applies to:

2.1.1. KMG;

2.1.2. subsidiaries;

2.1.3. jointly controlled companies of KazMunayGas NC JSC, in the absence of objections from other participants of the jointly controlled company;

2.1.4. joint ventures of KazMunayGas NC JSC, which are consolidated in the financial statements of KMG Group using the equity method.

2.2. If local regulations of the KMG Group companies or legislation of the countries of location of the KMG Group companies impose stricter requirements than the provisions of the Policy, the provisions of local regulations or legal requirements shall apply.

2.3. The policy does not apply to KMG International N.V.

2.4. The policy does not apply to the financial investments of KMG Group (companies not consolidated for financial reporting purposes, excluding subsoil companies).

2.5. The application of the Policy of KMG subsidiaries may be carried out in accordance with the established procedure by developing and approving similar policies or by bringing the internal documents of KMG subsidiaries in line with this Policy. At the same time, the requirements provided for by this Policy in similar policies and internal documents of KMG's subsidiaries should not be reduced.

3. TERMS AND DEFINITIONS

Affiliate	The ability of individuals or legal entities (except for state bodies exercising control and supervision functions within the scope of their powers) to directly and/or indirectly determine decisions and/or influence decisions made by each other or one of the persons, including by virtue of the concluded transaction.
Close relatives	Relatives of the Employee in a direct ascending and descending line (parents, children, grandparents, grandchildren), full-blooded and inferior (having a common father or mother) brothers and sisters, spouses
Officials	1) persons who, by virtue of the law, other legal act or document of KMG, are authorized to act on behalf of KMG; 2) members of the Board of Directors and the Management Board of KMG.
Subsidiaries	Subsidiaries and dependent companies, including jointly controlled organizations and joint ventures of KMG.
KMG	JSC NC KazMunayGas.
Request initiator	An employee of the KMG structural unit responsible for processing and sending an application for verification of the Counterparty to the Responsible structural unit.
Investment project	A set of measures providing for investments in the creation of new, expansion and renovation of existing production facilities for the purpose of obtaining economic benefits, as well as the acquisition of shares (stakes) in other legal entities
Counterparty	An individual or legal entity other than an Employee with whom KMG Group has entered into, or intends to enter into, a contract (e.g., a service/commodity contract, agency agreement, oil, gas, petroleum product sales contract, KMG Group assets, etc.)
Conflict of interest	Any situation or circumstance in which the personal interest/private interests or activities of an Employee or Officer are or could potentially be in conflict with the interests of the KMG Group and thus have or may have an impact on the impartial performance of official duties and the objectivity of decisions on matters relating to the affairs of the KMG Group
A politically exposed person	1. Civil servant - a person who, in accordance with the procedure established by the legislation of the Republic of Kazakhstan, holds a public position in a state body and exercises official powers with a view to implementing the tasks and functions of the state, paid for from the republican or local budgets or from the funds of the National Bank of the Republic of Kazakhstan.

	<p>2. Public official - a person who permanently, temporarily or by special authority performs the functions of a representative of the authorities or performs organizational, administrative or economic functions in state bodies, subjects of the quasi-governmental sector, local self-government bodies, as well as in the Armed Forces, other armies and military formations of the Republic of Kazakhstan.</p> <p>3. Foreign official - an official of a foreign state, a member of a foreign public assembly, an official of an international organization, a member of an international parliamentary assembly, a judge of a foreign state and an official of an international court, as well as an official in the armed forces and other military formations of a foreign state.</p>
Media	Mass media
Installation data	Name (full name) of the Counterparty, business identification number (BIN), individual identification number (IIN) and other data
Employee	A person who has an employment relationship with a KMG Group company and directly performs work under the employment contract, as well as other persons engaged under the contract through agencies and civil law contracts.
In-laws	Brothers, sisters, parents and children of the spouse
Responsible unit	Compliance (in relation to Counterparties of KMG), structural unit / person responsible for the audit of Counterparties of the subsidiaries (in relation to Counterparties of the subsidiaries) / Corporate Security Department (in relation to checking information and reference systems in relation to counterparties of KMG and subsidiaries)

4. APPROACH AND TYPES OF COUNTERPARTY DUE DILIGENCE

4.1. The KMG Group performs a due diligence of the Counterparty prior to entering into a contractual relationship with them or during the contractual relationship. The procedures described in the Policy shall apply to all new and existing Counterparties of the KMG Group:

- before entering into an agreement with the Counterparty;
- every two years, provided that the contractual relationship with the current Counterparty is maintained;
- when establishing the information on the change of key persons and/or owners/beneficial owners of the Counterparty.

4.2. Categories of the counterparties

4.2.1. In the course of the Counterparty's due diligence, KMG Group uses a risk-based approach.

4.2.2. All KMG Group Counterparties are divided into the following categories:

- group I Counterparties,
- group II Counterparties.

4.2.3. **Group I Counterparties** include:

- Samruk-Kazyna NWF JSC and organizations of fifty and more percent of voting shares (participatory interests) of which are directly or indirectly owned by Samruk-Kazyna NWF JSC on the right of ownership or trust management;

- state bodies and departments, local government bodies, courts;
- organizations owned and controlled by the state of the Republic of Kazakhstan or other states;

- natural monopolies;

- large multinational companies included in the indexes DAX 30¹, CAC40², S&P500³, EURO STOXX 50⁴, Hang Seng Index⁵ и Nikkei 225⁶;

- joint stock companies traded on the Kazakhstan and Russian stock exchanges and providing quarterly reporting disclosures;

- subsoil users who have a subsoil use contract with the Ministry of Energy of the Republic of Kazakhstan;

- counterparties within the framework of the fulfillment of obligations according to the distribution lists of the agricultural departments of the Akimats of the regions in accordance with the Schedule of the Ministry of Energy of the Republic of Kazakhstan for the supply of diesel fuel during the spring - autumn field work;

- counterparties within the framework of the fulfillment of obligations according to the distribution lists of the energy and housing and communal services departments of the Akimats of the regions in accordance with the Schedule of the Ministry of Energy of the Republic of Kazakhstan, for the supply of fuel oil to social production facilities and institutions in the autumn - winter periods;

- counterparties as part of the fulfillment of obligations in accordance with the monthly plans of the Ministry of Energy of the Republic of Kazakhstan for the supply of liquefied petroleum gas to the domestic market of the Republic of Kazakhstan, including according to delivery plans through electronic trading platforms and outside electronic trading floors;

- givers of oil refineries.

4.2.4. KMG Group's counterparties to Group I are not subject to further review.

4.2.5. **Group II Counterparties** include:

- Counterparties engaged in the sale/purchase of goods/services/works, purchase of property, plant and equipment⁷ above a certain value limit determined in this Policy;

- Banks, insurance companies and other financial institutions (without limit) that do not fall within Group I;

¹ <https://www.marketscreener.com/DAX-7395/components/>

² <https://www.marketscreener.com/CAC-40-4941/components/>

³ <https://www.marketscreener.com/S-P-500-4985/components/col=&asc=0&fpage=7>

⁴ <https://www.marketscreener.com/EURO-STOXX-50-7396/components/>

⁵ <https://www.marketscreener.com/HANG-SENG-101835/components/>

⁶ <https://www.marketscreener.com/NIKKEI-225-4987/components/>

⁷ Fixed assets that do not fall under the Investment project category

- Associations, foundations, unions, cooperatives, chambers of commerce and other non-profit organizations (without limit);
- Counterparties involved in the targeted sale of KMG Group's assets and property, plant and equipment (without limit);
- Counterparties participating in KMG Group investment projects (without limit).

4.3. Types of Counterparty due diligence

4.3.1. In accordance with the provisions of the Policy, the following types of due diligence on the Counterparty are provided:

- a comprehensive review of the Counterparty,
- limited review of the Counterparty,
- Counterparty review on request.

4.3.2. A comprehensive due diligence of the Counterparty

The following situations are grounds for a comprehensive review of the Counterparty:

- transactions with Counterparties classified as Group II, provided that the purchase from the potential Counterparty is made from a single source (except as provided in Section 4.3.3);
- Investment project (purchase of an equity interest in another company, strategic projects of KMG Group, including expansion of production, modernization of production facilities, etc.);
- Disposal of assets and property, plant and equipment of the KMG Group, including shares in KMG Group companies to third parties (in case of direct sales).

4.3.3. Limited due diligence of the Counterparty

The following situations are the grounds for limited due diligence of the Counterparty:

- execution of any purchases by means of conducting a tender, request for quotations, tender through competitive negotiations (which was organized in the case when a competitive tender procedure was announced frustrated due to the presence of one not rejected bid for participation in the tender of a potential supplier or the presence of one not rejected bid of a potential supplier in accordance with the provisions of the Rules of Procurement of Goods, Works and Services of Samruk-Kazyna).

4.3.4. Counterparty due diligence upon request

The grounds for checking the Counterparty are official requests from members of the Board of Directors, members of the Management Board, structural divisions of KMG for the establishment of reliability, possible affiliation, conflict of interest and / or other risks.

Due diligence of the Counterparty upon request can be either comprehensive or to verify certain facts.

4.4. Cost limits

4.4.1. The KMG Group should approach cost limits conservatively and with due diligence, based on an assessment of the risks of fraud, corruption and the availability of internal resources.

4.4.2. The cost limit is USD 50 000 at the rate of the National Bank of the Republic of Kazakhstan as of the date of sending the application for verification of the Counterparty.

4.4.3. Group II counterparties, the total amount under the agreement with which is set below the cost limit, are not subject to further due diligence. If several contracts are concluded with the Counterparty below the value limit, while the total amount of such agreements reaches the value limit, such Counterparty is subject to due diligence in accordance with this Policy.

4.5. Procedure for initiating a Counterparty due diligence process

4.5.1. Prior to the start of the Counterparty's due diligence, the Initiator of the request sends an application for the Counterparty's due diligence.

4.5.2. The initiator of the request is an employee of a structural unit of the KMG Group, who:

- is the initiator of the purchase,
- implements an investment project,
- responsible for the direct sale of the asset,
- appointed by the head of the structural unit.

4.5.3. The originator of the request is responsible for the following steps before sending the request to the Compliance:

- Checking the Counterparty for compliance with the requirements of this Policy and cost limits;

- Categorization of the Counterparty into the required group (I or II) and its presence in the lists of exemptions from the verification (Group I);

- Request from the Counterparty to be included in Group II of the Counterparty Questionnaire (see Appendix 1), as well as the documents required for its due diligence (see Appendix 2;

- a certificate that all the necessary documents have been provided. If necessary, the Initiator is obliged to request missing documents. If any documents cannot be provided, the Initiator shall request an explanation for the absence of such documents;

- the initiator of the request must send all submitted documents to the Compliance as part of the Counterparty due diligence application.

4.5.4. The KMG Compliance is responsible for maintaining the Register of received requests, reviews (including the date of request, date of report and type of due diligence) in the form specified in Appendix No.4 to this Policy.

5. COUNTERPARTY DUE DILIGENCE PROCEDURES

A comprehensive Counterparty Due Diligence

5.1. A comprehensive review of the Counterparty is a complete review of the Counterparty and is performed as follows:

5.1.1. **For the legal entities**, an employee of the Compliance department will check the documents submitted by the Counterparty for their relevance and authenticity, as well as collect the maximum available information about the Counterparty using open sources of information (information and reference systems) and check the following:

• main registration data of the Counterparty, including legal status (valid/invalid), main and additional types of activity, data on the manager and owner or owners (if possible, it is necessary to establish possession up to an individual or persons), availability of licenses. If the majority owner (legal entity with more than 50 percent ownership) of the reviewed Counterparty is a Group I company, the review of this Counterparty may be terminated. Otherwise, the employee of the Compliance proceeds to the following steps;

• is the Counterparty's CEO and/or owner/owner of the Counterparty a Politically Exposed Person;

• identification of facts of administrative/criminal liability of the Counterparty's managers and/or owners/co-owners, availability of tax debts;

• checking the legal and factual address, whether they are mass registration addresses, whether the Counterparty is registered in a residential building;

• tax accounting, dynamics of tax deductions, presence or absence of arrears of taxes and other obligatory payments;

• existence of ongoing litigation, bankruptcy or enforcement proceedings against the Counterparty;

• presence of encumbrances on movable and immovable property;

• availability of accounting (financial) statements for the last available financial year;

• is the Counterparty/Director and/or Owner/Co-Owner registered in foreign (including offshore) jurisdictions;

• whether the Counterparty/Director and/or the owner/partner is affiliated with other Counterparties of KMG, having common beneficiaries, address, telephone number, e-mail or website;

• does the Counterparty have a charter capital less than the limit established by law;

• presence of the Counterparty in the list of unscrupulous suppliers of public procurement and procurement of Samruk-Kazyna JSC;

• violation by the Counterparty of the Subsoil Use Law;

• the head / founder of the Counterparty has enforcement proceedings and a ban on leaving the country;

• establishing the degree of risk of the Counterparty based on the results of the categorization by the State Revenue Committee. If a high degree of risk is identified, identify the Counterparty in the red zone;

• is the Counterparty's CEO is the sole shareholder of the Counterparty;

• does the Counterparty have its own corporate website;

• whether the Counterparty's CEO and/or owner/partner is a CEO in 5 or more companies;

• is the Counterparty registered less than a year ago;

• whether the Counterparty is registered shortly before the conclusion of the contract (360 days or less);

• is the Counterparty related to the members of the tender commission;

• is the Counterparty an inactive legal entity;

• is the Counterparty on the privatization list;

• other negative information available in public sources of information, as well as sources officially available to the Compliance;

• availability of the Counterparty/its head and/or owner/co-owner in the following lists:

- is the Counterparty's CEO and/or owner/co-owner of the Counterparty an employee of KMG;

- whether the Counterparty, its directors or its beneficial owner is registered in jurisdictions related to the List of offshore zones for the purposes of the Law of the Republic of Kazakhstan "On Counteraction to Legalization (Laundering) of Proceeds of Crime and Financing of Terrorism”;

- verifying the presence of the Counterparty's CEO and/or Owner/Co-owner in the Journal to record and maintain information on the Conflict of Interest available to the KMG Compliance Service (in accordance with the Policy on Conflicts of Interest with Employees and Officials;

- verification of presence of the Counterparty's CEO and/or owner/co-owner in the general List of Unsafe Counterparties;

- information on the presence of the Counterparty/Owner/manager in the sanctions lists (international and unilateral - for potential foreign Counterparties), the list of terrorist and extremist organizations, the activities of which are prohibited in the territory of the Republic of Kazakhstan;

- information on the presence of the Counterparty, its CEO and/or owner/co-owner in the lists of affiliated persons of Samruk-Kazyna and KMG;

- whether the Counterparty/CEO and/or the owner/partner is listed in the Hotline register of KMG;

- whether the counterparty is on the list of debtors with overdue receivables from KMG or on the list of KMG counterparties with whom litigation process is in progress;

- whether the Counterparty is on the list of companies whose activities are prohibited in the CIS countries;

- whether the Counterparty/Director and/or the owner/partner is on the wanted list for corruption/economic crimes / or have an outstanding conviction for corruption / economic crimes;

- whether the Counterparty/Director and/or the owner/partner is on the list of organizations/individuals for whom they are known to be involved in extremist activities or terrorism.

The list is not exhaustive and may be supplemented during the verification process by the Compliance.

5.1.2. For individuals and individual entrepreneurs the employee of the Compliance must collect the most available information using open sources of information (information and reference systems) and check the following:

- correspondence of passport data or identity document, registration address, establishment of possible fact of existence of several documents of this person;

- confirmation of the Counterparty's registration as an Individual Entrepreneur and identification of the possible suspension or termination of the business activities of such a person;

- is the Counterparty not a Politically Exposed Person;

- is the Counterparty an employee of the KMG;

- identification of legal entities, the founder, participant and/or manager of which is the Counterparty;

- verification of the person's participation in inactive legal entities;

- review of tax and write-offs payable;
- criminal, administrative, investigative, litigation, trial or restriction proceedings (e.g., departure from the country);
- the presence of the Counterparty on the criminal and other wanted list;
- registration of the Counterparty in foreign (including offshore) jurisdictions;
- whether the Counterparty is affiliated with other Counterparties of KMG, having a common address, telephone number, e-mail or website;
- is the Counterparty related to the members of the tender commission;
- presence of the Counterparty in the following lists:
 - whether the counterparty is on the list of debtors with overdue receivables from KMG or on the list of KMG counterparties with whom litigation work is in progress;
 - whether the Counterparty is on the list of companies whose activities are prohibited in the CIS countries;
 - whether the Counterparty is listed in the Hotline register of KMG Group companies;
 - information on the presence of the Counterparty in the lists of affiliated entities of KMG and Samruk-Kazyna;
 - whether the Counterparty is on the wanted list for corruption/economic crimes;
 - whether the Counterparty is on the list of organizations/individuals for whom they are known to be involved in extremist activities or terrorism
 - information on the availability in the sanctions lists (international and unilateral - for potential foreign Counterparties);
 - review of the Counterparty's presence in the Journal for registration and maintenance of information on the Conflict of Interest available to the KMG Compliance Service (in accordance with the Policy on Conflict of Interest Resolution among Employees and Officials);
- other negative information available in public sources of information, as well as sources officially available to the Compliance.

The list is not exhaustive and may be supplemented during the verification process by the Compliance.

5.2. Classification of risk levels of counterparties

5.2.1. Compliance will assign all Group II Counterparties the following risk levels by during the due diligence:

- Green risk level;
- Orange risk level;
- Red risk level.

5.2.2. **The green level** of risk is assigned to the Counterparties for which there are beneficiaries, directors for whom no negative information is found, as well as for the Counterparty's activity and its reputation in the market. In addition to that, the following are also provided for:

- no conflicts of interest, links to sanctions lists, links to Politically Exposed Persons, links to terrorist and banned organizations were identified;
- no litigation work is carried out with the Counterparty;
- it has been determined that the Counterparty's payment discipline is at an acceptable level for the KMG;

- the counterparty is able to provide services/works, deliver goods, the main asset.

5.2.3. **The orange level** is assigned in the following cases:

- Counterparties render high risk services: marketing, advertising, PR, consulting, legal, information, notarial services, education, trainings, seminars, organization of festive and business events, conferences, brokerage services, agents, IT services, capital and current repairs, construction works, services on rent of premises, buildings and constructions, services on rent of trucks and cars, special equipment (without limit). The above list of high-risk services is not exhaustive and may be supplemented by KMG Group companies at their own discretion;

- owners and beneficiaries of the Counterparty could not be confirmed in public sources and databases;

- the Counterparty was registered less than a year ago;

- owners, managers, and principals of the Counterparty have been identified as or are Politically Exposed Persons;

- negative information was found in public sources regarding the Counterparty;

- in relation to the Counterparty/Owners, top management, court proceedings were initiated in cases of corruption, bribery, commercial bribery, etc.;

- presence of a declared conflict of interest (in accordance with the Policy on Conflict of Interest Resolution among Employees and Officials);

- for the previous three years there were overdue payments and outstanding receivables;

- doubts exist about the Counterparty's operating capacity sufficient to fulfill its contractual obligations;

- the CEO is listed as the CEO or owner/partner in 5 or more Counterparty companies;

- the Counterparty has not provided information about the corporate website, or does not have it;

- the Counterparty has an authorized capital below the minimum threshold established by law;

- the only contact number of the Counterparty is the mobile phone.

5.2.4. This list of features of the Orange Risk Counterparty is not exhaustive. During the due diligence, the Responsible Department may also identify other indications that could be classified as **orange** risk level.

5.2.5. In the event that the Counterparty has been assigned an **orange** risk level, interaction is possible subject to the approval of an authorized Official. The responsible department provides the due diligence results to the Requestor. At the same time, it is recommended to make any prepayment to suppliers only if there is a bank guarantee, with the exception of the category of entities / persons who do not pay the guarantee for the return of the advance in accordance with the standard for the procurement of goods, works and services of Samruk-Kazyna JSC. The initiator of the request receives the approval of the authorized Official in the form of an agreement by corporate e-mail, via the electronic document flow or by signing a contract by the Official with such a Counterparty.

5.2.6. **The red level of risk** is assigned when any of the criteria listed below (stop criteria) is established, the verification materials are sent to the Initiator of the request and the authorized Official. The Authorized Official decides on the expediency of cooperation with this Counterparty:

- the counterparty presented documents with signs of falsification;

- undeclared conflict of interest was detected (in accordance with the Policy on Conflict of Interest Resolution among Employees and Officials);
- there is no entry about the Resident Counterparty in the Commercial Register of the Republic of Kazakhstan;
- the Counterparty's identification number in the Trade Register of the Republic of Kazakhstan does not correspond to the data provided by the Counterparty;
- the counterparty does not disclose information about its owners;
- the identification number of the owner or head of the Counterparty is invalid;
- the Counterparty is present in the register of unfair counterparties (according to the data of state registers);
- the Counterparty, its CEO and/or owner/partner are on the list of organizations and individuals who are known to be involved in extremist activities or terrorism;
- the Counterparty is under reorganization, liquidation or bankruptcy;
- the Counterparty is registered after the expected date of conclusion of the contract;
- the Counterparty is included in the register of messages received on the Hotline;
- the Counterparty/owners/managers are on the lists of companies and persons affiliated with KMG Group companies;
- the Counterparty is listed in the privatization lists;
- the Counterparty is an inactive legal entity.

5.3. This list of features of the Counterparty with a **red** risk level is not exhaustive. During the due diligence, the Responsible Department may also identify other signs that could be classified as a **red** level of risk.

5.4. If the Counterparty has been assigned a **red** risk level, the decision on further interaction can be made only by an authorized Official (except for cases with an undeclared conflict of interest, the Counterparty's presence in the privatization lists or in cases where the Counterparty is in the register of messages received via the Hotline). The responsible department provides the due diligence results to the Requestor. The initiator of the request receives the approval of the authorized Official in the form of an agreement by corporate e-mail, via the electronic document flow or by signing a contract by the Official with such a Counterparty.

5.5. If the Responsible Unit detects a declared / undeclared Conflict of Interest and / or the presence of the Counterparty in the lists of KMG affiliates, the Counterparty's presence in the privatization lists, or in cases where the Counterparty is in the register of messages received via the Hotline, it is necessary to follow the provisions of clauses 5.11 - 5.17 of this Policy.

Limited due diligence of the Counterparty

5.5. In the case when KMG is unable to refuse to work with the Counterparty based on the results of the tender procedures carried out on the electronic platforms of Samruk-Kazyna JSC, namely, holding an open or open two-stage tender, request for quotations and from one source in accordance with clause 4.3.3 of this Policy, the Initiator of the request sends a request to the Responsible Unit for a limited verification of the supplier, which is planned to be declared the winner.

5.5.1. **For legal entities, individuals and individual entrepreneurs** the responsible unit should:

- collect data on the Counterparty's CEO, owner or co-owners (if possible, it is necessary to establish ownership up to an individual or persons). If the major shareholder (a legal entity with a share of more than 50 percent) of the Counterparty under review is a **green** risk company, the review of this Counterparty may be completed. Otherwise, the Compliance officer proceeds to the next steps.

- to verify whether the Counterparty's CEO and owners/partners are employees of the KMG;

- check the information on the presence of the Counterparty, its owners and the CEO in the lists of affiliated persons of KMG;

- check the presence of the Counterparty's CEO and/or owner/co-owners in the Register of the Conflict of Interest available to the KMG Compliance Service (in accordance with the Policy on Conflict of Interest Resolution among Employees and Officials).

5.9. The decision to approve the Counterparty based on the results of the limited due diligence in case of absence of the Conflict of Interest is made by the Tender Commission.

5.10. If the declared/undeclared Conflict of Interest and/or the presence of the Counterparty in the lists of affiliated entities of the KMG Group, the presence of the Counterparty in the privatization lists or if the Counterparty is in the register of messages received on the Hotline, the provisions of Clauses 5.11 – 5.17 shall be followed.

Conflict of interest

5.11. If an undeclared Conflict of Interest is identified, the signature of a contract with such a Counterparty is prohibited until the circumstances are clarified.

5.12. If a declared conflict of interest and / or relations with Politically Exposed Persons is identified, approval of further interaction with this Counterparty can only be accepted by an authorized Official. Approval may be the coordination of work with the Counterparty via corporate e-mail, via the electronic document flow or by signing a contract by an authorized Official with such a Counterparty.

5.13. In case of revealing an undeclared Conflict of Interest with members of the Tender Commission, a member of the Tender Commission who has an undeclared conflict of interest must be removed from the process of selecting a Counterparty (does not have the right to vote when choosing a Counterparty).

5.14. In case of revealing a declared Conflict of Interest with members of the Tender Commission, this member of the Tender Commission must be removed from the process of selecting a Counterparty (does not have the right to vote when choosing a Counterparty).

5.15. Further settlement of the Conflict of Interest is carried out in accordance with the internal document of KMG in the field of settlement of the Conflict of Interest among employees and officials.

Lists of affiliated persons of KMG Group

5.16. If a Counterparty, CEO or owner is found in this list, work with this Counterparty or the conclusion of a contract is suspended. The responsible department informs the Requestor within 2 (two) working days.

Presence of the Counterparty in the register of messages received on the “Hotline” and/or in the Privatization Lists

5.17. If a Counterparty, CEO or owner is found in these lists, work with this Counterparty or the conclusion of a contract is suspended. The responsible department informs the Requestor within 2 (two) working days.

Due diligence of the Counterparty upon request

5.18. Due diligence of the Counterparty upon request is optional, carried out upon request from the structural divisions of KMG and may include a comprehensive verification of the Counterparty or elements of a comprehensive verification listed in clause 5.1 in order to establish individual facts.

6. SOURCES OF INFORMATION FOR DUE DILIGENCE OF THE COUNTERPARTIES

6.1. For the purposes of verification of the Counterparty, Compliance may use the following sources of information:

6.1.1. automatic aggregators of information about the Counterparties of the Republic of Kazakhstan, Russian Federation, Republic of Belarus and other CIS countries, such as Compr.kz and Spark Interfax⁸;

6.1.2. Foreign Counterparty Databases such as D&B Hoovers, ICIJ Offshore Leaks Database⁹, OpenCorporates¹⁰, etc.

6.1.3. Official state corporate registers, such as the Statistics Committee of the Ministry of National Economy of Kazakhstan¹¹;

6.1.4. Portal of the automated information system Information service of the Committee on legal statistics and special records of the General Prosecutor's Office of the Republic of Kazakhstan;

6.1.5. World-Check Database¹² for verification of legal entities and individuals in relation to Politically Exposed Persons, organized crime groups and other risks;

6.1.6. available court registries;

6.1.7. media data and other public sources of information;

6.1.8. forums with feedback about employers/clients/partners containing possible negative information about the Counterparty;

6.1.9. social networks to check information about key persons of the Counterparty, such as LinkedIn, Facebook, VK.kz and others.

7. COUNTERPARTY DUE DILIGENCE RESULTS

7.1. The Counterparty's due diligence is carried out using data from open external and internal sources of information, as well as on the basis of documents provided by the Counterparty within 5 (five) working days from the date of initiation of the request from the relevant structural unit.

⁸ Access to these aggregators is carried out by a paid subscription

⁹ <https://offshoreleaks.icij.org/>

¹⁰ <https://opencorporates.com/>

¹¹ <http://stat.gov.kz/>

¹² Access to the specified base is carried out by paid subscription

7.2. Based on the results of the collection and analysis of the received data on the Counterparty, the Compliance employee prepares a dossier and forms a report (see Appendix 4) in order to send the request to the Initiator to the relevant structural unit of the KMG Group. The completed Counterparty Questionnaire and the documents received from the respective Counterparty should be attached to the file (see Appendix 1 and 2).

7.3. The results of the Counterparty's due diligence must be stored electronically for at least three years after the end of the relationship with the Counterparty

7.4. The results of the Counterparties' due diligence shall not be transferred to the Counterparties or other third parties in full or in part.

8. FREQUENCY OF THE COUNTERPARTY DUE DILIGENCE

8.1. The period of validity of the due diligence of the Counterparty with which the KMG Group entity entered into the contract is two years.

8.2. Upon expiry of the period specified in clause 8.1. of the Policy and provided that the business relationship with the Counterparty is maintained, the Counterparty shall be reviewed again in accordance with the requirements of this Policy and other internal documents of the KMG Group.

8.3. If the Requestor becomes aware of a change in the key person and/or owner of the Counterparty, an extraordinary due diligence of the Counterparty shall be conducted.

Counterparty questionnaire

SECTION A: Background
(to be filled in by the Counterparty)

Name of the legal entity		Business Identification Number (BIN) or other identification number (for foreign companies):
Trademark		Individual identification number (IIN; for individuals):
Legal address	City	
	Postcode	
Address of actual location	City	
	Postcode	
Country	Region / Oblast	
Phone	Fax	
E-mail address	Organization website	
Date and place of registration		
Primary activity		
Full name of Acting CEO		
Full name of Chief Accountant		
Name of the servicing bank (specify the bank where the account will be indicated in the details for making payments from KazMunayGas NC JSC)		
Bank account number		

SECTION B: Ownership structure
(to be filled in by the Counterparty)

Provide information on shareholders and persons under whose control the company is located, including the ultimate beneficiaries

General Director/Management Board/Board of Directors

Provide information about subsidiaries and affiliates

SECTION B: Risk information
(to be filled in by the Counterparty))

Circle one of the answers to the question and, if necessary, provide additional information.

Is the company or its employees currently (or in the last five years) under investigation for fraud, corruption, tax evasion, customs violations or economic sanctions??

NO YES. Provide additional information:

Does the company plan to use other legal entities (subcontractors), including subsidiaries, branches, partnerships or joint ventures, as well as individuals who are not employees of the company, to carry out operations with KazMunayGas NC JSC?

NO YES. Provide the name/full-name and address of the legal/individual, and explain the relationship of these persons to the company and what activities they perform for the company:

Do you know about the employees of KazMunayGas NC JSC, who are supposed to be transferred part of the funds paid by the company KazMunayGas NC JSC of your company? Do you know about the employees of KazMunayGas NC JSC, who receive money from your company, are shareholders or work part-time in your company?

NO YES. Provide full-name, position and type of interaction of KazMunayGas NC JSC employee with your company:

Does your company have any outstanding taxes and other fees (including extra-budgetary payments) that exceed 25% of the company's assets that have already matured in the last fiscal year?

NO YES. Provide additional information:

Have any liquidation procedures been initiated against your company?

NO YES. Provide additional information:

Has your company ever been officially declared bankrupt?

NO YES. Provide additional information:

Were any measures taken to forcibly suspend the company's operations as a result of violation of the requirements of Kazakhstani law?

NO YES. Provide additional information:

Director General or other authorized person:

Signature:

Date:

If any of the requested information is not provided, the form will be returned for further completion.

The Compliance employee must attach the Counterparty questionnaire to the results of the Counterparty's review. The result of the Counterparty's review shall be kept for at least two years after the end of the relationship with the Counterparty.

Appendix 2. Counterparty Dossier

Copies of the Counterparty's documents listed below must be certified by an authentic seal and the inscription "Copy is true" (indicating the signature, position and full name of the Counterparty's employee who certified the copy (the General Director of the legal entity or personally the Individual Entrepreneur).

- 1) Filled in Counterparty Questionnaire;
- 2) Copy of the certificate of the registered legal entity, branch or representative office, indicating the founders of this legal entity, received not later than 14 calendar days prior to the request for documents;
- 3) Copy of the certificate of participation of the legal (natural) person in other legal entities received not later than 14 calendar days prior to the request for documents;
- 4) Copy of the Counterparty's certificate of registration with the tax authority;
- 5) Copy of the Charter with the registration stamp;
- 6) Extract from the decision of the Counterparty's governing body on the appointment of the General Director; internal orders related to the appointment of the General Director and Chief Accountant; copies of powers of attorney (if applicable);
- 7) Copies of licenses and certificates in accordance with the activities in which the interaction with KMG will be carried out (if applicable);
- 8) Information on ongoing litigation (in which the Counterparty is acting as a plaintiff, defendant or third party (if applicable)); otherwise, confirmation that the Counterparty is not involved in any litigation;
- 9) A valid lease agreement or title deed (which confirms the legal address of the Counterparty);
- 10) Copy of financial statements as of the last reporting date with the seal of the tax authority;
- 11) Notification on the use of the simplified taxation system by the Counterparty issued by the relevant tax authority (if applicable);
- 12) Information letter of the tax authority on open bank accounts.

Appendix 3. Register of requests received, reviews carried out

Nº	Date of request for review	Initiator's Department	Name and identification number of the Counterparty	Counterparty type (customer / supplier / other)	Type of risk Counterparty	Review completion date	Type of review	Review report
1								
2								
3								

Appendix 4. Counterparty due diligence

Counterparty review report	
Grounds for carrying out the review (conclusion of the contract/planned review/verification upon request)	
Application number	
General information about the Counterparty	
Name	
Legal form	
Identification number	
Country	
Legal address (city, street, house/building number, office)	
Shareholders and managers (full name)	
Name of the Counterparty's bank	
Counteragent's website	
Review results	
Assigned risk level	
Green <input type="checkbox"/>	Orange <input type="checkbox"/> Red <input type="checkbox"/> Limited review <input type="checkbox"/>
Conflict of interest (if any)	Declared <input type="checkbox"/> Undeclared <input type="checkbox"/>
Presence of the Counterparty in the list of affiliated entities of KMG Group	
Yes	No
Presence of the Counterparty in the list for privatization	
Yes	No
Presence of the Counterparty in the register of messages received on the "Hotline"	
Yes	No
Agreed terms of payment	
Risk factors detected:	
Authorized Official:	Date:
Requestor:	Date: