

**ORDER**

**29/09/2021 No.129-OD**

**Atyrau**

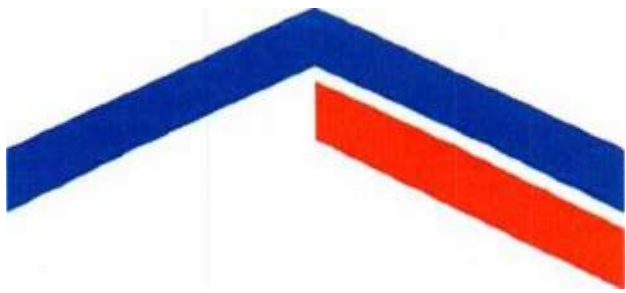
**On approval of the Policy on reliability verification of Counterparties of  
KPI LLP**

In order to implement the key values and principles of business ethics enshrined in the Code of Corporate Ethics of KPI LLP and minimize compliance risks, **IT IS ORDERED to:**

1. Approve the attached Policy on verification of the reliability of Counterparties of KPI LLP
2. Compliance and Risk Management Service (T.S.Omarov) to take the necessary measures arising from this order.
3. I reserve control over the execution of this order.

**Acting Chairman of the Management Board /signed/ D. Ashimov**

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**KPI Inc.**

**Policy of verifying the reliability of Counterparties of  
Kazakhstan Petrochemical Industries Inc. LLP**

Atyrau, 2021

**Developed by:**  
**Head of Compliance and Risk  
Management**  
/signed/\_\_\_\_\_ T. Omarov  
September 27, 2021

**Checked by:**  
**Head of Compliance and  
Risk Management**  
/signed/\_\_\_\_\_ T. Omarov  
September 27, 2021

**Approved by the  
resolution of KPI Inc.  
LLP.**  
dated September 29, 2021  
№ 129-OD

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## 1. PURPOSE OF THE DOCUMENT AND GENERAL PROVISIONS

1.1. The Policy on verifying the reliability of Counterparties of Kazakhstan Petrochemical Industries Inc. LLP (hereinafter referred to as the Policy) has been developed in accordance with the legislation of the Republic of Kazakhstan, the KPI Code of Corporate Ethics, the KPI Anti-Corruption Policy and other KPI internal documents.

1.2. The Policy regulates the mechanism for verifying the reliability of KPI Counterparties, as well as analyzing, processing and storing information about Counterparties.

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

1.4. The Policy does not regulate the procedures for checking the Counterparty during purchases through commodity exchanges or at centralized auctions of electric energy.

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

## 2. DEFINITIONS AND ABBREVIATIONS

<b>KPI</b>	Kazakhstan Petrochemical Industries Inc. LLP
<b>Affiliation</b>	The ability of individuals or legal entities (with the exception of state authorities, exercising control and supervisory functions within the scope of the powers granted to them), be able to directly and/or indirectly determine decisions and/or influence decisions made by each other or one of the persons, including by virtue of a concluded transaction.
<b>Close relatives</b>	Parents (parent), children, adoptive parents, adopted, full and incomplete brothers and sisters, grandfather, grandmother, grandchildren.
<b>Officials</b>	1) persons who, by virtue of a law, other legal act or KPI document, are authorized to act on behalf of KPI; 2) members of the KPI Management Board.
<b>KMG</b>	NC KazMunayGas JSC.
<b>Request Initiator</b>	An employee of the KPI structural unit responsible for processing and sending an application for verification of the Counterparty to the Responsible structural unit.

<b>Investment project</b>	Investment project – complex related activities involving investments in the creation of new, expansion and renewal of existing production facilities in order to obtain economic benefits, as well as the acquisition of shares (participation interests) of other legal entities.
<b>Counterparty</b>	A natural or legal person the KPI has concluded a contract with or plans to conclude contract/agreement.
<b>Conflict of interest</b>	Any situations or circumstances in which the Personal benefit or activity of a KPI Employee or Official contradicts the interests of KPI or may potentially conflict with them and thereby may lead to improper performance of their official duties and affect the objectivity of decisions on issues related to KPI
<b>Politically significant face</b>	<p>1) Civil servant – citizen of the Republic Kazakhstan, holding, in accordance with the procedure established by the legislation of the Republic of Kazakhstan, a state position paid from the republican or local budgets or from the funds of the National Bank of the Republic of Kazakhstan in a state body and exercising official powers in order to implement the tasks and functions of the state;</p> <p>2) Official - a person who permanently, temporarily or by special authority performs the functions of a representative of the government or performs organizational and administrative or administrative and economic functions in state bodies;</p> <p>3) A foreign official is an official of a foreign State, including members of a foreign public assembly, officials of international organizations, members of an international parliamentary assembly, judges of a foreign state and officials of the international Court of Justice, as well as officials in the armed forces and other military formations of a foreign state.</p>
<b>Media</b>	Mass media.
<b>Installation data</b>	Title Counterparty/ full name (in case individual entrepreneur), business identification number (BIN), individual identification number (IIN) and other data.

<b>Employee</b>	A person who is in an employment relationship with KPI and directly performs work under an employment contract, as well as other persons engaged under an agency contract and a civil contract.
<b>Relatives</b>	Brothers, sisters, parents and children of the spouse.
<b>Responsible business unit</b>	Compliance Service (in relation to KPI Counterparties), structural unit / Security Service (in terms of checking information and reference systems in relation to KPI counterparties)

### **3. APPROACH AND TYPES OF COUNTERPARTY RELIABILITY CHECKS**

3.1. KPIs check the reliability of Counterparties before entering into contractual relations with them or during contractual relations. The procedures described in the Policy should be applied to all new and existing KPI Counterparties:

- before the conclusion of the contract with the Counterparty;
- every two years, subject to the preservation of contractual relations with the current Counterparty;
- during contractual relations when establishing information about the change of key persons and/or owners /beneficial owners of the Counterparty.

#### **3.2. Categorization of Counterparties**

3.2.1. When verifying the reliability of Counterparties, KPI uses a risk-based approach.

3.2.2. According to this Policy, all KPI Counterparties are divided into the following categories:

- Counterparties of Group I,
- Counterparties of Group II.

3.2.3. The counterparties of **Group I** include:

- JSC "Samruk-Kazyna" and organizations, fifty percent or more of the voting shares (participation interests) of which directly or indirectly belong to JSC "Samruk-Kazyna" on the right of ownership or trust management;
- state bodies and departments, local self-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 DAX 30 <sup>1</sup>, CAC40 <sup>2</sup>, S&P500 <sup>3</sup>, EURO STOXX 50 <sup>4</sup>, Hang Seng Index <sup>5</sup> and Nikkei 225 <sup>6</sup> indices;

- joint-stock companies traded on the Kazakhstan and Russian Stock Exchanges, the exchange of the Astana International Financial Center and providing quarterly disclosure of financial statements;

- subsurface users who have a subsurface use contract from the Ministry of Energy of the Republic of Kazakhstan;

- Contractors within the framework of fulfilling obligations according to the distribution lists of the departments of agriculture 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 spring - autumn field work;

- Contractors within the framework of fulfilling obligations according to the distribution lists of the departments of Energy and Housing and Communal services 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 and industrial facilities and institutions in the autumn - winter periods;

- Contractors within the framework of fulfilling 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 delivery plans through electronic trading platforms and outside electronic trading platforms;

- oil givers of oil refineries.

3.2.4. KPI counterparties that fall into Group I are not subject to further verification.

3.2.5. The counterparties of **Group II** include:

- Counterparties engaged in the sale/purchase of goods/services/works, purchase of fixed assets' above the cost limit according to this Policy;

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

- Associations, foundations, unions, cooperatives, chambers of commerce and other non-profit organizations (without limit);

- Counterparties involved in the targeted sale of KPI assets and fixed assets (without limit);

- Counterparties participating in KPI investment projects (without limit).

### 3.3. Types of verification of the Counterparty's reliability

3.3.1. In accordance with the provisions of the Policy, the following types of Counterparty verification are provided:

- comprehensive verification of the Counterparty,

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

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

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

<sup>4</sup> <https://www.marketscreener.com/EURO-5TOXX-5Q-7396/components/>

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

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

<sup>7</sup> Fixed assets that do not fall under the definition of "Investment project"

- limited Counterparty verification,
- verification of the Counterparty on request.

### **3.3.2. Comprehensive verification of the Counterparty**

The following situations are the grounds for comprehensive verification of the Counterparty:

- transactions with Counterparties assigned to Group II, provided that the purchase from a potential Counterparty will be made from a single source (except for the cases specified in clause 3.3.3);
- Investment project (purchase of a share in the authorized capital of another company, strategic KPI projects, including expansion of production, modernization of production facilities, etc.);
- sale of KPI assets and fixed assets, including shares in KPI companies to third parties (in case of targeted sale).

### **3.3.3. Limited Counterparty verification**

The following situations are the grounds for limited verification of the Counterparty:

- The implementation of any procurement by means of a tender, a request for price proposals, a tender through competitive negotiations (which was organized in the case when the competitive tender procedure was declared invalid due to the presence of one undelivered application for participation in the tender of a potential supplier or the presence of one undelivered price offer of a potential supplier in accordance with the provisions of procurement standards for goods, works and services of JSC "Samruk-Kazyna").

### **3.3.4. Checking the Counterparty on request**

The grounds for checking the Counterparty are official requests from members of the Supervisory Board, members of the Management Board, business units of KPI for establishing reliability, possible affiliation, conflict of interest and/or other risks.

Verification of the Counterparty on request can be both complex and for the purpose of verifying individual facts.

## **3.4. Cost limits**

3.4.1. KPI should approach the definition of cost limits conservatively, with due diligence, based on the assessment of the risks of fraud, corruption, as well as the availability of internal resources.

3.4.2. The cost limit is 50,000 (fifty thousand) US dollars at the exchange rate of the National Bank of the Republic of Kazakhstan on the date of sending the application for verification of the Counterparty.

3.4.3. Counterparties of group II, the total amount under the contract with which is set below the cost limit, are not subject to further verification. If several contracts are concluded with a Counterparty below the cost limit, while the total amount of such contracts reaches the cost limit, such a Counterparty is subject to verification in accordance with this Policy.

## **3.5. The process of initiating the verification of the Counterparty's trustworthiness**

3.5.1. Before starting the verification of the Counterparty's reliability, the Initiator of the request draws up and sends an application for verification of the Counterparty to the Responsible Department.

3.5.2. The initiator of the request is an employee of the KPI structural unit who:

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

3.5.3. The initiator of the request is responsible for the following steps before sending the request to the Responsible Department:

- completeness of the provision of data on Counterparties in accordance 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 exceptions from verification (Group I);
- a request from a Counterparty falling into Group II for a fully completed Counterparty Questionnaire (see Appendix 1), as well as the documents required for its verification (see Appendix 2);
- a certificate that all the necessary documents have been provided in accordance with Appendix 2. If necessary, the Initiator of the request is obliged to request the missing documents. If any documents cannot be provided, the Initiator of the request is obliged to request an explanation from the Counterparty of the reasons for the absence of such documents;
- sending all submitted documents to the Responsible Department as part of the request for verification of the Counterparty.

3.5.4. The responsible department is responsible for the timely verification of the Counterparty, maintaining a Register of requests received, inspections carried out (including the date of the request, the date of the report and the type of verification) in the form defined by Appendix 3 of this Policy.

## **4. PROCEDURES FOR VERIFYING THE RELIABILITY OF COUNTERPARTIES**

### **4.1. Comprehensive verification of the Counterparty's reliability**

4.1.1. Comprehensive verification of the Counterparty is a complete verification of the Counterparty and is carried out as follows:

4.1.2. **For legal entities**, the employee of the Responsible Department must collect the most accessible information about the Counterparty using open sources of information (information and reference systems) and check the following:

- the main registration data of the Counterparty, including the legal status (active / inactive), the main and additional types of activities, data on the manager and the owner or owners (if possible, it is necessary to establish ownership to an individual or persons), the availability of licenses. If the majority owner (a legal entity with a ownership interest of more than 50 percent) of the audited Counterparty belongs to the category of Group I companies, the verification of this Counterparty may be terminated. Otherwise, the employee of the Responsible Department proceeds to the following steps;

- is the head and/or owner/co-owner of the Counterparty a politically significant person;
- identification of the facts of bringing the managers and/or owners / co-owners of the Counterparty to administrative / criminal responsibility, the presence of tax arrears;
- checking the legal and actual address, whether they are mass registration addresses, whether the Counterparty is not registered in a residential building;
- tax registration, the dynamics of tax deductions, the presence or absence of arrears on taxes and other mandatory payments;
- the presence of ongoing litigation, bankruptcy proceedings or enforcement proceedings against the Counterparty;
- the presence of encumbrances on movable and immovable property, on cash;

- availability of accounting (financial) statements for the last available financial year;
- is the Counterparty/ manager and/or owner/co-owner registered in foreign (including offshore) jurisdictions;
- is the Counterparty/ manager and/or owner/co-owner affiliated with other KPI Counterparties, having common beneficiaries, address, phone number, e-mail or website;
- does the Counterparty have an authorized capital less than the limit established by law;
- the presence of a counterparty in the list of unscrupulous suppliers of public procurement and procurement of JSC "Samruk-Kazyna";
- the presence of a violation by the Counterparty of the law on Subsoil use;
- whether the head/founder of the Counterparty has enforcement proceedings and a ban on leaving the country;
- determination of the Counterparty's risk level based on the results of categorization by the State Revenue Committee. If a high degree of risk is detected, identify the Counterparty in the red zone;
- is the head of the Counterparty its sole founder;
- does the Counterparty have its own corporate website;
- is the head and/or owner/co-owner of the Counterparty the head of five or more counterparty companies;
- is the Counterparty registered shortly before the conclusion of the contract (360 days or less);
- is the Counterparty registered after the expected date of conclusion of the contract;
- is the Counterparty connected with the members of the tender commission;
- is the Counterparty an inactive legal entity;
- is the Counterparty on the lists for privatization;
- other negative information available in open sources of information, as well as sources officially available to the Responsible department;
- the presence of the Counterparty/its head and/or owner / co-owner in the following lists:
  - is the manager and/or owner/co-owner of the Counterparty an employee

#### KPI;

- is the Counterparty, its managers, or its beneficial owner registered in the jurisdictions belonging to the List of offshore zones for the purposes of the Law of the Republic of Kazakhstan "On countering the Legalization (Laundering) of proceeds from Crime and the financing of terrorism";
- verification of the presence of the head and/or owner/co-owner of the Counterparty in the Journal for registration and maintenance of information about the Conflict of Interests according to internal documents of the KPI in the field of Conflict of Interest resolution for employees and officials;
- is the Counterparty listed in the state registers of unreliable Counterparties;
- information about the presence of a Counterparty/owner/manager in the sanctions lists (international and unilateral - for potential foreign Counterparties), the list of terrorist and extremist organizations whose activities are prohibited on the territory of the Republic of Kazakhstan;
- information about the presence of the Counterparty, its head and/or owner/ co-owner in the lists of affiliated persons of KR1/KMG/JSC "Samruk-Kazyna";
- is the Counterparty/ manager and/or owner / co-owner listed in the register of appeals to the KPI Hotline;
- is the Counterparty in the list of debtors who have overdue accounts receivable to KPI or in the lists of KPI Counterparties with whom claims work is being conducted;
- is the Counterparty in the list of companies whose activities are prohibited on the territory of the CIS countries;

- is the Counterparty/manager and/or owner/ co-owner on the wanted list for corruption/economic crimes / or has an outstanding criminal record for corruption/economic crimes;
- is the Counterparty/ manager and/or owner / co-owner in the list of organizations /individuals for whom there is information about their involvement in extremist activities or terrorism.

The list is not exhaustive and can be supplemented during the verification process by employees of the Responsible department.

**4.1.3. For individuals and individual entrepreneurs**, the employee of the Responsible Department must collect the most accessible information using open sources of information (information and reference systems) and check the following:

- compliance of passport data or identity document, registration address, establishment of the possible fact of the presence of several documents in this person;
- confirmation of the registration of the Counterparty as an Individual entrepreneur and identification of the possible fact of suspension or termination of the entrepreneurial activity of such a person;
  - is the Counterparty a politically significant person;
  - is the Counterparty an employee of KPI;
- identification of legal entities, the founder, participant and/or head of which is this Counterparty;
  - verification of a person's participation in inactive legal entities;
  - checking tax arrears and writ of execution;
  - facts of bringing the Counterparty to criminal, administrative responsibility, being wanted, participating in litigation, the presence of the results of trials or restrictions (for example, on leaving the country);
    - the presence of the Counterparty in the criminal and other search;
    - the presence of registration of the Counterparty in foreign (including offshore) jurisdictions;
  - is the Counterparty affiliated with other Counterparties, having a common address, phone number, e-mail or website;
  - is the Counterparty connected with the members of the tender commission;
  - the presence of a Counterparty in the following lists:
    - is the Counterparty in the list of debtors who have overdue accounts receivable to KPI or in the lists of KPI Counterparties with whom claims work is being conducted;
    - is the Counterparty on the list of companies whose activities are prohibited on the territory of the CIS countries;
    - is the Counterparty listed in the register of requests to the KPI Hotline;
    - information about the presence of a Counterparty in the lists of affiliated persons of KR1/KMG/JSC "Samruk-Kazyna";
      - is the Counterparty on the wanted list for corruption/economic crimes;
    - is the Counterparty in the list of organizations/individuals in respect of which there is information about their involvement in extremist activities or terrorism
      - information about the presence in the sanctions lists (international and unilateral - for potential foreign Counterparties);
      - verification of the presence of the Counterparty in the Journal for registration and maintenance of information about the Conflict of Interests according to the internal document in the field of conflict of interest resolution for employees and officials;
    - other negative information available in open sources of information, as well as sources officially available to the Responsible department.

The list is not exhaustive and can be supplemented during the verification process by employees of the Responsible Department.

## 4.2. Classification of Counterparty risk levels

4.2.1. During the audit, the Responsible business unit assigns the following risk levels to all Counterparties of Group II:

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

4.2.2. **The green** risk level is assigned to Counterparties for which beneficiaries have been identified, managers for whom no negative information has been found, as well as on the activities of the Counterparty itself, its reputation in the market. Besides it:

- no conflict of interests, links with sanctions lists, links with politically significant persons, links with terrorist and banned organizations have been identified;
- no claim work is conducted with the Counterparty;
- it is established that the Counterparty's payment discipline is at an acceptable level for KPI;
- The counterparty is able to provide services / works, deliver goods, fixed assets.

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

- Counterparties provide high-risk types of services: marketing, advertising, PR, consulting, legal, information, notary services, training, trainings, seminars, organization of festive and business events, conferences, brokerage services, agents, IT services, capital and current repairs, construction work, rental services of premises, buildings and structures, rental services for trucks and cars, special equipment. The specified list of high-risk services is not exhaustive and can be supplemented by KPI at its discretion;

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

- The counterparty was registered shortly before the conclusion of the contract (360 days or less);

- the connections of the owners, owners, managers of the Counterparty with Politically significant persons or they are such a person have been identified;

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

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

- there is a declared conflict of interest according to the internal document of the KPI in the field of Conflict of Interest settlement for employees and officials;

- over the previous three years, there were overdue payments and outstanding accounts receivable to KPI;

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

- the head is listed as the head or owner / co-owner in five 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 a mobile phone.

4.2.4. This list of signs of a Counterparty with an orange risk level is not exhaustive. During the inspection, the Responsible Department may also identify other signs that can be classified as an **orange** risk level.

4.2.5. If the Counterparty has been assigned an **orange** risk level, interaction is possible subject to approval by an authorized Official. The responsible department provides the results of the verification to the Initiator of the request. 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 persons who do not provide the refund of the advance payment in accordance with the standard of procurement of goods, works and services of Samruk-Kazyna JSC. The initiator of the request receives the approval of an authorized Official in the form of approval by corporate email, by EDS or by signing a contract by an Official with such a Counterparty.

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

- The counterparty submitted documents with signs of falsification;
- an undeclared conflict of interest was discovered according to an internal document in the field of conflict of interest settlement among employees and officials;
- there is no record of the Resident Counterparty in the corporate register of the Republic of Kazakhstan;
- the Counterparty's identification number in the corporate 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 the head of the Counterparty is invalid;
- The counterparty is present in the register of unscrupulous Counterparties (according to the state registers);
- The counterparty, its head and/or owner/co-owner are present in the list of organizations and individuals for whom there is information about their involvement in extremist activities or terrorism;
- The counterparty is in the stage of 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 to the "Hotline" of the KRT;
- The counterparty/owners/managers are in the lists of companies and persons affiliated with KPI;
- The counterparty is listed for privatization;
- The counterparty is an inactive legal entity.

4.2.7. This list of signs of a Counterparty with a **red** risk level is not exhaustive. During the inspection, the Responsible Department may also identify other signs that can be classified as a **red** risk level.

4.2.8. If the Counterparty has been assigned a **red** risk level, only an authorized Official can make a decision on further interaction (except in cases with an undeclared conflict of interest, the presence of the Counterparty in the lists for privatization or in cases of the presence of the Counterparty in the register of messages received to the Hotline). The responsible department provides the results of the verification to the Initiator of the request. The initiator of the request receives the approval of an authorized Official in the form of approval by corporate email, by EDS or by signing a contract by an Official with such a Counterparty.

4.2.9. If the Responsible Department detects a declared/undeclared Conflict of Interest and/or the presence of a Counterparty in the lists of KPI affiliates, the presence of a Counterparty in the lists for privatization, or in cases of the presence of a Counterparty in the register of messages received to the Hotline, it is necessary to follow the provisions of paragraphs 5.11 - 5.17 of this Policy.

### 4.3. **Limited Counterparty verification**

4.3.1. In the event that KPI does not have the opportunity to refuse to work with a Counterparty based on the results of the tender procedures conducted on the electronic platforms of Samruk-Kazyna JSC, namely, an open or open two-stage tender, a request for price proposals and from a single source in accordance with clause 3.3.3 of this Policy, the Initiator of the request sends

a request to the Responsible Department for a limited check of the supplier, which is planned to be recognized as the winner.

**4.3.2. For legal entities, individuals and individual entrepreneurs, the Responsible Department must:**

- collect data on the manager, owner or co-owners of the Counterparty (if possible, it is necessary to establish ownership to an individual or persons). If the majority owner (a legal entity with a ownership interest of more than 50 percent) of the Counterparty under review belongs to companies with a **"green"** risk, the verification of this Counterparty can be completed. Otherwise, the employee of the Responsible Department proceeds to the next steps.

- check whether the managers and the owner/co-owners of the Counterparty are employees of the KPI;

- check the information about the presence of the Counterparty, its owners and manager in the lists of KPI affiliates;

- Check the presence of the manager and/or the owner/co-owners of the Counterparty in the Journal for registering and maintaining information about the Conflict of Interests in accordance with the internal document of the KPI in the field of Conflict of Interest resolution for employees and officials.

4.3.3. If there is no Conflict of Interest based on the results of a limited audit, the Tender Commission selects the supplier.

4.3.4. If a declared/undeclared Conflict of Interest and/or the presence of a Counterparty in the lists of KPI affiliates, the presence of a Counterparty in the lists for privatization, or in cases of the presence of a Counterparty in the register of messages received to the Hotline, it is necessary to follow the provisions of paragraphs 4.4. -4.6. of this Policy.

#### **4.4. Conflict of interest**

4.4.1. If an undeclared Conflict of Interest is revealed, the conclusion of a contract with such a Counterparty is prohibited until the circumstances are clarified.

4.4.2. If a declared conflict of interest and/or ties with Politically significant persons is identified, only an authorized Official can accept approval of further interaction with this Counterparty. Approval may be approval of work with a Counterparty by corporate email, by EDS, or by signing a contract by an authorized Official with such a Counterparty.

4.4.3. In the event of an undeclared Conflict of Interest with members of the Tender Commission, a member of the tender commission who has an undeclared conflict of interest should be removed from the Counterparty selection process (does not have the right to vote when choosing a Counterparty).

4.4.4. In the event of a declared Conflict of interest with the members of the Tender Commission, this member of the Tender Commission should be removed from the process of choosing a Counterparty (does not have the right to vote when choosing a Counterparty).

4.4.5. Further settlement of the Conflict of Interests is carried out in accordance with the internal document of the KPI in the field of Conflict of Interests settlement for employees and officials.

#### **4.5. Lists of KPI affiliates**

4.5.1. If a Counterparty, manager, or owner is found in this list, work with this Counterparty or the conclusion of a contract is suspended. The responsible department informs the Initiator of the request within 2 (two) business days.



#### **4.6. The presence of the Counterparty in the register of messages received to the Hotline and/or in the Lists for privatization**

4.6.1. If a Counterparty, manager, or owner is found in these lists, work with this Counterparty or the conclusion of a contract is suspended. The responsible department informs the Initiator of the request within 2 (two) business days.

#### **4.7. Checking the Counterparty on request**

4.7.1. Verification of the Counterparty upon request is optional, is carried out upon request from the business units of the KPI and may include a comprehensive verification of the Counterparty or elements of a comprehensive audit listed in clause 4.1 in order to establish individual facts.

### **5. SOURCES OF INFORMATION FOR CHECKING THE COUNTERPARTY**

5.1. For the purposes of checking the Counterparty, the Responsible Department may use the following sources of information:

5.1.1. automatic aggregators of information about Counterparties of the Republic of Kazakhstan, the Russian Federation, the Republics of Belarus and other CIS countries, such as Kompra.kz and Spark Interfax <sup>8</sup>;

5.1.2. Databases on foreign Counterparties, such as D&B Hoovers, ICIJ Offshore Leaks Database <sup>4</sup>, OpenCorporates <sup>10</sup>, etc.

5.1.3. Official state corporate registers, such as the Statistics Committee of the Ministry of National Economy of Kazakhstan <sup>11</sup>;

5.1.4. Portal of the automated information system "Information Service of the Committee on Legal Statistics and Special Accounts of the Prosecutor General's Office of the Republic of Kazakhstan;

5.1.5. World-Check database for checking legal entities and individuals in connection with politically significant persons, organized criminal groups and other risks <sup>12</sup>;

5.1.6. Available court registers;

5.1.7. Media data and other open sources of information;

5.1.8. Forums with reviews of employers/clients/partners containing possible negative information about the Counterparty;

5.1.9. Social networks for checking information about key Counterparty persons, such as LinkedIn, Facebook, VK.kz and others.

### **6. COUNTERPARTY VERIFICATION RESULTS**

6.1. Verification of the Counterparty's reliability 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.

<sup>8</sup> Access to these aggregators is provided by a paid subscription

<sup>9</sup> <https://offshoreleaks.icij.org/>

<sup>10</sup> <https://opencorporates.com/>

<sup>11</sup> <http://stat.gov.kz/>

<sup>12</sup> Access to the specified database is carried out by a paid subscription



6.2. Based on the results of collecting and analyzing the data received about the Counterparty, the employee of the Responsible Department compiles a dossier and forms a report (see Appendix 4) for sending the request to the Initiator. The completed Questionnaire of the Counterparty and the documents received from the relevant Counterparty must be attached to the dossier (see Appendices No. 1,2).

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

6.4. The results of Counterparty inspections are not subject to full or partial transfer to Counterparties or other third parties.

## **7. FREQUENCY CARRYING OUT CHECKS RELIABILITY OF COUNTERPARTIES**

7.1. The validity period of the verification of the Counterparty with whom KR1 has concluded a contract is two years.

7.2. After the expiration of the period specified in clause 7.1. Subject to the preservation of business relations with the Counterparty, the Counterparty is re-checked in accordance with the requirements of this Policy.

7.3. If the Initiator of the request becomes aware of the change of the key person and/or the owner of the Counterparty, an extraordinary check of the Counterparty must be carried out.

## COUNTERPARTY QUESTIONNAIRE

## SECTION A: General information

(to be filled in by the Counterparty)

<b>Name of the legal entity</b>	<b>Business Identification Number (BIN) or other identification number (for foreign companies):</b>
_____	_____
<b>Trademark</b>	<b>Individual identification number (IIN; for individuals):</b>
_____	_____
<b>Legal address</b>	<b>City</b>
_____	_____
	<b>Postal code</b>
_____	_____
<b>Address of the actual location</b>	<b>City</b>
_____	_____
	<b>Postal code</b>
_____	_____
<b>A country</b>	<b>Region / Region</b>
_____	_____
<b>Telephone</b>	<b>Fax</b>
_____	_____
<b>Email address</b>	<b>Organization's website</b>
_____	_____
<b>Date and place of registration</b>	
_____	
<b>Main activity</b>	
_____	
<b>Full name of Director General</b>	
_____	
<b>Full name of Chief Accountant</b>	
_____	
<b>The name of the servicing bank (specify the bank where the account will be specified in the details for making payments with Kazakhstan Petrochemical Industries Inc. LLP)</b>	
_____	
<b>Bank account number</b>	
_____	

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

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

**General Director/Governance/Board of Directors**

**Provide information about subsidiaries and branches**

SECTION B: Information about risks  
(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 employees of the company at the moment (or in the last five years) under investigation in connection with charges of fraud, corruption, tax evasion, violations of customs legislation 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, in order to carry out transactions with Kazakhstan Petrochemical Industries Inc. LLP?**

no                    Yes. Provide the name/Full name and the address of the legal entity/individual, as well as explain the relationship of these persons with the company and what activities they carry out for the company:

**Are you aware of the employees of Kazakhstan Petrochemical Industries Inc. LLP, who are supposed to transfer part of the funds paid by Kazakhstan Petrochemical Industries Inc. LLP to your company? Are you aware of the employees of Kazakhstan Petrochemical Industries Inc. LLP who receive funds from your company, are shareholders or work part-time in your company?**

no                    Yes. Provide name/position and type of interaction of an employee of Kazakhstan Petrochemical Industries Inc. LLP 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 in the last financial year, the payment dates of which have already come?**

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:

**Have the measures of forced suspension of the company's activities been applied due to violation of the requirements of the Kazakh legislation?**

no                    yes. Provide additional information:

*General Director or other authorized person:*

*Signature:*

*Date:*

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

**The employee of the Responsible Department must attach the Counterparty's questionnaire to the results of the Counterparty's verification. The result of the Counterparty's verification must be stored for at least two years after the end of the relationship with the Counterparty.**

## **Appendix 2 Counterparty's dossier**

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

- 1) Completed Counterparty Questionnaire;
- 2) A copy of the certificate of a registered legal entity, branch or representative office, indicating the founders of this legal entity, received no later than 14 calendar days before the request for documents;
- 3) A copy of the certificate of participation of a legal entity (individual) in other legal entities, received no later than 14 calendar days before the request for documents;
- 4) A copy of the Counterparty's certificate of registration with the tax authority;
- 5) A copy of the Charter with a stamp of registration;
- 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 types of activities within which interaction with KPI will be carried out (if applicable);
- 8) Information about ongoing litigation (in which the Counterparty acts 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 a certificate of ownership of the location address (which confirms the legal address of the Counterparty);
- 10) A copy of the financial statements as of the last reporting date with the seal of the tax authority;
- 11) Notification of the Counterparty's use of the simplified taxation system issued by the relevant tax authority (if applicable);
- 12) Information letter from the tax authority about open accounts in banks.

**Appendix 3 Register of requests received, inspections performed**

№	Date of the verification request	Initiator's Department	Name and identification number of the Counterparty	Type of Counterparty (client/supplier/other)	Type of Counterparty risk	End date of verification	Type of verification	Report on the results of the audit
1								
2								
3								

COUNTERPARTY VERIFICATION REPORT	
The basis for the inspection (conclusion of the contract / scheduled inspection / inspection on request)	
Application number	
General information about the Counterparty	
Name	
Organizational and legal form	
Identification number	
A country	
Legal address (city, street, house/building number, office)	
Shareholders and managers (full name)	
Name of the Counterparty's bank	
Counterparty's website	
Verification results	
Assigned risk rating	
Green <input type="checkbox"/> Orange <input type="checkbox"/> Red <input type="checkbox"/>	Limited verification <input type="checkbox"/>
Conflict of interest (if any)	Declared <input type="checkbox"/> Undeclared <input type="checkbox"/>
The presence of a Counterparty in the list of KM G affiliates Yes <input type="checkbox"/> No <input type="checkbox"/>	
The presence of a Counterparty in the list for privatization Yes <input type="checkbox"/> No <input type="checkbox"/>	
The presence of the Counterparty in the register of messages received to the Hotline Yes <input type="checkbox"/> No <input type="checkbox"/>	
Agreed payment terms	
Detected risk factors:	
Authorized Official:	Date:
The initiator of the request:	Date: