

 KazTransOil	<b>KazTransOil JSC</b>	
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<b>Regulations</b>	<b>KTO-P99-Regulation-39.1</b>	<b>p.</b>
Developed by: <b>Compliance Control Service</b>	Approved by the decision of the Board of Directors of KazTransOil JSC ( <a href="#">Minutes</a> of the meeting dated June 30, 2023 No. 9/2023)	

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1. This Regulations for the Sanctions Risks Management of KazTransOil JSC (hereinafter referred to as the Regulation) has been developed in accordance with the Sanctions Policy of KazMunayGas NC JSC [1], the Corporate Governance Code [2], the Policy on the Corporate Risk Management System of KazTransOil JSC [3] and other internal documents of KazTransOil JSC (further - Company).

2. The Company declares its commitment to full compliance with all applicable Sanctions on an ongoing basis. The Company understands and is aware that non-compliance with applicable Sanctions may lead to certain liability or to the fact that the Company will become a Sanctioned Person, and may also damage the reputation of the Company and have long-term commercial and financial consequences for it. Actions of Counterparties aimed at compliance/non-

compliance with Sanctions may cause restrictions on their ability to interact and cooperate with the Company.

3. Sanctions risk management is part of the Company's risk management system and is aimed at compliance by the Company, its officials and Employees with the requirements and restrictions established by applicable Sanctions that may affect the Company's activities and (or) entail the stipulated liability.

4. The Regulations define the scope, concept and types of Sanctions, the procedure for sanctions verification of Counterparties, Contracts, grounds and procedure for refusal of participation of officials and Employees who are citizens of the state that has extended the requirements for compliance with Sanctions to its citizens, as well as the powers and responsibilities of participants in the sanctions risk management process.

5. All officials and Employees must familiarize themselves with the Regulations and take the necessary measures provided for by the Regulations and internal documents of the Company in order to ensure full compliance by the Company with the requirements of applicable Sanctions, as well as ensure that their actions comply with all applicable Sanctions, and do not commit any actions that may lead to a violation of applicable Sanctions.

6. The Regulations shall be posted on the Company's Internet resource in order to familiarize all interested parties of the Company with it.

## 2. SCOPE OF APPLICATION

7. The Regulations apply to all levels of management, business processes of the Company and are mandatory for familiarization and application by officials and Employees of the Company.

8. Taking into account the specifics of its activities, the regulatory environment, as well as internal factors, the SJCO is recommended to develop and approve a similar document in accordance with the established procedure that does not violate the provisions of the Regulations, or to bring the internal documents of the SJCO in accordance with the Regulations. At the same time, the requirements provided for in the Regulations should not be reduced.

## 3. TERMS, DEFINITIONS AND ABBREVIATIONS

9. For the purposes of the Regulation, the following terms, definitions and abbreviations are used:

1) **Contract** - a contract, agreement, memorandum and other transaction between the Company and the Counterparty on the establishment, modification or termination of civil rights and obligations;

2) **official** - a member of the Board of Directors, the Management Board of the Company;

3) **SJCO** - subsidiaries and jointly controlled organizations of the Company;

4) **Prohibited activity** - any activity of the Company in which the Obligated Persons at the appropriate time, in the absence of an applicable permit (license), in accordance with the Sanctions applicable to such persons, are prohibited from directly or indirectly participating in the Company's activities related to current or future interaction with the Object of sanctions and (or) other interaction, which is prohibited by virtue of Sanctions, and may include, among other things:

facilitating or deciding on such activities;

participation in meetings, meetings or telephone conversations where such activities are discussed;

providing any commercial advice, assistance, approval or other support in connection with such activities;

monitoring or coordinating any such activity, as well as managing or directing the actions of other employees in relation to such activities;

participation in the conclusion, approval and modification of any Contracts, documents, transactions, in order to facilitate such activities; and (or);

provision of corporate services (e.g. accounting, logistics, contract administration, technical services) in support of such activities;

5) **initiator of the contract** is a business unit of the Company that initiates the conclusion of the Contract by the Company in accordance with the established procedure;

6) **Source of information on Sanctions** - information about the Sanctions in force and planned to be imposed, explanations of the Sanctions Authorities, lists of Sanctioned persons, Sanctioned goods and Sanctioned countries with a description of sanctions restrictions and permits posted on the official Internet resources of the Sanctions Authorities and (or) in a special electronic program, and (or) information received from other reliable sources, including through the involvement of an independent consultant;

7) **KMG** - KazMunayGas NC JSC;

8) **Counterparty** - an individual(s) or legal entity(s), including a partner, supplier, contractor, bank, government agency and organization, as well as other persons with whom the Company has concluded or plans to conclude an Agreement;

9) **separate business unit** - branch, representative office, oil pipeline management and other geographically separate business unit of the Company, reflected in the structure of the Company;

10) **Object of sanctions**- a sub-sanctioned person, including persons who are directly or indirectly owned or controlled by a Sub-Sanctioned Person or persons, a Sub-sanctioned country, a Sub-Sanctioned Commodity; as well as other property, including goods, works, services, currency, oil, gas, financial instruments, technologies, assets and other property; investment, financial, economic, trade and other activities, including transactions, transportation and other operations, for which Sanctions have been imposed at the appropriate time, including by virtue of their inclusion (if applicable) in any of the sanctions lists that are issued and maintained by the Sanctions Authority, in each case - subject to changes, additions or replacements at the appropriate time;

11) **responsible business unit** - compliance control service of the Company;

12) **refusal to participate** - a procedure by which Obligated Persons voluntarily refuse to participate in any Prohibited Activity by submitting an official Notification of Refusal to participate in the form in accordance with [Annex 1](#) to the Regulations or otherwise;

13) **sub-sanctioned country** - a country or part of its territory to which Sanctions apply;

14) **sub-sanctioned person** - any natural or legal person, including an organization, bank, financial institution and other persons under Sanctions, and who are included or indicated in any sanctions list that is issued and maintained by the Sanctions Authority, subject to changes and additions at the appropriate time;

15) **sub-sanctioned goods** - goods, including related services (works), subject to Sanctions, in respect of which restrictions are imposed on exports to the Sanctioned country and (or) imports from the Sanctioned country, and which are included or indicated in the sanctions list, which is issued and maintained by the Sanctioning Body, subject to amendments and additions at the appropriate time;

16) **employee** - an individual who is in an employment relationship with the Company and performs work under an employment contract / performs work in the Company in accordance with the contract for the provision of personnel services;

17) **Working Group** - a permanent consultative and advisory body of the Company to analyze, evaluate and develop appropriate measures to minimize possible sanctions risks in the Company's activities and (or) SJCO (if necessary) in connection with the Sanctions imposed/planned to be imposed;

18) **sanctions** - any laws, regulations, regulations, decrees, directives, acts or regulatory documents establishing economic, investment or financial restrictions, export controls, trade embargoes or other restrictive measures that are introduced, issued, appointed, administered and (or) applied by the Sanctions Authority at the appropriate time;

19) **sanctions body** - any body of an international organization and (or) a State, including, but not limited to, the United Nations Security Council, bodies of the United States of America (hereinafter referred to as the USA), the European Union (hereinafter referred to as the EU), EU Member States, the United Kingdom and other international organizations and States that have adopted and established Sanctions, and in each case their respective institutions, departments and divisions;

20) **obligated person** - an official /an employee who has the right to voluntarily refuse to participate in Prohibited Activities in accordance with the Sanctions applicable to him by virtue of his citizenship;

21) **personnel service** - a business unit of the central office/separate business unit (employee of a separate business unit), in functions (job responsibilities) which includes personnel management issues;

22) **Notice of Refusal to Participate** - an application signed and submitted by an Obligated Person in accordance with [Annex 1](#) to the Regulations in the cases provided for by the Regulations.

## 4. SANCTIONS AND THEIR APPLICATION

### §1. General provisions on sanctions

10. Sanctions measures are taken against the Object of sanctions as an instrument of exerting pressure in order to change the behavior of the Sanctioned Persons and limit their ability to act.

11. Sanctions of the USA, EU, UK and other countries should usually be respected:

- 1) their citizens, in whatever part of the world they would not be;
- 2) by all persons on their territory or in their airspace;
- 3) all legal entities established or established in accordance with their legislation, including foreign branches.

12. US sanctions ("secondary sanctions") may be applied to persons who are not citizens (residents) of the United States, outside the United States, if the transaction:

1) has a "connection with the USA", for example, a transaction is made in US dollars (or requires passage through the US financial system), or data on it is sent through servers in the USA;

2) is aimed at evading, circumventing or violating the relevant prohibition, as well as collusion to violate Sanctions;

3) is committed with the participation of Sanctioned Persons (including on the principle of ownership and control) and (or) in a certain industry under Sanctions, and is considered a "significant transaction" or represents the provision of "significant investments";

4) includes the supply to certain organizations that are Sanctioned persons of any goods of American origin and certain goods of non-American origin containing American components or technologies.

13. UK sanctions may also be applied to non-UK citizens outside the UK if there is sufficient "connection" (according to applicable law). This will depend on the circumstances of each specific case, but may include, for example, transactions using clearing services in the UK, actions of a local branch of a British company, actions managed from the UK, and/or financial products or insurance purchased in the UK markets, but stored or used abroad.

14. Sanctions of other countries may also be applied to persons who are not their citizens (residents) outside their territory, if there is sufficient connection with their country (compared to US sanctions, such cases are rare).

15. Circumstances may arise in which citizens of a country that imposes Sanctions on an Object of sanctions work as employees in another country that has not imposed Sanctions on such an Object of sanctions. In accordance with the legislation of the country in which they operate, there are no restrictions on activities related to the Object of sanctions, and such activities can continue legally. However, such employees may be prohibited, in accordance with their national legislation, from any participation in such activities and, therefore, they have the right to exercise a Refusal to participate.

## **§2. Types of Sanctions**

16. In world practice, Sanctions are usually divided into the following types:

- 1) blocking;
- 2) financial;
- 3) trading.

17. Blocking Sanctions (usually in US terminology) or asset freezes usually require individuals subject to Sanctions compliance obligations:

1) block or freeze all assets and economic resources (any assets that can be used to obtain funds, goods or services) owned, held by a Sanctioned Person (or, in US terminology, a person included in the List of Citizens of Special Categories and Prohibited Persons (SDN - Specially Designated Nationals)), and report this to your authorities;

2) not to provide any funds or economic resources directly, indirectly or in their favor to the Sanctioned persons included in the SDN list;

3) not to participate in actions that directly or indirectly circumvent these measures.

18. Blocking US Sanctions actually prohibit all transactions with Sub-Sanctioned persons included in the SDN list without a license from the US Sanctions Authority, usually the Office of Foreign Assets Control of the US Treasury Department (OFAC - Office of Foreign Assets Control). At the same time, there are no criteria regarding the minimum threshold or the form and method of making a transaction with such persons, which indicates the absence of any exceptions.

19. Assets of Sub-Sanctioned persons included in the US sectoral list (SSI - Sectoral Sanctions Identifications) are not frozen, unlike the SDN list. Also, it does not imply the isolation of these individuals from the American financial system - we are talking only about restrictions on the provision of new financing by US companies.

20. The sanctioned persons are indicated in the sanctions lists published by the Sanctions Authorities of the USA, the EU, the UK and other countries imposing Sanctions. The sanctions lists indicate the full names, addresses and known aliases of the parties under Sanctions in order to facilitate their identification. At the same time, the sanctions lists are frequently updated.

21. Restrictions on blocking Sanctions are also applied to organizations that are not a Sanctioned Person, which:

1) belong directly or indirectly to a Sub-Sanctioned person or persons. The threshold value for the US is 50% or more, and for the EU and the UK - more than 50%. This requirement applies to all subsequent organizations in which the parent companies own, directly or indirectly, participation interests exceeding the specified thresholds. At the same time, the USA and the EU recognize the case as meeting the specified criterion if the total ownership of two or more Sub-Sanctioned persons exceeds the threshold value. The UK recognizes aggregate ownership only if there is evidence of a joint agreement between two or more Sub-Sanctioned Persons;

2) are controlled by a Sub-sanctioned person. This condition applies in cases related to EU and UK Sanctions, but not in cases of US Sanctions. "Control" in a broad sense is defined as the ability of a Sub-Sanctioned Person to ensure the conduct of business in an organization that is not a Sub-Sanctioned person in accordance with their wishes, for example, as having the right (directly or indirectly) to appoint or dismiss the majority of members of the governing body.

22. Financial Sanctions may restrict or prohibit certain transactions with respect to Sub-Sanctioned Persons and, in most cases, legal entities belonging to them. Unlike blocking Sanctions, such financial measures do not prohibit all transactions with such persons, but only those transactions that are specified in the Sanctions. In particular, they may restrict or prohibit:

- provision of loans or credits;
- sub-sanctioned banks to make clearing payments in certain currencies;
- investing or transactions with traded securities or money market instruments issued by Sub-Sanctioned entities;
- bank deposits over a certain amount for citizens of sub-sanctioned countries;
- provision of financial, insurance, trust, trading or related services;
- access of sub-sanctioned banks to SWIFT messaging systems.

23. Financial Sanctions are primarily applied to financial institutions and banks providing financial services. However, some of them may apply to certain activities of the Company, for example, the provision of financing to third parties or affiliated persons.

24. Trade Sanctions may impose restrictions on both imports from a Sub-Sanctioned country and exports to that country. These measures may restrict trade in a wide range of commercial, civilian goods, technologies and related services, which may include energy-related sectors such as oil and gas, chemical industry, etc. Restrictions may apply only to certain Sub-Sanctioned countries or Sub-Sanctioned Persons.

### **§3. Sanctioned permits**

25. The sanctioning body may issue, issue, publish permits (licenses) for certain persons to carry out specific activities:

1) general licenses that establish certain sanctions exceptions and periods for the completion of relationships or activities related to the Object of sanctions for a certain period of time;

2) special licenses issued by a Sanctioning Body upon the request (application) of a person to carry out activities with a Sanctioned Person or with respect to his assets, or other activities related to the Object of sanctions that would otherwise be prohibited by Sanctions. Such grounds are usually limited, for example, the supply of essential goods, court costs and the existence of prior obligations of the Sanctioned persons.

## **5. SANCTIONS VERIFICATION PROCEDURE**

### **§1. General provisions**

26. In order to ensure compliance with the applicable Sanctions, the Company regularly conducts a sanctions check (verification), which consists of the following actions:

- 1) verification of Counterparties and Contracts;
- 2) determination of sanctions restrictions and permits to establish/continue relations with the Counterparty;
- 3) analysis of sanctions risks and consequences;
- 4) development and adoption of measures to prevent violations of Sanctions.

27. Collection, monitoring, analysis, distribution to the Initiators of contracts or posting on the corporate information portal of the Company of information on current and planned Sanctions, explanations of Sanctions authorities, lists of Sanctioned persons, Sanctioned countries and Sanctioned goods, with a description of sanctions restrictions, permits and risks related to the scope of the Company, is carried out by the responsible business unit on a quarterly basis.

28. In order to ensure the analysis, assessment and development of appropriate measures to minimize possible sanctions risks in the Company's activities and (or) SJCO (if necessary) in connection with the Sanctions imposed/planned to be imposed, to determine the list of sanctions restrictions and permits related to the scope of the Company and SJCO (if necessary), to analyze the impact sanctions risks on projects implemented with the participation of the Company and (or) SJCO (if necessary), a Working Group is created in the Company.

29. The composition of the Working Group is determined by the order of the General Director (Chairman of the Management Board) of the Company or a person replacing him, and includes the head of the responsible business unit, the head/deputy head of the business unit responsible for ensuring the functioning of the corporate risk management system and the internal control system of the Company, as well as other managers and employees of business units of the Company's central office.

30. The working body of the Working Group is the responsible business unit.

31. Meetings of the Working Group are held as necessary. The Working Group holds its meetings if there is a quorum (at least half of the composition of the Working Group). Decisions of the Working Group are made by a simple majority of votes of the members of the Working Group present at the meeting. In case of equality of votes, a decision is made, for which the head of the Working Group voted. The decisions of the Working Group are formalized by the protocol.

### **§2. Sanctioning verification of the Counterparty and the Contract by the Initiator of the contract**

32. All Counterparties, Contracts are subject to verification, within which it is necessary to determine the following:

- 1) whether the Counterparty is not included in the list of Sub-sanctioned Persons;
- 2) whether the Counterparty does not directly or indirectly belong to a Sub-Sanctioned Person or persons, which requires determining the ultimate owners and ultimate beneficial ownership of the Counterparty, and whether any holders who directly or indirectly own more than 10% of voting shares (participation interests) are Sub-Sanctioned persons;
- 3) whether the Counterparty is not controlled by a Sanctioned Person or persons. This check requires, in particular, determining whether the Sub-Sanctioned Person directly or indirectly



owns the preferred shares of the Counterparty or a blocking vote, or whether there are agreements with the Counterparty or a blocking vote, or whether there are agreements with other shareholders or participants that actually allow them to own a majority of votes;

4) whether the goods (services, works) which are the subject of the Contract are not included in the lists of Sanctioned Goods;

5) whether the accounts (including own and correspondent accounts) of the Counterparty used for making payments under the Agreement are not located in banks (financial institutions), which are included in the lists of Under-Sanctioned Persons (including according to the principle of affiliation and control by the Under-Sanctioned Person);

6) whether representatives (agent, attorney, commission agent and other authorized person) are not included The counterparty is included in the lists of Sub-Sanctioned persons (including on the principle of ownership and control by the Sub-Sanctioned person);

7) whether there is a sanctions clause in the Contract - conditions that allow changing or terminating the Contract or taking other measures aimed at protecting the interests of the Company if the applicable Sanctions and (or) new Sanctions hinder the execution of the Contract or significantly complicate its execution by one of the parties.

33. Prior to the conclusion of the Contract and thereafter at least 1 (one) time a year, while continuing the relationship with the Counterparty, the Initiator of the Contract requests from the Counterparty a Questionnaire of the Counterparty in accordance with [Annex 2](#) to the Regulations and other documents, the list of which is specified in [Annex 3](#) to the Regulations, necessary for verification in accordance with paragraph 32 of the Regulations.

34. Based on the available and received information, through the use of a Source of Information on Sanctions, the Initiator of the contract carries out a sanctions check against the Counterparty and the goods (services, works) that are the subject of the Contract.

35. Verification of the Counterparty and (or) the Contract is carried out by the responsible business unit on the basis of the relevant request of the Initiator of the contract in case the Initiator of the contract identifies:

1) the presence of the Counterparty/its first head/ members of the executive body/members of the management body/owner(s), beneficial owner (beneficial owners) in the list of Sub-sanctioned persons;

2) belonging of the Counterparty directly or indirectly to a Sub-sanctioned person or persons;

3) the presence of control over the Counterparty of the Sub-Sanctioned person or persons;

4) the availability of purchased goods (services, works) that are the subject of the Contract in the list of Sanctioned goods;

5) finding accounts (including own and correspondent accounts) of the Counterparty used to make payments under the Agreement in banks (financial institutions) that are included in the lists of Sub-Sanctioned persons (including on the principle of ownership and control by the Sub-Sanctioned Person);

6) inclusion of a representative(s) (agent, attorney, commission agent and other authorized person) of the Counterparty is included in the lists of Sub-Sanctioned persons (including on the principle of ownership and control by the Sub-Sanctioned person).

36. The verification of banks whose accounts are used to make payments under the Contract, and representatives of the Counterparty who conclude / have concluded the Contract on behalf of the Counterparty, is carried out by the Initiator of the contract in the same way as the procedure for verifying the Contract.

### **§3. Sanctioning verification of the Counterparty and (or) the Contract by the responsible business unit**



37. Verification of the Counterparty and (or) the Contract according to the received request of the Initiator of the contract is carried out by the responsible business unit within no more than 5 (five) business days. Based on the results of the verification of the Counterparty and (or) the Contract, the responsible business unit sends to the Initiator of the contract a Report on the verification of the Counterparty and (or) the Contract in accordance with [Annex 4](#) to the Regulations.

38. The results of inspections are not subject to full or partial transfer to the Counterparty or third parties, except in cases provided for by the legislation of the Republic of Kazakhstan, as well as transfer to the compliance services of Samruk-Kazyna JSC and (or) KMG.

39. Upon completion of the audit, the responsible business unit forms a dossier, which includes documents and information on the Counterparty and (or) the Contract, including the Questionnaire of the Counterparty and other documents in accordance with [Annex 3](#) to the Regulations, the Report on the verification of the Counterparty and (or) the Contract.

40. The Counterparty's dossier is formed electronically and stored in the responsible business unit for at least 3 (three) years after the end of the relationship with the Counterparty.

#### **§4. Determination of sanctions restrictions and permits for establishing/continuing relationships with the Counterparty**

41. Sanctions restrictions are determined by the list of Sanctions established by the Sanctions Authority in respect of Sanctioned persons, Sanctioned countries and Sanctioned goods, which may include, among other things, restrictions and prohibitions on the implementation and execution of contractual relations in a certain area; on the export, import, sale and supply or transfer of certain goods (related services and works); in providing investments, financial services and (or) conducting financial transactions, using a certain currency; etc.

42. Sanctions permits are determined by the list of exceptions to sanctions restrictions (general licenses) established by the Sanctions Authority, which may provide an opportunity for certain persons to complete relationships with a Sanctioned Person or activities that may lead to violation of Sanctions, etc.

43. If a special license of the Sanctioning Body has been issued to the Company, the sanctions permits are also determined by the list of exceptions to the sanctions restrictions specified in the special license.

44. If, based on the results of the verification of the Counterparty and (or) the Contract, a match is established on the sanctions lists, the Initiator of the contract, together with the responsible business unit and, if necessary, with the involvement of a Working Group and/or an independent consultant, through the use of a Source of information on sanctions, determine the list of sanctions restrictions and permits for establishing/continuing relations with the counterparty.

#### **§5. Analysis of sanctions risks and consequences**

45. Based on the results of determining sanctions restrictions and permits, the Working Group, if necessary, with the involvement of an independent consultant, at least 1 (one) time a year conducts a comprehensive analysis of the impact of Sanctions on the Company's activities, within which the identification and assessment of sanctions, operational and financial risks are carried out, possible consequences of risks, potential losses and expenses.

46. Information on the results of the analysis is duly brought to the attention of the Board of Directors of the Company by the responsible business unit.

47. The analysis of the impact of sanctions risks on projects implemented with the participation of the Company and (or) SJCO should be carried out comprehensively, i.e. both in relation to the Company and KMG, SJCO, Counterparties (including investors, partners of the Company and (or) SJCO), as well as other persons involved in the implementation projects with the participation of the Company and (or) SJCO.

48. The results of the analysis of sanctions risks should be included in the general risk map and register of the Company with a breakdown of risks by severity of consequences in accordance with the [Rules](#) for Organizing the process of Managing Production and Non-production Risks of KazTransOil JSC [\[4\]](#).

## **§6. Measures to prevent violations of Sanctions**

49. Officials and Employees should examine whether, by virtue of their citizenship, they are subject to Sanctions and, as a result, whether they do not need to voluntarily refuse to perform some of their functions and (or) work duties at the appropriate time and (or) in relation to certain transactions and (or) types of activities in connection with such Sanctions. The responsibility for compliance with the sanctions legislation of their country, whose citizens are officials and Employees, lies with such officials and Employees. The Company will make efforts to assist its officials and Employees in this matter as necessary, but is not responsible for monitoring the requirements of Sanctions applicable to its officials and Employees by virtue of their citizenship.

50. An official or Employee who has become aware of any violation or potential violation of the Regulations must immediately inform the head of the responsible business unit. On the basis of such an appeal, the head of the responsible business unit initiates an audit and, if necessary, submits the issue to the Working Group and (or) an independent consultant for consideration.

51. Based on the results of the audit, the responsible business unit of the Company ensures the adoption of measures aimed at preventing violations of the Regulations and (or) eliminating violations of the Regulations.

52. The initiator of the contract, with the involvement of a Working Group and, if necessary, an independent consultant, jointly develop and take legal and reasonable measures to prevent and (or) prevent violations of Sanctions or possible reduction of the impact of sanctions risks, including amendments to the Contract, termination of any further relationship with the Counterparty or termination of the Contract, obtaining permits/licenses from the relevant Sanctions authority, etc. if, based on the results of determining sanctions restrictions and permits, analyzing sanctions risks and consequences, the Contract with the Counterparty:

- 1) leads or will lead to violations of applicable Sanctions or creates a risk of such violation;
- 2) may make it impossible or significantly complicate the fulfillment by the party of its obligations under the Contract;
- 3) entails or may entail a violation or a stop in the supply of goods/provision of services/performance of works under the Contract;
- 4) leads or may lead to the impossibility for the party to the Contract to obtain long-term access to sources of financing and/or direct and/or indirect losses;
- 5) entails or may entail a violation of obligations (covenants) Companies, KMG and (or) SJCO (if applicable) contained in credit agreements, compliance with which is impossible or significantly hindered by Sanctions;
- 6) entails or may entail a downgrade of the credit rating of the Company, KMG and (or) SJCO (if applicable), or there is a possibility of such a downgrade;
- 7) may entail other negative consequences for the Company, KMG and (or) SJCO (if applicable).

53. All Contracts planned for conclusion and in force with Counterparties must contain, if necessary, a sanction clause in accordance with [Annex 5](#) to the Regulations.

## **6. REFUSAL TO PARTICIPATE**

### **§1. Procedure for providing a Notice of Refusal to participate**

54. The Company recognizes the occurrence of a situation in which citizens of a country (for example, the United States or Great Britain) that has imposed and (or) imposes Sanctions on the Object of sanctions are officials or Employees of the Company. In this case, such officials or Employees may be prohibited in accordance with their national legislation from taking part in Prohibited Activities and, in this regard, they have the right to voluntarily refuse to participate in such activities.

55. Officials and Employees are obliged to monitor and make sure on an ongoing basis that they are not Obligated persons.

56. An obligated person has the right to completely refuse to consider and participate in Prohibited Activities in all its forms and by any means by providing a Notice of Refusal to participate.

57. The following procedure is established for the provision of Notifications of Refusal to participate by officials and Employees:

1) a member of the Board of Directors, who is/becomes an Obligated person, sends to the Corporate Secretary of the Company via the electronic document management system or by e-mail to his e-mail address a Notice of Refusal to participate, filled in according to the form in accordance with [Annex 1](#) to the Regulations. The Corporate Secretary of the Company registers the received Notification and submits it for review to the Chairman of the Board of Directors of the Company. This Notification is kept by the corporate secretary of the Company, a copy of the received Notification is sent by him to the responsible business unit;

2) a member of the Management Board of the Company, who is/becomes an Obligated person, sends a Notice of Refusal to Participate to the Secretary of the Management Board of the Company via the electronic document management system or by e-mail to his email address, filled out in accordance with [Annex 1](#) to the Regulations. The Secretary of the Management Board of the Company registers the received Notification and transmits it to the General Director (Chairman of the Management Board) of the Company for review. This Notification is kept by the Secretary of the Management Board of the Company, a copy of the received Notification is sent by him to the responsible business unit;

3) The employee, who is an Obligated person, provides the supervising manager with an electronic document management system or by e-mail to his e-mail address a Notice of Refusal to participate, filled in according to the form in accordance with [Annex 1](#) to the Regulations. The supervising head, after reviewing this Notification, transfers it to the responsible business unit for registration and storage. A copy of the received Notification is transmitted by the supervising head to the personnel service and stored in the Employee's personal file.

58. At least 1 (one) time per year, the responsible business unit sends an e-mail to all Employees whose citizenship differs from the citizenship of the country in which they carry out their work. At the same time, the email must contain a requirement for such Employees to provide information about their citizenship or confirm their citizenship.

59. If an Employee who is an Obligated Person cannot perform some of his functions and (or) work duties assigned to him in relation to Prohibited Activities due to his Refusal to participate in such activities, his supervising supervisor or another person who is a superior

supervisor must appoint another official/an employee (with the exception of members of the Company's Board of Directors) who is not an Obligated person to perform such work duties in accordance with the requirements of applicable labor legislation. At the same time, the redistribution of the powers of the person Bound by the obligation may be carried out by other Employees who are citizens of a country that does not prohibit participation in such activities.

60. An obligated person has the right, in accordance with the established procedure, to apply to the responsible business unit of the Company and (or) the Working Group with a request for information on what activities may relate to Prohibited Activities, taking into account national legislation and the citizenship of the Employee.

## **§2. Meetings of the Company's Board of Directors and other collegial meetings**

61. If a matter related to the Object of sanctions is submitted to the Board of Directors of the Company, the initiator describes it in an explanatory note and indicates the sanctions risks for the Company with the conclusion of the Working Group and/or an independent consultant attached.

62. A member of the Board of Directors of the Company who is a Bound person, having considered the materials submitted for consideration by the Board of Directors of the Company, has the right to declare a voluntary Refusal to participate if, in his reasonable opinion, participation in a meeting of the Board of Directors of the Company on an issue related to the Object of sanctions, or making a decision on this issue will be for him Prohibited activity.

63. If a member of the Board of Directors of the Company sends a Notice of Refusal to participate in any Prohibited Activity, there is no need for such a person to take any further action in relation to the appropriate consideration of the issue related to the Object of sanctions, and such a person is considered exempt from participation in the relevant Prohibited Activity.

64. At a meeting of the Company's Board of Directors, the Obligated Person must announce that he/she has been refused Participation, after which he/she has the right to leave the meeting during consideration of such an issue and discussions on it. Other members of the Company's Board of Directors should not discuss any Prohibited Activities with those members of the Company's Board of Directors who have voluntarily refused to participate.

65. The minutes of the meeting of the Board of Directors of the Company should reflect the Refusal to participate and the departure from the meeting of the member of the Board of Directors of the Company who has declared Refusal to participate, as well as the return of such persons to the meeting, if any, after the consideration of issues and discussions on them related to Prohibited Activities have been completed in all aspects.

66. If the Prohibited Activity as a whole makes it impossible for a member of the Board of Directors of the Company who has declared his Refusal to participate to fully exercise his powers and effectively perform the duties assigned to him, such a person should consider the need for early termination of his powers as a member of the Board of Directors of the Company.

67. Meetings of the Company's Management Board and other meetings, working meetings, meetings with the participation of Obligated Persons, at which Prohibited Activities should be discussed, are held according to the procedure specified in this paragraph.

## **7. REPORTING AND INTERACTION**

68. The responsible business unit monitors and records the inspections carried out regarding Counterparties, Contracts for the distribution of Sanctions.

69. The responsible business unit interacts with the SJCO in order to ensure a uniform approach and uniform practice of applying the provisions of the Regulations, as well as the exchange of information and the collection of reports of inspections.

## 8. RESPONSIBILITY

70. Officials and Employees are personally responsible for:

- 1) compliance and fulfillment of the requirements of the Regulations by them;
- 2) familiarization and understanding of the prohibitions and restrictions under the Sanctions that apply to them by virtue of their nationality, including the resulting right to voluntarily refuse any participation in Prohibited Activities.

71. The initiator of the contract is responsible for:

- 1) conducting a sanctions check of the Counterparty and (or) the Contract in accordance with the requirements of the Regulations;
- 2) request from the Counterparty data about the Counterparty and information regarding the goods (services, works) that are the subject of the Contract, in accordance with the requirements of the Regulations;
- 3) timely sending, if necessary, requests to the responsible business unit to conduct an audit of the Counterparty and (or) the Contract.

72. The responsible business unit is responsible for:

- 1) collection, monitoring, analysis and distribution on a quarterly basis to the Initiators of contracts or posting on the corporate information portal of the Company information on current and planned Sanctions, explanations of Sanctions authorities, lists of Sanctioned persons, Sanctioned countries and Sanctioned goods, with a description of sanctions restrictions, permits and risks related to the scope of the Company;
- 2) verification of Counterparties, Contracts in accordance with the requirements of the Regulations;
- 3) maintaining a register of received requests, conducted sanctions checks;
- 4) storage of Counterparty dossiers for a specified period;
- 5) maintaining the relevance of the Regulations and ensuring its effective application.

## 9. REFERENCES\*

[1]	The sanctions policy of KazMunayGas NC JSC approved by the decision of the Board of Directors of KMG (minutes of the meeting dated September 7, 2022 No. 17/2022)
[2]	<a href="#">The Corporate Governance Code</a> approved by the decision of the General Meeting of Shareholders of the Company (Minutes No. 3/2016 dated May 27, 2016)
[3]	<a href="#">Policy</a> on the corporate risk management system of KazTransOil JSC, approved by the decision of the Board of Directors of the Company (Minutes of the meeting dated November 20, 2017 No. 10/2017)
[4]	<a href="#">Rules</a> for the organization of the process of managing production and non-production risks of KazTransOil JSC, approved by the decision of the Board of Directors of the Company (minutes of the meeting dated November 20, 2017 No. 10/2017)

\*When using the Regulations, it is advisable to check the validity of the reference documents. If the reference document is replaced (changed), then when using the Regulations,

the replaced (changed) document should be guided. If the reference document is canceled without replacement, the provision in which the reference to it is given applies in the part that does not affect this reference.

## 10. ANNEXES

<a href="#">Annex 1 (required)</a>	Form of notification of refusal to participate
<a href="#">Annex 2 (required)</a>	Counterparty Questionnaire Form
<a href="#">Annex 3 (required)</a>	Composition of the Counterparty's dossier
<a href="#">Annex 4 (required)</a>	Form of the report on the verification of the Counterparty and (or) the Contract
<a href="#">Annex 5 (recommended)</a>	Sanctions clauses

### Annex 1 (required)

*Chairman of the Board of Directors /  
General Director (Chairman of the Management Board)/  
Supervising manager  
(specified in accordance with §1, Section 6, of the Regulations)  
(Surname, initials of the name and patronymic (if any))*

### Notification of refusal to participate

Dear(s) \_\_\_\_\_,

I hereby notify you that I refuse to participate in Prohibited Activities in full, as defined in the Regulations for the Sanctions Risks Management of KazTransOil JSC (hereinafter referred to as the Regulations), which otherwise, as one might expect, I will have to perform by virtue of my position and the duties assigned to me.

For the avoidance of doubt, this Refusal to Participate, as defined in the Regulations, comes into force from the date of this Notification and applies to the entire scope of Prohibited Activities that I am prohibited from carrying out in accordance with the Sanctions of my State (\_\_\_\_\_ (specify the name state)), as defined in the Regulations of which I am a citizen, at the appropriate time.

I would be grateful if you would ensure that the management of KazTransOil JSC, which has not declared a Refusal to participate in these activities, as provided for in the Regulations, entrusted the performance of Prohibited Activities that I would otherwise have to perform to other relevant employees of KazTransOil JSC. (*this paragraph does not apply to Notifications of refusal of participation of members of the Board of Directors of the Company*).

I would be grateful if you confirm your agreement with this Notification by ensuring that this Notification is signed by KazTransOil JSC.

With respect,

---

(signature, first name, patronymic (if any), last name (written in full))

\_\_\_\_\_  
(position)

Date: \_\_\_\_\_ 20\_\_\_\_

Read by:

\_\_\_\_\_  
(signature, initials, surname of the manager to whom this Notification is provided)

\_\_\_\_\_  
(position)

**Annex 2**  
(required)

**COUNTERPARTY QUESTIONNAIRE**

**SECTION A: General information**  
(to be filled in by the Counterparty)

<b>Name of the legal entity</b>	Business Identification Number (BIN) or other identification number (for foreign companies):
<b>Surname, first name, patronymic of an individual</b>	Individual identification number (IIN; for individuals):
<b>Trademark</b>	
<b>Legal address</b>	City Postal code
<b>Address of the actual location</b>	City Postal code
<b>Country</b>	District / Region
<b>Phone</b>	Fax
<b>E-mail</b>	Company's Internet resource
<b>Date and place of registration</b>	
<b>Core activity</b>	
<b>Full name of the First Head (for legal entities)</b>	
<b>Full name of the Chief Accountant (if applicable)</b>	
<b>Name of the servicing bank (specify the bank where the account will be indicated in the details for making payments with KazTransOil JSC)</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 beneficial owners

**First Head/Governance/ Supervisory Board/ 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 your company (Counterparty of KazTransOil JSC) and/or its shareholders, founders, participants, other beneficial owners and/or members of the Board of Directors/the Supervisory Board of the company and/or the Management Board of the company and/or the first head of the company at the moment (or in the last five years) under the influence of economic sanctions? (In case of a positive response, it is necessary to provide full information about the economic sanctions against the company and/or the specified person, the body that imposed the sanctions)**

**NO YES** Provide additional information:

**Does your 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 KazTransOil JSC?**

**NO YES.** Provide the name/full name and 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:

**Does your company check its subcontractors and/or individuals who are not employees of the company for the presence of sanctions restrictions against these persons?**

**NO YES.** Provide additional information:

**Are there subcontractors that you plan to involve in the fulfillment of obligations under the contract concluded/concluded with KazTransOil JSC, as well as their subsidiaries, branches, partnerships or joint ventures (if any) and/or their shareholders, founders, participants, other beneficial owners and/or individuals who are members of the Board of Directors/the Supervisory Board of the subcontractor company and/or the Management Board of the subcontractor company and/or the first head of the subcontractor company and/or other individuals involved in the performance of obligations under the concluded agreement/the agreement concluded with KazTransOil JSC at the moment (or over the past five years) under the influence of economic sanctions? (In case of a positive response, it is necessary to provide full information about the economic sanctions against the company and/or the specified person, the body that imposed the sanctions)**

**NO YES.** Provide additional information:

**First Head or other authorized person:**

**Signature:**

**Date:**

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

**Annex 3**  
(required)

**Composition of the Counterparty's dossier**

Copies of the counterparty's documents listed below must be certified with an authentic seal of the Counterparty 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 first head/authorized person of the legal entity or personally an individual entrepreneur) or notarized.

*For legal entities:*

- 1) completed Counterparty Questionnaire;
- 2) a copy of the certificate of a registered legal entity, branch or representative office, indicating the owners (shareholders/participants) of this legal entity, received no more than 14 (fourteen) calendar days before the date of submission of the Questionnaire, or for foreign legal entities an extract from the commercial register indicating the owners (shareholders/participants) of this legal entity persons received no more than 14 (fourteen) calendar days before the date of submission of the Questionnaire;
- 3) a copy of the certificate of participation of a legal (natural) person in other legal entities, received no more than 14 (fourteen) calendar days before the date of submission of the Questionnaire (if applicable);
- 4) a copy of the Counterparty's certificate of registration with the tax authority (if applicable);
- 5) a copy of the charter with a stamp on its registration (taking into account all changes and/or additions to the charter);
- 6) extract from the decision of the Counterparty's body on the appointment of members of the Board of Directors/The Supervisory Board/The Management Board/the first head and/or internal orders of the counterparty related to the appointment of these persons and the chief accountant (if applicable);
- 7) copies of licenses and certificates in accordance with the types of activities within which the Counterparty's interaction with the Company will be carried out (if applicable);
- 8) notification of the Counterparty's use of the simplified taxation system issued by the relevant tax authority (if applicable);
- 9) an information letter from the tax authority about the Counterparty's open accounts with banks (if applicable) or another document confirming information about the Counterparty's open accounts with banks.

*For individuals:*

- 1) completed counterparty Questionnaire;
- 2) a copy of the identity document of an individual;
- 3) a copy of the document confirming the registration of an individual as an individual entrepreneur (if applicable);
- 4) a copy of the certificate of participation of an individual in legal entities, branches and representative offices, received no more than 14 (fourteen) calendar days before the date of submission of the Questionnaire, or another document disclosing information about the participation of an individual in legal entities, branches and representative offices (extract from the trade register indicating the owners (shareholders/participants), etc.), received no more than 14 (fourteen) calendar days before the date of submission of the Questionnaire;

5) a copy of the document on registration of the Counterparty with the tax authority (if applicable);

6) copies of licenses and certificates in accordance with the types of activities within which the Counterparty will interact with the Company (if applicable);

7) notification of the Counterparty's use of the simplified taxation system issued by the relevant tax authority (if applicable);

8) an information letter from the tax authority on open accounts with banks (if applicable) or another document confirming information about the Counterparty's open accounts with banks.

**Annex 4**  
(required)

**REPORT ON THE VERIFICATION OF THE COUNTERPARTY AND (OR)**  
**CONTRACT NO. \_\_\_\_\_**

Date: _____ 20__	
The basis for the inspection (conclusion of a contract/agreement/scheduled inspection/ inspection on request)	
Application number	
<b>General information about the Counterparty</b>	
Name	
Organizational and legal form	
Identification number	
Country	
Legal address (city, street, house/building number, office)	
Beneficial owners, Shareholders, members of the Board of Directors/Supervisory Board/Management Board/ First Head (Full name)	
Name of the Counterparty's bank	
Counterparty's Internet resource (if available)	
<b>Verification results</b>	
<b>Presence of the Counterparty in the sanctions lists:</b>	
<b>Yes</b>	<b>No</b>
<b>The presence of the bank specified by the Counterparty in the contract/draft contract in the sanctions lists:</b>	
<b>Yes</b>	<b>No</b>
<b>Availability of the goods supplied (sold) Counterparty/to the counterparty under the contract/draft contract in the sanctions lists:</b>	
<b>Yes</b>	<b>No</b>
<b>Sanctions restrictions identified in relation to the Counterparty:</b> (indicating the sanctions restrictions, the body that adopted them)	
<b>Sanctions permits identified in relation to the Counterparty:</b> (indicating the permits, the body that accepted them)	
The Company has licenses (permits) of the sanctioning body for interaction with the	

Counterparty: (indicating the authority that issued the license (permit) and the date of their issuance)		
<b>Other detected risk factors</b> (if applicable):		
<b>Assigned risk level</b>		
Green	Yellow	Red
Head of the responsible business unit	_____ (signature)	First name initial, last name
Verification employee	_____ (signature)	First name initial, last name

**Annex 5**  
(recommended)

**Sanctions clauses**

1. The Parties conclude this Agreement on the basis of the Contractor's guarantees and relying on them in good faith. The Contractor guarantees that:

1.1.1 neither the Contractor, nor its affiliates, nor all shareholders of the Contractor are included in the sanctions list of the European Union, and (or) the UK, and (or) in the sanctions lists of SDN (Specially Designated Nationals and Blocked Persons List), CAPTA (List of Foreign Financial Institutions Subject to Correspondent Account or Payable-Through Account Sanctions), NS-MBS (Non-SDN Menu-Based Sanctions List), Administered by the Office of Foreign Assets Control of the U.S. Treasury Department (Office of Foreign Assets Control of U.S. Department of the Treasury), as well as any other sanctions list with extraterritorial effect;

1.1.2 the conclusion of this Agreement and/or its execution by the Contractor does not entail violation of the sanctions specified in subparagraph 1.1.1 of this paragraph;

1.1.3 on the date when the Contractor is obliged to fulfill the relevant obligation under this Contract and until the date of its actual fulfillment in accordance with this Contract - the Contractor's accounts, including own and correspondent accounts, used for making payments under this Contract, are in banks or financial institutions, which are not included in the Consolidated List of persons, groups and entities subject, under EU Sanctions, to an asset freeze and the prohibition to make funds and economic resources available to them and/or Consolidated List of financial sanctions targets of the Office of Financial Sanctions Implementations in the UK, and/or SDN (Specially Designated Nationals and Blocked Persons List), CAPTA (List of Foreign Financial Institutions Subject to Correspondent Account or Payable-Through Account Sanctions), NS-MBS (Non-SDN Menu-Based Sanctions List), Office of Foreign Assets Control of US Department of the Treasury);

1.1.4 the person(s) signing this Agreement on behalf of the Contractor are not included in the sanctions list of the European Union and (or) the United Kingdom, and (or) in the SDN (Specially Designated Nationals and Blocked Persons List), CAPTA (List of Foreign Financial Institutions Subject to Correspondent Account or Payable-Through Account Sanctions), NS-MBS (Non-SDN Menu-Based Sanctions List), Office of Foreign Assets Control of U.S. Department of the Treasury), as well as any other sanctions list with extraterritorial effect.

1.2 If any of the Contractor's warranty turns out to be false, unreliable and (or) inaccurate, the Contractor is obliged to compensate the other Party for direct and/or indirect losses incurred

as a result of or in connection with the unreliability or inaccuracy of such Contractor's warranty, no later than 10 (ten) business days from the date of receipt of the other Party's claim. At the same time, the Customer has the right to terminate this Agreement unilaterally.

1.3 If, after the Date of conclusion of this Agreement, any new Sanctions Act is adopted or changes are made to any existing Sanctions Act, or by virtue of an official explanation or decision of the competent state authority of the relevant jurisdiction, the scope of application of the current Sanctions Act ("New Sanctions") expands or otherwise changes, and such New Sanctions:

1.3.1 according to a reasonable and reasonable conclusion, the Parties may make it impossible and/or significantly complicate the performance by the other Party of its obligations under this Agreement;

1.3.2 have led or may lead to the impossibility for such a Party to obtain long-term access to sources of financing and (or) direct and/or indirect losses for the Party (according to their reasonable conclusion);

1.3.3 caused or may cause a violation or a stop in the supply of products/services;

1.3.4 will entail violations of obligations (covenants) of any of the Parties contained in significant credit agreements of any of the Parties, compliance with which is impossible and/or significantly hampered by New Sanctions;

1.3.5 caused a downgrade of the credit rating of such a Party or there is a possibility of such a downgrade, confirmed in writing by the relevant rating agency (together - the "Consequences of New Sanctions"), such a Party undertakes to immediately notify the other Party in writing within 15 (fifteen) calendar days of sanctions on it;

1.4 No later than 15 (fifteen) calendar days from the date of Notification of Sanctions, the Parties will hold a meeting(s)/negotiations to discuss in good faith and agree on their positions regarding the potential effect of New Sanctions on the Parties' fulfillment of their obligations under this Agreement, as well as on possible legal and reasonable measures to prevent or possibly reduce such negative impact of New Sanctions, including amendments to this Agreement, obtaining permits/licenses from the competent state authority of the relevant jurisdiction ("Good Faith Negotiations"),

1.5 If the Parties reach a mutually acceptable solution based on the results of Good Faith negotiations, the Parties will make reasonable efforts to implement the measures agreed upon by them within 15 (fifteen) calendar days, or within another period agreed upon by them, measures may be implemented to exclude the violation of New Sanctions or their application to the execution of this Agreement by the Parties.

1.6 If the Parties fail to reach an agreement after the expiration of the period after the first day of Bona Fide negotiations, any Party has the right at any time to send to the Party to which New Sanctions are applied or against which New Sanctions have Arisen that have led to the Consequences of New Sanctions (the "Prohibited Party") a notification of failure to reach an agreement ("Notification of failure to reach an agreement"). In case of sending such a Notification of failure to reach an agreement, the Party has the right to terminate this Agreement unilaterally and demand compensation for direct and/or indirect losses incurred.

1.7 Without limiting the above provisions, the Parties agree that if the implementation of any payments under this Agreement in US dollars or in Russian rubles becomes illegal for the Customer, impossible or, by mutual agreement of the Parties, otherwise impractical due to New Sanctions, the provisions of paragraph 1.8 of the Sanctions Clauses shall be applied as a priority, provided that, in the reasonable opinion of the Parties, making a payment in an alternative currency allows the Parties to avoid the Consequences of New Sanctions, and in this case, the provisions of paragraphs 1.5 and 1.6 of the Sanctions Clauses are not subject to application.

1.8 The Parties hereby confirm and agree that, taking into account the uncertainty in the international banking system, if at any time the execution of any payments under this Agreement in US dollars or in Russian rubles becomes illegal, impossible or, by mutual agreement of the Parties, otherwise impractical for the Contractor, the Customer undertakes to notify the Contractor about in writing, and the Parties jointly agree in writing on the alternative currency in which such payment will be made (specify the currency agreed by the Parties) ("Alternative Currency"), and the bank account details of the Recipient Party of such payment, the Parties undertake to provide each other with all necessary and reasonable assistance for the successful payment in the agreed currency.

1.9 Unless otherwise specified in this Agreement, if any amounts contained in this Agreement for which payments or settlements are to be made are specified, calculated or determined (including in the case of the application of paragraph 1.8 of the Sanctions Clauses in tenge, in rubles or in another currency, the Parties agree that for for the purposes of making such payments or settlements in US dollars, these amounts will be converted into US dollars at the exchange rate of the National Bank of the Republic of Kazakhstan on the date of the corresponding payment or settlement (the date to which the payment or settlement is linked) or, if the National Bank of the Republic of Kazakhstan does not publish information on the exchange rates of the relevant currencies on its website ([www.nationalbank.kz](http://www.nationalbank.kz)), according to the exchange rate of the Central Bank of the Russian Federation, on the date of the corresponding payment or settlement (the date to which the payment or settlement is linked).