

## Petroleum Products Market. ABOUT THE CURRENT ACTIVITIES OF PETROSUN LLP

Almaty  
20 July 2023

In response to publications about allegedly unjustified refusals by PETROSUN LLP to sell petroleum products to fuel filling station networks and the sale of fuels to only a small number of selected counteragents, the company reports the following.

### 1. Priority supply of diesel fuel.

Since August 2022, due to an acute shortage of diesel fuel in the domestic market of the Republic of Kazakhstan, the competent body in the field of oil products turnover – the Ministry of Energy at meetings on providing the market with diesel fuel to resource holders (including PETROSUN LLP) recommended to perform delivery to retail trading entities – fuel filling stations. The minutes of the meeting of the First Deputy Prime Minister of the Republic of Kazakhstan also mentioned the priority diesel fuel supply to agricultural producers and the need to sell the bulk of diesel fuel to fuel filling stations.

All measures taken by the Government of the Republic of Kazakhstan to stabilize the market (implemented, among others, by PETROSUN LLP) and recommendations had a positive impact on providing the domestic market with diesel fuel. This made it possible to exclude intermediaries and make full use of petroleum products produced by the country's three major refineries for their intended purpose – to the direct consumer.

The practice of delivery to direct consumers later (since March 2023) was reflected in the Law "On State Regulation of Some Oil Products Types Production and Turnover". In connection with the innovations in the legislation and to simplify the control over the diesel fuel flow, three major refineries of the Republic of Kazakhstan have introduced two new PIN codes for diesel fuel for delivery to fuel filling stations and agricultural producers. PETROSUN LLP also introduced relevant requirements into its Regulations for Accepting Requests for Oil Products Purchase available to the public on the company's website.

### 2. Petroleum products sales to a small number of selected counteragents on the best terms.

The procedure for PETROSUN LLP oil products supply is regulated by the External Act of Antimonopoly Compliance of a market entity (hereinafter the Compliance) operating in the commodity market of the Republic of Kazakhstan for the sale of petroleum products, adopted in 2021. The document was positively reviewed by the Agency for Protection and Development of Competition of the Republic of Kazakhstan.

According to the Compliance, PETROSUN LLP meets the needs of the following market participants on a priority basis (consumer shares are based on the results of H1 2023):

- Operators – agricultural producers, to whom up to 25% of all PETROSUN diesel fuel resources were supplied in H1 2023 for the effective period of the **State Program for cheaper diesel fuel supply for the spring field campaign** (effective from February to November). As part of the program, PETROSUN LLP will supply 64% of the total volume of diesel fuel intended for the spring field campaign across the country. At the same time, the allocation of cheaper diesel fuel to agricultural producers is not within the competence of PETROSUN LLP, but is **carried out by local executive bodies**.

- Up to 10% of diesel fuel was supplied to the needs of locomotive divisions of JSC KTZ-Freight Transportation according to monthly Supply Plans approved by the Ministry of Energy of the Republic of Kazakhstan. The selection of a counteragent for deliveries for locomotive divisions is also not within the competence of PETROSUN LLP, but is determined by JSC KTZ-Freight Transportation independently, according to the public procurement procedures.
- Buyers at exchange auctions (according to monthly Supply Plans approved by the Ministry of Energy of the Republic of Kazakhstan). At the same time, for PETROSUN LLP from January 2023, the sale of diesel fuel at the exchange is not provided for by the Supply Plans of the Ministry of Energy of the Republic of Kazakhstan.
- For fuel filling stations located in two and more regions, up to 40% of diesel fuel was supplied, including the supply of the product imported by the company on its own from the Russian Federation. From among the counteragents of PETROSUN LLP, fuel filling station networks that meet the above requirement include the following: Helios LLP, Sinooil LLP, Royal Petrol LLP, QazaqOil LLP (Petroretail LLP), GazEnergy LLP (Avtogas Trade LLP) and Gazpromneft LLP.
- Up to 2% of diesel fuel was supplied to industrial consumers that are backbone enterprises.
- The remaining 23% of the company's total diesel fuel resources upon the results of H1 2023 were supplied to meet the needs of other market players, including through sales through regional oil bases.

**It is necessary to mention that more than 86% of all fuel filling stations operating in the country are provided with PETROSUN LLP's resources.**

### 3. Constant refusals to requests for oil purchase.

The company is not the only resource holder in the oil products market. In addition to PETROSUN, a number of other organizations carry out similar activities. However, due to the most attractive price at the petroleum products market, PETROSUN LLP receives the main number of requests for the purchase of oil products, while the company's resources are limited. The company, with all its desire and intention, cannot meet the needs of all entities of the petroleum products market. To confirm the latter, we provide the statistics from January to June 2023:

- requests for diesel fuel purchase were received for the volume of 4.1 million tons;
- the total volume of diesel fuel produced by the refineries during that period for PETROSUN LLP amounted to about 1.3 million tons.

Obviously, it does not appear possible to satisfy the needs of all those applying to PETROSUN LLP for the purchase of diesel fuel.

### 4. Nontransparent illegal activity of the company.

The Agency for Protection and Development of Competition of the Republic of Kazakhstan (APDC) on an ongoing basis monitors the activities of PETROSUN LLP as a market entity taking a dominant position in the petroleum products market.

From January to June 2023, the APDC, territorial departments of the Prosecutor General's Office and the Financial Monitoring Agency initiated, conducted and continue to conduct inspections and investigations in the company.

All norms, conditions and rules of activities on petroleum products sale of PETROSUN LLP are published on the company's website and are uniform for all market participants without exception.

PETROSUN LLP encourages all those who are interested in the company's activities, should they have any questions, to contact official sources of information or directly the company. For publication in mass media and on any kind of public platforms of information that does not correspond to reality, PETROSUN LLP reserves the right to take legally prescribed measures to protect its rights and dignity.