# Information about external auditor of Tau-Ken Samruk JSC

1. **Audit services**

Ernst & Young LLP audited Tau-Ken Samruk JSC from 2009 up to 2015. Grand Thornton LLP is an auditor of Tau-Ken Samruk JSC from 2016.

External auditor remuneration:

|  |  |  |
| --- | --- | --- |
| **Period** | **Services** | **Remuneration, with VAT,**  **tenge** |
| 2009 | Audit of Annual Financial Statement | 3,290,000 |
| 2010 | Audit of Annual Financial Statement | 2,744, 000 |
| 2011 | Audit of Annual Financial Statement | 2,676,800 |
| 2012 | Audit of a Separate Financial Statements and  Consolidated Financial Statement | 3,073,000 |
| 2013 | Audit of Annual Financial Statement and review of Semi-Annual Separate and  Consolidated Financial Statement | 9,490,000 |
| 2014 | Audit of Annual Financial Statement and review of Semi-Annual Separate and  Consolidated Financial Statement | 9,490,000 |
| 2015 | Audit of Annual Financial Statement and  review of Semi-Annual Separate and Consolidated Financial Statement | 9,490,000 |
| 2016 | Audit of Annual Financial Statement and review of Semi-Annual Separate and  Consolidated Financial Statement | 6,357,266 |
| 2017 | Audit of Annual Financial Statement and review of Semi-Annual Separate and  Consolidated Financial Statement | 6,498,044 |
| 2018 | Audit of Annual Financial Statement and review of Semi-Annual Separate and  Consolidated Financial Statement | 7,061,165 |
| 2019 | Audit of Annual Financial Statement and review of Semi-Annual Separate and  Consolidated Financial Statement | 20,751,360 |
| 2020 | Audit of Annual Financial Statement and review of Semi-Annual Separate and  Consolidated Financial Statement | 22 204 000 |
|  |  | **103 125 635** |

# Non-audit services

Remuneration to Ernst & Young Kazakhstan LLP (2009 to 2015) and Grand Thornton LLP (from 2016) for training and consulting services:

|  |  |  |
| --- | --- | --- |
| **Period** | **Services** | **Remuneration, with VAT, tenge** |
| 2009 | - | - |
| 2010 | Training | 2,584,012.48 |
| 2011 | Training | 1,043,526.40 |
| 2012 | Training | 1,514,027.20 |
| 2013 | Training | 1,550,920.00 |
| 2014 | Training | 1,275,232.00 |
| 2014 | Consulting | 246,400.00 |
| 2015 | Training | 3,541,899.60 |
| 2016 | Training | 0.00 |
| 2017 | Training | 0.00 |
| 2018 | Training | 0.00 |
| 2019 | Training | 0.00 |
| 2020 | Training | 0.00 |
|  |  | **11,756,017.68** |

Remuneration to Ernst & Young – Consulting Services for consulting services:

|  |  |  |
| --- | --- | --- |
| **Period** | **Services** | **Remuneration, with VAT, tenge** |
| 2009 | - | - |
| 2010 | - | - |
| 2011 | - | - |
| 2012 | - | - |
| 2013 | Consulting | 24,864,000.00 |
| 2014 | Consulting | 9,300,000.00 |
| 2015 | Consulting | 8,999,000.00 |
| 2016 | Consulting | 0.00 |
| 2017 | Consulting | 0.00 |
| 2018 | Consulting | 0.00 |
| 2019 | Consulting | 0.00 |
| 2020 | Consulting | 0.00 |
|  |  | **43,163,000.00** |

# External Audit Policy

Tau-Ken Samruk JSC (hereinafter – the Company) engages audit services in compliance with the External Audit Policy approved by the Board of Directors of Tau-Ken Samruk JSC June 2, 2015 (protocol №06/15). The main provisions specified in the Policy, enable the Company to engage auditors for obtaining certain audit and non-audit services with no prejudice to the auditor’s impartiality or independence, therewith, avoiding the conflict of interests.

# Auditor selection procedure

To ensure audit of annual and interim financial statements together with the auditor’s review of the operational results for the annual reporting period and follow-up activities in accordance with the legislation of the Republic of Kazakhstan, the Company in the prescribed manner goes through the two-stage procedure based on the Auditor Selection Rules developed by the Fund and its own internal documents.

The first stage provides for the following procedures:

1. Accounting Department develops a draft contract and technical specifications for auditing and the list of related services;
2. The Committee approves the draft contract and technical specifications for auditing and the list of related services;
3. Based on the approved draft contract and technical specifications for auditing and the list of related services, the Committee approves the application for participation in the Selection Procedure;
4. Accounting Department publishes an announcement on Selection Procedure to be held on the Company’s website and mass-media, specifying the name, email and post addresses of the Company; scope of audit services; draft confidentiality agreement; location and the way application soft copy can be submitted; location and deadline for application submission, procurement amount;
5. Accounting Department provides the applications for participation in the Selection Procedure to the potential Participants based on the official request upon signing confidentiality agreement;
6. Next, the Parties submit to the Accounting Department a formal proposal for the provision of Services as specified in the Application for Participation in the Selection Procedure;
7. Accounting Department shall record the proposals from the participants into the Register of auditing proposals from the organizations applying for audit services procurement contracting and taking part in the selection procedure;
8. The Committee considers formal proposals from the Participants and based on the review results, fills in the standard Evaluation Sheets for each Participant, scoring from 1 to 5 for each evaluation criterion, where the worst result is estimated as 1, and the best result is estimated as 5;
9. Accounting Department calculates total scores for each Participant, and then the Participants are ranked number first, second and third based on the scores;

The second stage provides for the following consecutive steps:

1. Accounting Department schedules meetings of the Committee with the first, second and third ranked Participants for their oral presentations;
2. based on the results of these meetings with Participants, members of the Committee fill in the preliminary Evaluation Sheets for each participant again, scoring from 1 to 5 for each evaluation criterion, where the worst result is estimated as 1, and the best result is evaluated as 5. In the Evaluation Sheet, the members of the Committee specify the Participants ranked the first, second and third. The winner is the Participant with the highest number of votes of the Committee members present at the meeting. In case of equality of votes, the vote of Chairman of the Committee is casting;
3. Accounting Department protocols the results of the Procedure within 10 calendar days after the Committee meeting;
4. the results of the selection Procedure shall be sent to the Participants within 10 working days after the meeting of the Committee;
5. The Committee’s recommendations are forwarded by the Accounting Department to the Company’s Audit Committee;
6. The Audit Committee generates recommendations to the Company’s Board of Directors regarding the amount of remuneration for external auditor services;
7. The Board of Directors forwards recommendations on remuneration for external auditor services to the Sole Shareholder.

Based on the decision of the Sole Shareholder, the Local Content Development and Procurement Service concludes a procurement contract.

The main criteria for Auditor selection are:

1. Quality of services.

The Auditor’s quality of services are characterized by the following factors:

* 1. Qualification of the Auditor’s staff;
  2. International experience alongside work in Kazakhstan;
  3. Rapidness of services;
  4. Expertise in the industry;

1. Cost of services.

# Classification of non-audit services

The Company believes that certain services not related to audit as well as the level of remuneration for non-audit services paid to the Auditor may lead to the conflict of interests or actual either possible impartiality.

The Auditor’s potential services are classified as follows:

Category А: non-audit services that may affect the independence of the Auditor’s current obligations and may be rendered by the Auditor in compliance with the Law of the Republic of Kazakhstan On Auditing and provisions of the Accountant’s Code of Ethics and Professional Conduct.

Category B: non-audit services that will lead to impartiality of the Auditor’s current obligations and are prohibited under the Law of the Republic of Kazakhstan On Auditing alongside other limitations provided by the Accountant’s Code of Ethics and Professional Conduct.

A-Category services can be rendered by the Auditor conducting a compulsory audit in accordance with the Law of the Republic of Kazakhstan On Auditing.

Provision of B-Category services is limited based on the Law of the Republic of Kazakhstan On Auditing. In this regard, an external auditor is prohibited to make an audit:

1. if a customer is the company owned or financed by this audit organization or its employees carrying out the audit;
2. to an organization with whom a contract of civil liability insurance was signed;
3. on their core activities on reconstruction of financial accounts, maintenance of accounting and preparation of financial statements for the last three years;
4. if staff who carries out an audit are employed by the company or close relatives of the company’s officers, shareholder (participant), who owns ten and more percent of the Company’s shares (or participation shares in Equity);
5. if staff who carries out an audit have private property interests in the Company;
6. if the auditing company has financial liabilities to the Company or the Company has financial liabilities to the auditing company, except for the audit related;
7. in cases implicating a conflict of interests or creating a threat of conflict of interests except for obligations arising out of concluded public contracts.

The Company shall not engage an Auditor carrying out a compulsory audit of the Company.

The Audit Committee will consider correctness of non-audit services classification, if the need

arises.

# A conflict of interest in non-audit services rendered by an Auditor

The Company shall assess the threat to independence of financial statements auditing as a

result of:

1. nature of services earlier rendered by this Auditor;
2. financial and business relations with this Auditor within or after the period of the financial statement.

In the event of failure or inability to prevent or minimize the threat of Auditor’s self-control to an acceptable level, the Company may not obtain financial statement audit services from such Auditor.

An Auditor may not render audit services in cases provided by the legislation of the Republic of Kazakhstan On Auditing.

Services rendered to the Company by an Auditor shall not violate the principles of impartiality and confidentiality that may result from:

1. the auditor’s joint ventures or similar associations, where major participants are competitors to the Company;
2. providing services by the auditor to the Company or other organizations, whose interests are in conflict or disputable on some issues, operations and problems.

# Project partner rotation

An external auditor and/or project partner of the Company responsible for preparation of an audit report shall be shifted at regular times.

The rotation period for the Company’s external auditor (i.e. the time period after which the Company should change the external auditor) is no more than 5 (five) consecutive years.

Succession plan to achieve this objective is to be prepared by the Auditor and submitted to the Audit Committee for consideration no later than one year before the rotation.

# Employment of the Auditor’s personnel by the Company

If the Company is intending to designate (elect) for the position of the Board Member, Managing Director or Chief Accountant of the Company a person currently participating in a compulsory audit as an employee of the Auditor or participated in a compulsory audit as the Auditor’s employee within two years prior to the date of his appointment (election) to the Company, prior approval of the Audit Committee is required on the proposed candidate to avoid conflict of interests.

# Interaction of the Company’s bodies with the external auditor

An external auditor communicates through the Audit Committee of the Company’s Board of Directors.

In the course of audit an external auditor works closely with the Audit Committee of the Board of Directors, Internal Audit Service, Accounting Department and other Company’s departments involved in the development of management judgments affecting financial statements.