

*Approved
by the decision of the Management Board
of Samruk-Kazyna JSC
dated December 27, 2016 (Minutes #46/16)*

**Auditor Selection Rules
for “Samruk-Kazyna” JSC and organizations which more than fifty percent of
the voting shares (interest) are directly or indirectly owned by “Samruk-
Kazyna” JSC on the right of ownership or trust management.**

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Definitions:

Auditor	an audit organization to be recommended to the Authorized body for appointment as the auditing firm of the Customer in compliance with the Law “On Joint Stock Companies” and / or Charters of the Customers, the procurement of services of which will be performed by the decision of the Authorized body from the single source in compliance with the Procurement Rules.
Subsidiary	a subsidiary organization of the Fund, Significant Company or Company determined as a subsidiary in accordance with IFRS 10.
Customer	the Fund, Significant Company or the Company in respect of which the Selection procedure is performed
Unified Commission	an advisory body of the Holding that conducts the Auditor Selection procedures for the Fund and the Significant Companies, including their subsidiaries, determined in the List, as set out in Section 2.2 hereof and provides recommendations to the Authorized body
Company’s Commission	Commission of the non-Significant Company, established for the purpose of selecting the Auditor for each of the Companies of the Holding according to Section 3 of the Procedure except for those companies Auditor selection for which is carried out by the Unified Commission;
Request for participation in the Selection procedure	the document provided to the Participant for the preparation of application for participation in the Auditor Selection procedure and containing all necessary and approved by the Unified Commission (the Company’s Commission) requirements, criteria, information about the conditions and the order of the Selection procedures to be conducted (Annex 1). Approved request for participation in the Selection procedure is subject to changes in order to repeat Selection procedures in case of taking an appropriate decision by the Unified Commission/ Company’s Commission;
Company	a national company or other legal entity, which more than fifty percent of the voting shares (interest) are directly or indirectly owned by the Fund on the ownership right or trust management and which is not Significant Company;
1st Level Company	national companies or other legal entities, which more than fifty percent of the voting shares (interest) are directly owned by the Fund on the ownership right or trust management;
Indirect ownership	belonging to each succeeding legal entity of more than fifty percent of the voting shares (interest) of another legal entity on the ownership right or trust management;
List	a list of Significant Companies; The List is subject for annual updates due to changes in the structure of the Fund’s assets. The List shall be updated annually prior to the Selection procedures carried out by the Unified Commission;
List of unreliable suppliers	systematic information about unreliable potential suppliers of the Holding;
Selection procedure	actions that carried out for Auditor selection for the Customer conducted in accordance with this Procedure;
Working Body	a structural division of the Fund, Significant Company or Company responsible for the organizational support of the Selection procedure in accordance with functional responsibilities;
Assets value	total assets in the consolidated financial statements of the Fund;
Significant Company	1st level Company defined by the Deputy CEO of the Fund responsible for financial reporting issues or by the Managing Director of the Fund, responsible for financial reporting based on the proposal of the Working Body.
Participant	an audit firm, which claims to sign a contract on procurement of audit services and takes part in the Selection procedure in accordance with this Procedure;
List of unreliable suppliers	Systematic information about unreliable potential suppliers (suppliers) of the Fund’s group.
Holding	the Fund, the Significant Companies and Companies.

1. General Provisions

This Auditor Selection Rules for Joint-Stock Company “Sovereign Wealth Fund “Samruk-Kazyna” (hereinafter – the Fund) and organizations which more than fifty percent of the voting shares (interest) are directly or indirectly owned by “Samruk-Kazyna” JSC on the ownership right or trust management (hereinafter – the Procedure) sets out the principles and describes the procedures for selecting the audit firm for the purpose of making recommendations to the relevant bodies of the Customers, authorized to appoint the auditing firm for the Customers in accordance with the applicable laws of the Republic of Kazakhstan and Charter of the Customers (hereinafter - the **Authorized body**).

This Procedure endows Audit Committees of Subsidiaries with broader authority for external auditor selection procedure as Subsidiaries accumulated solid practical experience of selecting external auditor since 2012. Accordingly, involvement of the Fund will be limited. Fund's representative participates as non-voting member of the selection commission. The Fund's participation in the auditor selection procedure is optional. The Fund participates in the selection procedure in order to communicate its needs and expectations from audit organizations.

The Procedure provides with the Auditor selection regularities to render the services for auditing the financial statement for the Customer preceding the procurement of audit firm services from a single source method in accordance with the provisions of the Procurement Rules for goods, works and services by Joint-Stock Company “Sovereign Wealth Fund “Samruk-Kazyna” and organizations which fifty or more percent of the voting shares (interest) are directly or indirectly owned by “Samruk-Kazyna” JSC on the ownership right or trust management approved by the decision of the Board of Directors of the Fund #80 dated May 26, 2012 (hereinafter - the **Procurement Rules**).

The provisions of this Procedure do not apply to the organizations which more than fifty percent of the voting shares (interests) are directly or indirectly owned by “Samruk-Kazyna” JSC on the ownership right or trust management incorporated outside the Republic of Kazakhstan.

This Procedure is designed in compliance with the laws of the Republic of Kazakhstan, the Fund's Charter, Procurement Rules and other internal documents of the Fund.

The selection of the Auditor shall be based on the following principles:

- 1) procurement of quality audit of financial statements and accompanying services;
- 2) transparency of selection process, control and responsibility for decisions taken;
- 3) absence of conflict of interest and adherence to independence;
- 4) effective expenditure of funds used for procurement of audit services;
- 5) providing equal opportunities to all the Participants;
- 6) fair competition among the Participants.

2. Unified Commission.

2.1. Powers and functions of the Unified Commission.

- 1) The Unified Commission shall determine the strategy of selection of the Auditor and implement Selection procedure for the Fund and each of the Significant Companies included in the List.
- 2) The Unified Commission shall conduct the Selection procedure among international audit firms with a global network of organizations and / or affiliates with the purpose to access to international experience in auditing financial statements and compliance with requirements of capital markets (stock exchanges). This List is determined and approved by the Unified Commission taking into account the suggestions of Significant Companies.
- 3) The Significant Companies included in the List and having Subsidiaries may apply to the Unified Commission with a reasoned request to carry out auditor Selection procedures for one or several subsidiaries with the purpose of selection of a single auditor for a total list of presented companies.
- 4) To implement the selection strategy of the Auditor, the Unified Commission shall be entitled to:
 - 1) determine the period for which the auditor is chosen for the Fund and each of the Significant Companies included in the List, including their subsidiaries. Auditor can be selected for a period not more than 3 years;
 - 2) combine the Fund and Significant Companies included in the List in order to conduct a common Selection procedures and the selection of a single Auditor for them. Combination of the Fund and Significant Companies occurs in the case, if the share of the consolidated assets of the Significant Company makes at least forty percent of the Assets value as of the last reporting date. In combination and conducting joint Selection procedures for the Fund and the Significant Companies, the Unified Commission shall be formed with representatives of all interested parties in accordance with sub-item 3) of item 2.2 herewith. The decision on combination and joint Selection procedures for the Fund and the Significant Companies is taken at a meeting of the Fund’s Audit Committee. This decision must be made and executed by the Minutes of the Audit Committee of the Fund;
 - 3) combine the Significant Company and its subsidiaries in one or several groups in order to select the single Auditor for all the companies of one group;
 - 4) direct the request to participate to potential Participants in accordance with the approved list of potential Participants.

2.2. Composition of the Unified Commission.

For the purpose of the Selection procedure of the Auditor following the Unified Commissions will be established in order to:

- 1) Select the Auditor for the Fund.

Composition of the Unified Commission for the Fund:

Chair: Chair of the Audit Committee of the Fund

Members: Members and experts of the Audit Committee of the Fund
Managing Director for Finance and Operations and/or Financial Controller of the Fund*

** Managing Director for Finance and Operations and/or Financial Controller of the Fund is non-voting member of the Unified Commission.*

- 2) Select the Auditor for the Significant Company.

Composition of the Unified Commission for the Significant Company:

Chair: Chair of the Audit Committee of the Significant Company

Members: Members of the Audit Committee of the Significant Company
Deputy CEO of the Significant Companies responsible for financial reporting or Head of the financial block of the Significant Companies*
Representative of the Fund*

**(1) Representative of the Fund and (2) Deputy CEO of the Significant Companies responsible for financial reporting or Head of the financial block of the Significant Companies are non-voting members of the Unified Commission.*

Representative of the Fund: The Significant Company addresses to the Fund with the request for participation / non-participation of the Fund in the Selection Procedure of the Auditor. In the case of confirmation of participation, the Fund directs the candidate for inclusion in the Unified Commission.

3) Select the single Auditor for the Fund and Significant Companies in accordance with sub-item 4)-2) of item 2.1.

Composition of the Unified Commission for the Fund and Significant Companies in order to select the single Auditor:

Chair: Chair of the Audit Committee of the Fund

Members: Members and experts of the Audit Committee of the Fund
Managing Director for Finance and Operations and/or Financial Controller of the Fund*
Members of the Audit Committee of Significant Companies
Deputy CEO of the Significant Companies responsible for financial reporting or Head of the financial block of the Significant Companies*

** (1) Managing Director for Finance and Operations and/or Financial Controller of the Fund and (2) Deputy CEO of the Significant Companies responsible for financial reporting or Head of the financial block of the Significant Companies are non-voting members of the Unified Commission.*

2.3. Approval of composition of the Unified Commission.

The personal composition of the Unified Commission is approved by the decision of Audit Committee of the Fund/Significant Company.

The decision on combination and joint Selection procedures for the Fund and the Significant Companies is taken at a meeting of the Fund's Audit Committee. This decision must be made and executed by the Minutes of the Audit Committee of the Fund

The powers of the Unified Commission arise from the approval date of the members of the Unified Commission and valid until the date of conclusion of the contract with the Auditor to provide services for audit of financial statements.

The quorum for a meeting of the Unified Commission should be at least half of the members of the Unified Commission. Chair has the casting vote in case of equality of votes.

If Chair of the Unified Commission is unable to carry out his/her functions, his/her alternate member of the Audit Committee will substitute him/her.

2.4. Selection procedure carried out by the Unified Commission.

3.1 The Selection procedure carried out by the Unified Commission shall provide for the following consistent stages:

3.1.1. Stage 1: Conducting selection procedure is consisting of following steps:

Step 1. Preparation of the Request for Proposals.

The Request for Proposals will be prepared by the Working body and reviewed by the Unified Commission.

The Working body of the Significant Company shall submit an application to the Working Body of the Fund not later than February 1 of the year preceding the period for which audit is required, which includes:

- 1) draft Request for Proposal (Annex 1), if necessary in English;
- 2) Draft audit services contract.
- 3) an extract from the minutes of the Audit Committee on approval of the Unified Commission;
- 4) in cases specified in sub-item 3) of item 2.1. - a list of its subsidiaries with the reasons for inclusion in the Selection Procedure carried out by the Unified Commission;

The Working Body within one month shall analyze and consolidate the information received from the Significant Company and submit an application enclosed with necessary documents for consideration to the members of the Unified Commission.

Step 2. Meeting of the Unified Commission.

The Unified Commission shall hold the first meeting on the Selection Procedure where the following key issues are considered:

1. Determination of the term for which the Auditor is chosen (not more than 3 years);
2. Approval of the list of potential Participants;
3. Approval of the Request for Proposal.

If change of auditor may lead to adverse consequences for the Fund or its Subsidiary, the Unified Commission at its first meeting may consider the issue "On absence of need to change the Auditor", provided that the current Auditor complies with requirements referred to in the Request for Proposal in the Selection Procedures and adequate cost of services is offered to them for the audit services.

At that, the proposal of the current Auditor on the cost of services for the audit of financial statements and analysis of his compliance with the Request for Proposal in the Selection Procedure is submitted for consideration of the United Commission.

Recommendations of the Unified Commission on: No1 "On absence of need to change the Auditor" and No2 "Determining the cost of services" are executed by the Minutes with a mandatory justification of the reasons for the decision on the first issue.

Step 3. Invitation.

The Working Body shall submit information on Selection procedures to all potential Participants, enclosed with the Request for Proposal in accordance with the approved list and indicating the terms on:

- Confirmation of participation / non-participation of potential Participants in Selection Procedures - no more than 7 (seven) calendar days;
- Providing formal bids - not more than 20 (twenty) calendar days from the date of dispatch of information about the Selection Procedure, specifying the number of copies.

If necessary, after the participants confirmed their participation in the Selection Procedure, the Working body requests for signed confidentiality agreements between the Customer and the Participant;

Step 4. Receipt of Proposals.

The Participants shall provide with official bids for rendering audit services to the Working Body on terms and in accordance with the requirements specified in the Request for Proposal and written confirmation on the Information of Conflict of Interest according to the internal regulation of the Customer.

The Working Body shall register the Bids of Participants and then submit them to the members of the Unified Commission and after confirmation by the members of the Unified Commission shall prepare the schedule of meetings of the Unified Commission with the Participants for their oral presentations;

3.1.2. Stage 2: Conducting final selection procedure:

Interviews of the Participants (final meeting).

Participants will be interviewed by the Unified Commission, based on results of oral presentations, the Unified Commission holds general discussion of all the Participants, which resulted in filling up the evaluation sheets in the prescribed form (Annex 2) and with indication of the Participants who have won the first, second and third places.

The Unified Commission may use the list of evaluation criteria (Annex 3) as the standard questions to assess the Participants.

If necessary, by the decision of the Unified Commission a list of Participants for the final discussion shall be prepared, which includes the Participants with the highest number of votes of the members of the Unified Commission. The Unified Commission shall hold additional meetings with the Participants, from the list of Participants for the final discussion to identify additional factors that can significantly influence the selection or will reduce the cost of services. Following the additional meetings the evaluation sheets can be adjusted and the Participants can be re-defined who have won the first, second and third places by the members of the Unified Commission. The winner is the Participant with the highest number of votes of the members of the Unified Committee present at the meeting.

In case of equality of votes, the voice of the Chair of the Unified Commission is decisive.

On the basis of the results of the interviews and general discussion the Unified Commission will make its final evaluation to recommend the preferred Participant to the Authorized body of Customers.

The Working Body shall prepare draft of Minutes on the results of the Selection procedure within 10 calendar days after the meeting, a copy of which is sent to the members of Unified Commission for the sign off.

The selection procedure is recognized invalid by the Unified Commission in the case of:

- 1) submission of applications for participation from less than two potential players;

2) if after the rejection of the Unified Commission of the grounds provided by item 5.4 of the Procedure there are less than two bids of Participants.

If the Selection Procedure was declared invalid, the Unified Commission shall take one of the following decisions on:

1) the repetition of the Selection Procedures;

2) changing the Request for participation and repetition of the Selection Procedure.

The decision of the Unified Commission is recorded in the minutes, and within 10 (ten) business days from the date of the decision, the Working body submits the relevant information to the interested participants.

If re-selection procedure is declared invalid, the Unified Commission carries out further Selection Procedure involving the bids by the Participant (s).

3. Company's Commission.

3.1. Powers and Functions of the Company's Commission.

The Company's Commissions shall be established when the Unified Commission does not perform the Selection procedure.

Companies having Subsidiaries shall be entitled to apply to the Company's Commission with the reasoned request for joint Selection procedures at the same time for one or more of its Subsidiaries in order to select a single Auditor for the entire list of organizations represented.

To implement the Auditor selection strategy, the Company's Commission shall have entitled to:

1) identify the period for which the Auditor is selected for each of the Companies, including its Subsidiaries. Selection of the Auditor may be for a period not more than 3 years;

2) combine the Company and its Subsidiaries in one or more groups to select a single Auditor for all companies that are part of the same group;

The Company's Commission shall perform the Selection procedure for the respective Customer among the unlimited list of Participants.

3.2. Company's Commission Composition.

For the purpose of the Selection procedure of the Auditor following the Company's Commission will be established in order to select the Auditor:

1) Composition of the Company's Commission, in case the Company has the Audit Committee/Supervisory Board:

Chair: Chair of the Audit Committee /Supervisory Board

Members: members of the Audit Committee /Supervisory Board of the Company
CEO or Deputy CEO responsible for financial reporting of the Company *
representative of the Fund/parent company of the Company*

** (1) CEO or Deputy CEO responsible for financial reporting of the Company and (2) representative of the Fund/parent company of the Customer are non-voting members of the Company's Commission and participate as an observers.*

2) Composition of the Company's Commission, in case the Company does not have the Audit Committee/Supervisory Board:

Chair: Chair of the Audit Committee /Supervisory Board of the parent company

Members: members of the Audit Committee /Supervisory Board of the parent company of the Company
CEO or Deputy CEO responsible for financial reporting of the Company *

** CEO or Deputy CEO responsible for financial reporting of the Company is non-voting member of the Company's Commission and participates as an observer.*

3) Composition of the Company's Commission, If the Selection procedure is carried out for 1st level Companies that does not have the Audit Committee/Supervisory Board:

Chair: Chair of the Board of Directors of the Company

Members: Members of the Board of Directors of the Company
CEO or Deputy CEO responsible for financial reporting of the Company*
representative of the Fund*

** (1) CEO or Deputy CEO responsible for financial reporting of the Company and participates as a non-voting member of the Commission and (2) representative of the Fund/parent company of the Customer are non-voting members of the Company's Commission and participate as an observers.*

3.3. Approval of composition of the Company's Commission.

1) Personal composition of the Company's Commission shall be approved in the composition determined by the Procedure:

- If the Company has an Audit Committee / Supervisory Board – by Minutes of the Audit Committee / Supervisory Board of the Company;

- If the Company does not have the Audit Committee / Supervisory Board - by Minutes of the Audit Committee / Supervisory Board of the parent company;

- In other cases – by Minutes of the Board of Directors.

2) Representative of the Fund/Parent company. The Company addresses to the Fund/parent company with the request for participation / non-participation of the Fund/parent company of the Customer in the Selection Procedure of the Audit firm. In the case of confirmation of participation, the Fund/parent company directs the candidate for inclusion in the Company's Commission. Representative of the Fund/parent company is non-voting member of the Company's Commission.

3) The powers of the Company's Commission arise from the approval date of the members of the Company's Commission and valid until the date of conclusion of the contract with the Auditor to provide services for audit of financial statements. However, the Company's Commission will continue to function in its original composition even beyond that date, if the completion of the selection process so requires.

4) The quorum for meetings of the Company's Commission should be at least half of the members of the Company's Commission. Chair has the casting vote in case of equality of votes.

3.4. Selection procedure carried out by the Company's Commission.

The Selection procedure carried out by the Commission shall provide for the following consistent stages:

Conducting selection procedure is consisting of following steps:

Step 1. Preparation of the Request for Proposals.

The Working body of the Company not later than February 1 of the year preceding the period for which audit is required, shall submit an application for agreement to the Working Body of the Fund (in Selection procedure by the 1st level Company)/parent organization of the Company to conduct the Selection procedure and attach to the application:

- 1) an extract from the minutes of the Audit Committee/Supervisory Board/Board of Directors of the Company on approval of the Company's Commission;
- 2) in cases specified in sub-item 2) of item 3.1. - a list of its subsidiaries with explanation;
- 3) draft Request for participation in the Selection procedure (Annex 1), if necessary in English;
- 4) draft audit services contract.

The Working Body of the Fund/ parent organization of the Company within 15 (fifteen) calendar days shall coordinate the draft Request for participation in the Selection Procedure.

Step 2. Meeting of the Company's Commission.

The Company's Commission shall hold the first meeting on the Selection Procedure where the following key issues are considered:

1. Determination of the term for which the Auditor is chosen (not more than 3 years);
2. Approval of the Request for Proposal.

Step 3. Invitation.

The Working Body shall place the announcement on the Selection procedures at least 15 (fifteen) calendar days prior to the final date of providing the Bids by the Participants in the Republican mass media and on the website of the Company in Procurement Section. The announcement shall specify the name of services procured, email and postal addresses of the Company(s); the scope of services procured; the place and ways to obtain an electronic copy of the Request for participation in the Selection procedure; venue and deadline for submission of the applications, expected cost of services.

The Working Body is responsible for keeping the document that proves the fact and term of the announcement publication on the Selection procedure and provide to the members of the Company's Commission upon request.

The Working Body shall provide the Request to participate in the Selection procedure to the potential Participants. If required, the Request for participation in the Selection procedure is provided after signing the Confidentiality Agreement by the Customer and Participant.

Step 4. Receipt of Proposals.

The Participants shall provide with official bids for rendering audit services to the Working Body on terms and in accordance with the requirements specified in the Request for Proposal and written confirmation on the Information of Conflict of Interest according to the internal regulation of the Fund/Company.

The Working Body shall register the Bids of Participants and then submit them to the members of the Company's Commission and after confirmation by the members of the Commission shall prepare the

schedule of meetings of the Company's Commission with the Participants for their oral presentations;

Step 5. Conducting selection procedure:

Stage 1. Interviews of the Participants (first meeting). The members of the Company's Commission shall consider the Bids of the Participants and fill out the evaluation sheets in the prescribed form (Annex 2) and with indication of the Participants who have won the first, second and third places. The Company's Commission may use the list of evaluation criteria (Annex 3) as the model questions to assess the Participants.

Consideration of official bids of players can be carried out both in person and in absentia.

On the basis of the results of the interviews and general discussion the Unified Commission will make its evaluation to determine Participants for the final Selection procedure.

In case of equality of votes, the vote of the Chair of the Company's Commission is decisive.

The results of the first stage must be drawn up in the Minutes and distributed for review by all members of the Company's Commission within 5 (five) working days after the end of the first stage. The completion of the first stage is the date of the Minutes of the first phase.

If the Bids are received from 2 or 3 Participants, the first stage of the Selection procedure is not carried out, the Company's Commission shall carry out the second stage of the Selection procedure.

The first stage of the Selection Procedure is recognized invalid by the Company's Commission in the case of:

- 1) submission of applications for participation from less than two potential players;
- 2) if after the rejection of the Company's Commission of the grounds provided by item 5.4 of the Procedure there are less than two bids of Participants.

If the Selection Procedure was declared invalid, the Company's Commission shall take one of the following decisions on:

- 1) the repetition of the Selection Procedures;
- 2) changing the Request for participation and repetition of the Selection Procedure.

As a result of repetition of the Selection procedure is invalid due to a number of received Proposals, the Company's Commission carries out further selection procedure involving the bids received.

The decision of the Company's Commission is recorded in the minutes, and within 10 (ten) business days from the date of the decision, the Working body places the corresponding announcement on the web-site of the Company.

Stage 2. Interviews of the Participants (final meeting). The final stage shall be conducted in the in-person form.

The Working Body shall draw up a schedule of meetings of the Company's Commission with the Participants who have taken the first, second and third places for their oral presentations;

Following the oral presentations, the Company's Commission shall hold a discussion of all the Participants. After the discussion, the Company's Commission shall fill out the evaluation sheets in the prescribed form (Annex 2) and specify the Participants, who took the first, second and third places. As the model questions to assess the Participants the Company's Commission may use the list of evaluation criteria.

The winner is the Participant with the highest number of votes of the Company's Commission's members present at the meeting. In case of equality of votes, the voice of the Chair of the Company's Commission is decisive;

Within ten (10) business days from the date of the decision, the Working body sends relevant information to the Participants on the results of the second stage of the Selection procedures.

4. Criteria for evaluation.

The selection criteria recommended for the selection of the Auditor are as follows:

Approach to service provision: comprehensive work plans to ensure comprehensive audit coverage; performance of financial and compliance audits as well as economy, efficiency and value-for-money audits; proposed approach to external audit staffing to minimize compliance costs; collaboration with internal audit to optimize the use of limited audit resources; and delivery of audit results; global network and resources to render services in different parts of the world; adequate infrastructure (offices and representative offices), etc.

Project team competence: professional qualifications, skills, and size of work force (sufficient number of partners and other employees); clear and adequate structure of the project team with clear distribution of roles and responsibilities of employees; existence of a programme for a continuing professional education for staff; qualifications and industry experience of key personnel (partners and senior staff), etc.

Service quality: adequate procedures for the audit, including information exchange, work coordination and control; adequate procedures to resolve the conflict of interest; a clear mechanism for interaction with the Audit Committee, management and other key facilities of the Customer; mechanisms for feedback on very specific emerging technical issues (speed and quality); special IT systems used to conduct the audit, etc.

Seriousness of intentions and reputation: past experience in providing services by the Participant in terms of deadlines and quality (positive or negative); competitive advantages that Participant shown; enthusiasm and strong interest of Participant, etc.

Working hours and Service cost: compliance of working hours and service cost with the specified work volume; transparency of cost of service, the most competitive overall cost package, etc.

Integrity: adherence to a code of professional and ethical conduct applied to all staff and reviewed and updated at least annually.

Objectivity: objectivity in the discharge of duties and responsibilities.

Independence: effective procedures for compliance and monitoring the independence during the provision of audit services.

Additional advantages and services: additional attractive and necessary services will be provided within audit services fee.

Communications: timely communication of audit results presented to management through comprehensive management letters, audit reports and meetings, as necessary. Communications should be tailored according to the audience.

5. Evaluation of the proposals of the Participants and results of the Auditor the Selection procedures.

Evaluation of the proposals of the participants and results of the Auditor the Selection procedure:

5.1. The Bids of the Participants shall be considered by the Unified Commission / Company's Commission for compliance with the requirements specified in the Request for Proposal.

5.2. In considering the proposals of the Participants, the Unified Commission / Company's Commission shall be entitled to:

- 1) request for materials and explanations necessary for the examination, evaluation and comparison of the Proposals from the Participants;
- 2) with the aim to get precise information contained in the Proposals request for the necessary information from the relevant government agencies, individuals and legal entities.

5.3. No Bids of the Participants shall be rejected on formal grounds:

- 1) the presence of errors, printing errors, clerical errors in the Bid of the Participant;
- 2) absence of the information (bank details, BIN, numbers of certificates and other information) in the documents, which does not affect the evaluation and comparison of the Proposals for participation in the Selection procedure by the Selection Commission;
- 3) on other grounds not affecting the quality or the price of audit services offered by the Participant.

5.4. The Selection Commission rejects the Proposal of the Participant in case of:

- 1) recognition of the Participant's Bid as non-compliant with the requirements mentioned in the Request for Proposal;
- 2) the Bid's price of the Participant exceeds the budgeted amount;
- 3) the Participant is in the list of unreliable potential suppliers (vendors) of the Holding and (or) in the Register of dishonest participants of state procurement.

5.5. The results of the Selection procedure shall be documented in the Minutes. The Minutes on the results of the Selection procedure shall be signed by the Chair and all present members of the Selection Commission.

5.6. The Minutes on the results of the Selection procedure should include the following information:

- 1) the venue and time of summing up results;
- 2) received Proposals of the Participants;
- 3) rejected Proposals of the Participants, reasons for rejection;
- 4) on the Participants recognized as compliant with the requirements specified in the Request for Proposal;
- 5) on presence of discrepancies of Participants with the reasons of absence of impact of the in compliance on the quality and cost of the audit services;
- 6) the winner of the Selection procedure;
- 7) the Participants who have taken the second and third places;
- 8) recommendations to the Authorized body on determining the audit firm;
- 9) other information at the discretion of the Selection Commission.

5.7. Following the Selection procedures, the Selection Commission shall provide recommendations on determination of the audit firm to the relevant Authorized bodies to make the necessary decisions. At that, the Authorized body shall be provided with the following documents:

- 1) the executive summary indicating the results of the Selection procedure;
- 2) a copy of the Minutes on the results of the Selection procedure;
- 3) copies of the Proposals of the Participants. If the selection procedure is carried out by the Company's Commission, the Authorized body shall be provided with the copies of the proposals of the participants, who took 1,2,3 places.

5.8. In case of existence of violations in being carried out / performed Selection procedure, before the decision of the Authorized Body the Selection Commission shall be obliged to cancel the results of the Selection procedure. At that, the Selection procedure should be repeated.

If violations are found after a decision made by the Authorized Body on determining the audit firm, the Selection Commission shall provide a recommendation to the Authorized body to revise the decision.

5.9. The Working Body of the Selection Commission within 3 (three) working days from the date of the decision made on cancelation of the results of the Selection procedure shall in officially notify the Participants of the Selection procedure.

5.10. Additional solutions not required of the Selection Commission to make changes to the contract with the Auditor, subject to mutual consent of the Contracting Parties in terms of increasing or decreasing the volume of services, in the event that the cost of services is determined in proportion to the volume of services and does not exceed the amount provided for in Customer's budget for the provision of audit of financial statements, in accordance with the Status of claims 4) p.133 Procurement rules.

5.11 The Participants and Auditor shall confirm its independence by providing an appropriate statement in its Proposal, which includes a schedule of the Participant's current audit fee income and current consultancy fee income from a) the group of companies of the Fund and b) the group of companies of the Customer for whose audit it is bidding. The Participant and Auditor must state the percentage of total fee income represented by those fees. During the tenure of the Auditor this information must be updated annually and provided to the Fund's Audit Committee.

The Auditor firm shall provide annually a schedule of audit and non-audit services provided to all group of companies of the Customer to the Audit committee and the CFO of the Customer with a forecast of projected fees from all signed contracts. Separately the audit firm shall also provide a schedule of the audit and non-audit business it has bid for and intends to bid at the date of providing the report.

5.12. When carrying out Selection procedure, the Unified Commission or the Customer's Commission in mandatory manner must submit their opinion on the independence of the Participant, which should be reflected in the Minutes.

5.13. Documents on being held or carried out Selection procedures shall be stored at the Working body of the Unified Commission (the Company's Commission).

5.14. An audit firm may be the Participant if it meets the requirements established by the legislation of the Republic of Kazakhstan on auditing firms.

5.15. Requirements for the Participants established in accordance with this Procedure are the same for all Participants.

5.16. The audit firm is not entitled to participate in the Selection procedure if it is in the List of unreliable potential suppliers (vendors) of the Holding.

Annex 1. Request for Proposal (standard)

Approved
by decision of the Selection Commission on auditor selection
of "Samruk-Kazyna" JSC
dated " ____ " _____ 20__
_____

REQUEST FOR PARTICIPATION IN THE AUDITOR SELECTION PROCEDURE

(Hereinafter – the Request for Proposal)

<Customer> invites you to take part in the Auditor Selection procedure to render audit services, details of which are given below:

1. Name and address of Customers
2. Description of purchased audit and related services (reporting periods, the amount and nature of audit procedures)
3. Terms of services, including a draft schedule for the preparation and audit / review of reports, claimed for the audit or review by the Auditor with an indication of the expected terms of the audit reports issuance.
4. The amount allocated for the procurement of services of the audit organization is KZT _____ including VAT, KZT _____ excluding VAT.
5. List and contacts of the responsible officials of the Customers with whom participants have the right to meet in order to obtain information to prepare a formal offer of services.
6. General information about Companies, in respect of which the Selection procedure is taken, is given below. Authorized representatives of the potential participants can receive this information electronically or on paper at _____ in the period before " ____ " _____ 20__ , after the signing of the Confidentiality Agreement, if appropriate.
Such information may include, but are not limited to:
 - Description of activities and organizational structure of the Company (management structure);
 - Number of employees;
 - Structure of the Company as regards subsidiaries, joint ventures and associates'
 - Brief description of business management information system used, accounting and reporting information system;
 - Copies of annual financial statements and annual management reports for the last two years, or links to online resources where they are published;
 - List of all the required mandatory reporting
 - Audit history and contacts of current auditors.
7. Requirements for the official proposal for the provision of services on the basis of the standard document (Annex 4).

b) information provided by the Selection Commission or Customer's Commission:

1. Schedule of auditor Selection procedure with all necessary information (place, time, contacts of the responsible parties)
2. Requirements for the oral presentation of the proposal, such as duration or preferences regarding the format.

Official proposals for the provision of services from potential Participants are accepted at _____ in the period due " ____ " _____ 20__ , " ____ " hours " ____ " min.

Annex 2. Evaluation sheet form (template)

Date _____

Full name of a Commission member _____

Please describe below your overall view of the strengths and weaknesses of the proposalder, and state your recommendations for choosing the winner.

	Strengths	Weaknesses
[Participant 1]	<ul style="list-style-type: none"> • • • 	<ul style="list-style-type: none"> • • •
[Participant 2]	<ul style="list-style-type: none"> • • • 	<ul style="list-style-type: none"> • • •
[Participant 3]	<ul style="list-style-type: none"> • • • 	<ul style="list-style-type: none"> • • •

Final recommendations and comments:

Name and signature of a Commission member:

Annex 3. List of evaluation criteria (template)

Criteria
<p>Approach to service provision</p> <ul style="list-style-type: none">• Is an offer of services comprehensive and does it fully meet the requirements and needs of the Customer?• Does the Participant have a clear audit plan, which meets the terms of the customer? Is it enough time allocated for audit, including the time of a partner and project manager?• Does the Participant have an integrated approach to deal with the internal auditor?• Is there an effective and practical plan to change the Auditor (if applicable)?• Is the organization a globally integrated and does it have the resources to render services in different parts of the world?• Does the Participant have an adequate infrastructure (offices and representative offices) where the significant subdivisions of the Customer located?
<p>Project team competence</p> <ul style="list-style-type: none">• Does the Participant understand the scope of audit works and does it have sufficient resources to ensure the quality and deadlines of the audit (sufficient number of partners and other employees)?• Has it been presented a clear and adequate structure of the project team with clear distribution of roles and responsibilities of employees?• Do the key personnel (partners and senior staff) have qualifications and industry experience required for the Group (certificates and audit experience in the industry)?• Are at least half of the partners or persons who act as partners in the project the citizens of Kazakhstan?• Does the document contain a detailed description and evidence of industry experience of the firm and understanding of the impact of specific issues inherent in this type of business?
<p>Service quality</p> <ul style="list-style-type: none">• Has the Participant shown adequate procedures for the audit, including information exchange, work coordination and control? How will the non-standard critical issues be resolved?• Has the Participant shown adequate procedures to resolve the conflict of interest?• Has it been presented a clear mechanism for interaction with the Audit Committee, management and other key facilities of the Customer?• How effective are the mechanisms for feedback on very specific emerging technical issues (speed and quality)?• Are the special IT systems used to conduct the audit?
<p>Seriousness of intentions and reputation</p> <ul style="list-style-type: none">• How can we evaluate past experience in providing services by the Participant in terms of deadlines and quality (positive or negative)?• Has the Participant shown its competitive advantages?

- Have the representatives of the Participant shown enthusiasm and strong interest in cooperation?

Working hours and Service cost

Do working hours and service cost comply with the specified work volume?

Is the cost of services transparent?

Independence

- Are the statements and confirmations of the independence of the rendered services submitted by the Participant objective and consistent?
- Has the Participant presented effective procedures for compliance and monitoring the independence during the provision of audit services?

Additional advantages and services

- Does the Company offer any additional non-audit services within the audit contract?
- Are these services attractive and necessary for the Customer now or in the future?
- Do you think that the Customer will get some additional beneficial effect of audit services?

Oral presentation of the offer

- Was the presentation clear, well-organized and to the point, with the development and confirmation of the main ideas presented in the documentary offer?
- Did the presentation cover the additional issues raised during previous meetings, or as a result of the offer consideration?
- Does the presentation demonstrate understanding of the Customer's requirements, business knowledge and indicate whether the Customer will benefit from the services rendered?
- How effective were the answers given to specific questions, and how active was the participation of all the speakers?
- Does the culture of participants meet the culture of the Customer, is there mutual understanding and respect?

Annex 4. Requirements for the proposal (template)

Mandatory requirements

It is mandatory to provide:

- an evidence and justification for the independence of the Participant from the Customer and any of its related parties;
- a compliance table to the requirements of the proposal with references to relevant sections and pages of the proposal;
- confirmation of compliance with the qualification requirements for audit firms to perform mandatory audit specified in the Order of the Ministry of Finance of the Republic of Kazakhstan # 490 dated November 13, 2012 or in any other document governing the requirements for audit firms to audit.

Inclusion of useful information in the Proposal is possible at the discretion of the Participant.

Mandatory requirements for the audit firms

An audit firm may be the Participant if it meets the requirements established by the legislation of the Republic of Kazakhstan on auditing firms.

Requirements for the Participants established in accordance with this Procedure are the same for all Participants.

The audit firm is not entitled to participate in the Selection procedure if it is in the List of unreliable potential suppliers (vendors) of the Holding.

The Participants and Auditor shall confirm its independence by providing an appropriate statement in its Proposal, which includes a schedule of the Participant's current audit fee income and current consultancy fee income from a) the group of companies of the Fund and b) the group of companies of the Customer for whose audit it is bidding. The Participant and Auditor must state the percentage of total fee income represented by those fees. During the tenure of the Auditor this information must be updated annually and provided to the Fund's Audit Committee.

The Auditor firm shall provide annually a schedule of audit and non-audit services provided to all group of companies of the Customer to the Audit committee and the CFO of the Customer with a forecast of projected fees from all signed contracts. Separately the audit firm shall also provide a schedule of the audit and non-audit business it has bid for and intends to bid at the date of providing the report.

Member must provide the following information:

- the presence of a license to perform audit activities;
- the presence of the certificate of competency "auditor" at the head of the audit organization;
- the presence of the document confirming the membership of an accredited professional auditing organization;
- availability contract compulsory insurance of civil liability of the auditor organization.

Resources for the rendering of audit services

Please present detailed information on the following points:

- work group composition proposed on the project, including the general partners and managers;
- their roles and responsibilities in performing the task;
- relevant experience, including experience in conducting similar audits of the clients;
- minimum amount of hours per year on projects occupied by each of the project managers;
- commitment in relation to plan to change the Auditor and succession of the staff working on the project; commitment to professional development of staff;
- other resources and a detailed description of services offered;
- list and coverage of the involved local offices.

Qualification

Please present detailed information on the following points:

- industry experience, including practical experience of customer servicing of a similar scale;
- list of significant clients in the industry;
- amount of participation and interest of the firm in industry servicing in which the Customer operates.

Audit approach

Please present detailed information on the following points:

- Audit methodology and strategy in relation to the characteristics and requirements of the Customer;
- Work coordination and controls;
- Timing of the audit;
- Approach to working with management and members of the Audit Committee;
- Approach to the interaction with the internal audit services (if any);
- Approach to dealing with tax issues;
- Approach and methods to solve complex and non-standard technical accounting issues;
- Commitments to continual audit improvement and efficiency.

Change of Auditors

If applicable, please provide a plan to change auditors, namely, the requirements for the procedures of studying the results of previous audits and proposals to ensure smooth operation.

Quality of services and conflict of interests

Please present detailed information on the following points:

- overall approach to quality of services and customer relationship management;
- potential conflicts and approaches to their resolution (including a description of the work performed for competitors);
- approach to the partner rotation and succession planning of project team members;
- description of the system of quality control and evaluation of customer satisfaction.

Working time and cost of services

Cost of services shall be provided in a separate document and should include the following:

- man-hours and fixed rates on the proposed audit services, audit services on obligatory and other reporting;
- mechanism for determining the cost of the audit for the first and subsequent years;
- method of calculating the cost of services;
- proposed timetable for payment of bills, as well as the flexibility of the process.

Other additional services within the audit services

- describe the experience and resources available to render other services, potentially interesting for the organization.