

Reg. No. 47

NMSC Kazmortransflot LLP

ENTERPRISE STANDARD

POLICY OF NMSC KAZMORTRANSFLOT LLP
IN THE FIELD OF ATTRACTING THE SERVICES OF AUDIT
ORGANIZATIONS

STP KMTF.046

Aktau
2022



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| Politics NMSC Kazmortransflot LLP in the field of attracting audit organizations' services | Total pages: 17 |

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**Aktau
2022**

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1. PURPOSE OF THE DOCUMENT AND GENERAL PROVISIONS

1.1. This Policy of NMSC Kazmortransflot LLP in the field of attracting audit organizations' services (hereinafter referred to as the Policy) has been developed in accordance with the Policy of NC KazMunayGas JSC in the field of attracting audit organizations' services, approved by the decision of the Board of Directors of NC KazMunayGas JSC No. 14/2021 dated September 9, 2021, the Code of Ethics of the International Federation of Accountants, the Law Of the Republic of Kazakhstan "On auditing activities".

1.2. The Policy is aimed at ensuring that the Auditor retains the status of independence when providing audit and non-audit services to NMSC Kazmortransflot LLP (hereinafter referred to as KMTF), avoiding conflicts of interest, and introducing unified procedures for attracting an Auditor to provide non-audit services.

2. SCOPE OF APPLICATION

2.1. This Policy applies only to the provision of audit and non-audit services by the Auditor.

2.2. The main provisions of the Policy provide the KMTF with the opportunity to engage an Auditor to provide certain audit and non-audit services without prejudice to the objectivity or independence of the Auditor.

2.3. Organizations belonging to the KMTF group develop their own policies in the field of attracting the services of audit organizations, taking into account the provisions of this Policy.

3. DEFINITIONS AND ABBREVIATIONS

3.1. The following definitions and abbreviations are used for the purposes of this Policy.

Auditor - an audit organization that provides audit services for the consolidated and separate financial statements of KMTF, including reviews of interim consolidated and separate financial statements KMTF and non-Auditor of the KMG Group

Audit organization - a commercial organization established to carry out auditing activities (audit organizations that have a license to carry out auditing activities have the right to engage in auditing activities)

Audit services - audit services for consolidated and separate financial statements KMTF, including conducting audit reviews of interim consolidated and separate financial statements

KMTF Group - KMTF and its subsidiaries at all levels

Subsidiary company KMTF - organization defined as a subsidiary in accordance with IFRS 10 "Consolidated Financial Statements"

Law - The Law of the Republic of Kazakhstan "On Auditing Activities"

IS Sanau - Sanau information system, designed to collect information on the costs of audit and non-audit services rendered by audit organizations of KMG and its Subsidiaries at all levels

Professional Code of Ethics of accountants - a set of ethical requirements of (Ethics Standards) for Professional Accountants, issued by the Ethics Standards Committee for Accountants of the International Federation of Accountants

KMG - JSC NC KazMunayGas

Audit Committee - Audit Committee of the Board of Directors of KMG

Conflict of interest - a situation in which the interest of the audit organization may affect its opinion on the reliability of the financial statements of the audited entity

Company - KMTF or a subsidiary

Non-audit services - services that are not an audit and/or an interim audit review of separate and consolidated financial statements provided by the Auditor/Audit organizations

Responsible structural division - structural division of KMTF responsible for accounting and preparation of financial statements

Reporting year - fiscal year from January 1 to December 31

Reporting period - the period starting from January 1 to March 31, from January 1 to June 30, from January 1 to September 30 of the reporting year

Project - audit of consolidated and separate financial statements by the Auditor KMTF, including reviews of the interim consolidated and separate financial statements of KMTF

Limit amount - the estimated amount for each reporting year, which should not exceed the costs of non-audit services provided by the Auditor

Financial statements - consolidated and/or separate financial statements

4. SELECTION OF AN AUDITOR

4.1. The main criteria determining the choice of an audit organization are:

1) quality of services:

- high level of qualification of audit organization specialists;
- experience of work of specialists of the auditing organization, both on the Kazakhstan and international market;
- knowledge of the business of the industry (the more clients an audit organization has in a particular industry, the more familiar it is with the problems of this industry and the faster it finds optimal solutions to problems);
- efficiency in the provision of services;
- the effectiveness of work on identifying shortcomings and submitting recommendations for improving internal controls on the process of preparing financial

statements.

2) service delivery approach:

- audit methodology and strategy in relation to the features and requirements of the KMTF;
- coordination of work and controls;
- the timing of the audit;
- approach to working with management;
- approach to interaction with internal audit services;
- approach and methods of solving complex and non-standard technical accounting issues;
- commitment to continuous improvement and improvement of audit performance.

3) competence of the project team:

- availability of necessary qualifications and resources to ensure quality and compliance with audit deadlines;
- industry experience, including practical experience in customer service of a similar scale.

4) compliance by the auditing organization with international auditing standards, the legislation of the Republic of Kazakhstan in the field of auditing, the Code of Ethics of Professional Accountants of the International Federation of Accountants;

5) positive reputation, both in Kazakhstan and in the international market;

6) the duration of the working time allocated for the provision of services and the cost of services;

7) independence and absence of conflict of interest:

- potential conflicts and the approach to their resolution (including a description of the work performed for direct competitors);

- commitment and approach to partner rotation and succession planning of project team members;

- description of the quality control system and customer satisfaction assessment.

4.2. The procedure for selecting an Auditor is carried out in accordance with the Rules for selecting an audit organization for Samruk-Kazyna JSC and organizations, fifty or more percent of the voting shares (participation interests) of which directly or indirectly belong to Samruk-Kazyna JSC on the right of ownership or trust management.

5. CLASSIFICATION OF NON-AUDIT SERVICES

5.1. The auditor may provide certain non-audit services to the KMTF Group. At the same time, KMTF believes that the provision of non-audit services and the level of remuneration for them may lead to a conflict of interest or a real/perceived loss of the Auditor's objectivity.

5.2. KMTF classifies potential non-audit services into the following categories:

Category A: non-audit services that may affect the independence of the Auditor's current obligations and which must be provided by the Auditor in accordance with the requirements of the laws and regulations of the Republic of Kazakhstan, as well as other countries where the Company is registered. The provision of Category A non-audit services is carried out in compliance with the conditions stipulated by the Code of Ethics of Professional Accountants.

Non-audit services of Category A do not require compliance with the Amount of the restriction specified in clause 5.5.

Category B: Non-audit services that may affect the independence to ensure the Auditor's current obligations and which can be provided by the Auditor in accordance with the Law and in compliance with the conditions stipulated by the Code of Ethics of Professional Accountants. Non-audit services of Category B require compliance with the Amount of the restriction specified in clause 5.5.

Category C: Non-audit services that will lead to the loss of independence to ensure the Auditor's current obligations and are considered prohibited services in accordance with the Law and other restrictions provided for by the Code of Ethics of Professional Accountants.

5.3. In order to provide non-audit services related to Category A and B to the KMTF Group, the Auditor must obtain permission from the head of the financial unit in charge of the Responsible Structural Unit.

In the case of the provision of non-audit services of the Joint Venture and the Joint Stock Company, the Auditor is not obliged to obtain the permission of the head of the financial unit in charge of the Responsible Structural Unit, but is obliged to notify the head of the financial unit in charge of the Responsible Structural unit of the provision of non-audit services by sending an electronic message.

5.4. For the provision of services related to Category C, KMTF will not involve an Auditor.

5.5. The total amount of expenses for non-audit services of Category B rendered by the Auditor to the KMTF Group for the current Reporting year should not exceed the Amount of the limitation calculated as 50% of the average amount of expenses for audit services rendered by the Auditor to the KMTF Group for three consecutive previous Reporting years.

5.6. No later than April 1 of the current Reporting year, the Responsible structural unit calculates the Amount of the restriction ([Annex 1](#)) and approval of it in a working order with the Auditor for its application in the current Reporting Year.

6. LIST OF NON-AUDIT SERVICES BY CATEGORY

6.1. Category A non-audit services include the following:

- reporting required by the competent or regulatory authority in accordance with the legislation of the Republic of Kazakhstan;
- reporting required by the legislation of the country of registration and location of a non-resident Company of the Republic of Kazakhstan;
- reporting on internal financial control, when required by the legislation of

the Republic of Kazakhstan or the country of registration and location of a non-resident Company of the Republic of Kazakhstan;

- reports required by competent/regulatory authorities or provided to such authorities if the competent/regulatory authority has either identified an Auditor to provide the service or has indicated to the Company that an Auditor should be selected to provide these services;

- services that should assist the Company in fulfilling the obligation required by the legislation of the Republic of Kazakhstan or the country of registration and location of the Company when: the provision of such services is strictly limited in time, the subject of such services is price sensitive, and when it is possible that an impartial, fair and informed third party has concluded that understanding The Company's activities obtained by the Auditor for the purposes of auditing financial statements are relevant for this service, and when the nature of the service will not compromise independence.

6.2. Category B non-audit services include the following:

- reporting on credit agreements (except as required by law);
- services for the provision of extended audit procedures in terms of financial information/financial control, provided on behalf of the Company's management if this work is integrated with the audit services provided and is performed on the same basic conditions;

- services for conducting additional audit procedures in relation to the financial statements of significant Companies provided on behalf of the management of KMG or KMTF;

- services for the provision of analysis of changes in legislation or accounting standards and audit;

- tax consulting services;

- support services for mergers and acquisitions of companies;

- audit and other services in relation to the Company's public statements prepared under investment agreements and prospectuses;

- services for confirmation/preparation of financial statements or disclosure of information by the Company's management within the framework of investment agreements or prospectuses;

- services for confirming the Company's statements other than financial (environmental reporting, sustainability reporting, etc.).

6.3. Category B non-audit services include the following:

- tax services related to the calculation of taxes, including deferred tax, and/or preparation of tax reporting forms;

- services for providing support during inspections of tax authorities;

- services related to participation in the management or management decision-making of the Company;

- accounting and financial reporting services;

- payroll and payroll services for Company employees;

- services for the development and implementation of internal control procedures or risk management related to the preparation and/or control of financial information, or the development and implementation of financial information technology systems;
- valuation services, including actuarial obligations or obligations related to the Company's litigation;
- legal services, including legal counsel, negotiating on behalf of the Company, protecting the interests of the Company in resolving legal disputes;
- compliance services;
- services related to financing, capital structure and distribution, as well as the Company's investment strategy, with the exception of providing audit services in relation to financial statements, such as the issuance of letters of guarantee in relation to securities prospectuses issued by the Company;
- services related to the promotion, trading or underwriting of the Company's shares;
- services for the search and testing of personnel for leadership positions that affect the accounting and preparation of financial statements of the Company;
- services for determining the organizational structure of the Company;
- services for conducting cost control of the Company.

7. OBTAINING PERMISSION TO PROVIDE NON-AUDIT SERVICES

7.1. If the Auditor is interested in providing non-audit services of Category A and B to the Company, the Auditor sends a Request to the head of the Responsible Structural Unit for permission to provide non-audit services ([Annex 2](#)).

7.2. Upon receipt of a Request for permission to provide non-audit services, the Responsible structural unit:

- verifies the classification of non-audit services (categorization as A, B or C);
- checks whether the Limit Amount is not exceeded;
- concludes that there is no violation/violation of the Auditor's independence.

7.3. The responsible structural unit within 5 working days from the date of receipt of the Request, in accordance with the established procedure, prepares Information on the Request for permission to provide non-audit services for consideration by the head of the financial unit in charge of the Responsible structural unit ([Annex 3](#)).

7.4. In accordance with the terms and procedure established by internal documents, the head of the financial unit in charge of the Responsible Structural Unit reviews the Information on the Request for permission to provide non-audit services and decides whether or not to allow the provision of non-audit services to the Auditor.

7.5. The decision of the head of the financial unit in charge of the Responsible Structural Unit is sent by the Responsible Structural Unit to the Auditor in a working

order.

8. CONFLICT OF INTEREST IN THE PROVISION OF AUDIT AND NON-AUDIT SERVICES

8.1. When conducting the procedure for purchasing audit services and receiving audit services, the KMTF should consider the possibility of threats to the independence of the Auditor due to:

- 1) the nature of the services previously received from the Auditor;
- 2) financial or business relations with the Auditor during or after the period covered by the audited financial statements.

If the KMTF does not accept or cannot take measures to eliminate the threat of independence for the Auditor or reduce it to an acceptable level, the KMTF cannot receive audit services from the Auditor.

8.2. The auditor is prohibited from providing audit services in cases stipulated by Law.

8.3. Audit and non-audit services received by the KMTF from the Auditor should not violate the principles of objectivity and confidentiality that can be created:

- 1) when the audit organization has joint ventures or similar associations in which the majority of participants are competitors of the KMTF;
- 2) when the Auditor provides services to the KMTF and other organizations whose interests are in conflict or who are in a state of disputes and discussions with each other on issues, operations and problems.

9. PRESENTATION OF INFORMATION ABOUT THE AUDITOR TO MANAGEMENT

9.1. KMTF provides the IS Sanau with information on the costs of audit and non-audit services rendered by Audit organizations and reflected in the statement of comprehensive income of KMTF. The information shall be presented on an accrual basis from January 1 of the reporting year to the last day of the reporting period/years in the following terms:

- 1) for the Reporting period - up to the 10th day of the month following the Reporting Period;
- 2) for the Reporting Year - by February 15 of the year following the Reporting Year. At the same time, for the Reporting Year, the amounts of future expenses under contracts concluded with Audit organizations that are recognized in the statement of comprehensive income in the next 2 years after the Reporting Year are additionally provided.

9.2. The responsible structural unit of KMTF verifies the completeness and correctness of the data provided by the KMTF group in the IS Sanau, and also performs their reconciliation with Audit organizations.

10. PROJECT PARTNER ROTATION

10.1. In accordance with the requirements of KMG, the Auditor must follow the principle of rotation of the Project partner (who is primarily responsible for the audit) every five years.

10.2. The succession plan of the Project partner must be prepared by the Auditor and submitted to the head in charge of the Responsible Structural Unit for consideration no later than one year before the rotation.

11. HIRING AUDITOR'S EMPLOYEES AT KMTF

11.1 A Project Partner may be appointed (elected) to the position of a member of the Management Board, head of the financial unit, Chief Accountant of the KMTF only after two years, starting from the day when he ceased to be a Project partner.

11.2 If the appointment (election) to the position of a member of the Management Board, head of the financial unit, chief accountant of the KMTF of a person participating or participating in the mandatory audit of the KMTF as an Auditor's employee during the two years preceding the date of his appointment (election) to the KMTF, in order to exclude a conflict of interests, it is required to obtain the preliminary approval of the Committee on audit of KMG on the proposed candidate for further consideration of the issue of his appointment (election).

12. ANNUAL CONFIRMATION OF THE AUDITOR

12.1. At least once a year, the Auditor submits confirmation to the head of the financial unit in charge of the Responsible Structural Unit that:

- The Auditor's independence was preserved;
- The auditor and his partners have no financial interests in KMTF and its subsidiaries at all levels;
- The members of the audit team on the Project do not have any financial interests in the KMTF;
- with the exception of the cases provided for in this Policy, there are no other cases of rendering services between KMTF and the Auditor;
- no part of the remuneration paid by the KMTF to the Auditor is paid on the basis of the occurrence of emergency situations;
- the total amount of remuneration received and expected to be received by the Auditor on the basis of concluded contracts did not have a significant impact on the Auditor's financial independence from the KMTF or the KMTF Group and did not exceed 15 percent of the Auditor's total income in accordance with the Rules of Professional Ethics of the Association of Chartered Certified Accountants of the United Kingdom of Great Britain and Northern Ireland (the ACCA Rules of Professional Conduct);
- There are no disputes between the KMTF and the Auditor.

13. FINAL PROVISIONS

13.1. In case of contradictions of certain provisions of this Policy to the legislation of the Republic of Kazakhstan, the norms of the legislation of the Republic of Kazakhstan are subject to application.

13.2. This Policy should be periodically evaluated for the relevance of the requirements set out in it.

13.3. The Audit Committee of KMG, as necessary, considers issues of compliance with the requirements of the Policy, with the possible involvement of the Internal Audit Service for these purposes.

Annex 1

Form
of Calculation of the amount of restrictions on the provision of non-audit services
for _____ a year

| Ser. No. | The last 3 years preceding the reporting year | The amount of actual expenses for audit services, thousand tenge |
|-------------|---|---|
| 1 | 2 | 3 |
| 1 | | |
| 2 | | |
| 3 | | |
| | total | |
| | Average amount for the year | |
| | The amount of the restriction (50% of the average amount for the year) | |

Agreed:

Auditor

**Form
Request for permission to provide non-audit services***

The name of the company in relation to which the provision of non-audit services is expected: _____

Company data as of the date of issue of the latest consolidated financial statements of KMTF:

- total assets _____
- profit/(loss) before taxation _____

(thousand tenge)

| No. and date Request for permission to provide non-audit services | The name of the non-audit service | Detailed description of non-audit services | proposed classification of non- audit services (A, B, C) | The planned amount of remuneration (the amount of remuneration in a currency other than tenge is recalculated at the exchange rate on the date of the Request for permission to provide non- audit services) | Analysis of independence in the provision of this service | Confirmation of the absence of a conflict of interest |
|---|---|---|---|--|--|---|
| 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| | | | | | | |

*available in Russian and English

Authorized person of the Auditor _____ FULL NAME _____

signature, date

Form

Request for permission to provide non-audit services

The name of the company in relation to which the provision of non-audit services is expected:

Company data as of the date of issue of the latest consolidated financial statements of KMTF:

-total assets _____

-profit/(loss) before taxation _____

(thousand tenge)

| Auditor's data | | | | | | | Data of the Responsible structural unit | | | |
|--|-----------------------------------|--|---|--|---|---|--|----------------------------|--|------------|
| No. and date of the Request for permission to provide non-audit services | The name of the non-audit service | Brief description of the non-audit service | The planned amount of remuneration (the amount of remuneration in a currency other than tenge is recalculated at the exchange rate on the date of the Request for permission to provide non-audit services) | Type of category of non-audit services (A, B, C) | Analysis of independence in the provision of this service provided by the Auditor | Confirmed the absence of a conflict of interest | The amount of actual non-audit expenses services rendered by the Auditor * | The amount of limitation** | Expenses for non-audit services (4+8) exceed/do not exceed the threshold value (9) (Exceeds/Does not exceed) | Conclusion |
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 |
| | | | | | | | | | | |

* According to the data provided by KMTF and its subsidiaries at all levels at Sanau information system for 3, 6, 9 and 12 months of the year.

** The threshold value is calculated as 50% of the average amount of expenses for the audit and interim audit review of the financial statements of KMTF and its subsidiaries at all levels for three consecutive previous reporting years.

Head of the Financial Unit _____ FULL NAME _____
signature, date

Agreed:

Chief accountant _____ FULL NAME _____

CHANGE ACCOUNTING SHEET

| Version No. / | Date | modified page No. | Description | Performer, signature |
|------------------|------|-------------------|-------------|----------------------|
| | | | | |

UNIT PERSONNEL FAMILIARIZATION SHEET

| Ser. No. | Position | FULL NAME | Signature and date of familiarization | Note |
|-----------------|-----------------|------------------|--|-------------|
| | | | | |