

<b>NAC Kazatomprom JSC.</b>	<b>A&amp;R Dept.</b>	<b>Accounting for investments, funds and settlements with personnel</b>
<b>Policy</b>	<b>УИИБП 09 09</b>	<b>p. 1 of 11</b>

## **Policy of NAC Kazatomprom JSC on engagement of audit firms**

### **1. Purpose**

1. This Policy of NAC Kazatomprom JSC on engagement of audit firms (hereinafter referred to as the Policy) establishes objectives and basic principles for engagement of audit firms (including non-audit services provided by audit firms). This Policy was developed based on the provisions of the Policy of Samruk-Kazyna JSC on the use of the services of Audit Companies, approved by decision of the Board of Directors of Samruk-Kazyna JSC No. 185 dated 27.05.2021.

2. The main provisions stipulated by the Policy provide NAC Kazatomprom JSC (hereinafter - Kazatomprom or the Company) with the opportunity to engage auditors to provide certain audit and non-audit services without affecting the objectivity or independence of the auditor.

### **2. Scope**

2.1. This Policy applies to the audit organizations services provided to all Group companies.

2.2. Subsidiaries and affiliates of the Company, except for organizations, one hundred percent of the voting shares (participatory interests) of which directly or indirectly belong to the Company on the basis of ownership or trust management, develop and approve, in accordance with the established procedure, their own policies on engagement the services of audit organizations (including non-audit services provided audit organizations) independently, subject to the provisions of this Policy.

<b>Rev. No.</b>	<b>Revised pages</b>	<b>Developed by</b>	<b>Agreed with</b>	<b>Approved by</b>
<b>0</b>		A&R Director, S. Jakypbekova	By decision of the Management Board of NAC Kazatomprom JSC No. 33/21 dated October,26 2021	By decision of the Board of Directors of NAC Kazatomprom JSC No.14/21 dated November,18 2021

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### 4. Terms, definitions and abbreviations

**Group Auditor** - Principal Auditor and Component Auditor.

**Audit organization** - a commercial organization created to audit and is a member of a professional organization.

**Group** - the Company and subsidiaries and affiliates thereto.

**Subsidiary** - a legal entity whose decisions can be determined by the Company based on the presence of a predominant share in the charter capital or an agreement concluded between them, or otherwise, including defined as a subsidiary in accordance with IFRS 10 "Consolidated Financial Statements" (to the extent that does not contradict the legislation of the Republic of Kazakhstan).

**Affiliate** - an organization in which the Company owns more than twenty percent of voting shares (stake), and over which the Company has significant influence, but does not have control over it.

**Law** - the Law of the Republic of Kazakhstan "On Auditing".

**The Code of Ethics for Professional Accountants** - a set of ethical requirements (standards of ethics) for professional accountants issued by the Ethics Standards Committee for Accountants of the International Federation of Accountants.

**Audit Committee** - Audit Committee of the Board of Directors of NAC Kazatomprom JSC.

**Component Auditor** - an audit organization who audits consolidated and separate financial statements of Company's affiliates, whose, according to the latest annual consolidated financial statements of the Company, the aggregate share of pre-tax profit and / or assets is at least 20% in the consolidated pre-tax profit and / or assets of the Company in absolute terms before the elimination of intra-group transactions.

**Conflict of interest** - a situation in which the interest of the audit organization can influence its opinion on the reliability of the financial statements of the audited entity.

**Indirect ownership** - each subsequent legal entity owns fifty and more percent of shares (participatory interests) of another legal entity on the right of ownership or under trust management;

**Non-audit services** - services that are not an audit and / or interim audit review of the separate and consolidated financial statements, provided by the Principal Auditor and the Component Auditor.

**Company** – National Atomic Company Kazatomprom Joint-Stock Company.

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**Principal Auditor** - an audit organization who audits the consolidated and separate financial statements of the Company, including reviews of the interim consolidated and separate financial statements, in accordance with the concluded agreement.

**Responsible structural subdivision** - a structural subdivision of the Company responsible for accounting and preparation of financial statements.

**Fiscal year** - the fiscal year from 1 January to 31 December.

**List** - a list of audit organizations providing audit and non-audit services to the Group, determined by the structural subdivision of the Company responsible for accounting and preparation of financial statements.

**Management Board** - Management Board of NAC Kazatomprom JSC.

**Internal Audit Service** - Internal Audit Service of the Company.

**Board of Directors** - the Board of Directors of the Company.

**Financial statements** - consolidated and / or separate financial statements.

## 5. General provisions

5.1. The Policy contains a number of guidelines and procedures that the Company should apply and follow at all times.

## 6. Aim

6.1. The aim of this Policy on engagement of audit organizations is:

- 1) organization of effective activities on engagement of audit organizations (including non-audit services provided by audit organizations);
- 2) introduction of unified procedures for the selection of audit organizations, ensuring that the auditors of the Company retain their independence status in the provision of audit and non-audit services;
- 3) prevention of conflicts of interests.

## 7. Selection of an auditor

7.1 The main criteria that determine the selection of an audit organization are:

- 1) approach to the provision of services:
  - audit methodology and strategy in relation to the features and requirements of the Company;
  - work coordination and monitoring;
  - audit timing;
  - approach to work with the management and members of the Audit Committee;
  - approach to interacting with internal audit service;
  - approach and ways to solve complex and non-standard technical issues in accounting;
  - obligations for continuous improvement and enhancement of audit performance.
- 2) competence of the project team:
  - availability of the necessary qualifications and resources to ensure quality and adherence to audit deadlines;
  - industry experience, including practical experience of serving customers of a similar scale;
- 3) quality of services:
  - the level of qualifications of the specialists of the audit organization;
  - work experience of specialists of an audit organization, both in the Kazakhstani and international markets;
  - efficiency in the provision of services;

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- knowledge of the business of the industry of the Company (the more clients an audit organization has in a particular industry, the better it knows the problems of this industry and the faster it finds the best options for resolving problems);

- availability of a specialized technical support group (experts on accounting in accordance with IFRS) in Kazakhstan or the provision of an obligation by the audit organization to create such a group;

- the effectiveness of work to identify shortcomings and provide recommendations for improving internal controls on the process of preparing financial statements; c

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

5) a positive reputation, both in the Kazakhstani and international markets;

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

7) the cost of services;

8) independence and potential conflicts of interest:

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

- Obligations and approach to the rotation of partners and planning the succession of project team members;

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

When selecting an audit organization, the Company is guided by the “Rules for the selection of an audit organization for Samruk-Kazyna JSC and organizations, fifty and more percent of voting shares (participatory interests) of which directly or indirectly belong to Samruk-Kazyna JSC on the right of ownership or trust management”.

## 8. Classification and list of non-audit services

8.1 The **Group Auditor** may provide certain non-audit services to the Group. At the same time, the Company believes that the provision of certain non-audit related services and the level of remuneration for non-audit services paid to the audit organization may lead to a conflict of interest or an actual / perceived loss of objectivity.

Each of the potential services of an audit organization is classified by the Company into one of the following categories (additional explanations are given in clauses 8.3-8.5 of this Policy):

**Category A:** non-audit services that may affect the independence of ensuring the current obligations of the Group Auditor and which must be provided by an audit organization in accordance with the requirements of the legislation of the Republic of Kazakhstan or the country of registration of a non-resident subsidiary of the Republic of Kazakhstan and in compliance with the conditions stipulated by the Code of Ethics for Professional Accountants. Category A non-audit services do not require compliance with the limit amount specified in clause 9.4 of this Policy.

**Category B:** non-audit services that may affect the independence of ensuring the current obligations of the Group Auditor and which can be provided by the Group Auditor in accordance with the Law and in compliance with the conditions stipulated by the Code of Ethics for Professional Accountants. Category B non-audit services require compliance with the limit amount specified in clause 9.4 of this Policy.

**Category C:** non-audit services that will lead to the loss of independence to meet the current obligations of the Group Auditor and are considered as prohibited services in accordance with the Law and other restrictions provided for by the Code of Ethics for Professional Accountants.

8.2 For the provision of Category C services, the Company will not engage an audit organization that carries out the obligatory audit of the Company.

8.3 **Category A** non-audit services include the following, but not limited to:

- reporting required by the competent or regulatory body in accordance with the legislation of the Republic of Kazakhstan;

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- reporting required by the legislation of the country of registration and location of a non-resident subsidiary 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 subsidiary of the Republic of Kazakhstan;

- reports required by the competent or regulatory authorities, or provided to such bodies, if the competent or regulatory body has either designated a Group Auditor to provide the service, or has indicated to the Group's entity that the Group Auditor should be selected to provide these services;

- services to assist the Group's entity in fulfilling the obligation required by the legislation of the Republic of Kazakhstan or the country of registration and location of the subsidiary, when: the provision of such services is strictly limited in time, the subject matter of such services is price sensitive, both when it is possible, that an impartial, fair and informed third party has concluded that the understanding of the Group's entity activity, obtained by the Group Auditor for auditing the financial statements, has value for the service, and when the nature of the service will not jeopardize the independence of the Group Auditor.

8.4 **Category B** non-audit services include the following, but not limited to:

- reporting on loan 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 management of the Group's entity, if this work is integrated with the provided audit services and is performed under the same basic conditions;
- services for performing additional audit procedures in relation to the financial statements of significant subsidiaries, provided on behalf of the management of the Group's entity;
- services for the provision of analysis of changes in legislation or accounting standards and audit;

- tax consulting services;
- services in support of transactions on mergers and acquisitions of companies;
- audit and other services in relation to the public reporting of the Group's entity prepared under investment agreements and prospectuses;
- services for the confirmation of the reporting of the Group's entity other than financial (environmental reporting, sustainability reporting, etc.).

8.5 **Category C** non-audit services include the following, but not limited to:

- Services for accounting and financial reporting of the Group's entity.
- Tax services related to the calculation of taxes, including deferred tax, and / or preparation of tax reporting forms.

- Services for the provision of support during inspections of tax authorities.
- Services related to participation in the management or making management decisions of the Group's entity.

- Services for calculating and paying salaries to employees of the Group's entity.
- Services for the development and introduction 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 or litigation obligations of the Group's entity
- Legal services, including the services of a legal adviser, negotiating on behalf of the Group's entity, protecting the interests of the Group's entity in resolving legal disputes;

- Services for the internal audit of the Group's entity;
- Compliance services;
- Services related to financing, structure and distribution of capital, as well as the investment strategy of the Company, with the exception of the provision of audit services in relation to financial statements, such as the issuance of letters of guarantee in relation to prospectuses issued by the Company;

- Services in relation 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

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accounting and preparation of financial statements;

- Services for determining the organizational structure of the Group's entity;
- Services for the control of expenses of the Group's entity;
- Services, the cost of which is formed by the "contingent fees" method.

## **9. Approval of non-audit services**

9.1 If the Group Auditor is interested in providing Category A and B non-audit services to the Group, the Group Auditor sends the Audit Committee a request for permission to provide such services.

As part of the request, the Group Auditor must provide at least the following information:

- 1) a detailed description of the service;
- 2) the expected remuneration to be paid in connection with the proposed provision of services;
- 3) analysis of independence in the provision of this service, listing the reasons why obtaining a permit will not jeopardize the independence of the Group Auditor;
- 4) confirmation of the absence of a conflict of interest in the provision of this service;
- 5) and the intended classification of the non-audit service in accordance with the provisions of this Policy.

9.2 If the Group Auditor is interested in providing the Group with Category B non-audit services, the Group Auditor shall additionally provide the Audit Committee with information on the accrued and paid remuneration for the audit services rendered by the Group Auditor to the Group for three consecutive previous reporting years.

9.3 The Audit Committee reviews the request of the Group Auditor, verifies the correctness of the classification of the non-audit service and makes a decision on whether or not to allow the Group Auditor to provide the non-audit service. The decision of the Audit Committee is sent to the Group Auditor.

9.4 The total annual amount of remuneration for non-audit services rendered to the Group is capped as follows:

- a) Principal Auditor - no more than fifty (50) % of the average annual remuneration paid to the audit organization for the audit of the Group during the last three financial years in a row. Wherein, the companies of the Group are accounted for from the period of inclusion of this organization in the Group;
- b) Component Auditor - no more than seventy (70) % of the average annual remuneration paid to the auditing organization for the audit of the Group's companies during the last three financial years in a row. Wherein, the companies of the Group are accounted for from the period of inclusion of this organization in the Group;

9.5. Decisions made by the Audit Committee on clause 9.3. of this Policy are submitted to the Board of Directors of the Company for information.

## **10. Conflict of interest in the provision of non-audit services by an audit organization**

10.1 When procuring the procedure and obtaining audit services, the Group's entity should consider the possibility of threats to independence for the audit organization due to:

- 1) the nature of the services previously received from this audit organization;
- 2) a financial or business relationship with the organization during or after the period covered by the financial statements.

If the Group's entity does not take or cannot take measures to eliminate the threat of self-control for the audit organization or reduce it to an acceptable level, the Group's entity cannot receive audit services from such an audit organization.

10.2 The contract for the provision of services for the audit of financial statements must include the obligations of the Auditing Organization to conduct an audit in accordance with the Law

10.3 Services received by the Group's entity from an audit organization must not violate

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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 the participants are competitors of the Company;
- 2) when the audit organization provides services to the Company and other organizations whose interests are in conflict or which are in a state of disputes and discussions with each other on issues, operations and problems.

## **11. Periodic reporting and disclosure of remuneration information**

11.1. Annually, by 31 January of the year following the Reporting year, the Group's entities provide the Responsible structural subdivision with information on the costs of audit and non-audit services provided by audit organizations and reflected in the statement of comprehensive income for the previous Reporting year, in accordance with the Appendix to this Policy.

Information on the costs of audit and non-audit services rendered by audit organizations and reflected in the statement of comprehensive income for the previous reporting year provided by subsidiaries must be preliminarily agreed upon by them with audit organizations.

11.2. Annually, by 10 February of the year following the Reporting year, the Responsible structural subdivision determines the List and sends a formal request for the need to provide information on income accrued from the provision of audit and non-audit services to the Group to the audit organizations included in the List, in accordance with the Appendix to this Policy.

11.3. The responsible structural subdivision checks the completeness and correctness of the information provided by subsidiaries and reconciles data from subsidiaries and audit organizations that provide audit and non-audit services to the Group during the Reporting year.

11.4. At least twice a year, based on the results of the first half of the year (until 31 August of the current year) and the reporting year (not later than 31 March following the reporting year), a member of the Company's Management Board in charge of accounting and interaction with an audit organization, provides the Audit Committee with a report that includes information for the period, including:

- 1) the volume of audit services provided to the Group by the Principal Auditor and the Component Auditor;
- 2) the volume of non-audit services provided to the Group by the Principal Auditor and the Component Auditor (detailed per different categories of services);
- 3) remuneration (for each individual service and in the aggregate) paid by the Group to the Principal Auditor and the Component Auditor for the provision of such services.

Information on remuneration for audit and non-audit services paid to the Principal Auditor and the Component Auditor for the Reporting Year is also disclosed on the Company's website.

## **12. Rotation of the lead partner for the project**

12.1 The Company should require the Principal Auditor to follow the principle of rotation of the lead project partner (primarily responsible for the audit) every five years. A succession plan to achieve this result should be prepared by the Principal Auditor and submitted to the Audit Committee for review no later than one year prior to the rotation.

12.2 The lead audit partner who has been in charge of the audit for five years must not participate in the audit of the Company for the next five years. Participation in the audit implies ensuring audit quality control, consulting the audit team or the Company on technical or industry issues, transactions or events that directly affect the audit results. This does not apply to matters related to the audit of previous years, during which the audit partner was in charge. After two years from the date of the rotation of the partner, the former partner can begin to advise the audit team or the Company on technical or industry issues, if this consultation concerns only new issues that did not require consideration during the period of the duties of the auditor.

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12.3 At the same time, in order to guarantee the quality of the audit and ensure the degree of flexibility on the issue of the rotation period, with the consent of the Audit Committee (or other authorized body / authorized person of the Company) and the consent of the auditing organization, the activities of the audit partner in this position may be prolonged for an additional period up to two years so that the audit partner spends no more than seven years in total in this position.

12.4 If such a decision is made, the Company will publish a press release to the Shareholders as soon as possible and in each of the next two years, in which it will disclose this fact and the reasons for the decision.

### **13. Recruitment to the Company of employees of the Principal Auditor**

13.1. Appointing (electing) a person that participated in the obligatory audit of the Company as an employee of the Principal Auditor or who took part in the obligatory audit of the Company as an employee of the Principal Auditor for two years preceding the date of his/her appointment (election) in the Company, to the position of a member of the Board of Directors, a member of the Management Board, an employee of the Internal Audit Service, the Financial Controller, the Chief Accountant - the Head of the Accounting Service of the Company shall not be in practice. If such an appointment is expected, in order to avoid a conflict of interest, it is required to obtain the preliminary approval of the Audit Committee for the proposed candidate for further consideration of the issue of his/her appointment (election).

### **14. Annual confirmation from the Principal Auditor**

14.1 The contract for the provision of services for the audit of financial statements must include the obligations of the Principal Auditor to provide information on the progress and results of the audit in writing, as well as confirm to the Audit Committee (at least once a year) that:

- the independence of the Principal Auditor has been preserved;
- The Principal Auditor and its partners have no financial interests in the Group's entities;
- members of the audit group have no financial interests in the Company and the Group;
- except for the permissible services provided for by this Policy, there are no other cases of rendering services between the Company and the Principal Auditor;
- no part of the remuneration paid by the Company to the Principal Auditor must include contingent fee arrangements;
- the total amount of remuneration received or expected to be received by the Principal Auditor for each service rendered to the Group did not materially affect the financial independence of the Principal Auditor from the Group, the threshold of which, according to the Rules of Professional Conduct of the Association of Chartered Certified Accountants of the United Kingdom of Great Britain and Northern Ireland (the ACCA Rules of Professional Conduct), must not exceed 15 percent of the total income of the Principal Auditor;
- there is no dispute between the Company and the Principal Auditor.

14.2 The Audit Committee annually confirms to the Board of Directors of the Company that the Principal Auditor has given written confirmation referred to in clause 14.1 of this Policy.

### **15. Final Provisions**

15.1. Issues not regulated by this Policy are governed by the current legislation of the Republic of Kazakhstan on auditing, the Charter of the Company, decisions of the General Meeting of Shareholders of the Company, the Board of Directors of the Company and other internal regulations of the Company.



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15.2. This Policy should be periodically assessed for the relevance of the requirements set forth therein. The Audit Committee, as necessary, considers issues of compliance with the requirements of the Policy, with the possible involvement of the Internal Audit Service for these purposes.

15.3. This Policy, as well as changes and / or additions thereto, come into force from the date of their approval by the decision of the Board of Directors of the Company and are posted on the website of the Company.

## **16. Appendix**

16.1 Appendix 1 Request Form for Audit and Non-Audit Services Rendered by the Audit Organization



**List of approval of  
Policy of NAC Kazatomprom JSC on engagement of audit firms**

No.	Subdivisions	Title	Last name and initials	Date	Signature
1	Administrative Block	Chief Financial Officer	K. Syzdykova		
2	Administrative Block	Financial Controller	D. Kozha-Akhmet		
3	Legal Affairs Department	Acting Director	A. Pirmatov		
4	Internal Audit Service	Head	M. Korganbayeva		
5	HR Department	Director	L. Kozhakhmetova		
6	Procurement Department	Director	Ye. Mukanov		
7	Corporate Governance Department	Director	S. Imankulov		
8	Compliance Service	Head	S. Sarbassov		
9	Production Department	Director	Zh. Sadyrbayev		