

MINUTES

of in-person meeting of the Unified Committee to select an auditor for KEGOC group of companies

City of Astana

No.2

9 July 2015

Venue of in-person meeting of the Unified Committee to select an auditor for KEGOC group of companies: conference room 4202, 42 floor, 8 Kunayev St, Block B, Emerald quarter, Astana, Kazakhstan.

The following members of the Unified Committee attended the meeting:

The chair of the Unified Committee, deputy chair of the Management Board of Samruk-Kazyna for financial reporting:

Ms Yelena Bakhmutova

A member of the Unified Committee, CFO, a member of the Management Board of Samruk-Kazyna:

Mr Nurlan Rakhmetov

A member of the Unified Committee, the chair of the Audit Committee of KEGOC:

Mr Luca Sutera

A member of the Unified Committee, a member of the Audit Committee of KEGOC:

Mr Janusz Bialek

A member of the Unified Committee, a member of the Audit Committee of KEGOC:

Mr Anatoly Spitsyn

An authorised representative of KEGOC, a member of the Unified Committee to select an auditor, a substitute for a member of the Unified Committee, the first deputy CEO of KEGOC for financial reporting, Mr Bakythkhan Zhazykbayev:

Mr Aibek Botabekov

The quorum for a meeting of the Unified Committee is present.

The following Participants have presented there bids for selection process:

1. Ernst & Young (hereinafter - EY);
2. Deloitte (hereinafter - Deloitte);
3. KPMG Audit (hereinafter - KPMG);
4. PricewaterhouseCoopers" (hereinafter - PWC).

EY, Deloitte, KPMG and PWC are independent in relation to KEGOC and its subsidiaries.

Agenda:

Selection of an auditor for KEGOC and its following subsidiaries: Energoinform and Financial Settlement Centre for Renewable Energy Sources (hereinafter - KEGOC group).

In accordance with the agenda of the meeting:

1. The audit organizations have submitted their bids, which were challenged by the members of the Unified Committee;
2. The members of the Unified Committee discussed the bids and filled in the evaluation sheets.

The condensed transcript of the discussion:

At the end of the oral presentations of the participants, the chair of the Unified Committee, Ms Bakhmutova opened the discussions with representatives of KEGOC: the executives and the members of the Audit Committee.

Mr Botabekov, a member of the Unified Committee:

We have changed the external auditor relatively recently, in 2012. After the change and through 2013 there were disagreements with the audit partner of EY with regard to audit approach and establishing the relationships. After discussions with EY the audit partner was replaced by Mr Paul Cohn. At present KEGOC is satisfied with the audit quality. It should be noted that the current partner has built effective relations with the Audit Committee and the management of KEGOC. Also, the current auditor has been proactively involved in the process of improving the quality of financial reporting and acceleration of the preparation of the financial statements.

As practice shows, a change of an auditor is risky and sometimes painful for the company. The new external auditor would result in the issues of negotiating new audit approach, relations with the company management and financial statements deadlines, because the new auditor would take a lot of time to gain knowledge about the company, its management and the Audit Committee.

EY really have deep understanding of KEGOC business. They are aware of all material issues affecting the financial statements.

Taking into account the current situation, I believe that to change the current auditor is not necessary. The audit quality delivered by the current auditor is at the required level.

Luca Sutera, a member of the Unified Committee:

In practice, it takes two years for a new auditor to know a company, accumulate the knowledge about it and the specifics of its business. In the following years the company can benefit from the added value that stems from the enhanced efficiency of the external audit. Consequently, the change of auditor should be considered after more than 6 years of auditing of financial statements. Since the current auditor of KEGOC has been engaged since 2012, it would be inappropriate to change the external auditor at a time when it has matured.

Janusz Bialek, a member of the Unified Committee:

Compared with other bidders, KPMG also provides consulting services as a part of the audit. We need to understand what value these consultancy services could bring.

Mr Botabekov, a member of the Unified Committee:

The company has already implemented some of the services offered by KPMG. The most valuable of the proposed service is the diagnostics for compliance with ISO 55000. However, it is difficult to say how valuable this service could be, as the standard is relatively new, so this area will be further analysed. However, the price of KPMG's bid is the highest compared to the other bids.

In practice, the additional services offered by an auditor turn out to be a basic superficial overview. For an in-depth analysis and professional judgement, it is usually necessary to engage experts / consultants with expertise in their respective industries.

Mr Spitsyn, a member of the Unified Committee:

Under the circumstances, if the change of the external auditor is impractical and brings no added value, we shall retain the current auditor.

KPMG's presentation has been robust. On the positive side, I would note that the audit by KPMG includes a range of consulting services. Perhaps it makes sense to consider the additional services offered separately, as they, being a part of an audit package, cannot cover the entire scope of work.

Mr Rakhmetov, a member of the Unified Committee:

All bidders meet all the requirements. If the question is whether there are good candidates for auditor change, then the answer is yes. In support of Mr Spitsyn's point of view, I would say that the presentation of KPMG was detailed and clear. The question is whether it is critical for the client to have additional services and what value could they bring at such high cost proposed by KPMG. With all voiced initiatives and plans, including plans to enter the stock market, there must be very good reasons for changing the auditor at the moment. However, this time EY looks like a better bet, as a change of auditor now will expose the company to certain difficulties and additional risks.

Ms Bakhmutova, chair of the Unified Committee:

Every company has certain advantages. Selection of an external auditor shall take into account the current situation. According to the instructions of the President of Kazakhstan to facilitate the offerings on the stock market, KEGOC will be one of the first companies of Samruk-Kazyna group to be listed on Astana and / or other stock exchanges. In this connection, a change of the external auditor might be painful for the company and management, it also raise nervousness of the investors. In this context, we must consider the materiality of these issues and feasibility of changing the external auditor.

The quality and timeliness of audit by the current auditor are satisfactory for KEGOC and the company has established communications with the current partner. I believe that under the circumstances, it is necessary to retain the current auditor for the next three years.

On the basis of discussions and summary evaluations the Unified Committee **DECIDED:**

Ernst & Young shall be recommend as an external auditor to the authorised bodies of KEGOC and its subsidiaries listed in the request to participate in the procedure for selection of an auditing organization for 2016-2018.

The Unified Committee instructed the company's management to negotiate a possible reduction in the audit fee.

Enclosures: Evaluation sheets of the members of the Unified Committee.

Chair of the Unified Committee:

Ye. Bakhmutova /signed/

Members of the Unified Committee:

N. Rakhmetov */signed/*

L. Sutera */signed/*

Ja. Bialek */signed/*

A. Spitsyn */signed/*

A. Botabekov */signed/*