
Tau-Ken Altyn Limited Liability Partnership

Independent Reasonable Assurance Report
(ISAE 3000 (revised) engagements)
on the Refiner's Compliance Report
for the year ended 31 December 2020





Independent Reasonable Assurance Report

To the Management of Limited Liability Partnership “Tau-Ken Altyn”:

Introduction

We were engaged by the Management of Limited Liability Partnership “Tau-Ken Altyn” (hereinafter – the “Company”) to provide reasonable assurance on its Refiner’s Compliance Report for the year ended 31 December 2020 (hereinafter – the “Refiner’s Compliance Report”).

Description of the subject matter and applicable criteria

The Refiner’s Compliance Report prepared in accordance with the London Bullion Market Association (LBMA) Responsible Gold Guidance (Version 8) (“the LBMA Guidance”) by the Management of the Company is the subject matter of our engagement for the purposes of preparing our reasonable assurance report. We were engaged to express an opinion as to whether the Refiner’s Compliance Report describes fairly the activities undertaken during the year to demonstrate compliance and that management’s overall conclusion contained therein is in accordance with the LBMA Guidance.

Responsibility of the Management of the Company

The Management of the Company is responsible for the preparation and presentation of the Refiner’s Compliance Report in accordance with the LBMA Guidance. This responsibility includes establishing and maintaining appropriate risk management and internal controls from which the reported information is derived. Furthermore, the responsibility includes designing, implementing and maintaining systems and processes relevant to the preparation of the Refiner’s Compliance Report that is free from material misstatement, whether due to fraud or error. The information in relation to the activities described within the Refiner’s Compliance Report is determined by the Management of the Company as appropriate and relevant to validate the degree of compliance with the LBMA Guidance.

Our responsibility and applicable professional standards

Our responsibility is:

- to plan and perform our engagement to obtain reasonable assurance as to whether the Refiner’s Compliance Report describes fairly the activities undertaken during the year to demonstrate compliance and that management’s overall conclusion contained therein is in accordance with the LBMA Guidance;
- to perform our engagement following the relevant guidance set out in the LBMA Responsible Sourcing Programme – Third Party Audit Guidance (version 1) (“the Audit Guidance”);
- to express an opinion based on our work performed; and
- to provide our opinion to the Management of the Company.

We conducted our reasonable assurance engagement in accordance with International Standard on Assurance Engagements 3000 (Revised) “Assurance Engagements other than Audits or Reviews of Historical Financial Information” issued by the International Auditing and Assurance Standards Board.



This report, including our opinion, has been prepared solely for the Management of the Company for assisting management in determining whether the Company has complied with the LBMA Guidance and for no other purpose. We permit this report to be disclosed in the Refiner's Compliance Report, to assist the management in responding to their governance responsibilities by obtaining an independent reasonable assurance report in connection with the Refiner's Compliance Report¹. Our reasonable assurance report is made solely to the Company in accordance with the terms of our reasonable assurance engagement. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Management of the Company for our work performed and this report.

Our independence, quality control and competency statement

We have complied with the independence and other ethical requirements of the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour, and the ethical requirements of the Auditor's Professional Ethics Code and Auditor's Independence Rules that are relevant to our reasonable assurance engagement in respect of the Refiner's Compliance Report in the Russian Federation. We have fulfilled our other ethical responsibilities in accordance with these requirements.

Our firm applies International Standard on Quality Control 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

In conducting our reasonable assurance engagement, we confirm that we satisfy the criteria for assurance providers as set out in the Audit Guidance to carry out the reasonable assurance engagement.

Summary of work performed

Our reasonable assurance engagement included the following procedures regarding the subject matter:

- inquiry of management to gain an understanding of the Company's processes and risk management procedures in place in relation to the gold supply chain;
- inquiry of the relevant staff responsible for the preparation of the Refiner's Compliance Report;
- walkthrough of the Company's due diligence process to gain an understanding of implemented policies and procedures;
- assessment of the suitability of the policies, procedures and internal controls that the Company has in place to conform to the requirements of the LBMA Guidance;
- testing, on a sample basis, of the Company's account opening procedures and due diligence conducted before engaging with a potential precious metal supplying counterparty;
- testing, on a sample basis, of transactions to evaluate whether due diligence processes are being followed;
- testing a selection of the underlying processes and controls that support the information in the Refiner's Compliance Report; and
- review of the statements made by the management in the Refiner's Compliance Report as compared to the findings arising from the above procedures performed.

¹ The maintenance and integrity of the Company's website is the responsibility of management; the work carried out by us does not involve consideration of these matters and, accordingly, we accept no responsibility for any changes that may have occurred to the reported Subject Matter (the Refiner's Compliance Report) or Reporting Criteria (the LBMA Guidance) when presented on the Company's website.



We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Inherent limitations

Non-financial information, such as that included in the Refiner's Compliance Report, is subject to more inherent limitations than financial information, given the more qualitative characteristics of the subject matter and the methods used for determining such information. The methods used by different refiners to comply with the LBMA Guidance may differ.

It is important to read the Company's Responsible Gold Guidance adopted on 23 October 2018, that is available on the Company's website in accordance with the LBMA Guidance requirements.

Our opinion

In our opinion, the Refiner's Compliance Report of the Company for the year ended 31 December 2020, in all material respects, describes fairly the activities undertaken during the year to demonstrate compliance, and management's overall conclusion contained therein is in accordance with the requirements of the LBMA Guidance.

AO PricewaterhouseCoopers Audit

31 March 2021
Moscow, Russian Federation



A. N. Rusanov, certified auditor (licence No. 01-000273),
AO PricewaterhouseCoopers Audit

Audited entity: Tau-Ken Altyn LLP

State registration certificate № 35581-1901-LLP dated 21 December 2009

Republic of Kazakhstan, 010000, Astana, Almaty district, Industrial park,
A194 str., house 1.

Independent auditor: AO PricewaterhouseCoopers Audit

Registered by the Government Agency Moscow Registration Chamber on
28 February 1992 under No. 008.890

Record made in the Unified State Register of Legal Entities on
22 August 2002 under State Registration Number 1027700148431

Taxpayer Identification Number 7705051102

Member of Self-regulatory organization of auditors Association
«Sodruzhestvo»

Principal Registration Number of the Record in the Register of Auditors and
Audit Organizations – 12006020338

AO PricewaterhouseCoopers Audit is included in the list of Approved Service
Providers by the London Bullion Market Association (LBMA)

Refiner's Compliance Report

Table 1: Refiner's details	
Refiner's name	Tau-Ken Altyn LLP
Location	Bldg. 1, A194 Street, ZooT4Y9 Nur-Sultan, Republic of Kazakhstan
Reporting period end	31 December 2020
Date of report	31 March 2021
Senior management responsible for this report	R.N. Makulbekov, CEO A.D. Segizbayev, Marketing manager Tel.: +7 (7172) 30-94-70, e-mail: a.segizbayev@taukenaltyn.kz

Tau-Ken Altyn LLP's compliance evaluation

Table 2: Summary of activities undertaken to demonstrate compliance
Step 1: Establish strong supply chain management systems
<p>Compliance statement with requirements: Tau-Ken Altyn LLP (hereinafter, the "Company", "Partnership" or "Refiner") has complied with Step 1: Establish strong supply chain management systems.</p>
<p>Has the Refiner adopted a company policy regarding due diligence for supply chains of gold? Tau-Ken Altyn LLP adopted the Responsible Gold Supply Chain Policy (hereinafter, the "Policy"), which complies with the London Bullion Market Association ("LBMA") Responsible Gold Guidance (hereinafter, the "LBMA Guidance"), on 23 October 2018. Gold supply chains are also regulated by the following Company's documents:</p> <ul style="list-style-type: none"> – Regulation on contracts; – Instruction on the procedure for accounting for and storing precious metals, related products and keeping records of their production, use and circulation. <p>The abovementioned policies and regulations were compliant with the LBMA Guidance in terms of responsible gold supply and were sufficient to prevent dealings with high-risk suppliers. The Company evaluates gold supply chain risk as low since most of its gold-bearing materials are produced in the Republic of Kazakhstan by suppliers registered in the Republic of Kazakhstan (hereinafter, "RK"), who have mining contracts and licences of the RK Ministry of Industry and Infrastructural Development and whose activities are regulated by the RK Anti-Money Laundering and Counter-Terrorist Financing Law No. 191-IV dated August 28, 2009, with the exception of «AGMK» LLC, which is a resident of the Russian Federation, in respect of which, in turn, the Federal Law of the Russian Federation of 07.08.2001 N 115-FZ "On Counteracting the Legalization (Laundering) of Proceeds from Crime and the Financing of Terrorism" is in force.</p> <p>No high-level risk suppliers in the gold raw material supply chain were identified in 2020.</p> <p>The Policy is available at the Company's official website: https://taukenaltyn.kz/good-delivery</p> <p>Comments and demonstration of compliance: The Responsible Gold Supply Chain Policy was approved and adopted on 23 October 2018.</p>
<p>Has the Refiner set up an internal management structure to support supply chain due diligence? The Company set up a formalised internal management structure to support supply chain due diligence. Detailed description of the structure is set out in the Instruction on the procedure for accounting for and storing precious metals, related products and keeping records of their production, use and circulation.</p> <p>Comments and demonstration of compliance: With the adoption of the Policy, the management and reporting processes, internal audit procedures and similar arrangements which were used to perform due diligence of the gold supply chains were formalized to comply with the</p>

LBMA Guidance. Within this, the Partnership monitors the changes made by the LBMA to the Responsible Gold Guidance (“RGG”) policy and performs relevant activities.

In accordance with the existing procurement procedures, the legal office ensures anti-money laundering law compliance by considering/approving contracts, participation in the compliance review procedure, and performing “know your counterparty” procedures.

The Company’s Lead FEC and Commerce Manager, who manages the process and directly reports to the Company’s top management, was assigned as responsible for compliance.

Has the Refiner established a strong internal system of due diligence, controls and transparency over gold and precious metals supply chains, including traceability and identification of other supply chain actors?

Yes. The Company has developed a strong internal system of due diligence, controls and transparency over gold supply chains.

Comments and demonstration of compliance:

The Company has put in place a raw material supply management process. The Company has implemented systematic processes for accepting the consignments of primary and secondary gold and examining it to ensure that all required documents are received, and relevant records are made prior to materials processing. The process for documentation, transfer and custody of gold-bearing raw materials is addressed in the Instruction on the procedure for accounting for and storing precious metals, related products and keeping records of their production, use and circulation. The Company has developed a strong internal system of due diligence, controls and transparency over gold supply chains. Prior to processing the gold-bearing materials, the Company obtains documents which include a contract (or any other title document) for mining of the supplied gold-bearing materials, charter documents and other documents recommended by LBMA for verification; all the transaction details, such as supplier details and information on the type and weight of the gold-bearing materials, are documented. Each consignment supplied is accompanied by the documents required by the underlying contracts. Prior to raw materials processing, special control procedures required by the Company’s internal instructions are performed.

In response to the spread of the COVID-19 coronavirus infection, a state of emergency was introduced in the Republic of Kazakhstan from March 16 to May 11, 2020, then local quarantine restrictions were in effect until the end of 2020, including a strict isolation regime in the summer of 2020, which affected the operation of the Company in 2020. Due to the pandemic in the second half of March 2020 at the level of the holding company “Samruk-Kazyna” JSC, restrictions were imposed on the admission of third parties to the refining plant, control over compliance with sanitary standards was strengthened, a mask and temperature regime was introduced, all field trips (inside and outside the country) were cancelled, and a number of other measures were taken to prevent the spread of the coronavirus infection. And field trips of the Company’s employees remained prohibited until the end of 2020.

The standard procedures for weighing the received batch with the involvement of a representative of a third party were suspended for the period of the lockdown (from March to September 2020), control was executed by video and photo shooting to ensure transparency of the process in cases of non-compliance of discrepancies in the amount of the declared metal with the values provided for in the supply contracts. The admission of suppliers’ representatives to the Company and registration of passes were resumed in September 2020, with upholding of restrictions.

In addition in order to strengthen control over the supply chain of gold-containing raw materials, including the response to the recommendations received in previous years, the Partnership took an active part in the development and launch of a pilot project for extending the virtual warehouse regime to gold-containing raw materials. The corresponding Order of the Ministry of Finance of the Republic of Kazakhstan “On Approval of the Rules and Terms of Implementation of a Pilot Project for the Execution of accompanying invoices for goods and their document flow” was issued on November 16, 2020 under No. 1104. According to the Order all movements of gold-containing raw materials will be reflected by the companies in the virtual warehouse, this will provide an online access to information about all gold supplies and ensure operational control by financial monitoring bodies.

Has the Refiner strengthened company engagement with gold supplying counterparties and (where possible) assisted gold supplying counterparties in building due diligence procedures?

Tau-Ken Altyn LLP has enhanced its cooperation with the suppliers of gold-bearing materials and informed them on the need to comply with the LBMA Guidance requirements.

Comments and demonstration of compliance:

The due diligence procedures are governed by the Regulation on contracts (effective at the Company since 2015) and are supported by the Procurement standard of JSC “Samruk-Kazyna” of September 9, 2019 (Record No. 31/19) effective for Tau-Ken Altyn LLP. Each counterparty should undergo identification and each contract should go through the internal approval procedure.

In addition, supplier due diligence procedures are required by RK Anti-Money Laundering and Counter-Terrorist Financing Law No. 191-IV (AML/CFT) which is mandatory for all businesses dealing with precious metals across the Republic of Kazakhstan. All raw materials supplied to Tau-Ken Altyn LLP in 2020 was originated in the Republic of Kazakhstan. Management works with the gold suppliers on an ongoing basis to ensure compliance of its gold supply chain with AML/CFT law.

Relevant requirements for suppliers’ obligations to comply with the LBMA Guidance and to develop policies in accordance with Appendix II to the OECD Due Diligence Guidance are included in the contracts with suppliers or relevant written confirmations on these matters are separately obtained from suppliers.

Has the Refiner established a company-wide communication mechanism to promote broad-based employee participation and risk identification to management?

Tau-Ken Altyn LLP has established a company-wide communication mechanism to promote broad involvement of the Company employees and to report any risks identified to the Company's management.

Comments and demonstration of compliance:

The Company's Lead FEC and Commerce Manager performs the functions of complying with the LBMA Guidance, tracking raw material chains and supporting activities to attract raw materials in the Partnership. The functions of identifying and managing risks fall within the competence of the leading analyst and risk manager.

The Company has developed internal communication procedures designed to allow employees to voice their concerns in relation to precious metals supply chain, or newly identified risks.

The Company has appointed a responsible person (a designated AML officer) who reports compliance with the Internal Control Rules directly to the Company's Director. The Management Representative in Charge of the Policy (Incoming Controller) was also appointed as required by the Policy.

If any indication of an unusual transaction (deal) being performed by the counterparty that is subject to control under AML/CFT law, or any sign of extraordinary nature, is identified, the Company's employee should prepare a notification on such deal and send it to the Management Representative in Charge of the Policy who will take further decision on whether the transactions identified should be qualified as unusual or documented as required by the law.

The Company also has dedicated e-mail addresses where any information on potential violation of the Policy could be sent and a special box for collecting written communications on such issues.

Step 2: Identify and assess risks in the supply chain

Compliance statement with the requirement:

The Company has complied with Step 2: Identify and assess risks in the supply chain.

Does the Refiner have a process to identify risks in the supply chain?

Yes, the Company has organized the process for supply chain risk identification as required by the LBMA Guidance and by the anti-money laundering and counter-terrorist financing law of the RK. The Company approved the Policy on 23 October 2018.

Comments and demonstration of compliance:

The Company identifies risks for all counterparties prior to entering into any business relationship with them through our contractual procedures and "know your counterparty" (KYC) process.

In addition, there is a unified electronic database in the Republic of Kazakhstan that allows the Company's employees to check the presence/absence of tax arrears for all legal entities registered in the Republic of Kazakhstan, as well as electronic judicial databases that allow, if there are suspected risks, to perform additional verification by searching/analyzing the register of court cases (for a particular judicial body) in which the company has been involved.

At the same time, in accordance with the RGG recommendations, the Policy provides for inspection visits by employees of the Partnership to counterparty companies (on a selective basis) to inspect gold mining enterprises and ensure proper confidence in the compliance of enterprises with the RGG principles, and draw up relevant acts. In connection with the introduction of the state of emergency in the city of Nur-Sultan, and subsequently the widespread lockdown in the Republic of Kazakhstan, the management of the Partnership decided to cancel all business trips and events that require physical participation in order to avoid the risks of spreading the COVID-19 coronavirus infection among the Company's employees. In this regard, due to the impossibility of on-site monitoring, if necessary, all communications were carried out remotely via video and audio conferencing. At the same time, it should be noted that the main part of the Partnership's suppliers are residents of the Republic of Kazakhstan and have been cooperating with the Partnership for more than one year. In this regard, the scope of procedures for identifying risks in supply chains was sufficient to ensure proper assurance of the compliance of supplies with the Policy requirements. In addition, compliance control procedures were strengthened for new suppliers, the number of which was insignificant in 2020. To review applications for cooperation, a compliance officer of the sole participant of the Partnership with access to the extended databases was involved. These changes were later formalized - the procedure for passing compliance control was supplemented with verification, approval and provision of the relevant conclusion of the compliance officer of the Sole Participant of the Partnership, JSC "NGC "Tau-Ken Samruk". The changes were put into effect by the decision of the Board of Directors of JSC "NGC "Tau-Ken Samruk" on approval of amendments to the Instructions on Compliance Verification of Counterparties dated August 27, 2020 (Record No. 09/20). After making changes to the Compliance Verification Instructions, the Supervisory Board does not consider issues of approving transactions with potential suppliers until the relevant conclusion is provided by the compliance officer.

The Company has processes in place to identify supplier chain risks based on the country, company and commodity risk assessments performed as follows:

Country risk: country risk is minimal because all gold-bearing materials were supplied by suppliers from the Republic of Kazakhstan and Russia (RK is the place of origin of the supplied raw materials) in 2020.

Company risk: contracts with suppliers are concluded on an annual basis. Since 2015, the Company takes into account the LBMA Guidance requirements in all contracts concluded. In addition, under the contracts suppliers should provide complete package of documents supporting origin of the gold-bearing materials as required by the

Responsible Gold Guidance:

- government mining licence/contract;
- state registration certificate;
- charter, constituent documents;
- financial documents, etc.

Upon the expiration of the validity period of the existing contracts, in case of intention to continue cooperation, all the necessary documents requiring updating are requested.

To obtain a mining license / contract for subsoil use of minerals in the Republic of Kazakhstan, a potential subsoil user undergoes a check of information about the company and its directors, financial and tax status in the authorized state bodies and annually, subsequently, submits reports to the relevant state bodies, is a subject of state monitoring. As part of the supplier due diligence procedures, the Company checks whether the suppliers of gold have current gold mining licences and obtains documents to support information on the top management and ultimate beneficiaries of the mined and recycled gold suppliers.

Commodity risk: supplied raw materials are checked for compliance with the Company's standards for quantity and quality when acceptance acts are issued. The Company agrees terms and condition of gold-bearing materials safe transportation and appropriate packaging with service suppliers.

Based on the supply chains due diligence results for 2020, no high-risk counterparties were identified.

Does the Refiner assess risks associated with gold supply chain participants in line with the adopted risk assessment system?

Yes, the Company assesses risks of its gold supply chain in accordance with the LBMA Guidance requirements. For the deliveries' acceptance purpose the full risk assessment was performed for all suppliers for 2020. No high-risk counterparties have been identified.

Comments and demonstration of compliance:

The Company assesses risks as part of its gold supply chain due diligence. Gold supply chain due diligence is performed prior to commencing any business relationship with a third party as required by the Responsible Gold Guidance. The suppliers are monitored on a continuous basis. The Company does not work with high-risk counterparties.

The Company's risk assessment provisions are based on the AML/CFT legislation of the Republic of Kazakhstan (which is mostly consistent with the LBMA Guidance, but has some differences in the definition of risk levels and the rules for identifying the final beneficiary/shareholder), the Policy and the LBMA Guidance. In relation to deliveries for 2020, the Company did not identify counterparties with a high degree of risk.

In 2020, the Company met the requirements of Stage 2 for procedures aimed at identifying risks in the gold supply chain.

Relevant documents and comments were received to confirm suppliers' compliance with the AML/CFT requirements, and in the absence of a formalized AML/CFT policy relevant information on contractors have been searched from open sources (the arbitration court file, the prosecutor's office websites, the bailiff service) and negotiations were held with suppliers to confirm that despite the fact that the procedures are not formalized, no violations of the AML/CFT requirements have been identified. In addition, contracts with suppliers include the section "Guarantees of compliance with the LBMA Guidance", which obliges suppliers to comply with the AML/CFT requirements.

All counterparties, being residents of the Republic of Kazakhstan (all suppliers, except LLC "AGMK") must carry out their activities in accordance with the Law of the Republic of Kazakhstan dated August 28, 2009 No. 191-IV "On Countering the legalization (laundering) of proceeds from crime and the financing of terrorism". Most of the counterparties with which the Company cooperated in 2020 were not new to the Company. LLC "AGMK" as a resident of the Russian Federation, in turn, must comply with the requirements of the Federal Law of the Russian Federation of 07.08.2001 N 115-FZ "On countering the legalization (laundering) of proceeds from crime and the financing of terrorism". LLC "AGMK" processes raw materials of Kazakhstan origin on a toll basis with the return of the metal to the territory of the Republic of Kazakhstan in the form of Dore alloy. LLC "AGMK" is a member of the Polymetal International PLC group of companies, which is a large public company that publishes reports on a regular basis. According to the results of the performed procedures, the Company's Management concluded that there is a low risk of dishonesty of all suppliers.

Does the Refiner report risk assessment to the designated manager?

The Company informs its senior management on all identified high-risk transactions.

Comments and demonstration of compliance:

The Company's senior management maintains unconditional control over supply chain through the procedure for approval of all new contracts and annual revision of all existing contracts. Prior to final approval each potential counterparty undergoes the process of approval by the commercial, finance and legal departments. Subsequently, after the Partnership Director approval, materials are sent for approval by the Partnership Board of Directors. Any issue causing doubt is investigated, clarified and sent for consideration to the Company's senior management. After that, from March 2020, the data is sent for review to the compliance officer of the sole participant and, if needed, additional risk assessment activities are performed through interaction with government authorities. Provided that

the compliance officer provides a conclusion on a low degree of risk, the materials on the transaction approval are sent to the Partnership Board of Directors for consideration.

The risk assessment questionnaire is submitted to the executive officer – Management Representative in Charge of Policy.

Step 3: Design and implement a management system to respond to identified risks.

Compliance statement with the requirement:

The Company has complied with Step 3: Design and implement a management system to respond to identified risks.

Has the Refiner devised a strategy for risk management on identified risk by either: (i) mitigation of the risk while continuing to trade, (ii) mitigation of the risk while suspending trade or (iii) disengagement from the risk?

The Company has the process for gold supply chain risk identification as required by the anti-money laundering and counter-terrorist financing law of the RK, Policy and LBMA Guidance.

Comments and demonstration of compliance:

Risk identification is based on the risk control procedures. Suppliers who failed to comply with the contractual terms and conditions and/or requirements for accompanying documents are not engaged by the Company to supply gold-bearing materials. In 2020, high-risk suppliers were not identified, and therefore no risk mitigation procedures were required. When identifying potential risks related to cooperation with a potential counterparty, the Partnership undertakes measures to rereview the presence of risks and identify them. In case of the confirmation or suspicion of the presence of risks, the Company shall not enter into business relations with such a company.

The relevant procedures are in place, including ongoing monitoring and observations that are used as required to ensure effective risk management.

On 23 October 2018, the Company approved the Policy that is in compliance with the LBMA Guidance which divides the suppliers into the following categories: Low, Medium and High risk. High-risk transactions imply those which have indicators of questionable deals, they are suspended until additional review is performed to reduce the risk and are subject to reporting to the regulatory body. In 2020, the Company's activity was based on a Policy approved in 2018, the LBMA Guidance and RK law requirements.

Company's response to the risks is based on the Policy which defines the conditions where the Company has to either freeze or cease trade with the medium-risk or high-risk counterparties. The existing regulations cover the Guidance requirements for Step 3. Since in 2020 the Company was provided with raw materials the place of origin of which was the RK only, the Partnership did not describe the activities implemented to respond to the risk related to imported material supplies.

The responsible structural divisions of the Partnership constantly monitor the changes made to the current legislation, as well as the regulatory documents and guidelines applied by the employees of the Partnership in the framework of their activities. During 2020, no significant changes were made to the AML and CFT legislation. All employees involved in operations with gold-bearing raw materials were familiarized with the latest versions of the laws, received additional necessary internal training by familiarizing themselves with the LBMA Manual and Policy. In 2020 employees of responsible structural divisions also took part in LBMA webinars. At the same time, a limited number of employees were trained in AML and CFT and economic security. This set of training activities was assessed by the Company as sufficient for the purposes of compliance with the requirements of the LBMA Guidance and Policies, in the current environment. Therefore, existing regulations and procedures were effective to secure the Company from dealing with high-risk suppliers.

Risk management and mitigation strategy should include measureable steps to be taken, monitoring of performance, periodic reassessment of risk and regular reporting to designated senior management.

Risk identification is based on the internal risk control procedures. In 2020, no operating high-risk suppliers were identified and therefore no risk mitigation was required. Contracts for cooperation with potentially high-risk companies were not concluded.

Comments and demonstration of compliance:

Potentially high-risk suppliers were not engaged. The Company's current procedure to approve contracts on a regular basis and to limit the contractual period to one year (with the exception of one large permanent counterparty, for which a 5-year supply contract was in effect, and this counterparty was also subject to an annual risk reassessment) assures the Company's management that the counterparties and their inherent risks are reassessed on a regular basis and all necessary steps are taken to mitigate such risks. Assessment of counterparties included in the gold supply chain for 2020 showed that there were no suppliers with high-risk activities.

Step 4: Arrange for an independent third-party audit of the gold supply chain due diligence

Compliance statement with the requirement:

The Company fully complies with Stage 4: Arrange for an independent third-party audit of the gold supply chain due diligence.

Comments and demonstration of compliance:

The Company engaged the independent audit firm, the joint stock company AO PricewaterhouseCoopers Audit whose reasonable assurance report on our compliance report will be available on our website once issued.

Step 5: Report supply chain due diligence

Compliance statement with the requirement:

The Company fully complies with Stage 5: Report supply chain due diligence.

Comments and demonstration of compliance:

The Company has implemented effective management systems, procedures, processes and practices to ensure compliance with the requirements of the LBMA Guidance.

The Company follows the continuous improvement policy and performs ongoing internal monitoring of any steps taken to eliminate weaknesses identified.

In 2018, the Company has developed and implemented the Responsible Gold Supply Chain Policy as required by the LBMA Guidance.

More details on how the Company's systems, procedures, processes and controls are implemented and used to comply with special requirements of the LBMA Guidance is provided in our Policy available on the Company's website (www.taukenaltyn.kz).

To give their feedback on this report to Tau-Ken Altyn LLP, users can send us an e-mail at the following address: a.segizbayev@taukenaltyn.kz.

Tau-Ken Altyn LLP's conclusion

Table 3: Management assessment of all five steps of the LBMA Guidance

Step	Rating	Comments
Step 1: Establish strong supply chain management systems	Fully compliant	<p>In 2020, the Company dealt with its supply chain based on the requirements of:</p> <ul style="list-style-type: none">- Responsible Gold Supply Chain Policy;- Regulations on contracts;- Instruction on the procedure for accounting and storing precious metals, related products and keeping records of their production, use and circulation.- RK Anti-Money Laundering and Counter-Terrorist Financing Law No. 191-IV dated August 28, 2009. <p>As for supplies in 2020, the Company did not identify high-risk counterparties.</p> <p>The standard procedures for weighing received batch with the involvement of third party representative were suspended for the period of the lockdown (from March to September 2020), control was provided by video and photo shooting to ensure transparency of the process in cases of non-compliance of discrepancies in the amount of the declared metal with the values provided for in the supply contracts.</p>
Step 2: Identify and assess risks in the supply chain	Fully compliant	<p>Tau-Ken Altyn LLP developed a Responsible Gold Supply Chain Policy. The policy regulates the activities of all the Company's employees related to verifying gold-bearing materials suppliers.</p> <p>For 2020, a full risk assessment was conducted for all suppliers. No high-risk counterparties were identified.</p> <p>At the same time, in accordance with the recommendations of the RGG, the employees of the Partnership on a selective basis carry out</p>

Table 3: Management assessment of all five steps of the LBMA Guidance

Step	Rating	Comments
		<p>inspection visits to the contracting companies to inspect the gold mining enterprises and ensure proper confidence in the compliance of the enterprises with the principles of the RGG, and draw up appropriate acts.</p> <p>In connection with the introduction of the state of emergency in Nur-Sultan, and subsequently the widespread lockdown in the Republic of Kazakhstan, the management of the Partnership decided to cancel all business trips and events that require physical participation in order to avoid the risks of spreading the COVID-19 coronavirus infection among the Company's employees. In this regard, due to the impossibility of on-site monitoring, if necessary, all communications with counterparties were carried out through video and audio conference calls. At the same time, it should be noted that the main part of the Partnership's suppliers are residents of the Republic of Kazakhstan and have been cooperating with the Partnership for more than one year. In this regard, the scope of procedures for identifying risks in supply chains was sufficient to ensure proper assurance of the compliance of supplies with the Policy requirements. In addition, compliance control procedures were strengthened for new suppliers, the number of which was insignificant in 2020. To review applications for cooperation, a compliance officer of the sole participant of the Partnership with access to the extended databases was involved. These changes were later formalized - the procedure for passing compliance control was supplemented with verification, approval and provision of the relevant conclusion of the compliance officer of the Sole Participant of the Partnership, JSC "NGC "Tau-Ken Samruk". The changes were put into effect by the decision of the Board of Directors of JSC "NGC "Tau-Ken Samruk" on approval of amendments to the Instructions on Compliance Verification of Counterparties dated August 27, 2020 (Record No. 09/20). After making changes to the Compliance Verification Instructions, the Supervisory Board does not consider the issues of approving transactions with potential suppliers until the relevant conclusion is provided by the compliance officer.</p> <p>Relevant documents and comments were received to confirm suppliers' compliance with the AML/CFT requirements, and in the absence of a formalized AML /FT policy relevant information on counterparties was searched from open sources (commercial case file, prosecutor's websites, bailiff services), and negotiations were held with suppliers to confirm that despite the fact that the procedures are not formalized, no violations of the AML/CFT requirements were identified. Also, the contracts with suppliers include the section "Guarantees of compliance with the LBMA Guidance", which obliges suppliers to comply with the AML/CFT requirements.</p> <p>All counterparties, being residents of the Republic of Kazakhstan (all suppliers, except LLC "AGMK") must carry out their activities in accordance with the Law of the Republic of Kazakhstan dated August 28, 2009 No. 191-IV "On Countering the legalization (laundering) of proceeds from crime and the financing of terrorism". Most of the counterparties with which the Company cooperated in 2020 were not new to the Company. LLC "AGMK" as a resident of the Russian Federation, in turn, must comply with the requirements of the Federal Law of the Russian Federation of 07.08.2001 N 115-FZ "On countering the legalization (laundering) of proceeds from crime and the financing of terrorism". LLC "AGMK" processes raw materials of Kazakhstan origin on a toll basis with the return of the metal to the territory of the Republic of Kazakhstan in the form of Dore alloy. LLC "AGMK" is a member of the Polymetal International PLC group of companies, which is a large public company that publishes reports on a regular basis. According to the results of the performed procedures, the Company's Management concluded that there is a low risk of dishonesty of all suppliers.</p>

Table 3: Management assessment of all five steps of the LBMA Guidance

Step	Rating	Comments
Step 3: Design and implement a management system to respond to identified risks	Fully compliant	<p>On October 23, 2018, the Company approved the Policy that complies with the LBMA Guidance requirements and reflects the distribution of suppliers by categories: Low, Medium or High risk. Our response to the risks is based on the Policy which defines the conditions where we have to either suspend or cease trade with the medium or high-risk counterparties. Our existing regulations cover the Guidance requirements for Step 3. Since the Company was provided with raw materials originated in the RK only in 2020, the Partnership did not detail the activities implemented in response to the risk related to imported material supplies.</p> <p>The responsible structural divisions of the Partnership constantly monitor the changes made to the current legislation, as well as the regulatory documents and guidelines applied by the employees of the Partnership in the framework of their activities. During 2020, no significant changes were made to the AML and CFT legislation. All employees involved in operations with gold-bearing raw materials were familiarized with the latest versions of the laws, received additional necessary internal training by familiarizing themselves with the LBMA Manual and Policy. In 2020 employees of responsible structural divisions also took part in LBMA webinars. At the same time, a limited number of employees were trained in AML and CFT and economic security. This set of training activities was assessed by the Company as sufficient for the purposes of compliance with the requirements of the LBMA Guidance and Policies, in the current environment. Therefore, existing regulations and procedures were effective to secure the Company from dealing with high-risk suppliers.</p>
Step 4: Arrange for an independent third-party audit of the gold supply chain due diligence	Fully compliant	The Company entered into a contract with the audit firm AO PricewaterhouseCoopers Audit.
Step 5: Report supply chain due diligence	Fully compliant	The Company has issued all required reports. The Refiner's Compliance Report and Independent Auditor's Report are available on the Company's website.

Table 4: Management conclusion

Is the Refiner in compliance with the requirements of the LBMA Responsible Gold Guidance for the reporting period?	
Compliant with low-risk deviations	<p>The Refiner followed the requirements of the Responsible Gold Guidance in the course of its operations for the reporting period.</p> <p>In 2020, the Company was not involved in business relationships with counterparties with indicators of high risk. Therefore, the existing regulations and procedures were effective to secure the Company from dealing with high-risk suppliers.</p> <p>In conclusion, it is worth noticing that the Company adopted effective management systems, procedures, processes and methods to comply with the requirements of the LMBA Guidance, as explained above, in the reporting period ended 31 December 2020. The Company has carried out work to strengthen the control of supply chains and prevent risks, all possible measures are being taken to ensure the ongoing progress in this regard, and any required corrective actions will be subject to the Company's regular internal monitoring.</p>

Table 5: Other report comments

If users of this report wish to provide any feedback or comment on the report, they can contact us via e-mail at: a.segizbayev@taukenaltyn.kz.

APPROVED

CEO, Tau-Ken Altyn LLP



R.N. Makulbekov



Person responsible for filling in this questionnaire:

Head of marketing, Tau-Ken Altyn LLP



A.D. Segizbayev

31 March 2021

Appendix to Refiner's Compliance Report – Country of Origin Information

Table 1: Refiner's details	
Refiner's name	Tau-Ken Altyn LLP
Location	Bldg. 1, A194 Street, Nur-Sultan ZooT4Y9, Republic of Kazakhstan
Reporting period	31 December 2020
Date of report	31 March 2021
Senior manager responsible for this report	R.N. Makulbekov, CEO A.D. Segizbayev, Head of marketing Tel.: +7 (7172) 30-94-70, e-mail: a.segizbayev@taukenaltyn.kz

Table 2: Countries of mined and recycled raw material origin	
Country	Amount (gs)
Republic of Kazakhstan (raw materials mined)	30 075 300,94
Republic of Kazakhstan (raw materials recycled), including:	3 664 411,17
<i>Refined gold from the National Bank of Kazakhstan</i>	<i>2 999 717,40</i>
Total	33 739 712,11

Table 3: Additional information
No additional information attached

CEO, Tau-Ken Altyn LLP


_____ R.N. Makulbekov

Person responsible for filling in this questionnaire:

Head of marketing, Tau-Ken Altyn LLP


_____ A.D. Segizbayev

31 March 2021

