

Approved by the decision of the
Board of Directors of
JSC NMC Tau-Ken Samruk
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**Regulations on the
Internal Audit Service of
JSC NMC Tau-Ken Samruk**

**Nur-Sultan
2019**

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1. Terms, definitions and abbreviations

Administrative Subordination	This is accountability within the management structure of the organization, ensuring the ongoing activities of internal audit. The Executive Body provides for the appropriate working conditions of the Head and employees of the Service, labor payment, issuing relevant orders concerning the activities of the Service on the basis of decisions taken by the Board of Directors; receiving regular reports of the Service; monitoring compliance with the labor regulations; issuing orders for business trips, labor leave, as well as other actions that do not contradict the status of the Service in accordance with these Regulations and other regulatory documents of the Company. ¹
Internal Audit	Activities on providing independent and objective guarantees and consultations aimed at improving the organization's activities. Internal audit helps the organization achieving its goals by using a systematic, consistent and risk-oriented approach to assessing and improving the effectiveness of risk management, control and corporate governance processes.
Internal Control	Any actions of the Executive Body, the Board of Directors and other parties on risk management and increasing the likelihood of achieving the goals and objectives.
Subsidiary	Subsidiaries and dependent organizations of JSC NMC Tau-Ken Samruk.
Assurance Map	A document defining the areas of responsibility for maintaining the efficiency and effectiveness of the Company's business processes, risk management and internal control systems among the three lines of defense.

¹ Audit reports on the results of completed audit engagements, reports on business trips.

Code of Ethics	The Code of Ethics of the International Institute of Internal Auditors (IIA) includes Principles Related to the Profession and Practice of Internal Audit, and Rules of Conduct describing the behavior expected of internal auditors. The Code of Ethics applies to both individuals and legal entities providing internal audit services. The purpose of the Code of Ethics is to spread high ethical standards in the global community of professional internal auditors.
Audit Committee	Audit Committee of the Board of Directors of JSC NMC Tau-Ken Samruk.
Consulting Services	Activities aimed at providing the Board of Directors, the Management Board, structural subdivisions and subsidiaries/dependent organizations of the Company (hereinafter - the Customer) with advice, recommendations, etc., the nature and content of which shall be agreed with the Customer, aimed at assisting and improving corporate governance, risk management and control processes, excluding taking responsibility for management decisions by the Service.
Conflict of Interests	This is a situation where a trusted internal auditor has a competing professional or personal interest. The presence of such competing interests may prevent the internal auditor from performing their liabilities impartially.
Corporate Governance	A set of processes and organizational structures created by the Board of Directors to inform, manage and monitor the activities of an organization on achieving its goals.
IPPF	The International Professional Practice Framework of the Internal Audit developed by the International Institute of Internal Auditors (The IIA), by which internal auditors around the world are guided in their daily work since 1947. The IPPF is the main interstate and national legislative and regulatory acts in the field of internal audit; relevant recommendations of industry regulators are formed in many countries of the world on the basis of the IPPF.

Fraud	Any illegal actions characterized by deception, concealment or abuse of trust. Fraudulent actions do not include those that are carried out under the influence of force or the threat of the use of force. Fraud is committed by individuals and legal entities in order to receive money, property or services, evade the payment of money or service rendering, or for personal or commercial gain.
Independence	Freedom from conditions that threaten the Internal Audit Service's ability to perform their liabilities impartially.
Independent Budget of the Service	The independent budget of the Service shall be formed within the framework of the Company's budget and includes the declared expenses of the Service for the planning period according to the items provided for in the internal regulatory document that governs the formation and approval of the Service budget. At the same time, the independence of the Service budget shall be understood as the absence of restrictions on the part of the Company's Management Board in order to influence the activities of the Service, except in cases when the applied restriction is related to limits and standards established by the Board of Directors, the Fund and supervisory authorities.
Company	Joint Stock Company "National Mining Company "Tau-Ken Samruk".
Objectivity	This is a mental attitude that allows internal auditors to perform tasks impartially in such a way that they themselves have confidence in results of their work and do not compromise on its quality. Objectivity requires that the internal auditor does not subordinate his/her opinion on audit issues to the opinion of others. In general, they determine the effectiveness of internal audit. They are developed by the International Institute of Internal Auditors (The IIA), which internal auditors around the world are guided by in their daily work
Basic principles of professional practice of the internal audit	

Utility	Internal audit benefits the organization (and its stakeholders) when it provides objective and competent assurances and contributes to improving the efficiency and effectiveness of risk management, control and corporate governance processes.
Regulations	Regulations on the Internal Audit Service of JSC NMC Tau-Ken Samruk
Management Board	The executive body of JSC NMC Tau-Ken Samruk.
Providing Warranties	Objective analysis of the available audit evidence in order to provide an independent assessment of the corporate governance, risk management and control in the organization. (Example: engagement on financial audit, performance audit, compliance audit, system security audit and comprehensive analysis of business activities (due diligence engagements).
Professional Attitude to Work	Internal auditors should be conscientious and apply their skills and abilities as expected from a sane and competent internal auditor. Professional attitude to work does not mean that the auditor has no right to room for mistake.
Risk	The possibility of an event that may affect the achievement of goals. A risk is measured by assessing the consequences and probability of occurrence of an event.
Head Internal Audit Service	The person responsible for internal audit in the organization, effective management of internal audit in accordance with the Regulations on the Internal Audit and compulsory elements of the International Professional Practice Framework of the Internal Audit. The Head of the Service or his/her subordinates must have the appropriate professional certification and qualifications.
Service	Internal Audit Service of JSC NMC Tau-Ken Samruk.
Board of Directors	The Board of Directors of JSC NMC Tau-Ken Samruk.
Standards	The official professional regulations published by the International Institute of Internal Auditors, which

establishes requirements for internal audit on a wide range of issues, as well as for the internal audit performance evaluation.

Essence of the Internal Audit Work

Internal audit should evaluate and contribute to the improvement of corporate governance, risk management and control processes in the organization using a systematic, consistent and risk-oriented approach. Confidence in internal audit is strengthened and its usefulness is enhanced if auditors work proactively and their recommendations contain proposals that take into account new approaches and possible changes in the future.

Risk management

The process of identifying, evaluating, managing and controlling possible events or situations to provide reasonable guarantees that the organization will achieve its goals.

Fund

Joint Stock Company “Sovereign Wealth Fund “Samruk-Kazyna”

2. General provisions

1. These Regulations define the status, goals, tasks, functions, rights and powers, as well as responsibilities of the Service, establish requirements for the structure of the Service and the qualifications of its employees, the procedure for appointment, decision-making on the imposition of disciplinary penalties against employees of the Service, determine the procedure for interaction of the Service with the Board of Directors, Audit Committee, Management Board, Subsidiaries of the Company and with other organizations.

2. The Regulations shall be based on the application in the organization of the Service of the Basic Principles of Professional Practice of Internal Audit, the Code of Ethics, standards of quality characteristics and standards of internal auditors and the definition of internal audit established by the International Institute of Internal Auditors (The Institute of Internal Auditors Inc.).

3. The determination of the quantitative composition, staffing and term of office of the Service, the appointment of the Head and employees of the Service, as well as the early termination of their powers shall be carried out by the Board of Directors after pre-approval of the Audit Committee.

4. An employment agreement with the Head and employees of the Service is concluded by the Chief Executive Officer of the Company based on the decision of the Board of Directors in compliance with the labor legislation of the Republic of Kazakhstan.

5. The operating procedure of the Service, its performance evaluation, the size and terms for labor payment and remuneration of the Head and employees of the Service are approved/determined by the Board of Directors after pre-approval/consideration of the Audit Committee.

6. Social support, guarantees and compensation payments for employees of the Service are carried out in compliance with the internal documents of the Company.

7. The official duties, rights and responsibilities of the Head and employees of the Service are determined by the relevant job descriptions, which are developed based on these Regulations, employment agreements, internal documents of the Company and approved by the Chairman of the Board of Directors or on his/her behalf by the Chairman of the Audit Committee.

8. When carrying out its activities, the Service is guided by the legislation of the Republic of Kazakhstan, Charter, decisions of the Company bodies, these Regulations, the Annual Audit Plan approved by the Board of Directors, and other internal documents of the Company.

9. The procedure and rules for planning and implementing the activities of the Service shall be also regulated by internal regulatory documents developed in compliance with the principles and provisions of the

Standards and the Code of Ethics, approved by the Board of Directors and/or approved by the Audit Committee.

3. Status

10. The Service is the body of the Company that ensures organization and implementation of the internal audit of the Company, directly subordinated and accountable to the Board of Directors.

11. The Service regulates its activities in compliance with the compulsory guidelines of the International Institute of Internal Auditors, which includes the Basic Principles of Professional Practice of Internal Audit, the Code of Ethics, International Professional Standards of Internal Audit and the Definition of Internal Audit.

12. The Audit Committee shall supervise the Service's activities in accordance with internal regulatory documents that govern the activities of the Audit Committee. In the absence of the Audit Committee in the Company, its functions shall be carried out directly by the Board of Directors.

13. The Service shall be administratively subordinate to the Executive Body of the Company. The Executive Body should not use administrative subordination to influence the independence and objectivity of the Service.

14. The Service should be independent of the influence of any persons when performing the tasks and functions assigned to it, to properly perform them and ensure objective and independent judgments. The Head of the Service should provide the Board of Directors with information about such interference and discuss possible consequences.

15. The independence and objectivity of the Service shall be ensured by compliance with the requirements of Standards regarding the criteria of organizational independence and objectivity.

16. The Service should be impartial and unbiased in its work and avoid conflicts of interest.

17. The evaluation of the Service's performance shall be carried out in accordance with the requirements of these Regulations and other regulatory documents regulating the activities of the Service.

18. The Head and employees of the Service are subject to the provisions of the internal documents of the Company, except for the documents that cannot be applied in compliance with the status of the Service, Charter of the Company and these Regulations.

4. Mission and Goals

19. The mission of the Service is to provide the necessary assistance to the Board of Directors and the Executive Body in performing their duties to achieve the Company strategic goals.

20. The main purpose of the Service is to provide the Board of Directors with independent and objective guarantees and consultations aimed at

improving the risk management systems, internal control and corporate governance in the Company.

5. Tasks and Functions

21. The main tasks of the Service are:

- 1) evaluation and promotion of the improvement of the internal control system;
- 2) assessment and assistance in improving the risk management system;
- 3) assessment of the risk of fraud and the effectiveness of fraud risk management in the Company;
- 4) evaluation and assistance in improving the corporate governance system in the Company;
- 5) assessment of the fairness, completeness, objectivity of the accounting system and reliability of financial statements;
- 6) assessment of compliance with the requirements of the legislation of the Republic of Kazakhstan, the requirements of regulatory documents of the Fund, in accordance with the established procedure, applicable to the Company (compliance control);
- 7) assessment of the rationality and efficiency of the use of the Company's resources and methods (procedures) used to ensure the safety of the Company's assets.
- 8) methodological support of the Internal Audit Service, audit commissions of the Company Subsidiaries.

22. The Service, in compliance with the tasks assigned to it, shall perform the following functions in established manner:

- 1) assessment of risks, adequacy and effectiveness of internal control over risks in the field of corporate governance, operational (production and financial) activities of the Company and its information systems, in part of:
 - achieving the Company strategic goals;
 - fairness, completeness, objectivity of the accounting system and reliability of financial statements and other information about the financial and economic activities of the Company, including consolidated indicators;
 - efficiency and effectiveness of the Company activities and adopted programs;
 - rationality and efficiency of the use of the Company's resources and methods (procedures) used to ensure the safety of the Company's property (assets);
 - compliance of the created control systems with the requirements of legislation, regulations, internal regulatory documents, instructions of authorized and supervisory bodies,

- decisions of the Company bodies and their compliance (compliance control);
- 2) assessment of the adequacy and effectiveness of the internal control system in the Company in accordance with the established procedure;
 - 3) assessment of the corporate risk management system in the Company in accordance with the established procedure;
 - 4) assessment of risks of fraud and the effectiveness of fraud risk management in the Company;²
 - 5) assessment of the completeness of the application and effectiveness of the risk assessment methodology and risk management procedures in the Company;
 - 6) evaluation of the effectiveness of obtaining information by the relevant bodies and subdivisions of the Company on issues related to risks and internal control;
 - 7) assessment (diagnostics) of the corporate governance system in the Company in accordance with the established procedure, including assessment of the introduction and compliance with the accepted principles of corporate governance, relevant ethical standards and values in the Company;
 - 8) audit of the Company information systems in accordance with the established procedure;
 - 9) verification of compliance with the requirements of the legislation of the Republic of Kazakhstan, international agreements, internal documents of the Company, as well as compliance with the instructions of authorized and supervisory authorities, decisions of the Company bodies and evaluation of systems created to comply with these requirements;
 - 10) assessment of the adequacy of measures applied by the Company subdivisions to ensure the achievement of the goals set for them, within the framework of the Company strategic goals;
 - 11) development of internal regulatory documents that govern the activities of the Service in accordance with the requirements of Standards and decisions/recommendations of the Fund;
 - 12) providing advice to the Board of Directors, Executive Body, structural subdivisions of the Company and Subsidiaries of the Company on the issues of organization and improvement of internal control, risk management, corporate governance and organization of internal audit (including the issues of development of internal regulatory documents and projects in these areas), as well as on other issues within the competence of the Service;

² At the same time, determination and investigation of fraud is not the main function of the Service. Employees of the Service may be involved in fraud investigations as consultants/observers and are not responsible for taking managerial decisions based on results of investigations.

- 13) unscheduled audit engagements initiated by the Chairman or members of the Board of Directors on the basis of a relevant decision of the Board of Directors;
- 14) monitoring of implementation of the recommendations of the external auditor by the Company;
- 15) follow-up control over implementation of the recommendations of the Service issued in accordance with the established procedure;
- 16) exchange of information and coordination of activities with other internal and external parties of the Company and its Subsidiaries rendering services on providing assurances and consultations;
- 17) audits in the Company Subsidiaries according to a decision of the Board of Directors³/General Meeting of Participants;
- 18) interaction and coordination of activities with the control bodies of Subsidiaries on the issues of planning and conducting audits and inspections, including supervision and methodological support of Internal Audit Services, Audit Commissions of Company Subsidiaries;
- 19) executing other functions assigned to the Service within its competence.

23. Based on results of the engagements and inspections carried out, the Service shall develop appropriate recommendations (including proposals to improve existing internal control and risk management systems, processes, principles and methods of doing business) and comments on any issues within the competence of the Service.

24. The Service, in the process of performing the tasks and functions assigned to it, interacts in accordance with the established procedure with all structural subdivisions of the Company, as well as with other organizations in compliance with the legislation of the Republic of Kazakhstan.

6. Restrictions on activities

25. In order to comply with the principles of independence and objectivity in the course of performing their functions, the Head and employees of the Service should not:

- 1) be involved in any activities that may subsequently be subject to internal audit and audit the activities or functions performed by them during the period that is being audited;
- 2) perform functional liabilities in the Company that are not related to the Service activities in accordance with these Regulations;
- 3) participate in any activity that could damage the impartiality of the assessment of the Head and employees of the Service or be perceived as causing such damage;

³ When evaluating the performance of the Company Subsidiaries, the tasks of the Service provided for in item 22 of these Regulations also apply to the Company Subsidiaries.

- 4) be included in the composition of committees or other working groups/commissions created by the Company, as their members with the right to sign. In work of these working groups, the Head and employees of the Service should be involved only as consultants without the right to vote;
- 5) direct the actions of employees of the Company structural subdivisions and its Subsidiaries, except in cases when these employees are appointed in accordance with the established procedure to participate in the audit engagement;
- 6) use confidential information for personal interests or in any other way contrary to the legislation of the Republic of Kazakhstan or capable of harming the Company;
- 7) accept gifts and use services, as a result of which the independence, objectivity and impartiality of internal audit may be damaged, or which may be perceived as causing such damage;
- 8) If the Head of the Service performs or plans to perform functions and/or duties that are beyond the scope of internal audit, protective measures should be taken to limit the negative impact on independence or objectivity.

7. Qualification requirements

26. The Head of the Service should have:
 - 1) higher professional education in economics and finance, and/or accounting and auditing, and/or information technology, and/or technical (mining, construction) sphere, and/or legal sphere with additional special training in the field of internal audit;
 - 2) work experience of at least seven years (including cumulatively) in audit /accounting/ finance/ information technology/ in the technical field corresponding to the industry specifics of the Company/ legal field;
 - 3) work experience of at least five years of managerial work or experience in an executive/expert position in the field of internal audit in the Company group of companies for at least three years;
 - 4) knowledge and experience of working with the Code of Ethics and International Professional Standards of Internal Audit developed by the Institute of Internal Auditors (The Institute of Internal Auditors Inc);
 - 5) knowledge and experience of working with international and national financial reporting standards;
 - 6) knowledge of the legislation of the Republic of Kazakhstan in subsoil use, on the issues of auditing, accounting, taxation, as well as the Law of the Republic of Kazakhstan “On Joint Stock Companies” and the Law of the Republic of Kazakhstan “On Sovereign Wealth Fund”;

- 7) compulsory qualification certificate of the “auditor”, obtained in accordance with the Law of the Republic of Kazakhstan “On Auditing”, and/or the certificate in the field of CIA internal audit (Certified Internal Auditor), and/or the ACCA certificate of chartered accountant (Association of Certified Chartered Accountants), and/or DipIFR diploma (rus) (Diploma in International Financial Reporting), and/or certificate of International Professional Accountant, CIPA (Certified Internal Professional Accountant), and /or diploma of Certified Professional Internal Auditor (DipCPIA) issued by the Institute of Certified Financial Managers (UK). Availability of a project management certificate is preferable.
 - 8) knowledge of the basics of law, investment activity, subsoil use, risk management and internal control system, corporate governance and principles of management and building business processes;
 - 9) experience in audit on improving financial and economic activities, advancing internal control and risk management systems;
 - 10) knowledge of the state, Russian and English languages.
27. The Senior Auditor of the Service should have:
- 1) higher professional education in economics and finance, and/or accounting and auditing, and/or information technology, and/or technical (mining, construction) sphere, and/or legal sphere;
 - 2) work experience in the field of audit, and/or accounting, and /or finance, and /or information technology, and/or in the technical field corresponding to the industry specifics of the Company, and/or the legal field – at least five years. Availability of a certificate and/or qualification in audit, and/or accounting and financial management, and/or IT technology, and/or project management is preferable.
 - 3) knowledge and experience of working with the Code of Ethics and International Professional Standards of Internal Audit developed by the Institute of Internal Auditors (The Institute of Internal Auditors Inc);
 - 4) knowledge of the legislation of the Republic of Kazakhstan in subsoil use, on the issues of auditing, accounting, taxation, as well as the Law of the Republic of Kazakhstan “On Joint Stock Companies” and the Law of the Republic of Kazakhstan “On Sovereign Wealth Fund”;
 - 5) knowledge and experience of working with international and national financial reporting standards;
 - 6) knowledge of the basics of law, investment activity, subsoil use, risk management and internal control system, corporate governance and principles of management and building business processes;
 - 7) knowledge of the state, Russian and English languages.

28. The Head and employees of the Service shall be appointed by the Board of Directors on the recommendation of the Audit Committee on the basis of competitive selection and testing (or interview) with the participation of the Chairman of the Audit Committee or a member of the Audit Committee (authorized by the Chairman of the Audit Committee), and/or the Chairman of the Board of Directors.

8. Rights and Authorities

29. The Service for the implementation of the main tasks and execution of its functions has the following rights and authorities:

- 1) access to personnel, production and other facilities, to all documentation and any other information requested in connection with the internal audit, including data and information constituting commercial and official secrets of the Company;
- 2) access to the information database of accounting data (computer accounting programs, etc.) on a permanent basis in passive mode, i.e. without the right to enter and adjust;
- 3) request and receive materials, including draft documents submitted for approval of the Fund, the Board of Directors, the Management Board of the Company and receive all orders/Minutes of the specified bodies of the Company;
- 4) initiate an additional audit engagement (unscheduled) with the consent of the Chairman of the Audit Committee, if the need for it is identified during the current audit engagement, and its implementation affects the result of the current engagement;
- 5) exchange information and coordinate activities with other internal and external parties rendering services on providing assurance and consultation services in order to ensure proper coverage and minimize double work;
- 6) involve employees of the Company structural subdivisions as independent experts, as well as specialists of other legal entities (except for persons who carried out activities or performed functions in the audit object) for the development of planned activities of the Service and performing certain tasks on behalf of the Board of Directors or the Chairman of the Board of Directors, in order to obtain advice on highly specialized issues;
- 7) consult and make written requests to the Fund, Company Subsidiaries, other organizations and structural subdivisions of the Company on issues within the competence of the Service;
- 8) engage independent consultants in accordance with the established procedure or use outsourcing to perform audit engagements, if the Service staff does not have sufficient knowledge and skills to perform the audit engagement or a part of the engagement, except for cases where the audit engagement

- requires a fraud risk assessment and fraud risk management assessment;
- 9) involve employees of the Service and IT specialists of other companies of the Fund group, in agreement with stakeholders, in conducting an IT audit;
 - 10) form and submit an independent budget of the Service for consideration of the Audit Committee and the Board of Directors;
 - 11) participate in the preparation and implementation of the Company programs and projects in accordance with the competence and authority of the Service in compliance with the requirements of Standards;
 - 12) take part in the formation of the Company talent pool, programs aimed at training, retraining, advanced training of the Company employees and certification programs for internal auditors;
 - 13) exercise other rights and powers that do not contradict the legislation of the Republic of Kazakhstan, the Charter of the Company, these Regulations, internal documents of the Company and Standards;
 - 14) revise the Assurance Map of the Company on an annual basis with respect to the need to amending it. Amendments can be introduced on the basis of additions/improvements to the Strategy of the Company, changes in the processes and risk register of the Company, and the organization of new structural subdivisions. Work shall be carried out jointly with the interested departments of the Company.
30. The Head of the Service shall have the following powers:
- 1) participate in meetings and events held by the Management Board on improving internal control, risk management and corporate governance and other issues within the competence of the Service without the right to coordinate decisions of the Management Board;
 - 2) directly contact the Chief Executive Officer and members of the Board of Directors and the Audit Committee, members of the Management Board, as well as to the management of the Company Subsidiaries on the issues of the Service activities;
 - 3) make proposals to the Board of Directors on determining the quantitative composition, the term of office of the Service, the appointment of Service employees, as well as the early termination of their powers, the operating procedure of the Service, the amount and conditions of remuneration and bonuses of employees, organizational and technical support of the Service;
 - 4) initiate the convening of a meeting of the Board of Directors and/or the Audit Committee on issues within the competence of the Service;

- 5) ensure the interaction of the Service with other external parties rendering services to the Company for providing assurances;
- 6) make inquiries to state bodies and other legal entities regarding the activities of the Service;
- 7) rotate the duties of employees of the Service in order to prevent the occurrence of a conflict of interests, as well as to ensure the exchange of work experience (periodically or as appropriate);
- 8) exercise other powers provided for by the internal control system of the Company and take decisions on all issues within the competence of the Service.

9. Responsibility

31. The Service shall not be responsible for the timely and high-quality performance of the functions and tasks assigned to it, compliance with standards of professionalism and professional attitude to work in its activities and the Code of Ethics.

32. Employees of the Service, in accordance with the established procedure, are personally responsible for the quality and timeliness of performing the functions assigned to them, in compliance with job descriptions, employment agreement and legislation of the Republic of Kazakhstan, as well as for compliance with the requirements of Standards, Code of Ethics and internal regulatory documents that govern the activities of the Service.

33. Employees of the Service shall be obliged to inform the Head of the Service in a timely manner about any situations related to the presence or potential possibility of a violation of the independence and/or objectivity of the internal auditor, expressed, inter alia, in the form of a conflict of interest or limitation of the powers of the internal auditor.

34. The Head of the Service, in accordance with the established procedure, shall be personally responsible for the quality and timeliness of performing the functions and tasks assigned to the Service, in accordance with these Regulations, legislation of the Republic of Kazakhstan, employment contract, job descriptions and other internal documents of the Company.

35. The duties and responsibilities of the Head of the Service shall compulsorily include:

- 1) effective management of the Service and ensuring its usefulness to the Company in accordance with the criteria of efficiency and usefulness established by the Standards;
- 2) development of a medium-term Strategic Plan of the Service;
- 3) timely preparation of the risk-oriented annual audit plan of the Service, monitoring its implementation and timely adjustment;

- 4) development of internal documents of the Company and methodological recommendations on internal audit and other documents related to the activities of the Service;
- 5) application of uniform basic principles and internal audit procedures approved (recommended) by the Fund in the activities of the Service;
- 6) compliance of the Service reports with the requirements of internal regulatory documents on the organization of internal audit and Standards;
- 7) bringing the results of the audit engagement to the attention of persons who can ensure their qualitative consideration;
- 8) development and implementation of the Program to ensure and improve the quality of internal audit, covering all types of activities of the Service and providing for internal and external evaluation of the Service;
- 9) implementation of organizational measures aimed at preventing potential and existing conflicts of interest and bias towards the object of audit by the Service or its individual employees during the planning and implementation of the Service activities;
- 10) submission of operating reports of the Service to the Board of Directors and the Audit Committee within the time limits established by these Regulations;
- 11) planning and timely consideration of issues of the Service within the annual work plan of the Audit Committee and the Board of Directors;
- 12) exchanging information and coordinating activities of the Service with other internal and external parties rendering services on providing assurance and consultation services in order to ensure proper coverage and minimize double work;
- 13) periodic assessment of compliance of the functions, rights, powers and responsibilities of the Service defined by the Regulations with the goals and objectives of internal audit and bringing the results of such assessment to the attention of the Audit Committee and the Board of Directors;
- 14) taking measures on improving the level of professional training of employees of the Service.

10. Imposition of penalties

36. Disciplinary penalties shall be applied to the Head and employees of the Service in accordance with the established procedure for violation of labor discipline, non-fulfillment or improper fulfillment of assigned labor duties by a decision of the Board of Directors.

37. The financial responsibility of the Head and employees of the Service and the procedure for compensation for the damage caused by them

(if any), as well as the procedures on imposing disciplinary penalties, shall be carried out in accordance with the legislation of the Republic of Kazakhstan and internal documents of the Company.

11. Interaction with the Board of Directors and the Audit Committee

38. The Service shall submit an annual audit plan of the Service for the upcoming year for consideration of the Audit Committee and the Board of Directors on an annual basis, by December 01 of the year preceding the planned one. The Service shall ensure the execution of the approved annual audit plan and reporting on its execution within the framework of the report on the activities of the Service within the time limits established by these Regulations.

39. The Service shall provide the Board of Directors and the Audit Committee with reports on its activities within the following terms:

1) quarterly reports shall be submitted before the 25th day of a month following the reporting quarter;

2) annual reports shall be submitted before the 15th of the second month following the reporting year.

40. Operating reports of the Service shall be pre-considered by the Audit Committee with the development of recommendations for the Board of Directors.

41. Reports compiled by the Service based on results of audit engagements and indicating the case of unlawful actions (inaction) of the Company employees and/or the Management Board should be submitted to the Audit Committee and the Board of Directors immediately after their conduct.

42. The Head of the Service should ensure that information submitted to the Board of Directors and the Audit Committee is analyzed for its completeness and accuracy.

43. Audit reports and operating reports of the Service shall be compiled in accordance with the requirements of internal regulatory documents that govern the issues of internal audit.

44. The Audit Committee and the Board of Directors shall consider operating reports of the Service and take decisions in accordance with the established operating rules and the powers of the Audit Committee and the Board of Directors.

45. The Head of the Service should regularly provide the Board of Directors with information regarding the coordination and supervising of the other control and management functions (risk management, internal control, security, business continuity, external audit, etc.) carried out by the Management Board.

46. The Head of the Service shall ensure that the Audit Committee is informed in a timely manner about any situations related to the presence or

potential possibility of a violation of the independence and/or objectivity of the internal auditor, expressed, inter alia, in the form of a conflict of interest or restriction of the rights and powers of the Service.

The Head of the Service should inform the Audit Committee when the Company submits results of the audit engagement to the law enforcement agencies of the Republic of Kazakhstan, as well as in the case of law enforcement agencies of the Republic of Kazakhstan contacting the Company or directly to the Service on the issues related to the activities of the Service.

12. Interaction with the Management Board

47. The relations of the Service with the Management Board should be based on the principle of independence, since the level of organizational and functional independence of the Service has a direct impact on the objectivity of the internal auditors.

48. The Service, based on the results of its activities, shall present to the Management Board an assessment of the quality of implementation of management decisions taken by Heads at various levels of the Company.

49. Within the framework of interaction with the Management Board, the Service shall:

- 1) form an annual audit plan given proposals of the Management Board for conducting an audit and providing consultations;
- 2) submit to the Management Board the annual audit plan approved by the Board of Directors, in order to inform;
- 3) submit an audit report/conclusion to the Management Board based on results of an audit engagement or consulting activity;
- 4) discuss and make proposals to the Management Board on the issues of improving internal control, risk management and corporate governance.

50. The Management Board should:

- 1) create an effective internal control environment in the Company, contributing to the full and unhindered performance of its functions by the Service, the achievement of goals and objectives, with the maximum benefit of the Service for the Company;
- 2) assist the Service in attracting employees of the Company structural subdivisions or its Subsidiaries as independent experts to receive advice on highly specialized issues;
- 3) timely consider reports of the Service, develop and approve an action plan for the implementation of accepted recommendations of the Service and report on their implementation;
- 4) in accordance with the established procedure, ensure that the budget of the Service agreed/approved by the Audit Committee/Board of Directors of the Company is included in the budget of the Company;

- 5) use the co-sourcing of any activity in the field of internal audit under a decision of the Board of Directors, in accordance with the established procedure;
- 6) carry out administrative (organizational and technical) support of the Service;
- 7) notify the Head of the Service about sending the results of the audit engagement to the law enforcement agencies of the Republic of Kazakhstan.

51. The Management Board is not allowed to interfere in the activities of the Service.

13. Performance evaluation

52. The Service performance shall be evaluated in order to ensure compliance of the Service activities with Standards, the Code of Ethics, as well as to determine the effectiveness and efficiency of internal audit and identify opportunities for improvement of activities.

53. The procedure and requirements for evaluating the Service performance, its Head and employees shall be established by the internal regulatory documents of the Service, taking into account the requirements of Standards, recommendations and established corporate standards of the Fund in the field of the Service performance evaluation, as well as internal regulatory documents of the Company that govern the performance evaluation of the Company employees.

54. Internal regulatory documents of the Service shall provide for:

- 1) the procedure for evaluating the Service for compliance of the Service performance with Standards and the Code of Ethics (Internal Audit Quality Assurance and Improvement Program), including internal and external evaluations of the Service performance;
- 2) the procedure for performance evaluation of the Service, its Head and employees within the framework of their fulfillment of tasks and goals established by these Regulations, the strategic and annual audit plans of the Service.

55. The external assessment (independent assessment) of the Service performance shall be carried out at least once every five years by an independent external expert or in the form of a self-assessment with independent external confirmation.