



Approved by the resolution of “Samruk-  
Energy” JSC Board of Directors  
Minutes No. 85  
dated May 26, 2014

(with changes and  
additions approved by the Board of Directors on 19.12.2022  
extract No. 17/22 from the minutes of the BoD meeting)

## **CORPORATE MANAGEMENT SYSTEM**

Regulations on the Internal Audit Service of “Samruk-Energy” JSC

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**PSM 01-01-15**

**Astana 2022**



## **1. General provisions**

1. These Regulations on the Internal Audit Service (referred to as the Regulations hereafter) outline the position of the Internal Audit Service (referred to as the Service), its assigned tasks, functions, rights, and responsibilities. It also covers the fundamental requirements for the Service's structure, its staff qualifications, the process for selecting the Service's head and staff, making decisions about imposing disciplinary actions against them, as well as the authority of the Service's head. The procedure for the Service's interaction with the Board of Directors, the executive body of “Samruk-Energy” JSC (referred to as the Company), the Company's subsidiaries/affiliated organizations, and other external entities is also defined.

2. The regulation is founded on applying the core principles of professional practice in internal auditing, the Code of Ethics, Standards, and Definition of internal audit in the organization of the Service's activities.

3. The Board of Directors of the Company is responsible for deciding on the number of people in the team, the official staffing plan, and the duration of the Internal Audit Service's roles. They also handle the appointment of the Service's head and staff, as well as any early terminations of their positions. This is done with prior approval from the Audit Committee of the Board of Directors.

4. An employment contract with the head and employees of the Service is formed through a decision by the head of the executive body of the Company (referred to as the Executive body), based on a resolution from the Board of Directors. This process follows the labor laws of the Republic of Kazakhstan.

5. The operation of the Service, assessment of its performance, and the specifics of compensation, including remuneration and bonuses for the Service's head and employees, are endorsed or established by the Board of Directors. This is done following prior approval or assessment by the Audit Committee.

6. Social assistance, assurances, and compensation payments for Service employees are executed based on the Company's internal documents, as approved by the Company's Board of Directors.

7. The roles, rights, and obligations of the head and employees of the Service are determined by respective job descriptions. These descriptions are formulated based on these Regulations, employment contracts, internal Company documents, and are approved by the Chairman of the Audit Committee of the Company's Board of Directors.

8. In its operations, the Service adheres to the legislation of the Republic of Kazakhstan, the Company's Charter, decisions of the Company's bodies, these Regulations, the annual audit plan approved by the Board of Directors, and other internal regulatory documents of the Company. While conducting its activities, the Service applies the Fundamental principles of professional practice in internal auditing, the Code of Ethics, Standards, and the Definition of internal auditing.

9. The procedure and rules for planning and implementing the Service's work are also governed by internal regulatory documents developed in accordance with the principles and provisions of the Standards and Code of Ethics. These documents are approved by the Board of Directors and/or endorsed by the Audit Committee.

10. The following terms and definitions are used in these Regulations<sup>1</sup>:

<b>Internal audit</b>	The activity involves carrying out independent and impartial assessments and recommendations with the goal of enhancing the organization's operations. It assists the organization in accomplishing its objectives by employing a methodical and coherent method to evaluate and enhance the efficiency of risk management, control, and corporate governance procedures.
<b>Internal control</b>	Any actions taken by the Executive Body, Board of Directors, and other parties to manage risks and enhance the likelihood of achieving set objectives and fulfilling tasks.
<b>Code of ethics</b>	The International Institute of Internal Auditors (IIA) Code of Ethics includes Principles related to the profession and practice of internal auditing, as well as Rules of Conduct that outline the expected behavior of internal auditors. The Code of Ethics applies to both individuals and legal entities providing internal auditing services. The purpose of the Code of Ethics is to promote high ethical standards within the global community of professional internal auditors.
<b>Consulting services</b>	These encompass actions aimed at offering guidance, suggestions, and similar support to the Board of Directors, the Executive Body, structural divisions, and subsidiaries/affiliates of the Company (referred to as the Customer). The specifics, substance, objectives, areas of responsibility, and other client expectations are discussed and agreed with the Customer. This incorporates obtaining written consent, particularly for critical assignments. Such activity aims at enhancing corporate governance, risk management, and control processes, and excludes undertaking of responsibility for management decisions by the Service.
<b>Conflict of interest</b>	A conflict of interest arises when an internal auditor, who is in a position of trust, holds a competing professional or personal interest. The existence of such conflicting interests can hinder the internal auditor's ability to carry out their duties impartially.
<b>Corporate governance</b>	A collection of processes and organizational structures within an organization designed to inform, oversee, and regulate the organization's operations with the intent of accomplishment of its objectives. Additionally, it

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<sup>1</sup> Terms and definitions are interpreted in accordance with the International Professional Standards for Internal Auditing of the Institute of Internal Auditors Inc.

<b>Fraud</b>	encompasses the network of relationships among the organization's management, its Board of Directors, shareholders, and other stakeholders.
<b>Independence</b>	Any unlawful activity marked by deception, concealment, or a violation of trust. It should be noted that fraud excludes actions carried out under the influence of coercion or the threat of force. Fraudulent acts are committed by both individuals and businesses with the intention of acquiring money, assets, or services, evading monetary payments or service obligations, or for the sake of personal or commercial gain.
<b>Objectivity</b>	The state of being free from conditions that threaten the internal audit service's ability to perform its duties impartially.
<b>Provision of assurance</b>	This is a mindset enabling internal auditors to conduct their tasks impartially, instilling confidence in the outcomes of their work without compromising its quality. Objectivity mandates that internal auditors do not subordinate their viewpoints on audit matters to the perspectives of others.
<b>Usefulness</b>	Objective analysis of existing audit evidence with the aim of offering an impartial evaluation of corporate governance processes, risk management, and control within an organization. (Example: tasks related to financial audits, effectiveness audits, compliance audits, system security audits, and comprehensive analysis of business activities such as due diligence engagements).
<b>Risk</b>	Internal audit benefits an organization (and its stakeholders) when it offers objective and proficient assurances and contributes to enhancing the efficiency and effectiveness of risk management, control, and corporate governance processes.
<b>Head of the Internal Audit Service</b>	It refers to a possible event (or a combination of circumstances) in the future that, if it occurs, could result in a noteworthy adverse effect on the Company's ability to accomplish its long-term and short-term objectives. Risk is evaluated by considering both the potential outcomes and the likelihood of the event taking place.
	The role of a senior member of the organization's management who is accountable for the proficient oversight of internal audit operations in alignment with the Internal Audit Regulation and the essential components of the International Framework for the Professional Practice of Internal Audit. The head of the Internal Audit Service or their subordinates must hold the necessary professional

**Risk management**

certification and qualifications.

The process of identifying, assessing, managing, and monitoring potential events or situations to provide reasonable assurances for the organization's goal achievement.

**Standards**

An official professional stance published by the International Institute of Internal Auditors, which sets forth requirements for internal auditing across a wide array of matters, including the assessment of internal audit activities.

**2. The status of the Service**

11. The Service functions as an entity within the Company responsible for organizing and conducting internal auditing in the Company and its subsidiaries/affiliated organizations, which are organizationally subordinate to and functionally accountable to the Board of Directors.

12. The oversight of the Service's activities is managed by the Audit Committee in accordance with internal regulatory documents governing the activities of the Audit Committee. If the Company does not have an Audit Committee, the responsibilities and functions are assumed by the Board of Directors.

13. The Service is administratively subordinate to the Executive Body of the Company. Administrative subordination entails providing appropriate working conditions for the head and employees of the Service by the Executive Body, ensuring proper remuneration, issuing relevant instructions based on decisions made by the Board of Directors concerning the Service's activities, receiving reports<sup>2</sup> from the Service, monitoring compliance with work schedules, issuing orders for business trips and leaves, and undertaking other actions consistent with the Service's status in accordance with these Regulations and other regulatory documents of the Company. The Executive Body must not use administrative subordination to influence the independence and objectivity of the Service.

14. The Service must maintain independence from the influence of any individuals while executing the assigned tasks and functions, in order to ensure their proper execution and provide objective and unbiased judgments.

15. The assurance of the Service's independence and objectivity is achieved through adherence to the Standards' criteria concerning organizational independence and objectivity.

16. The Service is required to maintain impartiality and objectivity throughout its operations, actively avoiding conflicts of interest.

17. The appraisal of the Service's performance aligns with the mandates outlined in these Regulations, in conjunction with other regulatory documents governing the Service's activities.

18. The head and staff of the Service are bound by the provisions contained within the Company's internal documents, except for those documents which cannot be applied in accordance with the Service's status, the Company's Charter, and these Regulations.

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<sup>2</sup> Audit reports on results of audit assignments accomplished, business trip reports

### **3. Mission and goals**

19. The mission of the Service is to provide essential support to the Board of Directors and the Executive Body in fulfilling their responsibilities to achieve the strategic goals of the Company and its subsidiaries/affiliates.

20. The primary objective of the Service's operations is to offer the Board of Directors independent and unbiased assurances and guidance aimed at enhancing risk management, internal control systems, and corporate governance within the Company and its subsidiaries/affiliates.

### **4. Tasks and functions**

21. The primary tasks of the Service include:

- 1) assessing and contributing to the improvement of the internal control system;
- 2) evaluating and supporting the enhancement of the risk management system;
- 3) assessing the risk of fraud and the effectiveness of fraud risk management within the Company and its subsidiaries/affiliates.
- 4) evaluating and assisting in the improvement of the corporate governance system within the Company and its subsidiaries/affiliates;
- 5) evaluating the accuracy, completeness, objectivity of the accounting system, and reliability of financial reporting;
- 6) evaluating compliance with the legislative requirements of the Republic of Kazakhstan, regulations of "Samruk-Kazyna" JSC (the Fund), applicable to the Company (compliance control) and its subsidiaries/affiliates;
- 7) assessing the rationality and effectiveness of resource utilization by the Company and its subsidiaries/affiliated organizations, as well as the methods used to ensure asset preservation;
- 8) offering methodological guidance to the internal audit service and the audit committees of the Company's subsidiaries/affiliates;

22. In line with the assigned tasks, the Service performs the following functions:

- 1) evaluation of risks, adequacy, and effectiveness of internal control over risks related to corporate governance, operational (production and financial) activities of the Company and its subsidiaries/affiliated organizations, as well as their information systems, concerning:
  - achievement of strategic goals of the Company and its SA;
  - accuracy, completeness, objectivity of the accounting system and reliability of financial reporting and other information on financial and business activities of the Company and its SA, including consolidated indicators.
  - efficiency and performance of the Company and its SA activities, as well as adopted programs.
  - the reasonableness and effectiveness of utilizing the Company's and its subsidiaries' resources, along with the approaches (methods) employed to safeguard the Company's and its Subsidiaries' assets;



- compliance of established control systems with legislative requirements, regulations, internal regulatory documents, instructions of authorized and supervisory bodies, decisions of the Company and its SA, and their compliance (compliance control);
- 2) conducting an assessment, as required, of the adequacy and effectiveness of the internal control system within the Company and its SA;
- 3) conducting an assessment, as required, of the corporate risk management system within the Company and its SA;
- 4) evaluating the risk of fraud and the effectiveness of fraud risk management within the Company<sup>3</sup> and its SA;
- 5) evaluating the completeness and effectiveness of the risk assessment methodology and risk management procedures within the Company and its SA;
- 6) evaluating the efficiency of information acquisition by relevant bodies and divisions of the Company and its SA concerning matters related to risks and internal controls;
- 7) conducting a prescribed assessment (diagnosis) of the corporate governance system within the Company and its SA, including evaluating the implementation and adherence to adopted corporate governance principles, ethical standards, and values within the Company and its SA;
- 8) conducting an audit of the Company's information systems as per the established procedure;
- 9) verifying compliance with the legislative requirements of the Republic of Kazakhstan, international agreements, internal documents of the Company and its SA, as well as compliance with the instructions of authorized and supervisory bodies, decisions of the Company and its subsidiaries/affiliated organizations, and evaluating the systems established to ensure compliance with these requirements.
- 10) evaluation of the effectiveness of actions implemented by the Company's divisions and its SA to guarantee the realization of their objectives, aligned with the overall strategic aims of the Company and its SA;
- 11) formulating internal regulatory documents to govern the activities of the Service in alignment with the stipulations of Standards and decisions/recommendations from the Fund;
- 12) providing guidance to the Board of Directors, the Executive Body, as well as the structural units of the Company and its SA concerning the arrangement and enhancement of internal control, risk management, corporate governance, and the organization of internal audits (which includes the creation of internal regulations and initiatives in these domains). Also, helping with other matters that fall under the Service's responsibilities;
- 13) carrying out its tasks as per the yearly audit plan approved by the Company's Board of Directors, and handling unexpected assignments as requested by the Board of Directors or the Chairman of the Board of Directors;

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<sup>3</sup> Nonetheless, uncovering and probing fraudulent activities doesn't constitute the primary role of the Service. Service personnel might participate in fraud inquiries in an advisory or observational capacity, but they do not bear the responsibility for formulating managerial choices grounded on investigation outcomes



14) keeping track of how well the Company and its SA follow the recommendations given by external auditors;

15) undertaking successive checks on the implementation of recommendations delivered by the Service, following the stipulated procedure;

16) sharing information and coordinating activities with other teams inside and outside the Company and its SA that are engaged in inspections and provision of consulting services, and exploring the potential for using the outcomes of their findings;

17) working together and coordinating activities with oversight bodies of SA on matters related to planning and conducting audits and reviews, and providing methodological support to internal audit services and audit committees within the Company's SA

17-1) making sure that members of the Executive Body and its staff follow the laws of the Republic of Kazakhstan and internal rules about insider information and preventing corruption, while also sticking to ethical standards;

18) in line with the order<sup>4</sup> from the Fund, conducting quarterly monitoring of purchases made by the Company and its SA according to subparagraph 9) of paragraph 1 of Article 73 of the Procedure, with respect to:

- ensuring strict adherence to the principle of wise and efficient spending of funds allocated for procurement when making purchases in accordance with subparagraph 9) of paragraph 1 of Article 73 of the Procedure<sup>5</sup>;

- preventing the splitting of procurement volumes for goods planned for the respective fiscal year into segments not exceeding one hundred times the monthly calculation index, excluding VAT, in order to comply with subparagraph 9) of paragraph 1 of Article 73 of the Procedure<sup>5</sup>.

23. Based on the outcomes of conducted audits, the Service formulates relevant recommendations, which include suggestions for improving existing internal control and risk management systems, processes, principles, and methods of operation. The Service also provides comments on any matters falling within its competence.

24. In the process of carrying out its assigned tasks and functions, the Service engages, as stipulated, with all structural units of the Company and its SA, as well as with other organizations in accordance with the legislation of the Republic of Kazakhstan.

## **5. Restrictions in the work of the Service**

25. To ensure adherence to principles of independence and objectivity while performing their roles, the head and staff of the Service must avoid the following actions:

1) engaging in any activities that might subsequently become subjects of internal audits and participating in the audit of activities or functions they carried out during the period subject to audit;

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<sup>4</sup> The order of the Chairman of the Fund's Executive Board No. 97 dated 27.06.2022 “On adherence to the principle of the wise and efficient spending of funds used for procurements”

<sup>5</sup> The Procedure for making procurements by “Samruk-Kazyna” Sovereign Wealth Fund” joint-stock company and legal entities in which fifty percent or more of the voting shares (equity stake) are directly or indirectly controlled by “Samruk-Kazyna” JSC through ownership or trust management. Decision No. 193 of the Fund's Board of Directors on 03.03.2022 approved this Procedure

2) functional responsibilities within the Company and its SA that do not pertain to the Service's activities as outlined in these Regulations should be avoided;

3) participation in any endeavors that might compromise the impartial evaluation of the Service's head and staff, or could be perceived as leading to such compromise, should be avoided;

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 the work of these working groups, the head and employees of the Service should be involved only as consultants without the right to vote;

5) supervise the actions of Company structural unit employees and its Subsidiaries, unless these employees are designated, following established procedures, to partake in audit assignments;

6) confidential information should not be exploited for personal gain or in ways contrary to the legislation of the Republic of Kazakhstan, or that could harm the Company;

7) acceptance of gifts or using of services that might compromise the independence, objectivity, and impartiality of internal audits, or could be perceived as leading to such compromise, should be avoided;

25-1. when receiving unforeseen tasks from the Company's Board of Directors or the Chairman of the Board of Directors, the Head of the Service should identify the necessary resources required to complete the task, including calculating the time needed for its execution.

When faced with time constraints and having available tangible workforce for executing unforeseen tasks, the Head of the Service should assess the need to initiate changes and supplements to the annual audit plan.

## **6. Qualification requirements**

26. The Service's Head must have<sup>6</sup>:

1) completed higher education in fields like accounting, auditing, finance, economics, or law, along with specialized training;

2) at least seven years of experience in roles related to audit, accounting, or finance;

3) at least five years of experience in a managerial position or within the internal audit service of Fund-associated organizations. Alternatively, a total of five years of experience, which can include two to three years as a manager and two to three years in internal auditing at Fund-associated organizations;

4) knowledge and applying the Code of Ethics and Standards;

5) familiarity with international financial reporting standards;

6) knowledge of Kazakhstan's regulatory laws, particularly those pertaining to auditing, accounting, and taxation.

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<sup>6</sup> Service heads appointed prior to the endorsement of the requirements outlined in paragraphs 27 and 28, in terms of additional specialized training, are obligated to obtain one of the specified certificates within 2-3 years from the commencement of their education.

27. The head of the Company's Service needs to meet additional training requirements, including holding a Certified Accounting Practitioner (CAP) certificate, a professional accountant certificate issued by an authorized organization in Kazakhstan, an Internal Auditor's Diploma (DipIA IFA) from the Institute of Financial Analysts (UK), or a Certified Professional Internal Auditor's Diploma (DipCPIA) from the Institute of Certified Financial Managers, as well as proficiency in state and foreign languages, is preferable.

28. The Service employee should have:

- 1) completed higher education in economics, finance, accounting, auditing, information technology, technical fields, or law;
- 2) at least three years of experience in audit, accounting, finance, information technology, technical fields related to the industry, or law;
- 3) knowledge of the Code of Ethics and Standards and the ability to apply them;
- 4) knowledge of Kazakhstan's regulatory laws, including those related to auditing, accounting, and taxation. Holding certificates or qualifications in auditing, accounting and financial management, or IT technologies, as well as knowledge of state and foreign languages, is preferable;

29. The Board of Directors appoints the head and employees of the Service based on recommendations from the Audit Committee. This decision relies on a competitive selection and assessment process that could include testing or an interview. The Chairman of the Audit Committee or an authorized committee member might participate in the interview. The Chairman of the Board of Directors may also take part in this procedure.

## **7. Rights and powers of the Service**

30. The Service possesses the following rights and authorities for executing its primary tasks and fulfilling its functions:

1) access to personnel, production facilities, and other premises, along with all documents and any additional information required in relation to internal auditing. This encompasses data and details regarded as commercial or official secrets of the Company and its SA;

2) continuous access to the information database containing accounting data (such as computerized accounting programs) in a passive mode. This means the access is granted without the ability to make changes.

3) the capability to request and receive materials, including drafts of documents submitted for approval by the Fund, the Board of Directors, the Executive Body of the Company and its subsidiary entities. Moreover, this involves the receipt of all orders/minutes issued by these aforementioned bodies.

4) the authority to initiate additional audit assignments (unscheduled) if the necessity for them becomes evident during the course of the ongoing audit task, and their completion influences the outcome of the present assignment.

5) sharing information and coordinating activities with other internal and external audit and advisory entities to guarantee comprehensive coverage and minimize

redundancy in work. This also entails considering the utilization of outcomes from their work.

6) for the development of planned Service activities and the completion of specific tasks assigned by the Board of Directors, the Chairman of the Board of Directors, or the Chairman of the Audit Committee, the Service may engage employees from the Company's structural units and its Subsidiaries as independent experts. Additionally, specialists from other legal entities, excluding individuals who were involved in activities or functions at the audited entity during the preceding calendar year audit period, can be brought in to provide expertise on specialized matters.

7) conducting consultations and presenting written inquiries to the Fund, the Company's subsidiaries and affiliated companies, other organizations, and structural units of the Company on matters within the Service's competence.

8) in accordance with established procedures, enlisting independent consultants or employing co-sourcing to carry out audit assignments, particularly when the Service's staff lacks adequate knowledge and skills for task completion. This exception applies when the audit assignment necessitates evaluating the risk of fraud and assessing fraud risk management.

9) upon agreement with relevant parties, involve Service employees and IT specialists from other companies within the Fund's group in conducting IT audits. 10) formulating and presenting the independent budget of the Service for consideration by the Audit Committee and/or the Board of Directors<sup>7</sup>:

11) participate in the preparation and implementation of the Company's programs and projects within the scope of the Service's competence and authority, while adhering to Standards' requirements;

12) take part in programs aimed at training, retraining, upgrading the qualifications of Company employees, and certification programs for internal auditors.

13) exercise other rights and authorities that do not contradict the legislation of the Republic of Kazakhstan, the Company's Charter, these Regulations, internal documents of the Company, and Standards.

31. The head of the Service holds the following authorities:

1) participate in meetings and events organized by the executive body concerning the enhancement of internal control, risk management, corporate governance, and other matters within the Service's jurisdiction, without the need for executive body's decisions' approval;

2) directly communicate with the Chairman and members of the Board of Directors and the Audit Committee, members of the Management Board, as well as the heads of the Company's Subsidiaries regarding the Service's activities;

3) submit proposals to the Board of Directors regarding the determination of the Service's staff number, term of authority, appointment of Service employees, and

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<sup>7</sup> The independent budget of the Service is created as part of the Company's overall budget. It encompasses the projected expenses of the Service for the planned period, categorized according to the components specified in the internal regulatory document that oversees the formulation and endorsement of the Service's budget. The autonomy of the Service's budget signifies the lack of constraints from the Company's Executive Body that could impact the Service's operations. However, certain restrictions may be applicable when they adhere to limits and criteria established by the Board of Directors, the Fund, and regulatory authorities.

premature termination of their authority. Also, propose the Service's operational procedures, compensation and bonuses for employees, organizational and technical support for the Service;

- 4) initiate convening meetings of the Board of Directors and/or the Audit Committee on matters within the Service's jurisdiction;
- 5) ensure interaction between the Service and other external parties providing services and guarantees to the Company and its Subsidiaries;
- 6) make inquiries to governmental bodies and other legal entities regarding the Service's activities;
- 7) rotate the responsibilities of Service employees to prevent conflicts of interest and facilitate the intermittent exchange of work experience as needed.
- 8) exercise other authorities specified by the Company's and its Subsidiaries' internal control system and make decisions on all matters falling under the Service's jurisdiction.

### **8. Responsibility of the Service and its head**

32. The Service is accountable for the timely and high-quality execution of its assigned functions and tasks, as well as for adhering to standards of professionalism and a professional work<sup>8</sup> attitude in its activities and the Code of Ethics.

33. Employees of the Service, as per established procedures, bear personal responsibility for the quality and timely execution of their assigned functions. This accountability is in accordance with job descriptions, employment contracts, legislation of the Republic of Kazakhstan, as well as for adhering to Standards, the Code of Ethics, and internal regulatory documents governing the Service's activities.

34. Employees of the Service are required to promptly inform the Head of the Service about any situations related to the presence or potential occurrence of independence and/or objectivity violations by internal auditors, including conflicts of interest or limitations on the authority of internal auditors.

35. The Head of the Service is personally responsible, in accordance with established procedures, for the quality and timely execution of the functions and tasks assigned to the Service, in accordance with these Regulations, the legislation of the Republic of Kazakhstan, employment contracts, job descriptions, and other internal documents of the Company.

36. The mandatory responsibilities and authority of the Head of the Service include:

- 1) efficiently managing the Service and ensuring its utility for the Company in line with the effectiveness and utility criteria set by the Standards.
- 2) developing the Service's Strategic Plan for the medium term;
- 3) ensuring the timely preparation of a risk-oriented annual audit plan for the Service, monitoring its implementation, and timely adjustment. The annual audit plan of the Service is submitted for consideration by the Audit Committee and the Board of Directors no later than December 1 of the year preceding the planned period. To develop

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<sup>8</sup> A professional approach to work does not imply that internal auditors are immune to errors, nor does it obligate them to offer absolute assurances of the absence of violations or discrepancies



the risk-oriented plan, the Head of Internal Audit consults with senior executives and the Board, obtains information about the organization's strategy, main activities, inherent risks, and risk management processes. The Head of the internal audit service must review and adjust the plan as needed, in cases of changes in the organization's business, risks, operations, programs, systems, and control procedures.

4) developing internal Company documents and methodological recommendations for internal audit and other documents related to the Service's activities.

5) ensuring the application of uniform basic principles and procedures for internal audit activities approved (recommended) by the Sole Shareholder (General Meeting of Shareholders) of the Company.

6) ensuring the alignment of the Service's reports with the requirements of internal regulatory documents on organizing internal audit and Standards.

7) communicating the results of audit assignments to individuals who can ensure their quality review;

8) developing and implementing a Quality Assurance and Improvement Program for internal audit, covering all types of Service activities and providing for internal and external assessment of the Service.

9) organizing measures to prevent potential and existing conflicts of interest and biased attitudes towards the audited entity on the part of the Service or its employees during the planning and execution of the Service's activities;

10) submitting reports on the Service's activities to the Board of Directors and the Audit Committee within the timeframes established by these Regulations.

11) planning and timely submitting Service-related matters within the framework of the annual work plan of the Audit Committee and the Board of Directors.

12) exchanging information and coordinating the Service's activities with other internal and external parties conducting inspections and providing advisory services, in order to ensure proper coverage and minimize duplication of work, and considering the possibility of using the results of their work.

13) periodically assessing the alignment of the Service's functions, rights, authority, and responsibilities defined by this Regulation with the goals and objectives of internal audit and communicating the results of such assessment to the Audit Committee and the Board of Directors.

14) taking measures to enhance the level of professional preparedness of the Service's employees.

15) when conveying information and audit reports to external parties, the Head of the Service should:

- assess potential risks for the organization.
- if necessary, consult, in established procedures, with senior executives and/or the legal department.
- control the dissemination of information by imposing usage restrictions.

36-1. effective coordination of activities between the second-line defense structural units and the Service. Organizing joint meetings to discuss the plans of each second-line defense structural unit and the Service on a quarterly basis, exchanging information and reports on inspections/audits on a monthly basis.



36-2. Ensuring the participation of Service Employees, as non-voting experts, in significant committees of the first and second-line defense, as well as committees under the Management and the Board of Directors.

### **9. Imposing Penalties**

37. In case of violating labor discipline, not fulfilling or inadequately performing assigned work duties, the Board of Directors may decide to apply disciplinary measures to both the head and employees of the Service, following the established procedure.

38. The accountability of the head and employees of the Service and the process of compensating for any damages caused by them (if applicable), as well as the methods for implementing disciplinary measures, adhere to the regulations outlined in accordance with the laws of the Republic of Kazakhstan and internal documents of the Company.

### **10. Providing information to the Board of Directors, the Audit Committee**

39. Every year, prior to December 1st of the year preceding the projected year, the Service presents the annual audit plan for the upcoming year to the Audit Committee and Board of Directors for their evaluation. The Service guarantees the execution of the approved annual audit plan and includes an account of its execution in the Service's activity report, meeting the deadlines specified in these Regulations. The 40. The Service submits reports on its activities to the Board of Directors and the Audit Committee within the following timeframes<sup>9</sup>:

1) quarterly reports should be submitted no later than the 25th day of the month following the reporting quarter.

2) annual reports should be submitted no later than the 15th day of the second month following the reporting year.

41. The Audit Committee preliminarily reviews reports on the Service's performance and provides recommendations for the Board of Directors.

42. Reports generated by the Service after conducting audit assignments that highlight instances of unlawful actions or inactions by Company and SA employees and/or the Executive Body should be promptly submitted to the Audit Committee and the Board of Directors upon completion.

43. The Head of the Service is responsible for analyzing the information presented to the Board of Directors and the Audit Committee to ensure its accuracy and comprehensiveness.

44. Audit reports and activity reports from the Service are prepared in accordance with internal regulations that govern the organization of internal audits.

45. The Audit Committee and the Board of Directors review Service performance reports and make decisions following established procedures and within their designated authority.

46. The Head of the Service is responsible for regularly updating the Board of Directors about the Executive Body's oversight and supervision of other control and

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<sup>9</sup> Taking into account the presence/absence of the requirements of the Chairman of the Board of Directors or the Chairman of the Audit Committee on the submission of audit reports on the results of audits within the timeframe outlined in the AAP or other deadlines preceding the consideration of quarterly reports

management functions (such as risk management, internal control, security, business continuity, external audits, etc.).

46-1. When violations of the Code of Ethics and Standards impact the overall scope, content, or activities of internal audits, the head of the Service is required to report the non-compliance and its consequences to the Executive Body and the Board of Directors.

47. The Head of the Service ensures the timely notification of the Audit Committee regarding any situations related to the potential compromise of independence and/or objectivity of the internal auditor, which might manifest as conflicts of interest or limitations on the rights and authority of the Service.

47-1. Third-party interference in the internal audit process, which includes defining the scope of audits, conducting the work, and reporting outcomes, should be avoided. The Head of Internal Audit should inform the Board about such interventions and discuss potential consequences.

### **11. Collaboration between the Service and the Executive body**

48. The interaction between the Service and the Executive Body must be rooted in the principle of independence, as the degree of organizational and functional autonomy of the Service directly influences the impartiality of internal auditors.

49. Drawing on its operational outcomes, the Service evaluates the effectiveness of the management decisions executed by executives of various levels within the Company and its SA and presents this assessment to the Executive Body.

50. Within the context of engaging with the Executive Body, the Service:

1) devises an annual audit plan, factoring in the Executive Body's suggestions for audits and advisory support;

1-1) submits the draft Regulations to the Board for preliminary review and the formulation of potential recommendations and feedback;

2) presents the Executive Body with the annual audit plan approved by the Board of Directors for informational purposes;

3) provides the Executive Body with an audit report or conclusion originating from audit assignments or consulting endeavors;

4) discusses and puts forth recommendations to the Executive Body to enhance internal control, risk management, and corporate governance.

51. The Executive Body is obligated to:

1) establish an effective internal control environment within the Company, fostering unimpeded and complete execution of the Service's functions, attaining goals and objectives, and optimizing the Service's value to the Company;

2) aid the Service in enlisting employees from the Company's structural units or its SA as independent experts to seek advice on specialized matters;

3) guarantee the timely examination of Service reports, the formulation and endorsement of an action plan to implement the accepted Service recommendations, and the provision of progress updates on implementation;

4) ensure the inclusion of the Service's budget, approved or sanctioned by the Audit Committee or Board of Directors, in the Company's budget as per established procedures;

5) ensure the adoption of co-sourcing, within established procedures and upon Board of Directors' decision, for any internal audit-related activity;

6) extend administrative (organizational and technical) support to the Service.

52. The involvement of the Executive Body in the Service's activities is prohibited.

### **12.Evaluation of the Service’s performance**

53. The assessment of the Service's performance is undertaken with the purpose of ensuring alignment with the Standards and adherence of internal auditors' activities to the Code of Ethics. Additionally, this evaluation serves to determine the efficiency and effectiveness of the internal audit, identifying avenues for enhancing performance.

54. The procedure and prerequisites for appraising the Service's performance, its head, and personnel are outlined in the internal regulatory documents of the Service. These documents consider the stipulations of the Standards, recommendations, and established corporate benchmarks of the Fund concerning the evaluation of Service<sup>10</sup> effectiveness. They also encompass the internal regulatory documents of the Company that pertain to the assessment of Company employees' performance.

55. The internal regulatory documents of the Service encompass the following aspects:

1) The process for verifying the Service's alignment with the definition of internal audit, the Standards, and the Code of Ethics (Quality Assurance and Improvement Program). This encompasses both internal and external evaluations of the Service's performance.

2) The procedure for evaluating the efficiency of the Service, its head, and personnel concerning their accomplishment of tasks and objectives as outlined in these Regulations, the annual audit plan, and the Service's strategic plan.

External assessments (independent evaluations) of the Service's activities occur at a minimum frequency of once every five years. These evaluations are conducted by an independent external expert or are undertaken as self-assessments with independent external validation.

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<sup>10</sup> “Samruk-Energy” JSC requirements to the procedure for carrying out the evaluation of the Service’s performance for compliance with the Standards, as well as to the procedure for assessing the effectiveness of the Service, are set out respectively in section 2.3. and section 4.7 of the Policy on the organization of internal audit at “Samruk-Energy” JSC.