

Approved by decision
of the Board of Directors of
JSC NC “KazMunayGas”
_____, 2020
(minutes #__)

REGULATION
On Internal Audit Service
of JSC NC “KazMunayGas”

Astana

1. General Provisions

1. This Regulation on the Internal Audit Service (hereinafter – the Regulation) determines the status of the Centralized Internal Audit Service (hereinafter – Service) of JSC NC KazMunayGas (hereinafter- KMG), objectives, functions, work procedure and interaction of the Service with KMG Board of Directors and Management Board, and also rights and responsibility of the Service, requirements to the amount and terms of labor remuneration and bonus payment to employees of the Service, adoption of resolutions on imposition of disciplinary fines.

2. In carrying out its activities, the Service shall be guided by the legislation of the Republic of Kazakhstan, the Charter, resolutions of KMG bodies, this Regulation, Regulation on Arrangement of Internal Audit, other internal documents of KMG. The Service shall carry out its activity based on primary principles of International Professional Internal Audit Standards developed by the Institute of Internal Auditors Inc., main principles of Professional Practice of Internal Audit, the Code of Ethics and the Definition of Internal Audit, laying down the basic requirements for professional internal audit practice, as well as the principles underlying the evaluation of the effectiveness of internal audit activities.

3. The Service shall carry out its activities in accordance with the annual work plan approved by KMG Board of Directors and ad-hoc assignments under the instruction of the Board of Directors and/or its Chairman.

4. Staff number (quantitative composition) and staffing table of the Service shall be approved by the Board of Directors and included into the staffing table of KMG after preliminary approval by the Audit Committee. The structure of the Service is presented in the form KMG-F-3772.1-5 / PD-2755.25.

5. The Service shall be headed by the Head. The Head and employees shall be appointed by the Board of Directors upon recommendation of the Audit Committee of KMG Board of Directors (hereinafter – Audit Committee).

6. Terms of powers of the Service, appointment of its Head and employees, and also early termination of their powers, amount and terms of labor remuneration, bonuses to the Head and employees of the Service shall be determined by KMG Board of Directors after preliminary approval by the Audit Committee.

7. An employment contract with the Head and employees of the Service shall be concluded by the Chairman of KMG Management Board in compliance with labor laws of the Republic of Kazakhstan on the basis of a resolution of the Board of Directors.

8. Duties, rights and responsibility of the Service shall be determined by relevant job descriptions which are developed on the basis of this Regulation, employment contracts and internal documents of KMG and approved by the Chairman of KMG Board of Directors or by his instruction by the Chairman of the Audit Committee of the Board of Directors.

2. The status of the Service

9. The Service is unified central Internal Audit Service, which is the body of KMG directly functionally subordinated and accountable to KMG Board of Directors, it carries out control over financial and economic activity of KMG and other organizations of KMG Group, which are within the Fund group as per the Law on Sovereign Wealth Fund of the RoK (KMG Group), assessment in the field of internal control, risk management and execution of documents in corporate governance and consultations for improvement of KMG activities and KMG group.

10. For the purpose of maintaining control over financial and economic activity of legal entities, where participation interests in the chartered capital are owned by KMG or subsidiaries of KMG, employees of the Service in the order established by laws can be appointed as members of review commission (reviewer).

11. In exclusive cases under the instruction of KMG Board of Directors or the Chairman of KMG Board of Directors, the Service shall be entitled to render assistance to other subsidiary and dependent organizations of KMG in maintaining control over financial and economic activities.

12. The Service's activity shall be supervised by the Audit Committee in accordance with the Regulation on the Audit Committee of KMG Board of Directors. Matters related to the activities of the Service are submitted to the KMG Board of Directors for consideration after preliminary approval by the Audit Committee.

13. Administrative subordination of Service to the KMG executive body is expressed in providing Service's employees with appropriate working conditions, timely salary payment, issuing appropriate orders regarding the activity of the Service, based on the decisions taken by the Board of Directors; execution of orders for business trips, vacations, and other actions that do not contradict the status of Service.

14. In order to properly and effectively perform Service employees' responsibilities, the Service must be provided by the necessary organizational and technical conditions at the same level as structural subdivisions of the central office of KMG in particular:

1) all working places should be located directly in the location of the Central office of KMG;

2) each employee should be provided with a desktop computer (with portable Notebook);

3) the Service should be provided with necessary office equipment (fax, scanner, projector, etc.) as well as reference and periodicals.

15. The Service shall be independent from influence of any persons in performing the tasks and functions assigned to it, with a view of their due performance and ensuring objective and impartial judgments.

16. The Service should be impartial and unbiased in its work, and must avoid conflict of interests.

17. The independence of the Service shall be reached through securing the corresponding organizational status of the Service and an objective position of the Service employees in performing their duties.

18. The Service's employees fall under the provisions of KMG internal documents, except for documents which cannot be applied in conformity with the status of the Service, KMG Charter and this Regulation.

3. Mission and goals

19. The mission of the Service consists in rendering necessary assistance to the Board of Directors and the Management Board of KMG, as well as management bodies of KMG Group, and in performing their duties on achievement of strategic goals of KMG and KMG Group and in provision of independent and objective assurances and consulting services, directed to create additional values of KMG and KMG Group.

20. The goal of the activity of the Service is to submit to the Board of Directors independent and objective information to ensure efficient management by KMG and KMG group through systematic approach in improvement of risk management processes, internal control and corporate governance.

4. Tasks and functions

21. Primary tasks of the Service are:

1) Evaluation and promotion of the improvement of internal control and corporate governance in KMG and the KMG group of companies;

2) evaluation of reliability and efficiency of the risk management system in KMG and its group of companies;

3) evaluation of the risk of committing fraud and fraud risk management effectiveness in KMG and its group of companies;

4) evaluation of reliability, completeness, objectivity of accounting system and reliability of financial statements of KMG and its group of companies;

5) evaluation of compliance with laws of the Republic of Kazakhstan by KMG and its group of companies and evaluation of adequacy of systems and procedures created and applied for assurance of compliance with these requirements (compliance control);

6) evaluation of the rationality and efficiency of the use of resources of KMG and its group of companies and applied methods on KMG and group of companies' assets safety custody;

7) methodological assurance and coordination of activity of internal audit services of subsidiary and dependent organizations of KMG.

22. In accordance with the tasks assigned to it and in accordance with the established procedure the Service performs following functions:

- 1) conducts evaluation of adequacy and system efficiency of internal control in KMG and its Group of Companies;
- 2) conducts evaluation of the effectiveness of the risk management system in KMG and its Groups of the companies;
- 3) assess the implementation and compliance with the adopted principles of corporate governance, relevant ethical standards and values in KMG and its group of companies;
- 4) assesses the risks of fraud and the effectiveness of fraud risk management;
- 5) assess on compliance with laws of the Republic of Kazakhstan, the international agreements, internal documents of KMG and its Group of Companies, and also performance of the instructions of regulating and supervising bodies and resolutions of bodies of KMG and its Group of Companies and evaluates systems created for the purpose of complying with these requirements;
- 6) conducts evaluation of adequacy of the measures applied by the structural subdivisions of KMG and its group of companies for securing the achievement of goals within strategic goals of KMG and its group of companies;
- 7) evaluates efficiency of receipt by relevant bodies and subdivisions of KMG and group of companies of information on issues related to risks and internal control;
- 8) conducts audit of information technology of KMG and KMG group of companies;
- 9) prevents, identifies and reveals any violations of ethics, fraud and corruption;
- 10) inspects suppliers with respect to ethical behavior and their involvement in fraud and corruption;
- 11) carries out monitoring of performance of recommendations of the external auditor by KMG and its group of companies;
- 12) carries out the subsequent control over fulfillment of the recommendations of the Service issued in the established order;
- 13) consults the Board of Directors, the Management Board, the structural divisions of KMG and executive bodies and subdivisions of its Group of Companies concerning the internal control and audit system;
- 14) supervises the activity of the internal audit services of subsidiary and dependent organizations of KMG and participates in evaluation of their activity in case of absence of board of directors and/ or audit committees in these organizations;
- 15) if necessary, assists to perform an audit of KMG and its group of companies by external auditors;

16) performs exchange of information and coordination with other internal and external parties of KMG and KMG group of companies, providing services on assurance and consulting;

17) develops recommendations directed for development, retraining and professional development of employees of the internal audit service of subsidiary/dependent organization;

18) performs other functions imposed to the Service within its competence and not effecting the principles of its independence.

5. Limitations in the activity of the Service

23. For the purposes of observance of the principles of objectivity and impartiality in performing their functions the Service's employees should not:

1) be involved in any types of activity which subsequently can be subject to internal audit and be engaged in auditing the activities or the functions carried out by them during the period under audit;

2) perform duties not related to the activities of the Service;

3) be engaged in any activity that could harm the impartiality of the evaluation of the Service's employees or perceived as inflicting such damage;

4) be involved in the committee or other working groups/commissions, created KMG and KMG group of companies, as members with the right of signature. In these working groups Service's employees should be involved only as consultants without the voting right;

5) use confidential information for personal benefit or in any other manner inconsistent with the laws of the Republic of Kazakhstan, or prejudicial to KMG and KMG group of companies.

6. Qualification requirements

24. The Head of the Service must have higher professional education (economic and / or financial and / or accounting and auditing), experience in the field of internal audit preferably of international companies and / or in the field of external audit and / or in the provision of advisory services on internal audit, risk management and corporate governance of international auditing companies of the Big Four and / or oil and gas companies for at least 15 years, including at least 7 years of managerial experience in the field of internal auditing, knowledge of international financial reporting standards and international professional standards of internal audit developed by the Institute of Internal Auditors, knowledge of regulatory legal acts of the Republic of Kazakhstan, including on audit, accounting, taxation. Obligatory presence of one of the international certificates:

- Certificate of CIA (Certified Internal Auditor);
- Certificate of ACCA (Association of Certified Chartered Accountants);
- Certificate CIPA (Certified International Professional Accountant);

- Certificate of CPA (Certified Public Accountant);
- Diploma DipIFR (Diploma in International Financial Reporting);
- Diploma DipCPIA (Certified Professional Internal Auditor);
- Certificate CFE (Certified Fraud Examiner);
- License for auditing activities of the Republic of Kazakhstan.
- MBA or Master's degree in economics / finance (preferably).

25. The Director of the Methodology, Corporate, Financial Audit and Information Technology Division must have higher professional (economic and / or financial and / or accounting and audit) education, experience in the field of internal audit in oil and gas companies, preferably in KMG or affiliated organizations , and / or in the field of external audit of international audit and consulting companies for at least 15 years, including at least 3 years of management experience in the field of internal and / or external audit, among them at least 3 years in a large oil and gas company, knowledge of international financial reporting standards and international professional standards of internal audit developed by the Institute of Internal Auditors, knowledge of regulatory legal acts of the Republic of Kazakhstan, including audit, accounting, taxation. Obligatory presence of one of the international certificates:

- Certificate of CIA (Certified Internal Auditor);
- Certificate of ACCA (Association of Certified Chartered Accountants);
- Certificate CIPA (Certified International Professional Accountant);
- Certificate of CPA (Certified Public Accountant);
- Diploma DipIFR (Diploma in International Financial Reporting);
- Diploma DipCPIA (Certified Professional Internal Auditor);
- Certificate CFE (Certified Fraud Examiner);
- License for auditing activities of the Republic of Kazakhstan.
- MBA or Master's degree in economics / finance (preferable).

26. The Director of the Operational Audit Division must have higher professional (economic and / or financial and / or legal and / or accounting and auditing) education, experience in internal audit in oil and gas companies, preferably in the KMG group of companies and / or in the field of external audit of international audit and consulting companies for at least 15 years, including at least 3 years of management experience in the field of internal and / or external audit, of which at least 3 years in a large oil and gas company industry, knowledge of international financial reporting standards and international professional standards of internal audit developed by the Institute of Internal Auditors, knowledge of regulatory legal acts of the Republic of Kazakhstan, including audit, accounting, taxation. Obligatory presence of one of the international certificates:

- Certificate of CIA (Certified Internal Auditor);
- Certificate of ACCA (Association of Certified Chartered Accountants);
- Certificate CIPA (Certified International Professional Accountant);
- Certificate of CPA (Certified Public Accountant);
- Diploma DipIFR (Diploma in International Financial Reporting);
- Diploma DipCPIA (Certified Professional Internal Auditor);

- Certificate CFE (Certified Fraud Examiner);
- License for auditing activities of the Republic of Kazakhstan.
- MBA or Master's degree in economics / finance (preferrable).

27. The Chief auditor of the Methodology and Joint Ventures Audit Sector should have a higher profile education (economic and / or financial and / or accounting and audit and / or legal and / or business management and / or other humanitarian), experience in internal audit at oil and gas companies, preferably in the KMG group of companies and / or in the external audit of international audit and consulting companies for at least 7 years, management experience of at least 1 year, knowledge of international financial reporting standards international professional standards of internal audit, developed by the Institute of Internal Auditors, knowledge of normative legal acts of the Republic of Kazakhstan, including on issues of auditing, accounting, tax, internal audit skills development methodology. Obligatory presence of one of the international certificates:

- Certificate of CIA (Certified Internal Auditor);
- Certificate of ACCA (Association of Certified Chartered Accountants);
- Certificate CIPA (Certified International Professional Accountant);
- Certificate of CPA (Certified Public Accountant);
- Diploma DipIFR (Diploma in International Financial Reporting);
- Diploma DipCPIA (Certified Professional Internal Auditor);
- Certificate CFE (Certified Fraud Examiner);
- License for auditing activities of the Republic of Kazakhstan.
- MBA or Master's degree in economics / finance (preferrable).

28. The Chief auditor of the Information Technology Audit Sector should have a higher profile (IT, engineering and / or technical, economic) education, experience in IT audit in large manufacturing companies and / or international audit and consulting companies for at least 7 years, management experience of at least 1 year, knowledge of international standards, procedures and methods of internal audit, international models and standards of IT security. Required availability of international certificates:

- in the field of IT audit CISA (Certified Information Systems Auditor) and / or CFE (Certified Fraud Examiner);
 - in the field of information security: CGEIT / COBIT / TOGAF / ITIL.
- Availability of MBA or Master's degree (preferrable).

29. The Chief auditor of the Upstream Operations and Service Companies Audit Sector must have a higher profile education (technical and / or economic and / or financial and / or accounting and audit), experience in the field of internal audit in oil and gas companies, preferably in a group of companies KMG, and / or in the field of external audit of international audit and consulting companies, as well as work experience in the oil and gas industry in the direction of extraction, drilling, geology and well service, experience in advanced extractive industry overseas companies or companies with foreign participation (preferably), at least 7 years, management experience of at least 1 year, knowledge of international financial reporting standards, international standards, internal audit procedures and methods,

audit in the oil industry, industry specific accounting, taxation, economic and land law, economic analysis, exploration and production, processing, transportation and marketing of oil and gas. Obligatory presence of one of the international certificates:

- Certificate of CIA (Certified Internal Auditor);
- Certificate of ACCA (Association of Certified Chartered Accountants);
- Certificate CIPA (Certified International Professional Accountant);
- Certificate of CPA (Certified Public Accountant);
- Diploma DipIFR (Diploma in International Financial Reporting);
- Diploma DipCPIA (Certified Professional Internal Auditor);
- Certificate CFE (Certified Fraud Examiner);
- License for auditing activities of the Republic of Kazakhstan.
- MBA or Master's degree in economics / finance (preferrable).

30. The Chief auditor of the Oil Refining, Marketing and Petrol Products Trading Audit Sector must have a higher profile education (economic and / or financial and / or technical and / or accounting and audit), experience in internal audit in oil and gas companies, preferably in the group of companies of KMG, and / or in the field of external audit of international audit and consulting companies for at least 7 years, management experience of at least 1 year, knowledge of international financial reporting standards, international standards Comrade, procedures and internal audit methods, audit of the oil industry, industry-specific accounting, taxation, economic and land rights, economic analysis, oil refining processes. Obligatory presence of one of the international certificates:

- Certificate of CIA (Certified Internal Auditor);
- Certificate of ACCA (Association of Certified Chartered Accountants);
- Certificate CIPA (Certified International Professional Accountant);
- Certificate of CPA (Certified Public Accountant);
- Diploma DipIFR (Diploma in International Financial Reporting);
- Diploma DipCPIA (Certified Professional Internal Auditor);
- Certificate CFE (Certified Fraud Examiner);
- License for auditing activities of the Republic of Kazakhstan.
- MBA or Master's degree in economics / finance (preferrable).

31. The Chief auditor of the Oil and gas transportation and marketing audit sector should have a higher profile education (economic and / or financial and / or technical and / or accounting and audit), experience in internal audit in oil and gas companies, preferably in the group companies of KMG and / or in the field of external audit of international audit and consulting companies for at least 7 years, management experience of at least 1 year, knowledge of international financial reporting standards, international standards, procedures and Methods for internal audit, audit of the oil industry, industry-specific accounting, taxation, economic and land law, economic analysis of processes of transportation and marketing of oil and gas. Obligatory presence of one of the international certificates:

- Certificate of CIA (Certified Internal Auditor);
- Certificate of ACCA (Association of Certified Chartered Accountants);

- Certificate CIPA (Certified International Professional Accountant);
- Certificate of CPA (Certified Public Accountant);
- Diploma DipIFR (Diploma in International Financial Reporting);
- Diploma DipCPIA (Certified Professional Internal Auditor);
- Certificate CFE (Certified Fraud Examiner);
- License for auditing activities of the Republic of Kazakhstan.
- MBA or Master's degree in economics / finance (preferrable).

32. The Chief auditor of the Corporate and Financial Audit Sector must have a higher profile education (economic and / or financial and / or accounting and audit), experience in internal audit in oil and gas companies (preferably in the KMG Group) and / or in external audit of international audit and consulting companies for at least 7 years, management experience of at least 1 year, knowledge of international financial reporting standards, international standards, internal audit procedures and methods, but regulatory legal acts of the Republic of Kazakhstan, including on issues of auditing, accounting, taxation. Obligatory presence of one of the international certificates:

- Certificate of CIA (Certified Internal Auditor);
- Certificate of ACCA (Association of Certified Chartered Accountants);
- Certificate CIPA (Certified International Professional Accountant);
- Certificate of CPA (Certified Public Accountant);
- Diploma DipIFR (Diploma in International Financial Reporting);
- Diploma DipCPIA (Certified Professional Internal Auditor);
- Certificate CFE (Certified Fraud Examiner);
- License for auditing activities of the Republic of Kazakhstan.
- MBA or Master's degree in economics / finance (preferrable).

33. The employee of the Service must have higher professional education in the fields of economics and finance, and / or accounting and audit, and / or information technology, and / or legal and / or technical fields, and / or business management and / or other. humanitarian, as well as work experience in these fields for at least 5 years, knowledge of international financial reporting standards and international professional standards of internal audit developed by the Institute of Internal Auditors, knowledge of the regulatory legal acts of the Republic of Kazakhstan the camp, including on issues of auditing, accounting, tax. It is desirable to have one of the following certificates:

- Certificate of CIA (Certified Internal Auditor);
- Certificate of ACCA (Association of Certified Chartered Accountants);
- Certificate CIPA (Certified International Professional Accountant);
- Certificate of CPA (Certified Public Accountant);
- Diploma DipIFR (Diploma in International Financial Reporting);
- Diploma DipCPIA (Certified Professional Internal Auditor);
- Certificate CFE (Certified Fraud Examiner);
- License for auditing activities of the Republic of Kazakhstan;
- Professional accountant-practitioner of the Republic of Kazakhstan.

34. Appointment of Head and employees of the Service is made by the Board of Directors on the recommendation of the Audit Committee based on a competitive selection.

7. Rights of the Service

35. For achieving its primary goals and performing its functions, the Service, in accordance with the established procedure, has the right:

1) to access the staff, industrial and other facilities, the whole documentation and any other information required in connection with an internal audit, including the data and information constituting commercial and official secrets of KMG and KMG Group of companies;

2) to access the information accounting data of KMG and KMG Group of companies (accounting software, etc.) on a permanent basis in a passive mode, without the right to change and edit;

3) to request and receive any information and documentation, including drafts of documents submitted for approval of the Sole Shareholder, KMG Board of Directors, KMG Management Board and bodies of the Group of Companies and also receive all orders/minutes of the above bodies of KMG and KMG Group of Companies;

4) to develop action plan of the Service and perform separate tasks under the instruction of the Board of Directors or the Chairman of the Board of Directors for the purpose of receipt of separate consultations on highly specialized issues, as independent experts to attract employees of structural subdivisions of KMG and KMG group of companies, and specialists of other legal entities (except for entities which during the previous period of audit of the calendar year performed an activity or functions at the audit object) in a case if the personnel of the IAS does not have sufficient knowledge and skills to perform the audit task or its part;

5) to conduct consultations with the Sole Shareholder, KMG group of companies, other organizations and structural subdivisions of KMG on issues which are within the competence of the Service;

6) to submit proposals to KMG Board of Directors on improvement of internal audit procedures and methods, change of the monitoring system and administrative policy of KMG and KMG group of companies;

7) form the Service budget and submit for consideration of the Board of Directors of KMG. Service budget is formed within the KMG budget, and includes the Service's claimed expenses for the planned period with the items stipulated by internal normative documents regulating the issue of formation and approval of the budget of the Service. With that, the independence of Service budget is understood as the absence of restrictions imposed by the KMG executive body with the purpose of influencing the activities of the Service;

8) to participate in preparation and implementation of programs and projects of KMG in the line of the Service's activities;

9) to participate in programs directed at training, retraining, advanced training of KMG employees and programs of certification of internal auditors. In accordance with the International Professional Standards of Internal Auditing, in order to improve their knowledge, skills and competencies, internal auditors have the right to upgrade their skills and training according to the annual Training Plan for the Service;

The employees of the Service:

10) may be a member of the Audit Committee of KMG subsidiaries

11) participate in meetings of committees of the Board of Directors and the Management Board of KMG as experts without the right to vote;

12) participate in working groups and commissions of KMG, in KMG projects with a high degree of significance;

13) to exercise other rights that do not contradicting the legislation of the Republic of Kazakhstan, KMG Charter and the group of companies, this Regulation and the internal documents of KMG.

8. Powers of the Head of the Service

36. In the mandatory order the powers of the Head of the Service shall include:

1) efficient management of the Service and ensuring its usefulness for KMG and KMG group of companies in accordance with the criteria set by the international professional standards of internal audit;

2) planning of activities and arrangement of work of the Service, ensuring the preparation and execution of the Annual Audit Plan of the Service. The annual audit plan is developed on the basis of risk assessment and agrees with the identified key risks in the overall risk assessment program of KMG and KMG group of companies;;

3) assurance of development of KMG internal documents governing the activity of the Service including the Strategy for the medium term, the Program of Quality Assurance and Improvement of the internal audit, methodic recommendations on internal audit and other documents related to the activity of the Service;

4) ensuring the timely submission of reports on the activities of the Service to the KMG Board of Directors;

5) periodic assessment of the relevance of the tasks and functions of the Service to achieve its goals (at least once a year);

6) submission of proposals to the Board of Directors on determination of quantitative composition, staffing table and compensation schemes, term of powers, budget of the Service, appointment of employees of the Service and also early termination of their powers, work procedure of the Service, amount and

terms of labor remuneration and bonus payment to employees, organizational and technical support to the Service;

7) adoption of measures to increase the level of professional training of employees of the Service;

8) periodic or if necessary rotation of duties of employees of the Service with the purpose of non-admission of occurrence of conflict of interests and assurance of work experience;

9) initiation of convention of the Board of Directors and/or the Audit Committee on issues which are within the competence of the Service.

37. The Head of the Service has following rights:

1) to participate in meetings and activities, organized by the executive body on the improvement of the internal control, risk management and corporate governance, as well as other issues within the competence of the Service without the right of agreement of decisions of the executive body;

2) direct access to the Chairman and members of the Board of Directors and the Audit Committee, the members of the Management Board of KMG, as well as to the management of subsidiaries and affiliates of KMG on the activities of the Service;

3) to make inquiries to state authorities and other legal entities on the activities of the Service;

4) exercise other powers, stipulated by the internal control system of KMG, and take decisions on all matters within the competence of the Service.

38. The Head of the Service in the established order shall assure awareness of employees of actuality and importance of their activity within powers, about contribution in achievement of goals in quality, health, safety and environment as well as information security in compliance with the KMG Policies regulating quality, the Health, Safety and Environment, information security and adoption of measures in determination of necessary staff development and training.

9. Responsibility of the Service

39. The Service bears responsibility for duly and qualitative performance of the functions and tasks assigned to it.

40. The Head of the Service and Service's employees in accordance with the established procedure bears personal responsibility for the quality and timeliness of performance of the functions and tasks assigned to the Service according to the legislation of the Republic of Kazakhstan, this Regulation, employment contracts, job descriptions and other internal documents of KMG.

41. The Service's employees are required to promptly inform the Head of the Service of any situations involving the presence or the potential for violation of

independence and/or objectivity of the internal audit, which is expressed, inter alia, in the form of a conflict of interest or restricting the powers of the internal auditor.

42. The Service is responsible for effective coordination of activities between the structural units of the second line of protection: carrying out functions of risk management, internal control, compliance, security management, personnel, as well as the legal department, HSE department, budgeting process overseeing through the development of a guarantee card to confirm the effectiveness of business processes, risk management systems and internal controls of KMG and subsidiaries and affiliates.

43. The degree of responsibility of employees of the Internal Audit Service is determined by the matrix of the distribution of functions of the Internal Audit Service (KMG-F-3773.1-5 / PD-2755.2-5), job descriptions and employment contracts.

10. Labor remuneration and staff motivation

44. Labor remuneration and bonus payment conditions for employees of the Service and also provision of social support, guarantees and compensation payment shall be determined in line with internal documents of KMG, taking into account the status and principle of independence of the Service.

11. Imposition of Penalties

45. Disciplinary penalties shall be applied to the Head and employees of the Service for violation of labor discipline, non-performance or improper performance of labor duties by a resolution of the Board of Directors in the established order.

46. Financial responsibility of the Head and employees of the Service and a procedure on reimbursement of a damage injured (if any) and also a procedure on imposition of disciplinary penalties shall be carried out in compliance with the laws of the Republic of Kazakhstan and KMG internal documents with account of requirements specified in this Regulation.

12. Provision of information to the Board of Directors

47. Annually, no later than December preceding the planned year, to provide to the Board of Directors the Annual Audit Plan for the respective year.

48. The Service shall provide to the Board of Directors of KMG a Report on the activity of the Service on the following terms:

1) quarterly – till the 25th date of a month, following an accounting quarter after preliminary approval by the Audit Committee;

2) annually – till the 25th date of the second month following an accounting year after preliminary approval by the Audit Committee.

By the request of the Chairman of KMG Board of Directors the Head of the Service shall submit a brief monthly report on the activity of the Service.

49. Reports on the results of audits conducted by the Service are sent to the Board of Directors after the report is issued and signed by audit object.

50. Summary of reports generated by the Service based on the results of audit engagements and cases of illegal actions (omissions) of KMG employees shall be submitted to the Board of Directors immediately upon their conduction.

51. The Head of Service shall ensure an analysis of information, to be submitted to the Board of Directors and the Audit Committee in terms of its completeness and accuracy.

52. The report on the activity of the Service shall include:

1) brief conclusions on results of audit engagement in compliance with the annual audit plan of the Service with indication of given recommendations;

2) listing of all audits carried out as from the last date of the report, indicating the ranking of each audit, information on the implementation of the corrective action plan to eliminate identified non-compliances on a semi-annual basis, and all audit scope limitations;

3) information on other activities and work carried out with the Service in an accounting period (results of unplanned audit engagements and monitoring of recommendations of external auditors, own recommendations, information on participation in trainings, etc.).

53. Quarterly and annual reports contain information about violations of ethics, fraud and corruption, identified by the Service.

54. The Board of Directors shall review reports on the activity of the Service and adopt resolutions in compliance with the established rules and regulations of the Board of Directors.

13. Interaction of the Service with the Management Board

55. Relations of the Service with the Management Board shall be built based on the principle of independence as the level of organizational and functional independence of the Service shall directly influence the objectivity of internal auditors.

56. The Service based on the results of its activities shall submit to the Management Board and executive bodies of KMG group of companies an assessment of performance quality of adopted management decisions by managers of a various level of KMG and KMG group of companies.

57. In the framework of cooperation with the Management Board the Service shall:

1) In order to inform the Management Board and executive body of KMG Group, submit information on planned audits as per the annual audit plan approved by the Board of Directors for information;

2) acquaints the Chairman of the KMG Management Board with the results of the audit reports, compiled according to the results of the audit mission.

58. KMG Management Board shall in the established order:

1) enable the creation of an efficient control environment in KMG and KMG Group;

2) ensure inclusion of the Service's budget, approved by the Audit Committee/Board of Directors into KMG budget;

3) by the resolution of the Board of Directors ensure use of outsourcing/co-sourcing of any internal audit activity;

4) provide administrative, organizational and technical support to the Service.

59. No interference of KMG Management Board and executive bodies of KMG group of companies in the activities of the Service is allowed.

14. Interaction with other subdivisions of KMG and other organizations

60. The Service in the process of performing its tasks and functions shall interact in the established order with all subdivisions of KMG and KMG group of companies, as well as with other organizations in compliance with the laws of the Republic of Kazakhstan.

61. The Service interacts with KMG's structural divisions that carry out risk management, internal control, compliance, safety management, personnel, as well as the legal department, HSE departments, budgeting through meetings to discuss work plans for structural units and exchange information and reports on audits performed / audits.

62. Interaction of the Service is reflected in the form KMG-F-3774.1-5 / PD-2755.2-5.

15. Assessment of the Service's activity

63. Assessment of the Service's activity is performed by the Board of Directors based on the recommendations of the Audit Committee and/or an independent external party in accordance with international professional standards of internal audit. The external evaluation of the Service shall be held not less than once every five years.

64. Evaluation of the Service is carried out to ensure compliance of the Service with the international professional standards of internal audit, Code of Ethics, as well as for the determination of the efficiency and effectiveness of internal audit and identification of opportunities to improve its operations.

65. The procedure and requirements for the evaluation of the Service, its Head and staff are established by internal documents of KMG and Service with regards to the requirements of international professional standards of internal audit.

16. Final provisions

66. This Regulation can be amended by the resolution of the Board of Directors in the established order.

67. The Head of the Service shall regularly, at least once a year, consider the need of amendments/additions to this Regulation.