

NAC Kazatomprom JSC	RMD	Internal Control
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Internal Control System of NAC Kazatomprom JSC

Policy

1. Aim

This Policy “Internal control system of NAC Kazatomprom JSC” (hereinafter referred to as “the Policy”) defines the basic principles and goals of building an internal control system in NAC Kazatomprom JSC (hereinafter referred to as “the Company”). It is an internal document of the Company that determines the approach to building processes and determining the roles, functions and responsibilities of participants in the Company's internal control system (hereinafter referred to as “ICS”).

2. Scope

This Policy applies to the officers and employees of the Company in the performance of their duties and implementation of the assigned tasks.

It is recommended that based on this Policy, the subsidiaries, affiliates and jointly controlled organizations of the Company develop their own Internal Control System Policy, taking into account the specifics of their activities.

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4. Terms, definitions and abbreviations

The following concepts are used in this Policy:

- 1) **Internal controller** is an employee of the Company’s structural subdivision whose job description, in addition to the main duties, specifies additional internal control functions within his/her structural subdivision/line of business/block/business process;
- 2) **Group** is the Company and its Subsidiaries and Affiliates (“S&A”);
- 3) **Assurance map** is a document that defines the areas of responsibility of the ICS second line subdivisions and other stakeholders in relation to the assessment of individual risks of the Group's organizations;
- 4) **Control functions** are the functions performed by the structural subdivisions of the Company to conduct independent audits to assess the effectiveness of the internal control system, risk management systems, information security, reliability of accounting and reporting and a number of other control functions in accordance with the internal documents of the Company;
- 5) **Conflict of interest** is a situation in which, in the performance of his/her official duties, an employee makes a decision, participates in decision-making or carries out other actions related to his/her position that affect or may affect personal or material interests of the employee himself/herself, his/her relative and affect or may affect the interests of the Company;
- 6) **Management reporting formation rules** is an internal regulatory document governing the rules for the formation of management reporting on risk management and internal control system or a similar document;
- 7) **Three lines system** is an integrated approach to building a risk management and internal control system based on the division of roles and powers between the structural subdivisions of the Company for the implementation of measures aimed at minimizing the risks assumed by the Company;
- 8) **Internal control system (ICS)** is a set of control measures/procedures carried out by the Board of Directors, collegial bodies, structural subdivisions and all employees of the Company in the performance of their duties, and aimed at achieving the Company's goals;
- 9) **Structural subdivision** is an independent unit that is a part of the organizational structure of the company and is responsible for a certain line of activity;

10) **Authorized collegial body (ACB)** – the Board of Directors of the Company, the Committee under the Board of Directors of the Company, the Management Board of the Company, the Committee under the Management Board of the Company;

11) **Process participant** is the head of a structural subdivision responsible for the implementation of a certain part of the overall process and the formation of the necessary intermediate result.

5. General provisions

5.1. This Policy has been developed in accordance with the requirements of the current legislation of the Republic of Kazakhstan, as well as taking into account the Company's Strategy, other internal regulatory documents of the Company governing the procedure for carrying out activities, corporate governance, risk management, internal control, internal audit, as well as the scale, nature and complexity of the Company's business and its organizational structure, as well as the Corporate Governance Code of Sovereign Wealth Fund Samruk-Kazyna JSC.

5.2. This Policy has been developed in accordance with the recommendations of the Committee of Sponsoring Organizations of the Tradeway Commission (COSO), other best practices and standards in the field of corporate governance, risk management, internal control, and internal audit.

6. Goals and objectives of organizing the ICS

6.1. The purpose of organizing the ICS is to ensure that the Company has an internal control system that corresponds to the current market situation, strategy, volume of assets, and the level of complexity of the Company's processes. Internal control is a process embedded in the daily activities carried out by authorized bodies of the Company, structural subdivisions and all employees of the Company in the performance of their duties, applies to all areas and business processes of the Company, the purpose of which is to improve business organization processes by promptly identifying and preventing risks for providing reasonable assurance to the management in the achievement of the Company's strategic and operational goals.

6.2. The main tasks aimed at realizing the goals of the Company's ICS are:

1) Ensuring the stability and safety of the Company's activities, including the efficiency of risk, asset and liability management, ensuring the safety of assets, increasing the value of assets and profitability of the Company in the long term and the implementation of strategic plans;

2) Ensuring the observance by the Company of reliability, completeness, objectivity and timeliness of preparation and presentation of financial, accounting, statistical, management and other reports for internal and external users;

3) Creation of effective internal information flows, communications and information security;

4) Ensuring that the Company complies with the requirements of the legislation of the Republic of Kazakhstan and other jurisdictions, international agreements and requirements affecting the activities of the Company, and internal regulatory documents;

5) Prevention of the involvement of the Company and its employees in the implementation of illegal activities;

6) Reflection in internal documents and compliance with the established procedures and powers between structural subdivisions and employees when making transactions and decisions affecting the interests of the Company and its stakeholders;

7) Resolution of conflicts of interest arising in the course of the activities of employees of the Company and / or the Company;

8) Compliance by the Company with the requirements for effective integrated risk management, creation and maintenance of a decent level of risk culture, as well as timely informing the relevant bodies of the Company about the factors affecting the increase in the level of risks.

7. ICS principles and components

7.1. The Company's ICS is based on the following general principles:

- 1) Participation in the process of internal control of all structural subdivisions and employees of the Company and organization of internal control as a daily activity at all levels of management;
- 2) Coverage by internal control of all areas of activity and business processes and regulation of internal control procedures in all areas and business processes of the Company;
- 3) Continuity: implementation of internal control on an ongoing basis;
- 4) Constancy: organization of the Company's activities taking into account the requirements for the formation of an internal control system and a unified control environment;
- 5) Consistency: the presence of a formalized distribution of responsibilities, established relationships between risks, control procedures and business processes, the presence of formalized processes for control testing and escalation of identified deviations;
- 6) Possibility of control: availability of documentation on risks, processes, control procedures and verification activities;
- 7) Efficiency: coordination between internal and external audit, focusing the internal control system on the most critical risks (risk-based approach), the maximum possible automation of control procedures;
- 8) Compliance with ethical norms and standards of professional activity;
- 9) Creation of a corporate culture and “a tone from the top”, emphasizing and demonstrating the importance of internal control to the employees of the Company at all levels of management and execution.

7.2. The Company's ICS is built of five interconnected components, each of which also corresponds to the principles of their implementation, taking into account the COSO recommendations and other best practices for the ICS implementation (Table 1).

Table 1

No.	Component	No.	Principles
1	The control environment is a set of standards, processes and a structure that provides the basis for the implementation of internal controls throughout the Company, including control by the governing body.	1	The Board of Directors of the Company, the Management Board of the Company, the management of the Company demonstrate by their own example adherence to honesty and ethical values.
		2	The Board of Directors of the Company, Committees of the Board of Directors of the Company demonstrate independence from the Management Board of the Company and exercise control over the development, implementation and efficiency of the internal control system. The Board of Directors of the Company takes appropriate measures to ensure that the current ICS complies with the principles and approaches to its organization determined by the Board of Directors, and functions effectively.

		3	The Management Board of the Company develops the organizational structure, reporting lines, adequately distributes the respective powers and responsibilities to achieve the goals of the Company. The Management Board of the Company ensures the creation and maintenance of an effective risk management system and the implementation of the ICS Policy.
		4	The Company demonstrates its commitment to attracting, developing and retaining qualified personnel in accordance with the goals of the Company.
		5	The Management Board of the Company officially distributes responsibility for functioning of the internal control system among all stakeholders.
2	Risk assessment is a dynamic, continuous process of identification, recognition and assessment of risks that impede the achievement of the Company's goals.	6	The company sets clear goals with sufficient clarity to be able to identify, recognize and assess risks that impede the achievement of the established goals.
		7	The Company identifies risks hindering the achievement of goals for all significant processes / projects of the Company, analyzes and develops methods for managing the identified risks.
		8	When analyzing risks, the Company identifies opportunities for fraud and other illegal activities.
		9	When analyzing risks, the Company takes into account the latest internal and external changes affecting the achievement of goals.
3	Control measures / procedures, control activities and separation of powers are the measures embedded in everyday activities and aimed at reducing the identified and assessed risks to an acceptable level that ensures the achievement of the Company's goals.	10	The company develops control measures / procedures aimed at reducing risks to an acceptable level or transferring them to third parties. When building control procedures, the requirement for the distribution of powers between structural subdivisions / employees is taken into account.
		11	The Company develops general controls of information technology, information security, ensuring the achievement of the goals of the Company.
		12	The Company implements control measures / procedures through regulatory internal documents, organizational and administrative documents. The Company develops, approves, formalizes and documents control procedures in three key areas: operational activities, preparation of financial statements and compliance with the requirements of the legislation of the Republic of Kazakhstan and internal documents of the Company.

4	Information and communication is a continuous process of collecting, exchanging, providing the necessary data to achieve the goals of the Company.	13	The Company forms and uses reliable, high-quality information for functioning of the internal control system.
		14	The Company carries out effective internal communication, including communication about the goals and responsibilities for internal controls.
		15	The Company carries out external communication necessary for functioning of the internal control system.
5	Monitoring is a continuous, embedded in the daily activity or a separate assessment of the existence or functioning of the internal control system components.	16	The Company carries out a continuous or separate assessment of the existence and functioning of all components of the internal control system.
		17	The Company assesses and promptly informs the stakeholders responsible for the development of corrective measures, including the Management Board of the Company and the Board of Directors of the Company, about the shortcomings of internal controls.

8. ICS participants and their interaction

8.1. The Company determines the participants of the ICS on the basis of three lines.

8.2. The first line is ensured by all structural subdivisions/blocks of the Company in relation to their own activities. The internal audit service acts as the first line in relation to only its own activities. The heads of all structural subdivisions/blocks of the Company are responsible for the organization and implementation of internal control in their structural subdivisions / blocks of the Company.

8.3. To ensure the effective functioning of the internal control system in the first line, the head of the structural subdivision/block performs the functions of internal control or appoints an internal controller (internal controllers) in the structural subdivision/block, who can combine the functions of a risk coordinator.

8.4. When appointing an internal controller, the headcount of a structural subdivision/block, types of activities and the complexity of business processes are taken into account.

8.5. The functions performed by the internal controller of the structural subdivision/block are set out in Appendix No. 2 to this Policy.

8.6. An employee of a structural subdivision/block, appointed by the head of the subdivision/block as an internal controller, within 3 (three) working days after the appointment, shall familiarize himself/herself with, and confirm his/her consent to the functions of the internal controller.

8.7. The second line is ensured by the risk management subdivisions, compliance service, legal department, HR subdivision, security divisions, the division that performs the functions of financial control and other structural subdivisions that exercise control functions in the areas of the Company's activities.

8.8. The minimal List of second line subdivisions is contained in the Assurance Map and can be expanded taking into account the complexity and types of activities of the Company and its organizational structure.

8.9. The internal control structural subdivision coordinates activities and provides methodological support on internal control issues.

8.10. The structural subdivision for internal control carries out:

1) Maintaining and keeping up to date the register of internal controllers of the Company. In order to keep the register of internal controllers up to date, the heads of structural subdivisions/blocks shall notify the internal control structural subdivision within 1 (one) working day from the date of appointment/dismissal/replacement of the internal controller.

2) Familiarization of the employees of the Company appointed as the internal controllers with their functions.

3) Informing the Board of Directors and the Management Board of the Company about violations and shortcomings identified in the process of internal control, about the results of assessing the effectiveness of the internal control system, taking into account the information received from the audit reports of the internal audit service, as well as about the shortcomings identified in the internal control system.

8.11. The third line is ensured by the internal audit service through an independent assessment of the effectiveness of the internal control system. By decision of the ACB, an external third-party organization may be involved to play the role of the third line.

9. Roles and responsibilities of ICS participants

For creation and operation of the ICS, the Company distributes the roles and responsibilities of all participants in accordance with Table 2.

Table 2

Participant	Responsibility	Reports to
Board of Directors of the Company	Organization and supervision over the efficient functioning of the Company's ICS. Organization, monitoring and evaluation of the efficiency of the Company's internal control system using a risk-based approach. Formation of three lines in the Company. Approval of the ICS Policy.	General Meeting of Shareholders

<p>Audit Committee of the Company's Board of Directors</p>	<p>Ensuring the reliability and efficiency of the internal control system and formulating recommendations for its further improvement.</p> <p>On the issues of internal control and risk management:</p> <p>a) analyzes reports of external and internal auditors on the state of internal control and risk management systems;</p> <p>b) analyzes the effectiveness of internal controls and risk management systems of the Company, and also makes proposals on these and related issues;</p> <p>c) monitors the implementation of the recommendations of the Company's internal and external auditors in relation to internal control and risk management systems;</p> <p>d) holds regular meetings with the management of the Company to consider significant risks and control problems and the corresponding plans of the Company in risk management and internal control;</p> <p>e) preliminarily approves the policies and procedures of the Company on internal control and risk management systems;</p> <p>f) analyzes the results and quality of implementation of measures (corrective steps) developed by the Company to improve the internal control and risk management system.</p>	<p>Board of Directors of the Company</p>
<p>Management (Management Board of the Company and Managing Directors)</p>	<p>Development and introduction of the policy (regulations, rules) on the internal control system approved by the Board of Directors, ensuring the implementation of ICS, reliable and effective functioning of the internal control system, improving the processes and procedures of internal control and ensuring its monitoring.</p>	<p>Board of Directors of the Company</p>
<p>First line</p>		
<p>Process owners</p>	<p>Identification and assessment of risks inherent in processes/projects, development (design) of internal controls to reduce the identified risks, taking into account the assessment.</p> <p>Continuous monitoring of execution of controls by their employees.</p> <p>High-quality execution of controls specified in their job descriptions or internal regulatory documents.</p> <p>Exchange of information with subdivisions of the second and third lines.</p>	<p>Supervising manager/Management</p>
<p>Employees</p>	<p>Identification and assessment of risks in the process of performing their functional duties.</p> <p>High-quality execution of controls specified as their duties in their job descriptions or internal regulatory documents.</p>	<p>Line Manager</p>

	Exchange of information with a subdivision of the second line.	
Second line		
Subdivision responsible for organization of ICS in the Company	<p>Development of a unified methodology for assessing all types of risks (quantitative, qualitative), recommendations for responding to all types of risks, methods for determining the permissible level of risks (quantitative, qualitative).</p> <p>Collection and consolidation of the risk assessment results.</p> <p>Critical analysis of the risk assessments results by the first line.</p> <p>Exchange of information with a subdivision of the third line.</p> <p>Development of a unified internal control methodology.</p> <p>Testing the design effectiveness or operational effectiveness of measures / control procedures.</p> <p>Recommendations for improving measures / control procedures.</p> <p>Monitoring ICS and informing the management.</p> <p>Company's personnel training.</p>	Supervising manager/ Management Board
Compliance	<p>Development of a methodology for assessing compliance risks (quantitative, qualitative), recommendations for responding to risk, methods for determining the acceptable level of risks (quantitative, qualitative).</p> <p>Development of internal control methodology within its control function.</p>	Board of Directors of the Company/Audit Committee
Subdivisions performing control functions	<p>Development of a methodology for assessing certain types of risks (quantitative, qualitative), recommendations for responding to risk, methods for determining an acceptable level of risks (quantitative, qualitative).</p> <p>Development of a methodology for internal control within its control function.</p>	Supervising manager/ Management Board
Third line		
Internal Audit Service	<p>Carrying out an independent assessment of the internal control system using the results of audits or as a separate assessment of the effectiveness of the internal control system.</p> <p>Exchange of information on risks / controls with second line subdivisions.</p> <p>IAS evaluates and contributes to the improvement of corporate governance, risk management and control processes in the Group's organizations using a systematic, consistent and risk-based approach.</p>	Board of Directors of the Company

10. ISC organization. Practice and procedures of implementing the internal control

An effective internal control system is ensured by the implementation of the components and principles of the ICS as a process embedded in daily activities carried out by the authorized bodies of the Company, structural subdivisions and all employees in the performance of their duties.

10.1. Management control and control culture (control environment)

10.1.1. Effective internal control is ensured through the development of appropriate management control and a control culture (control environment).

10.1.2. The control environment of the Company characterizes the general attitude, awareness and practical actions of the Board of Directors of the Company, the Management Board of the Company, aimed at creating and effective functioning of the internal control system.

10.1.3. The control environment is formed by the Board of Directors of the Company and the Management Board of the Company on the basis of adherence to ethical principles, standards of professional activity and corporate governance, setting “a tone from the top”, which, together with their statutory duties and responsibilities, ensure adequate control by the management body of the Company.

10.2. Identification and assessment of risks

10.2.1. The process owners together with the process participants, on the basis of the process flowcharts, identify process risks and their subsequent expert assessment.

10.2.2. The structural subdivision responsible for organizing the functioning of the ICS in the Company provides methodological support in the process of identifying and documenting process risks and monitors the quality of the information provided.

10.2.3. The ICS ensures control over the timely identification and assessment on an ongoing basis of risks inherent in the Company, and the adoption of timely measures to minimize significant risks in accordance with the internal documents of the Company.

10.2.4. Each line, within the framework of its own powers and competencies, ensures, but is not limited to, the following:

1) Consideration and accounting, in the course of risk assessment, of internal factors (the complexity of the organizational structure of the Company, the nature of its activities, qualitative characteristics of personnel, organizational changes, staff turnover), as well as external factors (changes in economic conditions and the situation in the general economic and industrial spheres, technological innovations) that may negatively affect the achievement of the goals set by the Company;

2) Assessment of risks in certain areas of the Company's activities;

3) Introduction and implementation by the Company of new projects, processes, technologies, operations and services, subject to their regulation by the internal documents of the Company;

4) Ensuring timely notification of persons (subdivisions, authorized bodies), defined in the relevant internal documents, about the factors affecting the level of the Company's exposure to risks.

10.2.5. The ICS shall be subject to adjustment once new or uncontrolled significant risks are identified, including those associated with the introduction of new projects, processes, technologies, operations and services.

10.3. Control actions, procedures and division of powers

10.3.1. Control actions include, but are not limited to, the following:

- 1) Control carried out by the ACB in order to identify and eliminate deficiencies in internal control, violations, and errors;
- 2) Control carried out by the heads of structural subdivisions;
- 3) Control of physical availability and access to material assets, ensuring the protection of premises for storing material assets;
- 4) Verification of compliance with the established limits;
- 5) A system of coordination and delegation of rights and powers;
- 6) Checking the timely and correct reflection of operations and transactions in accounting and reporting;
- 7) Verification of compliance with policies and procedures when making transactions.

10.3.2. Control actions within the division of duties help to minimize the conflict of interests and the conditions for its occurrence, the commission of illegal actions, as well as the prevention of the provision of the following functions to the same structural subdivision and (or) employee:

- 1) Transaction authorization;
- 2) Accounting for transactions, preparation of primary documents and maintaining logs of operations;
- 3) Physical access to the asset;
- 4) Periodic reconciliation of physical assets with accounting data.

10.3.3. Depending on the process, the following control methods are applied:

- 1) Double control (the principle of “four eyes” and “shared access”):
 - The principle of “four eyes” requires that the work of one employee be reviewed (approved) by another employee in order to involve the second employee in checking the correctness of the calculation, authorization and documentation of the operation;
 - The principle of “shared access” implies a procedure in which two or more employees are equally responsible for the physical protection of valuables and documents. Responsibility is established by the relevant internal document of the Company, and is brought to the attention of all employees;
- 2) Analysis of operations:
 - Preliminary analysis of the operation in order to prevent an incorrect or unauthorized operation;
 - Subsequent analysis after its completion in order to reveal the fact of an unauthorized operation;
- 3) In order to ensure the effectiveness of the subsequent analysis of the operation, it is necessary that the person performing the analysis is independent of the workers performing this operation;
- 4) Training of personnel in methods of control and error detection;
- 5) Ensuring data protection;
- 6) Ensuring protection against personnel errors;
- 7) Checking for errors in order to detect them in a timely manner.

10.3.4. Procedures are formed on the basis of an effective combination of control actions and selected methods. Internal control procedures are a documented system of measures and actions to ensure effective internal control over the implementation of the goals, objectives and plans of the Company, to identify and perform non-standard operations, as well as to limit and prevent risks and possible illegal actions on the part of officials and employees of the Company.

10.3.5. Control procedures are carried out at all hierarchical levels of the Company and are aimed at:

- Reducing the likelihood of possible risks;
- Prevention of errors and / or identification of errors after their commission;
- Identification and elimination of duplicate and redundant operations;
- Identifying gaps and areas for improvement;
- Ensuring compliance with the legislation of the Republic of Kazakhstan and internal documents of the Company;
- Further improvement of the ICS.

10.3.6. Control procedures should answer the questions: who, for what purpose, when / how often and what is he/she doing; what document regulates the control, what evidence or documents confirm the execution of control.

10.4. Information and communication

10.4.1. From the standpoint of internal control, the availability of reliable and detailed information of a financial, operational nature and information on compliance with the established requirements of the legislation of the Republic of Kazakhstan, other jurisdictions, listing and other regulatory rules, as well as incoming external market information on events and conditions related to decision-making is ensured.

10.4.2. The collection, analysis of information and its transfer as per its intended purpose involves the provision of:

- 1) ACB, subdivisions and persons defined in the relevant internal documents, with the information for making decisions and fulfilling their duties;
- 2) Availability of information flows that ensure the integrity, security and availability of information inside and outside the Company;
- 3) Adequate control over the management of information flows and information security.

10.4.3. Internal control of operation of information systems and technical means envisages control of information technology systems, carried out in order to ensure their security and uninterrupted and continuous operation.

10.4.4. From the point of internal control, mandatory accounting of all operations and transactions is ensured.

10.4.5. Control over ensuring the timeliness, reliability and sufficiency of financial information requires verification of the following (but not limited to):

- 1) Information systems that ensure accounting for compliance with the legislation of the Republic of Kazakhstan in the field of accounting and financial reporting, and IFRS;
- 2) Availability of internal documents on accounting issues;
- 3) Ensuring chronological and timely registration of transactions and events in accounting;
- 4) Compliance of synthetic (final) accounting with analytical (detailed) accounting;
- 5) Making accounting entries based on primary documents and ensuring the proper execution and safety of primary documents.

10.4.6. Information and its transmission is the process of identifying, documenting and timely bringing necessary and relevant information to the attention of managers.

10.4.7. Information support and information exchange systems include the following:

- Organization of a system for collecting, processing and transmitting information, including the formation of reports and messages containing information on all significant aspects of the Company's activities;

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- Organization of effective channels and means of communication, providing vertical and horizontal communication within the Company, as well as with subsidiaries and affiliates and third parties;

- In accordance with the established procedure, ensuring access and safety of information received from internal and external sources;

- Bringing the current documents used in the Company to the attention of employees.

10.4.8. The structural subdivision responsible for organizing the work of the ICS in the Company provides access to the documents of the internal control system to employees of the Company.

10.5. Monitoring and correcting deficiencies

10.5.1. Monitoring of the Company's ICS on an ongoing basis is carried out by the first and second lines, the Management Board of the Company, the internal audit service - through inspections in accordance with the annual audit plan or in the form of a separate assessment.

10.5.2. Deficiencies in internal control identified at all levels of the lines should be promptly communicated to the heads of structural subdivisions and promptly eliminated.

10.5.3. Information about significant deficiencies in internal control is reported by the ACB in the manner prescribed by the internal regulatory document.

10.5.4. Participants of all three lines of the ICS - business owners of processes / heads of subdivisions - in case of deficiencies in the ICS, deficiencies in the internal documents of the Company that do not ensure the effectiveness of internal control procedures, shall initiate changes to the processes and internal documents of the Company.

11. Management information on ICS status

11.1. The structural subdivision responsible for organizing the work of the ICS submits summary information (reporting) on internal control for consideration by the ACB.

11.2. Management reporting forms for internal control include, but are not limited to the following information:

- 1) On violations and shortcomings identified in the process of implementation of internal control, as well as on the results of decisions taken or measures to eliminate them;

- 2) On the results of assessing the effectiveness of the internal control system, taking into account the information obtained from the audit reports of the internal audit unit (if any);

- 3) On measures to improve the ICS.

11.3. The procedure, forms and terms for submission of management reporting on internal control issues by subdivisions related to the first and second lines are defined in the internal regulatory document.

12. Assessment of ICS effectiveness

12.1. An independent assessment of the ICS effectiveness is carried out by the internal audit service or representatives of the external audit, including as part of the diagnostics of the corporate governance system. By decision of the ACB, an external third-party organization may be involved for an independent assessment of the effectiveness of the internal control system.

12.2. Evaluation of the ICS efficiency in the context of each structural subdivision is carried out by the heads of structural subdivision on a quarterly basis. Evaluation of the effectiveness of the internal control system is carried out according to the gradation (Appendix No. 1 to this Policy).

12.3. The Board of Directors of the Company monitors and evaluates the effectiveness of the implementation of this Policy by the Management Board of the Company by reviewing

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management reports (including reports / information received from the internal control structural subdivision and second line subdivisions, the Management Board, and the internal audit service).

13. Final provisions

13.1. This Policy is subject to approval by the Board of Directors of the Company.

13.2. Changes and additions to this Policy may be made by the decision of the Board of Directors of the Company.

13.3. Changes and additions made to this Policy shall be obligatorily communicated to all employees of the Company.

13.4. This Policy is binding on all structural subdivisions and employees and is subject to update as the legislation of the Republic of Kazakhstan changes and / or changes are made to internal documents related to the subject of this Policy.

13.5. In order to implement the basic principles and components of this Policy, subject to consistency and compliance with the Policy, the Company shall develop and approve rules and standards and other internal regulatory documents detailing the process of introducing and improving the ICS.

13.6. The issues not regulated by this Policy are governed by the legislation of the Republic of Kazakhstan, other applicable legislation and / or internal documents of the Company.

14. Appendices

14.1. Appendix 1 Assessment of ICS effectiveness (control environment).

14.2. Appendix 2 Internal controller's responsibilities.

Appendix 1
(mandatory)

Assessment of ICS effectiveness (control environment)

Control rating	Definition	Explanation
High-level	<p>All processes are under control, there are no problem areas. Internal controls are reliable and robust. The control environment is effective, strong.</p> <ul style="list-style-type: none"> - there are tools to determine all significant risks - all significant risks are appropriately mitigated and managed in accordance with the risk appetite - absence of systematic failures and significant problems in internal controls - the structure of internal controls is reliable and robust against all significant risks, all control measures are working properly - Business processes comply with the policies, standards and procedures of the Company. 	<p>The internal controller, in agreement with the person to whom he/she reports, or the head of the subdivision performing the functions of the internal controller, specifies “high-level” rating only in the following cases:</p> <ul style="list-style-type: none"> - absence or single cases of detection of risks and / or events with a low rating according to the level of assessment of process risks, - the absence of any problems, inconsistencies, including minor ones, in the processes, systems, internal documents of the subdivision, - The absence of any comments, sanctions and limited measures of influence to the activities of the unit from the authorized state body, internal and external auditors, the compliance service.
Satisfactory	<p>All processes are under control, there are certain problematic points. The control environment is acceptable.</p> <ul style="list-style-type: none"> - there are mechanisms and tools to determine all significant risks; - most significant risks are appropriately mitigated and managed in accordance with the risk appetite; - there are no system failures in control, however, minor problems may be present; - the internal controls are structured and the controls are working properly for most of the significant risks - Business processes for the most part comply with the policies, standards and procedures of the Company. 	<p>The internal controller, in agreement with the person to whom he/she reports, or the head of the subdivision performing the functions of the internal controller, specifies “satisfactory” only in the following cases:</p> <ul style="list-style-type: none"> - systematic, repeated detection of risks and / or events rated low according to the level of process risk assessment, - the absence of any serious and systematic problems, inconsistencies, in processes, systems, internal documents of the subdivision, - The absence of unresolved comments to the activities of the unit from supervisory authorities,

		internal and external auditors, and the compliance service.
Needs improvement	<p>There are certain problematic points. The control environment needs improvement.</p> <ul style="list-style-type: none"> - existing mechanisms (tools) to determine all the most significant risks, but there may be shortcomings; - many significant risks are appropriately mitigated and managed in accordance with risk appetite; - there are some significant control problems, but they did not lead to any system failures; - the structure of the internal controls needs improvement and / or the controls need improvement in order to function properly as intended; - Business processes require improvement in order to fully comply with the policies, standards and procedures of the Company. 	<p>The internal controller, in agreement with the person to whom he/she reports, or the head of the subdivision performing the functions of the internal controller specifies “needs improvement” only in the following cases:</p> <ul style="list-style-type: none"> - the presence of risks and / or events with an average rating according to the level of assessment of process risks, - the presence of any minor, but systematic problems, inconsistencies in processes, systems, internal documents, - the presence of unresolved comments from supervisory authorities, internal and external auditors, and the compliance services in the period under review, but which can be eliminated within a certain period, there is an action plan to eliminate them.
Unsatisfactory	<p>A significant lack of control, large-scale problem areas. The control environment is poor.</p> <ul style="list-style-type: none"> - there are mechanisms (tools), but insufficient to control and / or mitigate significant risks; - there are significant problems in the control environment, and these can lead to systemic failures in control; - the structure of internal controls is not reliable and not robust with respect to many significant risks, control measures do not work properly; - Business processes do not comply with the policies, standards and procedures of the Company. 	<p>The internal controller, in agreement with the person to whom he/she reports, or the head of the subdivision performing the functions of the internal controller, specifies “unsatisfactory” in the following cases:</p> <ul style="list-style-type: none"> - identification and presence of risks and / or events with a high rating according to the level of assessment of process risks - systematic problems, inconsistencies in processes, systems, internal documents of the subdivision, - There are unresolved comments of supervisory authorities, internal and external auditors, and the compliance service in the period under review, which cannot be eliminated within a certain period of time.

Appendix 2 (mandatory)

Internal controller's responsibilities

The functions of internal controllers include, but are not limited to:

1) Verification of the compliance of the structural subdivision's activities with the requirements of the legislation of the Republic of Kazakhstan and internal documents of the Company;

2) verification of the actual performance of the tasks and functions of the subdivision / block, including those determined by the internal regulatory documents of the Company, Agreements on interactions and other documents that determine the activities of the subdivision, its effectiveness and the procedure for interaction with other structural subdivisions of the Company;

3) assistance to the head of the structural subdivision/block in exercising control over the compliance by the structural subdivision with the Policy and other internal regulations governing the procedure for exercising internal control and the requirements of the Company's internal documents;

4) Interaction with structural subdivisions covering the second and third lines on the areas of activity;

5) coordination of the issues of training and ensuring awareness of the employees of the structural subdivision/block about the requirements of the legislation, internal regulatory documents of the Company governing the activities of the structural subdivision;

6) Collection and analysis of information on violations and shortcomings identified in the course of the activities of the subdivision/block, bringing it to the attention of authorized persons and bodies of the Company, as well as control over the implementation of recommendations for their elimination.