

INTERNAL AUDIT CHARTER

Rev.	Pages amended	Developed by	Approved by
0		M.T. Korganbayeva, Acting Head of Internal Audit Service of NAC Kazatomprom JSC	Decision of Board of Directors of NAC Kazatomprom JSC No. 2/17 dated March 30, 2017.
1	2,3,6,8	M.T. Korganbayeva, Head of Internal Audit Service of NAC Kazatomprom JSC	Decision of Board of Directors of NAC Kazatomprom JSC No. 8/18 dated September 26, 2018.
2	3,5,7,8,9	M.T. Korganbayeva, Head of Internal Audit Service of NAC Kazatomprom JSC	Decision of Board of Directors of NAC Kazatomprom JSC No. 9/19 dated September 18, 2019
3	2,6	M.T. Korganbayeva, Head of Internal Audit Service of NAC Kazatomprom JSC	Decision of Board of Directors of NAC Kazatomprom JSC No. 6/20 dated May 20, 2020
4	6-8	M.T. Korganbayeva, Head of Internal Audit Service of NAC Kazatomprom JSC	Decision of Board of Directors of NAC Kazatomprom JSC No. 9/21 dated August 25, 2021
5	3-11	M.T. Korganbayeva, Head of Internal Audit Service of NAC Kazatomprom JSC	Decision of Board of Directors of NAC Kazatomprom JSC No. 8/22 dated September 22, 2022

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Article 1. Terms and definitions

1. The following terms and abbreviations are used in this Charter:

- **Internal audit** – according to IPPF it is “an activity on provision of independent and objective assurances and advisories, oriented at enhancement of company activities. Internal audit allows the company achieving set goals applying systematized and sequential approach for the assessment and improvement of effectiveness of risks management processes, control and corporate governance”;
- **IPPF** - the conceptual framework of internal audit systematized and generally accepted regulatory and methodological documents developed by the International Institute of Internal Auditors (IIA). The components of IPPF are the key principles of professional internal audit practice, Code of Ethics, Standards and Definition of internal audit;
- **Company** – NAC Kazatomprom JSC;
- **IA** – Internal Audit Service;
- **BD** – Board of Directors of the Company;
- **AC** – Audit Committee of the Company;
- **Audit universe** is the aggregate of the audit objects (S&As except for their subs/affiliates, processes/subdivisions/
projects/certain areas of the Company);
- **S&As** – Company’s subsidiaries and affiliated enterprises;
- **Group** – Company and S&As;
- **Group Organizations** – the enterprises included into AAP for the purpose of these Charter;
- **AAP** – an annual audit plan;
- **Assurance Map** – a document specifying the areas of responsibilities of second line of defense subdivisions of the Internal Control System and other concerned parties with regard to assessment of individual risks of the Group Organizations.

Article 2. General provisions

2. This Charter was developed based on the following:

- RoK Law “On Joint Stock Companies”;
- Statute of the Company;
- Charters of the Board of Directors, of the Audit Committee;
- IPPF;
- Code of Ethics of the Institute of Internal Auditors.

3. Charter of Internal Audit (hereinafter referred to as “IA”) is an internal document specifying goals, authorities and obligations of IA.

Article 3. Organization of IA

4. To ensure independence IA reports to Company’s Board of Directors functionally and to Company’s Management Board in terms of administrative hierarchy.

5. Functional accountability to BD shall mean that BD performs the following:

- Approves the Charter of IA, IA Code of Ethics and IA methodological documents (policies and procedures);
- Approves the annual and the plan for improving of IA activity;

- Reviews the reports on internal audit results;
- Approves the need in outsourcing external suppliers of internal audits on certain areas;
- Defines and approves the terms of powers and the number of IA members;
- Approves the appointment of IA Head and employees, as well as early termination of their authorities;
- Approves KPIs of IA Head and activities;
- Approves the size and terms of remuneration and bonuses for IA employees;
- Approves IA limits on budget items (cost estimates).

6. Administrative accountability shall mean that the Company's Management Board performs the following:

- Allocates the required funds in the frame of IA approved budget;
- Receives the reports on IA activity and auditor reports as required;
- Renders support while interacting with S&As and Company subdivisions.

7. Job duties of IAS employees are determined and approved by the Head of IAS, duties of the Head of IAS are approved by the Chairman of the AC.

Article 4. IA functions

8. The main IA mission is preservation and increase of the cost of Group Organizations through provision of objective internal assurances (inspections) using a risk-based approach, provision of recommendations and sharing the knowledge.

9. IA performs assessments and contributes to enhancement of processes of corporate governance, risk management and control in Group Organizations applying the systematized, consequential and risk-based approach.

10. IA shall evaluate and provide relevant recommendations on enhancement of the following corporate governance processes in the Company:

- Taking strategic and operational decisions;
- Supervision of the risk management and internal control system;
- Promotion of ethic norms and values within the organization;
- Provision of effective management of the Company activity and a responsible attitude to work;
- Transfer of the relevant information on risks and control issues within the organization.

11. IA must assess compliance by members of the Executive board and employees of the Company with external and internal requirements regarding insider information.

11.1. By preliminary mutual agreement through the Assurance map, certain areas can be evaluated by the Compliance Service and the Ombudsman, in particular:

- The Compliance service conducts an internal analysis of the anticorruption and antifraud systems for effectiveness of procedures to counter illegal actions, abuse and corruption;
- The Compliance Service, together with the Ombudsman, checks compliance by members of the Executive board and its employees with the Code of Ethics and Compliance.

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12. IA must evaluate whether the informational technology management system corresponds with the strategy and objectives of the Group Organizations.

13. IA must evaluate the effectiveness of risk management processes of the Company Organizations. Measurement of effectiveness of risk management processes is based on estimation of IA employees, formed based on results of assessment of the following categories:

- Organization objectives correspond with the mission;
- Material risks are identified and assessed;
- Such risk response measures are chosen to allow retaining the risks under the organization's risk-appetite;
- The information related to risks is timely collected and communicated within the organization and thus it allows performing obligations by the personnel and the management.

14. In order to assess the risk management and internal control system at the Group level, the IAS applies a methodology agreed with the AC..

15. IA must support the reliable internal control system, evaluating its performance and effectiveness and contributing to its continuous improvement. Internal audit should assess the adequacy and effectiveness of control over these risks in the area of corporate governance, operating activities of the individual Group Organization and its information systems, in particular:

- Achievements of the organization strategic objectives;
- Reliability and integrity of information on financial and economic activities;
- Performance and effectiveness of activities and programs;
- Security of assets;
- Compliance with the requirements of laws, Charters, policies, procedures and contractual obligations.

16. IA can carry out consulting engagements tasks in the following areas (with sufficient resources):

- Participation in the documenting the internal control system;
- Comparative analysis of the activities of organizations within the Group;
- Comparative analysis of certain areas of the Company's activities with leading practices;
- Participation in the assessment of the adequacy of controls of the acquired new software of the Company;
- And others per the request of the Board, subject to inclusion in the audit plan approved by the Board;
- Consultations in the field of internal audit methodology for IA of S&A (if any).

17. The Audit Universe is compiled by the IA Head with participation of IA employees.

18. IA performs other unscheduled tasks and participates in other unscheduled projects on behalf of the Board of Directors or the AC, subject to preliminary assessment by the IA Head of the availability of resources, required knowledge, absence of negative factors affecting the independence and objectivity of IA employees when performing engagements or participating in Projects. IA may perform requests on behalf of the Management Board of the Company with the prior approval from the Head of IAS and the Chairman of AC

Article 5. IA authorities

19. IA employees have the right to:

- Obtain unimpeded access to any premises, personnel, assets, documents, accounting records, software and request any information about the activities of the Group Organization;
- Receive originals and copies of documents;
- Monitor the implementation by the Group Organizations of activities (corrective actions) performed based on the conducted audits;
- Travel on business trips to the Group Organizations.

20. IA employees should refrain from direct participation in risk management and risk measurement, which is the responsibility of the management of the Group Organizations.

21. IA should be free from interference by third parties in the process of determining the scope of internal audit, performance of activities and reporting the results. IA Head must provide the relevant information to BD on such interventions and discuss possible consequences.

22. IA may propose recommendations to the management of the Group Organizations on optimization/improvement of their activities, including based on the best practices

23. IA may propose recommendations on optimization/improvement of internal audit to the Board of Directors.

24. The IA Head may initiate the involvement of internal/external experts not employed in the internal audit service to support or assist in work in the areas where internal audit lacks professionalism, subject to adherence to requirements on independence and objectivity.

25. In the event that the IA Head is required to perform functions and/or responsibilities outside the scope of internal audit, IA Head may refuse if such functions/ responsibilities can have a negative impact on independence or objectivity.

26. The IA Head can attend and participate in the BD meetings related to audit, financial reporting, corporate governance, risk management and internal control issues, which are the responsibility of the Board of Directors.

27. In order to ensure proper coverage and minimize duplication of efforts, the Head of the IAS may exchange information and coordinate activities with other internal divisions of the Company of the second line of the internal control system and other parties providing guarantees and consultation services (external financial auditors, IAS SDCs, if any). The head of the IAS, together with the Company's subdivisions, can draw up a Guarantee Card and submit it to the Board of Directors for information.

28. IA can perform engagements for granting assurances in the areas where consulting tasks were previously performed, if the nature of the consultancy task does not affect objectivity, and when allocating the work force for the engagement, personal objectivity is envisaged.

28.1. IA when studying the quarterly reports of the S&A internal auditors, IA should pay attention to significant findings that require the attention of the Company's Audit Committee. If there are such findings identified, the head of the IAS must inform the Chairman of the Audit Committee.

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Article 6. IA responsibility

29. IA employees must comply with the IA Code of Ethics (Appendix 1) and the requirements of this Charter and other internal documents governing the activities of internal audit, as well as the current legislation.

30. IA employees should refrain from assessing the areas for which they previously held responsibility. It is believed that objectivity is adversely affected if an IA employee provides assurances in the area for which he was responsible during the previous year.

31. IA employees should be impartial and unbiased in their work and avoid conflicts of interest of any kind. In case of pressure/threats from the auditees, they must immediately inform the Head of the IAS.

32. IA employees must own the knowledge, skills and other competencies required to perform their duties. To fulfill the tasks that IA faces, IA employees must jointly own or acquire the necessary knowledge, skills and other competencies

33. IA employees should be conscientious and apply their skills as expected from a sensible and competent internal auditor.

34. The IA Head should draw up a risk-oriented plan that determines the priorities of internal audit in accordance with the objectives of the Company, based on the assessment of risk factors.

35. The IA Head annually submits for BD approval an annual plan, limits on budget items (cost estimates) of IA. The IA Head should inform the BD of all the constraints that impede the implementation of the plan.

36. The IA Head reports to BD on a quarterly basis (within the deadline by BD) on the implementation of the audit plan. The report should also contain information on material risks and control problems, including fraud risks, corporate governance problems and other information required for the Management Board and the Board of Directors.

37. The IA Head annually submits to the Board of Directors a report on the self-assessment of internal audit activities.

38. The IA Head must ensure the effective use of the staff and resources to implement the approved plan.

39. The IA Head must effectively manage the internal audit department in such a way as to ensure its usefulness to the Company. In order to minimize the risk of bribery, visiting teams should be composed of at least two auditors.

40. The IA Head must implement internal policies and procedures governing the internal audit activities and ensure they are up to date

41. IA employees must prepare and document an audit program for each engagement, including objectives, scope, timing and allocation of resources. Auditee's management should be familiarized with an audit program.

42. IA employees must exercise due professional care in their work, taking into account the following factors:

- Extent of work needed to achieve the audit objectives;
- Relative complexity, materiality or significance of matters for which assurance procedures are applied;
- Adequacy and effectiveness of corporate governance, risk management and control processes;
- Probability of significant errors, fraud or non-compliance with procedures;
- Costs of assurance in relation to potential benefits.

43. In exercising due professional care, IA employees must consider the use of technology-based audit and other data analysis techniques.

44. The IA employees must be alert to the significant risks that may affect the goals, operations or resources of the Organization of the Group. Nevertheless, assurance procedures alone even when performed with due professional care do not guarantee that all significant risks will be identified.

45. The IA employees must identify sufficient, reliable, relevant and useful information to achieve the engagement's objectives (Sufficient information is factual, adequate, and convincing so that a prudent, informed person would reach the same conclusions as the auditor. Reliable information is the best attainable information using appropriate engagement techniques. Relevant information supports engagement observations and recommendations and is consistent with the objectives for the engagement. Useful information helps the organization meet its goals).

46. The IA employees must document sufficient, reliable, relevant, and useful information to support the engagement results and conclusions.

47. The IA employees must communicate the results of engagements. Communications must be accurate, objective, clear, concise, constructive, complete and timely. Communications must include the engagement's objectives, scope, and results.

48. The final report on the results of the engagement should include relevant observations as well as relevant recommendations. Separately, corrective action plans are formed from the management of the auditee..

49. When the IA Head concludes that the management of the Group of Organizations has accepted a level of risk that may be unacceptable to the organization, the IA Head must discuss the matter with senior management. If the matter is not resolved, the IA Head must communicate the matter to the Management Board.

50. The IA employees shall immediately communicate to the IA Head of identified facts of fraud, including the facts of offering a bribe, that were found out during the audit. The IA Head, in turn, shall immediately inform the Company's Management Board and the BD simultaneously about these facts. When signs of fraud are found, IA employees must reflect this information in the audit report and inform interested parties according to the scheme in the current Anti-Corruption and Anti-Fraud Policy.

51. The IA Head must develop and maintain a quality assurance and improvement program that covers all aspects of the internal audit activity. Such program must include the routine monitoring, as well as both internal and external assessments of quality of internal audit. A qualified, independent assessor or assessment team from outside the organization must conduct external assessments at least

once every five years. The IA Head must assist to engaging AC/BD in the forming the actions and evaluation of effectiveness of the program for assuring and improving the internal audit quality.

52. The IA Head must control access to engagement records. The IA Head must obtain the approval of the Company’s senior management prior to releasing such records to external parties, as appropriate.

53. The IA Head must establish and maintain a system to monitor the actions of the management of the Group Organizations (implementation of the follow-up action plan including the recommendations of the external auditor on the consolidated financial statements), taken based on the engagement results.

54. The IA Head is responsible for the annual assessment of the compliance of the IA objectives, powers and responsibilities defined under this Charter, with the tasks assigned to the internal audit and communicating the results of such an assessment to the attention of the Board.

Глава 7. Qualification criteria

Position: head of Internal audit	Grade 22
Professional competencies (confirmation)	
<p>Must have:</p> <ul style="list-style-type: none"> • Higher education in the field of finance / economic s/ mathematics / information technology (diploma) • At least 5 years of experience in internal audit in large holding production and / or mining companies and / or Samruk-Kazyna group of companies and / or audit companies and / or financial institutions • Experience in managing a team of at least 10 people for at least 2 years • Knowledge of internal audit international standards (holding a professional CIA certificate) • Knowledge of international financial reporting standards (holding professional certificates ACCA / DipIFR / CPA) • Knowledge of international standards in the field of audit of information technology (holding professional certificates CISA / CISM) • Corporate governance standards (testing the knowledge of the Fund's Corporate Governance Code) • Proficiency in English (testing) • Advanced MS-Excel user, at least user of the functions of VLookup, HLookup, data validation, pivot tables, charts, conditional formatting, customized sorting (practical demonstration of skills) • Knowledge of the fundamentals of tax legislation - at least Mineral extraction tax, Income taxes, VAT (interview / testing) • Knowledge of the basics of financial analysis - NPV, IRR, DCF, EVA, financial reporting ratios (interviews / testing or holding professional certificates CFA / CIMA / CMA) • Skills of written, oral business communication (interview / practical demonstration) <p>Preferred:</p> <ul style="list-style-type: none"> • MBA or additional functional education 	

<ul style="list-style-type: none"> • Work experience in leading international audit companies 	
Soft skills (required level¹)	
<ul style="list-style-type: none"> • Leadership (2) • Goal setting (2) • Improvement and innovation (2) • Communication (3) 	<ul style="list-style-type: none"> • Team work (3) • Persuasion (2) • Critical thinking (2) • Safety (3)
Direct communication level	
<ul style="list-style-type: none"> • Board of Directors • Management board • Managing directors • CEOs of subsidiaries and affiliates • Heads of Corporate center's divisions 	
Position: chief manager	Grade 20
Professional competencies (confirmation)	
<p>Must have:</p> <ul style="list-style-type: none"> • Higher education in the field of finance / economics / mathematics / information technology (diploma) • At least 3 years of experience in internal audit • Experience in managing a team of at least 5 people for at least 2 years • Knowledge of internal audit international standards (holding a professional CIA certificate) • Knowledge of international standards in the field of audit of information technology (professional certificates CISA/CISM) • Corporate governance standards (testing the knowledge of the Fund's Corporate Governance Code) • Proficiency in English (testing) • Advanced MS-Excel user, at least user of the functions of VLookup, HLookup, data validation, pivot tables, charts, conditional formatting, customized sorting (practical demonstration of skills) • Skills of written, oral business communication (interview / practical demonstration) <p>Preferred:</p> <ul style="list-style-type: none"> • MBA or additional functional education 	
Soft skills (required level)	
<ul style="list-style-type: none"> • Improvement and innovation (2) • Communication (2) • Team work (3) 	<ul style="list-style-type: none"> • Persuasion (2) • Critical thinking (2) • Safety (3)
Direct communication level	
<ul style="list-style-type: none"> • Audit committee members • Management board • Managing directors • CEOs of Subsidiaries and affiliates • Heads of Corporate center's divisions 	
Position: chief manager	Grade 19
Professional competencies (confirmation)	
<p>Must have:</p>	

¹ 1 – developing, 2 – experienced, 3 – skillful

- Higher education in the field of finance / economics / mathematics / information technology (diploma)
- At least 3 years of experience in internal audit
- Knowledge of internal audit international standards (holding a professional CIA certificate) or knowledge of international standards in the field of audit of information technology (holding professional certificates CISA / CISM)
- Experience in managing a team of at least 5 people for at least 2 years
- Corporate governance standards (testing the knowledge of the Fund's Corporate Governance Code)
- Advanced MS-Excel user, at least user of the functions of VLookup, HLookup, data validation, pivot tables, charts, conditional formatting, customized sorting (practical demonstration of skills)
- Skills of written, oral business communication (interview / practical demonstration)
- Proficiency in English (testing)

Preferred:

- MBA or additional functional education
-

Soft skills (required level)

- | | |
|----------------------------------|-------------------------|
| • Improvement and innovation (2) | • Persuasion (2) |
| • Communication (2) | • Critical thinking (2) |
| • Team work (3) | • Safety (3) |

Direct communication level

- Audit committee members
- Management board
- Managing directors
- CEOs of subsidiaries and affiliates
- Heads of Corporate center's divisions

Position: chief manager

Grade 18

Professional competencies (confirmation)

Must have:

- Higher education in the field of finance / economics / mathematics / information technology / mining / chemistry (diploma)
- At least 2 years of work experience in internal audit or in the field of financial audit; or at least 5 years in the field of mining / processing of natural uranium (expert interviews)
- Knowledge of international standards of internal audit or expertise in the extraction / processing of natural uranium / expertise in the field of financial audit (expert interviews)
- Experience in managing a team of at least 2 people, for at least 1 year
- Corporate governance standards (testing the knowledge of the Fund's Corporate Governance Code)
- Advanced MS-Excel user, at least user of the functions of VLookup, HLookup, data validation, pivot tables, charts, conditional formatting, customized sorting (practical demonstration of skills)
- Skills of written, oral business communication (interview / practical demonstration)

Preferred:

- MBA or additional functional education
- English knowledge

<ul style="list-style-type: none"> • Holding professional certificates (CIA, CISA, CISM, DipIFR, CIMA) 	
Soft skills (required level)	
<ul style="list-style-type: none"> • Improvement and innovation (2) • Communication (2) • Team work (3) 	<ul style="list-style-type: none"> • Persuasion (2) • Critical thinking (2) • Safety (3)
Direct communication level	
<ul style="list-style-type: none"> • Managing directors • CEOs of subsidiaries and affiliates • Heads of Corporate center’s divisions 	
Position: manager	Grade 16
Professional competencies (confirmation)	
<p>Must have:</p> <ul style="list-style-type: none"> • Higher education in the specialized fields of finance / economics / mathematics / information technology / chemistry / mining (diploma) • At least 1 year experience in internal audit / in the extraction / processing of natural uranium / in the field of financial audit (expert interview) • Knowledge of international standards of internal audit or expertise in the extraction / processing of natural uranium or expertise in the field of financial audit (expert interviews) • Corporate governance standards (testing the knowledge of the Fund's Corporate Governance Code) • Skills of written, oral business communication (interview) <p>Preferred:</p> <ul style="list-style-type: none"> • MBA or additional functional education • English knowledge • Holding professional certificates (CIA, CISA, CISM, DipIFR, CIMA) 	
Soft skills (required level)	
<ul style="list-style-type: none"> • Communication (2) • Team work (2) • Critical thinking (2) 	<ul style="list-style-type: none"> • Persuasion (1) • Critical thinking (1) • Safety (3)
Direct communication level	
<ul style="list-style-type: none"> • CEOs of subsidiaries and affiliates • Heads of Corporate center’s divisions 	

Article 8. Final provisions

55. Amendments and Supplements to this Charter may be introduced by Decision of the Board of Directors.

56. In case of changing the IA title without changing the functions in this Charter, the rights and obligations of the reorganized division automatically pass to its successor.

57. The Appendices to this Charter are its integral part and are subject to mandatory observance and use in the work.

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Article 9. Appendices

Appendix 1
to the Charter of the Internal Audit Service
approved by Decision of the Board of Directors
of NAC Kazatomprom JSC
dated ____ _____ 2017 Protocol No. ____

IA Code of Ethicsⁱ

Principles

Internal auditors are expected to apply and uphold the following principles:

1. **Integrity**
The integrity of internal auditors establishes trust and thus provides the basis for reliance on their judgment.
2. **Objectivity**
Internal auditors exhibit the highest level of professional objectivity in gathering, evaluating, and communicating information about the activity or process being examined. Internal auditors make a balanced assessment of all the relevant circumstances and are not unduly influenced by their own interests or by others in forming judgments.
3. **Confidentiality**
Internal auditors respect the value and ownership of information they receive and do not disclose information without appropriate authority unless there is a legal or professional obligation to do so.
4. **Competency**
Internal auditors apply the knowledge, skills, and experience needed in the performance of internal audit services.

Rules of Conduct

1. Integrity

Internal auditors:

- 1.1. Shall perform their work with honesty, diligence, and responsibility.
- 1.2. Shall observe the law and make disclosures expected by the law and the profession.
- 1.3. Shall not knowingly be a party to any illegal activity, or engage in acts that are discreditable to the profession of internal auditing or to the organization.
- 1.4. Shall respect and contribute to the legitimate and ethical objectives of the organization.

2. Objectivity

Internal auditors:

- 2.1. Shall not participate in any activity or relationship that may impair or be presumed to impair their unbiased assessment. This participation includes those activities or relationships that may be in conflict with the interests of the organization.

2.2. Shall not accept anything that may impair or be presumed to impair their professional judgment.

2.3. Shall disclose all material facts known to them that, if not disclosed, may distort the reporting of activities under review.

3. Confidentiality

Internal auditors:

3.1. Shall be prudent in the use and protection of information acquired in the course of their duties.

3.2. Shall not use information for any personal gain or in any manner that would be contrary to the law or detrimental to the legitimate and ethical objectives of the organization.

4. Competency

Internal auditors:

4.1. Shall engage only in those services for which they have the necessary knowledge, skills, and experience.

4.2. Shall perform internal audit services in accordance with the *International Standards for the Professional Practice of Internal Auditing (Standards)*.

4.3. Shall continually improve their proficiency and the effectiveness and quality of their services.

ⁱ Source – Official Code of Ethics of the Institute of Internal Auditors, www.theiia.org