

**«APPROVED»**

**by the resolution of the Board of Directors  
of the «National company «Kazakhstan  
temir zholy» joint stock company  
from «5» of September 2025 year  
Minutes No. 11**

## **REGULATION**

### **regarding the Internal Audit Service of the «National company «Kazakhstan temir zholy» joint stock company**

#### **1. General positions**

1. This Regulation on the Internal Audit Service of the «National company «Kazakhstan temir zholy» joint stock company (hereinafter – Regulation) has been developed in accordance with the Law of the Republic of Kazakhstan "On Joint Stock Companies", the Charter of NC KTZ JSC, the Corporate Standard for the Internal Audit Function of «Samruk–Kazyna» JSC Group, approved by the resolution of the Management Board of «Samruk-Kazyna» JSC dated 05.12.2024 No. 62/24, Global Internal Audit Standards developed by the Institute of Internal Auditors (The IIA).

2. The Regulation defines the competence, goals, objectives, functions, rights and responsibilities of the Internal Audit Service (hereinafter – Service), as well as the powers of the Head of the Service and the procedure for interaction of the Service with the Board of Directors, the Management Board of the «National company «Kazakhstan temir zholy» joint stock company (hereinafter – Company) and other organizations.

3. The determination of the quantitative composition, term of office of the Service, appointment of the head and employees of the Service, as well as early termination of their powers, determination of the working procedure of the Service, the amount and conditions of remuneration and bonuses for employees of the Service, assessment of the activities of employees of the Service, approval of the staffing table of the Service are carried out by the Board of Directors of the Company after prior approval by the Audit Committee of the Board of Directors of the Company (hereinafter – Audit Committee).

4. Employment contracts with the head and employees of the Service are concluded and terminated by the Chairman of the Management Board based on a resolution of the Board of Directors in accordance with the labor legislation of the Republic of Kazakhstan.

5. Social support, guarantees and compensation payments for employees of the Service are carried out in accordance with the Company's internal documents.

6. The official duties, rights and responsibilities of the head and employees of the Service are determined by the relevant job descriptions, which are developed on

the basis of these Regulations, employment contracts, internal documents of the Company and approved by the Chairman of the Audit Committee.

7. In carrying out its activities, the Service is guided by the legislation of the Republic of Kazakhstan, the Articles of Association, resolutions of the Company's bodies, these Regulations and other internal documents of the Company, including documents regulating the activities of the Service.

The Service carries out its activities in compliance with the mandatory Global Internal Audit Standards.

8. The procedure for planning, executing, processing, presenting the results of the audit assignment and monitoring the implementation of the recommendations of the Service, as well as the basic requirements for the procedure and evaluation of the Service's activities are regulated by internal documents approved by the Board of Directors and/or approved by the Audit Committee.

9. The following concepts and definitions are used in this Regulation:

1) **internal audit** - independent and objective assurance and consulting activities aimed at improving the work of the organization. Internal audit helps the organization achieve its goals by applying a systematic, consistent approach to evaluating and improving the effectiveness of the organization's management, risk management and internal control;

2) **Standards** - Global Internal Audit Standards developed by The Institute of Internal Auditors;

3) **independence** - freedom from conditions that adversely affect the ability of the internal audit function to perform its duties impartially;

4) **objectivity** - a mental attitude that allows internal auditors to make unbiased professional judgments, perform their duties and achieve the goals of internal audit, without adjusting their opinion to the opinion of others;

5) **providing confidence** - an assurance designed to increase the confidence of stakeholders in the compliance of the organization's management, risk management and internal control processes in the subject areas or audit objects under consideration with the established criteria;

6) **consulting services, consulting** - services in which internal auditors make recommendations to the organization's stakeholders without providing assurance or assuming managerial responsibilities. The nature and scope of the consulting services are subject to agreement with the relevant stakeholders;

7) **conflict of interest** - a situation, action, or relationship that may affect the ability of the internal auditor to make objective professional judgments or to perform his duties objectively, or to create the impression of such influence;

8) **The Company's group of companies** – the Company and organizations, more than fifty percent of the voting shares (participation interests) of which are directly or indirectly owned by the Company by right of ownership or trust management;

9) **Management Board** – the collegial executive body of the Company;

10) **Executive Body** – a collegial or sole executive body of an organization in which more than fifty percent of the voting shares (participatory interests) are

directly or indirectly owned by the Company under the right of ownership or trust management;

11) **Head of the Service** - the position of the Head in the Company responsible for the effective management of all aspects of the internal audit function and the quality provision of internal audit services in accordance with the Regulation and Standards.

## **2. Mandate of the Service**

10. The Service is a body of the Company that monitors the financial and economic activities of the Company's Group of Companies, evaluates internal control, risk management, execution of documents in the field of corporate governance and consulting in order to improve the Company's activities.

11. The Service reports directly to the Board of Directors of the Company and reports to it on its work. The Audit Committee oversees the activities of the Service in accordance with the internal documents governing the activities of the Audit Committee.

12. The Service is administratively subordinate to the Management Board. Administrative subordination involves: ensuring appropriate working conditions for the head and employees of the Service, timely remuneration, issuing relevant orders and orders related to the activities of the Service on the basis of resolutions taken by the Board of Directors; issuing orders for business trips, vacations, as well as other actions that do not contradict the status of the Service in accordance with these Regulations and other internal documents Societies. The Management Board should not use administrative subordination to influence the independence and objectivity of the Service.

13. The Service must be independent of the influence of any persons when performing the tasks and functions assigned to it, in order to properly perform them and ensure objective and independent judgments.

14. The independence and objectivity of the Service is ensured by compliance with the requirements of the Standards regarding the criteria of organizational independence and objectivity.

15. The Service must be impartial and unbiased in its work and avoid conflicts of interest.

16. The Head of the Service ensures that the Audit Committee is informed in a timely manner about any situations related to the existence or potential possibility of a violation of the independence and/or objectivity of the internal auditor, expressed, inter alia, in the form of a conflict of interest or limitation of the rights and powers of the Service.

17. The head and employees of the Service are subject to the provisions of the Company's internal documents, with the exception of documents that cannot be applied in accordance with the status of the Service, the Articles of Association of the Company and these Regulations.

18. Employees of the Service may not be elected to the Board of Directors and the Management Board of the Company.

## **3. Purpose of the Service**

19. The main purpose of the Service is to assist the Board of Directors and the Management Board of the Company, as well as the executive bodies of the Company's Group of Companies in achieving strategic goals by providing independent, risk-based, objective assurances, advice, insight and foresight aimed at creating, protecting and preserving the value of the Company's Group of Companies.

20. Internal audit contributes to:

- successful achievement of the Company's Group of Companies' objectives;
- governance, risk management and control processes of the Company's Group of Companies;
- decision-making and oversight in the Company's Group of Companies;
- reputation and credibility with Company's Group of Companies' stakeholders;
- ability of the Company's Group of Companies to serve the public interest.

#### **4. Scope and functions**

21. The scope of the Service are:

- 1) assessment and assistance in improving the internal control system;
- 2) assessment and assistance in improving the risk management system;
- 3) assessment and assistance in improving the corporate governance system;
- 4) assessment of the reliability, completeness, and objectivity of the accounting system and the reliability of financial statements;
- 5) assessment of the compliance of the Company's Group of Companies with the requirements of the legislation of the Republic of Kazakhstan, as well as assessment of the implementation of resolutions of the Company's bodies (compliance control);
- 6) assessment of the rationality and efficiency of using the resources of the Company's Group of Companies and the methods (methods) used to ensure the safety of assets;
- 7) assessment of the risk of fraud and the effectiveness of fraud risk management in the Company's Group of Companies;
- 8) consulting in order to improve the activities of the Company's Group of Companies.

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

- 1) assessment of the adequacy and effectiveness of the internal control system in the Company's Group of Companies;
- 2) assessment of the risk management system in the Company's Group of Companies;
- 3) assessment (diagnostics) of the corporate governance system, including assessment of the implementation and compliance with the accepted principles of corporate governance, relevant ethical standards and values, the procedure for setting goals and monitoring/controlling their achievement;
- 4) audit of information systems and information security in the Company's Group of Companies, including assessment of compliance of the information technology management system with the Company's strategy and objectives;
- 5) verification of compliance with the requirements of the legislation of the Republic of Kazakhstan, international agreements, internal documents in the

Company's Group of Companies, as well as compliance with instructions from authorized and supervisory authorities, resolutions of the Company's bodies and its subsidiaries, and evaluation of systems established to comply with these requirements;

6) assessment of fraud risks and effectiveness of fraud risk management in the Company's Group of Companies. At the same time, the detection and investigation of fraud is not the main function of the Service. Employees of the Service may be involved in fraud investigations as consultants/observers and are not responsible for making managerial resolutions based on the results of investigations;

7) assessment of the adequacy of measures applied in the Company's Group of Companies to ensure the achievement of their goals within the framework of the Company's strategic objectives;

8) development of internal documents regulating the activities of the Service in accordance with the requirements of the Standards and resolutions/recommendations of «Samruk-Kazyna» JSC (hereinafter – Fund);

9) providing advice to the Board of Directors, Management Board/Executive Body, and the structural divisions of the Company's Group of Companies on the organization and improvement of internal control, risk management, corporate governance, and internal audit (including the development of internal documents and projects in these areas), as well as on other issues within the competence of the Service (while maintaining the independence and objectivity of internal audit). The procedure for providing consulting services is carried out in accordance with the internal documents regulating the activities of the Service;

10) conducting unscheduled audit assignments in the Company's Group of Companies initiated by the Chairman or members of the Board of Directors and/or authorized government agencies;

11) informing the Board of Directors (Audit Committee), the Chairman and members of the Management Board of the Company, Heads of Executive Bodies of organizations of the Company's Group of Companies about the results of the audit/audits, providing recommendations to eliminate discoveries and deficiencies identified during the audit/audits, and proposals to improve the efficiency and effectiveness of internal control, risk management and corporate governance systems, to improve the activities of the Company's Group of Companies;

12) monitoring the Company's compliance with the recommendations of the external auditor;

13) monitoring and subsequent control over the implementation of the recommendations of the Service on improving the activities of the Company's Group of Companies;

14) exchange of information and coordination of activities with other internal and external parties of the Company's Group of Companies and other parties providing confidence and consultations, including on issues related to planning and conducting audits, including supervision and methodological support of internal audit services, audit commissions of the Company's subsidiaries (if any);

15) interaction with the Company's external auditor, including assistance to the external auditor in providing information on the state of the internal control system

in the Company's Group of Companies, as part of the audit of the Company's financial statements, and meetings with the Company's external auditor;

16) participation in the activities of the committees on budget, investment planning and other issues as experts without the right to vote;

17) participation in working groups and commissions of the Company's Group of Companies, in projects of the Company having a high degree of importance in coordination with the Chairman of the Audit Committee;

18) the exercise of other functions aimed at achieving the goals and solving the tasks defined by these Regulations, within its competence.

23. In the process of performing the tasks and functions assigned to it, the Service interacts in accordance with the established procedure with all structural divisions of the Company's Group of Companies, as well as with other organizations in accordance with the legislation of the Republic of Kazakhstan.

## **5. Restrictions on the activities of the Service**

24. To comply with the principles of independence and objectivity in the performance of their functions, the head and employees of the Service should not:

1) be involved in any activities that may subsequently be subject to internal audit and engage in an audit of the activities or functions they performed during the period that is being audited;

2) perform functional duties in the Company that are not related to the activities of the Service in accordance with these Regulations;

3) participate in any activity that could damage the impartiality of the assessment of the head and employees of the Service or be perceived as causing such damage;

4) be included in the composition of committees or other working groups/commissions created by the Company as their voting members (in the work of these working groups, the head and employees of the Service should be involved only as consultants without voting rights);

5) direct the actions of employees of the Company's Groups of companies, except for cases when these employees are appointed in accordance with the established procedure to the audit groups;

6) use confidential information for personal interests or in any other way contrary to the legislation of the Republic of Kazakhstan or capable to make a harm to the Company's Groups of companies.

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

25. The Service has the following rights and powers to carry out its main tasks and perform its functions:

1) unhindered access to personnel, production and other facilities, to all documentation and any information requested in connection with the internal audit, including information and information constituting the commercial and official secrets of the Company's Group of Companies;

2) unhindered access to the information database of accounting data (computer accounting programs, automated process control systems, information systems,

electronic document management, etc.) on an ongoing basis in passive mode, i.e. without the right to input and correction;

3) request and receive materials, including draft documents submitted for consideration by the Fund, the Board of Directors, the Management Board, governing bodies and the executive bodies of the Company's Group of Companies, and receive all resolutions from these bodies;

4) initiate an additional audit assignment (unscheduled) with the consent of the Chairman of the Audit Committee, if the need for it is identified during the current audit assignment, and its implementation affects the outcome of the current assignment;

5) Share information and coordinate activities with other internal and external parties providing confidence and consultations to ensure adequate coverage and minimize double work;

6) to carry out the planned activities of the Service and individual tasks on behalf of the Board of Directors/The Chairman of the Board of Directors, in order to obtain advice on highly specialized issues, in accordance with the established procedure, involve employees of the structural divisions of the Company's Group of Companies as independent experts, as well as specialists from other legal entities (with the exception of persons who carried out activities or performed functions in the audited entity during the preceding audit period of the calendar year);

7) submit written requests to the Fund, the Company's Group of Companies' organizations and structural divisions on issues within the competence of the Service;

8) engage independent consultants in accordance with the established procedure or use co-sourcing to perform audit assignments if the Service staff does not have sufficient knowledge and skills to perform the audit assignment or part of the assignment;

9) to form and submit an independent budget of the Service for consideration by the Audit Committee or the Board of Directors. At the same time, the independence of the Service's budget is understood as the absence of restrictions from the Management Board in order to influence the activities of the Service.;

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

26. The Head of the Service has the following powers:

1) to participate in meetings and events held by the Chairman and members of the Management Board of the Company on improving internal control, risk management and corporate governance and other issues within the competence of the Service without the right to coordinate resolutions;

2) to directly contact the Chairman and members of the Board of Directors and the Audit Committee, members of the Management Board, as well as the heads of the Company's Group of Companies on the issues of the Service's activities and initiate closed meetings between the Head of the Service and the Board of Directors/By the Audit Committee;

3) to make proposals to the Board of Directors on determining the quantitative composition, staffing table, remuneration scheme, term of office of the Service,

appointment of employees of the Service, as well as early termination of their powers, the order of work of the Service, the amount and conditions of remuneration and bonuses for employees, organizational and technical support of the Service, the budget of the Service, to improve the level of professional training of employees of the Service (at least once a year);

4) to initiate the convening of a meeting of the Board of Directors and/or the Audit Committee on issues within the competence of the Service;

5) to make inquiries and letters to government agencies and other legal entities regarding the activities of the Service;

6) to rotate the duties of the Service's employees in order to avoid conflicts of interest, as well as to ensure the exchange of work experience (periodically or as appropriate);

7) to approve reports on the fulfillment of the goals of the employees of the Service based on the results of the period, when evaluating the effectiveness of activities;

8) exercise other powers and make resolutions on all matters within the competence of the Service.

## **7. Responsibility of the Service and its Head**

27. The Service is responsible for the timely and high-quality performance of the tasks and functions assigned to it and compliance with the Standards in its activities.

28. The head and employees of the Service, in accordance with the established procedure, are personally responsible for the quality and timeliness of the performance of the functions assigned to them, in accordance with job descriptions, employment contracts and the legislation of the Republic of Kazakhstan, as well as for compliance with the requirements of Standards and internal documents regulating the activities of the Service.

29. The head and employees of the Service, in accordance with the established procedure, bear personal responsibility for the safety of the property entrusted to them and the disclosure of commercial secrets and other confidential information, the list of which is determined by the Company's Group of Companies' internal documents.

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

31. Disciplinary penalties are applied to the head and employees of the Service in accordance with the established procedure for violation of labor discipline, non-fulfillment or improper fulfillment of assigned labor duties by resolution of the Board of Directors.

32. The financial responsibility of the head and employees of the Service and the procedure for compensation for damage caused by them (if any), as well as procedures for imposing disciplinary penalties, are carried out in accordance with the legislation of the Republic of Kazakhstan and internal documents of the Company, subject to the restrictions provided for in these Regulations.

## **8. Providing information to the Board of Directors and the Audit Committee**

33. The Head of the Service provides the Board of Directors and the Audit Committee with reports on the activities of the Service in the following terms:

- 1) quarterly – no later than the 25th of the month following the reporting quarter;
- 2) annual – no later than the 15th day of the second month following the reporting year.

34. Reports on the work of the Service are preliminarily reviewed by the Audit Committee with recommendations for the Board of Directors.

35. The Service's reports on the results of audit assignments and indicating cases of unlawful actions (inaction) by the Company's Group of Companies' employees should be submitted to the Audit Committee and the Board of Directors immediately after their preparation.

36. The Audit Committee and the Board of Directors review reports on the activities of the Service and make resolutions in accordance with the established rules of procedure and the powers of the Audit Committee and the Board of Directors.

37. Reports on the activities of the Service are submitted for consideration by the Audit Committee and the Board of Directors of the Company, and in case of requests from third parties – in agreement with the Chairman of the Audit Committee.

## **9. Interaction of the Service with the Management Board/Executive Body**

38. In the framework of interaction with the Management Board/Executive Body, the Service:

- 1) formulates an annual audit plan, considering the proposals of the members of the Management Board for conducting an audit and providing consultations;
- 2) submits to the members of the Management Board the annual audit plan approved by the Board of Directors in order to inform;
- 3) submits to the members of the Management Board/Executive Body an audit report/conclusion based on the results of the audit assignment or consulting activities;
- 4) discusses and makes proposals to the members of the Management Board/Executive Body on improving internal control, risk management and corporate governance based on audit results.

39. The Management Board should:

- 1) ensure the creation of an effective internal control environment that promotes the full and unhindered performance of its tasks and functions by the Service;
- 2) assist the Service in attracting employees of the structural divisions of the Company's Group of Companies as experts to receive advice on highly specialized issues;
- 3) ensure a timely review of the Service's reports, development and approval of a corrective action plan for the implementation of accepted recommendations of the Service and reporting on their implementation;

- 4) ensure, in accordance with the established procedure, that the budget of the Service approved/approved by the Audit Committee or the Board of Directors is included in the Company's budget;
- 5) By resolution of the Board of Directors, in accordance with the established procedure, ensure the use of co-sourcing of any activity in the field of internal audit.;
- 6) provide administrative (organizational and technical) support for the Service.

## **10. Final provisions**

40. Amendments and additions to these Regulations may be made by resolution of the Board of Directors of the Company.

41. The Head of the Service regularly reviews the need for amendments/additions to these Regulations.