

**Approved by the decision
of the Board of Directors of Air Astana JSC
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with amendments dated 08 September 2023**

**Regulations of
the Internal Audit Service of
Air Astana JSC**

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1. General Provisions

- 1.1 These Regulations of the Internal Audit Service (hereinafter the Regulations) define the mission, purpose, status, rights, responsibility, scope of activities of the Internal Audit Service (hereinafter the IAS), qualification requirements for the Head and employees of the IAS, as well as the interaction for the IAS with the Audit Committee, Board of Directors, President and other divisions of the Company.
- 1.2 These Regulations have been developed in accordance with the International Standards for the Professional Practice of Internal Auditing (hereinafter the Standards) and the Code of Ethics of the Institute of Internal Auditors (hereinafter the Code of Ethics).
- 1.3 Approval of a candidate for the appointment to the position of the Head of the IAS and termination of the authority of the Head of the IAS is carried out by the General Stockholders' Meeting based on preliminary approval of the Board of Directors upon recommendation of the Audit Committee. Determination of employees number, employees schedule as well as appointment and termination of authority of the IAS employees shall be carried out by the Board of Directors upon recommendation and (or) preliminary approval of the Audit Committee.
- 1.4 Employment contract with the Head of the IAS and employees shall be concluded by the President of the Company in accordance with the labor legislation of the Republic of Kazakhstan and based on a decision either of the General Stockholders' Meeting or of the Board of Directors.
- 1.5 The amount and conditions of remuneration and bonuses for the Head and employees of the IAS shall be approved by the Board of Directors upon preliminary approval of the Audit Committee.
- 1.6 Social benefits, guarantees and compensation payments for the IAS employees shall be provided in accordance with the internal documents of the Company.
- 1.7 The duties, responsibilities and rights of the Head and employees of the IAS shall be determined by the respective job descriptions, which shall be developed on the basis of these Regulations, employment contracts and internal documents of the Company.
- 1.8 In carrying out its activities, the IAS is guided by the legislation of the Republic of Kazakhstan, the Charter of the Company, the Standards, the Code of Ethics, the core principles for the professional practice of internal auditing of the Institute of Internal Auditors, decisions of the Company's bodies, these Regulations and other internal regulatory documents of the Company.
- 1.9 The following terms and definitions are used in these Regulations:

Internal audit engagement - a planned or unplanned assurance or consulting engagement. An engagement may include several tasks aimed at achieving a number of interrelated goals.

Internal audit - independent, objective activity on conducting assurance and consulting engagements in order to improve the Company's performance. Internal audit helps the Company to accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of governance, risk management and control processes.

Assurance Map - a document for mapping the main sources and types of assurance in the Company across Three Lines Model and coordinating activities of assurance providers to the Company's best effect.

Consulting engagement or consultation - activity on provision of advice, recommendations, etc. to the Company's structural division or employee requesting consultation, intended to add value and improve corporate governance, risk management and control processes, without the internal auditor assuming management responsibility. The nature and content of such activities should be agreed upon with the Company's structural division or employee requesting consultation.

Conflict of interest - any relationship that is, or appears to be, not in the best interest of the Company. A conflict of interest would prejudice an employee's ability to perform his or her duties and responsibilities objectively.

Independence - the freedom from conditions that threaten the ability of the internal audit activity to carry out internal audit responsibilities in an unbiased manner.

Assurance engagement or audit - an objective analysis of available evidence in order to provide an independent assessment of the corporate governance, risk management and control processes in the Company.

2. Mission and Purpose of the IAS

- 2.1 The Mission of the IAS is to protect and enhance the value of the Company by providing risk-based and objective assurance, advice, and insight.
- 2.2 The objective of the IAS is to perform independent and objective assurance and consulting engagements designed to add value and improve the Company's operations.

3. Status of the IAS

- 3.1 The IAS - division that ensures organization and execution of internal audit in the Company, functionally reporting to the Board of Directors.
- 3.2 The IAS is supervised by the Audit Committee in accordance with internal documents governing its activity.
- 3.3 The IAS shall be administratively subordinated to the President of the Company. Administrative subordination implies:
 - 1) Provision by the President of appropriate working conditions for the Head and employees as well as remuneration;
 - 2) Issue of relevant orders concerning the IAS activity on the basis of decisions adopted by the Board of Directors;
 - 3) Control over compliance with the labor regulations;
 - 4) Other actions that do not contradict the status of the IAS in accordance with these Regulations and other internal documents of the Company.
- 3.4 The President of the Company must not use administrative subordination to influence independence and objectivity of the IAS.

4. Authority of the IAS

- 4.1 The IAS employees have the following authority:

- 1) To obtain full, free and unrestricted access to all functions, records, property, personnel and any other information requested within an internal audit engagement, including secret and confidential data and information of the Company in condition of accountability for confidentiality and protection of records and information;
- 2) To have full, free and unrestricted access to information database related to computer programs, accounting data, etc. on a regular basis in read-only mode, i.e. without the right to enter data and make any changes;
- 3) To request and receive documentation including (originals and drafts) including submitted for approval to the General Stockholders' Meeting, the Board of Directors, the President of the Company and obtain all orders/minutes of the above bodies of the Company;
- 4) To send written requests to the General shareholders meeting, the Board of Directors, the Audit Committee, structural divisions of the Company on matters within the competences of the IAS;
- 5) To initiate an additional internal audit engagement (unscheduled) with the consent of the Chairman of the Audit Committee if the need for it is determined within the current internal audit engagement or by the request of the Company's management;
- 6) To engage employees of other structural divisions of the Company as independent experts as well as specialists of other legal entities, with the exception of those who were responsible for the audited activity during the previous 12 months, for the purpose of developing of internal audit engagement work program and performing specific tasks in order to receive specialized advice;
- 7) To attract independent consultants in a prescribed manner to conduct cooperative work when the IAS employees do not possess sufficient knowledge and skills to conduct engagements in full volume or partially;
- 8) To prepare and provide for consideration of the Audit Committee and the Board of Directors the IAS budget which includes expenses for the planned period in accordance with internal documents regulation budgeting process in the Company;
- 9) To be included in committees, other working groups / commissions, significant projects created by the Company as experts / consultants without voting rights;
- 10) To conduct unplanned internal audit engagement(s);
- 11) To have other rights and authority that do not contradict the legislation of the Republic of Kazakhstan, the Company's Charter, these Regulations, internal documents and the Standards.

In addition to the above paragraph the Head of the IAS shall also has the following authority:

- 1) To participate in meetings and activities of the Company with regard to matters related to improvement of internal control, risk management and corporate governance and other matters within the authority of the IAS without the right to make management decisions and directly manage the risks of the Company;
- 2) To interact with other external parties that provide assurance or consulting services to the Company;
- 3) To make inquiries to government agencies and other legal entities on issues related to the activities of the IAS;
- 4) To rotate responsibilities among IAS employees to avoid conflicts of interest and to ensure that expertise is shared (periodically or as needed);
- 5) To perform other functions and make decisions on matters within the competence of the IAS.

5. Independence and Objectivity of the IAS

- 5.1 The Head of the IAS must ensure that the IAS remains free from all conditions that threaten the ability of IAS employees to carry out their responsibilities in an unbiased manner, including matters of selecting internal audit engagements, defining scope, procedures, frequency, timing, and content of the IAS's reports.
- 5.2 If, in the opinion of the Head of the IAS, independence or objectivity is impaired in fact or appearance, the details of the impairment must be disclosed to the appropriate parties.
- 5.3 IAS employees must maintain an unbiased attitude that will allow them to perform internal audit engagements objectively, i.e., that they believe in the results of their work and that no quality compromises are made. Objectivity requires that the IAS employees do not subordinate their judgment on audit matters to others. In order to comply with the principles of independence and objectivity the Head and employees of the IAS should not:
- 1) Carry out operational activities or have authorities in the areas to be audited;
 - 2) Implement internal controls, develop procedures, establish systems, prepare management reports;
 - 3) Evaluate the specific operations for which they were responsible during the previous year;
 - 4) Perform functional duties in the Company, not related to the activities of the IAS, in accordance with these Regulations;
 - 5) Supervise the activities of employees of the Company's structural divisions, with the exception of cases when these employees are duly appointed to participate in internal audit engagements;
 - 6) Use confidential information for personal gain or in any purpose that would be contrary to the legislation of the Republic of Kazakhstan or detrimental to the Company;
 - 7) Accept gifts and use services that may impair or be presumed to impair their professional opinion.
- 5.4 The Head and employees of the IAS shall:
- 1) Report any cases when independence or objectivity is adversely affected or perceived to be adversely affected to the relevant parties;
 - 2) Execute professional objectivity in gathering, evaluating, and communicating information about the activity or process being audited;
 - 3) Make balanced assessments of all available and relevant facts and circumstances;
 - 4) Take necessary precautions to avoid being unduly influenced by their own interests or by interests of others in forming judgements.
- 5.5 The employees of the IAS may perform consulting engagements with respect to operations and processes for which they were previously responsible. If the IAS employees have potential impairments to independence or objectivity relating to proposed consulting services, disclosure must be made the prior to accepting the engagement.
- 5.6 The IAS may perform assurance engagement in areas where consulting engagements have previously been performed, provided the nature of the consulting engagement did not impair objectivity and provided individual objectivity is managed when assigning resources to the engagement.

- 5.7 IAS employees shall report all cases of negative impact on their independence and/or objectivity to the Head of the IAS, including information about conflicts of interest and limitations of authority.
- 5.8 If the Head of the IAS has or is expected to have roles and/or responsibilities that fall outside the scope of internal auditing, safeguards must be in place to limit impairments to independence or objectivity.
- 5.9 The Head of the IAS will confirm to the Board of Directors, at least annually, the organizational independence of the IAS's activities.
- 5.10 The Head of IAS will disclose to the Board of Directors any interference and related consequences in determining the scope of the IAS tasks, performing work, and/or communicating results.

6. Scope of the IAS Activity

- 6.1 The scope of the IAS activity includes (not limited to):
- 1) Assessment of the adequacy and effectiveness of internal control in relation to the Company's corporate governance, operating activities and its information systems;
 - 2) Evaluation of adequacy and effectiveness of corporate governance system;
 - 3) Assessment of adequacy and effectiveness of the Company's risk management system;
 - 4) Evaluation of adequacy and effectiveness of the Company's internal control system;
 - 5) Assessment of fraud risks and effectiveness of management actions in the Company;
 - 6) Evaluation the potential for the occurrence of fraud and how the Company manages fraud risk¹;
 - 7) Assessment of the design, implementation, and effectiveness of the Company's ethics-related objectives, programs, and activities;
 - 8) Audits in the area of information technology and systems;
 - 9) Monitoring over implementation of external auditor's recommendations;
 - 10) Monitoring over implementation of recommendations issued by the IAS;
 - 11) Assessment of the rationality and effectiveness of use of the Company's resources and methods (means) of safeguarding the Company's assets
 - 12) Performance of other functions assigned to the IAS within the limits of its competence.

7. Qualification Requirements

- 7.1 The Head of the IAS must have:
- 1) Bachelor's degree in accounting, finance, law, IT or other relevant fields, and a Master's degree would be an advantage;

¹ Internal auditors must have sufficient knowledge to evaluate the risk of fraud and the manner in which it is managed by the organization, but are not expected to have the expertise of a person whose primary responsibility is detecting and investigating fraud (1210.A2 Standard). The IAS employee may be attracted to investigation of fraud cases as consultants / observers and do not carry responsibility for management decisions as result of investigation.

- 2) At least 8 years of experience in audit or consulting related areas, and experience in Big Four international audit companies, and experience in the airline or transportation industry would be an advantage;
- 3) Professional qualification CIA (Certified Internal Auditor) is mandatory, the presence of additional professional qualifications (ACCA, CPA, CISA, PRM, FRM, etc.) will be an advantage;
- 4) Knowledge of International Financial Reporting Standards;
- 5) Knowledge and understanding of the Standards and the Code of Ethics;
- 6) Knowledge of applicable regulatory legal acts of the Republic of Kazakhstan;
- 7) Advanced level of knowledge of English language.

7.2 Other employees of the IAS must have:

- 1) Higher professional education in accounting and audit, and/or finance, and/or economics, and/or law and/or information technology, and/or technical area relevant to the Company's industry;
- 2) Not less than 3 years of experience in audit, and/or accounting, and/or finance, and/or information technology, and/or technical and/or law and/or technical area relevant to the Company's industry;
- 3) Knowledge and understanding of the Standards and the Code of Ethics;
- 4) Knowledge of applicable regulatory legal acts of the Republic of Kazakhstan;
- 5) Presence of certificate and/or qualification in audit, and/or accounting, and/or finance management, and/or IT technology, and/or risk management is preferable.

8. Responsibility of the IAS

8.1 The Head and employees of the IAS shall be individually responsible for the quality and timely performance of assigned functions in accordance with their job descriptions, employment contracts and the legislation of the Republic of Kazakhstan as well as for compliance with the Standards, the Code of Ethics and internal documents regulating the IAS activity.

8.2 The Head of the IAS is responsible for:

- 1) Managing the IAS effectively to ensure that it adds value to the Company in accordance with the criteria established by the Standards;
- 2) Ensuring that the principles of honesty, objectivity, confidentiality, and competency are applied and upheld;
- 3) Assisting that IAS employees collectively possess or acquire the knowledge, skills and other competencies necessary to comply with the requirements of these Regulations;
- 4) Developing of the risk-oriented Strategic Plan of the IAS and the Annual Audit Plan of the IAS, introduction of timely changes and effective usage of personnel and resources for implementation of these plans;
- 5) Developing, implementing and updating internal documents of the IAS;
- 6) Ensuring performance of internal audit engagements as well as informing stakeholders about the results of these engagements;
- 7) Organizing the monitoring over implementation of the IAS recommendations;
- 8) Submitting to the Board of Directors and Audit Committee reports on the IAS activity;
- 9) Promoting measures for further professional development of IAS employees.

- 8.3 The Head of the IAS must control access to documents related to the activities of the IAS. Before transferring the documents to an external party, the Head of the IAS must obtain the approval of the Company's management in an appropriate manner.
- 8.4 The employees of the IAS must perform internal audit engagements with proficiency and due professional care.
- 8.5 In exercising due professional care, the employees of the IAS shall consider the possibility of usage of technology-based audit techniques and other methods of data analysis.
- 8.6 The employees of the IAS must be alert to the significant risks that might affect objectives, operations, or resources of the Company. However, assurance procedures alone, even when performed with due professional care, do not guarantee that all significant risks will be identified.
- 8.7 The employees of the IAS must promptly report to the Head of the IAS the cases of ethical principles violations, fraud and corruption detected in the course of internal audit engagements. The Head of the IAS, in turn, shall immediately report such cases to the President of the Company, the Compliance Department and the Board of Directors simultaneously.

9. Interaction with the Audit Committee and the Board of Directors

- 9.1 The Head of the IAS may:
 - 1) Directly communicate, interact and report to the Chairman and members of the Board of Directors and the Audit committee on issues related to the activities of the IAS, including the closed meetings without the presence of the Company's management;
 - 2) Make recommendations to the Board of Directors regarding the IAS's headcount, appointment and dismissal of IAS employees, the size and conditions of remuneration and bonuses, as well as technical support of the IAS;
 - 3) Initiate extraordinary meetings of the Board of Directors and/or the Audit Committee on issues related to IAS matters.
- 9.2 The IAS annually submits Annual Audit Plan for the coming year for consideration of the Audit Committee and the Board of Directors not later than mid-December of the year preceding the planned year.
- 9.3 The IAS provides quarterly reports on the activities of the IAS to the Audit Committee and the Board of Directors.
- 9.4 Reports on the IAS activity are preliminary reviewed by the Audit Committee with provision of recommendations to the Board of Directors.
- 9.5 The Audit Committee and the Board of Directors review the reports on the IAS activity and make decisions in accordance with the established procedures and authority of the Audit Committee and the Board of Directors.
- 9.6 The Head of the IAS shall ensure that the Audit Committee is informed immediately on any situation involving the potential for or existence of a breach of independence and/or objectivity, including conflicts of interest or restrictions on the rights and authority of the IAS.

10. Interaction with the President of the Company

10.1 The Head of the IAS within interaction with the President of the Company:

- 1) Submits the approved Annual Audit Plan to the President of the Company for information purposes;
- 2) Submits to the President of the Company the report(s) prepared as a result of performed assurance engagements;
- 3) Discusses suggestions of the President of the Company for execution of internal audit engagements and on improvement of internal control, risk management and corporate governance.

10.2 The President of the Company shall ensure:

- 1) Creation of an effective internal control environment in the Company that facilitates the full and unhindered performance of the IAS, the achievement of established objectives and tasks and the maximum usefulness of the IAS for the Company;
- 2) Assistance the IAS in engaging employees of the Company's structural divisions as independent experts to provide the IAS with consulting services on highly specialized issues;
- 3) Consideration of the IAS reports on timely basis;
- 4) Inclusion of the IAS budget in the Company's budget in accordance with the established procedure;
- 5) Usage of outsourcing/co-sourcing of any internal audit activities by decision of the Board of Directors, in accordance with the established procedure;
- 6) Administrative (organizational and technical) support to the IAS.

11. Interaction with the auditees

11.1 If, during the performance of an internal audit engagement, the Head and employees of the IAS determine that they need to extend the scope of audit by including process/es of a structural division other than the auditee, the Head or employees of the IAS shall inform this structural division as soon as the IAS becomes aware of the need to extend the scope of the internal audit engagement and communicate the IAS's intention to conduct meetings/calls or collect additional information that is required to perform the necessary audit procedures.

11.2 The Head and employees of the IAS shall communicate to the Head and employees of the auditee, in a timely manner, the status of an internal audit engagement performance, interim results of an internal audit engagement, significant changes in an internal audit engagement's scope and timing. Internal audit engagement status and interim results should be communicated at least once every 10 consecutive working days, or at such another frequency as may be agreed with the Head of the auditee or the Company's structural division or employee requesting consultation.

11.3 The Head and employees of the auditee shall provide information/data requested by the IAS within the agreed deadlines. If the auditee fails to provide information/data requested by the IAS within the agreed deadlines, the IAS may assume that there is an absence of the requested information/data and develop further audit conclusions based on this assumption. If there is a reasonable justification for not providing the requested information/data on time, the auditee shall inform the IAS in advance in writing, e.g. by email.

11.4 Based on the IAS's adherence to the agile approach, the IAS is generally aimed at providing the auditee preliminary observations and recommendations on a regular basis to ensure a

more effective communication process. The Head and employees of the auditee shall provide comments on preliminary observations and recommendations to the IAS within 5 working days from the receipt of the preliminary observations and recommendations, unless otherwise agreed. If the auditee fails to provide comments on the preliminary observations and recommendations within the specified time period, the content, nature and details of the preliminary observations and recommendations shall be deemed to be agreed and free from omissions or inconsistencies and shall be included in draft report of the IAS.

- 11.5 The Head and employees of the auditee shall provide comments on a draft report to the IAS within 5 working days from the receipt of the draft report. Also, the Head of the auditee shall ensure the development of an action plan for the agreed recommendations received within the draft report, specifying the timing of their implementation and the responsible employees for the implementation of necessary actions. For other recommendations, not initially agreed by the auditee, but subsequently agreed, the auditee shall prepare an action plan and submit it to the IAS within 5 working days after their agreement.
- 11.6 If the auditee fails to provide comments on the draft report and relevant action plan within the specified time period, the report shall be considered final and the observations and recommendations contained therein shall be considered agreed. In such a case, an action plan shall be prepared by the auditee and submitted to the IAS within 10 working days after issuance of the report, otherwise, this case may be reported to the Audit Committee/the Board of Directors.
- 11.7 The refusal of the Head of auditee to implement the recommendations proposed by the IAS that reduce or eliminate the identified risk means the acceptance of this risk. If, in the opinion of the Head of the IAS, the level of residual risk accepted by the Head of an auditee may be unacceptable for the Company, the Head of the IAS shall discuss this issue with the President of the Company or Vice President responsible for the area where a recommendation is suggested. If the Head of the IAS concludes that the issue still remains unresolved, the Head of the IAS shall inform the Audit Committee on the matter.
- 11.8 Regular monitoring of the status of recommendations implementation of the IAS is the responsibility of the Head and employees of the auditee. The Head and employees of the auditee shall provide timely updates to the IAS on the implementation status of the accepted recommendations before the formally agreed deadline or the formally revised deadline for implementation of recommendation. In case the Head and employees of the auditee fail to timely provide updates on the implementation of the recommendation, then the relevant recommendation will be classified as overdue.
- 11.9 However, if it may reasonably appear that recommendation cannot be implemented within the originally agreed deadline and the appropriate justification is provided the Head and employees of the auditee may request the IAS to revise the deadline for implementing recommendation, unless the importance of a particular recommendation has a high rating. Only one revision of the deadline can be applied to the same recommendation. If the auditee misses the revised deadline for implementing recommendation, the recommendation shall be classified as overdue until it is implemented.
- 11.10 Cases where the Head and employees of the auditee fail to provide timely updates on implementation of the recommendations, miss deadlines for the recommendation of recommendations with a high rating, or miss the revised deadline for implementation deadline, may be escalated and separately discussed at the Audit Committee and/or the Board of Director meeting.

12. Interaction with other structural divisions of the Company and other organizations

- 12.1 While performing its tasks and functions, the IAS shall interact in the prescribed manner with all divisions of the Company, as well as with other organizations, in accordance with the legislation of the Republic of Kazakhstan.
- 12.2 In order to ensure proper coverage and minimize duplication, the Head of the IAS shall share information and coordinate activities with other divisions of the Company, with second line and with other parties providing assurance and advisory services.
- 12.3 The Head of the IAS in cooperation with the Company's divisions may develop and update the Assurance Map. The Company's divisions shall assist the IAS in developing and updating the Assurance Map.

13. Quality Assurance and Improvement of the IAS Activity

- 13.1 The Head of the IAS develops and maintains the Quality Assurance and Improvement Program (hereinafter QAIP) that covers all aspects of the IAS activities.
- 13.2 The QAIP is designed to assess the compliance of the IAS activities with the Standards and to assess whether the IAS employees apply the Code of Ethics. The QAIP also evaluates the effectiveness and efficiency of the IAS and identifies opportunities for improvement. The program includes ongoing monitoring, periodic and external assessments of the IAS activity.
- 13.3 The external assessment of the IAS shall be conducted at least once in five years by an independent external evaluator or a group of evaluators who are not employees of the Company or in the form of a self-evaluation with independent external validation.
- 13.4 The Head of the IAS shall report to the Audit Committee and/or the Board of Directors on the results of QAIP implementation.

14. Final Provisions

- 14.1 The Head of the IAS shall periodically review the Regulations and, if necessary, submit proposals for changes to the IAS Policy for approval by the Audit Committee and the Board of Directors.
- 14.2 Amendments and adjustments to the Regulations can be made by the decision of the Board of Directors upon the recommendations of the Audit Committee.