

# RESPONSIBILITY STATEMENT

In line with the Code, the Board of Directors, and the Management Board are responsible for preparing a reliable annual report and financial statements of the Company.

The Board of Directors and each member of the Board of Directors confirm that they recognise their responsibility for preparing and approving the annual report and financial statements, and consider the annual report and financial statements, taken as a whole, to be fair, balanced and understandable and to provide the information necessary for shareholders to assess the Company's position, performance, business model and strategy.

Each member of the Board of Directors confirms that to the best of their knowledge:

- the financial statements, prepared in accordance with IFRS, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the subsidiary undertakings included in the consolidation taken as a whole;

- the Management Board's report includes a fair review of the development and performance of the business and the financial position of the Company and the subsidiary undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties they face.

In line with the Code, the Board of Directors has determined that Christopher Walton, Philip Holland, Timothy Miller and Assel Khairova are independent in character and judgement. The Board of Directors has also determined that there are no relationships or circumstances which are likely to affect, or could appear to affect, the directors' judgement.

# CORPORATE CONTROL

In the event of corporate conflicts, the parties attempt to settle them by negotiation to efficiently protect the interests of KMG and other stakeholders.

In order to be effectively prevented or addressed, corporate conflicts primarily need to be identified

as soon and fully as possible, with all corporate governance bodies to act in a consorted manner.

Corporate conflicts are addressed by the Chairman of the Board of Directors assisted by the Corporate Secretary. If the Chairman of the Board of Directors is involved

in a corporate conflict, such cases are addressed by the Nomination and Remuneration Committee.

# INTERNAL AUDIT

Internal audits are carried out by KMG's Internal Audit Service (IAS).

The Internal Audit Service reports and is accountable to KMG's Board of Directors, and is supervised by the Audit Committee of KMG's Board of Directors.

The activities of the IAS are governed by Kazakhstan's laws; KMG's Charter; resolutions of KMG's governing bodies; Regulation on Internal Audit Service; Guidelines for KMG's Internal Audits, and other internal documents of KMG. Also, the IAS carries out its activities in line with the basic principles of the International Professional Standards for Internal Auditing developed by The Institute of Internal Auditors Inc., the Core Principles for the Professional Practice of Internal Auditing, the Code of Ethics and the Definition of Internal Auditing, which establish the fundamental requirements for the professional practice of internal auditing, as well as the principles underlying the assessment of internal audit performance. The IAS focuses on providing the Board of Directors with independent and objective information to ensure the effective management of KMG and its subsidiaries and associates by employing a systematic approach towards improving risk management, internal control and corporate governance processes.

The annual Internal Audit Plan is developed from a consideration of the principal risks confronting KMG, the audit testing cycle and management requests. The Internal Audit Plan also accommodates ad hoc requests from KMG's Audit Committee, Board of Directors and management.

To perform its activities in accordance with the annual audit plan, the IAS:

- assesses the reliability and effectiveness of applicable internal controls and risk management procedures;

- assesses the reliability, completeness and objectivity of the accounting policy as well as financial statements of KMG and its subsidiaries and associates based on such policy;
- assesses the efficiency of resource management at KMG and its subsidiaries and associates and the methods used to ensure asset integrity;
- monitors compliance with Kazakhstan's laws, corporate operational, investment and financial rules and regulations.

The IAS uses audit results to make recommendations on improving KMG's operations. The IAS consistently monitors and oversees the development and execution of measures to implement its recommendations.

Internal audit matters reviewed by the Audit Committee at its meetings include:

- IAS annual performance report;
- IAS quarterly performance reports, including reviews of any material findings identified in audit reports and follow-up on the implementation of internal audit recommendations;
- annual audit plan and amendments thereto;
- KPI scorecards of the IAS head and staff;
- IAS strategic plan;
- IAS budget;
- HR management within the IAS.

The Audit Committee not only monitors the IAS' performance but also facilitates professional development of the IAS employees and the management of its talent pool. These matters are covered by the IAS reports and reviewed by the Audit Committee on a quarterly basis.

The high professional level of the IAS employees is a key performance driver for KMG's internal audit function, therefore training and upskilling are prioritised.

## Assessments of the internal audit process performance

As required by the IAS quality assurance and improvement programme, following each audit, the audited entity is required to complete a form assessing the IAS' performance. Results of these assessments are consolidated into the IAS quarterly and annual performance reports reviewed and approved by KMG's Audit Committee and Board of Directors.

An independent external assessment of the Internal Audit Service is performed once every five years in accordance with the International Standards for the Professional Practice of Internal Auditing. In 2020, IAS underwent an independent external assessment of compliance with the International Standards for the Professional Practice of Internal Auditing, international best practices, KMG's Regulation on the Internal Audit Service, the Company's Code of Ethics and other applicable external and internal regulations governing the internal audit function, and was found 100% compliant with the standards.

Therefore, the activities of the IAS were found to be fully compliant with the requirements of the International Standards for the Professional Practice of Internal Auditing.