



Sustainable supply chain and procurement policies

Management approach

GRI 3-3

The transformation of the energy system along with the digital revolution is leading to changes in the organisation of work, as well as in the way goods and services are delivered. It also means that suppliers are becoming key partners in achieving sustainable development in all areas of the Company's activities.

Samruk-Energy JSC requires suppliers not only to comply with applicable laws and permits but also to commit to best practices in corporate governance, ethics, human rights, health, safety, and environmental protection. These principles are consistent with the Company's strategy, as well as its Code of Conduct and global compliance programs.

Procurement principles:

- Optimal and efficient use of funds;
- Openness and transparency, while respecting the rights and/or legitimate interests of suppliers regarding commercial confidentiality (until the tender results are announced);
- Fair competition and prevention of collusion among participants;
- Responsibility of procurement participants;
- Prevention of corruption;
- Support of domestic producers of goods – priority of purchases from Kazakhstani suppliers subject to compliance with international treaties ratified by the Republic of Kazakhstan;
- Procurement of innovative and high-tech goods, works, services;
- Providing equal opportunities for suppliers to participate in procurement procedures, except in cases provided by law;
- Respect for intellectual property rights.

Documents regulating the Company's procurement activities:

- Law of the Republic of Kazakhstan On Procurement of Certain Subjects of the Quasi-Public Sector;³¹

- Procurement Procedure of Samruk-Kazyna JSC and legal entities, fifty percent or more of the voting shares (participation interests) of which directly or indirectly belong to Samruk-Kazyna JSC by right of ownership or trust management³² (hereinafter – the Procedure).

Procurement Procedures Management

The Authorised Body for Procurement carries out continuous improvement of procurement processes, ensuring their transparency and efficiency. Relations with suppliers and potential suppliers are regulated by the Law of the Republic of Kazakhstan On Procurement of Certain Entities of the Quasi-Public Sector and the Procurement Procedure. Once a contract is concluded, the parties are governed by the norms of civil legislation and the terms of the contract.

All requirements for the quality of goods, works, and services (GWS) are established by the technical specification and contract. Contracts must provide for reporting on the share of in-country value, penalties, and other reports.

In contracts for the procurement of construction and installation works, which provide for estimate, pre-design, or design and estimate documentation, suppliers and subcontractors are required to purchase necessary materials from manufacturers and organizations implementing projects for the creation of new production facilities. Procurement is carried out based on commercial offers posted on the Samruk-Kazyna JSC procurement web portal (zakup.sk.kz). This portal provides open access to procurement information and promotes fair competition among suppliers.

In case of non-fulfillment of procurement obligations, the supplier is subject to penalties of no more than 10% of the total contract value.

In 2024, changes were made to tender security. Now, potential suppliers can provide tender security in the form of an electronic bank guarantee or funds placed in an electronic wallet on the procurement web portal.

Samruk-Energy JSC applies a unified approach to supplier assessment from a sustainable development perspective. The main tool is the ESG questionnaire, which includes questions on environmental aspects, human rights compliance, prevention of child and forced labor, as well as compliance with international labor standards (including ILO conventions and the UN Declaration on Human Rights).

Completion of the ESG questionnaire and compliance with the criteria is a mandatory condition for contract conclusion and is carried out at the procurement stage. Thus, each supplier, when concluding a contract, confirms compliance with the specified requirements. In accordance with the current Procurement Procedure established by the shareholder, additional checks, audits, or in-depth impact assessments are not currently conducted.

The questionnaire is also publicly available on the Company's website and can be used by suppliers for preliminary self-assessment.

The Company considers the ESG questionnaire as a key risk management tool in the supply chain within the current regulatory framework.



³¹ Decision of the Board of Directors of National Welfare Fund Samruk-Kazyna JSC Minutes No.193 dated 3 March 2022.
³² Law of the Republic of Kazakhstan On Procurement of Certain Entities of the Quasi-State Sector No.47-VII ZRC dated 8 June 2021.

**Baltabaev Askar Kuatbaevich**

Managing Director for Security and Risks



In 2024, we signed 41 offtake contracts under the import substitution programme – these are not just transactions, but a deliberate contribution to the development of national industry and the reduction of dependence on imported supplies.

This approach helps stimulate local production, create new jobs, and strengthen industrial cooperation within the country. We view import substitution as one of the key tools for enhancing the resilience and competitiveness not only of our company, but also of Kazakhstan's entire energy sector amid global challenges and supply chain instability.

Import substitution

In order to fulfill strategic tasks to stimulate the development of the national economy set by the Head of State and the Government of the Republic of Kazakhstan, Samruk-Kazyna JSC is actively working to create new competitive domestic production facilities in the processing industries.

To achieve this goal, the Fund is implementing a program to promote the creation of new production facilities (import substitution), aimed at replacing imports of goods that are regularly purchased by the Group of companies of the Fund.

The programme includes the conclusion offtake contracts for the purchase of goods. As part of the programme implementation, 41 off-take contracts with a total amount of over KZT 10.2 billion were concluded for the Group of companies of Samruk-Energy JSC.



Category procurement management

GRI 2-6, 204-1, GRI 12: Coal Sector: 12.8.6

The category management process is aimed at optimizing procurement activities, ensuring a reduction in the total cost of ownership – reducing the costs of the GWS category throughout the entire life cycle, not just at the procurement stage. This approach allows for the selection of the most modern and economically efficient solutions. The implemented changes in procurement activities contribute not only to reducing procurement prices but also to improving the quality of purchased goods, works, and services, as well as supporting the development of domestic manufacturers.

For example, as part of the implementation of the category procurement strategy for the IT equipment category (hereinafter – the Strategy), which is managed at the level of Samruk-Kazyna JSC, a unified workplace standard was developed, consisting of 14 types of equipment to unify technical specifications.

The Strategy also provides for the supply of customers with quality equipment through initial procurement by request for quotations with priority for domestic

manufacturers included in the Register of Trusted Software and Electronic Industry Products, which is formed by the authorized body in the field of the electronic industry.

The results of the strategy implementation show positive dynamics of growth in the share of domestic producers and increase in the share of in-country value.

As a result of the implementation of the category procurement strategy in 2024, an actual economic effect of KZT 230 million was achieved.

98%

of purchases by Samruk-Energy JSC in 2024 were purchases from local companies³³

Share of suppliers in the Group of companies of Samruk-Energy JSC

Indicator	Total	Local suppliers
Number of suppliers, pcs.	2,859	2,808
Amount of purchases, KZT billion	350	330

Amount of contracts concluded by the Group of companies with suppliers, KZT billion

Indicator	Amount	Share of local suppliers, %
Procurement conducted by single-source method	229	94
Procurements made by means of request for quotation method	11	100
Procurements made by open tender method	110	93

Share of in-country value (local content),³⁴ in supplied goods, works and services, KZT billion

Indicator	2022		2023		2024	
	Total amount of delivery	% DVC	Total amount of delivery	% DVC	Total amount of delivery	% DVC
Goods	174.89	78.42	145.78	66	140.73	73
Works and services	127.06	93	207.57	92	313.25	90
Total	301.95		353.35	81	453.98	84.8

³³ The Company operates in Kazakhstan, therefore a significant place of business is the Republic of Kazakhstan. By "local" the Company means the relevant territory of presence.

³⁴ Data on SACs taking into account newly entered subsidiaries and affiliates (AES Ust Kamenogorsk HPP LLP, AES Shulbinsk HPP LLP, ESC (Ekibastuz CHPP) LLP, Kokshetau CHPP LLP).