

2024 results:

Completed construction of a multifunctional sports complex in Uralsk (KZT 19.9 bln)

Launch of a Schoolchildren Palace in Kyzylorda financed by Kazgermunai (KZT 2.4 bln)

Implementation of the project titled “Otpan: Network of Anchor Schools in the Mangystau Region”. KMG renovated more than 50 classrooms and educational spaces in schools in Taushyk (Tupkaragan District), Zhetybai (Karakiya District), and Rakhat (Zhanaozen) (total of KZT 504 mln)

Launch of a Rehabilitation and Support Centre for special children in the Zhylyoi District, Atyrau Region (KZT 983.2 mln)

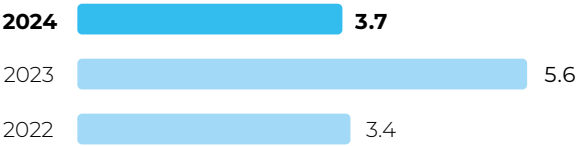
Planting of 4.4 mln saxaul seedlings on the dried seabed of the Aral Sea (KZT 420 mln) and over 600 trees in Astana (KZT 68 mln)

KMG implements the Zharkyn Bolashak project to enhance education level for children of the Mangistau Region. Currently, over 1,000 students who received grants study in 62 educational institutions across ten regions. In 2024, the Group allocated KZT 2.4 bln for this purpose

The subsoil use contracts signed by KMG subsidiaries provide for significant investment in developing the regions of operation and social support to vulnerable population groups. The Company's subsidiaries and associates also provide funds to local executive bodies, which are further distributed in line with the needs of local communities under agreements and memoranda concluded with the akimats of the respective regions. For instance:

- OMG allocated KZT 900 mln to finance for the development of social infrastructure in Zhanaozen and the Karakiya District of the Mangistau Region, and KZT 800 mln for the expansion of the activities of the Zhanaozen City Administration's state-owned enterprise Ozeninvest (up to 350 jobs) in the public utilities sector;
- Embamunaigas allocated KZT 617.7 mln to build a fitness and recreation centre for 150 visitors in Tandai (Makhambet District of the Atyrau Region), KZT 100.8 mln to finance the development of multifunctional sports grounds in Khimposelok, and KZT 68 mln to build multifunctional sports grounds in Birlik;
- KGM transferred KZT 375.6 mln for the socio-economic development of the Kyzylorda Region;
- As part of the Memorandum signed with the Akimat of the Aktobe Region to support its infrastructure and social and economic development, Kazakhoil Aktobe donated KZT 168 mln and transferred KZT 205.3 mln to the region's social fund, while Kazakhturkmunay allocated KZT 285.7 mln to support social infrastructure in Aktobe and Mangistau regions;
- Mangistaumunaigaz donated KZT 140 mln to support social and economic development of the Mangistau Region and its infrastructure;
- Urikhtau Operating donated KZT 34.4 mln to finance the region's social and economic development and infrastructure.

Funds transferred to local executive bodies (under subsoil use contracts), KZT bln



The approved 2024 budget for the North Caspian Project under the implemented social and infrastructure initiatives amounted to USD 40 mln. Projects in Atyrau, the Makat District, and the Mangystau Region were allocated USD 11 mln (KMG Kashagan's share – USD 1.85 mln).

The approved 2024 budget for the Karachaganak Project under the implemented social and infrastructure initiatives totalled USD 54 mln (KMG Karachaganak's share – USD 5.4 mln).

As part of the Egilik voluntary programme, Tengizchevroil finances significant projects agreed upon with local authorities, including the construction of kindergartens, schools, and other socially important facilities in Atyrau and the Atyrau Region with the Zhylyoi District. The programme's annual financing amounts to USD 25 mln.

The reporting year saw the completion of a 600-pupil secondary school in Bereke (Kulsary) and bank protection works along the Kursai River in Kulsary. The sports and recreation complex in Zhanatalap is almost complete, while numerous other initiatives are underway in the Atyrau Region.

In addition, Tengizchevroil allocated KZT 2 bln for flood mitigation and recovery efforts in 2024. To that end, the company sent 100 units of special-purpose equipment to Kulsary, arranged for meals for emergency workers and donated 550 thousand. l of lubricants and fuel. Tengizchevroil organised the construction of a 3 m-high and over 8 km-wide protective dam, involving around 100 employees and over 60 units of equipment.

Charity and sponsorship

Karazhanbasmunai provided KZT 32 mln in sponsorship assistance to build a kids' playground to mark the 50th anniversary of the first oil fountain at the Karazhanbas field.

PetroKazakhstan Oil Products transferred KZT 180 mln of sponsorship assistance to the Shymkent – kayyrymdy kala corporate social development fund to finance social projects in Shymkent.

In April 2024, KMG provided assistance worth KZT 10 bln to regions affected by floods through the Samruk-Kazyna Trust Corporate Foundation, the single operator of charity Samruk-Kazyna fund.

SUPPLIER RELATIONS

The key principles of KMG Group's procurement activities include compliance with laws and internal requirements, transparency of procurement procedures, promotion of fair competition, and provision of equal opportunities for counterparties. At the same time, KMG implements

a number of initiatives in procurement to support domestic manufacturers as part of the Programme to Promote the Modernisation of Existing and Creation of New Production Facilities.

Procurement management at KMG companies is governed by two documents:

**Law of the Republic of Kazakhstan No. 47-VII ZRK On Procurement by Certain Quasi-Public Sector Entities dated 8 June 2021 (the “Law”),** which became effective on 1 January 2022.

The Law sets out the key principles and conditions of procuring goods, works, and services required for the business and statutory operations of companies from the quasi-public sector, including those owned by Samruk-Kazyna.

**Procedure for Carrying out Procurements by Joint-Stock Company Sovereign Wealth Fund Samruk-Kazyna and Companies Where JSC Samruk-Kazyna Directly or Indirectly Holds Fifty (50%) or More Percent of Voting Stock (Equity Stake) on the Right of Ownership or Trust Management (the “Procedure”),** approved by Resolution of the Fund's Board of Directors No. 193 dated 3 March 2022.

The Procedure was developed in furtherance of the Law's Article 14 and sets out key procurement principles and approaches, the general procurement management procedure, procurement management competence of the Fund and the Fund's operator for procurement, main requirements for procurement processes, the definition of applicable procurement methods, and grounds for the application of single-source procurement, while also specifying the procurement processes<sup>1</sup> related to procurement category management, procurement planning, supplier selection and management, and management of supply contracts.

To maintain and enhance transparency and efficiency in line with the most advanced international procurement standards and technologies, KMG Group uses the E-Procurement IT System portal (the “E-Procurement IT System”) providing unhindered access (with certain exceptions, primarily related to state secrets) to procurement information to all stakeholders and ensuring equal opportunities for all participants in the procurement process.

The E-Procurement IT System enables automation and standardisation of all procedures within the procurement cycle (from planning to contract management) to cut the time needed to perform relevant tasks and reduce human factor. E-procurement facilitates market access and thus contributes to improved efficiency, increased competition and reduced administrative burden and operating expenses.

Apart from the E-Procurement IT System, procurement entities can purchase goods (with a threshold of up to 20 thous. MCI (Monthly Calculation Index)) of specific brands and models from certain manufacturers online at [www.skstore.kz](http://www.skstore.kz) using the list of goods categories approved by the Fund's Management Board.

In addition to the public dissemination of information on procurement procedures and procurement contracts, including details of invitations to bid and the terms and conditions of contracts, the E-Procurement IT System envisages the advance establishment of requirements for participation in a competitive procurement, including selection criteria, bidding rules and publication thereof, while ensuring an efficient internal control system, including challenging the results of procurement in case of non-compliance with the rules or procedures established by regulations.

<sup>1</sup> Among other things, the specifications include applicable terms and requirements for the applicable documents and procedures.

Total procurement volume

The total procurement volume in 2024 under the annual procurement plan amounted to KZT 1,219 bln net of VAT. Reducing supplies from a single source and increasing the share of competitive procurement play an important role in KMG's procurement activities. Competitive procurement includes open tenders, requests for quotations, e-procurement, and commodity exchanges. In 2024, the amount of competitive procurement contracts under the annual procurement plan for KMG Group totalled KZT 593 bln (51%), which demonstrates KMG's commitment to ensuring fair competition and sustainability. Non-competitive single-source procurement is made in exceptional cases where it is impossible to procure goods on a competitive basis.

KZT **1,219** bln  
total procurement volume in 2024

KZT **593** bln  
value of competitive procurement contracts under the annual procurement plan for KMG Group in 2024

Competitive procurement, KZT bln, net of VAT<sup>1</sup>

Year	Goods		Works and services		Total	
	Total amount	Share, %	Total amount	Share, %	Total amount	Share, %
2022	237	23	275	26	512	49
2023	302	25	320	26	622	51
2024	258	22	335	29	593	51

Total volume of goods, works and services supplied, including long-term procurement contracts, and share of local content for the year

Year	Goods		Works and services		Total <sup>2</sup>	
	Total amount, KZT bln	Share of in-country value, %	Total amount, KZT bln	Share of in-country value, %	Total amount, KZT bln	Share of in-country value, %
2022	410	58	1,290	90	1,700	82
2023	606	50	1,580	88	2,186	77
2024	503	55	1,550	89	2,054	81

<sup>1</sup> Competitive procurement includes open tenders, requests for quotations, e-procurement, and commodity exchanges.

<sup>2</sup> Total volume of procured goods, works and services, including long-term procurement contracts, does not take into account procurements conducted under special procedures.

Pre-qualification of potential suppliers

Continuous improvement in procurement with a focus on the requirements and standards applied in Kazakhstani and international practices is one of KMG's priorities. Pre-qualification of potential suppliers is an effective tool for addressing this need.

Pre-qualification (PQ)<sup>3</sup> is the questionnaire- and audit-based process of evaluating potential suppliers for compliance with the qualification requirements defined in accordance with the Procurement Procedure.

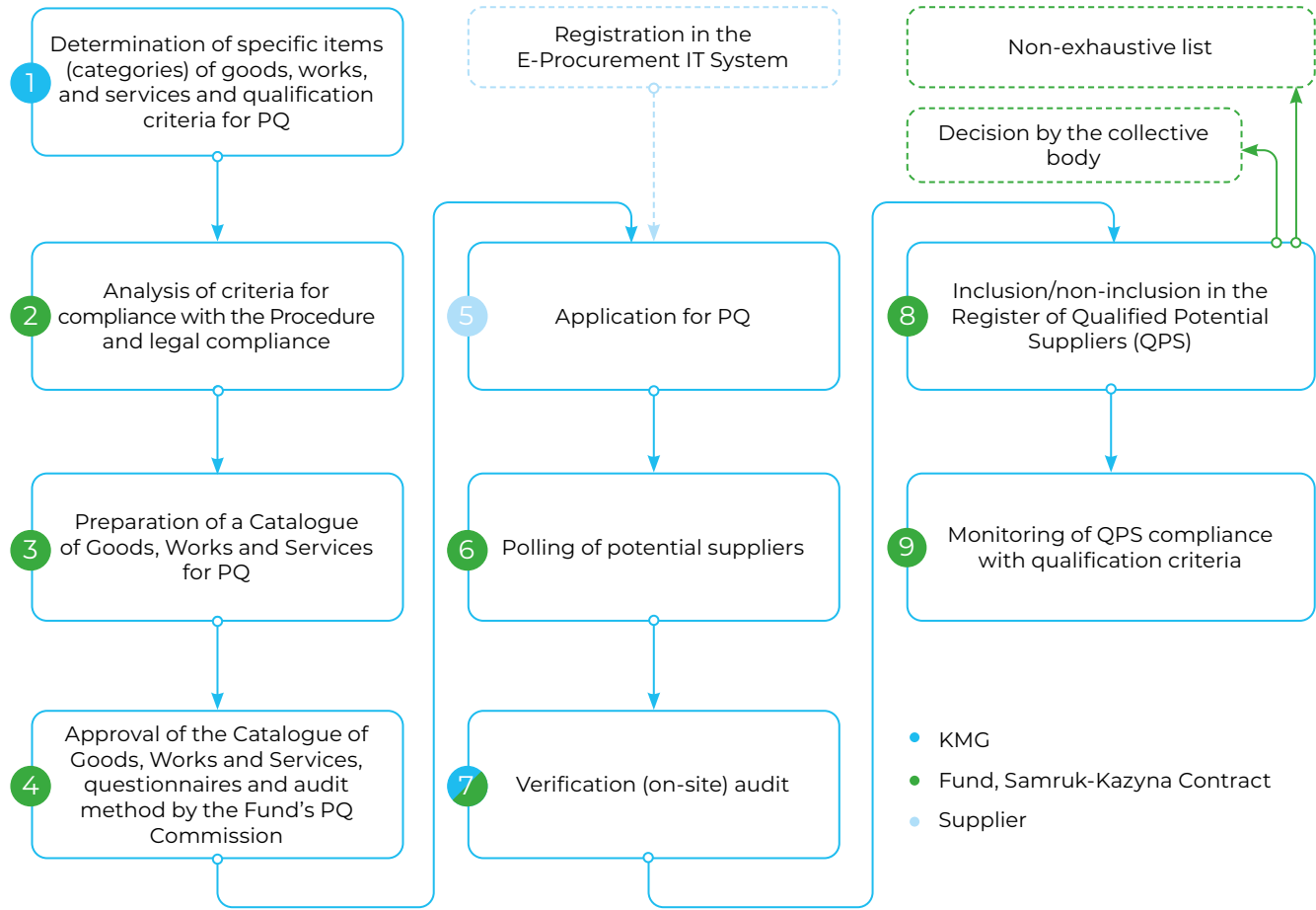
The key objectives of PQ are to identify qualified suppliers selected on the basis of formal criteria, and to improve procurement efficiency with respect to the goods, works, and services sourced for the needs of the Fund's portfolio companies.

So far, the Fund's PQ Commission has approved 43 categories of goods, works and services that can be procured by KMG's subsidiaries and associates through open tenders held among bidders pre-qualified in line with the PQ procedure.

In 2024, KMG developed additional qualification criteria for ten categories of goods, works, and services for the PQ procedure. Of these, three categories were successfully approved in 2024, whilst the remaining seven categories are currently being considered by the Fund's PQ Commission.

**43** categories of goods  
approved by the Fund's PQ Commission

PQ procedure



<sup>3</sup> After completion of the PQ procedure and subject to the approval by the qualification body's commission, potential suppliers are included in the Register of Qualified Potential Suppliers publicly available at Samruk-Kazyna's procurement portal.

Category-based procurement

Procurement category management is the process of developing a comprehensive approach to reducing costs associated with procurement and the use of goods, works, and services included in priority categories.

Categorisation implies combining goods, works and services into procurement categories on the basis of common characteristics of procurement items and/or a single market of potential suppliers. Categories may include one or more items of goods, works, and services. Categories characterised by a high cost, criticality, savings potential, and manageability are identified as priorities.

Category-based management helps increase the potential for savings through a more detailed analysis by developing and approving a category-based procurement strategy. This strategy determines an optimal approach to purchasing goods, works, and services based on maximisation of benefits in the long or short term. Category-based procurement should contain goals and objectives, internal and external environment analysis, approaches to procurement category management, requirements for supplier development, calculation of benefits, and an implementation plan.

Category-based management results in significant reduction of the cost of purchase and use of goods, works, and services through strategic planning, a detailed analysis of goods and services to be purchased, and calculations of the total cost of ownership, as well as cross-functional interaction with various business units. This method of procurement is effective in that it provides both quality and a transparent price by engaging reliable manufacturers and suppliers.

- Procurement category management includes:
- categorisation of goods, works, and services to be purchased and identification of priority procurement categories;
  - development (update) and approval of category-based procurement strategies for priority categories;
  - implementation of category-based procurement strategies;
  - monitoring of the implementation of category-based procurement strategies;
  - supplier development.

Category-based procurement volume and benefits by year, 2018–2024, KZT mln

Indicator	2018	2019	2020	2021	2022	2023	2024
Category-based procurement volume	13,948.38	41,531.68	49,716.04	109,447.54	93,618.92	115,545.23	124,942.2
Category-based procurement benefits	1,565.01	4,101.81	7,011.23	13,109.53	8,435.32	7,534.63	13,368.3

Import substitution

As a company representing the interests of the government in the oil and gas industry, KMG is actively working to promote import substitution in procurement under Law of the Republic of Kazakhstan No. 47-VII ZRK On Procurement by Certain Quasi-Public Sector Entities dated 8 June 2021 (Procedure for the Conclusion and Execution of Off-take Agreements (Programme to Promote the Creation of New Production Facilities) (the “Programme”). The Programme’s primary objective is to support private entrepreneurs who launch new production facilities (especially in the regions of operation) and undertake technological upgrades to manufacture currently imported products sought by Samruk-Kazyna Group.

Off-take agreements provide for the implementation of import substitution projects with a condition precedent stipulating the purchase and delivery of goods to be manufactured in Kazakhstan as a result of the project.

<sup>1</sup> The amount only applies to companies where KMG owns a 50+% interest.

As of 31 December 2024, KMG’s subsidiaries and associates entered into 137 off-take agreements for a total of KZT 58.7 bln.

Year	Number	Amount, KZT mln <sup>1</sup>
2019	10	270
2020	41	686
2021	49	388
2022	56	791
2023	64	1,687
2024	137	58,688
Total	357	62,510

Under paragraph 6 of the Nationwide Action Plan to implement the Address of the Head of State to the people of Kazakhstan “Economic Course of Fair Kazakhstan” delivered on 1 September 2023, approved by Presidential Decree No. 353 dated 16 September 2023, new KPIs were developed and approved for KMG enterprises to achieve “the share of off-take agreements in the procurement of goods” in the amount of 10% in 2024. In the reporting period, the share of off-take agreements in KMG’s procurement was 72%.

137

off-take agreements entered into for a total of KZT 58.7 bln

Key local content indicators for major projects in 2024:

Indicator	Tengiz		Kashagan		Karachaganak	
	Total amount	Share of local content, %	Total amount	Share of local content, %	Total amount	Share of local content, %
Total payments for local goods, works, and services	USD 2.9 bln	69	USD 656.3 mln	62	USD 679.6 mln	65
Spending on local goods	USD 38 mln	7	USD 15.1 mln	16	USD 37.9 mln	18
Spending on local works	USD 1.5 bln	80	USD 392.1 mln	80	USD 240.5 mln	67
Spending on local services	USD 1.3 bln	77	USD 249.1 mln	53	USD 401.2 mln	84

In 2024, KMG achieved the Fund’s targets for the share of in-country value in goods, works, and services.

Company	Total	Share of in-country value, %	Goods			Works and services		
			Amount	Share of in-country value, %	Target set by the Fund	Amount	Share of in-country value, %	Target set by the Fund
KMG	2,054	81%	503	55%	55%	1,550	89%	89%

<sup>1</sup> The amount only applies to companies where KMG owns an interest of 50% or more.