

# 3.7

## SUPPLY CHAIN

Most of our work in 2017 was of the standard variety, aimed at achieving cost savings and concluding timely contracts. In addition, however, we held an Open Day in an effort to explain to all interested suppliers how to do business with our Company, including details about the procurement process and prequalification of suppliers. We also invited NWF Samruk Kazyna and the European Bank for Reconstruction and Development to explain the new horizons of procurement and to provide an overview of joint projects. The event was very well received by suppliers and participants.

In terms of strategic development, we are constantly updating our procurement manual to reflect changes in procedures that have a positive impact on our procurement processes. We achieved savings of 15-30% from open tenders during the last five years.

Training of procurement staff includes CIPS (Chartered Institute of Procurement and Supply) qualifications and other relevant courses.

Our supply chain system operates on the basis of:

- » Air Astana's Procurement Rules;
- » Laws of the Republic of Kazakhstan and other methodological materials and guidelines of the Republic of Kazakhstan regulating procurement procedures;
- » Our Company's orders, instructions, rules, manuals, guides and technical requirements.

The HACCP methodology is used at all stages of the production chain, from receipt of products in warehouses to delivery of food to the aircraft.

HACCP means hazard analysis and critical control points, a concept that provides for the systematic identification, assessment and management of hazardous factors that significantly affect product safety (for the food industry). This is a highly effective management methodology that makes it possible to focus our Company's resources and efforts in critical areas of production, while at the same time reducing the risk of the release and sale of a hazardous product.

### Achieved key performance indicators (KPIs)

- » Development of Samruk Kazyna's rules in favour of the Company or best practices
- » Developing a PRD (Performance Review and Development) performance management system that includes vendor and employee performance management
- » Monitoring and controlling cost savings, quality of product or services
- » Reducing overall risk and continuity of supply