

# Procurement Support



Samruk-Kazyna Contract LLP was established in 2009 as a procurement operator for the Group of companies of Samruk-Kazyna JSC.

The Company is responsible for the support and development of the electronic procurement information system (the Fund's procurement web portal), monitors local content and prices for products purchased by companies within the Group of Samruk-Kazyna JSC. In addition, the Company is engaged in the development of the Unified Nomenclature Directory of goods, works and services, which is used in the procurement procedures of the Fund's

Group, in public procurement, as well as in the procurement processes of the quasi-public sector, natural monopolies and subsoil users. In addition, CCM pre-qualifies potential suppliers and assists the Fund's Group in categorical procurement management.

## KEY PERFORMANCE RESULTS 2024

Indicator	2023	2024
<b>Procurement performance indicators by the Fund's Group</b>		
Amount of concluded contracts, billion KZT	3,697	3,625
Total share of in-country value in procurement, %	79%	82.5%
Share of in-country value in purchases of goods, %	60%	62%
Share of in-country value in procurement of works and services, %	87%	92%
Total single-source procurements, billion KZT (% indicates the share of the total amount of procurement carried out)	2,100 (57%)	2,178 (60%)
Total procurements through open tenders, requests for quotations (RFQ) and other competitive methods, billion KZT (% indicates the share of the total amount of procurements made)	1,597 (43%)	1,447 (40%)
Number of offtake agreements contracts concluded (as of the end of the year, cumulative total), units	476	842
Total amount of offtake agreements concluded (as of the end of the year, cumulative total), billion KZT	115.7	306.6

Indicator	2023	2024
<b>Indicators of Samruk-Kazyna Contract LLP</b>		
<b>Production figures</b>		
Number of potential suppliers registered on the procurement web portal (as of the end of the year, cumulative total), '000 units	97	115
Number of potential suppliers that passed preliminary qualification selection, units <sup>28</sup>	81 (215)	99 (221)
Number of procurement category strategies (at the end of the year, cumulative total), units	29	28
Number of codes of the Unified Nomenclature Directory of Goods, Works and Services (at the end of the year, cumulative total), units	53,150	53,701
<b>Financial indicators, '000 KZT</b>		
Revenue	3,091,819	3,604,732
Dividends paid in the reporting period, for the previous year	500,000,	615,000
Net profit	637,824	704,874
Costs	2,512,600	2,898,060
Operating profit	649,168	704,949
Net debt	0	0
Taxes paid	459,449	321,709
<b>Sustainable development indicators:</b>		
Accidents	0	0

AGREEMENTS  
SIGNED WITH  
DOMESTIC PRODUCERS

1.1  
KZT trillion

OFFTAKE  
CONTRACTS  
SIGNED

191  
KZT billion

## IMPORT SUBSTITUTION PROGRAMME

The Fund actively participates in the implementation of industrial and innovative projects of social importance, which contribute to sustainable economic development of the Republic of Kazakhstan. One of the key areas of the Fund's activities is support of local production through the Import Substitution Programme. The Fund regularly, on a quarterly basis, determines and approves the Pool of

Goods of Net Import, in which the Fund's Group of companies has a long-term need. Companies located in Kazakhstan are invited to start production of these goods. In return, the Fund undertakes to ensure stable and long-term demand for the products produced. From 2018 to 2024, 91 projects were approved for offtake contracts, resulting in 842 offtake contracts totalling approximately KZT 306.6 billion.

<sup>28</sup> Cumulative data (taking into account exclusion of suppliers from the CAT Register on established grounds).

## MAINTAINING THE REGISTER OF THE FUND'S COMMODITY PRODUCERS

In order to support domestic producers, on an ongoing basis, the Fund accepts, reviews and makes decisions on the materials submitted for inclusion in the Register of Commodity Producers of the Fund (CPF Register), which gives producers a priority right to participate in the Fund's procurement.

At the end of 2024, 2,254 applications from businesses for inclusion in the CPF Register were considered. Currently, 807 organisations in more than 18,000 commodity items are included in the CPF Register.

## PRE-QUALIFICATION OF POTENTIAL SUPPLIERS

In the context of modern procurement practices, the process of pre-qualification of potential suppliers (PPS) is of key importance. It provides indirect mitigation of risks associated with the subsequent award of contracts and also contributes to optimising the costs of tender procedures. Pre-qualification helps to ensure transparency and fair competition in the market by selecting organisations that are likely to meet the customer's needs for quality goods, works and services.

A total of 221 potential suppliers are included in the Register of Qualified Potential Suppliers (hereinafter referred to as the QPS Register). For 2022–2023 – 177 potential suppliers, in 2024 –

99. The low growth in the number of participants is due to the expiry of the 3-year term of being in the QPS Register, previously included potential suppliers, resulting in automatic exclusion from the QPS Register and a decrease in the number of participants in the PQS.

In the reporting period, 20 new categories of goods, works and services were developed jointly with the Fund's portfolio companies to which PQS is applied. Regular monitoring of the quality of services provided notes a 100% level of satisfaction with the PQS process on the part of potential suppliers, which confirms its high efficiency and contribution to improving competitiveness in the market.

## CATEGORY MANAGEMENT

Category Management (hereinafter referred to as CM) is a modern global management practice aimed at improving the economic efficiency of a company's procurement processes. The main objective of CM is to transform the approach to procurement considering the peculiarities of a particular business area. This practice helps to significantly reduce the cost of procurement, improve the quality of purchased goods, optimise logistics costs, and minimise the amount of illiquid inventory. A key advantage of CM is that

when selecting a supplier, the main criterion is not only the purchase price, but also the total sum of all costs incurred at each stage of the life cycle of a product, work or service – from the moment of purchase to its complete write-off or disposal.

## LIST OF PROCUREMENT CATEGORIES OF THE FUND AND THE FUND'S ORGANISATIONS

As of 31 December 2024, the list included 28 procurement categories, including 4 at the level of the Fund; 11 at NC KazMunayGas JSC, 7 at NC Kazakhstan Temir Zholy JSC, 5 at Samruk-Energy JSC, and 1 at NAC Kazatomprom JSC.

## DEVELOPMENT AND IMPLEMENTATION OF THE FUND'S PROCUREMENT CATEGORY STRATEGIES

In 2024, work was carried out to update the drafts of two procurement category strategies of the Fund for the categories of Protective Clothing and Pipe Products. A draft of the Fund's procurement category strategies for the Tyres category has also been prepared. Approval of all projects is expected in 2025.

The economic effect of the Fund's procurement category strategies, according to operational data, totalled KZT 3.8 billion (10% of costs).

## FURTHER DEVELOPMENT OF THE UNIFIED NOMENCLATURE DIRECTORY OF GOODS, WORKS AND SERVICES

As of 31 December 2024, the total number of codes in the Unified Nomenclature Directory of Goods, Works and Services (hereinafter – UNDGWS) reached 53,701, including 51,244 codes for goods, 582 codes for works and 1,875 codes for services. In 2024, 2,011 applications for adding new codes were reviewed in the information system of the UNDGWS. Of these, the Commission for review and approval of UNDGWS codes approved 648 new codes, 1,363 were returned to applicants with proposed codes and recommendations.

One of the strategic objectives for the development and improvement of the UNDGWS is to implement unification and standardisation of technical specifications in procurement. The indicator reflects the number of UNDGWS codes covered by standardised standard technical specifications in the procurement of goods for the Group

of companies of the Fund and is aimed at improving the efficiency and quality of procurement, as well as eliminating the risks of incorrect application of UNDGWS codes.

Based on the analysis of purchases of the Fund's companies from KZT 3 million and above for 2023, with the frequency of use more than 10 times a year, and on the presence in the Register of commodity producers of the Fund and the Register of Organisations of Persons with Disabilities, in the reporting year, a list of 5,036 UNDGWS codes for goods was formed. Templates of standard technical specifications for use in the information system of electronic procurement were developed for these codes in co-operation with specialists of the Fund's companies.

## DIGITALISATION

In accordance with the Rules of property realisation of Samruk-Kazyna JSC, a web portal for the Fund's property realisation was developed, which ensures increased transparency and efficiency of the process of illiquid property sale. At the current date it is expected to receive the consent of the Agency of the Republic of Kazakhstan for Protection of Competition for its industrial introduction.

Automated monitoring of planned prices for goods in the procurement information system was introduced. When forming procurement plans or adjusting them, planned prices are compared with the average prices for the Fund and actual prices for a particular company. In case of excess, companies receive notifications and justify their prices. As a result, there is a positive dynamics of requesting price offers from more companies, including local producers, which leads to better formation of planned prices.

For 2024, price monitoring covered 2,696 commodity items worth KZT 2.4 trillion.

During 2024, a number of works were carried out to further develop the functionality of the Electronic Procurement Information System (EPIS):

- An electronic wallet has been implemented to optimise the process of tender security deposit by potential suppliers;
- Integration between the ESF IS and the EPIS portal to receive data from the State Revenue Committee of the Ministry of Finance of Kazakhstan via Smart Bridge was implemented;
- Refinement of authorisation in connection with the transition to new EDSs of the National Certification Centre;
- Implemented integration between Smart Data Ukimet and the EPIS portal for reporting procurement data.

## LIST OF UNRELIABLE SUPPLIERS

The CCM shall form and maintain a List of Unreliable Suppliers.

A total of 1,973 potential suppliers (vendors) were included in the List in 2024. Of these, 1,041 were included for evading the conclusion of a contract (automatically), 757 – by a court decision

establishing non-fulfilment or improper fulfilment of contractual obligations, 58 – for failure to provide security for contract performance, and 117 – for providing false information in the procurement process.

## PLANS FOR 2025

Further development of EPIS functionality:

- Integration with the state databases Individuals and Legal Entities, e-licensing portal, development of integration with Information Systems of the State Revenue Committee of the Ministry of Finance of the Republic of Kazakhstan (including data on income, declaration of goods, etc.), as well as development of integration with the Unified Procurement Portal;

- Modernisation of the EPIS to provide protection against the use of bots that automatically submit applications;
- Development of the Offtake Contracts module and the PCO module;
- Integration Bus Modernisation.