

PROCUREMENT SUPPORT



SAMRUK-KAZYNA CONTRACT LLP (HEREINAFTER — SKC) WAS ESTABLISHED IN 2009 AND PERFORMS THE FUNCTIONS OF A PROCUREMENT OPERATOR FOR THE GROUP OF COMPANIES OF SAMRUK-KAZYNA JSC.

Contract amount

3,697

KZT billion

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 procurement procedures of the Fund's group, in public procurement, as well as in the procure-

ment processes of the quasi-public sector, natural monopolies and subsoil users. In addition, SKC conducts pre-qualification of potential suppliers and assists the Fund Group in categorical procurement management.

KEY PERFORMANCE RESULTS FOR 2023

Indicator	2022	2023
Procurement performance indicators by Fund group		
Amount of concluded contracts, KZT billion	3,591	3,697
Total share of in-country value in purchases, %	79%	79%
Share of in-country value in purchases of goods, %	61%	60%
Share of in-country value in procurement of works and services, %	89%	87%
Total amount of procurement conducted by single source method (SSM), KZT billion (% indicates the share of the total amount of procurement conducted)	1,407 (39%)	2,100 (57%)
Total amount of purchases conducted by open tender (OT), request for quotations (RFQ) and other competitive methods, KZT billion (% indicates the share of the total amount of conducted purchases)	2,184 (61%)	1,597 (43%)
Number of concluded off-take contracts (as of the end of the year, cumulative total), units	331	476
Amount of off-take contracts concluded (as of the end of the year, cumulative total), KZT billion	101.4	115.7
Indicators of Samruk-Kazyna Contract LLP		
Production figures		
Number of potential suppliers registered on the procurement web-portal (as of the end of the year, cumulative total), thousand units	81	97
Number of potential suppliers that passed preliminary qualification selection, units	96 (134) ²⁹	81 (215) ³⁰
Number of procurement category strategies (at the end of the year, cumulative total), units	21	29
Number of codes of the Unified Nomenclature Directory of Goods, Works and Services (at the end of the year, cumulative total), units	52,363	53,150
Financial indicators, KZT thousands		
Revenue	2,781,281	3,019,819
Dividends paid in the reporting period, for the previous year	1,721,481	500,000
Net income	585,794	637,824
Costs	2,199,575	2,512,600
Operating profit	662,866	649,168
Net debt	0	0
Amount of taxes paid	929,577	459,449
Sustainability Indicators:		
Accidents	0	0

²⁹ cumulative data (taking into account exclusion of suppliers from the CAT Register on the stipulated grounds)

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706

organizations

IMPLEMENTATION OF THE IMPORT SUBSTITUTION PROGRAM

The Fund takes an active part 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 Program. 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 2023, 68 projects were approved for off-take contracts, resulting in 476 off-take contracts totaling approximately KZT 115.7 billion.

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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 (Register of CPF), which gives producers a priority right to participate in the Fund's procurement.

At the end of 2023, 2,532 applications from businesses for inclusion in the Register of CPF were considered. At present, 706 organizations in more than 15,000 commodity items are included in the Register of CPF.

9 new categories of goods, works and services is applied were developed jointly with the Fund's portfolio companies

9
new categories

For the period 2022-2023, 177 potential suppliers were included in the QPS Register

177
suppliers

REGULAR MONITORING OF THE QUALITY OF SERVICES PROVIDED INDICATES 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.

PRE-QUALIFICATION OF POTENTIAL SUPPLIERS

IN THE CONTEXT OF MODERN PROCUREMENT PRACTICES, THE PROCESS OF PRELIMINARY QUALIFICATION SELECTION (HEREINAFTER — PQS) OF POTENTIAL SUPPLIERS ACQUIRES KEY IMPORTANCE.

It provides indirect mitigation of risks associated with the subsequent conclusion of contracts, and also contributes to the optimization of tender procedure costs. Pre-qualification helps to ensure transparency and fair competition in the market by selecting organizations that are likely to meet the customer's needs for quality goods, works and services.

A total of 215 potential suppliers were included in the Register of Qualified Potential Suppliers (hereinafter — the "QPS Register"). For the period 2022-2023, 177 potential suppliers were included in the QPS Register (growth — 81 participants in the period 2022-2023).

During the reporting period, 9 new categories of goods, works and services for which the PQS is applied were developed jointly with the Fund's portfolio companies. The decrease in the number of new categories developed is explained by the focus on additional PQS procedures, such as updating existing categories and monitoring the status of organizations included in the QPS Register. Regular monitoring of the quality of services provided indicates 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 PROCUREMENT MANAGEMENT

Category Procurement Management (hereinafter referred to as CPM) is a modern global management practice aimed at improving the economic efficiency of a company's procurement processes. The main objective of CPM is to transform the approach to procure-

ment with regard to the specifics of a particular business area. This practice helps to significantly reduce the cost of procurement, improve the quality of purchased goods, optimize logistics costs, and minimize the volume of illiquid inventory. The key advantage of CPM 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 ORGANIZATIONS

As of December 31, 2023, the List includes 29 categories of procurement, including: at the level of the Fund — 5, NC KazMunay-Gas JSC — 10, Kazakhstan Temir Zholy JSC — 7, Samruk-Energy JSC — 4, NAC Kazatom-prom JSC — 3.

DEVELOPMENT AND IMPLEMENTATION OF THE FUND'S PROCUREMENT CATEGORY STRATEGIES (HEREINAFTER — PCS)

In 2023, the Fund's PCS for the category "IT equipment" was updated (decision of the Fund's Board of Directors No. 51/23 of October 26, 2023).

As of December 31, 2023, the Fund's two PCS for the Health Insurance and Tire categories are in the process of being developed (approval is expected in 2024).

The economic effect on the results of implementation of the Fund's PCS amounted to KZT 5,226 million (16% of the cost).

DURING 2023, 2,061 APPLICATIONS FOR THE ADDITION OF NEW CODES WERE REVIEWED IN THE UNDGWS INFORMATION SYSTEM.

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

As of December 31, 2023, the total number of codes in the Unified Nomenclature Directory of Goods, Works and Services (hereinafter — UNDGWS) reached 53,150, including 50,718 codes for goods, 575 codes for works and 1,857 codes for services. During 2023, 2,061 applications for the addition of new codes were reviewed in the UNDGWS information system. Of these, the Commission for review and approval of UNDGWS codes approved 1,037 new codes and returned 1,024 applications.

One of the strategic objectives for the development and improvement of the UNDGWS Unified Tax System is the implementation of the plan for unification and standardization of technical specifications in procurement. The indicator reflects the number of UNDGWS codes covered by standardized 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 10 million and above for 2022, with the frequency of application more than 50 times a year, and proposals of the Fund's companies, in the reporting year a list of 2,952 UNDGWS codes for goods was formed. Templates of standard technical specifications for application in the information system of electronic procurement were developed for these codes jointly with specialists of the Fund's companies.

DIGITALIZATION OF PROCESSES

In accordance with the Rules of property realization of Samruk-Kazyna JSC, the information system "Web portal for the realization of the Fund's property" was developed. In the 3rd quarter of 2023, a successful pilot testing of several portfolio companies of the Fund was conducted. Earlier, in 2022,

automated monitoring of planned prices for goods in the information system of procurement 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 are

notified and justify their prices. As a result, there is a positive dynamics of requesting price offers from more companies, including local manufacturers, which leads to better formation of planned prices.

LIST OF UNRELIABLE SUPPLIERS

The SKC form and maintain a List of Unreliable Suppliers.

A total of 924 potential suppliers were included in the List in 2023. 464 of them were included for evading the conclusion of a contract, 376 — by a court decision establishing non-fulfillment or improper fulfillment of contractual obligations, 60 — for failure to provide security for the execution of a contract, and 24 — for providing false information in the procurement process.

PLANS FOR 2024

In 2024, a number of significant initiatives are envisaged. It is planned to apply to the Agency for Protection and Development of Competition of the Republic of Kazakhstan to obtain approval for the launch of the information system "Web portal for the realization of the Fund's property". In the current year it is planned to integrate the results of the pilot project on unification and standardization of technical specifications into the procurement system after the necessary modifications of information systems UNDGWS and EPIS. During 2024, the List of procurement categories will also be updated.