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Development Strategy for 2018–2028



Electricity and coal market overview



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PROCUREMENT MANAGEMENT



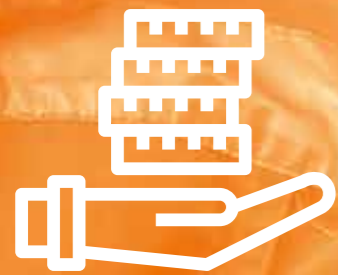
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PROCUREMENT MANAGEMENT

RELIABILITY FOR ALL TIMES

PROCUREMENT MANAGEMENT

Procurement activity methodology

On December 26, 2018, the Republic of Kazakhstan Law No. 202-VI “On making changes and additions to certain pieces of legislation of the Republic of Kazakhstan on public procurements and procurements of quasi-public sector entities” was signed, changes and additions related to the procurement system will come into force on January 1, 2020.

The main goal of the transition to the new procurement model is the introduction of an integrated procurement management system at the Fund’s group of companies; the system focuses on improving the competitiveness and market value of companies that are part of the Holding company.

The new procedure and standard involve processes such as planning and carrying out procurements, development of procurement strategies, managing and developing suppliers, and managing supply and inventory.

As part of the transition to the new procurement model, “Samruk-Energy” JSC Management Board approved the Rules for management of procurement activity of “Samruk-Energy” JSC and organizations where “Samruk-Energy” JSC directly or indirectly holds their fifty or more percent of voting shares (equity stake) on the right of ownership or trust management.

The Program of support for upgrading the existing and creating the new production facilities for 2014–2022 (phase-out of imports)

To implement strategic tasks on promoting the development of national economy, which were set by the Head of State and the Government of the Republic of Kazakhstan, “Samruk-Kazyna” JSC is carrying out an extensive work together with the “Atameken” National Chamber of Entrepreneurs of the Republic of Kazakhstan to create new competitive domestic production facilities in the field of processing industries.

To achieve this objective, the Fund implements the program of support for upgrading the existing and creating the new production facilities for 2014–2022 (import substitution) (hereinafter – the Program), aimed at import substitution of goods purchased by the Fund’s group on an ongoing basis.

The program involves the conclusion of long-term contracts for the procurement of goods (off take contracts). As part of the Program implementation, 16 off-take contracts totaling 97.6 mln tenge were signed in 2020 across “Samruk-Energy” JSC group of companies.

CATEGORY PROCUREMENT MANAGEMENT

The process of category procurement management involves the improvement of procurement activities.

The concept of category procurement management is based on a decrease in the total cost of ownership indicator, i.e. cutting costs of GWS categories throughout the entire life cycle of its ownership, and not just direct purchase costs, which allows choosing the most up-to-date and cost-effective solutions. Changes that are being introduced in procurement activities contribute to lowering of procurement prices, improving the quality of purchased goods, works and services, and promote domestic producers.

Procurement category strategies were developed in 2020 for the categories “Pipes”, “Electric lighting equipment”, the categories of previous periods, such as “Metal rolling”, “Tires”, “Coal transportation”, were updated. As of today, during the implementation period, the procurement category group developed 11 procurement category strategies during the introduction and the actual economic effect is 3.78 bn tenge.

The task to develop and approve 24 procurement category strategies by 2022 was set. The potential economic effect from the implementation of procurement category strategies is estimated at 5.8 bn tenge by the end of 2022.

Information on the share of local content in procurements in 2018–2020, mln tenge*

	2018 actual		2019 actual		2020 actual	
	The total amount of actually supplied GWS	% LC	The total amount of actually supplied GWS	% LC	The total amount of actually supplied GWS	% LC
Goods	152,323.77	83	159,847.19	80	168,776.88	79
W/S	153,420.06	88	159,365.72	87	104,660/70	79

*Note: “Samruk-Kazyna Contract” LLP data

STRATEGIC REPORT

REPORT ON CORPORATE GOVERNANCE

ACTIVITY REPORT IN THE FIELD OF SUSTAINABLE DEVELOPMENT