



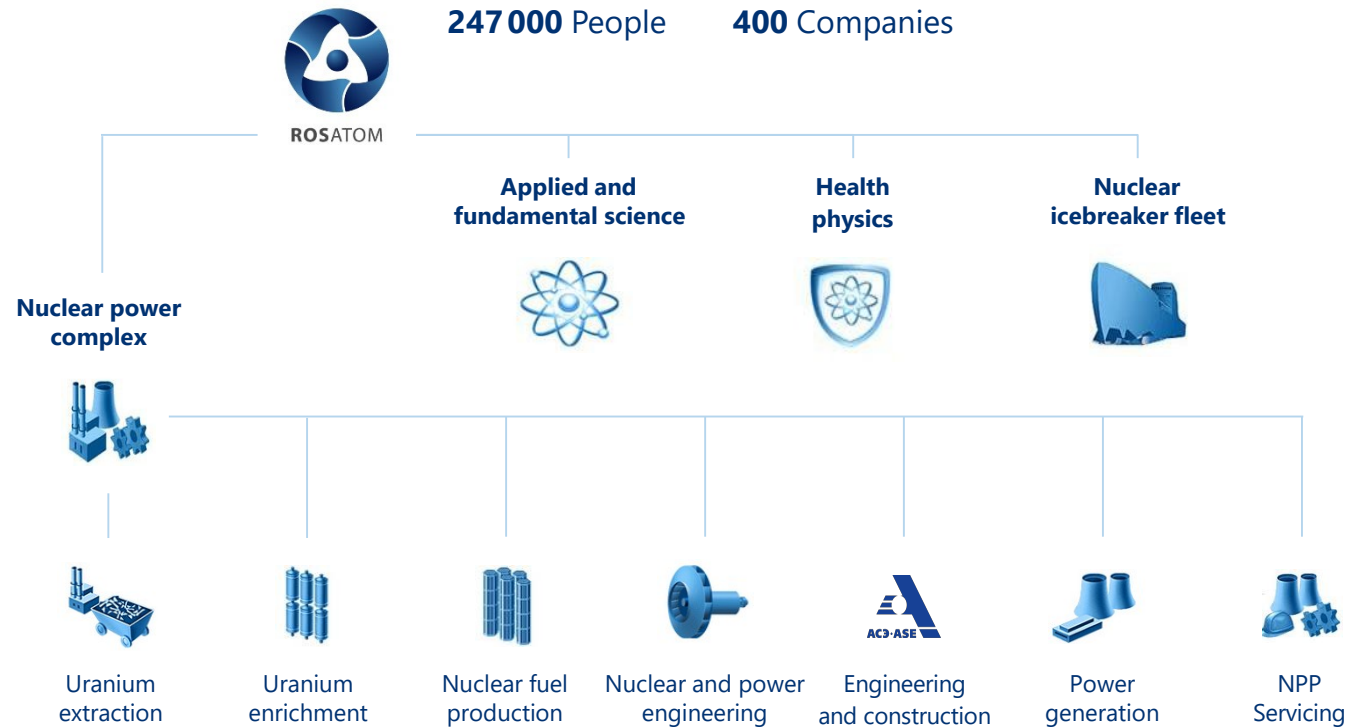
**ROSATOM**

STATE ATOMIC ENERGY CORPORATION ROSATOM

# Procurement Management

# Rosatom State Atomic Energy Corporation

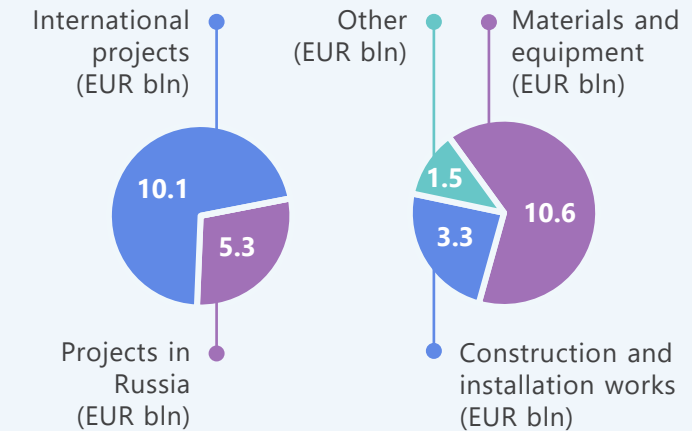
## Structure



## Data on procurement activities for 2019 (competitive procedures)

**More than 34,000** competitive biddings

**EUR 15.4 bln** total expenses



# Rosatom Procurement System Fundamentals

## Rosatom procurement system



**UNCITRAL Model Law** on Procurement of Goods, Construction and Services with Guide to Enactment

**WTO basic principles** (General Agreement on Tariffs and Trade, GATT);

**Policies and Rules of the European Bank for Reconstruction and Development** on procurement of goods, works and services



**Federal Law No. 44-FZ dated April 5, 2013** governs procurement by public enterprises on account of the budget of the Russian Federation

**Federal Law No. 223-FZ dated July 18, 2011** governs procurement by public corporations on account of own funds and third-party investments

## The procurement process

for international projects is based on a number of requirements taking into consideration the characteristics of the country

Requirements of the country of presence

Russian laws

EPC/BOO contract conditions

Procurement Standard of Rosatom State Corporation

## Main priorities for suppliers

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### Transparency

- The most transparent system in Russia
- All competitive biddings documents are published and are publicly available

### Competitiveness

- Any supplier can submit a bid
- Fairness and equal treatment of all participants in competitive bidding



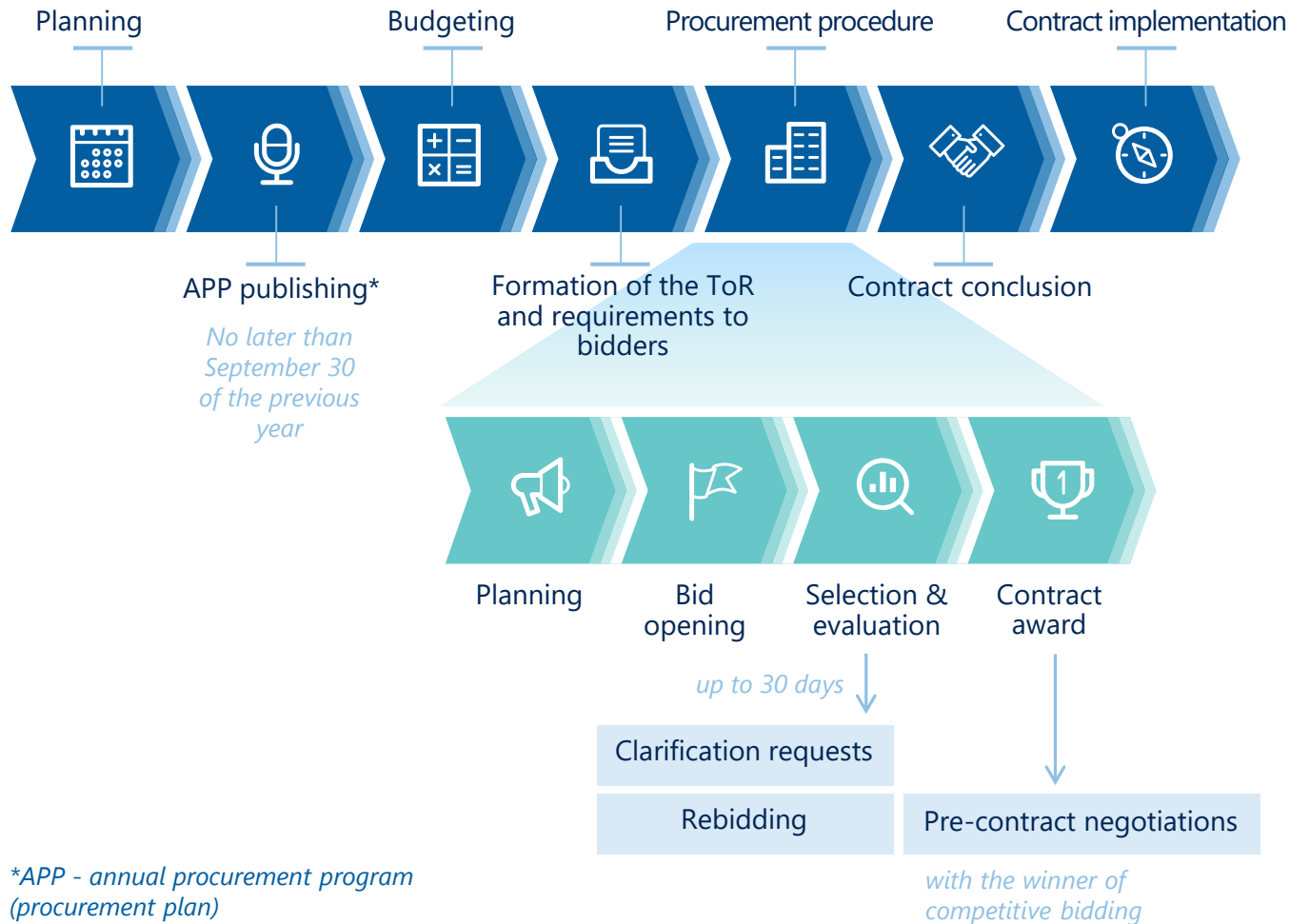
### Safety

All actions and requirements are aimed, first of all, to ensuring the safety of operations

### Justifiability

- Clear decision-making criteria
- Various opportunities to file an appeal against the procurement procedure results

# Procurement process



\*APP - annual procurement program (procurement plan)

## Clarification requests

They are used to clarify information which is necessary for bid review, but is missing due to any reason.

## Rebidding

It is carried out among bidders to further bring down the price during procurement, prior to the moment of defining the winner.

## Pre-contract negotiations

- Further reduction of price
- Reducing supply time
- Improving the customer's position (payment conditions etc.)
- Adjusting delivery volume (up to 10%)

# Procurement methods

## Competitive bidding

The winner is the bidder that offered the best contract conditions

### Tender

Bid submission term:  
at least 15-30 days

### Request for proposals

Bid submission term:  
at least 7 business days

The winner is the bidder that offered the lowest contract price

### Auction

Bid submission term:  
at least 15 days

### Quotation inquiry

Bid submission term:  
at least 5 business days

## Non-competitive procurement - procurement from a sole supplier

### What is non-competitive procurement?

- from natural monopolies entities;
- author's supervision services;
- work/services performed/provided only by government agencies;
- products included in the list of special goods for the nuclear power industry;
- due to extraordinary circumstances, risk of death, interruption of the production process;
- engaging a subcontractor at the Foreign Customer's request;
- by decision of the General Director of the Corporation, permitting authority, head of the nuclear industry organization

## Formation of the annual procurement program

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### The annual procurement program (APP) is

a tool for the planning and preliminary announcement of procurement. It is drawn up based on the project implementation schedules, production and investment programs, other documents governing the activities of the organization participating in the international project

### What for?

The publication of the APP gives potential suppliers the chance to plan their activities and prepare for participation in competitive bidding, which significantly increases procurement efficiency by increasing the number of participants.

*The APP for the next calendar year must be approved by September 30 of the current year (however, it can be adjusted during the year);*

*The APP is published within 10 days after its approval.*

### The APP is published on:

- [www.zakupki.rosatom.ru](http://www.zakupki.rosatom.ru),
- [www.zakupki.gov.ru](http://www.zakupki.gov.ru)\*\*,
- website of the Corporation's organization



## APP planning rules

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**Medium-term plan**

**Production program**

**Repair program**

**Investment program**

**Other** programs, plans, documents determining the customer's activities taking into consideration its budget



**APP draft**

## Standard requirements to participants in competitive bidding



### Legal capacity

- Registration of the company in accordance with national laws
- No entry in the suppliers black list
- No court rulings in connection with failure to pay taxes



### Financial stability

- Appropriate financial capacities
- The bidder must not be bankrupt
- The bidder must not be in liquidation



### Beneficiaries disclosure

Submission of documents about the ownership chain, for private companies. For public joint-stock companies: information on shareholders from public sources



### Correction of errors

No unfulfilled actions for the elimination of the root causes of non-conformities in the performance of previous contracts



### Audit of suppliers and contractors

- For the production of critical equipment from the point of view of nuclear safety.
- For construction of nuclear power generation facilities.
- The valid certificates for the equipment being produced meet the technical regulations on nuclear safety (of Russia, other countries).



### Availability of resources and experience

- Availability of sufficient staff with the required qualifications
- Availability of the necessary quantity of materials and technical resources
- Confirmation of supply experience for the past 3 years: at least one completed contract.
- Confirmation of manufacturing experience: at least one equipment unit according to the required parameters in the past 3 (5-10) years.



### Licenses and certificates

- Submission of manufacturing and construction licenses.
- Confirmation of the technical possibility to manufacture the required equipment, including the necessary licences and certificates.



### Management systems

- Availability of an operational quality management system (quality management, assurance and control)
- Availability of an occupational safety management system

*The full list of requirements for bidders is specified in the procurement documentation. Examine carefully the published documents before submitting your bid!*

### What for?

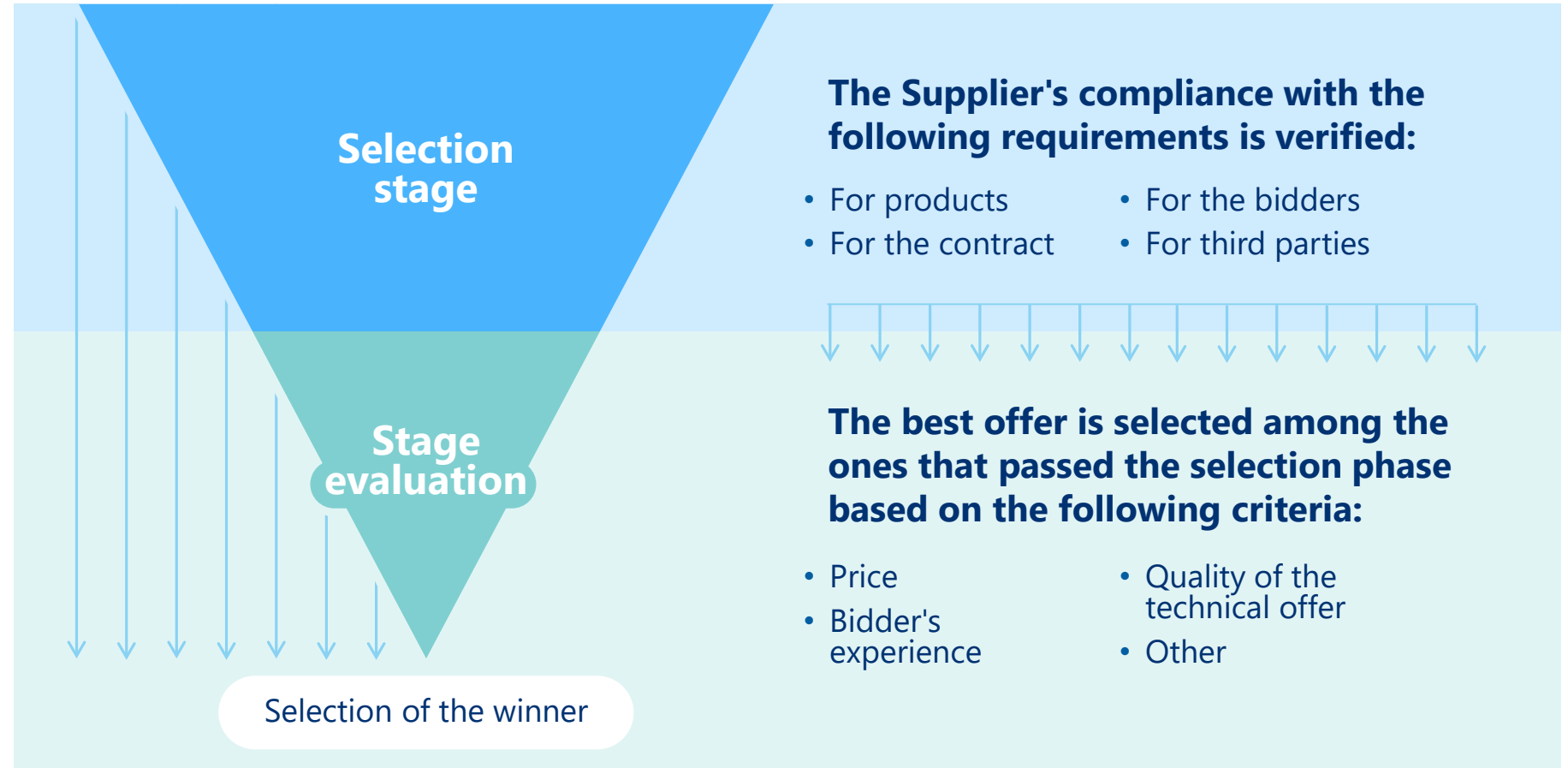
Market analysis allows to calculate the optimal price, and to identify and reject overstated bid prices.

### Calculation procedure (example)

- 1 Search for the necessary quantity of prices:**  
for competitive and simplified bidding: at least 3 prices, for procurement from a sole supplier: at least 5 prices (offer of the supplier, prices under previous contracts, bids etc.);
- 2 Bringing the prices in line with the required contract conditions.**
- 3 Calculation:**
  - for competitive bidding: average value of the three minimum prices (within 20% from the minimum price);
  - for non-competitive procurement: minimum value of the prices found.

## Selection and evaluation of suppliers

Rosatom established **22** criteria for supplier selection in the procurement system; price is not the only criterion



## Special aspects of foreign suppliers' participation in competitive bidding

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The notice and the documentation shall additionally be written, at least, in English.



The notice and the documentation are additionally published in national electronic and (or) printed media of the countries where the products supplied under the contract will be used



Foreign suppliers can participate in electronic trading in Russia for Rosatom's procurements without an electronic signature (with submission of the original offer in hard copy in a sealed envelope to the tendering authority).

### Term for execution of the contract following the procurement results

#### for competitive bidding

no earlier than 10 days and no later than 20 days after publication of the procurement summary minutes on the official website (or another term specified in the notice and in the procurement documentation)

#### for non-competitive procurement

no earlier than 3 business days from the publication of the procurement notice on the official website