

PROCUREMENT

FPC's procurement activities are governed by the corporate Regulations on Procurement of Goods, Works and Services for the Needs of FPC, based on the following laws and regulations of the Russian Federation:

- Federal Law No. 223-FZ On Procurement of Goods, Works and Services by Certain Types of Legal Entities dated 18 July 2011
- Federal Law No. 135-FZ On the Protection of Competition dated 26 July 2006
- Resolutions and decrees of the Russian Government
- Other documents adopted pursuant to Federal Law No. 223-FZ

In accordance with Article 3 of Law No. 223-FZ, FPC is guided by the following principles:

- Procurement transparency
- Equality, fairness, non-discrimination, and no unreasonable anti-competitive practices towards bidders
- Targeted, cost-effective use of funds to procure goods, works and services (using life cycle costing for procurement as necessary), as well as focus on reducing customer spend
- Unrestricted access to bidding through the elimination of non-measurable bidder requirements

Pursuant to Resolution of the Russian Government No. 1352 On the Procurement of Goods, Works and Services by Certain Types of Legal Entities from Small and Medium-Sized Enterprises, dated 11 December 2014, FPC's Plan for the Procurement of Goods, Works and Services complies with the requirements for annual volumes of procurement exclusively from small and medium-sized enterprises (SMEs).

The Company works to:

- increase SMEs' share in procurement
- decrease the share of non-competitive procurement.

699.71

million RUB

the Company's savings in procurement in 2020

Single sourcing is only used when expressly allowed by the Regulations on Procurement of Goods, Works and Services for the Needs of FPC.

In 2020, FPC's procurement process resulted in 2,641 contracts for a total of RUB 29,361.87 million including VAT, of which:

- 1,304 contracts for a total of RUB 23,849.97 million (including VAT) were awarded through competitive bidding (it is worth noting that, despite lower economic activity in 2020, the value of the contracts awarded through competitive bidding in 2020 increased year-on-year, accounting for 81% of the total value of contracts awarded in 2020)
- 1,337 contracts were single-source contracts (down 10% year-on-year) for a total of RUB 5,511.90 million (including VAT), or 19% of the total value of contracts awarded in 2020.
- Pursuant to legal requirements for the procurement of goods, works and services from SMEs, FPC awarded 1,315 contracts to SMEs in 2020.