

Procurement

FESCO maintains a responsible approach to supplier selection, with a focus on establishing long-term partnerships with contractors who perform their contractual obligations in good faith. The Company selects suppliers based on an open tender process, ensuring equal conditions for all bidders. The primary goal of procurement is to ensure uninterrupted and timely supply of materials and services of the required quality and at competitive market prices.

To enhance procurement efficiency, minimise operational and financial risks and costs, and improve supply reliability and consistency, the Company has adopted a number of internal regulations.

FESCO Group's documents related to procurement:

- ✦ Unified Industry Procurement Standard of Rosatom State Corporation for FESCO and its Subsidiaries;
- ✦ Regulations on Procurement of Goods, Works, and Services for the Needs of VMTP and its Subsidiaries;
- ✦ Unified FESCO Service Centre Procurement Standard for other Group companies.

FESCO Group conducts its procurement activities in accordance with Rosatom's Unified Industry Procurement Standard, as well as Federal Law No. 223-FZ On Procurement of Goods, Works, and Services by Certain Types of Legal Entities dated 18 July 2011 (applies to FESCO, VMTP, and their subsidiaries).

Suppliers are selected according to Rosatom's Unified Industry Procurement Standard requirements based on competitive, impartial, and efficient selection criteria.

The preferred method for supplier selection is open tenders, the announcements of which are published on platforms such as B2B and RTS-Tender.

However, due to the restrictions imposed by Russian Government Resolution No. 301 On the Grounds for Non-Disclosure of Information on Procurement of Goods, Works, Services, and on Contracted Suppliers (Contractors, Vendors), on the official website of the Unified Information System of Procurement for State and Municipal Needs dated 6 March 2022, companies sanctioned by unfriendly countries cannot hold open tenders.

These companies may only engage in non-public competitive procedures hosted in the restricted section of RTS-Tender.

In 2024, FESCO conducted 10.4 thousand procurement procedures totalling RUB 202.6 billion (net of VAT). In 2023, the Company carried out 12.8 thousand procurement procedures worth RUB 114.4 billion (net of VAT).

Procurement in 2023 and 2024

| Activity | Procurement procedures in 2023 | Procurement procedures in 2024 | Amount of procurement record in 2023, RUB, net of VAT | Amount of procurement record in 2024, RUB, net of VAT |
|-----------------------|--------------------------------|--------------------------------|---|---|
| Investing activities | 640 | 575 | 30,233,187,667 | 10,417,845,641 |
| Day-to-day operations | 12,120 | 9,814 | 82,981,685,388 | 192,141,306,203 |
| Financial operations | 1 | – | 1,191,740,911 | – |
| Total | 12,761 | 10,389 | 114,406,613,966 | 202,559,151,844 |

Support for small and medium-sized enterprises

FESCO pays special attention to supporting small and medium-sized enterprises (SMEs). In 2024, VMTP concluded over 1.5 thousand contracts worth more than RUB 3.6 billion with SMEs (2023: over 1.2 thousand contracts totalling more than RUB 7 billion). VMTP's annual procurement volume from SMEs reached 70.6% in 2024 (2023: 49.7%).

The parties collaborate on supporting entrepreneurs participating in VMTP procurements. Beyond the benefits of the development programme, SMEs also receive methodological, informational, organisational, and other necessary support from VMTP for potential future participation in procurement.

In 2025, VMTP and SME Corporation will continue implementing their potential supplier development programme for SMEs.

Basic principles in organising and conducting procurement

- ✦ **Openness:** information transparency in procurement.
- ✦ **Competitiveness:** equality, fairness, non-discrimination, and no unreasonable restrictions on procurement participants, prevention of corrupt practices and abuse in the procurement process.
- ✦ **Justification:** compliance with all legal requirements, collective decision-making with proper documentation, and prohibition of unquantifiable participant requirements that would restrict access to procurement.
- ✦ **Timeliness:** implementation of procurement processes to provide FESCO Group companies with goods, works, and services in a timely manner and to inform suppliers in advance of planned procurements.
- ✦ **Efficiency:** ensuring targeted, economically justified, and efficient spending on the procurement of goods, works, and services (taking into account life cycle costs) and implementation of measures aimed at reducing the costs of FESCO Group companies.

2025 goals

Transforming transport and logistics service procurement in compliance with Rosatom's Unified Industry Procurement Standard

Implementing the BRIEF¹ digital software solution across FESCO Group's commercial operations

Developing procurement category management

¹ BRIEF is a proprietary digital solution of Rosatom State Corporation designed as a marketplace for corporate clients and suppliers.