

Procurement

FESCO Group's procurement function has its own specifics, as the operations of the Port Division companies are governed by Federal Law No. 223-FZ On Procurement of Goods, Works and Services

by Certain Types of Legal Entities dated 18 July 2011, while procurement operations of the other companies are governed by the Group's internal documents.

FESCO Group's documents related to procurement:

- Regulations on the Procurement of Goods, Works and Services for the Needs of PJSC Commercial Port of Vladivostok and its Subsidiaries¹ available on the official website of the Unified Information System in Public Procurement (<https://zakupki.gov.ru/>). The Regulations were updated in May 2023.
 - Regulations establishing the procedure for interaction when carrying out procurement and supply activities
 - Guidelines for contracting expensive equipment directly from manufacturers, including foreign ones (except for those under the jurisdiction of unfriendly countries)
 - Target model of procurement and supply operations of FESCO Group
 - FESCO Group Procurement Concept
- The following documents were approved in 2023:
- Uniform Procurement Standard for FSC

Basic principles in organising and conducting procurement



Openness:
information transparency in procurement.



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.



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.



Competitiveness:
equality, fairness, non-discrimination, and no unreasonable restrictions on procurement participants, prevention of corrupt practices and abuse in the procurement process.

¹ Applicable to the Port Division companies only.

Procurement management and control

2023 saw the following changes:

- FESCO Group established procurement commissions and defined their powers and competences:
 - Central Procurement Commission (procurement as part of investment programmes for all FESCO Group companies, except for IT and fleet acquisition/operation)
 - Procurement Commission of the Shipping Division (procurement as part of investment programmes providing for the acquisition and/or technical operation of fleet, purchase of petroleum products)
 - Procurement Commission of the Liner and Logistics Division (Moscow) (procurement as part of day-to-day operations)
 - Procurement Commission of the Liner and Logistics Division (Vladivostok) (procurement as part of day-to-day operations)
 - Procurement Commission of FSC (procurement as part of IT investment programmes, IT procurement, and consulting services)

To ensure the transparency of FESCO Group's procurement, promote competition, and empower procurement participants, FESCO expanded its presence on the following e-commerce platforms in 2023:

- joining RTS-Tender and B2B-Centre
- registering with Fabrikant and Roseltorg

2023 RESULTS

In 2023, the Company carried out 12,761 procurement procedures totalling RUB 115.4 billion (net of VAT), with procurement record amounting to RUB 114.4 billion.

Procurement in 2022 and 2023

Activity	Procurement procedures in 2022	Procurement procedures in 2023	Amount of procurement record in 2022, RUB, net of VAT	Amount of procurement record in 2023, RUB, net of VAT
Investing activities	553	640	35,743,059,932	30,233,187,667
Day-to-day operations	10,131	12,120	36,992,672,839	82,981,685,388
Financial operations	2	1	95,477,019	1,191,740,911
Total	10,686	12,761	72,831,209,790	114,406,613,966