

PROCUREMENT

In 2017, the Company saved RUB 1,032.82 million including VAT by using a procurement register.

Procurement activities in FPC are governed by the corporate Regulations on Procurement of Goods, Works, and Services. The document is 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
- Resolutions by the Russian Government
- Other documents adopted pursuant to Federal Law No. 223-FZ.

In 2017, FPC entered into 4,017 contracts for the total of RUB 60,550.3 million including VAT:

- Contracts for the total of RUB 19,403.8 million including VAT, or 32.1% of the total price of contracts, were entered into through competitive bidding

- Contracts for the total of RUB 6,391.5 million including VAT, or 10.5% of the total price of contracts, were entered into with the single-source supplier (contractor, service provider)
- Contracts with JSC TVZ (as the only domestic rolling stock producer) totalled RUB 34,755.1 million including VAT, or 57.4% of the total price of contracts.

The ongoing collaboration between FPC and Russian Small and Medium Business Corporation (RSMB Corporation)¹ afforded favourable conditions for involvement of SMEs in the Company's procurement.

In the competitive bidding for procurement of goods, works or services organised by RSMB Corporation in 2017, with SME bidders only, 2,305 bids were filed.

¹ RSMB Corporation acts as a development institution to support small and medium-sized enterprises (SMEs).

² Resolution of the Russian Government No. 1352 On Specifics of Participation of Small and Medium-Sized Enterprises in the Procurement of Goods, Works, and Services by Certain Types of Legal Entities dated 11 December 2014.



For reference: annual procurement from SMEs shall be at least 18% of the aggregate annual price of contracts entered into by customers through bidding. The aggregate annual price of contracts entered into by and between customers and SMEs through bidding under paragraph 4b of the Regulations shall be at least 10% of the aggregate annual price of contracts entered into by customers through bidding².

FPC's annual procurement from SMEs was 43.69% of the aggregate annual price of contracts.

FPC's annual procurement from SMEs through bidding or other procurement procedures permitted by the Regulation on Procurement, with SME bidders only, was 19.36% of the aggregate annual price of contracts.

FPC is aware of its key role in the development of Russian small and medium-sized businesses and is committed to growing their share of its procurement.



4,017
contracts

entered into in 2017



RUB 60,550.3
million

the total amount
of the contacts