

# Procurement

MegaFon's procurement management system fully covers every phase of the Company's procurement process, from planning to fulfilment, to meet our needs for goods, works and services, and is based on a competitive approach to selecting suppliers, collective decision-making with suppliers, and transparent supplier relations.

MegaFon's procurement focuses on achieving the best value for money and time. We are striving to maximise the automation and transparency of our procurement processes. Procurement at MegaFon is done through a competitive tendering process, including an e-marketplace that ensures the transparency of the process and enables us to negotiate the best value for money.

The Company's procurement procedure is outlined in its internal documents detailing all phases of the procurement process, areas of responsibility and controls. Our Procurement and Logistics function is responsible for organising and monitoring procurement procedures, procurement methodology, contracting, warehouse and transport logistics, and inventory management.

In 2019, MegaFon won another

## Competitive Procurement Leader

industry award for the Best Procurement Process Upgrade Project.

In order to improve the procurement and professional skills of its employees, our Procurement and Logistics function was transformed into a federal-level organisation, with three competence centres set up within the function to provide procurement services for all MegaFon branches:

- East Competence Centre (Novosibirsk), responsible for managing inventories across the country and local sourcing for the Siberian, Far East, and Ural branches
- West Competence Centre (Saint Petersburg), responsible for local sourcing for the remaining (i.e. excluding Siberian, Far East, and Ural) branches and managing warehouses across Russia
- Competence Centre for Transport Logistics (Yekaterinburg), responsible for managing all transport processes

The Competence Centre for Transport Logistics has developed a proprietary logistical platform, MegaFon-CARGO, to fully automate the submission and processing of cargo transport requests. The solution was commercially launched in the market in late 2019.

The Company's Head Office continued enhancing its category procurement management approach, with four category strategies developed in 2019.