

RESPONSIBLE SUPPLY CHAIN

Procurement efficiency is of key importance to Rusagro since this process defines the production cost and quality of the products and ultimately the profit and market competitiveness of the Company.

The Company's procurement is managed through a SAP-based system that contains actual information on the procurement process and generates reports on specific aspects for a selected period with various level of detail. The suppliers are selected on a competitive basis – through tenders.

The Company has a unified Tender Regulation that defines the basic requirements for the tender procedure. The purpose of the Regulation is to stick to the principle of competitive procurement, ensuring the transparency of the logistics process and reducing supply costs.

The Regulation applies to all procurement areas for LLC Rusagro Group of Companies, as well as its business units. The tendering process all purchases implies electronic bidding on an electronic trading platform in order to ensure the evenhandedness of bidding. Tendering outside electronic trading platforms is allowed only if tender funds are below the established limits.

Today, the bulk of purchases in monetary terms (about 90%) is done on the electronic trading platforms, which saves time and efforts, ensures the transparency of the procurement process and impartiality in the selection of contractors, thus promoting the fair competition.

In order to implement the procedure for the effective selection of the most preferred supplier, the final decision shall be made by the Tender Committee; the membership of the Committee depends on the subject and funds of the tender.

RUSAGRO'S PROCUREMENT PRINCIPLES:

- Choosing the suppliers, contractors, performers who proposed the optimal quality, price, terms and conditions for the implementation of supply, contract and service agreements.
- Creating the equal competitive conditions for all participants.
- Reducing the risk of transactions with defaulted partners.