

INDICATORS FOR THE COMPANY'S PROCUREMENT ACTIVITIES FOR 2020–2022 (%)

	Period			Δ 021/2022 (p.p.)
	2020	2021	2022	
Share of open procurement procedures in total procurement volume	98.1	97.2	95.2	-2.0
Share of procedures carried out using e-commerce means (electronic trading platforms) in the total volume of purchases (excluding purchases from a single supplier)	100.0	100.0	100.0	0.0
Amount of savings achieved	10.6	3.3	11.8	+8.5
Share of SME procurements	91.7	82.2	81.2	-1.0
Share of purchases from SMEs only	29.2	19.9	25.2	+5.3

### IMPROVEMENT OF PROCUREMENT ACTIVITIES

The Company purchases goods and services mainly based on tenders from suppliers offering the best price-quality ratio, optimising procurement activity via the following methods:

- Using techniques to reduce the marginal purchase price
- Increasing the share of tenders
- Introducing mandatory actions to reduce prices of procurement participants (re-bidding, pre-contractual negotiations)
- Complying with the Company's Procurement Policy and the Programme for Partnership between Rosseti Kuban and SMEs
- Functioning of the advisory body on ensuring the effectiveness of purchases conducted by Rosseti Kuban, including from SMEs

### SUPPLY CHAIN

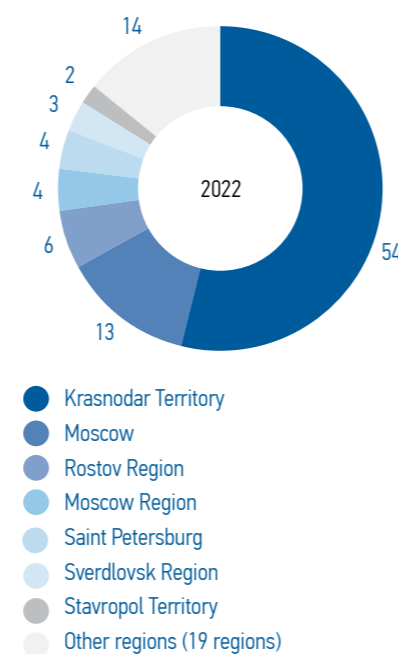
Rosseti Kuban's supply chain management strategy is aimed at optimising the procurement of goods/works/services through competitive procedures and long-term agreements.

Rosseti Kuban procures goods/works/services in all regions of the Russian Federation, but regional organisations are a priority for suppliers/contractors/executors.

In the reporting year, 296 suppliers/contractors/contractors were engaged for the procurement of goods/works/services related to repair, maintenance and as part of the Company's investment programme, which is 20% more than in 2021.

There were no significant changes in the supply chain during 2022.

REGIONS OF SUPPLIERS (CONTRACTORS, EXECUTORS) COOPERATING WITH ROSSETI KUBAN IN 2022, AND THEIR SHARES IN SUPPLIES (%)



# IMPORT SUBSTITUTION AND RELATIONS WITH EQUIPMENT MANUFACTURERS

In order to ensure technological safety of the power grid sector and reduce dependence on foreign products, equipment, technical devices and works/services of foreign companies and the use of foreign software, Rosseti Kuban is following the import substitution plan of Rosseti Kuban as well as the response plan in case of restrictions on the use of imported products.

The Company prepared an action plan to determine the level of dependence of Rosseti Kuban on imported products. The main goal of the plan is to identify the technological and economic risks that the Company faces from using imported goods in the event of

a significant fluctuation in foreign exchange rates and/or the imposition of sanctions by foreign governments, and to develop effective countermeasures to those risks, which includes by increasing the effectiveness of communication with Russian Federation defence industry enterprises.

In the reporting year, the share of imported equipment in the total volume of procurement of basic electrical equipment and materials in the Company was 8.31%, of which 57% is equipment (power transformers 6–10 kV, cosine capacitors) produced by member countries of the Customs Union of the Eurasian

Economic Union (Republic of Belarus, Republic of Kazakhstan), which passed quality control (certification) and obtaining documents confirming the ability to use the tested equipment, materials and systems at the facilities of Rosseti Kuban.

In order to decide whether local software solutions may replace imported ones, domestic operating systems and virtualisation technologies were tested on Rosseti Kuban's server facilities in 2022 based on recommendations from domestic software developers.

