

Procurement performance of the Company for 2022–2024 (%)

| Indicator | 2022 | 2023 | 2024 | Δ 2024/2023 (p.p.) |
|---|------|------|------|--------------------|
| Share of open procurement procedures in total procurement volume | 95 | 97 | 97 | – |
| 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 | 100 | 100 | – |
| Savings achieved (share of planned announced procurement value) (%) | 11.8 | 3.5 | 2.6 | –0.9 |
| Share of procurements from SMEs | 81.2 | 72.0 | 69.5 | –2.5 |
| Share of procurements from SMEs only | 25.2 | 31.4 | 33.9 | +2.5 |

Improvement of procurement activities

The Company purchases goods and services primarily on a competitive basis from suppliers offering the best value for money, and optimises its procurement activities by:

- Using techniques to reduce the marginal purchase price

- Increasing the share of competitive procedures
- Introducing mandatory actions to reduce prices of procurement participants (re-bidding, pre-contractual negotiations)

- Adhering to the Company's procurement policy and the SME Partnership Programme
- Functioning the advisory body on ensuring the effectiveness of purchases conducted by the Company, including from SMEs

Supply chain management

The Company's supply chain management strategy aims to optimise the procurement of goods and services through competitive procedures.

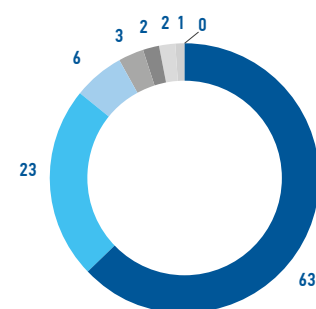
In order to ensure effective interaction with its counterparties, Rosseti Kuban participates annually in the assessment of suppliers and equipment for the energy sector through a questionnaire organised by FEC rating agency.

Types of suppliers involved in the supply chain:

- Financial and credit organisations
- Contractors (construction and installation, design and survey works, etc.)
- Suppliers (supply of materials, equipment, spare parts, etc.)
- Others (security, mail, administrative services)

Supplies and services for the Company's needs are provided by organisations from 36 regions of the Russian Federation, but the priority share of suppliers is made up of regional companies (63%).

Geography of the Company's suppliers in 2024 (%)



- Southern Federal District
- Central Federal District
- Volga Federal District
- North-Western Federal District
- Ural Federal District
- North Caucasus Federal District
- Siberian Federal District
- Far Eastern Federal District

IMPORT SUBSTITUTION AND RELATIONS WITH EQUIPMENT MANUFACTURERS

In order to ensure the technological security of the power grid complex and reduce dependence on foreign products, equipment, technical devices, as well as the work/services of foreign companies and the use of foreign software, the Company is guided by the corporate import substitution plan of Rosseti PJSC. In the reporting year, the Company's Order No. 104-od dated 13 February 2024 approved the action plan for the implementation of the corporate import substitution plan of Rosseti PJSC.

The corporate import substitution plan of Rosseti PJSC provides for an annual reduction in the share of foreign equipment in the total volume of equipment purchases and the establishment of target values. One of the key tasks for achieving the import substitution targets is to ensure innovative development through the creation of scientific and technical potential. The Research, Development and Technology Programme (R&D) is playing a big part in this.

Import substitution is greatly aided by Rosseti Kuban's continuous collaboration with domestic colleges and equipment manufacturers. For example, an R&D contract was signed in 2024 to explore the prospects of using high-temperature wires, taking into account the shift in peak loads during periods of extremely high temperatures and the impact of temperature on the transmission capacity of overhead transmission lines. This agreement stipulates the use of modern domestic high-temperature wire that is highly competitive with foreign equivalents.

For the Company, the planned share of imports in total purchases in 2024 should not exceed 4.6%. In fact, the share of imported equipment and materials in total procurement in 2024 was 16.71%,

including purchases from manufacturers that are members of the Eurasian Economic Union (EAEU), and 5.99% excluding purchases from non-EAEU manufacturers. The identified deviations are related to the need to purchase key equipment manufactured in China, as it is impossible to manufacture and deliver the equipment within the timeframe required by the investment programme using domestic manufacturing plants.

In 2024, Rosseti Kuban's digital transformation programme was updated. The updated programme contains a plan of transition to the predominant use of domestic radio-electronic products until 2024 and an action plan for software import substitution for 2022–2024.

The share of expenses on procurement of Russian software and related works (services) in the total expenses on procurement of software and related works (services) in 2024 was 98%, which is 2.4% higher than the planned value. Investments in domestic IT solutions totalled RUB 557 million.

The following domestic software was put into use during the reporting year:

- The SpaceVM virtualisation system was put into operation on seven servers.
- VK WorkMail mail servers with a domestic domain were deployed. User workstations are being migrated.
- Servers running on a domestic operating system (more than 60 servers) are now in operation.
- Work was completed on the deployment of a contact centre using domestic VoxDistro software.

Investments in Russian radio-electronic products accounted for 94% of total expenditures on the purchase of radio-electronic products. That said, the planned

key performance indicator (KPI) for effectiveness of transition to domestic radio-electronic products for 2024 stands at 77%.

The following domestic server, network and computer equipment was supplied during the reporting year:

- Three data storage systems (AeroDisk AQ440CX.D) were purchased to ensure the operability of the systems in use.
- Two servers (Graviton C2242I), three voice gateways (Eltex SMG-1016M), six Eltex switches and 87 telephone sets were purchased. This equipment's needed to set up a call centre using local software that can handle up to 80 operators.
- Twenty-eight service routers and two commutators were purchased for the executive office and branches of the Company. A test bench was assembled, and a standard configuration for the Company's branches is being drafted.
- Yadro servers and AeroDisk data storage system were purchased for the Pyramida Seti software complex. New server equipment will increase the number of metering units that can be processed.
- A total of 163 domestic laptops (KVADRA NAU LE14U) were purchased to equip employees involved in the installation and maintenance of smart electricity metering systems.

The following are planned for 2025:

- To introduce a domestic virtualisation system to replace imported hypervisors with domestic ones
- To deploy domestic operating systems on servers and user workstations
- To transition to the use of domestic email
- To migrate the call centre to VoxDistro, a comprehensive domestic solution