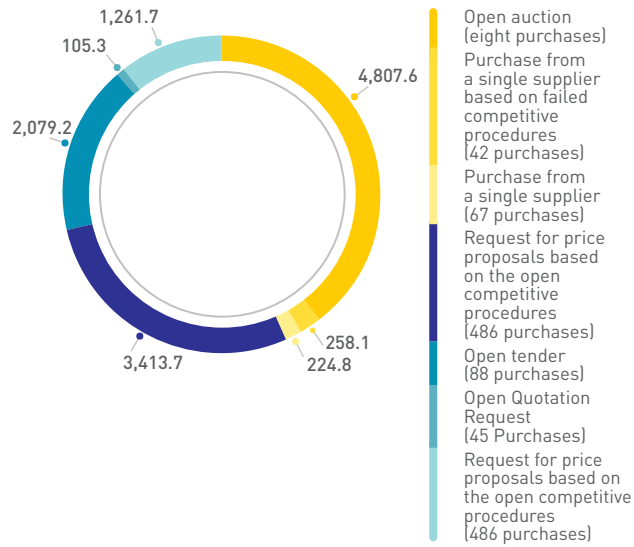


**Structure of the Company's procurement by the methods of procurement procedures, mln rub**



**PARTICIPATION OF SMALL AND MEDIUM-SIZED BUSINESSES IN PROCUREMENT CONDUCTED BY KUBANENERGO PJSC**

As a part of the implementation of the roadmap activities for cooperation with small and medium-sized businesses in the Company, since 2014, there was a partnership program between Kubanenergo PJSC and small and medium enterprises. During the program, 35 participants joined it. In 2018 Kubanenergo PJSC joined the partnership program between the Rosseti Group of Companies and small and medium-sized businesses (order dated 06.03.2018, No. 231), within which there was created a unified register of participants of the partnership program; thus a small and medium enterprise become a partner for all

subsidiaries and affiliates of PJSC Rosseti.

In 2018, 76.6% of the procurement procedures were won by small and medium-sized businesses for a total of 6,051.5 million rubles.

In 2018, 305 procurement procedures were conducted, the participants of which are only small and medium-sized businesses, in the amount of 2,156.6 million rubles, which is 27.3% of the total value of the purchases made.

Also since 2014, the Company has an advisory body for the issues of ensuring the effectiveness of procurement conducted by Kubanenergo PJSC, including from small and medium-sized businesses, which structure, besides the Company's employees, includes representatives of JSC Corporation SME, the Fund for Infrastructure and Educational Programs of the regional branches of the Russian Union of Industrialists and Entrepreneurs, the All-Russian Public Organization of Small and Medium Business "OPORA ROSSII", the All-Russian Public Organization Business Russia and Chamber of Commerce and Industry of the Russian Federation. The Company also has an Operating Plan for the promotion of the Company's partnership program with small and medium-sized businesses.

**PERFECTION OF PROCUREMENT ACTIVITIES**

The Company purchases goods and services primarily on an open, competitive basis from suppliers offering the best price-quality ratio, optimizing procurement by:

- use of methods to reduce the marginal price of the purchase
- increasing the share of open competitive procedures;
- the introduction of mandatory actions to reduce the prices of procurement participants (re-bidding);
- following the Company's procurement policy, partnership program between Kubanenergo PJSC and small and medium-sized businesses;
- work of the negotiating body in the issues of procurement efficiency conducted by Kubanenergo PJSC, including from small and medium-sized businesses.