IMPLEMENTATION OF THE DIGITAL TRANSFORMATION PROGRAMME

On 18 November 2022, the Board of Directors of the Company approved the updated programme on Digital Transformation of Rosseti Kuban, PJSC for the period until 2030 (Minutes No. 499/2022 dated 21 November 2022), hereinafter referred to as the Programme. It embraces a number of functional areas of the Rosseti Group's digital transformation strategy.

The Programme aims to increase the Company's operational efficiency across all functional areas in both traditional and emerging service markets.

The major goals of the digital transformation

offer new services through the introduction of high-tech solutions

to improve the efficiency of operations and reliability of service delivery, change the logic of processes

Major projects included in the Digital Transformation Programme, broken down by areas of Rosseti Group's digital transformation strategy

Sr. No.	Project	Outcome planned
Operational, technological and situational management		
1	Development of the automated power equipment repair management system (APERMC) in terms of integration with the production asset management system on the 1C platform (hereinafter — PAMS)	Enhancement of the APERMC Design of the APERMC-PAMS integration mechanism
2	Creation of an automated motor transport management system	Automation of transport management
Operation and diagnostics		
3	Works on the development of the PAMS in terms of integration with the APERMC	Integration of the PAMS with the APERMC
4	Automation of multi-year and annual planning schedules and reporting forms for diagnostic works, with due regard for the requirements of the Company's local regulations governing the processes of diagnostics of power grid facilities equipment	Automation of the planning and adjustment of the diagnostics programme considering the requirements of regulatory and technical documentation, the technical condition of the equipment and the maintenance and repair activities carried out. Improvement of the control over the formation of the equipment diagnostics programme. Automation of control over the deadlines for the execution of the diagnostic programme for the equipment of power grid facilities
5	Automated rate setting of the Company's emergency reserve, its acquisition, rotation, utilisation and replenishment in PAMS	Improvement of the control over the state of the emergency reserve. Automation of emergency reserve acquisition and rotation planning, recording and chronological accounting of these operations
6	Automated process of recording and analysing emergency outages at 35 kV and above substations and power lines in the PAMS	Improvement of the planning of maintenance and repair, retrofitting and renovation activities

Sr. No.	Project	Outcome planned
7	Pilot project to automate the methodology for calculating the planned coefficient of non-worked time for the PGR (main power grid enterprises) and the report on labour productivity of personnel engaged in maintenance and repair, using the coefficient of non-worked time.	Automation of the calculation methodology for the planned coefficient of non-worked time by PGR (main power grid enterprises); Report on labour productivity of the personnel engaged in maintenance and repair, taking into account the coefficient of non-worked time
8	R&D: Development of a software package for the assessment and prediction of the technical condition and propagation of defects in 35–110 kV power transformers based on measurements performed by the automated monitoring and diagnostics system, as well as PAMS data, with the provision of relevant recommendations to operating personnel	Software package for the assessment and prediction of the technical condition and propagation of defects in 35–110 kV power transformers based on measurements performed by the automated monitoring and diagnostics system, as well as PAMS data, with the provision of relevant recommendations to operating personnel
9	R&D: Development of a unified IoT platform for dispatching data about the status of substation equipment	An IoT platform software complex designed to collect, process, store and transfer data from various types of monitoring devices into a unified system so that the data can be used for calculating diagnostic parameters and forecasting their development
10	Creation of a distributed automation system in 6-10 kV distribution grids of Seversky PGR, branch of Rosseti Kuban, Krasnodar Power Grids and Dagomyssky PGR branch, Rosseti Kuban, Sochi Power Grids (design and survey)	Upgrading of the distribution grid and automation complex in general, aimed at reducing commercial and technological losses in the 6–10kV distribution grid

Sales of services and commercial electricity metering

11	Creation of a smart metering system for the retail electricity (capacity) market	Implementation of smart metering information flows within a single enterprise service bus. Adoption of a unified platform for smart electricity metering. Development and implementation of unified data transfer protocols

Information security

12	Establishment of a system to protect critical information infrastructure facilities of Rosseti Kuban, PJSC	Information security system at significant critical information infrastructure facilities
13	R&D: Automated classification of accidents based on machine learning methods	The system is designed to automate and analyse information security events by configuring and implementing algorithms for automatic classification of local area network node behaviour and user actions based on machine learning methods

Human resources management

14	Integration of the Company's PAMS with the automated HR management system in line with the standard ToRs	Integration of the PAMS with the automated human resources management system

In the reporting year, the Company was involved in the 14 projects in five functional areas of Rosseti Group's digital transformation strategy. The Programme's project funding plan for 2023 was RUB 204.3 million, the actual project funding amounted to RUB 61 million. During the reporting period, five projects were completed.
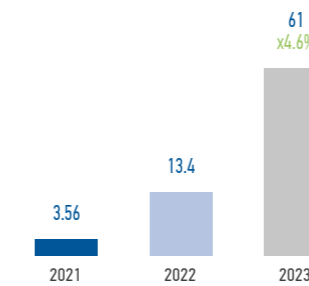
The programme contains a plan of transition to the predominant use of domestic radio-electronic products until 2024 and an action plan for software import substitution for 2022–2024.

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 2023 was 98%, which is 8 p.p. higher than in the Programme. Investments in domestic IT solutions totalled RUB 518 million.

The expenditure on the purchase of Russian radioelectronic products accounted for 79% of the total expenditure on the purchase of radioelectronic products in 2023. Investments in Russian radioelectronic products totalled RUB 143.22 million.

61 RUB mln

funding for digital transformation projects in 2023

5 projects

in digital transformation completed

98%

share of expenditures on the purchase of Russian software

Amounts of funding for activities of the Digital Transformation Programme of Rosseti Kuban in 2021–2023 (RUB mln)

2021	2022	2023
3.56	13.4	61 (x4.6%)

Share of managers, specialists and employees trained in digital skills in the average headcount in 2021–2023 (%)

2021	2022	2023
0	13.2	13 (−0.2)
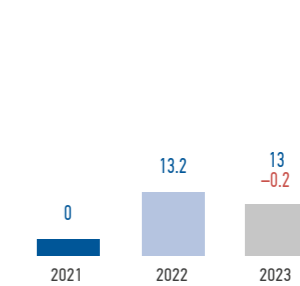
Based on Rosseti's Order No. 345/228 dated 19 July 2022, the Digital Transformation Programme was updated in 2022 to comply with new forms and updated methodological recommendations.