

# MISSION AND STRATEGIC GOALS

**Mission of IDGC of Urals (OAO): Provision of reliable electricity supply and hassle-free technological connection of consumers to the electric networks in the Sverdlovsk, Perm and Chelyabinsk regions with due consideration of energy efficiency, health, safety and environment priorities.**

The Company's goals for 2016 are set after evaluation of their accomplishment potentiality, key operating risks and risks of primary and minor business operations, to comply with:

## 1. STRATEGIC PRIORITIES, DISCLOSED IN CHAPTER 4 (PARA. 1-4) OF THE STRATEGY FOR DEVELOPMENT OF THE RUSSIAN ELECTRIC GRID COMPLEX<sup>1</sup>, NAMELY:

### 1.1. Provision of long-term reliable high-quality electricity supply:

- Connection of new consumers in a manner, required by the law;
- Maintenance of grid infrastructure in good working order;
- Alignment of revamping and greenfield construction plans with development plans of the regions serviced by the Company;
- Implementation of revamping and greenfield construction provisions of the Rosseti's Technical Policy;
- Use of advanced machinery and equipment, breakthrough technologies and materials in maintenance and repair programs;
- Generation of the Company's perspective development plans in consort with the Strategy<sup>1</sup>.

### 1.2. Provision of reliable and safe performance of the grid complex:

- Enforcement of equipment's compliance with regulatory technical documentation and bylaws of the Company;
- Use of modern monitoring systems and testing devices to keep track of network equipment;
- Use of advanced engineering systems, able to localize fault places and switch power supply to alternative lines;
- Implementation of long-term enhancing equipment performance target programs as a part of the production and investment programs;
- Achievement of the reliability level set by the regional energy commissions;
- Bulk power supply failure plateauing.

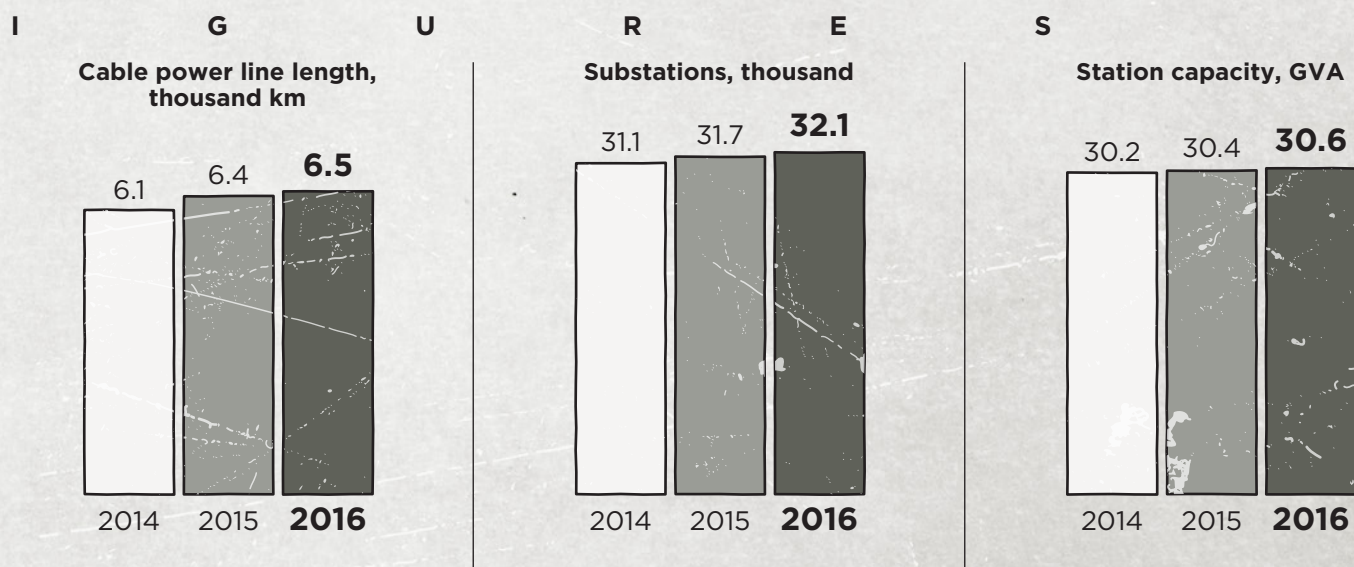
### 1.3. Deployment of the most efficient grid infrastructure, compliant with global standards:

- Adaptation of innovative equipment and materials;
- Minimization of commercial network losses as smart metering systems are rolled out;
- Minimization of technical network losses due to optimized network configuration and deployment of energy efficient equipment and materials;
- Enforcement of global ISO 9001, ISO 14 001, OHSAS 18 001, ISO 50 001 standards on quality, safety and environment.

### 1.4. Energy tariffs, affordable for the Russian economy and fostering investment prospects.

## 2. NUMBERS OF THE COMPANY'S REVISED BUSINESS PLAN FOR 2016 AND BUSINESS PLAN FOR 2017-2020.

## 3. C-LEVEL KPI SYSTEM OF THE COMPANY.



<sup>1</sup> Superscript is hereinafter used to refer to "References" Appendix, with numbers indicating serial numbers of the enlisted documents.

## GOALS SET BY THE COMPANY FOR 2016

1. Prevention of industrial injuries, minimization of injuries among third parties. Improvement of working conditions.
2. Enforcement of reliability and quality of service indicators set by the regional regulators.
3. Connection of consumers, ready to be connected to the Company's networks, in a timely manner.
4. 100% automation of maintenance and repair scheduling process (for core equipment).
5. 22.5% reduction on 2012 of per-unit investment costs on 35-110 kV launched capital facilities.
6. 3% cuts on 2015 of operating expenses, adjusted for equipment quantity.
7. 3.2% increase on 2015 of Company's proceeds from all operations to be spent on own needs.
8. At least 95% accomplishment of the investment-program-facility launch index.
9. Enforcement of energy efficiency by:
  - Securing in-process energy consumption at a maximum of 7.67% of total supply;
  - Cutting consumption for economic needs by 5% against 2015 base numbers.
10. Enhancement of professional aptitude, personal competence and business acumen of at least 33% of average payroll.
11. Keeping the ratio of approved proposals for technical improvement at a minimum of 30% of total accepted proposals.
12. Improvement of the environment-related management system in consort with ISO 14001:2015 standard.

**Our end-of-the-year progress in goal achievement is as follows:**

- Reliability and quality of service targets achieved;
- Share of late connection contracts reduced by 2.7%;
- In-process energy consumption is 7.84% ( $\leq 7.87\%$ ) of total supply;
- A RUB 465.2 million (or -3.6%YoY) cut of the operating expenses, adjusted for equipment quantity.

**To achieve the strategic goals for 2017 and beyond we intend to:**

- Prevent industrial injuries, enforce minimization of injuries among third parties;
- Enforce reliability and quality of service indicators;
- Reach 100% automation of maintenance and repair scheduling process (for all equipment categories);
- Reduce actual per-unit investment costs on construction (refurbishment) of high-priority projects;
- Cut operating costs 3%YoY, adjusted for equipment quantity;
- Increase Company's proceeds from all operations to be spent on own needs 5%YoY;
- Accomplish the investment-program-facility launch index;
- Promote energy efficiency by securing in-process energy consumption and cutting consumption for economic needs.

