



DEVELOPMENT STRATEGY

Strategic planning in OAO IDGC of Urals is aligned with the goals and objectives, outlined in the Development Strategy of the Rosseti Group until 2030, and focused on the implementation of industry strategic planning documents, incl. Energy Strategy of the Russian Federation¹ and Strategy for the Development of the Electric Grid Sector of the Russian Federation².

The Development Strategy of the Rosseti Group stipulates transition to a 'modern innovative infrastructure' business model.

The primary strategic goals of the Rosseti Group are:

- Provision of reliable and high-quality electricity supply at a given level;
- Enhancement of total shareholder return;
- Provision of resilience to changes of global and domestic electricity markets.

OAO IDGC of Urals' Policy is focused on strict compliance with statutory and other requirements in service delivery, holistic change and improvement of business by implementing digital technologies, developing innovations and expanding service areas as well as creating safe and comfortable labor conditions for the personnel.

To achieve the strategic goals of the Rosseti Group the following program documents on the key lines of business were developed and approved:

- The 2020-2030 Digital Transformation Program;
- The 2020-2024 Innovation Development Program to be potentially extended till 2030 and mid-term implementation roadmap for 2022-2026;
- The 2021-2025 Investment Development Program;
- The 2022-2026 Enhanced Operating Efficiency and Cost-Cutting Program;
- The Development of Smart Metering Program.

OAO IDGC of Urals' Goals for 2022 were set for a short-term period with consideration of unattainable goal risks (risks of business operations and functional risks), to comply with:

1. Strategic goals of the Rosseti Group.
2. Strategic priorities of industry development, as stated in the Strategy for the Development of the Electric Grid Sector of the Russian Federation.
3. Figures of the Company's revised business plan for 2021-2025.
4. C-level KPI system of the Company.
5. RK ISM-MRSK-01 "OAO IDGC of Urals' Integrated Management System Guidelines".

OAO IDGC of Urals' Goals for 2022:

1. Zero rate of injuries among the personnel and outsiders due the Company's fault and mistakes and wrongful actions of the personnel. Launching of the Zero Vision concept.
2. Enforcement of reliability and quality of service indicators, approved by regional tariff regulators.
3. Provision of connection for consumers, ready to be connected to the Company's networks, in a timely manner.
4. Improvement of the customer service level.
5. A 3% increase of the Company's digital transformation index by executing activities envisaged by the roadmap on implementation of the Digital Transformation Program equal to 2022 figures.
6. Execution of the Innovative Development Program and achievement of "Efficiency of Innovative Activities" KPI at 90% or above.
7. Opex reduction (net of repair and wage expenses) by at least 2% YoY in comparable conditions (prices, adjusted for equipment quantity).
8. Increase of FY2022 revenues against FY2021 figures, incl. due to a 1% increase of revenues from additional (non-tariff) services on 2021.
9. Target execution of the investment program at least by 95% of the volume approved, in compliance with terms and procedures stipulated by the laws.
10. Provision of efficient use of energy resources by:
 - securing in-process energy consumption at a maximum of 6.6% of total supply;
 - cutting consumption for economic needs by at least 3% against FY2021 base numbers;
 - reducing consumption of engine fuel by motor transport and special-purpose vehicles by at least 3% against FY2021 real numbers (in comparable conditions), adjusted for changes in the number of motor transport and special-purpose vehicles and volumes of transportation.
11. Keeping staffing levels for production personnel at or above 97%.
12. Prevention of negative environmental impact in the course of operations through 100% execution of the environmental strategy.
13. Implementation of the 80-Bright-Deeds corporate social initiative.

In 2022, the Company's goals were accomplished, our end-of-the-year progress in goal achievement is as follows:

- Zero rate of injuries among outsiders due the Company's fault.
- Customer service level increased (through development of interactive channels and achievement of annual satisfaction indicator related to F2F and in-absentia customer service);
- Consumers, ready to be connected to the Company's networks, connected in a timely manner;
- Index of digital transformation increased by 22.8%;
- Innovative Development Program executed and "Efficiency of Innovative Activities" KPI achieved at 93%;
- Opex reduced by 13.82%+ YoY.
- Revenues from additional (non-tariff) services increased by 1.82% YoY;
- Investment program executed by 105%;
- In-process energy consumption is 6.05% (\leq 6.6%) of total supply;
- consumption for economic needs cut by 3.79% (without bringing into comparable conditions);
- consumption of engine fuel reduced by 3.2% (in comparable conditions);
- 18% of employees involved in the 80-Bright-Deeds corporate social initiative.

To achieve the Company's goals for 2023 we intend to:

- Enforce zero rate of injuries among the personnel and outsiders due to the Company's fault and mistakes and wrongful actions of the personnel;
- Enforce fulfilment of reliability and quality of service indicators;
- Implement the 2023 roadmap activities related to the implementation of the 2020-2030 Digital Transformation Program, namely:
 - Development of the Company's charging infrastructure;
 - Creation of the automated control system to manage sales of additional (non-tariff) services;
 - Automation of investment-related managing processes.

- Execute the Innovative Development Program and achieve "Efficiency of Innovative Activities" KPI at 90% or above;
- Reduce opex by 2% on 2022 (net of expenses on maintenance and repair and wage expenses in comparable conditions (prices), adjusted for changes in quantity of equipment);
- Increase FY2023 revenues against FY2022 figures,
- Promote additional (non-tariff) services, increase revenues by 1% on 2022;
- Execute the investment program by at least 95%;
- Promote efficient consumption of energy resources by:
 - securing in-process energy consumption at or below 6.11% of total supply;
 - reducing consumption for economic needs at or above 2% on 2022;
 - reducing consumption of engine fuel by motor transport and special-purpose vehicles at or above 2% on 2022 in comparable conditions.

The Company's target benchmark: build-up of a unified network area in the areas of the Company's presence through consolidation of municipal grids, extensive renovation of networks, higher energy saving, application of energy-efficient technologies, set up of the smart electricity distribution system, establishment of efficient asset management and optimal environment for reliable and safe energy supply, transition to the networks of new technological patterns with completely new characteristics of reliability, efficiency, accessibility, controllability and customer-friendliness.

2026 performance targets

Indicator	2022 actual value	2026 target value
SAIDI	2.088	0.99
SAIFI	1.051	0.68
Losses	6.05%	6.47%
R&D expenses / Own revenues	0.08%	0.19%
Increase of labor productivity	30.78%	\geq 25% (against FY2020 base numbers)
Reduction of unit opex	13.82% (against FY2021)	3.7% (against FY2025)
Non-tariff revenues from other activities / own GRR	4.82%	8.04%