

**INDEPENDENT POWER SUPPLY COMPANY**

Company name	Territory where present
JSC Mosenergosbyt	Altai Territory, Astrakhan Region, Belgorod Region, Bryansk Region, Vladimir Region, Volgograd Region, Vologda Region, Voronezh Region, Ivanovo Region, Irkutsk Region, Kaliningrad Region, Kaluga Region, Kemerovo Region, Kirov Region, Kostroma Region, Krasnodar Territory, Krasnoyarsk Territory, Kurgan Region, Kursk Region, Leningrad Region, Lipetsk Region, Nizhny Novgorod Region, Novgorod Region, Novosibirsk Region, Omsk Region, Orenburg Region, Oryol Region, Perm Region, Republic of Adygea, Republic of Bashkortostan, Republic of Tatarstan, Rostov Region, Ryazan Region, Samara Region, St. Petersburg, Saratov Region, Sverdlovsk Region, Smolensk Region, Stavropol Territory, Tver Region, Tomsk Region, Tula Region, Tyumen Region, Udmurt Republic, Ulyanovsk Region, Chelyabinsk Region, Chuvash Republic, and Yaroslavl Region.
LLC RN-Energo	Altai Territory, Astrakhan Region, Belgorod Region, Bryansk Region, Vladimir Region, Volgograd Region, Vologda Region, Voronezh Region, Ivanovo Region, Irkutsk Region, Kaluga Region, Kemerovo Region, Kirov Region, Kostroma Region, Krasnodar Territory, Krasnoyarsk Territory, Kursk Region, Leningrad Region, Lipetsk Region, Moscow, Moscow Region, Nizhny Novgorod Region, Omsk Region, Orenburg Region, Oryol Region, Penza Region, Primorsky Territory, Pskov Region, Republic of Altai, Republic of Bashkortostan, Republic of Mari El, Republic of Mordovia, Republic of Tatarstan, Republic of Khakassia, Rostov Region, Ryazan Region, Samara Region, St. Petersburg, Saratov Region, Sverdlovsk Region, Smolensk Region, Stavropol Territory, Tambov Region, Tver Region, Tomsk Region, Tula Region, Tyumen Region, Udmurt Republic, Ulyanovsk Region, Khabarovsk Territory, Khanty-Mansi Autonomous District-Yugra, Chelyabinsk Region, Chuvash Republic, Yamalo-Nenets Autonomous District, and Yaroslavl Region.
LLC RT-ET	Bryansk Region, Leningrad Region, Moscow Region, Nizhny Novgorod Region, Novosibirsk Region, Samara Region, Saratov Region, Sverdlovsk Region, Republic of Bashkortostan, Republic of Mordovia, Republic of Tatarstan, Udmurt Republic, Ulyanovsk Region, and Chita Region.

## Improving operational efficiency

In an effort to improve the quality of services and slash operating costs, the Inter RAO Group has developed a framework program for the digital transformation of supply companies in 2019-2021. The program also aims to develop the following segments:

- remote data collection
- electronic document workflow
- receivables management
- customer service
- digital integration with external systems
- enhancing the effectiveness of the contact center

### Billing

Two projects were implemented in the Billing segment in 2018.

#### A project to standardize settlements with individual consumers for power supply companies of the Inter RAO Group

In 2018, the following work was completed:

- transition to the Unified Methodology for Working with Individual Consumers
- standardization of settlements with individuals at LLC Energy Retail Company of Bashkortostan
- standardization of settlements with individuals at LLC Energosbyt Volga

Revenue in 2018:

**3.558**  
 billion RUB

### A project for the unified billing of legal entities for supply companies of the Inter RAO Group

A unified methodology for settlements with legal entity consumers was developed during previous stages.

In 2018, the following work was completed:

- replication of the solution at LLC Energy Retail Company of Bashkortostan
- replication of the solution at PJSC Tambov Power Supply Company
- replication of the solution at PJSC Saratovenergo
- replication of the solution at LLC Energosbyt Volga

### Unified Information and Settlement Centers

As of the end of 2018, the number of personal accounts serviced at UISCs stood at 2,890,000 versus the target of 3,002,000 accounts. The number of personal accounts serviced increased by 39% (or by 816,000 personal accounts) compared with 2017.

Increase in revenue versus the previous accounting period: 34%, or RUB 891 million.

Goals for developing the Unified Information and Settlement Centers until 2020:

- implementation of projects to incorporate the municipal solid waste treatment services of regional operators into the Unified Payment Document (hereinafter UPD)
- creation of centralized IT solutions for business processes to generate charges for housing and utility services
- entering the housing insurance market
- piloting advanced IT solutions for customer relations
- optimizing and standardizing business processes using the approaches of the Lean 6 Sigma concept
- an increase in the average UPD check
- an increase in the number of personal accounts serviced
- launching UISCs in new regions where the Group's guaranteed suppliers operate

### Reliability and security of electric power supplies

A number of power grid facilities that were previously owned by local governments were transferred to the balance sheets of grid companies, which had a positive effect on the security of power grid operations and enhanced the reliability of power supplies to consumers. Starting from 2018, the PJSC Inter RAO Office for Work with Grid Organizations has been reviewing inquiries from consumers regarding the quality of electrical power delivered to guaranteed suppliers, which has helped improve the efficiency of work to eliminate bottlenecks.

In an effort to simplify the utility connection procedure and shorten the connection time itself, the Inter RAO Group's supply companies and grid companies are implementing the joint One-Stop Shop project, which allows for simultaneously concluding two contracts – for utility connections and power supply. The power supply contract takes effect immediately upon completion of the utility connection, which eliminates the need for consumers to contact the guaranteed supplier again after the registration of the utility connection. The Company is successfully developing and improving this project.

The companies of the Group have contact centers that provide access to information regarding the reliability of electricity quality and are also able to quickly respond to customer inquiries.

In order to improve information security mechanisms, projects are being implemented to update the personal data protection system. The Company has designated individuals responsible for ensuring the protection of confidential information. The staff of companies in this Segment consist of employees who have a basic higher education in information security or have completed advanced training courses. Commissions have been created to determine the level of protection of personal data when it is processed in the information system used to manage power supplies to residential consumers.

The Company monitors the updating of documents that regulate information security issues. At least once a year, the following provisions are updated:

- Information Security Policy
- Policy for the Technical Protection of Information
- Regulation on Work to Ensure the Protection of Information Constituting a Commercial Secret
- List of personal data information systems to be protected

Companies in the Supply segment use a multi-level software and hardware system to protect information:

- firewalls (Cisco ASA, Palo Alto) and certified intrusion detection tools (APKS Continent. Attack Detector)
- certified cryptographic information security tools for data transmission channels outside a controlled area (APKS Continent)
- anti-virus protection for information, including email and virtual environments (Kaspersky Endpoint Security for Standard Business, Kaspersky Security for Microsoft Exchange, and Kaspersky for Virtual Environments)
- Certified protection tools against unauthorized access to AWS users (Secret Net Studio)

EBITDA in 2018:

**277**  
 million RUB

EBITDA growth compared with 2017:

**82%**  
 or  
**125**  
 million RUB

In addition to technical measures, the Company's employees regularly monitor vulnerabilities in security systems:

- scanning for IT infrastructure vulnerabilities using the specialized XSpider tool with the preparation of quarterly reports
- monitoring of the records of information resource users with the preparation of quarterly reports
- analysis of the protection of web resources

## Improving customer service quality

A customer-oriented approach is one of the key focuses for the development of supply companies. In an effort to boost customer loyalty, new information systems for customer relations management (SUVK 2.0.) and remote service systems (LCC, CC) are being actively introduced into organizational charts. In order to introduce modern customer service quality standards, service companies have launched a project called Supply Academy, which entails creating a center of excellence to train the Group's staff on the basis of a professional development system. One of the key focuses is the development of additional paid services – the supply of goods and the provision of services related to the supply of electricity to consumers. Due to the new law on amendments to certain legislative acts of the Russian Federation in connection with the development of electric power (capacity) metering systems in the Russian Federation, all power supply companies have conducted a reevaluation of the indicators set forth in roadmaps to replace metering devices in the time between verifications. In addition, power supply companies have drafted and approved roadmaps to enter the market of electrical installation work for businesses and individuals.

The Inter RAO Group's power supply companies are actively working to improve the quality of customer service and introducing modern communication technologies with customers (contact centers, CRM systems, and Internet reception centers, among other things). The Company is paying significant attention to the introduction of new technologies in the traditional operational business processes of companies.

In 2018, the following key measures were carried out:

- drafting and updating of internal regulatory documents concerning information security
- verifying and preparing quarterly reports on the monitoring of records
- scanning for vulnerabilities in the network of the central office, OSE, and server segment
- measures to improve the information security of public resources

In 2018, the retail business devoted special attention to the development of the range and capacity of interactive customer services, such as IVR (interactive voice response), video consultants, and chat bots, and improving the quality of their work. Effective solutions have also been included in replication projects for all companies in the retail business.

The customer-oriented approach means faster processing of incoming calls and more detailed explanations for customers. All companies have significantly expanded the capacity and features of the One-Stop Shop service when providing face-to-face services to individuals, individual entrepreneurs, and major customers. Centralized projects have been completed to model and build software to update and improve the quality of customer information, which optimizes personalized interaction between companies and customers on a wide range of issues related to both contractual relations when providing power supplies (clarification of contractual terms and real estate parameters, notifications about debt and charges, and claim-related work, among other things) as well as the sale of additional paid services.

The increased capacity of contact centers and the introduction of automated load distribution in such cities as Oryol and Tomsk has not only made it possible to connect most retail assets to remote services, but has also significantly expanded the range of operations available to customers.