

# PROCUREMENT ACTIVITIES

IDGC of Centre, PJSC's procurement activities in 2015 were performed based on the Regulation on Procurement of Goods, Work and Services for IDGC of Centre, PJSC. The main principles of the procurement activities were defined by the Procurement Policy, approved by the Resolution of the Board of Directors (Minutes dated 14.07.2014 No. 16/14) as an internal document of the Company. Detailed information about the main principles of procurement activities and the methods, conditions and formats of procurement procedures at IDGC of Centre is provided in the Company's annual reports.

Since 1 February 2015, IDGC of Centre, PJSC has commissioned an automated procurement management system (ASUZD – <http://asuzd>) for the improvement of procurement activities.

## PLANNING OF PROCUREMENT ACTIVITIES

The Company performs procurement activities based on annual plans that pass the Board of Directors' preliminary approval. The procurement plan is developed in accordance with the needs of the Company and includes both cost parameters and the methods and timing of procedures.

The procurement plan takes the reduction of investment costs into account within the framework of the implementation of the Russian Federation's Development Strategy for the Electric Grid Complex. The planned (limit) purchase price of investment projects, with respect to electric grid facilities of capital construction, is calculated by taking the reduction of investment costs by 30% (relative to the 2012 levels) into account.

At the end of the year, the management presents the annual procurement plan report to the Company's Board of Directors.

## RESULTS OF PROCUREMENT ACTIVITIES IN 2015

The procurement value in the reporting year amounted to RUB 27,579.9 mln, which is almost 14% higher than in 2014. The economic efficiency of procurement was also improved.

**27,579.9** RUB mln  
was the volume of purchases during the reporting year

### Procurement in 2014–2015

Indicator	2014		2015	
	Number of purchases	Amount RUB mln (without VAT)	Number of purchases	Amount RUB mln (without VAT)
Total	7,463	24,273.8	8,067	27,579.9
Economic saving based on the results of procurement procedures	4.1%	1,030.6	6.1%	1,793.1
Procurement using e-commerce systems	6,556	22,653.3	7,462	27,097.5
Conditionally-permanent purchases	1,991	5,708.6	2,194	6,903.8

<sup>1</sup> The Regulation was approved by the Resolution of the Board of Directors, Minutes dated 13.06.2013 No. 15/13, with amendments approved by the resolutions of the Board of Directors: Minutes dated 16.04.2015 No. 08/15, Minutes dated 24.06.2015 No. 13/15.

Open procurement procedures account for the majority of the Company's purchasing. The share of open procurement procedures (open tenders, open auctions, open requests for proposal, price requests, competitive negotiations, requests for prices/bids based on the results of open competitive negotiations) in the procurement structure amounted to 96.1% of the total number of completed procurement

procedures and 99.1% of the total amount of procurement in monetary terms.

The share of single-source procurement in 2015 was insignificant – 0.9%. The Company does not perform closed procurement procedures.

Procurement structure in the 2013–2015 period, depending on the method of procurement procedures, RUB mln, without VAT

Procurement method	2013	2014	2015
Open	26,914.6	22,887.3	27,341.7
Closed	0	0	0
Single source	998.1 <sup>1</sup>	1,331.9 <sup>2</sup>	237.9
Simple and small procurement	269.5 <sup>3</sup>	54.6	0.3
<b>Total</b>	<b>28,182.2</b>	<b>24,273.8</b>	<b>27,579.9</b>

Purchases from a single source

The structure of the procurement	2013	2014	2015	Variance 2015/2014, p. p.
Share of single sourcing,% of total number of purchases	3.5	5.5	0.9	-4.6
Including				
Agreement with PJSC Rosseti	2.4	4.8	–	-4.8
Single source procurement except agreement with PJSC Rosseti	1.1	0.7	0.9	0.2

<sup>1</sup> Includes agreement with PJSC Rosseti for the amount of RUB 684.8 mln without VAT.

<sup>2</sup> Includes agreement with PJSC Rosseti for the amount of RUB 1,153.9 mln without VAT.

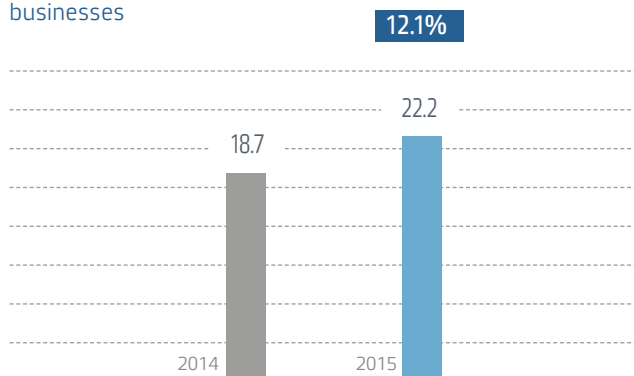
<sup>3</sup> Including non-regulated procurement for the amount of up to RUB 500 thou. with VAT in accordance with Regulation on procedure of regulated procurement of goods, work, services for the needs of IDGC of Centre, PJSC, that was in force before 10.06.2013.

## PROCUREMENT FROM SMALL AND MEDIUM-SIZED BUSINESSES

# 50%

of all purchases in 2015 made from small and medium-sized businesses

Number of purchases from small and medium-sized businesses



The company continued its work within the road map for cooperation with small and medium-sized businesses. More than 6 thou. procurement procedures were completed in 2015, which is 12% higher than in 2014. The Company did

not hold any procurement procedures in 2015 with the condition for engaging small and medium-sized businesses as subcontractors.

### Procurement from small and medium-sized businesses in 2015

Purchase method	Purchases	Amount RUB mln (without VAT)
<b>Total</b>	<b>6,033</b>	<b>13,777.8</b>
Including		
From small and medium-sized businesses based on the results of tenders, other procurement methods with participation of any parties specified in Part 5 of Article 5 of Federal Law "On Procurement of Goods, Work, Services by Certain Types of Legal Entities" <sup>1</sup>	2,315	6,872.8
From small and medium-sized businesses based on the results of tenders, other procurement methods with participation of only small and medium-sized businesses <sup>1</sup>	106	956.3

<sup>1</sup> In accordance with the calculation on Regulation of the Russian Federation Government of December 11, 2014, No 1352 "On the Peculiarities of Small and Medium-Sized Businesses' Participation in Procurement of Goods, Work, Services by Certain Types of Legal Entities"