

DEVELOPMENT STRATEGY

Strategic planning in PAO Rosseti Ural is focused on the implementation of industry strategic planning documents, incl. Energy Strategy of the Russian Federation¹, Low-Carbon Social Economic Development Strategy of the Russian Federation to 2050², forecasts of social economic development of the Russian Federation for 2024 and 2025-2026 and other documents regarding state strategic planning in the energy sector.

The primary strategic goals of the Rosseti Group are:

- Promotion of legislative initiatives focused on industry development
- Provision of reliability, quality of supply and non-discriminatory access to infrastructure in new digital environment
- Provision of balance of interests for all stakeholders: state/ consumers/ stockholders / investors
- Development of new lines of business (non-tariff services) through digital transformation to meet the needs of changing demand

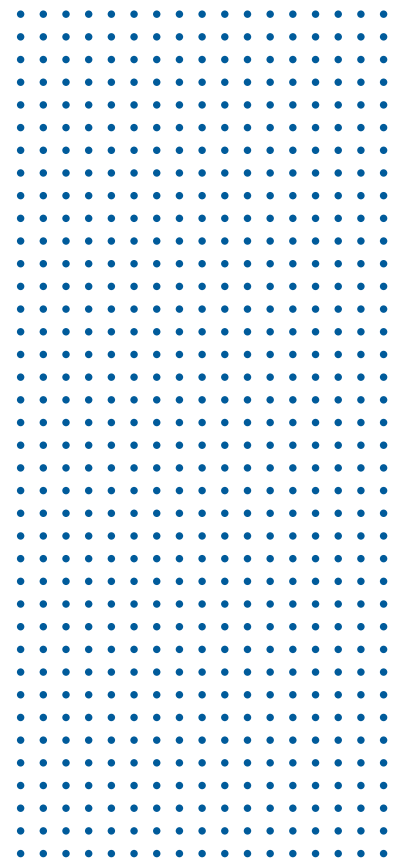
PAO Rosseti Ural's Policy is focused on strict compliance with statutory and other requirements in service delivery, holistic change and improvement of business by implementing digital technologies, developing innovations and expanding service areas as well as creating safe and comfortable labor conditions 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 2023-2027
- The 2023-2027 Investment Development Program
- The 2023-2027 Enhanced Operating Efficiency and Cost-Cutting Program
- The Development of Smart Metering Program

PAO Rosseti Ural's Goals for 2023 were set for a short-term period with consideration of unattainable goal risks (risks of business operations and functional risks), to comply with:

- Strategic goals of the Rosseti Group
- Strategic priorities of industry development, as stated in the Strategy for the Development of the Electric Grid Sector of the Russian Federation
- Figures of the Company's revised business plan for 2023-2027
- C-level KPI system of the Company
- RK ISM-MRSK-01 "Integrated Management System Guidelines"



PAO Rosseti Ural's Goals for 2023:

1. Zero rate of injuries among the personnel and outsiders due the Company's fault and mistakes and wrongful actions of the personnel. Implementation 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 1% increase of the Company's digital transformation index by executing activities envisaged by the roadmap on implementation of the Digital Transformation Program equal to 2023 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 FY2023 revenues against FY2022 figures, incl. due to development of additional (non-tariff) services
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 the share of expenses on Russian software and related works (services) at 88.03% or above of the total expenses on software and related works (services)
11. Provision of efficient use of energy resources by:
 - securing in-process energy consumption at a maximum of 6.11% of total supply
 - cutting consumption for economic needs by at least 3% against FY2022 base numbers (electricity, thermal power and gas); non-exceedance of 2022 water consumption
 - reducing consumption of engine fuel by motor transport and special-purpose vehicles by at least 3% against FY2022 real numbers (in comparable conditions), adjusted for changes in the number of motor transport and special-purpose vehicles and volumes of transportation
12. Keeping staffing levels for production personnel at or above 95%
13. Prevention of negative environmental impact in the course of operations through 100% execution of the environmental strategy

2023 accomplishments:

- Reliability indicators achieved
- Customer service level increased (through development of interactive channels and achievement of annual satisfaction indicator related to F2F and in-absentia customer service)
- 2% reduction of the share of overdue connection contracts against existing contracts
- Index of digital transformation increased by 3%
- Innovative Development Program executed and "Efficiency of Innovative Activities" KPI achieved at 112%
- FY2023 revenues increased against FY2022 figures, incl. due to the development of additional (non-tariff) services
- Investment program executed by 99%
- Share of expenses on Russian software and related works (services) is 93.44% of the total expenses on software and related works (services)
- In-process energy consumption is 5.96% ($\leq 6.6\%$) of total supply
- Consumption for economic needs cut by at least 5.4% YoY (electricity, thermal power and gas); 6.4% reduction of water consumption against 2022 figures





To achieve the Company's goals for 2024 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 fulfillment of reliability and quality of service indicators
- Enforce connection of consumers to the Company's network in a timely manner
- Enforce increase of QoS indicators
- Execute the Innovative Development Program and achieve "Efficiency of Innovative Activities" KPI at 98% 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 FY2024 revenues against FY2023 figures, incl. due to the development of additional (non-tariff) services
- Execute the investment program by at least 95%
- Enforce the efficiency of transition to domestic software at 84.3% of the total software
- Promote efficient consumption of energy resources by:
 - securing in-process energy consumption at or below 6.28% of total supply
 - reducing consumption for economic needs at or above 3% on 2023
 - non-exceedance of a 3-year average fuel consumption by motor transport and special-purpose vehicles of 20.9 l per 100 km
- Keep staffing levels for production personnel at or above 93%

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.

2028 performance targets

Indicators	2023 actual value	2028 target value
SAIDI	1.78	0.96
SAIFI	0.88	0.66
Losses	5.96%	5.86%
R&D expenses / Own revenues	0.15%	0.19%
Increase of labor productivity	90%	≥ 31% (against FY2022 base numbers)
Reduction of unit opex	0.9%	2%
Non-tariff revenues from other activities / own GRR	4.24%	10.05%

