

KEY PERFORMANCE INDICATORS

The KPI system is divided into two groups of indicators: key performance indicators and functional key performance indicators. KPIs are indicators, based on Company's strategic documents used to evaluate the efficiency of Company's executives (General Director, General Director Deputies, Chief Accountant), FKPIs are individual indicators set for the Company's officials individually, tailored to their field of concern. The KPI and FKPI system is coupled with the variable management's remuneration (50% for KPI and 50% for FKPI): each indicator has its own weight in bonuses, annual remunerations are paid, provided that the relevant KPIs are completed. 2023 and 2022 indicators cannot be compared due to significant revision of the KPI and FKPI composition and calculation methodologies. KPIs and FKPIs as well as 2023-2025 targets are set in line with the Charter³ and Board of Directors' resolution⁴.



| Indicator | Calculation methodology | Weight (2023), % |
|---|---|--|
| Financial and Economic Key Performance Indicators | | |
| ROIC, % | Operating income, adjusted for PP&E impairment (reversal of impairment), revenues from connection and ECL provision (ECL provision recovery) / sum of average equity and long-term loans and borrowings | 10 |
| Operating margin, % | Operating income, adjusted for PP&E impairment (reversal of impairment) and revenues from connection / revenues, net of revenues from connection | 20 |
| Net profit, net of impairment and connection, RUB thousand | Profit / (loss), adjusted for PP&E impairment (reversal of impairment) and revenues from connection (incl. income tax) | 20 |
| Specific Industry Key Performance Indicators | | |
| Loss level, % | Electricity losses in the Company's networks (difference between total supply and net supply and consumption for own needs), multiplied by amount of discrepancies for previous periods, settled against the Company / total supply for the reported period | 15 |
| Preparedness for winter seasons, pcs | Indicator evaluating Company's preparedness to work during winter seasons, based on the Ministry of Energy's monthly monitoring | 20 |
| Compliance with the facility launch schedule, % | Total actual fixed assets, commissioned during the reported period, determined by the investment program completion report / target fixed assets pursuant to the adopted investment program and launch schedule | 15 |
| Indicative Indicators | | |
| Achievement of the National Investment Climate Rating's factor "Efficiency of connection procedures", % | Indicator is determined due to the degree of achievement of the benchmarks related to the National Investment Climate Rating's factor "Efficiency of connection procedures" in regions of the Company's footprint | Indicative indicator |
| Functional Key Performance Indicators | | |
| EBITDA, RUB thousand | Income / (loss) prior to taxation, depreciation and amortization and interest payable, adjusted for PP&E impairment (reversal of impairment) and revenues from connection | General Director – 20% First Deputy General Director – Chief Operating Officer – 25% Deputy General Director for Economics and Finance – 25% |
| Obtainment of certificate for autumn/winter operations, pcs | Timely obtainment of certificate for autumn/winter operations prior to 05 November of the reported period, pursuant to the Rules on the evaluation of preparedness for autumn/winter operations ⁵ | General Director – 20% First Deputy General Director – Chief Operating Officer – 25% |



| Feature related to indicator calculation | 2023 target | Lowest value | Threshold value | 2023 actual value * | Evaluation of accomplishment / factors of variance | Achievement, % | 2024 target | 2025 target |
|--|-------------|-----------------------------|----------------------------|---------------------|--|----------------|-------------|-------------|
| Multiplying factor | 10.0 | 8.0 | 12.0 | 13.4 | Accomplished | 134% | 8.8 | 9.5 |
| Multiplying factor | 8.5 | 6.8 | 10.2 | 11.0 | Accomplished | 129% | 8.2 | 8.0 |
| Multiplying factor | 6,264,556 | 5,011,645 | 7,517,467 | 9,514,023 | Accomplished | 152% | 6,092,890 | 6,354,408 |
| Multiplying factor | 6.54 | The indicator is not set ** | The indicator is not set** | 6.40 | Accomplished | 102% | 6.61 | 6.59 |
| Multiplying factor | 1 | 1 | 1 | 1 | Accomplished | 100% | 1 | 1 |
| Multiplying factor | 92.0 | 73.6 | 110.4 | 96.2 | Accomplished | 105% | 93.5 | 95.0 |
| Multiplying factor | 100.0 | x | x | 100 | Accomplished | 100% | 100.0 | 100.0 |
| Multiplying factor | 18,547,751 | 16,692,976 | 18,547,751 | 21,777,102 | Accomplished | 117% | 19,343,386 | 20,223,542 |
| Multiplying factor | 1 | 1 | 1 | 1 | Accomplished | 100% | 1 | 1 |

| Indicator | Calculation methodology | Weight (2023), % |
|--|--|---|
| Lack of large-scale incidents in the networks, investigated by Rostekhnadzor, accomp./unaccomp. | Calculation of the indicator includes incidents in the Company's networks classified by a Rostekhnadzor's commission in line with clause 4 of the Rules for investigation of power sector incidents ⁶ | First Deputy General Director – Chief Operating Officer – 25% |
| Efficiency of innovative activities, % | Integral indicator of efficiency of innovative activities evaluates the accomplishment of 3 indicators: R&D expenses, procurements of innovative products, quality of development (update) of the IDP / execution of the IDP | First Deputy General Director – Chief Operating Officer – 25% |
| Increase in labor productivity against 2022 figures, % | Added value on all services / annual average headcount (Comparison to 2022 base figures) | Deputy General Director for Economics and Finance – 25% Deputy General Director – Head of Office – 50% |
| Active staff turnover, % | Total employees, resigned in line with clauses 3 (termination of a labor contract upon employee's initiative) and 5 (transfer of an employee upon his request or consent to another employer or transfer to an elected position) of Article 77 of the Russian Labor Code / average headcount as of the reported period | Deputy General Director – Head of Office – 50% |
| Compliance with connection terms, rel. unit | Integral indicator, evaluating the quality of connection, comprising two components: quality of connection request processing, quality of connection contracts execution | Deputy General Director for Investments – 50% Deputy General Director for Connection and Development of Additional Services – 100% |
| Net attraction of loans and bonds to cover the deficit of the investment program funding, RUB thousand | Calculated as difference between attracted and redeemed borrowings (loans and bonds) | Deputy General Director for Economics and Finance – 25% Deputy General Director for Investments – 50% |
| Efficiency of the transition to domestic software, % | Calculated as a share of installed Made-in-Russia software in the total volume of installed software of the Company that implements its BoD-approved schedule on the transition to the preferential use of domestic software | General Director – 20% |
| Overdue electricity transmission receivables, RUB thousand | Non-exceedance of actual value of overdue receivables (net of moratorial debt) as of the reported period over target value | Deputy General Director for Sales – 50% Deputy General Director for Legal Affairs and Corporate Governance – 33.33% Deputy General Director for Security – 50% |
| Company's credit rating assigned by a national rating agency, rating scale | Determined by a rating analysis by a Russian rating agency, accredited by the Bank of Russia, with a concluded contract on rating activities | General Director – 20% Deputy General Director for Economics and Finance – 25% Deputy General Director for Sales – 50% Deputy General Director for Legal Affairs and Corporate Governance – 33.33% |
| Execution of a comprehensive security plan, % | Calculated as: timely executed activities enlisted in the comprehensive security plan / total activities of the comprehensive security plan | Deputy General Director for Security – 50% |
| Enforcement of protection of insider information and maintenance of listing for Company's shares, accomp./unaccomp. | Integral indicator to evaluate the level of corporate governance, comprised of 2 components: enforcement of protection of insider information and maintenance of listing for Company's shares | Deputy General Director for Legal Affairs and Corporate Governance – 33.33% |
| Share of contracts concluded upon conducted electronic tenders, % | Calculated as: amount of electronic tenders ended in conclusion of contracts associated with the spending of funds / total tenders (competitive and non-competitive) ended in conclusion of contracts associated with the spending of funds | General Director – 20% |
| Absence of qualified and/or modified audit opinion impacting the authenticity of the annual accounting (financial) statements, accomp./unaccomp. | Calculation takes into account unmodified or modified audit opinion (qualified opinion, negative opinion, disclaimer of opinion) on the authenticity of the Company's accounting (financial) statements | Chief Accountant – 100% |

* 2023 value is expected value of KPIs and FKPIs accomplishment, with due regard to the timeline of the reports used for their calculation. Actual values are to be approved by the Board of Directors

** Lowest and threshold values for the "Loss Level" KPI are not set⁴

| Feature related to indicator calculation | 2023 target | Lowest value | Threshold value | 2023 actual value * | Evaluation of accomplishment / factors of variance | Achievement, % | 2024 target | 2025 target |
|--|---|--------------|-----------------|---------------------|--|----------------|---|--------------|
| Reduction factor | 0 | 0 | 0 | 0 | Accomplished | 100% | 0 | 0 |
| Multiplying factor | 98.0 | 88.2 | 98.0 | 100.3 | Accomplished | 102% | 98.0 | 98.0 |
| Multiplying factor | 6.0 | 5.4 | 6.0 | 33.7 | Accomplished | 562% | 11.0 | 16.0 |
| Reduction factor | 6.5 | 7.1 | 6.5 | 6.0 | Accomplished | 107% | 6.5 | 6.5 |
| Reduction factor | 1.1 | 1.2 | 1.1 | 1.0 | Accomplished | 105% | 1.1 | 1.1 |
| Reduction factor | 5,694,171 | 6,263,588 | 5,694,171 | 957,346 | Accomplished | 183% | 3,304,385 | 850,186 |
| Multiplying factor | 75.0 | 67.5 | 75.0 | 75.8 | Accomplished | 101% | 84.3 | 88.9 |
| Reduction factor | 854,489.0 | 939,937.9 | 854,489.0 | 493,675.0 | Accomplished | 142% | 562,264.3 | 465,643.8 |
| Multiplying factor | Value of the national scale credit rating at or above | | | ruAA+ | Accomplished | 100% | Value of the national scale credit rating at or above | |
| | ruAA+ | ruAA+ | ruAA+ | | | | ruAA+ | ruAA+ |
| Multiplying factor | 100.0 | 90.0 | 100.0 | 100.0 | Accomplished | 100% | 100.0 | 100.0 |
| Multiplying factor | Accomplished | Accomplished | Accomplished | Accomplished | Accomplished | 100% | Accomplished | Accomplished |
| Multiplying factor | 54.0 | 48.6 | 54.0 | 71.7 | Accomplished | 133% | 56.0 | 60.0 |
| Reduction factor | Accomplished | Accomplished | Accomplished | Accomplished | Accomplished | 100% | Accomplished | Accomplished |