

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 the 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. KPIs and FKPIs as well as 2024-2026 targets are set in line with the Charter⁷ and Board of Directors' resolution⁸.

Indicator	Calculation methodology
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
Operating margin	Operating income, adjusted for PP&E impairment (reversal of impairment) and revenues from connection / revenues, net of revenues from connection
Net profit, net of impairment and connection	Profit / (loss), adjusted for PP&E impairment (reversal of impairment) and revenues from connection (incl. income tax)
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
Preparedness for winter seasons	Indicator evaluating Company's preparedness to work during winter seasons, based on the Ministry of Energy's monthly monitoring
Compliance with the facility launch schedule	Total actual fixed assets, commissioned during the reported period, determined by the investment program completion report (in monetary terms, based on the date of signing of the Acceptance Act by the inspection board) / target fixed assets pursuant to the adopted investment program and launch schedule
Bonus reduction factors	
Maximum limit of discrepancies over losses as of the end of the reported period (year)	Bonus reduction factor, calculated as discrepancies as of the end of the reported period (year) (unsettled as of the end of the second month of the year following the reported one) / Company's electricity losses
Infringements of transactioning procedures	Indicator evaluating absence of violations in procedures related to consummation of large-scale transactions, related-party transactions as well as transactions, subject to approval in line with the Charter
Timely execution of remedial action plans	Indicator, evaluating timeliness of execution of remedial action plans during the reported period by the Company, prepared and adopted after compliance measures, conducted with regard to the Company, and audits and inspections, conducted by the boards of internal auditors
Indicative figures	
Achievement of the National Investment Climate Rating's factor "Efficiency of connection procedures"	Indicator is defined on the basis of 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

Weight // Bonus reduction for 2024, %	MU	Target// threshold value for 2024	2024 actual value*	Evaluation of accomplishment in 2024 (% accomplished/ not accomplished)**	Reasons of non-accomplishment	2025 Target***	2026 Target***
10	%	7.1	10.1	120% accomplished	-	6.9	8.0
20	%	8.2	10.2	120% accomplished	-	7.4	8.5
20	RUB thous.	7,000,191	8,931,116	120% accomplished	-	4,534,887	6,791,423
15	%	6.41	6.26	102% accomplished	-	6.24	6.19
20	pcs	1	1	100% accomplished	-	1	1
15	%	93.5	106.8	114% accomplished	-	95.0	95.0
-10	%	3.50	0.01	accomplished	-	3.50	3.50
-10	number	0	0	accomplished****	-	0	0
-10	%	90	91.7	accomplished	One activity in 3Q2024 was completed beyond the deadline (area of responsibility: Deputy General Director for Investments and Capital Construction)	90	90
Indicative figure	%	100	95.3	Not accomplished	There are 58 RGOs operating in the regions of the Company's footprint and impacting the National Investment Climate Rating's factors, used to calculate the KPI	100	100

* 2024 value is expected value of KPIs 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

** If KPI achievement percentage exceeds 120%, one should insert the one equal to 120%; if KPI achievement percentage is below 80%, one should insert the one equal to 0%

*** Composition and target values of the indicators are adopted by the Board of Directors⁸ and are subject to adjustment (if required) done in line with Board of Directors' resolution and C-level KPI and FKPI Calculation Procedure⁹

**** Bonus reduction factor "Infringements of transactioning procedures" should be considered as accomplished in 3Q 2024 in line with the Minutes¹⁰. Taking into account all reviewed factors, to ensure post-incident inspections and recovery works (in case of power system disturbances) on a section of 110 kV "Emankino-Buskul" aerial power line, the resolution to conclude a contract on compulsory civil liability insurance for vehicle owners between PAO Rosseti Ural and AO SK NOMAD Insurance prior to its approval of the Board of Directors was adopted

Indicator	Calculation Methodology	Official, liable for FKPI achievement
Functional key performance indicators		
EBITDA	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 - 25%; First Deputy General Director –Chief Operating Officer - 20%; Deputy General Director for Economics and Finance - 25%
Obtainment of certificate for autumn/winter operations	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 ¹¹	General Director - 25%; First Deputy General Director –Chief Operating Officer - 20%
Lack of large-scale incidents in the networks, investigated by Rostekhnadzor	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 ¹²	First Deputy General Director –Chief Operating Officer - 20%
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 - 20%
Increase in labor productivity against 2023 figures	Added value on all services / annual average headcount (Comparison to 2023 base figures)	Deputy General Director for Economics and Finance - 25%; Deputy General Director for BP Transformation, Digitization and IT - 33%; Deputy General Director – Head of Office - 33%
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 - 33%
Manning level	Staff size, reduction in vacancy rates / Staff size according to the staffing table as of the end of the reported period	Deputy General Director – Head of Office - 33%
Compliance with connection terms	Integral indicator, evaluating the quality of connection, comprising two components: quality of connection request processing, quality of connection contracts execution	Deputy General Directors for Investments and Capital Construction -100%; Deputy General Director for Connection and Development of Additional Services - 50%
Debt/EBITDA	LT+ST loans and borrowings / EBITDA	Deputy General Director for Economics and Finance - 25%
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	Deputy General Director for BP Transformation, Digitization and IT - 33%
Efficiency of the transition to domestic radio electronics	Calculated as a share (percentage) of procurements of Made-in-Russia radio electronics in the total volume of the Company that implements its schedule on the transition to the preferential use of domestic radio electronics	First Deputy General Director –Chief Operating Officer - 20%

MU	2024 Target Value	2024 Real Value*	Evaluation of accomplishment (% accomplished/ not accomplished)**	Reasons of non-accomplishment	2025 Target***	2026 Target***
RUB thous.	18,923,501	21,506,738	100% accomplished	-	18,158,215	20,209,373
pcs	1	1	100% accomplished	-	1	1
Accomp./ unaccomp.	0	0	100% accomplished	-	0	0
%	98.0	-	-	-	98.0	98.0
%	10.0	39.3	100% accomplished	-	15.0	20.0
%	6.5	6.1	100% accomplished	-	6.5	6.5
%	95	93	98% Partially accomplished	Reasons of deviation: 1. Labor-deficient locations (PAO Rosseti Ural's area of service); 2. Low unemployment rate; 3. Increase in total turnover rate (+4.2% YoY in 2024)	95	95
Rel.unit	1.1	1.1	100% accomplished	-	1.1	1.1
RUB thous.	1.5	1.2	100% accomplished	-	1.8	1.6
%	84.3	89.8	100% accomplished	-	88.9	90.0
%	77.0	99.6	100% accomplished	-	78.0	79.0

Overdue electricity transmission receivables	Non-exceedance of actual value of overdue receivables (net of moratorial debt) as of the reported period over the target value	Deputy General Directors for Sales - 50%; Deputy General Director for Legal Affairs and Corporate Governance - 25%; Deputy General Directors for Security - 50%
Safety of the Company's assets	Calculation of the indicator considers theft or intentional damage of the Company's property	Deputy General Directors for Security - 50%
Company's credit rating assigned by a national rating agency	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 - 25%; Deputy General Director for Economics and Finance - 25%; Deputy General Directors for Sales - 50%; Deputy General Director for Legal Affairs and Corporate Governance - 25%
Enforcement of protection of insider information and maintenance of listing for Company's shares	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 - 25%
Timely conduction of AGM by the Company and its subsidiaries	The calculation uses violations of statutory terms for the conduct of AGM by the Company and its subsidiaries	Deputy General Director for Legal Affairs and Corporate Governance - 25%
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 - 25%
Number of remarks (mistakes) with regard to the Company's accounting practices, exposed by the auditor and board of internal auditors in the course of the audits of the reported period	Evaluation of the indicator uses remarks (mistakes) with regard to the Company's accounting and reporting practices, remarks with regard to compliance with the Russian laws on taxes and levies as well as materiality level, set by the audit standards.	Chief Accountant – Head of Accounting and Tax Reporting Department - 100%
Efficiency of sales of additional services	The indicator evaluates the achievement of target value of revenues from additional services and achievement of target value of gross profit from additional services as of the reported period	Deputy General Director for Connection and Development of Additional Services - 50%
Execution of the information security plan	The indicator evaluates the execution of the information security plan under execution of the Digital Transformation Program, adopted by the Board of Directors, Decree ¹³	Deputy General Director for BP Transformation, Digitization and IT - 33%

* 2024 value is expected value of 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

** If FKPI achievement percentage exceeds 100%, one should insert the one equal to 100%; if FKPI achievement percentage is below 90%, one should insert the one equal to 0%

*** Composition and target values of the indicators are adopted by the Board of Directors⁹ and are subject to adjustment (if required) done in line with Board of Directors' resolution and C-level KPI and FKPI Calculation Procedure⁹



RUB thous.	2,044,309.3	1,035,949.3	100% accomplished	-	826,070.2	855,475.8
pcs	0	0	100% accomplished	-	0	0
Rating scale	Value of the national scale credit rating at or above ruAA+	Value of the national scale credit rating at or above ruAA+	100% accomplished	-	Value of the national scale credit rating at or above ruAA+	Value of the national scale credit rating at or above ruAA+
Accomp./ unaccomp.	Accomplished	Accomplished	100% accomplished	-	Accomplished	Accomplished
	100	100	100% accomplished	-	100	100
%	56.0	85.5	100% accomplished	-	60.0	64.0
Accomp./ unaccomp.	0	0	100% accomplished	-	0	0
%	100	133	100% accomplished	-	100	100
%	95.0	105.7	100% accomplished	-	95.0	95.0

