

KEY PERFORMANCE INDICATORS

Achievement of Company's priorities is assessed by the KPI system, applied by the Company³⁻⁵. KPI targets were approved by the Board of Directors^{5,6}.

The list of the KPIs, established for 2022

KPI	Comparison of accrued dividends of the reported period and average dividends for the last 3 years and dividends stipulated by the business plan
Total Shareholder Return	Income before tax and interest / (equity + long-term loans and borrowings)
ROIC	Section 1. YoY growth of EBITDA at or above the average tariff growth rate Section 2. If the condition cannot be met, EBITDA is compared to the target EBITDA, stipulated by the business plan
EBITDA	YoY reduction of opex per unit/ serviceable equipment (c.u.)
Reduction of opex per unit	
Loss level	(Total supply minus net supply minus consumption for own needs) / (total supply minus internal interchanges)
Increase in labor productivity	Added value / number of insured employees (Comparison to 2020 base figures)
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 design and survey works / execution of design and survey work
Reduction of receivables	Reduction of actual overdue receivables on all subsidiaries and affiliates (net of moratorium and restructured debt and debt of contractors with deprived status of a wholesale market player and/or provider of last resort)
Compliance with connection terms	Integral indicator evaluating the quality level of connection and comprising 3 components: quality of pendency of application, quality of contract execution and compliance with antimonopoly laws
Debt/ EBITDA	Section 1. Evaluation of Debt / EBITDA. Target value ≤ 3.0 (in case of financial stability), otherwise – 10% YoY improvement but at or above 3.0. Section 2. If the condition cannot be met, evaluation of achievement of target Debt/EBITDA, based on the approved business plan
Compliance with the facility launch schedule	Total actual fixed assets entered into the books (in money terms, related to completed facilities and entered into the books during the reported period, quarter-by-quarter breakdown) / target fixed assets, according to the approved investment program and schedules
Preparedness for winter seasons	Indicator evaluating Company's preparedness to work during winter seasons, based on monthly monitoring of the Ministry of Energy
Execution of the Company's Development Blueprint	Bonus-reducing indicator, calculated as a function of the number of uncompleted activities from the Company's Development Blueprint, approved by the Board of Directors. The indicator is not calculated since there is no Company's Development Blueprint for 2022.
Achievement of the level of reliability for services rendered	SAIDI, SAIFI and large-scale incidents compared to average values for 3 years
Lack of occupational casualties	Number of casualties among employees (light injury, serious injury or fatality) during the reported period, related to officers' failures to perform their duties
Transition to preferential use of domestic software	Indicator evaluates the timeliness of preparation and implementation of the action plan on transition to preferential use of domestic software and is calculated as funding on Russian software and related services / total funding on software and related services

Targets and achievements

Indicators	Weight / % of bonus reduction (2022), %	2021 actual value // Evaluation of accomplishment in 2021	2022 target value
Total Shareholder Return	10	RUB 2,177,019,094 // accomplished	≥ average dividends (according to GM resolutions) paid for 3 years prior to the reported period, and ≥ dividends to be paid in the reported period, stipulated by the business plan
ROIC	20	168.6% // accomplished	≥ 95.0%
EBITDA	15	accomplished // accomplished	accomplished
Reduction of opex per unit	10	4.7% // accomplished	≥ 2%
Loss level	10	6.96% // not accomplished	≤ 6.68%
Increase in labor productivity	5	19.13% // accomplished	≥ 10%
Efficiency of innovative activities	20	99% // accomplished	≥ 90%
Reduction of receivables	10	57.1% // accomplished	≤ 100%
Compliance with connection terms	-10	1.1 // accomplished	≤ actual value of the previous year multiplied by 0.85, but no less than 1.1 (1.1)
Debt/ EBITDA	-10	accomplished // accomplished	accomplished
Compliance with the facility launch schedule	-10	1Q 86% 2Q 107% 3Q 91% 4Q 96% 12M 97% // not accomplished	≥ 90% (in all quarters)
Preparedness for winter seasons	-10	Simultaneously: 1) 0.99 2) accomplished // accomplished	Simultaneously: 1) ≥ 0.95 2) Failure to achieve the set value of “Existence of incomplete activities related to preparedness by an energy sector player”
Execution of the Company's Development Blueprint ***	-70	The indicator is not defined // the indicator is not evaluated	The indicator is not set
Achievement of the level of reliability for services rendered	-10	Simultaneously: 1) Ksaidi = 1.69 Ksaifi = 1.41 2) none 3) 0 // accomplished with due consideration of intrinsic factors	Simultaneously: 1) $K_i \leq 1$ 2) No significant deterioration of indicators set by the regulators 3) Zero increase of occurrence of large-scale incidents
Lack of occupational casualties	-10	Simultaneously: 1) 0 2) 2 // not accomplished	Simultaneously: 1) 2 or less casualties; 2) 0
Transition to preferential use of domestic software	-20	Evaluation of the 2022 performance	1) ≥ 68.25% 2) Own plan on transition to preferential use of domestic software approved

2022 actual value * // % on 2021 actual value	Evaluation of accomplishment (2022) // factors of variance
Accomplishment of the indicator shall be evaluated after the FY2022 General Meeting's decision on net income allocation	
122.2% // 72.5%	accomplished // -
accomplished // 100%	accomplished // -
13.82% // 34%	accomplished // -
6.63% // 105%	accomplished // -
30.78% // 160.9%	accomplished // -
Actual value is not determined **	Not evaluated
38.7% // 147.5%	accomplished // -
1.1 // 100%	accomplished // -
accomplished // 100%	accomplished // -
1Q 100% // 116% 2Q 98% // 92% 3Q 105% // 115% 4Q 103% // 107% 12M 103% // 106%	accomplished // -
Simultaneously: 1) 0.98 // 99% 2) accomplished	accomplished // -
The indicator is not defined	The indicator is not evaluated
Simultaneously: 1) Ksaidi = 2.04 Ksaifi = 1.43 2) none 3) 0	accomplished with due consideration of intrinsic factors **** //-
Simultaneously: 1) 0 2) 2	Not accomplished // fatality
1) 71.79% 2) approved by Company's Decree ⁷	accomplished // -

* Expected values of KPI 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.

** The KPI shall be summarized by a separate resolution of the Board of Directors following the evaluation of the Rosseti Group's executive body regarding implementation and control over execution of the 2020-2024 Innovative Development Program of PAO Rosseti and its SACs to be potentially extended to 2030, taking into account principles and approaches, determined by the existing Guidelines on annual evaluation of implementation of innovative development programs and Guidelines on evaluation of quality of development (update) of innovative development programs.

*** The KPI cannot be evaluated since there were no Company's Development Blueprints in 2021-2022.

**** The KPI is accomplished with due consideration of intrinsic factors.

Implementation of measures to upgrade the outage (reduction of unregistered technological disturbances) recording system and enhance transparency and manageability of technological processes, integrity of recorded parameters, used for calculation of reliability indicators.

1. All branches have the automated system for collection and processing of information on technological disturbances (hereinafter referred to as AS CPOTD) that includes the system for simplified network topology according to the standard scheme, integrated with the system on OAO IDGC of Urals' grid facilities and electric power registering system, containing information on consumers, delivery points, system for registering outages of grid facilities. The system eliminates human errors in calculations of outage consequences by automated calculation of de-energized delivery points by voltage classes, population without electricity, disconnected load, number of disconnected grid facilities and outage periods.

2. AS CPOTD is integrated with ASU PTP "Customer Queries" Module, used by CR Section to register, process and respond to customer queries on outages or low quality supply. All queries are processed by the specialists, liable for collection, processing and transfer of information on events, in line with PR MRSK-DOTISU-13 "Transition of operating information in OAO "IDGC of Urals". Information from ASU PTP "Customer Queries" Module is compared to information from AS CPOTD to eliminate concealment of information on outages, incl. consequences for electricity supply.

3. We continue to implement telemetry on the grid facilities by transmitting data from substation meters into "Network Pyramid" software and translating data into software and hardware of dispatching and technological systems. Installation of new meters and replacement of existing meters and transmission of data into "Network Pyramid" software in 2022 enabled to enhance the Company's network observability by 7.64%.

4. Synchronization of S&H, described above, and telemetry enhanced the authenticity of information on outage periods, since it allows registering of outage starting time by the time when information on outages comes into ASU PTP "Customer Queries" Module and not by the time of examination of a disconnected facility that lead to disconnection of customers. This enlarged outage period, impacting Isaidi value, and allowed registration of outages, impacting Isaifi.

5. Additional tool for enhancing transparency of information on technological disturbances causing outages is "Mundir" software, launched into commercial operation. The software registers information on orders and instructions related to the arrangement of post-incident examinations of grid facilities as well as emergency and recovery operations.

Pursuant to clause 1.6 of the General Director's KPI Calculation and Performance Evaluation Methodology, the KPI is considered accomplished.

The KPI system enforced by the Company is coupled with variable remuneration of the management: each indicator has its own weight or % of bonus reduction, annual remunerations are paid provided that the relevant KPIs are completed.