

## KEY PERFORMANCE INDICATORS

Achievement of Company's priorities is assessed by the KPI system, applied by the Company<sup>3,4</sup>. KPI targets were approved by the Board of Directors<sup>4</sup>.

### The list of the KPIs, established for 2021

KPI	Calculation methodology
Total Shareholder Return	Comparison of accrued dividends of the reported period and average dividends for the last 3 years and dividends stipulated by the business plan
ROIC	Income before tax and interest / (equity + long-term loans and borrowings)
EBITDA	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
Reduction of opex per unit	YoY reduction of opex per unit/ serviceable equipment (c.u.)
Loss level	(Total supply minus net supply minus consumption for own needs) / (total supply minus internal interchanges)
Increase in labor productivity	In compliance with Decree of Ministry of Economic Development <sup>5</sup> , added value / number of insured employees
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 $\leq 3.0$ (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 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 reduction indicator, calculated as a function of the number of uncompleted activities from the Company's Development Blueprint, approved by the Board of Directors
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

## Targets and achievements

Indicators	Weight / % of bonus reduction (2021), %	2020 actual value // Evaluation of accomplishment in 2020	2021 target value
Total Shareholder Return	10	RUB 0 (<3-year average value) // not accomplished; RUB 0 (<value stipulated by the business plan) // not 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	182.9% // accomplished	≥ 95.0%
EBITDA	15	Value reached // accomplished	accomplished
Reduction of opex per unit	10	2.8% // accomplished	≥ 2%
Loss level	10	7% // accomplished	≤ 6.71%**
Increase in labor productivity	5	24.45% // accomplished	≥ 5%
Efficiency of innovative activities	20	97% // accomplished	≥ 90%
Reduction of receivables	10	99.8% // accomplished	≤ 100%
Compliance with connection terms	-10	1.0 // accomplished	≤ actual value of the previous year multiplied by 0.85, but no less than 1.1 (1.1)
Debt/ EBITDA	-10	Value reached // accomplished	accomplished
Compliance with the facility launch schedule	-10	accomplished in all quarters >90% // 1Q 88% 2Q 95% 3Q 90% 4Q 100% 12M 99% // not accomplished	≥ 90% (in all quarters)
Preparedness for winter seasons	-10	Simultaneously: 1) 0.98 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 = 0.72 Ksaifi = 0.85 2) none 3) 0 // accomplished	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) 5 2) 1 // not accomplished	Simultaneously: 1) 2 or less casualties; 2) 0

2021 actual value* // % on 2020 actual value	Evaluation of accomplishment (2021) // factors of variance	2022 target value
Accomplishment of the indicator shall be evaluated after the FY2021 General Meeting's decision on net income allocation		≥ 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
168.6% // 92.2%	accomplished // -	≥ 95.0%
accomplished // 100%	accomplished // -	accomplished
3.1% // 110.7%	accomplished // -	≥ 2%
6.69%** // 105%**	accomplished // -	≤ 6.68%**
19.13% // -***	accomplished // -	≥ 10%
Actual value is not determined****	Not evaluated	≥ 90%
57.1% // 175%	accomplished // -	≤ 100%
1.1 // 110%	accomplished // -	≤ actual value of the previous year multiplied by 0.85, but no less than 1.1
accomplished // 100%	accomplished // -	accomplished
accomplished in all quarters > 90% 1Q 95% // 108% 2Q 107% // 113% 3Q 91% // 101% 4Q 96% // 96% 12M 98% // 99%	accomplished // -	≥ 90% (in all quarters)
Simultaneously: 1) 0.99 // 101% 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"
The indicator is not defined	The indicator is not evaluated	The indicator is not set
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
Simultaneously: 1) 0 2) 2	accomplished // fatality	Simultaneously: 3) 2 or less casualties; 4) 0

\* 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.

\*\*incl. AO EESK, according to the KPI Calculation Methodology.

\*\*\* The KPI cannot be compared due to revisions of the KPI Calculation Methodology.

\*\*\*\* 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 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 2020–2021.

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

Implementation of measures to upgrade the outage recording system and enhance transparency and manageability of technological processes, integrity of recorded parameters, used for calculation of reliability indicators:

1. Commissioning of automated system for collection and processing of information on technological disturbances, to exclude human factor in calculation of outage consequences, and system's integration with ACS "Connection" (Customer module) to record signals from customers on outages or low-quality power supply.

2. Telemetry of grid facilities via data transmission from substations' metering devices to the "Network Pyramid" software and data translation to hardware and software complexes of dispatching and technological management, that enable to enhance network observability and record more accurately outage starting time using customer's signals on outages in ACS "Connection" (Customer module)

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.