

Key Performance Indicators

The Rosseti Group uses a system of goal measurement based on key performance indicators (KPIs) and functional key performance indicators (FKPIs), which ensures that management of all levels is driven to meet target KPI values that represent the accomplishment of development goals of PJSC Rosseti and its subsidiaries.

Starting from 2023, the KPI and FKPI at the Rosseti Group are aligned with Order of the Government of the Russian Federation No. 3579-r dated 28 December 2020 and Directives the Government of the Russian Federation No. 991p-P13 dated 31 January 2023. Previously, 2020 through to 2022, the key performance indicators were set as required by Order of the Government of the Russian Federation No. 1388-r dated 27 June 2019.

Key Performance Indicators (KPIs)	Indicators related to strategic documents, based on which the performance of the entire management team of the Company (head, deputy heads, chief accountant) is assessed
Functional Key Performance Indicators (FKPIs)	Individual indicators established for the Company's executives personally, taking into account the specifics of the Company's business lines they supervise

The KPI and FKPI system used by PJSC Rosseti and subsidiaries is tied to the amount of the variable part of remuneration of the Company's management personnel. Each indicator has a specific weight in the total amount of bonuses paid, and annual bonuses are paid if the corresponding indicators are met.

The mix and target values of the indicators for 2023 were approved¹ by the Board of Directors in April 2023. The procedure for calculating KPIs and FKPIs of the Rosseti's management was approved² by the Company's Board of Directors in June 2023.

In 2023, the KPI-based motivation system was also applied to the heads of structural subdivisions of the executive office, branches of main power grids (MPG), main power grid enterprises (MPGE) and the Technical Supervision Centre (TSC).

No comparison of 2023 indicators with 2022 indicators is made due to significant changes in the mix and calculation procedures of KPIs and FKPIs.

¹ Resolution of the Board of Directors of PJSC Rosseti dated 14 April 2023 (Minutes No. 615 dated 17 April 2023).

² Decision of the Board of Directors of PJSC Rosseti dated 16 June 2023 (Minutes No. 622 dated 16 June 2023) in pursuance of the Methodological Recommendations on the Formation and Application of Key Performance Indicators for joint stock companies whose shares are owned by the Russian Federation and certain non-profit organisations for the purpose of determining the amount of remuneration for their management personnel, approved by Resolution of the Government of the Russian Federation No. 3579-r dated 28 December 2020.

Indicator name / Calculation procedure	Weight in the remuneration system for 2023, % / Position of the manager responsible for the achievement of FKPIs	UoM	Target value for 2023	Achieved value for 2023 ¹
Financial and economic key performance indicators				
Return on invested capital (ROIC) Ratio of operating profit adjusted for impairment/(reversal of impairment) of fixed assets, revenue from grid connection services, and accrual/(reversal of) provision for expected credit losses to the sum of average equity and long-term loans and borrowings	10	%	4.6%	✓
Operating margin Ratio of operating profit adjusted for impairment/(reversal of impairment) of fixed assets and revenue from grid connection services to revenue, minus revenue from grid connection services	20	%	12.0%	✓
Net profit without impairment and grid connection Profit/(loss) adjusted for impairment/(reversal of impairment) of fixed assets and revenues from grid connection services (including relevant income tax)	20	RUB mln	86,700	✓
Industry-specific key performance indicators				
Level of electricity losses Ratio of electricity delivery to the grid (minus the electricity delivered from the grid and utility consumption) to the delivery to the grid (minus the internal balance flows)	15	%	8.74%	✓
Readiness for operation in the heating season Indicator that estimates the readiness of the Company to work during the heating season, based on monthly monitoring of the Ministry of Energy of Russia	20	pcs	18	✓
Compliance with the commissioning schedule Ratio of the total actual volume of commissioning of fixed assets in the reporting year derived from the progress report on the Company's investment programme (in monetary terms, on the basis of the date when the construction completion certificate is signed by the Acceptance Commission) to the planned one in accordance with the approved investment programme and implementation schedule	15	%	92.0%	✓
Functional key performance indicators				
Earnings before Interest, Taxes, Depreciation and Amortisation (EBITDA) Calculated as profit/(loss) before taxes, depreciation, amortisation and interest expense adjusted for impairment/(reversal of impairment) of fixed assets, and revenue from grid connection services	General Director — 50% First Deputy General Director — 50% Deputy General Director for Economics and Finance — 33.3%	RUB mln	331,199	✓
Achievement of readiness for the heating season The Company shall timely achieve readiness to work in the heating season by 5 November of the reporting year in accordance with the Rules for assessing the readiness of electric power entities to work in the heating season and monitoring the risk of malfunction of electric power entities approved by the Government of the Russian Federation Decree No. 543 dated 10 May 2017	General Director — 50% Deputy General Director — Chief Engineer — 50%	unit	18	✓
No significant accidents in power grids investigated by Russian Federal Service for Ecological, Technological and Nuclear Supervision (Rostekhnadzor) The calculation of this indicator takes into account accidents in the Company's power grids classified by the Rostekhnadzor commission in accordance with clause 4 of the Rules for Investigation of the Causes of Accidents in the Electric Power Industry (approved by Resolution of the Government of the Russian Federation No. 846 dated 28 October 2009) and occurred due to the fault of the management personnel	First Deputy General Director — 50%	+/-	No significant accidents	✓

¹ The expected level of achievement of KPIs and FKPIs is given for 2023, given the timing and procedure of reporting, which is the source of information for calculating the indicators. The final actual values are to be approved by the Board of Directors of PJSC Rosseti.

Indicator name / Calculation procedure	Weight in the remuneration system for 2023, % / Position of the manager responsible for the achievement of FKPIs	UoM	Target value for 2023	Achieved value for 2023 ¹
Efficiency of innovations Integrated index of innovation efficiency evaluates the degree of fulfilment of three constituent indicators: R&D expenditure indicator, innovative products procurement indicator, IDP development (update) quality indicator/ IDP implementation indicator	Deputy General Director — Chief Engineer — 50%	%	98%	✓
Year-on-year increase in labour productivity Ratio of value added by all types of services to the average annual number of employees Comparison with the base year 2022	Deputy General Director — Head of the Office — 50% Deputy General Director for Economics and Finance — 33.3%	%	6%	✓
Active staff turnover Ratio of the total number of the Company's employees resigned voluntarily in accordance with Clause 3 (termination of the employment agreement on the employee's part) and Clause 5 (transfer of an employee at his/her request or with his/her consent to work for another employer, or transfer to an elective job (position)) of Article 77 of the Labour Code of the Russian Federation to the average headcount in the reporting period	Deputy General Director — Head of the Office — 50%	%	6.5%	✓
Compliance with grid connection deadlines Complex index assessing the quality level of grid connection, consisting of two components — the quality of grid connection application review and the quality of execution of grid connection agreements	Deputy General Director for Investments and Capital Construction — 100%	relative unit	1.4	✓
Net attraction of loans and debentures to cover financing gaps of the investment programme Calculated as the difference between attracted and repaid borrowed funds (loans and debentures)	Deputy General Director for Economics and Finance — 33.3%	RUB mln	185,546	✓
Efficiency of transition to domestic software Defined as the share (percentage) of installed Russian (domestic) software in the total volume of installed software in the Company, which implements its own plan for transition to all-domestic software approved by the Company's Board of Directors	Deputy General Director for Digital Transformation — 100%	%	75.0%	✓
Overdue receivables for electricity transmission services The actual value of overdue receivables (excluding moratorium receivables) at the end of the reporting period did not exceed the target value	Deputy General Director for Sales of Services and Electricity Transmission — 100% Deputy General Director for Legal Support — 100%	RUB mln	48,389.0	✓
Company's credit rating from a national rating agency Determined through rating analysis by a Russian rating agency accredited by the Bank of Russia, with which the Company has an rating agreement	Deputy General Director for Strategy — 100%	rating scale	The value of the Company's credit rating on the national rating scale not lower than AAA	✓
Fulfilment of the Comprehensive Security Plan Calculated as the ratio of timely fulfilled measures of the Comprehensive Security Plan to the total number of measures of the Comprehensive Security Plan	Deputy General Director for Security — 100%	%	100%	✓
Ensuring insider information protection requirements, maintaining share listing and corporate governance rating Complex indicator assessing the level of corporate governance in the Company, consisting of three components such as ensuring the requirements for protection of insider information, maintaining the listing of shares and maintaining the corporate governance rating	Deputy General Director for Corporate Governance — 100%	+/-	fulfilled	✓
Share of agreements resulted from electronic procedures Calculated as a ratio of the number of electronic procurement procedures, which resulted in the conclusion of agreements associated with spending of funds, to the total number of procurement procedures (competitive and non-competitive), which resulted in the conclusion of such agreements	Deputy General Director for Procurement — 100%	%	54%	✓

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Absence of a reservation and/or modified opinion of the Auditor affecting the reliability of the data of the annual accounting (financial) statements The indicator factors in the presence of unmodified or modified auditor's opinion (qualified opinion, negative opinion, refusal to express an opinion) on the reliability of the indicators of the Company's accounting (financial) statements	Chief Accountant — 100%	+/-	fulfilled	✓
Debt/EBITDA Ratio of long-term and short-term loans and borrowings to EBITDA	Deputy General Director for Economics and Finance	relative unit	included in the FKPIs since 2024	
Approval of the Rosseti Group's Development Strategy The indicator takes into account the fact that in the reporting period the Development Strategy of PJSC Rosseti and its subsidiaries until 2035 was approved by the Board of Directors of PJSC Rosseti	Deputy General Director for Strategy	%	included in the FKPIs since 2024	
Safe-keeping and integrity of the organisation's property The indicator covers the facts of theft or intentional damage to the Company's property	Deputy General Director for Security	pcs	included in the FKPIs since 2024	
Control over timely holding of annual general meeting of shareholders/owners of subsidiaries The indicator takes into account cases in which subsidiaries of PJSC Rosseti violated the deadlines for annual general meeting of shareholders/owners as established by the laws of the Russian Federation	Deputy Director General for Corporate Governance	%	included in the FKPIs since 2024	
Number of observations (errors) in the organisation's accounting record-keeping identified by the auditor and Audit Commission during audits at the end of the reporting period The indicator includes observations (errors) pertaining to accounting record-keeping and reporting, comments pertaining to compliance with the legislation of the Russian Federation on taxes and levies, as well as the materiality level established by auditing standards	Chief Accountant	pcs	included in the FKPIs since 2024	