

KEY PERFORMANCE INDICATORS AND FUNCTIONAL KEY PERFORMANCE INDICATORS

Starting from 2023, the system of key performance indicators of the Rosseti Group is built in accordance with Russian Government Order No. 3579-r dated 28 December 2020 (hereinafter referred to as Order No. 3579-r) based on Russian Government Directives No. 991p-P13 dated 31 December 2023.

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.

In accordance with Order No. 3579-r, the system of key performance indicators is divided into two groups: key performance indicators (KPI) and functional key performance indicators (FKPI). KPIs are indicators pertaining to strategic

documents, based on which the performance of the entire management team of the Company (head, deputy heads, chief accountant) is assessed. FKPIs are 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 applied in the Company is interrelated with the size of the variable part of management remuneration (50% of incentive payments for KPI achievement, 50% of incentive payments for FKPI achievement): each of the indicators has a specific weight in the volume of bonuses paid, annual bonuses are paid subject to accomplishment of the respective indicators.

The Company does not give a comparison of 2023 figures with 2022 figures due to significant changes in the composition and calculation procedures of KPIs and FKPIs.

KPIs and FKPIs of the Company and their target values for 2023–2025 were based on:

- Item 15.1, Article 15 of the Company's Articles of Association
- Resolution of the Board of Directors of the Company dated 31 October 2023 (Minutes No. 537/2023 dated 31 October 2023)

Indicator	Weight in the remuneration system for 2023, %	UoM	Targets for 2023	Actual value for 2023 ¹	Assessment of achievement / reasons for deviation	Percentage of achievement, % ²	Targets for 2024 ³
Return on invested capital (ROIC)							
Method of calculation	10	%	11.0	11.0	achieved	100	7.3
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							

¹ Contains the expected KPI and FKPI achievement, taking into account the timing and preparation procedure of reports that provide initial data for calculations. The final actual values are expected to be approved by the Board of Directors of Rosseti Kuban, PJSC in the third quarter of 2024.

² For KPIs: if the percentage of achievement is more than 120%, it is reported as 120%; if the percentage of achievement is less than 80%, it is reported as 0%. For FKPIs: if the percentage of achievement is more than 100%, it is reported as 100%, and if the percentage of achievement is less than 90%, it is reported as 0%.

³ The composition and target values of the indicators may be adjusted by resolution of the Company's Board of Directors.

Indicator	Weight in the remuneration system for 2023, %	UoM	Targets for 2023	Actual value for 2023 ¹	Assessment of achievement / reasons for deviation	Percentage of achievement, % ²	Targets for 2024 ³
Operating margin							
Method of calculation	20	%	13.5	11.5	achieved	85	9.7
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							
Net profit without impairment and grid connection							
Method of calculation	20	RUB '000	4,840,275	4,867,912	achieved	101	3,096,022
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)							
Level of electricity losses							
Method of calculation	15	%	9.88	9.59	achieved	103	9.36
Ratio of the volume of electricity losses in the Company's grids (calculated as the difference between electricity delivered to the grid and electricity delivered from the grid and consumption for household needs) increased by the amount of disagreements for previous periods, settled against the Company, to the electricity delivered to the grid for the reporting period							
Readiness for heating season							
Method of calculation	20	–	1	1	achieved	100	1
Indicator that estimates the readiness of the Company to work during the heating season, based on monthly monitoring by the Ministry of Energy of Russia							
Compliance with commissioning schedule							
Method of calculation	15	%	92.0	116.6	achieved	120	93.5
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							

Indicator	Weight in the remuneration system for 2023, %	UoM	Targets for 2023	Actual value for 2023 ¹	Assessment of achievement / reasons for deviation	Percentage of achievement, % ²	Targets for 2024 ³
Implementation of the Company's Development Plan							
Method of calculation Bonus reduction indicator calculated against the number of unfulfilled activities of the Company's Development Plan approved by the Board of Directors of Rosseti, PJSC in the reporting period	%		0	0	achieved	100	0

Achievement of the factor "Efficiency of Power Connection Procedures" of the National Investment Climate Rating

Indicator	Weight in the remuneration system for 2023, %	UoM	Targets for 2023	Actual value for 2023 ¹	Assessment of achievement / reasons for deviation	Percentage of achievement, % ²	Targets for 2024 ³
Method of calculation The indicator is determined on the basis of the degree of achievement of benchmarks for the factor "Efficiency of Power Connection Procedures" in the National Investment Climate Rating in the constituent entities of the Russian Federation within the Company's operational responsibility zone	Indicative indicator	%	100.0	104.0	achieved	104	100.0

Earnings before Interest, Taxes, Depreciation and Amortisation (EBITDA)

Indicator	Weight in the remuneration system for 2023, %	UoM	Targets for 2023	Actual value for 2023 ¹	Assessment of achievement / reasons for deviation	Percentage of achievement, % ²	Targets for 2024 ³
Method of calculation 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 Deputy General Director for Economics and Finance	RUB '000	15,951,865	15,543,715	achieved	97	14,097,034

Achievement of readiness for the heating season

Indicator	Weight in the remuneration system for 2023, %	UoM	Targets for 2023	Actual value for 2023 ¹	Assessment of achievement / reasons for deviation	Percentage of achievement, % ²	Targets for 2024 ³
Method of calculation The certificate of readiness for heating season shall be received by the Company in a timely manner by 5 November of the reporting year in accordance with the Rules for Assessing the Readiness of Electric Power Entities for the Heating Season, approved by Resolution No. 543 of the Government of the Russian Federation dated 10 May 2017	General Director Deputy General Director for technical issues — Chief Engineer	ea	1	1	achieved	100	1

No significant accidents in power grids investigated by Russian Federal Service for Ecological, Technological and Nuclear Supervision (Rostechnadzor)

Indicator	Weight in the remuneration system for 2023, %	UoM	Targets for 2023	Actual value for 2023 ¹	Assessment of achievement / reasons for deviation	Percentage of achievement, % ²	Targets for 2024 ³
Method of calculation The calculation of this indicator takes into account accidents in the Company's power grids classified by the Rostechnadzor 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	Deputy General Director for technical issues — Chief Engineer	Fulfilled / not fulfilled	0	0	achieved	100	0

Indicator	Weight in the remuneration system for 2023, %	UoM	Targets for 2023	Actual value for 2023 ¹	Assessment of achievement / reasons for deviation	Percentage of achievement, % ²	Targets for 2024 ³
Efficiency of innovations							
Method of calculation Integral indicator of innovations efficiency assesses the extent to which three composite indicators are met: R&D expenditure indicator, innovative product procurement indicator, quality of design & engineering (updating) / implementation indicator	Deputy General Director for technical issues — Chief Engineer	%	98.0	109.2	achieved	100	98.0

Year-on-year increase in labour productivity

Indicator	Weight in the remuneration system for 2023, %	UoM	Targets for 2023	Actual value for 2023 ¹	Assessment of achievement / reasons for deviation	Percentage of achievement, % ²	Targets for 2024 ³
Method of calculation Ratio of value added by all types of services to the average annual number of employees Comparison with the 2022 baseline	Deputy General Director — Head of the Office Deputy General Director for Economics and Finance	%	3.2	3.7	achieved	100	11.0

Active staff turnover

Indicator	Weight in the remuneration system for 2023, %	UoM	Targets for 2023	Actual value for 2023 ¹	Assessment of achievement / reasons for deviation	Percentage of achievement, % ²	Targets for 2024 ³
Method of calculation 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	%	6.5	5.6	achieved	100	6.5

Compliance with grid connection deadlines

Indicator	Weight in the remuneration system for 2023, %	UoM	Targets for 2023	Actual value for 2023 ¹	Assessment of achievement / reasons for deviation	Percentage of achievement, % ²	Targets for 2024 ³
Method of calculation 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	First Deputy General Director — Director of Sochi Power Grids Branch Deputy General Director for Development and Power Grid Connection Deputy General Director for Investments	rel. unit	1.1	1.0	achieved	100	1.1

Indicator	Weight in the remuneration system for 2023, %	UoM	Targets for 2023	Actual value for 2023 ¹	Assessment of achievement / reasons for deviation	Percentage of achievement, % ²	Targets for 2024 ³
Net attraction of loans and debentures to cover financing gaps of the investment programme							
Method of calculation Calculated as the difference between attracted and repaid borrowed funds (loans and debentures)	Deputy General Director for Economics and Finance	RUB '000	2,385,140	-843,447	achieved	100	-4,081,588
Efficiency of transition to domestic software							
Method of calculation 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	First Deputy General Director — Director of Sochi Power Grids Branch	%	75.0	76.57	achieved	100	84.3
Overdue receivables for electricity transmission services							
Method of calculation 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 Sale of Services Deputy Director General for Corporate Governance	RUB '000	1,572,140.7	1,228,322.9	achieved	100	1,492,882.4
Fulfilment of the Comprehensive Security Plan							
Method of calculation 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 technical issues — Chief Engineer	%	100.0	100.0	achieved	100	100.0
Enforcement of insider information protection requirements and maintenance of share listings							
Method of calculation Complex indicator assessing the level of corporate governance in the Company, consisting of two components such as ensuring the requirements for protection of insider information and maintaining the listing of shares	Deputy Director General for Corporate Governance	Fulfilled / not fulfilled	fulfilled	fulfilled	achieved	100	fulfilled

Indicator	Weight in the remuneration system for 2023, %	UoM	Targets for 2023	Actual value for 2023 ¹	Assessment of achievement / reasons for deviation	Percentage of achievement, % ²	Targets for 2024 ³
Share of agreements resulted from electronic procedures							
Method of calculation 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	First Deputy General Director — Director of Sochi Power Grids Branch Deputy General Director for Investments	%	54.0	85.9	achieved	100	56.0
Absence of a reservation and/or modified opinion of the Auditor affecting the reliability of the data of the annual accounting (financial) statements							
Method of calculation 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 – Head of the Department for Financial and Tax Accounting and Reporting	Fulfilled / not fulfilled	fulfilled	fulfilled	achieved	100	fulfilled