

## COMMITTEES OF THE BOARD OF DIRECTORS [GRI 102-22]

The Board of Directors has established the Audit and Sustainable Development Committee<sup>1</sup>, Nomination and Remuneration Committee, and the Strategy and Investment Committee<sup>2</sup> in order to tentatively consider key issues concerning the activities of PJSC Inter RAO. The activities of the committees are governed by the relevant regulations of the Board of Directors.

### THE STRUCTURE OF THE COMMITTEES OF THE BOARD OF DIRECTORS REFLECTS A HIGH LEVEL OF CORPORATE GOVERNANCE

Committees of the Board of Directors	Independent directors	Inter RAO management	Third parties <sup>3</sup>
Audit and Sustainable Development Committee	100%	–	–
Nomination and Remuneration Committee	100%	–	–
Strategy and Investment Committee	18%	9%	73%

Committee	Key functions	Committee members and attendance of meetings	Work statistics
Audit and Sustainable Development Committee	<ul style="list-style-type: none"> <li>&gt; Assessment of the Company's auditor candidates</li> <li>&gt; Assessment of the auditor's opinion</li> <li>&gt; Assessment of the effectiveness of internal control, risk management, and corporate governance procedures and the drafting of recommendations for the Board of Directors to improve these procedures</li> <li>&gt; Ensuring the independence and objectivity of the external and internal audit functions</li> <li>&gt; Monitoring the completeness, accuracy, and reliability of financial statements and also drafting recommendations for the Board of Directors regarding the Company's audit and reporting.</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Andrey Bugrov (Chairman) (15/15)</li> <li>&gt; Alexander Lokshin (15/13)</li> <li>&gt; Ronald (Ron) James Pollett (15/15)</li> <li>&gt; Yelena Sapozhnikova (15/15)</li> </ul>	<p>Meetings: 15 =7 (in person)+8 (in absentia)</p> <p>Items considered: 39 =26 (in person)+12 (in absentia)</p>

<sup>1</sup> Renamed in accordance with a resolution of the Board of Directors dated February 14, 2020. Previously called the Audit Committee.

<sup>2</sup> Minutes No. 249 dated May 20, 2019.

<sup>3</sup> Representatives of companies from the electric power, oil, and gas industries, investment funds, and the Ministry of Energy of the Russian Federation.

## CORPORATE GOVERNANCE REPORT

Committee	Key functions	Committee members and attendance of meetings	Work statistics
Nomination and Remuneration Committee	<ul style="list-style-type: none"> <li>&gt; Drafting of recommendations for the Board of Directors on the principles and criteria used to determine the amount of remuneration paid to members of the Company's Board of Directors and Management Board as well as the person performing the functions of the sole executive body</li> <li>&gt; Drafting of essential contract terms with members of the Management Board and the CEO as well as conditions for the early termination of employment contracts with them</li> <li>&gt; Drafting of recommendations for the Company's Board of Directors to determine the amount of remuneration and principles for bonus payments to the Corporate Secretary and proposals on bonuses for the Corporate Secretary</li> <li>&gt; Analysis of the professional qualifications and independence of all candidates nominated to the Company's Board of Directors and the preparation of recommendations for the Company's shareholders regarding voting on the election of candidates to the Company's Board of Directors</li> <li>&gt; Approval of the target values (adjusted values) of KPIs and BPs for the CEO and members of the Company's Management Board, reports on their implementation, and the methods used to calculate and evaluate their implementation</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Ronald (Ron) James Pollett (Chairman) (18/18)</li> <li>&gt; Andrey Bugrov (18/18)</li> <li>&gt; Yelena Sapozhnikova (18/18)</li> </ul>	<p>Meetings: 18 =6 (in person)+12 (in absentia)</p> <p>Items considered: 33 =9 (in person)+24 (in absentia)</p>
Strategy and Investment Committee	<ul style="list-style-type: none"> <li>&gt; Drafting of recommendations for the Board of Directors concerning the Company's priority activities and strategic goals</li> <li>&gt; Drafting of recommendations for the Board of Directors concerning the adoption of investment decisions</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Viktor Khmarin (Chairman) (11/11)</li> <li>&gt; Andrey Marchenko (11/11)</li> <li>&gt; Yevgeny Miroshnichenko (10/11)</li> <li>&gt; Alexey Molsky (9/11)</li> <li>&gt; Sergey Nikitin (10/11)</li> <li>&gt; Vasily Nikonov (11/11)</li> <li>&gt; Fedor Opadachiy (11/11)</li> <li>&gt; Ronald James Pollett (11/11)</li> <li>&gt; Yelena Sapozhnikova (11/11)</li> <li>&gt; Pavel Snikkars (6/11)</li> <li>&gt; Charlotte Philipps (7/11)</li> </ul>	<p>Meetings: 11 =7 (in person)+4 (in absentia)</p> <p>Items considered: 23 =17 (in person)+6 (in absentia)</p>

## Audit and Sustainable Development Committee<sup>1</sup>

### Sustainable development

Based on a resolution adopted by the Board of Directors on February 14, 2020, the Audit Committee was renamed the Audit and Sustainable Development Committee and a Regulation on its activities was approved. According to the new Regulation, the Committee is in charge of monitoring the implementation of sustainable development principles at Inter RAO and obligations to comply with the principles of the UN Global Compact.

### Message from the Committee Chairman

The priority objectives of the Audit and Sustainable Development Committee are to ensure the independence and objectivity of internal audits and monitor the reliable and efficient functioning of the corporate governance system and the Risk Management and Internal Control Framework. In order to meet these objectives, the Committee continued the practice of meeting in person to review and discuss reports on the functioning of these systems during the reporting year.

An independent external assessment of the Company's internal audit functions was carried out for the first time in 2019. Members of the Audit and Sustainable Development Committee were actively involved in the audit process about which a report was also considered at an in-person meeting.

Pursuant to the instructions of the Nomination and Remuneration Committee, the Audit and Sustainable Development Committee introduced the practice of in-person reviews of the status of the Company's risk management work during the reporting year. In addition, the Audit and Sustainable Development Committee held joint meetings with the Strategy and Investment Committee during which a report on sustainable development as well as the structure of the updated Inter RAO Strategy/Long-Term Development Program were considered for the first time.

**Andrey Bugrov,**  
Committee Chairman

### Committee structure

The size of the Committee is determined by a resolution of the Board of Directors and may range from three to seven people. According to the Regulation on the Audit and Sustainable Development Committee<sup>2</sup>, this Committee should be solely comprised of independent directors. If this is impossible for objective reasons, the majority of the Committee members should be comprised of independent directors, while the rest of the committee members may be members of the Board of Directors who are not the Chairman or members of the Company's Management Board. The Committee may only be chaired by an independent director.

### Most important items considered in 2019

In 2019, the top priorities of the Audit and Sustainable Development Committee were to monitor the reliable and efficient functioning of the corporate governance system, the Risk Management and Internal Control Framework, and sustainable development.

The Committee issued recommendations on the approval of the auditor and the cost of its services, and also reviewed a report about the independence, objectivity, and the lack of a conflict of interest for the Company's external auditors (Minutes No. 128 dated February 28, 2019).

The results of a review of the consolidated IFRS financial statements (Minutes No. 128 dated February 28, 2019, No. 134 dated June 21, 2019, No. 137 dated September 10, 2019, and No. 140 dated December 11, 2019) were reviewed on a quarterly basis.

#### Items considered:

- The consideration of the annual accounting (financial) statements of PJSC Inter RAO for 2018 (Minutes No. 127 dated February 27, 2019)
- The conclusion of a contract with the auditor of the Long-Term Development Program and the approval of the cost of its services (Minutes No. 127 dated February 27, 2019)
- The consideration of a sustainable development report prepared by the Company's management (Minutes No. 137 dated September 10, 2019)
- The status of risk management work performed by the Company (Minutes No. 137 dated September 10, 2019)

<sup>1</sup> The Audit Committee prior to February 14, 2020.

<sup>2</sup> Approved by a resolution of the Board of Directors dated February 14, 2020 (Minutes No. 264 dated February 17, 2020).

## Nomination and Remuneration Committee

### Message from the Committee Chairman

Dear Shareholders,

The key event in the Nomination and Remuneration Committee's activities in 2019 was an independent assessment of the Board of Directors and its committees, which is carried out once every three years.

The Committee was actively involved in the evaluation procedure: the Committee held an in-person meeting during which questionnaires were developed to survey members of the Board of Directors and committees and the methodology for conducting the independent evaluation was reviewed. All the Committee members took part in face-to-face interviews with independent evaluators. Upon conclusion of the evaluation procedure, our Committee drafted recommendations on ways to improve the activities of the Board of Directors and committees and submitted them to the Board of Directors for approval, which I, as Chairman of the Committee, reported at an in-person meeting of the Board of Directors in June 2019. As a result, the Board of Directors decided to review management's report on sustainable development (ESG) and a risk management report on a semi-annual basis. A detailed plan for preparing and reviewing the Company's draft updated Strategy was also approved.

In addition, the Committee conducted an annual analysis of the professional qualifications and independence of the candidates nominated for the Company's Board of Directors in 2019 and prepared recommendations for the Company's shareholders. In June 2019, the Committee considered certain key personnel issues related to the appointment of the deputy CEOs of PJSC Inter RAO.

The Committee proposed approaches to drafting a training and development program for members of the Board of Directors based on a survey of members of the Board of Directors about the themes which they found to be the most interesting. The themes of the training seminars (workshops) selected by the members of the Board of Directors focus on digitalization, climate risks, and the development of ESG at the Group.

### Ron Pollett,

Committee Chairman

### Committee structure

The size of the Committee is determined by a resolution of the Company's Board of Directors within a range of three to seven people. According to the Regulation on the Nomination and Remuneration Committee, this Committee<sup>1</sup> should be solely comprised of independent directors.

### Most important items considered in 2019

In 2019, the Nomination and Remuneration Committee fully met its planned objectives and made recommendations to the Board of Directors on issues concerning nominations and remuneration. The following items were considered:

- The approval of the Regulation on the Payment of Remuneration and Compensation to Members of the Board of Directors of PJSC Inter RAO (Minutes No. 95 dated March 6, 2019)
- An independent assessment procedure (together with a self-assessment) of the Board of Directors and its committees (Minutes No. 97 dated March 27, 2019)
- An analysis of the professional qualifications and independence of candidates nominated for the Company's Board of Directors, and the preparation of recommendations for the Company's shareholders regarding voting on the election of candidates for the Board of Directors (Minutes No. 97 dated March 27, 2019)
- Approval of the report on the Long-Term Development Program for 2018 (Minutes No. 98 dated April 10, 2019)
- The bonus for the Corporate Secretary for 2018 (Minutes No. 100 dated April 18, 2019)
- Review of the results of an independent assessment and self-assessment of the Board of Directors and committees (Minutes No. 102 dated June 3, 2019)
- Endorsement of candidates for deputy CEO (Minutes No. 103 dated June 24, 2019)
- The succession plan of members of the Management Board for 2019-2020 (Minutes No. 106 dated September 10, 2019)
- Approval of strategic development priorities and annual key performance indicators for the CEO and members of the Management Board for 2020 (Minutes No. 109 dated December 5, 2019)
- The practical implementation of the principles of the remuneration policy and the practice for its introduction, including the review of the effective ratio of fixed and variable parts of remuneration (Minutes No. 110 dated December 11, 2019)

<sup>1</sup> Approved by a resolution of the Board of Directors dated September 14, 2015 (Minutes No. 153 dated September 17, 2015).

## Strategy and Investment Committee

### Message from the Committee Chairman

Dear Colleagues,

In its activities, the Strategy and Investment Committee aims to provide a comprehensive analysis and study of key issues in the strategic, financial, and investment planning of operations in order to prepare recommendations for the Board of Directors to adopt decisions.

The Committee continued the practice of holding in-person meetings to consider the most significant issues of strategic, financial, and investment planning as well as the Company's innovative activities.

In addition, pursuant to resolutions of the Board of Directors regarding recommendations to improve the activities of the Board of Directors and its committees, the Strategy and Investment Committee together with the Audit and Sustainable Development Committee reviewed such issues as the sustainable development report as well as the structure, main focuses, and strategic risks of the updated Strategy/Long-Term Development Program of the Inter RAO Group during the reporting year.

Per tradition, issues concerning the Company's Long-Term Development Program were also considered at an in-person meeting with the Nomination and Remuneration Committee in order to ensure a more in-depth and comprehensive discussion.

Furthermore, the Committee paid special attention to issues concerning innovation during the reporting year, including the review of the PJSC Inter RAO Innovative Development Program for the period of 2020-2024 with a view to 2029, which, in accordance with the recommendations of the Federal Agency for State Property Management, were also considered at in-person meetings of the Committee along with an expert who was specifically invited for this purpose.

The Committee's work in 2019 is directly connected with the Board of Directors' work plan and aims to address key issues in the Company's operations.

**Viktor Khmarin,**  
Committee Chairman

### Committee structure

According to the Regulation on the Strategy and Investment Committee<sup>1</sup>, the size of the Committee is determined by a resolution of the PJSC Inter RAO Board of Directors and ranges from three to eleven people. The Committee is comprised of independent and non-executive members of the Board of Directors (or one representative from each) as well as an executive director or member of the Company's Management Board<sup>2</sup>.

### Most important items considered in 2019

The Strategy and Investment Committee works to address key operational issues and handles the development of the most important strategic objectives. In 2019, the following items were considered:

- The progress of the Long-Term Development Program, including the approval of a report on the implementation of the Inter RAO Group's strategic development priorities and a report on the fulfillment of the Company's annual key performance indicators and performance benchmarks in 2018 (Minutes No. 155 dated April 12, 2019) as well as the consideration of the Company's strategic development priorities (Inter RAO Group) and a list and values of annual key performance indicators and performance benchmarks for 2020 (Minutes No. 163 dated December 5, 2019)
- Reports on the implementation of the Business Plan of PJSC Inter RAO and the Inter RAO Group (Minutes No. 153 dated March 12, 2019, No. 158 dated June 25, 2019, No. 161 dated September 10, 2019, and No. 163 dated December 5, 2019)
- Approval of the Business Plan of PJSC Inter RAO and the Inter RAO Group for 2020 (Minutes No. 163 dated December 5, 2019)
- Proposals to the Annual General Meeting of Shareholders of PJSC Inter RAO on the distribution of profit (including the payment (declaration) of the Company's dividends and losses based on the results of the 2018 reporting year (Minutes No. 153 dated March 12, 2019)
- Investor Relations Report for 2018 (Minutes No. 153 dated March 12, 2019)
- A report on the implementation in 2018 of the PJSC Inter RAO Innovative Development Program until 2020 with a view to 2025 (Minutes No. 156 dated April 24, 2019)
- Approval of the PJSC Inter RAO Innovative Development Program for the period 2020-2024 with a view to 2029 (Minutes No. 163 dated December 5, 2019)
- Review of the Sustainable Development Report (Minutes No. 161 dated September 10, 2019)

<sup>1</sup> Approved by a resolution of the Board of Directors dated August 28, 2018 (Minutes No. 230 dated August 31, 2018).

<sup>2</sup> Minutes No. 229 dated July 17, 2018.