

CORPORATE GOVERNANCE REPORT

MESSAGE FROM THE CHAIRMAN OF THE BOARD OF DIRECTORS

Dear Shareholders,

In 2019, the Board of Directors primarily focused on ensuring development and continued growth and making the most important decisions for the effective and stable functioning of the Company in accordance with the best corporate governance standards. Over the course of the year, the Board of Directors adopted decisions on strategic and day-to-day issues in the Company's activities. For the first time, we introduced the practice of approving semi-annual and annual management reports on sustainable development and on the risks faced by Inter RAO. Also for the first time, cyber risks were insured as part of the Inter RAO Group's Insurance Coverage Program based on a decision by the Board of Directors. In addition, the Board of Directors approved the business plan prepared by management, including the Investment Program, as well as innovative development, modernization, and reconstruction programs, and made a number of other decisions that aim to enhance the sustainable development of Inter RAO.

The Company continued to make strides in corporate governance during the reporting year. This resulted in a further increase in the level of corporate governance: Inter RAO now observes 76 out of 79 principles (or 96.2%), partially observes two principles, and has not observed only one principle. Thus, the indicator used to gauge compliance with the recommendations of the Corporate Governance Code grew compared with 2018: full compliance with recommendations rose from 93.7% to 96.2%, while compliance to a varying degree edged up to 98.7% from 97.4%.

Chairman of the Board of Directors

Igor Sechin

