

CORPORATE GOVERNANCE REPORT

In 2019, a seminar on digitalization was held for members of the Board of Directors as part of the Training and Development Program. The workshop provided information on the digitalization of the energy industry, digitalization at Inter RAO, the key achievements of a project to optimize the collection of receivables from individuals as well as the cyber security risks of digital transformation.

In accordance with the Succession Plan, all newly elected members of the PJSC Inter RAO Board of Directors undergo an induction program that involves a meeting (or a series of meetings) with executive management and key employees of the Company, during which PJSC Inter RAO management presents reports to members of the Board of Directors and others necessary materials concerning the Company's main areas of business.

No induction meetings were held in 2019 since no changes were made to the members of the Company's Board of Directors.

Preventing conflicts of interest on the Board of Directors [GRI 102-25]

The PJSC Inter RAO Code of Corporate Ethics contains a list of measures to prevent potential or actual conflicts of interests among members of the Board of Directors with the Company's interests, specifically not only with the Board member's interests, but also with the interests of family, friends, and other personal relationships, financial relations, receiving gifts, services, or other benefits, using the Company's property, and disclosing information. Members of the Board of Directors are also required to refrain from having labor or civil law relations with a competitor or participating in a competing organization.

[GRI 102-25]

The Regulation on the Board of Directors requires a candidate for the Board of Directors to submit a questionnaire and notification about signs of a potential interest in transactions when being nominated and also a notification about changes in information about possible interests each time such signs appear in the future.

The Code of Corporate Ethics contains a policy for members of the Management Board and the Board of Directors (including independent members) to perform transactions with the Company's shares. In order to conclude such a transaction, the CEO and members of the Board of Directors must first obtain the prior written consent of the Chairman of the Board of Directors, and it is recommended to refrain from performing any transactions with the Company's securities within the 30 calendar days preceding the publication of the interim or annual consolidated financial statements of PJSC Inter RAO (IFRS). The Chairman of the Board of Directors is required to obtain the prior written consent of the Company's CEO. Members of the Management Board are required to obtain the prior written consent of the CEO prior to any transaction with the Company's securities.

Members of the Board of Directors performed transactions with the Company's securities in 2019, and the procedure for obtaining consent for the transactions was observed.

No notices about conflicts of interest within the Company were received in 2019. The Corporate Secretary's division monitors the possibility of a conflict of interest on a quarterly basis by analyzing the updated profiles of members of the Board of Directors.

Liability insurance

Based on best practices and recommendations of the Code, PJSC Inter RAO has provided liability insurance at its own expense for members of the Board of Directors, members of the Management Board, officials and companies, and officials and companies of the Group since 2011 (D&O). Insurance aims to compensate potential losses resulting from damages to the Company or third parties by the actions of the insured persons when they carry out their management activities.

The insurer's liability limit (insured amount) under the existing liability insurance policy of directors, officers, and companies is USD 250 mln. The contract is valid from July 15, 2019 until July 14, 2020. The insurance premium for the year is USD 249,000.