

HR POLICY AND STAFF DEVELOPMENT

HR POLICY AND STAFF DEVELOPMENT [GRI 103¹]

Inter RAO has a balanced staff in terms of structure, experience, and professional skills, which makes it possible to effectively resolve operational and strategic tasks. The Group develops its HR policy based on a unified management system in which corporate values comprise the core. The Inter RAO Group is guided in its activities by the international conventions of the International Labour Organization (ILO) that have been ratified by the Russian Federation.

Goals of staff development in relation to strategic priorities

The main goals in human capital management in 2019 involved increasing work productivity, creating conditions to attract highly trained specialists, altering the approach to developing training programs, improving the professional level of the Group's employees, developing a corporate culture and internal corporate communications, and modifying work methods concerning the job satisfaction of personnel.

The goals of staff development are linked to Inter RAO's strategic priorities and the need to modernize the technological and organizational environment, which dictates new requirements for the professional skills of employees. Given the Company's development prospects, advanced training for personnel in the 'Generation' segment as well as the hiring of staff that are capable of building and maintaining plants with modern, more high-tech, and innovative equipment will be essential over the next ten years.

In the 'Supply' segment, the introduction of innovative technologies such as intelligent metering systems, the development of additional paid services

as well as the development of functions at unified settlement and information centers on the basis of guaranteed suppliers will determine the main areas of work with staff in the medium term, including training and development in matters concerning regulatory support.

Primary focuses and results of HR policy

The priority measures and focuses of the HR policy in 2019 were:

- Development of social programs
- Spinning off certain HR functions to a common service center
- Conducting a staff audit
- The introduction of corporate competence models at the Group for four levels of employees: from senior management to ordinary employees
- The introduction of objective personnel assessment tools (competency interviews) to improve the quality of personnel decisions
- The concept of working with the talent pool was developed
- The methodology of the PJSC Inter RAO personnel training system that governs key principles and rules for staff development was approved

Plans to improve HR policy in 2020

In 2020, the Group plans to further develop the HR policy in the following areas:

- Development of corporate social responsibility and youth policy
- Introduction of the Corporate University
- Revision of the grading system
- Development of operational efficiency
- Automation of HR processes based on Mirapolis HCM
- Qualitative changes in the approach to forming a talent pool

Employees are the Company's core value

Risk appetite: Preparing the talent pool of managers

Results of HR policy implementation in 2019

- Active staff turnover decreased from 11.22% to 11.0%
- The Employee Satisfaction Index (ESI) increased compared with the 2018 results from 69.9% to 71.5%.

¹ Management Approach: HR policy and staff development.