

INTERACTION WITH TRADE UNIONS AND HUMAN RIGHTS

Interaction with trade unions [GRI 103, 102-41, 402-1, 407-1]

Inter RAO employees have the opportunity to fully exercise their right to freedom of association. In 2019, a primary trade union organization was set up at LLC UEC. Trade unions have been established and freely operate at most enterprises, and in 2019 the Group had 22,607 members of trade union organizations, or 59.8% of its average headcount. [GRI 102- 41]. Inter RAO has not found any entities at which the right to exercise freedom of association and collective bargaining may have been violated or at substantial risk. [GRI 407-1].

Primary trade union organizations primarily represent the interests of workers in the 'Generation' segment. In 2019, trade union conferences were held at several branches and subsidiaries of Inter RAO in addition to meetings of standing commissions and committees of trade union branches during which discussions were held together with management on issues of particular concern to employees, such as the conclusion of a new collective bargaining agreement, the transition to a new remuneration payment system, pay for work on weekends and overtime, and consideration of candidates for health resort treatment using VMI funds.

Extensive work is being conducted with young people: training sessions were held on various topics at regional trade unions with young power engineers, and young professionals were involved in various socially significant events.

Inter RAO management encourages collective bargaining in all segments of the Group since collective bargaining agreements not only contain all the employer's mandatory labor rights and obligations, but also significantly expand them, allowing employees to be confident in their future, plan and build their career and personal life, and take care of their families.

As of December 31, 2019, the share of employees of Inter RAO enterprises that have a collective bargaining agreement in place stood at 84%, and in the 'Generation' segment this indicator is 96.5%. [GRI 102-41]

In the 'Generation' and 'Engineering and Services' segments, the Group's enterprises build partnerships with employees on the terms of collective bargaining agreements, which are based on a unified approach and a specific procedure for providing benefits, guarantees, and compensation that determine their scope. The agreements are valid for the medium term. All the obligations undertaken by the employer and enshrined in collective bargaining agreements were fully implemented in 2019.

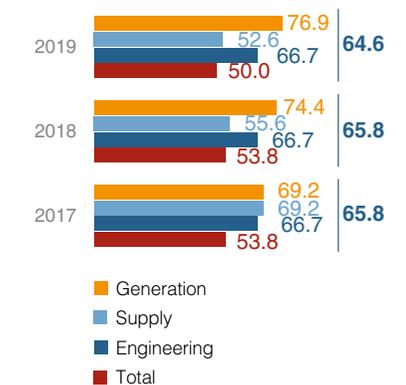
In accordance with Article 74 of the Labor Code of the Russian Federation concerning changes (to organizational or technological working conditions) and Article 75 of the Labor Code of the Russian Federation (when changes are made to the ownership of an organization's property altering the organization's jurisdiction or reorganization), an employee must be notified about any changes in the essential conditions of an employment contract in simple written form at least two months in advance. [GRI 402-1].

Commitment to human rights [GRI 405, 406, 408, 409]

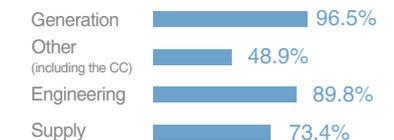
Inter RAO adheres to the principles for the protection of human rights set forth in the following international documents:

- The Universal Declaration of Human Rights
- The International Covenant on Civil and Political Rights
- The International Covenant on Economic, Social, and Cultural Rights
- Declaration of the International Labor Organization on Fundamental Principles and Rights at Work
- Constitution of the Russian Federation

Share of enterprises with collective bargaining agreements [GRI 102-41]



Share of staff at Inter RAO enterprises with collective bargaining agreement as of December 31, 2019 [GRI 102-41]



- Labor Code of the Russian Federation
- United Nations Guiding Principles on Business
- UN Global Compact

The Company supports and respects the protection of internationally proclaimed human rights and advocates for not being complicit in human rights abuses, thereby expressing its support for the first and second principles of the UN Global Compact.

Inter RAO does not tolerate any form of discrimination and advocates for equal rights, regardless of gender, race, nationality, language, social origin, property and official status, religion, membership in public associations, or any other grounds.

In 2019, the Company commenced the process of developing policies on human rights and interaction with local communities as well as a Code of Conduct for Suppliers. Implementing these internal regulatory documents will build a foundation for further bolstering practices in terms of interaction with employees, local residents, and other stakeholders, both directly through the Company's actions and indirectly through the Company's partners.

The Human Rights Policy that has been drafted will officially enshrine the following obligations of Inter RAO:

- Respect a person's right to life, freedom, and personal integrity
- Prevent the use of any form of forced or child labor
- Guarantee the right to fair and decent remuneration, safe and healthy working conditions, the right to rest and leisure, as well as the necessary social support, including in cases of illness, disability, loss of the breadwinner, old age, and other losses of livelihood due to circumstances beyond an employee's control

- Recognize the right to freedom of association, the right to collective bargaining, and the right to create and participate in trade unions to protect their interests
- Respect the right of local communities to favorable living conditions while helping reduce the negative impact on the regions where the Company operates with respect to economic, environmental, social, and cultural aspects
- Develop and support sociocultural diversity
- Interact with stakeholders in order to provide reliable and comprehensive information about the Company's activities in matters concerning the protection of human rights

The Company has proposed introducing a new Human Rights Policy by conducting the following measures:

- Organizing training for members of governing and control bodies concerning human rights
- Conducting a human rights risk assessment
- Drafting an action plan to mitigate risks and/or eliminate the negative consequences of human rights abuses
- Informing employees and business partners about the need to strictly observe the basic principles of human rights and to provide notification about any human rights abuses that have occurred or are being planned in writing or through the PJSC Inter RAO Unified Hotline with guaranteed confidentiality