

## SOCIAL SUPPORT

### Social policy principles [GRI 102-12]

The corporate culture at the Inter RAO Group is based on the principles of prioritizing the overall result, mutual assistance, and mutual respect for employees regardless of position, gender, or any other attributes.

In its social policy, Inter RAO adheres to international standards and best practices in such areas as human rights, labor relations, environmental protection, anti-corruption, and stakeholder engagement. The Company is guided by the Guidance on Social Responsibility (International Standard ISO 26000) and the universal principles of the UN Global Compact concerning human rights, labor relations, environmental protection, and anti-corruption, the Social Charter of Russian Business as well as the Sectoral Tariff Agreement in the Electric Power Industry of the Russian Federation. [GRI 102-12]

The Company strives to create a common space of values among employees, an atmosphere of honesty and openness, and a favorable psychological climate that contributes to the achievement of the Group's strategic goals and also increases the efficiency of operations.

Social benefits and guarantees are an important tool in the Group's HR policy.

The Inter RAO corporate standard stipulates that issues concerning the creation of a social package for employees be included in the Regulation on Remuneration at all the Group's subsidiaries.

Key focuses of social programs:

- The work safety of employees
- The health and activeness of employees
- Support for young professionals
- Career development
- Support for the best employees and work with the talent pool

- Assistance to young families
- Improving the welfare of workers
- Support for retirees
- Maintaining a high level of production culture

The Group's companies provide comprehensive support to employees in different life situations and pay serious attention to the treatment and wellness of staff and the provision of high-quality medical care and health resort treatment for employees. The Company takes care of its employees' children by providing material assistance to large and single-parent families, orphans, and children with disabilities. In addition, each year children vacation at children's health centers, participate in corporate festive and sporting events, and take tours of the Group's facilities.

### Tangible incentives [GRI 202-1, 404-3]

In 2019, the 'Supply' segment continued implementing projects to improve the financial incentive system for staff: remuneration for employees of PJSC Mosenergosbyt and JSC St. Petersburg Power Supply Company (approximately 5,500 people) were increased to the 75th percentile of the corresponding regional labor market, which means there should be a higher level of staff satisfaction with the wage system and a decrease in the staff turnover.

The 'Benefits Cafeteria' continued to be a success at the power supply companies LLC Energy Retail Company of Bashkortostan and OJSC Tomskenergosbyt in 2019. The 'Benefits Cafeteria' includes voluntary health insurance, the payment of trip vouchers, health resort treatment, the training of staff and education of children, and reimbursement of gym fees, among other things. The benefit system is tied to the Company's existing payroll system. This makes it possible to select benefits online from a suggested list on corporate Internet portals based on limits that are determined by points in accordance with an employee's grade.

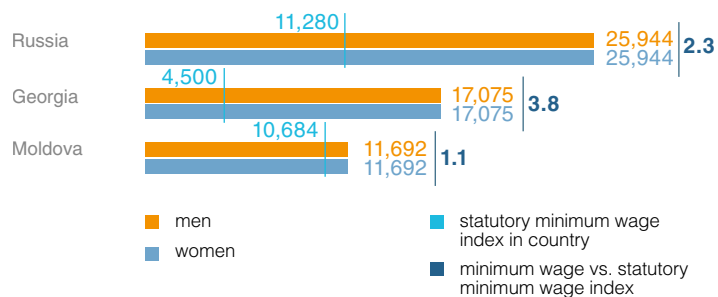
In the remaining segments, remuneration is higher than the median of the market in all categories, which makes the Group a competitive employer in most of the regions where it operates.

The main priority of HR in terms of remuneration for the next reporting period is to develop social programs for non-financial incentive.

The measures taken by Inter RAO to increase labor productivity have enabled the Company to pay entry-level workers salaries that are usually above the minimum wage, on average 2.3 times higher, depending on the region of operation, which makes it possible to quickly fill vacant positions and effectively solve the problem of replacing retired employees.

The Group has a staff assessment system based on a combination of key performance indicators (KPIs) and skills, which is a good motivational factor for employees since it allows them to not only focus on improving their work efficiency, but also on developing key professional skills that help to achieve the required results.

**Ratio of standard entry-level wages of employees of different genders vs. the set minimum wage in significant regions of operations [GRI 202-1]**



Key goals of the assessment:

- Identification of the needs for the professional training and personal development of employees
- Identification of efficient and highly efficient employees
- Revision of worker salaries within the approved budget
- Overall monitoring of the efficiency of staff performance

A periodic performance assessment is carried out for all employees that directly affects incentive payments to enhance their interest and responsibility for the results of their work. [GRI 404-3].

**Intangible incentives**

In 2019, 5,259 employees of the Group received special recognition: 30 employees were granted state awards, another 181 received in-house awards, and 5,048 were given corporate awards from PJSC Inter RAO.

In October 2019, a survey was conducted on employee satisfaction with work, particularly such factors as:

- Salary
- Intangible incentives
- Working conditions
- Opportunity for self-fulfillment
- Corporate communications
- Psychological climate
- Career opportunities
- Management
- Confidence in the future, stability, and loyalty

The survey was conducted in October 2019 and was completed by 91% of the Group's employees. For comparison's sake, this indicator amounted to 84% in 2018. It is also worth pointing out that the ESI-Employee Satisfaction Index increased from 69.9% in 2018 to 71.5% in 2019.