

ENERGY
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RELIABLE

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FOR THE COUNTRY'S

DEVELOPMENT

// APPENDIX

1. CONSOLIDATED IFRS FINANCIAL STATEMENTS OF PJSC INTER RAO FOR 2018

Report of the independent auditor on the summary consolidated financial statements Translation of the original Russian version

To the shareholders and the Board of Directors of PJSC Inter RAO

Opinion

The accompanying summary consolidated financial statements of PJSC Inter RAO and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2018, consolidated statement of comprehensive income, consolidated statement of cash flows and consolidated statement of changes in equity for 2018 and the related Appendix, are derived from the audited consolidated financial statements of the Group for 2018.

In our opinion, the summary consolidated financial statements are consistent, in all material respects, with the audited consolidated financial statements, on the basis described in Appendix 1.

Summary consolidated financial statements

The summary consolidated financial statements do not contain all the disclosures required by the regulations of the International Financial Reporting Standards insofar as they relate to the preparation of financial statements. Reading the summary consolidated financial statements and the auditor's report thereon, therefore, is not a substitute for reading the audited consolidated financial statements of the Group and the auditor's report thereon.

Audited consolidated financial statements and our opinion

We expressed an unmodified audit opinion on the audited consolidated financial statements in our report dated 1 March 2019. That report also includes information on key audit matters.

Management's responsibility for the summary consolidated financial statements

Management of the Group is responsible for the preparation of the summary consolidated financial statements in accordance with criteria described in Appendix 1.

Auditor's responsibility

Our responsibility is to express an opinion on whether the summary consolidated financial statements are consistent, in all material respects, with the audited consolidated financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing (ISA) 810 (Revised) *Engagements to Report on Summary Financial Statements*.



I.A. BUYAN

Partner Ernst & Young LLC

1 March 2019

Details of the audited entity

Name: PJSC Inter RAO

Record made in the State Register of Legal Entities on 1 November 2002, State Registration Number 1022302933630.

Address: Russia 195435, Moscow, Bolshaya Pirogovskaya street, 27, building 2.

Details of the auditor

Name: Ernst & Young LLC

Record made in the State Register of Legal Entities on 5 December 2002, State Registration Number 1027739707203.

Address: Russia 115035, Moscow, Sadovnicheskaya naberezhnaya, 77, building 1.

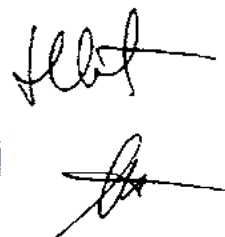
Ernst & Young LLC is a member of Self-regulated organization of auditors "Russian Union of auditors" (Association) ("SRO RUA"). Ernst & Young LLC is included in the control copy of the register of auditors and audit organizations, main registration number 11603050648.

Consolidated statement of financial position (in millions of RUR)

	31 December 2018	1 January 2018 (restated)	1 January 2017 (restated)
ASSETS			
Non-current assets			
Property, plant and equipment	322,976	286,714	291,854
Intangible assets	13,849	13,183	9,908
Investments in associates and joint ventures	15,451	22,770	28,886
Deferred tax assets	5,753	7,174	6,057
Securities	7,992	10,324	7,810
Other non-current assets	2,621	2,986	15,430
Total non-current assets	368,642	343,151	359,945
Current assets			
Inventories	20,267	16,927	14,104
Accounts receivable and prepayments	107,806	108,936	106,421
Income tax prepaid	1,070	873	625
Cash and cash equivalents	153,747	142,062	95,988
Other current assets	75,318	24,127	4,712
	358,208	292,925	221,850
Assets classified as held-for-sale	1,737	3,000	3,000
Total current assets	359,945	295,925	224,850
Total assets	728,587	639,076	584,795
EQUITY AND LIABILITIES			
Equity			
Share capital	293,340	293,340	293,340
Treasury shares	(86,210)	(58,787)	(58,787)
Share premium	69,312	69,312	69,312
Hedge reserve	(367)	2	16
Actuarial reserve	274	7	(182)
Fair value reserve	(5,745)	(3,650)	2,485
Foreign currency translation reserve	4,887	2,152	2,972
Retained earnings	207,778	157,540	109,872
Total equity attributable to shareholders of the Company	483,269	459,916	419,028
Non-controlling interest	2,209	1,587	2,078
Total equity	485,478	461,503	421,106

	31 December 2018	1 January 2018 (restated)	1 January 2017 (restated)
Non-current liabilities			
Loans and borrowings	1,385	4,675	8,604
Long-term lease liabilities	42,991	10,888	10,499
Deferred tax liabilities	11,890	10,957	10,678
Other non-current liabilities	8,588	8,152	7,260
Total non-current liabilities	64,854	34,672	37,041
Current liabilities			
Loans and borrowings	8,353	11,479	8,108
Short-term portion of long-term lease liabilities	6,712	1,435	1,726
Accounts payable and accrued liabilities	149,886	118,314	105,476
Amounts payable to non-controlling shareholders for shares of subsidiary	373		
Other taxes payable	10,644	9,117	9,005
Income tax payable	2,287	2,556	2,333
Total current liabilities	178,255	142,901	126,648
Total liabilities	243,109	177,573	163,689
Total equity and liabilities	728,587	639,076	584,795

1 March 2019



Kovalchuk B.*Chairman of the Management Board***Miroshnichenko E.***Member of the Management Board, Chief Financial Officer*

Consolidated statement of comprehensive income (in millions of RUR)

	For the year	
	2018	2018 (restated)
Revenue	962,582	869,204
Other operating income	10,492	8,817
Operating expenses	(885,785)	(821,779)
Operating income	87,289	56,242
Finance income	15,257	11,671
Finance expenses	(6,789)	(5,258)
Share of (loss)/profit of associates and joint ventures, net	(3,579)	2,600
Income before income tax	92,178	65,255
Income tax expense	(20,503)	(10,593)
INCOME FOR THE PERIOD	71,675	54,662
Other comprehensive income/(loss)		
<i>Other comprehensive income/(loss) that will be reclassified subsequently to profit or loss when specific conditions are met</i>		
Loss on securities, net of tax	(981)	(660)
Net loss on hedge instruments, net of tax	(535)	(27)
Exchange gain/(loss) on translation to presentation currency	2,997	(784)
<i>Other comprehensive income/(loss) not to be reclassified subsequently to profit or loss</i>		
Loss on securities, net of tax	(1,114)	
Actuarial gain, net of tax	267	189
OTHER COMPREHENSIVE GAIN/(LOSS), NET OF TAX	634	(1,282)
Total comprehensive income for the period	72,309	53,380
Income attributable to:		
Shareholders of the Company	70,776	53,974
Non-controlling interest	899	688

	For the year	
	2018	2018 (restated)
	71,675	54,662
Total comprehensive income attributable to:		
Shareholders of the Company	71,314	52,669
Non-controlling interest	995	711
	72,309	53,380
Basic income per ordinary share for income attributable to the shareholders of the Company	0.894	0.647
Diluted income per ordinary share for income attributable to the shareholders of the Company	0.891	0.636

1 March 2019


Kovalchuk B. Yu.*Chairman of the Management Board*
Miroshnichenko E.N.*Member of the Management Board, Chief Financial Officer*

Consolidated statement of cash flows (in millions of RUR)

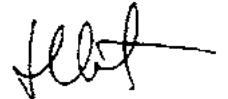
	For the year	
	2018	2017 (restated)
OPERATING ACTIVITIES		
Income before income tax	92,178	65,255
<i>Adjustments to reconcile income before tax to net cash flows from operating activities</i>		
Depreciation and amortisation	26,601	22,132
Provision for impairment of accounts receivable, net	8,358	5,206
Discounting of accounts receivable	(225)	(1,604)
Discounting of accounts payable	936	284
Release of other provisions	(1,008)	(1,667)
Impairment of securities and assets classified as held-for-sale	1,263	225
Impairment of property, plant and equipment and intangible assets	1,146	11,780
Share of loss/(profit) of associates and joint ventures, net	3,579	(2,600)
Loss/(income) from electricity derivatives, net	49	(134)
Foreign exchange (gain)/loss, net	(3,649)	1,001
Interest income	(10,267)	(8,777)
Other finance income	(328)	(692)
Interest expense	4,991	3,742
Other finance expenses	449	90
Dividend income	(375)	(457)
Income from sale of securities	(47)	–
Shares option plan, (gain)/loss	(168)	919
Gain from disposal of Group entities, net	(187)	(10)
Other non-cash operations/items	(81)	(108)
Operating cash flows before working capital adjustments and income tax paid	123,215	94,585
Increase in inventories	(3,081)	(2,960)
Increase in accounts receivable and prepayments	(5,635)	(12,993)
Decrease in value added tax recoverable	1,273	5,188
(Increase)/decrease in other current assets	(793)	3,043
(Decrease)/increase in accounts payable and accrued liabilities	(1,649)	12,065
(Decrease)/increase in taxes other than income tax prepaid/payable, net	(361)	1,108
Other working capital adjustments	(492)	53
	112,477	100,089
Income tax paid	(18,021)	(11,330)
Net cash flows from operating activities	94,456	88,759

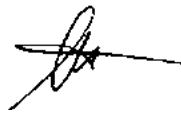
	For the year	
	2018	2017 (restated)
INVESTING ACTIVITIES		
Proceeds from disposal of property, plant and equipment	151	151
Purchase of property, plant and equipment and intangible assets	(25,770)	(31,508)
Purchase of controlling interest, net of cash acquired	724	(500)
Outflow from disposal of controlling interest, net of cash disposed	–	(10)
Purchase of securities	(39)	–
Proceeds from disposal of joint venture	–	54
Proceeds from disposal of securities and assets classified as held-for-sale	6,305	12,500
Proceeds from repayment of loans issued	115	12,639
Loans issued	(360)	(216)
Bank deposits placed	(121,169)	(45,747)
Bank deposits returned and proceeds from promissory notes repayment	70,660	23,455
Interest proceeds for bank deposits placed	7,704	4,358
Purchase of other non-current assets	(115)	(285)
Dividends received	3,601	467
Cash flows from / (used for) other investing activities	129	(156)
Net cash flows used for investing activities	(58,064)	(24,798)
Financing activities		
Proceeds from loans and borrowings	20,626	45,354
Repayment of loans and borrowings	(28,084)	(45,851)
Repayment of leases	(4,583)	(2,062)
Interest paid	(907)	(2,255)
Dividends paid	(11,101)	(12,185)
Purchase of non-controlling interest in subsidiary	–	(787)
Proceeds from disposal of non-controlling interest	244	–
Acquisition of treasury shares	(4,117)	–

The consolidated statement of cash flows is to be read in conjunction with Appendix 1 to, and forming part of, the summary consolidated financial statements.

Proceeds from treasury shares sale	2,350	-1
Net cash flows used for financing activities	(25,572)	(17,786)
Effect of exchange rate fluctuations on cash and cash equivalents	865	(101)
Net increase in cash and cash equivalents	11,685	46,074
Cash and cash equivalents at the beginning of the period	142,062	95,988
Cash and cash equivalents at the end of the period	153,747	142,062

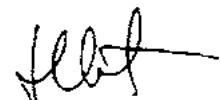
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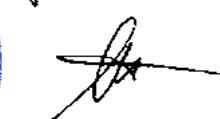




Kovalchuk B.Yu.
Chairman of the Management Board
Miroshnichenko E.N.
Member of the Management Board, Chief Financial Officer

Consolidated statement of changes in equity (in millions of RUR)

	Attributable to shareholders of the Company										
	Share capital	Treasury shares	Share premium	Foreign currency translation reserve	Fair value reserve	Hedge reserve	Actuarial reserve	Retained earnings	Total	Non-controlling interest	Total equity
Balance at 1 January 2017	293,340	(58,787)	69,312	2,972	2,485	16	(182)	107,879	417,035	2,191	419,226
Effect of adoption of new standards	-	-	-	-	-	-	-	1,993	1,993	(113)	1,880
Balance at 1 January 2017 (restated)	293,340	(58,787)	69,312	2,972	2,485	16	(182)	109,872	419,028	2,078	421,106
Total comprehensive (loss)/income for the year ended 31 December 2017	-	-	-	(820)	(660)	(14)	189	53,974	52,669	711	53,380
Dividends to shareholders	-	-	-	-	-	-	-	(12,656)	(12,656)	(461)	(13,117)
Undrawn dividends returned	-	-	-	-	-	-	-	2	2	-	2
Acquisition of non-controlling interest in subsidiary	-	-	-	-	-	-	-	(46)	(46)	(741)	(787)
Share option plan	-	-	-	-	-	-	-	919	919	-	919
Balance at 31 December 2017 (restated)	293,340	(58,787)	69,312	2,152	1,825	2	7	152,065	459,916	1,587	461,503
Balance at 1 January 2018	293,340	(58,787)	69,312	2,152	1,825	2	7	149,968	457,819	1,590	459,409
Effect of adoption of new standards	-	-	-	-	(5,475)	-	-	7,572	2,097	(3)	2,094
Balance at 1 January 2018 (restated)	293,340	(58,787)	69,312	2,152	(3,650)	2	7	157,540	459,916	1,587	461,503
Total comprehensive income/(loss) for the year ended 31 December 2018	-	-	-	2,735	(2,095)	(369)	267	70,776	71,314	995	72,309
Dividends to shareholders	-	-	-	-	-	-	-	(11,458)	(11,458)	(280)	(11,738)
Undrawn dividends returned	-	-	-	-	-	-	-	1	1	-	1
Acquisition of non-controlling interest in subsidiary	-	-	-	-	-	-	-	(87)	(87)	(286)	(373)
Disposal of non-controlling interest in subsidiary	-	-	-	-	-	-	-	51	51	193	244
Sale of treasury shares	-	5,565	-	-	-	-	-	(3,215)	2,350	-	2,350
Acquisition of treasury shares	-	(32,988)	-	-	-	-	-	(5,662)	(38,650)	-	(38,650)
Share option plan	-	-	-	-	-	-	-	(168)	(168)	-	(168)
Balance at 31 December 2018	293,340	(86,210)	69,312	4,887	(5,745)	(367)	274	207,778	483,269	2,209	485,478



Kovalchuk B.Yu.

Chairman of the Management Board

Miroschnichenko E.N.

Member of the Management Board, Chief Financial Officer

1 March 2019

The consolidated statement of changes in equity is to be read in conjunction with Appendix 1 to, and forming part of, the summary consolidated financial statements.

Appendix 1

These summary consolidated financial statements of PJSC Inter RAO and its subsidiaries include the consolidated statement of financial position as of 31 December 2018, consolidated statement of comprehensive income, consolidated statement of cash flows and consolidated statement of changes in equity for 2018. These summary consolidated financial statements derived from the audited consolidated financial statements for 2018 was signed by the management of PJSC Inter RAO on 1 March 2019. The audited consolidated

financial statements were presented in millions of Russian rubles and were prepared in accordance with International Financial Reporting Standards. All amounts in these summary consolidated financial statements are presented in millions of Russian rubles (except for income (loss) per ordinary share). These summary consolidated financial statements do not include all the disclosures required by International Financial Reporting Standards.



Audited consolidated
financial statements for
2018 can be found at
<http://www.interrao.ru>.



2. RAS ANNUAL ACCOUNTING STATEMENTS OF PJSC INTER RAO FOR 2018

Report of the independent auditor on the summary financial statements Translation of the original Russian version

To the shareholders and the Board of Directors of Public Joint Stock Company «Inter RAO UES»

Opinion

The accompanying summary financial statements, which comprise the balance sheet as at 31 December 2018, statement of income for the period from 1 January through 31 December 2018 and related appendix, are derived from the audited financial statements of Public Joint Stock Company «Inter RAO UES» (the Company) for 2018 year.

In our opinion, the summary financial statements are consistent, in all material respects, with the audited financial statements, on the basis described in Appendix 1.

Summary financial statements

The summary financial statements do not contain all the disclosures required by the regulations of the Russian Federation insofar as they relate to the preparation of financial statements. Reading the summary financial statements and the auditor's report thereon, therefore, is not a substitute for reading the audited financial statements of the Company and the auditor's report thereon.

Audited financial statements and our opinion

We expressed an unmodified audit opinion on the audited financial statements in our report dated 8 February 2019. That report also includes information on key audit matter.

Management's responsibility for the summary financial statements

Management is responsible for the preparation of a summary of the audited financial statements in accordance with criteria described in Appendix 1.

Auditor's responsibility

Our responsibility is to express an opinion on whether the summary financial statements are consistent, in all material respects, with the audited financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing (ISA) 810 (Revised), Engagements to Report on Summary Financial Statements.

I.A. BUYAN

Partner Ernst & Young LLC

8 February 2019



Details of the audited entity

Name: Public Joint Stock Company «Inter RAO»

Record made in the State Register of Legal Entities on 1 November 2002, State Registration Number 1022302933630.

Address: Russia 195435, Moscow, Bolshaya Pirogovskaya street, 27, building 2.

Details of the auditor

Name: Ernst & Young LLC

Record made in the State Register of Legal Entities on 5 December 2002, State Registration Number 1027739707203.

Address: Russia 115035, Moscow, Sadovnicheskaya naberezhnaya, 77, building 1.

Ernst & Young LLC is a member of Self-regulated organization of auditors "Russian Union of auditors" (Association) ("SRO RUA"). Ernst & Young LLC is included in the control copy of the register of auditors and audit organizations, main registration number 11603050648.

Balance sheet as of 31 December 2018

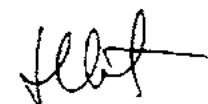
Codes
0710001
31.12.2018
33741102
2320109650
35.14
12247 49

Attachment No. 1
to Order
No.66n of the RF Ministry
of Finance dated
July 2, 2010

Entity	Public Joint Stock Company «Inter RAO UES»	OKUD Form	0710001
		Date (DDMMYY)	31.12.2018
		OKPO code	33741102
Taxpayer's identification number		TIN	2320109650
Type of activity	sales of electricity	OKVED code	35.14
Legal/ownership form			12247 49
Public Joint Stock Company/Other mixed Russian ownership		OKOPF/OKFS code	
Measurement unit: RUB mln		OKEI code	385
Location (address)			119435, Moscow, ul. Bolshaya Pirogovskaya, 27, bld. 2

Description	Code	At 31 December 2018	At 31 December 2017	At 31 December 2016
ASSETS				
I. NON-CURRENT ASSETS				
Intangible assets	1110	123	69	14
Research and development results	1120	-	-	-
Property, plant and equipment	1150	1,319	1,186	911
including construction in progress	1155	1,289	1,150	871
Income-bearing investments in tangible assets	1160	-	-	3
Financial investments	1170	347,538	347,899	346,279
Deferred tax assets	1180	2,327	3,821	1,585
Other non-current assets	1190	4,049	4,016	12,872
TOTAL for Section I	1100	355,356	356,991	361,664
II. CURRENT ASSETS				
Inventory	1210	44	7	6
VAT on purchased assets	1220	567	371	410
Accounts receivable, payments on which are expected within 12 months after the reporting date	1230	11,432	30,956	24,911
Including trade accounts receivable	1231	3,152	2,137	3,868
Financial investments (other than cash equivalents)	1240	37,057	10,838	8,441
Cash and cash equivalents	1250	101,936	68,914	41,656
Other current assets	1260	4	9	835
TOTAL for Section II	1200	151,040	111,095	76,259
BALANCE SHEET	1600	506,396	468,086	437,923

Description	Code	At 31 December 2018	At 31 December 2017	At 31 December 2016
Form 0710001 p. 2				
CAPITAL AND LIABILITIES				
III. CAPITAL AND RESERVES				
Charter capital	1310	293,340	293,340	293,340
Treasury shares	1320	-	-	-
Revaluation of non-current assets	1340	-	-	-
Additional capital (without revaluation)	1350	195,416	195,416	195,416
Reserve capital	1360	6,161	5,378	504
Retained earnings (loss)	1370	(59,267)	(63,811)	(59,278)
TOTAL for Section III	1300	435,650	430,323	429,982
IV. LONG-TERM LIABILITIES				
Loans and borrowings	1410	-	-	-
Deferred tax liabilities	1420	35	34	411
Provisions	1430	-	-	-
Other liabilities	1450	-	-	-
TOTAL for Section IV	1400	35	34	411
V. SHORT-TERM LIABILITIES				
Loans and borrowings	1510	63,651	28,853	-
Accounts payable, payments on which are expected within 12 months after the reporting date:	1520	4,497	6,492	5,454
including: trade accounts payable	1521	3,239	3,243	2,625
accrued payroll	1522	77	66	69
social insurance and social security payable	1523	38	36	30
taxes and levies payable	1524	36	15	15
advances received	1525	97	2,151	2,295
other accounts payable	1527	1,010	981	420
Provisions	1540	2,563	2,384	2,076
Other liabilities	1550	-	-	-
TOTAL for Section V	1500	70,711	37,729	7,530
BALANCE SHEET	1700	506,396	468,086	437,923

B. Kovalchuk
Chief Executive Officer

Statement of income for the period from January 01 through December 31, 2018

Attachment No.1 to Order No.66n of the RF Ministry of Finance dated July 2, 2010

Codes
0710001
31.12.2018
33741102
2320109650
35.14
12247 49
OKOPF/OKFS code
385

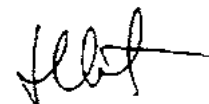
Entity Public Joint Stock Company «Inter RAO UES»
Taxpayer's identification number
Type of activity sales of electricity
Legal/ownership form
Public Joint Stock Company/Other mixed Russian ownership
Measurement unit: RUB mln

OKUD Form
Date (DDMMYY)
OKPO code
TIN
OKVED code
OKOPF/OKFS code
OKEI code

Description	Code	At 31 December 2018	At 31 December 2017
Revenue from the sale of goods, products, works and services, net (less VAT, excise duties and similar obligatory payments), including:	2110	53,901	40,975
export of energy	2111	38,462	27,323
domestic sales of energy (capacity)	2112	12,066	13,227
sales of power generation equipment	2113	3,144	223
other	2114	229	202
Cost of sales of goods, products, works and services	2120	(36,084)	(32,884)
purchase of energy (power) from domestic market	2121	(28,155)	(26,571)
import of energy	2123	(4,913)	(6,043)
sales of power generation equipment	2124	(3,011)	(269)
other	2125	(5)	(1)
Gross profit	2100	17,817	8,091
Selling expenses	2210	(2,977)	(2,991)
Administrative expenses	2220	(6,548)	(5,783)
Profit (loss) from operations	2200	8,292	(683)
Income from equity participation	2310	7,295	13,795
Interest receivable	2320	6,431	3,529
Interest payable	2330	(2,671)	(414)

Other income	2340	3,548	2,387
Other expenses	2350	(861)	(5,242)
Profit (loss) before tax	2300	22,034	13,372
Current profit tax	2410	(1,566)	(596)
including permanent tax liabilities (assets)	2421	119	222
Deferred tax liabilities change	2430	-	376
Deferred tax assets change	2450	(1,494)	83
Other	2460	(35)	2,434
Profit (loss) after tax	2400	18,939	15,669
FOR REFERENCE			
Cumulative financial result for the period	2500	18,939	15,669
Basic earnings (loss) per share (rub.)	2900	0.1814	0.1501
Diluted earnings (loss) per share (rub.)	2910	0.1814	0.1501

8 February 2019

B. Kovalchuk
Chief Executive Officer

Appendix 1

These summary financial statements of Public Joint Stock Company «Inter RAO UES» include the balance sheet as of 31 December 2018 and the statement of income for the period from 1 January through 31 December 2018. These summary financial statements derived from the audited financial statements for 2018 that was signed by the management of Public Joint Stock Company «Inter RAO UES» on 8 February 2019. The audited financial statements were presented in thousands

of Russian rubles and were prepared in accordance with accounting principles and practices generally accepted in the Russian Federation. All amounts in these summary financial statements are presented in millions of Russian rubles (except for earnings (loss) per share). These summary financial statements do not include all the disclosures required by accounting principles and practices generally accepted in the Russian Federation.



Audited financial statements for 2018 can be found at <http://www.interrao.ru>



3. REPORT OF THE REVISION COMMISSION

To the meeting of shareholders of PJSC INTER RAO

March 13, 2019

Moscow

In accordance with the Articles of Association of PJSC Inter RAO (hereinafter referred to as the Company), the Federal Law of the Russian Federation On Joint-Stock Companies No. 208-FZ as of December 26, 1995, pursuant to the Regulations on the Revision Commission of JSC Inter RAO as adopted by the annual General Meeting of Shareholders of Inter RAO on May 29, 2015 (Minutes No. 15 of June 25, 2015) and pursuant to the Resolution of the Revision Commission of PJSC Inter RAO of July 05, 2018 (Minutes No. 2 of July 05, 2018), the Revision Commission of the Company in the period from February 19, 2019 to March 12, 2019 consisting of:

1. Chairman of the Revision Commission – Gennady Bukaev, General Director of JSC ROSNEFTEGAZ, Vice President – Chairman of the PJSC Rosneft Oil Company Internal Audit Service;

Members of the Commission:

1. Tatyana Zaltsman – Manager of Department of Economic Planning of PJSC Inter RAO Financial and Economic Center;
2. Svetlana Kovaleva – Internal Audit Director, Head of the PJSC FGC UES Internal Audit Department;
3. Igor Feoktistov – Director for Internal Control of PJSC FGC UES;
4. Tatyana Fisenko, Director of the Budget Planning and Accounts Department of the Ministry of Energy of the Russian Federation;

An audit of the financial and economic activity of PJSC Inter RAO was carried out for 2018.

During the audit of financial and economic activities of PJSC Inter RAO, the Revision Commission carried out the following tasks: _ monitoring of financial and economic activities of the Company; _ compliance of financial and economic activities of the Company with Russian legislation and Articles of Association of the Company; _ independent assessment of data on the financial state of the Company.

The Report of the Revision Commission is prepared after a check of the following materials:

1. Accounting (Financial) statements of PJSC Inter RAO for 2018 with all appendixes and an explanatory;
2. PJSC Inter RAO Annual Report for 2018;

3. Audit conclusion of an independent auditor (Ernst & Young LLC) towards accounting statements of PJSC Inter RAO for 2018;
4. Report on the implementation of the PJSC Inter RAO Business Plan for 2017 and 2018;
5. Report on the Annual Comprehensive Procurement Program for 2018;
6. The Minutes of meetings of the Board of Directors, materials of the Management Board;
7. Auditor's report on the assessment of the Risk Management and Internal Control Framework of PJSC Inter RAO for 2018.
8. Report on the implementation of the PJSC Inter RAO Investment Program for 2018;
9. Auditor report on the assessment of corporate governance system of PJSC Inter RAO for 2018;
10. Report on the concluded transactions where there is a related party in their conclusion;
- 11.11. Selectively – contracts and source documents, other documents.

Upon examination of the materials submitted, the Revision Commission notes the following:

1. The Company's Annual Report for 2018 includes not only the data for PJSC Inter RAO as a legal entity, but also for legal entities in Inter RAO Group.
2. The Company's Annual Report for 2018 was made using data from IFRS consolidated financial statements of Inter RAO Group.

Responsibility for the preparation of reliable accounting statements of the Company and compliance with the accounting procedures and other requirements of legal acts of the Russian Federation is the responsibility of PJSC Inter RAO in accordance with the legislation of the Russian Federation.

According to the Revision Commission, the materials submitted and considered during examination sufficiently allow to draw valid conclusions and summaries

General results of the audit and recommendations to the Company's management are set out in the inspection report.

Based on the audit results, the Revision Commission reports that:

1. The Revision Commission did not observe any cases of noncompliance with the essential requirements of the legislation of the Russian Federation or internal regulations;
2. We did not observe any significant failings in the reflection of the financial performance of the Company that could lead to a material distortion of the value of assets and liabilities as of December 31, 2018 and the financial results of the Company's operations for 2018.
3. The internal control and audit system, Enterprise Risk Management Framework and also the corporate governance system of PJSC Inter RAO provide effective control over the main business processes of the Company

Based on our audit verification, taking into account the opinion of the external auditor of the Company, the Revision Commission has good causes for reliability confirmation of all essential aspects of annual accounting (financial) statements of the Company for 2018, as well as for reliability confirmation of the data contained in the annual report of PJSC Inter RAO for 2018 and in the report on related party transactions concluded by PJSC Inter RAO in 2018.

MEMBERS OF THE REVISION COMMISSION OF PJSC INTER RAO:

Revision Commission Chairman General Director of JSC ROSNEFTEGAZ, Vice President, Chairman of PJSC Rosneft Oil Company Internal Audit Service	Gennady Bukaev
Manager of Department of Economic Planning of PJSC Inter RAO Financial and Economic Center	Tatyana Zaltsman
Internal Audit Director – Head of PJSC FGC UES Internal Audit Department	Svetlana Kovaleva
Director for Internal Control of PJSC FGC UES	Igor Feoktistov
Director of Budget Planning and Accounts Department of Ministry of Energy of Russian Federation	Tatyana Fisenko

We are familiar with the following report:



Chairman of the Management Board PJSC Inter RAO

Boris Kovalchuk



Chief Accountant PJSC Inter RAO

Alla Vainilavichute

4. REPORT ON COMPLIANCE WITH THE PRINCIPLES AND RECOMMENDATIONS OF THE CORPORATE GOVERNANCE CODE¹

Statement of the Company Board of Directors on compliance with the corporate governance principles as stipulated in the Corporate Governance Code, and if such principles are not complied with by the company to any extent, a description of such principles and brief explanations of why they are not complied with.

The Board of Directors confirms that the information in this Report is complete and true.

The Company fully observes 74 principles (93,7%), partially observes 3 principles and does not observe only 2 principles, out of total 79 principles stipulated below².

Therefore, it can be said that the Company complies with more than 77% or 97,4% corporate governance principles to a certain extent, and as compared to 2017, has improved the indicator of complete compliance with the recommendations of the Corporate Governance Code by 0,4% (from 97% to 97,4%).

Level 2 principles that are not complied with

1.3.2. The Company takes no action that will or may lead to an artificial redistribution of corporate control as concerns the recommendation on the absence of quasi-treasury shares or their nonparticipation in voting.

4.3.2. The Company has implemented a key long-term incentive plan for the members of executive bodies and other key management personnel with Company shares (options or other derivative financial instruments with Company shares as a basic asset)

Level 2 principles that are complied with in part

2.1.1. The Board of Directors is responsible for decisions related to the appointment and dismissal of executive bodies, in particular, for the reason of improper fulfillment of their duties. The Board of Directors also controls that the executive bodies of the Company act in accordance with the adopted development strategy and main directions of the operations of the Company as concerns the power of the Board of Directors to appoint and dismiss the single member executive body.

2.8.5. The composition of the Committees has been determined so that it enables comprehensive discussion of matters that are reviewed preliminarily with respect to different opinions as concerns independent Directors heading the committees (namely, the Strategy and Investment Committee).

7.2.2. The rules and procedures associated with the performance of major corporate actions by the Company are enshrined in the Company's internal documents regarding recommendations on the hiring of an appraiser when approving related-party transactions and transaction to acquire and buy back shares as well as on the existence of an expanded list of grounds based on which members of the Company's Board of Directors and other entities envisaged by law are deemed to have an interest in the Company's transactions.

Summary of the most significant aspects of the model and practice of corporate governance at the joint-stock company

PJSC Inter RAO uses a governance model (hereinafter referred to as the Model) that meets the requirements of Russian law and regulations for issuers of securities whose shares are included in the Level One section of the list of securities allowed for trading at the MICEX Stock Exchange. The Company's governance model ensures the efficiency of the corporate governance system (in respect of the best interests of the shareholders) and high disclosure standards. The Model also includes development and maintenance of an effective risk management and Internal Control Framework, clear distinction between the authorities and responsibilities of each management body of the Company, and a system for evaluation of their functions and duties.

¹ Using the form recommended by the Bank of Russia in Letter No. IN-06-52/8 dated February 17, 2016.

² Hereinafter, the "principles" mean the level 2 principles of corporate governance set forth in the Corporate Governance Code with numbers having three digits, like 1.1.1 or 1.2.3, etc.

Pursuant to the Articles of Association of PJSC Inter RAO, the Company's management bodies are as follows:

- General Meeting of Shareholders;
- Board of Directors;
- Management Board;
- Chairman of the Management Board.

Committees of the Board of Directors that are established by resolution of the Board of Directors develop recommendations on the most important competencies of the Board of Directors, evaluate the efficiency of corporate governance procedures and perform other functions for maintaining the high standards of the work of the Board of Directors. All the Committees are subordinate to the Company Board of Directors. Management of everyday Company business is performed by a single-member executive body, namely, the chairman of the management board, and the collegial executive body, namely, the Management Board of the Company. The chairman of the management board and the Management Board are subordinate to the General Meeting of Shareholders and the Company Board of Directors. The Revision Commission is elected by the General Meeting of Shareholders and controls financial and business operations of the Company. If serious violations are discovered, the Revision Commission is entitled to demand an extraordinary General Meeting of Shareholders to be convened. Read more about Company corporate governance in section "Corporate governance" in the PJSC Inter RAO Annual Report.

Description of the methodology, according to which the joint-stock company conducted an assessment of compliance with the principles of corporate governance, stipulated by the Corporate Governance Code:

Evaluation of compliance with the corporate governance principles as stipulated in the Corporate Governance Code was performed in accordance with the Recommendations on Reporting on Compliance with the Principles and Recommendations of the Corporate Governance Code (letter of the Central Bank of Russia of February 17, 2016 No. IN-06-52/8).

Explanation of the key reasons, factors or/and circumstances due to which the joint-stock company does not fully comply with the corporate governance principles as stipulated in the Corporate Governance Code, and description of the algorithms and tools of corporate governance that the joint-stock company uses instead of the ones that are recommended by the Corporate Governance Code, and activities and events planned (expected) by the joint-stock company to improve the model and practice of corporate governance with statement of the timing of such activities and events:

See the attached table.

#	#	Principles of Corporate Governance	Criteria for evaluation of compliance with corporate governance principles	Status of compliance with the corporate governance principle in 2018	Explanation of the deviation from Criteria for evaluation of compliance with the corporate governance principle	Change in compliance with the principle as compared to 2017
	1.1	The Company shall provide an equal and fair attitude to all shareholders to exercise their right to participate in the management of the Company				
1.	1.1.1	The Company provides the best possible conditions for shareholders to participate in the General Meeting, conditions for the development of a justifiable attitude towards the agenda items at the General Meeting, coordination of their acts, and ability to express their opinions on the items discussed.	1. An internal Company document adopted by the General Meeting of Shareholders and governing the procedures of the General Meeting is publicly available. 2. The Company provides available means of communication, such as a hotline, email or Internet forum enabling shareholders to express their opinion and send questions about the agenda in the course of preparation for the General Meeting. That was done by the Company prior to each General Meeting in the reported period.	<input checked="" type="checkbox"/> observed <input type="checkbox"/> observed partially <input type="checkbox"/> not observed		Continues to be observed
2.	1.1.2	The notification procedure of the General Meeting and delivery of materials for it enables the shareholders to properly prepare for participation in the General Meeting.	1. Notice of the General Meeting of Shareholders is published on the Internet at least 30 days before the General Meeting date. 2. The meeting notification states its place and the required identification for entrance to the room. 3. The shareholders were provided access to information on who proposed the agenda items and who nominated candidates for the Board of Directors and the Revision Commission of the Company.	<input checked="" type="checkbox"/> observed <input type="checkbox"/> observed partially <input type="checkbox"/> not observed		Continues to be observed

#	#	Principles of Corporate Governance	Criteria for evaluation of compliance with corporate governance principles	Status of compliance with the corporate governance principle in 2018	Explanation of the deviation from Criteria for evaluation of compliance with the corporate governance principle	Change in compliance with the principle as compared to 2017
3.	1.1.3	In the course of preparation and holding of the General Meeting of Shareholders, the shareholders were able to obtain information about and materials for the meeting, to ask executive bodies and members of the Board of Directors their questions, and to communicate with each other, all freely and in due time.	<p>1. In the reported period, the shareholders were able to ask members of executive bodies and members of the Board of Directors their questions on the eve and at the time of the Annual General Meeting.</p> <p>2. The attitude of the Board of Directors (including special opinions included in the minutes) on each agenda item of the General Meetings in the reported period was included in the materials for the General Meeting of Shareholders.</p> <p>3. The Company provided the shareholders entitled thereto with access to the list of persons authorized to participate in the General Meeting starting from the date of its receipt by the Company, in all cases when General Meetings were held in the reported period.</p>	<p><input checked="" type="checkbox"/> observed</p> <p><input type="checkbox"/> observed partially</p> <p><input type="checkbox"/> not observed</p>		Continues to be observed
4.	1.1.4	An exercise of the shareholder's right to demand that a General Meeting is convened, to nominate candidates to management bodies, and to make proposals for inclusion on the General Meeting agenda was not related to unjustified difficulties.	<p>1. In the reported period, the shareholders were able to make proposals for inclusion on the agenda of the Annual General Meeting for at least 60 days after the end of the relevant calendar year.</p> <p>2. In the reported period, the Company did not refuse to accept proposals for the agenda or candidates to the bodies of the Company for the reason of misprints or other immaterial flaws in the shareholder's proposal.</p>	<p><input checked="" type="checkbox"/> observed</p> <p><input type="checkbox"/> observed partially</p> <p><input type="checkbox"/> not observed</p>		Continues to be observed
5.	1.1.5	Every shareholder was able to exercise their voting right using the easiest and most convenient method.	The Company internal document (internal policy) contains regulations according to which, every participant of the General Meeting may demand a copy of their completed ballot certified by the counting commission before the end of the Meeting	<p><input checked="" type="checkbox"/> observed</p> <p><input type="checkbox"/> observed partially</p> <p><input type="checkbox"/> not observed</p>		Continues to be observed

#	#	Principles of Corporate Governance	Criteria for evaluation of compliance with corporate governance principles	Status of compliance with the corporate governance principle in 2018	Explanation of the deviation from Criteria for evaluation of compliance with the corporate governance principle	Change in compliance with the principle as compared to 2017
6.	1.1.6	The Company General Meeting procedure enables all persons who are present at the meeting to express equally their opinions and to ask questions.	<p>1. At in presentio General Meetings of Shareholders within the reported period, there was time for reports and discussion on the agenda items.</p> <p>2. Candidates to Company management and control bodies were available to answer shareholders' questions at the meeting where their nominations were put to a vote.</p> <p>3. When making decisions related to preparation and holding of the General Meeting of Shareholders in the reported period, the Board of Directors considered the issue of using telecommunications to enable shareholder remote access for participation in the General Meeting.</p>	<input checked="" type="checkbox"/> observed <input type="checkbox"/> observed partially <input type="checkbox"/> not observed		Continues to be observed
	1.2	The shareholders have an equal and fair opportunity to participate in the profits of the Company by receiving dividends.				
7.	1.2.1	The Company has designed and implemented a transparent and clear mechanism for determination of the amount and payment procedure of the dividends.	<p>1. The Company has a dividend policy that has been developed, approved and disclosed by the Board of Directors.</p> <p>2. If the dividend policy uses numbers from the Company's statements to determine the dividend amount, then the relevant regulations of the dividend policy are based on the consolidated numbers of the financial statements.</p>	<input checked="" type="checkbox"/> observed <input type="checkbox"/> observed partially <input type="checkbox"/> not observed		Continues to be observed
8.	1.2.2	The Company shall make no decision on dividend payment if such a decision is economically unreasonable and may lead to false assumptions about the business of the Company even though it does not formally violate the legal restrictions	The Company's dividend policy contains clear indications on the financial/business circumstances, in the case of which the Company should pay no dividends.	<input checked="" type="checkbox"/> observed <input type="checkbox"/> observed partially <input type="checkbox"/> not observed		Continues to be observed
9.	1.2.3	The Company allows no impairment of dividend rights of existing shareholders.	1. In the reported period, the Company did not do anything leading to impairment of dividend rights of existing shareholders	<input checked="" type="checkbox"/> observed <input type="checkbox"/> observed partially <input type="checkbox"/> not observed		Continues to be observed

#	#	Principles of Corporate Governance	Criteria for evaluation of compliance with corporate governance principles	Status of compliance with the corporate governance principle in 2018	Explanation of the deviation from Criteria for evaluation of compliance with the corporate governance principle	Change in compliance with the principle as compared to 2017
10.	1.2.4	The Company aims to exclude any other methods for the shareholders to receive income (profit) from the Company's account except dividends and liquidation value	1. In order to exclude any other methods for the shareholders to receive income (profit) from the Company's account except for dividends and liquidation value, the Company internal documents stipulate control algorithms, which provide for timely identification and approval of deals of affiliates with material shareholders (persons authorized to dispose of votes vested in voting shares) in cases when the law does not formally regard such deals as interested party deals.	<input checked="" type="checkbox"/> observed <input type="checkbox"/> observed partially <input type="checkbox"/> not observed		Continues to be observed
	1.3	The system and practice of corporate governance provide equal conditions for all shareholders who hold shares of the same category (type) including minor shareholders and foreign shareholders and equal attitude to them from the side of the Company.				
11.	1.3.1	The Company has developed conditions for a fair attitude to each shareholder from the side of Company management bodies and controlling entities, including conditions disabling any abuse of major shareholders in relation to minor shareholders.	In the reported period, the procedures of handling potential conflicts of interest of existing shareholders are effective, and the Board of Directors has paid due attention to conflicts between shareholders (if any).	<input checked="" type="checkbox"/> observed <input type="checkbox"/> observed partially <input type="checkbox"/> not observed		Continues to be observed

#	#	Principles of Corporate Governance	Criteria for evaluation of compliance with corporate governance principles	Status of compliance with the corporate governance principle in 2018	Explanation of the deviation from Criteria for evaluation of compliance with the corporate governance principle	Change in compliance with the principle as compared to 2017
12.	1.3.2	The Company takes no action that will or may lead to an artificial redistribution of corporate control.	1. Quasi-treasury shares do not exist or did not participate in a voting in the reported period.	<input type="checkbox"/> observed <input type="checkbox"/> observed partially <input checked="" type="checkbox"/> not observed	<p>The recommendation regarding absence and non-participation in voting of treasury shares during the reporting period is not observed.</p> <p>On the balance sheet of the subsidiary JSC Inter RAO Capital, there was a significant number (18.98%) of quasi-treasury shares as a result of the consolidation of the electricity assets in the Company according to the Decree of the President of Russia No. 1190 of September 30, 2010 for the further asset restructuring (reorganization).</p> <p>In 2018, the number of quasi-treasury shares increased to 29.39% due to the acquisition of said shares from PJSC FGC UES and PJSC RusHydro.</p> <p>Based on the Company's Strategy, up to 25% of its charter capital can be used to be sold to a major strategic investor or a group of financial investors with a potential increase in the number of shares in free-float. The timeframe for selling shares has not yet been determined.</p> <p>The quasi-treasury shares have been used since 2018 to nominate independent candidates to the Company's Board of Directors and vote for them as well as to vote on other items on the meeting's agenda provided there is no conflict of interest.</p> <p>Starting from 2017, as an alternative mechanism for limiting management using quasi-treasury votes, the Board of Directors, when preparing for the Annual General Meeting of Shareholders, considers the issue of voting recommendations using quasi-treasury shares simultaneously with recommendations to all the Company's shareholders on voting on each agenda item when they are raised at the General Meeting of Shareholders. Consequently, when voting in accordance with these recommendations, a subordinate entity will act according to the decisions of the Board of Directors and not the decisions of Company management, which eliminates a conflict of interest and related risks.</p> <p>Federal Law No. 209-FZ dated July 19, 2018 amended the Federal Law "On Joint-Stock Companies" to grant the Board of Directors the right to include candidates in the list of candidates for election to management bodies at its discretion. Consequently, in 2019 the Company does not plan to use quasi-treasury shares for nominations to management bodies or vote with them to make decisions on meeting agenda items in accordance with a resolution of the Company's Board of Directors.</p>	No change

#	#	Principles of Corporate Governance	Criteria for evaluation of compliance with corporate governance principles	Status of compliance with the corporate governance principle in 2018	Explanation of the deviation from Criteria for evaluation of compliance with the corporate governance principle	Change in compliance with the principle as compared to 2017
	1.4	The shareholders have reliable and efficient methods for the accounting of their share rights and are able to dispose of their shares freely and easily.				
13.	1.4	The shareholders have reliable and efficient methods for accounting of their share rights and are able to dispose freely and easily of their shares.	1. The quality and reliability of maintenance of the security holder by the Company registrar match the needs of the Company and its shareholders.	<input checked="" type="checkbox"/> observed <input type="checkbox"/> observed partially <input type="checkbox"/> not observed		Continues to be observed
	2.1	1 The Board of Directors performs the strategic management of the Company, determines the basic principles of and approaches to the organization of risk management and the Internal Control Framework at the Company, controls the operation of the executive bodies of the Company, and performs other key functions.				
14.	2.1.1	The Board of Directors is responsible for decisions related to the appointment and dismissal of executive bodies, in particular, for the reason of improper fulfillment of their duties. The Board of Directors also controls the actions of Company executive bodies in accordance with the adopted development strategy and main directions of Company operations.	1. Pursuant to the Articles of Association, the Board of Directors has the power to appoint and dismiss members of executive bodies and to determine the terms and conditions of their contracts. 2. The Board of Directors has reviewed the report(s) of the single-member executive body and members of the collegial executive body on the fulfillment of the Company strategy	<input type="checkbox"/> observed <input checked="" type="checkbox"/> observed partially <input type="checkbox"/> not observed	The recommendation of clause 1 is not observed insofar as the Board of Directors is authorized to appoint and dismiss the Chairman of the Management Board. Pursuant to the Articles of Association of the Company, the matter of election and early dismissal of the Chairman of the Management Board is a competency of the General Meeting of Shareholders. Article 13.1.18 of the Company's Charter envisages the right of the Board of Directors to suspend the powers of the Chairman of the Management Board and appoint a temporary acting Chairman of the Management Board. In addition, in practice, the Board of Directors makes recommendations to the General Meeting of Shareholders on each agenda item while expressing its opinion on a resolution. Prior to July 19, 2018, amendments to the Charter to limit the purview of the General Meeting of Shareholders in this regard could have entailed the right of shareholders to demand that shares be bought back from them in accordance with Article 75 of the Federal Law "On Joint-Stock Companies" (this approach was supported by judicial practice), which resulted in additional expenses for the Company. On July 19, 2018, Federal Law No. 209-FZ dated July 19, 2018 took effect and stipulates that when issues that fall within the purview of the General Meeting of Shareholders are referred to the purview of the Board of Directors, the shareholders do not have the right to demand the buyback of shares as envisaged by Article 75 of the Federal Law "On Joint-Stock Companies." Amendments to the Charter that envisage the powers of the Board of Directors to appoint a sole executive body will be submitted to the General Meeting of Shareholders for a decision in 2019.	It is observed at the same level

#	#	Principles of Corporate Governance	Criteria for evaluation of compliance with corporate governance principles	Status of compliance with the corporate governance principle in 2018	Explanation of the deviation from Criteria for evaluation of compliance with the corporate governance principle	Change in compliance with the principle as compared to 2017
15.	2.1.2	The Board of Directors sets the main guidelines for the Company's business in the long term, evaluates and approves the key parameters of the operation and main business goals of the Company, evaluates and approves the strategy and business plans on the main types of Company business.	1. During the reported period, issues related to the progress of implementation and updating of the strategy, approval of the Company financial and business plan (budget), and review of criteria and parameters (including intermediate ones) of the fulfillment of Company strategy and business plans were reviewed by the Board of Directors meetings.	<input checked="" type="checkbox"/> observed <input type="checkbox"/> observed partially <input type="checkbox"/> not observed		Continues to be observed
16.	2.1.3	The Board of Directors determines the principles of and approaches to the organization of the risk management and Internal Control Framework in the Company.	1. The Board of Directors has determined the principles of and approaches to the organization of the risk management and Internal Control Frameworks in the Company. 2. In the reported period, the Board of Directors has evaluated the risk management and Internal Control Framework in the Company.	<input checked="" type="checkbox"/> observed <input type="checkbox"/> observed partially <input type="checkbox"/> not observed		Continues to be observed
17.	2.1.4	The Board of Directors determines the Company's policy on remuneration or/ and compensation of costs for members of the Board of Directors, executive bodies and other Company key officials.	1. A policy (policies) for remuneration and compensation of costs for members of the Board of Directors, executive bodies and other key Company officials has been developed, implemented and approved by the Company Board of Directors. 2. During the reported period, matters related to such policy (policies) were reviewed by the Board of Directors meetings	<input checked="" type="checkbox"/> observed <input type="checkbox"/> observed partially <input type="checkbox"/> not observed		Continues to be observed
18.	2.1.5	The Board of Directors plays a key role in prevention, identification and settlement of internal conflicts between bodies of the Company, shareholders of the Company and employees of the Company.	1. The Board of Directors plays a key role in prevention, identification and settlement of internal conflicts. 2. The Company has implemented a system for identification of transactions that involve a conflict of interest and a system of measures for resolving such conflicts.	<input checked="" type="checkbox"/> observed <input type="checkbox"/> observed partially <input type="checkbox"/> not observed		Continues to be observed

#	#	Principles of Corporate Governance	Criteria for evaluation of compliance with corporate governance principles	Status of compliance with the corporate governance principle in 2018	Explanation of the deviation from Criteria for evaluation of compliance with the corporate governance principle	Change in compliance with the principle as compared to 2017
19.	2.1.6	The Board of Directors plays a key role in enforcing transparency of the Company, timely and full disclosure by the Company and easy access for shareholders to the Company documents	1. The Board of Directors has adopted Regulations on the information policy. 2. The company has determined persons who are responsible for the implementation of the information policy	<input checked="" type="checkbox"/> observed <input type="checkbox"/> observed partially <input type="checkbox"/> not observed		Continues to be observed
20.	2.1.7	The Board of Directors controls the corporate governance practice of the Company and plays a key role in significant corporate events of the Company	1. In the reported period, the Board of Directors reviewed the matter of the Company corporate governance practice	<input checked="" type="checkbox"/> observed <input type="checkbox"/> observed partially <input type="checkbox"/> not observed		Continues to be observed
2.2 The Board of Directors is reporting to the shareholders of the Company						
21.	2.2.1	Information on the operation of the Board of Directors is disclosed and provided to the shareholders	1. The Company Annual Report for the reported period contains information on the attendance of meetings by the Board of Directors and Committees, by individual Directors. 2. The Annual Report contains information on the main results of evaluation of the work of the Board of Directors that was performed during the reported period	<input checked="" type="checkbox"/> observed <input type="checkbox"/> observed partially <input type="checkbox"/> not observed		Continues to be observed
22.	2.2.2	The Chairman of the Board of Directors is available for communications with the shareholders of the Company	1. The Company has a transparent procedure enabling shareholders to send their questions and state attitude to the Chairman of the Board of Directors	<input checked="" type="checkbox"/> observed <input type="checkbox"/> observed partially <input type="checkbox"/> not observed		Continues to be observed
2.3 The Board of Directors is an efficient and professional management body of the Company that is able to make objective and independent judgments and make resolutions in the best interest of the Company and its shareholders						
23.	2.3.1	Only persons with an impeccable business and personal reputation and with the knowledge, skills, and experience that are necessary for making resolutions in the competency of the Board of Directors and for efficient implementation of its functions are elected members of the Board of Directors	1. The Company's procedure of evaluation of the efficiency of the Board of Directors includes the evaluation of professional qualifications of the members of the Board of Directors. 2. During the reported period, the Board of Directors (or its Nomination Committee) evaluated the candidates for the Board of Directors from the viewpoint of the necessary experience, knowledge, business reputation, absence of conflict of interest, etc.	<input checked="" type="checkbox"/> observed <input type="checkbox"/> observed partially <input type="checkbox"/> not observed		Continues to be observed

#	#	Principles of Corporate Governance	Criteria for evaluation of compliance with corporate governance principles	Status of compliance with the corporate governance principle in 2018	Explanation of the deviation from Criteria for evaluation of compliance with the corporate governance principle	Change in compliance with the principle as compared to 2017
24.	2.3.2	Members of the Board of Directors are elected using a transparent procedure enabling the shareholders to be informed about the candidates in a sufficient scope to establish an idea of their personal and professional qualities.	1. In all cases of General Meetings of Shareholders in the reported period, the agenda of which includes matters of election of the Board of Directors, the Company provided biographical data of all the candidates to the shareholders, results of evaluation of such candidates by the Board of Directors (or its Nomination Committee) and information on the candidate's compliance with the independence criteria as per recommendations 102–107 of the Code, as well as the candidates' written consent for election to the Board of Directors.	<input checked="" type="checkbox"/> observed <input type="checkbox"/> observed partially <input type="checkbox"/> not observed		Continues to be observed
25.	2.3.3	The composition of the Board of Directors is balanced in terms of the qualifications, experience, knowledge and business qualities of its members, and is trusted by the shareholders	1. Within the framework of the Board of Directors evaluation procedure in the reported period, the Board of Directors analyzed its own needs as regards professional qualifications, experience and business skills.	<input checked="" type="checkbox"/> observed <input type="checkbox"/> observed partially <input type="checkbox"/> not observed		Continues to be observed
26.	2.3.4	The number of members of the Board of Directors enables the most efficient organization of its work, including the establishment of Committees of the Board of Directors and enables material minor shareholders to elect a candidate to the Board of Directors for whom they vote.	1. Within the framework of the Board of Directors evaluation procedure in the reported period, the Board of Directors analyzed its own needs as regards professional qualifications, experience and business skills.	<input checked="" type="checkbox"/> observed <input type="checkbox"/> observed partially <input type="checkbox"/> not observed		Continues to be observed

#	#	Principles of Corporate Governance	Criteria for evaluation of compliance with corporate governance principles	Status of compliance with the corporate governance principle in 2018	Explanation of the deviation from Criteria for evaluation of compliance with the corporate governance principle	Change in compliance with the principle as compared to 2017
	2.4	The Board of Directors includes a sufficient number of independent Directors				
27.	2.4.1	An independent Director is a person with sufficient professionalism, experience, and independence to establish an independent attitude, and who is able to make objective and fair judgments independent from the influence of executive bodies of the Company, individual shareholder groups or other stakeholders. It must be taken into account that a candidate (an elected member of the Board of Directors) who is affiliated with the Company, its significant shareholder, significant counterparty or competitor of the Company or is affiliated with the state may not be regarded as independent under ordinary conditions.	1. In the reported period, all the independent members of the Board of Directors met all the criteria of independence as per the recommendations 102-107 of the Code or were declared independent by resolution of the Board of Directors.	<input checked="" type="checkbox"/> observed <input type="checkbox"/> observed partially <input type="checkbox"/> not observed		Continues to be observed
28.	2.4.2	An evaluation of compliance of candidates for members of the Board of Directors with the independence criteria is performed as well as a regular analysis of compliance of independent members of the Board of Directors with the independence criteria. In such evaluation, the content shall take priority over the form	1. During the reported period, the Board of Directors (or its Nomination Committee) made an evaluation of the independence of each candidate to the Board of Directors and presented the relevant opinion to the shareholders. 2. During the reported period, the Board of Directors (or its Nomination Committee) reviewed the independence of existing members of the Board of Directors, which the Company states in the Annual Report as independent Directors, at least once. 3. The Company has procedures determining the necessary acts of a member of the Board of Directors if he/ she is no longer independent including the duty to inform the Board of Directors of such fact in due time	<input checked="" type="checkbox"/> observed <input type="checkbox"/> observed partially <input type="checkbox"/> not observed		Continues to be observed

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29.	2.4.3	Independent Directors account for less than one third of the elected members of the Board of Directors	1. Independent Directors account for at least one third of the elected members of the Board of Directors.	<input checked="" type="checkbox"/> observed <input type="checkbox"/> observed partially <input type="checkbox"/> not observed		Continues to be observed
30.	2.4.4	Independent Directors play a key role in the prevention of internal conflicts in the Company and performance of significant corporate actions by the Company	Independent Directors (having no conflict of interest) make a preliminary evaluation of significant corporate actions that may involve a conflict of interest, and the results of such evaluation are delivered to the Board of Directors.	<input checked="" type="checkbox"/> observed <input type="checkbox"/> observed partially <input type="checkbox"/> not observed		Continues to be observed
	2.5	The Chairman of the Board of Directors promotes the most effective implementation of the functions assigned to the Board of Directors				
31.	2.5.1	An independent Director has been elected the Chairman of the Board of Directors or a senior independent Director has been appointed from the elected independent Directors and he/she coordinates the work of the independent Directors and cooperates with the Chairman of the Board of Directors.	1. The Chairman of the Board of Directors is an Independent Director or a Senior Independent Director has been appointed from among the Independent Directors. 2. The role, rights and liabilities of the Chairman of the Board of Directors (and, if applicable, the senior independent Director) are duly defined in the internal Company documents.	<input checked="" type="checkbox"/> observed <input type="checkbox"/> observed partially <input type="checkbox"/> not observed		Improvement. The senior independent director was elected by a resolution of the Company's Board of Directors adopted at an in-person meeting on May 21, 2017 (Minutes No. 225 dated May 21, 2018)
32.	2.5.2	The Chairman of the Board of Directors provides a constructive atmosphere for the meetings, free discussion of the agenda items, and control over fulfillment of the resolutions of the Board of Directors.	1. The efficiency of the work of the Chairman of the Board of Directors was evaluated in the framework of the Board of Directors' efficiency evaluation during the reported period.	<input checked="" type="checkbox"/> observed <input type="checkbox"/> observed partially <input type="checkbox"/> not observed		Continues to be observed
33.	2.5.3	The Chairman of the Board of Directors takes the necessary action for timely delivery of all the information that is necessary for resolving on the agenda items to the members of the Board of Directors.	1. The duty of the Chairman of the Board of Directors to take the necessary action for timely delivery of all the information on the agenda items is stipulated by the internal Company documents.	<input checked="" type="checkbox"/> observed <input type="checkbox"/> observed partially <input type="checkbox"/> not observed		Continues to be observed

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	2.6	Members of the Board of Directors act fairly and reasonably in the best interest of the Company and its shareholders based on sufficient awareness and with due care and prudence.				
34.	2.6.1	Members of the Board of Directors make resolutions in consideration of all the available information, in the absence of a conflict of interest, with equal attitude to the shareholders of the Company, in the framework of ordinary entrepreneurial risk.	1. It is stipulated by internal Company documents that a member of the Board of Directors must notify the Board of Directors if he/she has a conflict of interest in relation to any agenda item for the meeting of the Board of Directors or its Committee before the beginning of the discussion of the relevant agenda item. 2. It is stipulated by internal Company documents that a member of the Board of Directors must refrain from voting on any matter where he/she has a conflict of interest. 3. There is a Company procedure, which enables the Board of Directors to obtain professional advice on matters within its competency at the Company's expense	<input checked="" type="checkbox"/> observed <input type="checkbox"/> observed partially <input type="checkbox"/> not observed		Continues to be observed
35.	2.6.2	The rights and duties of the Board of Directors members are clearly worded and stated in internal Company documents	The internal Company document clearly stating the rights and duties of the Board of Directors members is adopted and published.	<input checked="" type="checkbox"/> observed <input type="checkbox"/> observed partially <input type="checkbox"/> not observed		Continues to be observed
36.	2.6.3	Members of the Board of Directors have enough time to fulfill their duties.	1. Individual attendance of the Board of Directors and Committee meetings and the time spent on preparation for the meetings were accounted for in the framework of the Board of Directors evaluation procedure in the reported period. 2. Pursuant to the internal documents, members of the Board of Directors must notify the Board of Directors of their intention to become members of the management bodies of other organizations (save for the ones controlled or affiliated with the Company) and of the fact of such appointment.	<input checked="" type="checkbox"/> observed <input type="checkbox"/> observed partiall <input type="checkbox"/> not observed		Continues to be observed

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37.	2.6.4	All the members of the Board of Directors are equally able to access Company documents and data. Newly elected members of the Board of Directors are provided sufficient information about the Company and the operation of the Board of Directors as soon as possible.	1. Pursuant to internal Company documents, members of the Board of Directors are entitled to access documents and make inquiries concerning the Company and the organizations that it controls, and the executive bodies of the Company must deliver such data and documents. 2. The Company has a formal program of introductory events for newly elected members of the Board of Directors.	<input checked="" type="checkbox"/> observed <input type="checkbox"/> observed partially <input type="checkbox"/> not observed		Continues to be observed
	2.7	Meetings of the Board of Directors, preparation for them and participation of members of the Board of Directors provide for efficient operation of the Board of Directors.				
38.	2.7.1	Meetings of the Board of Directors are held as necessary subject to the scale of business and objectives of the Company at a given period of time.	1. In the reporting year, the Board of Directors held at least six meetings..	<input checked="" type="checkbox"/> observed <input type="checkbox"/> observed partially <input type="checkbox"/> not observed		Continues to be observed
39.	2.7.2	The internal Company documents stipulate a procedure for preparation and holding of meetings of the Board of Directors, which enables the members of the Board of Directors to prepare for them properly.	1. The Company has adopted an internal document stipulating the procedure of preparation for and holding of meetings of the Board of Directors, which stipulates, in particular, that notification of the meeting shall be made at least five days before the meeting.	<input checked="" type="checkbox"/> observed <input type="checkbox"/> observed partially <input type="checkbox"/> not observed		Continues to be observed
40.	2.7.3	The form of a meeting of the Board of Directors is determined in view of the importance of the agenda items. The most important business is done at meetings in presentio.	1. It is stipulated by the Articles of Association or an internal document of the Company that the most important business (as per the list in recommendation 168 of the Code) shall be done at meetings in presentio	<input checked="" type="checkbox"/> observed <input type="checkbox"/> observed partially <input type="checkbox"/> not observed		Continues to be observed

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41.	2.7.4	Resolutions on the most important issues of the Company's business shall be made at the meeting of the Board of Directors by a qualified majority or a majority of votes of all the elected members of the Board of Directors	1. It is stipulated by the Articles of Association that the resolutions on the most important issues (as stated in recommendation 170 of the Code) shall be made at the Board of Directors meeting by a qualified majority of at least three quarters or a majority of votes of all the elected members of the Board of Directors.	<input checked="" type="checkbox"/> observed <input type="checkbox"/> observed partially <input type="checkbox"/> not observed		Continues to be observed
	2.8	The Board of Directors establishes Committees for preliminary review of the most important matters of the Company's business.				
42.	2.8.1	For a preliminary review of matters related to control over the financial and business operations of the Company, there is an Audit Committee consisting of independent Directors.	1. The Board of Directors has established an Audit Committee consisting solely of independent Directors. 2. Internal Company documents define the objectives of the Audit Committee, including objectives as per the recommendation 172 of the Code. 3. At least one member of the Audit Committee, who is an independent Director, has experience and knowledge in preparation, analysis, evaluation and audit of financial (accounting) statements. 4. In the reported period, meetings of the Audit Committee were held at least once a quarter			Continues to be observed
43.	2.8.2	For a preliminary review of matters related to the establishment of an efficient and transparent remuneration policy, there is a Remuneration Committee consisting of independent Directors and headed by an independent Director who is not the Chairman of the Board of Directors.	1. The Board of Directors has established a Remuneration Committee consisting solely of independent Directors. 2. The Chairman of the Remuneration Committee is an independent Director who is not the Chairman of the Board of Directors. 3. Internal Company documents define the objectives of the Remuneration Committee including objectives as per the recommendation 180 of the Code			Continues to be observed
44.	2.8.3	For a preliminary review of matters related to human resource planning (succession planning), professionalism and efficiency of the Board of Directors, there is a Nominations Committee (Appointment Committee, Human Resource Committee), most members of which are Independent Directors	1. The Board of Directors has established a Nominations Committee (or its objectives as per the recommendation 186 of the Code are resolved in the framework of another Committee), most members of which are Independent Directors. 2. Internal documents of the Company determine the objectives of the Nominations Committee (or a different Committee with combined functionality) including objectives as per the recommendation 186 of the Code.		The objectives of the Nominations Committee are resolved in the framework of the Nominations and Remuneration Committee.	Continues to be observed

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45.	2.8.4	In view of the scale of business and risk, the Company Board of Directors assured that the composition of its Committees fully matches the goals of the Company's operation. Additional Committees were either established or recognized unnecessary (Strategy Committee, Corporate Governance Committee, Ethics Committee, Risk Management Committee, Budget Committee, Health, Safety and Environment Committee, etc.).	1. In the reported period, the Board of Directors addressed the issue of whether the composition of its Committees matches the objectives of the Board of Directors and the goals of the Company's operation. Additional Committees were either established or recognized as unnecessary.			Continues to be observed
46.	2.8.5	The composition of the Committees has been determined so that it enables comprehensive discussion of matters that are reviewed preliminarily with respect to different opinions.	1. Committees of the Board of Directors are headed by independent directors. 2. Internal documents (policies) of the Company provide for regulations under which persons not included in the audit committee, the nomination committee, and remuneration committee may attend committee meetings only by invitation of the Chairman of the respective committee.		There is partial compliance with the recommendation of clause 1 in the section on the guidelines of the Strategy of the Committee of the Board of Directors with an independent director. Initially, the formation of such committee was not mandatory, and the requirements for its composition were and are absent in legislation The Strategy and Investment Committee has historically been elected not only from among members of the Board of Directors, including the Chairman of the Committee. However, as an alternative mechanism, the Regulation on the Strategy and Investment Committee establishes the procedure for forming the Committee based on which members of the Board of Directors and representatives of independent directors take priority in elections. Based on the results of the assessment and self-assessment of the Board of Directors and its committees, the Company considers this practice to be feasible and effective. The issue of the Chairman of the Strategy and Investment Committee was considered during a self-assessment of the activities of the Board of Directors in 2018. The issue of the Chairman of the Committee will once again be considered by the new Board of Directors after the AGMS, which will be held in 2019.	No change

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47.	2.8.6	The chairpersons of the committees regularly inform the Board of Directors and its Chairman of the work of their committees.	During the reporting period, the chairpersons of the committees regularly reported on the work of the committees to the Board of Directors.			Continues to be observed
	2.9	The Board of Directors ensures the assessment of the performance of the Board of Directors, its committees and members of the Board of Directors.				
48.	2.9.1	Assessment of the performance of the Board of Directors aims at the determination of the efficiency of the Board of Directors, its committees and members of the Board of Directors, compliance of their performance to the development needs of the Company, activation of the performance of the Board of Directors and identification of areas where such performance may be improved.	1. Self-assessment and external assessment of the performance of the Board of Directors carried out during the reporting period included assessment of the performance of committees, individual members of the Board of Directors and the Board of Directors in general. 2. The results of self-assessment or external assessment of the Board of Directors carried out during the reporting period were considered at a physical meeting of the Board of Directors.	<input checked="" type="checkbox"/> observed <input type="checkbox"/> observed partially <input type="checkbox"/> not observed		Continues to be observed
49.	2.9.2	The work of the Board of Directors, committees and members of the Board of Directors is assessed on a regular basis at least once a year. At least once in three years, the Company engages an external entity (advisor) to carry out an independent assessment of the performance of the Board of Directors.	1. At least once during the last three reporting periods, the Company engaged an external entity (advisor) to carry out an independent assessment of the performance of the Board of Directors.	<input checked="" type="checkbox"/> observed <input type="checkbox"/> observed partially <input type="checkbox"/> not observed		Continues to be observed

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	3.1	The Corporate Secretary of the Company shall efficiently interact with shareholders, coordinate the Company's activities as regards the protection of shareholders' rights and interests, support efficient operation of the Board of Directors				
50.	3.1.1	The Corporate Secretary has the knowledge, experience, and qualifications sufficient for his/her duties, an impeccable reputation and the trust of shareholders.	1. The Company adopted and disclosed an internal document – Regulation on Corporate Secretary. 2. The Company's website in the Internet network contains the biographic information on the Corporate Secretary, as does the annual report, which is as detailed as that on the members of the Board of Directors and the executive management of the Company	<input checked="" type="checkbox"/> observed <input type="checkbox"/> observed partially <input type="checkbox"/> not observed		Continues to be observed
51.	3.1.2	The Corporate Secretary has enough independence from Company executive bodies and has the necessary power and resources for his/her objectives.	1. The Board of Directors approves the appointment, dismissal, and additional remuneration of the Corporate Secretary	<input checked="" type="checkbox"/> observed <input type="checkbox"/> observed partially <input type="checkbox"/> not observed		Continues to be observed
	4.1	The remuneration paid by the Company is sufficient to attract, motivate and retain individuals possessing the competence and expertise the Company needs. Payment of remuneration to the members of the Board of Directors, executive bodies and other key management personnel of the Company is performed in accordance with the remuneration policy adopted by the Company.				
52.	4.1.1	The remuneration to the members of the Board of Directors, executive bodies and other key management personnel ensures sufficient motivation for their efficient work making it possible for the Company to engage and retain competent qualified specialists. The Company refrains from granting remuneration above the necessary level and an unjustified large gap between the remuneration levels of the said individuals and the Company's employees.	1. The Company has adopted an internal document(s) – a policy (policies) for remuneration of members of the Board of Directors, executive bodies and other key management personnel which clearly determines the approaches to the remuneration of the aforesaid individuals	<input checked="" type="checkbox"/> observed <input type="checkbox"/> observed partially <input type="checkbox"/> not observed		Continues to be observed

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53.	4.1.2	The remuneration policy of the Company has been developed by the Remuneration Committee and approved by the Board of Directors of the Company. The Board of Directors supported by the Remuneration Committee ensures control over implementation of the remuneration policy of the Company and revises and adjusts it, if necessary	1. During the reporting period, the Remuneration Committee considered the remuneration policy (policies) and its (their) implementation practice and, when necessary, provided respective recommendations to the Board of Directors.	<input checked="" type="checkbox"/> observed <input type="checkbox"/> observed partially <input type="checkbox"/> not observed		Continues to be observed
54.	4.1.3	The Company's remuneration policy includes transparent mechanisms for determination of the remuneration of the members of the Board of Directors, executive bodies and other key management personnel and also regulates all kinds of payments, benefits and preferences provided to those individuals	The Company's remuneration policy (policies) includes (include) transparent mechanisms for determination of the remuneration for the members of the Board of Directors, executive bodies and other key management personnel and also regulates (regulate) all kinds of payments, benefits and preferences provided to those individuals.	<input checked="" type="checkbox"/> observed <input type="checkbox"/> observed partially <input type="checkbox"/> not observed		Continues to be observed
55.	4.1.4	The Company determines a policy for compensation of expenses specifying the expenses subject to compensation and the level of service members of the Board of Directors, executive bodies and other key management personnel of the Company may demand. Such policy may be a constituent part of the Company's remuneration policy	1. The remuneration policy (policies) or other internal documents establish rules for compensation of costs for members of the Board of Directors, executive bodies and other key management personnel of the Company.	<input checked="" type="checkbox"/> observed <input type="checkbox"/> observed partially <input type="checkbox"/> not observed		Continues to be observed

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	4.2	The system of remuneration for the members of the Board of Directors ensures alignment of the financial interests of the directors and those of the shareholders.				
56.	4.2.1	The Company pays fixed annual remuneration to members of the Board of Directors. The Company does not pay remuneration for participation in particular meetings of the Board or of the Committees of the Board of Directors. The Company does not use any short-term incentives or additional financial incentives in relation to members of the Board of Directors	1. Fixed annual remuneration is the only financial remuneration for the members of the Board of Directors for their work during the reporting period.	<input checked="" type="checkbox"/> observed <input type="checkbox"/> observed partially <input type="checkbox"/> not observed		Continues to be observed
57.	4.2.2	Long-term holding of the shares of the Company largely facilitates alignment of the financial interests of the members of the Board of Directors and long-term shareholder interests. The Company does not make the right of share disposition dependent on the achievement of any specific performance indicators and the members of the Board of Directors do not participate in option programs.	1. If the internal document (documents), i.e. the Company's remuneration policy (policies) provides for granting shares of the Company to the members of the Board of Directors, clear rules of holding such shares by the members of the Board of Directors should be provided for and disclosed which would be aimed at stimulation of long-term holding of such shares.	<input checked="" type="checkbox"/> observed <input type="checkbox"/> observed partially <input type="checkbox"/> not observed		Continues to be observed
58.	4.2.3	The Company does not provide for any additional payments or compensations in the event of early termination of office of the members of the Board of Directors due to change of control over the Company or other circumstances.	1. The Company does not provide for any additional payments or compensations in the event of early termination of office of the members of the Board of Directors due to change of control over the Company or other circumstances.	<input checked="" type="checkbox"/> observed <input type="checkbox"/> observed partially <input type="checkbox"/> not observed		Continues to be observed

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	4.3	The system of remuneration for members of executive bodies and other key management personnel of the Company provides for a dependence of the remuneration on the Company's performance and their personal contribution to it.				
59.	4.3.1	The remuneration of members of executive bodies and other key management personnel of the Company is determined so as to ensure reasonable correlation between the fixed part of the remuneration and the variable part depending on the company's performance and employees' personal contribution to it.	<p>1. During the reporting period, annual performance indicators approved by the Board of Directors were used to determine the amount of the variable part of the remuneration of members of executive bodies and other key management personnel of the Company.</p> <p>2. During the last assessment of the system of remuneration of members of executive bodies and other key management personnel of the Company, the Board of Directors (the Remuneration Committee) made sure that the Company used an efficient correlation between the fixed part of the remuneration and the variable part.</p> <p>3. The Company has a procedure ensuring repayment to the Company of premium payments unjustly received by members of executive bodies and other key management personnel of the Company</p>	<p><input checked="" type="checkbox"/> observed</p> <p><input type="checkbox"/> observed partially</p> <p><input type="checkbox"/> not observed</p>		Continues to be observed

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60.	4.3.2	The Company has implemented a key long-term incentive plan for the members of executive bodies and other key management personnel with Company shares (options or other derivative financial instruments with Company shares as a basic asset)	<p>1. The Company has implemented a key long-term incentive plan for the members of executive bodies and other key management personnel with Company shares (financial instruments based on Company shares).</p> <p>2. The long-term incentive plan for members of executive bodies and other key management personnel of the Company provides that the right of disposal of shares or other financial instruments shall arise not earlier than three years after they are granted. The right of their disposal is determined by achievement of certain performance indicators of the Company.</p>	<input type="checkbox"/> observed <input type="checkbox"/> observed partially <input checked="" type="checkbox"/> not observed	<p>Clauses 1 and 2 not observed.</p> <p>The Long-Term Incentive Program for members of the Company's executive bodies and other key executives was approved by the Board of Directors on January 29, 2016 and did not envisage any restrictions in accordance with clause 2 of the recommendations of the Code.</p> <p>The option program was calculated for four years, while the right to sell shares as part of the Program took effect two years after the start of its implementation and remained in effect for two consecutive years, taking into account the benchmarks for growth in the Company's capitalization defined by the Company's Strategy.</p> <p>Participants' right to sell shares was not tied to achieving Company's performance indicators so as not to replicate other incentive tools used by management, specifically the variable part of management's annual remuneration, which is directly dependent on the performance of key performance indicators approved by the Board of Directors and the achievement of the goals and objectives of the Company's Long-Term Development Program.</p> <p>This discrepancy is limited in time by the duration of the Option Program, i.e. until 2018. At the time of the approval of this Report, the Option Program has been completed.</p> <p>The introduction of a Long-Term Incentive Program for the next time horizon should be considered after the Company's Strategy/Long-Term Development Program is updated, which is scheduled for 2019. When developing a new Long-Term Incentive Program, the Company will consider the recommendations of the Corporate Governance Code.</p>	Deterioration due to the implementation of the Long-Term Incentive Program and the fact that the new one is in the development stage

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61.	4.3.3	The compensation amount ("golden parachute") paid by the Company in the event of early termination of office of members of executive bodies or key management personnel at the initiative of the Company and in the event of an absence of any unscrupulous practices on their part shall not exceed twofold fixed part of their annual remuneration	1. The compensation amount (golden parachute) paid by the Company in the event of early termination of office of members of executive bodies or key management personnel at the initiative of the Company and in the event of absence of any unscrupulous practices on their part did not exceed twofold fixed part of their annual remuneration during the reporting period.	<input checked="" type="checkbox"/> observed <input type="checkbox"/> observed partially <input type="checkbox"/> not observed		Continues to be observed
5.1 The Company established an efficient risk management and Internal Control Framework aimed at providing reasonable assurance of achievement of objectives set by the Company.						
62.	5.1.1	The Board of Directors has determined the principles of and approaches to the organization of the risk management and Internal Control Frameworks in the Company	1. The functions of different governing bodies and units of the Company in the risk management and Internal Control Framework are clearly determined in internal documents/a respective policy of the Company approved by the Board of Directors.	<input checked="" type="checkbox"/> observed <input type="checkbox"/> observed partially <input type="checkbox"/> not observed		Continues to be observed
63.	5.1.2	The executive bodies of the Company ensure the creation and sustaining performance of an effective risk management and Internal Control Framework in the company	1. The executive bodies of the Company ensured allocation of functions and powers in respect of risk management and internal control to managers of units and departments subordinate to them.	<input checked="" type="checkbox"/> observed <input type="checkbox"/> observed partially <input type="checkbox"/> not observed		Continues to be observed
64.	5.1.3	The risk management and Internal Control Framework in the Company ensures objective, firm and clear understanding of the current state and prospects of the Company, integrity and transparency of the Company's reporting, reasonableness, and acceptability of risks taken by the Company.	1. The Company approved a policy combating corruption. 2. The Company developed an accessible channel to inform the Board of Directors or the Audit Committee of the Board of Directors on cases of breach of the legislation, internal procedures, and the code of conduct of the Company.	<input checked="" type="checkbox"/> observed <input type="checkbox"/> observed partially <input type="checkbox"/> not observed		Continues to be observed

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65.	5.1.4	The Board of Directors of the Company takes necessary measures to make sure that the risk management and Internal Control Frameworks in the Company conforms to the principles of and approaches to its organization and is applied effectively	1. In the reporting period, the Board of Directors or the Audit Committee of the Board of Directors evaluated the efficiency of the risk management and Internal Control Framework of the Company. Information on the basic results of such assessment was included in the Company's annual report.	<input checked="" type="checkbox"/> observed <input type="checkbox"/> observed partially <input type="checkbox"/> not observed		Continues to be observed
	5.2	The Company shall arrange for an internal audit for systematic and independent evaluation of reliability and efficiency of the risk management and Internal Control Framework and the practice of corporate management.				
66.	5.2.1	To conduct an internal audit, the Company established a separate unit or engaged an independent external entity. Functional and administrative accountability of the internal audit unit are delimited. The internal audit unit reports functionally to the Board of Directors.	1. To conduct an internal audit, the Company established a separate internal audit unit accountable functionally to the Board of Directors or engaged an independent external entity with similar accountability	<input checked="" type="checkbox"/> observed <input type="checkbox"/> observed partially <input type="checkbox"/> not observed		Continues to be observed
67.	5.2.2	The internal audit unit assesses the efficiency of the Internal Control Framework, the efficiency of the risk management system and the corporate management system. The Company uses common standards of activity in the field of internal audit	1. During the reporting period, an assessment of the efficiency of the internal control and risk management system was performed as part of an internal audit. 2. The Company uses common approaches to internal control and risk management.	<input checked="" type="checkbox"/> observed <input type="checkbox"/> observed partially <input type="checkbox"/> not observed		Continues to be observed
	6.1	The Company and its operations are transparent to shareholders, investors, and other stakeholders.				
68.	6.1.1	The Company developed and implemented an informational policy ensuring efficient informational interaction of the Company, shareholders, investors and other stakeholders.	1. The Board of Directors of the Company approved the informational policy of the Company developed taking into account recommendations of the Code. 2. The Board of Directors (or one of its Committees) considered the issues regarding compliance of the Company with its informational policy at least once within the reporting period.	<input checked="" type="checkbox"/> observed <input type="checkbox"/> observed partially <input type="checkbox"/> not observed		Continues to be observed

#	#	Principles of Corporate Governance	Criteria for evaluation of compliance with corporate governance principles	Status of compliance with the corporate governance principle in 2018	Explanation of the deviation from Criteria for evaluation of compliance with the corporate governance principle	Change in compliance with the principle as compared to 2017
69.	6.1.2	The Company discloses information about the system and practices of corporate management, including detailed information on the observance of the principles and recommendations of the Code.	1. The Company discloses information about the system of corporate management in the Company and the general principles of corporate management used in the Company, including on the Company's website in the Internet. 2. The Company discloses information on the composition of executive bodies and the Board of Directors, independence of the members of the Board and their membership in the Committees of the Board of Directors (as defined in the Code). 3. If there is a person controlling the Company, the Company shall publish a memorandum of the controlling person in respect of the intentions of such person regarding corporate governance in the Company	<input checked="" type="checkbox"/> observed <input type="checkbox"/> observed partially <input type="checkbox"/> not observed		Continues to be observed
	6.2	The Company shall disclose in a timely manner complete, up-to-date and fair information on the Company to enable making a grounded decision by shareholders of the Company and by investors.				
70.	6.2.1	The Company shall disclose information in accordance with the principles of regularity, consistency and promptness as well as accessibility, fairness, completeness, and comparability of disclosed information.	The information policy of the Company determines approaches to and criteria for determination of information which can affect materially the assessment of the Company and the value of its securities as well as procedures ensuring prompt disclosure of such information. If the Company's securities are traded on foreign exchanges, the disclosure of material information in the Russian Federation and in such markets shall be performed synchronously and equally during the reporting year. If foreign shareholders own a significant amount of the Company shares, the disclosure of information during the reporting year was performed both in Russian and in a widespread foreign language	<input checked="" type="checkbox"/> observed <input type="checkbox"/> observed partially <input type="checkbox"/> not observed		Continues to be observed

#	#	Principles of Corporate Governance	Criteria for evaluation of compliance with corporate governance principles	Status of compliance with the corporate governance principle in 2018	Explanation of the deviation from Criteria for evaluation of compliance with the corporate governance principle	Change in compliance with the principle as compared to 2017
71.	6.2.2	The Company avoids a formal approach to information disclosure and discloses material information about its activities, even if publication of such information is not required by law	1. During the reporting period, the Company disclosed the annual and semi-annual financial statements prepared in accordance with IFRS. The Annual report of the Company for the reporting period includes annual financial reporting prepared in accordance with IFRS and the auditor's opinion. 2. The Company discloses full information about the capital structure of the Company in accordance with Recommendation 290 of the Code in the Annual report and at the Company's website in the Internet network.	<input checked="" type="checkbox"/> observed <input type="checkbox"/> observed partially <input type="checkbox"/> not observed		Continues to be observed
72.	6.2.3	The annual report which is a most important tool of informational interaction with shareholders and other stakeholders contains information, which makes it possible to assess the Company's performance results during the year.	1. The annual report contains information on the key aspects of the Company's operation and its financial performance. 2. The Company's annual report contains information on the environmental and social aspects of the Company's activities.	<input checked="" type="checkbox"/> observed <input type="checkbox"/> observed partially <input type="checkbox"/> not observed		Continues to be observed
	6.3	The Company provides information and documents upon shareholders' requests in accordance with the principles of equal and unhindered access.				
73.	6.3.1	Provision by the Company of information and documents upon shareholders' requests is performed in accordance with the principles of equal and unhindered access	1. The informational policy of the Company determines the unhindered access by shareholders to information, including information on entities controlled by the Company, upon shareholders' request.	<input checked="" type="checkbox"/> observed <input type="checkbox"/> observed partially <input type="checkbox"/> not observed		Continues to be observed
74.	6.3.2	By provision by the Company of information to shareholders, a reasonable balance is ensured between the interests of particular shareholders and the interests of the Company which is interested in keeping important commercial information which may impact materially its competitiveness confidential.	1. During the reporting period, the Company did not reject any shareholders' requests for information or such requests were reasonable. 2. In cases determined by the informational policy of the Company, shareholders are warned about the confidential nature of information and assume the obligation of keeping it confidential.	<input checked="" type="checkbox"/> observed <input type="checkbox"/> observed partially <input type="checkbox"/> not observed		Continues to be observed

#	#	Principles of Corporate Governance	Criteria for evaluation of compliance with corporate governance principles	Status of compliance with the corporate governance principle in 2018	Explanation of the deviation from Criteria for evaluation of compliance with the corporate governance principle	Change in compliance with the principle as compared to 2017
	7.1	Actions that significantly affect or may affect the shareholding structure and financial standing of the Company and, subsequently, the interests of its shareholders (material corporate actions) are performed on fair terms ensuring observance of the rights and interests of shareholders and other stakeholders.				
75.	7.1.1	Material corporate actions are reorganization of the Company, the acquisition of 30 or more percent of the Company's voting stock (merger), performance by the Company of material transactions, increase or reduction of the registered capital of the Company, listing and delisting of the Company's shares and other activities that may result in a material change of shareholders' rights or violation of their interests. The Articles of Association of the Company determine the list (criteria) of transactions and other actions which are material corporate actions and such actions are attributed to the competence of the Board of Directors of the Company	1. The Articles of Association of the Company determine the list of transactions and other actions which are material corporate actions and criteria for their determination. Resolutions in regard of material corporate actions are attributed to the competence of the Board of Directors. In cases where a performance of such corporate actions is directly attributed by law to the competence of the General Shareholder Meeting, the Board of Directors provides relevant recommendations to the shareholders. 2. The Article of Association of the Company includes at least the following as material corporate actions: reorganization of the Company, the acquisition of 30 or more percent of the Company's voting stock (merger), a performance by the Company of material transactions, increase or reduction of the authorized capital of the Company, listing, and delisting of the Company's shares..	<input checked="" type="checkbox"/> observed <input type="checkbox"/> observed partially <input type="checkbox"/> not observed		Continues to be observed
76.	7.1.2	The Board of Directors plays a key role in decisionmaking and development of recommendations regarding material corporate actions; the Board of Directors is guided by the position of independent Directors of the Company	1. The Company has a procedure under which independent directors state their position on material corporate actions before they are approved.	<input checked="" type="checkbox"/> observed <input type="checkbox"/> observed partially <input type="checkbox"/> not observed		Continues to be observed

#	#	Principles of Corporate Governance	Criteria for evaluation of compliance with corporate governance principles	Status of compliance with the corporate governance principle in 2018	Explanation of the deviation from Criteria for evaluation of compliance with the corporate governance principle	Change in compliance with the principle as compared to 2017
77.	7.1.3	In material corporate actions that affect the rights and legitimate interests of shareholders, there are equal conditions provided to all the shareholders of the Company and, if the legal remedies for the protection of the rights and legitimate interests of shareholders are insufficient, also additional measures protecting the rights and legitimate interests of shareholders of the Company. The Company is guided not only by compliance with formal legal requirements, but also by the corporate governance principles as stated in the Code.	<p>1. The Articles of Association of the Company establish lower minimal criteria of classifying transactions as material corporate actions than those provided by the law, taken into account the specific nature of its operations.</p> <p>2. During the reporting period, all material corporate actions underwent the approval procedure before their performance.</p>	<input checked="" type="checkbox"/> observed <input type="checkbox"/> observed partially <input type="checkbox"/> not observed		Continues to be observed
	7.2	The Company provides a procedure for taking any material corporate actions that would enable its shareholders to promptly receive full information about such actions in due time and influence them, and that would also guarantee that the shareholder rights are observed and duly protected in the course of taking such actions				
78.	7.2.1	Information about material corporate actions is disclosed providing explanations concerning the reasons for, conditions, and consequences of such actions.	<p>1. During the reporting period, the Company disclosed in a timely and detailed manner the information on significant corporate actions of the company, including the grounds and timing of such actions.</p>	<input checked="" type="checkbox"/> observed <input type="checkbox"/> observed partially <input type="checkbox"/> not observed		Continues to be observed

#	#	Principles of Corporate Governance	Criteria for evaluation of compliance with corporate governance principles	Status of compliance with the corporate governance principle in 2018	Explanation of the deviation from Criteria for evaluation of compliance with the corporate governance principle	Change in compliance with the principle as compared to 2017
79.	7.2.2	Rules and procedures in relation to material corporate actions taken by the company are set out in its internal documents.	<p>1. The internal documents of the Company provide for a procedure of engaging an independent appraiser to appraise the value of property disposed of or acquired in a major transaction or a related party transaction.</p> <p>2. The internal documents of the Company provide for a procedure of engaging an independent appraiser to appraise the value of the acquisition and reacquisition of shares of the Company.</p> <p>3. The internal documents of the Company provide for an extended list of the grounds on which members of the Board of Directors of the Company and other eligible persons are recognized to be interested in the Company's transactions.</p>	<input type="checkbox"/> observed <input checked="" type="checkbox"/> observed partially <input type="checkbox"/> not observed		Improvement. The main approaches to hiring an independent appraiser when PJSC Inter RAO concludes major transactions and related-party transactions were approved by a resolution of the Company's Board of Directors on August 29, 2017 (Minutes No. 230 dated August 31, 2018). This document also regulates the hiring of an independent appraiser to value the acquisition and repurchase of shares.



Information about the compliance with the Corporate Governance Code is also disclosed on the website of the Company at http://www.interrao.ru/investors/disclosure/corporate_behavior/

5. GRI CONTENT INDEX

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GRI SRS		Page/ Comment	GRI SRS		Page/ Comment
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GRI SRS		Page/ Comment	GRI SRS		Page/ Comment
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GRI SRS		Page/ Comment
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6. GROUP'S SIGNIFICANT RISKS: DESCRIPTION AND MEASURES FOR RISK MANAGEMENT

The functioning of Inter RAO Group as a diversified energy holding is fraught with risks, the effective management of which is a fundamental element of the strategy and a constituent part of the Group's successful operation.

Refer to Strategic Report for detailed information about the Company's Enterprise Risk Management Framework.

No	Risk name, description	Risk management measures
1	<p>CORRUPTION RISKS</p> <p>The Group takes all efforts to exclude the probability of corrupt practices that may entail penalties and sanctions for the Group's legal entities and officials or compromise the Group's business reputation and affect the trust of stakeholders. Conducting their labor activity, employees of the Company and the Group companies strictly adhere to the law and the highest ethical standards which implies a rejection of any forms of fraud and corruption.</p>	<p>To prevent the risks of corruption and fraud, the Group takes appropriate measures. The Company and the Group companies have an anti-fraud and corruption system, an approved anti-corruption policy¹, and authorized commissions and workgroups competent to address the issues pertaining to the counteraction of fraud and corruption and the management of conflicts of interest. Procedures for identifying and assessing corruption risks², followed by the creation and maintenance of a list of corruption-hazardous functions and a list of posts related to corruption risks³, are held on a regular basis. The Board of Directors is provided with regular reports on the anti-corruption measures taken and the efficiency of the anti-fraud and corruption system.</p>
2	<p>FINANCIAL RISKS</p> <p>In the reporting period, the Group focused on managing the following financial risks:</p>	
2.1	<p>Currency risk</p> <p>The nature of the Group's activities, including cross-border supplies of electricity, management of foreign assets, implementation of international investment projects, etc., makes the Group exposed to currency risk which may lead to changes in cash flows and revaluation of the Group's assets and liabilities denominated in foreign currencies.</p>	<p>To manage the currency and interest rate risks, the Group:</p> <ul style="list-style-type: none"> assesses the currency and interest rate risks using simulation modeling, scenario modeling, and stress testing; manages the Group's currency position, credit and deposit portfolios in accordance with the approved methodology; makes transactions on the financial derivative market with a view to hedge currency and interest rate risks.
2.2	<p>Interest rate risk</p> <p>The revision of credit rates for borrowed funds upon their refinancing, the exercise by the banks of their rights to change the interest rate on credits (loans) within a fixed agreement term, and the sensitivity of certain financial liabilities to changes in market interest rates expose the Group to interest rate risk.</p>	

¹ Fraud and Corruption Management Policy of PJSC Inter RAO (Approved by the decision of the Board of Directors of PJSC Inter RAO of September 29, 2016 (Minutes No. 180 of November 3, 2016).

² In accordance with the Methodology for identifying and evaluating (analyzing) corruption risks (Order No. IRAO / 618 of December 29, 2016).

³ The lists based on the results of the evaluation in 2018 were approved by Order No. IRAO / 674 of December 25, 2018

№	Risk name, description	Risk management measures
2.3	<p>Credit risk of counterparty banks A delay or failure by the Group's counterparty banks to fulfill their obligations, including as a result of their banking license revocation, a moratorium imposed on creditor claims, etc., entails the Group's exposure to credit risk that may lead to changes in the amount of reserves and deviation of the Group's net profit from the value set in the business plan.</p>	<p>To manage credit risk, the Group:</p> <ul style="list-style-type: none"> assesses the banks' creditworthiness, following which internal ratings are assigned to the banks, and limits on operations with counterparty banks are set and monitored. Maintains overall group limits on deposit operations with counterparty banks approved by the Company's executive governing body, and monitors the financial status of the counterparty banks on a monthly basis (Russian perimeter). Makes the decision to revise the group limits as may be necessary. Controls compliance with the established group limits on deposit operations with counterparty banks; takes measures to reduce overdue receivables; analyzes the counterparties for their solvency and financial stability and the accounts receivable are monitored on an annual basis; prepares legislative initiatives and works as a member of inter-agency commissions for the settlement of payment arrears for heat and power resources; arranges pretrial and claim-related work with nonpaying counterparties; assesses the solvency and financial stability of the controlled entities based on their Internal Credit Rating, which implies a qualitative and quantitative assessment of their activities; takes measures directed towards maintaining and increasing the Internal credit rating of subsidiaries.
2.4.	<p>Credit risk of counterparties (the risk of receivables from electricity and heat buyers, grid organizations, buyers' receivables in the Wholesale Electricity and Capacity Market) A delay or failure by the Group's counterparties to fulfill their obligations, including as a result of reduced solvency or bankruptcy of power supply companies, deprivation of counterparty companies of their WECM subject and GS statuses, and a decline of payment discipline in the key groups of electricity and heat consumers expose the Group to credit risk.</p>	
3.	<p>INDUSTRY RISKS The nature of the activities of Inter RAO Group as a diversified energy holding determines its exposure to the industry risks that are inherent in various segments of the power industry.</p>	
3.1	<p>RISKS OF THE GENERATION SEGMENT</p>	
3.1.1	<p>The risk of changes in the Wholesale Electricity and Capacity Market and/or restrictive measures imposed by the government Making amendments to the existing rules of the wholesale electricity and capacity market may cause the Group's financial performance to deteriorate from the sale of electricity and capacity. Changes in the mechanism for selecting a composition of included generating equipment (SCIGE) may lead to increasing the volume of the price-taking offers on the DAM and creating low DAM prices, which would reduce the marginal profit of the Group.</p>	<p>To manage these risks, the Group:</p> <ul style="list-style-type: none"> takes part in the workgroups of the Ministry of Energy of the Russian Federation and submits proposals regarding generation issues to the Methodological Council of the Federal Antimonopoly Service and the Supervisory Council of the NP Market Council Association; _ forecasts change in the workflows and modes, optimizes the composition of the operating equipment in case of such changes, and interacts with JSC SO UES; _ controls the measures taken within the scope of repair and investment programs, including in terms of schedules, volumes and quality of repair, construction and assembly works; audits technical safety and controls the measures taken based on investigations of process violations; develops plans of organizational and technical measures based on the analysis of the breakdown rate with regard to the indicators and the specifics of each branch and intended to ensure efficient repair and maintenance of the primary and ancillary equipment to reduce the breakdown rate, to increase reliability and efficiency, and to control the fulfillment of measures based on the investigation reports of process violations;
3.1.2	<p>Day-ahead market (DAM) price risk Changes in the market environment related to increased competition on DAM through changes in the volumes of production by industrial generating assets (NPPs, HPPs, CCGTs introduced under the CDA, and new CCGTs), as well as the dynamics of fuel prices (gas, coal) cause price fluctuation on the energy markets, which leads to deviations from the planned value of the Group's marginal profit.</p>	

№	Risk name, description	Risk management measures
3.1.3	<p>The risk of reduced guaranteed return on investments under the capacity delivery contracts (CDA) and the share of costs of a CDA object compensated at the expense of capacity fees</p> <p>The dependence of the guaranteed return on investments under CDA on the average return on long-term government liabilities (LGL) determines a possible deviation from the estimated capacity price under CDAs and the proceeds from a capacity sale under CDAs with respect to the values established in the business plan. The necessity to specify the value of compensable costs reflecting the expected profit from electricity sales as regards the actual value of profits for the period preceding the adjustment leads to the deviation of the proceeds earned by CDA objects as regards the values established in the business plan..</p>	<ul style="list-style-type: none"> plans production repair, reconstruction and re-equipment programs based on the breakdown rate analysis; monitors on an ongoing basis the condition of the equipment and the climate factors, and informs the core units in a timely manner of any significant risks that may affect the condition of the equipment; optimizes fuel balance, uses long-term fuel supply contracts, creates fuel reserves, and monitors the quality of the fuel supplied; promptly provides supporting materials and estimates, taking into account all expected expenses and shortfalls in the income of past periods while handling tariff applications and approving the necessary gross proceeds; disputes any tariff and balance resolutions in compliance with industry laws;
3.1.4	<p>The risk of reduced productive supply of heat energy</p> <p>The decrease in the productive supply of heat power due to seasonal temperature variations, cessation/reduction of consumption by major heat consumers, the establishment of standard consumption rates below actual consumption, and excessive consumption of utility services for communal needs may lead to adverse deviations from the target marginal profits.</p>	<ul style="list-style-type: none"> optimizes the balance of thermal energy and participates in the actualization of heat supply schemes for municipal entities in the regions where the Group's thermal assets are present, in order to ensure that the heat supply schemes are in accordance with the interests of the Group's thermal controlled entities; mitigates harmful and hazardous production factors, meets the mandatory fire, health, and safety requirements, and observes its local safety regulations;
3.1.5	<p>The risk of unfavorable tariff balance resolutions in the field of heat supply made by the regulator</p> <p>Unfavorable tariff balance resolutions may lead to a decrease in the Group's necessary gross proceeds (NGP) received from the sale of heat energy on the retail market down to a level which would not allow it to compensate for the expenses of functioning as a unified heat supply organization.</p>	<ul style="list-style-type: none"> implements measures to optimize the process of revising or establishing standard consumption rates for utility services that exclude insufficient receipt of proceeds in the territories of presence of Inter RAO Group's controlled heat supply and power supply companies; elaborates measures aimed at preventing departure or returning previously departed consumers of thermal energy, expanding existing supply markets for thermal energy while connecting with new consumers and setting unregulated prices for consumers of heat energy released by steam;
3.1.6	<p>The risk of reduced equipment availability</p> <p>Equipment failures at the Group's production units, high rate of fixed asset depreciation, and changes in the work schedules of power generating units enhance the likelihood of emergencies, which reduces equipment availability and may lead to financial losses for the Group (including in the form of unpaid available capacity, losses on the balancing market at own instance, costs for repairs and commissioning or lost profit from underproduction of electricity).</p>	<ul style="list-style-type: none"> ensures that the interests of Inter RAO Group are reflected in the regulatory legal acts in the field of heat supply in order to create conditions for improving the efficiency of the heat supply activities of Inter RAO Group's controlled entities; takes part in actualizing heat supply schemes for municipal entities in the regions where thermal assets of Inter RAO Group are present.
3.1.7	<p>Fuel supply risks</p> <p>Value appreciation of the fuel component (being the main item in the cost of electricity production) due to increased prices for energy carriers and/or their transportation may lead to a decrease in marginal profits..</p>	
3.1.8	<p>Risks of industrial injury</p> <p>Violations of the occupational safety rules, negligence while on duty, and the effect of harmful production factors may cause accidents/professional disease precedents among personnel.</p>	
3.1.9	<p>Environmental risks</p> <p>Changing the balance of burning carbon fuels towards the solid ones leads to an increase in the impact on the atmosphere through emission of pollutants and greenhouse gases. The use of coals with greater ash content determines the growth of ash and slag wastes and the need to organize additional space for their placement.</p>	

No	Risk name, description	Risk management measures
3.2	Risks of the supply segment	
3.2.1	The risk of unfavorable tariff balance resolutions made by the regulator Unfavorable tariff balance resolutions may lead to a decrease in the Group's necessary gross proceeds (NGP) received from the sale of electricity (capacity) on the retail market down to a level that does not allow it to compensate for the expenses of functioning as a guaranteed supplier.	To manage these risks, the Group: <ul style="list-style-type: none"> • promptly provides supporting materials and estimates, taking into account all expected expenses and shortfalls in the income of past periods while handling tariff applications and approving the necessary gross proceeds; • disputes any tariff and balance resolutions in compliance with industry laws; • constantly monitors the clients from the risk group and forms counter offers from the Group's independent power supply companies if any competitive retailers appear; • increases the quality of customer services and develops distance and interactive communication channels and client services.
3.2.2	The risk of reduced electricity and capacity sales (productive supply) Seasonal temperature variations, as well as the loss of clients because of their withdrawal in favor of competitive supply companies and WECM entry, may lead to a decrease in electricity and capacity output and failure to earn the expected marginal profit.	
3.3.	Risks of the trading segment	
3.3.1	Foreign trade price risk Adverse price changes, including changes in the prices for electricity and/or capacity in the spot segments of WECM, changes in the prices under foreign economic contracts, and increased cost of services provided by infrastructure organizations may lead to a decline of the Group's marginal profit.	To manage these risks, the Group: <ul style="list-style-type: none"> • manages its trade portfolio on the domestic and foreign markets to ensure return on its trade operations at the target level; • enters into contracts with counterparties for electricity (capacity) purchase/sale at a fixed price; • takes part in inter-agency working groups, such as the Association "NP Market Council," JSC SO UES, the Federal Grid System of Unified Energy System PJSC, and representatives of the market community, and forms joint proposals on making changes to the regulatory framework and models and rules of WECM to take into account the foreign trade specifics; • takes part in international working groups of the Electricity Council of the Commonwealth of Independent States, BRELL, KOTK, EurAsEC, and the Eurasian Economic Commission to reconcile the WECM rules with the rules of foreign power markets and to establish uniform technical standards and rules regulating the parallel IPS/UPS operation
3.3.2	The risk of changes in foreign trade supply volumes The growing competition on the export/import electricity market, reduced electricity consumption in the neighboring states, system electricity export/ import restrictions by the system operator, changes in the electricity export/ import laws of Russia or neighboring states, or the effect of various forcemajeure circumstances on the volumes of trade transactions cause changes in the supply volumes.	
4.	Country and regional risks Outside the Russian Federation, the Group operates in the Baltics, Scandinavia, Central and Eastern Europe, the Black Sea region, Central Asia and the Far East. In its foreign business operations, the Group factors in the political, macroeconomic and social risks in the countries and regions of its presence, as well as the risks associated with their geographical specifics. At the same time, Inter RAO Group places special emphasis on Russia's dialogue with the West concerning foreign policy prospects.	To manage these risks, the Group: <ul style="list-style-type: none"> • analyzes the markets, including the regulatory legal framework; • takes part in Russia's support programs, the work of intergovernmental commissions and the development of intergovernmental treaties; • organizes the interaction with governmental authorities and major companies in the countries of the Group's presence; • promotes projects for developing intergovernmental relations in prospective areas; • diversifies and makes a regular inventory of the Group's investments and contract portfolios to ensure a balance between its strategic opportunities and obligations; • develops scenarios of future work conditions in strategic areas based on the global forecast of economic, political and technological factors and the dynamics of their changes.

№	Risk name, description	Risk management measures
5.	Investment risks	
5.1	<p>Risk of failure to meet the commissioning deadlines (failure to meet the capacity supply schedules under capacity supply agreements)</p> <p>As a result of a number of factors mostly related to failure/improper fulfilment of obligations by the counterparties leading to construction and commissioning delays (general contractors' insolvency, incompleteness, defects in the equipment supplied, failure by the manufacturers to meet the delivery deadlines, etc.), as well as organizational factors, there is a probability that the commencement date of capacity supplies under the capacity supply agreements will not be met, which may lead to profit deficiencies from the sale of electricity and capacity on WEEM and, in a number of cases, penal sanctions under the capacity supply agreements.</p>	<p>To manage these risks, the Group:</p> <ul style="list-style-type: none"> • uses the competencies of its own engineering company LLC Inter RAO – Engineering when implementing projects; • organizes project management in accordance with the best Russian and international practices; • interacts with its contractors to make a plan of compensatory measures, revises the construction schedule and controls the work schedules; • manages claims and complaints with respect to the contractors that do not meet the construction time schedule or other terms of the agreements. <p>To manage these risks, the Group:</p> <ul style="list-style-type: none"> • monitors the antimonopoly and tax laws of Russia and engages counselors (under the prescribed procedure) for any disputable interpretations of legal regulations; • protects the Group's interests in administrative proceedings initiated against the Company/ Group assets by the officials of FAS, Federal Tax Service of Russia or their regional authorities; • controls the appeals against the decisions of antimonopoly authorities that do not meet the interests of the Group's power supply/heat supply assets and resolutions on bringing to administrative responsibility in courts of appeal, cassation or supervisory instances; • analyzes the Group's corporate standards to identify the algorithms of actions that may be viewed as an abuse of dominance in the relations of the Group's power supply/heat supply assets with the competing power supply/heat supply companies. Updates the Group's corporate standards. • makes a timely expert review of correct costs recognition on corporate and tax accounts and their effect on the formation of accounting statements to prevent distortions in the Company's statements.
6.	Legal risks	
The Group also identifies and controls the following key risk zones in terms of legal risks that may result in court orders, not in the Group's best interests:		
6.1.	The risk of the antimonopoly regulation activities of the Company/Group assets being discovered to be in violation of Russian law	The Group manages these risks by tracking and responding to legislation changes in a timely manner, as well as through active interaction with legislative and executive authorities and public organizations regarding the interpretation, law enforcement and improvement of law norms and mandatory legal expert review of the key business processes, as well as extensive application of out-of-court settlements with counterparties.
6.2.	The risk of the tax regulation activities of the Company/Group assets being discovered to be in violation of the law	
7.	<p>Reputational risks</p> <p>PJSC Inter RAO takes into account the reputational factor of its activities and takes measures to mitigate the adverse effect of risks on the Group's brand.</p>	The Group is highly focused on the interests of its investors and stakeholders, and to reduce the risks of sullyng the Group's image, it tries to inform the public about possible business threats with valid, transparent and timely disclosures in open sources. The Group also controls the risks of insider information disclosure to prevent fraud and price manipulation on the securities market, to which end the Regulations on Insider Information have been approved.

Information about possible circumstances objectively hindering the Company activities (including seismically dangerous territory, seasonal flood zones, terrorist acts and other circumstances).

In the course of its activities, PJSC Inter RAO faces a number of circumstances objectively having the opportunity to interfere with the activities of the Group. As part of the corporate risk management, the Company pays close attention to monitoring the impact of these factors on the results of activities in the Russian Federation and in the regions where the Group's assets are present. The Group's management cannot control most of these factors (including natural disasters, terrorist acts, and other force majeure circumstances) and, in case the probability of these factors increases, it will take all possible measures to limit their negative impact and prevent possible losses.

Information on investments of the Company, the expected income level of which is more than 10 percent per year

Investment investment with an estimated yield of more than 10% per annum (IRR>10%), which was financed in 2018, and the cost of which is more than 1% of the group's assets under IFRS (7.29 billion rubles.), is a successfully completed project "Construction of CCGT CHPP-5 in Ufa district of the Republic of Bashkortostan". Other projects with IRR>10% have a value of less than 1% of the group's assets under IFRS.

Item No.	Name of investment	Purpose of investing	Investment amount in 2017 ¹	Sources of funding in 2018
1	Construction of CCGT CHPP-5 in Ufa district of the Republic of Bashkortostan	Receiving income by increasing the supply of electricity and power	1,527,216	Own funds

¹ Financing amount, RUB thousand, VAT included

7. INFORMATION ON MEETINGS OF THE BOARD OF DIRECTORS AND COMMITTEES OF THE BOARD OF DIRECTORS



Information on the meetings of the Board of Directors, information on decisions taken, numbers and dates of the minutes are available on the Company's official website at <http://interrao.ru/investors/corporate-governance/management/minutes/2018.php>



Holding meetings of committees of the board of directors

	Audit Committee	Nominations and Remunerations Committee	Strategy and Investment Committee
Number of meetings	20	16	15

8. REQUIREMENTS AND GUIDELINES USED TO PREPARE THE REPORT

The Company's annual report is based on the consolidated financial statements of the Group prepared observing IFRS, in accordance with the following regulatory requirements and recommendations in the area of financial markets regulation:

- Federal Law No. 208-FZ of December 26, 1995 On Joint-Stock Companies (as amended on December 31, 2017)
- Regulation on the disclosure of information by issuers of equity securities (approved by the Bank of Russia on December 30, 2014 No. 454-P) (as amended on September 27, 2017)
- Decree of the Government of the Russian Federation No. 1214 of December 31, 2010 On Improving the Management of Joint-Stock Companies with Shares in Federal Ownership, and Federal State Unitary Enterprises (as amended on July 19, 2017) _ Corporate Governance Code of Bank of Russia
- Directive of the Government of the Russian Federation No. 5024 p-P13 of July 31, 2015
- Directive of the Ministry of Economic Development No. 6362 p-P13 of October 24, 2013
- Directive of the Federal Agency for State Property Management No. DP-11/17668 of May 5, 2016
- Recommendations on the disclosure of information on the remuneration of members of the Board of Directors (supervisory board), members of the executive bodies and other key managers of the PJSC in the annual report of the public joint-stock company (Letter of Bank of Russia No. IN-06-28/57 of December 11, 2017)

Annual report of PJSC Inter RAO was developed in accordance with the Global Reporting Initiative Sustainability Reporting Guidelines and Electric Utilities Sector Supplement. The disclosure is performed at the core level.

Preparation of the Annual Report of Inter RAO is carried out in accordance with the Business Process Regulation for the preparation of the annual report approved by the order of PJSC Inter RAO No. IRAO/4 of January 14, 2016. In addition, all applicable internal policies and procedures of the Company are taken into account (for more details about the Company's local regulatory acts see Appendix 12. Internal Regulation Effective in the Company)

9. REPORT ON THE COMPANY'S RELATED PARTY TRANSACTIONS IN THE REPORTING YEAR

Information on major transactions and transactions concluded by PJSC INTER RAO in 2018 that were recognized in accordance with the legislation of the Russian Federation as related-party transactions requiring approval by the Company's authorized management body.

In accordance with the Regulation on Information Disclosure by Security Issuers approved by the Bank of Russia on December 30, 2014 as No. 454-P, the Company discloses information on such transactions in quarterly reports and material facts available on its webpage: http://www.interrao.ru/investors/disclosure/other-disclosures/major_deals/.



Material facts available on its webpage: http://www.interrao.ru/investors/disclosure/otherdisclosures/major_deals/



INFORMATION ABOUT MAJOR TRANSACTIONS OF PJSC INTER RAO AND ITS CONTROLLED LEGAL ENTITIES IN 2018

A transaction of this kind was concluded by PJSC Inter RAO in 2018

Management body giving approval	Subject of the transaction	Counterparties in the transaction	Transaction amount
PJSC Inter RAO			
Board of Directors (Minutes No. 215 dated December 28, 2017)	Additional Agreement No. 1 dated February 20, 2018 No. 1 to the Agreement on the General Terms and Conditions for Attracting Funds	PJSC Sberbank – Bank, PJSC Inter RAO – Client	The amount of each deposit/minimum balance must be at least RUB 10,000,000 (ten million), USD 200,000 (two hundred thousand), or EUR 200,000 (two hundred thousand), while the amount of concurrent deposits/minimum balance(s) must not exceed RUB 182,000,000,000 (one hundred eighty two billion) or its equivalent in USD or EUR taking into account interest on all transactions concluded as part of the Agreement.

10. INFORMATION ON THE FULFILLMENT OF ORDERS OF THE PRESIDENT AND GOVERNMENT OF THE RUSSIAN FEDERATION TO IMPROVE THE BUSINESS ACTIVITIES OF PJSC INTER RAO IN 2018

In 2018, PJSC Inter RAO and the legal entities under its control did not conclude any major transactions of material importance for PJSC Inter RAO.



Occatecae con conem
vollacestia nis res volupis
eatasa et qui culpa



11. INFORMATION ON THE FULFILLMENT OF ORDERS OF THE PRESIDENT AND GOVERNMENT OF THE RUSSIAN FEDERATION IN 2018

No.	Type of order	Registration information	Name of order	Implementation status	Details and scope of resolutions
	Instructions of the Russian Government	No. ISh-P8-5594 dated August 25, 2017	On the introduction of recommendations on the management of intellectual property rights.	Implemented	Program on the management of the intellectual property rights of PJSC Inter RAO for 2019-2023 approved at a meeting of the Board of Directors on October 17, 2018 (Minutes No. 233 dated December 19, 2018).
	Instructions of the Russian Government	Minutes No. 9 dated March, 24, 2016	On the introduction of professional standards in the Company's activities (at least once every six months to initiate meetings of the Board of Directors including the inclusion of professional standards on the agenda of meetings of the Board of Directors).	Implemented	Reports reviewed at meetings of the Board of Directors: <ul style="list-style-type: none"> • June 13, 2018 (Minutes No. 226 dated June 15, 2018); • November 30, 2018 (Minutes No. 235 dated December 3, 2018).
	Directive of the Russian Government	No. 3262p-P13 dated on April 27, 2018	On innovative development (comparison of the level of technological development and the key performance indicators of the Inter RAO Group with the level of development and indicators of leading analog companies).	Implemented	The report on the comparison of the level of technological development and the key performance indicators of the Inter RAO Group with the level of development and indicators of leading peer companies was reviewed at a meeting of the Company's Board of Directors dated October 17, 2018 (Minutes No. 233 dated October 19, 2014).
	Directive of the Russian Government	No. 7050p-P13 dated August 30, 2018	On the inventory of intellectual property rights.	In progress	Deadline – by September 30, 2019.
	Directive of the Russian Government	No. 8860p-P13 dated October 29, 2018	On the execution of Resolution No. 232 of the Government of the Russian Federation dated March 6, 2018 as regards the approval of the procedure for the coordination of planning and program-based target documents with the Ministry for the Development of the Far East.	Implemented	A meeting of the Board of Directors dated December 20, 2018 (Minutes No. 236 dated December 24, 2018) took note of the lack of investment projects implemented by Inter RAO Group in the Far Eastern Federal District and approved the procedure for coordination with the Ministry for the Development of the Far East of the planning and program-based target documents of PJSC Inter RAO.

12. CURRENT INTERNAL REGULATION AT THE COMPANY

Item No.	Name of the internal regulation	Basis regulations	Management body that approved the document
1.	Regulation on the procedure for preparing and holding of the General Meeting of Shareholders of PJSC Inter RAO	The Regulation determines the procedure for preparing and holding General Meetings of Shareholders (hereinafter referred to as GMS) of the Company, including regulations on: <ul style="list-style-type: none"> • the procedure for convening and preparing for GMS; • information support of GMS holding; • in presentio form of GMS; • in absentia form of GMS; • working bodies of the Company's GMS; • financial support of the GMS. 	The General Meeting of shareholders (Minutes No. 15 of June 1, 2015)
2.	Regulation on the PJSC Inter RAO Board of Directors (new version)	The Regulation determines the procedure for preparing and holding Meetings of the Board of Directors of the Company including regulations on: <ul style="list-style-type: none"> • the procedure for convening and holding meetings of the Board of Directors of the Company; • arrangements of work of the Board of Directors; • rights, duties, and liability of the members of the Board of Directors; • procedure for adoption of resolutions by voting in absentia; — procedure for recording Minutes of the meetings. 	The General Meeting of shareholders (Minutes No. 17 of July 9, 2017)
3.	Regulation on Assessment of Performance of the Board of Directors of PJSC Inter RAO	The Regulation determines objectives, procedure, frequency of performance assessment of the Company's Board of Directors, as well as methods of developing recommendations on further performance development of the Company's Board of Directors.	The Board of Directors (Minutes No. 108 of February 24, 2014)
4.	Regulation on the Audit Committee of the Board of Directors of PJSC Inter RAO (new version)	The Regulations determine the objectives, functions, and competency of the committees, the procedure for the establishment	The Board of Directors (Minutes No. 191 of February 28, 2017)
5.	Regulation on the Strategy and Investment Committee of the Board of Directors of PJSC Inter RAO (new version)	of the committees, the rights and duties of the committee members; control the procedure for convening and holding of committee meetings, as well as handle interagency matters.	The Board of Directors (Minutes No. 230 of 31 August, 2018)
6.	Regulation on the Nominations and Remuneration Committee of the Board of Directors of PJSC Inter RAO (new version)		The Board of Directors (Minutes No. 153 of September 17, 2015)
7.	Regulation on the Management Board of PJSC Inter RAO	The Regulation determines the procedure for the establishment of the Management Board, the rights, duties, and liability of the members of the Management Board; establishes the procedure for convening and holding meetings in presentio of the Management Board, procedure for adopting resolutions by voting in absentia, and also establishes control over the execution of the Board's resolutions.	The General Meeting of shareholders (Minutes No. 17 of June 9, 2017)

Item No.	Name of the internal regulation	Basis regulations	Management body that approved the document
8.	Regulation on the Revision Commission of PJSC Inter RAO	The Regulation determines the objectives of the Revision Commission, the rights and duties, covers the organization of the Revision Commission's operation, establishes audit procedures, and sets requirements for the report (protocol) of the Revision Commission.	The General Meeting of shareholders (Minutes No. 15 of May 29, 2015)
9.	The policy of interaction with an external auditor of PJSC Inter RAO	The Policy controls the selection of procedures and criteria for the Company's auditors based on bidding results, the procedure of auditor approval by the Annual General Meeting of Shareholders, and rotation rules for the heads of the audit.	The Board of Directors (Minutes No. 207 of September 1, 2017)
10.	Regulation on Payment of Remunerations and Compensations to the Members of the Board of Directors of PJSC Inter RAO (new version)	The Regulation establishes the amount and manner of payment of remuneration and compensation to the members of the Company's Board of Directors.	The General Meeting of shareholders (Minutes No. 17 of June 9, 2017)
11.	Corporate Ethics Code of PJSC Inter RAO (new version)	The Code contains the standards of conduct accepted by the Company defining fundamental requirements for ethical corporate conduct.	The Board of Directors (Minutes No. 235 of December 03, 2018 №235)
12.	Regulation on the Informational Policy of PJSC Inter RAO	The Regulation determines the main principles of disclosure of Company activities, the procedure and terms of its disclosure and presentation, as well as a list of information and documents to be disclosed to shareholders, creditors, potential investors, media personnel and public organizations, professional securities market participants, governmental authorities and other stakeholders	The Board of Directors (Minutes No. 189 of December 30, 2016)
13.	Regulation on the Dividend Policy of PJSC Inter RAO (with changes)	The Regulation determines the procedure for determining the dividend amount, the procedure for adopting resolutions on the declaration (payment) of dividends, terms of payment (declaration) of dividends and restrictions to the payment (declaration).	The Board of Directors (Minutes No. 118 of July 3, 2014)
14.	Regulation on the Insider Information Policy of JSC Inter RAO (new version)	The Regulation controls matters concerning the handling and protection of insider information, establishes insider liability and rules of transactions made by insiders with Company financial instruments and also other matters related to the handling and protection of insider information.	The Board of Directors (Minutes No. 104 of December 2, 2013)
15.	Risk Management and Internal Control Policy PJSC "Inter RAO"	This Risk Management and Internal Control Policy of PJSC Inter RAO (the "Policy") has been developed in accordance with the effective laws of the Russian Federation, the recommendations of international risk management and internal control standards, the Articles of Association of PJSC Inter RAO, the Code of Corporate Governance recommended by the Bank of Russia, and the Practical Guidelines of the Federal Agency for State Property Management (Rosimushchestvo) as well as with due regard for the requirements of the listings of Russian and international stock-exchange platforms. This Policy defines the goals, basic principles, joint approaches to organizing the Group's System of Risk Management and Internal Control ("SRMIC"), as well as the liability of the system's participants.	The Board of Directors (Minutes No. 234 of 19 November, 2018)

Item No.	Name of the internal regulation	Basis regulations	Management body that approved the document
16.	Regulations on the Procedure for Consideration of Major Corporate Actions (with changes)	These Regulations are an internal document of PJSC Inter RAO that define the procedure for consideration of major corporate actions by the management bodies of the Company.	The Board of Directors (Minutes No. 207 of September 01, 2017)
17.	Regulation on the Internal Audit Unit of PJSC Inter RAO (with changes and additions)	The Regulation develops the principles of the Internal Audit Policy in regard to the procedure on the implementation of the internal audit function at PJSC Inter RAO, defines the goals, objectives, and functions of the Unit, its subordination, rights, and duties, as well as the liability of the Unit personnel.	The Board of Directors (Minutes No. 216 of February 2, 2018)
18.	Regulation on the disposal of non-core assets of JSC Inter RAO	This Regulation defines the general principles and procedures of the Company for the disposal of the Company's non-core assets, including principles and procedure for organizing the sale of non-core assets, specifics of other operations related to non-core assets.	The Board of Directors (Minutes No 215 of December 28, 2017 № 215)
19.	Regulation on Insurance Protection of PJSC Inter RAO (new version)	The Regulation specifies the Company's requirements for the acquired insurance protection of each type of insurance, the Company's requirements to insurance companies, and provision of the Company's insurance protection by stages	The Board of Directors (Minutes No 224 of May 17, 2018 №224)
20.	Declaration on Environmental Liability of JSC Inter RAO	The Declaration defines the Company's strategic goals in environmental protection and rational nature management, as well as the Company's lines of business for achieving environmental goals.	The Board of Directors (Minutes No. 64 of April 2, 2012)
21.	Declaration of the Maximum Permissible Debt Load Level of PJSC Inter RAO	The Declaration establishes the procedure for determining the limits of the Company's management authority with respect to loan borrowing transactions.	The Board of Directors (Minutes No. 94 of June 24, 2013)
22.	Compliance Policy of PJSC Inter RAO	The Policy defines goals and objectives of the Group in the framework of its implementation, Group compliance principles and key processes, is applicable to all employees of the Group companies and is mandatory.	The Board of Directors (Minutes No. 236 of December 24, 2018)
23.	Regulation on the Procedure of Regulated Procurement of Goods, Works, and Services for the Needs of PJSC Inter RAO (new version)	The Regulation governs procurement relations and determines the content, sequence, and terms of procurement procedures and key functions of procurement participants	The Board of Directors (Minutes No. 239 of February 18, 2019)
24.	Fraud and Corruption Management Policy of PJSC Inter RAO (with changes)	The Policy is a basic document, which defines main goals, objectives, principles, and the Group activities for fraud and corruption management, which is aimed at coordinating operations of employees of business units and Group companies focused on prevention, discovery, and fighting of fraud and corrupt practices within the Group, and ensuring the safety of its business processes.	The Board of Directors (Minutes No. 180 of October 3, 2016)

Item No.	Name of the internal regulation	Basis regulations	Management body that approved the document
25.	Regulation on the Quality Management System of PJSC Inter RAO	The Regulation on the Quality Management System (hereinafter – the Regulation) sets the goals, objectives, and principles of the operation of the quality management system (hereinafter – the System), defines key requirements to the System. This Regulation, together with other internal regulations of the Company as well as other documents provides for the functioning of the System in the Company.	The Board of Directors (Minutes No. 155 of October 28, 2015)
26.	Regulations on Regulation of Information to rescue of PJSC Inter RAO	This Regulation on Regulation of Information to rescue of PJSC Inter RAO was developed to ensure observance of the right of the shareholders of the Company to information in accordance with Arts. 89 and 91 of Federal Law of December 26, 1995 No. 208 FZ On Joint-Stock Companies, the Articles of Association of the Company, the Regulation on Informational Policy of PJSC Inter RAO, taking into account regulations of Federal Law of 27 June 2010 No. 224-FZ on Counteraction Against Illegal Use of Insider Information and Manipulation of Market and on Amending Separate Legislative Acts of the Russian Federation, Regulation on Insider Information of PJSC Inter RAO, taking into account Instructions of the Central Bank of Russia of September 22, 2014 No. 3388-U.	The Board of Directors (Minutes No. 213 of December 1, 2017)
27.	Regulation on the Unit Performing the Functions of a Corporate Secretary of PJSC Inter RAO	The Regulation determines the status, functions, rights, and obligations of the unit performing the functions of a corporate secretary of PJSC Inter RAO, the requirements to the head of the unit, the procedure for appointment and of termination of office of such a head, as well as the terms and procedure of remuneration payment.	The Board of Directors (Minutes No. 235 of December 03, 2018)
28.	Key approaches towards the engagement of an independent appraiser in settlement of major transactions and interested party transactions by PJSC Inter RAO	These Approaches have been developed in accordance with the laws of the Russian Federation and the Articles of Association of PJSC Inter RAO, as well as with due regard to the recommendations of the Code, for the purpose of determining cases when the Company should engage an Independent Appraiser or an Appraisal Company during the performance of major transactions and interested party transactions by the Company	The Board of Directors (Minutes No. 230 of August 31, 2018)
29.	Antimonopoly Compliance Policy of PJSC Inter RAO	The Policy sets out the goals, objectives, and key principles of Inter RAO Group for antimonopoly compliance, describes the Antimonopoly Compliance System structure, and provides for the implementation of measures for the identification, assessment, and prevention of violations of Antitrust Legislation and Procurement Legislation (with respect to antimonopoly requirements).	The Board of Directors (Minutes No. 235 of December 3, 2018)

13. INFORMATION ON THE PARTICIPATION OF PJSC INTER RAO IN THE ACTIVITIES OF SUBSIDIARIES, AFFILIATES, AND OTHER BUSINESS ENTITIES IN 2018. INFORMATION ON PURCHASE AND SALE AGREEMENTS FOR SHARES, STOCK, AND EQUITY UNITS IN BUSINESS PARTNERSHIPS AND COMPANIES, INCLUDING INFORMATION ON THE PARTIES, SUBJECT, PRICE, AND OTHER TERMS OF THESE AGREEMENTS

Brand name	Participation share of Inter RAO PJSC in the authorized capital of the company		Balance sheet value of shares, equity interest in the Company			The amount of dividends, thousand rubles (unless specified otherwise)	Financial indicators for 2018		Type of activities under the Articles of Association	Information on changes in participation in the company or on concluded agreements for purchase and sales of shares/ interest
	January 1, 2019	January 1, 2018	January 1, 2019	January 1, 2018			Revenue	Net profit		
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	
Information on business entities with interest of PJSC Inter RAO in their authorized capital amounting to 2 to 20%										
Open Joint-Stock Company Inter RAO LED-Systems	17.58%	17.58%	-	-	-	no information	no information	Production of semiconductor components, devices, including photosensitive and optoelectronic	No change	
Open Joint-Stock Company Sangutdinskaya GES-1	14.87%	14.87%	RUB 161,412,000	RUB 161,412,000	RUB 118,942,000	no information	no information	Generation and delivery (sale) of electricity	No change	

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	January 1, 2019	January 1, 2018	January 1, 2019	January 1, 2018		Revenue	Net profit		
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Information on business entities with interest of PJSC Inter RAO in their authorized capital amounting to 20 to 50%									
Public Joint-Stock Company Tomsk Energy Retail Company	24.31%	31.27%	RUB 104,960,000	RUB 104,960,000	-	RUB 14,059,057,000	RUB 39,059,000	Electricity purchase and supply	On September 19, 2017, the Bank of Russia adopted a decision on the state registration of a report on the results of an additional issue of ordinary registered uncertified shares of PJSC Tomskenergosbyt
Limited liability company RTEnergotrading	50%	50%	RUB 9,805,000	RUB 9,805,000	-	RUB 2,702,296,000	RUB (50,985,000)	Wholesale trade in electric and heat energy (without their transmission and distribution). Wholesale trade via intermediaries (for a consideration or on a contractual basis). Intermediary activities in wholesale trade in electric and heat energy (without their generation, transmission, and distribution).	No change
Limited liability company INTER RAO UES Energy Efficiency Center	50%	50%	RUB 258,250,000	RUB 258,250,000	-	RUB 563,496,000	RUB (110,552,000)	Works/services in the area of energy efficiency and energy saving	On December 14, 2018, the charter capital of LLC INTER RAO Energy Efficiency Center was reduced

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	January 1, 2019	January 1, 2018	January 1, 2019	January 1, 2018		Revenue	Net profit		
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Limited liability company INTERENERGOEFFECT	-	50%	-	-	-	no information	no information	Works/services in the area of energy efficiency and energy saving	The company was liquidated on September 10, 2018
Joint-Stock Company Ekibastuz GRES-2 Power Station	50%	50%	RUB 603,311,000	RUB 603,311,000	-	KZT 38,922,163,000	KZT 6,823,441,000	Generation, transmission, and distribution of electric and heat energy	No change
Closed Joint-Stock Company Industrial Energy Company	-	50%	-	-	-	no information	no information	Electricity delivery to enterprises of the military industrial complex of the Russian Federation and to other consumers	The company was liquidated on August 13, 2018
Information on subsidiaries where registered capital the interest of PJSC Inter RAO amounts to 50% + 1 share to 100%									
Limited liability company Engineering Center Gas Turbine Technologies	52.95%	52.95%	RUB 695,086,000	RUB 695,086,000	-	RUB 120,000	RUB (7,009,000)	Production of gas turbines, except for turbojet and turboprop	No change
Open Joint-Stock Company Saratovenergo	56.23%	56.23%	RUB 420,210,000	RUB 418,399,000	-	RUB 23,675,546,000	RUB 7,267,000	Purchase of electricity on the electricity (capacity) wholesale and retail markets; realization (sale) of electricity on the electricity (capacity) wholesale and retail markets to consumers (including individuals), etc	No change
Open Joint-Stock Company Tambov Power Supply Company	59.3845%	59.3845%	RUB 240,267,000	RUB 145,507,000	-	RUB 6,239,547,000	RUB 6,772,000	Electricity distribution	No change

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	January 1, 2019	January 1, 2018	January 1, 2019	January 1, 2018		Revenue	Net profit		
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Public Joint-Stock Company Mosenergosbyt	37.56%	37.56%	RUB 5,753,700,000	RUB 5,753,700,000	-	RUB 351,008,916,000	RUB 2,306,748,000	Purchase of electricity on the electricity (capacity) wholesale and retail markets; realization (sale) of electricity (capacity) wholesale and retail markets to consumers (including individuals), etc.	On May 7, 2018, the corporate name of the Company was changed (previous name – PJSC Mosenergosbyt)
Open Joint-Stock Company Tomsk Energy Supply Company	98.54%	98.54%	RUB 2,929,170,000	RUB 2,929,170,000	-	RUB 7,430,002,000	RUB 402,737,000	Electricity generation by thermal power stations	No change
Open Joint-Stock Company Territorial Generating Company No. 11	98.54%	98.54%	RUB 4,978,689,000	RUB 4,978,689,000	-	RUB 19,515,739,000	RUB 1,725,668,000	Electricity and heat generation	No change
Limited Liability Company Inter RAO – Export	99.99%	99.99%	RUB 299,970,000	RUB 299,970,000	-	RUB 2,221,049,000	RUB 95,208,000	Wholesale trading in machinery and equipment is the principal economic activity	No change
Limited Liability Company Bashkortostan Energy Supply Company	100%	100%	RUB 4,100,000,000	RUB 4,100,000,000	-	RUB 39,278,462,000	RUB 683,717,000	Resort treatment and prophylaxis; medical services; operation of buildings and structures; property management	No change

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Joint-Stock Company Inter RAO Capital	100%	100%	RUB 93,561,523,000	RUB 93,561,523,000	-	RUB 2,665,193,000	RUB 12,923,700,000	Participation in investment projects aimed at the acquisition of assets abroad and in the territory of Russia, including shares (interests) of foreign and Russian companies in the area of electricity or controlling interests in them, etc.	No change
RAO Nordic Oy	100%	100%	RUB 43,410,000	RUB 43,410,000	RUB 266,828,000	EUR 332,508,000	EUR 6,866,000	Electricity trade	No change
INTER RAO Holding B.V.	100%	100%	RUB 4,413,668,000	RUB 4,413,668,000	RUB 1,668,862,000	-	USD 26,446,000	Managing company	No change
Open Joint-Stock Company Eastern Energy Company	100%	100%	RUB 2,190,290,000	RUB 2,190,290,000	-	RUB 10,613,813,000	RUB 635,586,000	Wholesale power trading	No change
Open Joint-Stock Company Electroluch	100%	100%	RUB 2,065,573,000	RUB 2,065,573,000	-	RUB 873,026,000	RUB 135,485,000	Rental of own nonresidential real property	No change
Closed Joint-Stock Company Moldavia TPP	100%	100%	RUB 645,751,000	RUB 645,751,000	RUB 895,788,000	RUB PMR 2,170,794,000	RUB PMR 201,876,000	Generation and delivery (sale) of electricity	No change
RAO Intertech B.V.	100%	100%	RUB 910,767,000	RUB 908,860,000	-	-	EUR (77,000)	Project activities	No change
Limited Liability Company Inter RAO – Management of Electricity Plants	100%	100%	RUB 500,000	RUB 500,000	RUB 130,950,000	RUB 1,588,247,000	RUB 50,573,000	Management of financial industrial groups and holding companies.	No change
Joint-Stock Company Inter RAO – Electricity Plants	100%	100%	RUB 185,648,281,000	RUB 185,648,281,000	RUB 3,105,477,000	RUB 194,522,031,000	RUB 38,911,647,000	Electricity and heat generation	No change

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Inter RAO Finance B.V.	100%	100%	RUB 82,748,000	RUB 82,748,000	-	-	EUR (40,000)	Establishment, participation in one way or another, management, control, use and promotion of enterprises, organizations and companies; financing enterprises and companies; rendering consulting and other services to companies with which the company forms the group, as well as to third parties	No change
Open Joint-Stock Company Altayenergosbyt	100%	100%	RUB 330,000,000	RUB 330,000,000	-	RUB 14,195,295,000	RUB 115,018,000	Purchase of electricity on the electricity (capacity) wholesale and retail markets; realization (sale) of electricity on the electricity (capacity) wholesale and retail markets to consumers (including individuals), etc	No change
Open Joint-Stock Company St. Petersburg Power Supply Company	100%	100%	RUB 3,994,714,000	RUB 3,994,714,000	RUB 1,052,893,000	RUB 136,720,250,000	RUB 1,372,455,000	Purchase of electricity on the electricity (capacity) wholesale and retail markets; realization (sale) of electricity on the electricity (capacity) wholesale and retail markets to consumers (including individuals), etc	No change

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Limited liability company RNEnergo	100%	100%	RUB 4,995,804,000	RUB 4,995,804,000	-	RUB 90,126,877,000	RUB 4,601,078,000	Оптовая торговля электрической и тепловой энергией (без их передачи и распределения); монтаж инженерного оборудования зданий и сооружений; производство электромонтажных работ	No change
Limited Liability Company Inter RAO – Orlovsky Energosbyt	100%	100%	RUB 60,000,000	RUB 60,000,000	-	RUB 8,683,907,000	RUB 16,795,000	Purchase of electricity on the electricity (capacity) wholesale and retail markets; realization (sale) of electricity on the electricity (capacity) wholesale and retail markets to consumers (including individuals), etc	No change
Limited Liability Company Inter RAO – Engineering	100%	100%	RUB 775,000	RUB 775,000	-	RUB 20,773,651,000	RUB 179,594,000	Structural works in the construction of thermal and other power plants; structural works in the construction of buildings; installation of other engineering equipment.	No change
Limited Liability Company Inter RAO Finance	100%	100%	RUB 8,194,000	RUB 8,194,000	-	-	RUB (3,694,000)	Securities trading and investments; property investments; other financial intermediation; consulting on financial mediation, consulting on commercial activities and management	No change

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Limited Liability Company Ugolny Razrez	100%	100%	RUB 243,074,000	RUB 243,074,000	RUB 40,637,000	RUB 2,964,915,000	RUB 36,419,000	Brown coal open cast mining	No change
Limited Liability Company Bashkir Generation Company	100%	100%	RUB 24,038,482,000	RUB 24,038,482,000	-	RUB 46,779,492,000	RUB 5,013,350	Electricity and heat generation	No change
Limited liability company Energokonnekt	100%	100%	RUB 3,115,000	RUB 2,537,000	-	-	BYN (48,000)	Implementation of crossborder projects in designing and installation of direct current links	On April 4, 2018, the charter capital of LLC Energokonnekt was reduced On December 14, 2018, the charter capital of Energokonnekt LLC was increased
Limited Liability Company Inter RAO – Procurement Management Center	100%	100%	RUB 122,038,000	RUB 122,038,000	RUB 14,444,000	RUB 1,090,602,000	RUB 10,619,000	Organization and provision of centralized material support for Group companies	No change
Information on entities in the holding structure									
Open Joint-Stock Company Testing Stand of Ivanovskaya TPP	-	-	-	-	-	-	RUB (10,834,000)	Holding presentation and acceptance testing of serial gas turbine engines GTE110 and their modifications, test operation of the GTE110; production and sale of electric energy (capacity).	No change

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Joint-Stock Company Nizhnevartovskaya TPP	-	-	-	-	-	RUB 18,550,186,000	RUB 2,677,429,000	Electricity and heat generation	No change
Joint-Stock Company Lukomoriye Sanatorium-Dispensary	-	-	-	-	-	RUB 86,177,000	RUB 581,000,000	Sanatorium and health resort activities	No change
Joint-Stock Company Technological Transport Management	-	-	-	-	-	RUB 112,810,000	RUB (6,417,000)	Passenger transportation; cargo transportation; organizing special transport and handling equipment; vehicle repair and maintenance services	No change
Limited Liability Company Verkhnetagilskaya Utility Company	-	-	-	-	-	RUB 43,961,000	RUB 941,000	Maintenance and operation services	No change
Joint-Stock Company Repair and Service Company of Thermal and Underground Communication Lines of Kostromskaya TPP	-	-	-	-	-	RUB 285,370,000	RUB (1,414,000)	Operation and repair of heating, water supply, and sewage networks; transportation and sale of thermal energy	No change
Joint-Stock Company Integrated Energy Repairs	-	-	-	-	-	RUB 230,000	RUB 48,000	Repair of boiler inspection facilities; manufacture of nonstandard equipment supervised by Rostekhnadzor; repair and adjustment of lifting facilities	No change

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(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Joint-Stock Company Heat Service Company	-	-	-	-	-	RUB 367,100,000	RUB 746,000	Operation and operability assurance of heat networks; operation, maintenance and repair of hot water supply networks	No change
Joint-Stock Company Kommunalnik	-	-	-	-	-	RUB 100,233,000	RUB (37,951,000)	Operation and ensuring the efficiency of heat networks	No change
Joint-Stock Company Energy-1	-	-	-	-	-	RUB 182,742,000	RUB (9,846,000)	Operation and ensuring the efficiency of heat networks, sales, and distribution of thermal energy	No change
Joint-Stock Company Volgorechensk Hotel	-	-	-	-	-	RUB 15,500,000	RUB 76,000	Hotel services	No change
Joint-Stock Company Yuzhnouralskaya Power Supply Company	-	-	-	-	-	RUB 263,220,000	RUB (21,999,000)	Operation and ensuring the efficiency of thermal networks in the city of Yuzhnouralsk; delivery of thermal energy to consumers	No change
Limited Liability Company Bashenergotrans	-	-	-	-	-	RUB 927,948,000	RUB 41,100,000	Road transportation: passengers, cargo, oversized cargo, hazardous cargo	No change
Limited Liability Company Bashkir Distribution Heat Grids	-	-	-	-	-	RUB 16,254,078,000	RUB 458,849,000	Generation of thermal power and electricity	No change

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Limited Liability Company Integrator IT	-	-	-	-	-	RUB 504,310,000	RUB 41,993,000	Creating secure document management and providing services including information encryption, maintenance, and distribution of encoding (cryptographic) facilities	No change
Limited liability company Moscow Regional Single Information Computing Center	-	-	-	-	-	RUB 3,187,792,000	RUB 75,956,000	Providing services connected with the supply of electric energy, including collection of payments for goods sold and services provided, etc.	No change
Limited liability company MESDevelopment	-	-	-	-	-	RUB 124,449,000	RUB 939,689,000	Wholesale trade in electric and heat energy (without their transmission and distribution).	No change
Limited Liability Company Mosenergosbyt - Kolomna	-	-	-	-	-			Providing services connected with the supply of electric energy, including collection of payments for goods sold and services provided, etc.	The company was liquidated on September 20, 2018
Joint-Stock Company Luch sales company	-	-	-	-	-	RUB 386,022,000	RUB 76,420,000	Electricity distribution	On June 15, 2018, the corporate name of the Company was changed (previous name – JSC Korolyovskaya Electric Grid SK)

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Joint-Stock Company The power sales company of the Moscow region	-	-	-	-	-	-	RUB (7,237,000)	Purchase of electricity on the electricity (capacity) wholesale and retail markets; realization (sale) of electricity (capacity) wholesale and retail markets to consumers (including individuals), etc	No change
Joint-Stock Company Petroelectrosbyt	-	-	-	-	-	RUB 6,662,268,000	RUB 193,388,000	Buying and selling of electric and thermal energy; Collecting and accounting of payments as payment of electrical energy and communal services	No change
Limited Liability Company "QUARTZ Group"	-	-	-	-	-	RUB 7,808,209,000	RUB 431,000	Activities to ensure power plant operation	No change
Limited Liability Company Inter RAO - Information Technologies	-	-	-	-	-	RUB 1,609,800,000	RUB 210,910,000	Development and implementation of software and consulting in this area	No change
Limited Liability Company Inter RAO Service	-	-	-	-	-	RUB 29,428,000	RUB 27,428,000	An exercise of customs agent and customs representative functions	No change
Limited Liability Company Interstroj	-	-	-	-	-	No data available	No data available	Construction of power facilities, civil engineering facilities; installation, adjustment and repair of power facilities, electrical equipment.	No change

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Limited Liability Company Inter RAO Invest	-	-	-	-	-	RUB 27,235,000	RUB (32,579,000)	Brokerage activities; dealer activity on the securities market; securities management activities; depository activities; investments in securities; other financial intermediation	No change
Limited Liability Company Energetik Health and Leisure Center	-	-	-	-	-	RUB 277,403,000	RUB (7,856,000)	Resort treatment and prophylaxis; medical services; operation of buildings and structures; property management	No change
Limited Liability Company Energospetsservis-obsluzhivaniye	-	-	-	-	-	RUB PMR 15,505,000	RUB PMR 1,061,000	Repairs of energy equipment, operation of housing grids	No change
Joint-Stock Company Tomskenergobalans	-	-	-	-	-	RUB 2,467,000	RUB 478,000	Any business not prohibited by the law	No change
Joint-Stock Company y Industrial Energy	-	-	-	-	-	-	RUB (4,354,000)	Sale of electricity services	No change
Limited Liability Company Omsk Energy Supply Company	-	-	-	-	-	RUB 1,185,615,000	RUB 121,151,000	Sale of electricity services	No change
Joint-Stock Company Omsk Heat Distribution Grids	-	-	-	-	-	RUB 9,018,268,000	RUB 1,287,000	Asset management	No change
Joint-Stock Company TomskRTS	-	-	-	-	-	RUB 7,737,124,000	RUB 20,583,000	Asset management	No change

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Joint-Stock Company United Information and Payment Center of the Leningrad Oblast	-	-	-	-	-	RUB 369,937,000	RUB 14,774,000	Development and use of databases and information resources, delivery of united bills for housing services, and technical support of this operation	No change
Limited Liability Company Clearing Center	-	-	-	-	-	-	RUB (3,261,000)	Electricity trade	The company was liquidated on January 29, 2019
Limited Liability Company Inter RAO – Distributed Generation	-	-	-	-	-	-	RUB (223,000)	Electricity generation	No change
Limited Liability Company Inter RAO – SP	-	-	-	-	-	-	RUB (181,000)	Asset management	On July 12, 2018, the charter capital of LLC Inter RAO – SP was increased
Limited Liability Company Inter RAO – Single Information Computing Center	-	-	-	-	-	RUB 331,000	RUB (36,051,000)	Development and use of databases and information resources	On March 13, 2018, the charter capital of LLC Inter RAO – UISC was increased
Limited Liability Company Praktika	-	-	-	-	-	RUB 2,412,249,000	RUB 19,090,000	Investments in securities	No change
Limited Liability Company Inter RAO Platforma	-	-	-	-	-	-	RUB 228,000	The development of computer software	No change

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Limited Liability Company Energosbyt Volga	-	-	-	-	-	RUB 9,632,742,000	RUB (26,756,000)	Electricity trade	No change
Limited Liability Company PSCB – Razvitiye	-	-	-	-	-	RUB 131,854,000	RUB 76,528,000	Electricity trade	No change
Limited Liability Company Hestion de Projectos	-	-	-	-	-	-	RUB (1,539,000)	Wholesale of other machinery and equipment	No change
Inter RAO Management B.V.	-	-	-	-	-	USD 119,000	USD 103,000	Management	No change
Gardabani Holdings B.V.	-	-	-	-	-	-	USD (1,739,000)	Holding	No change
Silk Road Holdings B.V.	-	-	-	-	-	-	USD (965,000)	Managing company	No change
Inter Jet B.V.	-	-	-	-	-	USD 1,198,000	USD (37,000)	Lease of property to third parties	No change
Inter RAO Trust B.V.	-	-	-	-	-	-	EUR (60,000)	Holding	No change
Orange Wings Ltd	-	-	-	-	-	-	USD (4,000)	Project activities.	No change

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	January 1, 2019	January 1, 2018	January 1, 2019	January 1, 2018		Revenue	Net profit		
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Joint-Stock Company Telasi	-	-	-	-	-	GEL 461,969,000	GEL 27,628,000	Generation and delivery (sale) of electric and thermal power	No change
Joint-Stock Company Khramhesi I	-	-	-	-	-	GEL 16,711,000	GEL 8,075,000	Electricity production	No change
Joint-Stock Company Khramhesi II	-	-	-	-	-	GEL 31,701,000	GEL 15,241,000	Electricity production	No change
Inter RAO Credit B.V.	-	-	-	-	-	-	EUR 140,000	Provision of consulting and other services to companies with which the company forms the Group and to third parties; borrowing, lending and seeking funds, including issuance of bonds, simple promissory notes or other securities or debt instruments and concluding agreements in connection with the above mentioned activities; issuing guarantees, binding the company by obligations and pledging its assets to secure the obligations of enterprises and companies with which the company forms the Group and on behalf of third parties.	No change

Brand name	Participation share of Inter RAO PJSC in the authorized capital of the company		Balance sheet value of shares, equity interest in the Company		The amount of dividends, thousand rubles (unless specified otherwise)	Financial indicators for 2018		Type of activities under the Articles of Association	Information on changes in participation in the company or on concluded agreements for purchase and sales of shares/ interest
	January 1, 2019	January 1, 2018	January 1, 2019	January 1, 2018		Revenue	Net profit		
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
AB Inter RAO Lietuva	-	-	-	-	-	EUR 240,663,000	EUR 11,609,000	Any lawful economic activity, including, (but not limited to) production, transmission, distribution and sale of electric energy, investing in the energy sector and implementation of other investment projects	No change
SIA «Inter RAO Latvia»	-	-	-	-	-	EUR 10,750,000	EUR (35,000)	Electricity trade	No change
«Inter RAO Eesti» OU	-	-	-	-	-	EUR 8,253,000	EUR (292,000)	Electricity trade	No change
Vydmantai wind park UAB	-	-	-	-	-	EUR 4,356,000	EUR 571,000	Electricity generation and sale	No change
IRL POLSKA spółka z ograniczoną odpowiedzialnością	-	-	-	-	-	PLN 78,129,000	PLN (856,000)	Electricity production, distribution, trade	No change
Trakya Elektrik Uretim ve Ticaret A.S.	-	-	-	-	-	USD 91,540,000	USD 3,727,000	Electricity generation and sale	No change
Limited liability company Sports Support Center	-	-	-	-	-	-	RUB (5,206,000)	Management of operation of non-residential property for a consideration or on a contractual basis	On May 4, 2018, the charter capital of LLC SSC was increased
Limited Liability Company Inter RAO – Service Management	-	-	-	-	-	RUB 480,000	RUB (2,022,000)	Activity on rendering of services in the field of accounting, on carrying out financial audit, on tax consultation	No change

Brand name	Participation share of Inter RAO PJSC in the authorized capital of the company		Balance sheet value of shares, equity interest in the Company		The amount of dividends, thousand rubles (unless specified otherwise)	Financial indicators for 2018		Type of activities under the Articles of Association	Information on changes in participation in the company or on concluded agreements for purchase and sales of shares/ interest
	January 1, 2019	January 1, 2018	January 1, 2019	January 1, 2018		Revenue	Net profit		
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Limited Liability Company Uyt	-	-	-	-	-	-	31 591	Lease and management of own or leased non-residential real estate	The company was established on January 16, 2018 through a spin-off
Joint-Stock Company Operator of information system	-	-	-	-	-	-	RUB (63,000)	Activities in the field of communication on the basis of wired technologies	The company was established on May 18, 2018
Joint-Stock Company Sever	-	-	-	-	-	RUB 324,906,000	RUB (57,676,000)	Lease and management of own or leased non-residential real estate	On June 21, 2018, the Group acquired a 100% stake in JSC Sever
Limited Liability Company Northern sales company	-	-	-	-	-	RUB 81,781,000	RUB (3,163,000)	Electricity trade	The company was established on July 20, 2018
Limited Liability Company Vostok	-	-	-	-	-	-	RUB (1,094,000)	Lease and management of own or leased non-residential real estate	The company was established on August 3, 2018
Limited Liability Company Business development	-	-	-	-	-	-	-	Electricity trade	The company was established on January 15, 2019
Joint-Stock Company CASCADE	-	-	-	-	-	RUB 476,912,000	5 088 thousand rubles	Design, production, and supply of electric connectors	The company left the Group on January 10, 2019
Limited liability company INVENT	-	-	-	-	-	RUB 78,864,000	RUB (154,397,000)	Resort treatment and prophylaxis; medical services; operation of buildings and structures; property management	No change
RIG RESEARCH PTE. Ltd	-	-	-	-	-	No data available	No data available	Holding компания	Increase in charter capital on November 30, 2018

14. GOVERNMENT SUPPORT

1. List of foreign projects implemented by Inter RAO Group that received government support

No.	Project name	Purpose and objectives of investment project	Form of state support	Amount of state support	Events over the reporting period
1.	Construction of four new power units in the Republic of Cuba with combined installed capacity of 200 MW as part of an international contract signed on October 22, 2015 with Energoimport (part of the state-owned electric power company Union Electrica)	In accordance with the contract, LLC INTER RAO - Export, a subsidiary of PJSC Inter RAO, is performing organizational and managerial functions for the project's implementation and providing a range of services for the design, supply, and commissioning of all the main and auxiliary power equipment produced in Russia.	A state export intergovernmental loan provided by the Government of the Russian Federation to the Government of the Republic of Cuba as part of the Agreement signed (in the amount of EUR 1.2 billion)	RUB 670,246,070 (EUR 8,740,800)	Budgetary allocations in the amount of: RUB 670,246,070 (EUR 8,740,800) were transferred to LLC INTER RAO – Export in 2018 for Direct Expenditures and Base Remuneration under the project using the state export loan.
2.	As part of the implementation of Agreement No. 92 dated March 22, 2018 (Supplementary Agreement 1 dated October 19, 2018) Urengoysslaya TPP (on energy supplies)	Supply of electric and thermal power as part of the YNAD state program 'Energy Efficiency and Energy Development, Provision of High-Quality Housing and Utility Services for 2014-2022' (clause 2.3) approved by Resolution No. 1144-P dated December 25, 2013.	Subsidies from the district's budget to compensate lost income	RUB 71,507,100	In accordance with Law No. 85-ZAO of the Yamal-Nenets Autonomous District dated November 16, 2017 "On the District Budget for 2018 and for the Planned Period of 2019 and 2020" (target article 06.2.02.61050, 06.2.02.61060, expense type 811); Resolution No. 1304-P of the Government of the Yamal-Nenets Autonomous District dated December 18, 2017 "On the Allocation of Subsidies from the District Budget to Resource Supply Organizations to Compensate for Lost Income for 2018"

3.	Project – Benefits Center. Calculation of monthly monetary compensation (MMC) as regards expenses on residential premises and utility payments to certain categories of citizens living in the Leningrad Region. JSC UISC LR	Agreement on the Provision of Subsidies No. 72 dated April 7, 2016 with the Committee on the Social Protection of the Population of the Leningrad Region and Unified Payment Center	State subsidy support	RUB 18,827,860	Resolution No. 78 of the Government of the Leningrad Region dated March 13, 2018 “On the approval of the procedures for providing social support measures to certain categories of citizens, the scope of money incomes of the individuals specified in clause 2, Part 1, Article 7.2 and clause 2, Part 1, Article 7.3 of Regional Law No. 72-OZ dated November 17, 2017 “Social Code of the Leningrad Region,” which are taken into account when calculating the average per capita monetary income of a family member (average monetary income of a single resident) and the repeal of certain resolutions of the Government of the Leningrad Region”
4.	Project – Benefits Center. Provision of services to inform recipients of social support measures about MMC calculations. JSC UISC LR	Additional Agreement No. 479 dated November 13, 2017 to Subsidy Agreement No. 72 dated April 7, 2016	State subsidy support	RUB 5,779,010	
5.	Provision of social support measures to pay for utility services for certain categories of citizens of Tomsk as part of Contract No. 4D dated January 22, 2017 with the Office of Social Policy of the Tomsk City Administration. (JSC TomskRTS)	Social support to certain categories of citizens	Subsidiary support from the regional budget to compensate for the difference in tariffs of decentralized and centralized sources	RUB 72,073,000	Decision No. 55 of the Duma of the City of Tomsk dated December 21, 2010 Resolution No. 78 of the Administration of the City of Tomsk dated February 2, 2011 Law No. 140-OZ of the Tomsk Region dated December 8, 2017 “On Preferential Tariffs for Thermal Power (Capacity) and/or Hot Water”
6.	Provision of social support measures to pay for utility services for certain categories of citizens of Tomsk as part of a Subsidy Agreement dated June 15, 2018 with the Tariff Regulation Department of the Tomsk Region. (JSC TomskRTS)	Social support to certain categories of citizens	Subsidies from centralized sources	RUB 32,336,000	Decision No. 55 of the Duma of the City of Tomsk dated December 21, 2010 Resolution No. 78 of the Administration of the City of Tomsk dated February 2, 2011 Law No. 140-OZ of the Tomsk Region dated December 8, 2017 “On Preferential Tariffs for Thermal Power (Capacity) and/or Hot Water”
7.	Other			RUB 1,090,000	

2. Tax benefits and preferences received by the Group's enterprises in 2018

In total in 2018, the enterprises of the Group received tax preferences in the amount of RUB 4 203 258,4 thousand, including for taxes of RUB:

Property tax benefits	2,159,896.4
Income tax benefits	1,956,881.8
Insurance premiums	86,376.2
Transport tax benefits;	104.0
Total	4,203,258.4

15. INFORMATION ON LITIGATION AND SIGNIFICANT FINES

SIGNIFICANT LEGAL PROCEEDINGS IN WHICH PJSC INTER RAO PARTICIPATED AS A PLAINTIFF OR DEFENDANT IN 2018

Plaintiff	Defendant	Subject of claims	Amount of claim, RUB	Probability of unfavorable outcome	Current situation
PJSC Inter RAO	PJSC Saturn NPA	Recovery of lost profit in the form of a shortfall in profit from the sale of electric power as a result of defects in the equipment supplied	329,005,535	average	The case is pending in the court of first instance. Proceedings suspended for the duration of a repeat legal expert evaluation
PJSC Inter RAO (co-plaintiff)	Government of Georgia	Reimbursement of losses due to the failure to comply with contractual obligations	USD 123 million (tentatively, will be clarified during the proceedings)	low	The case is pending in an arbitration institution (no instances)
PJSC Inter RAO	Ukrinterenergo	Enforcement of the decision of the ICAC at the Chamber of Commerce and Industry of the Russian Federation to recover debt of RUB 330,159,392.77 under a contract, penalties in the amount of RUB 117,373,321.99, and penalties amounting to 0.1% of the principal in the amount of RUB 330,159,392.77 for each day of delay starting from April 8, 2016 until the day the debt is actually paid, plus paid arbitration fees in the amount of RUB 2,415,039.00.	447,532,714.76 (tentatively, will be clarified during the proceedings)	average	On September 13, 2018, the Podolsky District Court of Kyiv issued a ruling refusing to recognize and enforce the decision of the ICAC at the Chamber of Commerce and Industry of the Russian Federation. Another appeal is being prepared.
PJSC Inter RAO	CELEC EP	Reimbursement of damages caused by the breach and termination of the contract	TBD	low	The case is pending in an arbitration institution (no instances)

16. INFORMATION ON THE SALE OF NON-CORE ASSETS IN 2018

The current program for the alienation of non-core assets of PJSC Inter RAO (hereinafter referred to as the Program) and the register of non-core assets of PJSC Inter RAO (hereinafter referred to as the Register) was approved by the Board of Directors of PJSC Inter RAO as of December 26, 2017 (Minutes of the Board of Directors Meeting No. 215 of December 28, 2017).

The register of non-core assets of PJSC Inter RAO (hereinafter the Register) was approved by resolutions of the PJSC Inter RAO Board of Directors dated December 26, 2017 and September 20, 2017 (Minutes of Meetings of the Board of Directors No. 215 dated December 28, 2017 and No. 231 dated September 24, 2017, respectively).

The updated register of non-core assets of PJSC Inter RAO (hereinafter the Register) was approved by a resolution of the PJSC Inter RAO Board of Directors dated December 20, 2018 (Minutes No. 236 of the Meeting of the Board of Directors dated December 24, 2018).

The program includes 9 sections:

1. Basic terms and definitions;
2. Goals and objectives for the sale of non-core assets;
3. Principles for the sale of non-core assets;
4. Procedure for identifying non-core assets;
5. Program and register of non-core assets, action plan;
6. Procedure for evaluating non-core assets;
7. Methods and procedure for the sale of non-core assets;
8. Information support for the sale of non-core assets;
9. Reporting on the implementation of the Program.

In addition, the Program contains two annexes, which list criteria for determining the profile of management accounting units and assets included in such units.

Section 7 of the Program provides for the following ways of selling non-core assets: compensated alienation; gratuitous alienation; liquidation (termination of membership in a legal entity)

Positive deviation (the asset is alienated with a profit).

In the fourth quarter of 2018, Inter RAO PJSC sold a non-core asset envisaged for sale in the register of non-core assets – 53,874,210 shares in JSC SIBEKO, which amounts to 0.1613% of the charter capital and has a book value of RUB 18.7 million. As a result of the sale, PJSC Inter RAO received cash in its account in the amount of RUB 55.3 million.

No.	Asset name	Inventory number (if applicable)	Balance sheet line where the asset was recorded as of the reporting date preceding the sale of the asset	Bookkeeping account (including analytics) that reflects income and expenses from the disposal of the asset (91.1xxx / 91.2xxx)	Book value of the asset (RUBthousand)	Actual sale value (RUB thousand)	Deviation in the actual sale cost and the book value of the asset (RUB thousand)	Reason for the deviation in the actual sale cost and the book value of the asset
1	53,874,210 shares in JSC SIBECO (0.1613% of charter capital)	N/A	1170	91.01 "2.5.2.5.1 Income/ expenses from the sale of shares and participatory interests not traded on the formal securities market, 0% rate (Article 284.2 of the RF Tax Code)	18,737.70	55,309.60	36,571.90	asset sold at a profit
Total:					18,737.70	55,309.60	36,571.90	

17. ASSOCIATIONS AND PARTNERSHIPS IN WHICH PJSC INTER RAO IS INVOLVED; VOLUNTARY INITIATIVES AND PUBLIC PROJECTS SUPPORTED BY THE COMPANY

Inter RAO Group, as one of the largest public energy companies in Russia, is actively engaged in the operation of manufacturing and business associations and ensures the development of transregional and international cooperation in the field of electricity sector by forming strategic partnerships both in Russia and abroad.

Participation of inter rao group in non-profit associations and partnerships in 2018

Organization

Chamber of Commerce and Industry of the Russian Federation and its regional branches	PJSC Inter RAO (Cooperation agreement)
Russian Union of Industrialists and Entrepreneurs (RUIE)	PJSC Inter RAO
Electricity Council of the Commonwealth of Independent States (EC CIS)	PJSC Inter RAO
Non-profit Partnership Centre of Innovative Energy Technologies (NP CIET)	PJSC Inter RAO, JSC EEC, CJSC Moldova TPP, JSC Inter RAO – Electricity Plants
Non-profit Partnership Russian-Chinese business council (RCBC)	PJSC Inter RAO
Non-profit Partnership Russian Risk Management Society	PJSC Inter RAO
Association Non-Profit Partnership Market Council for organising an efficient system of trading at wholesale and retail electricity and capacity market (Association NP Market Council)	PJSC Inter RAO, JSC Altai Energosbyt, JSC Inter RAO – Electricity Plants, JSC Mosenergosbyt, LLC “SSK”, JSC Petersburg Power Supply Company, JSC “PES”, JSC TGK-11, JSC Tomsk Generation LLC BGC, LLC Oryol Power Supply Company, LLC RN – Energo, OOO “ESA”, LTD “ESCB-Development”, LLC “ESKB”, PJSC Saratovenergo, PJSC Tambov Power Supply Company, PJSC Tomskenergosbyt
International Union of public associations “international Congress of Industrialists and entrepreneurs” (ICPP)	PJSC Inter RAO
Association “Russian national Committee of the International Council for large electric systems of high voltage” (RNA CIGRE)	PJSC Inter RAO
Association European Federation of Energy Traders	RAO Nordic
Nordic Association of Electricity Traders	RAO Nordic
Association SRO CONSTRUCTORS’ ALLIANCE	LLC RN – Energo, JSC Altai Energosbyt
Self-Regulatory Organisation Association Union of Architects and Engineers of West Siberia	JSC Altai Energosbyt
NP SRO “Guild of energy auditors”	JSC Altai Energosbyt JSC Mosenergosbyt, JSC Petersburg Power Supply Company, LLC Oryol Power Supply Company, LLC INTER RAO UES Energy Efficiency Centre, PJSC Saratovenergo, PJSC Tambov Power Supply Company
Chamber of Commerce and Industry of Altai	JSC Altai Energosbyt
SPA ROR	JSC Altai Energosbyt
Global Energy Interconnection Development and Cooperation Organization GEIDCO	JSC EEC
Union “Energostroy”	JSC Inter RAO – Electricity Plants Group
SRO “Union of Builders of Verhnyaya Volga”	AO « RSP TPK KGRES
Association “SRO “ICG”	LLC « “VTK”
Union small and medium business Sverdlovsk Oblast	LLC « “VTK”
Union “SLD”	LLC « “VTK”
Energy Without Borders Foundation	JSC Inter RAO Capital
Association of Regional Settlement Centers	LLC Inter RAO - EIRC, JSC UICC LR, LLC MosObiUIAC
Association of GEO	LLC Quartz Group
SRO Association Union of General Contractors in Construction	LLC Quartz Group, LLC Inter RAO – Engineering
Association Association Gradstroiproekt	LLC Quartz Group, LLC Inter RAO – Engineering

Organization

SRO NP O&C	JSC Mosenergosbyt
Association of GP and ESK	JSC Mosenergosbyt, JSC St. Petersburg Power Supply Company, LLC BREC, PJSC Tambov Power Supply Company
SRO SP", AOA"	JSC Mosenergosbyt, JSC St. Petersburg Power Supply Company
RusSWIFT	LLC Integrator IT
Association SRO BSK	JSC St. Petersburg Power Supply Company
JSC Non-Government Pension Electricity Industry Fund	JSC St. Petersburg Power Supply Company
PO UIE of St. Petersburg	JSC St. Petersburg Power Supply Company
SRO NP "SEA"	LLC "OEK"
The national chamber of entrepreneurs of the Republic of Kazakhstan "Atameken"	AO SEGRES-2
The Establishment Of A Pool Of Reserves Of Electrical Capacity	AO SEGRES-2
The Kazakhstan Electricity Association	AO SEGRES-2
SRO SSAS	JSC Tomsk RTS
Association "Industrial cluster for the use and processing of zshm"	JSC TGK-11
Association ENERGOPROEKT	JSC TGK-11
Chamber of Commerce and Industry of Omsk	JSC TGK-11
All-Russian thermal engineering research Institute	JSC TGK-11
National Association for Energy and Environment	JC Telasi JSC Khrami HPP-1 (Georgia)
The Union of veterans of energy of Georgia	JC Telasi
Association ENERGOPROEKT	JSC Tomsk Generation, JSC Tomsk RTS
SRO "Tomsk builders"	JSC Tomsk RTS, PJSC Tomskenergosbyt
NP "chamber of Commerce and industry PMR"	ZAO Moldavskaya GRES
RO NP "Union of Industrialists, farmers and entrepreneurs of Transnistria"	ZAO Moldavskaya GRES
ASRO BAEC	LLC BashRTS
Chamber of Commerce and Industry of the Republic of Bashkortostan	LLC BGC
Association Hydropower Engineering of Russia	LLC BGC
ANPO RABC	LLC Inter RAO – Engineering
NP "Energostandart"	LLC Inter RAO – Engineering
Non-profit partnership for development of the trading and procurement industry, National Association of Procurement Institutions (NP NAPI)	LLC Inter RAO - the Center of management of purchases
Non-profit Partnership Dynamo Sports Club (Moscow)	LLC "RN-Energo"
RA SRO "Builders of the CCI RB"	LLC "Coal mine"
SRO "Soyuzatomgeo"	LLC "energy efficiency Centre INTER RAO UES"
SRO NP "Soyuzatomproekt"	LLC "energy efficiency Centre INTER RAO UES"
SRO NP "Soyuzatomproekt"	LLC "energy efficiency Centre INTER RAO UES"
ASTRO "RSFSR"	LLC BREC

Organization

EA RAE	LLC BREC
ACPO "OCCO"	PJSC Saratovenergo
Union REA TR AIE	PJSC Tambov Power Supply Company
Non-profit Partnership SIB EE	PJSC Tomskenergosbyt
(SRO) Association Tomsk Design Association	PJSC Tomskenergosbyt
Tomsk Chamber of Commerce and Industry	PJSC Tomskenergosbyt
Union MPO of Tomsk Region Employers	PJSC Tomskenergosbyt