

Self-assessment of the activities of the Board of Directors

In accordance with the Corporate Governance Code, the Board of Directors must ensure that the quality of the work by the Board of Directors, its committees, and members of the Board of Directors is assessed in terms of a balance of professional experience, expertise, and independence. An assessment of the Board of Directors provides the Company with a number of competitive advantages such as enhancing its investment appeal and the trust of shareholders due to the greater transparency of the Board of Directors as a key management body. In addition, the assessment is important for the timely adjustment of work plans as well as the working conditions of the Board of Directors in order to maximize its performance, create an effective system of training for members of the Board of Directors, and to take into account results when re-electing the members of the Board of Directors.

The procedure for the self-assessment of the activities of the Board of Directors and its committees is governed by the Regulation on the Assessment of the Activities of the Board of Directors.¹ The self-assessment has been held annually since 2014 by providing members of the Board of Directors with questionnaires and the information is processed in a generalized and anonymized form.

In 2018, the self-assessment procedure was conducted with the hiring of the Association of Independent Corporate Directors non-profit partnership for the promotion of professional activities.²

The average score did not change significantly in 2018 compared with 2017 and amounted to 4.75 points (out of 5 possible).

The results of the self-assessment conducted during the reporting year were reviewed during an in-person meeting of the PJSC Inter RAO Board of Directors on June 27, 2018³ along with the preliminary consideration of the issue by the Nomination and Remuneration Committee during an in-person meeting.⁴

Key conclusions of the self-assessment of the work of the Board of Directors:

1. The activities of the Board of Directors and its committees, the Chairman of the Board of Directors, and the Corporate Secretary are highly efficient as a whole.
2. The Chairman of the Board of Directors ensures the effectiveness of the Board of Directors in all aspects.

¹ Minutes No. 108 dated February 24, 2014.

² The independent consultant's candidacy was approved by a resolution of the Board of Directors dated March 16, 2018 (Minutes No. 220 dated March 19, 2018).

³ Minutes No. 227 dated June 27, 2018.

⁴ Minutes No. 84 dated June 21, 2018.

⁵ Minutes No. 92 dated December 13, 2018.

⁶ Minutes No. 89 dated September 5, 2018.

3. The quality and size of the Board of Directors and its committees is optimal and consistent with the Company's current objectives.
4. The membership of the Board of Directors is balanced in terms of essential skills and professional experience and uses a streamlined system to identify and assess key risks at all levels of the Company.
5. Members of the Board of Directors devote a sufficient amount of time to performing their duties on the Board of Directors and are always properly prepared for meetings.
6. The chairmen of the committees of the Board of Directors ensure the effectiveness of the committees they head in all aspects and the effective interaction of the committees with the Board of Directors and management.
7. The corporate secretary coordinates the operational exchange of information between shareholders, the Board of Directors, the Chairman of the Management Board, the Management Board, and department heads as well as effective communication within the Board of Directors and its committees.
8. Independent directors monitor the Company's financial reports, analyze financial results and the fulfillment of goals, play an active role in forming proposals on strategy, and also contribute to the development of the Company's succession system.

Based on the results of the self-assessment of the Board of Directors in 2018, the Nomination and Remuneration Committee drafted recommendations for improving the activities of the Board of Directors, which were approved as instructions of the Board of Directors and taken into account when developing the Work Plan for the Nomination and Remuneration Committee and the Board of Directors for the 2018/2019 corporate year.

Following the execution of the instructions, the Nomination and Remuneration Committee held in-person meetings to consider the benchmarking of remuneration systems for members of the Board of Directors and management⁵ and the Training and Development Program for members of the Board of Directors within the Succession Plan for members of the Board of Directors and the Management Board for the period from 2018 to 2019 inclusive.⁶