

External audit

In accordance with the legislative requirements of the Russian Federation, the Company's auditor conducts an audit of the Company's financial and economic activities based on an agreement with the auditor. The Company's auditor is approved by the General Meeting of Shareholders. The criteria and procedure for selecting an auditor as well as the rules for the rotation of the leaders of the audit are governed by the Policy for Interaction with the External Auditor of PJSC Inter RAO.

In August 2015, closed competitive negotiations were held to select a single auditor candidate for 2016, 2017, and 2018. LLC Ernst & Young was selected as the winner during the closed competitive negotiations.

At the Annual General Meeting of Shareholders of PJSC Inter RAO held on May 21, 2018, a resolution was adopted to approve the candidate proposed by the Board of Directors as the auditor for 2018.

At the Annual General Meeting of Shareholders of PJSC Inter RAO on March 15, 2018, the Board of Directors proposed approving LLC Ernst & Young as the Company's auditor based on the following terms:

- the cost of the audit services for the consolidated financial statements of PJSC Inter RAO and its subsidiaries for 2018 in accordance with International Financial Reporting Standards (IFRS) will amount to RUB 20,400,000 (twenty million four hundred thousand rubles) excluding VAT
- the cost of services for conducting a review of the interim financial information of PJSC Inter RAO and its subsidiaries prepared in accordance with IFRS for the three months ending March 31, 2018 will amount to RUB 4,700,000 (four million seven hundred thousand rubles) excluding VAT
- the cost of services for the review of the interim financial information of PJSC Inter RAO and its subsidiaries prepared in accordance with IFRS for three and six months ending June 30, 2018 will be RUB 4,400,000 (four million four hundred thousand rubles) excluding VAT

- the cost of services for the review audit of the interim financial information of PJSC Inter RAO and its subsidiaries prepared in accordance with IFRS for three and nine months ending September 30, 2018 will amount to RUB 4,400,000 (four million four hundred thousand rubles) excluding VAT
- the cost of services for the audit of the annual accounting statements of PJSC Inter RAO for 2018 prepared in accordance with Russian Accounting Standards (RAS) will amount to RUB 900,000 (nine hundred thousand rubles) excluding VAT

On February 28, 2019, the Audit Committee reviewed a report containing a description of audit and other services provided to all companies that are part of the group of entities of PJSC Inter RAO and companies that are part of a single network of audit organizations along with the Company's Auditor for 2018. According to the report, the cost of non-audit services provided by the auditor and its affiliates make up 18.75% of the total cost of the auditor's services.

In order to enhance the efficiency of both external and internal audit activities, external auditors actively interact with the Internal Audit Unit (IAU).

On February 27 and 28, 2019, the Audit Committee considered an assessment of the auditor's opinions and the quality of the audit, and the external audit process was deemed to be effective.