

REMUNERATION FOR MEMBERS OF MANAGEMENT BODIES

Taking into account the structure of the Company's management bodies and the subordination of their members, the Company has two documents governing the payment of remuneration: for members of the Board of Directors who are accountable to the General Meeting of Shareholders and people elected by them, and for members of the Management Board who are appointed and accountable to the Board of Directors.

Remuneration is paid to members of the Board of Directors and members of committees of the Board of Directors in accordance with the Regulation on the Payment of Remuneration and Compensation to Members of the PJSC Inter RAO Board of Directors and complies with the recommendations of the Corporate Governance Code.

The procedure used to determine the amount and procedure for paying remuneration to the Chairman and members of the Management Board is specified in the Regulation on Financial Incentive for the Chairman and Members of the PJSC Inter RAO Management Board.

These documents are tentatively reviewed by the Nomination and Remuneration Committee of the Board of Directors. Their use is limited solely to members of the PJSC Inter RAO Board of Directors and members of the PJSC Inter RAO Management Board. Remuneration for members of the Strategy and Investment Committee who are not members of the Board of Directors is specified by the Regulation on this Committee.

No changes were made to the remuneration policy for members of the Board of Directors and members of the Management Board during the reporting year.

The Nomination and Remuneration Committee conducts a review of the remuneration system on an annual basis. In the event of changes to the internal or external environment, the Committee shall submit the appropriate recommendations.

At its annual in-person meeting on December 13, 2018, the Nomination and Remuneration Committee considered the Report on the Practical Implementation of the Principles of the Remuneration Policy and the Practice for Its Introduction, including the use of an effective ratio of fixed and variable parts of remuneration. Based on the results of the review, it was determined that the Company as a whole complies with the recommendations of the Corporate Governance Code concerning remuneration for management and the Board of Directors, in particular:

- the remuneration policy contains transparent mechanisms for determining the amount of remuneration for members of the Board of Directors and also regulates all types of payments, benefits, and privileges granted to these persons.
- fixed annual remuneration is the only form of monetary remuneration for members of the Board of Directors. No forms of short-term incentive or additional financial incentives are used for members of the Board of Directors.
- an analysis showed that the level of incentives for members of the Company's Board of Directors could be increased compared with major Russian issuers.

Based on an analysis of the incentive system for members of the Board of Directors at major Russian issuers with comparable market capitalization, the Committee recommended at an in-person meeting that the Annual General Meeting of Shareholders of PJSC Inter RAO consider the issue of increasing the base portion of remuneration for members of the Board of Directors as part of the Regulation on the Payment of Remuneration and Compensation to Members of the Board of Directors.¹



The Regulation on the Payment of Remuneration and Compensation to Members of the PJSC Inter RAO Board of Directors is available on the website: http://www.interrao.ru/upload/doc/Polozhenie_o_KSI_01102018.pdf



¹ Minutes No. 92 dated December 13, 2018.