

Self-assessment of the level of corporate governance using the methodology of the Federal Agency for State Property Management

Since 2016, the Company has been conducting a self-assessment of the level of corporate governance using the methodology of the Federal Agency for State Property Management.¹ The results of this self-assessment show a steady increase in the level of compliance.



Improving the Company's corporate governance system and practice

Below are the main measures taken in 2018 to further improve the level of corporate governance.

1. The Company maintained the practice of providing shareholders with the ability to vote electronically (remotely) at the Company's Annual General Meeting of Shareholders.
2. The Board of Directors determined its position on voting with quasi-treasury shares in order to eliminate any possible conflict of interest.²

3. As part of the implementation of the recommendations of the Internal Audit Unit and the Revision Commission, the Board of Directors approved the main approaches used to hire an independent appraiser when PJSC Inter RAO conducts major transactions and related-party transactions.³
4. In accordance with a request from investors, a Senior Independent Director was elected for the first time in the corporate practice of Inter RAO.⁴
5. In connection with the start of the introduction of anti-monopoly compliance at the Company, the Board of Directors approved a new version of a number of internal documents of PJSC Inter RAO: the Compliance Policy,⁵ the Antimonopoly Compliance Policy,⁶ the Regulation on the Unit Performing the Functions of the Corporate Secretary, and the Code of Corporate Ethics.⁷
6. The Board of Directors updated and approved the Succession Plan for Members of the Board of Directors and Members of the Management Board for 2018–2019 inclusive.⁸
7. The Board of Directors updated and approved the Regulation on the Internal Audit Unit of PJSC Inter RAO.⁹
8. The Board of Directors reviewed the reports of the Internal Audit Unit on an assessment of the effectiveness of the internal control system, risk management system, corporate governance, and the process of risk management and internal control in countering and preventing corruption in 2017.¹⁰ All recommendations issued by the Internal Audit Unit were reviewed by the Board of Directors and executed by the Company's management.

¹ Approved by Order No. 306 of the Federal Agency for State Property Management dated August 22, 2014.

² Minutes No. 219 dated March 15, 2018.

³ Minutes No. 230 dated August 29, 2018.

⁴ Minutes No. 225 dated May 21, 2018.

⁵ Minutes No. 236 dated December 24, 2018.

⁶ Minutes No. 235 dated December 3, 2018.

⁷ Minutes No. 235 dated December 3, 2018.

⁸ Minutes No. 231 dated September 24, 2018.

⁹ Minutes No. 216 dated February 2, 2018.

¹⁰ Minutes No. 221 dated April 2, 2018. Reports of the Internal Audit Unit on an assessment of the effectiveness of the risk management and internal control system of PJSC Inter RAO for 2018 (including the results of an assessment of the effectiveness of the risk management and internal control process in preventing and combating corruption, an assessment of the effectiveness of the antimonopoly compliance system, and an assessment of the process of identifying and selling non-core assets), and also on an assessment of the effectiveness of corporate governance of PJSC Inter RAO for 2018 were reviewed on March 29, 2019 by the Board of Directors (Minutes No. 243 dated April 4, 2019).