

Approved

by Resolution of the Board of Directors
of PJSC Inter RAO dated November 16, 2018
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Risk
Management and Internal Control Policy
of Public Joint-Stock Company Inter RAO UES
PT-057-1

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1. General Provisions

- 1.1. 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.
- 1.2. 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.
- 1.3. This Policy shall be binding for the Company's business units and recommended for the Company's controlled entities.
- 1.4. This Policy shall constitute the grounds for the development of internal procedural and administrative documents that govern the processes and procedures of the SRMIC in the Group.
- 1.5. Internal regulations for risk management and internal control that have been developed on the basis of this Policy and are not in conflict therewith shall be put into effect by the decisions of the management bodies of controlled entities.
- 1.6. Amendments and supplements to this Policy shall be introduced by a decision of the Board of Directors of the Company when necessary, subject to changes in the regulatory requirements and the increase of the maturity level of risk management and internal control processes in the Group.
- 1.7. The Division for Risk Management and Internal Control of PJSC Inter RAO responsible for the SRMIC of the Group shall be in charge of the monitoring and control of the currency of the document, as well as the implementation of changes. Management bodies and control and supervision authorities can act as originators of changes as well as the Head of the Division for Risk Management and Internal Control of PJSC Inter RAO.

2. Terms and Definitions

Terms and Abbreviations	Definitions
Event (Risk) Probability ¹	The limit of the ratio of outcomes of an observed event (whose probability is being assessed) to the total possible number of observations ² ("the chance that something might happen ³ ").

¹ The mathematical interpretation of a term is disclosed in the Method "Determining the Permissible Risk Levels and Risk Factors and Their Prioritization."

² A simplified definition that conforms to approaches based on probability theory and statistics approved by the Ministry of Education and Science of the Russian Federation.

³ GOST R ISO 3100:2010 "Risk Management. Principles and Guidelines."

<p>Risk Owner</p>	<p>The risk owner at the organization level within the Group: The head of a structural subdivision of the Company or its controlled entity who holds personal liability for risk management (including identification, assessment, exerting influence on risk, and reporting on risks).</p> <p>Risk Owner at the Group level: The Division Head (Division Heads) directly subordinate to PJSC Inter RAO who provides methodological support for risk management at subsidiaries (the "Subsidiaries").</p>
<p>Internal Control</p>	<p>Control over the organization's activities aimed at improving the efficiency of business processes.</p>
<p>Inter RAO Group (the Group)</p>	<p>PJSC Inter RAO and its Subsidiaries.</p>
<p>Permissible Risk Levels</p>	<p>Include:</p> <ul style="list-style-type: none"> – Risk capacity – Risk limits – Risk appetite – Risk tolerance
<p>Risk Capacity</p>	<p>The volume of available funds of the Group (a company of the Group) and their equivalents that can be redirected toward the mitigation of the consequences of risk materialization at a specific moment of time.</p> <p>It is compared with the maximum volume of loss from materialization of a risk that could materialize at the same moment of time to assess the capacity of the Group (a company of the Group) to withstand the risk.</p>
<p>Critical Risk Chart</p>	<p>A document that reflects the results of the assessment of critical risks, including graphic images, a list of critical risks, and the disclosure of information about them.</p>
<p>Qualitative Risk Assessment</p>	<p>The process of determining risk characteristics (parameters) (the probability of their occurrence and the consequences in case of their materialization) by means of an expert assessment.</p>
<p>Quantitative Risk Assessment</p>	<p>The process of determining risk characteristics (parameters) (the probability of their occurrence and the consequences in case of their materialization) based on a mathematical model developed using mathematical calculation methods as well as an expert assessment.</p>

Control	The observation and verification of the state of an object or process being observed and the direction of influence on the object or process based on the results of observation.
Control Procedures	Measures, activities, automatic operations of information systems or a combination of these processes aimed at the minimization the characteristics of risks (risk factors).
SRMIC Efficiency Criteria	A document approved by the Management Board of PJSC Inter RAO disclosing the signs of an effective SRMIC.
Critical Risk ⁴	A risk creating a threat of deviation from the goals ⁴ of the Group and requiring priority management and control to maintain the permissible risk level. A risk can be declared critical when the established risk limit is exceeded ⁴ .
Risk Management Culture	A combination of regulations, values, rules, and standards of behavior as a part of the risk-oriented approach to operations.
Risk Limit	The maximum permissible volume of risk materialization during the planning period.
The person responsible for implementing measures and control procedures aimed at minimizing risk factors (Responsible person)	An employee of the Company (controlled entity) who according to their job description is responsible for the proper performance of measures for risk management and control procedures (including at the risk factor level).
Risk Management Measure	An action aimed at changing the probability and/or consequences of a risk or a risk source.
Company	Public Joint-Stock Company Inter RAO UES (PJSC Inter RAO).
Risk Assessment	Assessment of the risk characteristics (parameters): the probability of materialization and the consequences in case of materialization.

⁴ The methodology of calculating the permissible risk levels, establishing the interrelations with the Group's goals, and attributing risks to the critical category is disclosed in the Method "Determining Permissible Risk Levels, Risk Factors, and Their Prioritization."

Risk Passport	<p>A document containing systematized information on a typical risk, including:</p> <ul style="list-style-type: none"> – The goal influenced by the risk – A list of risk factors indicating the controllable and noncontrollable ones – Assessment of the probability and consequences of the risk and risk factors – A list of existing and supplementary measures for risk and risk factor management and control procedures – Information on the Risk Owner and Responsible Persons
Plan of Action for Risk Management ⁵	<p>A document comprising a combination of supplementary measures for risk management and control procedures ensuring the coverage of risks (risk factors) in addition to the existing measures and control procedures.</p>
Controlled Entity (CE)	<p>A legal entity directly or indirectly controlled by PJSC Inter RAO.</p>
Risk Consequence	<p>Deviation from the goal (target indicator) as a result of risk materialization.</p>
Reasonable Certainty	<p>An approach according to which risk management and internal control are aimed at ensuring the certainty of achieving the Group's goals with a probability close to 100% but cannot offer an absolute guarantee of goal achievement due to uncontrollable risk factors.</p>
Risk	<p>The influence of uncertainty on goals⁶ (the effect that uncertainty has on goals).</p>
Risk Appetite	<p>Rules that must not be broken in the operations of the Company and controlled entities to ensure the reasonable certainty of the achievement of the Group's strategic goals.</p> <p>It expresses the joint opinion of the Group's management on what is permissible, acceptable, or unacceptable to achieve business goals.</p>

⁵ A plan of action can be generated both for critical and typical risks.

⁶ GOST R ISO 31000:2010 "Risk Management. Principles and Guidelines."

Stakeholders (Interested Parties)	The entities, companies, and individuals that form a system of expectations, thus influencing the Company's managerial decision making, and that are themselves under the influence of such decisions. Stakeholders are divided into internal ones (owners, governance bodies, employees, work collectives, and trade union organizations of the Company) and external ones (consumers, suppliers, and other business partners, competitors, local communities, including the population of the Company's territory of presence, municipal, regional, federal authorities, nonprofit and public organizations, activists, and mass media).
SRMIC Participants	Participants of risk management and internal control processes.
System of Risk Management and Internal Control (SRMIC)	The whole of organizational measures, approaches, procedures, and standards of corporate culture and actions taken by the Group to ensure the optimal balance between the growth of value, profitability, and risks and to create guarantees of the achievement of Group goals (including the assurance of financial stability, the safety of assets, effective conduct of business, compliance with laws and internal regulatory documents, and the timely execution of accurate reports) ⁷ .
Typical Risk	A risk typical of the operations of the Group (a company of the Group) that could materialize during the planning period, which necessitates taking steps to manage and control it to maintain the permissible risk level and achieve the Group goals.
Risk Tolerance	Deviations acceptable for the Group (a company of the Group) of target indicators from the planned values during the planning period corresponding to the business planning horizon as a result of the influence of risk.
Risk Management (Management of Risks)	Coordinated actions for management of the organization with regard to risk ⁸ .
Risk Factor (Factor of Risk)	The reason why a risk might materialize. Risk factors are divided into controllable and uncontrollable ones, depending on the possibility of managerial influence on the part of the Management.

⁷ Pursuant to Article 259 of the Code of Corporate Governance of the Russian Federation.

⁸ GOST R ISO 31000:2010 "Risk Management. Principles and Guidelines."

<p>Risk Management and Internal Control Cycle (SRMIC cycle)</p>	<p>A sequence of interconnected stages of the SRMIC, as a part of which the following processes are implemented periodically:</p> <ul style="list-style-type: none"> – Determining the milestones of the SRMIC (the list of the Group's companies, the list of typical risks, permissible risk levels, target indicators of risk influence assessment) – Identifying risks with regard to controllable and uncontrollable factors – Assessment and prioritization of risks and risk factors – Planning and implementation of activities for risk response, including control procedures – Risk and risk factor monitoring and control – Report generation and information disclosure on risk management and internal control – Assessment of the SRMIC's effectiveness
<p>Efficiency</p>	<p>The ratio of results to the resource costs of achieving the result.</p>

3. Regulatory References

- 3.1. Federal Law No. 39-FZ dated April 22, 1996, "On the Securities Market"
- 3.2. The Code of Corporate Governance of the Russian Federation (Letter of the Bank of Russia No. 06-52/2463 dated April 10, 2014, "On the Code of Corporate Governance")
- 3.3. Regulation of the Bank of Russia No. 534-P dated February 23, 2016, "On Admission of Securities to Organized Trading"
- 3.4. National Standard of the Russian Federation GOST R 51897-2011 (identical to the international document ISO 73:2009) "Risk Management. Terms and Definitions" (Order of the Federal Agency for Technical Regulation and Methodology No. 548-st dated November 16, 2011)
- 3.5. National Standard of the Russian Federation GOST R ISO 31000-2010 (identical to the international standard ISO 31000:2009) "Risk Management. Principles and Guidelines" (Order of the Federal Agency for Technical Regulation and Methodology No. 883-st dated December 21, 2010)
- 3.6. International standard ISO 31000-2018 (2nd edition) "Risk Management – Manual"⁹
- 3.7. Procedural guidelines for preparing the Regulation on the Risk Management System (developed as part of the Procedural Guidelines for preparing internal regulations governing the activity of state corporations, public companies, and open joint-stock companies (approved by Order of the Government of the Russian Federation No. ISh-P13-4148 dated June 24, 2015))
- 3.8. Decree of the Federal Agency for State Property Management No. 80 dated March 2, 2016, "On Approval of Methodological Recommendations for Organizing Risk Management and Internal Control in the Area of Preventing and Countering Corruption in Joint-Stock Companies with the Participation of the Russian Federation"
- 3.9. The Articles of Association of PJSC Inter RAO

⁹ Abolishes the international standard ISO 31000:2009.

- 3.10. The Regulation on the Board of Director of PJSC Inter RAO
- 3.11. The Regulation on the Board of Internal Auditors of PJSC Inter RAO
- 3.12. The Regulation on the Audit Committee of the Board of Directors of PJSC Inter RAO
- 3.13. The Code of Corporate Ethics of PJSC Inter RAO
- 3.14. The Compliance Policy of PJSC Inter RAO
- 3.15. The Antifraud and Corruption Policy

4. Goals and Objectives in the Sphere of Risk Management and Internal Control

- 4.1. A System of Risk Management and Internal Control aimed at ensuring the following has been implemented and is functioning at the Company and in controlled entities:
 - An objective, fair, and clear view of the current state and prospects of the Group
 - Reasonable certainty in achievement of the goals set for the Group
 - A high level of confidence of shareholders and investors in the Company's governance bodies
 - Protection of capital investments and assets and keeping risks within permissible levels
- 4.2. The Group's goals in the sphere of risk management and internal control implemented as a part of the SRMIC are:
 - Ensuring the reasonable certainty of the Board of Directors of the Company, executive and control bodies, shareholders and investors in the achievement of the strategic and operational goals of operations
 - Ensuring the effectiveness of financial and business activities and the efficient use of resources
 - Ensuring the preservation of assets
 - Control of compliance with legislative documents and internal regulations
 - Ensuring the completeness and reliability of reports
- 4.3. The objectives of the SRMIC facilitating the achievement of the Group's goals in the sphere of risk management and internal control are:
 - Shaping the corporate risk management culture, developing a risk-oriented approach that involves making decisions as a part of financial and business operations subject to risks and controls
 - Providing for timely and complete information and analytical support of the processes of managerial decision making and operational planning of activities
 - Promotion of the timely adaptation of the Group to changes in the external and internal environment
 - Implementation and improvement of risk management and internal control processes and procedures, including
 - Processes of identification, assessment, prevention, and minimization of risks and risk factors as well as mitigation of the consequences of materialized risks
 - Control procedures ensuring the reliability of business processes and reduction of risks through preventive influence on risk factors

- Creation of mechanisms to control the efficiency of security assurance processes of the Group, including economic security, information security, and resource protection, to ensure the preservation of assets of the Company and controlled entities
- Development of the compliance function as a part of functional (business) areas (antimonopoly, anticorruption, fiscal, regulatory, compliance in the sphere of ethics and goodwill, etc.) for the purpose of controlling compliance with laws, internal regulatory documents, and business ethics norms
- Creation of mechanisms of control of the preparation and submission of reports that meet the requirements of completeness, reliability, and timeliness to be disclosed pursuant to applicable laws and effective internal regulatory documents
- Quality information disclosure on risks and actions performed to manage the risks (risk factors), including control procedures, as well as the results of the operation and assessment of the SRMIC
- Promotion of sustainable development, improvement of the corporate governance level, promotion of the Group's brand to ensure the growth of investment attractiveness and reduction of reputational risks

5. Principles and Approaches in the Sphere of Risk Management and Internal Control

The principles and approaches by which the Group is governed in the sphere of risk management and internal control are:

Principle 1. Integrity

Activities for risk management and internal control are systematic, comprehensive, and integrated into the strategic and operational management at all levels and cover all divisions and employees when they perform their functions as a part of any business processes and areas of the Group's operations.

Principle 2. Continuous operation

Risk management and internal control are a continuously functioning, cyclical process.

Principle 3. Adaptability

The process of risk management and internal control meets the needs of current objectives faced by the Group and immediately reacts to changes in goals or the conditions of the external and internal environment.

Principle 4. Unity of methodological procedures

Risk management and internal control are implemented based on unified methodological approaches and standards determined for the Company and controlled entities and formalized in the Group's Corporate Standards.

Principle 5. Responsibility and delineation of powers

All SRMIC participants are responsible for the proper fulfillment of functions for risk management and internal control within their powers. The roles, authorities, and liabilities of SRMIC

participants have been determined, recorded in the internal regulatory documents, and brought to their attention.

When distributing roles and powers as a part of the organizational structure, the Group aims to eliminate conflict of interests and to ensure the independence of SRMIC participants.

Principle 6. Prioritization and reasonable sufficiency

The maximum effectiveness of risk management and internal control is achieved by means of prioritization of the efforts for risk management and implementation of control procedures subject to the severity of risks. Priority attention is paid to the risks that could have the greatest impact on deviation from target indicators and create a threat of failing to achieve the Group's goals.

Decision making on the priority and scale of implementing the SRMIC in controlled entities is carried out subject to the Subsidiary's contribution to the achievement of group-wide indicators.

Risk management and internal control procedures are implemented subject to their economic efficiency (the ratio of the result of implementation to the cost of resources (financial, managerial, labor)).

The Group strives for an optimal balance of the complex of response measures and control procedures and the risk value—that is, it avoids excessive control and management.

Principle 7. Timeliness and preventiveness

SRMIC participants promptly ensure the provision of information on risks and risk factors, the completion status of risk management measures, and the implementation of control procedures.

The Group is focused on preventing the materialization of risks by means of preventive influence on risk factors, prompt reaction to changes in the environment and deviations in business processes, and making timely management decisions on adjustments.

Principle 8. Continuous development and improvement

The continuous control and monitoring of the effectiveness of the SRMIC's operation are carried out, and measures are implemented for its improvement and development.

Principle 9. Prevention of corruption and fraud

Risk management and internal control in the sphere of prevention of and opposition to corruption are carried out on a systemic basis pursuant to the Antifraud and Anticorruption Policy of PJSC Inter RAO. As a part of the Antifraud and Anticorruption System that operates as a part of the SRMIC, the joint integrated approach of the Group to the development and implementation of measures aimed at the prevention of and opposition to corruption is carried out.

Principle 10. Compliance assurance

Risk management and internal control in the area of compliance are carried out on a systemic basis in accordance with the Compliance Policy of PJSC Inter RAO to ensure the conformance of the Group's operations to the requirements of laws, internal regulatory documents, and business ethics norms as well as to prevent violations in the compliance sphere.

Compliance processes (antimonopoly, anticorruption, fiscal, compliance in the area of ethics and goodwill, occupational safety and industrial safety, environmental, etc.) function as an integral part of risk management and internal control processes.

6. System of Risk Management and Internal Control (SRMIC)

The **System of Risk Management and Internal Control** is the whole of organizational measures, approaches, procedures, and standards of corporate culture and actions taken by the Group to ensure the optimal balance between the growth of value, profitability, and risks and to create guarantees of the achievement of Group goals (including the assurance of financial stability, the safety of assets, effective conduct of business, compliance with laws and internal regulatory documents, and the timely execution of accurate reports).

The SRMIC is intended to ensure the most complete information on the entire scope of risks and risk management actions of the Group, which allows management to objectively evaluate the existing risk situation and its development prospects as well as the acceptability of assumed risks; it also serves as the basis for making information-based and risk-oriented decisions to minimize the impact of risks on the Group's operating activity.

6.1. Processes of the corporate risk management system

Risk management and internal control are a continuous, cyclical process implemented in the Company and controlled entities. On the horizon of the calendar year, the processes of the SRMIC are implemented as a part of the corporate risk management and internal control cycle (the "SRMIC cycle").

An SRMIC cycle is a sequence of interconnected stages, as a part of which the following processes are implemented periodically:

- Determining the target milestones of the SRMIC
- Identifying risks with regard to controllable and uncontrollable factors
- Assessment and prioritization of risks and risk factors
- Planning and implementation of activities for risk response, including control procedures
- Risk and risk factor monitoring and control
- Periodic and annual report generation and information disclosure on risk management and internal control
- Assessment of the SRMIC's effectiveness

The contents of stages and the procedure of works as a part of the SRMIC cycle are described in internal regulatory documents of the functional areas "Risk Management" and "Internal Control."

Key results of the SRMIC cycle (system products) are formed (updated) as a part of the implementation of the stages of SRMIC cycle.

6.2. Products of the corporate risk management and internal control system

- Target milestones of the SRMIC
- Passports of typical risks
- Charts of critical risks of the Group and companies of the Group
- Action plans for management of typical risks and risk factors
- Action plans for the management of critical risks
- Annual statements on the operation of the SRMIC of the Group and companies of the Group
- Annual reports on assessment of the efficiency of the SRMIC of the Group and companies of the Group
- Reports on risks as a part of managerial forms of functional (business) areas (including information on risks as a part of Reports on fulfillment of business plans and reports on project status)
- Disclosure of information on risk management and internal control as a part of the Annual Statement and quarterly statements of the Issuer of securities, reports for interested parties (including the players on international capital markets, investors, and rating agencies that publish corporate governance ratings, credit ratings, and sustainable development ratings)

6.3. Levels of the corporate risk management system

The SRMIC is a multistage hierarchal system built within the Company and its controlled entities at various governance levels subject to the role of each level in the process of organization and assurance of the operation of the system.

6.3.1. Board of Director level (Board of Directors and Audit Committee of the Board of Directors)

- Determining the principles and approaches to organizing the risk management and internal control system and approving policies in the sphere of risk management and internal control
- Approving the risk appetite value for the planning period, a chart of critical risks, and action plans for management of critical risks
- Annual review of reports on the operation of the SRMIC and reports on the assessment of the efficiency of the SRMIC

6.3.2. The level of executive management bodies (Chairman of the Board, Management Board, collegial advisory bodies¹⁰)

- Ensuring the creation and maintenance of the operation of an effective risk management and internal control system in the Company, control of fulfillment of decisions of the Board of Directors in the sphere of organization of the risk management and internal control system

¹⁰ Including, but not limited to: the Planning and Budgeting Committee, Investment Development Committee, and Conflict of Interests Resolution Committee.

- Distribution of powers, obligations, and responsibility among the heads of the Company's divisions who report to them or are under their supervision for specific procedures of risk management and internal control
- Approval of requirements for the structure and scope of risk management and internal control processes and procedures and reporting formats by approving internal risk management and internal control regulations
- Approval of target milestones of the SRMIC, including the list of the Group's companies, the list of typical risks, permissible risk levels (with the exception of the value of risk appetite), and target indicators of evaluation of the influence of risks
- Assessment and decision making on matters of risk management and internal control, including the preliminary review and preparation of draft decisions on matters of the competence of the Board of Directors
- Dissemination of knowledge and skills in the sphere of risk management and internal control and development of the risk management culture

6.3.3. The level of Risk Owners (Supervisors directly subordinated to the Chairman of the Board of the Company, Heads of the Group companies' structural divisions)

- Creation and maintenance of the effective operation of the SRMIC as a part of the functional (business) areas they head, the implementation, fulfillment, and improvement of internal control and risk management procedures
- Implementation of a risk-oriented approach in the practice of operational activities of the functional (business) areas of operations that report to them and dissemination of the norms and values of the risk management culture among employees of the divisions they head
- Development of internal regulatory documents on risk management and internal control of functional (business) areas in accordance with joint methodological approaches established in the Corporate Standards of the SRMIC
- Ensuring the implementation of the SRMIC cycle stages and generation of key results of the SRMIC cycle pursuant to Clauses 6.1 and 6.2 Policies as a part of the functional (business) areas they head
- Implementation of risk management activities of the functional (business) area, including control procedures, and ensuring control of their fulfillment
- Coordination of employee actions, information flows, and resource use for the purpose of managing the risks of the functional (business) area in accordance with the approved internal regulations of PJSC Inter RAO
- Interaction with the Division of Risk Management and Internal Control on matters of risk management and internal control as well as disclosure of information on risk management in the functional (business) area

6.3.4. Employee level

- Following the risk-oriented approach to operations, including the making of risk-oriented decisions and implementation of compliance principles in the sphere of functional responsibility established by the job description
- Accounting for and monitoring risks in day-to-day operations within the framework of performing job duties, implementation of activities for risk management and control procedures, and/or ensuring control of their fulfillment
- Timely notification of immediate supervisors on changes in the internal and external conditions of operation capable of resulting in a change in the risk value or the occurrence of new risks and also in cases when the performance of risk management measures becomes impossible or requires adjustment

6.3.5. The function of coordination of activities as a part of the SRMIC

PJSC Inter RAO has created a specialized structural Division for Risk Management and Internal Control responsible for achievement of the Group's goals in the sphere of risk management and internal control and implementation of the principles of this Policy.

The unit in charge of risk management and internal control is a directly subordinate unit accountable to the Sole Executive Body, which allows for the structural separation of the activity conducted by the unit from the activity of the business units conducting risk management and internal control as part of their operating activity as well as from the activity assigned to the internal audit function, the control and auditing units, and other units that independently monitor and assess the SRMIC.

The Division for Risk Management and Internal Control ensures:

- Overall coordination of the risk management and internal control processes, including the coordination of systemic activities and methodological support of SRMIC participants, and communications with SRMIC participants at all levels of governance of the Group
- Creation of a unified methodology of the SRMIC and control of its observation, development of methodological documents in the sphere of risk management and internal control (including the corporate standards for risk management and internal control as well as (with the participation of Risk Owners) the principles and provisions of the SRMIC methodology to be used in the functional (business) areas)
- Implementation and improvement of the SRMIC processes, assurance of the performance of the SRMIC cycle stages, and formation of key results of the SRMIC cycle pursuant to Clauses 6.1 and 6.2 Policies
- Notification of the Board of Directors and executive bodies of the Company about the results of operation of the SRMIC as well as on other matters of risk management and internal control within the competence of the Board of Directors
- Disclosure of information on matters of risk management and internal control to internal and external stakeholders

- Organization of training of the employees of the Company and controlled entities in the sphere of risk management and internal control, the dissemination of knowledge and skills for risk management and internal control in the Group's companies

6.3.6. Function of SRMIC Audit

- Assessment of the efficiency of the corporate risk management system
- Monitoring the performance of measures aimed at improving the efficiency of the SRMIC
- Consulting the executive bodies of the Company on risk management and internal control issues (while maintaining the independence and objectivity of the internal audit)

6.3.7. Function of the Audit Commission

- Control of the financial and business activities of PJSC Inter RAO with regard to their compliance with the laws of the Russian Federation, the Articles of Association of the Company, and internal documents of PJSC Inter RAO by performing checks (audits); notification of the General Meeting of Shareholders and the Board of Directors of the Company about the results of the completed checks
- Generation of proposals and recommendations for improving the SRMIC; control of the elimination of defects and fulfillment of recommendations based on the results of previous checks

All SRMIC participants are held responsible for the effective operation of the system as well as the implementation of stages of the SRMIC cycle within the sphere of their functional responsibility.

The roles and functions of SRMIC participants are formalized in the internal regulatory documents of the functional areas "Risk Management" and "Internal Control."


7. SRMIC Monitoring and Effectiveness Assessment

The Group continuously increases the efficiency and quality of the risk management and internal control process for the purpose of its improvement and conformance to business needs and stakeholders' interests.

The Board of Directors of the Company shall consider matters of the organization, functioning, and efficiency of the SRMIC at least once annually and shall also give recommendations on the improvement of the SRMIC. The Board of Directors of the Company shall also initiate external assessments of SRMIC efficiency by an independent organization when necessary. Information about the results of the review of SRMIC efficiency by the Board of Directors is made available to shareholders in the Company's annual report.

The executive management bodies shall take the necessary actions to make sure that the existing SRMIC complies with the principles and approaches outlined by the Board of Directors and is functioning effectively.

The internal audit division shall perform checks and annual efficiency assessment of the SRMIC and provide reports on the results of the completed assessment to the Board of Directors.

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Monitoring of the operation of the SRMIC is carried out by all SRMIC subjects within their competency in accordance with the internal regulatory documents of PJSC Inter RAO.