

Approved by

Decision of the Board of Directors of PJSC
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No. 286 dated February 01, 2021)

**Sustainable Development Policy
of Public Joint-Stock Company Inter RAO UES**

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1. General Provisions

1.1. The Sustainable Development Policy of Public Joint-Stock Company Inter RAO UES (the "Policy") has been developed in accordance with the laws of the Russian Federation, applicable international law, the Articles of Association of PJSC Inter RAO, and internal regulations developed in the Company.

1.2. This Policy is the fundamental document that declares the adherence of Inter RAO Group to sustainability principles and goals.

1.3. The Policy is aimed at structuring and unifying the Group's activities in the field of sustainable development and defines the goals, objectives and key principles of Inter RAO Group in the field of sustainable development.

1.4. In implementing this Policy, the norms and principles established in the field-specific internal regulations dedicated to the individual areas of sustainable development are also applied.

1.5. This Policy shall be binding upon all business units of the Company and is recommended for the Company's controlled entities.

1.6. The Policy shall be approved by a decision of the Board of Directors of the Company. Any changes and amendments hereto shall be made by a decision of the Board of Directors of the Company.

2. Terms, Definitions and Abbreviations

Term	Abbreviation	Definition (Expansion of Abbreviation)
the Company	PJSC Inter RAO	Public Joint-Stock Company Inter RAO UES
Inter RAO Group	the Group	Public Joint-Stock Company Inter RAO UES and its controlled entities (legal entities directly or indirectly controlled by PJSC Inter RAO)
United Nations Global Compact	UN Global Compact	The world's largest corporate social responsibility and sustainability initiative; the UN's call to transform business for the benefit of society, the environment, and the future of the planet; the UN's attempt to mobilize a global movement of leading sustainable companies. The UN Global Compact includes more than 13,000 participants from almost 160 countries and more than 80 national networks
Business Partners		Individuals and legal entities with which business relations are maintained: suppliers, contractors, customers, agents etc.
Discrimination		A negative or prejudiced attitude consisting, among other things, in an exception or preference made on

Term	Abbreviation	Definition (Expansion of Abbreviation)
		the basis of race, age, color, gender, disability, marital status, religion, social origin, or on any other attribute
Stakeholders		Individuals and legal entities interested in the performance of the Company and/or impacted by and/or impacting the Company's activities
Inclusion		The principle according to which life in the Company is organized and which reflects the culture of acceptance and non-discrimination and lets all people, regardless of their race, gender, disability or other any attributes which could be a basis for discrimination, be included in the field of interaction
Customers		Individuals and legal entities who intend to order or purchase or who order, purchase or use the goods (works, services) provided by Group companies
Indigenous Peoples		Minority peoples who live within the territories of traditional settlement of their ancestors and preserve their traditional lifestyle, economic activities and trades
Corporate Ethics		Rules, principles and standards for deciding what is morally right or wrong when doing business
Local Community		The community of people living within a certain territory and united by common interests in solving life issues by using and developing local material and social resources on the basis of self-governance principles
Environment		The totality of the environment, natural and man-modified natural objects, and manmade objects
United Nations Organization	UN	An international organization created to support and strengthen international peace and safety and to develop cooperation between the states.
Human Rights		The inalienable birthright of all people, regardless of their race, color, gender, language, religion, national or social origin or any other aspect. Human rights include the right to life and freedom, freedom from slavery and torture, freedom of beliefs and their free expression, the right to work and education, etc.
Supplier		Any legal entity or individual, as well as an individual entrepreneur, who is willing to enter into or has already entered into contractual relations with the Company for the delivery of goods, performance of works or provision of services.
United Nations Global Compact Principles	UN Global Compact Principles	Ten principles in the field of human rights, labor, environment, and anti-corruption which are defined in the UN Global Compact

Term	Abbreviation	Definition (Expansion of Abbreviation)
Employees		Individuals who are working under employment contracts in positions according to the staff list and who are subject to the internal labor regulations of the Company.
Region of Presence		The territory where Group companies conduct their business.
Global Reporting Initiative Standards	GRI Standards	The sustainability reporting standards developed by the international organization Global Reporting Initiative.
Sustainable Development		Company development that meets today's needs without threatening the ability of future generations to meet their own needs
United Nations Sustainable Development Goals	UN SDGs	17 goals adopted as part of the 2030 Sustainable Development Agenda of the UN General Assembly which are aimed at preserving the planet's resources and promoting well-being for all and which contain a number of parameters to be achieved all over the world within 15 years (from 2015).

3. Sustainable Development Goals and Objectives

In 2019, the Company joined the UN Global Compact and became part of the community in the field of corporate responsibility and sustainable development. This step shows the aspiration of the Group to integrate global standards of corporate and social responsibility into sustainable long-term business development.

The goal of the Company and the Group in the field of sustainable development is to implement the strategy pursuant to the underlying principles of the UN Global Compact, i.e. to integrate them into key business processes and to ensure the adherence of the UN SDGs to the high standards of environmental and industrial safety, corporate governance and social responsibility.

To achieve this goal, the Company pursues the following sustainable development objectives:

- Mitigating the adverse environmental impact of the activities of Group companies and promoting the fight against climate change to the minimum economically expedient and technically achievable level
- Using natural resources efficiently and sustainably
- Observing and respecting human rights in all business processes of Group companies
- Ensuring the safety of production processes, labor conditions, health and safety, and the health and well-being of internal and external stakeholders in the course of its activities
- Promoting the professional, career, and personal growth of Group employees

- Improving the quality of life and well-being of the communities living in the regions of the Group's presence and making a positive impact on their social and economic development
- Creating an efficient and transparent system for interaction with stakeholders
- Innovative development at all stages of the Company's activities
- Raising the competence and awareness of Group employees, suppliers' and contractors' personnel, customers and other representatives of stakeholders in the field of sustainable development standards
- Countering fraud and corruption and implementing the principles of business ethics.

4. Sustainable Development Principles

Inter RAO Group companies adhere to the following principles in their activities:

Good faith and information transparency. Group companies strive to raise the awareness of all stakeholders in respect of all aspects of sustainable development activities. To ensure the accuracy, thoroughness and relevance of information, the Company prepares financial and non-financial statements whose accuracy is ascertained by independent auditors.

Development and continuous improvement. Group companies ensure the continuous improvement of their internal processes to improve the organization of their sustainable development activities. To implement this principle, the Company evaluates achievements and process efficiency on a regular basis and works actively with consulting and rating agencies that provide comparative performance analysis in the field of sustainable development.

Observance of law and assumed obligations. Group companies conduct their activities in strict compliance with the provisions of effective laws and applicable international law and discharge obligations they have assumed.

Respect for human rights. Group companies acknowledge the inviolability of human rights and avoid violating them in any form. Group companies promote diversity and equal opportunities, counter child and compulsory labor, protect personal data, and promote other fundamental human rights.

Respect for the interests of stakeholders. Relations with stakeholders are built on the basis of mutual interest in the results of such interaction. In their activities, Group companies strive to maintain a balance of the interests and expectations of all stakeholders.

Ethics During their interaction with all stakeholders, Group companies follow carefully the rules of corporate ethics, including the rules set out in the Code of Corporate Ethics of PJSC Inter RAO.

5. Key Areas of Sustainable Development

Inter RAO Group conducts its business with due regard to the environmental, social and governance principles of sustainable development (ESG).

5.1. Environmental Responsibility

Group companies, acknowledging their share of liability for the state of the environment, recognize measures for enhancing environmental safety as one of the main priorities of their activities and strive both to mitigate their adverse environmental impact and to implement measures to prevent such adverse consequences.

5.1.1. Environmental Protection and Measures to Combat Climate Change

The priority objectives of the Group within the framework of the environmental policy include minimization of its climate impact and mitigation of the adverse environmental impact of its production assets, including reduction of greenhouse gas emissions by upgrading its equipment and reducing fuel consumption at generating facilities; implementation of the energy conservation and energy efficiency program; reduction of pollutant emissions into the atmosphere and discharge of contaminated wastewater into water bodies; sustainable use of water resources; and reduction of production waste generation.

The level of the environmental impact of production activity and the level of risks associated with the environmental aspects has an impact, among other things, on the level of market capitalization and the affordability and cost of borrowed funds, is an important characteristic of the level of social responsibility of a business to society and of the sustainability of development, and is becoming a real development factor of the Group companies.

The strategic goals of the Group in the field of environmental protection and environmental management are given in the Declaration of Environmental Responsibility.

In order to achieve joint sustainable development of the Group and regions of presence and to receive economic benefits and advantages, the Company pursues the following environmental protection objectives:

- To ensure that the production activities carried out by the Group companies fully comply with regulatory requirements and obligations
- To reduce the environmental impact of Group companies to the minimum technically achievable and economically expedient level; furthermore, key requirements for production facilities and equipment are set out in the Technical Policy of the Group; to consistently reduce the economic costs and risks associated with the environmental aspects of production activities
- To achieve consensus in cooperation with stakeholders.

Phased implementation of the Ecology Target Program in the following areas is one of the main mechanisms for achieving the environmental goals and reducing the significance of the environmental aspects of production assets of the Group:

- *Conformity to standards and obligations*
- *Reduction of environmental impact*
- *Reduction of economic costs and environmental risks*
- *Achieving consensus in cooperation with stakeholders in the field of environmental protection and environmental safety.*

5.1.2. Innovative Development

The Company approves the Innovative Development Program, which is a long-term planning and governance document integrated into the system of strategic planning and development of the Company, on a regular basis. The Program is updated from time to time following the comparison of the level of the Company's technological development with the leading analogous companies, including foreign ones.

Key goals of the Program:

- To create competitive advantages for the Group companies to maintain their leading positions in the Russian power industry and ensure an increase in the Company's value
- To contribute to the innovative development of the power industry in the Russian Federation
- To increase the reliability, safety and quality of energy supply to consumers and the customer focus of offered services.

Furthermore, the Program provides for the following:

- Development of partnership in education and science
- Development of interaction with third-party organizations and the application of the principle of "open innovations"
- Development of foreign trade and international cooperation in the area of innovation
- Development of social responsibility mechanisms
- Conceptual provisions of the digital transformation of the Company.

5.1.3. Enhancement of Energy Efficiency and Energy Conservation

Inter RAO Group companies consistently optimize their business processes for energy conservation management and energy efficiency enhancement at Russian and foreign generating assets.

Energy efficiency projects have a high innovation component and are based on the best world experience. In addition to its own research and development activities, the Company cooperates with Russian and foreign industry leaders.

In order to achieve energy conservation and enhanced energy efficiency goals in the Energy Management System, the Company develops an Energy Conservation

and Enhanced Energy Efficiency (ECEEE) Program for a certain period, which is classified as a target program of the Group.

Measures for enhancing production energy efficiency and reducing specific fuel consumption, as well as the commissioning of high-efficiency equipment and removal of outdated equipment from service, are the main tools for the Group companies to reduce the volume and intensity of greenhouse gas emissions.

5.2. Social Responsibility

Group companies strive to interact continuously with all internal and external stakeholders, to avoid any forms of violation of human rights or discrimination, to ensure industrial safety, and to comply with other principles and standards in the field of social responsibility.

5.2.1. Respect for Human Rights

Group companies strive to protect human dignity, fundamental rights and freedoms, to determine responsibility for the management of risks associated with violations of human rights, and to establish the obligations of their employees and other stakeholders to observe human rights.

Group companies strive for the continuous development of practices in the field of human rights protection by building a meaningful dialog with all stakeholders and improving mechanisms to counter violations.

Group companies show zero tolerance towards any forms of discrimination and advocate equal rights, irrespective of gender, race, nationality, language, social origin, financial and occupational status, religion, membership in social associations, or any other attribute.

Within the framework of their activities, the Group companies undertake to:

- Respect human rights to life, freedom and personal security.
- Avoid the use of any forms of compulsory or child labor in their activities.
- Guarantee the right to fair and adequate remuneration, safe and healthy labor conditions, rest and leisure, and the necessary social support, including in case of sickness, disability, loss of a breadwinner, old age, and other losses of the means of subsistence under circumstances beyond the control of employees.
- Acknowledge the right to freedom of association, the right to collective negotiations, and the right to set up and participate in trade unions to protect their interests.
- Respect the right of local communities to favorable living conditions by mitigating adverse impact on the regions of presence in respect of economic, environmental, social, and cultural aspects.
- Develop and maintain sociocultural diversity.

- The Company undertakes to interact with stakeholders in order to provide accurate and comprehensive information on the Company's activities in the field of human rights protection.

5.2.2. Interaction with Personnel and Non-Discrimination

Group companies strive to create efficient and transparent processes for staff recruitment, development and support which meets international standards and enables maximum personal fulfillment, and also strives to ensure sociocultural diversity and inclusion at the workplace and to determine responsibility in the field of management of discrimination and persecution risks.

Group companies guarantee a decent and safe place of work and promote the creation of the necessary labor conditions for achieving high performance results. The Group strives to achieve the total absence of discrimination in any form. Sociocultural diversity and inclusion are key elements of the long-term success of Inter RAO Group which help support the development of employees' skills and proficiency, attract new talents, and provide our employees with comfortable labor conditions ensuring the Company's prosperity.

Within the framework of their activities, the Group companies undertake to:

- Create a safe, healthy and productive work environment for all employees.
- Improve HR management practices to increase the level of personnel satisfaction.
- Avoid any forms of discrimination or persecution of employees by race, age, color, gender, disability, marital status, religion, social origin, or on any other basis.
- Ensure fair and unbiased processes and provide candidates with equal recruiting opportunities and employees with equal opportunities for training, performance appraisal, remuneration, career development and promotion.
- Guarantee the right to fair and adequate remuneration, safe and healthy labor conditions, rest and leisure, and the necessary social support, including in case of sickness, disability, loss of a breadwinner, old age, and other losses of the means of subsistence under circumstances beyond the control of employees.
- Avoid the use of any forms of compulsory or child labor in their activities.
- Provide continuous development and growth opportunities for all employees and encourage them to train and enhance useful skills for the Company's activities.
- Acknowledge rights to freedom of association, to hold collective negotiations and to set up and participate in trade unions to protect their interests.
- Guarantee equal remuneration for men and women for labor of equal value.

- Strive to achieve a gender balance among employees and to actively engage women in all aspects of Company's activities.
- Take into account, among other things, the principles of sociocultural diversity in forming the composition and structure of the Board of Directors.
- Organize programs to attract human resources possessing diverse skills and competences for the purpose of developing Group companies and creating competitive advantages.
- Develop and support an inclusive work space encouraging sociocultural diversity and accommodating individual differences.
- Strive to create a comfortable work environment that acknowledges the value of each employee and guarantees the ability to be heard.

Staff recruitment responsibilities:

- To develop and apply the practices of corporate brand promotion in the labor market in order to distribute information on the values and opportunities offered by the Company.
- To organize target programs for attracting staff with diverse skills and competences for the purpose of developing PJSC Inter RAO and creating competitive advantages.
- To select candidates fairly based on uniform parameters for evaluation of their competence and skills.
- To guarantee professional conduct during interviews and at other recruitment stages and to avoid discrimination and violation of human rights.
- To support new employees during their adaptation at the work place.

Responsibilities in the field of performance evaluation and career development of employees:

- To conduct regular performance assessment of employees, provide them with feedback and recommendations for developing professional skills, and support them in building a career plan.
- To use objective performance parameters to evaluate performance results of employees which meet the goals and strategic priorities of the Company and promote managerial decisions on improving the performance of the Company.
- To ensure the transparency of the employee evaluation system on the basis of which decisions on remunerations, promotion, and rotation of employees will be made.
- To perform comprehensive evaluation of employees, irrespective of their job, position, or length of service in the Company.
- To make decisions on appointment to senior positions on the basis of performance assessment, work experience, and objective personal business and professional competences.

Personnel training and development responsibilities:

- Being guided by the goals and objectives of the Company, to implement initiatives for developing the skills and competences of employees which may be necessary for effective professional performance.
- To evaluate the economic environment, industry trends, and current business priorities of the Company in order to reveal the skills most in demand among the Company's professions, and give the highest priority to the development of training programs in these areas.
- To develop corporate training programs that allow employees to develop and acquire knowledge and practical skills for further career promotion.
- To apply various efficient educational tools depending on the goals and objectives of training and its target audience.

Responsibilities in respect of the remuneration system:

- To apply remuneration practices that contribute to the recruitment and retention of highly qualified staff.
- To establish the amount of the employee's remuneration according to the job level, on the basis of evaluation of professional competences and performance, as well as with due regard to the remuneration for similar positions in the labor market.
- To analyze inflation and market changes on a regular basis and make decisions on adjusting the remuneration level on the basis thereof.
- To reward, including by way of bonus payment, high performance results, engagement and achievement of corporate goals.
- To provide social benefits and guarantees to the employees, including voluntary health insurance.

Responsibilities in respect of dismissal of employees:

- To avoid compulsory dismissal and layoffs of employees.
- To promote the adaptation of dismissed and laid-off employees to new social and economic conditions by teaching them the necessary skills during their employment with the Company.
- To provide additional support measures for employees of retirement and pre-retirement age in the case of their dismissal or layoff.
- To avoid discrimination against employees of retirement and pre-retirement age when laying off employees.
- To provide dismissed employees with the financial guarantees stipulated by law.
- To fully discharge its obligations assumed under collective agreements to the redundant and dismissed employees.

5.2.3. OHS and Industrial, Fire and Environmental Safety

Management of occupational health, industrial, fire, and environmental safety by Group energy companies in the course of their production activities is one of the priority objectives for Group companies.

The Regulation on the System for Management of OHS and Fire Safety of Production Activities of Inter RAO Group serves as a fundamental document defining the principles of occupational health and safety at workplaces in Group companies.

The key goals of the OHS and Fire Safety Management System:

- Prevent injuries and job-related diseases of Group company employees at all stages of production processes
- Minimize the adverse human and environmental impact as a result of the production and business activity of Group companies
- Prevent accidents, fires, and process disturbances during operation of process equipment, buildings and structures of power facilities
- Form and use uniform requirements for organizing production control over compliance with requirements and personnel training in the field of OHS and fire safety.

5.2.4. Youth Outreach

Youth outreach is an important area of work of the Group which is aimed at attracting pupils and students of educational institutions and developing young employees of the Company, increasing their professional and scientific potential, and stimulating their social and creative activity.

The Company has adopted a Youth Policy outlining the goals, objectives, key principles and area of work of the Group companies in the field of youth policy.

Within the framework of their activities, the Group companies undertake to:

- Develop a system for attracting young people to work in Group companies and popularize jobs in the energy industry among pupils and students
- Improve the system of training and development of young employees
- Engage young employees in achieving corporate objectives, including in innovative and research activities
- Develop corporate volunteering and increase the social responsibility of young employees, including by allowing them to use property assets of the Group companies to implement measures aimed at supporting the healthy lifestyle of employees and families of Company employees, as well as during the implementation of socially important projects
- Contribute to the intellectual, spiritual, moral and physical development of young employees.

5.2.5. Supplier Relations

Group companies base their relations with Suppliers on the principles of efficiency, fairness and lawfulness, and Suppliers shall comply with the requirements of applicable laws in all actions and relations associated with the fulfillment of their obligations to the Group companies.

Within the framework of their activities, the Group companies undertake to:

- Implement internal procedures in all regions of Company presence to control the processes of evaluation, selection, and interaction with suppliers in compliance with the principles of this Policy
- Implement fair and transparent processes and provide equal opportunities based on uniform criteria during the evaluation and selection of suppliers
- Provide access for all suppliers to information on the principles of their evaluation and selection, as well as to other information necessary for cooperation
- Avoid conflict of interests when entering into agreements with suppliers
- Respect the supplier's right to confidentiality of their information provided to the Company.

Group companies expect that the Suppliers will adhere to this Policy and the Code of Corporate Ethics and will comply without fail with the principles set out herein, including:

- Respect for human rights
- Equal conditions of hiring and labor
- Environmental protection, occupational health and safety
- Observance of competition protection laws
- Safety and protection of personal data.

Group companies shall be entitled, based on agreements with Suppliers, to audit their compliance with anti-corruption laws and compliance procedures.

5.2.6. Customer Relations

Customer relations is one of the main areas of business of the Group companies. In our work we always strive to meet the highest standards in providing services and goods based on the principles of customer focus and an individual approach towards each customer.

Within the framework of their activities, the Group companies shall comply with the following rules:

- **Customers are entitled to receive information about the company and the goods (works, services)**

- Group companies shall that customers have access to necessary and reliable information about the manufacturer (contractor, seller), the work schedule, and the goods (works, services) to be sold, in accordance with the legislative requirements.

Such information shall be communicated to Customers in a visual and accessible form when concluding contracts, on the website of Group companies, in the personal cabinet, as well as in all customer service offices.

• **Customers shall have the right to a service culture and the observance of the prescribed service time limits.**

Personal communication with Customers is an important element of the corporate culture of the Group companies.

For the purpose of Customers' convenience, service offices are located within their reach and meet the standards of a favorable and comfortable environment for Customer service.

Group companies create all necessary conditions for the most comfortable and pleasant communications between their employees and Customers.

When serving the Customers, employees of the Group companies shall comply with the following rules of communication:

✓ Polite, attentive, and kind communication without using words and expressions that do not conform to the rules of the modern Russian literary language (including profane language)

✓ Equal service regardless of education, gender, nationality, social status, and religion

✓ Focus of employees on solving Customers' issues

✓ Compliance of employees with recommendations for their personal appearance (compliance with the corporate style)

✓ When rendering services to Customers in the Customer's apartment/house, the employees shall leave their work place in a proper, clean and neat condition.

In order to minimize the time expenditure of their Customers, Group companies apply remote (distance) and in-person service methods, information and reference systems, electronic queue management systems and others. Remote service methods are improved continuously to increase the customer service level.

• **Customers shall have the right to receive high-quality goods and services**

Group companies see the provision of services and goods of adequate quality, corresponding to the contract terms and conditions and to the description provided to the customers, as their priority objective.

Group companies provide the Customers with a wide range of high-quality goods and services and full information on ordering and purchasing them.

• **Customers shall have the right to the safety of goods (works, services)**

Group companies strive to ensure that the goods (work, service) are safe for the Customer's life and health and for the environment under the usual conditions of

their use, storage, transportation, and disposal, and do not cause harm to the Customer's property.

When selling goods and services, Group companies shall ensure the safety of the goods (works, services) during the service life and shelf life of the goods (works).

- **Customers shall have the right to the provision of services sold with due regard to the requirements of the competition protection law**

Group companies show zero tolerance for the actions (inaction) listed in the competition protection law which result or may result in the prevention, limitation or elimination of competition and/or infringement of the interests of other persons (business entities) in the field of entrepreneurship or of Customers in general.

Furthermore, Group companies show zero tolerance in their activity to any actions classified as unfair competition:

- **Customers shall have the right to the protection of their rights**

Customers may express their opinion on the service, as well as report on the violation of their rights and service standards.

For the purpose of reporting violations, the Customer shall use the following communication channels:

- ✓ the customer feedback book
- ✓ the "Ask a Question" section in the Customer's Personal Cabinet
- ✓ the Hotline address hotline@interrao.ru (in the event of any signs of fraud, corruption or breach of anti-trust laws and ethical standards).

5.2.7. Relations with Local Communities

In their activities, Group companies strive to increase the quality of life and well-being of the communities residing in the regions of presence of the Group and to make a positive impact on their social and economic development.

Group companies demonstrate their adherence to the principles of interaction with the local communities declared in the UN Global Compact, the UN Declaration on the Rights of Indigenous People, the ILO Indigenous and Tribal Peoples Convention, and other relevant regulatory legal documents of the Russian Federation and international documents.

Within the framework of their activities, the Group companies undertake to:

- Identify stakeholders among the representatives of local communities and accommodate their interests in planning and implementing Group companies' activities
- Build a dialogue and organize consultations with the representatives of local communities in respect of the issues affecting the quality of their life and well-being and engage them in discussion of significant issues concerning the development of the region of presence
- Receive the preliminary consent of indigenous peoples and other representatives of local communities to the implementation of projects that may impact their rights and quality of life

- Disclose up-to-date information on sustainability activities to the public and inform stakeholders on a regular basis about plans, prospects, and possible changes
- Develop an efficient mechanism for prompt review of stakeholders' complaints and giving proper replies thereto
- Maintain a favorable and safe living environment for local communities
- Respect the rights of indigenous peoples and take all necessary actions to avoid forced displacement of indigenous people from their community land
- Strive to prevent significant impact on the social, cultural, economic, and political heritage of local communities
- Develop a system for evaluating potential adverse impact (social, economic and/or environmental) of their activities on local communities and try to prevent or mitigate it
- Bear liability for the inflicted damage if the Group companies' activity is recognized as producing an adverse impact on the well-being of local communities as a result of due investigation by competent bodies
- Prevent the potential possibility of local communities to be exposed to the impact of hazardous substances and materials generated as a result of Group companies' activities
- Develop cooperation with the regional authorities, local self-government authorities, non-government organizations and representatives of small and medium businesses for the purpose of social and economic development of the regions of presence
- Strive to expand employment opportunities for the representatives of local communities
- Support the system of professional education and healthcare and contribute to the development of culture and sports in the territory of the region of presence
- Provide charitable support to non-government organizations and vulnerable segments of the population, where possible
- Avoid social investment programs supporting illegal or hazardous activities which are inconsistent with the values of Inter RAO Group.

5.2.8. Implementation of Charitable Projects

Group companies are engaged actively in the economic and social life of all regions of presence, going beyond single donations and pursuing a policy of comprehensive social responsibility with transparency as a requirement.

When determining the priority areas of charitable activities, Group companies are guided by the Regulation on Charity and Sponsorship and shall take into account the relevance of the issues that are based on the decrees of the President of the Russian Federation, orders of the Government of the Russian Federation, and government programs.

Group companies conduct their charitable activities on the basis of the following principles:

- Targeting: allocation of cash and other assets to an individual or a legal entity for specific purposes, followed by monitoring their targeted spending
- Effectiveness: achievement of a specific result, including the impact on the core business (supporting corporate values, promoting the implementation of the Strategy, etc.)
- Objectivity: assessment of programs and projects in terms of their social effectiveness and relevance to the goals, priorities and principles of charity and sponsorship
- Efficiency: achieving the desired results using the least amount of funds
- Territoriality: implementation of charity and sponsorship projects in territories where the Company has production, commercial or other interests related to business development
- Prospects: investments in the future of those regions which the Company considers promising in terms of business development
- Accessibility and transparency: ensuring a transparent and effective system of control of targeted spending of funds.

5.3. Responsibility in the Field of Corporate Governance, Internal Control and Audit

Group companies strive to improve the corporate governance system and to bring it into line with the best international practices.

5.3.1. Corporate Governance

The Company shall be guided in its corporate governance activities by legislative requirements, the MOEX Listing Rules, and the recommendations of the Bank of Russia Code of Corporate Governance, which, pursuant to the Decision of the Board of Directors dd. November 24, 2014, is the document defining the corporate governance standards in the Company, as well as by the corporate governance and information disclosure standards acknowledged in Russian and international practice.

The corporate governance system in the Company pursues the following goals:

- An equal attitude towards shareholders and protection of their interests
- Respect for stakeholders' rights stipulated by law
- Creating a valid system to ensure the safety of assets provided by shareholders and their efficient use
- Timely and accurate disclosure of information on all material issues related to the corporation
- Building the efficient operation of the management bodies.

5.3.2. Shareholder Relations

The Company is expanding the forms of its interaction with shareholders on the basis of the Program for Interaction with the Minority Shareholders of PJSC Inter RAO, which is approved and updated on a regular basis.

The goals of the Program are to:

- Create a positive image of the Company as an issuer of shares
- Increase the liquidity of shares
- Increase long-term investment demand for the Company's shares
- Promote the growth of the Russian retail investor aimed, among other things, at strengthening the stability of prices for the Company's shares
- Improve corporate governance
- Observe minority shareholders' rights.

Within the framework of its activities, the Company strives to:

- Enable the sale of shares in the market by individuals and residents of distant regions of Russia
 - Expand the circle of investors and increase the liquidity of the Company's shares by increasing the activity of individual shareholders
 - Support the operation of the mechanism for purchasing shares from minority shareholders, which would minimize their transaction costs
 - Reduce the number of negative communications of shareholders to the Company
 - Reduce the risk of claims and complaints filed with the Bank of Russia
 - Increase the financial and legal literacy of individual shareholders in terms of exercising their rights as Company shareholders, inter alia, by way of:
 - ✓ the Shareholder Personal Cabinet, the service for minority shareholders on the website of the Company Registrar;
 - ✓ printing out information brochures for shareholders (handouts) and distributing them among shareholders at meetings and general meetings of shareholders;
 - ✓ creating interactive products explaining frequently asked questions of shareholders about exercising the rights attached to their shares;
 - ✓ organization of awareness-raising work with Company shareholders by Group companies.

5.3.3. Risk Management and Internal Control

A Risk Management and Internal Control System has been implemented and is operating in the Group companies; it covers the key assets, business processes, lines of business, and all governance levels of the Group.

The Company has approved the Risk Management and Internal Control Policy of PJSC Inter RAO, which defines the goals, key principles, and uniform approaches

towards organizing the Risk Management and Internal Control System of the Group, as well as liability of the subjects of this system.

The goals of the Group companies in the field of risk management and internal control are as follows:

- To ensure the reasonable confidence of the Company's Board of Directors, executive and controlling bodies, shareholders and investors in achieving the strategic and operational goals of activity
- To ensure the efficiency of the financial and business activities and the cost-effective use of resources
- To ensure the safety of assets
- To monitor compliance with legislative documents and internal regulations
- To ensure the completeness and reliability of reporting.

5.3.4. Compliance

Group companies have created a compliance system consisting of the elements of corporate culture and values aimed at non-admission of illegal actions by Group employees, regardless of their position. The Company has approved the following internal regulations that set out the key principles of work in this area: the Code of Corporate Ethics, the Compliance Policy and the Antimonopoly Compliance Policy, and the Anti-Fraud and Corruption Policy.

Compliance goals and objectives:

- Minimization of the risks of occurrence of a negative outcome associated with the enforcement actions of the Group companies for failure to comply with the legislative requirements and principles of ethical business conduct, as well as with the generally accepted standards of business ethics
- Conducting business in compliance with the standards of corporate ethics and values of the Group
- Creating and implementing the compliance culture in the Group companies
- Analyzing and preventing situations that may result in failure to comply with legislative requirements, regulatory requirements, and the principles of ethical business conduct.

5.3.5. Internal Audit

The main goal of internal audit is to assist the Board of Directors and the executive bodies in increasing the efficiency of the governance of the Company and improving its financial and economic activities. Internal audit contributes to the achievement of Company goals using a system-based and consistent approach towards evaluating and enhancing efficiency of the risk management and internal control system, as well as the corporate governance system.

The goals, objectives, powers and place of internal audit in the organizational structure of the Company are set out in the Internal Audit Policy of PJSC Inter RAO and in the Regulation on the Internal Audit Unit of PJSC Inter RAO.

For the purpose of achieving its objectives, internal audit shall solve tasks in the following main areas:

- Evaluation of the reliability and efficiency of the risk management and internal control system
- Evaluation of corporate governance.

5.3.6. Interaction with the External Auditor

The Company's financial and economic activities, pursuant to the requirements of the Russian laws, shall be audited by an auditor. The auditor shall be approved by the General Meeting of Shareholders. The criteria and the procedure for selecting an auditor, as well as the rules for rotation of audit leaders, are governed by the Policy on Interaction with the External Auditor of PJSC Inter RAO, including the procedures ensuring the independence of an auditor for the purpose of external audit objectivity.

6. Sustainability Management System

Management of sustainable development in the Group companies is carried out within the framework of the existing organizational units of the Company and Group companies.

The Strategy and Investment Unit of the Company shall organize the process of ensuring sustainable development of the Group and shall be liable for the efficiency of work and business process results within the framework of the sustainable development system.

The Board of Directors of the Company shall review the sustainability reports (half-year and annual reports) two times a year.

7. Sustainability Reporting

The Company strives to ensure timely notification of stakeholders about its performance results in the field of sustainable development.

The sustainability reporting shall be prepared on a semiannual basis: a semiannual sustainable development report and an annual sustainable development report forming part of the Annual Report of the Company.

When preparing the reports, the Company shall adhere to the following key principles:

- Interaction with stakeholders in preparing the reports
- Preparing the reports in compliance with the principles and recommendations of international and Russian initiatives (including GRI)

- Timely publication of reports to ensure access and comprehensive notification of stakeholders about the performance results in the field of sustainable development.

8. Implementation of this Policy

8.1. The provisions of this Policy shall apply to all business processes and activities conducted by Group companies without exceptions.

8.2. The Company shall inform its internal and external stakeholders of the Company's approach described herein towards compliance with the sustainable development principles.

8.3. The Company expects its employees and business partners to comply with the principles set out in this Policy.

8.4. If an employee or a business partner fails to comply with the provisions of this Policy, the Company shall have the right to take measures in accordance with the Company's internal documents and the applicable legislation.

8.5. The employees and business partners of the Group companies, as well as other persons who have found out about and/or have grounds to suppose violations of human rights or violations related to discrimination or persecution, whether committed or planned, as well as the attributes or facts of fraud and corruption in the Group and other violations of the Code of Corporate Ethics of PJSC Inter RAO, may report them to the Hotline at hotline@interrao.ru.

The Company shall conduct an unbiased investigation of each report and shall keep the information received and the details of the person who contacted the Hotline confidential.

8.6. The Strategy and Investment Unit shall be responsible for implementing the Policy and monitoring its observance in the Company.

8.7. The Policy shall be approved by the Board of Directors of the Company and is subject to regular revision to keep it updated and in conformity with the current sustainable development objectives of the Group.

9. References¹

1. The Constitution of the Russian Federation
2. The UN Universal Declaration of Human Rights
3. The UN Convention against Corruption
4. The UN Declaration on the Rights of Indigenous People

¹ Should the said regulatory legal acts or internal regulations be amended or supplemented, their current version shall apply.

5. The UN Global Compact
6. The International Covenant on Civil and Political Rights
7. The International Covenant on Economic, Social and Cultural Rights
8. The UN Guiding Principles on Business and Human Rights
9. The ILO Declaration on Fundamental Principles and Rights at Work
10. The ILO Indigenous and Tribal Peoples Convention
11. The Labor Code of the Russian Federation
12. The Civil Code of the Russian Federation (RF Civil Code) (as amended)
13. The Housing Code of the Russian Federation (RF Housing Code) (as amended)
14. Federal Law No. 7-FZ dated January 10, 2002, "On Environmental Protection"
15. Federal Law No. 68-FZ dated December 21, 1994, "On Protecting People and Territories against Natural and Man-Made Emergencies"
16. Federal Law No. 223-FZ dated July 18, 2011, "On the Procurement of Goods, Works and Services by Individual Types of Legal Entities"
17. Federal Law No. 135-FZ dated July 26, 2006, "On Protection of Competition"
18. Federal Law of the Russian Federation No. 2300-1 dated February 7, 1992, "On Protection of Consumer Rights"
19. Resolution No. 354 of the Government of the Russian Federation dated May 6, 2011, "On Rendering Utility Services to the Owners and Users of Premises in Apartment Buildings and Residential Houses" (as amended)
20. ISO 26000:2010 Guidance on social responsibility
21. ISO 50001:2011 Energy management systems - Requirements with guidance for use
22. ISO 14001:2015 Environmental management systems - Requirements with guidance for use
23. ISO 9001:2008 Quality management systems — Requirements.
24. Articles of Association of PJSC Inter RAO
25. Code of Corporate Ethics of PJSC Inter RAO
26. Declaration of Environmental Responsibility of PJSC Inter RAO
27. Anti-Fraud and Corruption Policy of PJSC Inter RAO
28. Compliance Policy of PJSC Inter RAO
29. Antimonopoly Compliance Policy of PJSC Inter RAO
30. Internal Audit Policy of PJSC Inter RAO
31. Regulation on the Internal Audit Unit of PJSC Inter RAO
32. Risk Management and Internal Control Policy of PJSC Inter RAO
33. Policy on Interaction with the External Auditor of PJSC Inter RAO

34. Regulations on the Procedure for Consideration of Major Corporate Actions of PJSC Inter RAO
35. Targeted Ecology Program of Inter RAO Group
36. Regulations on the System of Occupational Health, Industrial, Fire and Environmental Safety Management in Respect of Production Activities of Inter RAO Group
37. Innovative Development Program of PJSC Inter RAO
38. Energy Conservation and Enhanced Energy Efficiency Program of Inter RAO Group
39. Regulation on Charity and Sponsorship of PJSC Inter RAO
40. Technical Policy of Inter RAO Group.