

INDEPENDENT PRACTITIONER'S LIMITED ASSURANCE REPORT RELATING TO THE INFORMATION ON GROSS DIRECT GREENHOUSE GAS EMISSIONS FROM THE STATIONARY COMBUSTION SOURCES OF PJSC INTER RAO IN 2018

To the Board of Directors of PJSC Inter RAO:

Introduction

We have been engaged by PJSC Inter RAO to perform an assurance engagement in accordance with International Standard on Assurance Engagements (ISAE) 3410 *Assurance Engagements on Greenhouse Gas Statements* ('the Standard') to provide public limited assurance on correctness of gross direct greenhouse gas emissions from the stationary combustion sources, presented in PJSC Inter RAO Annual Report for the year ended 31 December 2018 ('the Annual Report').

Selected Greenhouse Gas Emissions Data for Public Limited Assurance and the Applicable Criteria

Subject matter	Information on the subject matter contained in the Annual Report
Gross direct carbon dioxide (CO ₂) emissions from stationary fuel combustion sources in tonnes of carbon dioxide equivalent (tCO ₂ e) for the year ended 31 December 2018	81 256 217 tonnes of CO ₂ -equivalent

The information on the subject matter contained in the Annual Report is presented in the diagram "GROSS GREENHOUSE GAS EMISSIONS" in section "Air protection" of the Annual Report. Our conclusion does not apply to any other information provided in the Report.

The applicable criteria are reflected in the requirements of the Russian national direct greenhouse gas accounting methodology, set out in the Order No. 300 of the Ministry of Natural Resources and Environment of the Russian Federation dated June 30, 2015 ('the Criteria').

Management's Responsibility for the Information on Greenhouse Gas Emissions

Management is responsible for gross direct greenhouse gas emissions from the stationary combustion sources quantification in accordance with the Criteria; information disclosure in the Annual Report; and for such internal control as management determines is necessary to enable the preparation of the gross direct greenhouse gas emissions from the stationary combustion sources quantification that are free from material misstatement, whether due to fraud or error.

Management is also responsible for selecting applicable criteria, selecting and applying relevant greenhouse gas quantification methodologies and greenhouse gas reporting policies, preventing and detecting fraud, identification of and compliance with legal requirements applicable to the activities of PJSC Inter RAO, developing judgements, assumptions and estimates, which are reasonable in the current circumstances, maintaining sufficient documentation with regard to the information on greenhouse gas emissions from the stationary combustion sources.

Our Independence and Quality Control

We have complied with the independence and other ethical requirements established by the *Rules on Independence of Auditors and Audit Firms* and the *Code of Professional Ethics for Auditors* approved by the Audit Council of the Ministry of Finance of the Russian Federation and by the *Code of Ethics for Professional Accountants* issued by the International Ethics Standards Board for Accountants, which are based on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

We apply *the International Standard on Quality Control 1* and apply accordingly a system of quality control that includes documented policies and procedures providing compliance with ethical principles, requirements of professional standards and applicable legislation.

Our Responsibility

Our responsibility is to express a limited assurance conclusion on the Management Statement relating to the information on gross direct greenhouse gas emissions from the stationary combustion sources based on the procedures we have performed and the evidence obtained. We conducted our limited assurance engagement in Accordance with International Standard on Assurance Engagements 3410 *Assurance Engagements on Greenhouse Gas Statements*, issued by the International Auditing and Assurance Standards Board. That Standard requires that we plan and perform our procedures to obtain a meaningful level of assurance about whether the Management Statement that the information on direct gross greenhouse gas emissions from the stationary combustion sources has been prepared, in all material respects, in accordance with the applicable criteria (set out in section "Selected Greenhouse Gas Emissions Data for Public Limited Assurance and the Applicable Criteria" of this report) and is free from material misstatement, is fairly stated.

A limited assurance engagement undertaken in accordance with ISAE 3410 involves assessing the suitability in the circumstances of PJSC Inter RAO's use of applicable criteria, assessing the risks of material misstatement of gross direct greenhouse gas emissions from the stationary combustion sources whether due to fraud or error, responding to the assessed risks as necessary in the circumstances, and evaluating the overall presentation of gross direct greenhouse gas emissions from the stationary combustion sources. A limited assurance engagement is substantially less in scope than a reasonable assurance engagement in relation to both the risk assessment procedures, including an understanding of internal control, and the procedures performed in response to the assessed risks.

The procedures we performed were based on our professional judgment and included inquiries, observation of processes performed, inspection of documents, analytical procedures, evaluating the appropriateness of quantification methods and reporting policies, and agreeing or reconciling with underlying records.

Given the circumstances of the engagement, in performing the procedures listed above we:

- Through inquiries, obtained an understanding of PJSC Inter RAO's control environment and information systems relevant to emissions quantification and reporting, but did not evaluate the design of particular control activities, obtain evidence about their implementation or test their operating effectiveness.
- Evaluated whether PJSC Inter RAO's methods for developing estimates are appropriate and had been consistently applied. However, our procedures did not include testing the data on which the estimates are based or separately developing our own estimates against which to evaluate PJSC Inter RAO's estimates.
- Undertook site visits at two sites to assess the completeness of the emissions sources, data collection methods, source data and relevant assumptions applicable to the sites. The sites selected for testing were chosen taking into consideration their emissions in relation to total emissions, emissions sources, and sites selected in prior periods. Our procedures did not include testing information systems to collect and aggregate facility data, or the controls at these sites.

The procedures performed in the limited assurance engagement vary in nature and timing for, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Accordingly, we do not express a reasonable assurance opinion about the information on gross direct greenhouse gas emissions from the stationary combustion sources, in all material respects, in accordance with the applicable criteria.

Inherent Limitations

Greenhouse gas quantification is subject to inherent uncertainty because of incomplete scientific knowledge used to determine emission factors and the values needed to combine emissions of the different gases.

Limited Assurance Conclusion

Based on the scope of our work and the assurance procedures performed, nothing has come to our attention that causes us to believe the gross direct greenhouse gas emissions from the stationary combustion sources, calculated in accordance with the requirements of the Russian national direct greenhouse gas accounting methodology, set out in the Order No. 300 of the Ministry of Natural Resources and Environment of the Russian Federation dated June 30, 2015, for the year ended 31 December 2018 are materially misstated.

This conclusion has been formed on the basis of, and is subject to, the inherent limitations outlined elsewhere in this report.


Natalya Kaprizina
Engagement partner

December 20, 2019



The Entity: PJSC Inter RAO

Primary State Registration Number: 1022302933630

Certificate of registration in the Unified State Register
Nr. 23 002387411 of 01.11.2002, issued by Inspectorate of
the Russian Tax Ministry, Sochi, Krasnodar Territory

Address: 119435, Russian Federation, Moscow, Bolshaya
Pirogovskaya st. 27, building 2.

Audit Firm: AO "Deloitte & Touche CIS"

Certificate of state registration № 018.482, issued by
the Moscow Registration Chamber on 30.10.1992.

Primary State Registration Number: 1027700425444

Certificate of registration in the Unified State Register
Nr. 77 004840299 of 13.11.2002, issued by Moscow
Interdistrict Inspectorate of the Russian Ministry of
Taxation № 39.

Member of Self-regulated organization of auditors "Russian
Union of auditors" (Association), ORNZ 11603080484.