

Approved  
by Resolution of the Board of Directors  
of PJSC Inter RAO  
dated September 29, 2016  
(Minutes No. 180 dated October 3, 2016)

**ANTI-FRAUD  
AND ANTI-CORRUPTION POLICY  
of Public Joint-Stock Company  
"Inter RAO UES"**

Moscow

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## 1. Terms and Definitions

Term/Abbreviation	Definition
Anti-corruption monitoring	Monitoring of the Group's anti-fraud and anti-corruption actions to assess the efficacy of such actions, to analyze and evaluate the data obtained as a result of such monitoring, and to forecast the future condition and trends in the development of the appropriate actions.
Bribe	Receipt by an official, personally or through an intermediary, of money, securities, property, or benefits of a material nature for actions (omissions) in favor of a briber or persons represented by him/her if such actions (omissions) are part of the official powers of an official or if he/she can facilitate such actions (omission) due to his/her official position, as well as for general patronage or permissiveness in his/her work.
Group	Public Joint-Stock Company Inter RAO UES and its subsidiaries
Subsidiary	A business entity whose decisions may be determined by PJSC Inter RAO due to a controlling interest in its authorized capital or pursuant to a contract made between them or otherwise.
Due diligence	Activities based on the principles of common sense and good faith where the Company/a Group's company, its employees and the Group's companies bear responsibility when completing business transactions or making managerial decisions, including for obtaining, before contractual relations arise, information sufficient to form a reasonable opinion of any signs of bad faith on the part of a counterparty or a job candidate.
Abuse of authority	Exercise by a person performing managerial functions in a commercial or other organization of his/her powers in defiance of the lawful interests of such organization and for the purpose of deriving benefits and advantages for himself/herself or for other persons or for the purpose of inflicting harm on other persons, to the extent such actions entail significant damage to the rights and lawful interests of individuals or organizations or legally protected interests of society or the state (Article 201 of the Criminal Code of

	the Russian Federation).
Corruption	Abuse of official authority, giving a bribe, receiving a bribe, mediating a bribe, abuse of authority, commercial bribery or other illegal use by an employee of his/her official position in contradiction to the legitimate interests of the Company or a company of the Group for the purpose of receiving a benefit in the form of money, valuables, property, or a service of a material nature (including payment for entertainment, leisure, transportation costs), other property rights for himself/herself or for third parties, or illegally providing such benefit to the stated person by other individuals, or performing such actions on behalf of or for the benefit of the Company or a company of the Group.
Corrupt practices	Actions (omissions) of employees that contain signs of corruption or which contribute to it.
Commercial bribery	Illegal transfer to a person performing management functions in a commercial or other organization of money, securities, or other property, and illegal rendering to him/her of services of a material nature, providing other property rights (including when at the instruction of such a person, property is being transferred, or services of a material nature are being rendered, or property rights are being provided to another individual or legal entity) in order to perform actions (omissions) for the benefit of the giver or other persons, if such actions (omissions) are included in the official authority of such a person or if he/she can facilitate such actions (omissions) due to his/her official position (Article 204 of the Criminal Code of the Russian Federation).
Conflict of interest	A situation in which the personal interest (direct or indirect) of an employee affects or may affect the proper, impartial, and unbiased performance of his/her job duties (exercise of powers), and when a contradiction between the personal interest of an employee and the rights and legitimate interests of the Company/a company of the Group arises or may arise capable of inflicting damage to the property and/or business reputation of the Company/a company of the Group.
Personal interest	Possibility of receiving income in the form of money or other property, including property rights, services of

	a material nature, results of performed work, or any benefits (advantages) by an employee and/or his/her closest relatives (parents, spouses, children, brothers, sisters, as well as brothers, sisters, parents, children of spouses and spouses of children), individuals or organizations with whom such a person is connected by property, corporate, or other close relations.
Fraud	Theft or acquisition of the right to other people's property through deception or abuse of trust (Article 159 of the Criminal Code of the Russian Federation).
Company	Public Joint-Stock Company Inter RAO UES
Prevention of fraud and corruption	Activities of the Group aimed at introducing elements of the corporate culture, organizational structure, rules and procedures regulated by local regulations ensuring the prevention of corrupt acts and fraud, including detection and subsequent elimination of the reasons for corruption and fraud. <i>Note: activities of the Group on forming the corporate structure are reflected in the Code of Corporate Ethics of PJSC Inter RAO.</i>
Countering fraud and corruption	Activities of the Group for: a) prevention of corruption and fraud, including detection and subsequent elimination of the reasons for fraud and corruption (preventive actions against fraud and corruption); b) detection, prevention, suppression, uncovering, and investigation of corrupt acts and fraud (combating corruption and fraud); c) minimization and/or elimination of the consequences of acts of corruption and fraud.

## 2. Regulatory References

- 2.1. Criminal Code of the Russian Federation, Federal Law No. 63-FZ dated June 13, 1996 (with amendments and supplements)
- 2.2. Code of Administrative Offenses of the Russian Federation, Federal Law No. 195-FZ dated December 30, 2001 (with amendments and supplements)

- 2.3. Civil Code of the Russian Federation (Part 2), Federal Law No. 14-FZ dated January 26, 1996 (with amendments and supplements)
- 2.4. Labor Code of the Russian Federation, Federal Law No. 197-FZ dated December 30, 2001 (with amendments and supplements)
- 2.5. Federal Law No. 390-FZ dated December 28, 2012 (as revised on October 05, 2015) "On Security"
- 2.6. Federal Law of the Russian Federation No. 273-FZ dated December 25, 2008 "On Countering Corruption";
- 2.7. Federal Law of the Russian Federation No. 115-FZ dated August 7, 2001 "On Countering Legalization (Laundering) of Proceeds from Crime and Financing of Terrorism"
- 2.8. Federal Law No. 40-FZ dated March 08, 2006 "On Ratification of the United Nations Convention Against Corruption"
- 2.9. Federal Law No. 3-FZ dated February 01, 2012 "On Accession of the Russian Federation to the Convention on Combating Bribery of Foreign Public Officials in International Business Transactions";
- 2.10. Federal Law No. 125-FZ dated July 25, 2006 "On Ratification of the Criminal Law Convention on Corruption"
- 2.11. Decree of the President of the Russian Federation No. 683 dated December 31, 2015 "National Security Strategy of the Russian Federation"
- 2.12. Decree of the President of the Russian Federation No. 309 dated April 02, 2013 "On Measures for Implementation of Particular Provisions of the Federal Law 'On Countering Corruption'"
- 2.13. Methodological Guidelines for Preparation of the Regulations on Internal Audit, Regulations on the Risk Management System Approved by the Instruction of the Government of the Russian Federation ISh-P13-4148 dated June 24, 2015
- 2.14. Recommendations of the Ministry of Labor and Social Protection of the Russian Federation dated November 8, 2013 "Methodological Guidelines for the Development of Measures on Preventing and Countering Corruption and Their Application by Organizations"
- 2.15. Decree of the Federal Agency for State Property Management No. 80 dated March 02, 2016 "On Approval of Methodical Recommendations for Organizing Risk Management and Internal Control in the Area of Preventing and Countering Corruption"
- 2.16. 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")
- 2.17. Charter of the Russian Union of Industrialists and Entrepreneurs dated September 20, 2012 "Anti-Corruption Charter of Russian Business"

- 2.18. United Nations Convention Against Corruption (adopted in New York on October 31, 2003 by Resolution 58/4 at the 51st plenary session of the 58th session of the United Nations General Assembly), ratified by Federal Law No. 40-FZ dated March 08, 2006 "On Ratification of the United Nations Convention Against Corruption")
- 2.19. OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions (adopted in Istanbul on November 21, 1997), Russian Federation accession to the Convention - Federal Law No. 3-FZ dated February 01, 2012 "On Accession of the Russian Federation to the Convention on Combating Bribery of Foreign Public Officials in International Business Transactions")
- 2.20. Criminal Law Convention on Corruption (adopted in Strasbourg, ETS No. 173 dated January 27, 1999), ratified by Federal Law of the Russian Federation No. 125-FZ dated July 25, 2006 "On Ratification of the Criminal Law Convention on Corruption")
- 2.21. US Foreign Corrupt Practices Act of 1977
- 2.22. UK Bribery Act 2010 approved by the UK Parliament and Queen Elizabeth II on April 08, 2010, which took effect on July 01, 2011
- 2.23. Articles of Association of PJSC Inter RAO
- 2.24. Code of Corporate Ethics of PJSC Inter RAO
- 2.25. Regulations on Delineation of Powers between the Chairman of the Management Board, Heads of Units, Geographical Divisions, Directly Subordinate Departments approved by Decree No. IRAO/161 dated March 15, 2010 (as amended);
- 2.26. ISO 19600:2014 Compliance Management Systems - Guidelines

### **3. General provisions**

- 3.1. This Policy is a framework document defining the key goals, objectives, principles, and areas of the Group's anti-fraud and anti-corruption efforts, the purpose of which is to coordinate the activities carried out by the employees of the Group's business units and companies aimed at preventing, identifying, and stopping unlawful fraudulent actions and corrupt practices within the Group, and ensuring the security of its business processes.
- 3.2. The Policy shall extend to the members of the Board of Directors, Chairman of the Management Board, members of the Management Board, heads of business units and employees of the Company, members of governing bodies, business units and employees of the Group's companies, and shall be applied in relations between the companies in the Group, business units in the Group's companies, particular

employees of the Group, and in relations between the Group and third parties.

The Policy shall become mandatory for performance in the subsidiaries of PJSC Inter RAO after adoption of resolutions on accession to the Policy by governing bodies of these subsidiaries pursuant to their Articles of Association and the established procedure.

- 3.3. The Group's anti-fraud and anti-corruption activity is systematic and integrated into its strategic and operating management at all levels, and covers all the Group's companies and their units and personnel when they perform their functions as part of any business processes.
- 3.4. The members of the Board of Directors, Chairman of the Management Board, members of the Management Board, heads of business units and employees of the Company, and members of governing bodies and employees of other companies of the Group, irrespective of their position, who violated the requirements of the anti-corruption laws, this Policy, and local regulations in countering fraud and corruption elaborated within its scope shall bear disciplinary, civil, administrative, and criminal liability pursuant to local regulations, employment contracts, and the laws of the Russian Federation, and, in respective cases and with cause, may bear liability pursuant to the applicable provisions of international contracts, agreements, and other laws in which the Russian Federation is a participant, and, in particular cases, pursuant to regulations of foreign countries in which the Group conducts or plans to conduct activities, or with whom such activities may be associated.
- 3.5. The Group shall inform its counterparties, potential business partners, and shareholders about its measures and actions for preventing and countering fraud and corruption by posting the Anti-Fraud and Anti-Corruption Policy on the corporate website of the Company and websites of the Group's companies, by placing information on anti-corruption actions in newspapers and magazines issued by the Company, during corporate meetings and conferences, during negotiations to establish partnerships, prior to entering transactions and in the course of their conclusion, and by other means permitted by law.
- 3.6. Responsibility for implementation of the Anti-Fraud and Anti-Corruption Policy shall be borne by executive bodies and heads of divisions of the Company and the Group's companies.

#### **4. Group's Anti-Fraud and Anti-Corruption Goals and Objectives**

- 4.1. The goals of the Policy are:  
Creating a uniform understanding of rejection of fraudulent and corrupt actions by the members of the Board of Directors, Chairman of the Management Board, members of the Management Board, heads of business units and employees of the Company, and members of governing bodies and employees of the Group's companies,



forming their anti-corruption consciousness characterized by zero tolerance to corrupt practices;

- Eliminating acts of fraud and/or corruption in the Group's activities, developing and carrying out multi-faceted and successive measures to prevent and stop fraudulent actions, prevent and eliminate (minimize) the reasons and conditions causing corruption, and detect and uncover corrupt acts and fraud.

4.2. The Policy is primarily focused on:

- Informing employees of the Group's companies about the requirements of anti-corruption laws, the measures for countering fraud and corruption taken in the Group, and training on the procedure and rules of their application in day-to-day operations;
- Requiring the employees to know and meet the principles and requirements of this Policy, the key rules of regulatory and anti-corruption laws;
- Creating a system of local regulations, measures, and mechanisms to counteract any form and manifestation of fraud and corruption, and attaining the optimum performance of such system;
- Minimizing the risk of members of governing bodies and employees of the Group, regardless of their position, period of work, status, and other relations with the Group of being involved in fraudulent and/or corrupt activity;
- Revealing, stopping, uncovering, and investigating corrupt acts and fraud, minimizing and/or eliminating their consequences, and taking measures for their prevention in the future.

## 5. Group's Anti-Fraud and Anti-Corruption Principles and Approaches

5.1. The Group is governed by the following anti-fraud and anti-corruption principles:

- **Rejection of fraud and corruption** in any form and manifestation in operations, investments, and other activities.

This principle involves strict prohibition on employees, members of the Group's governing bodies, and other persons acting for the benefit or in the interests of the Group to participate, whether directly or indirectly, personally or through any form of mediation, in any fraudulent schemes and/or corrupt practices, regardless of the business practice, including in other countries.

The Group emphasizes the prohibition of corrupt practices, including those that resulted from a conflict of interest, whether with respect to representatives of the state, non-governmental organizations, private

companies, political leaders, and other third parties, or with respect to the Group's employees through abuse of their official position for personal benefit;

- **Tone at the top.** Members of the Board of Directors, Chairman of the Management Board, members of the Management Board, and senior managers of the Group shall develop an ethical standard of an uncompromising attitude to any form and manifestation of fraud and corruption at all levels, and demonstrate, implement, and observe such attitude in practice;
- **Minimization of the risk of business relations** with counterparties that may be involved in fraudulent schemes and/or corrupt activities or are tolerant of corrupt practices. This principle is implemented by ascertaining whether the Group's counterparties have established their own anti-corruption procedures or policies and their willingness to meet the requirements of this Policy, and to ensure that agreements include the appropriate sections declaring the implementation of the Policy, as well as to provide mutual assistance to ethically conduct business and prevent fraud and corruption;
- **Due diligence.** Before making a decision on starting or continuing business relations, the Group makes sure its counterparties and job candidates have integrity, do not have a conflict of interest or inclination toward fraudulent activities, and reject corruption;
- **Inevitability of punishment.** The Group declares its uncompromising attitude toward any form and manifestation of fraud and corruption at all levels of corporate governance, investigates all reasonable reports on violations of the appropriate procedures for preventing fraudulent actions and combating involvement in corrupt activities, and brings the guilty parties to responsibility, regardless of their position, period of work, status within the Group or other relations with it, according to the procedure set forth in the laws and local regulations of the Group. The Group takes all reasonable and lawful efforts to stop violations as quickly as possible;
- **Systematic and continuous nature** of the Group's anti-fraud and anti-corruption efforts. The Group develops and implements a system of appropriate procedures to counteract fraud and prevent involvement in corrupt activities. The Group makes sure its procedures are maximally transparent, clear, feasible, and reasonably appropriate for the identified risks. The Group supports the state policy of bringing the national economy and its strategic industries out of the offshore shadow, and does not finance, whether itself or through the Group's companies, its own employees, or employees of the Group's companies, any charitable or sponsorship projects in order to receive or preserve its commercial and/or competitive advantages. Nor does the Group in any way finance

political parties or pay any expenses for state officials or their close relatives. The Group counters fraud and corruption on a continuing basis;

- **Priority** of fraud and corruption prevention measures. The Group recognizes that a key to achieving the goal of this Policy is its endeavors to prevent the occurrence of and eliminate the conditions and causes of fraud and corruption;
- **Monitoring and control.** The Group monitors the implemented appropriate anti-fraud and anti-corruption procedures, controls compliance with them, and improves them regularly. The Group identifies, evaluates, and periodically reassesses the risks inherent in its business processes that are potentially vulnerable from the perspective of the emergence of conditions for involvement in fraudulent and corrupt actions. When identifying and evaluating risks, the Group factors in the entirety of information about its activities and plans, including those of an investment and strategic nature, available as of the date of such evaluation or revaluation.

5.2. The Group is governed by the following anti-fraud and anti-corruption approaches:

- 5.2.1. **Approach 1.** Compliance with the requirements of Russian, international, and generally accepted foreign laws ratified by the Russian Federation in the area of countering fraud and corruption (Section 2 of the Policy), recommendations and instructions of government agencies, and corporate standards of the Group on matters of countering fraud and corruption.
- 5.2.2. **Approach 2.** A unified infrastructure of integrated counteraction of fraud and corruption, including the Group's personnel, the Group's governing bodies, and the personnel of the Group's companies working in coordination, the hotline, the methodology and base of local regulations, and business processes/procedures. Instilling a uniform understanding in the Group's personnel that fraudulent and corrupt actions are unacceptable in any form or manifestation.
- 5.2.3. **Approach 3.** Comprehensive and effective approach to resolving anti-fraud and anti-corruption tasks. The actions and countermeasures cover all aspects of the business activities of the Group and the Group's companies, including core, economic, financial, and investment activities in their interrelation from the perspective of a systematic approach. The efficacy of a systematic and continuous approach involves attaining a specific result in the course of actions taken to prevent, identify, and stop any form and manifestation of fraud and corruption, and to eliminate the consequences and/or attempts to carry out the same.
- 5.2.4. **Approach 4.** Interaction with law enforcement and executive authorities to counteract fraud and corruption. Interaction is of a coordinating and preventive character.

## **6. Anti-Fraud and Anti-Corruption System**

- 6.1. The anti-fraud and anti-corruption system is a system ensuring counteraction of fraud and corruption within the Group through:
- Preventive and explanatory work aiming to ensure compliance with the Policy's requirements;
  - Prompt forecasting and mitigation of risks of involvement of the Group's personnel in fraudulent and/or corrupt activities;
  - Prevention, identification, and suppression of any form and manifestation of fraud and corruption;
  - Elimination of consequences and/or attempts to perform fraudulent and corrupt actions.
- 6.2. The system's results (positive effects) include:
- Economic damage from fraud and corruption is prevented;
  - The business reputation of the Company/Group as prerequisites for successful business development is maintained;
  - The risk of sanctions being applied to the company for a violation of Russian, foreign, and international anti-corruption laws is eliminated or reduced as much as possible;
  - Positive social climate in the Group's teams.
- 6.3. The system includes the following processes:
- Development, implementation, and application by the Group of local anti-fraud and anti-corruption regulations, organizational measures and procedures;
  - Carrying out in preventive activities aimed at preventing the emergence of negative processes among employees or any illegal actions by them. Inspections with respect to job candidates of a Group's company. Explanatory work focused on ensuring compliance with the Policy's requirements;
  - Organization and conducting of training of the Group's employees in preventing and countering fraud and corruption;
  - Regularly informing employees, counterparties, potential partners, and shareholders/members of the Group's companies about the Group's measures to prevent and counter fraud and corruption;
  - Identification of potential conflicts of interest among hired persons, in the appointment of employees to positions associated with a risk of corruption, and their timely adjustment to work;

- Control over compliance by employees with restrictions, prohibitions, and obligations set forth by the laws of the Russian Federation on countering corruption;
- Expert review of the local regulations and organizational and administrative documents adopted by the Group's companies to make sure they contain no provisions that may create motivations of any kind for involvement in fraudulent or corrupt actions, and ensuring they include the appropriate preventive measures, if applicable;
- Examination of the business reputation, including for no conflicts of interest, of the counterparties to signed contracts, the bidders in the procurement of goods, work, and services held for the benefit of the Group or its companies, and other existing and potential partners of the Group or its companies;
- Identification of interrelated transactions and related-party transactions when approving draft agreements made by the Group's companies in order to prevent a conflict of interest;
- Current monitoring of business processes in the Group's companies, analysis of potential vulnerabilities, and drafting of recommendations and proposals as to the organization and adoption of adequate measures to mitigate the risks of fraudulent actions and corrupt practices;
- Practical interaction with law enforcement authorities of the Russian Federation to coordinate its activities on countering fraud and corruption and preventing violations within the Group's companies;
- Gathering information about possible aspirations (plans, intentions, practical actions) of unscrupulous competitors or illicit structures towards the Group's employees to obtain any confidential data or other significant information, or to compel them to perform certain actions (or omissions), which may lead to damage (both tangible and intangible) to the Group's interests.
- Taking measures to eliminate the consequences and reduce the risks of fraudulent and/or corrupt actions, including: Participation, on the management's order, in internal investigations on actual or attempted violations on the part of the Group's or its companies' personnel, participation in claims work, cooperation with governmental control agencies when they reach out, and in inspections with respect to alleged or actual violations committed by the Group or its companies, etc.;
- Regular external and internal audits of the effectiveness of the internal control system, in particular, the system of business and management accounting, and control over compliance with the requirements of the laws, international standards, and local regulations of the Group;

- Operation of the hotline to encourage employees of the Group or Group's companies and representatives of counterparties to report any signs of fraudulent activities and corrupt practices.

The hotline meets the principles of objective and timely handling of calls, anonymous reporting, guaranteed personal confidentiality, non-prosecution of callers, and non-acceptance of calls that are knowingly false, defamatory, or contrary to the hotline's function.

#### 6.4. Composition and functions of subjects of the Anti-Fraud and Anti-Corruption System

The key subjects of the Anti-Fraud and Anti-Corruption System, whose effective interaction facilitates the achievement of the goals and objectives of this Policy, are:

- The **Board of Directors** of the Company determines the key principles of and approaches to organizing the Anti-Fraud and Anti-Corruption System, facilitates the allocation of resources necessary for their implementation and exercises general control over their implementation, performance discipline, and operational efficiency, and takes all measures within the limits of its authority to ensure that this process complies with the principles and approaches to its organization defined by the Board of Directors, and it approves this Policy;
- The **Chairman of the Management Board** of the Company ensures the creation and efficient functioning of the Anti-Fraud and Anti-Corruption System, delegates authority, duties, and responsibilities for particular procedures in the area of preventing and countering corruption between divisions, approves plans (programs) of action for the development, implementation, and assurance of the functioning of actions aimed at preventing and countering corruption (hereinafter - "Action Plan for Countering Fraud and Corruption), and provides reports on their performance;
- The **Management Board** of the Company bears responsibility for implementation of the principles and approaches to the functioning of the Anti-Fraud and Anti-Corruption System, prompt implementation and updating of actions on prevention and countering of corruption and fraud, and efficient functioning of the procedures for preventing and countering corruption and fraud;
- The **Commission for Resolution of Conflicts of Interest** (hereinafter - "Commission") performs general coordination and monitoring of the activities of all subjects of the Anti-Fraud and Anti-Corruption System, considers issues related to compliance with anti-corruption laws and to the performance of transactions/operations with a high corruption risk, makes decisions on the resolution of conflicts of interest, considers the results of inspections/investigations and other actions on detected violations and recommendations for measures for their elimination and

determination of the liability of guilty persons; performs analysis and assessment of proposals on improving the anti-corruption procedures received from the Security and Regulations Unit, security divisions of subsidiaries, the Internal Audit Unit, including by hotline, and from business units of the Company and the Group's companies, whose competency covers the proposals; prior to submission for approval, considers the plans for countering fraud and corruption and the reports on their performance, and also considers the recommendations on forming local regulations ensuring the process of risk management and internal control in preventing and countering corruption;

- The **Security and Regulations Unit** organizes and conducts targeted activities to prevent, detect, and stop fraudulent and corrupt actions and their manifestations, including an anti-corruption examination of local regulations and corporate standards of the Group, anti-corruption monitoring of business processes and transactions/operations, and detection of signs of a conflict of interest. It develops and approves drafts of local regulations in the area of countering fraud and corruption elaborated by other business units, makes, with due consideration of proposals from all subjects of the System, and submits for the consideration of the Commission consolidated plans for countering fraud and corruption and the reports on their performance, provides advice and ensures methodological support to heads of divisions and employees on the issues of development, implementation, improvement, and performance of actions on countering fraud and corruption, takes part in the investigation of violations having features of corruption, interacts with state authorities, local government agencies, and scientific and educational organizations and institutions in the area of countering corruption, and represents the Group at summits, scientific and practical seminars, and conferences at the Russian and international levels in the area of countering corruption;
- The **HR and Organizational Development Unit** carries out measures to form a corporate culture against fraud and corruption, organizes training of employees in the prevention and countering of corruption, and compliance with anti-corruption laws and local regulations on prevention and countering of corruption, informs hires about local regulations adopted in the Company that regulate matters of preventing and countering corruption, and organizes the work of the Commission for Resolution of Conflicts of Interest;
- The **Legal Affairs Unit** monitors Russian, foreign, and international laws in the area of countering fraud and corruption, monitors their amendments and the relevant judicial practice, informs the Commission for Resolution of Conflicts of Interest, the Security and

Regulations Unit, and other divisions of the Company of such amendments, and, if necessary, of the required updates to the Group's documents in connection with the amendment of legislation on countering fraud and corruption, and controls the compliance of local regulations, transactions, and operations with the laws on countering fraud and corruption;

- The **Corporate and Property Relations Unit**, pursuant to the Regulations on the Business Unit Performing the Functions of Corporate Secretary, ensures the consideration of issues by governing bodies of the Company and exercises control over the execution of their decisions;
- **Sole executive bodies of the Group's companies** ensure the adoption, implementation, and execution of the provisions of the Policy in the Group's companies;
- **Heads of business units of the Group's companies** (with respect to business processes, owners and/or participants of which are business units led by them) detect, assess, and reassess corruption risks, development and improvement of control procedures and actions aimed at preventing and countering corruption, including development and timely updating of local regulations of the Group's companies on preventing and countering corruption; ensure assistance and provision of the necessary information to the Commission and the Security and Regulations Unit during inspections/investigations; perform explanatory work/inform employees and counterparties/business parties of the requirements and actions of the Group in preventing and countering corruption;
  - **Employees of business units of the Group's companies** perform control measures and actions stipulated by the local regulations for countering fraud and corruption, assist and provide information and documents requested by the Security and Regulations Unit, the Internal Audit Unit and the Commission, inform subjects of the Anti-Fraud and Anti-Corruption System within their competence of detected signs and facts of fraud and corruption, carry out compliance, execution, and support of principles and requirements of this Policy in their day-to-day operations, and submit proposals on improving the control procedures;
- The **Risk Management and Operational Controlling Department** provides methodological support to the Security and Regulations Unit and the heads of business units:
  - in developing approaches to detection and assessment (analysis) of corruption risks;
  - in implementing procedures for detection, assessment of corruption risks, and development of measures to manage corruption risks as part of the Group's risk management cycle;

The department also provides assistance to heads of business units in developing and documenting anti-fraud and anti-corruption control procedures;



- The **Internal Audit Unit** performs regular independent and impartial assessment of the efficacy of functioning of the risk management and internal control process in preventing and countering corruption within inspections; makes recommendations on improving the reliability and efficiency of the risk management and internal control process in preventing and countering corruption; brings assessment results to the notice of executive bodies, the Audit Committee, and the Board of Directors of the Company; checks compliance by executive bodies of the Company and its employees with the provisions of the legislation and local policies of the Company related to insider information and combating corruption, checks compliance with the requirements of the Code of Corporate Ethics of the Company, works with messages given to the hotline, organizes independent consideration of received messages, and, if necessary, initiates an unscheduled audit or internal investigation.

All subjects of the Anti-Fraud and Anti-Corruption System shall bear liability for carrying out the Anti-Fraud and Anti-Corruption Policy within their competence.

6.5. Functioning of the Anti-Fraud and Anti-Corruption System is primarily focused on the activities that are potentially exposed to risks of corruption. The list of the activities/business processes that are potentially exposed to corruption risks include:

- **Procurement:** information transparency, no discrimination or unreasonable restrictions on competition with respect to bidders, honest and reasonable selection of the most advantageous proposals with a comprehensive analysis of the costs and benefits; targeted and economically efficient spending of funds;
- **Accounting:** strict compliance with the laws and rules for maintaining accounting records established by local regulations. Carrying out business operations without reflecting them in accounting records, as well as distortion or falsification of accounting data or supporting documents are treated as fraud and are subject to investigation as prescribed by the Group's local regulations, laws of the Russian Federation, international laws, and laws of the country of presence of the Group's company;
- **Exchanging business gifts and gestures of hospitality, and entertainment expenses:** compliance with the law, openness and transparency, justification and need for coordination, and intended use;
- **Charitable and sponsorship activities:** compliance with the law, ensuring business interests and/or achievement of the Group's statutory goals, openness and transparency, justification and need for coordination, need for approval

as prescribed by the internal regulations of the Group's companies, and mandatory recognition in accounting records.

- **Investment activities:** compliance with the law, openness and transparency, justification and need for coordination, and intended use;
- **Making transactions related to the purchase and sale of assets, mergers, and acquisitions:** performing (anti-corruption) due diligence before/after a transaction, voluntary disclosure of detected violations to the appropriate state regulatory authorities, implementation of anti-corruption control mechanisms in an acquired company.

This list is not exhaustive and may be supplemented/modified/elaborated in more detail when forming/adjusting the list of corruption-vulnerable functions of the Company/Group's companies performed annually based on the results of detection and assessment of corruption risks depending on the degree of exposure of markets/regions of presence of the Group's companies and its counterparties to manifestations of corruption.

## **7. Restrictions of the Anti-Fraud and Anti-Corruption Policy**

7.1. The Group's efforts to implement the Anti-Fraud and Anti-Corruption Policy are restricted (regulated) by:

- Laws and regulations of government agencies of the Russian Federation and the countries of presence of the Group's companies;
- Articles of Association of the Group's companies, resolutions of the General Meetings of Shareholders and the Boards of Directors/Supervisory Board of the Group's companies;
- Regulations on Delineation of Powers between the Chairman of the Management Board, Heads of Units, Geographical Divisions, Directly Subordinate Departments, Orders of the Chairman of the Company's Management Board, and Orders of the Directors of the Group's companies;
- External environment in which the Group operates (geopolitical aspect, political aspect, environmental aspect, economic aspect, and legislative aspect).

## **8. Interaction with Public Supervisory and Law Enforcement Authorities in Preventing and Countering Corruption**

8.1. Interaction with public supervisory and law enforcement authorities shall be carried out by (including, but not limited to):

- Informing the respective public supervisory and law enforcement authorities of violations having signs of corruption;

- Providing assistance to the respective public supervisory and law enforcement authorities in the investigation of violations having signs of corruption;
- Providing assistance to the respective supervisory and law enforcement authorities in their inspections of the activities of the Group and the Group's companies on the issue of compliance with anti-corruption laws;
- Providing comments/taking part in meetings at the request of public supervisory and law enforcement agencies related to matters of anti-corruption legislation.

## **9. Planning of Anti-Fraud and Anti-Corruption Actions and Reporting**

- 9.1. The Group's activities in the area of development, implementation, and assurance of the functioning of actions aimed at preventing and countering corruption shall be performed pursuant to the plans (programs) adopted in the Group.
  - 9.1.1. Based on proposals for carrying out measures on prevention and countering of fraud and corruption submitted to the Security and Regulations Unit by subjects of the Anti-Fraud and Anti-Corruption System, the Security and Regulations Unit shall make and submit for consideration to the Commission the Plan (Program) for Development, Implementation, and Assurance of the Functioning of Actions Aimed at Preventing and Countering Corruption consolidated for the Company (hereinafter - "Action Plan for Preventing and Countering Fraud and Corruption");
  - 9.1.2. The Commission shall consider the Action Plan for Preventing and Countering Fraud and Corruption and, after approval, shall recommend it for approval by the Sole Executive Body of the Company.
  - 9.1.3. The Action Plan for Preventing and Countering Fraud and Corruption shall be approved and put into effect by decree of the Sole Executive Body of the Company.
  - 9.1.4. The Action Plan for Preventing and Countering Fraud and Corruption is made for one year, generally coinciding with a calendar year. Along with the yearly plan, medium-term and/or long-term plans may be made.
  - 9.1.5. Based on the results of analysis of the current plan's progress and proposals for improving the procedures and measures for preventing and countering fraud and corruption, plans may be updated in order to account for amendments to Russian, foreign, and international anti-corruption laws, instructions, and recommendations of government bodies on prevention and countering of corruption. Action plans for preventing and countering fraud and corruption shall be updated in a manner similar to that set forth in clause 9.1.1-9.1.3 for their development and approval.
- 9.2. Based on the results of performance of the Action Plan(s) for Preventing and Countering Fraud and Corruption and

anti-corruption measures performed during the planning period that are beyond (outside of) the Plan, the report(s) shall be made for the Sole Executive Body of the Company.

- 9.2.1. Based on reports on the performance of actions contained in the Action Plan for Preventing and Countering Fraud and Corruption submitted to the Security and Regulations Unit by subjects of the Anti-Fraud and Anti-Corruption Unit, for which they are responsible, and unscheduled actions during a reporting period, the Security and Regulations Unit shall make and submit for the Commission's preliminary approval the Report on Performance of Actions for Preventing and Countering Fraud and Corruption consolidated for the Company for the planning period established in clause 9.1.4.
- 9.2.2. The Commission shall consider the Report on Performance of Actions for Preventing and Countering Fraud and Corruption and, after approval, shall recommend it for approval by the Sole Executive Body of the Company.
- 9.2.3. The Report on Performance of Actions for Preventing and Countering Fraud and Corruption shall be approved by decree of the Sole Executive Body of the Company.
- 9.3. Based on the plans of PJSC Inter RAO, the Group's companies shall develop and approve, in a manner similar to the preceding one, their Plans (Programs) for Development, Implementation, and Assurance of the Functioning of Actions Aimed at Preventing and Countering Corruption, and shall make and approve reports on their performance. The plans of the Group's companies shall not contradict the plan of PJSC Inter RAO.
- 9.4. Heads of business units, who are involved according to the plans (programs), are responsible for the implementation of action plans (programs) on preventing and countering fraud and corruption.

## **10. Control and Assessment of the Efficacy of Functioning of the Anti-Fraud and Anti-Corruption System**

- 10.1. The Board of Directors of the Company shall consider the report on implementation, performance discipline, and operational efficiency of the procedures for organizing the Risk Management and Internal Control Systems in the area of preventing and countering corruption prepared by the Company's management at least once per year.
- 10.2. The Anti-Fraud and Anti-Corruption System shall be subject to regular internal and external assessment of the efficacy of its functioning.
  - 10.2.1. Internal assessment of the efficacy of functioning of the Anti-Fraud and Anti-Corruption System shall be performed by the Internal Audit Unit. Inspection (assessment) of the efficacy of the risk management and internal control system in the area of preventing and countering corruption shall be included in the inspection plan of the Internal Audit Unit on a yearly basis. The results of such inspection (assessment), including detected defects, shall be brought to the attention of executive bodies,

the Audit Committee, and the Board of Directors pursuant to the procedure stipulated by the local regulations of the Company.

10.2.2. External independent assessment of the efficacy of functioning of the Anti-Fraud and Anti-Corruption System shall be performed upon the decision of the Board of Directors at least once every three years.

The Board of Directors may order an external independent assessment to be conducted if signs of corruption or significant violations of anti-corruption actions (procedures) will be detected by the Internal Audit Unit based on the results of inspection.

10.2.3. The results of external independent assessment of the Anti-Fraud and Anti-Corruption System, including the opinion on the efficacy of such system, and the list of detected defects shall be brought to the attention of executive bodies, the Board of Directors (Audit Committee), and the Internal Audit Unit pursuant to the procedure stipulated by the local regulations of the Company.

10.2.4. Based on the results of assessment of the efficacy of the Anti-Fraud and Anti-Corruption System, the Company shall develop an action plan to eliminate defects and improve the system as a whole.

## **11. Procedure for reviewing and modifying the Policy**

11.1. Reviewing the Policy and making amendments and supplements to it shall be performed by proposal of any subject of the Anti-Fraud and Anti-Corruption System.

11.2. Proposals for reviewing the Policy and making amendments and supplements to it shall be sent to the Security and Regulations Unit.

11.3. The Security and Regulations Unit shall submit a draft of the new version of the Policy/amendments and supplements for consideration of the Commission for Resolution of Conflicts of Interest for preliminary and final approval.

11.4. After preliminary approval by the Commission for Resolution of Conflicts of Interest, the new version of the Policy/amendments or supplements shall be submitted for approval to the Board of Directors of the Company pursuant to the procedure established in the Company.

11.5. The new version of the Policy/amendments or supplements shall be approved by decision of the Board of Directors and put into effect by decree of the Sole Executive Body.

11.6. Amendments related to a change in the names of business units and collective bodies of the Company, as well as updating of the form and style of the text of particular provisions of the Policy shall be introduced to the Policy without their approval by the Board of Directors by decree of the Sole Executive Body of the Company.