

8. Approval of the Company's Auditor

The issue of approving the Company Auditor's candidacy pertains to the competence of the Annual Shareholders General meeting of PJSC "Inter RAO" (Clause 1 of Article 47 of the Federal Law "On Joint-Stock Companies").

Pursuant to cl. 5.3.1 of the Policy of Rotation of External Auditor of PJSC "Inter RAO" (hereinafter — "the Policy of Rotation"), adopted by the resolution of the Board of Directors of PJSC "Inter RAO" (hereinafter — "the Company") dated July 31, 2015 (Minutes No. 149 dated August 3, 2015), and following the instruction of the Audit Committee of the Board of Directors of the Company (in accordance with cl.1 of Minutes No. 56 dated June 19, 2015), in August 2015, closed competitive negotiations on the issue of election of a single candidacy of the Auditor for the years 2016, 2017, and 2018 were held.

Following the results of the closed competitive negotiations (Minutes No. 7133/3KP-PVP of the meeting of the Procurement Commission on the issue of electing the winner of the closed competitive negotiations in electronic form dated September 1, 2015), Ernst and Young LLC (77 Sadovnicheskaya naberezhnaya, bld. 1, 115035 Moscow) was announced the winner of the closed competitive negotiations.

It was considered reasonable to engage Ernst and Young LLC to provide the following audit services in relation to the financial reports for 2016:

- audit of the consolidated financial statement of the Inter RAO Group for 2016, prepared in compliance with the International Financial Reporting Standards (IFRS);
- carrying out reviews of interim condensed consolidated financial statements of the Inter RAO Group, prepared in compliance with the International Financial Reporting Standards (IFRS), for the three-month period ending on March 31, 2016, for the six-month period ending on June 30, 2016, and for the nine-month period ending on September 30, 2016;
- audit of annual accounting reports of PJSC "Inter RAO" for 2016, prepared in compliance with the Russian Accounting standards (RAS).

Engaging Ernst and Young LLC to provide the above mentioned audit services also obviates the need of further harmonization of the results of the audit and the reviews for 2015, which were prepared by Ernst and Young LLC, with another audit firm with the aim of verification of the comparable reporting periods. Moreover, engaging Ernst and Young LLC to provide the above mentioned audit services obviates the need of further harmonization of the results of the quarter period review of financial reports prepared by one audit firm with the results prepared by another audit firm engaged to carry out the annual audit.

In addition to the aforesaid, on February 18, 2016, the Audit Committee of the Board of Directors of the Company (Minutes No. 69 dated February 18, 2016) confirmed the compliance Ernst and Young LLC with the principles of independence and objectiveness, and recognized the absence of a conflict of interests between Ernst and Young LLC and the Company following on the results of 2015, based on the factors listed below:

the total share of cost of non-audit services provided by Ernst and Young LLC and its affiliated persons amounted to 15.2 %, which is below the limit set forth in cl. 7.6. "Policy of Rotation of the External Auditor of PJSC 'Inter RAO'" (20 %);

following the results of the examination of Ernst and Young LLC report on assurance of independence, objectiveness and avoidance of a conflict of interests between Ernst and Young LLC and PJSC "Inter RAO" based on the results for 2015, the compliance of Ernst and Young LLC with all the requirements and principles of independence set forth in the report, and which reside in the demand that the auditors and their clients shall not enter into relationship and shall not provide each other services which can really or potentially bring about a mutual interest or a conflict of interests between the auditor and the client;

the requirement of rotation of the partners of managers of audit checks that participate in the check every seven years is observed for the Inter RAO Group (Sofia Azizyan, current partner of Ernst and Young LLC, was is 2015 in her sixth year of management of audit).

At the meeting of April 7, 2016 (Minutes No. 165 dated April 7, 2016), the Board of Directors of the Company accepted the recommendations of the Committee related to proposing to the Annual Shareholders General meeting of PJSC "Inter RAO" to approve Ernst and Young LLC as the Auditor of the reports of the Company for 2015 and defined the cost of the Auditor's services in accordance with the recommendations of the Audit Committee issued based on the procurement procedures of 2015:

Based on the results of competitive procedures and in consideration of recommendations of the Board of Directors Audit Committee dated December 11, 2015 (minutes No. 65), based on the decisions of the Board of Directors Audit Committee of PJSC "Inter RAO" for assessment of the auditor's independence dated January 28, 2016, February 18, 2016 (minutes No. 67, No. 69) and clause 5.3.1 of the Rotation Policy, approved by the decision of the Board of Directors dated July 31, 2015 (minutes No. 149 dated August 3, 2015), clause 21.10 of article 21 of the Company's Article of Association to determine:

— the audit cost of the consolidated financial statements of the Inter RAO Group prepared in accordance with the International Financial Reporting Standards (IFRS) for 2016 shall be RUB twenty million (20,000,000), excluding VAT;

— the cost of services related to assessment review of interim condensed consolidated financial statements of Inter RAO Group prepared in accordance with the International Financial Reporting Standards (IFRS) for three months ending on March 31, 2016, shall be RUB four million five hundred thousand (4,500,000), excluding VAT;

— the cost of services related to assessment review of the short interim consolidated financial statements of Inter RAO Group prepared in accordance with the International Financial Reporting Standards (IFRS) for six months ending on June 30, 2016, shall be RUB four million two hundred thousand (4,200,000), excluding VAT;

— the cost of services related to assessment review of short interim consolidated financial statements of Inter RAO Group prepared in accordance with the International Financial Reporting Standards (IFRS) for nine months ending on September 30, 2016, shall be RUB four million two hundred thousand (4,200,000), excluding VAT;

— the audit cost of the annual financial statements of PJSC "Inter RAO" for 2016 prepared in accordance with the Russian Accounting Standards (RAS) and submission of audit report to the annual financial statements of PJSC "Inter RAO" for 2016 prepared in accordance with the Russian Accounting Standards (RAS) shall be RUB nine hundred thousand (900,000), excluding VAT.

The agreement with the auditor shall enter into force upon its approval by the Annual Shareholders General meeting of the Company.

It is proposed that the annual shareholders general meeting approve the following resolution:

→ **On Item 8:**

Ernst & Young LLC, OGRN 1027739707203, certificate of membership in the self-regulatory organization Non-Profit Partnership "Audit Chamber of Russia" No. 3028 dated May 20, 2009, shall be approved as the Company's Auditor.