



ЮНУ НПО

2018
Annual report

Pre-approved by
the Board of Directors of
Unipro PJSC
on 8 May 2019
(Minutes No.274)

Approved by
the Annual General
Shareholders' Meeting
of Unipro PJSC
on 14 June 2019
(Minutes No.22)

Chairman of the Annual
General Shareholders'
Meeting

_____ M.G. Shirokov

UNIPRO PJSC

2018 Annual Report

Validity of information
in the Annual Report is certified by
the Opinion of the Audit Commission
of Unipro PJSC unnumb.
dated 19 March 2019

CHIEF EXECUTIVE OFFICER

M.G. SHIROKOV

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Address of the CEO

Dear shareholders, investors and colleagues!

In 2018, we systematically continued to implement our corporate strategy in order to strengthen the Company's position in the thermal power market.

Due to the circumstances we are all aware of, the past year turned out to be very challenging. But I am pleased to announce that despite the difficult market conditions due to overcapacity in the power system and intense competition, Unipro PJSC still remains one of the most stable companies in Russia's electricity sector.

Even when faced with serious challenges, we have maintained our commitment to high standards of corporate governance and social responsibility.

In 2018 we continued to invest in our own development. The Company took numerous measures to retool and modernise operating capacities. All scheduled repairs to the power units have been completed. In May 2018, the major inspection of equipment at combined-cycle Power Unit No. 7 at Surgutskaya GRES-2 was completed, that was carried out by internal service staff under the supervision of the manufacturer General Electric.

The repair and refurbishment of Power Unit No. 3 at

Berezovskaya GRES is in its final stage.

The Company continues to pay great attention to issues of labour rights and the health and safety of its employees as well as staff from contracting organisations. There were no serious accidents in 2018, which is a great achievement for us. This is the result of the systematic work being carried out at Unipro PJSC. We continue to implement a three-year strategy in the area of health and safety in the workplace and have focused on reducing any high risks of injury which staff is exposed to, as well as developing leadership in occupational safety. **Once again, we confirmed the high standards of our Health and Occupational Safety Management System, having successfully passed a supervisory audit on compliance with OHSAS 18001-2007, and have fulfilled all the planned measures of the Labour Safety Plan for 2018.**

Environment protection is one of the priorities at Unipro PJSC in the area of sustainable development. In 2018, in accordance with the requirements of Russian legislation, the Company began implementing large-scale projects to create an automatic system to continuously monitor emissions at Berezovskaya GRES and began introducing technology to protect fish at Surgutskaya GRES-2 and Yaivinskaya GRES,

The reporting year was marked by the introduction of a number of corporate social responsibility projects, many of which are unique to our Company

and development also got underway for a project to restore two sections of the sludge disposal site at Surgutskaya GRES-2. Waste sorting and recycling is carried out at all stations. **Unipro PJSC successfully completed the second compliance audit of the Environmental Management System and obtained a certificate of its compliance with the requirements of the updated version of ISO 14001:2015 international standard.**

Above all, Unipro PJSC values its employees. The Company pays great attention to staff development and the creation of a reserve of high-potential employees. **We actively promote a positive image of the employer both within the Company and in the labour market.**

The reporting year was marked by the introduction of a number of corporate social responsibility projects, many of which are unique to our Company. Thus, in

2018, a new modern park was created thanks to the financial support from our Company, which is located on the side of Karaulnaya Mountain within a short distance from Paraskeva Pyatnitsa Chapel — Krasnoyarsk's main landmark. In 2018, Unipro PJSC partnered with the Russian National Theatre Award "Golden Mask". Our help has made it possible to bring two Moscow performances to the city of Surgut. We implement educational and cultural projects on a continuous basis. The Company allocates funds to improve health care and support sports in the regions where it operates.

Two plants celebrated their anniversaries in 2018: Smolenskaya GRES celebrated 40 years and Yaivinskaya GRES celebrated 55 years. Each plant has its own history, but all these years they have successfully carried out their main goal of supplying electric power and heat to consumers. I would like to thank the branch teams for the quality of the work they have put in.

This year will be very important and intense for us. Unipro PJSC took part in a competitive selection of modernisation projects for thermal power plants. The final list of projects

is to be approved by the Russian Government. We will have to complete the repair and refurbishment at Power Unit No. 3 of Berezovskaya GRES. And while we are busy with all of this, we will still be responsible for fulfilling **our main daily task — to provide an uninterrupted supply of electric power for Russia.** This will require maximum efficiency from each of us and we will need to pool our efforts. But I am sure that a well-thought-out development strategy, an

efficient management system at all levels of the Company, and the coordinated work of employees will enable us to achieve high results. And thanks to our common efforts, we will hold up our title as the most efficient company of the thermal power generation sector in the Russian Federation.

I would also like to express my gratitude towards our shareholders for their trust in us. We will make every effort to meet your expectations!

Best regards,
Maxim Gennadyevich Shirokov,
Chief Executive Officer,
Unipro PJSC



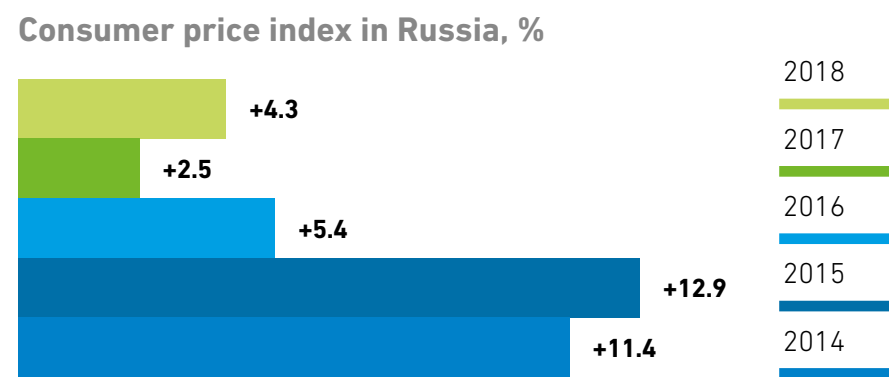
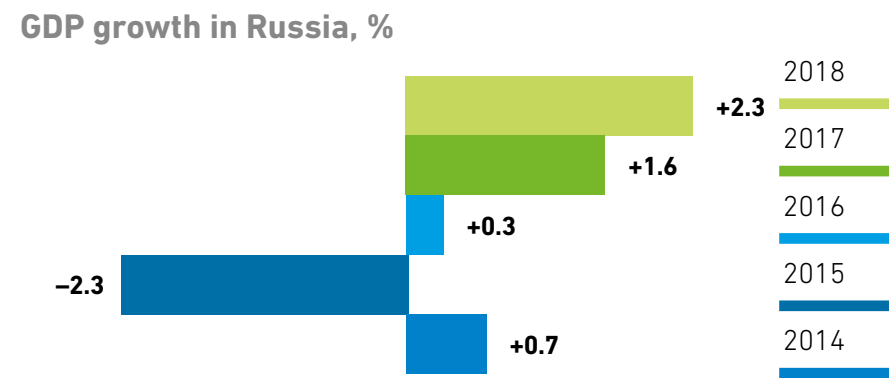
Macroeconomic Overview

The growth rate of the world economy and Russia's economy has a significant impact on the country's electricity sector and the results of activities at Unipro PJSC.

In 2018, the global economy faced serious challenges: trade wars, collapses in the stock market, currency and digital markets, as well as record-breaking spikes in oil price. Despite the truce announced in December 2018, the China–United States trade war had a negative impact on the level of global demand. De-dollarisation was also one of the main topics which have emerged over the past year — against a backdrop of the global economy's dependence on the US dollar, many countries are considering the prospect of abandoning dollar transactions and switching to settlements in their national currency.

According to the International Monetary Fund (IMF)¹, global growth in 2018 was 3.7% (3.8% in 2017), despite lower rates (relative to forecast) in some countries in Europe and Asia. The IMF reports a slowdown in the rates of world economic growth, increasing risks and a current state of uncertainty. According to the IMF forecast, the growth of the world economy will be 3.5% in 2019 and 3.6% in 2020.

The dynamics of electric power consumption is one of the key elements affecting the energy market, especially under conditions of surplus of generating capacity created after the generators had achieved their objectives within the programmes for commissioning new power units under capacity supply agreements (CSA)



3.7%
was the global economy growth in 2018

According to estimates from the Ministry of Economic Development of Russia¹, Russia's economy continued the growth trend that started in 2017 after the 2015–2016 recession. GDP growth was 2.3%. Inflation was 4.3% after 2017 saw the lowest rate in Russia's entire modern history at 2.5%.

The increase in GDP received a positive influence from the positive situation in the commodity markets. The prices of key Russian exports (oil, gas, ferrous and non-ferrous metals,

rolled steel, coal) in 2018 were higher than in 2017.

The dynamics of oil prices was especially steep in the reference period. The price for the Brent Crude Oil grew for almost the entire year in 2018, reaching \$85 per barrel in October. After the October peak, the prices fell into a downward spiral, which lasted until the end of December. Brent Crude Oil ended 2018 at \$53.8 per barrel.

In December 2018 amid falling of oil prices, OPEC+ countries agreed to reduce oil production. The OPEC+ agreement should balance the demand and supply of oil in 2019, but this balance will depend on geopolitics. Experts are not ruling out other new shocks in this sensitive market.

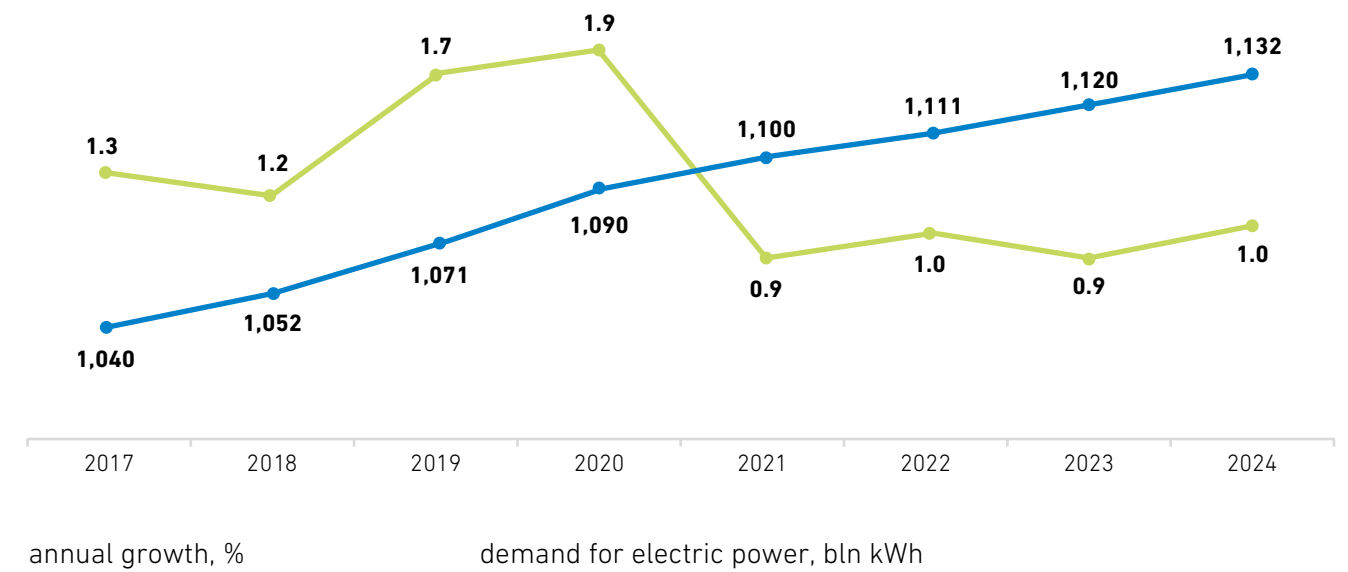
Balancing of the oil market in the electric power industry affects electric power

consumption and its regional distribution. In the forecast for the development of the oil industry, the Ministry of Economic Development of Russia suggests stabilisation and a gradual decline in production in Western Siberia and an increase in Eastern Siberia.

According to SO UES JSC², power consumption in 2018 increased by 1.5% compared to last year. This value is higher than predicted in the Scheme and Programme of Development of the Unified Energy System of Russia, developed by the Russia's Ministry of Energy.

The Tyumen Region (Western Siberia) stands out among the regions Unipro PJSC plants are located, where consumption decreased by 2% compared to 2017, which is connected with the implementation of the OPEC+ agreement to reduce oil production.

Electric power demand forecast (the UES of Russia) for the period until 2024



¹ Ministry of Economic Development of the Russian Federation. Picture of the economy. January 2019.

² System Operator of the Unified Energy System Open Joint-Stock Company, hereinafter referred to as the System Operator

Key Figures



Installed Capacity, MW



Electric power generation, bln kWh



Electric power sale, bln kWh¹



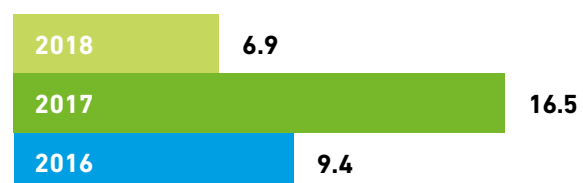
Number of employees, individuals



HR costs, RUB bln



Tax payments, RUB bln



Donations to charitable and social projects, RUB mln



Net profit, RUB bln



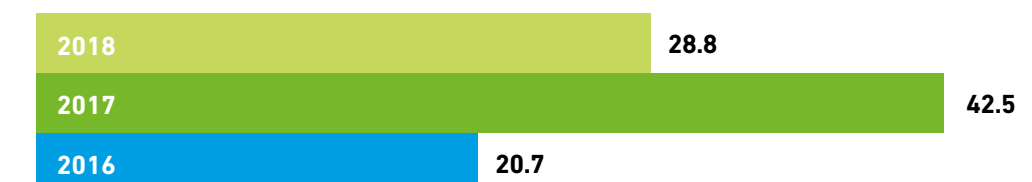
Asset value, RUB bln



Revenue, RUB bln



EBITDA, RUB bln



EBIT, RUB bln



¹ Taking into account the volumes, purchased in the market.

Address of the Chairman of the Board of Directors

Dear shareholders, investors and colleagues!

One of the most significant developments in the Russian energy market in the past few months was the approval of the electric power industry modernisation programme. Unipro has participated in this programme.

In 2018, the Company demonstrated stable results, having produced 46.6 bln KWh of electric power. The 2018 demand for Unipro's production capacities exceeded the market average for heat generation, and reached 47%. The company retained leading positions in the market and remains one of the most efficient companies in the heat and power sector of Russia.

Despite difficult market conditions due to overcapacity and low demand for the electric power consumption, Unipro has managed to achieve stable financial results. According to the accounting statements prepared in compliance with RAS (Russian Accounting Standards), the EBITDA amounted to RUB 28.8 billion for 2018. I should mention that Unipro EBITDA profitability remains on the significant

level and totals 35.5%, demonstrating the highest results in the market.

The repair works at Power Unit No. 3 of Berezovskaya GRES remain the core project for Unipro. The unit commissioning, expected in Q4 2019, will provide Unipro with the substantial growth of operational cash flow.

New dividend policy of Unipro PJSC, consolidating the core principles of dividend payment to shareholders till 2022, was approved by the Company's Board of Directors. Unipro intends to pay substantial dividends at least twice a year. The dividend for 2019 will amount to RUB 14 bln. The resumption of capacity payment for Berezovskaya GRES Power Unit No. 3 will enable Unipro PJSC to raise dividend payments significantly and keep them at RUB 20 bln per year over 2020–2022.

Dear colleagues! On behalf of the Board of Directors of Unipro PJSC, I would like to thank each of you for your substantial contribution to the operational and financial performance achieved in 2018.



Dear shareholders! On behalf of all the employees of Unipro PJSC, I would like to express my gratitude for your trust in us. We will make every effort to meet your present and future expectations!

Yours sincerely,
Eckhardt Rümmler¹,
Member of the Board
of Directors, of Unipro PJSC

11,229
MW

Installed capacity

81,315
RUB mln

Revenue

¹ On 5 February 2019, at the meeting of the Executive Committee of the Supervisory Board of Uniper SE, Klaus Schäfer (Chairman of the Board of Directors of Unipro PJSC, acting before the specified date) announced termination of his employment contract as Chief Executive Officer of Uniper SE due to extended illness. For details refer to <https://www.uniper.energy/news/uniper-and-fortum-give-their-relationship-a-fresh-start/>.

1.1. Key Events

Smolenskaya GRES celebrated its 40th anniversary (for details, see pages 54–55)

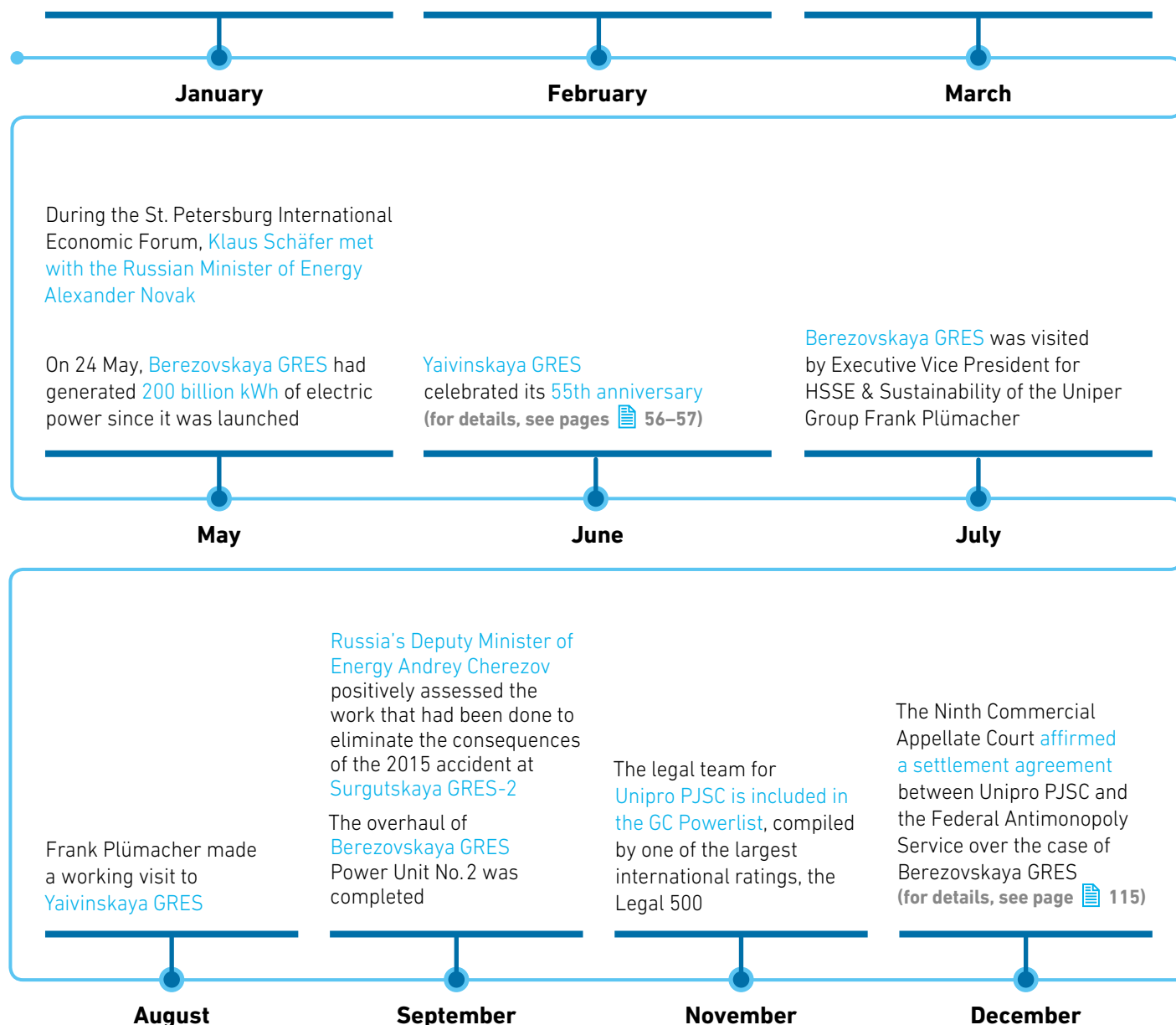
Power Unit No. 2 of Berezovskaya GRES started providing SO UES JSC with the services aimed at ensuring the overall reliability of the Russian national energy system in terms of the Rated Primary Frequency Control (RPF)

Chairman of the Board of Unipro PJSC Klaus Schäfer and Member of the Unipro PJSC Supervisory Board Rebecca Ranich familiarised themselves with the progress of refurbishment at Power Unit No. 3 of Berezovskaya GRES

Yaivinskaya GRES Power Unit No. 5 has been included in the System Operator's register with a new installed capacity of 448 M

During a working visit, the Governor of the Khanty-Mansi Autonomous Okrug-Yugra Natalia Komarova visited Surgutskaya GRES-2 and congratulated the staff of the plant, which generated 1 trillion kWh of electric power

Unipro PJSC filed a lawsuit in the Moscow Arbitration Court to annul and reverse the decision made by the Federal Antimonopoly Service of Russia (FAS) in relation to Power Unit No. 3 of Berezovskaya GRES



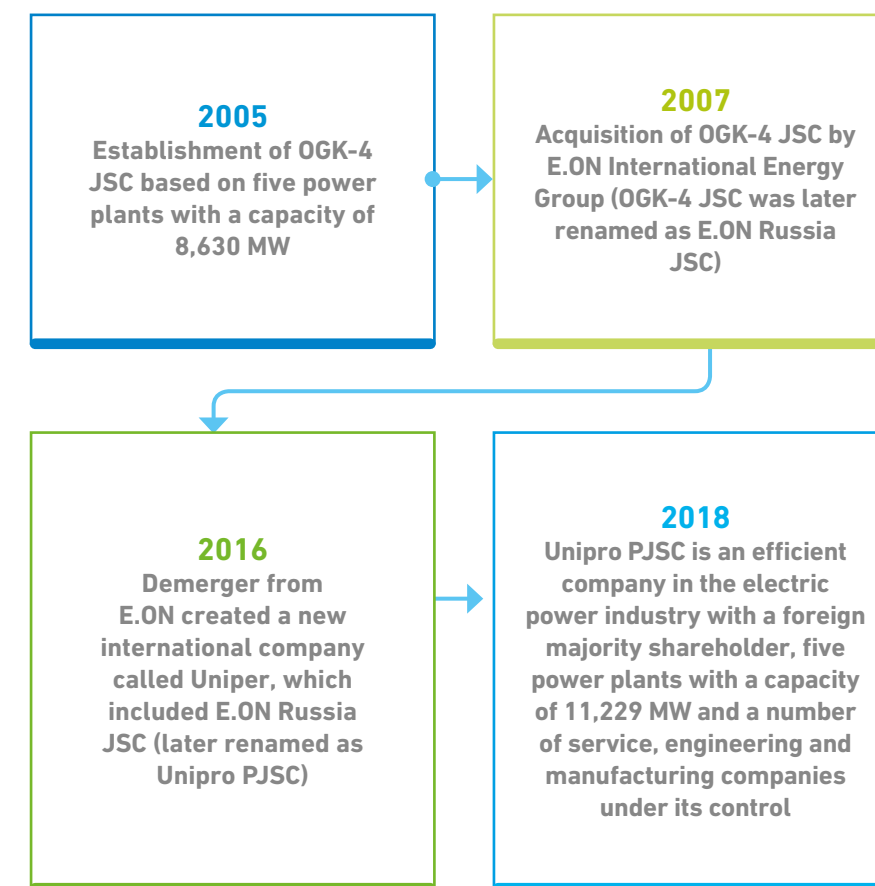
1.2. About Us

Unipro Public Joint Stock Company¹ is the most efficient company in the sphere of heat power generation in Russia.

The Company focuses on the production and sale of electric power and its capacity, as well as heat power. Unipro PJSC is also present in the Russian markets for distributed generation and engineering.

The Company's efficient operation in the wholesale electricity and capacity market is down to its well-developed grid infrastructure and specific energy balances within the power zones. The drivers of demand for Unipro PJSC power plants are:

- participation of Smolenskaya GRES in providing Belarus with an export electric power exchange;
- location of Shaturskaya GRES in the Moscow Region representing an under-served market;
- participation of Yaivinskaya GRES in supporting a power balance in the Berezovskaya-Solikamsky hub.



Unipro PJSC has an important competitive advantage, as it holds Surgutskaya GRES-2 and Berezovskaya GRES with power units of large single-unit capacities (810 and 800 MW respectively) in its assets: these power plants are considered

the most economically and operationally efficient among gas and coal power units using steam power technologies. As part of the investment programme, Unipro PJSC put the most efficient and sought-after equipment into operation.

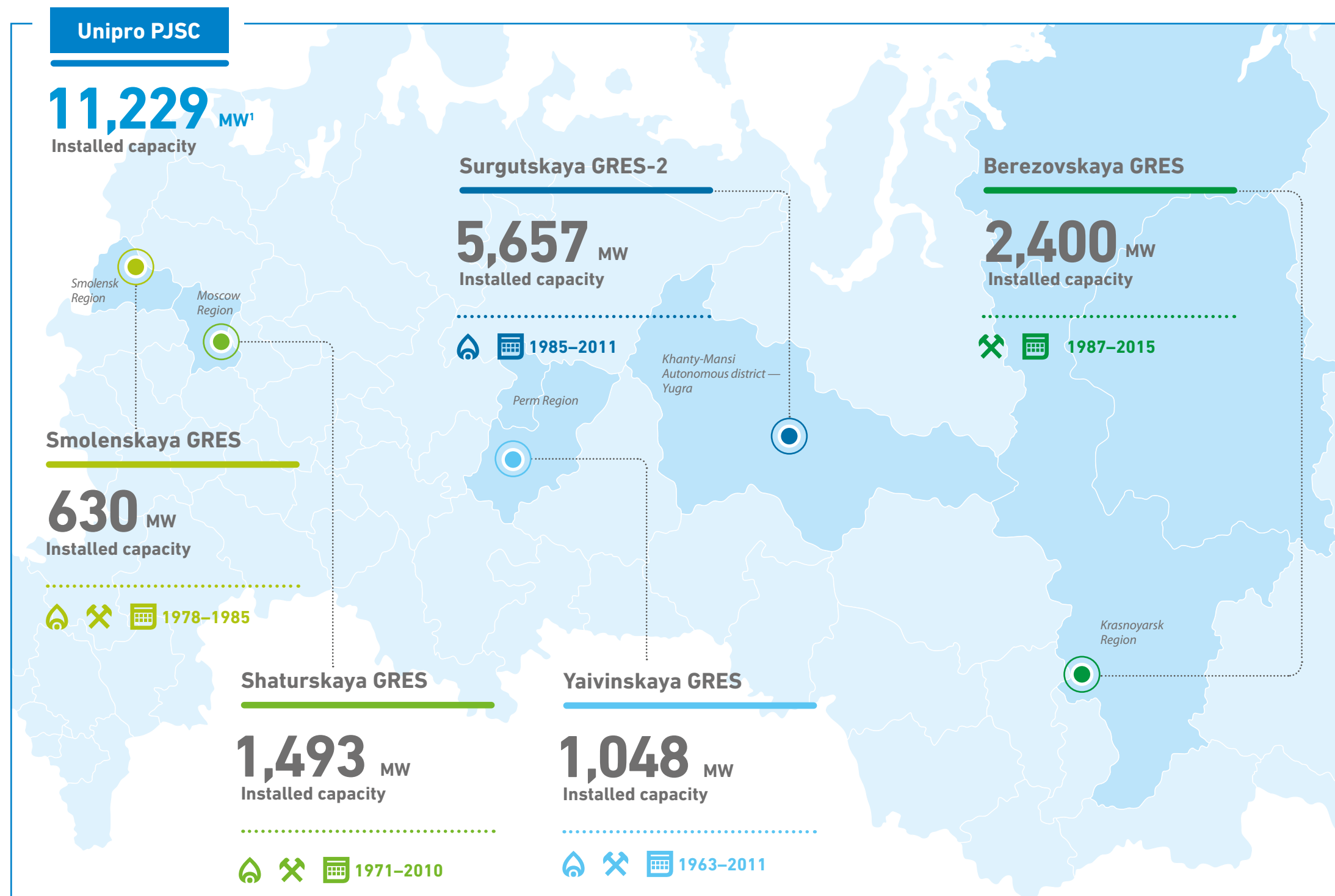


Uniper Group — major shareholder of Unipro PJSC — is one of the global leaders in the traditional electric power generation sector. Uniper has hydroelectric, gas-fired, coal and nuclear power plants with a total capacity of 40 GW. The Group has assets in more than 40 countries around the world. Due to its large number of plants, the use of various different types of fuel and innovative solutions, Uniper is a reliable supplier of electric power, a large portion of which is produced using environmentally friendly technologies.

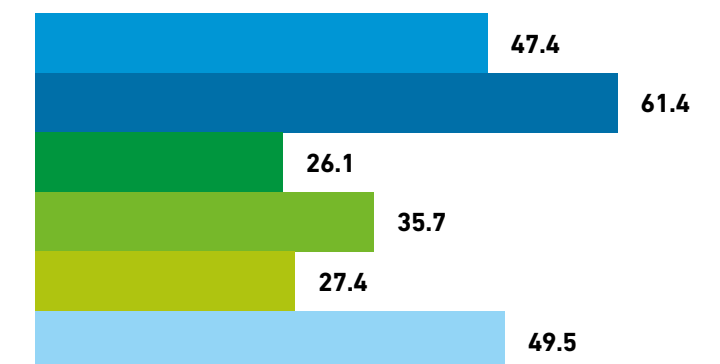
¹ Hereinafter referred to as Unipro PJSC, Unipro, and the Company..

1.3. Geographical Reach

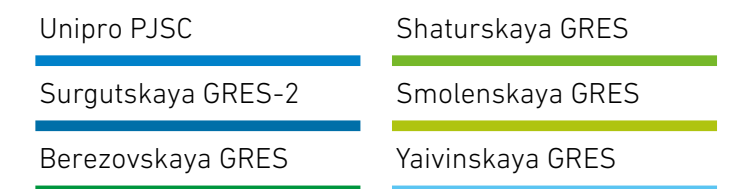
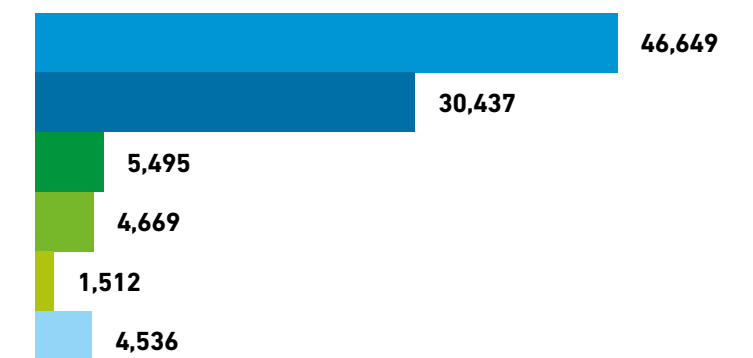
Unipro PJSC power plants are located in the economically and industrially developed regions of Russia which have a high potential for power consumption growth.



CUF, %



Electric power generation, mln kWh



¹ Since 1 January 2019 the installed capacity of the Company's power plants has increased amounting to 11,235 MW.

1.4. Power Markets

The electric power industry is a key branch of the Russian economy, providing the national economy's enterprises and the population with electricity and heat, as well as exporting electric power to the CIS countries and further abroad.

The Unified Energy System of Russia (UES of Russia) consists of 7 integrated power systems (IPs): the East, Siberia, Urals, Middle Volga, Region, South,

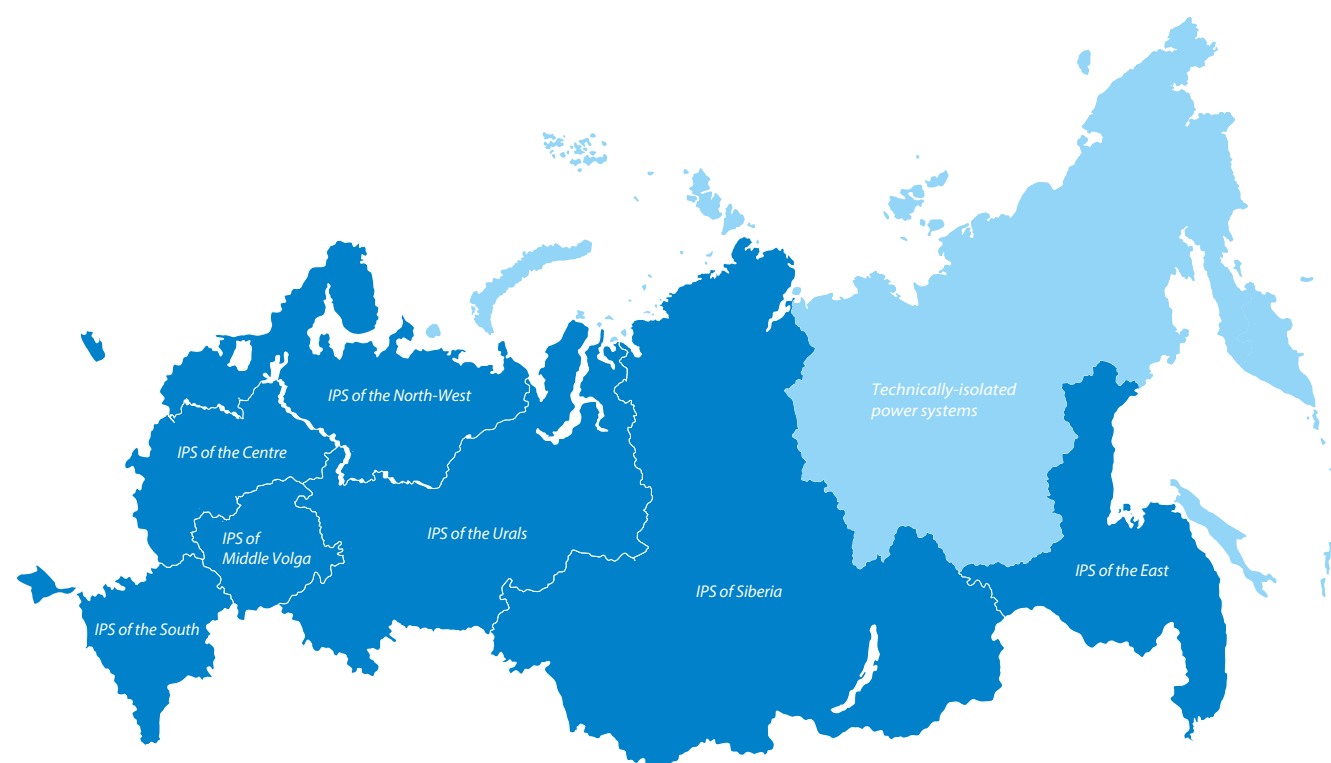
Centre and North-West. The isolated power systems include the Chukotka Autonomous Okrug, Kamchatka Krai, Sakhalin and Magadan Regions, Norilsk-Taimyr and Nikolaevsk power regions, and the power systems of the central and northern parts of the Republic of Sakha (Yakutia).

The total installed capacity of power plants of the UES of Russia at the end of 2018 was

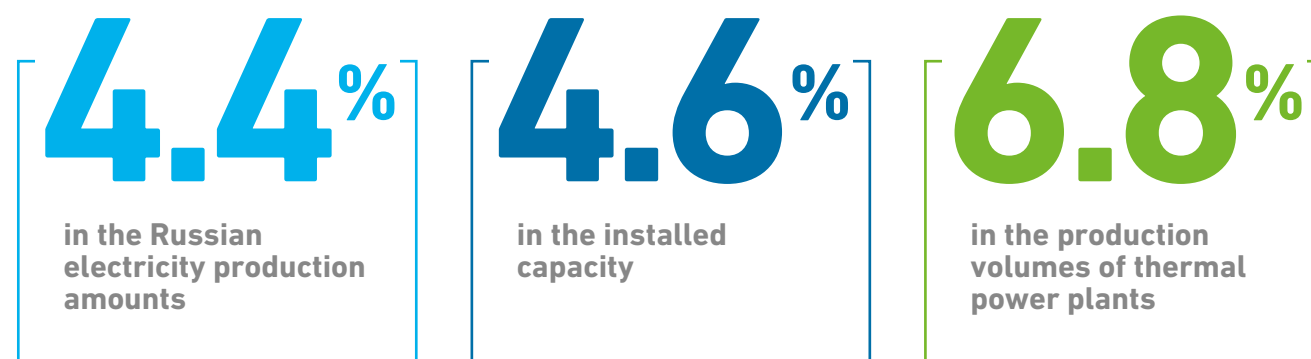
243,243.2 MW, of which 68% was from thermal power plants (TPP).

According to SO UES JSC, electric power consumption in the UES of Russia amounted to 1,055.56 bln kWh in 2018, which is 1.5% greater than the consumption volume observed in 2017.

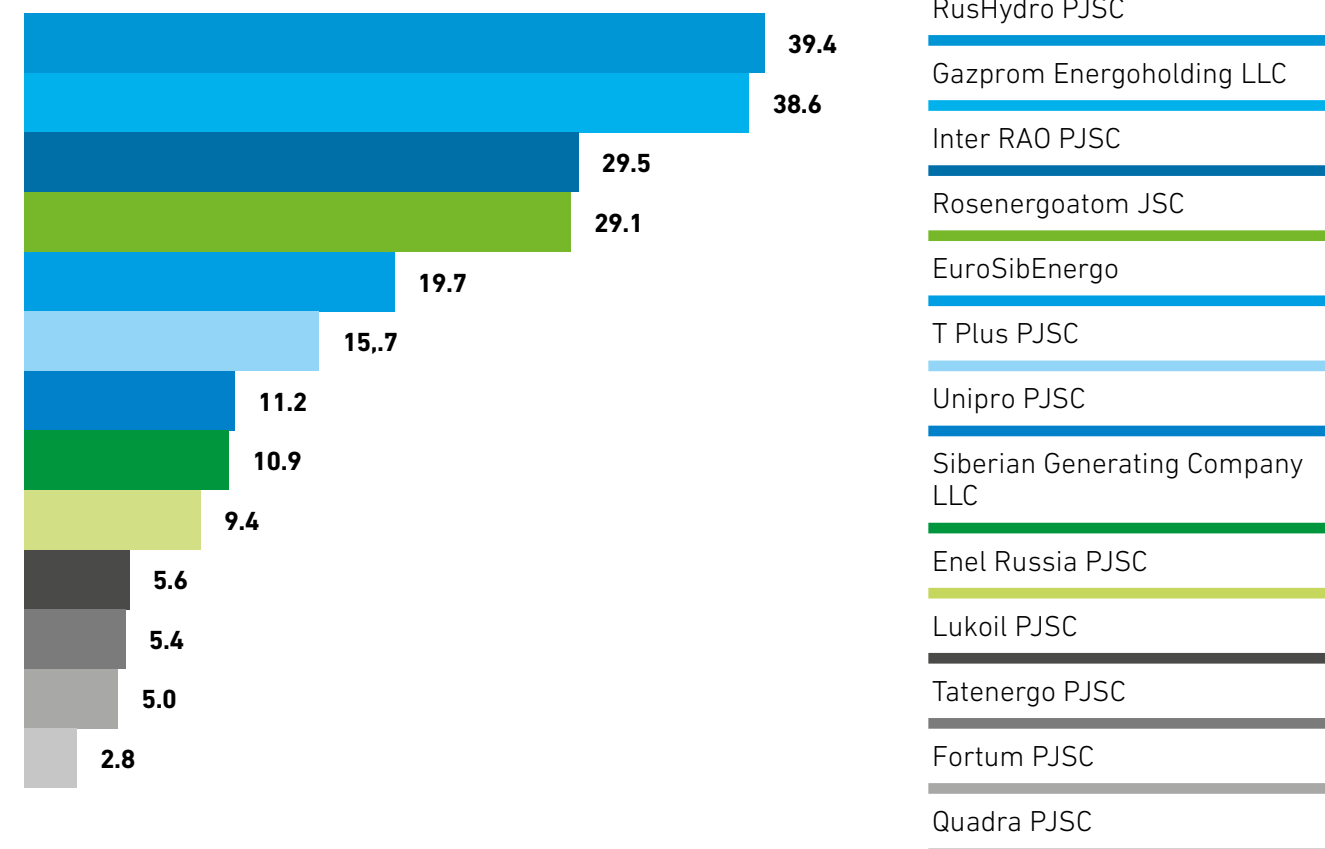
Electric power output in Russia amounted to 1,070.9 bln kWh in 2018 (1.6% more than in 2017); 64% was from thermal power plants.



According to the results of 2018, the share of Unipro PJSC was



Installed capacity of the largest Russian generating companies by assets in the Russian Federation, GW



Electric power and capacity market

The Russian electric power and capacity market is divided into two levels — the wholesale market and the retail market. Wholesale market participants are generating companies (retailers of electric power and capacity), sales companies, grid companies, large consumers (buyers of electric power and capacity). Electric power in the retail market is traded under free bilateral agreements with consumers.

Unipro PJSC operates in the wholesale electric power and capacity market.

Electric power and capacity are bought and sold in accordance with the Rules of the Wholesale

Electric Power and Capacity Market Operation and the Agreement on Adherence to the Wholesale Electric Power and Capacity Market Trading System established by Order No. 1172 dated 27 December 2010, issued by the Government of the Russian Federation.

According to legislation, electric power and capacity volumes to be supplied to households and equivalent consumer categories under regulated contracts were stipulated for each seller in the wholesale market.

The remaining generated electric power and capacity volumes are supplied at non-regulated prices in the wholesale market.

Tariffs for the supply of electric power and capacity under

regulated contracts are set by the federal executive body for tariff regulation.

The regulated tariffs for electric (heat) power (capacity) set for Unipro PJSC power plants vary considerably depending on a number of factors, including power plant performance, its location, the fuel used, investment plans and when the regulation period commences. Smolenskaya GRES and Shaturskaya GRES have historically had higher tariffs compared to power plants located in the Urals Federal District, Privolzhsky Federal District, and Siberian Federal District, where gas and coal prices are lower than in Central Russia.

Interview with the Director for Energy Markets



Andrey N. Zhukovsky

What kind of progress did the Company make in improving the profitability of electricity and capacity sales in the wholesale market in 2018? What were the drivers of this progress?

In the current challenging market environment, the Company is determined to secure maximum profitability in the electricity and capacity markets. To that end, the Company is:

- optimising the committed generating equipment and its load profile;
- minimising losses resulting from generating equipment downtime and shut-downs;
- complying with the offtake range for contracted volumes of gas in order to avoid penalties provided for by fuel contracts;

- monitoring counterparties' payment discipline;
- increasing the Company's presence in the system services market;
- taking part in work aimed at improving the wholesale market operating rules and developing proposals on the follow-up revision of industry-specific regulatory and legal acts.

The Company is working hard to improve the collection rates as they regard payments for supplies of energy resources, including managing claims, handling bad debt, collecting penalties and fines for delayed payments, and entering into bilateral capacity supply contracts with the most financially reliable counterparties. The actual collection rate for

electricity and capacity payments in 2018 amounted to 99.3%.

How would you characterise the utilisation of the Company branches' production capacities?

As competition is strengthening and old capacities are driven out of the market by new efficient power units built under the CSA, the Company is continuously maintaining its equipment utilisation factors above the market averages. In 2018, the Company's overall capacity utilisation factor amounted to 47.4%, while the average value for the UES of Russia thermal power plants was 46.5%. The Company's old capacities follow the general market trend for this type of equipment: a decline in utilisation due to the fact that capacity growth rates are outpacing energy consumption growth rates. By contrast, the Company's new efficient CCGT units have consistently high utilisation factors. In 2018, the capacity utilisation factor for CCGT units was 73%, a 3% gain compared to the previous year. The differences in the utilisation factors of CCGT units by year are predominantly due to the types of repairs and differences in their standard duration. CCGT units account for 15% of the Company's installed capacity and 22% of the Company's output at year-end 2018.

In your opinion, which provisions of the Resolution of the Government of the Russian Federation "On Selections of Modernisation Projects for Generation Units of Thermal Power Plants" are most important for the market?

In my opinion, we should not take individual provisions out of the context of the Resolution as a whole. The selection principles, admission criteria, price calculation rules, financial parameters, regulatory duration of procedures – all these things are equally important for energy market agents, as they create an aggregate coherent picture. It is very important that the mechanism for raising investments for the modernisation of generation units has been approved and implemented within a relatively short time.

Yet another important aspect of this Resolution is the fact that the Government chose to expressly ban unilateral repudiation of the electricity and capacity purchase and

99.3%

The actual collection rate for electricity and capacity payments in 2018

73%

The capacity utilisation factor for CCGT units in 2018

sale (supply) contract by either party in the event the supplier fails to comply with the availability requirements. Elimination of the risk of sudden contract termination raises the appeal of the CSA with investors.

What are the things that still need to be done in terms of regulatory legal acts?

The procedure for decommissioning generating equipment that would consider the need for certain engineering activities, including the design, construction, modernisation, reconstruction, and/or technical refurbishment of power generation units, the contractor selection procedure, and the sources of funding, has not been enshrined in the law to date.

We expect the draft amendments to the Federal Law "On the Electric Power Industry" as they regard improving the procedure for taking down power generation units for repairs and for decommissioning such units to be submitted to the State Duma for consideration shortly.

We also hope for further legislative improvements aimed at strengthening the payment discipline with respect to payments for consumed electricity and heat.

Dynamics of tariffs on electric power set for Unipro PJSC power plants, RUB/MWh

Branch name		2016		2017		2018	
		H1	H2	H1	H2	H1	H2
Surgutskaya GRES-2	Power Units 1-6	697.26	711.25	711.25	725.58	725.58	750.01
	Power Unit 7	518.89	522.58	522.58	530.16	530.16	547.34
	Power Unit 8	517.81	522.81	522.81	530.32	530.32	547.43
Berezovskaya GRES	TG1	318.15	347.46	347.46	361.79	354.00	354.00
	TG2	315.43	315.43	315.43	328.58	322.09	322.09
	TG3	400.53	400.53	–	–	–	–
Shaturskaya GRES	Power Units 1-6	1,469.10	1,486.20	1,486.20	1,515.98	1,515.98	1,574.39
	Power Unit 7	743.97	743.97	743.97	766.94	766.94	787.00
Smolenskaya GRES		1,258.22	1,258.22	1,258.22	1,285.53	1,285.53	1,329.32
Yaivinskaya GRES	Power Units 1-2	1,039.79	1,142.72	1,142.72	1,165.14	1,050.70	1,108.86
	Power Units 3-4	1,007.85	1,031.58	1,031.58	1,050.70	1,050.70	1,108.86
	Power Unit 5	604.23	620.33	620.33	631.93	631.93	656.07

Dynamics of capacity tariffs set for Unipro PJSC power plants, RUB/MWh per month

Branch		2016		2017		2018	
		H1	H2	H1	H2	H1	H2
Surgutskaya GRES-2		86,930.97	93,382.77	93,382.77	96,994.97	96,994.97	100,894.49
Berezovskaya GRES	TG1	156,000.00	168,107.24	168,107.24	176,213.63	176,213.63	183,262.18
	TG2	154,683.73	166,130.33	166,130.33	173,660.21	173,660.21	180,606.62
Shaturskaya GRES		135,087.69	145,096.94	145,096.94	151,513.27	151,513.27	157,584.65
Smolenskaya GRES		98,985.12	106,331.19	106,331.19	110,651.27	110,651.27	115,098.78
Yaivinskaya GRES	Power Unit 1	129,014.00	129,014.00	129,014.00	129,014.00		
	Power Unit 2	129,024.00	129,024.00	129,024.00	129,024.00	164,811.88	176,217.51
	Power Units 3-4	143,227.31	154,444.57	154,444.57	167,422.50		



Pursuant to Order of the Government of the Russian Federation No. 1178 dated 29 December 2011 "On pricing in regulated prices (tariffs) in the electric power industry", a tariff-setting procedure with calendar breakdown was introduced from 2012, based on the principle of non-exceedance of the prices (tariffs) value and their limits in the first half of the next annual regulatory period over the value of corresponding prices (tariffs) and their limits in the second half of the previous annual regulatory period. When setting tariffs, growth indices were applied according to the socio-economic development forecast approved by the Ministry of Economic Development of the Russian Federation.

The bulk of the Company's production is sold in the free sectors of the electric power and capacity markets. Within its own power hubs, the main competitors of Unipro PJSC's power plants are similar generating capacities: other state district power plants, which do not have a significant share of heat power output.

The demand for the Company's power plants also depends on the characteristics of the service areas where they are located:

- Ⓜ The structure of the electric power produced depending on the type of power plant (thermal, steam-turbine, nuclear, and hydroelectric power plants);
- Ⓜ The reliability of the system's conditions (grid and system limitations);
- Ⓜ Repair operations for generating and electrical grid equipment, carried out between the autumn and winter periods.

Seasonal factors have a considerable influence on the performance of Unipro PJSC. Thus, spring floods which increase the electric power production at the hydroelectric power plants located in the region where Berezovskaya GRES is located have an impact on the level of demand for its production capacities.

In recent years, the impact of the repairs factor for electrical grid equipment has on the demand for electric power has increased significantly. In the case where there is an excess of generating capacity in certain regions of the power system, repairs to power grids can significantly restrict the transmission of electric power to the regions in short supply and bring down the market price for regions with excess energy supplies.

In 2018, Unipro PJSC power plants had electricity sales that amounted to 49.6 bln kWh, which is 2.3% lower than in 2017.

The capacity sales decreased by 1.1% and amounted to 9,889 MW per month.

49.6
bln kWh
electricity sales

9,889
MW
capacity sales per month

Structure of electricity and capacity sales by market sector

Indicators	2017	2018	2018/2017, %
Electric power sales, mln kWh, including	50,766	49,645	-2.2
under regulated contracts	10,344	11,278	+9.0
in the day-ahead market	39,210	37,094	-5.4
in the balancing market	1,211	1,273	+5.1
under free bilateral contracts	0	0	0
Capacity, MW per month, including	9,994	9,889	-1.3
under regulated contracts	2,474	2,500	+1.0
based on competitive capacity selection	1,745	2,584	+48.1
under capacity supply agreements	1,512	1,537	+1.7
under free bilateral contracts	4,263	3,268	-23.9

Regulated contracts for electricity sales in 2018 accounted for 22.7%, for capacity sales were 25.3%.

Revenue generated from sales of electric power and capacity in the regulated market sector was RUB 11.9 bln (15% of the total revenue from sales of electric power and capacity of Unipro PJSC).

The entire sales margin from electric power was obtained from work in the competitive sectors of the wholesale market. The Company is constantly improving the strategy of how it does business in the competitive sectors of the market in order to gain maximum profit.

Heat Power Market

The sale of heat energy in accordance with the legislation of the Russian Federation is a fully regulated type of activity.

Heat tariffs are set by executive authorities of Russia's constituent entities that deal with state tariff regulation. The price of heat power is a significant public concern in the regions where power plants are located. That is why affordability of this product and the consumers' solvency are taken into account in the regulation process.

Heat generation and sales are not the key business area for Unipro PJSC. Following the

results of 2018, revenue from heat power sales was about 1.7% of the Company's total revenue. Nevertheless, Unipro PJSC devotes a lot of attention to ensuring the reliability and continuity of the heat power supply, as this is essential to support local consumers living in the nearby communities.

Consumers of heat power produced at the branches of Unipro PJSC are the general population, local industry, as well as enterprises and entities funded from budgets at all levels. The material terms and conditions of contracts with consumers are specified on the corporate website of the Company at <http://www.unipro.energy>.

Dynamics of tariffs on heat power set for Unipro PJSC power plants, RUB/thousand Gcal

Branch name	2016		2017		2018	
	H1	H2	H1	H2	H1	H2
Surgutskaya GRES-2						
for heat power (capacity) at headers of the source of heat power (without VAT)	514.48	514.48	514.48	536.09	536.09	536.09
Berezovskaya GRES						
for heat power (capacity) at headers of the source of heat power (without VAT)	312.93	322.32	322.32	334.89	334.89	448.95
for consumers where there is no differentiation of tariffs based on the connection scheme (without VAT)	709.55	734.38	734.38	763.02	763.02	991.91
population (VAT included)	837.27	866.57	866.57	900.36	900.36	1,170.45
Shaturskaya GRES						
for heat power (capacity) at headers of the source of heat power (without VAT)	680.49	700.91	700.91	736.65	736.65	773.50
heat in steam (from 2.5 to 7 kg/cm ²)	1,856.21	1,908.81	1,908.81	2,006.16	2,006.16	2,106.50
heat in steam (from 7 to 13 kg/cm ²)	1,934.12	1,990.66	1,990.66	2,092.18	2,092.18	2,196.80
consumers connected to the heat network without additional conversion at heat points operated by the heat-supplying organisation (without VAT)	1,169.40	1,215.22	1,215.22	1,286.97	1,305.10	1,384.70
population (VAT included)	1,379.89	1,433.96	1,433.96	1,518.62	1,540.02	1,633.95
consumers connected to the heat network after heat points (at heat point) operated by the heat supplying organisation (without VAT)	1,670.76	1,737.84	1,737.84	1,815.24	-	-
population (VAT included)	1,971.50	2,050.65	2,050.65	2,141.98	-	-
Smolenskaya GRES						
for heat power (capacity) at headers of the source of heat power (without VAT)	909.86	941.33	941.33	963.95	963.95	967.13
for consumers where there is no differentiation of tariffs based on the connection scheme (without VAT)	1,459.61	1,561.78	1,561.78	2,369.23	2,369.23	2,374.11
population (VAT included)	1,722.34	1,842.90	1,842.90	1,912.00	1,912.00	1,992.30
Yaiivinskaya GRES						
for heat power (capacity) at headers of the source of heat power (without VAT)	844.37	872.29	872.29	889.56	889.56	917.61
for consumers where there is no differentiation of tariffs based on the connection scheme (without VAT)	1,375.04	1,440.04	1,440.04	1,510.39	1,510.39	1,555.63
population (VAT included)	1,622.55	1,699.25	1,699.25	1,782.26	1,782.26	1,835.64

Sales of heat power, thousand Gcal

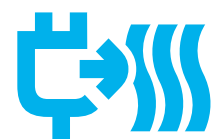
	2017	2018	2018/2017, %
Surgutskaya GRES-2	933	953	+2.1
Berezovskaya GRES	433	450	+4.0
Shaturskaya GRES	311	370	+19.0
Smolenskaya GRES	34	33	-3.2
Yaivinskaya GRES	59	55	-7.6
Total at Unipro PJSC	1,770	1,861	+5.1

The amount of heat supplied to consumers in 2018 was 5.1% greater than in 2017. The increase in net output was related to weather conditions.

1,861

th. Gcal

heat power supplied to consumers



In 2018, all branches of Unipro PJSC (except for Surgutskaya GRES-2) supplied heat power directly to consumers under direct contracts or through entities providing housing and utility services. Surgutskaya GRES-2 supplies heat power to Surgut City Grid LLC.

To supply consumers with adequate quality heat, the Company regularly repairs and upgrades its heat supply systems.

System services market

Since the beginning of 2011, the market for services that provide system reliability (the system services market) has been operating in the Unified Energy System of Russia; its goal is to maintain the required level of reliability and operational quality for Russia's UES.

Unipro PJSC has been a participant in the system services market since it was launched, rendering the service of rated primary frequency control (RPFC).

Primary frequency control is provided by varying the power of generators with a minimum unbalance in the production and consumption of electricity in the power system using automatic control systems that have more advanced characteristics.

The service provided involves maintaining the rated magnitude of electric current frequency with the required speed and accuracy.

Surgutskaya GRES-2, Shaturskaya GRES and Berezovskaya GRES are participants in the RPFC system services market. The System Operator deploys the primary control reserve at these power plants. In 2018, the Company increased its presence in the market: Shaturskaya GRES Power Unit No. 4 and Berezovskaya GRES Power Unit No. 2 joined the ranks of units providing RPFC services.

Regulatory support and development of power markets

Unipro PJSC carries out its activities within a regulatory environment that is constantly changing, predicated by federal laws, Government decrees, the orders of federal executive bodies, and the Trading System Connection Contract with its numerous regulations, etc.

It is the regulatory documents that determine the framework, rules and how the organisation operates in both the external and internal environment. The Company understands how important this area is, which is why it devotes a great deal of time to keeping track of regulatory changes at the earliest stage when regulatory legal acts (RLA) are being drafted, and provides a timely response within the tools it has available.

Timely and proper elaboration of RLA adopted depends not only on work of relevant specialists, but also on the Company's lawyers. A comprehensive legal review of the legal unit makes it possible to take a fresh look at the existing regulation, see disputable issues, understand the operating principle of amendments or a new law and timely adjust it.

Unipro PJSC actively engages in public and social debates in compliance with legal requirements¹:

- independent anti-corruption expertise;
- meetings held by ministries and government agencies;
- working groups and expert councils.

independent anti-corruption expertise;

meetings held by ministries and government agencies;

working groups and expert councils.

In 2018, the Company was involved in one of the most important RLA projects for the power sector — developing the Resolution of the Government of the Russian Federation "On Selections of Modernisation Projects for Generation Units of Thermal Power Plants"

Unipro PJSC also publishes its comments and recommendations in relation to further development of RLA directly on regulation.gov.ru or by sending letters to the developer.

Moreover, the Company has established the Regulatory Committee in order to find a common position, coordinate interactions with external companies and draft recommendations on strategic issues in regulating the electric power industry. The Committee is comprised of heads and representatives of the Company's leading business units, who are in charge of operational and financial activities, as well as liaising with infrastructural organisations of the wholesale market and specialised ministries and institutions.

The following are the most notable RLA in the electric

power industry adopted in 2018, which were also drafted with contributions from experts at Unipro PJSC:

- Order of the Ministry of Economic Development of Russia No. 116 dated 12 March 2018 "On approval of the procedure for defining the average return on long-term public liabilities, used to calculate the capacity price for capacity suppliers".
- Federal Law No. 59 dated 3 April 2018 "On Amendments to the Housing Code of the Russian Federation".
- Federal Law No. 303 dated 3 August 2018 "On Amendments to Certain Legislative Acts of the Russian Federation on Taxes and Fees".
- Decree of the Government of the Russian Federation No. 937 dated 13 August 2018 "On Approval of the Rules for the Technological Operation of Electric Power Systems and on Amendments to Certain Acts of the Government of the Russian Federation".
- Decree of the Government of the Russian Federation No. 1246 dated 19 October 2018 "On Amendments to Certain Acts of the Government of the Russian Federation on the Issues of State Regulation of Prices (Tariffs)".

¹ In accordance with Russian Government Regulation No. 1318 "On the Procedure for Assessment by Federal Executive Authorities of the Regulatory Impact of Draft Regulatory Acts and Draft Resolutions of the Eurasian Economic Commission, and On Amending Certain Acts of the Government of the Russian Federation" dated 17 December 2012 (together with the Rules of Assessment of Regulatory Impact of Draft Regulatory Acts and Draft Resolutions of Eurasian Economic Commission by Federal Executive Authorities); Russian Government Regulation No. 851 "On the Procedure for Disclosing by Federal Executive Authorities of Information about the Preparation of Draft Regulatory Acts and Public Debate Results" dated 25 August 2012 (together with the Rules of Disclosure of Information about Preparation of Draft Regulatory Acts and Public Debate Results by Federal Executive Authorities).

1.5. Strategy and Prospects of Development

The development strategy of Unipro PJSC is aimed at maximising shareholder value while ensuring that generating equipment has a high level of reliability and ensuring strict compliance with OHS standards.

Strategic Goals of Unipro PJSC

To improve the efficiency and reliability of existing generating equipment, including the modernisation/decommissioning of power units that are not in demand in the market

To improve health and safety systems

To stimulate the demand for electricity and heat power in the areas surrounding the Company's high-performance power plants; to sell byproducts (steam, CO₂, etc.)

To enter energy service markets in Russia and CIS countries

Prospects for Company development

Unipro PJSC key development plans involve increasing the efficiency and reliability of plant equipment, participating in competitive selections modernisation projects for generation units of thermal power plants, attracting investments in agro-industrial cluster development projects in the Sharypovsky district of the Krasnoyarsk Territory near Berezovskaya GRES, as well as developing the energy service business.

Business model

Unipro PJSC manages five generating power plants and purchases fuel, material and technical resources, as well as services for construction, installation and repair work the plants need in order to operate.

Electric power is generated during standard operating activity at the plants, which is sold in the wholesale electricity and capacity market across several sectors that are governed by different terms of transaction and delivery terms.

Revenue from sales of electric power and capacity is 97.6% of the Company's total revenue. The Company's auxiliary activity is the production and sale of heat. Moreover, the Company operates in several other business areas, through equity investment in commercial and non-profit organisations.

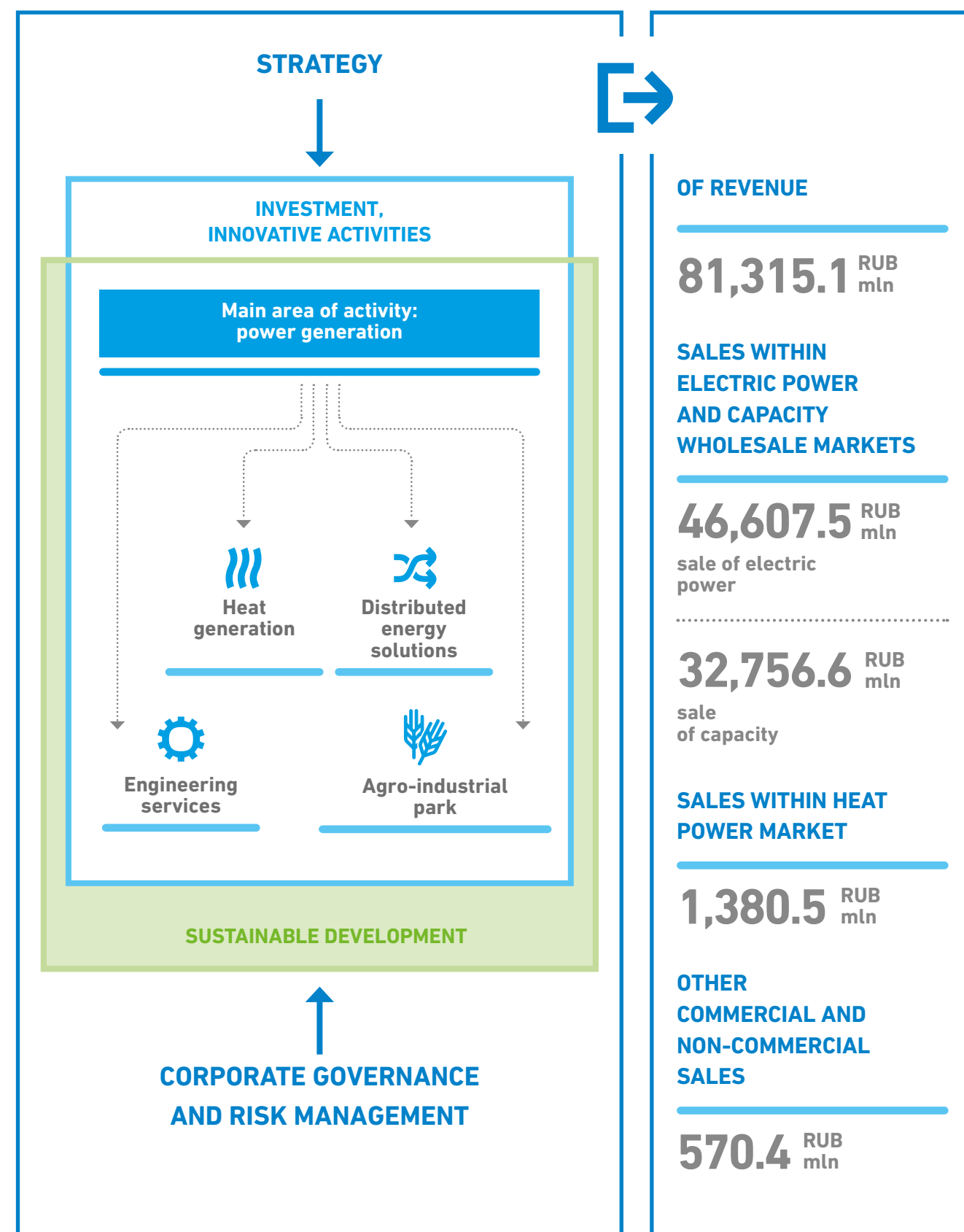
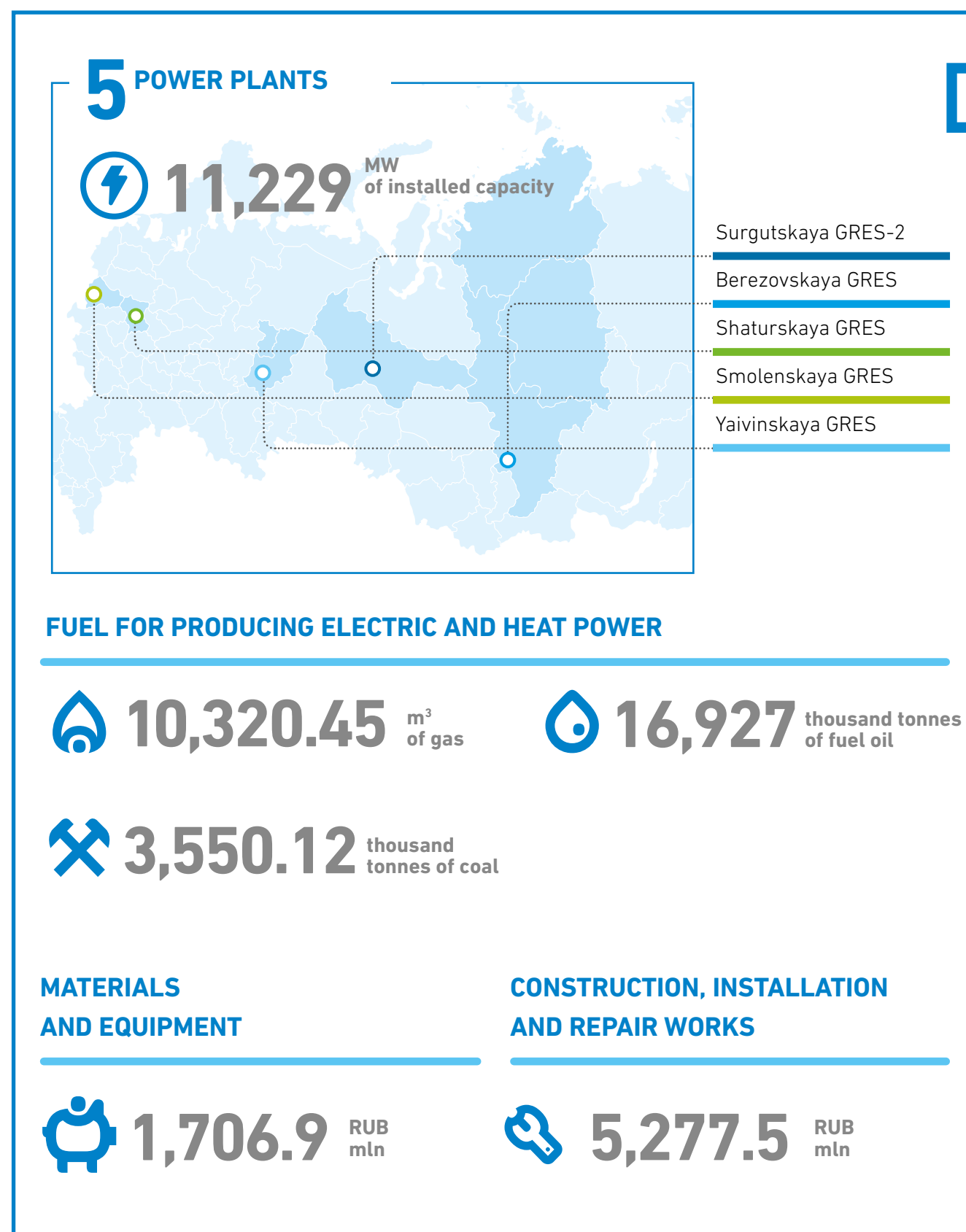
To implement the Company's business priorities in 2018:

Priority Tasks	Compliance
To finish the repair of the boiler in Power Unit No. 3 at Berezovskaya GRES in 2019	Substantial progress has been made with the repair of the boiler in Power Unit No. 3 at Berezovskaya GRES. The commissioning of the power unit is expected by the end of 2019 (for details, see page 50–51).
To prepare for the modernisation of generating capacities in anticipation of the planned Russian Government Modernisation Programme	Unipro PJSC has worked out different options to participate in auctions for the selection of projects to modernise generating equipment in accordance with the programme which the Government of the Russian Federation is planning to introduce in 2019. Technical parameters for the modernisation have been determined, and conditional groups of delivery point clusters have been registered to be put forward for selection. The decision on the strategy for participation in the selection will be made following the analysis of regulatory acts governing the rules and procedure for selection ¹ .
To improve the operational efficiency of power units which are not included in the modernisation programme	The design has been completed, the equipment has been purchased and the site has been prepared for the construction of a heating boiler at Smolenskaya GRES branch. The boiler house is expected to be commissioned in the fourth quarter of 2019. Implementing the project will reduce the amount of equipment being operated at Smolenskaya GRES during periods when the power units are being used to generate heat, but electricity prices do not support break-even operation in the day-ahead market. In 2018, certification tests were performed and the installed capacity of Shaturuskaya GRES Power Unit No. 7 increased by 6.6 MW starting from 1 January 2019.
To prepare and implement projects for entering the energy service markets of Russia and the CIS countries	The project on technical consulting of the generating company in the Republic of Kazakhstan has been completed. The project has allowed to deepen the knowledge of the energy market of Kazakhstan, to develop internal competencies in the field of consulting and energy services. Unipro PJSC plans to continue work in this area.
To assist the development of agro-industrial clusters in the territories adjacent to thermal power plants	An agreement was reached with the investor and a memorandum of understanding and signed on a working partnership for the construction of an advanced wheat-processing factory (150,000 tonnes per annum). The greenhouse construction project attracted one of the largest industry investors in the Russian Federation — "Greenhouse Growth Technologies" ² . In 2018, the Siberia Agro-Industrial Park project was included in the Yenisei Siberia complex investment project, based on Decree of the President of the Russian Federation No. Pr-228 dated 7 February 2018 and Order of the Governor of the Krasnoyarsk Territory No. 730-rg dated 29 December 2018. An agreement was reached with the Research Institute of Finance of the Ministry of Finance of Russia to join the Krasnoyarsk Territory in its efforts to prepare a proposal to establish a territory of advanced socio-economic development (TASED) in the Sharypovsky district.

¹ According to the System Operator, in April 2019, Surgutskaya GRES-2 Power Units No. 1 and No. 6 tentatively passed the competitive selection of modernisation projects for 2022–2024. The decision on the strategy for participation in next selections will be made based on the results of a technical and economic analysis of potential projects.

² The construction of greenhouses did not begin in the reference period due to a change in proposed investors.

BUSINESS MODEL



1.6. Financial Results¹

Given that the Company produces and sells electric power and capacity within the Russian Federation using

the Russian rouble as the currency for payment, the indicators EBITDA and EBIT provide the most accurate

assessment of performance at Unipro PJSC when volatile factors are excluded, especially exchange rate differences.

Profit indicators

Indicator	2016	2017	2018	2018/2017 +/-%
Revenue, RUB mln	81,129.6	79,136.0	81,315.1	2.8
Prime cost, RUB mln	63,885.4	57,280.3	60,149.3	5.0
EBITDA (excl. exchange differences), RUB mln ²	20,653.0	42,527.0	28,847.5	-32.2
EBITDA margin (excl. exchange differences), %	25.5	53.7	35.5	-
EBIT (excl. exchange differences), RUB mln ³	13,921.1	36,244.0	22,433.0	-38.1
EBIT margin (excl. exchange differences), %	17.2	45.8	27.6	-
Net profit, RUB mln	10,490.0	30,134.3	18,872.9	-37.4
Net profit margin, %	12.9	38.1	23.2	-
Exchange differences balance, RUB mln	-899.2	-295.1	-22.0	-92.5

1.6.1. Revenue

The Company's revenue in 2018 consisted of the proceeds from the sale of electric power, heat, and other commercial and non-commercial products and services.

Sales revenue in 2018 increased by 2.8% compared to 2017 and reached RUB 81.3 bln.

Electric power and capacity sales revenue

The year-end results for show that revenue from the sale of electric power and capacity increased to **RUB 79.4 bln (+2.6%)** compared with the results of the previous reference period. The growth in revenue was mainly due to an increase in revenue from the sale of capacity resulting from

**79.4
RUB bln**

revenue from the sale of electric power and capacity in 2018 + 2.6% compared with the previous year

¹ The data used in the current section is given according to RAS.

² EBITDA = Profit (loss) from sales + Other income — Other expenses — Net balance of exchange rate differences + Depreciation.

³ EBIT = Profit (loss) from sales + Other income — Other expenses — Net balance of exchange rate differences.

Indicator, RUB mln	2016	2017	2018	2018/2017 +/-%
Electric power and capacity sales revenue, including:	79,435.5	77,365.3	79,364.1	2.6
– sale of electric power	53,247.3	46,575.2	46,607.5	0.1
– sale of capacity	26,188.2	30,790.1	32,756.6	6.4
Sale of heat power, including:	1,297.8	1,293.0	1,380.5	6.8
– sale of generated heat power	945.3	977.1	1,085.2	11.1
– transportation of heat power	352.6	315.9	295.3	-6.5
Sale of other works, services, including:	396.3	477.6	570.4	19.4
– other commercial sales	384.0	464.2	568.2	22.4
– other non-commercial sales	12.3	13.5	2.2	-83.3
Total Revenue	81,129.6	79,136.0	81,315.1	2.8

an increased payment received under CSA (delta CSA) for Surgutskaya GRES (increased payments started in the 2nd quarter of 2017).

Revenue from the sale of electric power remained virtually unchanged and amounted to RUB 46.6 bln. At the same time, the annual growth of regulated tariffs for electricity and the increase in prices in the day-ahead market compensated for the decline in electric power sales at the Company's power plants in 2018.

The percentage of revenue generated from the sale of electric power and capacity in the regulated market (not including the CSA) within the total revenue of Unipro PJSC for 2018 increased slightly by ~ 1 pp and amounted to RUB 11.9 bln (the percentage of the total revenue is 15%).

However, the percentage of revenue generated from sales in the competitive sector fell by 1 pp to 83%, and its volume amounted to RUB 67.4 bln.

Heat power sales revenue

In the reference period, revenue from heat power sales increased by 6.8% compared with 2017 and reached RUB 1.4 bln. The growth in revenue was caused by an increase in heat power sales by 5.1% due to weather conditions, as well as an annual increase in heat power tariffs. By year-end 2018, the overall percentage of revenue generated by heat power sales within the Company's total revenue was 1.7%.

Other Income

By year-end 2018, the Company's other income

by **19.4%**
increase in the Company's other income from commercial and non-commercial sales amounting to **570.4 RUB mln**

(income from commercial and non-commercial sales) increased by **19.4%** to **RUB 570.4 mln**. This growth was due to more heat carrier medium sales and M&R fees, and RPFC system services being sold. By year-end 2018, the share of other sources of income was 0.7% of the total revenue at Unipro PJSC.

Interview with the Deputy Chief Executive Officer



Ulf Backmeyer

business processes of generating equipment M&R. Currently, the Company gives special attention to the development and introduction of state-of-the-art digital tools for the management and analysis of such business processes as Process Mining. This will help make these processes more efficient, transparent, and quantifiable; obtain the necessary breakdown of all key areas promptly; examine the process cycle duration; and, identify the required optimisation paths.

In addition, we are optimising M&R costs by means of cross-functional groups according to A3 methodology in the following areas: adjusting repair strategies for the units of equipment, identifying equivalent spare parts and materials, and mapping repairs to identify and eliminate losses. We have launched a system to manage the optimisation initiatives and obtain ideas and proposals from our employees. All optimisation initiatives are subjected to expert reviews by technical committees and may be approved for implementation or rejected in case of an adverse effect on technical and economic performance, safety, and equipment reliability.

Furthermore, we are continuously focusing on risk management. In 2018, Unipro PJSC expanded insurance coverage to indemnify the Company against losses resulting from staff disloyalty and certain cyber risks, financial losses and damage to business resulting from terrorist acts and sabotage.

To what extent was the Company able to meet its shareholders' interests?

In 2018, Unipro PJSC paid a total of RUB 14 bln in dividends:

- that included RUB 7 bln at the end of the 2017 financial year by virtue of the resolution adopted at the General Shareholders' Meeting;

81.3

RUB bln

Unipro PJSC's revenue in 2018, with a 2.8% gain year-over-year

35.5%

EBITDA margin

How can you characterise the Company's financial performance in the reference period? What were the drivers of financial performance?

Unipro PJSC's EBITDA in 2018 fall within the target range announced by the Company's management and generally exceed the consensus forecast by outside financial analysts.

The Company secured its financial targets despite the decline in total electric power generation that fell by 3.3% as compared to 2017 due to higher market competition in terms of excess capacity supply. Unipro PJSC's revenue in 2018 amounted to RUB 81.3 bln, a 2.8% gain year-over-year.

EBITDA reached RUB 28.8 bln and the EBITDA margin is consistently high at 35.5%, which is among the best in the sector. Among other things, these indicators are due to a balanced approach to asset management.

Please describe the tools used to improve the Company's operational excellence. How does the introduction of digital tools and technologies contribute to the upgrade of the Company's financial and production processes?

Unipro PJSC is engaged in an operational excellence programme that includes activities aimed at optimising the core

- another RUB 7 bln was paid for nine months of 2018 by virtue of the resolution to pay interim dividends adopted by the Extraordinary General Shareholders' Meeting.

In the first quarter of 2019, we updated Unipro PJSC's dividend policy and set the dividend payout level for a medium term until 2022 while maintaining the continuity of dividend payouts since 2011.

1.6.2. Costs

Indicator, RUB mln	2016	2017	2018	2018/2017 +/-%
Fuel for producing electric and heat power	37,876.4	33,647.2	34,550.3	2.7
Other material costs	8,510.3	6,661.1	6,863.3	3.0
Market operator service fees	1,282.1	1,273.6	1,299.2	2.0
Labour costs	5,084.9	4,910.3	5,716.9	16.4
Contributions to non-budgetary funds	1,225.8	1,218.6	1,394.8	14.5
Taxes and levies	1,211.0	1,225.9	1,708.1	39.3
Depreciation	6,731.9	6,283.1	6,414.5	2.1
Other costs	1,963.0	2,060.5	2,202.1	6.9
Total costs	63,885.4	57,280.3	60,149.3	5.0

Fuel expenses

In 2018, fuel expenses were 57.4% of the Company's operating expenses. In general, fuel expenses in the reference period increased by 2.7% compared to 2017 and amounted to RUB 34.6 bln (excluding the cost of fuel used for commissioning and repair work). The main reason for the increase in expenses compared to the previous year was the indexation of wholesale gas prices (by 3.4% in August 2018).

Gas procurement expenses for producing electric and heat power accounted for 92.9% of the Company's overall fuel expenses, and the cost of coal burned was 6.5%.

Other material expenses

Other material expenses included: structural maintenance costs for buildings, construction and equipment, M&R costs of new power units, cost of purchasing electric power and capacity, cost of raw materials and materials for operational and economic needs, transport and office equipment maintenance, and the purchase of materials for health and safety in the workplace.

By year-end 2018, other material expenses at Unipro PJSC amounted to RUB 6.9 mln (11.4% of the Company's total costs). The increase in costs by 3% compared to 2017 was due to an increase in the cost of purchasing electric power and capacity.

Market operator service fees

Market operator service fees include the Company's contractual payments to the System Operator, Trading System Administrator, Financial Settlements Centre.

By year-end 2018, the expenses of Unipro PJSC for the services of market operators increased slightly compared to the previous reference period and amounted to RUB 1.3 bln. The percentage of expenses for the services of market operators within the total volume of the Company's expenses in 2018 remained at the same level as 2017 and amounted to 2.2%.

Salary expenses

Labour costs include all costs associated with salaries, including estimated liabilities.

In 2018, the Company's spending on salaries increased by 16% to RUB 5.7 bln, which accounted for 9.5% of the Company's total expenses.

Contributions to non-budgetary funds

Contributions to non-budgetary funds include social and pension contributions to Russian state funds.

The total amount of contributions to non-budgetary funds in 2018 with estimated liabilities factored in amounted to RUB 1.4 bln (2.3% of the Company's total costs).

Taxes and levies

Unipro PJSC is one of the largest taxpayers in Russia. Taxes and levies the Company pays include property tax, transport tax, land tax, water tax, and mineral-extraction tax, as well as levies for the use of waterbodies, environmental pollution, as well as other duties.

By year-end 2018, the Company's tax charges increased by 39% compared to 2017 and amounted to RUB 1.7 bln. The main reason for the increase in expenses was a significant increase in property tax charges (from RUB 977 mln in 2017 to RUB 1,485 mln in 2018). This tax increase is due to the following changes:

- in the reference period, movable property reported after 1 January 2013

at a rate of 1.1% in 2018 (0% in 2017) was subject to taxation at all plants, except Shaturuskaya GRES;

- the termination of regional benefits for new construction work at Berezovskaya GRES until 1 January 2018;
- the tax rate on energy grid facilities rose to 1.9% in 2018 (from 1.6% in 2017).

In 2018, taxes and levies were 2.8% of the Company's operating expenses.

Depreciation

Depreciation of the Company's fixed assets is calculated on the straight-line method over the useful life of assets.

By year-end 2018, depreciation charges at Unipro PJSC increased by 2% to RUB 6.4 bln. The increase in depreciation was due to:

- accounting for restored facilities and accrual of depreciation on these facilities;
- increase in depreciation on major repairs.

In 2018, depreciation accruals were 10.7% of the Company's operating expenses.

Other costs

Other costs include expenses on communication and data transmission services, IT services, staff training, utility services, security, insurance, and other administrative and managerial expenses.

By year-end 2018, other costs at Unipro PJSC increased by 7% to RUB 2.2 bln (3.7% in the

Company's operating expenses structure). The increase in other expenses compared to 2017 was mainly due to an increase in consulting and legal expenses, as well as the cost of renting office space.

1.6.3. Salient facts affecting financial performance

The key event which affected the Company's financial performance in 2016–2018 was the fire that broke out in the boiler room of Power Unit No. 3 at Berezovskaya GRES on 1 February 2016. After the accident, 800 MW Power Unit No. 3 was withdrawn to have unscheduled emergency maintenance performed.

By year-end 2018, there were extraordinary expenses which included the disposal of damaged fixed assets amounting to RUB 372 mln (RUB 5.8 bln in 2017, RUB 6.4 bln in 2016) and the liquidation of the fixed assets amounting to RUB 8 mln (RUB 1.4 bln in 2017, RUB 2.1 bln in 2016). In May 2017, Unipro PJSC received its last indemnity insurance payment of RUB 20.4 bln (the first one of RUB 5.7 bln was obtained in 2016).

1.6.4. EBITDA

Unipro PJSC profits before interest, taxes and depreciation in 2018 was RUB 28.8 bln, which is 32% lower than in 2017 (in 2017, EBITDA amounted to RUB 42.5 bln). The 2018 EBITDA margin remains high at 35.5%.

If the emergency expenses associated with the accident

Indicator, RUB mln	2016	2017	2018	2018/2017 +/-%
EBITDA (before the deduction of emergency expenses associated with the accident in Power Unit No. 3 at Berezovskaya GRES)	20,653.0	42,527.0	28,847.5	-32.2
– Indemnity insurance	5,651.3	20,448.7	–	–
– Extraordinary expenses	-8,434.7	-7,193.0	-379.7	-94.7
EBITDA (after the deduction of emergency expenses associated with the accident in Power Unit No. 3 at Berezovskaya GRES)	23,436.3	29,271.3	29,227.3	-0.2
Return on EBITDA, %	28.9	37.0	35.9	–

in Power Unit No. 3 at Berezovskaya GRES are excluded, EBITDA for 2018 would have remained at the same level as the previous year and amounted to RUB 29.2 bln.

1.6.5. EBIT

The profit Unipro PJSC made before paying interest and taxes in 2018 amounted to

RUB 22.4 bln, which is 38% lower than the figure for 2017. The 2018 EBIT margin is 27.6%.

If the emergency expenses associated with the accident in Power Unit No. 3 at Berezovskaya GRES in 2018 are excluded, the figure would have amounted to RUB 22.8 bln, which is 0.8% lower than the previous year.

1.6.6. Net profit

In 2018, the Company's net profit amounted to RUB 18.9 bln, which is 37% lower than the net profit in 2017.

The net profit margin of Unipro PJSC was 23% (38% in 2017).

1.6.7. Taxation and contributions to state and non-budgetary funds

Taxes, RUB mln	2016	2017	2018
VAT	4,701.9	3,063.2	3,597.9
Income tax	1,977.0	10,962.3	492.3
Dividend income tax	828.7	588.8	588.7
Water tax	0.9	3.9	1.6
Property tax	1,197.7	1,151.1	1,378.7
Personal income tax	648.0	624.0	753.8
Personal dividend income tax	25.0	26.9	11.5
Transport tax	2.4	2.6	2.6
Land tax	33.5	33.8	33.8
Other	3.2	2.2	2.5
Total	9,418.3	16,458.8	6,863.5
Fee for negative impact on the environment	25.2	12.953	101.545
Charge for usage of waterbodies	129.6	153.044	292.901
Insurance contributions to state non-budgetary funds	1,182.1	1,174.2	1,378.9

1.6.8. Significant changes in assets profile

In 2018, Unipro PJSC significantly increased investment in implementing its activities. This is evidenced by an increase of RUB 6.8 bln (+5%) in assets compared to the previous year. The value of the assets at Unipro PJSC at the end of 2018 amounted to RUB 138.9 bln. There were no significant changes in the asset balance structure.

Non-current assets are 85% of assets at Unipro PJSC. The main increment of balance sheet assets is RUB +6.5 bln (96% of the cumulative increase), mainly due to the following:

- an increase in construction work in progress, which is connected to the repair and reconstruction work being carried out at Power Unit No. 3, as well as with the construction of a new fuel receiving station at Berezovskaya GRES (for details, see page 48–49);
- an increase in other non-current assets as major repairs completed are reported (mainly due to the overhaul of Power Unit No. 8 at Surgutskaya GRES-2);
- reporting restoration of facilities among fixed assets. The Company decided to perform an assessment of the asset liquidation obligation, since the activities of Unipro PJSC are related to the use of natural assets (land, wells, quarries).

The negative trend in long-term financial investments is related to the transfer of a loan from a subsidiary company, Unipro Engineering LLC, to short-term investments, given that the loan had a term of less than one year on 31 December 2018.

In 2018, the current assets of Unipro PJSC had a total value which had increased by RUB 0.3 bln (+1%) to RUB 21.5 bln. Current assets were 15% of total assets at the end of 2018. The structure of current assets for the period under review changed as follows:

- the share of reserves increased from 19% to 37%, which was mainly due to the recognition of materials suitable for further use following a major overhaul and the partial liquidation of fixed assets at Surgutskaya GRES-2 and Shaturskaya GRES;
- the share of cash increased from 14% to 22% mainly due to the repayment of previously issued loans in 2018. The largest share is taken up by bank deposits;
- the share of accounts receivable fell from 48% to 36%. The decrease in accounts receivable is due to an overpayment of income tax in 2017, which was credited in 2018;
- the share of financial investments dropped from 18% to 5% due to the repayment of an intercompany loan to Uniper SE in 2018.

1.6.9. Significant changes in the liabilities profile

There were no major changes in the structure of liabilities at Unipro PJSC in 2018. The total value of liabilities for the period under review increased, mainly due to:

- the total value of the "Capital and Reserves" section rose by RUB 5 bln to RUB 125 bln (+4%). The growth was driven by the profit for 2018 after the payment of dividends amounting to RUB 14 bln;
- an increase of RUB 1.1 bln in short-term liabilities due to changes in for taxes and fees payable (VAT calculations).

1.6.10. Liquidity and Equity Capital

Financial stability at Unipro PJSC is ensured by the positive value of the Company's working capital, the absence of borrowed funds, as well as the high share in the Company's own capital, ensuring financial independence and an absence of significant financial risks. Balance liquidity is currently positive.

The significant increase of capital expenditures in 2018 is mainly related to electric and heat power generation, as well as upgrades to the existing generating assets within the framework of the approved Investment Programme. The Investment Programme is planned to be implemented through equity funds. In respect of equipment modernisation projects, debt financing may be raised.

1.7. Operations

1.7.1. Key performance indicators for 2018

Installed capacity

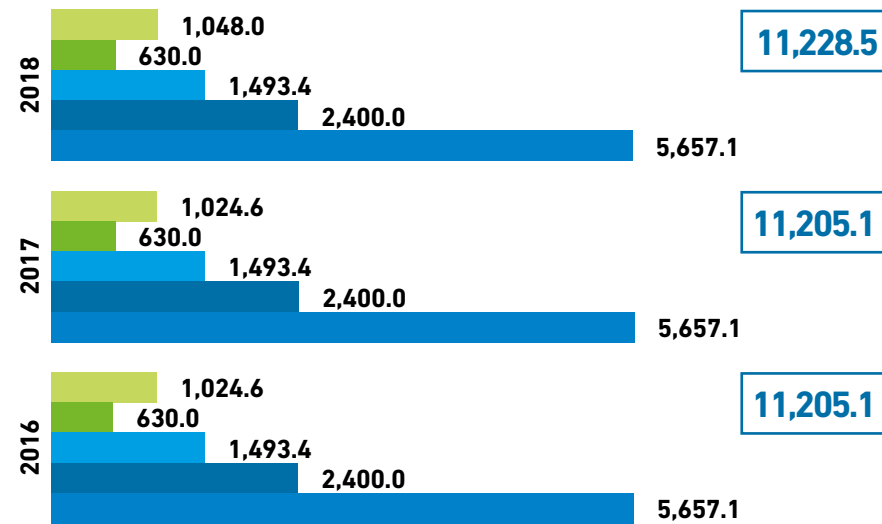
As of 1 January 2018, the installed capacity of the power plants of Unipro PJSC was 11,205.1 MW. During the reporting year, the total installed capacity increased by 23.4 MW and as of 31 December 2018 it amounted to 11,228.5 MW.

11,229
MW

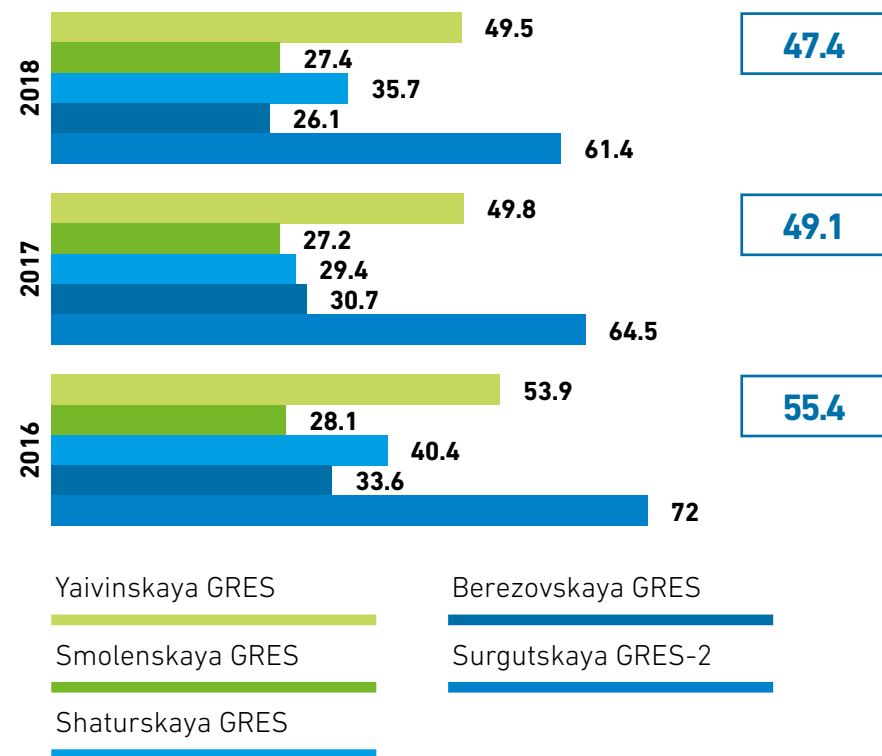
installed capacity of Unipro PJSC power plants in 2018

The growth of installed capacity at the Company's facilities was due to the re-certification of Power Unit No. 5 of the combined-cycle gas turbine plant (CCGT) of Yaivinskaya GRES since March 2018. In August-September 2017, the main inspection was carried out as to the gas turbine at this Power Unit, including the SP8 modernisation package. As a result of the gas turbine modernisation, its maximum capacity was set at 308 MW, and the total capacity of Power Unit No. 5 of the CCGT was increased from 424.6 MW to 448 MW.

Installed capacity, MW



Installed capacity utilisation factor, %



The Unipro PJSC capacity utilisation factor (CUF) indicating the actual utilisation of the power plant capacity remains high, and for 2018 amounted to **47.4%**

Electric power generation

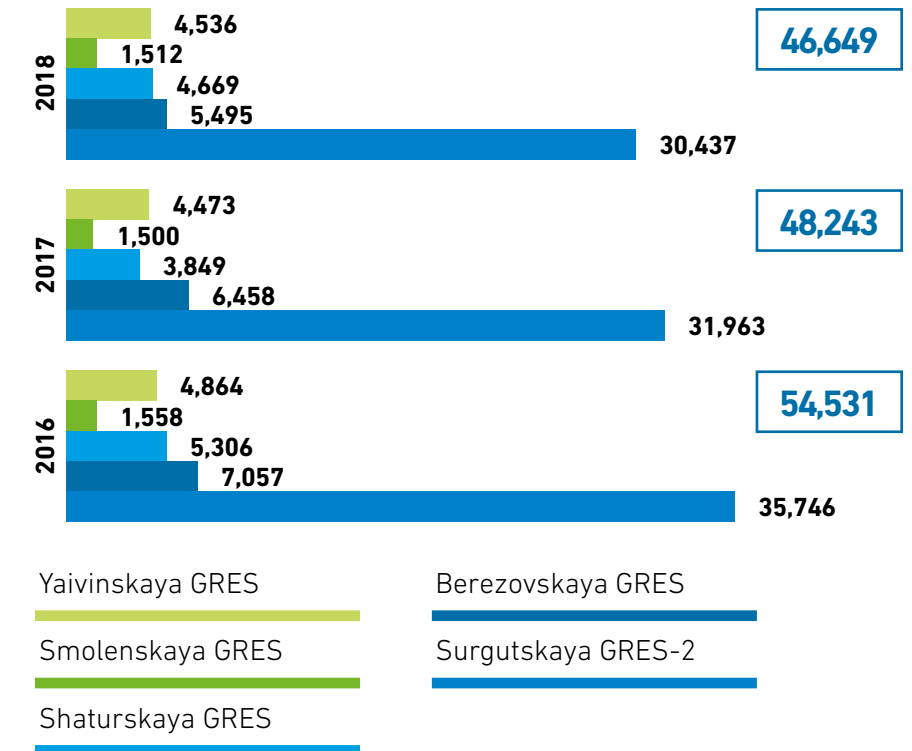
In 2018, Unipro PJSC power plants generated 46,649 mln kWh of electric power, which is by 3.3% (1.6 mln kWh) below 2017 output.

The main factors that influenced the change in electric power generation are the result of shutdowns of generating equipment to cold reserve in accordance with dispatching the System Operator of power units with steam power units (SPU) of Surgutskaya GRES-2 and Berezovskaya GRES.

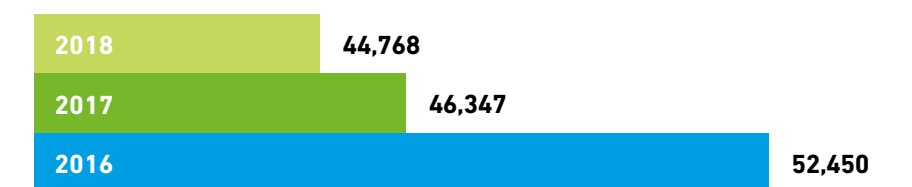
46,649
mln kWh

electric power generated by Unipro PJSC power plants in 2018

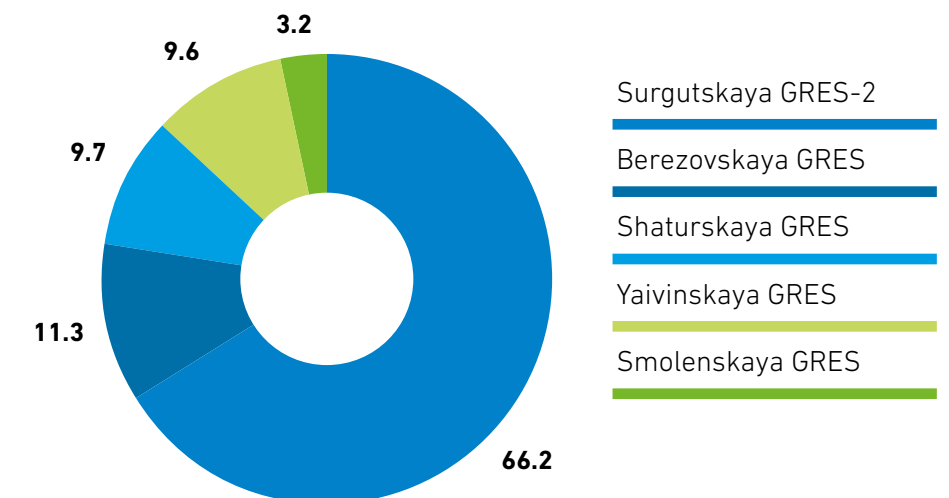
Electric power generation (output), mln kWh



Net electric power output, mln kWh



Structure of net electric power output, %



Interview with the Deputy General Director for Production



Igor V. Popov

Please characterise the overall performance of power plants in the reference period.

Due to the commissioning of the new most efficient CCGT units in Russia, the output of electric power at steam power units is declining. This is reflected in the electric power mix produced by Unipro PJSC's branches. While the output of electricity generated by CCGT power units is growing (from 9,933 mln kWh to 10,472 mln kWh), the output of steam power units has declined (from 38,310 mln kWh to 36,177 mln kWh).

Please tell us about the project to increase the installed capacity in 2018.

In early December 2018, the Company subjected Power Unit No. 7 of Shaturskaya GRES to certification testing. Following the tests, this

power unit was subjected to remarking starting from 1 January 2019 involving the assignment of the new installed active capacity of 400 MW and generator capacity factor of 0.95 in the SO UES JSC register.

This remarking will enable the Company to secure a financial effect of around RUB 50 mln per year.

Please describe Unipro PJSC's approach to maintenance management. What are the essential results of the 2018 maintenance campaign?

The Company is implementing a 6-year maintenance cycle for all power units and introduced a maintenance planning system based on the assessment of financial risks related to the emergency shut-down of equipment.

When scheduling the maintenance periods and duration, the Company factors in the technical condition of the equipment, the need to perform mandatory activities required under the law, as well as the findings of the examination of shut-downs and incidents over the past periods.

The 2018 maintenance campaign proved quite intense. 8 power units were subjected to overhauls and intermediate maintenance, 17 more underwent current repairs of the main and auxiliary equipment. In the meantime, 5 turbine rotors and 3 SPU generator rotors were replaced or overhauled just following the fault detection.

PP Surgutskaya GRES-2 underwent a capital inspection of CCGT Unit No. 7 conducted by in-house personnel (the CSR). In addition to providing the CSR personnel with unparalleled experience of CCGT equipment maintenance, these activities ensured a decrease in the power unit operating costs by \$720,000 per year or \$2.2 mln for the period until 2024 (net of the escalation factor). Reduction of the forced unavailability factor from emergency shut-down of power units by 6% compared to 2017 was among the most important outcomes of the 2018 maintenance campaign.

The Company is planning to enter the market of energy services in Russia and the CIS. What kind of services are we talking about?

Unipro PJSC is building and proactively offering its own competences in the market in the following areas:

- technical consulting of outside power engineering assets (energy audit of power plants' production and business operations for efficiency and safety);
- involvement in the trust operational management of outside power engineering assets;
- involvement in the investment projects for construction and reconstruction of traditional and distributed generation facilities (offer of customer engineer's services, etc.).

In 2018, the Company had its first experience in technical consulting by conducting a full-fledged energy audit of Kazakhmys power plants (Republic of Kazakhstan).

10,472

mln kWh

Output of electricity generated by CCGT power units

50

RUB mln per year

Power Unit No. 7 of Shaturskaya GRES remarking effect

The Company used its experience, including with due regard for the analysed deficiencies and flaws, to develop special-purpose target programmes of technical expert review of production assets from the perspective of potential short-term (consulting) and medium-term (management) cooperation.

Please say a few words about the development prospects of the Company's production activities in the medium and long terms.

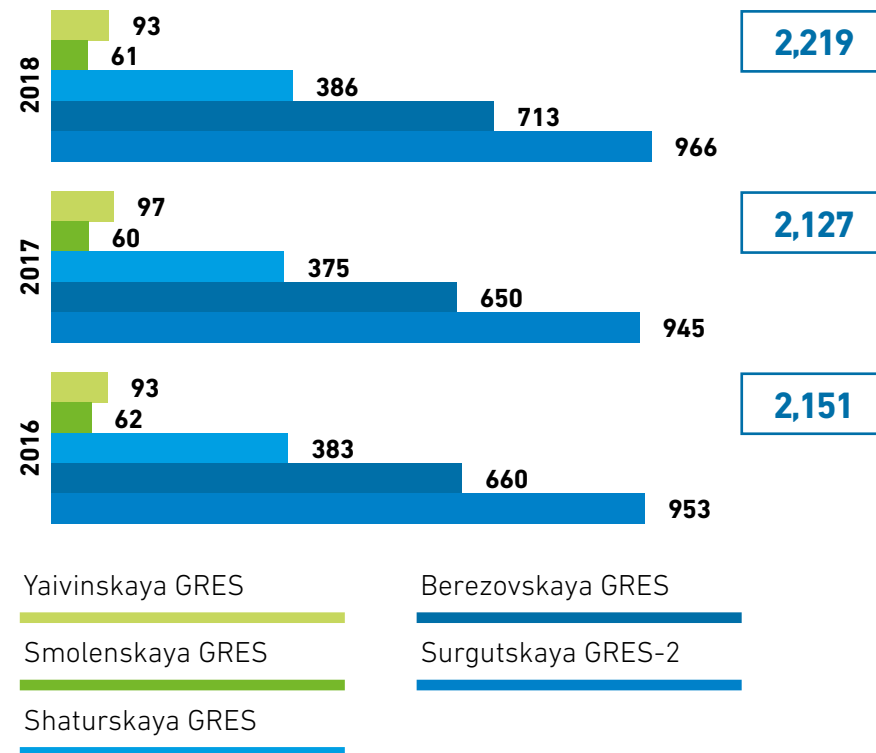
The key development prospects of the Company's production activities and, therefore, of the Company as a whole, concern improvements in the reliability and efficiency of equipment at our power plants. Our strategic objective is to take part in the selections to optimise our generating equipment portfolio through modernisation, including in-depth modernisation. All the power units of the Company, even the ones that enjoy little demand in the market from an economic standpoint, affect the reliability of the UES. This is why we look at their future with optimism in the context of modernisation.

Heat power generation

The total volume of heat power output from Unipro PJSC headers in the reference period was 2,219 thousand GCal, which is 4.3% (92 thousand GCal) higher than the result of 2017.

The increase in heat supply is determined by the decrease in the outdoor temperature during the heating period. The largest increase in heat supply occurred at Berezovskaya GRES (by 63 thousand Gcal or 9.7%), since the average outdoor temperature during the heating period decreased from -3.7°C in 2017 to -7.5°C in 2018.

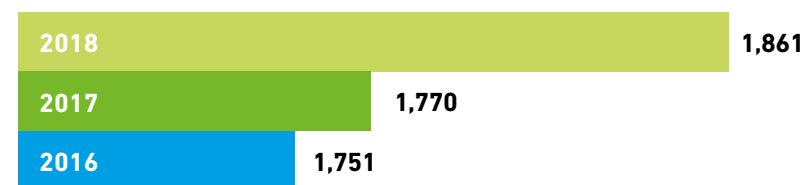
Heat power generation (output), thousand Gcal



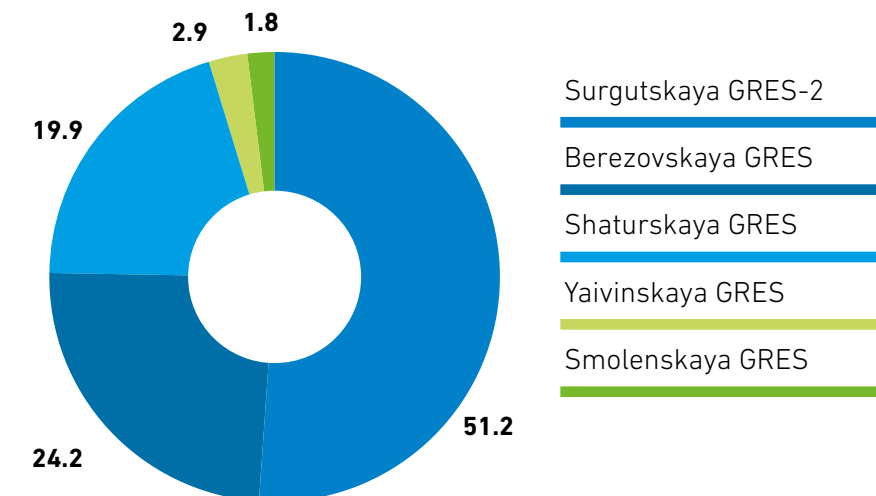
2,219
thousand GCal

total volume of heat power output from Unipro PJSC headers in the reference period

Net heat power output, mln kWh



Structure of net heat power output, %



The largest increase in heat supply occurred at Berezovskaya GRES

1.7.2. Fuel mix structure

Unipro PJSC power plants use gas and coal as the main fuel. The main share of fuel in the Company's balance sheet is gas, the consumption of which in 2018 amounted to 86.3% of the total volume.

It is important to note that the fuel mix of Unipro PJSC is shifting towards greater gas consumption (+1.5% compared to 2017) and lower coal consumption (-1.6%). The use of fuel oil increased by 0.1% in comparison with 2017.

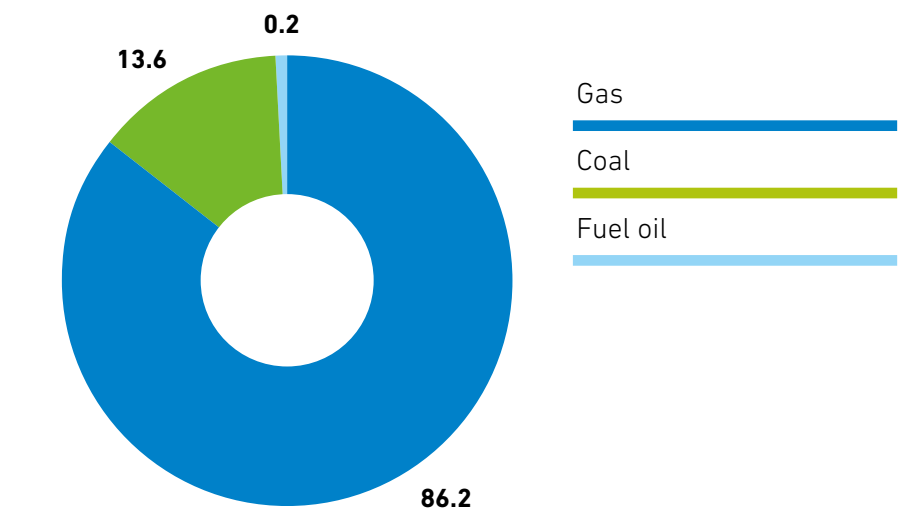
The plants can also use peat, which was not burned in the period between 2016 and 2018.

The major gas consumer is the mono-fuel Surgutskaya GRES-2 (74.1% of the total gas use).

Berezovskaya GRES uses lignite as primary fuel. The major share of coal is supplied to the power plant by the ground conveyor from Berezovsky-1 coal pit located 14 km away from the branch. Coal consumption by Berezovskaya GRES was 3,541.1 thousand tonnes in 2018 (99.7% of the total coal use).

Shaturuskaya GRES, Smolenskaya GRES and Yaivinskaya GRES can use various types of fuel for technological purposes. However, taking into account the prices over the last years, gas is the primary fuel for these branches. In 2018, its share in the fuel mix of Smolenskaya GRES was 99.79%, Shaturuskaya GRES – 99.97% and Yaivinskaya GRES – 99.68%.

Fuel mix structure in 2018, %



The amount of fuel used by Unipro PJSC power plants in 2018

Branch	Fuel type	Volume, mln cbm or thousand tonnes	Volume, thousand tonnes of fuel equivalent
Berezovskaya GRES	Coal	3,541.14	1,881.49
	Fuel oil	16.79	23.52
Smolenskaya GRES	Gas	459.92	532.14
	Coal	1.83	1.09
Surgutskaya GRES-2	Fuel oil	0.02	0.02
	Gas	7,651.45	8,824.24
Shaturuskaya GRES	Gas	1,204.49	1,405.28
	Coal	0.44	0.23
Yaivinskaya GRES	Fuel oil	0.12	0.16
	Gas	1,004.60	1,229.61
Total at Unipro PJSC	Coal	6.71	3.90
	Gas	10,320.45	11,991.27
Total at Unipro PJSC	Coal	3,550.12	1,886.70
	Fuel oil	16.93	23.71

Following the results of 2018, Unipro PJSC spent a total of 10.3 bln cub m of gas, 3.6 mln tonnes of coal and 16.9 thousand tonnes of fuel oil

for process purposes. The cost of fuel consumed by the branches of Unipro PJSC for the production of electricity and heat power was RUB 34.6 bln, net of VAT.

Key fuel suppliers

The main fuel supplier to the power plants of the Company in 2018 was the independent gas producer NOVATEK PJSC. Its share in the total fuel cost procured for Unipro PJSC power plants reached about 77.4%.

In addition, in 2018 the Company purchased gas from Rosneft Oil Company PJSC, Surgutneftegaz PJSC and Lukoil-Rezervnefteproduct-Trading LLC.

The key coal supplier of the Company is SUEK JSC, which supplied lignite to Berezovskaya GRES. In 2018, its share in the total fuel cost procured for Unipro PJSC power plants reached about 6.4%.



The fuel procurement strategy of Unipro PJSC is aimed at strengthening long-term relations with major resource suppliers, while keeping an optimal degree of diversification

Volume of all energy resources used in Unipro PJSC in 2018¹

Energy resource type	Consumption volume in kind	Measurement unit	Consumption amount, RUB thousand
Nuclear power	none	–	–
Heat power	102	thousand GCal	8,554.21
Electric power	99	mln kWh	22,092.26
Electromagnetic energy	none	–	–
Oil	none	–	–
Motor gasoline	425.76	tonnes	
Diesel fuel	804.70	tonnes	312,787.30
Fuel oil	19.29	thousand tonnes	
Natural gas	10,328.32	mln cub m	
Coal	3,550.50	thousand tonnes	34,353,668.90
Oil shale	none	–	–
Peat	none	–	–
Common	none	–	–

1.7.3. Repairs

Maintenance in conjunction with timely and quality repairs of the generating equipment at the power plant ensure its reliable and safe operations and extend its service life.

In connection therewith, Unipro PJSC on an ongoing basis improves the quality of repairs, increases the reliability of equipment and contributes to the reduction of accidents. The Company drafts, approves and implements the repair programmes for main production facilities on an annual basis.

Unipro PJSC has implemented a six-year maintenance cycle for all power units, and introduced a system of maintenance planning based on the assessment of financial risks related to the emergency shutdown of equipment. This system of repair arrangements makes it possible to adapt repairs to the conditions for the Company's activities in the competitive electricity market, reduce time and money spent on repairs and minimise the risk of emergency shutdowns of equipment during the overhaul period. This approach to planning helps to optimise shutdowns of power

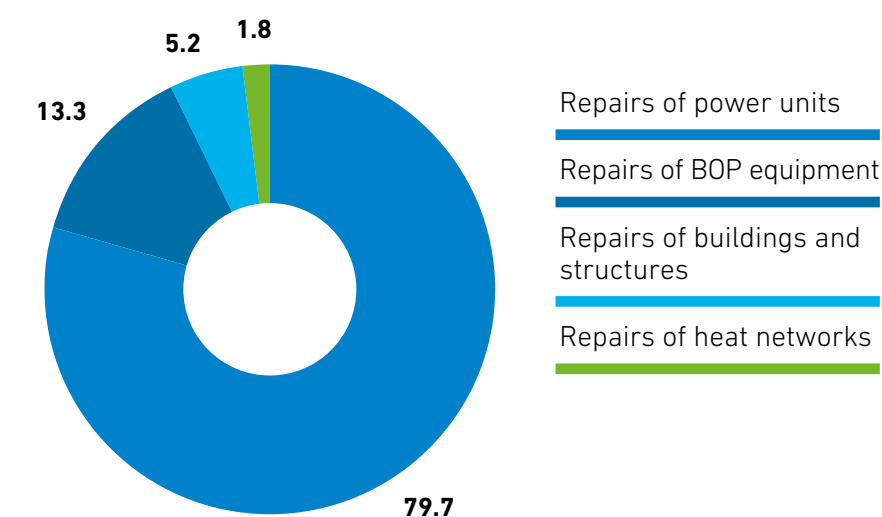
units to perform repairs and carry out works to extend the life of technical devices; perform repairs of equipment affecting load bearing, and also exposed to the greatest wear during operation.

Since 2018, all plants of the Company have expanded the list of contracts to be concluded with a three-year implementation period. This allows, firstly, to reduce the time for procurement procedures, which involve specialists from both the production and procurement departments; secondly, to carry out better planning; thirdly, the contracting organisation with which the contract is concluded for 3 years will create the material and technical base at the customer's site, which, in turn, will reduce the time for the manufacture and supply of necessary equipment and materials; fourthly, the plant will obtain a contractor that is interested in quality work.

The schedule of repairs at Unipro PJSC branches is based on preliminary surveys of the technical state of production facilities, applicable regulations, as well as long-term experience in operating the equipment. The repair programme is created in an automated mode in the equipment maintenance and repair module (SAP TOPO) taking into account the analysis of the full range of identified defects and the need to eliminate the root causes of their occurrence.

In accordance with the annual schedule of repairs, power units with a total capacity of

Unipro PJSC repair schedule structure in 2018, %



5.640
RUB bln
total amount of repair works costs at Unipro PJSC power plants in 2018

31%
of repair works performed by own forces of the Company

11,227.3 MW were repaired in 2018 (with scheduled work on the equipment of Power Unit No.3), including overhaul — 2,296.9 MW, intermediate maintenance — 1,170 MW, and current repairs — 6,960.4 MW. Reconstruction works are underway at Power Unit No. 3 of Berezovskaya GRES to eliminate the consequences of the accident occurred in 2016 – 800 MW.

The total amount of repair works costs at Unipro PJSC

power plants amounted to RUB 5.640 bln in 2018, including the current production — RUB 3.075 bln, and new production – RUB 2.565 bln. All the scheduled repairs have been made in full.

31% of repairs was done using the Company's own resources, and 69% through contractors. The contractors were selected through tenders in order to ensure that contracted terms and conditions were most favourable for the Company.

¹ The figures are approximate, according to the Company's estimates, because accurate data are not specified in the calculations.

Significant events related to repair works in 2018

During the repair campaign of the reference period, in addition to the typical scope of equipment repair, a number of significant works were performed.

At CCGT plants:

- at Surgutskaya GRES-2 major inspection of the main equipment of Power Unit No. 7 was performed by own repair personnel under the supervision of GE chief engineers (General Electric Company);
- at Shaturuskaya GRES an unscheduled replacement of nozzle and working blades of the second stage of the gas turbine of Power Unit No. 7 was performed due to damages caused by poor quality of nozzle blades of the second stage, as well as the overhaul of SIGMA circulation pumps (7A and 7B) of the same unit. Upon receiving a new generator passport, remarking of Power Unit No. 7 was performed, and the installed capacity was increased from 393.4 to 400.0 MW (by 6.6 MW).



At STU units:

- at Yaivinskaya GRES during the scheduled intermediate maintenance of Power Unit No. 4 gas ducts were updated and work was performed to replace the lighting fixtures with LED ones;
- at Berezovskaya GRES, according to the results of fault detection, rotors of high and medium pressure cylinders of turbine unit No. 2 were replaced, blades of the last stages of low-pressure rotors of the same turbine unit were restored by electric spark alloying;
- at Smolenskaya GRES, during the period of scheduled repairs, the following main works were performed:
 - overhaul of the generator stator of Power Unit No. 1;
 - installation of MFB under supports No. 1 and No. 2 during the overhaul of turbine No. 2;
 - overhaul of condensate electric pumps (CEP) with replacement of the guide vane and the impeller,
- replacement of the impeller of the centrifugal pump (CP), overhaul of the engines of blower fans in the factory;
 - replacement of retaining rings of the rotor of the generator TGV-200 MUZ of Unit No. 2;
- during the scheduled overhaul of heat and Power Unit No. 6 of Shaturuskaya GRES, the identified defective retaining ring of the generator rotor was replaced. As a result of the work done, delay in the start of the heating season was prevented;
- at Surgutskaya GRES-2, during the scheduled overhaul of Power Unit No. 3, replacement of coils and overflow pipes of 3PVD-6B heater was performed, and 3D-6ata deaerator column was replaced. In the course of the scheduled intermediate maintenance of Power Unit No. 1, reblading of the 13th stage of the medium pressure rotor was performed. Reblading of the 5th stage of the reserve low pressure rotor of K-800-240-5 turbine unit was performed.

Plans for 2019

For the next reference period, the overhaul, intermediate maintenance or current repairs of all the power units of the branches are scheduled according to the repairs schedule. Four chimneys will be repaired at Surgutskaya GRES-2, Yaivinskaya GRES, Shaturuskaya GRES and Smolenskaya GRES.

At CCGT plants during the 2019 repair campaign, it is scheduled as follows:

- overhaul of T5 package transformer of Power Unit No. 5 of Yaivinskaya GRES;
- overhaul of the generator of Power Unit No. 7 with complete rewedging of the stator of Shaturuskaya GRES;
- scheduled boroscopic inspections of power units at Shaturuskaya GRES and Surgutskaya GRES-2;
- extended repair of gas booster compressors of Shaturuskaya GRES, Yaivinskaya GRES and Surgutskaya GRES-2.

At STU units:

- at Surgutskaya GRES-2 during the overhaul of 800 MW STU No. 6, replace the steam-piping manifolds on the boiler, valve boxes and steam relief valves on the turbine;
- two overhauls are scheduled to be performed at Shaturuskaya GRES. During the period of repair at Power Unit No. 1, the replacement of the regulating stage and nozzle diaphragm of the high-pressure part of the turbine is scheduled,

as well as replacement of downtaking and collecting gas ducts at both smoke exhausters of the boiler and a comprehensive diagnostic examination of the generator. When repairing Power Unit No. 3, technical diagnostics of the turbine is scheduled in order to extend the service life with the replacement of blades 26 and 30 of low-pressure rotor stages and studs of high and medium pressure cylinders;

- at Smolenskaya GRES, during the intermediate maintenance of Power Unit No. 3, work will be carried out to replace the bottom stills of the air heater of the boiler unit and part of the turbine condenser pipe bundle;
- at Yaivinskaya GRES during the overhaul of Power Unit No. 1 it is scheduled to replace the boiler gas ducts in the area of electrostatic precipitators and smoke exhausters.

1.7.4. Investment programme

Unipro PJSC investment activities are implemented based on economic feasibility of the projects, maintaining the Company's competitiveness and equipment operational reliability.

Main areas of the investment activity:

- modernisation of equipment while increasing capacity and efficiency;
- replacement of life-expired power generating equipment with modern equipment with high technical and economic performance indicators;
- enhancement of reliability and efficiency of operating facilities;
- implementation of the health and safety policy;
- implementation of environmental projects; and
- upgrading of IT systems.

Implementation of the investment programme in 2018

197 projects

are included in the investment programme of Unipro PJSC production section in 2018

46

projects
Berezovskaya GRES

48

projects
Surgutskaya GRES-2

31

projects
Yaivinskaya GRES

48

projects
Shaturuskaya GRES

24

projects
Smolenskaya GRES



A planned examination of industrial safety of boiler inspection facilities and equipment life extension was carried out at all branches

Construction of the Fuel Receiving Station at Berezovskaya GRES

The station is designed to receive coal from Berezovsky Open-Pit via the main conveyors and distribute it to the coal depot or to the power units of the power plant.

The currently functioning temporary fuel supply scheme has open areas, and the most critical elements operate without a backup and are technically obsolete. In this regard, there is a threat of disrupting the shipment of coal and, as a result, stopping the operation of the entire plant.



Fuel Receiving Station



The FRS building, elev. -1,000, conveyor equipment (1/2E)

Commissioning of the Fuel Receiving Station (FRS) will allow:

- providing the necessary technological backup of each element of the fuel supply system;
- round-the-clock acceptance of fuel with its simultaneous shipment both to the operating units and to the coal storage facility;
- eliminating open areas of the system and reducing the amount of fuel loss with mechanical entrainment;
- ensuring a high level of automation of the fuel supply and distribution, as well as compliance with the current fire safety and labour safety standards.

The Fuel Receiving Station has been under construction since 16 July 2012. At the end of 2018, 70% of the total scope of work was completed. The construction of the facility is expected to be completed 16 months after approval of the type of fire-retardant coating for the steel structures of the building and approval of key project parameters.

The following milestones of construction of the station were completed in 2018:

- 1) installation of thermal insulation of pipelines and air ducts in the FRS building;
- 2) arrangement of shelters above the entrances to cable ways;
- 3) the building of the foam fire extinguishing pumping station is equipped with a structural fire protection;

- 4) completion of the installation of compressed air pipelines to implement the stirring system of receiving tanks of pump stations 1–4 in the FRS building;
- 5) completion of electrical installation works on aspiration systems in the building of junction tower JT-1;
- 6) survey of electrical installation works previously performed and unfinished to date for compliance with the project in connection with the change of the contractor for these works;
- 7) site improvement;
- 8) completion of a number of commissioning works:
 - verification of the control circuit of the FRS air supply units;
 - test of winches of 1A conveyor tensioning stations;
 - test of the water extinguishing system for 1/1A, 1/1B, 1/1C conveyors;
 - adjustment of 6kV variable frequency drives (VFD) with cranking of the belt drive motor at idle speed of 1A, 1B, 1C conveyors;
 - cold adjustment of 6kV VFD of the belt drive motors of 1A, 1B and 1C conveyors.

In the current implementation, work was carried out on the installation of air ducts and pipelines of the aspiration systems of the FRS building, steel structures of additional protection of bunkers, as well as the construction of safe passageways at elevation -1,000 of the FRS building. In addition, the comments on steel structures of the frame of the FRS building and the structures for protection against the deposits of coal dust are eliminated.

Construction of the Dry Ash Removal System at Berezovskaya GRES

The hydraulic ash removal system operating at Berezovskaya GRES requires the construction of new sections for storing ash and slag waste every 3–4 years. This entails substantial capital costs for the purchase of land for the construction of sections, as well as increases the load on groundwater and the atmosphere of the region as a whole.

The project for the construction of a Dry Ash Removal System, developed and adopted in 2008, implies a transition to modern, environmentally friendly, technologically reliable and cost-efficient methods for collecting, transporting and storing ash and slag waste¹.

In 2018, the Company signed an agreement with KOTES JSC on the development of a feasibility study of options for transporting ash to the ash dump, options for distributing ash on the ash dump areas, as well as on the analysis of the current project documentation for the construction of a Dry Ash Removal System.

The Board of Unipro PJSC approved the option of transporting ash to the ash dump, as well as the distribution of ash on the ash dump areas by motor transport.

In addition, the Board of Unipro PJSC made a decision to suspend the implementation of the project and to transfer funding for the following periods due to changes to key parameters of the project.

¹ The project was approved for implementation by decision of the Board of Directors of the Company No.96 as of 1 September 2008 on the issue: "On determining the priority areas of the Company's activities: On approval of the updated material parameters of the investment project "Construction of Power Unit No.3 based on SPU-800 at Berezovskaya GRES branch" E.ON Russia JSC (issue No.12), as amended by Resolutions of the Company's Board of Directors No.117 dated 30 July 2009, No.139 dated 30 September 2010, No.172 dated 30 August 2012, No.185 dated 4 July 2013.



Refurbishment of Berezovskaya GRES Power Unit No. 3

Due to the fire on 1 February 2016, an emergency stop of the plant boiler unit No. 3 occurred. This caused serious damage to the supporting iron of the main building frame and to the boiler. Power Unit No. 3 was shut down for unscheduled repairs.

Immediately after the accident, a preliminary survey was carried out, which led to the conclusion that it was necessary to carry out major repairs.

As part of the overhaul of Power Unit No. 3 in 2018 the following measures were implemented:

- ④ dismantling of boiler components and auxiliary equipment was completed;
- ④ the main building frame was restored in full with the start-up of KM-100 bridge cranes with a lifting capacity of 100 tonnes according to the design scheme;
- ④ the thermal contour of the boiler room of Power Unit No. 3 was closed;
- ④ all damaged ridge beams of the boiler were replaced;
- ④ installation in the pre-design position of the shields and heating surfaces of the right convective shaft of the boiler was completed, their installation in the design position has been started;
- ④ installation of the boiler furnace shields in the pre-design position has been started;



Under the contract with ZiO JSC more than 95% of boiler elements was supplied (completion of the remaining scope of supply is expected during the 1st quarter of 2019).

The contractor, KOTES JSC, developed a project for commissioning with relevant documentation, as well as carried out control and acceptance of the completed installation prior to individual equipment testing.

The general designer Zarubezhenergooproekt JSC also corrected the design overhaul documentation in accordance with the Accident Cause Investigation Report signed on 25 April 2018 by the commission chaired by Yenisei Rostekhnadzor Department.

The completion of repairs and commercial commissioning of Power Unit No. 3 is scheduled in the 4th quarter of 2019.

- ④ elements of the left convective shaft of the boiler were repaired and installed in the design position;
- ④ installation of boiler auxiliary equipment, pipelines and PC-gas-air-ducts was performed;
- ④ work was carried out on the installation of cable steel structures and laying of cable products;
- ④ work was organised on the application of thermal insulation on the elements of the boiler, boiler auxiliary equipment and PC-gas-air-ducts;
- ④ work on the restoration of the fire-retardant coating of steel structures of the frame in the boiler cell of Power Unit No. 3 has been started;
- ④ upon completion of the restoration of the frame and closing the thermal contour of the main building, KROLL K800 tower crane and Liebherr LR-11350 crane were dismantled.

Delivered more than

95%
of boiler
elements

Retooling and modernisation of the existing operating facilities

The results of the retooling and modernisation programme (R&M) in 2018 are due to the forwarding of investment projects on the fire-retardant treatment of steel structures of the main building facilities to the next year (in connection with conducting flame retardant testing procedures in 2018 in order to select the best option), as well as the actual work progress under the Safe. ON programme for 2019–2021.

Implementation of the R&M programme in 2018

Branch	R&M progress, %
Smolenskaya GRES	151
Berezovskaya GRES	94
Yaivinskaya GRES	102
Shaturskaya GRES	94
Surgutskaya GRES-2	53
Total at Unipro PJSC	76

R&M milestones

Branch	Measures
Berezovskaya GRES	Modernisation of the excitation system of the turbogenerator of Power Unit No.2 Modernisation of heat networks, including the replacement of pipelines and fittings Modernisation of the control system of the hardware and software complex of the DCS at Power Unit No.2
Surgutskaya GRES-2	Technical refurbishment of the plant-wide compressor station Reconstruction of a 6 kV switchgear with the replacement of circuit breakers of Power Unit No.3 Modernisation of DCS software and hardware systems of the heat network and general plant equipment
Yaivinskaya GRES	Modernisation of AIS-110kV, including the replacement of an air switch with a gas-insulated switch Modernisation of gas ducts of TP-94 boiler at Power Unit No.4 Modernisation of boiler units, including the installation of a plant-wide steam collector from PRDS
Shaturskaya GRES	Technical refurbishment of 4T and 26T power transformers of Power Unit No.4 Technical refurbishment of heating networks Technical refurbishment of 220 kV switches, including the replacement of arc-suppressing chambers Modernisation of monitoring and control systems of Power Units No.4, 5
Smolenskaya GRES	Modernisation of TGB-200MUZ turbogenerator of Power Unit No.1 Restoration of the operational life of high-pressure rotor of the turbine unit Technical refurbishment of the heating network, including the replacement of pipelines Installation of local stability control schemes



ANTON SEMENOV
Lead Engineer for Production Management, Surgutskaya GRES-2



In April, our branch launched a project with the aim of developing, implementing, and supporting initiatives to achieve operational excellence.

A dedicated team was set up to implement the project which is comprised of both line employees and management personnel, including the plant Director and the Chief Engineer. Representatives of the youth association are heavily involved in the project.

We are already seeing results. Over the course of 11 months, we managed to pool over 200 ideas, which ranged from very simple and clear-cut proposals to improve individual business processes to sophisticated engineering solutions, for instance the revision of the maintenance and repair strategy.

I proposed to change the sealing technology for DRKO/DRTO pumps in order to extend their repair intervals. The idea is to rule out the possibility of leaks through the seals of SD 32/40 pump shafts, which will in turn solve the problem with the essential defect these pumps have — disintegration of rolling bearings in the bearing assembly. After we solved this problem, we extended the service life of bearings and improved the operational stability of pumps (no flow breakdowns).

Capital investments

In 2018, the Company's capital investments in the implementation of the investment and repair programme amounted to more than RUB 20.6 bln, including in the following areas:

- 📍 retooling and modernisation — 10%;
- 📍 new construction — 9%;
- 📍 repair and refurbishment of Power Unit No.3 at Berezovskaya GRES — 58%;
- 📍 capitalised repairs — 23%.

20.6
RUB bln

made capital investments of the Company in the framework of the investment programme and repair work in 2018

Aleksandr Pavlovich Peremibeda

Director of
Smolenskaya GRES
Branch, Unipro PJSC



"We celebrated the year 2018 with a significant event — the anniversary of Smolenskaya GRES. First of all, I would like to congratulate everyone who has been involved in the construction of the plant and its operation — the veterans and employees of Smolenskaya GRES.

Over the forty years of operation, the plant has come a long way: from the start of construction of the first power unit to the commissioning of the third, from burning low-ash peat to testing 14 types of solid fuel and final transition to natural gas.

Smolenskaya GRES constantly underwent reconstruction and modernisation of equipment. Only due to professionalism, long-term experience and commitment to excellence, we have achieved forty years of trouble-free work and continue to supply electricity and heat to consumers."

Smolenskaya GRES

Smolenskaya GRES, One of the Largest Power Plants in the Region, Celebrated its 40th Anniversary in 2018

The power plant is located in Ozerny Settlement of the Duhovschinsky District, the Smolensk Region. Three power units, 210 MW each, are installed at the plant, and the main type of fuel used is natural gas.

The branch supplies electric power to the wholesale market and the heat to the consumers in Ozerny Settlement. Smolenskaya GRES is in demand in the energy market due to its participation in provision of export transfer of electric power to Belarus.

In 2011, works associated with reconstruction and commissioning of Section 1 of the ash disposal area were completed, which allowed for increase of the volume of stored waste and, consequently, allowed for the plant operation (subject to significant share of coal in the fuel mix thereof) for over 10 year and reduced the impact of the ash disposal area on the environment.

Years of commissioning
(connection to the grid)

 **1978–1985**

Installed capacity,
MW

 **630**

Installed capacity utilisation
factor, %

 **27.4**

Average staff number
as of 31 December 2018, persons

 **495**

Fuel mix structure

Fuel	Gas	Coal	Fuel oil
Volume, mln cbm or thousand tonnes	459.92	1.83	0.02
Volume, thousand tonnes of fuel equivalent	532.14	1.09	0.02
Share, %	99.80	0.20	0.00

Electric power generation (production), mln kWh

2018	1,512
2017	1,500
2016	1,558

Heat power production (heat power output from headers), thousand GCal

2018	61
2017	60
2016	62

Net electric power output, mln kWh

2018	1,387
2017	1,378
2016	1,432

Net heat power output, thousand GCal

2018	33
2017	34
2016	33

Evgeny Aleksandrovich Inozemtsev

Director of
Yaivinskaya GRES Branch,
Unipro PJSC



"The year 2018 was marked by a significant event for Yaivinskaya GRES — 55th anniversary of operation of the plant.

I think that we have worked efficiently, harmoniously and, most importantly, without failures and accidents this year. Among the important measures to improve the reliability of the equipment, I should note the project of upgrading the power supply scheme for auxiliary facilities of the CCGT plant in terms of power supply, as well as the intermediate maintenance of Power Unit No.4. We have responsibly prepared for the heating period: we have timely identified and replaced emergency sections of the heating network in the settlement and on the industrial site.

Our plant has played and continues to play a key role in providing stable power supply to major industrial facilities of the Perm Region, as well as to cities, towns, and settlements of the upper Kama River area."

Yaivinskaya GRES

Yaivinskaya GRES, One of the Most Important Power Plants of the Perm Region, Celebrated its 55th Anniversary in 2018

The power plant is located in Yaiva Settlement (the Perm Region) on the bank of a river. It uses natural gas, associated petroleum gas, and steam coal.

Thanks to connection to the gas pipeline transporting associated petroleum gas in 2013, Yaivinskaya GRES completely stopped burning coal and only uses it as reserve fuel.

Within the investment programme, in 2011, a new combined-cycle 424.6 MW power unit was constructed at Yaivinskaya GRES. In 2017, the CCGT gas turbine modernisation was performed in order to increase the installed capacity by 24 MW. Starting from 1 February 2018, Yaivinskaya GRES Power Unit No.5 has been entered in the System Operator's register with a new installed capacity of 448 MW. As of now, the total installed capacity of Yaivinskaya GRES equals 1,048 MW.

Years of commissioning
(connection to the grid)

 **1963–2011**

Installed capacity,
MW

 **1,048**

Installed capacity utilisation
factor, %

 **49.5**

Average staff number
as of 31 December 2018, persons

 **489**

Fuel mix structure

Fuel	Gas	Coal
Volume, mln cbm or thousand tonnes	1,004.60	6.71
Volume, thousand tonnes of fuel equivalent	1,229.61	3.90
Share, %	99.7	0.3

Electric power generation (production), mln kWh

2018	4,536
2017	4,473
2016	4,864

Heat power production (heat power output from headers), thousand GCal

2018	93
2017	97
2016	93

Net electric power output, mln kWh

2018	4,310
2017	4,243
2016	4,613

Net heat power output, thousand GCal

2018	55
2017	59
2016	59

Valery Valeryevich Svetushkov

Director of
Surgutskaya GRES-2
Branch, Unipro PJSC



"At the very beginning of February 2018 we celebrated the production of 1 tln kWh of electricity since the launch of the power plant. This record production is forever inscribed in the chronicle of the city of Surgut, Khanty-Mansi Autonomous Okrug — Yugra and the whole country.

In the area of production activities, a significant event was the successful overhaul of Power Unit No.7 of 400 MW CCGT by own staff. Of course, I think the most important thing is that the plant team managed to go through 2018 without serious accidents in the field of labour protection.

I want to note the important events in the cultural and sports life of the plant team and the city. For example, thanks to Unipro PJSC, the Golden Mask festival was held in Surgut: two performances with the participation of famous Russian actors took place on the stage of the city theatres. In September the traditional track and field run "Surgut Ring" was held."

Surgutskaya GRES-2

Surgutskaya GRES-2 Became One of the First Heat Power Plants in Russia to have Generated 1 tln kWh of Electric Power Since its Commissioning

The plant provides electricity to the regions of Western Siberia and the Urals and is the largest producer of electricity in Russia and the third largest thermal power plant in the world.

Surgutskaya GRES-2 is one of the most efficient heat power plants in the country. Its technical and economic indicators are equal to the best foreign analogues: the specific fuel consumption amounts to less than 306 g per kWh at steam-power units and 227 g at the combined cycle gas turbines. Auxiliary electric power consumption is less than 2.7%.

Years of commissioning
(connection to the grid)

 **1985–2011**

Installed capacity,
MW

 **5,657**

Installed capacity utilisation
factor, %

 **61.4**

Average staff number
as of 31 December 2018, persons

 **1,205**

Fuel mix structure

Fuel	Gas
Volume, mln cbm or thousand tonnes	7,651.45
Volume, thousand tonnes of fuel equivalent	8,824.24
Share, %	100

Electric power generation (production), mln kWh

2018	30,437
2017	31,963
2016	35,746

Net electric power output, mln kWh

2018	29,647
2017	31,165
2016	34,857

Heat power production (heat power output from headers), thousand GCal

2018	966
2017	945
2016	953

Net heat power output, thousand GCal

2018	953
2017	933
2016	941

Sergey Avgustovich Raikhel

Director of
Berezovskaya GRES
Branch, Unipro PJSC



"The year 2018 for the team of Berezovskaya GRES was not easy. At the construction site of Power Unit No.3, the most difficult dismantling of the damaged part of the boiler was completed. The repair process entered the final phase of installation and commissioning of equipment.

On the existing equipment, an extended overhaul of Power Unit No.2 was carried out. Significant investment projects were implemented. We completed a large programme for the repair of amenity facilities at the power plant and began work on the improvement of the near-plant area, to which our employees joined on a volunteer basis.

For the first time this year at Berezovskaya GRES we held a family festival, "Unipro Sky", where children and relatives of our employees were invited. The holiday was a success and will now become our good tradition."

Berezovskaya GRES

Berezovskaya GRES is the Most Powerful Heat Power Plant of the Krasnoyarsk Territory

The power plant is operated as part of the unified energy system of Siberia. In May 2018, Berezovskaya GRES generated 200 bln kWh of electric power since it was launched.

Starting from January of the reporting year, Power Unit No.2 provides SO UES JSC with the services aimed at ensuring overall reliability of the national energy system in the part of RPFC. To ensure compliance with the requirements of the System Operator, Berezovskaya GRES updated the automatic control system of turbine unit No.2 and the hard and soft suite of the turbine control system, as well as readjusted the automation system.

It is important that Power Unit No. 1 of Berezovskaya GRES Branch gained the right to render these services in December 2015 and it was the first Russian pulverised coal power unit to take part in RPFC.

The fire happened in the boiler house of Power Unit No.3 in February 2016 and as a result its operation was terminated in order to carry out an overhaul. Information on the progress of this project is provided in the Repair Activity section.

Years of commissioning
(connection to the grid)

 **1987–2015**

Installed capacity,
MW

 **2,400**

Installed capacity utilisation
factor, %

 **26.1**

Average staff number
as of 31 December 2018, persons

 **1,071**

Fuel mix structure

Fuel	Coal	Fuel oil
Volume, mln cbm or thousand tonnes	3,541.14	16.79
Volume, thousand tonnes of fuel equivalent	1,881.49	23.52
Share, %	98.8	1.2

Electric power generation (production), mln kWh



Heat power production (heat power output from headers), thousand GCal



Net electric power output, mln kWh



Net heat power output, thousand GCal



Sergey Fedorovich Bakurin

Director of
Shaturskaya GRES
Branch, Unipro PJSC



"We achieved key production and financial targets in 2018. We successfully completed the previous heating season and awarded the best heat energy consumers. The year was full of events.

At Power Unit No.5 we successfully conducted certification tests for participation in RPFC in accordance with the requirements of the System Operator. We remarked the CCGT plant with an increase in installed capacity from 393.4 MW to 400 MW.

As for social projects, we also continue to do important things. Thus, the staff of our GRES conducted an environmental campaign called "Green Territory" with the support of Shatura District authorities. Moreover, we have strengthened the material and technical facilities of local school No.4, Shatursky Energy Technical School, city lyceum, and kindergarten No. 5."

Shaturskaya GRES

Shaturskaya GRES is One of the Oldest Power Plants in Russia

The history of Shaturskaya GRES counts over 98 years. It is one of the first power plants constructed according to the GOELRO plan (Russian State Electrification Programme) in 1920.

Commissioned in November of 2010, the 400 MW CCGT power unit was the first single-shaft power unit with the most powerful F-class serial gas turbine in Russia. The efficiency of the combined cycle gas turbine plant at Shaturskaya GRES is about 56%, which exceeds the performance indicators of the power units in the Russian heat generation sector by more than one third. Due to its environmental safety, the 400 MW CCGT at Shaturskaya GRES became the first Russian project approved by the United Nations Organisation under the Kyoto Protocol.

The selection of the composition and loading of the generating equipment are carried out pursuant to the System Operator's scheduling. In 2018, with the increase in output, there was an increase in the number of start-ups of power units by 54% compared with 2017 (2017 — 61 start-ups, 2018 — 94 start-ups).

Years of commissioning
(connection to the grid)

 **1971–2010**

Installed capacity,
MW

 **1,493**

Installed capacity utilisation
factor, %

 **35.7**

Average staff number
as of 31 December 2018, persons

 **841**

Fuel mix structure

Fuel	Gas	Coal	Fuel oil
Volume, mln cbm or thousand tonnes	1,204.49	0.44	0.12
Volume, thousand tonnes of fuel equivalent	1,405.28	0.23	0.16
Share, %	100.0	0.0	0.0

Electric power generation (production), mln kWh



Heat power production (heat power output from headers), thousand GCal



Net electric power output, mln kWh



Net heat power output, thousand GCal



1.8. Business IT

The constant increase in the standards of Unipro PJSC activities entails the need to ensure the reliability and information security of the business.

The use of modern information technologies (IT) allows to optimise business processes, automate routine operations, and, as a result, affects the performance and increases the efficiency of the Company. In addition, information security tools and systems reliably protect commercial secrets, rights of

employees in the information environment and also ensure the safety of data and infrastructure.

The key drivers for the development of information technology in the Company are as follows:

- 🔊 quick and timely response to incidents;
- 🔊 proactive development of information technologies;
- 🔊 analysis and improvement of existing business processes;

🔊 compliance with new legal requirements and quality standards.

Results of the development of information technologies in 2018

During the reference period, the Company focused on changes aimed at automating business processes, improving the reliability and stability of information systems and infrastructure, as well as reducing IT risks.

In order to meet the needs of some Company's divisions, certain areas of activities were automated.

<p>Legal Unit</p> <ul style="list-style-type: none"> 🔊 A claim management module was implemented (including in the wholesale electric power/capacity market) 	<p>Procurement Unit</p> <ul style="list-style-type: none"> 🔊 Automation of agreements on prices and discounts in purchase requests and functionality of low-value contracts was implemented 	<p>Financial Unit</p> <ul style="list-style-type: none"> 🔊 Automation of budgeting in terms of needs and obligations was provided 🔊 Accounting for income and expenditure items of the directory of budget classification codes was updated 	<p>Production Unit</p> <ul style="list-style-type: none"> 🔊 A functional to control the execution of works on the restoration of Power Unit No. 3 of Berezovskaya GRES was introduced
<p>Power Markets Unit</p> <ul style="list-style-type: none"> 🔊 Functionality of CSA price calculation was implemented 	<p>Staff Unit</p> <ul style="list-style-type: none"> 🔊 Tools for document scanning and recognition were implemented 🔊 Automated recruitment system was implemented 	<p>Accounting Unit</p> <ul style="list-style-type: none"> 🔊 Additional functions for salary review and cash compensation calculation were automated 🔊 VAT rate change accounting in rolling contracts was introduced 🔊 Online payment support features were implemented 	<p>Operational Excellence Unit</p> <ul style="list-style-type: none"> 🔊 A service for receiving and evaluating rational proposals from Company employees was created



ALEXEY MINISAEV
Deputy Head of Production and Technical Service of Yaivinskaya GRES

“Of course, I feel personally responsible for uninterrupted operation, since all my family, quite literally, is linked to the plant.

It all started in 1962, when Vasily MinisaeV, my father, arrived to Yaiva with his three comrades-in-arms, after finishing his service in the Pacific Fleet. At that time, young people from all over the Soviet Union were gathering to participate in construction of the HPP. At first, the ex-sailors were working in Uralenergmontazh and then transferred to the Boiler Turbine Shop after a corresponding request from above. My father also met his future wife, Rufina Andrianovna, at the plant and worked there for 40 years until the retirement. My father was also entrusted to work at energy facilities abroad, in Iraq. For his long work, he was awarded the Order of the Red Banner of Labour.

That man who devoted his whole working life to the HPP is still interested in the effective operation and the future thereof. My father still cares about the plant operation, and we often talk about it: how many power units are operating, what the load is.

I've been working at the plant since 1996, my brother — since 1984, and our wives have been working here for many years as well. We continue the work of our fathers; we use new work techniques and optimise the production.

The Production and Technical Service of our plant employs 17 people, and each of us has lots of responsibilities, including uninterrupted and feasible operation of the equipment, lack of reprimands from the regulating bodies, and performance indicators in general. Modern control systems display most of equipment parameters on a screen, which, naturally, optimises our functions while preserving the original goals: to evaluate the plant performance during a given day or month and determine ways to increase the efficiency of equipment operation based on the collected data.

In the reporting year, in the interests of the entire Company new business intelligence reporting panels were created and the existing ones were modified. In addition, the duty journey coordination function was

significantly simplified, individual functions of the corporate portal were refined, the corporate e-mail system was modernised, and data transmission channels between Unipro PJSC branches were updated.

In order to improve the internal processes of support and development of information technologies, all the changes made were recorded in the internal regulatory IT documents.

Plans for 2019

Following the path of improving its functions, Unipro PJSC in the coming year plans to upgrade the unified distributed control system for financial and economic activities. For real time monitoring of the status of business processes based on actual data, the Company's IT

department plans to implement the Process Mining technology.

Important initiatives adopted for implementation in 2019 are also as follows:

- implementation of the corporate information system for occupational health and safety risks management;

- implementation of the pilot project "Unified Automatic Billing System";

- corporate portal upgrade;

- creation of a portal to apply to IT support service.

model of behaviour in the competitive environment.

For potential participants in Unipro PJSC an accreditation process has been developed, which allows assessing the reliability of suppliers and minimising the risks of working together. Accreditation rules are posted on the Company's website.

According to the results of the execution of contracts, an assessment of the activities of Unipro PJSC suppliers is carried out. The criteria for such an assessment are, among other things, the quality of products and services, the timeliness of delivery/performance of work, compliance with environmental and safety requirements, professional quality of personnel, efficiency and effectiveness in troubleshooting.

Total cost of purchasing procedures of Unipro PJSC, RUB thousand¹



1.9. Procurement

To support its activities, Unipro PJSC strives to organise a professional, responsible and transparent procurement management system.

The main document regulating the Company's procurement activities is the Regulation on Procurement of Unipro PJSC. This document defines the standard business process for ensuring efficient procurement procedures conducted primarily on a competitive basis, and contains references to other internal documents.

In order to increase the efficiency, transparency and fairness of procurement, Unipro PJSC is guided by the following principles:

- fairness and competition;
- confidentiality;
- prevention of damage in crisis (emergency) situations;
- monitoring of maverick buying;
- split of responsibilities.

Unipro PJSC publishes information on planned purchases of goods, works and services, places up-to-date data on purchases, material terms in competitive purchases and other information on the Company's website, as well as on B2B-Centre electronic trading platform (ETP).

Responsibility for implementing procurement processes in the Company rests with the Procurement Unit, whose main functions include planning, organisation and implementation of procurement procedures. Moreover, the Procurement

The Procurement Unit in the implementation of its functions takes into account the latest standards and best practices of Uniper Group

Unit implements measures for strengthening the market position by consolidating needs and ensuring the unification of procurement processes, as well as implements a single

Results of development of the procurement activities in 2018

As part of improving the purchasing function management system, Unipro PJSC pays great attention to expanding the competitive environment, increasing transparency, as well as automating procurement and building a unified, continuous process linking all stages of purchasing

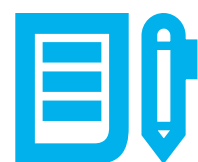
products (goods, works and services).

The procure-to-pay (P2P) chain organised in the Company provides for the division of responsibility between the applicant unit, procurement unit, financial unit and accounting unit, and also allows for maximum automation of controls, eliminating duplicate operations and ultimately increasing the efficiency of procurement function.

Unipro PJSC ACPP key performance indicators in 2018

Procurement Organiser (applicant unit)	Number of procurement transactions, pcs	Total cost, RUB thousand
Moscow Representative Office	799	3,697,356.45
Surgutskaya GRES-2	990	1,140,662.42
Berezovskaya GRES	1,130	1,044,998.81
Shaturskaya GRES	1,056	496,957.41
Yaivinskaya GRES	1,051	443,851.88
Smolenskaya GRES	758	270,054.00
Unipro PJSC, Total	5,784	7,093,880.97

¹ In addition, 1 purchase in the amount of RUB 4,904,668.00 thousand in the framework of the project "Modernisation and maintenance of the equipment of Power Unit No.5 of Yaivinskaya GRES".



The model contract of Unipro PJSC includes a number of special conditions regarding the mandatory execution by contractors of the requirements of labour protection, fire safety, environmental protection and rational use of territories. The model contract also contains a clause on the prevention of violations by the contractor/supplier of the UN Global Compact Principles, which, since 2008, Unipro PJSC has recognised as mandatory for compliance. The Regulation on Compliance with the UN Global Compact Principles is published on the Company's website.

Interview with the Procurement Director



Marina A. Ustinova

How does the Company's procurement function contribute to the operational excellence and creation of additional value of the business for shareholders?

The primary objective of Unipro PJSC's procurement activities is to ensure efficient spending of the Company's funds, which is the absolute guide for decision-making and the exercise of duties at all operational levels of procurement units.

High operational excellence and additional value result from meticulous day-to-day efforts of each and every responsible purchaser: ensuring the best economic effect of tender procedures, improving the components of the process "from requisition to payment"

on an ongoing basis, and optimising the warehousing logistics processes. This work is the cornerstone of all the key performance indicators for the entire procurement process "cascaded" to the employees at all levels of the procurement function, from the Executive Office (Moscow Representative Office) to branch employees.

Does the procurement function make use of Uniper Group's practices?

Obviously, the Group's procurement policies and best practices have been incorporated in the Company's procurement activities. This concerns both the fundamental principles and the nuances of the procurement process.

However, modelling the Company's procurement practices on Uniper's policies and processes without any changes would be unjustified. We need to adapt them to the requirements of Russian law, customary business practices, procurement experiences, peculiarities of local markets, and, obviously, the local mindset. I think that our Company has a successful experience with this approach: Unipro PJSC's policy, procurement processes and controls enable us to combine the best practices of Russian regulated purchases with the Group's European approach, which is more business-oriented while maintaining sufficient flexibility and mobility for our internal customers. The configuration of our Company's procurement function proves its worth both according to our in-house evaluation and in the opinion of our colleagues from Uniper.

Please assess the Company's impact on the development of domestic manufacturers and regions of its presence through procurement from local suppliers.

Historically, procurement in the electric power industry is more focused on domestic manufacturers than in other industries. The share of regional purchases as they concern steam power equipment and non-production purchases has been consistently high for many years and we do not expect any changes in this trend. Our Company has stable longstanding partnerships with suppliers of Russian-made boiler, turbine, and auxiliary equipment. Our Company's new construction and modernisation projects (both recently completed and longer-term projects) are fully structured around Russian-made equipment and Russian contractors. As we mention this, I would like to stress the improvements in the quality of regional contractors. Our Company has exceptional requirements for the quality of equipment and works, including in the area of occupational health and production safety. I would like to emphasise both major improvements in the levels of compliance and responsibility of the counterparties cooperating with Unipro PJSC or just expressing their interest in taking part in our procurement procedures, and their commitment to continuous growth and development up to the level of the most advanced standards in the industry.

56.5%

share of Unipro PJSC procurements from small and medium enterprises

The share of Unipro PJSC's purchases from SME entities in 2018 amounted to 56.5%. Is the Company planning to develop cooperation with SME entities and increase the share of purchases from this category of suppliers?

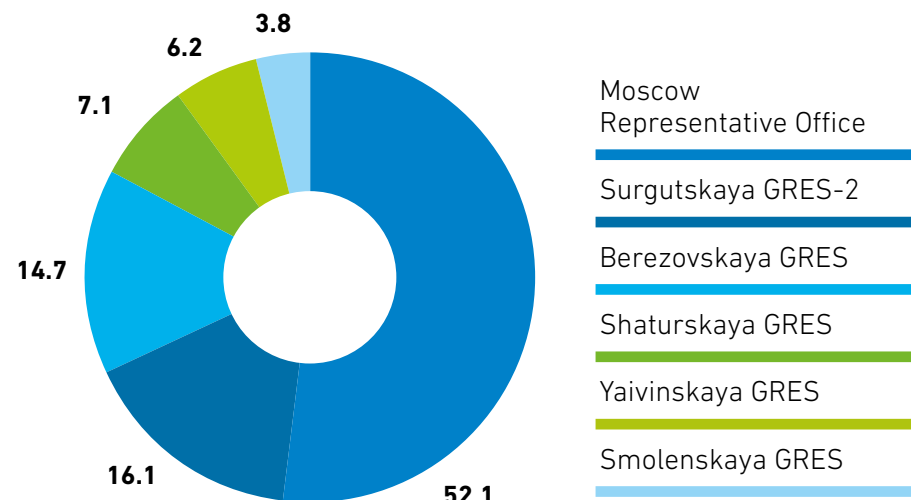
Similar to the previous question, I can say that our Company has strong cooperation ties with SME entities and there are no indications that this balance might change. We can make certain correlations between specific categories of purchases and the relevant categories of suppliers and the procurement environment based on this correlation. Our Company's activities are not governed by any special procurement legislation. Therefore, we do not have any obligations to increase the share of purchases from SME entities.

Instead, our procurement strategy prioritises selecting the best-quality products, developing local suppliers in the regions of our power plants' location (obviously, based on the optimum quality-price combination), and preventing situations where any supplier secures a monopoly position. In my opinion, it is the latter consideration that enables us to maintain a high share of purchases from small- and medium-sized enterprises. Our commitment to the principles of transparency and competitiveness during the competitive procurement procedures forces these companies to develop and come up with the most beneficial and competitive proposals. On our end, we are consistently open to mutually beneficial cooperation and developing such suppliers.

In 2018 the Company focused on automating the P2P process in terms of drawing up financial plans, creating supply contracts and planning payments. In addition, the Procurement Unit participated in the formation of a new strategy for working with contractors regarding their compliance with labour protection and industrial safety rules.

In 2018 the purchasing function of Unipro PJSC conducted 5,784 purchases for a total amount of RUB 7,093,880.97 thousand. Of this amount 18.1% of procurement procedures was implemented by the procurement from a single supplier (in the amount of RUB 1,281,149.45 thousand), all other purchases were carried out through open competitive procedures. The share of competitive purchases in a closed form was less than 1%.

ACPP procurement structure by applicant units, %



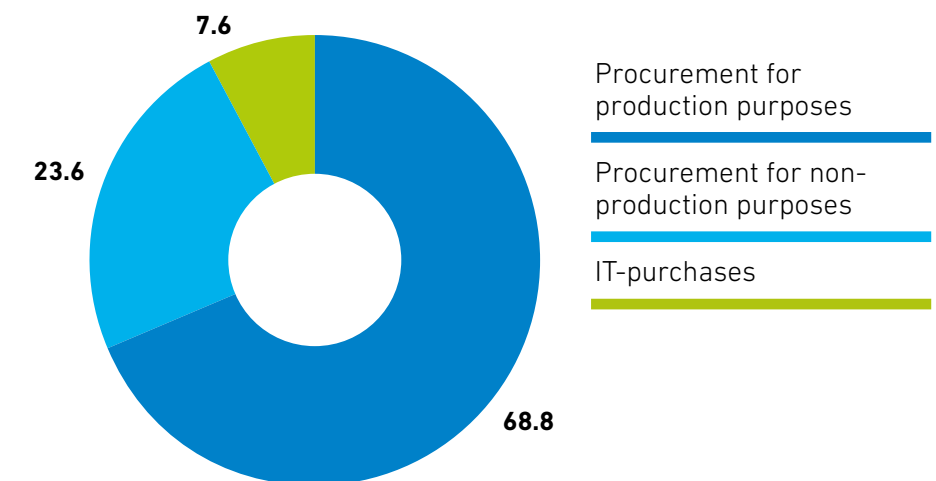
The Company is constantly expanding the use of electronic trading platform, actively using new means of visualisation and tracking of key performance indicators. In the reference period, the share of purchases made through the ETP amounted to 13.1%.

Due to effective functioning of the Procurement Unit in 2018, it was possible to reduce planned costs under the Annual Comprehensive Procurement Programme (ACPP) by RUB 164,913.68 thousand (~2.3%).

ACPP procurement structure by areas of activity

Procurements under ACP by areas of activity	Number of procurement transactions, pcs	Weight, %
M&E	3,491	60.4
Repairs	416	7.2
R&M	162	2.8
Operation	608	10.5
Other works and services	1,106	19.1
New construction	1	0.0
Total at Unipro PJSC	5,784	100.0

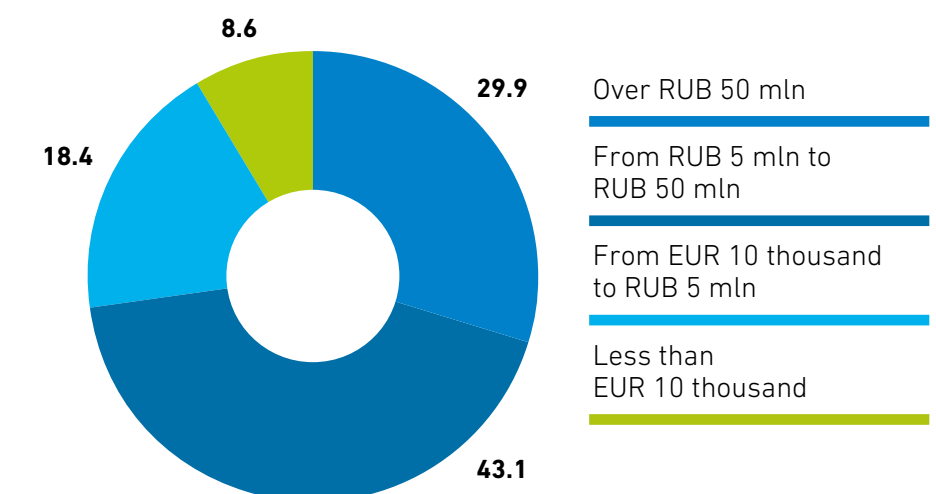
ACPP procurement structure by categories, %



The Company purchases more than 99% of products and services from local (Russian) suppliers, thereby contributing to the economic development of domestic producers and regions of presence.

Within the framework of the procurement activities, Unipro PJSC also seeks cooperation with small and medium-sized businesses (SMEs). The share of purchases from SMEs in 2018 was 56.5%.

ACPP procurement structure by cost criterion, %



The difference between the cost of the most favourable original offer and the cost specified in the agreement during the procurement procedures (economic effect of procurement) reached RUB 455,254.61 thousand in monetary terms (7.9%).

Results of Unipro Engineering LLC procurement activities

The procurement for the reconstruction of Power Unit No. 3 of Berezovskaya GRES and for the construction of the fuel supply unit was carried out by Unipro Engineering LLC — a subsidiary of Unipro PJSC.

In 2018 Unipro Engineering LLC conducted 523 procurement procedures for a total amount of RUB 6,148,773.17 thousand, of which 65.2% (96 procedures for an amount of RUB 4,008,000 thousand) was carried out through procurement from a single supplier.

The share of purchases from local (Russian) suppliers amounted to more than 99%, the share of purchases from SMEs amounted to 58.1%.

523

procurement procedures for the total amount of RUB 6,148,773.17 thousand performed by Unipro Engineering LLC in 2018

Plans for 2019

In the coming year, Unipro PJSC plans to continue work on automating and digitising the procurement processes in terms of reducing manual controls and minimising the

paper-based component of the P2P chain.

A key initiative in 2019 will be the implementation of the project to improve transparency of the movement of materials (bar-coding).

New ways to improve efficiency of the procurement function will be possible, among other things, through the introduction of the Process Mining technology.



IRINA SOLDATOVA
Expert of Department of Resourcing, Smolenskaya GRES



Being a good procurement specialist means being able to achieve the best outcomes at a minimum cost.

In order to be a good procurement expert, one needs to reach the best results with minimum costs.

I started working at the plant in 2006. I've been working with all areas, from planning of procurement to supplies of inventories below EUR 10 thousand, and I've been working with procurements above EUR 10 thousand for 2 years.

I perform such tasks as reduction of production cost while maintaining good quality and increasing the period of accounts payable. During the price negotiations, it is important for me to be sure that the proposed price is objective. Sound arguments significantly improve the purchaser's chances of getting a decrease in price. One of the negotiation process principles consists in the fact that fixed prices do not exist. All prices are subject to discussion.

Getting results, naturally, always requires both trust of management and coordinated work and support by the colleagues, including those from other units.

Corporate Governance

> 300
thousands
shareholders

14,000
RUB mln
of dividends paid in 2018

Interview with the Director for Corporate Management, Legal and Property Issues



Elena M. Gabdulkaeva

How does corporate management affect the investment appeal of Unipro PJSC?

In essence, corporate management is among the primary tools of communication with investors. On the one hand, we show how Unipro PJSC takes the best management practices into account and builds efficient processes. On the other hand, we demonstrate the Company's current performance, plans and potential to investors. This is why the factors affecting our investment appeal include the performance of the corporate management system.

Our shareholders take part in the management of the Company to the extent they are authorised to do so by corporate law. In the meantime, we are maintaining an ongoing

open dialogue with them and trying not to limit ourselves to formal approaches. Instead, we strive to report additional indicators to them as evidence that we are serving their best interests. Ultimately, information transparency pushes up the liquidity of securities.

Please tell us about the Company's benchmarks and key results secured in 2018 as they regard improvements in the management system.

Russian corporate law is continuously improving. As we adjust our activities to the changes in corporate regulation and new requirements of the market, we are striving to adapt our Company bylaws pursuant to the most recent recommendations of the Central Bank of Russia and the effective Listing Rules of

the Moscow Exchange. To that end, we revised the Company's Articles of Association, Code of Corporate Governance, Regulation on the Insider Information and other bylaws in the reference period.

Furthermore, one of our shareholders — international gas and energy group Uniper — has very strong positions in the European market and obviously has high corporate management standards. We are watching the evolution of this function in the group closely, and unless this comes in conflict with Russian corporate law, borrow individual best practices.

In my opinion, developing the new dividend policy that received final approval in March 2019 was among the key corporate management successes. The document has become more transparent in terms of dividend payout plans and our shareholders are now able to forecast the performance of their investments.

Unipro PJSC is one of the leading public joint stock companies in Russia by the number of minority shareholders. What are the challenges that this situation poses to the corporate management system and how does the Company address them?

Obviously, a company that has over 300,000 shareholders will have certain difficulties. They are predominantly due to the fact that a large number of our minority shareholders are senior citizens who have limited access to means of electronic communication. This engenders certain problems concerning the timely entry of changes in the register system (shareholders' passport data, postal addresses and other details) and shareholders' ability to receive the notices of our General Shareholders' Meeting. These little things that may seem trivial at first sight affect our shareholders' ability to enjoy their rights in full.

We give special attention to this issue, notify our shareholders of the procedure for contacting the registrar and of the need

92%

of the Code of Corporate Governance recommendations are met

to enter changes in the personal data on a regular basis. We have a strong respect for all the shareholders of the Company. We never disregard a single letter we receive from them, even if they concern minor administrative matters that should be sent to the registrar. Given all the peculiarities of communication, we try to work with each and every shareholder individually and we can already see the fruits of these efforts.

At year-end 2018, the legal risks were recognised as material. What methods did the Company use to counter these risks?

The fact that the Company has recognised the legal risks as material is strong evidence of Unipro PJSC's transparency. We openly announce our risks, why they are material and inform on preventive measures. As far as the methods to counter these risks are concerned, these are the methods provided by applicable law.

Legal risks associated with frequent changes in the law that governs the Company's core business are of special significance for the Company. To that end, we reorganised the corporate and legal function in 2018 and created a separate department for regulatory affairs to provide the Company with systemic support when interfacing with regulators and the market on matters concerning new regulatory initiatives.

2.1. Corporate Governance Practices

Unipro PJSC builds a corporate governance system in full compliance with the norms and requirements of Russian legislation, including in the field of corporate law, anti-corruption legislation and securities market legislation, as well as in accordance with international standards and recommendations.

The organisation of effective corporate governance aimed at gaining maximum efficiency and performance in the Company business, enhancement of transparency and justification of adopted managerial decisions, risk reduction and protection

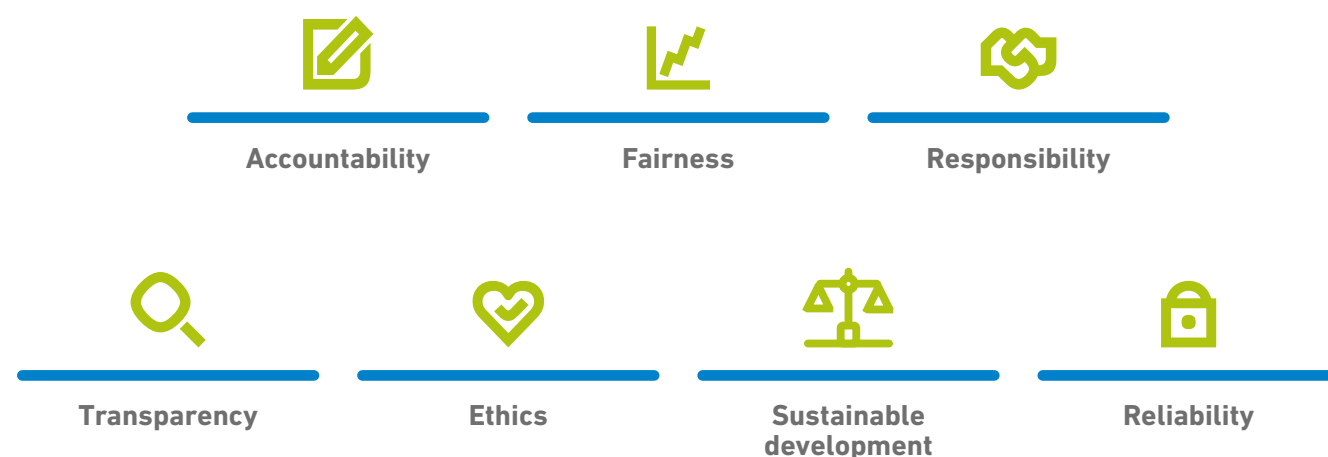
The corporate governance of Unipro PJSC is focused on creating and maintaining the Company's trusting relations with investors, protecting the rights and interests of shareholders, increasing the value of shares and, consequently, increasing business reputation

of rights and interests of the Company's shareholders are the major priorities of Unipro PJSC.

A special role in building an efficient corporate

governance system goes to the governance standards which are extensively used by Uniper Group and which the Company vigorously incorporates into its governance practice.

Corporate Governance Principles at Unipro PJSC



Improvement of the corporate governance system in 2018

Improvement of the corporate governance is considered by Unipro PJSC as an integral part of overall work to improve the efficiency and competitiveness of the

Company and is subject to constant monitoring by the Board of Directors and executive bodies of the Company. The main reference point for improving the Company's corporate governance system is currently the Bank of Russia Code.

In 2018 the following key measures were implemented:

- in accordance with the current legislation of the Russian Federation, an updated Articles of Association of Unipro PJSC and other internal regulatory documents, the following documents were approved in the new edition:
 - Regulation on the General Shareholders' Meeting;
 - Regulation on the Board of Directors;
 - Regulation on the Company's Management Board;
- Code of Corporate Governance;
- Regulation on the Insider Information;
- a Corporate Code of Conduct has been implemented, including in the affiliates of Unipro PJSC;
- self-evaluation of the performance of the Board of Directors of the Company and its committees in 2017–2018 was carried out, the results of which were reviewed at

- the in-person meeting of the Board of Directors;
- the Corporate Governance section was updated on the Company's website on the Internet;
- a Schedule of Measures to implement the recommendations of the Bank of Russia Code and an Activity Plan to improve corporate governance practices were developed.

Educational webinar on antitrust law

In accordance with the Corporate Code of Conduct, every employee of Unipro PJSC must adhere to the rules of fair competition and be aware of antitrust risks that arise or may arise during work.

On 18 December 2018, internal training was conducted in the Headquarters with the use of video conferencing for the heads of departments/workshops of the Company and their employees (Headquarters and branches), who deal with antitrust laws in their work.

During the training, real examples of antitrust violations faced by the Company were reviewed, an analysis of these violations was given, and the main antitrust risks of the Company were identified for:

- wholesale electric power and capacity market;
- retail markets (water supply, water disposal, heat supply);
- sphere of procurement of goods and services.

Recommendations were given for minimising risks in these areas of activity.

Unipro PJSC employees, who took part in the training, got a general idea about antitrust risks of the Company, the Federal Antimonopoly Service as a regulator in the field of competition, the types of antitrust violations and responsibility for their commitment, learned to what moments attention should be paid in their field in order to minimise the possibility of antitrust violations.



Training seminars for press services

During 2018, specialists of the operational and legal department prepared and conducted training seminars for the press service and heads of the branches' press services.

The topics of the seminars were legal issues related to the dissemination by the mass media of inaccurate information about the Company and the main contracts used in the activities of the press service.

The seminars addressed aspects of qualification of the information disseminated by the mass media as inaccurate and discrediting the business reputation of the Company, judicial and extrajudicial ways for protecting the business reputation of the Company when disseminating false information about it.

Forms of a request for refutation of false information disseminated by the mass media were offered for press service employees and heads of the branches' press services for use in their work.

Terms and conditions of the gift/donation contract, as well as contracts for the manufacture and distribution of advertising, and the sponsorship agreement were analysed. Criteria were stated for distinguishing each of the types of the above contracts and the specifics of their conclusion at Unipro PJSC. The participants of the seminar were informed about the main risks that may arise during the conclusion and execution of these types of contracts.

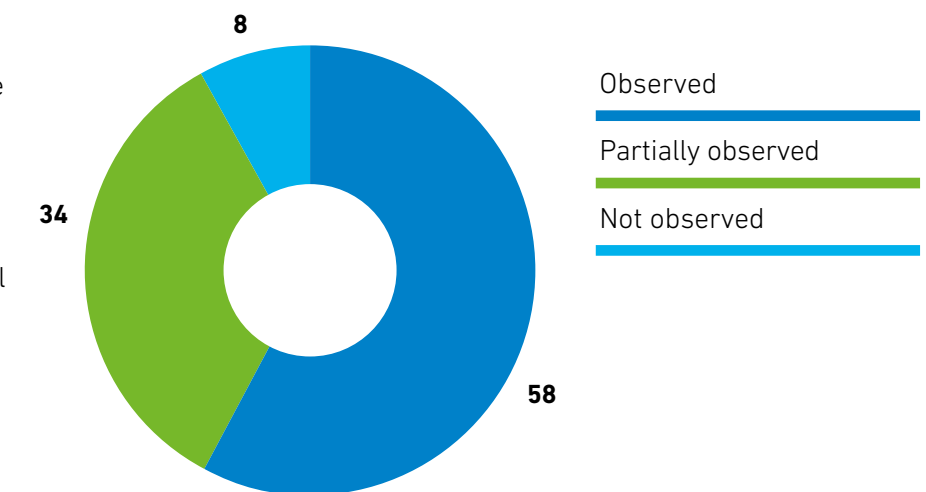
Seminar participants noted the relevance of the stated topics and the applicable nature of the materials provided, and expressed their gratitude for the holding of seminars.

Compliance with the Code of Corporate Governance

Unipro PJSC increases the level of corporate governance, progressively improving the quality of management practices each year. In 2018, the Company continued to improve its corporate governance system according to the recommendations set forth in the Bank of Russia Code, promptly responding to external changes and best practices.

The Company partially or fully complies with 92% of the principles of corporate governance and, compared to 2017, significantly improved the indicator of full compliance with the recommendations of the Bank of Russia Code from 46 to 53.

Assessment of the compliance of the Company's corporate governance to the principles of the Code of Corporate Governance, %



See the interactive version of the Annual Report for the detailed Report on the Company's adherence to the Code of Corporate Governance.

Section	Principles recommended by the code	Guidelines fully adopted by the Company	Guidelines partially adopted by the Company	Guidelines non adopted by the Company
I. Shareholder rights and equal treatment for shareholders in the exercise of their rights	13	8	4	1
II. The Company's Board of Directors	37	28	4	5
III. The Company's Corporate Secretary	2	2	0	0
IV. Remuneration system of members of the Board of Directors, executive bodies and other key managerial staff of the Company	10	5	5	0
V. Risk management and internal control system	6	4	2	0
VI. Disclosure of information about the Company, the Company's information policy	7	4	3	0
VII. Major corporate actions	5	2	3	0
Total	80	53	21	6

Plans to improve the corporate governance system in 2019

In 2019 the Company will continue to work on improving corporate governance based on the constant interaction of all participants in the corporate relations system — shareholders, members of the Board of Directors, committees and management — in order to achieve strategic goals and development priorities of the Company, respect the interests and maximise the profits of shareholders in the short, medium and long term.

Key activities scheduled for 2019:

- approval of a new version of the Company's Dividend Policy;
- approval of the Company's Anti-Corruption Policy;
- creation of a hotline/forum for shareholders when preparing for General Shareholders' Meetings;
- providing for electronic (remote) voting capability at General Shareholders' Meetings;
- broadcasting of (joint presence) General Shareholders' Meetings on the Company's website on the Internet.

2.2. Structure and results of work by corporate governance bodies

The governing bodies have a three-tier structure and consist of the General Shareholders' Meeting, the Board of Directors, the Collective Executive Body (Management Board) and the Sole Executive Body (Chief Executive Officer).

The Board of Directors has the broadest functions and plays a key role in management of the Company. The Board of Directors is supported in its work by the Audit Committee and the Appointment and Remuneration Committee.

General Shareholders' Meeting

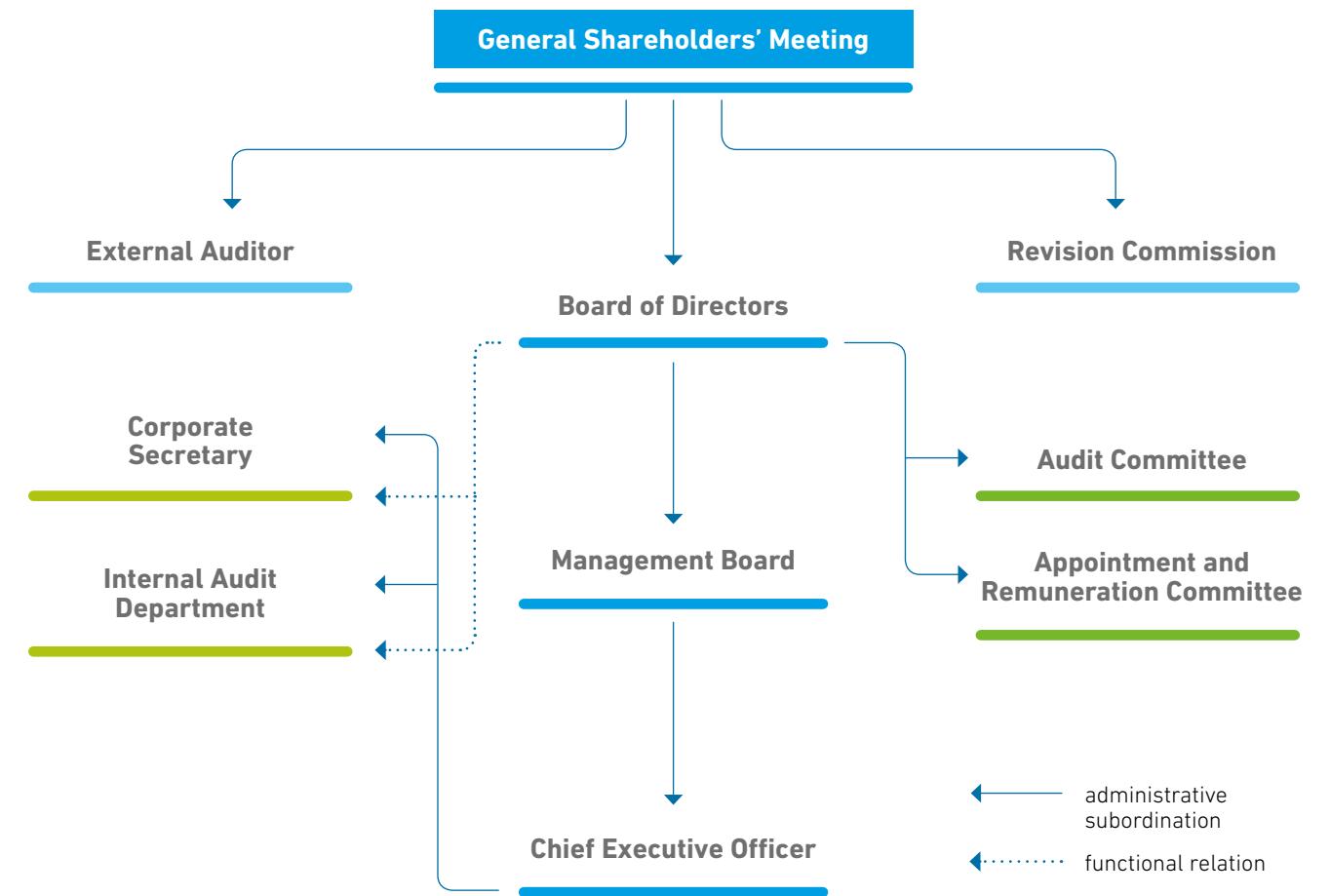
The General Shareholders' Meeting is the highest governance body of Unipro PJSC. The competences of the General Shareholders' Meeting, as described in the Federal Law "On Joint-Stock Companies" and the Company Articles of Association, include:

- approval of annual reports and annual accounting statements;
- election of the Board of Directors and the Revision Commission, as well as termination of their powers;
- appointment of an external auditor;
- making resolutions on the payment of dividends.

The procedure for convening, preparing and holding General Shareholders' Meetings is governed by the Regulation on the General Shareholders' Meeting of Unipro PJSC¹.

¹ The text of the Regulation on the Procedure for Preparing and Holding the General Shareholders' Meeting is published on the Company's web-site at <http://www.unipro.energy/management/documents/>.

Structure of corporate governance at Unipro PJSC



The Annual General Shareholders' Meeting to review the business results of Unipro PJSC in 2017 took place on 14 June 2018. The agenda of the Meeting was as follows:

- approval of the Annual Report and the Annual Accounting (Financial) Statements of the Company for 2017;
- distribution of the Company's profit (including payment (announcement) of dividends) and loss for 2017;



- election of members of the Board of Directors and the Revision Commission;
- approval of the auditor;
- approval of amended versions of the Articles of Association, Regulation on the Procedure for Preparing and Holding the General Shareholders' Meeting,

Regulation on the Board of Directors, and Regulation on the Management Board.

An extraordinary General Shareholders' Meeting of Unipro PJSC was held on 7 December 2018 in the form of absentee voting, at which shareholders decided to pay dividends for the first nine months of 2017.



Board of Directors

A competent and efficient Board of Directors, capable of making unbiased independent judgements and decisions in the best interests of the Company and its shareholders is a key element of the Company's corporate governance system.

The Board of Directors carries out strategic management of the Company's business, approves priority development areas, and ensures enforcement and protection of the rights and legitimate interests of shareholders. The Board of Directors defines the Company's vision, mission and strategy.

The powers of the Board of Directors are set out in the Company's Articles of Association, and are clearly differentiated from those of the Company's executive bodies, which oversee the day-to-day operations of the Company.

The appointment of efficient executive bodies and their supervision is a key responsibility of the Board of Directors. The Board of Directors regularly monitors the performance of executive bodies by reviewing reports on the implementation of strategic

plans and business plans and by maintaining an effective incentive system.

The Board of Directors approves the internal control and risk management policy, and ensures the functioning of risk management and internal control systems.

The Board of Directors works to improve the Company's corporate governance system and practices, and ensures the timely disclosure of full and accurate information about the Company's activities.

The activities of the Board of Directors are governed by the Regulations on the Board of Directors of Unipro PJSC¹.

Membership of the Board of Directors

The Company's Articles of Association state that the Board of Directors of Unipro PJSC has nine members. Members of the Board of Directors are elected annually by the General Shareholders' Meeting by cumulative voting.

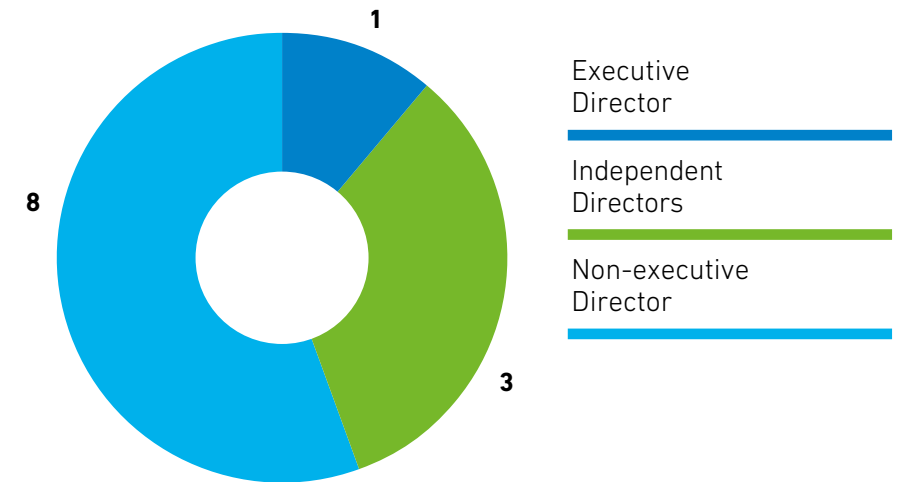
The established number of members of the Board of Directors optimally suits the current goals and objectives of the Company, as well as industry practice, and ensures the necessary balance of competences between the members of the Board of Directors. The Board of Directors is also well balanced in terms of independence. The current Board of Directors includes three independent directors, meeting the requirements established by the listing rules of the Moscow Stock Exchange and the Code of the Bank of Russia.

The membership of the Board of Directors is structured in a way that ensures a balance of professionalism, knowledge and experience enabling proper performance of their duties by the members of the Board of Directors.

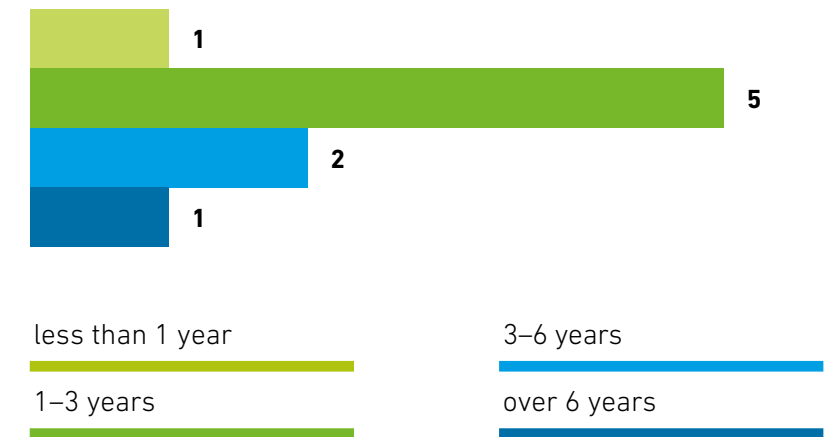
Key requirements when appointing the Board of Directors include:

- specific qualifications, experience, knowledge, business skills and business reputation of candidates;
- election of at least three independent directors to the Board of Directors;

Structure of the Board of Directors of Unipro PJSC as of 31 December 2018



Period of service of the members of the Board of Directors of Unipro PJSC



- limitation of the number of executive directors (no more than a quarter of Board members);

- candidates should have no conflicts of interest.

The composition of the Board of Directors was changed in 2018. At the annual General Shareholders' Meeting on 14 June 2018, Uwe Fip was elected to the Board of Directors

of Unipro PJSC and Christopher Jost Delbrück left the Board of Directors. This alteration of Board membership helped to bring a fresh perspective on matters reviewed at meetings of the Board and its committees.

The membership of the Board of Directors as of the end of the reference period was elected by the Annual General Shareholders' Meeting on 14 June 2018.

¹ The text of the Regulation on the Board of Directors of Unipro PJSC is published on the Company's web-site at <http://www.unipro.energy/management/documents/>.

Members of the Board of Directors as of 31 December 2018



Klaus Schäfer
Chairman of the Board of Directors

Year of birth: 1967.

Education:

In 1990, graduated from the University of Passau (Germany) majoring in Business Administration. In 1993, obtained a degree in Economics at the Management Faculty of ESCP Europe Business School (Paris, Oxford, Berlin).

Citizenship: German.

Positions held in the last 5 years:

2010–2013: CEO, E.ON Ruhrgas AG (Essen, Germany).
2011–2013: CEO, E.ON Global Commodities SE (Düsseldorf, Germany).

Previous membership of managerial bodies of other companies:

Since 2016: Chairman of the Management Board, Uniper SE (Düsseldorf, Germany).

First elected to the Board of Directors of Unipro PJSC on 15 June 2016.

He holds no shares in the Company's authorised capital and carried out no acquisitions and disposals of shares in Unipro PJSC in 2018.



Maxim Shirokov
Chairman of the Management Board, Deputy Chairman of the Company's Board of Directors

Year of birth: 1966.

Educational attainment: higher education.

In 1988, he graduated from the Moscow Red Banner Military Institute (Ministry of Defence). In 1994, he graduated from the Moscow Law Institute. In 1996, he obtained an MBA diploma at Pacific Coast University, USA. In 2003, he graduated from the London Business School.

Citizenship: Russian.

Positions held in the last 5 years:

Since 2012: Chief Executive Officer, Unipro PJSC.
2012–2015: Chief Executive Officer, E.ON Connecting Energies LLC.
2015–2016: Chief Executive Officer, Uniper LLC.
Since 2018: Chief Executive Officer, Unipro Engineering LLC.

Previous membership of managerial bodies of other companies:

Since 2013: Member of the Supervisory Board, Council of the Association of Power Producers.

Since 2017: Member of the Board of Directors, Gazprom YRGM Development JSC

First elected to the Board of Directors of Unipro PJSC on 21 February 2013.

He holds no shares in the Company's authorised capital and carried out no acquisitions and disposals of shares in Unipro PJSC in 2018.



Anna Belova
Member of the Board of Directors, independent director, Chairman of the Appointment and Remuneration Committee, Member of the Audit Committee of the Board of Directors

Year of birth: 1961.

Educational attainment: higher education.

In 1984, graduated from the Moscow Institute of Engineering Physics, majoring in System Engineering (1984).

In 1989, graduated from the Research and Development Institute of Radio Instrumentation Engineering (postgraduate programme).
In 2000, graduated from the Academy of Advanced Training for Investment Managers and Specialists (specialisation: Finance and Credit).

In 2002, awarded the degree of candidate of economic science.

Citizenship: Russian.

Positions held in the last 5 years:

Since 2012: Professor of the Higher School of Management, Higher School of Economics.

Previous membership of managerial bodies of other companies:

Since 2011: Deputy Chairman of the Board of Directors, CFE inc.

Since 2016: Member of the Board of Directors, Tiscali S.p.a

Since 2016: Member of the Board of Directors, High-Speed Rail Lines JSC.

Since 2017: Member of the Board of Directors, Sistema Joint-Stock Financial Corporation.

Awards:

2013: Best Corporate Director of a Publicly Owned JSC in the nomination "Best Chairman of the Board of Directors of a Publicly Owned JSC" established by the National Corporate Directors Association under the auspices of the Federal Property Management Agency.

2014: ARISTOS Management Award in the nomination "Best Independent Director".

2017: Prize winner at the 12th Director of the Year National Awards: "Independent Director" as ranked by the Association of Independent Directors.

2018: one of the 50 best independent directors (ranking of the Association of Independent Directors).

First elected to the Board of Directors of Unipro PJSC on 15 June 2016.

She holds no shares in the Company's authorised capital and carried out no acquisitions and disposals of shares in Unipro PJSC in 2018.



Dr. Patrick Wolff
Member of the Board
of Directors

Year of birth: 1971.

Education:

In 1994, graduated from Rhineland Friedrich Wilhelm University (Germany). In 1997, graduated from Ludwig Maximilians University of Munich (Germany). In 1999, obtained a Doctor's degree in canon and civil law.

Citizenship: German.

Positions held in the last 5 years:

2004–2015: Vice President, E.ON SE (Düsseldorf, Germany).

Since 2016: Chief Legal Counsel and Compliance Manager, Uniper SE (Düsseldorf, Germany).

Previous membership of managerial bodies of other companies:

Since 2015: Member of the Supervisory Board, Uniper Kraftwerke GmbH (Düsseldorf, Germany).

Since 2016: Member of the Supervisory Board, Uniper Global Commodities SE (Düsseldorf, Germany).

Since 2016: Chairman of the Supervisory Board, Hamburger Hof Versicherungs-AG (Düsseldorf, Germany).

First elected to the Board of Directors of Unipro PJSC on 15 June 2016.

He holds no shares in the Company's authorised capital and carried out no acquisitions and disposals of shares in Unipro PJSC in 2018.



Oleg Vyugin
Member of the Board of
Directors, Independent Director,
member of the Appointment
and Remuneration Committee,
Member of the Audit Committee
of the Board of Directors

Year of birth: 1952.

Educational attainment: higher education.

In 1974, graduated from the Mechanics and Mathematics Faculty of Moscow State University majoring in mathematics. In 1978, obtained the degree of candidate of physical and mathematical sciences.

Citizenship: Russian.

Positions held in the last 5 years:

Since 2007: Professor of the School of Finance, Faculty of Economic Sciences, Higher School of Economics.

2013–2015: Senior advisor for Russia and the CIS, Morgan Stanley Bank LLC.

Previous membership of managerial bodies of other companies:

Since 2002: Member of the Board of the Centre for Strategic Research.

Since 2008: Member of the Board of Trustees of the Endowment Fund of the New Economic School.

Since 2008: Member of the Board of Trustees of the European University in St Petersburg.

Since 2010: Chairman of the Board of Directors of the National Association of Equity Market Participants.

Since 2011: Member of the Supervisory Board of the National Settlement Depository.

Since 2011: Member of the Board of Trustees of the Forum Analytical Centre.

Since 2015: Member of the Board of Directors, Rosneft Oil Company PJSC.

Since 2016: Member of the Board of the AGAT Youth Entrepreneurship Support Fund.

Since 2017: Chairman of the Supervisory Board, Moscow Stock Exchange PJSC.

Since 2017: Member of the Board of Directors, Skolkovo Ventures LLC.

Since 2017: Chairman of the Board of Directors, SAFMAR Financial Investments PJSC.

Awards:

Honoured Economist of the Russian Federation.

2014: prize winner at the Reputation National Awards for Financial Experts in the nomination "Best Independent Director on the Financial Market".

2015: one of the 25 best independent directors (ranking of the Association of Independent Directors).

2017: prize winner at the 12th Director of the Year National Awards (held by the Association of Independent Directors) in the nominations "Independent Director" and "Chairman of the Board of Directors: Contribution to the Development of Corporate Governance".

2018: one of the 25 best independent directors (ranking of the Association of Independent Directors).

First elected to the Board of Directors of Unipro PJSC on 7 December 2017.

He holds no shares in the Company's authorised capital and carried out no acquisitions and disposals of shares in Unipro PJSC in 2018.



Alexey Germanovich

Member of the Board of Directors, Independent Director, member of the Appointment and Remuneration Committee, Chairman of the Audit Committee of the Board of Directors

Year of birth: 1977.

Educational attainment: higher education.

In 1998, graduated from Moscow State University with a degree in Economics, and in 2002, graduated with a degree in Journalism (second higher education). In 2009, obtained an Executive MBA diploma from Cranfield University (United Kingdom).

Citizenship: Russian.

Positions held in the last 5 years:

2013–2014: Advisor to the CEO, Veles Capital IC JSC.

2014–2017: Advisor to the CEO, Investment Management JSC.

Since 2017: Chief Executive Officer, AG Ventures LLC.

Previous membership of managerial bodies of other companies:

Since 2008: Member of the Management Board, Endowment Fund for the Development of St. Petersburg State University.

Since 2014: Member of the Supervisory Board, Bank Saint Petersburg PJSC.

Since 2018: Member of the Board of Directors, CB Center-Invest.

Awards:

2015–2016: one of the 50 best independent directors (ranking of the Association of Independent Directors).

2017: Prize winner at the 12th Director of the Year National Awards: "Independent Director" as ranked by the Association of Independent Directors.

2018: one of the 50 best independent directors (ranking of the Association of Independent Directors).

First elected to the Board of Directors of Unipro PJSC on 26 June 2014.

He holds no shares in the Company's authorised capital and carried out no acquisitions and disposals of shares in Unipro PJSC in 2018.



Uwe Fip

Member of the Board of Directors

Year of birth: 1960.

Education:

In 1987, graduated from Clausthal and Hagen University (Germany) with a Master's degree in Petroleum Engineering and a degree in Business Administration (Economics and Sales Management).

Citizenship: German.

Positions held in the last 5 years:

Since 2001: Senior Vice President, Gas Supply & Origination, Uniper Global Commodities SE (Düsseldorf, Germany).

First elected to the Board of Directors of Unipro PJSC on 14 June 2018.

He holds no shares in the Company's authorised capital and carried out no acquisitions and disposals of shares in Unipro PJSC in 2018.



Reiner Hartmann

Member of the Board of Directors

Year of birth: 1945.

Education:

Graduated from Bayreuth Private Trade School with a degree in Production Process Economics. Honourable Ph.D. from Marconi University (Italy).

Citizenship: German.

Positions held in the last 5 years:

1992–2014: Head of Moscow Representative Office, E.ON Ruhrgas AG (Germany).

In 2013: Director for Commerce, E.ON Russia Power LLC.

2013–2016: Head of Moscow Representative Office, E.ON Global Commodities SE (Düsseldorf, Germany).

Since 2016: Head of Moscow Representative Office, Uniper Global Commodities SE (Düsseldorf, Germany).

Previous membership of managerial bodies of other companies:

Since 2014: Chairman of the Honorary Board, Association of European Businesses in the Russian Federation.

First elected to the Board of Directors of Unipro PJSC on 6 June 2008.

He holds no shares in the Company's authorised capital and carried out no acquisitions and disposals of shares in Unipro PJSC in 2018.



Eckhardt Rummeler

Member of the Board of Directors

Year of birth: 1960.

Education:

In 1984, graduated from Hamburg University of Technology with a degree in Marine Shipbuilding Engineering.

Citizenship: German.

Positions held in the last 5 years:

Since 2015: Chief Engineer, Uniper SE (Düsseldorf, Germany).

Since 2016: Executive Director, Uniper Generation GmbH (Düsseldorf, Germany).

Since 2016: Executive Director, Uniper Kraftwerke GmbH (Düsseldorf, Germany).

Previous membership of managerial bodies of other companies:

Since 2016: Chairman of the Supervisory Board, Uniper Technologies GmbH (Gelsenkirchen, Germany).

First elected to the Board of Directors of Unipro PJSC on 15 June 2016.

He holds no shares in the Company's authorised capital and carried out no acquisitions and disposals of shares in Unipro PJSC in 2018.

Independent directors included in the Board of Directors

The institution of independent directors is an important part of the corporate governance system of Unipro PJSC.

Independent directors make an important contribution to the successful functioning of the Board of Directors, especially as regards design of the Company's development strategy and risk management. They also protect the interests of shareholders and investors.

Since 2018, being an important step forward for corporate governance, the Company has instituted a practice of preliminary meetings with independent directors for discussion of key issues to be submitted for consideration by the Board of Directors.

The independence of directors and candidates to the Board of Directors in the reporting year was assessed in accordance with the new, more stringent requirements of the Listing Rules of the Moscow Exchange, which have been applicable for assessing the independence of

members of company boards since October 2017.

Independent directors serving on the Board of Directors of Unipro PJSC in 2018 were as follows:

- 🔊 Anna Belova;
- 🔊 Oleg Vyugin;
- 🔊 Alexey Germanovich.

In March 2018 the Appointment and Remuneration Committee analysed the professional qualifications and independence of all candidates to the Board of Directors of the Company. The analysis was carried out on the basis of information

and completed questionnaires received from candidates to the Board of Directors of the Company, and also based on the available personal data of candidates.

Candidates to the Board of Directors, Anna Belova and Alexey Germanovich, were acknowledged as independent. Additional information was requested in respect of Oleg Vyugin and the Board of Directors acknowledged him as an independent director on 14 June 2018, despite the formal obstacle of his affiliation with the Company's significant counterparties, Rosneft Oil Company PJSC and the National Clearing Centre¹.

Based on the experience of working with independent directors, it can be stated that these individuals show a high level of professionalism, objective judgment and independent participation in voting on all agenda issues

Meetings of the Board of Directors in 2018

The Board of Directors held 13 meetings in 2018, including four in the form of joint presence. A total of 56 agenda items were considered, mainly concerning Company strategy, corporate governance, financial and business operations, and HR matters.

13
meetings
were held during 2018

56
agenda items
considered

¹ The resolution of the Board of Directors of Unipro PJSC dated 14 June 2018 (Minutes No.261 dated 15 June 2018) is published on the Company's website http://www.unipro.energy/management/board_of_directors/.

Category of matters	Main resolutions approved by the Board of Directors in 2018
Strategy and priority business areas	<ul style="list-style-type: none"> 🔊 review of strategic prospects for Company development 🔊 review of Unipro PJSC participation in the modernisation programme 🔊 review of progress with reinstatement of Power Unit No.3 at Berezovskaya GRES 🔊 assessment of the status of the antitrust investigation in respect of Power Unit No.3 at Berezovskaya GRES 🔊 review of a comprehensive audit of management of the project for reinstatement of Power Unit No.3 of Berezovskaya GRES (carried out by the Company's auditor) 🔊 approval of additional agreements to contracts between Unipro PJSC, PJSC NOVATEK and NOVATEK-Perm LLC for gas supplies to Smolenskaya GRES, Surgutskaya GRES-2, Shaturskaya GRES, and Yaivinskaya GRES in the period from 2019 to 2027 🔊 amendments to the Unipro PJSC Regulation on Procurement
	<ul style="list-style-type: none"> 🔊 convening of Annual and Extraordinary General Shareholders' Meetings of the Company 🔊 election of the Chairman of the Board of Directors and Deputy Chairman of the Board 🔊 establishing committees of the Board of Directors 🔊 review of reports of Board committees on their work in 2017 🔊 review of issues regarding acknowledgement of candidates/members to/of the Board of Directors as independent
	<ul style="list-style-type: none"> 🔊 review of the the work results of the Board of Directors and its committees in 2017–2018 🔊 approval of the work plan of the Board of Directors for 2018–2019 🔊 approval of the work plan of the Internal Audit Department for 2019 🔊 approval of the report on the Company's related-party transactions in 2017 🔊 approval of the Code of Corporate Conduct as an internal document of Unipro PJSC 🔊 approval of the updated version of the Regulation on Insider Information and Code of Corporate Governance 🔊 approval of transactions whose approval was required under Russian law and (or) the Company's Articles of Association
	<ul style="list-style-type: none"> 🔊 approval of the Company's IFRS budget for 2019 🔊 review of the CEO's report on Company business in nine months of 2018 🔊 review of the annual report on functioning of the Company's corporate risk management system 🔊 review of reports on principal material risks related to Company business 🔊 monitoring of the Company's control environment 🔊 approval of the Company's consolidated financial statements for the 2017 financial year, prepared under IFRS 🔊 review of the CEO's annual report on Company business for 2017, including the approved report on budget execution
	<ul style="list-style-type: none"> 🔊 approval of the Company's financial performance indicators for 2017 🔊 changes to the Company's IFRS budget for 2018 🔊 approval of amendments to the Regulation on the Corporate Risk Management System 🔊 approval of the overdraft facility agreement between Unipro PJSC and Gazprombank 🔊 approval of the credit facility agreement between Unipro PJSC and Gazprombank 🔊 approval of the master agreement on a revolving framework credit facility with differentiated interest rates between Unipro PJSC and Sberbank PJSC 🔊 setting remuneration payable to the auditor of Unipro PJSC 🔊 review of provisions of the Company's Dividend Policy 🔊 approval of the loan agreement between the Company and Uniper SE 🔊 approval of an additional agreement to the loan agreement between Unipro PJSC and Unipro Engineering LLC
Corporate Governance	
Control, risks and reporting	

Category of matters	Main resolutions approved by the Board of Directors in 2018
HR and Remuneration	<ul style="list-style-type: none"> definition of the terms and conditions of the employment contract to be concluded with Maxim Shirokov, the CEO of Unipro PJSC definition of payments to the CEO of the Company approval for concurrent holding of positions in the management bodies of other companies by Maxim Shirokov (CEO of Unipro PJSC and member of the Management Board of Unipro PJSC) review of the incentive plan for the Unipro PJSC management team

Personal attendance at meetings of the Board of Directors and its committees in 2018

Full name of the member of the Board of Directors	Participation in meetings of the Board of Directors	Audit Committee	Appointment and Remuneration Committee
Members of the Board of Directors through the entire reporting year			
Anna Belova	13/13	7/7	4/4
Patrick Wolff	13/13	–	–
Oleg Vyugin	13/13	7/7	4/4
Alexey Germanovich	13/13	7/7	4/4
Günter Eckhardt Rümmler	12/13	–	–
Reiner Hartmann	13/13	–	–
Klaus Schäfer	11/13	–	–
Maxim Shirokov	13/13	–	–
Persons appointed to the Board of Directors at the Annual General Shareholders' Meeting on 14 June 2018			
Uwe Fip	7/7	–	–
Persons who left the Board of Directors at the Annual General Shareholders' Meeting on 14 June 2018			
Christopher Jost Delbrück	6/6	–	–

Information on remuneration and compensation paid to members of the Board of Directors

Under the Articles of Association of Unipro PJSC, remuneration and/or compensation payable to the members of the Board of Directors fall within the competence of the General Shareholders' Meeting.

The Appointment and Remuneration Committee designs the Company's policy on

remuneration to members of the Board of Directors, and carries out periodic review and oversight of its implementation.

The current remuneration system is set out in the Regulations on the Board of Directors of Unipro PJSC and corresponds in general to best corporate governance

practices, meeting principles of transparency and accountability, and taking account of the role of each member of the Board of Directors in the Company's business. The Regulation contains an exhaustive list of all payments made to members of the Board of Directors, and the terms on which they were made¹.

¹ Detailed information on the formulas used to calculate remuneration and compensation to members of the Board of Directors is contained in Article 11 of the Regulation on the Board of Directors of Unipro PJSC.



Meeting of the Board of Directors at Surgutskaya GRES-2

The next meeting of members of the Board of Directors was held at Surgutskaya GRES-2. The meeting was attended by the following persons, in addition to current Board members: Ulf Backmeyer (Deputy CEO of Unipro PJSC) and Elena Gabdulkaeva (Director for Corporate Governance, Legal and Property Issues).

During their visit the guests were shown around the museum of Surgutskaya GRES-2, where they learnt about the history of construction of Surgutskaya GRES-2, main historical milestones and the present-day equipment of one of the largest thermal power plants in Russia.

The Board members then visited the central control room, the machine room and control room No. 1. The guests were told about the fuel types used by the power units and the electricity generation process, followed by a Q&A session.

The Board members inspected the full-scale simulator of the 810 MW STU power unit and visited the gas and steam turbine shop, where they studied operation of the 400 MW CCGT units.

As part of their tour of Surgutskaya GRES-2, the Board members were able to observe safe working practices, the state of equipment, and the use of personal protective equipment by employees. Based on the results of the tour the Board members were invited to fill in Fresh Look observation cards, assessing health and safety arrangements at the power station. Board members gave a very positive assessment of health and safety at Surgutskaya GRES-2 and the involvement of personnel in safety issues.

Eckhardt Rümmler, a member of the Uniper SE Management Board, noted that the power station is committed to good work practices, safe handling of hazardous materials and compliance with rules for the use of personal protective equipment.

The Board of Directors remuneration system comprises fixed (quarterly) and variable (annual) parts. The fixed part depends on how actively members participated in the work of the Board of Directors. The variable part is linked to the Company's financial performance in order to

encourage commitment of Board members to the Company's business, and make them interested in achieving best-possible financial results.

The Regulation calls for reimbursement to Board members of all expenses incurred by them in

performance of their obligations as members of the Board of Directors.

Remuneration is only paid to those Board members who do not hold paid positions, and are not members of the Management Board of the Company and its affiliates.

Remuneration to members of the Board of Directors of Unipro PJSC, RUB thousand

Type of remuneration	2016	2017	2018
Quarterly remuneration	8,684	5,093	5,320
Annual remuneration (for the previous year)	11,773	12,364	11,472
Compensation of expenses	360	120	1,115
Total for Unipro PJSC	20,817	17,578	17,907

Committees of the Board of Directors

The committees are consultative and advisory bodies of the Board of Directors of Unipro PJSC.

Optimising resolutions by the Board of Directors, more detailed preliminary consideration of key issues and preparation of relevant recommendations were the responsibility of two committees in 2018:

🔊 Audit Committee;

🔊 Appointment and Remuneration Committee.

The committees are fully accountable in their work to the Board of Directors.

The committees are set up taking account of recommendations of the Code of Corporate Governance of the Bank of Russia, as well as the professional experience and knowledge of Board members in the relevant field, which enables

them to carry out their tasks efficiently.

Under the Moscow Exchange Listing Rules, the Audit Committee and the Appointment and Remuneration Committee can only include independent directors. This helps to ensure that the recommendations of the Committee are objective and well-grounded.

Audit Committee

The Audit Committee was established on 30 November 2006 in order to improve the efficiency and quality of work by the Board of Directors through the preliminary consideration and design of recommendations in the following areas:

🔊 evaluation of candidates for the role of Company auditor;

🔊 assessment of the Auditor's reports;

🔊 monitoring and ensuring the completeness, accuracy, and reliability of the Company's financial statements;

🔊 monitoring the reliability and efficiency of the risk management and internal control system;

🔊 ensuring independence and impartiality of internal and external audit functions;

🔊 monitoring the efficiency of the system for notification of any potential unethical practices by Company employees (including misuse of insider or confidential information) and by third parties, as well as any other violations by the Company, and monitoring the implementation of measures by Company managers as part of such system;

🔊 performing any other functions assigned by the Board of Directors.

The Committee acts by virtue of the Articles of Association and the Regulation on the Audit Committee of the Board of Directors of Unipro PJSC. The Regulation takes into account all the requirements set out by the new Moscow Exchange Listing Rules for the inclusion and maintenance of an issuer's shares in the first level quotation list at the Exchange.

Structure of most significant matters reviewed by the Audit Committee in 2018



Membership of the Audit Committee in 2018

Period	Number of members of the Committee	Members' names
1 January 2018 — 31 December 2018	3	Alexey Germanovich, Chairman of the Committee Anna Belova Oleg Vyugin

The Audit Committee held seven meetings in 2018, of which three were in the form of joint presence.

Category of matters	Key matters reviewed by the Committee
Accounting (Financial) Reporting	<ul style="list-style-type: none"> 🔊 review of IFRS financial results of Unipro PJSC in 2017 🔊 review of financial reports of Unipro PJSC prepared under Russian law requirements in 2017 🔊 report of the Revision Commission of Unipro PJSC on the Company's financial and business operations in 2017 🔊 review of IFRS financial reports of Unipro PJSC for 3 months, 6 months and 9 months of 2018 🔊 preliminary review of inventory and equipment for 2019–2021
External Audit	<ul style="list-style-type: none"> 🔊 report of the external auditor on the IFRS financial report of Unipro PJSC for 2017 🔊 assessment of the quality of the audit opinion on the accounting statements of Unipro PJSC for the 2017 financial year, prepared under Russian law requirements 🔊 report of the auditor on its review of interim financial information of Unipro PJSC for 6 months of 2018 🔊 report of the external auditor on its inspection of the project for reinstatement of Power Unit No.3 at Berezovskaya GRES 🔊 recommendations to the Board of Directors on the external auditor candidature to be proposed to the Annual General Shareholders' Meeting 🔊 recommendations to the Management Board on the external auditor for subsidiaries of Unipro PJSC 🔊 comments by the auditor on financial results for 9 months of 2018
Risk Management	<ul style="list-style-type: none"> 🔊 report on risks and risk trends in the Q1 2018 🔊 report on risks and opportunities of Unipro PJSC in 9 months of 2018

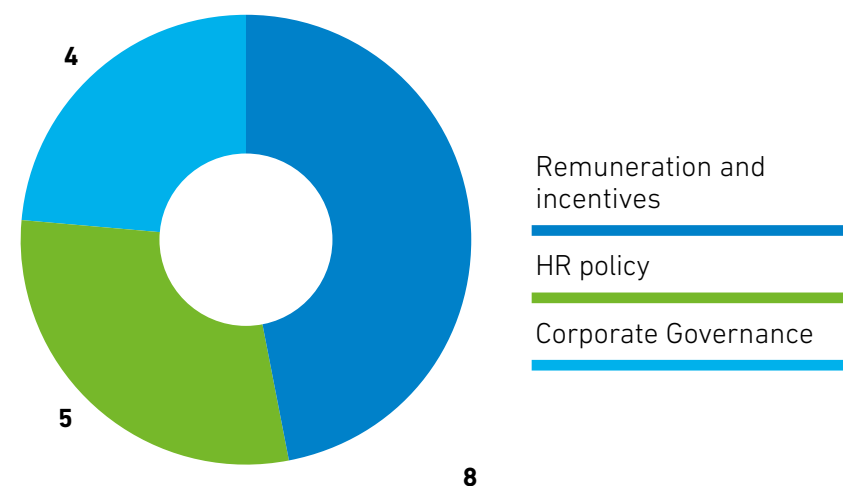
Category of matters	Key matters reviewed by the Committee
Corporate Governance	the work report for 2017 by the Audit Committee of the Board of Directors of Unipro PJSC
	recommendations to the Board of Directors on profit distribution for FY 2017, dividend amounts and payment recommendations to be proposed to the annual General Shareholders' Meeting
	proposals for key provisions of the Dividend Policy of Unipro PJSC
	approval of the work plan of the Audit Committee for 2019–2020
	recommendations to the General Meeting of Shareholders on the amount of dividends to be paid on shares of Unipro PJSC for 9M 2018 and the date, on which persons entitled to receive dividends are determined
	FAS case status
	report by the Head of the Internal Audit Unit on preliminary results in 2018
	approval of the work plan for the Internal Audit Department of Unipro PJSC for 2019

Appointment and Remuneration Committee

The Appointment and Remuneration Committee was established on 14 April 2008 and assists the Board of Directors in designing efficient and transparent remuneration practices, HR policy and succession policy, as well as carrying out preliminary review of matters related to HR planning, membership and efficiency of the Board of Directors.

The Committee acts by virtue of the Articles of Association and the Regulation on the Appointment and Remuneration Committee of the Board of Directors of Unipro PJSC. The Regulation takes into account all the requirements set out by the new Listing Rules of the Moscow Exchange for inclusion and maintenance of the shares of an issuer in the first level quotation list.

Structure of the most significant matters reviewed by the Appointment and Remuneration Committee in 2018



Membership of the Appointment and Remuneration Committee in 2018

Period	Number of members of the Committee	Members' names
1 January 2018 — 31 December 2018	3	Anna Belova, Chairman of the Committee Oleg Vyugin Alexey Germanovich

Four meetings of the Appointment and Remuneration Committee were held in 2018 in the form of joint presence.

Category of matters	Key matters reviewed by the Committee
Remuneration and incentives	definition of the terms and conditions of the employment contract with the CEO of Unipro PJSC
	review of KPI achievement by members of the Management Board in 2017
	review of target KPIs in 2018 for members of the Management Board
	approval of financial performance indicators for calculating annual bonuses to Company employees in 2017, and a proposal to the Board of Directors on this matter
	the CEO bonus for 2017 and a proposal to the Board of Directors on this matter
	payment of a bonus under the long-term incentive programme for the period 2014–2018 (Period 2) to Maxim Shirokov (Company CEO) and recommendation to the Board of Directors on this matter
	recommendations to the CEO regarding bonuses for the Deputy CEO for Finance and Economics and Deputy CEO for Production for 2017
	definition of the terms and conditions of employment contracts with the Deputy CEO for Finance and Economics and Deputy CEO for Production
	recommendations to the Board of Directors on election of the Chairman of the Company's Board of Directors
	recommendations to the Board of Directors on election of the Deputy Chairman of the Company's Board of Directors
HR policy	recommendations on establishment of the Committees of the Board of Directors
	recommendations to the Board of Directors regarding the Corporate Secretary of Unipro PJSC
	approval of the holding by Maxim Shirokov (CEO and member of the Management Board of Unipro PJSC) of concurrent positions in the management bodies of other companies
	the report on work by the Appointment and Remuneration Committee in 2017
Corporate Governance	assessing performance of the Board of Directors in 2017
	review of the work plan of the Appointment and Remuneration Committee in 2018–2019
	review of proposals by Company shareholders for the nomination of candidates to the Company's management and supervision bodies, to be elected at the 2017 Annual General Shareholders' Meeting, and on recommendations to the Board of Directors on this matter

Evaluation of the performance of the Board of Directors and its Committees

In order to maintain the confidence of shareholders and interest of investors in the Company, the Board of Directors shall create a transparent system for the assessment of performance by the Board, in accordance with principles of corporate governance.

For this purpose, the Company's Board of Directors has approved the Regulation on Assessment of Performance by the Board of Directors of Unipro PJSC. In accordance with the Regulation, the Company conducts an annual comprehensive assessment of performance of the Board of Directors and its

Committees, and an individual assessment of performance of directors.

The assessment is carried out in order to:

- obtain detailed information on performance by the Board of Directors and its Committees;
- ensure that membership of the Board of Directors reflects an optimum balance of professional experience, knowledge, skills, and personal qualities;
- develop the Company's corporate governance system;

- determine the level of efficiency of work by the Board of Directors, its Committees and members, and determine whether their work is meeting the development needs of the Company;
- identify areas, in which performance by the Board of Directors, its Committees and members can be improved, and any factors interfering with efficient performance;
- introduce efficient work methods for the Company's Board of Directors and its Committees.

In March 2019 a self-assessment of the work of the Board of Directors in 2018–2019 was carried out. The assessment was carried out by a survey (completion of a questionnaire) of the members of the Board of Directors regarding work by the Board during the term of office of its members (from the time of election of Board members in June 2018 until the termination of their powers in June 2019).

The Chairman of the Appointment and Remuneration Committee analysed the forms, which had been completed by the members of the Board, and aggregated the results.

Based on the analysis of the data, the Appointment and Remuneration Committee compiled a report on performance by the Board of Directors and its committees in 2018–2019, and made

recommendations for further improvement of work by the Board and its committees.

This report was considered at the meeting of the Board of Directors in the form of joint presence, which was held on 4 April 2019. The assessment, which was carried out, confirmed that the Board of Directors and its committees had performed efficiently in 2018–2019.

Preventing conflicts of interest

Rational and conscientious behaviour by members of the Board of Directors requires that Board resolutions should be based on exhaustive information in the absence of any conflict of interest, treating all shareholders of the Company equally, within the limits of normal business risk.

The Company has put an integrated procedure in place for managing conflicts of interest of members of the Board of Directors, achieving reasonable assurance that conflicts of interest are settled

at early stages, and that the interests of the Company and its shareholders are not violated.

In exercising their rights and performing their duties, the members of the Board of Directors of Unipro PJSC shall be guided by the ethical standards adhered to by the Company, including the Code of Corporate Conduct, and shall comply with the Company's by-laws concerning insider information and restrictions imposed by such by-laws on Board members in their capacity as Company insiders.



More information about the system for settling conflicts of interest can be found in the Annual Report of Unipro PJSC for 2017

No notification was received from members of the Board of Directors concerning conflicts of interest during 2018.

Management Board

The Management Board is a collective executive body supervising the most significant aspects of management of the Company's business within the powers stipulated by the Articles of Association and the Regulation on the Management Board of Unipro PJSC¹. The Management

Board reports to the Board of Directors and the General Shareholders' Meeting.

The policy of Unipro PJSC for improvement of corporate governance aims to strengthen the role of the Management Board in day-to-day management,

shaping a uniform approach to key areas of the business. Enhancement of the role of the Management Board also reflects more extensive application of the principles of collective managerial decision-making, which mitigate the risk of inefficient managerial decisions.

The key responsibilities of the Management Board are:

- development and submission to the Board of Directors of long-term plans for the Company's key business activities;
- approval of the Company's large transactions;
- definition of the Company's position on critical issues

in the business of its subsidiaries;

- provision of social guarantees and benefits to Company employees;
- design of draft resolutions and recommendations to the Board of Directors.

Pursuant to Clause 18.3 of the Articles of Association of the Company, members of the

Company's Management Board are elected by the Board of Directors and number at least three persons. The Board of Directors may decide to appoint more than three members of the Management Board.

There were no changes to membership of the Management Board in 2018.

Members of the Management Board as of 31 December 2018



Maxim Shirokov
CEO, Chairman of the Management Board,
Deputy Chairman of the Board of Directors

Year of birth: 1966.

Educational attainment: higher education.

In 1988, graduated from the Moscow Red Banner Military Institute, Ministry of Defence. In 1994, graduated from the Moscow Law Institute. In 1996, obtained an MBA diploma, Pacific Coast University, USA. In 2003, graduated from London Business School.

Citizenship: Russian.

Positions held in the last 5 years:

Since 2012: Chief Executive Officer, Unipro PJSC.

2012–2015: Chief Executive Officer, E.ON Connecting Energies LLC.

2015–2016: Chief Executive Officer, Uniper LLC.

Since 2018: Chief Executive Officer, Unipro Engineering LLC.

Previous membership of managerial bodies of other companies:

Since 2013: Member of the Supervisory Board, Council of Power Producers.

2016–2018: Member of the Board of Directors, Severneftegazprom JSC.

Since 2017: Member of the Board of Directors, Gazprom YRGM Development JSC.

Appointed to the Management Board of the Company on 16 July 2012.

He holds no shares in the Company's authorised capital and carried out no acquisitions and disposals of shares in Unipro PJSC in 2018.

¹ The text of the Regulation on the Management Board of Unipro PJSC is published on the Company's web-site at <http://www.unipro.energy/management/documents/>.



Ulf Backmeyer

Deputy CEO for Finance and Economics, Deputy Chairman of the Management Board

Year of birth: 1970.

Educational attainment: higher education.

In 1996, he graduated from the University of Passau (Germany) with a degree in economics and regional geography.

Citizenship: German.

Positions held in the last 5 years:

Since 2011: Deputy CEO for Finance and Economics, Unipro PJSC.

Elected to the Management Board of the Company on 28 January 2011.

He holds no shares in the Company's authorised capital and carried out no acquisitions and disposals of shares in Unipro PJSC in 2018.



Igor Popov

Deputy General Director for Production, Member of the Management Board

Year of birth: 1965.

Educational attainment: higher education.

In 1988, graduated from Chita Polytechnic Institute, heat-and-power engineer.

Citizenship: Russian.

Positions held in the last 5 years:

Since 2009: Deputy General Director for Production, Unipro PJSC.

Elected to the Management Board of the Company on 30 August 2012.

He holds no shares in the Company's authorised capital and carried out no acquisitions and disposals of shares in Unipro PJSC in 2018.

Meetings of the Management Board in 2018

The Management Board held 47 meetings in 2018 to discuss matters related to all areas of the Company's business.

Category of matters	Key matters reviewed by the Management Board		
Strategy and priority areas of the Company business	<ul style="list-style-type: none"> • adjustment of the Unipro PJSC investment (managerial) programme for 2018 • review of the Unipro PJSC investment (managerial) programme for 2019 • review of tariff setting by the Company for electrical power (generating capacity), heat production, water treatment and water disposal • review of progress in investment projects • approval of the investment project for construction of a coal boiler at Berezovskaya GRES • approval of the investment project for technical refurbishment of P-67 boiler unit No.1 with replacement of the convection reheater at Berezovskaya GRES • approval of the investment project for installation of coal-fired boilers at the start-up boiler house at Berezovskaya GRES • approval of the investment project for installation of a 50 GCal/h coal-fired boiler at the start-up boiler house at Berezovskaya GRES • review of the results of market modelling for the long-term scenario of the Unipro Commodity Outlook 2018 (UCO2018) • review of modernisation of the unified automated system for financial and economic management at Unipro PJSC • approval of decisions to dispose of non-core real estate of Unipro PJSC • approval of contracts entered into as part of business operations 		
	Financial and economic activities	<ul style="list-style-type: none"> • approval of factual KPIs of Unipro PJSC for 2017 • approval of financial indicators of Forecast 1 for 2018 • approval of the Company's KPIs for 2018 • review of Forecast 0 for the achievement of key financial target in 2018–2020 • approval of financial indicators of Forecast 2 for 2018–2020 • approval of financial indicators of Forecast 3 for 2018 • review of the performance forecast for 2018 • review of preliminary results for 2019–2021 • review of main key financial targets of Unipro PJSC for 2019–2021 	
		Corporate Governance	<ul style="list-style-type: none"> • approval of amendments to the Regulation on the use of vehicles of Unipro PJSC • approval of amendments to the Regulation on Emergency Inventory • amendments to the Regulation on incentivising contractors to comply with health and safety requirements during reinstatement of Power Unit No.3 at Berezovskaya GRES • approval of the regulations on remuneration to employees of the executive office • approval of Corporate Standard No.UBP-P.01 "Policy for anti-crisis management at Unipro PJSC" and Corporate Standard No.UBP-S.2. "Anti-crisis management at Unipro PJSC" • review of the preparation schedule for the Annual General Shareholders' Meeting in 2018 • amendments to the organisational structure of the executive apparatus of Unipro PJSC • preliminary work on all issues submitted for review by the Board of Directors

Category of matters	Key matters reviewed by the Management Board
Subsidiaries	<ul style="list-style-type: none"> definition of the position of the Company (the Company's representatives) regarding agenda items of General Shareholders' Meetings and meetings of the boards of directors of subsidiaries review of budget performance in 2017 and budget planning for 2018–2020 at E.ON Connecting Energies LLC review of the business results of Siberia AIP LLC and prospects for its further development
Risk Management	<ul style="list-style-type: none"> review of quarterly corporate risk and probability reports approval of the list of risk owners and risk coordinators review of the Company's insurance programme for 2018 approval of credit limits for the Company's financial counterparties approval of the limit on foreign currency operations and the approach to determining and estimating (1) the level of FX risk exposure and (2) the amount of FX risk exposure to be compared with the FX operations limit approval of limits on commodity risks a resolution on hedging of currency risks for contracts, in which liabilities are denominated in foreign currency approval of amendments to the Regulation on the Corporate Risk Management System of Unipro PJSC amendments to the Regulation on Market Risk Management of Unipro PJSC
Social investments	<ul style="list-style-type: none"> approval of the Social Investment Programme of Unipro PJSC for 2018 approval of the amended Regulation on Corporate Support to Company Employees for Improvement of their Housing Situation approval of the material terms of loan agreements with employees of Unipro PJSC branches for improvement of their housing situation
Safety	<ul style="list-style-type: none"> approval of target funding programmes for initiatives to strengthen fire safety and security in line with the recommendations of the Safe.On audit for Unipro branches in 2018–2021 review of health and safety work in H1 2018 review of fire safety at the Company's branches Approval of the comprehensive programme to improve fire safety of the boiler section of the main building at Berezovskaya GRES
Procurement	<ul style="list-style-type: none"> review of quarterly reports on "improper procurements" review of quarterly reports on purchases from "unreliable" suppliers approval of procurement procedures required for main operations

Remuneration and compensation to the Management Board

Remuneration and compensation to Company employees who are members of the Management Board are paid under employment contracts signed with them as

full-time employees, the terms and conditions of which are reviewed by the Appointment and Remuneration Committee.

The Regulation on the Management Board does not envisage any special remunerations or compensations to employees

who act as members of the Management Board.

In 2018, Company employees who are members of the Management Board received the following payments: salaries — RUB 154,835,000; bonuses and other payments — RUB 516,697,000; total — RUB 671,532,000.

CEO

The Chief Executive Officer (CEO) is the Company's sole executive body. The CEO is responsible for the Company's daily operations as described in the Articles of Association and in resolutions of the General Shareholders' Meeting,

the Board of Directors and the Management Board.

The CEO reports to the General Shareholders' Meeting and the Board of Directors. The CEO is elected by the Board of Directors by a majority of votes

of those present at the Board meeting.

Maxim Shirokov was appointed to the position of CEO by the Resolution of the Board of Directors dated 16 July 2012 and took office on 17 July 2012.



Maxim Shirokov

Year of birth: 1966.

Educational attainment: higher education.

In 1988, graduated from the Moscow Red Banner Military Institute, Ministry of Defence. In 1994, graduated from the Moscow Law Institute. In 1996, obtained an MBA diploma, Pacific Coast University, USA. In 2003, graduated from London Business School.

Citizenship: Russian.

Positions held in the last 5 years:

Since 2012: Chief Executive Officer, Unipro PJSC.

2012–2015: Chief Executive Officer, E.ON Connecting Energies LLC.

2015–2016: Chief Executive Officer, Uniper LLC.

Since 2018: Chief Executive Officer, Unipro Engineering LLC.

Previous membership of managerial bodies of other companies:

Since 2013: Member of the Supervisory Board, Council of Power Producers.

2016–2018: Member of the Board of Directors, Severneftegazprom JSC.

Since 2017: Member of the Board of Directors, Gazprom YRGM Development JSC.

He holds no shares in the Company's authorised capital and carried out no acquisitions and disposals of shares in Unipro PJSC in 2018.

Remuneration and compensation to the CEO

Remuneration and compensation payable to the CEO, including financial incentives, are described in the employment contract with

the CEO, and the terms and conditions of such contract are approved by the Board of Directors of the Company. No other remunerations were paid to the CEO except those described in the employment contract. The

amount of remuneration and compensation paid to the CEO in the reference period is included in the amount of remuneration and compensation paid to the Management Board.

Corporate Secretary

The key duties of the Corporate Secretary are: ensuring proper interaction with the Company's shareholders; coordinating actions by the Company to defend the rights and interests of shareholders, and supporting efficient operations by the Board of Directors.

The Corporate Secretary may also act as the Secretary of the General Shareholders' Meeting and as the Secretary of committees of the Board of Directors, provided that such functions are stipulated by resolutions of the Board of Directors or by the Regulations on Committees of the Board of Directors.

The Corporate Secretary is functionally subordinated and reports to the Board of Directors, and is administratively subordinated to the CEO.

No conflicts of interest in the work of the Corporate Secretary were identified in 2018.

The working procedures of the Corporate Secretary are governed by the Regulation on the Corporate Secretary.

By the Resolution of the Board of Directors dated 31 August 2017, Elena Gabdulkhayeva, the Company's Director for Corporate Management, Legal



More information about the functions of the Corporate Secretary can be found in the Annual Report of Unipro PJSC for 2017

and Property Issues, was appointed to the position of the Corporate Secretary of Unipro PJSC, and she was re-elected to the same position by the Board of Directors on 18 December 2017¹.



Elena Gabdulkhayeva

Year of birth: 1978.

Educational attainment: higher education.

In 2000, graduated from the law faculty at Far-East State University.

Citizenship: Russian.

Positions held in the last 5 years:

2010–2015: Head of the Legal Unit and Divisional Manager for Corporate Standards, Metro Cash & Carry Russia.

2016–2018: Director for Corporate Policy, Unipro PJSC.

Since 2018: Director for Corporate Management, Legal and Property Issues, Unipro PJSC.

She holds no shares in the Company's authorised capital and carried out no acquisitions and disposals of shares in Unipro PJSC in 2018.

Control and audit

Unipro PJSC has a system for the control of financial and business operations, which consists of local regulatory documents, existing practices and procedures, and methodology. The key participants of the system are as follows:

- 🔗 Revision Commission;
- 🔗 Audit Committee of the Board of Directors of Unipro PJSC¹;
- 🔗 Internal Audit Department;
- 🔗 External Auditor.

Revision Commission

The Revision Commission of Unipro PJSC is a permanent elected body that oversees the financial and business operations of the Company, in accordance with the Articles of Association and the Regulations on the Audit Commission².

The Revision Commission is elected by the General Shareholders' Meeting for the period until the next Annual General Shareholders' Meeting.

If the Revision Commission is elected by an Extraordinary Shareholders' Meeting, members of the Revision Commission are deemed to be elected for the period until the Annual General Shareholders' Meeting.

The Revision Commission continuously supervises the Company's financial and operating activities, its standalone divisions, officers, managerial bodies and structural units. The powers



More information about the tasks of the Revision Commission can be found in the Annual Report of Unipro PJSC for 2017

and operating procedures of the Revision Commission are described in the Regulation on the Revision Commission.

The Revision Commission was elected with four members by the Annual General Shareholders' Meeting of the Company on 14 June 2018.

Nicolo Prien

Chairman of the Revision Commission

Year of birth: 1966.

2009–2015: Chief Financial Officer, E.ON Italia S.p.A. (Milan, Italy)

Since 2016: Executive Vice President for Corporate Audit, Uniper SE (Dusseldorf, Germany)

Since 2016: member of the Revision Commission, Unipro PJSC.

Alexey Asyaev

Secretary of the Revision Commission

Year of birth: 1979.

2012–2019: Head of Internal Audit Department, Unipro PJSC.

Since 2012: member of the Revision Commission, Unipro PJSC.

¹ In accordance with the resolution of the Board of Directors of PJSC Unipro dated 28 March 2019 (Minutes No. 271 dated 29 March 2019) functions of the Corporate Secretary of Unipro PJSC are assigned to Unipro PJSC Corporate Policy Department. The detailed information is available on the Company's web-site at http://www.unipro.energy/management/board_of_directors/secretary/.

¹ Detailed information on the work of the Audit Committee of the Board of Directors of Unipro PJSC can be found in the section of the Annual Report "Committees of the Board of Directors"

² The text of the Regulation on the Revision Commission of Unipro PJSC is published on the Company's website at <http://www.unipro.energy/management/documents/>

Denis Alexeyev**Year of birth:** 1979.

2013–2014: member of the Revision Commission, Market Council.

Since 2013: member of the Revision Commission, Council of Electricity Producers.

Since 2013: Head of Controlling Department, Unipro PJSC.

Since 2013: member of the Revision Commission, Unipro PJSC.

Dr. Jörg Wallbaum**Year of birth:** 1975.

2008–2015: Head of Accounting Policy, E.ON Global Commodities SE (Düsseldorf, Germany).

2016–2017: Senior Vice President for Methodology of the Accounting and Finance Department, E.ON Global Commodities SE (Düsseldorf, Germany).

Since 2017: Executive Vice President for Accounting & Financial Controlling, Uniper SE (Düsseldorf, Germany).

Since 2017: member of the Revision Commission, Unipro PJSC.

In 2018, the Revision Commission focused on the following aspects of the Company's business:

- 🔊 key production, financial and economic indicators;
- 🔊 audit of progress in main investment projects;
- 🔊 analysis of performance by the Company's stocks;

- 🔊 fixed assets inventory;
- 🔊 acceptance of completed works under contractor agreements.

In 2018 the Revision Commission held three meetings and carried out a scheduled audit of the Company's financial and business activities. No unscheduled audits of the

Company's financial and business activities were carried out.

According to Clause 12.2 of the Regulation on the Revision Commission, no remuneration is provided to members of the Revision Commission for their work in that capacity. In 2018 no remuneration was paid to members of the Audit Committee.

Internal Audit Department

The function of internal audit at Unipro PJSC is assigned to the Internal Audit Department and is carried out in accordance with the Regulation on the Internal Audit Department¹.

The Internal Audit Department helps to achieve the Company's objectives in the most efficient

and economically sound way, by using a systematic and consistent approach to assess and improve the effectiveness of risk management, internal control and corporate governance systems.

In order to ensure independence and objectivity, the Internal

Audit Department reports to the Board of Directors, and is administratively subordinated to the CEO. The Internal Audit Department is led by a manager appointed by an order of the CEO of Unipro PJSC, based on the proposal of the Board of Directors. The Head of the Internal Audit Department

is a member of the Revision Commission.

In its work the Internal Audit Department takes account of international professional standards for internal audit and the Code of Ethics for Internal Auditors, adopted by the Institute of Internal Auditors, and is guided by the Company's internal audit regulations.

Audit procedures are based on the annual audit plan, which was prepared for 2018 using a risk-based approach to identify key areas for audit, taking account of the requests and recommendations of management and shareholders.

The audit plan for 2018 was 100% completed; the staff of the Internal Audit Department conducted 12 audits and investigations in the following functional areas: procurement, manufacturing, IT, health and safety, finance. A significant share of the audit procedures was carried out in respect of the project for the reinstatement of Power Unit No. 3 at Berezovskaya GRES.

The staff of the Internal Audit Department systematically monitor and control the implementation of measures to prevent, correct or eliminate shortcomings that are identified by audit work, based on recommendations made by the auditors.

In 2018 the staff of the Internal Audit Department pursued further professional development and training. Management competences were enhanced by the obtaining of



Compliance of the internal audit function of Unipro PJSC with the requirements of international standards was confirmed in 2018 by an independent external assessment. The result of the assessment was: 98%, "Full compliance".

The evaluation was carried out by the international audit and consulting company KPMG.

a NEBOSH certificate, which confirms adequate knowledge for self-auditing in the field of health, safety, security and environment (HSSE). The staff of the Department have been trained towards and continue to prepare for CIA (Certified Internal Auditor) and CFE (Certified Fraud Examiner) professional certifications.

The work plan for the Internal Audit Department of Unipro PJSC for 2019 includes the following tasks:

- 🔊 audit of the purchase of non-production services and management of contracts
- 🔊 audit of supervisory control and data acquisition (SCADA)
- 🔊 audit of repair and maintenance processes at Yaivinskaya GRES
- 🔊 audit of the occupational health, safety and environment management system, including safeguarding of the health of personnel
- 🔊 audit of industrial safety at the construction site for reinstatement of Power Unit No. 3 at Berezovskaya GRES

- 🔊 analysis of practices in the management and implementation of new business initiatives at Unipro PJSC

- 🔊 analysis of readiness for the modernisation programme

- 🔊 audit of measures taken in response to analysis of the causes of the fire in Power Unit No. 3 at Berezovskaya GRES

- 🔊 audit of work on preparation of financial statements at Unipro PJSC

- 🔊 audit of tangible assets accounting.

The Company has developed feedback channels for issues related to violations or inconsistencies in the preparation of financial statements or in operation of the internal control system. Any employee may refer these issues to the Internal Audit Department and the Audit Committee of the Board of Directors.

¹ The text of the Regulation on the Internal Audit Department of Unipro PJSC is published on the Company's web-site at <http://www.unipro.energy/management/documents/>.



Guest Auditor Programme

In addition to inspections inside Russia, specialists of the Internal Audit Department of Unipro PJSC participate in audits of departments and functions of Uniper Group in Germany, France and India, which helps them to develop their professional competence and contribute their own experience to the work of Uniper Group.

In 2018 the Guest Auditor Programme was further developed: representatives of business units were invited to participate in audits together with audit staff.

In September 2018, Dmitry Kolmakov, Director for Labour Protection and Industrial Safety at Unipro PJSC, supervised a health, safety and environment audit at the Emele-Huchet power plant (France, Uniper Group).

External Auditor

Unipro PJSC engages an external auditor each year to ensure independent and objective evaluation of the quality of the Company's financial (accounting) reports

prepared to Russian and international standards.

On 14 June 2018, the Annual General Shareholders' Meeting approved PricewaterhouseCoopers Audit JSC as the Company's external auditor.

In 2018 the auditor completed the following tasks:

- audit of Unipro's RAS financial statements for the period from 1 January to 31 December 2018, inclusively;
- preparation of the auditor's opinion on Unipro's RAS financial statements for 2018;
- review of Unipro's interim IFRS financial statements prepared for 6 months ending on 30 June 2018;
- preparation of the auditor's opinion on the review of Unipro's interim IFRS financial statements prepared for 6 months ending on 30 June 2018;
- review of special financial statements for 3 and 6 months ending on 31 March and 30 June 2017, respectively, prepared according to the instructions of Uniper Group and the accounting policy of Uniper Group for the preparation of special financial statements;
- preparation of an auditor's opinion on the review of the special financial statements;
- audit of IFRS consolidated financial statements of the Company for the year ending on 31 December 2018;
- preparation of an audit report on the financial status of the Company as of 31 December 2018, and on its business

results and cash flow for the reporting year in accordance with IFRS;

- audit of the Company's special financial information for the reference period ending on 31 December 2018, prepared according to the instructions of Uniper SE Group and the accounting policy of Uniper SE Group for the preparation of financial statements;

- report on compliance with the instructions of Uniper SE Group and Uniper SE Group accounting policy in preparation of the Company's special financial information.

The amount of remuneration payable to the auditor is set by the Board of Directors. The resolution of the Board of Directors called for the following remuneration to be paid to the external auditor in 2018:

- RUB 3,500,000 (net of VAT) for the audit of accounting statements for the reporting year ending on 31 December 2018, prepared according to Russian law;
- RUB 21,500,000 (net of VAT) for the provision of audit services with regard to the Company's financial statements for the reporting year ending on 31 December 2018, drafted in accordance with IFRS.

2.3. Relations with shareholders and investors

As well as adhering to clear and efficient rules of corporate governance, the Company ensure continuous exchange of information with its external audience.

In its work with shareholders and representatives of the investment community, Unipro PJSC prioritises the key task of increasing investment attractiveness,

which it achieves by increasing information transparency of information transparency, implementing a stable dividend policy, and increasing the liquidity of its securities.

Rights of shareholders

Unipro PJSC is one of the leading public joint stock companies in Russia by the number of its minority shareholders. The Company

aims to ensure a constructive dialogue with its shareholders, avoiding bias in favour of any shareholder to the detriment of others.

All shareholders of Unipro PJSC enjoy equal and favourable conditions for exercising their rights in respect of the Company.

A total of 301,035 persons were registered in the shareholder register of Unipro PJSC



More information on the rights of shareholders can be found in the Annual Report of Unipro PJSC for 2017

and held securities on their personal share accounts as of 31 December 2018¹.

More than
300
shareholders

¹ According to data provided by Independent Registrar Company R.O.S.T. JSC.

Share capital structure

Structure by types of personal accounts	2018, units	2017, units	2018, %	2017, %
Legal entities, including	682	674	83.92	83.92
Uniper SE	-	-	83.73	83.73
federal government	3	3	less than 0.01	less than 0.01
governments of Russian regions	4	4	less than 0.01	less than 0.01
local government	-	-	-	-
Private individuals	299,761	299,381	1.38	1.41
Nominal holders	12	12	14.69	14.66
Trustees	4	4	less than 0.01	less than 0.01
Shares in shared ownership	576	578	0.01	0.01
Total	301,035	300,649	100	100

The Company did not issue any new shares in 2018.

Shares at stock exchanges

The authorised capital of Unipro PJSC is RUB 25,219,482,458.37. According to Unipro's Articles of Association, 63,048,706,145 full and 44,925,042,874/49,130,625,974 fractional uncertificated registered ordinary shares are issued with nominal value of RUB 0.40.

Unipro's ordinary shares were listed in the first-tier quotation list of the Moscow Stock Exchange on 1 September 2014.

Outstanding shares

Number of outstanding shares	63,048,706,145
Nominal value per share, RUB	0.40
State registration number of the issue	1-02-65104-D
Date of state registration	19 April 2007
Authorised capital, RUB	25,219,482,458.37
ISIN code	RU000A0JNGA5
Ticker	UPRO

Share price



Total market capitalisation of Unipro PJSC

Date	Market price, RUB	Number of outstanding shares	Market capitalisation, RUB
31 December 2016	2.88	63,048,706,145	181,895,517,228
31 December 2017	2.56	63,048,706,145	161,089,444,200
31 December 2018	2.56	63,048,706,145	161,089,444,200

Source: Moscow Exchange PJSC

Dividends

The dividend policy of Unipro PJSC complies in full with Russian legal requirements and ensures proper balance between the interests of shareholders and the Company's needs as regards business development, investment appeal and capitalisation.

All of the Company's shareholders enjoy equal and fair terms in receiving a share of Company profits through dividends, including:

- a clear and transparent mechanism for calculating and paying dividends;
- payment of dividends in cash only;
- exclusion of instances when shareholders receive Company profits in any manner other than as dividends and liquidation value.



More details on main provisions of the Dividend Policy can be found in the Annual Report of Unipro PJSC for 2017

The Board of Directors approved the Regulation on Dividend Policy, prepared in accordance with Russian legislation and the Charter, on 31 July 2014 (Minutes No. 199 dated 1 August 2014).

Dividend history of the Company

Period, for which the dividends were paid	Dividends per share, RUB	Number of shares	Funds allocated to dividends, RUB	Date of the resolution on payment of dividends
2005	0.01123	8,210,830,760	92,207,629.43	21 April 2006
2006	0.004071	49,130,625,974	200,010,787.54	25 May 2007
Q1 2007	0.0030531	49,130,625,974	150,000,715.12	25 May 2007
2011	0.05787978807	63,048,706,145	3,649,245,749.81	29 June 2012
2012	0.289541278733806	63,048,706,145	18,255,203,000	27 June 2013
2013	0.300188653732372	63,048,706,145	18,926,506,217.51	26 June 2014
Based on retained earnings of previous years	0.0793037685567795	63,048,706,145	5,000,000,000	26 June 2014

Period, for which the dividends were paid	Dividends per share, RUB	Number of shares	Funds allocated to dividends, RUB	Date of the resolution on payment of dividends
2014	0.2776423960677	63,048,706,145	17,504,993,843.32	26 June 2015
2015	0.197253780372175	63,048,706,145	12,436,595,634.86	15 June 2016
9M 2016	0.1158	63,048,706,145	7,301,040,171.7	8 December 2016
2016	0.0936762922840	63,048,706,145	5,906,169,025.05	23 June 2017
Q1 2017	0.0173489836955	63,048,706,145	1,093,830,974.95	23 June 2017
9M 2017	0.1110252759795	63,048,706,145	7,000,000,000	7 December 2017
2017	0.1110252759795	63,048,706,145	7,000,000,000	14 June 2018
9M 2018	0.1110252759795	63,048,706,145	7,000,000,000	7 December 2018

Based on the Company's performance in 2008–2010, the General Shareholders' Meeting resolved not to pay dividends for those years.

Report on Declared (Accrued) Dividends on Shares for 2018

In 2018, based on a resolution of the Annual General Shareholders' Meeting, dividends for 2017 were declared in the amount of RUB 7.0 billion. The Extraordinary General Shareholders' Meeting held on 7 December 2018 resolved to pay interim dividends in the amount of RUB 7.0 billion for nine months of 2018.

As of 31 December 2018, the dividends were paid in full, except for amounts, which were unpaid due to reasons beyond the Company's control (absence of accurate and necessary address data or bank details of the person entitled to receive dividends).



Information on the registrar of Unipro PJSC can be found in the "Contact Information" section

Disclosures

The information disclosure policy of Unipro PJSC aims to ensure efficient interaction of the Company with its shareholders, investors and other stakeholders, achieving the fullest exercise of their rights to obtain the information necessary for informed

investment and management decisions.

When disclosing information, the Company is guided by the current laws of the Russian Federation, the requirements of the Moscow Exchange, the Regulation on the Disclosure

of Company Information, as well as other requirements and regulatory acts.

The Company aims to ensure maximum openness and transparency of its operations based on a principle of active dialogue with stakeholders.

Information Disclosure Principles of Unipro PJSC

Regularity and efficiency

Accessibility

Completeness and accuracy

Balance between transparency and the protection of commercial interests

Unipro PJSC maintains communication with all stakeholders, disclosing important information on all aspects of its business in a timely manner.

Channels for information disclosure:

1) The key channel for information disclosure is the corporate website of Unipro PJSC, which publishes all necessary information about the Company's business, including information about material facts, events, management structure, and the results of financial and business operations.

The site contains the Articles of Association and internal documents, annual reports, accounting (financial) statements according to Russian standards and IFRS, presentations, press releases, consensus forecasts of analysts, an investor's calculator, data on affiliates and other information that may affect the price of shares of Unipro PJSC.

2) In accordance with the requirements of the Regulation on Information Disclosure, Unipro PJSC also uses an Internet page provided by a distributor of information on the securities market (Interfax-TSRKI LLC) when publishing information

that is subject to mandatory disclosure under Russian law.

3) In addition to its use of main information disclosure channels, Unipro PJSC regularly provides information on the Company's activities to federal and local media.

The Company organised a number of events in 2018 for interaction with shareholders and investors as part of its information policy:

- an annual press conference, where the Company's senior management met with national media;
- a press tour of Berezovskaya GRES for national media;

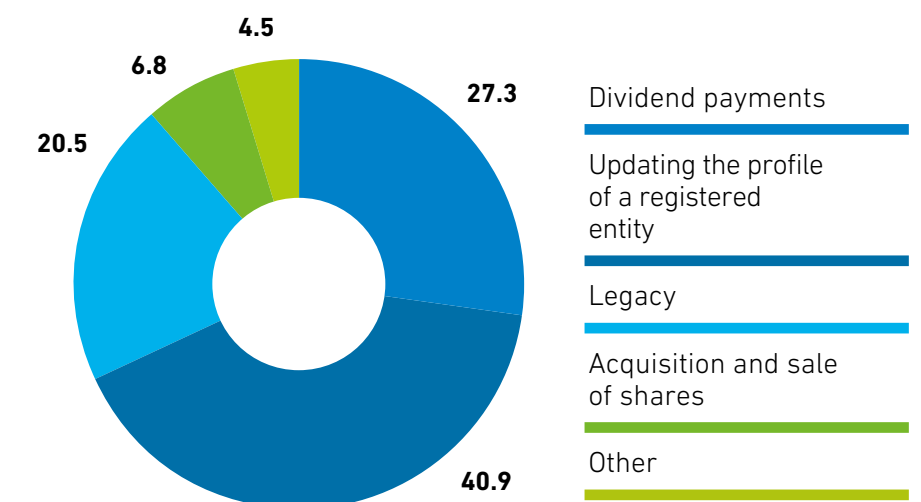
a teleconference given by Company top managers for IFRS analysts and investors to review business results in 2017;

regular meetings of Company top management with analysts and investors to provide information necessary for updating of investment models of Unipro PJSC;

preparation of written responses and email responses to enquires from investors and shareholders.

Totally in 2018, 132 enquiries were received from shareholders, of which 93 were digital and 39 written.

Structure of shareholder enquiries in 2018, %



2.4. Compliance

Compliance is an integral part of the corporate governance system of Unipro PJSC. The Company values its business reputation and corporate culture, which has lined up for many years, and operates exclusively within the framework of applicable law, in accordance with the principles of good business conduct, high standards of business ethics and professional conduct.

The effectiveness of the compliance system is based on the personal responsibility of each employee. That is why, each employee of Unipro PJSC, regardless of the position, shall follow the rules of the Code of Corporate Conduct. It is a fundamental document which sets out the established

rules that are mandatory for all employees of the Company.

In 2018, a new version of the Code of Corporate Conduct was introduced: in addition to the key compliance principles, specific recommendations were developed in terms of employee behaviour on the most practical issues and frequently encountered situations.

After the publication of the new version of the Code for the staff of the Company, a training (e-learning) was held, which is scheduled to be repeated every two years, as well as when new staff members are recruited.

Unipro PJSC has a compliance risk management system:

compliance risks are assessed for the Company's activities, resulting in the creation of a risk map with the degree of probability of their materialisation and a set of measures to reduce them. Further, based on the results of these actions, a detailed risk assessment report is prepared with a list of practical measures and specific deadlines for their implementation.

In addition, with the participation of senior management of Unipro PJSC, a separate antitrust risk assessment is conducted on an annual basis. In 2018, employees of the Company were trained in the field of antitrust compliance.



Our activity

- Ⓜ We avoid conflicts between personal and professional interests
- Ⓜ We present and accept only relevant and reasonable gifts and hospitality signs
- Ⓜ We comply with the laws and all applicable sanctions regimes, and also oppose money laundering and terrorist financing
- Ⓜ We do not distribute insider information
- Ⓜ We follow the rules of healthy competition
- Ⓜ We protect our assets and use them wisely
- Ⓜ We keep records and provide accurate and understandable data about business transactions
- Ⓜ We act on behalf of the Company only with the appropriate authority



Our employees

- Ⓜ We respect each other
- Ⓜ We ensure safe working conditions



Our social obligations

- Ⓜ We respect human rights
- Ⓜ We care about the environment
- Ⓜ We support the development of regions

Settlement agreement between Unipro PJSC and the Federal Antimonopoly Service (FAS) on the case of Berezovskaya GRES

In June 2017, the FAS filed a case (for violation of the law on protection of competition) due to the capacity supply from Berezovskaya GRES for RUB 950 mln: after the accident in the boiler room of Power Unit No. 3 in February 2016, Unipro PJSC stopped its operation, but in accordance with the rules in force continued to receive payment from consumers until November 2016. In February 2018, the FAS adopted a decision in which it concluded that UniPro PJSC and the System operator had violated the law on protection of competition.

On 28 March 2018, Unipro PJSC filed a lawsuit in the Moscow Arbitration Court asking it to cancel and falsify the decision of the FAS. The claim of Unipro PJSC was parallel to the similar claim of the System Operator.

On 18 December 2018, the FAS recognised the right of Unipro PJSC to collect payment from consumers for the capacity of Power Unit No. 3 of Berezovskaya GRES. Besides, the FAS recognised that the antitrust case decision does not influence the relations of the parties to the Capacity Supply Agreement and stated absence of reasons to consider the equipment of Berezovskaya GRES ruined. These conclusions were reflected in the settlement agreement between the Company, the FAS and the System Operator confirmed by the court.

Elena Gabdul Khaeva, Director for Corporate Management, Legal and Property Issues:

"It was a very significant case not only for our Company, but also for the industry as a whole. The settlement agreement was concluded in the interests of all parties, which once again confirmed the regulator's readiness to honestly consider all aspects of the case and make balanced decisions."



SVETLANA SHAMRAY
Leading Specialist of
High-Security Group,
Berezovskaya GRES

66

What helps me to work well is the respect I have towards my colleagues and my passion for Berezovskaya GRES which has a history that is part of my own life story.

I joined the Long-Term Development Division of Berezovskaya GRES back in 1993 after graduating from the Krasnoyarsk Polytechnical Institute. When the project to further expand the power plant was put on hold, I moved to the Mobilisation Management Division and have been communicating with the Sharypovo Military Registration and Enlistment Office ever since.

My current position involves responsibilities such as facilitating military registration at the facility, which applies to over 500 employees at Berezovskaya GRES. We keep track of any changes and update data in our special data file, cross-check this data with data from the Military Registration and Enlistment Office, keep our employees and officers up to date on military conscription laws, and do a variety of other significant tasks in close liaison with the Military Registration and Enlistment Office.

Thanks to our joint effort, Berezovskaya GRES came second in a highly respected contest which reviews the best military registration practices among companies in the Krasnoyarsk Territory. The contest was scheduled to coincide with the celebration of the 100th anniversary of Russia's military registration and enlistment offices.

One of the main principles for responsible business practices of Unipro PJSC is counteraction to corruption. The company recognises and monitors compliance with local regulatory acts on corruption, and also implements a number of additional measures in

terms of countering involvement in corruption activities. In particular, Unipro PJSC has organised a hotline for informing on any facts or prerequisites for the occurrence of a corruption situation, which is available to both the Company's employees and its partners.

In 2019, Unipro PJSC plans to adopt a number of additional regulatory documents governing anti-corruption processes, to conduct separate training and consulting for the Company's employees on compliance with anti-corruption requirements.

2.5. Risk Management

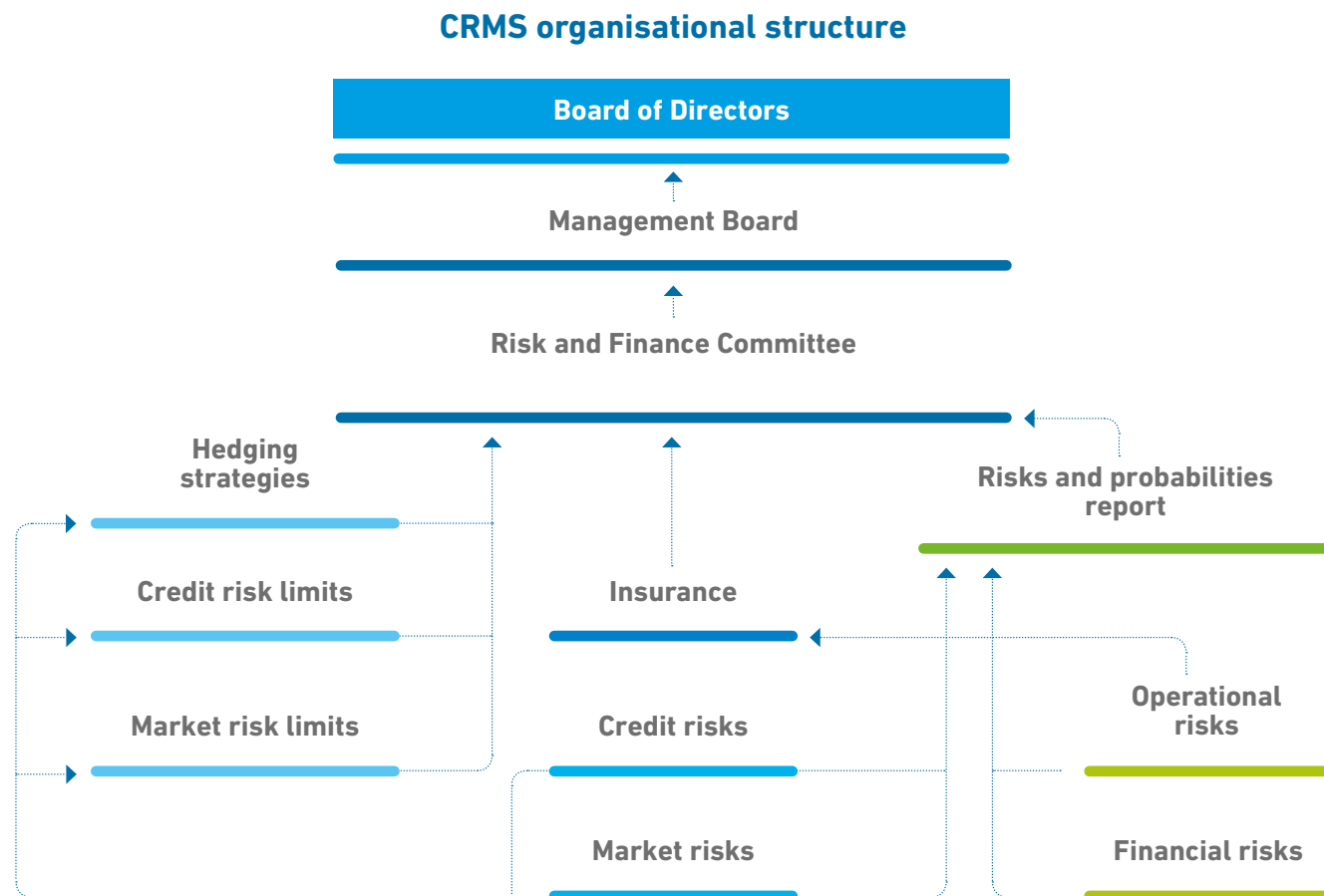
Effective risk management is one of the most important prerequisites for sustainability of Unipro PJSC business.

The current integrated risk management system is aimed at the timely identification of risks, as well as the implementation of measures to manage them.

The Company regularly reviews the planning, controlling and reporting processes in order to improve the efficiency and predictability of its financial position.

Corporate risk management system

In order to reduce the negative impact of potential hazards and to use favourable opportunities, the Corporate Risk Management System (CRMS) operates at Unipro PJSC.



The key elements of the risk management system are the Company's strategy, internal regulations, including the Regulations on CRMS, controlling, planning, internal control and audit system, risks and opportunities reports, as well as operation of the Risk and Finance Committee.

Scheduled reports are provided on a quarterly basis. Moreover, the Company establishes a procedure for compiling and reviewing urgent reports in case of emerging material risks.

At Unipro PJSC, the effectiveness of CRMS is assessed as follows:

- the management informs annually the Board of Directors on the results achieved in the field of



The Risk and Finance Committee of Unipro comprises heads and representatives of the key business units who are in charge of operational, legal and financial activities.

The Committee ensures implementation of the credit and market risks management strategy, prepares recommendations for the Company's executive bodies on risk management, reviews and approves risks and probabilities reports.

risk management in the framework of corporate reports;

- twice a year, the Risk and Finance Committee evaluates the effectiveness of the CRMS operation in terms of involvement in

the process of all relevant functional and legal structures of the Company;

- an independent audit of the risk management system is conducted annually.

Performance results of the risk management system in 2018

In the reference period, the Risk and Finance Committee paid special attention to monitoring the risks of the project to restore Power Unit No.3 of Berezovskaya GRES, as well as to the progress of fire hazard reduction recommendations issued during the (Uni)performance inspections (previously Safe on).

The Treasury Operations and Risk Management Department focused on renewing the insurance coverage for property damage and losses from business interruption in 2019, as well as optimising insurance conditions.

Special attention was also paid to expanding insurance coverage in respect of cybernetic risks and losses

from employee disloyalty, expanding the list of insured events, in particular, to the inclusion in the number of insured property losses and business damage of the consequences of terrorist acts and sabotage. In addition, the Company has developed a methodology for assessing

risks related to informational security. Major risk management efforts in 2018 were directed at coordinating interactions of the Company's divisions and their participation in the identification and mitigation of risks.



With the existing risk management system, the Company ensures that the emerging risks are timely detected, estimated, managed and controlled.

However, some risks may still emerge that are currently unknown or insignificant. These risks may negatively affect the future performance of Unipro PJSC.

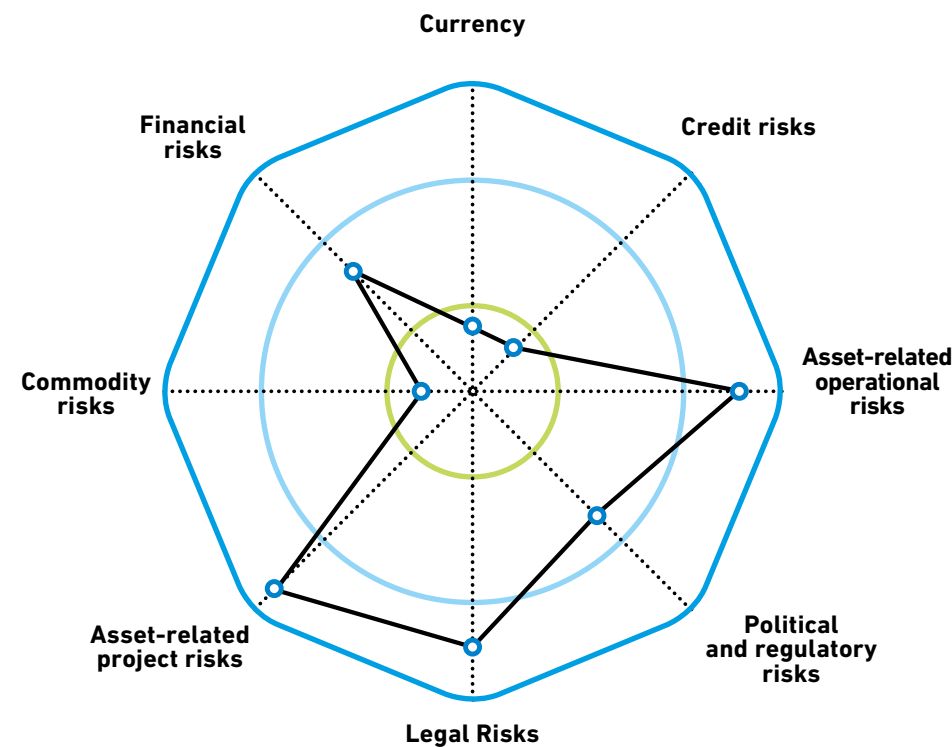
Plans for 2019

In the coming year Unipro PJSC will continue its continuous optimisation and improvement

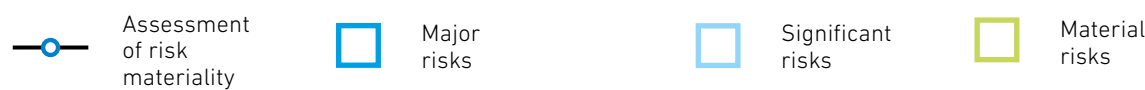
of the CRMS. The persistent task is to strengthen the risk management function in terms

of risk owners' influence on the quality of risk management processes.

Most material net risks of Unipro PJSC at year end 2018



Risk materiality level¹ as of the end of 2018





Dynamics of risk materiality in 2018



¹ Risk materiality is the product of risk probability and the amount of consequences for the Company in monetary terms.

Risk category	Risk subcategory and preventive measures	Assessment of materiality and risks dynamics
Market risks	<p>Commodity risks</p> <p>The main sector exposed to the commodity risk is the day-ahead market, where pricing takes place on an arm's length principle. Due to significant excess capacities formed in the market as a result of stagnation of power consumption and ongoing commissioning of capacities by generators under investment programmes, the competition between generators and pressure on the free price are increasing. Nevertheless, the Company utilises all methods provided by the Rules of Wholesale Market to increase its revenues from electric power sales in the free market sector.</p>	
	<p>Currency</p> <p>The Company minimises the foreign exchange risk by hedging future liabilities in foreign currency.</p>	
Credit risks	<p>Unipro PJSC manages credit risks by assessing fair practices of counterparties, by setting and controlling limits on transactions with financial institutions.</p> <p>In its operations, the Company has to supply electricity to certain regions of the Russian Federation, which fail to pay for consumption in full or in due time and increase their receivables to Unipro PJSC.</p>	
	<p>Tax risks</p> <p>The tax system efficiency is affected by an excessive number of tax control activities, staff shortage in tax agencies and complexity of the Russian tax laws.</p> <p>All these factors make it impossible to forecast the outcome of tax control activities and reduce the efficiency of further remedies available to taxpayers. Furthermore, when defending its tax interests in court, the Company cannot be guaranteed that its tax case will be considered impartially for various reasons, including the political ones.</p> <p>The Company closely follows up on changes to the tax legislation and law enforcement practices related to tax cases in order to timely incorporate these changes into its tax obligations.</p>	
Operational risks	<p>Asset-related operational risks</p> <p>Business interruption risks</p> <p>This risk is caused by any factors that can lead to business interruption. Meanwhile, this risk includes both a direct stoppage in production resulting from physical damage of the equipment, and a consequential business interruption resulting from material loss at an outside facility that does not belong to the Company, and is not maintained or managed thereby.</p> <p>The main factors when assessing the possible losses include turbine oil catching fire, damage of the turbine wheel space, explosion of the boiler at ignition, explosion at the chemical water treatment ammonia storage, washout of the water gathering pond dam, etc. In order to reduce probability of negative events, the Company takes the following measures:</p> <ul style="list-style-type: none"> establishing a four-tier system of industrial control and industrial safety management; carrying out equipment maintenance in line with a strict schedule; ensuring high-quality training of the personnel (especially the employees operating hazardous industrial facilities), assessment of their knowledge and analysis of their reliability based on the investigation of incidents and near misses; 	

Risk category	Risk subcategory and preventive measures	Assessment of materiality and risks dynamics	
Operational risks	<ul style="list-style-type: none"> ensuring systematic work with the personnel to increase their reliability manifesting itself in the absence or minimisation of consequences of any accidents/incidents resulting from human errors; implementing a risk-oriented approach to planning targeted measures improving the equipment reliability and implemented as part repair and modernisation operations; implementing the recommendations of risk engineers from insurance companies that are based on the best practices in improving the reliability and fire safety of equipment, buildings and structures; ensuring thorough supervision over the maintenance personnel in terms of their strict compliance with the procedures for the maintenance and technical acceptance of repaired equipment by the customer's representatives; using the system of regular equipment performance assessment; involving specialised contractors to assist with technical condition diagnostics and assessment; conducting on-site inspections to assess equipment maintenance readiness and assess the completed repairs; investigating all instances of equipment failure affecting the operation of generating equipment; calculating and analysing the reliability indicators for equipment groups to forecast its forced unavailability and ensure that investments are used to minimise such forced unavailability; analysing changes in the equipment performance indicators and cost/performance ratios; implementing a comprehensive programme for the equipment replacement and per-unit reconditioning; implementing a comprehensive programme for advanced training of the production personnel; standardising repairs, including by developing maintenance data sheets and maintenance workflow specifications; providing employees with incentives intended to reduce the equipment damage rate and forced unavailability (including targeted reduction of the bonus rate depending on the contribution of specific employees to the forced unavailability value); insuring business interruptions and property damage. 		
	Asset-related project risks		
	Risks associated with Berezovskaya GRES Power Unit No.3 recovery		
	<p>A fire outbreak in the boiler house of Power Unit No. 3 of Berezovskaya GRES, that caused damage to the boiler, occurred on 1 February 2016. The fire was extinguished. Power Unit No. 3 of Berezovskaya GRES is currently under repair. There is a risk that the actual date of putting Power Unit No. 3 of Berezovskaya GRES into operation may differ from the scheduled one. The factors of this risk include unscheduled works (design and planning flaws, remedial works, accidents, etc.) and delays by contractors.</p> <p>The Company pays maximum attention to managing this risk through careful monitoring of the repair process. Moreover, the Company partially insured risks related to the project "Recovery of Power Unit No.3 at Berezovskaya GRES".</p>		

Risk category	Risk subcategory and preventive measures	Assessment of materiality and risks dynamics
Operational risks	Legal Risks	
	<p>The Company continuously monitors changes in the requirements of the applicable law and manages legal risks associated with its operations. The Russian law is unstable and subject to frequent adjustments, additions and amendments, which in itself creates significant risks to doing business. Additional difficulties are related to the fact that there is frequently ambiguous interpretation of some particular legal provisions by judicial and other law enforcement bodies, which decreases legal certainty in regulation of specific legal relationships. Legal risks associated with significant and frequent changes in the law that governs the Company's core business are of special significance to the Company. The Russian energy law is new, abundant, of complex hierarchy, structure and content of the provisions.</p> <p>Active state regulation of the power industry leads to frequent revisions in the most critical legal acts in this field, which creates the risk for stable and predictable business. The increasing legal risks are associated with more stringent requirements of anti-trust law, persistent volatility of regulation of tax relations, and cases of misapplication of laws on the part of regulatory and controlling state authorities. The Company exerts all efforts to properly identify and mitigate the above legal risks, ensuring strict compliance with the applicable law in doing business.</p> <p>Moreover, the independence of the Russian judicial system and the reliability of mechanisms protecting it against any economic, political and social impact have not been tested enough in practice yet. The judicial system suffers the shortage of competent staff and lack of funding, as well as an overload due to a great number of court cases pending. The enforcement of judgment may prove to be difficult.</p> <p>Frequent reforms to the organisation of courts and amendments to the procedural legislation, including the matters of competence of the court and its jurisdiction over a case, together with changes in approaches applied by courts to any particular category of cases, bring even more uncertainty to the judicial system operations. The said factors make it impossible to predict the outcome of court proceedings in Russia and guarantee the efficiency of remedies. Moreover, sometimes claims may be brought to courts or administrative authorities, or a prosecution may be initiated for some political, competitive, administrative or other reasons rather than on legal grounds. Such actions can also be initiated against Unipro PJSC with no guarantee of impartial trial.</p> <p>The Company carefully and regularly studies changes in judicial practice related to its activities so as to ensure their timely consideration and take them into account in any then-current proceedings held with participation thereof. The judicial practice is analysed at the level of both the Supreme Court of the Russian Federation and commercial courts; the Issuer also examines the legal position of the Constitutional Court of the Russian Federation on certain law enforcement matters.</p> <p>In addition to changes in the existing judicial practice related to the Company's activities, which may affect its performance, Unipro PJSC may also be involved in proceedings within which a new judicial practice unfavourable for the Company can be produced (e.g. the fact that equipment has been under emergency repairs for a long time may be used to terminate a capacity supply agreement by a court order).</p>	

Sustainable Development

Risk category	Risk subcategory and preventive measures	Assessment of materiality and risks dynamics
Operational risks	<p>Political and regulatory risks</p> <p>The Russian wholesale electricity market regularly undergoes changes, which affects both the structure of the electricity market and relations between its participants.</p> <p>According to the Company's estimates, the important industry-specific risk that may significantly affect Unipro PJSC is the risk of change in functioning rules for the electricity and capacity market. Increase in the share of the regulated component in the wholesale market negatively affects the Company's yield because it reduces the share of more efficient sales at non-regulated (free) prices.</p>	

Risks insurance management

In Russia, Unipro PJSC has the reputation of a leading insurer, whose experience is exemplary for the market.

The Company forms its insurance coverage according to the corporate Insurance Policy of Uniper SE under the supervision of corporate insurance broker Uniper Risk Consulting GmbH (URC).

Risk insurance function in Uniper SE is responsible for the implementation of measures related to the solution of insurance tasks within the perimeter of the entire Uniper group.

Together with the risk owners (legal entities, including Unipro PJSC) and the responsible functions

of the group, the insurance function determines whether it is necessary to use insurance contracts concluded by Uniper, coordinated programmes, regional or individual insurance contracts to cover the risks considered. Insurance tasks are solved taking into account commercial, legal, and regional aspects.

The insurance function is performed by achieving the following goals:

- 📍 provision of centralised access to the insurance markets for Uniper group companies;
- 📍 support of legal entities and functional units in the analysis to identify, study,

- evaluate and quantify the risks to be insured;
- 📍 development, presentation and provision of risk-adequate and cost-effective insurance coverage, e.g. by considering self-insurance options (through deductibles or franchise pooling) and using internal risk carriers (captive insurance companies);
- 📍 ensuring standardised and efficient insurance claims management;
- 📍 ongoing monitoring of insurance markets and effective insurance terms.

4,336
employees

154
RUB mln
of investment in charitable and social projects

3.1. Key Events

January	Yaivinskaya GRES opened the corporate museum intended both for power plant employees and for its guests
February	As usual, Maxim Shirokov took part in the Russian Investment Forum in Sochi Surgutskaya GRES-2 came 1st in the review contest for the best maintenance of protective structures among Surgut-based enterprises
April	Unipro PJSC delegation took part in the Krasnoyarsk Economic Forum (see the details on 125) Shaturskaya GRES rewarded the best heat consumers at the end of the 2017–2018 heating season Berezovskaya GRES energy class was named the best energy class at the Forum of Energy Classes of Krasnoyarsk Krai (see the details on 173) Unipro PJSC delegation took part in the All-Russia Occupational Health and Safety Week Shaturskaya GRES staff held the “Green Territory” environmental campaign
May	During the St. Petersburg International Economic Forum, Klaus Schäfer and Maxim Shirokov took part in the business breakfast “Energy for Europe: Reliable Partnership” The Company became the diamond sponsor of the information project “Die Russland Meister” devoted to German companies’ activities in Russia
June	The Company sponsored the trip of the Sharypovo municipal theatre to an international festival (see the details on 174)
July	Shaturskaya GRES inaugurated the plant’s history museum following a large-scale reconstruction Unipro PJSC detachment went to “Biryusa” annual youth forum for the “Young Professionals” session
September	Berezovskaya GRES took part in the All-Russia Road Safety Week
October	Maxim Shirokov and the Executive Director of Uniper Eckhardt Rümmler took part in the Russian Energy Week Unipro PJSC’s support enabled Krasnoyarsk to inaugurate Pokrovsky Park (see the details on 175)
November	The Company became the partner of the “Golden Mask” theatre festival (see the details on 176)

Unipro PJSC delegation took part in the 15th Krasnoyarsk Economic Forum



Unipro PJSC has been involved in the organisation of the Krasnoyarsk Economic Forum (KEF) for five years viewing it as an important platform for discussing the problems and trends of social and economic development of Siberia and the Russian Federation as a whole.

In 2018, the Company representatives spoke at four sessions of the forum.

1. Maxim Shirokov, Chief Executive Officer of Unipro PJSC, took part in the panel discussion “Key Investment Policy Areas in Agriculture: The Ways to Ensure Sustainable Growth of the Agricultural Sector”. Acting through its subsidiary Siberia Agro-Industrial Park LLC, Unipro PJSC has been engaged in attracting investments in agriculture for many years. The projects providing for the construction of a greenhouse complex in the Sharypovo District and a grain deep-processing complex in Krasnoyarsk Krai were supported by the Ministry of Agriculture of the region.
2. The real highlight of the forum was the presentation of the “Yenisei Siberia” project supposed to combine the potentials of the Krasnoyarsk Territory, the Republic of Khakassia and the Tyva Republic. The project of Siberia Agro-Industrial Park implemented in the Sharypovo District made it to TOP-7 priority investment projects and was presented during the KEF road show alongside the other projects. By providing infrastructural support, Unipro PJSC is both contributing to the region’s development and expanding the consumer base for the energy resources of Berezovskaya GRES.
3. Sergey Menyailo, Interim Plenipotentiary Envoy of the President of the Russian Federation to the Siberian Federal District, and Alexander Uss, Interim Governor of Krasnoyarsk Krai, were among high-profile speakers taking the floor at the plenary session “Russia 2018–2024: Fulfilling the Potential” devoted to the national development goals.
4. The round table “Partnership in Digital Technology as an Environmentalisation Path” was organised to discuss the experience of European companies in implementing industrial modernisation programmes in order to save energy and environmentalise their production processes. Vladislav Nigmatullin, Head of Strategy and Development Department at Unipro PJSC, shared his experience and reported on the most efficient ways to modernise the Russian electric power industry.

3.2. Approach to Sustainable Development

As an efficient producer of the electric power necessary for the society, Unipro PJSC is well aware of its economic, environmental and social responsibility.

Unipro PJSC shapes its business around a reasonable balance of shareholders' interests and assurance of a reliable and socially

and environmentally safe operation of its production facilities.

The Company implements a comprehensive approach to the management of labour, development of its employees, environmental and industrial safety, and support of populations in the areas of its presence.

In 2005, Uniper Group joined the UN Global Compact as the most ambitious sustainability initiative for business. The Group confirms its commitments to honour human rights, employment relations, environmental protection and anti-corruption undertakings.

The Company's key shareholder — Uniper — treats sustainable development as the overarching priority and integrates it in all aspects and areas of its activities. Uniper Group has developed and approved the the Group Sustainable Development Strategy based on the UN Goals (SDG) by identifying the areas of highest relevance to its business.

Unipro PJSC supports the Group's initiative and is planning to contribute to the achievement of the selected SDG.



3.3. People

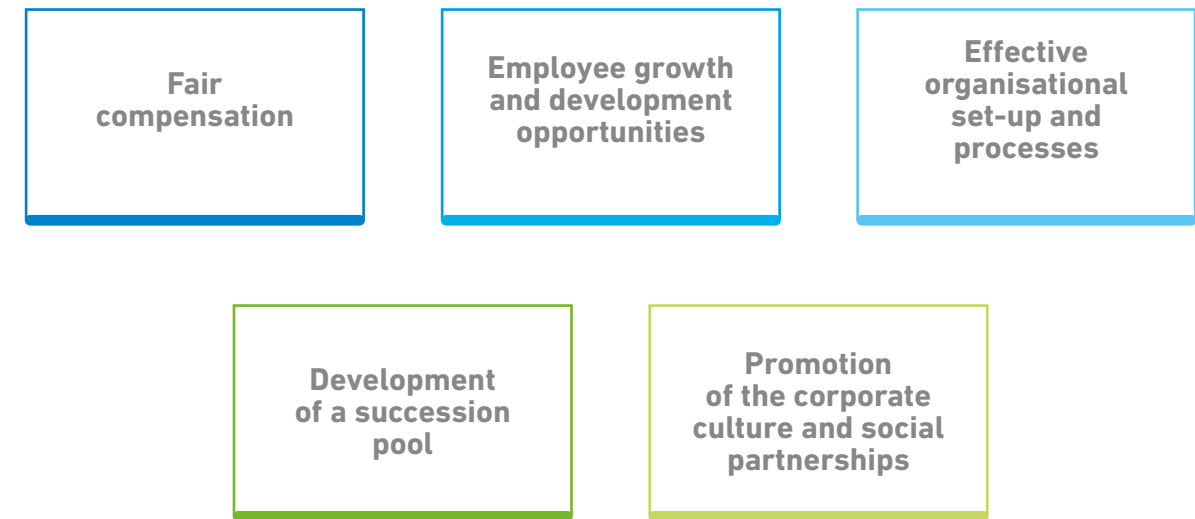
Human capital management

Obviously, employees are the Company's essential asset. Business development fully depends on the professionalism, high responsibility, and good practices of the employees. Unipro PJSC power facilities employ professionals with vast production experience and extensive engineering expertise.

The Company's management strives to use the entire potential and competences of its employees as much as possible by creating comfortable working conditions, providing them with continuous professional and personal development opportunities, and taking care of their health and safety.

The Company's staff management system covers a set of HR issues concerning all categories of employees — from workers and specialists to managers. The Company's activities in this area are governed by a set of bylaws that ensure the transparency and impartiality of HR decisions.

Priority areas of Unipro PJSC staff management strategy



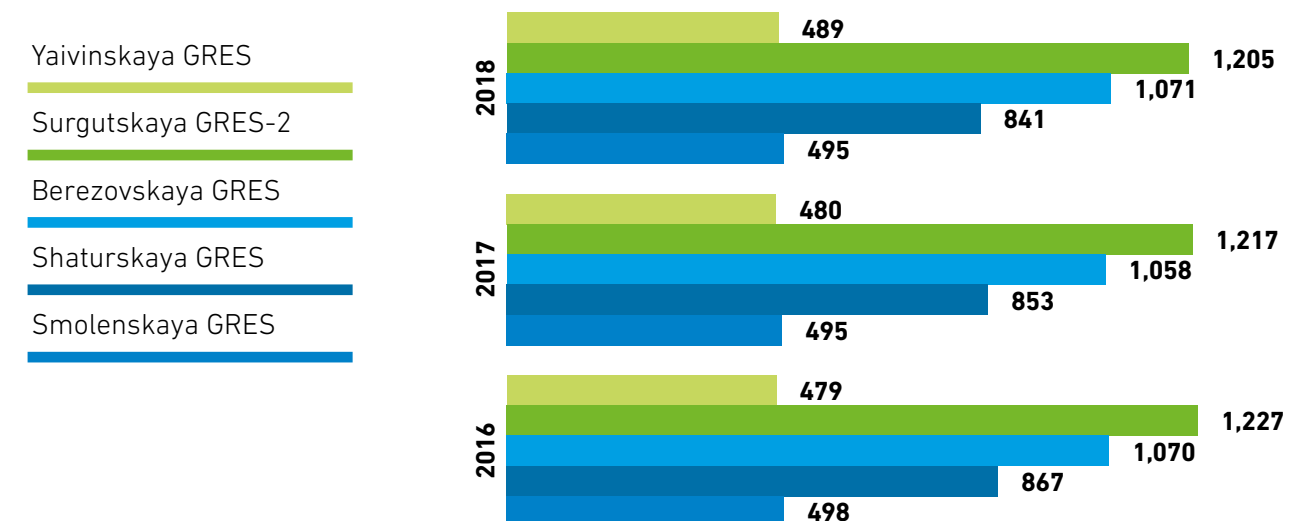
Staff profile

In 2018, Unipro PJSC had 4,336 employees.

Unipro PJSC total headcount, persons¹



Average number of employees of Unipro PJSC branches, persons²



¹ The headcount means the total headcount, i.e. the total number of employees that have entered into employment contracts with the Company.

² Including the employees involved in the programmes for the implementation of investment projects.

Interview with the HR Director



Natalya V.
Mashistova

Please, assess the influence of corporate culture, non-financial motivation, and social guarantees on the employees' attitude to the Company.

In terms of social guarantees in addition to the ones provided for by the legislation, we can highlight voluntary health insurance, accident insurance, the non-governmental pension programme, and welfare assistance. Besides, a programme of granting interest-free housing loans, psychophysiological examination laboratory services, provision of corporate vehicles, subsidised meals in canteens, and etc. are available for employees of our branches. All these

benefits are provided irrespective of an employee's trade union membership. And we are not planning to cut any benefits of our employees.

We have several special non-financial motivation programmes for employees. They include sport projects like "Corporations Marathon" and various programmes aimed at promoting healthy lifestyle. For the second year in a row, we are holding #ЯЭНЕРГИЯ ("I am energy") online marathon that allows employees of all plants to use services of a personal online trainer. Besides, large-scale parties for families and children were arranged in all branches and the Representative Office in Moscow in 2018.

The excellence and outstanding performance of Unipro PJSC employees that are traditionally highly valued by the Company management and rewarded by the Ministry of Energy of the Russian Federation speak volumes about the attitude to the Company. 122 employees of the Company received awards in 2018.

Please, describe the mandatory personnel training system. Employees of which trades must undergo it?

Mandatory training includes the following areas:

- pre-certification training;
- certification with Rostekhnadzor;
- industrial safety training;
- professional development for revision of workers' grades (for example, an equipment repairman may only receive a higher grade after training at a Training Centre);
- training in fire safety basics and occupational health and safety for all workers of the Representative Office in Moscow and branches;
- technical training that the employees are reimbursed for on an ongoing basis and aimed at studying the details of the equipment and emergency response drilling (duration is 60 hours: 30 hours for the theory and 30 hours for simulators).

Training in new professions (sling operators, oxygen cutters, boiler house operators, power unit operators, etc.) should also be mentioned. For example, a new employee in BTS may first train for a position of a lineman, then — of an operator, then — of a senior operator, then — of a shift supervisor, etc.

What is the reason for such a considerable increase in the expenses for labour remuneration (+17%) with preservation of the personnel number?

In accordance with the provisions of the Long-Term Senior Managers Incentive Programme, payment for 2015–2017 was made in 2018.

122

employees of the Company
received awards in 2018

81%

of key positions vacancies was
filled by the participants of the
Candidates Pool Programme

This is a one-off payment. Besides, the indexation and review of salaries of all workers of the Company resulted in a 17% growth of wages in 2018.

What is the role of youth associations in the Company?

Work with the youth is one of the most important tasks for our business. In fact, members of a youth association today are potential future leaders of Unipro PJSC.

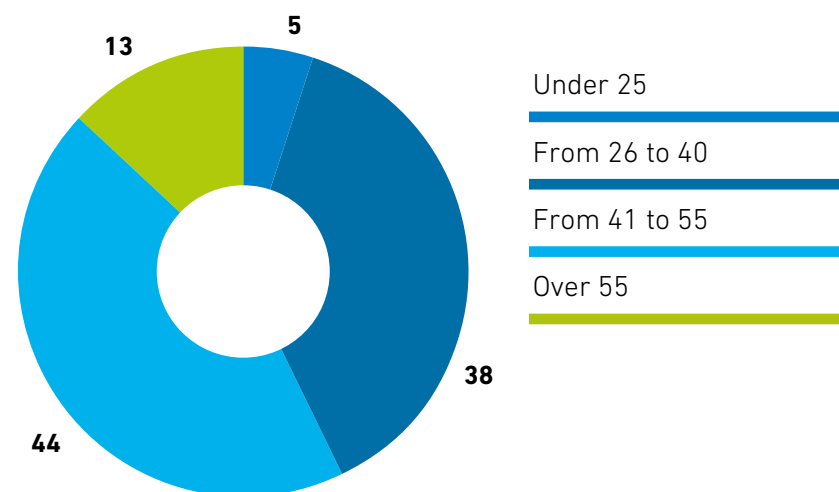
Within such associations, young experts hone their personal and professional skills, such as leadership, efficient team-building, and project management. It is also important that these associations constitute an additional tool for development of the programme to ensure succession in the Company's candidates pool.

Youth associations' projects selection and implementation thereof are closely related to the Company's strategy and mission, which has a positive impact on the Company's image among employees and positioning of Unipro PJSC as an employer in the external labour market in the regions of operation.

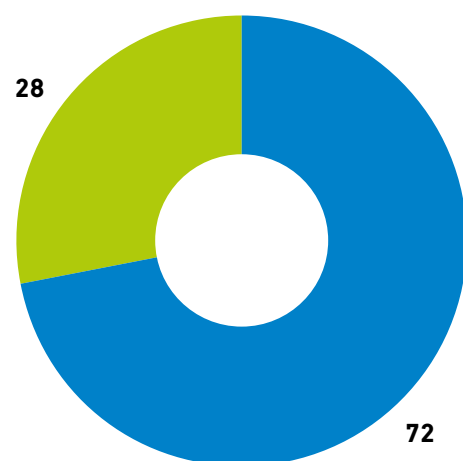
One of the Company's top priorities is to create a balanced team in terms of gender and age. This approach will enable the Company to ensure the continuity of personnel and in-house well-being and preserve and pass professional experience.

Unipro PJSC ensures equal rights for men and women in terms of employment, promotion and social benefits. A larger share of males in the headcount is due to the peculiarities of the Company's business.

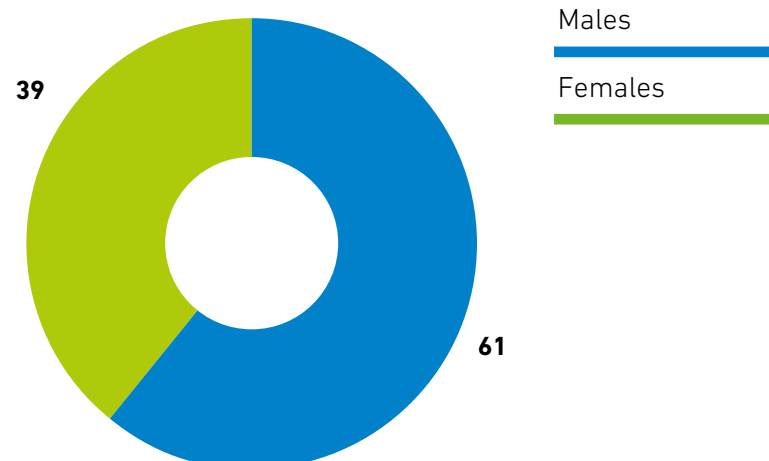
Personnel structure by age, %



Personnel structure by gender, %



Management structure by gender, %



Staff turnover rate, %

	2016	2017	2018
Moscow Representative Office	22.6	9.1	10.5
Berezovskaya GRES	17.5	17.5	11.0
Smolenskaya GRES	9.0	9.9	10.1
Surgutskaya GRES-2	6.6	7.6	7.9
Shaturskaya GRES	4.8	5.2	6.1
Yaivinskaya GRES	7.5	11.3	9.2
Unipro PJSC, total	10.0	10.3	8.8

In 2018, HR costs amounted to 75% of the Company's controlled expenses.

Development and training

The professional development of Unipro PJSC employees is based on high-quality and advanced training for employees.

In 2018, the priority areas in employees' professional potential development were as follows:

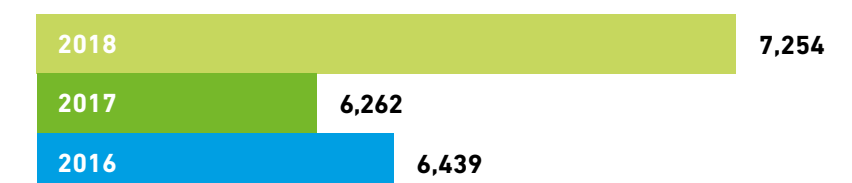
Mandatory Training

Mandatory training enables the employees to develop and test their knowledge regarding their job duties, get ready for the staff performance review and upgrade their skills.

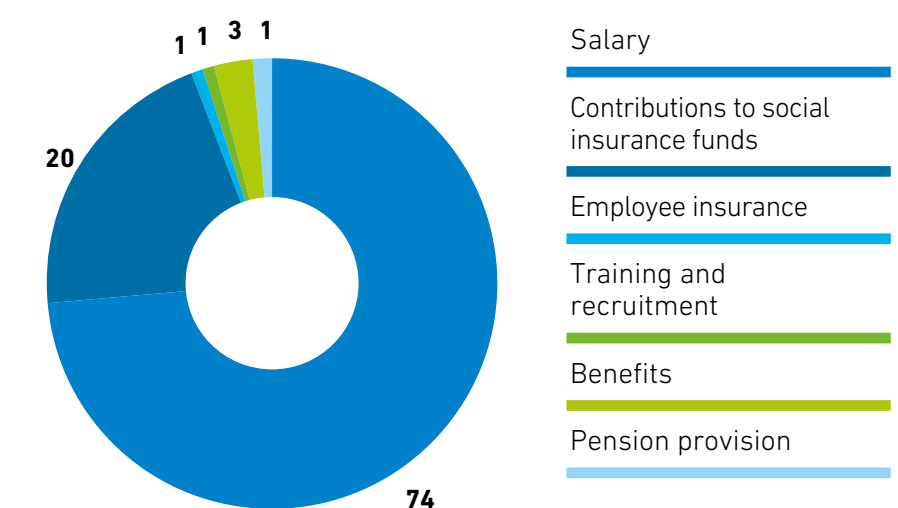


In 2018, mandatory training in accordance with the requirements of state standards and rules was administered to 2,863 employees, that is 14% more than last year

HR costs, RUB mln¹



Structure of HR costs, %



"Succession Pool Management" Programme

The programme was launched in 2014 and provides for the evaluation of participants by means of tests, interviews, and evaluation centres involving follow-up feedback and development of personal development plans.

The objective of the programme is to bring up successors for the key positions.

Results of Unipro PJSC employees' mandatory training

	Training in accordance with the requirements of state standards and rules	Short-term training	Further training (at least once every 5 years)	Retraining	Total (by branch)
Moscow Representative Office	98	177	58	0	333
Berezovskaya GRES	1,060	127	49	28	1,264
Smolenskaya GRES	373	39	47	13	472
Surgutskaya GRES-2	571	233	193	1	998
Shaturskaya GRES	573	174	120	50	917
Yaivinskaya GRES	188	102	88	7	385
Total (by type of training)	2,863	852	555	99	4,369

In 2018, 210 new participants were evaluated. The percentage of programme participants appointed to key positions in the Company is growing: 81% in 2018 (in 2017 — 70% in 2017 and 58% in 2015–2016. The “High Potential” rating was assigned to over 80% of submitted personal development plans.

“Unipro Leader” Programme

“Unipro Leader” is the basic modular training programme for managers at different levels, both for the Moscow Representative Office and for the branches.

In 2018, the following programme modules were used to train:

managers of the Moscow Representative Office and the branches:

- “Motivational Management as Part of Manager’s Basic Functions”, 13 employees;
- “Emotional Leadership and Conflict Management”, 18 employees;

– “Incident Investigation and Root Causes Identification”, 53 employees;

line managers of the branches and succession pool:

- “Decision Making Process”, 115 employees;
- “Efficient Management”, 178 employees;
- “Safety Consciousness”, 65 employees.
- “Incident Investigation and Root Causes Identification”, 119 employees;

The Production unit launched the corporate MBA programme “Operational Excellence in the Digital Age”, 16 managers of Unipro PJSC are taking part in the programme.

“360 Degrees Feedback” Programme

The programme is based on the “Unipro Path” concept imperatives and forms part of the Company’s corporate culture.

The programme participants receive feedback from their superiors, colleagues and subordinates through an online system, and later on identify the areas for improvement jointly with an HR representative of and the immediate superior.

In 2018, the programme was administered to 145 employees, including 38 managers of the Moscow Representative Office.

Professional Excellence Contests

In the reporting year, composite teams of CCGT operating personnel from Surgutskaya GRES-2, Yaivinskaya GRES and Shaturskaya GRES took part in the contests.

It was the first time that the participants used the computerised simulator and analytical complex of Power Unit 410 MW CCGT Siemens with SPPA-T-3000 DCS. Based on the outcomes of the contest, the staff of Yaivinskaya GRES was included in the quarterly simulator training.

Results of the training in TOP-5+ special areas

Branch		Height/scaffolds	Electrical installations	Confined space	Hoisting devices	Hot works	Total (by branch)
Berezovskaya GRES	individual participants	130	52	163	9	99	453
	group participants	9	5	12	1	9	36
Surgutskaya GRES-2	individual participants	181	332	255	61	143	972
	group participants	6	10	9	3	4	32
Yaivinskaya GRES	individual participants	164	86	66	41	40	397
	group participants	22	13	8	4	3	50
Shaturskaya GRES	individual participants	226	117	229	242	158	972
	group participants	37	18	29	42	23	149
Smolenskaya GRES	individual participants	116	35	53	12	60	276
	group participants	20	7	9	3	10	49
Total (by type of training)		817	622	766	365	500	3,070

In 2019, the contest organisers are planning to hold joint contests for composite teams of CCGT and STU operating personnel.

Upgrading Skills of the Training Programme Instructors

“Group Management Methodology” programmes were administered to the engineering instructors covering 140 employees. An instructor evaluation form has been developed and is currently used for feedback purposes.

The courses on TOP-5+ special areas were equally incorporated in the engineering training.

Alongside with the programmes mentioned above that have already become traditional for Unipro PJSC, the Company implemented a number of other training projects for its functions in the reporting year:

- “Generation asset management”;
- “Digital transformation and digital economy”;
- “Change management”;
- “Developing skills to reveal the underlying psychological peculiarities of the contact person”;
- “Pricing issues”;

- “Stress management”;
- “Cost of living”;
- “Grabe@Pizza — IT and core business”;
- “Provision of security, anti-terrorism measures, and accomplishment of civil defence tasks”;
- “Working out the solutions for the development of the accounting policy for 2019”;
- “Leadership in the era of digital transformation” session involving the management.

Staff motivation

Transparent and honest relations with employees lay at the basis of Unipro PJSC HR policy.

Fair remuneration, growth and development opportunities, and social partnership require mutual respect and consideration of each other's interests between the Company employees and management, as well as compliance with the laws and other regulations by the parties.

Financial Incentives

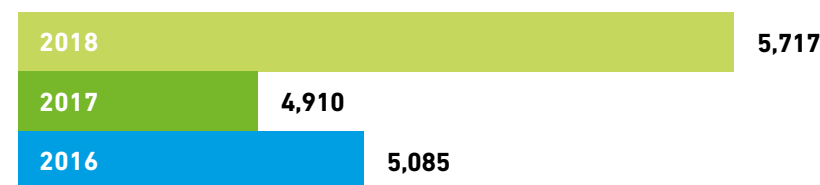
The principal regulatory instruments of Unipro PJSC governing the relations between the employer and the employees are the Collective Bargaining Agreements of the Company branches (renewed for 2018–2020) and Compensation and Benefits Regulations. These documents have been developed based on the Labour Code of the Russian Federation subject to the principles of social and labour relationship regulation

and regional peculiarities of the Company branches.

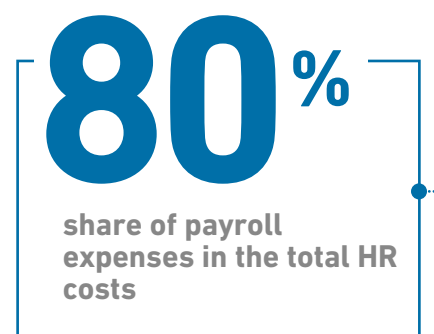
Unipro PJSC employees' salary comprises a fixed and a variable part. The fixed part is set depending on the employee's qualification and position, while bonuses and incentives are paid depending on specific performance.

The Company's reward system is shaped around the "performance-based payment" principle. Employees' bonuses are directly dependent on the accomplishment of specific tasks in securing the predetermined key performance indicators (KPI). These indicators are set for all employees at all levels, including the Chief Executive Officer, and depend on the position.

Payroll expenses, RUB mln



Payroll expenses account for 80% of the total HR costs.



Payroll expenses include all expenses associated with the payment of salaries, with due regard to estimated liabilities. At year-end 2018, the Company's expenses associated with the payment of salaries increased by 16% as compared to 2017 and amounted to RUB 5,717 mln (60% of the Company's controlled expenses).

The Company monitors the regional labour markets on an ongoing basis, including by taking part in the salary overviews conducted by major global independent companies (including E&Y, PWC, Hay Group, etc.).

Overall, the employees' average salary is similar to salaries paid by companies of the same sector in respective regions of the branches.

Employees' official salaries are subject to indexation and may also be increased depending on the employee's KPI in the relevant period within the limits of the payroll budget. The higher the scores of the performance evaluation secured by the employee in the past year, the higher his/her salary in the next (following) year.

The salary revision principles are as follows:

- follow the "performance-based payment" rule;
- take each employee's individual evaluation (KPI) into account;
- take the average salary for the same position in the labour market into account;
- facilitate the development and growth of employees' professional qualities and skills, promote their appetite for additional knowledge and strong performance.

This approach to measuring salaries provides each individual employee with a clear idea of the matters within his/her responsibility area and of the things he/she needs to do to secure a high evaluation of his/her performance and,

consequently, a higher salary and enables the Company recruit and retain top-end professionals.

Thus, in 2018, 12 executive-level employees of Unipro PJSC got promotions.

Transfers of Unipro PJSC top managers in 2018

Function	Number of transfers
Moscow Representative Office	4
Berezovskaya GRES	3
Smolenskaya GRES	0
Surgutskaya GRES-2	2
Shaturskaya GRES	2
Yaivinskaya GRES	1
Total, Unipro PJSC	12

Non-Financial Incentives

Unipro PJSC gives a lot of attention to non-financial motivation of its employees. The Company has a friendly corporate culture and an atmosphere of appreciation, care and recognition of everyone's achievements.

Incentive System Based on Uniper Standards

Individual indicators/targets are set for Headquarters' employees and for the management and directors of the branches on an annual basis and fixed in the performance management forms. The forms are used to evaluate the employees' performance during the reporting year and the outcomes of this evaluation determine the bonus amount to be paid and revision of the salary for the current year subject to achievement of the key financial indicators.

SMART principles are used to set the KPI. This approach makes the system transparent and comprehensible, as it enables the employee and his/her superior to set priority tasks, outline evaluation criteria and timeframe, and therefore, rule out the risk of partiality in evaluating targets in the future. When the employee realises that there is a direct correlation between his/her performance and the amount of the bonus payable thereto, this serves as a powerful incentive ensuring the precision and transparency of the system, and ultimately a fair remuneration.

Recognition of achievements

Traditionally, the Company management highly values the excellence and outstanding performance of Unipro PJSC employees who are also rewarded by the Ministry of Energy of the Russian Federation for their achievements. In 2018, 9 employees of Unipro PJSC earned the relevant awards.

Appreciation of the Ministry of Energy of the Russian Federation	Certificate of Excellence of the Ministry of Energy of the Russian Federation	Honoured Power Engineer Title of Excellence	Total
1	7	1	9

In addition, 113 employees earned Unipro PJSC awards: 50 Certificates of Excellence and 63 Letters of Appreciation.

The Company's corporate culture is based on the "Unipro Path" concept geared towards staff capacity building and support and motivation of employees.

UNIPRO PATH	✓	✗	!
	SUPPORT AND ENCOURAGE	STOP	START
LEADERSHIP Grow and empower people	Valuing our people and their capabilities	Being inconsistent	Taking responsibility
TEAMWORK Become one team and simplify the work	Working together	Thinking in silos	Simplifying the complex
PERSONAL CONTRIBUTION Act as if this is your own company	Striving for excellence	Staying in your comfort zone	Being entrepreneurial

In the reporting year, the promotion of the "Unipro Path" value imperatives was attested by a number of activities and dedicated incentive programmes for the Company employees.

"Power of Success" Contest

The "Power of Success" contest forms part of the comprehensive incentive programme for employees. The contest is intended to reward and encourage the achievements associated with improvement of performance indicators and strengthening of social and environmental responsibility. In 2018, the contest received 122 applications and featured 89 projects in four categories: "Improvement and Innovations", "Safety First", "Business and the Environment", "Our Place in the Society. Social Responsibility".


"Agents of Change" Project

Fostering a healthy lifestyle culture is continuously among the Company's staff management priorities. The "Agents of Change" project launched in 2017 is aimed at bringing up leaders of sports projects.

In 2018, everyone interested sent their ideas about organising and promoting the Company's recreational activities. The authors of the best proposals were invited to take part in the "Change Life by Doing Sports" transformation programme in Moscow sponsored by Adidas



Academy. This is an unparalleled programme that provides people with an opportunity to take a new look at their lives, get inspiration for the new victories, and build successful relations with other people.



OLGA KORNELZEN,
Head of Legal Affairs and the Property Management Division, Yaivinskaya GRES

I enjoy working in a team of people who devote a significant part of their lives to sports, are not afraid to pursue ambitious goals, and prove their words with deeds.

The Perm international marathon was held for the second time and it was the second time that my colleagues and I took part together. The race offers different distances for different age and fitness groups: 42.2 km, 21.1 km, as well as 10.5 km and 3 km. Over 8 thousand people from 13 countries took part in the race!

It is an incredible feeling to stand at the starting line shoulder to shoulder with renowned athletes, world champions and world cup series winners. But this is not the most important thing: it is absolutely incredible to see a person over 80 years old crossing the finishing line who has completed the marathon.

This year, we chose a 10 km distance and did a pretty good job. Compared to last year, I improved my time by 2 minutes, which I was very happy with. However, I want to keep improving and I hope I will be able to run a half-marathon one day. My track and field colleagues and I have another important goal: increase the number of participants representing Yaivinskaya GRES and get more people to sign up for the marathon with the Unipro team in the future. We are already working on this.

"Corporations' Race" Event

In August 2018, the newly created Unipro PJSC team took part in the "Corporations' Race" family sporting event which is the world's best live corporate activity in the open air according to Eventex award.

The Company's team demonstrated a decent performance and one of the employees earned a bronze medal in the adult 2 km race.

Employees' kids took part in the "pre-walker races", "child races" and fitness workouts.



"Vigorous Morning" Programme

In 2018, the employees of the Headquarters on Presnenskaya Embankment were provided with an opportunity to do yoga and weight training before the beginning of the working day. Thus, Unipro PJSC is helping the employees who are already trying to live a healthy lifestyle, and yet unable to do sports during the workweek due to a high workload and distance from home to work.



#ЯЭНЕРГИЯ Online Marathon

In 2018, the Company held the second season of #ЯЭНЕРГИЯ Online Marathon. This is the key project for building the healthy lifestyle culture implemented under the thematic programmes of employee involvement.

#ЯЭНЕРГИЯ comprises 28 days of fitness activities and healthy eating under the supervision of experienced coaches and nutrition specialists. In 2017, 516 employees of power plants took part in the marathon and by late 2018,

their number reached 839. In the reporting year, the "Joyful Family" programmes for the whole family and the "Power of Yoga" activities for the fans of static loads were added to the online marathon.



Family and Children Parties

The traditions of family recreation are particularly valued by Unipro PJSC. Thanks to the opportunity to take part in joint parties and activities, the Company employees can both demonstrate their creative and athletic talents and socialise with colleagues in an informal setting on the one hand, and have some extra time with their families on the other.

In 2018, this kind of parties for employees and their children

were held in all the branches and in Unipro PJSC Representative Office in Moscow.

In the fall, Moscow hosted family sports days, flash mobs and team races on handmade race cars. The New Year for the Headquarters employees' children was very exciting: the kids were able to come to their mom's and dad's job, get a bird's eye view of Moscow (Floor 43), make presents for their dear ones with their own hands, have fun and get lots of positive emotions.

The representatives of Yaivinskaya GRES had an opportunity to celebrate a traditional Russian holiday, namely the Day of Family, Love and Fidelity. They took part in a variety of contests and activities held on the square in the very heart of the village, including "Stroller Parade", "Baking Duel", a doll-making master class, a well-thought

concert programme and other entertainments for children. In November, the most proactive and sporting families took part in the traditional family sports days.

Shaturskaya GRES organised the "Power of Family" sporting competitions in the premises of the local sports palace and the "Myth Busters" family event in the municipal park.

The organisers and heroes of the sporting event held by Berezovskaya GRES were the employees who represented the branch in a variety of athletic competitions in ping-pong, track and field, volleyball, indoor soccer, swimming and cross-country skiing throughout the year.



In May, Surgutskaya GRES-2 held the traditional "Mom, Dad and I Are a Sporting Family" relay race, in September – the "Uniproshka and Traffic Rules" sessions intended to teach traffic rules to children while playing, and in November – the "Unipro Path" contest of children's drawings.

Youth management

Unipro PJSC continuously prioritises interaction with young specialists. In 2018, the Company proceeded with the implementation of its project intended to promote youth associations.



Youth associations provide young employees with an excellent platform for developing their leadership, project management and social skills, and with additional professional growth opportunities in the Company

The key objectives of developing the youth associations in 2018 were as follows:

- 📍 building a consistent approach to project implementation, business planning and scheduling, including project cost budgeting and priority ranking of projects;
- 📍 increasing the number of youth association members by expanding the project areas: social, research, educational, recreational and sports projects focusing on the Company's strategy and core business areas;
- 📍 intensifying the efforts to involve the staff of the branches in the youth associations' projects.

Annual forum of Unipro PJSC youth associations

In June 2018, Smolensk hosted the second annual forum of youth associations that included the following activities:

- 📍 strategic session on the youth associations' plans for 2019, discussion of completed projects;
- 📍 informal Q&A session with I.V. Popov, Deputy General Director for Production;
- 📍 multiple training programmes: "Working in the Energy Markets", "Succession Pool Management Programme", "Company's Remuneration and Benefits System";
- 📍 presentation and teamwork on the development of the "Uniproshka for Kids" social PR project;
- 📍 teambuilding activities geared towards reaching a common target.

In 2018, the members of Unipro PJSC youth association joined the Youth Electric Power Industry Council under the Ministry of Energy of the Russian Federation and already took part in a number of activities.

Furthermore, the Company particularly prioritises recruitment of the best young specialists who may be appointed to the key executive positions and manage the Company's business in the future.

In 2018, as part of the comprehensive youth, students and young specialists management programme, Unipro PJSC secured the following results:

- 📍 the Company held 12 career planning meetings with students in 6 target universities and 5 large-scale "Company Days" in

specialised colleges and universities. The activities involved over 1,500 students, which definitely improved the image of Unipro PJSC as a potential employer;

- 📍 the Company held over 8 career planning and induction sessions for students of the energy classes;
- 📍 the number of young specialists' CVs received by the Company more than doubled as compared to 2017;
- 📍 around 40 young specialists with relevant majors joined the Company in 2018;

- 📍 60 young specialists from amongst the employees that have joined Unipro PJSC since 2017 were nominated by their superiors for the programme of fast-track training for the Company's succession pool, around 20 of which have already taken part in the "Succession Pool Management" programmes, and 3 employees have been promoted.

Over

80

young specialists from 5 branches took part in the "Personal Performance Improvement Tools" training programme



Introduction to the profession

On 20 November 2018, the Kutafin Moscow State Law University (MSAL) held a practical lecture for students involving Unipro PJSC (Uniper International Energy Group) and White & Case (law firm).

Competent lawyers under the supervision of Elena Gabdulkaeva, Director for Corporate Management, Legal and Property Affairs at Unipro PJSC, and Anton Vasin, Attorney-at-Law, Senior Counsel at White & Case, shared their personal experience and practical insights concerning the approaches to the study of mandatory and optional subjects, internships and employment with the students.

The speakers advised the students on the choice of a specialisation area. Among multiple other things, the discussion was devoted to communications in the academic and professional environment, ways to combine studies and work and development of soft skills.

Social security and benefits

Unipro PJSC provides its employees with a full social package stipulated by the law, but not limited thereto.

The benefits, including voluntary health insurance (VHI) and personal accident and sickness insurance, the sickness benefit and financial aid are granted to all employees at the primary working place.

The Company strives both to provide its employees with stability and development at present, and to ensure a comparable quality of life in the future after they retire. The Company's non-state pension system (NPS) was implemented in 2005 and comprises two basic pension schemes: corporate and parity.

The corporate scheme represents a variation of the non-state pension scheme when the employee retiring due to old age receives money transferred by the Company to such employee's account with a non-state pension fund (NPF) from this NPF. The amount transferred to the NPF depends on the employee's official salary

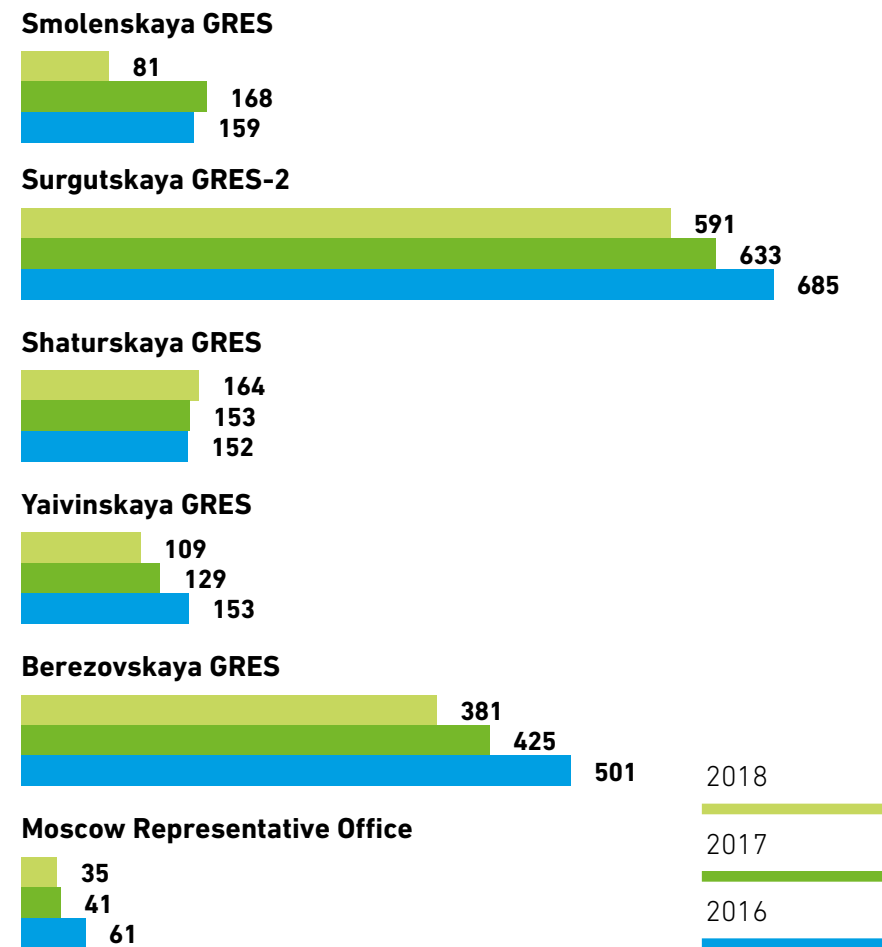
and length of service with the Company.

Participation in the parity scheme enables the employees to have a major influence on their future pension amount. The programme is based on the joint involvement of the Company and its employees (co-financing in equal shares on a monthly basis) in the savings for the payment of a supplementary non-state pension benefit.

In 2019, Unipro PJSC will continue to engage its employees in the parity pension scheme.

1,361
Unipro PJSC employees participated in the parity scheme in 2018

Unipro PJSC employees participating in the parity scheme



Corporate support to employees in housing improvements

In 2018, with a view to contributing to housing improvements, Unipro PJSC Management Board approved the lists of 50 employees who were offered to make agreements for the provision of an interest-free target loan for the purchase (construction) of housing accommodations and for the repayment of the principal on the mortgage loan.

The categories of employees enjoying the priority right are as follows:

- 📍 young specialists employed after graduating from relevant higher and secondary education institutions;
- 📍 high-end workers or specialists whose professional expertise is relevant for the Company;
- 📍 employees from the succession pool.

3.4. Occupational Health and Safety

Employees are the most important asset of Unipro PJSC and their health and safety is a priority area of the Company's activities and an important component of its corporate culture.

In the reference period, the management of Unipro PJSC continuously implemented the three-year occupational health

The Company achieved its strategic target for 2018 — zero fatalities at Unipro PJSC facilities (including Unipro Engineering LLC) in 2018 and a TRIF of 0.63 (the threshold value is <1.9).¹

and safety strategy and approved the new cycle for 2018–2020. The Company's strategic vision will be achieved by securing the occupational health and safety targets and implementing the priority initiatives.

Occupational Health and Safety 2018–2020

STRATEGIC VISION
International-level safety of the work environment, health and safety of the employees are the core values of Unipro PJSC corporate culture

Targets	Enablers
<p>0 Zero fatalities</p> <p>< 0.52 TRIF by the end of 2020</p> <p>Proactive safety culture</p>	<p>TOP 5+/ Priority programmes</p> <ul style="list-style-type: none"> Working at heights/scaffolding operations Working with hoisting devices Hot works Working in electrical installations Working in confined space Items falling from heights Working with electric tools Contractor management
<p>Compliance with standards</p> <p>Safe implementation of Berezovskaya GRES Power Unit No. 3 RRW project</p>	<p>Operating model</p> <ul style="list-style-type: none"> Leadership and commitment in occupational health and safety Line managers' competences and accountability in the area of occupational health and safety Building occupational health and safety capability
<p>Outsourcing projects for the management of outside power generation assets</p>	<p>Communication strategy and information management</p> <ul style="list-style-type: none"> Integrated occupational risk management information system Target communications in occupational health and safety Lessons learnt and replication of best practices

¹ TRIF is total recordable incident frequency (Company and contractor employees' injuries).

Interview with the Director for Health & Safety



Dmitry V.
Kolmakov

Please name Unipro PJSC's primary objective in occupational health and safety?

The primary objective in the area of occupational health and safety is to preserve the health and life of our employees. We want all employees and contractors of our Company to come back home to their families healthy and alive after the end of their shift.

How does the Company rank in terms of Uniper Group's total injury rates? How would you characterise the changes in TRIF?

In 2018, Unipro PJSC secured a strategic target: zero workplace fatalities for its own and for its contractors' employees. The TRIF (total recordable incident frequency) goal was exceeded, amounting to 0.63 with a threshold value <1.9.

If we look at Uniper Group as a whole, our Company is among the top three companies with the best TRIF values in 2018 together with Hungary and the United Kingdom. In the meantime, Uniper's mean TRIF in the reference period amounted to 1.46.

Despite the active phase of repair and reconstruction works implemented at Berezovskaya GRES Power Unit No. 3 in 2018 (when up to 1,500 contractor employees were engaged on the site simultaneously), TRIF remained at the 2017 level, which can be deemed a success. Without including the aforementioned project, we succeeded in reducing the Company's TRIF by 45% from 0.81 in 2017 to 0.52 in 2018.

How do you manage contractor employees in terms of ensuring safe working conditions?

Similar to previous years, the number of violations committed by contractor employees was much higher than the number of violations committed by the Company's own employees in 2018.

With a view to improving the contractor management system in the area of providing safe working conditions, Unipro PJSC revised and approved the Contractor and Business Partner Management Standard in 2018. The standard regulates 6 stages of contractor management from contractor pre-qualification to contractor evaluation upon executing the contract.

In addition to existing management tools (safety briefings, preliminary testing of contractor employees, joint meetings with contractor managers and specialists for occupational health and safety, reporting accidents and violations of occupational health and safety requirements), the updated standard contributes to employee engagement and development

0.63

TRIF with a threshold value <1.9

of the occupational health and safety culture in the contractor companies that work with Unipro PJSC.

Please characterise the current effects and expectations from the implementation of the occupational health and safety management automated information system (OHSMAIS)?

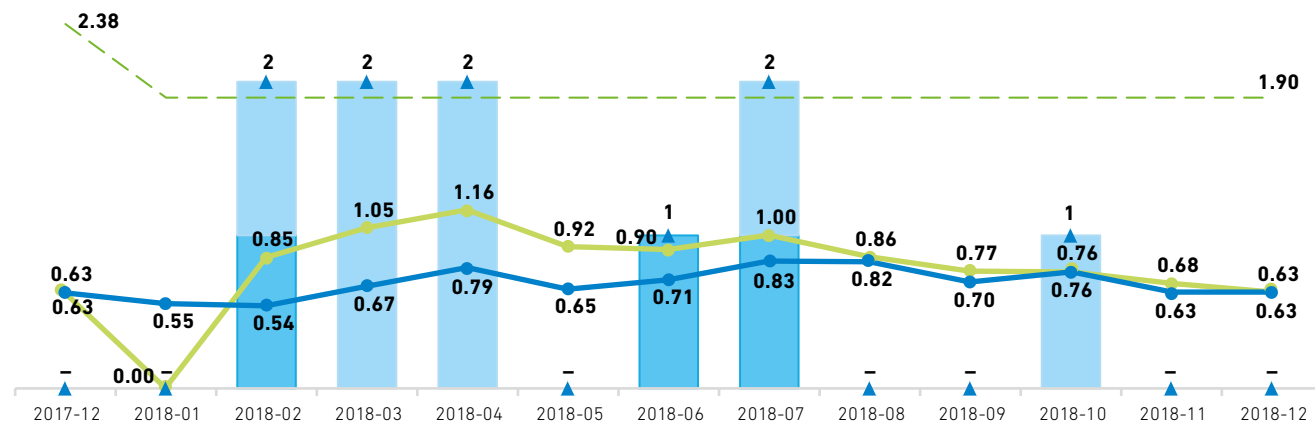
First, they include higher safety of production processes by monitoring the current condition of hardware operated at hazardous production facilities, high-quality planning of control activities and timely implementation.

Today, we can say confidently that the mandatory industrial safety requirements for the Company's hazardous production facilities are performed in a timely manner. We are aware of existing risks and able to manage them, which is a necessary condition to ensure production safety and the positive results from production activities.

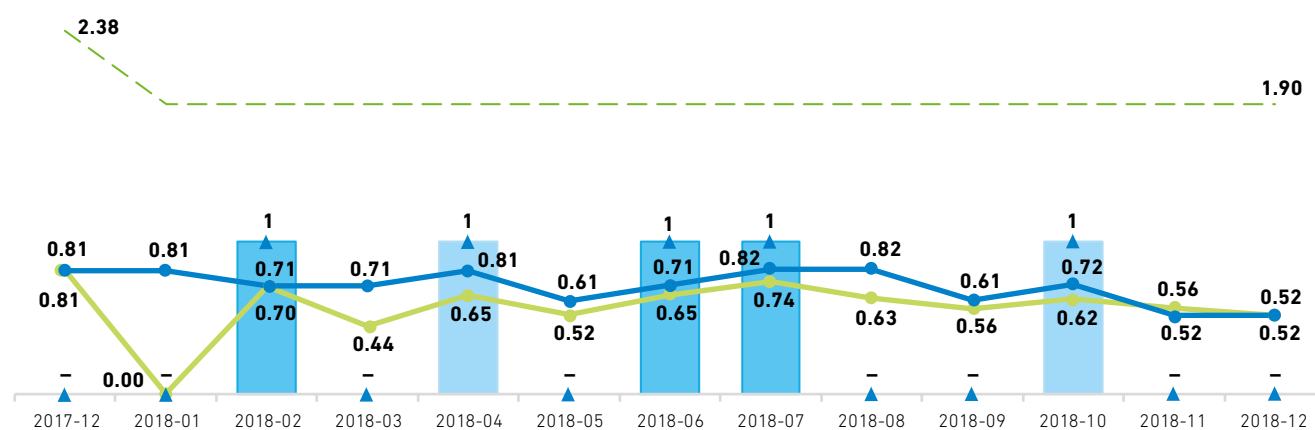
Bearing in mind future development to the OHSMAIS, we expect improvements in the skills and awareness of the persons responsible for managing production control, timely response to and minimisation of hazards, and therefore, improvements in the performance of the Company's production safety system.

Occupational health and safety performance in 2018

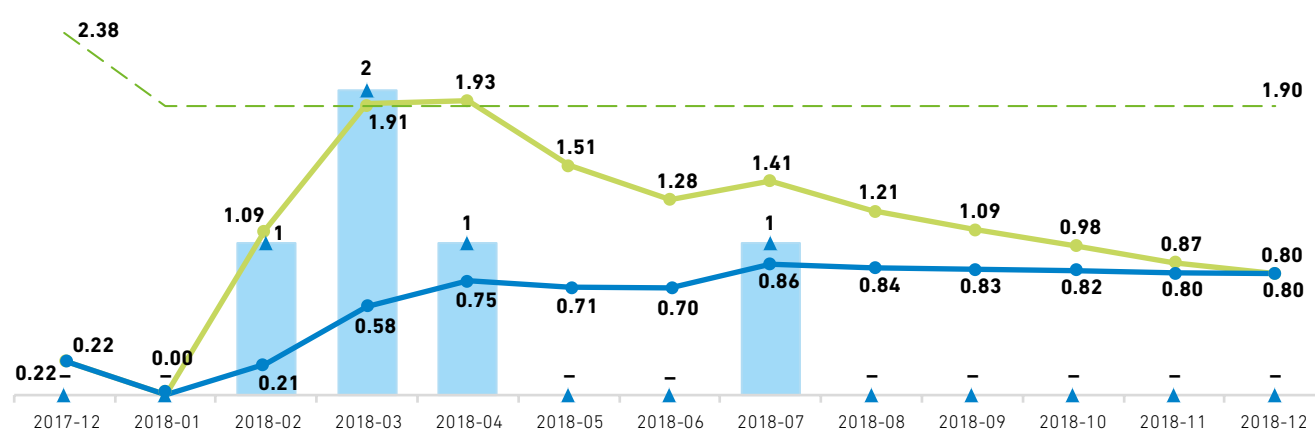
TRIF dynamics including Unipro Engineering LLC projects (Berezovskaya GRES — Power Unit No.3, Fuel Receiving Station)



TRIF dynamics net of Unipro Engineering LLC projects



TRIF dynamics separately for Unipro Engineering LLC



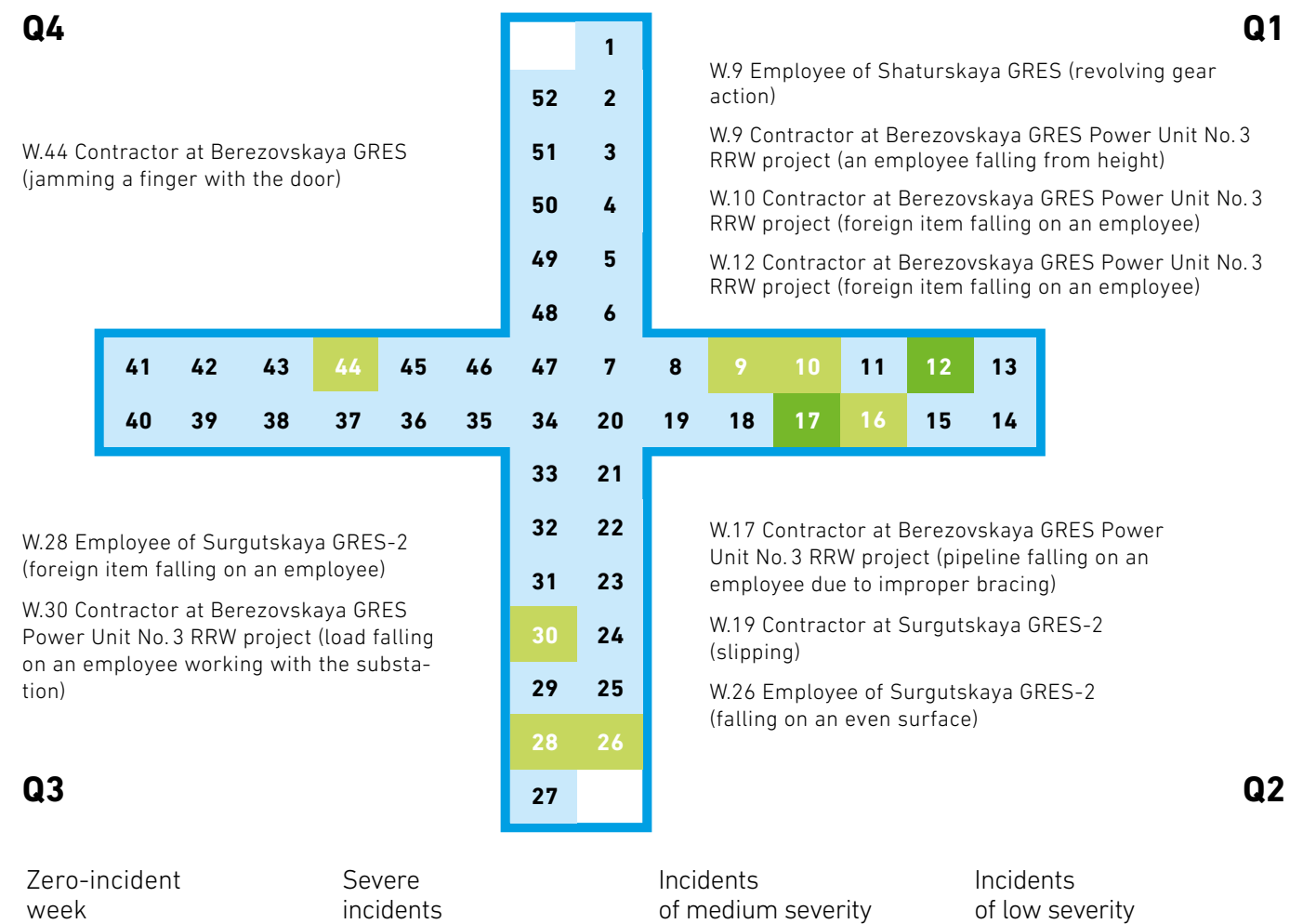
Injuries, Company employees
 Injuries, contractors' employees
 TRIF, current year
 TRIF, 12M
 Threshold TRIF
 Injuries

Unipro PJSC key occupational health and safety indicators¹

	From 2017-01 to 2017-12			From 2018-01 to 2018-12		
Fatalities	0	0	0	0	0	0
Lost time injuries	4	5	9	10	3	7
Recordable injuries	4	5	9	10	3	7
First aid cases	1	3	4	12	6	6
Suspended teams	63	5	68	25	3	22
Near misses	113	36	149	19	2	17
Unsafe practices	1,238	5	1,243	588	5	583
Nonconformities revealed	63,197	1,535	64,732	75,959	902	75,057
Workplace inspections	46,898	6,509	53,407	74,467	6,077	68,390
	Contractor	Company	Total	Total	Company	Contractor

In the reference period, the Company managed to reduce the number of suspended teams by 63%.

Distribution of total recordable incidents (TRI) involving lost time injuries in 2018



¹ The data are inclusive of the repair and reconstruction project of Berezovskaya GRES Power Unit No. 3.

3 out of 5 incidents resulting in injuries recorded by Unipro PJSC in 2018 involved the Company employees and 2 — the contractors' employees. All 5 injuries in Unipro Engineering LLC involved the contractors' employees.

In 2018, a larger portion of incidents was caused by foreign items. As compared to the previous reference period, there were no incidents when working in electrical installations (3 incidents in 2017).

TRI (by branch)

Moscow Representative Office

0
0

Smolenskaya GRES

0
0

Yaivinskaya GRES

0
0

Shaturuskaya GRES

0



Surgutskaya GRES-2

1



Berezovskaya GRES

0



Power Unit No. 3

0



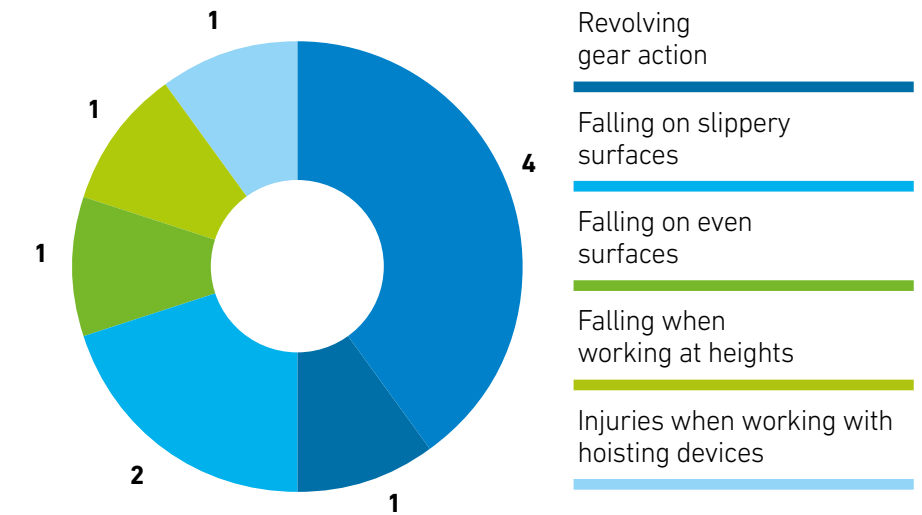
Total

0



Contractor
Company personnel

TRI (by type of works)



Most near misses recorded in 2018 were accounted for by working at heights.

All lost time injuries, near misses, and incidents taking place in the Company were investigated and the root causes were identified. Furthermore, the Company developed the corrective and preventive activities communicated to the relevant personnel of the Company and contractors.

Distribution of near misses resulting in suspended work (by branch)

Smolenskaya GRES

1
0

Yaivinskaya GRES

1
1

Shaturuskaya GRES

1
0

Surgutskaya GRES-2

2
1

Berezovskaya GRES

4
1

Power Unit No. 3

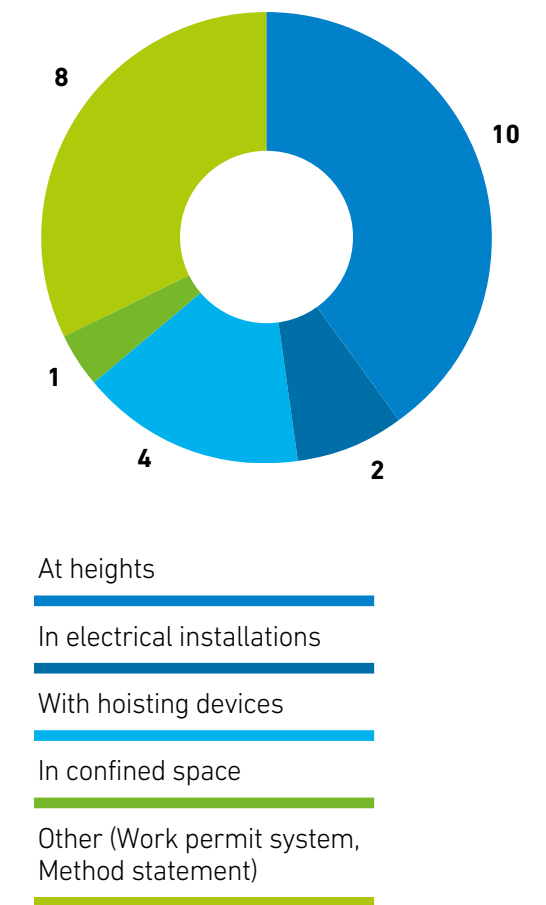
13
0

Total

22
3

Contractor
Company personnel

Distribution of near misses resulted in suspended work (by type of works)



ELENA BULGAKOVA
Leading Specialist of Safety,
Occupational Health and Safety
Department

66 You need to have relevant knowledge and experience to become a good specialist, and you must like your job, too.

I started working at the Occupational Health and Safety Department of Surgutskaya GRES at the end of 2011. My previous experience, including work at the plant, enabled me to settle into this new job very quickly.

A special assessment of work environment and maintenance of a catalogue of standards for providing employees with protective equipment are only a part of my duties, which allows me to master a new field of work, i.e. occupational health and safety budgeting.

I would like to share the accumulated knowledge and experience, so we conduct a number of trainings and activities for our colleagues and employees from other departments.

Furthermore, providing assistance and support to our colleagues from occupational health and safety departments, as well as other divisions of the branch and the Company as a whole, is another important factor.

Key initiatives in 2018

- 📍 4 meetings of the Occupational Health and Safety Committee held.
- 📍 6 monthly safety campaigns held (working at heights, in confined space, in electrical installations, etc.).
- 📍 Every branch held a due diligence of occupational health and safety
- 📍 Under the supervision of their directors, the branches organised the Centres of Competence in one of the priority areas: working at heights/scaffolding operations, working with hoisting devices, hot works, working in electrical installations and in confined space.
- 📍 The Company approved Unipro PJSC Standard of Contractor and Business Partner Management.
- 📍 Two stages of Uniper corporate audit in HSE Efficiency and Culture were completed.
- 📍 The Company successfully passed the certification audit of Unipro PJSC activities for compliance with the requirements of OHSAS 18001:2007.
- 📍 Unipro Engineering LLC passed the certification audit of the management quality system for compliance with ISO 9001:2015 in the area of occupational health and safety.

Implementation of the Occupational Health and Safety Enhancement Plan

The Occupational Health and Safety Enhancement Plan for 2018 was implemented in full. The following key measures were implemented:

1. Leadership and commitment

- 1.1. The Company held 4 meetings of Unipro PJSC Occupational Health and Safety Committee chaired by the Chief Executive Officer. 40 HSSE enhancement measures were endorsed and implemented.
- 1.2. The Company held 4 meetings of the Occupational Health and Safety Committee

chaired by the Chief Executive Officer and attended by the representatives of Unipro PJSC, Unipro Engineering LLC, and contractors involved in the Repair and Reconstruction Project of Berezovskaya GRES Power Unit No. 3.

- 1.3. Each individual top manager of the Company, its branches, and Unipro Engineering LLC developed and implemented a personal Safety Leadership Development Plan. The Knowledge River surveys forming part of the Destination Zero programme

were used by the branch top manager (Director, Chief Engineer, and deputies) to develop the personal Safety Leadership Development Plans.

- 1.4. All branches of the Company held "Leadership Team HSSE Identity" working sessions that involved 60 managers of Unipro PJSC functions. The Company held a working session "Leadership in Occupational Health and Safety" with the top managers of the Company's contractors (36 participants) and Unipro Engineering LLC.

- 1.5. Each individual branch has a Centre of Competence in one of high-risk areas for developing safety enhancement road maps.
- 1.6. The Company reviewed the performance of the occupational health and safety management system in the branches in accordance with the requirements of the OHSAS 18001-2007 international standard. The review identified the strengths and weaknesses of the system and made it possible to issue recommendations for further enhancement of the occupational health and safety system.

2. Risk management

- 2.1. As part of the priority programmes aimed at high risk mitigation, the Company held 6 monthly safety campaigns to assess the implementation quality of statutory and regulatory standards in these areas. Long-term programmes aimed at high injury risk mitigation were developed and are currently implemented.
- 2.2. The amount of input information to be processed was identified for 2018 with a view to delivering on the Implementation Road Map of the HSSE Risk Management System. The Company equally developed the Terms of Reference for the necessary system modules and made a study of the Russian market for availability of ready-made solutions that can potentially be upgraded. In addition, the Company tested the demo versions.

- 2.3. The Company approved Unipro PJSC Standard of Contractor and Business Partner Management that incorporates Uniper's requirements (6 stages). The Company trained 170 employees in the requirements of the standard and upgraded the AXAPTA module enabling risk assessment at the work planning and scheduling stage.
- 2.4. An independent audit of works at heights was carried out. It enabled the Company to identify the risk areas, develop the design solutions intended to eliminate or mitigate the risks, introduce the work and rescue execution plans and cost estimates for the installation of safety systems when working at heights.
- 2.5. The combined cycle shop of Shaturskaya GRES introduced the LOTO system (Lockout/Tagout) making it possible to rule out any potential hazards associated with unauthorised power supply during adjustment and repair works on electrical and thermal and mechanical equipment.
- 2.6. All the branches of the Company developed and launched communication programmes to prevent high and low temperature hazards in summer and winter.
- 2.7. Furthermore, the branches dismantled 152 tonnes (132% of the plan) of asbestos-containing material from their equipment as part of the long-term asbestos

removal programme. The monitoring confirmed that the concentrations of asbestos fibres in the air do not exceed the Russian sanitary standard.

- 2.8. Under the long-term remedial programme for the defects of process equipment service ladders and platforms, the branches remedied 86 defects (100% of the plan).
 - 2.9. The Company branches implemented 439 measures (144% of the plan) under long-term programmes intended to cure the breaches of health and safety requirements for works in electrical installations.
 - 2.10. As part of Berezovskaya GRES Power Unit No. 3 RRW project, the Company developed and implemented risk mitigation measures for works with hoisting devices, hazards associated with items falling from height and launched a monitoring of occupational hazards to improve the illumination and microclimate and reduce the dust and noise level.
- #### 3. Capacity building
- 3.1. The Company administered a training in "Occupational Health and Safety Leadership" to the directors and heads of the occupational health and safety departments of the branches.
 - 3.2. The standard "Incident Reporting and Investigation Procedure" was approved. Furthermore, the Company administered a training in "Incident Investigation"

- to 156 managers from the functions of the branches and the Moscow representative office.
- 3.3. The Company developed a programme for the identification of near misses and administered a relevant training. 80% of branch employees received the training.
- 3.4. The results of the personal and "technical" competences evaluation were used to develop and implement personal development plans for the heads and specialists of the occupational health and safety departments of the branches.
- 3.5. The Company created 13 animated videos on HSE matters containing the testing modules to brief the Company's and the contractors' personnel.
- 3.6. Berezovskaya GRES Power Unit No. 3 RRW project:
 - 3.6.1. The contractors' new employees were trained in the Company's internal occupational health and safety requirements using the adaptation course.
 - 3.6.2. 153 line managers received training in "Leadership in Occupational Health and Safety" and 5,428 contractors' employees received training in high injury risk mitigation.
 - 3.6.3. A training programme for the identification of near misses intended for contractors' employees was launched.

- 3.6.4. The employees of scaffolding contractors and specialists of the branch were trained in safe scaffolding installation and use practices.
- 3.6.5. The contractors' employees received training in the administration of first aid to people falling from height.
- 3.6.6. In addition, the branch administered fire drills incorporating some elements of staff evacuation.
- 4. **Performance monitoring**
 - 4.1. The Company uses the audits of the Occupational Health and Safety Management System (5 audits in the reporting period) to evaluate staff competence in specialised areas. The Company carried out a performance testing of the Occupational Health and Safety Management System in compliance with OHSAS 18001-2007 and of the measures adopted by the Company. The survey revealed positive changes in terms of capacity building in specialised areas.
 - 4.2. Shaturskaya GRES and Yaivinskaya GRES successfully passed two stages of Uniper's corporate audit "HSE Efficiency and Culture" and implemented the improvement recommendations in a timely manner.

- 4.3. It was the eighth time that the Company passed the certification audit of Unipro PJSC activities for compliance with the requirements of OHSAS 18001:2007. The Russian Register Certification Association accredited by international certification bodies — members of the International Accreditation Forum (IAF) — noted that the occupational health and safety system introduced by the Company is characterised by strong performance and continuous improvement.
- 4.4. A report on the key HSE indicators was presented to the Company management on a monthly basis for monitoring and awareness-building purposes.
- 4.5. Berezovskaya GRES Power Unit No. 3 RRW project:
 - 4.5.1. The Company passed the certification audit of the management quality system for compliance with ISO 9001:2015 in terms of occupational safety.
 - 4.5.2. The Company fully implemented the Action Plan prepared subject to the findings of the audit conducted by Uniper.
- 5. **Staff involvement**
 - 5.1. With a view to building the necessary safety culture, the Company trained 63 managers of branches' functions under the "Safety Consciousness" programme.
 - 5.2. All the branches completed the "Lessons Learnt"

- programme, including a review of staff awareness of the incidents that took place, an efficiency check of the response measures based on the investigation of the incidents, and a revision of the Company standard "Incident Reporting and Investigation Procedure".
- 5.3. Smolenskaya GRES held an occupational health and safety tournament modelled after the "Brain Ring" trivia game.
- 5.4. The Company organised partner health and safety checks between Berezovskaya GRES and Surgutskaya GRES-2 and between Smolenskaya GRES and Yaivinskaya GRES to share the best practices and foster symbiotic professional partnerships.
- 5.5. All the branches held competitive reviews of occupational safety in their

- production functions. The winners earned the title of the Best Function in Occupational Safety and the employees most heavily involved in the review received prizes and financial awards.
- 5.6. Shaturskaya GRES:
 - 5.6.1. Launched the "Health and Safety Hot Line" pilot project to provide the Company employees with additional opportunities to report the near misses.
 - 5.6.2. Launched the "Safety Star" project to encourage the branch employees to comply with the health and safety requirements.
 - 5.6.3. Held a health and safety review contest for the title of the "Best Contractor". The primary objective of the contest is to encourage contractors' employees to create safe

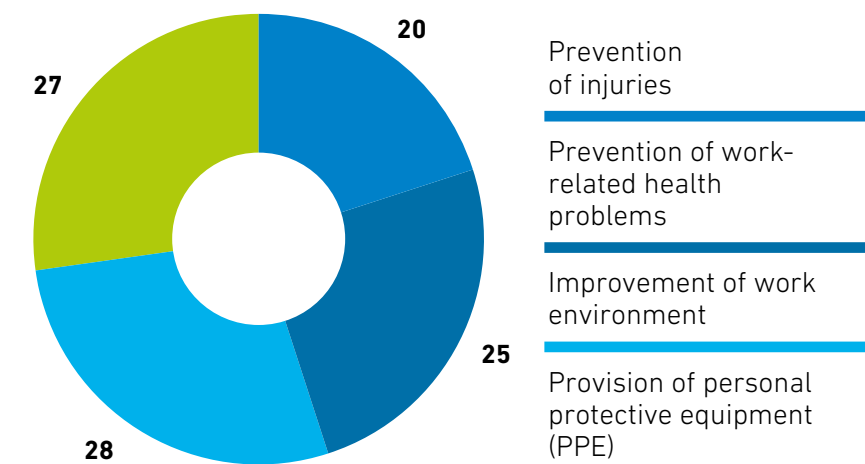
- workplace conditions and to encourage contractors' staff involvement in the reporting of the near misses.
- 5.7. Berezovskaya GRES Power Unit No. 3 RRW project:
 - 5.7.1. The branch completed the staff competence visual identification programme by placing the relevant stickers on the safety helmets.
 - 5.7.2. The branch introduced the staff incentive system involving the provision of a gift certificate on a monthly basis ("Best Work Supervisor", "Best Employee", "Best Health and Safety Specialist").
 - 5.7.3. The branch implemented the communication programme devoted to preventing items from falling from height, working with hoisting devices, and hot works.

Occupational health and safety expenses

All health and safety activities scheduled by the branches in the reporting period were implemented in full.

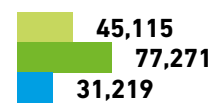
373.7
RUB mln
costs of activities on labour protection in Unipro PJSC in 2018

Allocation of expenses by activity type, %

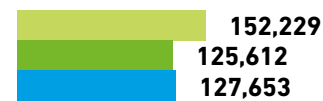


Occupational health and safety expenses, RUB thousand

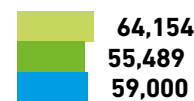
Smolenskaya GRES



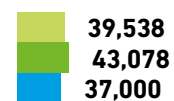
Surgutskaya GRES-2



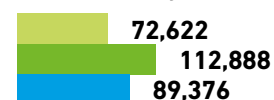
Shaturskaya GRES



Yaivinskaya GRES



Berezovskaya GRES

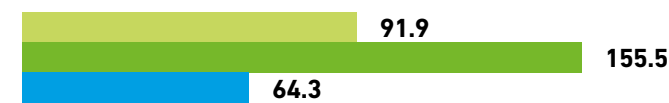


Total



Occupational health and safety expenses, RUB thousand per employee

Smolenskaya GRES



Surgutskaya GRES-2



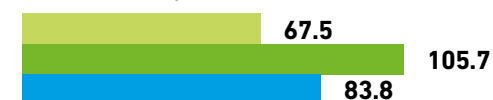
Shaturskaya GRES



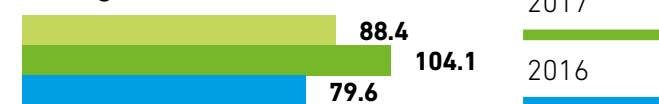
Yaivinskaya GRES



Berezovskaya GRES



Average

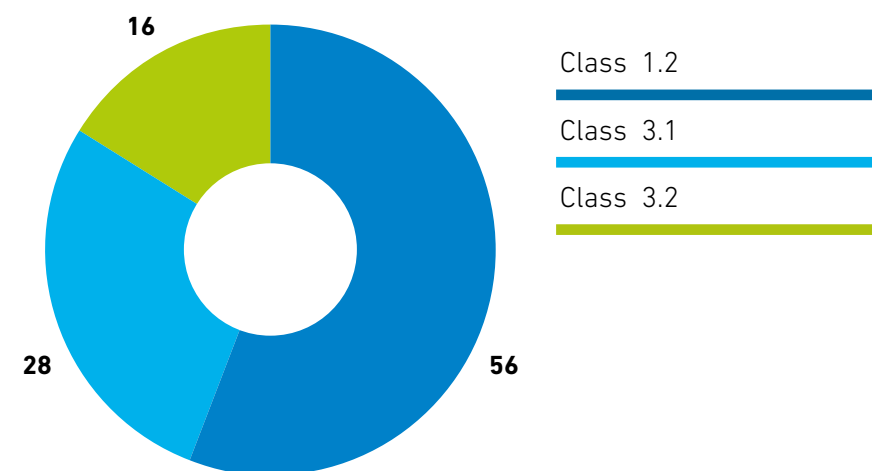


Special assessment of work environment

Pursuant to the requirements of Federal Law No.426-FZ "On Special Assessment of Working Conditions" dated 28 December 2013, Unipro PJSC conducted a special assessment of work environment at 1,550 workplaces.

The findings of the special assessment of work environment show that the Company has no class 3.3 or 3.4 workplaces.

Distribution of workplaces by class of working conditions, %



Plans for 2019

To improve the quality of occupational health and safety in 2019, the Company is planning to implement a set of activities intended to

- improve the management's leadership skills in occupational health and safety by:
 - holding quarterly meetings of the Occupational Health and Safety Committee;
 - encouraging leadership support on the part of the Company's top management to mitigate high risk in the priority areas;

- developing the Centres of Competence to mitigate high risk in the priority areas under the branch directors' supervision;
- assessing the quality of behavioural audits in the priority areas;
- capacity building:
 - training line managers of the branches in the "Leadership in Occupational Health and Safety";
 - involving the staff by:
 - developing "Essential occupational health and safety rules";
 - cascading the "Safety Consciousness" programme to the Company's branches;
 - developing a communication programme for reporting "near misses" and micro-injuries.
- improve the risk management quality by:
 - implementing the corporate integrated information system for occupational health and safety risk management;
 - conducting a special due diligence of the work environment in all the branches of the Company;
 - implementing the priority programmes to mitigate high injury risks;

3.5. Process Safety

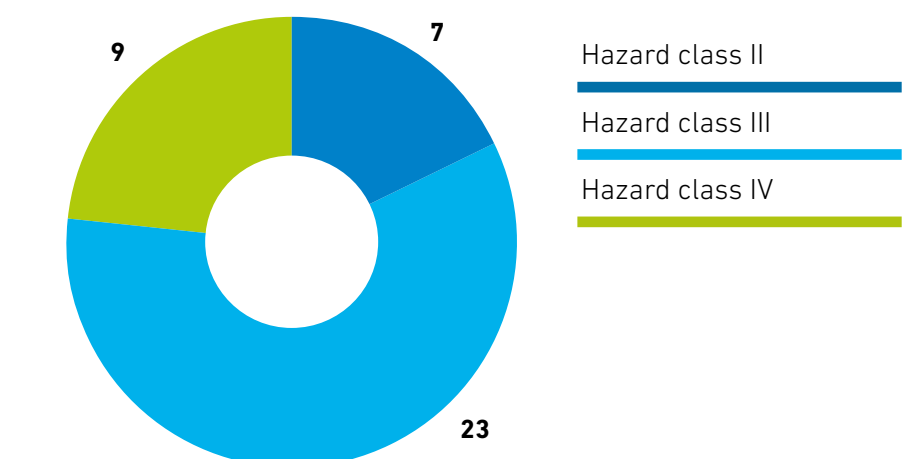
Unipro PJSC operates 39 hazardous industrial facilities (HIF) registered in the state register of hazardous industrial facilities as required by Federal Law No. FZ-116 "On Industrial Safety of Hazardous Industrial Facilities" and assigned a relevant hazard class (Registration Certificate A58-70689).

The Company ensures control over the operation of HIF in accordance with Unipro PJSC Regulation on the Process Control over Compliance with the Industrial Safety Requirements at Hazardous Industrial Facilities (approved by Order of the Chief Executive Officer No.145 dated 2 October 2018) through a 4-step process as per the annual production control plan.

Pursuant to the requirements of Federal Law No.116-FZ "On

All HIFs were insured in accordance with the Rules of Third-Party Liability Insurance against Damage Resulting from Accidents at Hazardous Industrial Facilities for the Owners of Hazardous Industrial Facilities.

HIF distribution by hazard class



Industrial Safety of Hazardous Industrial Facilities" dated 21 July 1997 (Article 11) and Resolution of the Government of the Russian Federation No. 536 dated 26 June 2013 "On Approval of the Requirements for Documentary Support of Industrial Safety Management Systems" for hazard class II hazardous industrial facilities, the Company developed and adopted the following instruments:

- “Unipro PJSC Statement on Industrial Safety Policy” (adopted by Order of the Chief Executive Officer No.202 dated 8 September 2016);
- Company Regulation “Unipro PJSC Industrial Safety Management System” STO UBP-P-25 (adopted by Order of the Chief Executive Officer No.146 dated 2 October 2018).

Process safety improvement results in 2018

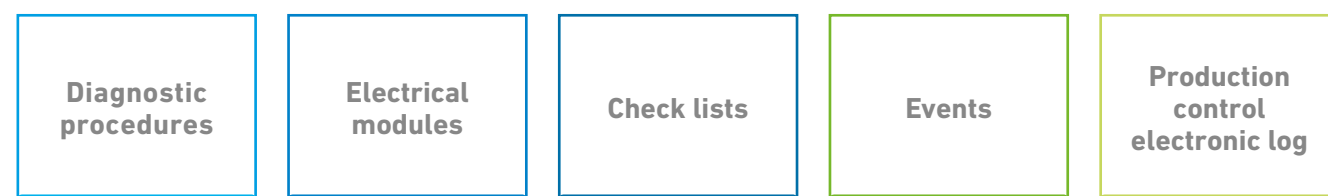
Consistent modernisation of ISMAIS enables Unipro PJSC to ensure a more efficient management of industrial safety business processes, reveal and correct all irregularities promptly, and plan its process safety efforts.

The introduction of ISMAIS enabled a comprehensive

audit of the technical documentation for industrial safety compliance with respect to the totality of the hardware operated by the Company (3,537 items of equipment), buildings and structures (1,087 items), hydraulic structures (43 items).

ISMAIS is provided with information and control modules for a variety of industrial safety aspects: staff performance review, oversight authorities' inspections, internal audit, plans and activities, HPF, hydraulic structures, hardware, industrial buildings and structures, production control and industrial safety data.

Moreover, additional modules were introduced in 2018:



Distribution of HIFs, hardware, buildings and structures, and hydraulic structures in 2018

	HIF	Hardware	Buildings & structures	Hydraulic structures
Yaivinskaya GRES	8	535	134	12
Surgutskaya GRES-2	6	1,020	219	1
Berezovskaya GRES	6	882	163	26
Shaturskaya GRES	14	723	463	1
Smolenskaya GRES	5	377	108	3
Total	39	3,537	1,087	43

To ensure safe and reliable operation of HIFs, compliance with the legal requirements, and timely control of diagnostic and routine procedures by Unipro PJSC, the Company introduced the Industrial Safety Management Automated Information System (ISMAIS) in 2017.

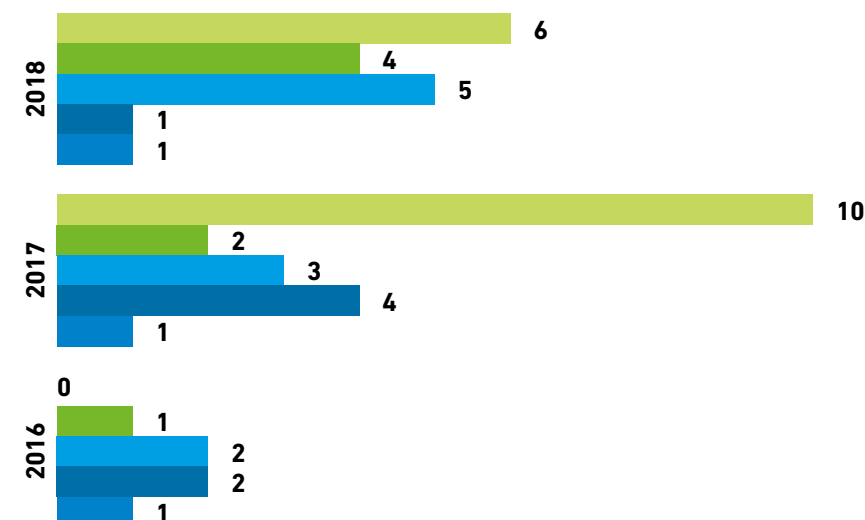
Smolenskaya GRES took 2nd place among 17 companies operating in the Smolensk Region in a contest to find the best corporate training facilities and equipment for civil defence and emergency situations

Therefore, ISMAIS enables Unipro PJSC to:

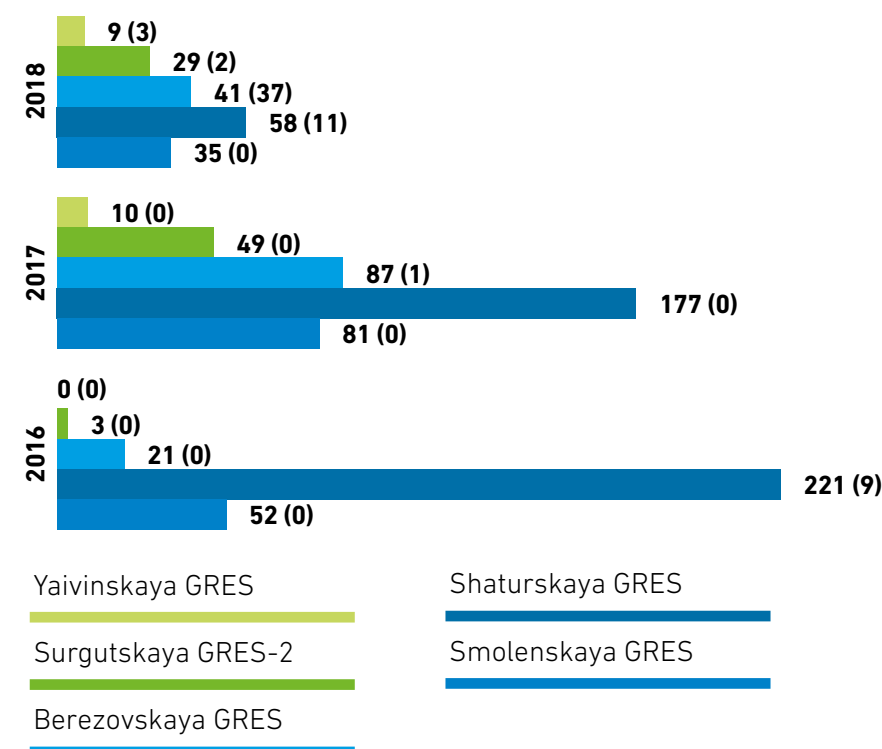
- ensure an efficient operation of the industrial safety management system (ISMS) through ongoing and prompt analysis of the situation, forecasting, and prompt managerial decision-making;
- schedule and control activities and steps in ISMS;
- conduct the performance testing of the ISMS functions, schedule and control the necessary corrective actions;
- control legal compliance and integrated management of operational risks relating to industrial safety;
- upgrade the employees' skills in industrial safety;

In 2018, government oversight authorities inspected Unipro PJSC on 17 occasions. The number of irregularities revealed by these inspections was 47.6% lower as compared to last year.

Number of inspections by Rostekhnadzor



Number of irregularities revealed during the inspections: implemented (not due yet)



- Yaivinskaya GRES
- Surgutskaya GRES-2
- Berezovskaya GRES
- Shaturskaya GRES
- Smolenskaya GRES



Valery Svetushkov, Director of Surgutskaya GRES-2, was awarded the Prince Alexander Lvov medal by the Russian National Voluntary Fire Fighter Association for pro-active, socially-oriented fire safety work and a major contribution to the prevention of emergency situations in the Khanty-Mansi Region

Provision of security and anti-terrorism measures at facilities

A constant threat of wrongful acts and trespassing calls for much stricter requirements to the provision of security and anti-terrorism measures at the facilities of the fuel and energy complex.

In 2018, Unipro PJSC took consistent effort to upgrade the physical protection systems of its branches in close cooperation with anti-terrorist commissions of the executive authorities of the Russian Federation.

With a view to testing the performance of the physical protection systems of facilities, the Company held training activities jointly with the representatives of the local offices of the Federal Security Service, Ministry of Internal Affairs, and EMERCOM of Russia that involved the testing of procedures used by the Company's facilities to implement legal requirements to the provision of security at the facilities of the fuel and energy complex.

Over the course of 2018, federal government supervision (oversight) authorities conducted scheduled inspections at all facilities of Unipro PJSC that confirmed that all the activities and measures implemented by the Company comply with the legal requirements.

The activities aimed at providing security and anti-terrorism measures at the Company's facilities ensured major improvements in Unipro PJSC facilities' physical protection system, made potential trespassing much more complicated, and enabled the security officers to respond to threats much faster.

Civil defence and emergency control

As the Company prepared for the implementation of civil defence and emergency control activities in 2018, it focused on the improvement of emergency control and response skills.

Unipro branches delivered 58 drills and training sessions, some of them with the involvement of fire-fighting units.

Plans for 2019

In 2019 the Company will design and implement a standard to ensure continuity of business processes and crisis

management in compliance with corporate requirements approved by Uniper. The standard will enable identification of threats and assessment of their potential

effect on the Company, strengthening resilience in case of incidents and making it easier to take effective corrective measures.

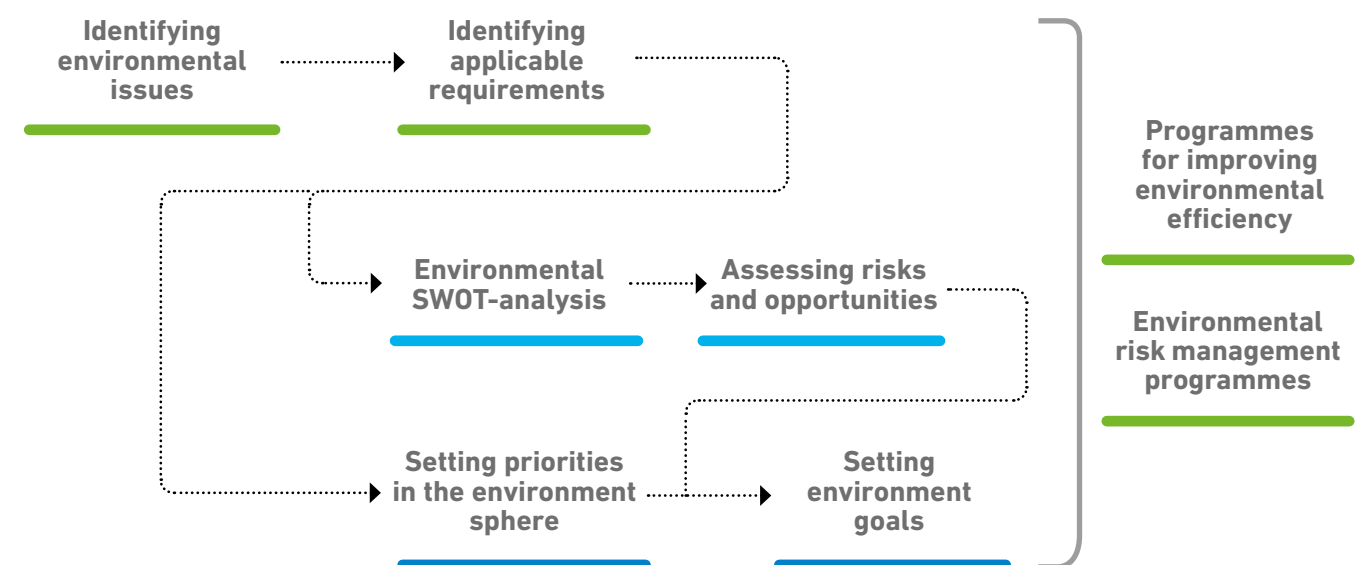
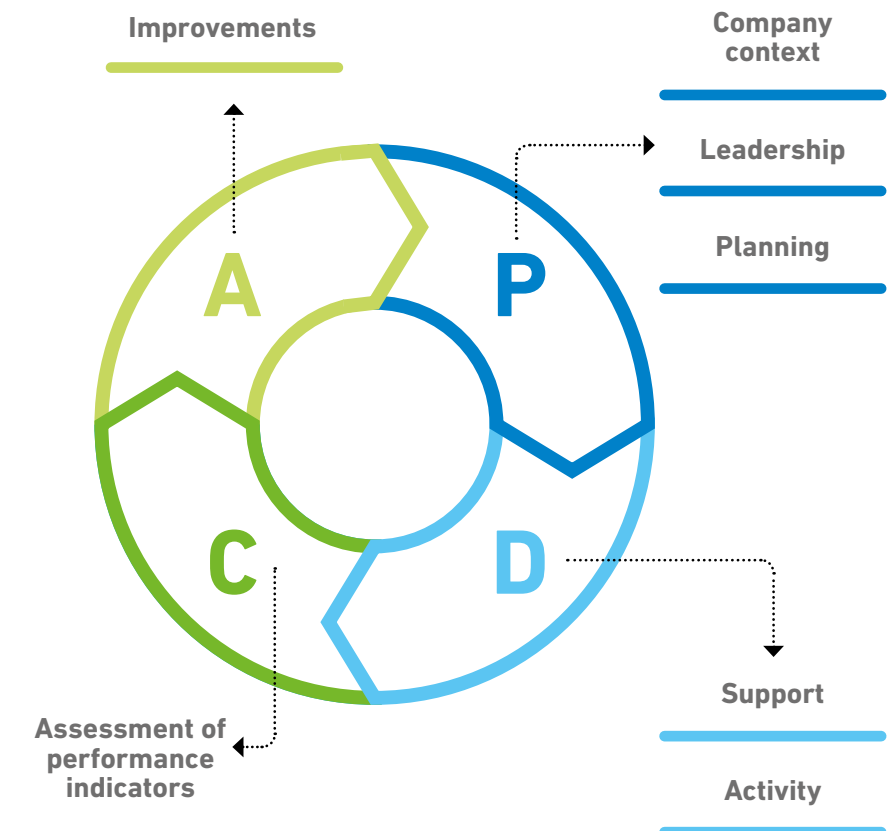
3.6. Environmental Responsibility

Environmental management

Unipro views protection of the environment as a prerequisite for doing business as a going concern.

The Company's Environmental Management System (EMS) uses the logic of the Plan-Do-Check-Act (PDCA) management cycle.

Implementation of planning of appropriate responses to environmental issues, risks and opportunities for each Company's branch resulted in development of long-term programmes to improve environmental efficiency and enable transition to best available technologies and addressing environmental risk.




Supervision of the EMS and its continuous improvement is effected through internal audits and regular reviews of reports from branches by management of the head office.

The main assessment tools used by branches are industrial environmental control (IEC) and internal EMS audits. In 2016, pursuant to Part 2, Article 67 of Federal Law No. 7-FZ "On Environmental Protection", dated 10 January 2002, all Company's branches designed uniform IEC programmes containing full descriptions of the types and frequency of environmental monitoring in areas affected by the Company's production activities.

Environmental incidents are recorded and investigated in accordance with the rules set out in the EMS.

Pursuant to Article 73 of Federal Law No. 7-FZ "On Environmental Protection", dated 10 January 2002, Unipro managers and



Environmental SWOT-analysis highlights internal and external factors and assesses their mutual impacts. The procedure for environmental SWOT-analysis is set out in the Planning Rules for the Environmental Management System (EMS) (STO No. PTU-P.04).

This SWOT-analysis represents a step towards transition to the international EMS standard under the updated version of ISO 14001:2015, which provides for a risk-based approach

specialists receive training in environmental protection and environmental safety at the time of hiring with refresher courses held at least once every five years.

Potential incidents that could affect the environment have been identified by the Company's branches.

Emergency prevention and fire-fighting drills are carried out at all power plants in accordance with approved annual plans. Contracts have been made with fire-prevention and rescue services at branches.

The following actions are taken at branches to reduce the probability of environmental accidents and violations of environmental security requirements:

- identification of environmental aspects associated with industrial processes;
- inventory of all potential reasons/causes for environmental irregularities and accidents, design of a replacement programme for obsolete equipment and technology, upgrading to environmentally-safe raw materials and supplies;

The Company assessed the risk of incidents at hazardous industrial facilities in analytical and explanatory notes to the "Safety Data Sheet for a Hazardous Industrial Facility (GRES). E.ON Russia JSC". The risk assessment reviewed potential causes of incidents at hazardous industrial facilities, the probability of their occurrence and made forecasts of possible consequences (impacts on personnel, local people and the environment).

Potential accidents at hydraulic facilities are identified in special safety declarations for such facilities.

Documents have been prepared, which set out procedures for emergency response and prevention/mitigation of adverse environmental impacts at Unipro branches (see more details in the Unipro Annual Report for 2017).

- compliance with safety rules for equipment use, fire control and production processes;
- maintenance of equipment, technical devices, buildings and structures in good condition;
- systematic analysis and checks of devices, equipment, buildings and structures to ensure regulatory compliance;
- proper metrological support for all measurements and analyses;
- systematic monitoring;
- a real-time management decision system and proactive measures to address environmental irregularities and accidents;
- personnel trainings, briefings, and drills to raise environmental expertise and competence.

Environmental sustainability

Environmental sustainability (rational use of natural resources) is a key part of Unipro's overall management system.

The key natural resources used by the Company in its industrial processes are

water and land (for the disposal of industrial and domestic waste).

In 2017, the Company developed and introduced key performance indicators (KPIs) for non-recoverable water consumption

associated with water treatment for chemical processes, steam and water losses, and water leakages from heating networks. The KPIs are the basis of an incentive scheme to encourage better water management by personnel.

Key tasks for water conservation

Increasing sustainability of natural resources: reducing per-unit water use and inefficient water losses, introducing water-efficient processes and equipment, using storm runoffs as process water

Mitigation of adverse impact on water bodies: reducing waste water and/or pollutant content in waste water, increasing the share of recycled and circulating water

Identification of demand for metering devices and replacement of metering devices

Awareness-building activities (as part of corporate environmental protection days) regarding water use and protection for employees of branches and for pupils in sponsored power-engineering classes

The Company made consistent efforts in this sphere during 2018.

In order to reduce waste generation by branches, the Company has begun making contracts with inventory suppliers to return packaging and products, which are past their use-by date, but contain valuable components, which can be recycled by the suppliers. However, mechanisms of extended producer responsibility are still underdeveloped in Russia, so the primary method for reducing waste generated by inventory use is to forward it to third parties for recycling. All Unipro branches therefore maintain waste-sorting systems



Unipro is continuously implementing an employee awareness-building project, which uses environmental business games by Russian developers — Ecologic and Polish providers — Green & Great to upgrade skills in informed environmental and economic decision-making ensuring stable business development with due regard to requirements of the environmental legislation of the Russian Federation

for specific types of waste that are subject to phased prohibition of land-fill disposal (burial) under a Russian Government Resolution that came into force on 1 January 2018. For this purpose, the Company has

designed detailed territorial flow charts for waste management, identifying waste-recycling providers for specific types of waste and arranging visits to recycling plants by employees of the branches.

Environmental protection performance in 2018

Use of new technologies and solutions for reducing consumption of natural resources by Unipro can both reduce the Company's operating costs and shrink its environmental footprint.

to lower electric power generation by steam-power units and a higher share of

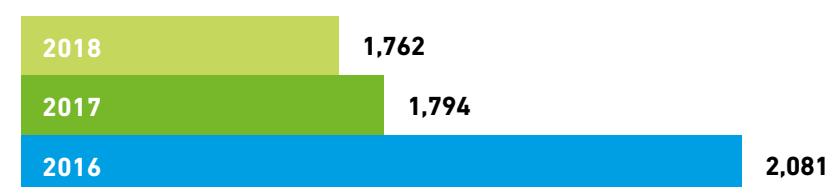
combined-cycle gas turbine plants in power generation, as well as measures adopted

The Company's power plants have water recycling systems that greatly reduce wastewater discharge volumes and the amount of fresh water required for operations, creating a powerful economic and environmental effect.

Recyclable water, mln m³



Electric power consumption for own needs, mln kWh



Gross emissions of pollutants (as rated in the Russian Federation) decreased by 53,600 tonnes year-on-year in 2018 (by 6.5% compared with 2017). This was due

by the Company for the reduction of emissions.

The same factors explain reduction of CO₂ emissions (by 4.1% compared with the previous reference period).

Ash and slag waste generation declined to 118,700 tonnes (down by 15.8% from 2017).



In late 2018, for purposes of validating its current EMS certificate, Unipro successfully passed its first EMS certification audit for compliance with the ISO 14001:2015 international standard, administered by the Russian Register Certification Association (accredited by international certification bodies, which are members of the International Accreditation Forum)

Emissions of pollutants, thousand tonnes

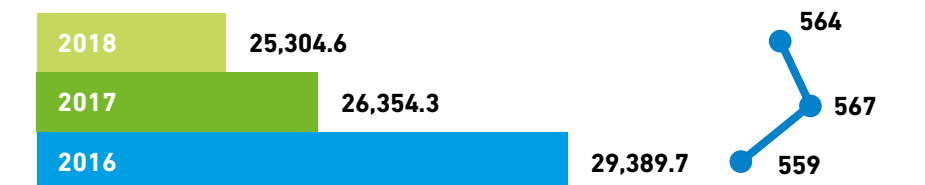
Indicator	2016	2017	2018
Gross air emissions of hazardous substances, total	63.9	57.3	53.6
Solid fuel ash	1.6	1.4	1.1
Gaseous and liquid substances, including:	63.6	56.9	52.4
sulphur dioxide	8.3	7.6	6.6
carbon oxide	11.8	9.8	8.4
nitrogen oxide	43.5	39.6	37.4

Smolenskaya GRES was acclaimed an "Eco-hero" for its part in the national eco-marathon "Recycle — Collect waste paper — Save a tree!".

Most of the waste produced by the Company is non-hazardous in classes IV and V.

Ash and slag waste from burning of coal (hazard class IV) is disposed of in ash disposal areas at Company facilities based on a special license. The same procedure is used to dispose of ash and slag waste from burning

CO₂ emissions, thousand tonnes



Ash and slag wastes, thousand tonnes



of coal, which is classified in hazard class V (not subject to licensing).

The Company produces much less waste in higher hazard classes: I—III.

Oil and petroleum product sludge in hazard class III is used as lubricants or transferred to specialised licensed providers for neutralisation (incineration).

Environmentalising the workflow processes

Unipro draws extensively on European experience in environmentalising workflow processes in electricity and heat production, while taking account of Russia’s unique climatic conditions and availability of fuel resources.

A major reduction of CO₂ emissions by newly-built or modernised power units under the programme of capacity delivery contracts is among the most important positive effects.

Vladislav Nigmatullin, Head of Strategy and Development:

“New facilities consume less fuel per kWh of electric power output and therefore produce fewer hazardous emissions. As in most Russian regions, wind and solar power plants will be unable to replace traditional power facilities any time soon, the best modernisation strategy is to replace steam-power units with combined-cycle gas turbine plants accompanied by a gradual development of renewable energy sources. The impact on the Russian economy of the programme of capacity delivery contracts has been positive. A similar positive effect can be expected from the programme for replacement of depreciated generating facilities, subject to a balanced approach and good regulatory solutions.”

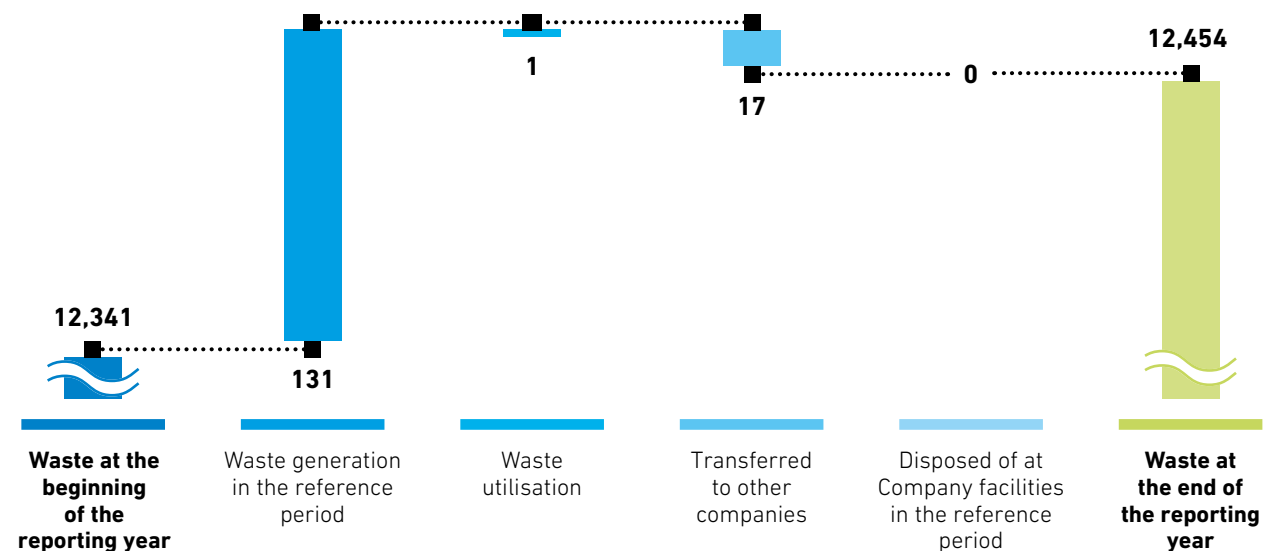
Waste in hazard class II (sulphuric acid from batteries and sulphuric acid electrolyte sludge) is neutralised in special tanks based on a license.

Waste in hazard class I (mainly waste containing mercury, including fluorescent lamps, mercury thermometers and other measuring equipment) is

transferred to licensed providers for neutralisation (de-mercurisation).

In 2018, Unipro did not retain any waste for land-fill disposal at its own facilities.

Unipro waste flow in 2018, thousand tonnes



Applicable Russian law describes two basic concepts: waste accumulation (storage on a production site for up to 11 months) and disposal. Disposal may mean either burial (land-fill) or storage for subsequent disposal or use.

All Unipro branches have facilities for waste storage. The Company had accumulated waste at both the beginning and the end of the period. The Company duly procured a centralised license for disposal and neutralisation of wastes in hazard classes II–IV at specialised sites.

Therefore, the Company’s waste disposal arrangements are in compliance with the requirements of Russian law

The “polluter pays” charges of Unipro fell by more than half in 2018. Key factors were as follows:

- ending of above-limit charges for Surgutskaya GRES-2 due to approval of the draft maximum permissible emissions and issuance of a pollutant emission permit;
- reduction of the amount of ash and slag generation

(and therefore, disposal) at Berezovskaya GRES due to lower electricity generation;

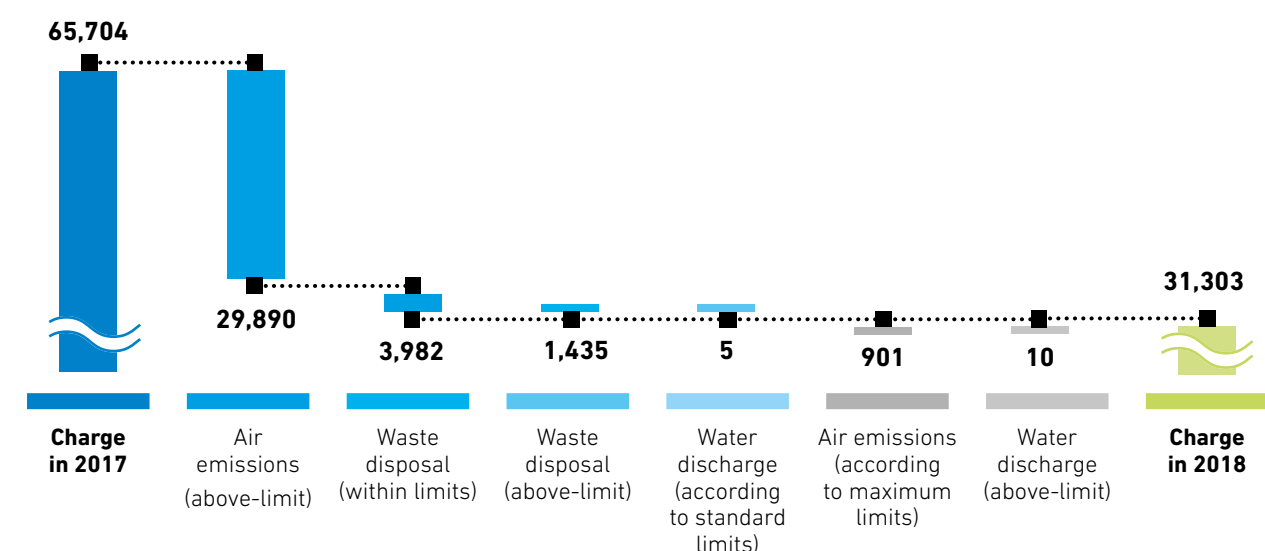
- ending of above-limit charges for Shaturskaya GRES after a certificate was obtained for waste generation standards and waste disposal limits.

Minor increase of charges for disposal into water bodies is explained by changes in

discharges from sewage treatment facilities at Berezovskaya GRES.

Changes in charges for emissions within maximum limits are due to reduction of above-limit charges (so emissions, which were subject to an above-limit rate in 2017, were payable at a standard rate in 2018).

Factor analysis of changes in “polluter pays” charges in 2018, RUB thousand



Plans for 2019

In the forthcoming reference period, transition to best available techniques (BATs) will include:

- continuous implementation of fish protection at Yaivinskaya GRES and Surgutskaya GRES-2;
- approving design documentation and starting construction and installation of the automated system for continuous monitoring and accounting of emissions at Berezovskaya GRES;

- approving and conducting an expert review of design documentation for the rehabilitation of two sections of the Surgutskaya GRES-2 sludge disposal area;
- involving personnel, including process engineers, in the enforcement of new environmental requirements;
- organising practical technology trainings for engineers working in environmental groups, with research work on subjects that are relevant to branches (11 topics studying ways to reduce emissions, loss and generation of waste from

- petroleum products (oils), optimum emission control systems, etc.);
- developing appropriate approaches to the planning and implementation of BAT transition activities and drafting the environmental performance upgrade programme;
- taking account of the requirements of inter-industry BAT guides;
- managing risks associated with the transition schedule to BAT and possible failure to achieve environmental targets.

3.7. Social Activities

Unipro pursues a broad range of social activities both inside and outside the Company. By implementing a variety of social projects, the Company contributes to improving the living standards of ordinary people and offers hope for a better future.



Unipro was awarded a diploma by the Russian Minister of Energy Alexander Novak for its proactive social policy, based on results of a competition to find the most socially-oriented power engineering company in Russia

Corporate volunteering

Unipro has implemented a programme of corporate volunteering since 2017 and the programme continues to expand. Company employees with a pro-active, social committed attitude and strong desire to help join the volunteer movement.

Unipro's current volunteering projects include traditional blood donor days, help in preparing children from orphanages and low-income families for school, visits to orphanages, New Year gifts, charity fairs, and environmental campaigns. All of these practices are now established traditions at Unipro.

Unipro volunteers organised various trainings in fire and traffic safety, leadership, and social skills in 2018. Members of the volunteer movement also organised sports activities and intellectual games, and provided career guidance support to young people in regions of Company presence.

Achievements of Unipro volunteers in 2018

<p>Donor Day was held for the 8th time, involving 264 employees who donated over 100 litres of blood, helping to save 200 lives</p>	<p>The Company sponsored eight campaigns to provide materials for school study to low-income and orphanage children: a total of 66 children were provided for</p>	<p>133 volunteers paid nine visits to orphanages, rehabilitation centres, and assisted-care facilities</p>
<p>The Company organised eight large-scale New Year parties for children from low-income families, involving over 130 employees and giving 169 gifts to the children</p>	<p>250 employees held 12 environmental campaigns to clean and restore infrastructure in local communities</p>	<p>The Company organised 16 charity fairs, raising RUB 158,000 for people in need. Unsold goods were donated to charities and relevant specialised institutions</p>

Charity

Unipro has always been committed to initiatives that benefit deprived social groups and society as a whole. True to the traditions of Uniper Group, the Company focuses its charity and sponsorship programme on regions where it has business presence.

Unipro spending on charity and social projects, RUB mln



Over **228** RUB mln

Unipro has allocated to charity and social projects over the last 3 years

Key areas of Unipro charity work

Education	Health care	Culture and sport	Support for veterans, low-income groups and people with disabilities
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Interview with the Director for Public Affairs and Government Relations



Dmitry V. Ermilichev

Does the Company look up to Uniper as a leader of implementation of sustainable development into all aspects of activities?

In terms of sustainable development, our controlling company has lots of traditions. Today, Uniper Group is different from other market participants not only due to the financial stability, strong connections with stakeholders, transparent business activities, and environmental protection, but also due to readiness to adapt to rapid global changes and to be a positive driver of such changes.

Uniper has approved the Sustainable Development Strategy that promotes long-term business strategy. Our colleagues from the controlling company have associated material aspects of business activities with United Nations Sustainable Development Goals applicable to the Group and defined Uniper's strategic obligations on ensuring sustainability.

Naturally, we share and fully support all endeavours and initiatives of the Group associated with sustainable development since we have common corporate culture. Furthermore, we contribute to achievement of certain Uniper strategic goals associated with ecology, social responsibility components, and employee care.

Please, tell us about Company's social priorities. How are they established and are they still relevant today?

From the very beginning, we considered ourselves to be a socially oriented Company, even from the business point of view: we generate electric power that is critical for all areas of our life.

We established our priorities long time ago and included them into the main goal of Unipro PJSC social responsibility, namely the increase in quality of life of people living in regions of our operation. That's why the majority of our CSR responsibility is concentrated at the level of branches. Their social activities are aimed at healthcare, education, culture, and sports projects, as well as supporting veterans, low-income and disabled people.

Does Unipro PJSC use strategic partnerships in the operating regions?

Yes, we have a major project titled "Careers Start at School" that is implemented in all regions of operation of our plants. The project has simple philosophy: we arrange energy classes in schools and provide children with additional knowledge that helps them enter energy universities in our country, pay Unipro PJSC scholarships, sponsor education if needed and, as a result, get young experts at our plants.

E.g., Berezovskaya GRES already employs experts that earlier completed one of the most strong and progressive energy classes (Sharypovo). The project on young experts training here is also implemented on the basis of a strategic partnership agreement between the Siberian Federal University and Unipro PJSC.

We also have joint projects with regional authorities. E.g., in 2018, together with the administration of Yaiva Settlement (the Perm Krai), we participated in the regional program on reconstruction of external

lighting networks. We constructed the electric grids of the settlement back in the 60s–70s, and they were long overdue for modernisation. Within its charity programme, Unipro PJSC donated RUB 1 mln, the regional authorities added RUB 3 mln, and in December 2018, the works associated with replacement of lamps and partial replacement of wiring were completed.

What are the largest federal projects that Unipro PJSC participates in?

First of all, it's the long-term partnership with Galchonok Charitable Foundation. About 7 years ago, we decided to donate all of our budget for New Year presents for our partners to this foundation. Our partners got a postcard from us saying that together we helped the children who needed it. The donations are targeted: we ask the foundation to support children from our regions of operation, so that we could also support them, visit them, and give them presents.

Our oldest partner is the Illustrated Books for Blind Children Foundation. We finance expensive printing of books for children below 20% residual vision.

In terms of Unipro PJSC unique social investments, we should mention the Russian Composers' Heritage Revival Project that we've been implementing since 2014 in cooperation with Orpheus classical music radio station. This year, we are reviving the heritage of Leonid Alexeevich Polovinkin, a Soviet composer. We are currently recording his works that were almost impossible to restore, most of which are either world premiers or first recordings.



Uniproshka for Kids

In 2018, the Company launched the “Uniproshka for Kids” project, which aims to instruct pre-schoolers and primary school children in safety basics.

The key objective is to encourage children to take a responsible attitude towards themselves and others. It is important to address dangerous situations that a child may encounter when he/she is alone (at home or outdoors), and to develop behavioural skills that children can use in their interaction with strangers.

The Press Service worked with professional psychologists to design various educational role plays for children: “stranger in the elevator”, “what to do if a stranger knocks at the door when you are home alone”, “what to do if a stranger breaks into your apartment”, “why you shouldn’t let strangers into your home”, “why it’s best not to talk to strangers in the street”, “what to do in case of fire”, etc.

The programmes used comics and cartoons to help children learn.

Project highlights, 2018:

Smolenskaya GRES

Road safety lessons at the Kolokolchik and Skazka kindergartens. Kind Uncle Misha (a traffic patrolman) and a racing car joined forces to explain to the children through play how they should cross the street at a controlled or ordinary pedestrian crossing, why it is dangerous to play near a road, and why they must always let emergency vehicles go first at pedestrian crossings.

At Ozerny secondary school lessons were provided on the best way to behave in various situations. The situations included getting lost in a street, in a shopping mall, or at a bus stop. The children thought about who to ask for help and what to say. Play leaders helped the kids to make a list of essential things to take when going to the woods. They enacted what to do in case they get lost, how to deal with stray dogs, and what you should never do if a dog shows signs of aggression.

More than two hundred pre-schoolers and school children took part in the project over a period of two days.

Surgutskaya GRES-2

Road safety sessions were provided in Surgut at the regional police training centre.

About 45 children attended lessons on keeping safe at home and outdoors, which were held in the assembly hall of School No. 19. The children watched videos and used play (led by play leaders) to learn about various important life situations: why you should always lock the door when you go out, why it’s important not to let strangers in, what tricks strangers may use to make a child open the door, etc.

Shaturskaya GRES

Children in first grade in the town of Shatura were given a lesson on how to react in case of fire. The children learned the essential “dos and don’ts” in case of fire and played a game to reinforce their new knowledge: the youngsters were invited to a “discotheque” and had to react appropriately when a fire alarm was sounded. The organisers made sure that every child knew how to behave in the danger situation.

The children also learned what to do if they get lost in a shopping mall, at a concert or in the woods.

Yaivinskaya GRES

In the town of Yaiva, Uniproshka took part in the Beacon of Hope arts and crafts festival for children with disabilities. Uniproshka worked with the Yaivinskaya GRES youth association to help the youngsters prepare their performances, entertained them during breaks and did everything to make the occasion a success.

All children find it challenging to perform at their best in front of an audience. It is all the more difficult for children with special needs, who have trouble integrating with society in everyday life. It is very important for these youngsters to gain confidence in themselves. Uniproshka did a great job helping the participants to feel more confident and making the day really special.



Berezovskaya GRES

Play leaders from Krasnoyarsk integrated cartoon characters into play routines, which taught primary school children how to cross the road safely. The children watched cartoons showing how cars and pedestrians must always give way to emergency vehicles, even at a green traffic light. Uniproshka took part in all the games. A lesson for older children (8–10 years old) taught them how to keep safe if they are home alone.

Uniproshka also paid a visit to children in care at the Sharypovo social rehabilitation centre.

Careers Start at School

Unipro has been implementing the Careers Start at School initiative since 2007. The initiative has set up power engineering classes in the towns of Sharypovo, Surgut, Shatura, Yaiva, and Ozerny where high-school students (grades 10–11) study mathematics, physics and computer science in-depth, and gain specialised knowledge for a future in the power engineering industry.

Employees of power plants tell the children what makes a career in their industry special,



Over **3** RUB mln
Unipro allocated to the Careers Start at School initiative in 2018

answer questions, lead tours around their place of work and tell children the history of Russian power plants. When they enter higher education, the youngsters can gain work experience at the Company's branches and the best of them will be offered jobs when they graduate.

Unipro allocated over RUB 3 mln in 2018 to develop the Careers Start at School initiative. The money was used for educational equipment, upgrading of the curriculum, teachers' payroll, lab activities and to fund incentives for the best students.

Summer recreation for children

Unipro branches fund vacations and activities for children during summer holidays.

Yaivinskaya GRES organises summer activities for the children of employees at the Iskorka children's camp (attached to the Energetik community centre in Yaiva). A total of 130 children were cared for at the camp in 2018.

Berezovskaya GRES prepared the Ingol children's camp in the Sharypovo District for the summer season by providing hot and cold water supply to buildings and laying out playgrounds and sports grounds. The Ingol camp can now host up to 160 children in comfortable conditions. The local government agreed that 50% of places at the camp will be allocated to families of Berezovskaya GRES employees and Unipro will provide RUB 10 mln to prepare the camp for the holiday season over a period of 3 years.



Careers Start at School at Berezovskaya GRES

The power engineering class at Sharypovo Secondary School No. 8 was set up in 2012. In the space of 6 years, more than 100 boys and girls have been through the class, including 19 medal-winning students; 90% of those who studied in the power engineering class enrolled for higher-education programmes in engineering, including 35 school leavers who entered the Siberian Federal University (SFU).

The power engineering classes are managed as part of an integrated training programme for young specialists, based on a "school — university — enterprise" principle, under a trilateral agreement between Berezovskaya GRES, the thermal power generating faculty at SFU and Sharypovo Secondary School No. 8, and also under a strategic cooperation agreement between SFU and Unipro.

Teachers from the SFU faculty give year-round lessons to pupils in the power engineering classes, and in 2018 equipment purchased by the Company enabled staff at the faculty for automation of thermal power generating at Tomsk Polytechnical University to deliver lectures using teleconference technology. Tours of power plants help children to build on the theoretical knowledge, which they acquire at school.

Unipro has funded modernisation of the study process at SFU. The thermal power generating faculty now has three new labs and students are involved in projects as part of the CDIO international initiative to promote engineering in education.

Comprehensive partnership and financial support from Unipro help to ensure that children achieve high educational standards by the time they leave school, develop successfully in higher education, and graduate ready to become young professionals in industry.

The Unipro initiative to set up power engineering classes was highly praised by the power engineering community in Krasnoyarsk Krai and the experiment was replicated in other regions by Nazarovo GRES and Abakan TETs (both owned by SGC Group).

Health Care Projects

Unipro provides ongoing support to various medical institutions for renovation work and the acquisition of up-to-date medical equipment.

In 2018 the Company funded renovation of the outpatient

clinic and catering section at Ozerny District Hospital No. 1. Other beneficiaries of funding by Unipro include Surgut District Clinical Hospital, the District Cardiology Clinic, and Surgut City Outpatient Clinic No. 1 (the Company invested about RUB

1.5 mln in these institutions from April 2017 to April 2018). Yaivinskaya GRES purchased a state-of-the-art X-ray machine for the local hospital, provided funding to the Kizel Association for the Blind, and supported the local boarding school.

Culture and Sports Projects

Unipro is involved in community life in the regions where it has business presence. Contributions by the Company include landscaping and renovation, and work to preserve historical and cultural heritage. The Company also supports and promotes sport as part of its charity and sponsorship work.

In 2018 the Company funded national and international cultural projects, including the Golden Mask Theatre Festival and the World Student Games.

The Company maintained its support for the local theatre in the town of Sharypovo. The local theatre company received funding from Unipro to take part in the Lobnya 2018 youth theatre festival, which was held last year in the Moscow Region. The Sharypovo company presented *The Storm*, a classic Russian 19th century play, which was acclaimed as the best large-format production at the festival. A member of the company also won the festival prize for best actress. Also in the reporting year Unipro sponsored the purchase of audio and broadcasting equipment for public celebrations and events.



In the reporting year, Berezovskaya GRES helped the Centre for Physical Education and Sports Training to organise the annual indoor football tournament for school teams, which is held to mark Power Engineers' Day. 110 young football players took part in the tournament.

As a pillar of the local economy, Smolenskaya GRES is glad to provide support for sporting activities in its region, including regular assistance to the Smolensk Taekwondo Federation. The Company has purchased equipment for the local boxing club in Ozerny as well as models and other materials for the Odisey boat-modelling club.

Surgutskaya GRES-2 held its annual Surgut Ring athletics

race. More athletes than ever before — 180 in total — took part in the race in 2018. The power plant also held two small ice hockey tournaments.



Berezovskaya GRES received a Letter of Appreciation from Natalya Petrovskaya, Mayor of Sharypovo, as thanks for the support provided for improvement work at Bely Park



Unipro PJSC Actively Participates in Preparations for the World Student Games

In March 2019, Krasnoyarsk hosted the 29th World Winter Student Games. Unipro actively participated in preparing the city's infrastructure for the sports event.

On 25 October 2018, the grand opening of Pokrovsky Park, a new modern recreation zone located on the side of Karaulnaya Hill adjacent to Paraskeva Pyatnitsa Chapel took place thanks to support from Unipro.

Landscaping work carried out at the park includes creation of pedestrian pathways, benches, and an area where local people can walk and train their dogs. Trees and bushes have been planted, and new landscape features have been created. An open-air amphitheatre with a stage and audience seating has been created for cultural and educational events. A playground for children of all ages has been built on the east side of the square.

A parking lot for 100 cars has been laid out next to the park, with a bus stop and amenities for disabled people.

A visitor centre has also been created for people using the park, with a souvenir shop, small cafe, and baby-care room.

Extensive work has been carried out to create a state-of-the-art lighting system for Pokrovsky Park. The system was designed by the company that created the lighting system at Zaryadye Park in Moscow.

Sergey Eremin, Mayor of Krasnoyarsk:

"The park will be a lively place, where residents and guests of the city can spend their free time. The new park on Karaulnaya Hill sets a new standard for urban landscaping, a standard that we will try to replicate at other public areas."



Support for the Golden Mask Festival



The Company sponsored Russia's Golden Mask Theatre Festival in 2018.

Two productions originally staged in Moscow were brought to Surgut as part of the festival programme: *The Man from the Restaurant* (Satyricon Theatre) and *Pygmalion* (Mayakovsky Theatre).

Maria Revyakina, director-in chief of the festival, said that Golden Mask would find it very hard to function without the support of major companies, such as Unipro. Golden Mask not only brings touring productions to the provinces, but also supports a range of creative and professional exchanges.

Over 80 employees of Surgutskaya GRES-2 saw the touring plays. Tickets were reserved for employees who distinguished themselves by a creative and pro-active approach to their work and to community life.

Support for Veterans of Wars and Armed Conflicts, Power Industry Veterans, Low-Income Groups and People with Disabilities

Every year, all the Company's branches send greetings to WWII veterans and former employees of the Victory Power Plant, as well as provide them with financial assistance and organise special events. All former employees of Company power plants receive anniversary greetings.

In 2018 Surgutskaya GRES-2 supported veterans of local wars and armed conflicts by allocating RUB 100,000 to renovate the museum of the Brothers in Arms community organisation.

Shaturskaya GRES gives special recognition to veterans of local armed

conflicts who are currently employed at the plant and pays for subscription to the local newspaper for all military and home-front veterans of WWII.

Yaivinskaya GRES holds annual celebrations to mark Victory Day, Power Engineers' Day, and International Day for

Older Persons, and provides gifts and food packages to former workers of the power plant.

Berezovskaya GRES bought gifts for 86 WWII veterans this year. Financial support from Unipro has made it possible for 112 senior citizens on low incomes to receive the Lights of Siberia local newspaper.

Unipro continued its cooperation with the Moscow Sledge Hockey Federation in 2018. The special mission of the federation since its foundation in 2012 has been the social integration and adaptation of people with

disabilities through sport. The federation has helped to train young athletes of the Ladoga youth team, who take part in the Russian sledge hockey championships together with the Yugra adult team. The Company helps the federation to buy new sporting equipment, hold training camps, organise warm-up matches and prepare for the Russian championship, including provision of monthly stipends to athletes.

In 2018, Smolenskaya GRES financed repairs and purchase of new equipment for the Skazka

and Kolokolchik kindergartens and renovated the literature, maths, and history classrooms at the Krasninsky District secondary school for children with disabilities.

Shaturskaya GRES gave support to a local boarding school for children with special needs and a social rehabilitation centre, enabling purchase of New Year gifts for the children, and also funded Kindergarten No.5, School No.4, Shatura Power Engineering College and a local high school. Shaturskaya GRES also held its regular charity campaign, entitled "Briefcase Full of Good Things" in 2018.

Help for people with disabilities in the Sharypovo District

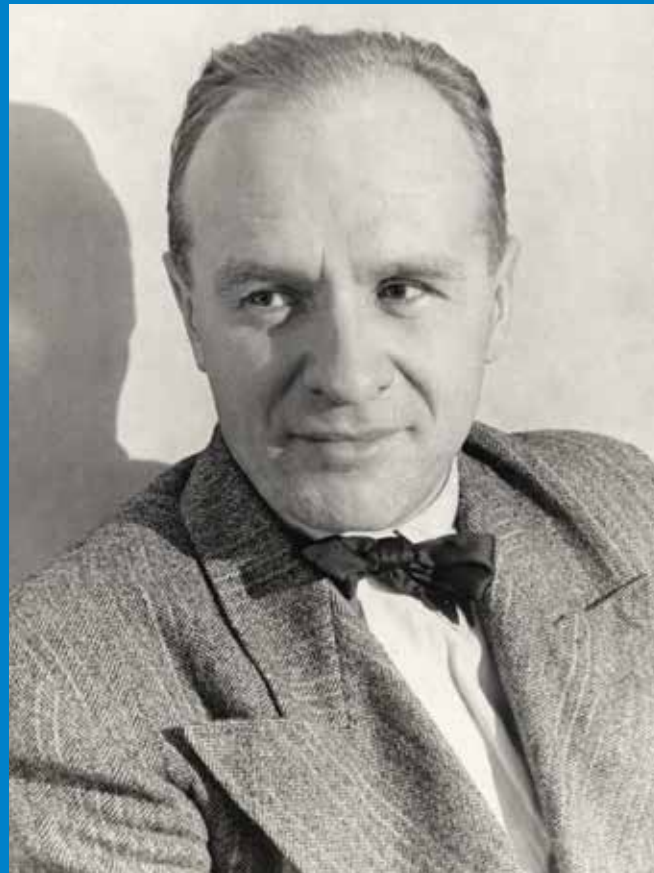
Creating a barrier-free environment for people with disabilities is a topical issue in Russia, and accessibility is especially important for rural residents with disabilities due to the remoteness of administrative centres and sports and cultural institutions, as well as underdeveloped social infrastructure and healthcare services. Reinforcement of IT and communication technology is crucial for the sociocultural integration of people with disabilities.

Berezovskaya GRES took an active part in the social charity programme under the title "Sharypovo District — Territory of Equal Opportunities", which has been underway for several years already, allocating RUB 700,000 to purchase computers for disabled people in rural areas and to reimburse taxi costs for children with disabilities living in outlying villages.

In 2013–2018 the Company purchased 88 laptops with modems for people with disabilities living in the Sharypovo District.

The Company funds 250–300 trips each year as part of its Social Taxi programme.

The Wind of Change club for rural families with disabled children was opened in 2018. The local administration has created and equipped a new facility for people with disabilities. Employees of Berezovskaya GRES provided funds to purchase sports equipment for adaptive fitness sessions.



Russian Composers' Heritage Revival Project

In 2014, Unipro and the classical music radio station Orpheus launched the charitable Russian Composers' Heritage Revival Project aimed to revive and preserve unremembered musical masterpieces and salvage valuable books and music sheets.

As part of the project, over 53 books were restored, including very rare publications of Music Theory and the Guide for Music History Learners by Arrey von Dommer, Practical Manual of Harmony by N. A. Rimsky-Korsakov, and others.

In 2018, the Company and the radio station started restoring the musical heritage of Soviet composer Leonid Alexeevich Polovinkin. The employees of the music library of Russian State TV and Radio Music Centre selected sheets of previously unknown by L.A. Polovinkin, and the hard process of restoration of works by this talented musician began.

Leonid Alexeevich Polovinkin, a Soviet composer and one of the leaders of Russian avant-garde music, was very popular in the second half of 1920s–early 1930s. His music was played both in our country and abroad. However, the fate of the composer

and his heritage were rather tragic. In 1932, the Modern Music Association the members of which included Polovinkin was dissolved. His avant-garde music disappeared from the concert halls. Mr. Polovinkin had to radically change his music and genre, and lots of his works from 1920s–early 1930s were archived for decades went unknown, forgotten, non-published, or never performed. They include Prologue, a symphonic poem, Overture, Symphonic Etude and several parts of the largest symphonic cycle titled Telescopes, namely Telescope I and Telescope IV, a work featuring a large-scale concept and orchestra composition.

This music represents a unique stylistic combination of avant-garde music, constructivism, and futurism with elements of late Romanticism and neoclassicism. It features particular individuality, power, dramatism, and true human emotions. It is filled with living pulse and essence of the great and tragic era it was created in.

The works on restoration of music heritage of Leonid Alexeevich Polovinkin will continue in 2019.



Galchonok Charity Foundation

Unipro has provided support over many years to the Galchonok Charity Foundation for children with lesions of the central nervous system. The Company was among the first to support the foundation in 2012. Rehabilitation and health care is often a life-long journey for children suffering from infant cerebral palsy or the consequences of head injuries and prenatal infections.

During the time of cooperation the Company and the foundation have supported 30 families from different regions of Russia and ensured that the children receive the necessary after-care and rehabilitation.

Illustrated Books for Blind Children

Unipro's Moscow office has funded the publishing of illustrated educational books for children with residual vision under 20% as part of its social investment programme.

The Company has maintained its cooperation with the Illustrated Books for Blind Children charity for more than 10 years. Thanks to Unipro's help, children at specialised institutions in Smolensk, Perm, Surgut, Krasnoyarsk and Shatura have received about 2,000 sets of illustrated books for children with a visual impairment.

The books are published by the charity with support from Unipro PJSC and are intended for children aged 3–7. Each set includes a book with fairy tales by famous authors, as well as teaching aids.

Christmas Tree of Wishes

The Surgutskaya GRES-2 youth association carried out a special campaign, "Christmas Tree of Wishes", as part of the "Contribution to the future" project. Father Frost (Russia's Father Christmas) sent a reply and a gift in response to every single letter written to him by children at social institutions in Surgut.

As part of the "Christmas Tree of Wishes" campaign, the youth association made the dreams of 41 children come true.

Information about the Report

Disclaimer

This annual report (hereinafter the "Annual Report") has been prepared based on the information available to Unipro PJSC at the date of its compilation, including information provided by third parties. The Company reasonably believes that this information is complete and reliable at the time of compiling of the Annual Report, but does not assert or guarantee that the information will not be further clarified, revised or otherwise amended.

This Annual Report may contain estimates and forecasts ("forward-looking statements") by the Company's authorised management bodies regarding future events and/or actions, development prospects for

the Company's core business sector, and results of the Company's business, including plans and estimates of the probability of the occurrence of certain events and actions.

Forward-looking statements carry an inherent risk and uncertainty of both a general and specific nature, and there is a risk that the estimates, assumptions, and forecasts, which they contain, will prove mistaken. Given such risks, the Company notes that actual results may differ materially from those indicated in the forward-looking statements, which are valid only at the time of compilation of the Annual Report. The Company neither states nor guarantees that the results of its business






indicated in the forward-looking statements will be achieved.

The Company shall not be responsible for any losses that may be incurred by individuals or legal entities arising from reliance on forward-looking statements. In each case, such forward-looking statements represent only one of many possible developments and should not be considered as the most probable.

Other than as expressly required otherwise by applicable law, Unipro PJSC shall not assume any obligations to publish any updates and changes to the forward-looking statements based either on new information or future developments.

Glossary

Balancing Market	A vehicle for offsetting of deviations from estimated electricity supply volumes as determined by competitive selection of price bids, intended to balance the system, and/or as determined by actual production/consumption of electric power based on commercial accounting data
UN Global Compact	A major global initiative to assert global corporate citizenship. The Global Compact provides business communities with a framework to adapt their activities and strategies to the 10 universally recognised principles in the spheres of human rights, employment relations, environmental protection and combatting corruption
Stakeholders	Individuals, entities, or communities that may affect the company's activities or may be affected by the company's activities, products or services
Ash-Disposal Area	Area for the collection and natural disposal of waste ash and slag produced by a thermal power plant
Corporate Volunteering	Voluntary involvement of employees in various social programmes supported by their companies
Minority Shareholder	A company shareholder (either an individual or a legal entity) whose participatory interest is not sufficient to enable such shareholder to be directly involved in governance of the company (e.g., appointment of the board of directors). Such an interest is called a minority interest
Wholesale Electricity (Capacity) Market	A market for specific goods — electricity and electric generating capacity — as part of Russia's United Energy System within the unified economic space of the Russian Federation, involving major producers and major purchasers of electricity and capacity, as well as other agents with the status of wholesale market entity, acting in compliance with the Rules of the Wholesale Market, which have been approved by the Government of the Russian Federation in accordance with the Federal Law "On the Electric Power Industry". The criteria for designating producers and purchasers of electricity as major producers and major purchasers are established by the Government of the Russian Federation
Net Output	Electricity and heat that has been generated and paid for by consumers
Regulated Contracts	Electricity and/or capacity purchase contracts between a supplier and a purchaser when prices are set in accordance with the electricity and/or capacity tariffs of the Federal Tariff Service (FTS)
Day-Ahead Market	Competitive selection of supplier and purchaser price bids a day ahead of the actual electricity supply, involving the setting of supply prices and volume at every hour of the next day
System Reliability Market (System Services Market)	An organised market that ensures incentives for maintaining and developing power generating equipment (including equipment with specific optional features) as part of Russia's United Energy System
Free Bilateral Contracts	Electricity purchase contracts between a supplier and a purchaser when prices are set by agreement between the parties
Process Mining Technology	Technology that enables identification and analysis of actual business processes by retrieving data from event logs that are available in up-to-date information systems

TOP-5+	Five work spheres with the highest risk of severe injury or fatality: <ul style="list-style-type: none">  hoisting operations;  work inside electrical installations;  work in confined spaces;  work at heights;  work involving fire hazards
Installed Capacity	Total nominal operational capacity of generator units at company power plants
Sustainable Development/Sustainability	System of economic, environmental, and social activities implemented in cooperation with stakeholders and aimed at better management of risks, long-term improvement of the company's image and business reputation, and increase of its capitalisation and competitiveness
Cold Reserve	Operational capacity of standby generating equipment (serviceable generating equipment that is available for start-up at any time but is not operated simultaneously with main equipment)
UN Sustainable Development Goals	Goals adopted by the UN General Assembly in the Sustainable Development Agenda 2010 and aimed at preserving the Earth's resources and ensuring human well-being. The goals include a number of indicators to be achieved within 15 years

Abbreviations

GE	General Electric Company
LOTO	Lockout/Tagout
P2P	Procure-to-pay
PLA	Polylactic acid
SMART	Goal-setting system based on the following principles: S (Specific) M (Measurable) A (Achievable) R (Relevant) T (Time)
URC	Uniper Risk Consulting GmbH
AIISMS	Automated IT system for industrial safety management
DCS	Distributed control system
GDP	Gross domestic product
ACPP	Annual Comprehensive Procurement Programme
GOELRO	State Commission for the Electrification of Russia
GRS	Gas reducing station
GRES	State district power plant
CSA	Capacity supply agreement
UES	United Energy System
CUF	Capacity utilisation factor
KPI	Key performance indicators
CSR	Corporate social responsibility
CRMS	Corporate risk management system
ECP	Electric condensate pump
IMF	International Monetary Fund
SME	Small and medium enterprise
IFRS	International Financial Reporting Standards
M&E	Materials and equipment
BAT	Best available technologies
FA	Forced unavailability

RLA	Regulatory legal act
RPFC	Rated primary frequency control
OPEC	Organisation of Petroleum Exporting Countries
HIF	Hazardous industrial facility
IES	Integrated energy system
CCGT	Combined cycle gas turbine plant
MPD	Maximum permissible discharge
HD	Hoisting device
SPU	Steam-power unit
IEC	Industrial environmental control
RRW	Repair and reconstruction works
FPD	Fish protection device
PRU	Pressure-reducing unit
RAS	Russian Accounting Standards
PPE	Personal protective equipment
HOSMS	Health and occupational safety management system
OHSD	Occupational Health and Safety Department
SAWE	Special assessment of work environment
ISMS	Industrial safety management system
EMS	Environmental management system
I	Inventories
PSEDA	Priority social and economic development area
R&M	Retooling and modernisation
FRS	Fuel receiving station
FAS	Federal Antimonopoly Service
CP	Centrifugal pump
ETP	Electronic trading platform

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Abbreviated name: IRC R.O.S.T. JSC

Register Maintenance License No.10-000-1-00264 issued by the Russian Federal Commission for the Securities Market (Federal Service for Financial Markets) on 3 December 2002

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Auditor

Full legal name: PricewaterhouseCoopers Audit Joint Stock Company

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Annexes

1. Independent Auditor's Report



Independent Auditor's Report

To the shareholders and Board of Directors of Unipro Public Joint Stock Company:

Our Opinion

In our opinion, the attached financial statements accurately reflect in all material respects the financial situation of Unipro Public Joint Stock Company (hereinafter referred to as the "Company") as of 31 December 2018, as well as its profit and loss and cash flows for the year ended as of the said date in accordance with the accounting rules applicable in the Russian Federation.

Subject of the Audit:

We audited the Company's financial statements including:

- Balance Sheet as of 31 December 2018;
- Profit and Loss Statement for the year ended on the said date;
- Statement of Changes in Equity for the year ended on the said date;
- Cash Flow Statement for the year ended on the said date;
- Notes to the Balance Sheet and Profit and Loss Statement.

Basis for the Opinion

We conducted the audit in accordance with the International Standards on Auditing ("ISA"). Our responsibilities thereunder are described in the Section entitled "Auditor's Responsibility for the Audit of Financial Statements" hereof.

We believe that we acquired sufficient and appropriate audit evidence to express our opinion.

Independence

We are independent from the Company in accordance with the Code of Ethics for Professional Accountants of the International Ethics Standards Board for Accountants (IESBA Code) and with the ethical requirements of the Code of Professional Ethics for Auditors and Rules for the Independence of Auditors and Audit Organisations that are applicable to this audit of financial statements in the Russian Federation and we honoured all other ethical obligations in accordance with these requirements and the IESBA Code.

Audit Methodology

Executive Summary

Materiality • Materiality at the level of the Company's financial statements in general: 1,151 million Russian roubles which is equal to 5% of profit before tax.

Key Issues of the Audit • Recognition, disclosure, and assessment of estimated and contingent liabilities

PricewaterhouseCoopers Audit Joint Stock Company (PwC Audit JSC)

10, Butyrsky Val Street, White Square Business Centre, Moscow 125047, Russia

Tel.: +7(495)967-6000, Fax: +7(495)967-6001, www.pwc.ru



Our audit plan provided for the establishment of materiality and assessment of the risks that the financial statements were materially misstated. Specifically, we examined the areas where the management made subjective judgments regarding significant accounting estimates, including the use of assumptions and consideration of future events associated with uncertainty by virtue of their nature. Similar to all our audits, we also considered the risk that the management circumvented the internal control systems, including but not limited to assessing evidence of the management's partiality that gives rise to the risk of material misstatement resulting from fraud.

We determined the scope of the audit so as to undertake a sufficient scope of work to be able to express our opinion on the financial statements with due regard for the Company's structure, accounting processes and the controls used by the Company, as well as the specifics of the industry in which the Company's does business.

Materiality

The scope of our audit was influenced by our application of materiality. The audit is intended to deliver a reasonable assurance that the financial statements do not contain any material misstatements. Misstatements may be caused either by fraud or by error. They are deemed material if it is reasonable to assume that, taken individually or collectively, they may affect the economic decisions of users, which are based on the financial statements.

Based on our professional judgment, we set certain quantitative threshold values for materiality, including materiality at the level of the Company's financial statements in general as shown in the table below. We used these values and qualitative factors to determine the scope of our audit, as well as the nature, dates and scope of the audit procedures, and assessed the impact of misstatements (taken individually and collectively), if any, on the financial statements in general.

Materiality at the level of the financial statements in general:	RUB 1,151 mln
How the level was determined	5% of profit before tax
Justification of the use of this method to determine the materiality level	We chose to use profit before tax as the base indicator to determine the materiality level since we believe that this is the indicator, which users most usually consider when evaluating a Company's performance, and since it represents a generally accepted base indicator. We set materiality at the level of 5%, which falls within the range of acceptable quantitative thresholds of materiality that are applicable to companies seeking to obtain a profit in the relevant industry.



Key Issues of the Audit

The key issues of the audit are the issues that according to our professional judgment were most significant for our audit of financial statements for the current period. These issues were considered in the context of our audit of the financial statements in general and when preparing our opinion on these financial statements, and we do not express a separate opinion regarding these issues.

Key issue of the audit	Audit procedures used to address the key issue of the audit
<i>Recognition, assessment, and disclosure of estimated and contingent liabilities</i> (See Note 3.22 "Estimated and Contingent Liabilities")	Our procedures were as follows: <ul style="list-style-type: none"> • Review of court decisions and relevant correspondence; • Deliberations with staff of the Legal Department and with Company management regarding pending issues; • Critical assessment of the management's conclusions based on understanding of precedents set in similar cases; • Analysis of potential claims on the part of counterparties and regulatory authorities; and • Sending of written requests to third-party lawyers and subsequent deliberations (if appropriate) on specific high-profile cases.
In its activities, the Company has to take part in current and potential litigations and proceedings concerning statutory regulation.	
The recognition and assessment of estimated and contingent liabilities and relevant disclosures concerning legal issues, actions by regulatory authorities and the claims of counterparties, require the application of substantive judgments. Therefore estimated and contingent liabilities should be qualified as key audit issues.	

Based on our work and taking account of the uncertainty, which is typical for this type of regulatory and legal issues, we established that the relevant estimated liabilities that existed as of 31 December 2018 are appropriate.

The adequacy of the management's current estimates of contingent liabilities on litigations at the time of preparation of financial statements for the year ended on 31 December 2018 does not guarantee that these estimates will not undergo major changes due to future developments that are essentially uncertain.

We analysed the relevant information in Note 3.22 and concluded that the disclosure is appropriate.



Other Information

The management is responsible for the other information. The other information contains the Annual Report of Unipro Public Joint Stock Company for 2018 and the Issuer's Quarterly Report for 1Q 2019 (but not including the financial statements and our auditor's report thereon), which are expected to be presented to us after the date hereof.

Our opinion on the financial statements does not cover the other information, and we do not provide an opinion expressing any kind of certainty with respect to this information.

In connection with our audit of the financial statements, our duty is to become acquainted with the other information mentioned above as soon as we receive it and to analyse whether there are material discrepancies between the other information and the financial statements or our knowledge acquired in the course of the audit and whether the other information contains other possible material misstatements.

If, upon reviewing the Annual Report of Unipro Public Joint Stock Company for 2018 or the Issuer's Quarterly Report for 1Q 2019, we conclude that they contain a material misstatement, we must report this to the persons in charge of corporate governance.

Responsibility of the Management and of the Persons in Charge of Corporate Governance for the Financial Statements

The management is responsible for the preparation and accurate presentation of these financial statements in accordance with the accounting rules applicable in the Russian Federation, and for such internal controls as the management deems necessary to ensure preparation of financial statements that are free from material misstatements, whether due to fraud or error.

When preparing the financial statements, the management is responsible for assessment of the Company's ability to continue as a going concern, disclosure in appropriate instances of information relevant to continuation as a going concern and preparation of financial statements based on the assumption of continuation as a going concern, unless the management either intends to liquidate the Company or go out of business, or has no realistic alternative but to liquidate the Company or go out of business.

The persons in charge of corporate governance supervise the preparation of the Company's financial statements.

Responsibility of the Auditor for Audit of the Financial Statements

Our objective is to obtain reasonable assurance that the financial statements do not contain material misstatements, whether due to fraud or error, and to publish an auditor's report containing our opinion. Reasonable assurance is a high level of assurance, which, however, does not guarantee that the audit conducted in accordance with the ISA will always reveal instances of material misstatements, if any. Misstatements may be due either to fraud or error and are deemed material if it is reasonable to assume that, taken individually or collectively, they may affect the economic decisions of users, which are taken on the basis of the financial statements.



When conducting an audit in accordance with the ISA, we apply professional judgment and maintain professional scepticism throughout the entire duration of the audit. Furthermore, we:

- Identify and assess the risks of material misstatement of financial statements due to either fraud or error; Design and carry out audit procedures to respond to these risks; Acquire audit evidence that is sufficient and appropriate to express our opinion. The risk of failure to discover material misstatement due to fraud is higher than the risk of failure to discover material misstatement due to error, as fraud may include conspiracy, falsification, wilful omission, misrepresentation, or actions to circumvent the internal control system;
- Gain an understanding of the internal control system, which has significance for the audit, in order to design audit procedures that are suitable to the circumstances, but not in order to express our opinion on the efficiency of the Company's internal control system;
- Assess the appropriateness of the accounting policy used and the validity of accounting estimates and of the relevant disclosure prepared by the management;
- Conclude as to the legitimacy of the management's going-concern assumption and use the acquired audit evidence to reach a conclusion on whether there is considerable uncertainty caused by certain events and circumstances that may put the Company's ability to continue as a going concern in question. If we conclude that there is considerable uncertainty, we shall ensure that our auditor's report draws attention to the relevant disclosure in the financial statements or – in case such disclosure is inadequate – we shall modify our opinion. Our conclusions are based on the audit evidence received prior to the date of the auditor's report. However, future events and circumstances may make the Company unable to continue as a going concern;
- Assess overall presentation of the financial statements, their structure and content, including disclosure, and whether the financial statements reflect the transactions and events, on which they are based, in a way that ensures their accurate presentation.

We engage in the exchange of information with the persons in charge of corporate governance, notifying them, without limitation, of the expected scope and dates of the audit, as well as of any material problems identified during the audit, including any major flaws in the internal control system, which we discovered during the audit.

We equally provide a statement to the persons in charge of corporate governance certifying that we complied with all ethical requirements regarding independence and that we notified these persons of any other relations and matters that may reasonably be deemed to affect our independence, and in appropriate instances, of relevant precautions.

We select the issues, which are of highest significance for the audit of financial statements for the current period and which, consequently, constitute the key issues of the audit, from among the issues that we reported to the persons in charge of corporate governance. We describe these issues in our auditor's report, except when public disclosure of information on such issues is prohibited by a relevant law or



regulation or when in exceptional instances we come to the opinion that the information concerning a certain issue should not be disclosed in our report since it may reasonably be expected that the negative consequences of such disclosure will surpass the public benefit thereof.

Manager of the assignment, as a result of which this Independent Auditor's Report was issued: Albina Faritovna Kamalova

PWC Audit JSC

18 March 2019

Moscow, Russian Federation.

/signature/ /seal: pwc PricewaterhouseCoopers Audit/

A.F. Kamalova, Assignment Manager (Qualification Certificate No. 01-001621),

PricewaterhouseCoopers Audit Joint Stock Company

Audited company: Unipro Public Joint Stock Company

Entry made in the Unified State Register of Legal Entities on 4 March 2005, state

registration number No. 1058602056985

Building 34, 23 Energostroyteley Street, Surgut, Khanty-Mansi Autonomous Area –

Yugra, Tyumen Region, 628406 Russian Federation.

Independent auditor:

PricewaterhouseCoopers Audit Joint Stock Company

Registered by the Moscow Registration Chamber (State Institution) on

28 February 1992 under No. 008.890. Entry made in the Unified State Register

of Legal Entities on 22 August 2002, state registration number

No. 1027700148431

Member of the Self-Regulatory Organisation of Auditors, the Russian Union of

Auditors (Association)

Primary registration number of the entry in the register of auditors and audit

companies: 11603050547.

2. Accounting (financial) statements for 2018

The full version of Unipro PJSC financial statements for 2018 is available on the Company's website <http://www.unipro.energy/> in the section "Shareholders and Investors/Financial Disclosure/Financial Statements" and is also available on the Interfax disclosure server <http://www.e-disclosure.ru/portal/files.aspx?id=7878&type=3>

Balance Sheet
As of 31 December 2018

Notes	Indicator	Line code	As of 31 December 2018	As of 31 December 2017	As of 31 December 2016
1	2	3	4	5	6
ASSETS					
I. NON-CURRENT ASSETS					
	Intangible assets	1110	190	211	
N 3.2	Fixed assets	1150	113,831,162	108,842,396	102,905,997
	including:				
N 3.4	Construction in progress	1151	36,261,069	29,236,809	16,685,466
N 3.5	Long-term financial investments	1170	764,451	1,113,826	1,974,305
	Deferred tax assets	1180	135,023	125,077	107,725
N 3.6	Other non-current assets	1190	2,670,759	801,228	55,847
	Total, Section I	1100	117,401,585	110,882,738	105,043,874
II. CURRENT ASSETS					
N 3.7	Inventories	1210	7,974,634	4,111,401	2,346,496
	including:				
N 3.7	Raw materials, supplies and other similar assets	1211	7,974,634	4,111,401	2,346,496
	Input value added tax	1220	3,013	731	24,686
N 3.9	Receivables	1230	7,636,576	10,319,443	9,072,194
	including:				
N 3.9	Long-term debt	1231	638,406	276,547	249,394
N 3.9	Short-term debt	1232	6,998,170	10,042,896	8,822,800
N 3.9	including: Buyers and customers	1233	5,753,468	5,363,157	5,366,350
N 3.9	Advances paid	1234	255,300	106,703	2,183,343
N 3.10	Short-term financial investments (except for cash equivalents)	1240	1,113,196	3,785,469	1,069,857
N 3.11	Cash and cash equivalents	1250	4,668,234	2,912,747	1,526,072
N 3.8	Other current assets	1260	71,517	47,382	109,744
	Total, Section II	1200	21,467,170	21,177,173	14,149,849
	BALANCE	1600	138,868,755	132,059,911	119,192,923

Notes	Indicator	Line code	As of 31 December 2018	As of 31 December 2017	As of 31 December 2016
1	2	3	4	5	6
LIABILITIES					
III. SHAREHOLDERS' FUNDS					
N 3.13	Authorised capital	1310	25,219,482	25,219,482	25,219,482
	Revaluation of non-current assets	1340	451,229	451,895	456,433
	Add-on capital (net of revaluation)	1350	40,969,311	40,969,311	40,969,311
N 3.13	Capital reserves	1360	1,260,974	1,260,974	1,260,974
	Undistributed profit (uncovered loss)	1370	56,957,861	51,985,391	35,705,857
	Total, Section III	1300	124,858,857	119,887,053	103,612,057
IV. LONG-TERM LIABILITIES					
	Deferred tax liabilities	1420	5,834,476	5,580,227	6,153,943
N 3.22	Other liabilities	1450	529,077		
	Total, Section IV	1400	6,363,553	5,580,227	6,153,943
V. SHORT-TERM LIABILITIES					
	Short-term loan liabilities	1510			2,307,756
N 3.12	Payables	1520	6,313,361	5,178,946	4,860,887
	including:				
N 3.12	Payables to suppliers	1521	4,075,751	3,634,209	3,549,669
N 3.12	Taxes and levies payable	1522	1,617,313	896,712	612,282
	Deferred income	1530	179	249	
N 3.22	Estimated liabilities	1540	758,178	930,820	999,106
N 3.12, N 3.22	Other short-term liabilities	1550	574,627	482,616	1,259,174
	Total, Section V	1500	7,646,345	6,592,631	9,426,923
	BALANCE	1700	138,868,755	132,059,911	119,192,923

Director

18 March 2019

M.G. Shirokov

Signature Printed name

Chief Accountant

E.A. Dubtsova

Signature Printed name

Profit and Loss Statement for 2018

Company: UNIPRO PJSC
 Taxpayer Identification Number
 Type of economic activity
 Electric power generation by thermal power plants, including power plant performance assurance
 Legal form / form of incorporation:
 Public Joint Stock Company / Joint private and foreign ownership
 Unit of measurement: RUB'000

	Codes
OKUD Form	0710002
Date (day, month, year)	31/12/2018
OKPO	76828204
INN	8602067092
OKVED	35.11.1.
OKOPF / OKFS	12247/34
OKEI	384

Notes	Indicator	Line code	For 2018	For 2017
1	2	3	4	5
N 3.14	Revenue	2110	81,315,061	79,135,977
N 3.15	Cost of sales	2120	(60,149,281)	(57,280,279)
	Gross profit (loss)	2100	21,165,780	21,855,698
	Profit (loss) from sales	2200	21,165,780	21,855,698
	Interest receivable	2320	604,649	880,322
	Interest payable	2330	(4)	(65,618)
N 3.16	Other income	2340	5,697,422	26,914,428
N 3.16	Other costs	2350	(4,452,217)	(12,821,247)
	Profit (loss) before tax	2300	23,015,630	36,763,583
N 3.17	Current income tax	2410	(4,203,861)	(7,504,217)
N 3.17	Including Permanent tax liabilities (assets)	2421	(253,580)	(335,047)
N 3.17	Changes in deferred tax liabilities	2430	(187,345)	473,200
N 3.17	Changes in deferred tax assets	2450	41,661	13,348
N 3.17	Other	2460	206,781	388,409
	Net profit (loss)	2400	18,872,866	30,134,323

Notes	Indicator	Line code	For 2018	For 2017
1	2	3	4	5
	FOR REFERENCE			
	Profit / loss from other transactions not included in net profit (loss) of the period	2520		
	Total profit / loss for the period	2500	18,872,866	30,134,323
N 3.19	Base profit (loss) per share, RUB	2900	0.30	0.48

Director _____ M.G. Shirokov
 Signature Printed name
 18 March 2019

Chief Accountant _____ E.A. Dubtsova
 Signature Printed name

2

Statement of Changes in Equity for 2018

Company: UNIPRO PJSC
 Taxpayer Identification Number
 Economic activity type: Electric power generation by thermal power plants, including power plant performance assurance
 Legal form / form of incorporation: Public Joint Stock Company / Joint private and foreign ownership
 Unit of measurement: RUB'000

	Codes
OKUD Form	0710003
Date (day, month, year)	31/12/2018
OKPO	76828204
INN	8602067092
OKVED	35.11.1.
OKOPF / OKFS	12247/34
OKEI	384

Notes	Indicator	Line code	1. Capital Flow					Undistributed profit (uncovered loss)	Total
			Authorised capital	Treasury shares	Add-on capital	Capital reserves			
1	2	3	4	5	6	7	8	9	
	Capital value as of 31 December 2016	3100	25,219,482	-	41,425,744	1,260,974	35,705,857	103,612,057	
	For 2017								
	Capital increase – total	3210	-	-	-	-	30,274,996	30,274,996	
	including:								
	Net profit	3211	X	X	X	X	30,134,323	30,134,323	
	Revaluation of assets	3212	X	X	-	X	-	-	
	Income directly attributable to the capital increase	3213	X	X	-	X	140,673	140,673	
	Additional share issue	3214	-	X	-	X	-	-	
	Increase of share denomination	3215	-	X	-	X	-	-	
	Reorganisation of the legal entity	3216	-	-	-	-	-	-	
	Placement of treasury shares	3217	X	-	X	X	-	-	
	Capital reduction – total	3220	-	-	-	-	(14,000,000)	(14,000,000)	
	including:								
	Loss	3221	X	X	X	X	-	-	
	Revaluation of assets	3222	X	X	-	X	-	-	
	Expenses directly attributable to capital reduction	3223	X	X	-	X	-	-	
	Reduction of share denomination	3224	-	X	-	X	-	-	
	Decrease in the number of shares	3225	-	X	-	X	-	-	
	Reorganisation of the legal entity	3226	-	-	-	-	-	-	
	Dividends	3227	X	X	X	X	(14,000,000)	(14,000,000)	
	Repurchase of treasury shares	3228	X	-	-	X	-	-	
	Changes in capital reserves	3230	X	X	(4,538)	X	4,538	X	
	Capital value as of 31 December 2017	3200	25,219,482	-	41,421,206	1,260,974	51,985,391	119,887,053	
	For 2018								
	Capital increase – total	3310	-	-	-	-	18,971,804	18,971,804	
	including:								
	Net profit	3311	X	X	X	X	18,872,866	18,872,866	
	Revaluation of assets	3312	X	X	-	X	-	-	
	Income directly attributable to the capital increase	3313	X	X	-	X	98,938	98,938	
	Additional share issue	3314	-	X	-	X	-	-	
	Increase of share denomination	3315	-	X	-	X	-	-	
	Reorganisation of the legal entity	3316	-	-	-	-	-	-	
	Placement of treasury shares	3317	X	-	X	X	-	-	
	Capital reduction – total	3320	-	-	-	-	(14,000,000)	(14,000,000)	
	including:								
	Loss	3321	X	X	X	X	-	-	
	Revaluation of assets	3322	X	X	-	X	-	-	
	Expenses directly attributable to capital reduction	3323	X	X	-	X	-	-	
	Reduction of share denomination	3324	-	X	-	X	-	-	
	Decrease in the number of shares	3325	-	X	-	X	-	-	
	Reorganisation of the legal entity	3326	-	-	-	-	-	-	
N 3.19	Dividends	3327	X	X	X	X	(14,000,000)	(14,000,000)	
	Repurchase of treasury shares	3328	X	-	-	X	-	-	
	Changes in capital reserves	3330	X	X	(666)	X	666	X	
	Capital value as of 31 December 2018	3300	25,219,482	-	41,420,540	1,260,974	56,957,861	124,858,857	

3. Net assets

Notes	Indicator	Line code	As of 31 December 2018	As of 31 December 2017	As of 31 December 2016
1	2	3	4	5	6
	Net assets	3600	124,858,857	119,887,053	103,612,057

Director _____ M.G. Shirokov
 Signature Printed name
 18 March 2019

Chief Accountant _____ E.A. Dubtsova
 Signature Printed name

3

Cash Flow Statement for 2018

Company: UNIPRO PJSC
Taxpayer Identification Number

Economic activity type: Electric power generation by thermal power plants, including power plant performance assurance
Legal form / form of incorporation:
Public Joint Stock Company / Joint private and foreign ownership
Unit of measurement: RUB'000

OKUD Form	0710004
Date (day, month, year)	31/12/2018
OKPO	76828204
INN	8602067092
OKVED	35.11.1
OKOPF / OKFS	1224734
OKEI	384

Notes	Indicator	Line code	For 2018	For 2017
1	2	3	4	5
Operating cash flows				
Total receipts		4110	80,810,605	99,081,828
including:				
From sale of products, goods, works and services		4111	80,170,476	78,375,608
Rental payments, license fees, royalties, commission fees and other similar payments		4112	-	-
From resale of financial investments		4113	-	-
N 3.11 Other receipts		4119	640,129	20,706,220
Total payments		4120	(55,336,430)	(64,367,206)
including:				
To suppliers (contractors) for raw materials, supplies, works, services		4121	(44,964,019)	(44,976,068)
In connection with salary payment to employees		4122	(5,727,235)	(4,826,672)
Interest on debt liabilities		4123	-	-
Corporate income tax		4124	(492,263)	(10,964,585)
N 3.11 other payments		4129	(4,152,913)	(3,599,881)
Balance of operating cash flows		4100	25,474,175	34,714,622
Investment cash flows				
Total receipts		4210	9,671,549	9,960,784
including:				
From sale of non-current assets (except for financial investments)		4211	-	-
From sale of other companies' shares (participatory interests)		4212	-	-
From recovery of provided loans, from sale of debt securities (monetary claims against third parties)		4213	9,101,978	9,092,546
Dividends, interest on debt financial investments and similar receipts from participatory interests in other companies		4214	569,571	868,238
Other receipts		4219	-	-
Total payments		4220	(19,538,451)	(26,926,111)
including:				
In connection with the acquisition, creation, upgrading, reconstruction and preparation for use of non-current assets		4221	(13,537,120)	(14,705,239)
In connection with the acquisition of other companies' shares (participatory interests)		4222	-	-
In connection with the acquisition of debt securities (monetary claims against other persons), provision of loans to other persons		4223	(6,001,331)	(12,220,872)
Interest on liabilities included in the investment asset value		4224	-	-
Placement of money in deposits		4225	-	-
other payments		4229	-	-
Balance of investment cash flows		4200	(9,866,902)	(16,965,327)
Financial cash flows				
Total receipts		4310	17,575	1,386,478
including:				
Receipt of credits and loans		4311	17,575	1,386,478
Cash deposits of the owners (participants)		4312	-	-
From issue of shares, from increase in participatory interests		4313	-	-
From the issue of bonds, bills and other debt securities, etc.		4314	-	-
Other receipts		4319	-	-
Total payments		4320	(13,872,901)	(17,736,578)
including:				
To owners (participants) in connection with the repurchase of shares/participatory interests of the company from them or their withdrawal from the participants		4321	-	-
To pay dividends and make other payments for the distribution of profits to the owners (participants)		4322	(13,855,321)	(13,976,726)
Due to discharge (buy-back) of bills and other debt securities, repayment of credits and loans		4323	(17,580)	(3,759,852)
other payments		4329	-	-
Balance of financial cash flows		4300	(13,855,326)	(16,350,100)
Balance of cash flows for the reporting period		4400	1,751,947	1,399,195
Balance of cash and cash equivalents as of the beginning of the reporting period		4450	2,912,747	1,526,072
Balance of cash and cash equivalents as of the end of the reporting period		4500	4,668,234	2,912,747
Effect of changes in the foreign exchange rate to the ruble		4490	3,540	(12,520)

Director: M.G. Shirokov
Signature: Printed name

Chief Accountant

E.A. Dubsova
Signature: Printed name

18 March 2019

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3. Participation of Unipro in commercial and non-profit organisations

Participation of Unipro PJSC in commercial organisations¹

Company name	E.ON Connecting Energies LLC
Location address	10, Presnenskaya Emb., Moscow 123112 Russian Federation
Core business	Provision of distributed energy solutions, namely: development, engineering, installation, operation, maintenance and optimisation of distributed energy assets
Interest in the authorised capital	50%
Date of state registration/acquisition of the interest	16 November 2012
Company name	Unipro Engineering LLC
Location address	10, Presnenskaya Emb., Moscow 123112 Russian Federation
Core business	Engineering services (project and technological engineering); pre-project and project works and engineering surveys; investment activities and implementation of investment projects
Interest in the authorised capital	100%
Date of state registration/acquisition of the interest	6 October 2015
Company name	Siberia AIP LLC
Location address	Kholmogorskoe Settlement, Sharypovo District, Krasnoyarsk Territory, 662327 Russian Federation
Core business	Managing the creation, development and operation of an industrial park Plant and animal breeding, provision of services in the aforesaid areas
Interest in the authorised capital	100%
Date of state registration/acquisition of the interest	5 May 2016

¹ The information is specified for the Entities in which Unipro has over 5% participatory interest.

Participation of Unipro PJSC in non-profit organisations

Name of the non-profit organisation	Basis for participation	Purpose of participation
NP Market Council Association	Resolution of the Board of Directors dated 29 January 2007	A prerequisite for obtaining the status of a wholesale market participant and the status of a participant in wholesale electricity trading
Council of Power Producers Association	Resolution of the Board of Directors dated 27 January 2011	Assistance to members of the Partnership in activities aimed at developing the energy industry in the Russian Federation, improving the investment climate and introducing new technologies
Russian Union of Industrialists and Entrepreneurs, Organisational Development Group	Resolution of the Board of Directors dated 27 September 2012	Consolidation of efforts of Russian industrialists and entrepreneurs to improve the business environment, raise the status of the Russian business at both the national and global levels and support the balance of interests of the Company, authorities and business
Russian-German Chamber of Commerce	Resolution of the Board of Directors dated 9 April 2013	Maintenance of business contacts and efficient collaboration with German companies operating in Russia. Participation in special events to develop Russian-German relations
NP Association of European Businesses	Resolution of the Board of Directors dated 18 December 2014	Commitment to strengthening economic relations between the EU and Russia, and aspiration to improve conditions for business in the Russian Federation
NP Corporate Counsel Association	Resolution of the Board of Directors dated 4 April 2016	Opportunity to express the position of the Company on legislation and law enforcement matters, and representation of the Company's interests in public authorities
Self-Regulating Organisation "Union of Yugra Constructors"	Resolution of the Management Board dated 6 June 2017	The prerequisite to carry out the construction, reconstruction and overhaul of permanent facilities, including auxiliary facilities

4. Information on related-party transactions and major transactions

4.1. Additional Agreement No.2 dated 26 June 2018 to Paid Services Contract No. IA-16-0597 dated 30 June 2016 between Unipro PJSC and Uniper Technologies GmbH

Parties to the Additional Agreement:

Unipro PJSC as the Customer.

Uniper Technologies GmbH as the Contractor.

Subject of the Additional Agreement:

1. The Parties hereby agreed to amend and to accept Clause 3.1 of the Contract as follows:

In order to register the provision of the corresponding Services under the Contract, the Parties shall execute and sign the Request in the form of Appendix No.1 to the Contract, the Delivery and Acceptance Certificate for the rendered services for each Request of the Customer in the form of Appendix No.3 to the Contract and attach the calculation of the cost of the rendered services in the Excel format (in accordance with the tariffs specified in Appendix No.2 to the Contract, taking into account the changes in accordance with Clause 5 of this Additional Agreement). When submitting the Delivery and Acceptance Certificate for rendered services for each Request, the Contractor shall also provide the Customer with the calculation of the cost of the services rendered under said Certificate specifying the number of Contractor's experts involved in the rendering of the services, as well as the duration and cost of rendering of services by each expert. The Delivery and Acceptance Certificate of the rendered services shall be signed by both Parties within Three (3) business days from the moment of receipt of the original copy of the report (conclusion) by the Customer. The Services shall be deemed to be rendered and accepted following the signature of the original copy of the Delivery and Acceptance Certificate for the rendered services by the Parties without remarks or if the Customer does not provide the Contractor with a motivated refusal to accept the Services within Three (3) business days from the moment of receipt of the final report (conclusion).

In case the rendered Services are not provided properly or in full, the Customer shall have the

right to refuse to accept the Services that were not rendered properly or in full. The Contractor shall eliminate the faults of the rendered Services or render them in full free of charge. The works associated with the elimination of faults must be performed within the period of time established by the Customer in the motivated refusal to accept the Services.

If the Contractor refuses to eliminate the faults within the established period of time, the Customer shall have the right to unilaterally terminate the Contract out of court by providing the Contractor with a written notification and to demand the reimbursement for direct damages in the amount limited by the provisions of Section 5 of the Contract.

2. The Parties hereby agreed to amend and to accept paragraph 2, Clause 4.1 of the Contract as follows:

The amount of the remuneration of the Contractor for the services rendered in the course of performance of this Contract is limited by Six million nine hundred thousand (6,900,000) Euro VAT exclusive.

If the specified maximum amount of the Contractor's remuneration is not sufficient in order to continue to provide services, it may be changed subject to agreement of the Parties.

3. The Parties hereby agreed to amend and to accept Clause 4.2 of the Contract as follows:

The Service Payment shall be performed by the Customer via transfer to the Contractor's bank account specified in the Contractor's invoice within Thirty (30) days from the signature of the Delivery and Acceptance Certificate for the services rendered under the Customer's Request by the Parties and receipt of the original copy of the Contractor's invoice. The invoice shall contain the following details: name and address of the payee, the payee's bank name, bank address, SWIFT code, account number, IBAN (if available) and details of the correspondent bank. The payment shall be performed in Euro.

If the services are considered to be rendered in the Russian Federation, in accordance with the Tax Code of the Russian Federation, the Customer shall act as the tax agent of the Contractor in terms of calculation of amounts under the Contract as per the legislation of the Russian Federation, and as a result, the Customer shall pay the VAT at the rate of Eighteen per cent (18%) to the budget of the Russian Federation as per the procedure established by the Russian legislation. At the same time, the said amount of VAT must be calculated in addition to the amount of Remuneration calculated in Clause 4.1 as per the Contractor's Rates for the services and paid by the Customer to the budget of the Russian Federation as per the procedure established by the Russian legislation.

4. The Parties hereby agreed to amend and to accept Clause 6.3 of the Contract as follows:

The Contract shall remain valid, and the Parties shall retain their obligations under the Contract until:

- a) the date of termination of the Contract at the request of either of the Parties (hereinafter referred to as the Termination Date);
 - b) date of expiry of the Contract, i.e. 31 December 2019, but not before the date of settlement of the Customer's debt to the Contractor.
5. For the purpose of determination of the Contractor's Remuneration for the Services provided for by Clause 1.1 of the Contract and rendered by the Contractor in 2017–2019, the Parties agreed to use the Contractor's Rates for the services specified in Appendix No.2 to the Contract and in Additional Agreement No.1 dated 16 February 2017 to the Contract.

Furthermore, it is agreed between the Parties that the table of rates acc. to Appendix No.2 to the Contract for the services rendered by the Contractor in 2017–2019 shall be amended as follows:

Grade	Qualification	Rate EUR/man-hour ¹
R1++	Director Head of Control Tower, Head of Project Improvement Office	185
R1+	Project Manager of Control Tower, Project Manager of Project Improvement Office	140
R1		140
R3		100
R4		90

The reimbursable travel expenses for the grade R1++ and R1+ relates to the reimbursable expenses for the grade R1, as defined in Appendix No.2 of the Contract and are as follows:

Grade R1++	Reimbursable expenses
By train	At actual expenses; first class rail fare
By plane	At actual expenses, business class ticket
Accommodation	At actual expenses, but no more than RUB 20,000 per day for accommodation in Moscow, not more than RUB 10,000 per day for accommodation in the Krasnoyarsk Territory
Other costs	No more than RUB 5,000 per day

¹ Rates without VAT, other taxes, if applicable.

Grade R1+	Reimbursable expenses
By train	At actual expenses; first class rail fare
By plane	At actual expenses, business class ticket
Accommodation	At actual expenses, but no more than RUB 20,000 per day for accommodation in Moscow, not more than RUB 10,000 per day for accommodation in the Krasnoyarsk Territory
Other costs	No more than RUB 5,000 per day

Grade R1	Reimbursable expenses
By train	At actual expenses; first class rail fare
By plane	At actual expenses, business class ticket
Accommodation	At actual expenses, but no more than RUB 20,000 per day for accommodation in Moscow, not more than RUB 10,000 per day for accommodation in the Krasnoyarsk Territory
Other costs	No more than RUB 5,000 per day

Grade R3	Reimbursable expenses
By train	At actual expenses; first class rail fare
By plane	At actual expenses, business class ticket
Accommodation	At actual expenses, but no more than RUB 14,000 per day for accommodation in Moscow, no more than RUB 8,000 per day for accommodation in the Krasnoyarsk Territory
Other costs	No more than RUB 2,000 per day

Grade R4	Reimbursable expenses
By train	At actual expenses; second class rail fare
By plane	At actual expenses, economy class ticket
Accommodation	At actual expenses, but no more than RUB 14,000 per day for accommodation in Moscow, no more than RUB 8,000 per day for accommodation in the Krasnoyarsk Territory
Other costs	No more than RUB 2,000 per day

6. In all other respects not specified by this Additional Agreement or not contradictory thereto, the Parties shall be governed by the provisions of the Contract and AA No. 1.

7. The Parties hereby agreed to amend and to accept Clause 4 of Appendix No.1 to the Contract as follows:

Following the results of the rendered Services, the Contractor shall provide the Customer with a quarterly report.

The quarterly report shall be provided in Russian within Thirty (30) calendar days from the end of the accounting period, i.e. quarter of the year.

4.2. Additional Agreement No.2 dated 22 June 2018 to Loan Agreement No. IA-16-0356 dated 25 April 2016 between Unipro PJSC and Unipro Engineering LLC

Parties to the Additional Agreement:

Unipro Engineering LLC as the Borrower.

Unipro PJSC acting as the Lender.

Subject of the Additional Agreement:

1. The term Interest Rate in Clause 2.1 of the Agreement shall be amended to read as follows:

"Interest Rate shall mean a rate of the interest accrued on the Principal Debt in accordance with the provisions hereof".

2. Clause 5.1 of the Agreement shall be amended to read as follows:

"5.1. The Borrower shall pay to the Lender the interest accrued on the Principal Debt under each Disbursement:

Ⓜ Provided prior to the execution date of Additional Agreement No.1 hereto (with the Disbursement Utilisation Date prior to the execution date of Additional Agreement No.1 hereto — 4 December 2017) — at the rate of Eight point fifty-eight per cent (8.58%) per annum;

Ⓜ Provided after the execution date of Additional Agreement No.1 hereto (with the Disbursement

The Report as well as the Appendices thereto shall be provided in electronic form in a single copy.

Related parties to the Transaction and grounds for their recognition as such are as follows:

1. Uniper SE — a related party, is a controlled party under the transaction.

The transaction was approved by the Board of Directors of the Company, Minutes No.259 dated 11 May 2018.

Utilisation Date after the execution date of Additional Agreement No.1 hereto, i.e. from 5 December 2017) through the execution date of Additional Agreement No.2 — at the rate of Seven point zero two per cent (7.02%) per annum;

Ⓜ Starting from the execution date of Additional Agreement No.2 hereto, the interest on the Principal Debt under all Disbursements, whether provided prior to or after the execution of Additional Agreement No.2, shall be accrued at the rate of Five point sixty-five per cent (5.65%) per annum".

Duration of the Additional Agreement:

The Additional Agreement is an integral part of Loan Agreement No.IA-16-0356 dated 25 April 2016 and shall come into force when signed by the Parties.

Related parties to the Transaction and grounds for their recognition as such are as follows:

1. Uniper SE is a related party controlling Unipro PJSC that controls the legal entity acting as a party to the transaction.

The transaction was approved by the Board of Directors of the Company, Minutes No.261 dated 15 June 2018.

4.3. Loan Agreement No. IA-18-1067 dated 25 June 2018 between Unipro PJSC and Uniper SE

Parties to the transaction:

Unipro PJSC as the Lender.

Uniper SE as the Borrower.

Subject of the transaction:

The Lender shall provide the Borrower with cash in the amount and on the terms stipulated by the Agreement, while the Borrower shall repay the cash and pay the interest accrued thereon in the manner provided for by the Agreement.

The loan amount:

The loan amount is Six billion (RUB 6,000,000,000.00) rubles.

The loan interest rate:

The interest rate shall be fixed as of the date of signing the Agreement and calculated in accordance with the following formula:

$$i = (c1 + (c2 - c1) \cdot (p - t1) / (t2 - t1)) \cdot 0.9,$$

where:

i — interest rate;

p — required period of application of the interest rate in days that differs from the Standard Period;

t1 — minimum standard MOSPRIME period (in days) closest to "p";

t2 — maximum standard MOSPRIME period (in days) closest to "p";

c1 — MOSPRIME set for period "t1";

c2 — MOSPRIME set for period "t2".

The minimum interest rate under this Agreement may not be lower than 75.1% of the key rate of the

Central Bank of the Russian Federation, fixed as of the borrowing date.

Loan term:

The loan is provided for the period until 3 August 2018 (inclusive). The loan shall be made available on the Fourth (4th) business day from the date of signing the Agreement by transferring its amount to the Borrower's settlement account.

The Borrower may repay the loan, in whole or in part, before the maturity date after sending a notice to the Lender to that effect at least Three (3) business days in advance. The Lender may require the repayment of the loan, in whole or in part, before the maturity date by notifying the Borrower to that effect at least Three (3) business days in advance.

The Borrower shall repay the loan and the interest thereon on the last day of the loan term set forth in the Agreement by transferring funds to the Lender's account specified in the Agreement or other account specified by the Lender.

Related parties to the Transaction and grounds for their recognition as such are as follows:

1. Uniper SE — a related party controlling Unipro PJSC and a party to the transaction.

2. Klaus Schäfer — a related party, being a member of the management body of a party to the transaction.

3. Eckhardt Rümmler — a related party, being a member of the management body of a party to the transaction.

The transaction was approved by the Board of Directors of the Company, Minutes No.262 dated 22 June 2018.

5. Report on Compliance with the Principles and Recommendations of the Code of Corporate Governance

This Report on Compliance with the Principles and Recommendations of the Code of Corporate Governance was reviewed by the Board of Directors of Unipro PJSC at its meeting on 8 May 2019 (Minutes No. 274 dated 13 May 2019) as part of the preliminary approval of the Company's Annual Report for 2018.

The Board of Directors hereby certifies that this Report contains complete and reliable information on the Company's compliance with the principles and recommendations of the Code of Corporate Governance for 2018.

The Board of Directors of Unipro PJSC states that as of the end of the reporting year, the Company has failed to respect the corporate governance principles set out in the Code of Corporate Governance in full. For more details, refer to the table below.

Unipro PJSC intends to continue its efforts to improve the corporate governance system in 2019 to meet the recommendations of the Code as much as possible.

5.1. Summary of the Most Material Aspects of the Corporate Governance Model and Practice

Shareholder structure

The total number of persons registered in the shareholder register of Unipro PJSC as of 31 December 2018 was 301,035, of which:

- 🗨 Individuals: 299,761;
- 🗨 Total number of the Issuer's nominee shareholders: 12;
- 🗨 Federal authorities: 3;
- 🗨 Authorities of constituent entities of the Russian Federation: 4.

Information on the issuer's shareholders holding participatory interests of at least 5% of its authorised capital or at least 5% of its ordinary shares:

- 🗨 Full company name — Uniper SE;
- 🗨 Location — E.ON-Platz 1, 40479 Dusseldorf, Germany;

- 🗨 Shareholder's participatory interest in the Issuer's authorised capital: 83.73%;
- 🗨 Issuer's ordinary shares held by the shareholder: 83.73%.

Structure of the Management Bodies

According to the issuer's Articles of Association (Clause 9.1, Article 9), its management bodies are as follows:

- 🗨 General Shareholders' Meeting¹;
- 🗨 Board of Directors²;
- 🗨 Management Board³;
- 🗨 Chief Executive Officer⁴.

The General Shareholders' Meeting is the supreme management body of the Company.

The Board of Directors is responsible for the general management of the Company, except for

affairs referred to the competence of the General Shareholders' Meeting according to the Federal Law "On Joint Stock Companies" and the Articles of Association.

If a matter falls within the competence of the Board of Directors, the Management Board and the Chief Executive Officer shall not be authorised to take any action without preliminary approval of the Board of Directors. In certain cases, the Board of Directors is entitled to resolve on the subsequent approval of a transaction or any other matter that falls within the competence of the Board of Directors.

The matters falling within the competence of the Board of Directors cannot be referred to either the Chief Executive Officer or the Management Board. The Company's Board of Directors includes three independent directors¹.

Pursuant to the resolution of the Board of Directors, the Company has created the Committees of the Board of Directors. The Committees of the Board of Directors² are set up to elaborate the matters that fall within the competence of the Board of Directors or are investigated by the Board of Directors in order to monitor the performance of the Company's executive bodies and/or develop recommendations for the Board of Directors and executive bodies of the Company.

The Company's day-to-day activities are managed by the Chief Executive Officer as the Company's sole executive body and by the Management Board as a collective executive body.

The Chief Executive Officer and the Management Board report to the General Shareholders' Meeting and the Board of Directors.

If a matter falls within the competence of the Management Board, the Chief Executive Officer shall not be authorised to take any action without preliminary approval of the Management Board. In certain cases, the Management Board is entitled to resolve on the subsequent approval of a transaction or any other matter that falls within the competence of the Management Board.

The Chief Executive Officer is responsible for the management of the Company's day-to-day activities in accordance with the resolutions of the General Shareholders' Meeting, the Board of Directors and the Management Board made within the scope of their respective competence.

Approval of 'Special' Transactions

1. Major Transactions

The procedure for obtaining approval to make a major transaction or subsequent approval of a major transaction is provided for by Article 79, Chapter X of the Federal Law "On Joint Stock Companies".

2. Related-Party Transactions

The procedure for making a related-party transaction is provided for by Article 83, Chapter XI of the Federal Law "On Joint Stock Companies".

3. Stock Issue Transactions

Resolutions of the General Shareholders' Meeting shall be passed by a three-quarter majority vote of the holders of the Company's voting shares that take part in the General Shareholders' Meeting on the following matters:

- 🗨 Private placement of shares (the Company's convertible issue-grade securities) pursuant to a resolution of the General Shareholders' Meeting on increasing the Company's authorised capital by offering additional shares (on placing the Company's convertible issue-grade securities);
- 🗨 Public offering of ordinary shares accounting for more than (Twenty-five) 25 percent of the previously placed ordinary shares;
- 🗨 Public offering of issue-grade securities convertible into ordinary shares accounting for more than (Twenty-five) 25 percent of the previously placed ordinary shares.

Resolutions of the Board of Directors on the following matters shall be passed unanimously by all elected members of the Board of Directors without counting the votes of withdrawn members of the Board of Directors:

- 🗨 Resolutions on the increase of the Company's authorised capital by offering additional shares (Sub-Clause 6, Clause 12.1, Article 12 of the Articles of Association);
- 🗨 Resolutions on the placement of convertible bonds or other convertible issue-grade securities by the Company (Sub-Clause 7, Clause 12.1, Article 12 of the Articles of Association).

¹ The scope of competence of the General Shareholders' Meeting is outlined in Clause 10.2, Article 10 of the Company's Articles of Association.

² The scope of competence of the Board of Directors is outlined in Clause 12.1, Article 12 of the Company's Articles of Association.

³ The scope of competence of the Management Board is outlined in Clause 18.2, Article 18 of the Company's Articles of Association.

⁴ The scope of competence of the Chief Executive Officer is outlined in Clauses 19.2–19.3, Article 19 of the Company's Articles of Association.

¹ See Section 2.2 of the Annual Report for more details about independent directors of the Board of Directors.

² See Section 2.2 of the Annual Report for more details about the scope of competence and composition of the Committees of the Board of Directors.

Resolutions on the following matters shall be passed by a majority vote of the members of the Board of Directors taking part in a physical meeting or in an absentee vote:

- Placement of the Company's bonds and other issue-grade securities, except as otherwise established by the Federal Law "On Joint Stock Companies" and the Articles of Association;
- Approval of the documents pertaining to the issuance of shares and other securities, share buyback and redemption, when approval of such documents by the Board of Directors is required under the Federal Law "On Joint Stock Companies" or other regulations of the Russian Federation;
- Determination of the price (valuation) of property, offer price and the repurchase price of the issue-grade securities in the cases stipulated by the Federal Law "On Joint Stock Companies";
- Approval of an independent appraiser (appraisers) to assess the value of the Company's shares, property and other assets in the cases provided for by the Federal Law "On Joint Stock Companies" and the Articles of Association.

Distribution of Matters Falling within Alternative Competences

In accordance with the Company's Articles of Association, the following matters fall within the competence of the General Shareholders' Meeting:

- Resolution on filing a request to delist the Company's shares and/or the Company's convertible issue-grade securities;
- Private placement of shares (the Company's convertible issue-grade securities) pursuant to a resolution of the General Shareholders' Meeting on increasing the Company's authorised capital by offering additional shares (on placing the Company's convertible issue-grade securities);
- Public offering of ordinary shares accounting for more than (Twenty-five) 25 percent of the previously placed ordinary shares;
- Public offering of issue-grade securities convertible into ordinary shares accounting for more than (Twenty-five) 25 percent of the previously placed ordinary shares;

- Resolution on the delegation of powers of the Company's sole executive body to a management company (manager) and on the early termination of the management company's (manager's) powers;

- Approval of internal documents governing the activities of the Company's management and supervisory bodies.

In accordance with the Company's Articles of Association, the following matters fall within the competence of the Board of Directors:

- Resolution on filing a request to list the Company's shares and/or the Company's convertible issue-grade securities;
- Increase in the Company's authorised capital by offering additional shares, except when a resolution on the offering of additional shares falls within the exclusive competence of the General Shareholders' Meeting in accordance with the requirements of the Federal Law "On Joint Stock Companies";
- Election of the Chief Executive Officer and early termination of his/her powers, including definition of the terms and conditions of an employment contract with the Chief Executive Officer and early termination thereof;
- Resolution on the number of the members of the Management Board, election of the Management Board members, early termination of their powers, including definition of the terms and conditions of employment contracts with such members and resolution on early termination of such employment contracts;
- Suspension of the powers of the managing company (manager), when the powers of the Chief Executive Officer have been delegated to the managing company (manager), and appointment of a temporary sole executive body;
- Establishment of the Committees of the Board of Directors, approval of regulations on the Committees of the Board of Directors;
- Approval of the Company's internal documents (except for those subject to approval by the General Shareholders' Meeting, as well as other internal documents subject to approval by the Company's executive bodies), including the financial policy, the Delegation of Authority Policy, the Regulation on Procurement and the Internal Audit Department regulations.

In accordance with the Company's Articles of Association, the following matters fall within the competence of the Management Board:

- Approval of the Company's internal documents that outline the core principles of the Company's business operations, including internal documents that govern the introduction of social benefits and guarantees for the Company's employees in excess of the ones set forth in the collective contracts and agreements;
- Establishment of the Company's branches and opening of the Company's representative offices, their liquidation, approval of the Regulations on the Company's Branches and Representative Offices;
- Resolutions on the Company's participation in other companies (entities), including the establishment of subsidiaries, purchase of shares (equity interests), changes to the participatory interest, encumbrance on shares (equity interests) and termination of participation in such entities.

Structure of the Supervisory Bodies

According to the Articles of Association and other internal documents, the following bodies are responsible for supervising the Company's financial and business operations:

- Revision Commission

Pursuant to Clause 20.1, Article 20 of the Company's Articles of Association, the General Shareholders' Meeting shall elect members of the Revision Commission to supervise financial and business operations of the Company.

The scope of competence of the Revision Commission covers the matters listed in Clause 20.3, Article 20 of the Articles of Association.

The Revision Commission serves the interests of shareholders and reports to the General Shareholders' Meeting of the Company.

In its activities, the Revision Commission shall be independent of officers of the Company's management bodies.

In its activities, the Revision Commission shall be governed by the Federal Law "On Joint Stock Companies" and other applicable laws of the Russian Federation, the Articles of Association and the Regulation on the Revision Commission.

- Auditor

Pursuant to Clause 20.7, Article 20 of the Company's Articles of Association, the General Shareholders' Meeting shall appoint the Auditor on an annual basis to audit and certify the Company's annual financial statements.

The Auditor shall audit the Company's financial and business performance in compliance with the requirements of the law of the Russian Federation and by virtue of the contract made therewith.

- Internal Audit

Pursuant to Clause 20.11, Article 20 of the Articles of Association, the Company shall set up an internal audit function for internal control over the Company's financial and business operations.

The Internal Audit Department is a dedicated function of the Company in charge of control over financial and business operations that operates by virtue of the Regulation on the Internal Audit Department approved by the Company's Board of Directors.

The Internal Audit Department is established, reorganised and liquidated by resolution of the Company's Board of Directors.

In order to ensure independence and impartiality of internal audit, the Internal Audit Department shall report to the Company's Board of Directors.

- Audit Committee of the Board of Directors

The Audit Committee of the Board of Directors was established on 30 November 2006 by resolution of the Company's Board of Directors pursuant to the Articles of Association and operates by virtue of the Regulation on the Audit Committee of the Board of Directors.

The Audit Committee is an advisory body of the Board of Directors that ensures actual participation of the Board of Directors in control over the Company's financial and business operations, as well as the provision of the Board of Directors with unbiased information on the quality of internal audit and review of the Company's financial statements.

5.2. Description of the Methodology Used by the Joint Stock Company to Assess Compliance with the Corporate Governance Principles Enshrined in the Code of Corporate Governance

The methodology used by Unipro PJSC to assess compliance with the corporate governance principles enshrined in the Code of Corporate Governance (as approved by the Board of Directors of the Bank of Russia on 21 March 2014) is based on the Guidelines for Reporting Compliance with the Principles and Recommendations of the Code of Corporate Governance (Letter of the Central Bank of Russia No.IN-06-52/8 dated 17 February 2016).

The assessment findings are provided in the table below.

No.	Corporate governance principles	Compliance criteria	Compliance status	Comments on deviations from compliance criteria
1	2	3	4	5
1.1	The Company must ensure equal and fair treatment of all shareholders as they exercise their right to take part in the corporate governance.			
1.1.1	The Company creates the most favourable environment for shareholders to take part in the General Shareholders' Meetings, develop a reasoned position on the meeting agenda, coordinate their steps and express their opinion on the issues under consideration.	<p>1. The internal document of the Company that has been approved by the General Shareholders' Meeting and governs the meeting procedure is publicly available.</p> <p>2. The Company offers available means of communication, including a hotline, email and an online forum that can be used by shareholders to express their opinion and ask questions regarding the agenda when preparing for the General Shareholders' Meeting. These actions were taken before every General Shareholders' Meeting held in the reporting period.</p>	observed	
1.1.2	The procedure involving notification of an upcoming General Shareholders' Meeting and distribution of the relevant materials enables the shareholders to duly prepare for the meeting.	<p>1. The notice of an upcoming General Shareholders' Meeting is posted (published) on the corporate website at least 30 days prior to the date of the meeting.</p> <p>2. The notice of the meeting specifies the venue of the meeting and the documents required to access the venue.</p> <p>3. The shareholders were provided with access to the information on who proposed the agenda items and nominated candidates to the Company's Board of Directors and the Revision Commission.</p>	partly observed	<p>1. Observed.</p> <p>2. Observed.</p> <p>3. Partly observed.</p> <p>In the reporting year, the shareholders were provided with access to the information on who nominated candidates to the Company's Board of Directors and the Revision Commission.</p> <p>As the Company prepares for the General Shareholders' Meetings in 2019, all shareholders of the Company will be fully informed on those proposing the agenda items and nominating candidates to the Company's Board of Directors and the Revision Commission.</p>

No.	Corporate governance principles	Compliance criteria	Compliance status	Comments on deviations from compliance criteria
1	2	3	4	5
1.1.3	At the stages of both preparation for and holding of the meeting, the shareholders were able to get the relevant meeting information and materials in a free and timely manner, address their questions to the members of the executive bodies and the Board of Directors, and communicate.	<p>1. In the reporting period, the shareholders were given an opportunity to address their questions to the members of the executive bodies and the Board of Directors beforehand and during the Annual General Shareholders' Meeting.</p> <p>2. The position of the Board of Directors (including dissenting opinions recorded in the minutes) on each of the agenda items covered during the reporting period has been reflected in the materials of the General Shareholders' Meeting.</p> <p>3. The Company provided authorised shareholders with access to the list of persons eligible to attend the General Shareholders' Meeting. Such access was given from the date when the list became available to the Company in all cases when the General Shareholders' Meeting was held in the reporting period.</p>	observed	
1.1.4	The exercise of the shareholder's right to call for an Extraordinary General Shareholders' Meeting, nominate candidates to the management bodies and propose agenda items was not made unreasonably complex.	<p>1. In the reporting period, the shareholders were free to propose any agenda items for the Annual General Shareholders' Meeting within a minimum period of 60 days after the end of the relevant calendar year.</p> <p>2. In the reporting period, the Company did not refuse to accept proposals on agenda items or nominees to the Company's management bodies due to typing errors and any other minor deficiencies in the shareholders' proposals.</p>	observed	
1.1.5	Every shareholder was able to freely exercise his/her voting rights in a simple and convenient way.	1. The internal document (internal policy) of the Company includes the provisions stating that each person taking part in the General Shareholders' Meeting may request a copy of the ballot completed thereby and certified by the Counting Commission before the end of the relevant meeting.	observed	

No.	Corporate governance principles	Compliance criteria	Compliance status	Comments on deviations from compliance criteria
1	2	3	4	5
1.1.6	The procedure for holding the General Shareholders' Meeting established by the Company ensures equal rights of all participants to express their opinions and ask questions.	<p>1. The physical meetings of shareholders held in the reporting period provided enough time for reporting on the agenda items and a certain amount of time for deliberations.</p> <p>2. The nominees to the Company's management and supervisory bodies were available to answer the shareholders' questions during the meeting where their candidacies were put to vote.</p> <p>3. When resolving on the matters regarding the preparation and holding of the General Shareholders' Meetings, the Board of Directors considered the idea of using telecommunication facilities to enable remote participation of shareholders in the General Shareholders' Meetings in the reporting period.</p>	partly observed	<p>1. Observed.</p> <p>2. Partly observed.</p> <p>Not all nominees to the Company's management and supervisory bodies were available to answer the shareholders' questions at the meetings in 2018 where their candidacies were put to vote.</p> <p>The Company sends invitations to attend the General Shareholders' Meeting to all candidates when considering items concerning election of the members of the Company's Board of Directors and the Revision Commission. If possible, all candidates (with rare exceptions) are present at the General Shareholders' Meeting where their candidacies are put to a vote and are available to answer the shareholders' questions. At the same time, the Company cannot guarantee the presence of all candidates at the General Shareholders' Meeting and allows for justified reasons for the absence of individual candidates due to urgent business, as well as due to the fact that many of them live far from the venue of the General Shareholders' Meeting of the Company.</p> <p>In addition, the Chief Financial Officer, the Chief Accountant, the Director for Public Affairs and Government Relations and the Corporate Policy Director are also present at the General Shareholders' Meetings held in the form of a physical meeting and are available to answer the shareholders' questions.</p> <p>In 2019, the Company will take effort to ensure that the maximum possible number of nominees to the Company management and supervisory bodies attend the General Shareholders' Meetings and are available to answer the shareholders' questions during the meeting where their candidacies are put to vote.</p> <p>3. Not observed.</p> <p>When resolving on the matters regarding the preparation and holding of the General Shareholders' Meetings in 2018, the Board of Directors of the Company did not consider the idea of using telecommunication facilities to enable remote participation of Company shareholders in the General Shareholders' Meeting, as the Company had no grounds to believe that this service would be particularly popular with the shareholders.</p> <p>As of the date of the resolution by the Board of Directors on the matters regarding the preparation and holding of the General Shareholders' Meeting in 2018, the number of registered shareholders exceeds 300,000. A high proportion of them are pensioners who do not have access to electronic means of communication. According to the Company's Registrar, the share of shareholders who specified their email addresses in the registered person's form is negligible. Therefore, the Company's Board of Directors did not consider the idea of using telecommunication facilities to enable remote participation of shareholders in the General Shareholders' Meeting.</p> <p>In 2019, the Company's draft Articles of Association are supposed to be laid before the Annual General Shareholders' Meeting for approval. This draft will provide shareholders with an opportunity to use e-ballots to vote at the Annual General Shareholders' Meetings in order to ensure an equitable and fair treatment of all shareholders as they exercise their right to take part in the Annual General Shareholders' Meeting of the Company.</p>

No.	Corporate governance principles	Compliance criteria	Compliance status	Comments on deviations from compliance criteria
1	2	3	4	5
1.2 The shareholders are provided with equal and fair profit-sharing opportunities through dividends.				
1.2.1	The Company developed and introduced a transparent and clear mechanism for the calculation of the amount and payment of dividends.	<p>1. The Company has a Dividend Policy approved by the Board of Directors and disclosed to the public.</p> <p>2. If the Company's Dividend Policy draws upon financial statements in the calculation of dividends, the corresponding provisions of the Dividend Policy consider consolidated financial data.</p>	partly observed	<p>1. Observed.</p> <p>2. Partly observed.</p> <p>Pursuant to the Law "On Joint Stock Companies", the Company's Dividend Policy is based on the data of the accounting (financial) statements prepared in accordance with the requirements of the Russian Federation law. The Company prepares consolidated financial statements strictly subject to the International Financial Reporting Standards.</p> <p>If economic expediency and the interests of Company shareholders require that the consolidated data of financial statements be used, this will be enshrined in the Company's Dividend Policy.</p>
1.2.2	The Company abstains from paying dividends if such payment, while formally compliant with the statutory restrictions, is uneconomic and may create a misperception of the Company's activities.	1. The Company's Dividend Policy clearly defines financial/economic circumstances when the Company should not pay dividends.	partly observed	The Company's Dividend Policy does not expressly refer to financial/economic circumstances when the Company should not pay dividends. However, the Dividend Policy defines the risks that may lead to a refusal to pay dividends.
1.2.3	The Company does its best to prevent deterioration of existing shareholders' dividend rights.	1. In the reporting period, the Company did not take any steps that would lead to a deterioration of existing shareholders' dividend rights.	observed	
1.2.4	The Company strives to prevent its shareholders from using any means of profit (income) generation through the Company other than dividends and disposal value.	1. To prevent shareholders from using any means of profit (income) generation through the Company other than dividends and disposal value, the Company's internal documents establish controls that ensure timely identification and approval of transactions involving parties affiliated with (related to) the substantial shareholders (persons enjoying the right to use the votes according to their voting shares) in the cases when the law does not officially recognise such transactions as related-party transactions.	not observed	<p>1. Not observed.</p> <p>The Company's internal documents provide the procedure for approving related-party transactions solely for those grounds of relation that are stipulated by the Law "On Joint Stock Companies".</p> <p>However, the Company has additional transaction control mechanisms.</p> <p>According to the established procedure, all contracts and agreements that the Company intends to make are subject to preliminary approval, including verification of the counterparties involved in the transactions. In the cases when the Company is aware of the persons affiliated with (related to) a substantial shareholder of the Company, such transactions are subject to approval as related-party transactions under the Law "On Joint Stock Companies".</p> <p>In 2019–2020, the Company is going to consider the need to and, if found necessary, develop and implement controls to prevent the shareholders from using any means of profit (income) generation through the Company other than dividends and disposal value.</p>

No.	Corporate governance principles	Compliance criteria	Compliance status	Comments on deviations from compliance criteria
1	2	3	4	5
1.3	The corporate governance system and practice ensure equal conditions for all shareholders within the same category (type) of shares, including minority shareholders and foreign shareholders, and equitable treatment thereof by the Company.			
1.3.1	The Company created conditions for an equitable treatment of each shareholder by the management and supervisory bodies, including conditions that disallow any abuse on the part of major shareholders with respect to minority shareholders.	1. During the reporting period, the procedures for managing potential conflicts of interest between substantial shareholders were effective, and, if there were any conflicts between the shareholders at all, the Board of Directors paid due attention to them.	observed	
1.3.2	The Company does not take any steps that cause or may cause artificial redistribution of corporate control.	1. In the reporting period, quasi-treasury shares did not exist or participate in voting.	observed	
1.4	The share rights of shareholders are accurately and effectively accounted for, and the shareholders are free to dispose of their shares without any encumbrance.			
1.4	The share rights of shareholders are accurately and effectively accounted for, and the shareholders are free to dispose of their shares without any encumbrance.	1. The quality and reliability of maintaining the register of security holders by the Company's Registrar meet the requirements of the Company and its shareholders.	observed	
2.1	The Board of Directors is responsible for strategic corporate management, defines core principles and approaches towards the organisation of a risk management and internal control system, controls the activities of the Company's executive bodies and performs other key functions.			
2.1.1	The Board of Directors resolves on the appointment and discharge of the executive bodies, including dismissals resulting from failure to perform their duties properly. Besides, the Board of Directors ensures that the Company's executive bodies act in compliance with the approved development strategy and are focused on the key areas of the Company's business.	1. The Board of Directors has the authority provided for by the Articles of Association to appoint and discharge the members of the Company's executive bodies, as well as determine the terms and conditions of the agreements in respect of such members. 2. The Board of Directors reviewed the strategy implementation report (reports) of the Company's sole executive body and the members of the collective executive body.	observed	

No.	Corporate governance principles	Compliance criteria	Compliance status	Comments on deviations from compliance criteria
1	2	3	4	5
2.1.2	The Board of Directors determines the main strategic guidelines of the Company's activities with a long-term outlook, assesses and approves the Company's key performance indicators and business objectives, reviews and approves the strategy and business plans on the Company's key activities.	1. In the reporting period, the Board of Directors addressed issues related to the implementation and updating of the strategy, approval of the business plan (budget) of the Company, as well as review of the criteria and indicators (including interim ones) applicable to the implementation of the Company's strategy and business plans.	observed	
2.1.3	The Board of Directors establishes the principles of and approaches to the organisation of the Company's risk management and internal control system.	1. The Board of Directors established the principles of and approaches to the organisation of the Company's risk management and internal control system. 2. The Board of Directors assessed the performance of the company's risk management and internal control system in the reporting period.	observed	
2.1.4	The Board of Directors defines the Company's policy on remunerating and/or reimbursing the members of the Board of Directors, executive bodies and other key executive officers of the Company.	1. The Company developed and implemented a policy on remunerating and/or reimbursing the members of the Board of Directors, executive bodies and other key executive officers of the Company, which was approved by the Board of Directors. 2. At the meetings held in the reporting period, the Board of Directors addressed issues related to the above-mentioned policy (policies).	partly observed	1. Partly observed. The principles of remunerating the members of the Board of Directors are set out in detail in the Regulation on the Board of Directors of the Company approved by the General Shareholders' Meeting of the Company. The development and periodic review of the Remuneration Policy for the Board of Directors, as well as control over its implementation, falls within the competence of the Appointment and Remuneration Committee of the Company's Board of Directors. The members of the Company's Management Board do not receive special rewards for their work as members of the Management Board. Employees of the Company who are members of the Company's Management Board have concluded employment contracts in accordance with their positions in the Company. These contracts determine the amount of their remuneration for their duties as full-time employees of the Company. The terms and conditions of such contracts are considered by the Appointment and Remuneration Committee of the Company's Board of Directors. Individual employment contracts were concluded between the Company and the key executives and specify the employee remuneration and reimbursement (compensation) procedure. The remuneration level of the members of the Company's Board of Directors, Management Board, Chief Executive Officer and key executives is sufficient to recruit and retain staff, as well as to motivate managers who have the necessary professional qualities to manage the Company effectively. In 2018–2019, the Company is going to consider the need to develop and implement a separate Remuneration Policy for members of the Company's Board of Directors and key executives to define approaches to remuneration and reimbursement (compensation) of these persons clearly. 2. Observed.

No.	Corporate governance principles	Compliance criteria	Compliance status	Comments on deviations from compliance criteria
1	2	3	4	5
2.1.5	The Board of Directors plays a key role in preventing, identifying and resolving internal conflicts between the Company bodies, shareholders and employees.	1. The Board of Directors plays the key role in preventing, identifying and resolving internal conflicts. 2. The Company created a system to identify transactions involving conflicts of interest and a system of measures to resolve such conflicts.	observed	
2.1.6	The Board of Directors plays the key role in ensuring the transparency of the Company, timeliness and completeness of information disclosed by the Company, and unhindered access to the Company's documents for the shareholders.	1. The Board of Directors approved a regulation on the information policy. 2. The Company has dedicated personnel responsible for the implementation of the information policy.	observed	
2.1.7	The Board of Directors exercises control over the corporate governance practices in the Company and plays the key role in the Company's major corporate events.	1. In the reporting period, the Board of Directors addressed the issue of the corporate governance practices in the Company.	not observed	1. Not observed. In 2018, the Company's Board of Directors did not give separate consideration to the issue of the Company's corporate governance practice. In the reporting year, the Company's Board of Directors considered the issue of the corporate governance practice as part of preliminary review of the Company's Annual Report for 2017. The Company constantly strives to improve its corporate governance practices. It is going to conduct a self-assessment of the Company's corporate governance and lay the findings before the Board of Directors of the Company in 2019–2020.
2.2 The Board of Directors reports to the Company shareholders.				
2.2.1	Information on performance of the Board of Directors is disclosed and provided to the shareholders.	1. The Company's Annual Report for the reporting period contains data on the attendance of meetings of the Board of Directors and committees by individual directors. 2. The Annual Report contains information on key findings of the performance assessment of the Board of Directors carried out in the reporting period.	observed	

No.	Corporate governance principles	Compliance criteria	Compliance status	Comments on deviations from compliance criteria
1	2	3	4	5
2.2.2	The Chairman of the Board of Directors is available for communication with the Company shareholders.	1. The Company applies a transparent procedure that allows shareholders to address questions and their opinions on such questions to the Chairman of the Board of Directors.	partly observed	1. Partly observed. The Company has a dedicated function responsible for shareholder relations — the Corporate Policy Department — that accepts shareholders' questions by email: address IR@unipro.energy. The email address (IR@unipro.energy) is specified on the Company's website (http://www.unipro.energy , hereinafter referred to as the Company's website) in the "Shareholders and Investors" section. Since the Chairman of the Board of Directors of the Company is a foreign citizen, who does not speak Russian and lives outside Russia, in accordance with Clause 90 of the Code of Corporate Governance, the shareholders may ask questions on the competence of the Board of Directors and communicate their opinion (position) on these issues to the Chairman of the Board of Directors through the Corporate Secretary of the Company or the Corporate Policy Department of the Company by sending letters or e-mails, or by phone. The Company is considering options for arranging direct communication with the Chairman of the Board of Directors via the Company's website in 2019–2020.
2.3 The Board of Directors is an effective and professional management body of the Company, which is capable of making unbiased independent judgments and passing resolutions that meet interests of the Company and its shareholders.				
2.3.1	Only those with flawless business and personal reputation, as well as the knowledge, skills and experience required to resolve on the matters within the competence of the Board of Directors and perform the Board functions effectively are elected to the Board of Directors.	1. The Company's internal procedure used to assess performance of the Board of Directors includes competence assessment of the members of the Board of Directors. 2. In the reporting period, the Board of Directors (or the Nomination Committee of the Board of Directors) assessed the candidates to the Board of Directors with respect to their experience, knowledge, business reputation, conflict of interest, etc.	observed	
2.3.2	The members of the Board of Directors are elected according to a transparent procedure that allows shareholders to obtain enough information about the nominees to get an idea of their personal and professional qualities.	1. In all cases of holding the General Shareholders' Meetings in the reporting period where the agenda included items on the election of the members of the Board of Directors, the Company provided shareholders with the biographies of all candidates to the Board of Directors, the findings of the assessment of such candidates carried out by the Board of Directors (or the Nomination Committee of the Board of Directors), as well as the data on the candidate compliance with the independence criteria as per Recommendations 102 to 107 of the Code, and the candidates' letters of consent to be elected to the Board of Directors.	observed	
2.3.3	The composition of the Board of Directors is well-balanced in terms of qualifications, experience, knowledge and business qualities of the members and other factors, and the members enjoy the confidence of shareholders.	1. As part of the assessment of the Board of Directors performance carried out in the reporting period, the Board of Directors reviewed its own requirement for qualifications, experience and business skills.	observed	

No.	Corporate governance principles	Compliance criteria	Compliance status	Comments on deviations from compliance criteria
1	2	3	4	5
2.3.4	The size of the Board of Directors makes it possible to organise the work of the Board of Directors in a most efficient way, which includes the possibility to set up committees of the Board of Directors, and ensures that significant minority shareholders of the Company have the opportunity to elect their nominee to the Board of Directors.	1. As part of the assessment of the Board of Directors performance carried out in the reporting period, the Board of Directors addressed the issue regarding compliance of the number of the Board members to the requirements of the Company and the interests of shareholders.	observed	
2.4 The Board of Directors includes a sufficient number of independent directors.				
2.4.1	A person is recognised to be an independent director, when such person possesses enough professionalism, experience and independence to form his or her own opinion, is able to make unbiased and scrupulous judgments that do not depend on the influence of the Company's executive bodies, certain groups of shareholders or other stakeholders. It should also be taken into account that under normal conditions a candidate (an elected member of the Board of Directors) cannot be recognised as independent if he or she is affiliated with the Company, its significant shareholder, major counterparty or competitor, or is bound with the state.	1. In the reporting period, all independent members of the Board of Directors met all the independence criteria specified in Recommendations 102 to 107 of the Code, or were recognised as independent by the decision of the Board of Directors.	observed	
2.4.2	The Company assesses the compliance of nominees to the Board of Directors with the independence criteria and performs regular review of compliance of the independent directors with the independence criteria. In this assessment, the substance shall prevail over the form.	1. In the reporting period, the Board of Directors (or the Nomination Committee of the Board of Directors) formed an opinion about the independence of each candidate to the Board of Directors and produced a corresponding report to the attention of shareholders. 2. In the reporting period, the Board of Directors (or the Nomination Committee of the Board of Directors) reviewed the independence of existing members of the Board of Directors qualified in the Annual Report as independent at least once. 3. The Company developed procedures that determine steps to be taken by a member of the Board of Directors if he or she ceases to be independent, including the obligation to notify the Board of Directors thereof in a timely manner.	observed	

No.	Corporate governance principles	Compliance criteria	Compliance status	Comments on deviations from compliance criteria
1	2	3	4	5
2.4.3	Independent directors make at least one third of the elected members of the Board of Directors.	1. Independent directors make at least one third of the members of the Board of Directors.	observed	
2.4.4	Independent directors play the key role in the prevention of internal conflicts in the Company and undertaking by the Company of major corporate actions.	1. Independent directors (that are free of conflict of interest) preliminarily assess major corporate actions potentially inherent in a conflict of interest, and the findings of such assessment are submitted to the Board of Directors.	observed	
2.5 The Chairman of the Board of Directors contributes to the most efficient performance of functions assigned to the Board of Directors.				
2.5.1	An independent director is elected to the position of the Chairman of the Board of Directors, or a senior director is elected of all independent directors to coordinate the work of independent directors and maintain interaction with the Chairman of the Board of Directors.	1. The Chairman of the Board of Directors is an independent director, or a senior director is elected of all independent directors. 2. The role, rights and responsibilities of the Chairman of the Board of Directors (and, where applicable, of the senior independent director) are duly defined in the Company's internal documents.	partly observed	1. Not observed. The Chairman of the Board of Directors is not an independent director. The Chairman of the Board of Directors was elected unanimously by all members of the Board of Directors as the most authoritative member of the Board of Directors who had made a significant contribution to the Company's development and who possesses the necessary professional competence, executive experience in the industry, and an impeccable business and personal reputation. Independent directors are heavily involved in the work of the Board of Directors of the Company and may communicate directly with the Chairman of the Board of Directors. In addition, the Committees of the Board of Directors, consisting exclusively of independent directors, are headed by independent directors. The Company proceeds from the premise that all members of the Board of Directors have equal rights and also takes it into account that independent directors have not elected a senior independent director. Given a balanced composition of the Board of Directors, preliminary elaboration quality of the matters laid before the Board of Directors (including the matters at the level of committees composed of independent directors), and heavy involvement of independent directors, introduction of an additional office of senior independent director will not entail any improvements in the Company's corporate governance system. The competence and strong performance of the Board of Directors are attested to by the Company's financials. The Company expects that in future, as the number of independent directors in the Board of Directors increases, an independent director may be elected as Chairman of the Board of Directors of the Company. 2. Observed.
2.5.2	The Chairman of the Board of Directors creates a workable environment at the meetings, ensures free discussion of the agenda items and follows up on the resolutions passed by the Board of Directors.	1. Performance of the Chairman of the Board of Directors was assessed as part of the Board performance assessment procedure in the reporting period.	observed	

No.	Corporate governance principles	Compliance criteria	Compliance status	Comments on deviations from compliance criteria
1	2	3	4	5
2.5.3	The Chairman of the Board of Directors takes all necessary actions to provide members of the Board of Directors with information required to take informed decisions on the agenda items in a timely manner.	1. The obligation of the Chairman of the Board of Directors to take steps in order to ensure that the members of the Board of Directors are provided with materials on the Board meeting agenda items in a timely manner is enshrined in the Company's internal documents.	observed	
2.6 The members of the Board of Directors act in good faith and reasonably to the benefit of the Company and its shareholders, based on sufficient awareness and with due care and caution.				
2.6.1	The members of the Board of Directors make decisions considering all information available, in the absence of conflict of interest and within the normal entrepreneurial risk, while treating the Company shareholders equitably.	1. The internal documents of the Company stipulate that a member of the Board of Directors is obliged to notify the Board of Directors if he/she faces a conflict of interest with regard to any agenda items addressed at a meeting of the Board of Directors or a Committee of the Board of Directors, prior to discussion of the corresponding agenda item. 2. The Company's internal documents stipulate that a member of the Board of Directors should abstain from voting on any agenda item where he or she faces a conflict of interest. 3. The Company has a procedure enabling the Board of Directors to get professional advice on the matters that fall within its competence at the expense of the Company.	partly observed	1. Observed. 2. Observed. 3. Not observed. The Company has no dedicated procedure enabling the Board of Directors to get professional advice on the matters that fall within its competence at the expense of the Company. According to the practice established in the Company, the members of the Board of Directors receive all necessary professional advice from the Committees of the Board of Directors, as well as by requesting additional information on the matters of interest from the Corporate Secretary. Over a long period of time, such practice has proved its worth, and therefore, the Company is not planning to change it in the near future.
2.6.2	The rights and obligations of the members of the Board of Directors are defined and formalised in the Company's internal documents.	1. The Company adopted and published an internal document that clearly defines the rights and obligations of the members of the Board of Directors.	observed	
2.6.3	The members of the Board of Directors have enough time to fulfil their responsibilities.	1. Individual attendance at the Board and the Board Committee meetings, as well as the time allocated by the members to prepare for the meetings, were taken into account when assessing performance of the Board of Directors in the reporting period. 2. Pursuant to the Company's internal documents, the members of the Board of Directors must notify the Board of Directors on their intention to become a member of the management bodies in other entities (other than those controlled by the Company or its affiliates), as well as on their official appointment.	observed	

No.	Corporate governance principles	Compliance criteria	Compliance status	Comments on deviations from compliance criteria
1	2	3	4	5
2.6.4	All the members of the Board of Directors have equal access to the Company's documents and information. The newly elected members of the Board of Directors are provided with sufficient information about the Company and the work of the Board of Directors in the shortest time possible.	1. According to the Company's internal documents, the members of the Board of Directors have the right to access documents and make requests relating to the Company and the entities controlled by the Company, while the executive bodies of the Company are obliged to provide the requested information and documents. 2. The Company has a formal induction programme for the newly elected members of the Board of Directors.	observed	
2.7 Meetings of the Board of Directors, preparation to and participation in such meetings by the members of the Board of Directors ensure strong performance of the Board of Directors.				
2.7.1	The meetings of the Board of Directors are held as required with due regard for the scale of the Company's operations and the objectives set for the Company in a certain period.	1. The Board of Directors held at least six meetings in the reporting period.	observed	
2.7.2	The Company's internal documents establish the procedure for preparation and holding of meetings of the Board of Directors, which makes it possible for the Board members to prepare for the meeting appropriately.	1. The Company approved an internal document that defines the procedure for preparation and holding of meetings of the Board of Directors. This document, inter alia, establishes that a notice of the meeting shall usually be given at least 5 days prior to the meeting date.	observed	
2.7.3	The format of the meeting of the Board of Directors depends on the importance of the agenda items. The most important items are resolved at physical meetings.	1. The Company's Articles of Association or internal document stipulate that the most important items (as listed in Recommendation 168 of the Code) shall be addressed at physical meetings of the Board.	not observed	The form of meetings of the Board of Directors is determined when preparing the action plan of the Company's Board of Directors to be approved by the Board of Directors (under Clause 6.2 of the Regulation on the Board of Directors of Unipro PJSC). The format of each meeting of the Company's Board of Directors (physical or absentee meeting) depends on the items to be included in the agenda of the relevant meeting of the Board of Directors. The need for a physical meeting of the Board of Directors is determined by the Chairman of the Board of Directors (Clause 2.7 (2) of the Regulation on the Board of Directors of Unipro PJSC). The notice of and the materials for the meeting of the Board of Directors, whether a physical or absentee meeting, are sent out to the members of the Board of Directors at least 7 calendar days prior to the date of the meeting (Clauses 7.6 and 9.2 of the Regulation on the Board of Directors of the Company); therefore, the members of the Board of Directors are given enough time to examine the agenda items and the option to request additional information on the agenda items through the Corporate Secretary (Clause 3.1 (4) of the Regulation on the Board of Directors of the Company) and suggest the format of the meeting of the Board of Directors (physical or absentee meeting) (Clause 6.2 of the Regulation on the Board of Directors of the Company). Over a long period of time, such practice has proved its worth, and therefore, the Company is not planning to change it in the near future.

No.	Corporate governance principles	Compliance criteria	Compliance status	Comments on deviations from compliance criteria
1	2	3	4	5
2.7.4	Resolutions on the most important matters concerning the Company's activities are passed at the Board meetings by a qualified majority or a majority of votes of all the elected members of the Board of Directors.	1. The Company's Articles of Association suggest that resolutions on the most important matters, as set out in recommendation 170 of the Code, must be passed at Board meetings by a qualified majority of at least three fourths of the votes, or a majority of votes of all the elected members of the Board of Directors.	not observed	<p>Clauses 15.4 and 15.5 of the Company's Articles of Association provide a list of matters which require resolutions of the Board of Directors to be passed by a three-quarter majority vote of all elected members of the Board of Directors or unanimously by all elected members of the Board of Directors. This list does not include all matters recommended in Clause 170 of the Code of Corporate Governance.</p> <p>Currently, the Company does not deem it necessary to enshrine an extended list of matters requiring resolutions of the Board of Directors to be passed either by at least a three-quarter majority vote or by a simple majority vote of all elected members of the Board of Directors in the Articles of Association.</p> <p>All matters submitted to the Board of Directors for consideration are subject to careful preliminary elaboration, including by dedicated Committees of the Board of Directors. Therefore, resolutions of the Board of Directors are normally passed by a majority vote exceeding the threshold set in the recommendation.</p>
2.8 The Board of Directors sets up Committees for preliminary consideration of the most important issues concerning the Company's activities.				
2.8.1	To ensure a preliminary review of the matters concerning control of the Company's financial and business operations, the Company established an audit committee composed of independent directors.	<p>1. The Board of Directors set up the Audit Committee composed of independent directors only.</p> <p>2. The Company's internal documents define responsibilities of the Audit Committee, including those specified in Recommendation 172 of the Code.</p> <p>3. At least one member of the Audit Committee, who is an independent director, has the experience and expertise required to prepare, analyse, review and audit the accounting (financial) reporting.</p> <p>4. Meetings of the Audit Committee were held at least once a quarter during the reporting period.</p>	observed	
2.8.2	For the purpose of preliminary review of the matters concerning the implementation of an effective and transparent remuneration policy, the Company set up a Remuneration Committee represented by independent directors and headed by an independent director other than the Chairman of the Board of Directors.	<p>1. The Board of Directors established a Remuneration Committee consisting of independent directors only.</p> <p>2. The Chairman of the Remuneration Committee is an independent director other than the Chairman of the Board of Directors.</p> <p>3. The Company's internal documents define responsibilities of the Remuneration Committee, including those specified in Recommendation 180 of the Code.</p>	observed	

No.	Corporate governance principles	Compliance criteria	Compliance status	Comments on deviations from compliance criteria
1	2	3	4	5
2.8.3	For the purpose of preliminary review of the matters concerning human resource planning (succession planning), professional composition and efficiency of the Board of Directors, the Company set up a Nomination (Appointment/Human Resources) Committee mostly represented by independent directors.	<p>1. The Board of Directors set up a Nomination Committee (or the relevant responsibilities outlined in Recommendation 186 of the Code are exercised by another Committee), which was mostly represented by independent directors.</p> <p>2. The Company's internal documents define responsibilities of the Nomination Committee (or another Committee which combines the relevant functions), including those specified in Recommendation 186 of the Code.</p>	observed	
2.8.4	Considering the scale of the Company's activities and exposure levels, the Board of Directors has made sure that the membership of its Committees meets the objectives of the Company in full. Additional Committees were either formed or deemed unnecessary (e. g. the Strategy Committee, the Corporate Governance Committee, the Ethics Committee, the Risk Management Committee, the Budget Committee, the HSE Committee, etc.).	1. In the reporting period, the Company's Board of Directors considered the issue of whether the membership of the Board Committees is adequate to the objectives of the Board of Directors and the goals of the Company. Additional Committees were either formed or deemed unnecessary.	observed	
2.8.5	The membership of the Committees was determined so as to ensure that the items subject to preliminary review are discussed comprehensively, considering a variety of opinions.	<p>1. The committees of the Board of Directors are headed by independent directors.</p> <p>2. The Company's internal documents (policies) contain provisions under which persons other than the members of the Audit Committee, the Nomination Committee and the Remuneration Committee may not attend the meetings of the Committees without an invitation by the Chairman of the relevant Committee.</p>	observed	
2.8.6	The Chairmen of the Committees report on the performance of their respective Committees to the Board of Directors and the Chairman of the Board on a regular basis.	1. In the reporting period, the Chairmen of the Committees reported on the performance of their respective Committees to the Board of Directors on a regular basis.	observed	

No.	Corporate governance principles	Compliance criteria	Compliance status	Comments on deviations from compliance criteria
1	2	3	4	5
2.9 The Board of Directors ensures a performance quality assessment of the Board of Directors, its Committees and members.				
2.9.1	The performance quality assessment of the Board of Directors is aimed at assessing the performance of the Board of Directors, its Committees and members, evaluating their adequacy for the requirements of corporate development, intensifying the efforts of the Board of Directors and identifying the areas for improvement.	1. The self-assessment or external assessment of the Board performance carried out in the reporting period included the performance assessment of the Committees, individual members of the Board of Directors and the Board of Directors in general. 2. The findings of self-assessment or external assessment of the Board performance carried out in the reporting period were reviewed at a physical meeting of the Board of Directors.	observed	
2.9.2	The performance quality assessment of the Board of Directors, its Committees and members is conducted on a regular basis at least once a year. The independent performance quality assessment of the Board of Directors is conducted at least once every three years by engaging an external contractor (advisor).	1. Within the past three reference periods, the Company engaged an external contractor (advisor) to carry out an independent assessment of the Board performance at least once.	not observed	1. Not observed The Company did not engage an external contractor (advisor) to carry out an independent assessment of the Board performance. The Regulation on the Performance Assessment of the Board of Directors of Unipro PJSC requires involvement of a third party — an advisor, professional association or organisation assigning corporate governance ratings — to carry out an independent performance assessment of the Board of Directors and its Committees. The performance assessment of the Company's Board of Directors in the 2018–2019 corporate year was conducted as self-assessment by each member of the Company's Board of Directors by filling in a Self-Assessment Form for the Board of Directors. The performance assessment of the Company's Board of Directors provides evidence of strong performance by each individual member of the Company's Board of Directors and by the Company's Board of Directors as a whole. In 2020, the Board of Directors is planning to consider the issue on the need of an independent performance assessment of the Board of Directors.
3.1 The Corporate Secretary is responsible for effective day-to-day interaction with the shareholders, coordination of the Company's actions undertaken to protect the rights and interests of the shareholders, and support of good performance of the Board of Directors.				
3.1.1	The Corporate Secretary has enough knowledge, experience and qualifications to perform his or her duties, flawless reputation, and enjoys the confidence of the shareholders.	1. The Company approved and disclosed an internal document — Regulation on the Corporate Secretary. 2. The corporate website and the Annual Report provide a background information of the Corporate Secretary with the same level of detail as used for the members of the Board of Directors and executive management of the Company.	observed	

No.	Corporate governance principles	Compliance criteria	Compliance status	Comments on deviations from compliance criteria
1	2	3	4	5
3.1.2	The Corporate Secretary is independent enough from the Company's executive bodies and has the required authority and resources to fulfil the duties assigned.	1. The Board of Directors approves the appointment, dismissal and additional remuneration of the Corporate Secretary.	observed	
4.1 The level of remuneration payable by the Company is sufficient to recruit, motivate and retain the employees who possess the competence and qualifications necessary for the Company. The remuneration is paid to the members of the Board of Directors, executive bodies and other key executive officers of the Company in accordance with the remuneration policy adopted in the Company.				
4.1.1	The amount of remuneration payable by the Company to the members of the Board of Directors, executive bodies and other key executive officers creates sufficient motivation to ensure their strong performance and enables the Company to recruit and retain competent and qualified professionals. Nevertheless, the Company avoids overrating the level of remuneration and an unreasonably significant gap between the levels of remuneration payable to the above-mentioned persons and employees of the Company.	1. The Company adopted an internal document (documents) — the remuneration policy (policies) applicable to the members of the Board of Directors, executive bodies and other key executive officers — which clearly defines (define) approaches to such remuneration.	partly observed	The remuneration principles applicable to the members of the Board of Directors are set out in the Regulation on the Board of Directors of the Company approved by the General Shareholders' Meeting of the Company. The development and periodic review of the Remuneration Policy for the Board of Directors, as well as control over its implementation, falls within the competence of the Appointment and Remuneration Committee of the Company's Board of Directors. The members of the Company's Management Board do not receive special rewards for their work as members of the Management Board. Employees of the Company who are members of the Company's Management Board have concluded employment contracts in accordance with their positions in the Company. These contracts determine the amount of their remuneration for their duties as full-time employees of the Company. The terms and conditions of such contracts are considered by the Appointment and Remuneration Committee of the Company's Board of Directors. Individual employment contracts were concluded between the Company and the key executives and specify the employee remuneration and reimbursement (compensation) procedure. The remuneration level of members of the Company's Board of Directors and key executives is sufficient to recruit and retain staff, as well as to motivate managers who have the necessary professional qualities to manage the Company effectively. In 2019–2020, the Company is planning to consider the need to develop and implement a separate Remuneration Policy for the members of the Company's Board of Directors and key executives to outline the approaches to remuneration of these employees clearly.
4.1.2	The Company's remuneration policy was developed by the Remuneration Committee and approved by the Board of Directors of the Company. The Board of Directors, with the assistance from the Remuneration Committee, supervises the implementation and observance of the remuneration policy in the Company and, where required, revises and amends it.	1. In the reporting period, the Remuneration Committee reviewed the remuneration policy (policies) and the implementation practice thereof and gave relevant recommendations to the Board of Directors as necessary.	observed	

No.	Corporate governance principles	Compliance criteria	Compliance status	Comments on deviations from compliance criteria
1	2	3	4	5
4.1.3	The Company's remuneration policy contains transparent mechanisms for determining the amount of remuneration payable to the members of the Board of Directors, executive bodies and other key executive officers of the Company, and regulates all kinds of payments, benefits and privileges granted to the said persons.	1. The Company's remuneration policy (policies) contains (contain) transparent mechanisms for determining the amount of remuneration payable to the members of the Board of Directors, executive bodies and other key executive officers of the Company, and regulates (regulate) all kinds of payments, benefits and privileges granted to the said persons.	partly observed	<p>The Company applies a structured remuneration system to the members of the Board of Directors. Remunerations are paid according to the Regulation on the Board of Directors of the Company and generally correspond to the best practices of corporate governance. The current remuneration system complies with the transparency and accountability principles and factors in the role of each individual member of the Board of Directors in the Company's activities. The Regulation contains an exhaustive list of all amounts payable to the members of the Board of Directors and conditions for receiving these amounts.</p> <p>The members of the Company's Management Board do not receive special rewards for their work as members of the Management Board. Employees of the Company who are members of the Company's Management Board have concluded employment contracts in accordance with their positions in the Company. These contracts determine the amount of their remuneration for their duties as full-time employees of the Company. The terms and conditions of such contracts are considered by the Appointment and Remuneration Committee of the Company's Board of Directors.</p> <p>The information on remuneration and compensation paid to the members of the Board of Directors and the Management Board of the Company is disclosed in the Issuer's Quarterly Report and the Company's Annual Report.</p>
4.1.4	The Company establishes a reimbursement (compensation) policy with an itemisation of expenses subject to reimbursement and the level of service that the members of the Board of Directors, executive bodies and other key executive officers of the Company are entitled to. This policy may be integrated into the Company's remuneration policy.	1. The remuneration policy (policies) or other internal documents of the Company establish the rules for reimbursement of expenses incurred by the members of the Board of Directors, executive bodies and other key executive officers of the Company.	observed	
4.2	The remuneration system applicable to the members of the Board of Directors ensures approximation of the directors' financial interests and long-term financial interests of the shareholders.			
4.2.1	The Company pays a fixed annual remuneration to the members of the Board of Directors. The Company does not pay a remuneration for participation in individual meetings of the Board of Directors or Committees of the Board of Directors. The Company does not apply short-term incentives or additional financial incentives in respect of the members of the Board of Directors.	1. The fixed annual remuneration was the only form of remuneration in cash payable to the members of the Board of Directors for their work in the Board of Directors during the reporting period.	partly observed	<p>In addition to the quarterly remuneration that depends on the extent of the Board member's participation in the meetings and absentee voting held in the relevant quarter, the remuneration system applicable to the members of the Company's Board of Directors provides for an annual remuneration payable to the members of the Company's Board of Directors that depends on the Company's earnings before interest, tax, depreciation and amortisation (EBITDA) based on the Company's financial statements for the reporting financial year, for which the annual remuneration is payable, prepared in accordance with the International Financial Reporting Standards and confirmed by the Company's auditor.</p> <p>The quarterly remuneration reflects the estimated time and labour input of the Board member associated with preparation for and participation in the meetings of the Company's Board of Directors.</p> <p>In the Company's opinion, these remunerations fully comply with the principle of convergence of financial interests of the members of the Board of Directors and the long-term interests of Company shareholders.</p>

No.	Corporate governance principles	Compliance criteria	Compliance status	Comments on deviations from compliance criteria
1	2	3	4	5
4.2.2	The long-term holding of the Company's shares facilitates approximation of financial interests of the members of the Board of Directors and the long-term interests of the shareholders to the greatest extent. However, the Company does not make the right to sell shares contingent on the achievement of certain performance indicators, and the members of the Board of Directors do not take part in employee stock option plans.	1. If the internal document (documents), i. e. the remuneration policy (policies) of the Company, suggests (suggest) a share-based compensation for the members of the Board of Directors, the rules for holding of shares by the Board members aimed at long-term holding of such shares shall be clearly defined and disclosed.	observed	
4.2.3	The Company does not provide for any additional payments or compensations in the event of early termination of powers of the members of the Board of Directors in connection with the transfer of control over the Company or other circumstances.	1. The Company does not provide for any additional payments or compensations in the event of early termination of powers of the members of the Board of Directors in connection with the transfer of control over the Company or other circumstances.	observed	
4.3	The remuneration system applicable to the members of the executive bodies and other key executive officers of the Company provides for the dependence of remuneration on the Company's performance and on their personal contribution to the achievement of such performance.			
4.3.1	The remuneration for members of the executive bodies and other key executive officers of the Company is determined so as to ensure reasonable and feasible proportion between the fixed component and the variable component which depends on the performance of the Company and personal (individual) contribution of the employee to the final outcome.	<p>1. In the reporting period, the yearly performance indicators approved by the Board of Directors were used to determine the amount of the variable remuneration component for members of the executive bodies and other key executive officers of the Company.</p> <p>2. During the latest review of the remuneration system applicable to members of the executive bodies and other key executive officers of the Company, the Board of Directors (the Remuneration Committee) made sure that the Company uses a feasible proportion between the fixed component and the variable component of the remuneration.</p> <p>3. The Company has a procedure that ensures a refund of unearned bonuses received by members of the Company's executive bodies and other key executive officers to the Company.</p>	partly observed	<p>1. Observed.</p> <p>2. Observed.</p> <p>3. Not observed.</p> <p>The Company has no procedure ensuring a refund of unearned bonuses received by members of the Company's Management Board, Chief Executive Officer or any other key executive officers to the Company, as it has a clear mechanism for paying bonuses to the members of executive bodies and other executives.</p> <p>The remuneration system applicable to members of the Company's executive bodies is based on achievement of the Company's approved key performance indicators (KPIs).</p> <p>The performance-based remuneration is paid after the Appointment and Remuneration Committee considers the achievement of target indicators, and the Board of Directors of the Company approves the KPI report.</p> <p>Therefore, any possibility that the Company's executive bodies or any other key executives will receive any unearned remuneration is ruled out.</p>

No.	Corporate governance principles	Compliance criteria	Compliance status	Comments on deviations from compliance criteria
1	2	3	4	5
4.3.2	The Company implemented a programme for long-term motivation of the members of the executive bodies and other key executive officers of the Company by using the Company's shares (options or other derivative financial instruments for which the Company's shares constitute the basic assets).	<p>1. The Company implemented a programme for long-term motivation of the members of the executive bodies and other key executive officers of the Company by using the Company's shares (financial instruments based on the Company's shares).</p> <p>2. The programme for long-term motivation of the members of the executive bodies and other key executive officers of the Company suggests that the right to sell shares and other financial instruments used under this programme cannot be exercised earlier than three years after they were given to the employee. However, the Company made the right to sell them contingent on the achievement of certain performance indicators by the Company.</p>	partly observed	<p>1. Observed.</p> <p>2. Partly observed.</p> <p>The programme for long-term motivation of the members of executive bodies and other key executives of the Company does not provide for the right to own directly the shares of the Company, but it is aimed at increasing their capitalisation.</p> <p>The rule of the shares sale is not relevant for the Company.</p>
4.3.3	The amount of a severance pay (a golden parachute) payable by the Company to the members of the executive bodies or other key executive officers in the case of early termination of their powers at the initiative of the Company and without any unethical practices found with the employees does not exceed two times the fixed annual remuneration.	1. In the reporting period, the amount of a severance pay (a golden parachute) payable by the Company to the members of the executive bodies or other key executive officers in the case of early termination of their powers at the initiative of the Company and without any unethical practices found with the employees did not exceed two times the fixed annual remuneration.	observed	
5.1	The Company created a well-performing risk management and internal control system, ensuring reasonable confidence in the achievement of the Company's goals.			
5.1.1	The Company's Board of Directors defined the principles for and approaches towards the organisation of the Company's risk management and internal control system.	1. The functions assigned to various management bodies and units of the Company in the risk management system and internal control are clearly defined in the relevant internal documents/policy of the Company approved by the Board of Directors.	observed	
5.1.2	The executive bodies of the Company ensure the implementation and maintenance of an effective risk management and internal control system in the Company.	1. The executive bodies of the Company ensured distribution of the functions and authority in respect of risk management and internal control between their subordinate managers (heads) of divisions and departments.	observed	

No.	Corporate governance principles	Compliance criteria	Compliance status	Comments on deviations from compliance criteria
1	2	3	4	5
5.1.3	The risk management and internal control system used in the Company ensures an unbiased, fair and clear understanding of the current status and prospects of the Company, integrity and transparency of the Company's reports, and reasonability and acceptability of the risks assumed by the Company.	<p>1. The Company has an anti-bribery and corruption policy.</p> <p>2. The Company has a simple way to report any instances of failure to observe the law, the Company's internal procedures or the Code of Ethics to the Board of Directors or the Audit Committee of the Board of Directors.</p>	partly observed	<p>1. Observed.</p> <p>2. Partly observed.</p> <p>The Company has a hotline that may be used by employees to notify the Person Responsible for the Code of Corporate Conduct on any potential instances of failure to observe the law, the Company's policies or procedures, in particular in such areas as antitrust law, stock market laws and insider information regulations, as well as on the instances of failure to comply with the Code of Conduct on the part of the Company employees, instances of corruption, fraud (falsifications, dishonesty, misappropriation and embezzlement of property). If necessary, important issues are laid before the Company's Management Board and dedicated Committees of the Company's Board of Directors.</p>
5.1.4	The Company's Board of Directors takes the necessary measures to make sure that the risk management and internal control system existing in the Company complies with the principles for and approaches towards its organisation, as determined by the Board of Directors, and is functioning effectively.	1. In the reporting period, the Board of Directors or the Audit Committee of the Board of Directors assessed the performance of the Company's risk management and internal control system. The details of the key assessment findings have been incorporated in the Company's Annual Report.	partly observed	<p>1. Partly observed.</p> <p>In 2018, the performance of the Company's risk management and internal control system was assessed by the Company's Internal Audit Department of the Company. The findings were considered at a physical meeting of the Board of Directors.</p>
5.2	The Company arranges internal auditing for the purpose of regular independent assessment of reliability and efficiency of the risk management and internal control system and the corporate governance practice.			
5.2.1	The Company has formed a dedicated structural unit or engaged an independent outside organisation to perform internal audit functions. The administrative and functional reporting lines for the Internal Audit Department are different. The Internal Audit Department is subordinate functionally to the Board of Directors of the Company.	1. The Company formed a dedicated structural unit to be in charge of internal audit, which is subordinate functionally to the Board of Directors or the Audit Committee, or engaged an independent outside organisation following the same reporting principle.	observed	
5.2.2	The Internal Audit Department carries out the assessment of the internal control system efficiency, the assessment of the risk management system efficiency, and the assessment of the corporate governance system. The Company applies the generally accepted standards of internal auditing.	<p>1. In the reporting period, efficiency assessment of the internal control and risk management system was carried out as part of the internal audit programme.</p> <p>2. The Company applies the generally accepted approaches to internal control and risk management.</p>	observed	

No.	Corporate governance principles	Compliance criteria	Compliance status	Comments on deviations from compliance criteria
1	2	3	4	5
6.1 The Company and its activities are transparent for shareholders, investors and stakeholders.				
6.1.1	The Company developed and implemented an information policy that ensures effective communication between the Company, shareholders, investors and other stakeholders.	1. The Board of Directors of the Company approved the information policy of the Company, which is in line with the recommendations of the Code. 2. The Board of Directors (or one of its Committees) considered the issues concerning compliance with its information policy by the Company at least once during the reporting period.	observed	
6.1.2	The Company discloses information on the corporate governance system and practice, including detailed information on compliance with the principles and recommendations of the Code.	1. The Company discloses information on the Company's corporate governance system and general principles of corporate governance used in the Company, including on the corporate website in the Internet. 2. The Company discloses information on the membership of the executive bodies and the Board of Directors, independence of the members of the Board of Directors and their membership in the Board Committees (according to the definition given in the Code). 3. If there is a controlling person, the Company publishes the controlling person's memorandum outlining this person's plans as they regard corporate governance in the Company.	partly observed	1. Observed. 2. Observed. 3. Not observed. The Company does not publish the controlling person's memorandum outlining this person's plans as they regard corporate governance in the Company. The controlling person's plans for the Company constitute this person's business secret and are not subject to disclosure, except as otherwise provided for by the law. In the event that the Company becomes aware of any statements made by the controlling person concerning such plans as they regard corporate governance in the Company, the Company undertakes to publish these statements on the corporate website.
6.2 The Company discloses complete, up-to-date and accurate information about the Company in due time so that the Company shareholders and investors could make well-informed decisions.				
6.2.1	The Company discloses information in accordance with the principles of regularity, consistency and efficiency, as well as availability, reliability, completeness and comparability of the disclosed data.	1. The Company's information policy defines the approaches and criteria used to identify information that is capable of having a significant impact on the value of the Company and its securities and procedures that ensure well-timed disclosure of such information. 2. If the Company's securities circulate in foreign regulated markets, the disclosure of material information in the Russian Federation and in these markets occurs simultaneously and equivalently during the reporting year. 3. If foreign shareholders hold a major package of the Company's shares, then the disclosure was made both in Russian and one of widely spoken foreign languages during the reporting year.	partly observed	1. Observed. 2. Observed. 3. Partly observed. In the reporting period, the disclosure was made both in Russian and English (partly). The information disclosed on the Company's corporate website in English is as follows: – Annual reports; – IFRS statements (annual and interim statements); – Financial calendar; – Dividend Policy – Equity price charts; – Information on the members of the Board of Directors and Committees of the Board of Directors; – Information on the members of the Company's Management Board and executives; and – The scope of competence of the General Shareholders' Meeting and the Board of Directors as enshrined in the Company's Articles of Association. In addition, the Company is planning to disclose the following information in English in 2019: – Issuer's quarterly reports; – Reports on material facts; and – Lists of affiliates.

No.	Corporate governance principles	Compliance criteria	Compliance status	Comments on deviations from compliance criteria
1	2	3	4	5
6.2.2	The Company avoids a formal approach to disclosure and discloses material facts about its activities even if the disclosure of such information is not required by laws.	1. In the reporting period, the Company disclosed annual financial statements and financial statements for six months prepared according to the IFRS. The Company's Annual Report for the reporting period includes annual financial statements prepared according to the IFRS and the auditor's report. 2. The Company discloses complete information on the structure of the Company's capital in its Annual Report and on the corporate website in accordance with Recommendation 290 of the Code.	partly observed	1. Partly observed. In the reporting period, the Company disclosed annual financial statements and financial statements for six months prepared according to the IFRS. The Company's Annual Report for the reporting period does not include annual financial statements prepared according to the IFRS and the relevant auditor's report. Since all the financial indicators and calculations included in the Annual Report are based on the accounting (financial) statements of the Company prepared according to the RAS, for the sake of shareholders' convenience, the Annual Report is accompanied by the Company's annual accounting (financial) statements for 2018 according to the RAS. 2. Partly observed. The Company does not disclose complete information on the structure of the Company's capital in its Annual Report and on the corporate website in accordance with Recommendation 290 of the Code. The structure of the share capital disclosed in Section 2.3 of the Annual Report and drawn up on the basis of the data obtained from the Company's Registrar shows that there is no need for the Company's executive bodies to state that the Company has no information on the existing holdings of participatory interests over 5%, other than the data already disclosed by the Company. Furthermore, the Company prevents certain shareholders from acquiring control that would be disproportionate to their participatory interest in the Company's authorised capital, e. g. based on the shareholder agreements or due to holding ordinary/preference shares with a different par value.
6.2.3	As one of the most important tools of communication with shareholders and other stakeholders, the Annual Report contains information that helps to assess the performance of the Company in the reporting period.	1. The Company's Annual Report contains information on the key aspects of the Company's operations and financial performance. 2. The Company's Annual Report contains information on the environmental and social performance of the Company	observed	
6.3 Information and documents are provided by the Company at the shareholders' requests in accordance with the principles of fairness and easiness.				
6.3.1	Information and documents are provided at the shareholders' requests in accordance with the principles of fairness and easiness.	1. The Company's information policy establishes an easy procedure for providing the shareholders with access to corporate information, including information about the legal entities controlled by the Company, at their request.	observed	

No.	Corporate governance principles	Compliance criteria	Compliance status	Comments on deviations from compliance criteria
1	2	3	4	5
6.3.2	In the provision of information to shareholders, a reasonable balance is ensured between the interests of individual shareholders and the interests of the Company that wishes to keep important business information confidential as it may significantly influence the Company's competitiveness.	<p>1. In the reporting period, the Company did not decline any incoming information requests from shareholders, or such refusals were reasonable.</p> <p>2. In the cases defined by the Company's information policy, the shareholders are notified of the confidential nature of information provided and undertake to keep it confidential.</p>	observed	
7.1	The actions that significantly affect or may affect the structure of the authorised capital and financial standing of the Company and, therefore, the shareholders' standing (major corporate actions), are performed on fair conditions that respect the rights and interests of shareholders and other stakeholders.			
7.1.1	The definition of major corporate actions embraces reorganisation of the Company, purchase of 30 or more percent of the Company's voting shares (take-over), closing of major transactions by the Company, increase or reduction in the Company's authorised capital, listing and delisting of the Company's shares, as well as other actions that may result in major changes in the rights of shareholders or infringe on their interests. The Company's Articles of Association define a list (criteria) of transactions or other actions qualified as major corporate actions, and these actions are referred to the competence of the Company's Board of Directors.	<p>1. The Company's Articles of Association define a list and criteria of transactions or other actions qualified as major corporate actions. Resolutions on major actions are referred to the scope of competence of the Board of Directors. Where the legislation directly refers these corporate actions to the competence of the General Shareholders' Meeting, the Board of Directors shall give the shareholders necessary recommendations.</p> <p>2. The Company's Articles of Association qualify at least the following actions as major corporate actions: reorganisation of the Company, purchase of 30 or more percent of the Company's voting shares (take-over), closure of major transactions by the Company, increase or reduction in the Company's authorised capital, listing and delisting of the Company's shares.</p>	partly observed	<p>1. Observed in part</p> <p>The Company's Articles of Association do not define a list of transactions or other actions qualified as major corporate actions.</p> <p>At the same time, the decision-making procedure recommended by the Code of Corporate Governance (referring such decisions to the competence of the Board of Directors or the General Shareholders' Meeting under the Company's Articles of Association or under the laws) is observed with respect to most corporate actions that are considered as major corporate actions.</p> <p>2. Not observed</p> <p>The Company's Articles of Association do not define a list of transactions or other actions qualified as major corporate actions and the criteria for qualifying them as such.</p> <p>At the same time, the Company's Articles of Association clearly delineate the powers of the General Shareholders' Meeting and of the Board of Directors of the Company as they regard the matters that can be classified as major corporate actions as per the recommendations of the Code of Corporate Governance (Articles 10 and 12 of the Articles of Association of Unipro PJSC).</p> <p>In 2019–2020, the Company is planning to amend the Company's Articles of Association to define a list of transactions or other actions qualified as major corporate actions and the criteria for qualifying them as such.</p>
7.1.2	The Board of Directors plays the key role in making decisions or elaborating recommendations for major corporate actions based on the opinion of the Company's independent directors.	1. The Company has a procedure under which independent directors express their opinions on major corporate actions prior to approval thereof.	observed	

No.	Corporate governance principles	Compliance criteria	Compliance status	Comments on deviations from compliance criteria
1	2	3	4	5
7.1.3	When the Company takes major corporate actions that affect the rights and legitimate interests of its shareholders, all shareholders of the Company are treated equitably. Where the statutory mechanisms designed to protect the rights of shareholders are insufficient, the Company takes additional steps to protect the rights and legitimate interests of its shareholders. The Company is guided both by formal statutory requirements and by corporate governance pri.	<p>1. Considering the specific nature of the Company's activities, the Company's Articles of Association establish lower minimum criteria to qualify the Company's transactions as major corporate actions than those stipulated by the laws.</p> <p>2. In the reporting period, all major corporate actions were subjected to an approval procedure before they were taken.</p>	partly observed	<p>1. Partly observed.</p> <p>The Company's Articles of Association do not define a list of transactions or other actions qualified as major corporate actions.</p> <p>In the meantime, pursuant to the Company's Articles of Association, the competence of the Board of Directors includes approval of a number of transactions viewed as major transactions by the Company and the threshold for qualifying a transaction as a major transaction is significantly lower than the threshold established by the laws.</p> <p>2. Partly observed.</p> <p>The Company's Articles of Association do not define a list of transactions or other actions qualified as major corporate actions.</p>
7.2	The Company performs major corporate actions according to the procedure that would allow its shareholders to receive in due time full information on such actions, enable them to influence such actions, and guarantee compliance with and an adequate level of protection of their rights in the course of such actions.			
7.2.1	Information on taking any major corporate actions is disclosed with the explanation of reasons, conditions and consequences of such actions.	1. In the reporting period, the Company disclosed information on major corporate actions in a timely and detailed manner, including specification of the reasons and time limits of such actions.	observed	
7.2.2	The rules and procedures pertaining to major corporate actions performed by the Company are documented in the Company's internal documents.	<p>1. The company's internal documents establish a procedure for engaging an independent appraiser for the purpose of valuating the property alienated or purchased under a major transaction or a related-party transaction.</p> <p>2. The internal documents of the Company establish a procedure for engagement of an independent appraiser to determine the purchase and redemption value of the Company's shares.</p> <p>3. The internal documents of the company contain an extended list of the grounds for recognising the members of the company's board of directors and other persons stipulated by the laws as related parties interested in the company's transactions.</p>	partly observed	<p>1. Observed.</p> <p>2. Observed.</p> <p>3. Not observed</p> <p>The internal documents of the Company do not contain an extended list of the grounds for recognising the members of the Company's Board of Directors and other persons stipulated by the laws as related parties interested in the Company's transactions.</p> <p>The Company's Articles of Association stipulate that related-party transactions are subject to approval in accordance with Chapter XI of the Federal Law "On Joint Stock Companies".</p> <p>When determining related parties, the Company is guided by the requirements of the Russian Federation law.</p>

5.3. Planned (Expected) Actions and Activities of the Joint Stock Company to Improve the Corporate Governance Model and Practice

Considering the assessment of compliance with the corporate governance principles set out in the Code of Corporate Governance, the Company plans to do as follows in the longer term:

- 📍 Increasing the number of independent directors;
- 📍 Developing the internal control and risk management system;
- 📍 Creating additional Committees under the Board of Directors dealing with various aspects of the Company's activities;
- 📍 Disclosing more information in English on the Company's website;
- 📍 Dividing the jurisdictions and responsibilities between corporate management bodies on a reasonable basis;
- 📍 Ensuring a good combination of centralised decision-making and delegation of authority to various managerial levels;
- 📍 Enhancing the promptness and efficiency of decision-making;
- 📍 Enforcing and protecting the rights and interests of Company shareholders;
- 📍 Implementing high standards of corporate governance ethics.