

Pre-approved by
the Board of Directors of
Unipro PJSC
on 18 May 2017
(Minutes No. 245)

Approved by
the Annual General Meeting
of Shareholders of Unipro PJSC
on 23 June 2017
(Minutes No. 18)

Chairman of the Annual
General Meeting of Shareholders

_____ K. Schäfer

ANNUAL REPORT OF Unipro PJSC

FOR 2016

Validity of information
of the Annual Report is certified by
the Opinion of the Audit Commission
of Unipro PJSC
(w/o No.) dated 30 March 2017

CHIEF EXECUTIVE OFFICER

_____ /M. G. SHIROKOV/

2017

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DISCLAIMER

This annual report (hereinafter referred to as the Annual Report) is prepared based on information available to Unipro Public Joint-Stock Company (hereinafter referred to as the Company) as of its date, including information provided by third parties. The Company reasonably believes that this information is complete and reliable at the time of publication of the Annual Report, but does not endorse or guarantee that the information will not be further clarified, revised or otherwise amended.

This Annual Report may contain estimates and forecasts of the Company's authorised management bodies regarding future events and/or actions, prospects for development of the Company's core business industry, and results of the Company's activities, including plans, probability of certain events and actions.

Forward-looking statements are associated with an inherent risk and uncertainty, both general and special, and there is a risk that estimates, assumptions, forecasts, projects, and other forward-looking statements will not be justified. Based on these risks, uncertainties, and assumptions, the Company notes that actual results may differ materially from those indicated in the forward-looking statements and are valid only as of the date of the Annual Report. The Company neither states nor guarantees that the results of activities indicated in the forward-looking statements will be achieved.

The Company shall not be responsible for losses that may be incurred by individuals or legal entities relying on the forward-looking statements. In each case, such forward-looking statements represent only one of many possible developments and shall not be considered as the most probable ones.

Except as expressly provided by the applicable law, the Company shall not undertake any obligations to publish updates and changes in the forward-looking statements based on both new information and subsequent events.

1. KEY PERFORMANCE INDICATORS

| | | | 2016/2015 |
|---|--------------|---------|---------------|
| Revenue | 81.1 | RUB bln | 3.2% |
| EBITDA ¹ | 20.7 | RUB bln | -14.9% |
| EBIT ² | 13.9 | RUB bln | -20.9% |
| Net profit | 10.5 | RUB bln | -32.5% |
| Asset value | 119.3 | RUB bln | -6.4% |
| Electric power generation | 54.5 | bln kWh | 1.4% |
| Electric power sales ³ | 58.2 | bln kWh | 2.7% |
| ICUF | 55.4 | % | -2.6% |
| (Installed Capacity Utilisation Factor) | | | |

Information presented in this Report is based on accounting reports drawn up in accordance with the Russian Accounting Standards (RAS).

¹ EBITDA = Profit (loss) from sales + Other income - Other expenses - Net balance of exchange rate differences + Depreciation

² EBIT = Profit (loss) from sales + Other income - Other expenses - Net balance of exchange rate differences

³ including the volumes purchased in the market

2. ADDRESS OF CHAIRMAN OF THE BOARD OF DIRECTORS AND CEO TO SHAREHOLDERS



ADDRESS OF CHAIRMAN OF THE BOARD OF DIRECTORS

Dear shareholders, investors, and colleagues!

2016 has been a very eventful year for our Company. Uniper Group has spun off successfully from E.ON Group. On 1 January 2016, E.ON Russia JSC became a part of Uniper Group, and on 23 June 2016, E.ON Russia was renamed as Unipro PJSC.

The most important regulatory change for Unipro PJSC was the formal decision on the timing of capacity payments under the CSA scheme. The regulator confirmed in June 2016 that additional earnings which a CSA contract brings compared to the capacity auction price will be shifted from years 11 to 15 of operation to years 7 to 10 of operation. For Unipro this means that in relation to all operating new-built facilities the capacity payments will be increased considerably in 2017.

In February 2016, a fire broke out at Power Unit No. 3 of Berezovskaya GRES, which caused a material damage. We held a series of discussions with the Management Board, and after full discussion we approved the decision to restore the Power Unit. This fire was a unique accident in the Russian utilities industry, so it is a very complex task to repair the power plant. Our main priority is to commission Power Unit No. 3 as fast as possible, of course with a due level of reliability. However, we do not expect any capacity payments from the power plant in 2017 or 2018.

Despite difficult market conditions and the damage caused to Berezovskaya GRES, Unipro still has a stable core business. The Company retained leading positions in the market. Electricity generation increased by 3% and amounted to 54.5 billion kWh. The electricity sales have totalled 58.2 bln kWh (+2.7% compared to the previous year). Unipro aims to have two dividend distributions per year; dividends for the first 9 months of 2016 in the amount of RUB 7.3 bln have been already paid.

We are expecting new challenges in the power market, such as excess installed capacity, obsolete generation assets replacement, and potential modernisation activities. We are sure that our Company has significant potential for the long-term development, and together we will take on such challenges.

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

Best regards,
Chairman of the Board of Directors of Unipro PJSC
Klaus Schäfer

ADDRESS OF CHIEF EXECUTIVE OFFICER



Dear shareholders, investors, and colleagues!

Last year was a difficult one for Unipro PJSC. External challenges, volatile economy, excess capacity, and difficult market environment adversely affected our business. But despite all those internal and external difficulties, Unipro has remained the most efficient thermal power company in Russia.

On 1 January 2016, E.ON Group spun off Uniper, a new energy distribution company that included E.ON Russia. Since 23 June 2016, E.ON Russia JSC has been renamed as Unipro PJSC. In 2016, the Company implemented all renaming and re-branding activities.

In February 2016, an accident took place at Power Unit No. 3 of Berezovskaya GRES: a fire started in the boiler room and resulted in damage to the boiler metal structure, the major part of which needs to be replaced. Based on our forecasts, we do not expect the payment for capacity of this Power Unit in 2018; in addition, we will have to spend 25 billion RUB more to repair the Power Unit. The refurbishment works will be performed at the Company's expense. The Company management expects insurance payments to cover a significant part of the refurbishment costs. The first insurance benefit related to the fire was paid in Q4 2016, next payments are expected in 2017.

But even despite the accident, the power plants of Unipro generated 54.5 bln kWh of electric power in 2016, which was 1.4% higher than the indicators of the previous year. In 2016, the demand for the production facilities of Unipro exceeded the market average and reached 55%.

Unipro pays great attention to the equipment maintenance. All the scheduled repair works were completed during the year. Unipro PJSC and Siemens LLC have entered into an agreement to renovate the gas turbine at Power Unit No. 5 of Yaivinskaya GRES, which will result in the equipment performance increase from 424.6 to 448 MW.

Surgutskaya GRES-2 has completed construction of a new up-to-date warehouse complex, which will take storage, distribution, and delivery of material and technical valuables to a new level of quality.

In 2016, Unipro launched a brand-new project associated with the Company's business processes optimisation aimed at improvement of resource usage efficiency and operating cost reduction.

In February 2016, a Memorandum on Construction of a large greenhouse complex in Sharypovsky District of Krasnoyarsk Territory was signed. Berezovskaya GRES will supply the Complex with heat and carbon dioxide required for vegetable growing. Besides, Unipro will provide the investor with areas convenient for placement of production facilities. In 2016, experts of two largest consulting companies completed the creation of an agro-industrial cluster concept. The Agro-Industrial Cluster Development Programme is included in Sharypovsky Municipal District Social and Economic Development Strategy until 2030.

The Company continues to operate in the distributed generation market. In 2016, E.ON Connecting Energies LLC, an affiliate of Unipro PJSC, purchased a share in NATEK Invest-Energo JSC, which owns and operates Myakinino TPP in Krasnogorsk District.

Occupational health and safety of the Company internal service personnel and third parties at the Company's facilities is the key value of Unipro PJSC. Unipro PJSC confirmed the effectiveness of the operating health and safety management system by successful certification under international standard OHSAS 18001-2007. In 2016, the main development area was the improvement of personnel competences in high-risk areas related to arranging and performance of works in electrical installations, confined spaces and works at height.

To ensure the safe and reliable operation of the Company's hazardous facilities in 2016, a project was launched to introduce an automated industrial safety management system allowing to effectively monitor the compliance with and address changes to the legislative requirements related to industrial safety by providing high availability of the electrical and heat power generating equipment.

Environment protection is one of the priorities of Unipro in the area of sustainable development. According to new legislative requirements, in 2016, the Company developed a Unified Programme for Industrial Environmental Monitoring. It should be noted that Unipro PJSC has successfully obtained the renewed Certificate of Conformity of the Company's Environmental Management System (EMS) to the requirements of the new version of ISO 14001:2015 international standard in respect of electric and heat power generation and heat power transportation.

Unipro PJSC pays paramount attention to personnel training. Major efforts have been made in the field of the employer's brand promotion. Throughout the year, the Company has implemented personnel training and motivation programmes.

Unipro is a socially responsible company. Therefore, we continue to develop educational projects in the regions in which we operate, allocate funds for healthcare maintenance, provide support for children, children's educational establishments, and charity funds. As in the previous years, Unipro PJSC provides financial support for long-term cultural projects of international significance.

The Company faces important objectives to be implemented in 2017. I believe that thanks to the competent employees of Unipro PJSC these objectives will be achieved.

I would also like to express my gratitude to our shareholders for their trust in us in 2016. I'm sure that in order to maintain the status of the most efficient thermal power generating company in Russia, we will meet the challenges that Unipro faces, improve reliability of generating equipment and occupational safety with your active support.

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

3. GENERAL INFORMATION ABOUT THE COMPANY

| | |
|--|---|
| Full name | Unipro Public Joint-Stock Company |
| Date of state registration | 04 March 2005 |
| Primary State Registration Number (OGRN) | 1058602056985 |
| Registered address of the Company | Building 34, 23, Energostroiteley Street, Surgut, Khanty-Mansi Autonomous District – Yugra, Tyumen Region |
| Address of the Moscow Representative Office | Floor 23, Building B, 10, Presnenskaya Embankment, Moscow, 123112 |
| Contact telephone number | (495) 545-38-38 |
| Fax | (495) 545-38-39 |
| E-mail address | info@unipro.energy |
| Core business | Generation and sales of electric and heat power and capacity |
| Total installed capacity, MW | 11,205 |
| Authorised capital, RUB | 25,219,482,458.37 |
| Total number of shares, pcs | 63,048,706,145.92 |
| Nominal value of one share, RUB | 0.40 |
| Number and date of state registration of the share issue | 1-02-65104-D dated 19 April 2007 |
| Major Shareholder of the Company (share) | Uniper Russia Holding GmbH (83.73%) |
| Full name of the Registrar | R.O.S.T. Registrar Joint-Stock Company |
| Registrar's address | Building 13, 18, Stromynka Street, Moscow, 107996 |
| Full name of the Company's auditor | PricewaterhouseCoopers Audit Joint-Stock Company |
| Address of the Company's auditor | 10, Butyrsky Val Street, Moscow, Russia, 125047 |

3.1. Brief History of the Company

In 2005, OGK-4 OJSC was established on the basis of five plants. It included power plants with the total capacity of 8,630 MW: Surgutskaya GRES-2, Berezovskaya GRES, Shaturskaya GRES, Smolenskaya GRES, and Yaivinskaya GRES. In 2007, E.ON (one of the largest private power and gas groups in the world) acquired 69.34% of the Company's authorised capital, and later increased the share up to 83.73%. From the date of state registration (4 March 2005) the Company was named Fourth Generation Company of the Wholesale Electricity Market Open Joint-Stock Company (OGK-4 OJSC). In July 2011, OGK-4 OJSC was renamed as E.ON Russia JSC.

On 1 January 2016, following a demerger of a new international company Uniper from E.ON Group, E.ON Russia JSC entered into its structure and was renamed as Unipro PJSC in June 2016.

Uniper Group is the major shareholder of Unipro and is a leader in traditional power generation and supply sectors, natural gas, LNG, coal, and emission trading, as well as energy transportation. The Company operates in European countries, Russia, and several other countries. Uniper includes hydroelectric plants, gas-fired power plants, and coal power plants with the total capacity of 40 GW. Thanks to these key assets and use of different fuel types, Uniper is a major and reliable supplier of electric power, a large portion of which is produced using environmentally friendly technologies such as gas-fired power plants and hydroelectric plants.

Unipro PJSC is a participant of the wholesale electricity market; it generates and sells electric and heat power and supplies heat.

As a result of the investment programme being currently implemented in relation to construction of new facilities, as well as the modernisation programme, the total installed capacity of Unipro PJSC amounts to 11,205 MW. In 2010-2011, the Company commissioned 4 new combined cycle power units with the total capacity of 1,600 MW at Shaturskaya GRES, Surgutskaya GRES-2, and Yaivinskaya GRES, and increased the capacity of Berezovskaya GRES by 100 MW due to the equipment modernisation. In 2015, the pulverised coal power unit with the capacity of 800 MW was commissioned at Berezovskaya GRES (currently being under emergency repair).

Unipro shares are traded at Moscow Exchange PJSC stock exchange.

3.2. Position of the Company in the Industry

Unipro PJSC is a participant of the wholesale electricity and capacity market, it produces and sells electric and heat power. The Company's share in the all-Russian electric power generation amounts to 5.2% following the results of 2016, the share of the installed capacity in the UES of Russia amounts to 4.7%. The share in the output of Russian heat power plants amounts to approximately 8%.

Unipro PJSC power plants are located in the regions of Russia with the highest level of power consumption and relatively well-developed grid infrastructure. Four out of five generating facilities of the Company are located in the most economically and industrially developed constituent territories of the Russian Federation, which have a high potential for growth of power consumption.

In 2016, Unipro PJSC completed its investment programme that provided for construction of new generating facilities with the capacity of 2,400 MW.

All this, together with the efficient cost management strategy, enables Unipro to be a leader of the Russian heat power industry.

Unipro PJSC is the most efficient company in the sphere of heat power generation in Russia.

3.3. Priority Areas of the Company's Activities

In the reporting year, the key priority was the arrangement of restoration works at Unit No. 3 of Berezovskaya GRES damaged as a result of a serious accident in February 2016.

Occupational health and safety of the Company personnel and third parties at the Company facilities is the key value of Unipro PJSC.

3.4. Strategy of the Company Development

The development strategy of Unipro PJSC is a part of Uniper strategy focusing on traditional thermal energy. Unipro is potentially interested in renewable and decentralised power generation.

The Company's responsibilities also include operational and construction engineering for thermal power plants, including the improvement of processes, management of generating facilities construction.

Operational reliability of the generating equipment, its upgrading and improvement of indicators related to availability for power generation are the priorities of Unipro PJSC development.

3.5. Prospects of the Company Development

The Company has a stable market position. The main prospects for increased production and profit are related to restoration of Unit No. 3 of Berezovskaya GRES.

A promising area is assistance in development of agro-industrial clusters in the territories adjacent to thermal plants, where the Company can support the investors related to connecting to thermal, electric networks and other infrastructure facilities and solving issues with the search for and acquisition of the land for construction.

3.6. Assets of the Company

The structure of Unipro includes five heat power plants with the total installed capacity of 11,205.1 MW/ 2,306 Gcal/h: Surgutskaya GRES-2 (Khanty-Mansi Autonomous District, Tyumen Region), Berezovskaya GRES (Krasnoyarsk Territory), Shaturskaya GRES (Moscow Region), Smolenskaya GRES (Smolensk Region), and Yaivinskaya GRES (Perm Territory).



Basic production and technical characteristics of Unipro, 2016

| Power plant | Years of commissioning (connection to the grid) | Installed capacity, MW | ICUF* 2016, % | Electric power generation 2016, mln kW·h. |
|--------------------|---|------------------------|---------------|---|
| Surgutskaya GRES-2 | 1985-2011 | 5,657.1 | 72.0 | 35,746 |
| Berezovskaya GRES | 1987-2015 | 2,400.0 | 33.6 | 7,057 |
| Shaturskaya GRES | 1971-2010 | 1,493.4 | 40.4 | 5,306 |
| Smolenskaya GRES | 1978-1985 | 630.0 | 28.1 | 1,557 |
| Yaivinskaya GRES | 1963-2011 | 1,024.6 | 53.9 | 4,864 |
| Unipro | | 11,205.1 | 55.4 | 54,530 |

* Installed Capacity Utilisation Factor

SURGUTSKAYA GRES-2 Branch of Unipro PJSC (hereinafter referred to as Surgutskaya GRES-2)

Surgutskaya GRES-2 is located in Surgut (Khanty-Mansi Autonomous District – Yugra, Tyumen Region).

In 2016, the plant produced 35.746 billion kWh. The output increased by 9% as compared to 2015, which is 104.3 percent of the plan of the Federal Antimonopoly Service (FAS), or 104.6 percent of the Company business plan. The heat power supply amounted to 953 thousand Gcal (103.6 percent of the Company business plan and 110.2 percent pursuant to the FAS plan). The specific reference fuel consumption (SRFC) for the electric power supply amounted to 293.22 g/kWh, heat power supply — 164.12 kg/Gcal.

Surgutskaya GRES-2 is the largest thermal power plant in Russia by the installed capacity (5,657.1 MW) and electric power production.

Construction of Surgutskaya GRES-2 was started in Q4 1979 as per the Resolution of the Council of Ministers of the USSR dated 15 November 1979. The necessity to construct the largest heat power plant in the country was caused by rapid growth of oil and gas production in early 1980s in the north of Tyumen Region requiring the increased power generation (by 5 times).

Commissioning of six power units of Surgutskaya GRES-2 (800 MW each) in a record-breaking short time helped to eliminate the electric power deficiency in the whole Tyumen Region. 4,800 MW of new facilities were commissioned within three and a half years. Two first power units of the plant were commissioned in 1985; the last one — in 1988.

In 2008, E.ON Russia JSC started construction of two combined cycle power units with the capacity of 400 MW each within its investment programme. Notwithstanding severe climatic conditions and complexity of equipment delivery, the new power units with the aggregate capacity of 797.1 MW were commissioned in July 2011.

In 2016, due to re-marking of 800 MW SPU power units, Surgutskaya GRES-2 officially received a total increase in capacity of 60 MW. Its current capacity is 5,657.1 MW.

Surgutskaya GRES-2 is one of the most efficient heat power plants of the country. Its technical and economical indicators are equal to the best foreign analogues: SRFC amounts to less than 306 g per kWh at steam-power units and 227 g at CCGT units; Auxiliary electric power consumption is less than 2.5%; Installed Capacity Utilisation Factor (ICUF) is 77.3%.

As of 31 December 2016:
Headcount is 1,220 employees.
Branch Director: Valery Valeryevich Svetushkov⁴.

Contact information:
Surgutskaya GRES-2 Branch of Unipro PJSC

⁴ Evgeny Viktorovich Zhilyaev was Branch Director until 22 April 2016, Igor Ivanovich Skosar was Acting Branch Director from 23 April 2016 to 17 August 2016

Postal address: Building 34, 23, Energostroyteley Street, Surgut, Khanty-Mansi Autonomous District – Yugra, Tyumen Region, 628406.

Location: Building 34, 23, Energostroyteley Street, Surgut, Khanty-Mansi Autonomous District – Yugra, Tyumen Region, 628406.

Telephone number: (3462) 38-13-59.

Fax: (3462) 28-00-36.

E-mail: surgut_gres-2@unipro.energy

Generation of electric and heat power at Surgutskaya GRES-2

| Indicator | 2012 | 2013 | 2014 | 2015 | 2016 |
|---|--------|--------|--------|--------|--------|
| Electric power generation, mln kW·h | 39,967 | 39,850 | 37,886 | 32,835 | 35,746 |
| Heat output from headers, thousand Gcal | 891 | 908.7 | 961 | 896.5 | 953 |

Berezovskaya GRES Branch of Unipro PJSC

(hereinafter referred to as Berezovskaya GRES)

Berezovskaya GRES is a Branch of Unipro PJSC located in Sharypovsky District, Krasnoyarsk Territory. Since October 2015, its installed capacity amounts to 2,400 MW (3 power units, 800 MW each). The power plant burns brown coal mined at Berezovskoe field and is the most large-scale thermal power plant in Krasnoyarsk Territory. Following the results of 2016, the electric power generation amounted to 7.05 billion kWh, heat output — 660 thousand Gcal.

Berezovskaya GRES is the only power plant in Russia with 800 MW power units where coal is used as fuel. The power plant is operated as a part of the unified energy system of Siberia.

Construction of Berezovskaya GRES started in 1976. The technical project of Berezovskaya GRES provided for the construction of eight 800 MW power units. Thus, the power plant's planned installed capacity was to amount to 6,400 MW. On 1 December 1987, the first power unit of the power plant was commissioned, the second one was commissioned in April 1991. Then the construction financing was suspended. The designed capacity of the power plant amounted to 1,600 MW. However, soon after the commissioning, the capacity of the operating power units was reduced from the design value of 1,600 MW to 1,400 MW. It occurred due to the intensive slagging of boiler heating surfaces during the operation using the high-ash coal of Berezovskoe field at maximum capacity parameters. In 2009, E.ON Russia JSC (Unipro PJSC from June 2016) launched a project aimed to increase the capacity of the plant up to the targeted 1,600 MW. It became possible due to the use of state-of-the-art technologies. The project to increase the installed capacity of Power Unit No. 2 was completed in late 2010. The similar project at Power Unit No. 1 was completed in 2011.

The final stage of the investment programme, i.e. the construction of 800 MW Power Unit No. 3 at Berezovskaya GRES, was started by Unipro PJSC (E.ON Russia JSC before June 2016) in May 2011. The facility was commissioned in 2015.

Measures to minimise the negative impact on the environment were taken during the new Power Unit construction. The modernised equipment makes it possible to reduce nitrogen oxide emissions to 300 mg/m³, which complies with the most strict Russian environmental standards. Waste water treatment system has been improved, and highly efficient oil coolers are used.

Berezovskaya GRES SPU-800 (pulverised coal power unit for supercritical steam parameters) construction project was a top priority project for energy industry development in Russia (Order No. 1334-p on Implementation Using the CSA Programme dated 11 August 2010 issued by the Government of the Russian Federation). Similar power units haven't been constructed in Russia for over 20 years.

On 1 February 2016, a fire broke out in the boiler room of Power Unit No. 3. The Power Unit was decommissioned for repairs and refurbishment.

On 29 September 2016, the Board of Directors of Unipro PJSC ratified the investment project "Restoration of Power Unit No. 3 of Berezovskaya GRES Branch of Unipro PJSC". They expect the additional refurbishment to cost at least RUB 25 billion.

Parallel to restoration of Power Unit No. 3, the construction of a new fuel receiving station and upgrading of the fuel supply system are in progress at Berezovskaya GRES.

As of 31 December 2016:

Headcount is 1,067 employees.

Branch Director — Vladimir Nikolaevich Borisov.

Contact information:

Berezovskaya GRES Branch of Unipro PJSC

Postal address: P. O. Box 6-3/36, Sharypovo, Krasnoyarsk Territory, 662313

Location: Building 1/15, Energetikov Industrial Base, Kholmogorskoe Settlement, Sharypovsky District, Krasnoyarsk Territory, 662328.

Telephone number: (39153) 7-13-50; 2-53-50.

Fax: (39153) 7-10-18.

E-mail: bgres@unipro.energy

Generation of electric and heat power at Berezovskaya GRES

| Indicator | 2012 | 2013 | 2014 | 2015 | 2016 |
|---|---------|---------|-------|-------|-------|
| Electric power generation, mln kW·h. | 10,738. | 10,020. | 9,049 | 8,971 | 7,057 |
| Heat output from headers, thousand Gcal | 731 | 696 | 715 | 634 | 660 |

Shaturskaya GRES Branch of Unipro PJSC

(hereinafter referred to as Shaturskaya GRES)

Shaturskaya GRES is a heat power plant located in Shatura (Moscow Region). The main fuel is natural gas, however, coal, fuel oil, and peat may also be used at the power plant. The installed capacity of Shaturskaya GRES is 1,493.4 MW, the heating capacity is 344.5 Gcal/h. Following the results of 2016, electric power generation amounted to 5,306 mln kWh.

The history of Shaturskaya GRES dates back to more than 95 years ago. On 25 July 1920, the first pilot temporary 5 MW power plant was constructed, it supplied electric power to the near-by peatery and served as a pilot base for solving the problem of rational combustion of peat. The temporary plant existed till 1926. The design of the permanent plant named Shaturskaya District Electric Power Plant started in 1920. It is one of the first power plants constructed according to the GOELRO plan (Russian State Electrification Programme).

In Q2 2008, as part of implementation of the investment programme of Unipro PJSC (E.ON Russia JSC before June 2016), the construction of a new power unit of the 400 MW CCGT was commenced. It was commissioned in November 2010. The 400 MW CCGT of Shaturskaya GRES was the first single-shaft power unit with the most powerful serial gas turbine of F-class in Russia. The efficiency of the CCGT unit of Shaturskaya GRES is about 56%, which exceeds the performance indicators of power units in the Russian heat generation more than by one-third.

Since the power unit startup the rated capacity of the plant has grown up to 1,493.4 MW. Due to its environmental safety, the 400 MW CCGT project at Shaturskaya GRES became the first Russian project approved by the United Nations Organisation under the Kyoto Protocol.

As of 31 December 2016:

Headcount is 859 employees.

Branch Director — Sergey Fedorovich Bakurin.

Contact information:

Shaturskaya GRES Branch of Unipro PJSC

Postal address: 5, Chernoozersky Drive, Shatura, Moscow Region, 140700.

Location: 5, Chernoozersky Drive, Shatura, Moscow Region, 140700.

Telephone number: (49645) 7-11-03

Fax: (49645) 2-16-66

E-mail: shgres@unipro.energy

Generation of electric and heat power at Shaturskaya GRES

| Indicator | 2012 | 2013 | 2014 | 2015 | 2016 |
|---|-------|-------|-------|-------|-------|
| Electric power generation, mln kW·h | 5,185 | 5,310 | 4,969 | 4,899 | 5,306 |
| Heat output from headers, thousand Gcal | 401 | 383 | 378 | 355 | 383 |

Yaivinskaya GRES Branch of Unipro PJSC
(hereinafter referred to as Yaivinskaya GRES)

Yaivinskaya GRES is a heat power plant located on the bank of the Yaiva River (Perm Territory). Initially, 4 power units of 150 MW used coal of the Kizelovsky coal field as fuel. Since 1987, the power plant has been using the fuel mix (natural gas and coal dust). Within the investment programme a new combined cycle power unit of 426.4 MW was constructed at Yaivinskaya GRES. In 2015, the plant generated 4.864 billion kWh and 93 thousand Gcal of heat power.

Yaivinskaya GRES is located in Bereznikovsko-Solikamsky economic district, where in the 1950s there was a long-felt need for construction of a new power plant. GRES construction commenced in March 1956, and on 30 June 1963 the first power unit was commissioned. In 1964, Power Units No. 2 and No. 3 were commissioned. In 1965, when the Power Unit No. 4 was commissioned (on 24 December 1965), Yaivinskaya GRES reached the design generating capacity of 600 MW, and the installed heating capacity amounted to 69 Gcal/hour. At the time it was the largest power plant of the Perm power system. Currently, Yaivinskaya GRES is the largest one in the upper Kama River area. A new impetus was obtained by the plant in 2008, when the construction of 425 MW Power Unit No. 5 was commenced based on the state-of-the-art combined cycle technology.

The CCGT-400 unit was commissioned in August 2011. The new plant unit has a number of advantages over the currently operating equipment. The power supply efficiency factor is almost one-third higher than the current value and amounts to 54.1% (power generation — 55.9%). Besides, the combined cycle gas turbine (CCGT) is flexible providing for adjustment of output capacity according to the power system needs, and ecological performance as its nitrogen oxide and CO₂ emissions are lower. Due to the 400 MW CCGT commissioning, the installed capacity of the plant increased up to 1,025 MW.

In June 2013, the plant was connected to associated petroleum gas pipeline. It allowed to abandon the combustion of coal, which is a backup fuel now.

In December 2013, the Branch leased municipal heating networks constructed in violation of regulatory requirements and operated for several years improperly. Being the only heat supplier to Yaiva, YaGRES incurred constant losses of the heat carrier due to multiple leaks in the pipeline. To address this issue, the Company drew up a schedule of capital repairs and pipe replacement being currently implemented. For the period of lease the Branch fully replaced more than 1.7 km of the pipeline.

Yaivinskaya GRES plays an important role in providing stable power supply to major industrial facilities of Perm Territory, as well as to cities, towns, and settlements of the upper Kama River area.

As of 31 December 2016:

Headcount is 484 employees.

Branch Director — Evgeny Alexandrovich Inozemtsev.

Contact information:

Yaivinskaya GRES Branch of Unipro PJSC

Postal address: 5, Timiryazeva Street, Yaiva Urban-type Settlement, Alexandrovsk, Perm Territory, 618340.

Location: 5, Timiryazeva Street, Yaiva Urban-type Settlement, Alexandrovsk, Perm Territory, 618340.

Telephone number: (34274) 2-43-59.

Fax: (34274) 3-67-14.

E-mail: yagres@unipro.energy

Generation of electric and heat power at Yaivinskaya GRES

| Indicator | 2012 | 2013 | 2014 | 2015 | 2016 |
|---|-------|-------|-------|-------|-------|
| Electric power generation, mln kWh | 6,345 | 5,783 | 5,621 | 5,111 | 4,864 |
| Heat output from headers, thousand Gcal | 95 | 91 | 95 | 91 | 93 |

Smolenskaya GRES Branch of Unipro PJSC
(hereinafter referred to as Smolenskaya GRES)

Smolenskaya GRES is a heat power plant located in Ozerny Settlement, Dukhovshchinsky District of Smolensk Region. Smolenskaya GRES has been operating since 1978 using coal and natural gas. The installed capacity is 630 MW. The plant has three power units of 210 MW each. Following the results of 2016, the electric power generation amounted to 1.6 bln kW·h.

The Ministry of Energy and Electrification of the USSR resolved on construction of Smolenskaya GRES in 1965 with due account for milled peat reserve of the Svitsko-Zharkovskaya base. Construction of the power plant commenced in 1970. On 12 January 1978, the state commission accepted for operation the first power unit of the plant.

With the power plant commissioning, Dukhovshchinsky District (located in the north of Smolensk Region) got a powerful impetus for social and economic development. The railway to Smolensk running through three districts of the Region was restored, a railway connecting Smolensk and Tver Regions, a modern motor road, and a settlement for power engineers were constructed.

The power plant equipment was designed for combustion of low-ash sulfur-free fuel — peat, but various types of solid fuel were used at Smolenskaya GRES because of delays in peat extracting plant construction; and those solid fuels had different qualitative characteristics: high ash content, high sulfur content, and high reactivity. During the first years of its operation, the power plant had to change types of fuel frequently. Initially, the plant received coal from Inta, later on it was replaced with coal from the suburbs of Moscow. Then, power engineers from Smolenskaya GRES started using slate as fuel, which was subsequently replaced with coal from Khakassia. All in all, combustion of 14 types of solid fuel was tried at the power plant, including coal from Uzbekistan and European Silesia. Combustion of large amounts of non-design type of fuel required continuous reconstruction and upgrading of the equipment.

The fuel problem was solved in 1985 through completion of the gas pipeline running to Smolenskaya GRES. Since that time, the power plant has been using the natural gas and lignite from the suburbs of Moscow as main fuel.

In 2011, works on reconstruction and commissioning of the first section of the ash disposal area at Smolenskaya GRES were completed. These works will allow for increase of the volume of ash and sludge waste storage, thus ensuring the possibility for the power plant operation when combusting a significant share of coal in the fuel balance of the plant within more than 10 years, and reduce environmental impact of the ash disposal area.

As of 31 December 2016:

Headcount is 493 employees.

Branch Director — Viktor Ivanovich Brashchenkov⁵

Contact information:

Smolenskaya GRES Branch of Unipro PJSC

Postal address: Ozerny Settlement, Dukhovshchinsky District, Smolensk Region, 216239.

Location: Ozerny Settlement, Dukhovshchinsky District, Smolensk Region, 216239.

Telephone number: (48166) 2-91-59

Fax: (48166) 2-91-89

E-mail: smgres@unipro.energyMAILTO:MAILTO:MAILTO:

Generation of electric and heat power at Smolenskaya GRES

| Indicator | 2012 | 2013 | 2014 | 2015 | 2016 |
|---|-------|-------|-------|-------|-------|
| Electric power generation, mln kW·h | 1,966 | 2,030 | 1,713 | 1,949 | 1,557 |
| Heat output from headers, thousand Gcal | 66.8 | 64 | 61 | 58.6 | 62.4 |

Engineering Branch of Unipro PJSC

The Branch is not engaged in operational activities.

Contact information:

Postal address: Floor 23, Building B, 10, Presnenskaya Embankment, Moscow, 123112.

Location: Building 1/15, Energetikov Industrial Base, Kholmogorskoe Settlement, Sharypovsky District, Krasnoyarsk Territory, 662328.

Telephone/fax number: +7 (39153) 71-6-21.

E-mail: info@unipro.energy

⁵ Alexander Pavlovich Peremibeda has been Branch Director since 01 January 2017

Moscow Representative Office of Unipro PJSC

The Representative Office in Moscow is a standalone subdivision of Unipro; it operates on the basis of the regulation approved by the Company CEO.

It is established subject to the resolution of the Company Board of Directors in 2005.

Director of the Representative Office is Ulf Backmeyer, Deputy CEO for Finance and Economics, Unipro PJSC, Member of the Management Board.

Contact information:

Postal address: Floor 23, Building B, 10, Presnenskaya Embankment, Moscow, 123112.

Location: Floor 23, Building B, 10, Presnenskaya Embankment, Moscow, 123112

Telephone number: (495) 545-38-38

Fax: (495) 545-38-39

MAILTO:

3.7. Events Calendar for 2016

| | |
|----------|--|
| January | <ul style="list-style-type: none"> □ On 1 January 2016, E.ON SE successfully completed its spin-off from Uniper □ Certification testing of the CCGT of Shaturskaya GRES for the purpose of participation in the Rated Primary Frequency Control according to the System Operator's Standard was performed successfully |
| February | <ul style="list-style-type: none"> □ Power Unit No. 3 of Berezovskaya GRES was shut down for unscheduled repairs □ A Memorandum of construction of a large greenhouse complex in Sharypovsky District of Krasnoyarsk Territory was signed at Krasnoyarsk Economic Forum □ Yaivinskaya GRES performed a minor inspection of the gas turbine of CCGT Power Unit No. 5 |
| March | <ul style="list-style-type: none"> □ Smolenskaya GRES Branch started repair works on preparation of heat machinery and electrical equipment for operation during the autumn and winter period of 2016-2017 □ Surgutskaya GRES-2 was awarded the second place in the contest of the EMERCOM of Russia The certificate of honour was given for the exemplary maintenance of the civil defence shelter □ Surgutskaya GRES-2 performed regular maintenance of Power Unit No. 4 for 20 days enabling the stable operation of the equipment till the overhaul scheduled for 2017 □ Due to re-marking of 800 MW SPU power units, Surgutskaya GRES-2 officially increased its capacity by 60 MW Its current capacity is 5,657 MW |
| April | <ul style="list-style-type: none"> □ Shaturskaya GRES successfully completed the heating season and awarded the best heat energy consumers for 2015-2016 heating period □ Berezovskaya GRES started a summer repair campaign Power Unit No. 2 was shut down for scheduled routine repairs □ Yaivinskaya GRES reduced the equipment failure rate more than three times as compared to Q1 2015 Thus, losses in the capacity market decreased from RUB 38.6 mln to RUB 3.0 mln |
| May | <ul style="list-style-type: none"> □ Shaturskaya GRES personnel conducted the Green Region environmental campaign supported by the Administration of Shatursky District The event has become a good tradition of power engineers and is carried out on a voluntary gratuitous basis □ The audit of Unipro PJSC operational health and safety management system under international standard OHSAS 1800-2007 was completed successfully |
| June | <ul style="list-style-type: none"> □ The Company held its Annual General Meeting of Shareholders □ According to the schedule agreed with the United Dispatching Office of the Energy Systems of Siberia, Berezovskaya GRES shut down Power Unit No. 1 for the scheduled overhaul □ E.ON Russia JSC was renamed as Unipro PJSC |

| | |
|-----------|---|
| July | <ul style="list-style-type: none"> □ Power Unit No. 3 of Smolenskaya GRES was put out of service for repairs as scheduled under the repairs programme for 2016 and approved by the System Operator □ Shaturskaya GRES operated all the available equipment in the period of maximum ambient temperature due to high electric power consumption in Moscow generation centre, scheduled and emergency shutdowns of power units at other power plants of the Moscow energy system □ On 14 July 2016, E.ON Connecting Energies LLC, an affiliate of Unipro PJSC, purchased a 50% share in NATEK Invest-Energo JSC □ Re-welding of joints at Yaivinskaya GRES pipeline gas distribution substation was performed □ Unipro Engineering LLC, a subsidiary of Unipro PJSC, and Kubanenergo PJSC signed two energy service agreements to reduce losses in Kubanenergo PJSC networks. The intermediate maintenance of Power Unit No. 1 of Yaivinskaya GRES was completed |
| August | <ul style="list-style-type: none"> □ Valery Svetushkov was appointed as Director of Surgutskaya GRES-2 □ Power Unit No. 3 of Shaturskaya GRES with the capacity of 200 MW was taken out of service for scheduled intermediate repair □ Within the framework of the project on improving the occupational health competences of the Company employees, the Company trained experts in managing high risks related to works in electrical installations, confined spaces, and works at height |
| September | <ul style="list-style-type: none"> □ E.ON Connecting Energies LLC launched a mini-TPP for METRO Cash & Carry trade centre in Nizhny Novgorod □ In September, Shaturskaya GRES completed preparations for the heating season and ensured the launch of heat supply sources and connection of consumers to the centralised heating systems □ The first meeting of the Leadership Committee for Occupational Health and Safety of Unipro PJSC was held |
| October | <ul style="list-style-type: none"> □ Power Unit No. 1 of Berezovskaya GRES Branch was connected to the grid following the scheduled overhaul □ Smolenskaya GRES connected consumers of Ozerny Settlement to the heating system □ On 1 October (at 01:10 a.m.), Yaivinskaya GRES generated the 200 billionth kilowatt of electric power for the period since commissioning of the plant |
| November | <ul style="list-style-type: none"> □ Unipro PJSC received the Certificate of Operational Readiness for the Autumn and Winter Period of 2016-2017 □ Unipro PJSC and Siemens LLC entered into an agreement to renovate the combustion gas turbine at Power Unit No. 5 of Yaivinskaya GRES |
| December | <ul style="list-style-type: none"> □ Unipro PJSC held an Extraordinary General Meeting of Shareholders The Company shareholders made a resolution based on the results of the nine months of 2016 to pay dividends □ Unipro PJSC obtained the Certificate of Conformity of the Company Environmental Management System (EMS) to the requirements of the new version of ISO 14001:2015 international standard in respect of electric and heat power generation, heat power transportation □ Overhaul of Power Unit No. 3 of Yaivinskaya GRES was completed □ Based on the results of improving the occupational health competences of the employees to manage high risks related to arranging and performing works in electrical installations, confined spaces, and works at height, 963 employees of the Company were trained and acquired practical skills |

4. Report of the Board of Directors on the Company Development in Its Priority Areas of Activities

4.1. Ensuring Anti-terrorism Protection, Economic and Information Security, and Prevention of Emergency Situations

In 2016, special attention was paid to the issues of ensuring security and anti-terrorism protection of the Company facilities. A constant threat of wrongful acts and illegal intrusion resulted in strengthening the requirements to ensuring security and anti-terrorism protection of facilities of the fuel and energy complex. Hence, the works on designing, upgrading, and reconstruction of security engineering and technical devices and improvement of the physical security system of the Company facilities were performed systematically.

As a result of the work performed, the threats (risks) of illegal intrusion were identified, Action Plans for Ensuring Anti-terrorism Protection of the Company Facilities, as well as the measures for prevention of such threats (risks) were developed. Measures for establishing and improvement of the physical security system of the Company Branches are being implemented. The Company constantly cooperates with anti-terrorism commissions of executive authorities of constituent territories of the Russian Federation.

To protect the production and non-production facilities of the Branches, 1,220 employees of independent and private security companies and 580 external and internal CCTV cameras are involved.

To determine the efficiency of physical protection system of the facilities, the Company conducted drills jointly with the representatives of the Federal Security Service, the Ministry of Internal Affairs, and EMERCOM of Russia. During the drills, the Company checked the procedure for implementation at the Company facilities of Order No. 861 On Approval of the Rules of Notification by Entities of the Fuel and Energy Complex on Threats and Acts of Illegal Intrusion into the Facilities of the Fuel and Energy Complex dated 02 October 2013 issued by the Government of the Russian Federation.

In March 2016, the federal state control (supervision) authorities conducted a documentary field audit to ensure the security of facilities of Yaivinskaya GRES Branch of Unipro PJSC. During the audit it was established that the Branch performed all the activities in accordance with the requirements of the legislation.

In 2016, using engineering and technical security equipment, the employees of the Security Department of Moscow Regional Branch of Departmental Security Service FSUE of the Ministry of Energy of Russia caught six offenders attempting to enter the protected area of Shaturskaya GRES Branch of Unipro PJSC.

In December 2016, employees of the territorial department of the Federal Security Service of Russia in Tyumen Region checked the efficiency of the physical protection system of Surgutskaya GRES-2 Branch of Unipro PJSC. In the course of the inspection, a hoax explosive device was placed in the car, which attempted to enter the territory of the Branch. During the inspection of the entering vehicle the device was discovered by a security guard.

In general, the implemented measures significantly improve the efficiency of the physical security system of the Company facilities, make it difficult for potential intruders to enter the facility, and enable the security employees to timely respond to the emerging threat, including by catching intruders attempting to commit unlawful acts.

In 2016, the Company continued to improve its trade secret protection system. The Company took monitoring measures, assessed the status of protection of information constituting trade secrets of the Company. The documents were analysed for the presence of trade secrets, including terms of reference, procurement documentation, and contracts.

A package of documents related to ensuring security of personal data processing was developed and implemented. The Company performed the commission audit of information systems used to process personal data by automated tools, determined the security status of information systems, and developed the related threat models. The Company appointed the persons responsible for personal data processing.

It established the list of persons admitted to work with personal data, determined the storage locations for personal data processed without using automated facilities and access procedure.

The security service jointly with the subdivisions of IT Unit regularly implement measures on control over compliance with the information security policies, updating of the rights of access to information resources.

Continuous measures related to control over protection of economic interests of the Company against unlawful infringement are implemented, and analysis of the reasons for and conditions of appearance of such infringements is conducted for the purpose of their prevention and removal. Scheduled selective inspections of contract performance are conducted along with functional audits in connection with thefts, corruption, fraud, and misuse of powers by the personnel. In this regard, 80 gross violations of the Company regulations were revealed during inspections. By orders of Branch Directors, administrative sanctions were imposed on violating employees of the Branches, including 6 employees who were subjected to disciplinary actions. Based on results of the inspections, the potential prevented damage of the Company amounted to more than RUB 40 mln.

The Company takes comprehensive measures related to inspection of counterparty reliability in accordance with the generally accepted criteria and best business practices. Thus, 1,312 counterparties were inspected in 2016 alone (1,082 ones — in 2015), 117 entities were considered high-risk, and employees of the relevant departments were advised on ways to reduce such risks.

| Item No. | Branch | Σ of inspections | Risk level | | |
|----------|--------------------|---------------------|------------|----------|---------|
| | | | "Red" | "Yellow" | "Green" |
| 1. | Executive Office | 296 | 58 | 125 | 113 |
| 2. | Surgutskaya GRES-2 | 246 | 15 | 145 | 86 |
| 3. | Shaturskaya GRES | 234 | 12 | 108 | 114 |
| 4. | Berezovskaya GRES | 235 | 14 | 172 | 49 |
| 5. | Yaivinskaya GRES | 177 | 17 | 78 | 82 |
| 6. | Smolenskaya GRES | 48 | 1 | 1 | 46 |
| 7. | Engineering | 76 | 0 | 29 | 47 |
| Total | | 1,312 | 117 | 658 | 537 |

In 2016, fire departments of the Company Branches made 4,935 response visits to the Branch facilities. The number of such visits increased by 8.7% compared to the same period of the previous year, including 224 "turnout visits" (related to fires, triggering of fire alarm systems, hot works support, etc.).

In 2016, the Company Branches implemented the Regulations on Fire Prevention Activities aimed at improving fire safety activities, thus allowing to streamline the work of the fire prevention teams at the facilities and in the territory of the Branches. The Company reduced the number of fire safety violations.

The Company improved the material and technical infrastructure of fire departments by delivering additional fire-fighting equipment and assets. A unique 50 m mobile aerial tower adapted to the weather conditions of Siberia was acquired for Berezovskaya GRES. 12 fire department employees of Berezovskaya GRES were awarded with the EMERCOM of Russia medals "For Courage During Fire" for participation in fire fighting activities at the plant.

The Company upgraded the local warning system of Surgutskaya GRES-2 and civil defence shelters (CDSs) at Shaturskaya GRES and Yaivinskaya GRES. Civil defence and emergency training classes were created at Surgutskaya GRES-2, Shaturskaya GRES, and Smolenskaya GRES. 150 videos related to the civil defence, emergency situations, and fire safety are broadcast by the Branches.

Based on the results of the competition for the best maintenance and use of the CDSs located in Khanty-Mansi Autonomous District – Yugra, the CDS of Surgutskaya GRES-2 was awarded the first place among shelters with a capacity of more than 600 people.

Nearly 67 drills and trainings were conducted during the year with more than 2,900 participants (employees), during which the situations of possible emergency recovery, personnel evacuation, fire-fighting, and implementation of civil defence measures were addressed. In accordance with the Instruction of the Government of the Russian Federation, on 4 – 6 October 2016, the Company Branches took part in the All-Russian Staff Civil Defence Training.

The Company developed a new mobilisation plan for 2016-2020 for a wartime year. The Company Executive Office personnel was released from mobilisation.

4.2. Solving Problems of Environmental Security and Rational Use of Natural Resources.

Environmental Security

For the sustainable development of large businesses operating in industries associated with significant emissions and use of natural resources, environmental protection is one of the most important factors along with occupational health and safety, financial stability, reliability of resource supply chains, industrial and criminal safety, and other internal and external influences. Accordingly, on the basis of its long-term experience, Unipro PJSC actively participates in expert reviews of draft regulations to prevent their ambiguous interpretation and appearance of technically impracticable or economically unacceptable requirements impeding the business activities.

Considering the environmental protection as a condition for continuity of its production activities, the Company decided to determine the organisational setting as an environmental SWOT analysis allowing to conceptually identify both internal and external factors and assess their correlation. The related procedure is defined in Regulations for Planning in the EMS (Industry Standard No. ПТУ-Р.04). This analysis was a stage of transition to the international EMS (Environmental Management System) standard under the new version of ISO 14001: 2015 providing for a risk-based approach.

Control over the EMS and its continued improvement is effected by internal EMS audits and regular management reviews of the Branch reports.

The main assessment tools of the Branches are production environmental control (PEC) and internal audits of the EMS. In 2016, in accordance with Part 2, Article 67 of Federal Law No. 7-FZ On Environmental Protection dated 10 January 2002, all Branches of the Company developed uniform PEC programmes representing an exhaustive description of all types and frequency of environmental monitoring in the areas affected by the Company production activities.

The recording and investigation of environmental accidents are performed in accordance with the Rules established by the EMS.

In accordance with Article 73 of Federal Law No. 7-FZ On Environmental Protection dated 10 January 2002, the managers and specialists of the Company are trained in environmental protection and environmental security after their employment, and then not less than once in 5 years.

Possible emergencies that may have an impact on the environment were identified at the Company Branches.

The Company assessed the risk of accidents at hazardous production facilities in analytical and explanatory notes to the Safety Data Sheet of the GRES Hazardous Production Facility (HPF). In the course of the risk assessment the possible sources of emergencies at the HPF were identified, the possibility of appearance of emergency sources was assessed, the forecast of possible consequences of the impact of adverse factors on the personnel, the population, and the territory was made.

Possible accidents at hydraulic structures were identified in Declarations of Safety of Hydraulic Structures of the Branches.

Emergency response procedures and procedures for prevention or mitigation of their adverse effect on the environment are defined in:

- Oil and oil product spill prevention and response plans.
- Action plans for prevention of and response to emergencies of natural and anthropogenic nature.
- Plans for response to possible accidents at the gas-handling facilities.

- Fire fighting plans.
- Plans for response to accidents at hydraulic structures of the Branches.
- Plans for emergency localisation and response to emergencies at mazut-handling facilities.
- Instructions on response to minor emergencies.
- Shop instructions on prevention of and response to accidents.

Accident prevention and fire-fighting trainings for all power plants are carried out in accordance with the approved annual plans. Contracts were entered into for rescue services and for fire prevention services of the Branches.

In order to reduce the possibility of environmental accidents and violations of the environmental security requirements, the following actions are taken at the Branches:

- Identification of environmental aspects of the plant's production activities;
- Inventory (identification) of all possible reasons (sources) of environmental violations and accidents, development of a programme for outdated equipment and technologies replacement, switch to environmentally safe raw materials and materials used by the Branches;
- Compliance with the technological, fire-fighting, and production discipline;
- Keeping the equipment, technical devices, buildings and structures in serviceable condition;
- Systematic analysis and confirmation of compliance of the equipment, technical devices, buildings and structures with the regulatory operation requirements;
- Proper metrological support of measurements and analyses made;
- Systematic monitoring;
- Availability of the system for taking timely managerial decisions and implementing measures against environmental violations and emergencies;
- Education, instruction, and training of the personnel to ensure their environment protection expertise and competence.

Rational Use of Natural Resources

The main natural resources used in the Company technological processes are water and land resources intended for disposal of industrial and consumer waste.

The main tasks in the field of rational water use include:

1. Enhancement of rational use of natural resources: reduction of specific water use and inefficient water losses, implementation of water-efficient processes and equipment, as well as using storm runoffs as process water (after the respective treatment).
2. Reduction of the negative influence on water bodies: decreasing waste water volumes and/or the content of contaminants therein, increase of the percentage of recyclable and circulating water resources.
3. Identification of the need for providing metering devices or replacement thereof.
4. Carrying out educational and explanatory work with the employees and students of the supported energy classes on the issues of water body use and protection within corporate days on environment protection.

In 2016, as a result of a multi-year programme to reduce artesian water consumption at Berezovskaya GRES Branch, water consumption (taking into account only the constant element of non-refundable expenses for own needs of the plant, less the variable component of water consumption by consumers) was reduced by 137.3 thousand m³ (by 21%) as compared to 2014, when the target programme implementation was commenced.

Smolenskaya GRES was equipped with process water metering devices, thus allowing to control the expenses and take response actions to excess levels. The Company approved the balance chart for equipping the areas of irretrievable lake water consumption of Shaturuskaya GRES Branch with metering devices; the implementation of the programme for equipping such areas with metering devices is scheduled for 2017.

Thereby, certainly, the most important thing is the attitude of the employees to water resources, since the measures and recommendations for improvement will be effective only in case of presence of the corporate culture.

Accordingly, the Company developed key performance indicators (KPIs) for irretrievable water consumption related to water treatment (the chemical plant own needs), steam and water losses, and water leakages in heating networks to be set as indicators for bonus payments to the personnel. KPIs will be applicable from 2017.

In addition, the Company commenced a project to raise the personnel awareness using business environmental business games, including those issued by Russian developers (Ecologic), aimed at developing skills in making informed environmental and economic decisions providing the sustainable business development in compliance with the requirements of the environmental legislation of the Russian Federation.

In accordance with the new edition of the Company environmental policy adopted in 2016, the priority waste management areas are the reduction of waste generation and recycling as far as practicable. To reduce the waste generation in the Branches, the Company engaged the counterparties-suppliers of inventories to return to the inventory suppliers and manufacturers the packaging and non-marketable products containing valuable components that can be re-used in business activities. However, since the expanded producer responsibility mechanism is still far from being fully operational in Russia, the main way to reduce the waste generated through the use of the inventory is to provide it to third parties for recycling. Therefore, all Branches of the Company commenced a project on separate collection of selected waste fractions to be banned for disposal from 01 January 2017 by the Government of the Russian Federation. This project also provides for careful designing of territorial waste management plans to identify the entities providing services on processing of certain types of waste and waste fractions.

4.3. Ensuring the Electrical Safety of the Industrial and Production Personnel of the Company.

In 2016, there were no cases of electrical accidents among the corporate personnel of Unipro PJSC and the contractors' personnel.

For electrical safety purposes, the Company implemented the following measures:

1. All works at electrical installations were organised in accordance with the requirements of new Rules for Labour Safety at Operation of Electrical Installations approved by Order No. 155H dated 28 March 2014 issued by the Ministry of Labour and Social Protection of the Russian Federation;

2. According to enactment of changes to the Occupational Health Rules for Operation of Electrical Installations with effect from 19 October 2016 approved by Order No. 74H dated 19 February 2016 issued by the Ministry of Labour and Social Protection of the Russian Federation, the Company performed the following activities:

- Unscheduled Rules awareness assessment of:
 - Members of the Central Permanent Examination Commission of Unipro PJSC in the commission of state energy supervision authorities;
 - The Executive Office of Unipro PJSC assessed by the Central Permanent Commission of Unipro PJSC;
 - Administrative and technical personnel of the Branches, i.e. managers and experts responsible for maintenance and prompt service, repair, installation, and adjustment works in electrical installations.

– Unscheduled training of electrical engineering and process personnel, as well as other personnel managing the process conditions of electric power facilities on the following topics: Changes in the Occupational Health Rules for Operation of Electrical Installations approved by Order No. 74H dated 19 February 2016 issued by the Ministry of Labour and Social Protection of the Russian Federation.

3. For the purpose of management of contracting organisations' personnel in accordance with the standard of Health Protection and Occupational Safety Management System Power Grids Safety Management (CO-COTTA-12), the Company Branches test all electrical personnel of contractors prior to granting the admission to works at electrical installations of the Company. The admission to perform works is granted to the contractor's personnel only if they demonstrate the necessary skills and experience.

4. The Company is implementing the Perspective Programme for Meeting the Requirements of Occupational Standards at Electrical Installations. In 2016, within its framework, the Company arranged 153 events aimed at elimination of defects in electrical boards and assemblies.

5. In accordance with the revised Procedure for Identification of Hazards, Risk Evaluation, and Definition of Management Measures (MO-COTTA-02), the Executive Office and all Branches of Unipro PJSC carried out a scheduled identification of hazards, risk evaluation, and definition of risk management measures. As a result of the work performed, the level of risk of injury from the electrical current corresponds to the average level and is acceptable, provided that the necessary management measures are taken.

4.4. Implementation of the Informational Technology Development Strategy.

Information Systems

The Company continues to improve the continuity of information systems. In this regard, over the past year the Company implemented projects to increase the availability of services: A backup automatically updated version of IBM Cognos TM1 budgeting system was deployed as part of the UASMFEA (Unified Automated System for Management of Financial and Economic Activities). The service cluster was also deployed to improve the availability of business intelligence systems, integration service for tablet computer solution for the Mobile Inspector application. Now, Database Management System for Directum EDS has additional resources to increase its reliability and response. To improve the operational reliability of SMTP: The sites of Berezovskaya GRES and Yaivinskaya GRES have been transferred to new HSS. We increased the response time of UASMFEA (MS Axapta). In particular, the Company performed complex works to expand the data channel to ShGRES, replaced the disk subsystem with a more productive one as part of information storage reorganisation in the Document Management module, and revised the accounting reporting forms for multithreaded calculation. Payroll calculation is streamlined for parallel calculation. To increase the efficiency of fault and potential performance issues detection, the Company continued to develop the intelligent monitoring of information systems, defined settings for availability and response monitoring of synthetic transactions in key components of MS Axapta application, Directum, Cognos, Price Forecasting System, and the corporate portal.

To improve the planning and control quality, a new MS Project Server project has been launched, which will allow for automation of the project management of standard processes and projects, and in the future it will allow for replacement of the more expensive Primavera and improvement of the quality and availability of the service.

The accident at Power Unit No. 3 of BGRES affected our IT systems. In 2016, a new company, Unipro Engineering LLC, was established with Berezovsky Branch. It was necessary to promptly support the restoration of Power Unit No. 3 of BGRES, and this is a completely different kind of activity in the information systems of the Company. However, in addition to accounting, activities of the new company were integrated with the Company processes in terms of accounting, budgeting, and control.

The production unit received software updates to meet the modern requirements and new software, such as PC Repairs; Simulators for testing knowledge of flow diagrams and testing knowledge of H&S, RTM, and FSR; UASMFEA (MS Axapta) now has new features related to maintenance planning with integration into IBM Cognos TM1, a completely new chemical agent planning module was introduced. In the business intelligence systems, we created data analysis reports from the Mobile Inspector programme to promptly analyse the information on the equipment status, and automated the procurement activity of the Company relating to ACPP. The production unit now has the Universal Log option, thus allowing for avoidance of printed documents. The Company continued the automation of the employee incentive processes. We continue to improve the Monthly, Quarterly, and Annual Bonus Awards for the Executive Office in the System, and have automated the bonus awarding process at the Branches; We established the transfer of data to Uniper monitoring centre. The system of computer information processing is developing. Last year we expanded the list of automatically recognisable documents. Today, we have the recognition option with an automated processing of the Universal Transfer Document. There is also an option to transfer the Accounting Registers from paper archives to electronic ones with an EDS. Now, the HR unit can automate its processes based on payroll rates for regulated activities, and use new forms introduced by the legislative requirements. We started the project to deploy the bar-coding technology at the Company warehouses.

The infrastructure of open keys was established in terms of information safety. A secure remote access service has been deployed. The audit of the information security of the DCS has been completed. A programme and materials have been developed to raise awareness among the employees of Unipro PJSC in the field of information security.

We continued the development of the Security Operation Centre to increase the number of IT assets that are controlled on an operational basis from the point of view of security. We developed the 2017-2020 road map to ensure the DCS information security.

In 2016, the Company updated its information infrastructure significantly. The Unified Communications System Service (Skype for Business) was updated and introduced to all Branches of the Company. The video conferencing system has been put into commercial operation and integrated into the Unified Communications System. It provides the employees of the Company and the Group with a single, modern, user-friendly, reliable, and secure real-time service, thus increasing the efficiency and reducing costs for traditional communications.

A new terminal server farm has been put into trial operation. It is used by the Company employees to work with key business applications. The new farm is built on the basis of modern Microsoft Remote Desktop Services technologies, has a high processing capacity effectively distributed among the users by hardware load balancers F5 Networks. In addition, in conjunction with the Microsoft Windows 10 operating system, which was also prepared for implementation in 2016, it will increase the performance of the Branch users without increasing the bandwidth of corporate communication channels.

In 2016, the Company continued a project to upgrade the local network of the centralised data processing centre to the most advanced convergent network based on Cisco Nexus equipment. The network has been updated in a number of Branches. The results were the simplified architecture and increased bandwidth between the centralised data processing centre hubs to 10 Gbps or more. Outcomes of the project made it possible for the Company to increase the virtualisation degree of the server system (decommissioning the old equipment). As a result, they are expected to further contribute to reduction of operating costs for maintenance of the IT infrastructure.

In addition, the project was launched to implement a storage virtualisation system based on IBM Storage Volume Controller, which significantly reduced the number and duration of scheduled downtime for business applications during maintenance and modernisation of data storage systems.

4.5. Procurement Activities of the Company

The objective of procurement is to ensure efficient spending of the Company monetary funds and to achieve target economically feasible costs for purchasing goods, works, services to the benefit of the Company.

All processes and procedures are performed in accordance with the Procurement Regulations and norms of the applicable legislation of the Russian Federation.

The segregation of duties between the Requester Unit, the Procurement Unit, the Financial Unit, and the Accounting Department at all stages of the procurement process is ensured. The Procure-to-Pay process ("from request to payment") is the tool mandatory for the procurement process and supports the segregation of duties among the Company units.

All purchases, except as expressly stated in the Procurement Regulations, are made on a competitive basis.

Any competitive procurement is open and transparent and is in compliance with the principles of competitiveness and equality of rights for all procurement participants. No discrimination and undue restriction of competition are allowed.

Detailed information on the Company procurement activities is provided in Section 10 of the Annual Report.

4.6. Investment Projects

The main purpose of Unipro PJSC investment activities is implementation of investment projects proceeding from their economic feasibility. These projects are aimed at enhancing the Company competitive growth and equipment operational reliability.

Main areas of the investment activity:

- Upgrading of equipment while increasing the capacity and efficiency;
- Replacement of life-expired power generating equipment with modern equipment with high technical and economical performance indicators;

- Enhancement of reliability and efficiency of operating facilities;
- Construction of new highly efficient generating facilities;
- Implementation of the health and safety policy;
- Implementation of environmental projects; and
- Upgrading of IT systems.

Key investment projects of the Company in 2016:

- Restoration of Power Unit No. 3 of Berezovskaya GRES Branch of Unipro PJSC;
- Construction of the fuel receiving station facility at Berezovskaya GRES Branch of Unipro PJSC

Detailed information on implementation of investment projects is provided in Section 9 of the Annual Report.

5. FINANCIAL PERFORMANCE REVIEW



Ulf Backmeyer

Deputy CEO
for Finance and Economics
of Unipro PJSC

Unipro PJSC is one of the most cost-effective private generation companies in Russia. According to the results of financial year 2016, the EBITDA profitability remains high (25.5%). In 2016, the Company share in the UES power generation amounted to 5.2%.

Effective operation and strict control over the level of expenses and working capital trends provided the Company with a stable free cash flow. Under this commitment, since 2015, the Company Branches have implemented Lean Production and Operational Excellence projects providing for determining and implementing actions to streamline the operations of its Branches. Considerable attention is paid to managing fuel costs by improving the terms of long-term gas supply contracts, as well as investments in the fuel efficiency of the equipment.

In 2016, the total capital investments aimed at maintaining high reliability of the equipment and investments in new development projects and maintaining the Company value amounted to more than RUB 10 bln according to RAS statements. In addition, like in the previous year, in 2016, the investment programme of Unipro PJSC was financed without attracting borrowed funds, i.e. entirely by cash proceeds from operating activities.

As part of controlled costs management, the Management consistently applies a policy of restraining the inflationary cost growth. In respect of foreign currency liabilities under long-term service contracts, the Company applies a risk hedging policy. The Company also has a high-quality insurance coverage of production interruption risks and equipment damage risks.

The Company pays significant attention to managing insurance risks as a way to ensure the reliability of production by demonstrating the status of a trustworthy partner for insurance companies. As a result of this approach, the losses incurred by the Company in 2016 as a result of emergency shutdown of the Power Unit No. 3 of Berezovskaya GRES will be largely reimbursed by the insurance company.

In 2016, the General Meeting of Shareholders of the Company resolved to pay dividends (RUB 19.7 bln), including: The Company General Meeting of Shareholders held on 15 June 2016 resolved to pay dividends in the amount of RUB 12.4 bln on ordinary shares following the results of 2015 at the rate of RUB 0.25 per one share. The Company Extraordinary General Meeting of Shareholders held on 08 December 2016 resolved to pay dividends in the amount of RUB 4.6 bln on ordinary shares following the results of 9M 2016 at the rate of RUB 0.0727 per one share and RUB 2.7 bln for the account of undistributed profit of the previous years at the rate of RUB 0.0431 per one share.

In 2015, the General Meeting of Shareholders held on 26 June 2015 resolved to pay dividends in the amount of RUB 17.5 bln for 2014.

The Company plans to further maintain positive dynamics and stable dividend payments. In particular, the Company intends to pay dividends twice a year based on the net profit and cash flows.

5.1. General Information

Unipro PJSC core business is generation and sales of electric power in the wholesale market. Regulations of the wholesale electricity market let generating companies sell not only their own power but also power procured in non-regulated market sectors in order to comply with the commitments to power consumers. Thus, the Company revenue mainly comes from sales of generated and procured electric power in the Russian wholesale electricity and capacity market.

Following the results of 2016, revenues of Unipro PJSC increased by 3.2% to RUB 81,130,000,000 from RUB 78,619,000,000 in 2015. Earnings before interest, taxes, depreciation and amortisation less exchange rate differences (EBITDA) of Unipro PJSC decreased by 14.9% from RUB 24,280,000,000 in 2015 to RUB 20,653,000,000 in 2016.

The key event that affected the Company financial performance in 2016 was an accident that resulted from a fire in the boiler room of Power Unit No. 3 of Berezovskaya GRES on 1 February 2016. After the accident, Power Unit No. 3 of Berezovskaya GRES of Unipro PJSC (with a capacity of 800 MW) was decommissioned for unscheduled emergency repair. In 2016, the expenses included the costs of disposal of the damaged assets and the costs of the liquidation of the assets, which were partially compensated with the insurance cover received in 2016.

Currently, the Company management believes that a substantial portion of damages from the accident will be reimbursed by the insurance company under the contract.

5.2. Several Factors Affecting the Company Performance

The Company performance is subject to several factors, including regulation of the power generating industry in Russia: in particular, tariff regulation, dynamics of fuel prices, power prices in non-regulated sectors of the power wholesale market, cost of third parties' services, seasonal prevalence, tendencies of macroeconomic development in Russia, and taxation.

RUSSIAN ELECTRIC ENERGY SECTOR REGULATION. TARIFFS.

Regulated tariffs for electric (heat) power (capacity) fixed for the Company power plants vary a lot depending on several reasons, including the power plant efficiency, the power plant location, the type of fuel used, and investment plans. Historically, Smolenskaya GRES and Shaturuskaya GRES had higher tariffs as compared to the Company power plants located in the Urals Federal District, Privolzhsky Federal District, and Siberian Federal District, where the gas and coal prices are lower than in the Central Russia.

Pursuant to Order No. 1178 dated 29 December 2011 On Pricing in the Area of Regulated Prices (Tariffs) in the Electric Power Industry issued by the Government of the Russian Federation, a tariff-setting procedure with calendar break-down was introduced starting 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.

Details of power tariff change dynamics for the Company power plants is given in the table:

| Electric power tariffs, RUB/kWh | | | | | | | |
|---------------------------------|-----------|----------|----------|----------|----------|----------|----------|
| Name | | 2014 | | 2015 | | 2016 | |
| | | H1 | H2 | H1 | H2 | H1 | H2 |
| Surgutskaya GRES-2 | Units 1-6 | 696.91 | 696.99 | 696.99 | 697.26 | 697.26 | 711.25 |
| | Unit 7 | 528.74 | 528.74 | 518.89 | 518.89 | 518.89 | 522.58 |
| | Unit 8 | 528.74 | 528.74 | 517.81 | 517.81 | 517.81 | 522.81 |
| Berezovskaya GRES | TG1 | 318.41 | 318.41 | 318.15 | 318.15 | 318.15 | 347.46 |
| | TG2 | 289.89 | 294.83 | 294.83 | 326.84 | 315.43 | 315.43 |
| | TG3 | - | - | - | - | 400.53 | 400.53 |
| Shaturuskaya GRES | Units 1-6 | 1,179.22 | 1,193.20 | 1,193.20 | 1,469.10 | 1,469.10 | 1,486.20 |
| | Unit 7 | 746.1 | 769 | 747.02 | 747.02 | 743.97 | 743.97 |
| Smolenskaya GRES | | 1,265.88 | 1,265.88 | 1,265.88 | 1,267.03 | 1,258.22 | 1,258.22 |

| Electric power tariffs, RUB/kWh | | | | | | | |
|---------------------------------|-----------|--------|----------|--------|--------|----------|----------|
| Name | | 2014 | | 2015 | | 2016 | |
| | | H1 | H2 | H1 | H2 | H1 | H2 |
| Yaivinskaya GRES | Units 1-2 | 991.61 | 1,007.85 | - | - | 1,039.79 | 1,142.72 |
| | Units 3-4 | | | - | - | 1,007.85 | 1,031.58 |
| | Unit 5 | 611.7 | 611.7 | 604.23 | 604.23 | 604.23 | 620.33 |

In 2016, the Company sold 10.45 bln kWh of electric power under regulated contracts. Revenue from sales of electric power and capacity in the regulated market was RUB 10.4 bln (or 12.8% of the total revenue from sales of electric power and capacity).

The capacity tariffs set by the FAS of Russia (former Federal Tariff Service of Russia) for the power plants of Unipro PJSC from 2014 to 2016 are shown in the table:

| Electric power tariffs, RUB/MW per month | | | | | | | |
|--|-----------|------------|------------|------------|------------|------------|------------|
| Name | | 2014 | | 2015 | | 2016 | |
| | | H1 | H2 | H1 | H2 | H1 | H2 |
| Surgutskaya GRES-2 | | 86,014.51 | 86,239.42 | 86,239.42 | 86,930.97 | 86,930.97 | 93,382.77 |
| Berezovskaya GRES | TG-1 | 156,000.00 | 156,000.00 | 156,000.00 | 156,000.00 | 156,000.00 | 168,107.24 |
| | TG-2 | 153,980.53 | 153,980.53 | 153,980.53 | 154,683.73 | 154,683.73 | 166,130.33 |
| Shaturskaya GRES | | 129,954.62 | 130,188.47 | 130,188.47 | 135,087.69 | 135,087.69 | 145,096.94 |
| Smolenskaya GRES | | 98,029.90 | 98,264.33 | 98,264.33 | 98,985.12 | 98,985.12 | 106,331.19 |
| Yaivinskaya GRES | Unit 1 | 142,995.76 | 143,227.31 | - | - | 129,014.00 | 129,014.00 |
| | Unit 2 | | | - | - | 129,024.00 | 129,024.00 |
| | Units 3-4 | | | - | - | 143,227.31 | 154,444.57 |

Besides, in 2015-2016, Yaivinskaya GRES Branch and Shaturskaya GRES Branch supplied electric power (capacity) under necessity. In this connection the following tariffs were set:

| Name | | Electric power tariff, | Electric capacity tariff, | Validity period |
|------------------|------------|------------------------|---------------------------|------------------------------------|
| | | RUB/thousand kWh | RUB/MW per month | |
| Shaturskaya GRES | Unit 6 | 1,330.13 | 133,000.00 | 01 February 2015 – 30 June 2015 |
| Yaivinskaya GRES | Unit 1 | 1,039.79 | 129,014.00 | 01 January 2015 – 30 November 2015 |
| | Unit 2 | 1,039.79 | 129,024.00 | |
| | Units 3, 4 | 1,039.79 | 128,994.00 | 01 February 2015 – 30 June 2015 |
| | Unit 1 | 1,039.79 | 129,014.00 | 01 January 2016 – 30 June 2016 |
| | Unit 2 | 1,039.79 | 129,024.00 | |
| | Unit 1 | 1,142.72 | 129,014.00 | 01 July 2016 – 31 December 2016 |
| | Unit 2 | 1,142.72 | 129,024.00 | |

Fuel Expenses

The Company consumes a considerable amount of various types of fuel for generation of electric and heat power. Unipro PJSC buys significant volumes of gas and coal, and in a less degree, mazut. Fuel costs in 2016 increased by RUB 2,441,000,000 (by 6.9% as compared to 2015) and amounted to RUB 37,876,000,000. The main reason for cost increase in 2016 is the increased load at Power Unit No. 4 of Surgutskaya GRES-2, which was under repair in H1 2015, and gas prices escalation by 7.5% from 1 July 2015.

The basic component of the fuel portfolio of Unipro PJSC is gas, the share of which in the physical volume of fuel consumed by the Company in 2016 amounted to 85.0%. Gas procurement expenses amounted to 92.4% of the overall fuel expenses of the Company in 2016. The main gas suppliers for the plants of Unipro PJSC in 2016 are NOVATEK PJSC, Rosneft Oil Company PJSC, and Surgutneftegaz OJSC.

Coal is also a significant component in the Company fuel mix. In 2016, the share of coal in the physical volume of the fuel consumed by the Company amounted to 14.7%. Expenses for the coal consumed (for electric and heat power generation) amounted to 7.1% of the overall fuel expenses of the Company. Coal is mainly used at Berezovskaya GRES, which is the Company second largest power plant in terms of installed capacity. The main coal supplier to the power plants of Unipro PJSC (mainly to Berezovskaya GRES) is the Russian major coal producer — SUEK JSC.

Expenses for Third Party Services

The Company bears expenses related to third party services in the wholesale electricity market. Thus, the System Operator dispatches electric power within the energy system, the Trading System Administrator manages the wholesale market trading system, and the Centre of Financial Settlements estimates requirements and liabilities of the wholesale electricity and capacity market participants and effects financial settlements among them. The Company enters into standard service contracts with all the parties mentioned, whereas the terms and conditions of such contracts are standardised and non-negotiable. Besides, the Company pays for some third party services in accordance with regulated prices (tariffs) as set by the Federal Tariff Service.

The Company expenses related to third party services rendered in the wholesale power market amounted to RUB 1,282,000,000 (2%) of the Company total operational expenses in 2016.

Seasonal Prevalence

Season-related factors have material influence on the Company performance. Power generation by the Company power plants depends on the power demand and their offer being in demand.

Electric and heat power demand fluctuates depending on the season, time of the day and weather conditions. It depends on the ambient air temperature, length of the daylight hours, lighting, and the type of the week day: working, week-end (holiday), intermediate between the working and week-end (holiday) day.

The demand for proposals of particular power plants depends both on the demand for electric power and on factors determining the energy zones operation mode, in which these power plants are located: structure of the electric power generated by power plants types (cogeneration, condensing, nuclear, hydraulic), conditions of the system reliability (grid and system limitations). The indicated factors are also related to seasonal events: snowmelt flood (that leads to HPP output increase), campaigns for maintenance of generating and grid equipment that are effected on a large scale between the winter season.

Influence of power output of HPP is most relevant for Berezovskaya GRES. The factor of grid equipment repairs influences the demand for Shaturskaya GRES and Smolenskaya GRES.

Macroeconomic Development Trends in Russia

The Company operates in Russia. Accordingly, Russian macroeconomic development trends, including overall growth of economy and markets where the Company operates, have a considerable influence on the Company's performance.

The table below shows several key macroeconomic indicators relevant for the Russian economy for the period from 2010 through 2016:

| Value | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
|--------------------------|------|------|------|------|------|------|------|
| Growth of GDP, % | 4.3 | 4.3 | 3.4 | 1.3 | 0.7 | -2.8 | -0.2 |
| Consumer price index, % | 8.8 | 6.1 | 6.6 | 6.5 | 11.4 | 12.9 | 5.4 |
| Level of unemployment, % | 7.5 | 6.6 | 5.7 | 5.5 | 5.2 | 5.6 | 5.5 |

* GDP for 2014 was revised based on results of the 5th Rosstat estimate and for 2015 based on results of the 3rd Rosstat estimate
Source: Rosstat

On February 7, 2017, the Ministry of Economic Development of Russia published the report On Results of Social and Economic Development of the Russian Federation in 2016, which contained the following conclusions:

1) In 2016, the largest growth in production in Russia was observed in the investment goods producers group. The business activity accelerated against the backdrop of stable growth of new orders and number of unfinished orders in the industry with the reduction of stock reserves. Restoration of stock reserves will create a new impetus for production growth. Growth in the number of new orders was restrained by demand, as companies reported a decrease in export orders. However, the rate of export order reduction during 40 months was marginal and generally insignificant. In early 2017, international economic organizations updated long- and medium-term forecasts.

The International Monetary Fund (IMF) expects the global economic growth to accelerate from 3.1% in 2016 to 3.4% in 2017 and to 3.6% in 2018. Oil prices were fixed in the range of USD50-56 per barrel due to a gradual reduction in supply surplus. In late 2016, oil cartel countries managed to agree on limiting the level of oil production for the first time in 8 years. OPEC countries came to an agreement providing for reducing the oil production by member countries of the cartel by 1.2 million barrels per day to 32.5 million barrels per day. The agreement was supported by the largest oil-producing countries (Saudi Arabia, Iraq and Qatar). Russia also supported the agreement and it will cut its production by 0.3 million barrels per day. In January 2017, the IMF increased the forecast oil prices for 2017 and 2018, while the World Bank reduced the expected quotation growth and kept the level of expected prices higher than the IMF. Major international banks expect the continued growth of oil quotations, provided that the agreement between the largest OPEC oil producers and countries outside this organization is performed.

2) The real economy has the following conditions. The GDP decline in 2016 slowed to 0.2% y/y compared to a 2.8% fall in the previous year due to the positive trends in industrial production and agriculture and slowing down of recession in the construction industry. In December, the Industrial Production Index grew by 3.2% y/y, and by the end of 2016 it grew by 1.1% y/y. The mining operations in 2016 increased by 2.5% y/y, and processing industries trends became positive (0.1% y/y). The production and distribution of electricity, gas and water increased by 1.5 percent.

According to Rosstat, oil production in Russia increased by 3.3% in December 2016, and by the end of the year amounted to 549,000,000 tons and increased by 2.6% y/y. Data of the Ministry of Energy of Russia confirm a strong positive trend, the daily production was a record 11,200,000 barrels per day, which is a new post-Soviet maximum. The highest production increase was reported by Tatneft (3.0% m/m), Lukoil and Bashneft (0.9% m/m and 1.1% m/m, respectively). Rosneft's production has changed insignificantly (0.1% m/m). The production of crude oil by Surgutneftegaz slightly decreased (-0.3% m/m). According to Rosstat, natural gas production in December increased by 4.6% y/y, and in 2016 it did not change compared to the previous year. Coal production in December decreased by 2.7%, but increased by 3.4% y/y during the year.

3) In 2016, the situation in the job market was as follows. In 2016, the average unemployment rate was 5.5% of employables or by 0.1 pct less than in 2015. As of the end of December 2016, the employment service reported 895,000 unemployed citizens or by 10.6% less than in 2015.

Living standards According to preliminary Rosstat data, in 2016, real disposable income of the population generally decreased by 5.9 percent. Such a dramatic decline has not been reported since 1999 (-12.3 percent). According to preliminary data, in 2016, the average per capita income in monetary terms was 30,775 RUB or by 1.0% higher than in 2015.

4) In 2016, the consumer inflation decreased to 5.4%. In the previous year, this indicator was 12.9%. The main factor of such low inflation in 2016 was an unprecedented decline in consumer demand, as in 2016 the trade flow decreased by 5.2%, and in the last two years the decrease was 14.7%. Other factors included the RUB strengthening and increased supply in certain commodity markets. In 2016, the inflation structure changed significantly. The contribution of all the components to inflation rate decreased. However, the influence of increased prices on non-food goods and services increased, and, on the contrary, the impact of food prices decreased due to a significant price growth slowdown. In 2016, decreased price growth rate was observed in all sectors of the consumer market.

In the industrial sector, producer prices increased by 7.4% in 2016 or by a third less than in the previous year (10.7%), including December (by 0.6%). Pricing trends during the year were uneven, and were mainly determined by oil pricing trends. In the first months of the year, deflation was observed due to falling domestic prices in the oil and gas sector, while the subsequent recovery in this sector due to increased world oil prices contributed to the acceleration of price trends. During March-July, the prices increased by 8.4 percent. In the second half of the year, producer price trends had a gradual character, and the price growth rate stabilized at the level of 0.6-0.7% m/m towards the end of the year.

5) After a significant weakening of the Russian national currency against the major world currencies in January 2016 due to decreased world oil prices and the effect of domestic factors (in particular, actions of major participants in the Russian foreign exchange market), the rouble has been strengthening from the middle of February 2016, and its rate volatility gradually declined. This was facilitated by an increase in oil prices in the international commodity markets, persistence of the moderately tight monetary policy of the Bank of Russia and weakened expectations related to the US FRS rate increase by the end of 2016.

As of the end of 2016, the official exchange rate of the USD to RUB fell by 17% to 60.6569 RUB (as of 01.01.2017), the EUR to RUB rate decreased by 20% to 63.8111 RUB, value of the bi-currency basket fell by 18% to 62.0763 RUB.

TAXATION AND DEDUCTIBLES TO GOVERNMENTAL NON-BUDGETARY FUNDS

The Company is a taxpayer of several taxes, which considerably influence the Company's performance. The table below sums up the data on types and size of taxes paid by the Company to budgets of various levels during 2015 and 2016.

| Taxes paid to budgets of all levels | Total tax payments in 2015, mln RUB | Total tax payments in 2016, mln RUB |
|---|---|---|
| VAT | 3,060.5 | 4,701.9 |
| Income tax | 3,508.2 | 1,977.0 |
| Dividend income tax | 736.2 | 828.7 |
| MET | 0.01 | - |
| Water tax | 0.8 | 0.9 |
| Property tax | 1,045.1 | 1,197.7 |
| Personal income tax | 696.6 | 648.0 |
| Personal dividend income tax | 30.1 | 25.0 |
| Transport tax | 3.7 | 2.4 |
| Land tax | 32.8 | 33.5 |
| Other | 3.2 | 3.2 |
| Total | 9,117.2 | 9,418.2 |
| Insurance premium payments to state non-budget funds | Total payments to funds in 2015, mln RUB | Total payments to funds in 2016, mln RUB |
| | 1,238.5 | 1,182.1 |

The Company refers the category of "major taxpayers" of the Russian Federation; compliance with the tax laws is controlled by the Interregional Inspectorate of the Federal Tax Service for Major Taxpayers No. 4.

5.3. Performance⁶

⁶ All figures in this Section correspond to the Company's financial statements prepared in accordance with RAS.

The table below shows operating results of the Company for 2015–2016:

| Value | 2015 | 2016 | 2016/2015 +/- % |
|--|----------|----------|-----------------|
| Revenue, mln RUB | 78,618.8 | 81,129.6 | 3.2% |
| Prime cost, mln RUB | 60,664.6 | 63,885.4 | 5.3% |
| EBITDA (less exchange difference) ¹ , mln | 24,279.5 | 20,653.0 | -14.9% |
| Return on EBITDA (less exchange differences), % | 30.9% | 25.5% | - |
| EBIT (less exchange differences) ² , mln | 17,604.8 | 13,921.1 | -20.9% |
| Return on EBIT (less exchange differences), % | 22.4% | 17.2% | - |
| Net profit, mln RUB | 15,545.7 | 10,490.0 | -32.5% |
| Return on Net profit, % | 19.8% | 12.9% | - |
| Exchange difference balance, mln RUB | 1,205.1 | - 899.2 | -1.7 times |

¹EBITDA = Profit (loss) from sales + Other income – Other expenses – Exchange difference balance + Depreciation

² EBIT = Profit (loss) from sales + Other income – Other costs – Exchange difference balance

We believe that it is correct to clear EBITDA and EBIT indicators from non-permanent factors. Exchange rate differences are referred to such factors, since we generate and sell electric power and capacity on the territory of the Russian Federation and use Russian rouble as a currency. These assumptions, in our opinion, make it possible to define operating results of companies of Russian electric power industry more accurately.

Revenue

The Company's revenue in 2016 includes proceeds from sale of electric power, heat, as well as sale of other commercial and non-commercial products and services.

Following the results of 2016, revenues of Unipro PJSC increased by 3.2% to 81,130,000,000 RUB as compared to 2015.

| Value | 2015 mln RUB | 2016 mln RUB | 2016/2015 +/- % |
|------------------------------|-----------------|-----------------|--------------------|
| Sale of electric power | 51,943.3 | 53,247.3 | 2.5% |
| Sales of capacity | 25,151.2 | 26,188.2 | 4.1% |
| Sale of generated heat power | 859.2 | 945.3 | 10.0% |
| Heat power transportation | 305.4 | 352.6 | 15.5 |
| Other commercial sales | 346.4 | 384.0 | 10.8% |
| Other non-commercial sales | 13.2 | 12.3 | -6.8% |
| Total revenue | 78,618.8 | 81,129.6 | 3.2% |

Electrical energy and capacity

Following the results of 2016, revenue from electric power and capacity sales increased by 3.0% to 79,435,000,000 RUB as compared to 2015 (77,095,000,000 RUB), despite the substantial loss of payment for capacity by the third unit of Berezovskaya GRES under CSA (Capacity Supply Agreements) after February 1, 2016. The increase in revenue was caused by operation of Power Unit No. 4 of Surgutskaya GRES-2, that was undergoing permanent repairs in the first half of 2015, and growing income under CSA as a result of the growing yield on government bonds.

The share of revenues from electric power and capacity sold in the regulated market (without regard to capacity supply agreements (CSA) did not change in the total revenue of Unipro PJSC for 2016 as compared to 2015, and amounted to 10,363,000,000 RUB (share in the total revenue – 13%). The revenue share from sales in the

competitive sector also did not change and amounted to 85% in the total revenue, and its volume amounted to 69,072,000,000 RUB.

Heat power

Following the results of 2016, revenues from sale of heat energy increased by 11.4% to 1,298,000,000 RUB from 1,165,000,000 RUB in 2015. In general following the results of 2016, the revenue share from sales of heat power in total revenues of the Company amounted to 1.6%.

Other income

Following the results of 2016, other income (revenues from services of production and non-production nature) of the Company increased by 10.2% up to 396,000,000 RUB from 360,000,000 RUB in 2015, mainly due to increase of income from the provision of system services for the standardised primary frequency control (SPFC) in the market of system reliability services. The share of other income following the results of 2016 amounted to 0.5% of the total revenue of Unipro PJSC.

5.4. Costs

The table below shows the Company's costs following the results of 2016:

| Value | 2015 mln RUB | 2016 mln RUB | 2016/2015 +/-% |
|--|-----------------|-----------------|-------------------|
| Fuel for generation of electric power and heat | 35,435.6 | 37,876.4 | 6.9% |
| Production works and services | 2,253.3 | 1,978.4 | -12.2% |
| Other material costs | 6,152.5 | 6,532.0 | 6.2% |
| Market operator service fees | 1,254.8 | 1,282.1 | 2.2% |
| Labour costs | 4,677.6 | 5,084.9 | 8.7% |
| Contributions to non-budgetary funds | 1,134.6 | 1,225.8 | 8.0% |
| Taxes and levies | 1,291.8 | 1,211.0 | -6.3% |
| Depreciation | 6,666.5 | 6,731.9 | 1.0% |
| Other costs | 1,797.9 | 1,963.0 | 9.2% |
| Total costs | 60,664.6 | 63,885.4 | 5.3% |

Fuel expenses

In 2016, the share of fuel expenses in the Company's operating expenses structure was 59.3%. In general, fuel costs in 2016 increased by 2,441,000,000 RUB (+6.9% as compared to 2015) and amounted to 37,876,000,000 RUB*. The main reason for costs increase as compared to the previous year is the operation of Power Unit No. 2 of Surgutskaya GRES-2, which was under repair in the first half of 2015, and gas prices escalation by 7.5% from July 1, 2015.

* Less the cost of fuel used for commissioning, repair and restoration works

Production works and services

Production works and services reflect expenses related to works and services on repair of buildings, structures, equipment, services on repair and maintenance of new power units and other similar costs. In 2016, the share of such costs in the Company's operating expenses structure was 3.1%. In general, the cost of production works and services in 2016 decreased by 275,000,000 RUB (-12.2%) compared to 2015 and amounted to 1,978,000,000 RUB due to revision of the Service Agreement with the service maintenance contractor in relation to new power units of Unipro PJSC in 2016.

Other material expenses

Other material expenses include: procured electric power and capacity, costs of raw materials and materials for operation and economic needs, transport and office equipment servicing, and occupational safety materials. Following the results of 2016, costs of Unipro PJSC attributable to other material expenses increased by 6.2% and amounted to 6,532,000,000 RUB due to increase in expenses on procured electric power and capacity.

The share of other material expenses in the total volume of the Company's expenses amounted to 10.2% following the results of 2016.

Market operator service fees

Expenses on market operator service fees include the Company's payments under contracts with the System Operator, Trading System Administrator, Center of Financial Settlements (see Subsection *Expenses on Third Parties' Services Payment of Review of Financial Results* section). In 2016, expenses of Unipro PJSC for market operator service fees increased by 2.2% as compared to 2015 and amounted to 1,282,000,000 RUB (1,255,000,000 RUB in 2015). In 2016, share of expenses of Unipro PJSC for market operator service fees in the Company's total costs remained unchanged as compared to 2015 and amounted to 2%.

Labour costs

Labour costs include all costs on salaries with due account for estimated liabilities. In 2016, the Company's salary costs increased by 8.7% to 5,085,000,000 RUB from 4,678,000,000 RUB in 2015. The Company's costs on salary, including the estimated liabilities, amounted to 8% of the Company's total costs in 2016.

Contributions to non-budgetary funds

Contributions to non-budgetary funds include social and pension deductibles paid to Russian governmental funds. The Company paid such contributions as per the legal rates.

The total amount of contributions to non-budgetary funds with due account for estimated liabilities in 2016 amounted to 1,226.6 mln RUB. In 2016, the share of costs attributable to contributions to non-budgetary funds in the Company's total costs did not change vs. 2015 and amounted to 1.9%.

Taxes and levies

Taxes and levies include the property tax, transport tax, land tax, water tax, mineral extraction tax, payments for the use of water bodies, payment for pollution of the environment, and duties. In 2016, the Company's tax costs decreased by 6.3% vs. 2015 and amounted to 1,211,000,000 RUB. The main cause of tax reduction in 2016 is the reduction in property tax accruals due to increase in tax benefits in the reporting period following the entering of numerous fixed assets related to movable property into the Company's books.

Depreciation

Depreciation of the Company's fixed assets is calculated using the straight-line method for the useful life of an asset. In 2016, depreciation charges of Unipro PJSC increased by 1% to 6,732,000,000 RUB from 6,666,000,000 RUB in 2015. The share of the Company's depreciation charges in the structure of operating costs in 2016 amounted to 10.5%.

Other costs

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

In 2016, other costs of Unipro PJSC increased by 9.2% to 1,963,000,000 RUB from 1,798,000,000 RUB in 2015. The share of the Company's other costs in the operating costs structure of 2016 amounted to 3.1%. Growth of other expenses in 2016 vs. 2015 is related to the Company's rebranding campaign in 2016 (on 23 June 2016, E.ON Russia JSC was renamed to Unipro PJSC), increased expenses for property insurance and business interruption and increased office space rental expenses in connection with the increase in the leased area.

5.5. EBITDA

In 2016, earnings of Unipro PJSC before interests, taxes and depreciation amounted to 20,653,000,000 RUB, which is by 14.9% lower than in 2015 (24,280,000,000 RUB). The lower EBITDA in 2016 is related to significant increase of extraordinary income and expenses in 2016 due to the accident which occurred on February 1, 2016 (fire in the boiler room of Power Unit No. 3 of Berezovskaya GRES). In the reporting period, the Company recorded the insurance indemnity (5,651,000,000 RUB) as well as the receipt of inventories resulted from dismantling of the property, plant and equipment amounting to 315,000,000 RUB as extraordinary income. The expenses for the disposal of the damaged assets in the amount of RUB 6,363,000,000 RUB as well as the expenses for the removal of the assets in the amount of 2,071,000,000 RUB were recorded as extraordinary expenses.

The rate of return with regard to EBITDA less exchange differences for 2016 amounted to 25.5% (in 2015 – 30.9%).

5.6. EBIT

In 2016, earnings of Unipro PJSC before interest and taxes decreased by 20.9% to 13,921,000,000 RUB from 17,605,000,000 RUB in 2015. Key factors of such EBIT trends in 2016 were similar to the key factors of EBITDA changes.

In 2016, the rate of return with regard to EBIT amounted to 17.2% (22.4% in 2015).

5.7. Net Profit

In 2016, net profit of the Company amounted to 10,490,000,000 RUB, which is lower than the net profit results for 2015. In 2015, net profit of Unipro PJSC amounted to 15,546,000,000 RUB.

The return on net profit of Unipro PJSC in 2016 was 12.9% (in 2015 – 19.8%).

5.8. Assets. Significant changes in assets profile

In 2016, assets of Unipro PJSC decreased by 6.4% and amounted to 119,000,000,000 RUB. The above decrease resulted from the following changes:

Non-current assets of the Company as of the date of the 2016 report decreased by 8.4% to 94,831,000,000 RUB from 103,494,000,000 RUB as of January 1, 2016. Significant decrease in line 1150 "Fixed Assets" to 92,801,000,000 RUB from 101,513,000,000 RUB as of 31.12.2015 due to partial write-off of fixed assets damaged as a result of the accident at Power Unit No. 3 of Berezovskaya GRES. The partial write-off ratio was 25% of the value of the Main Building, 26% of the value of the boiler. At the moment, some equipment has not been actually inspected by an expert commission (due to the unstable position of the boiler and the fact that it was dangerous to stay in some areas), as a consequence, no write-offs has been made in respect of these assets. Due to this fact, some expenses for the write-down of property, plant and equipment will be recorded in 2017 at the end of the inspection and dismantlement of the damaged assets and following the execution of equipment fault detection certificates.

Current assets of the Company as of 31.12.2016 increased by 2.4% to 24,453,000,000 RUB. The increase is mainly connected with the increase in inventories from 5,997,000,000 RUB as of 31.12.2015 to 6,989,000,000 RUB as of 31.12.2016 due to recognition of materials as a result of dismantlement during the accident response activities and materials for restoration of Power Unit No. 3 of Berezovskaya GRES, recognition of materials based on inventory results at Berezovskaya GRES and Shaturskaya GRES; increase in accounts receivable from 8,213,000,000 RUB as of 31.12.2015 to 14,734,000,000 RUB as of 31.12.2016, mainly due to the increase in advances paid to counterparties for the forthcoming deliveries of equipment, capital works and services related to restoration of Power Unit No. 3 of Berezovskaya GRES; increase in short-term financial investments from 153,000,000 RUB as of 31.12.2015 to 1,070,000,000 RUB as of 31.12.2016, mainly due to the receipt of bank bills in 2016 due in 2017 and issuance of a loan to a subsidiary, Unipro Engineering LLC.

The balance of cash and cash equivalents as of 31.12.2016 in the balance sheet (line 1250) amounted to 1,526,000,000 RUB and thus reduced by 7,830,000,000 RUB as compared to the balance as of 31.12.2015 due to payment of interim dividends in December 2016 in the amount of 4,584,000,000 RUB based on results of Unipro PJSC for 9M 2016 and 2,717,000,000 RUB from the retained earnings of previous years.

5.9. Liabilities. Significant changes in liabilities profile

The change in Liabilities profile is associated with changes in all sections, namely, "Capital and reserves", "Long-term liabilities" and "Short-term liabilities".

The Company's capital and reserves as of 31.12.2016 decreased to 103,612,000,000 RUB from 112,704,000,000 RUB due to a decrease in retained earnings related to payment of dividends for 2015 and interim dividends for 2016.

The decrease in long-term liabilities in 2016 to 6,046,000,000 RUB in line 1420 "Deferred tax liabilities" is due to the write-off of previously charged deferred tax liabilities in connection with the disposal of depreciable property as a result of the accident at Power Unit No. 3 of Berezovskaya GRES.

Short-term liabilities as of 31.12.2016 increased to 9,626,000,000 RUB from 8,229,000,000 RUB as of 31.12.2015. The increase was related to the loan from Uniper CE granted in July 2016 (2,400,000,000 RUB). As of the end of 2016, the debt under the loan amounted to 2,308,000,000 RUB, the planned due date under the addendum to the loan agreement is March 2017. As of December 31.12.2015, there was no debt on loans and borrowings.

Accounts payable as of 31.12.2016 decreased to 5,060,000,000 RUB from 6,937,000,000 RUB as of 31.12.2015 due to reduction of trade accounts payable related to completion of construction of Power Unit No. 3 BGRES and reduction of tax arrears, in particular, as of 31.12.2015, the Company recognized the value-added tax on the sale of electricity and capacity accrued for Q4 2015 in connection with the commissioning of Power Unit No. 3 of Berezovskaya GRES Branch in October 2015.

The increase in the amount of line 1550 "Other short-term liabilities" in relation to 2015 by 1,259,000,000 RUB was related to an increase in the amount of VAT claimed for deduction for prepayments under service contracts for Yaivinskaya GRES, Shaturskaya GRES, and suppliers of restoration works of the boiler after the accident at Berezovskaya GRES Branch in early 2016.

5.10. Liquidity and Equity Capital

Monetary assets from operations were the main source of the Company's operational liquidity in 2016.

Capital expenditures mainly relate to the activities for generation of electric and heat power, as well as to construction of new generating facilities and to upgrading of the existing generating assets within the framework of the approved Investment Program. The Investment Program is planned to be implemented through the use of equity funds.

6. CORPORATE GOVERNANCE



Elena Mansurovna Gabdulkhayeva

Corporate Policy Director
Unipro PJSC

Unipro PJSC is a public company listed in the First Level Quotation List of the Moscow Stock Exchange. This status undoubtedly determines the increased requirements to the quality of the Company's corporate governance.

Unipro PJSC pays special attention to corporate governance issues being aware of its impact on the Company's investment appeal, trust of shareholders and investors and business reputation of the Company in general. Unipro PJSC considers its corporate governance development to be not only an instrument related to its investment appeal, but also perceives the corporate governance as a way to increase the efficiency and competitiveness of the Company.

In addition, Unipro PJSC follows the best practices of Uniper Group paying great attention to improving the corporate governance in its activities.

The corporate governance system of Unipro PJSC is based on the following pillars:

- Equal treatment of all shareholders and strict protection of their legitimate interests and rights;
- Accountability of the Board of Directors to shareholders, and executive bodies to the General Meeting of Shareholders and the Board of Directors;
- Reliability and efficiency of share ownership accounting;
- Timely disclosure of reliable information on the Company's activities;
- Open dialogue with representatives of all stakeholders, respect of their rights and legitimate interests;
- Compliance with ethical standards preventing the abuse of official capacity by the Company's employees to the detriment of the Company itself or third parties.

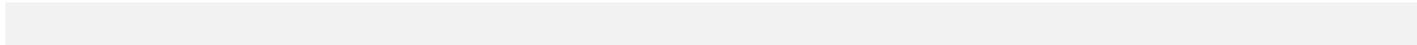
The corporate governance structure of Unipro PJSC includes the General Meeting of Shareholders, Board of Directors, executive and supervisory bodies. Their activities, rights and obligations are regulated by the laws of the Russian Federation related to companies, securities market, and by internal regulations of the Company.

In 2016, the Company's corporate governance focus was to:

- Review changes in corporate laws, best practices and corporate governance procedures;
- Introduction of new requirements and guidelines into its practices;
- Improvement of existing corporate governance mechanisms of the Company.

While improving its corporate governance practices, the Company closely monitors development of corporate laws and corporate governance practices in Russia and abroad.

In 2014, the Bank of Russia adopted and recommended the Code of Corporate Governance setting a high standard for development of the corporate governance system in Russia. Unipro PJSC observes most guidelines and recommendations of the Bank of Russia's Code of Corporate Governance. The Company further plans to make significant efforts to develop and improve corporate governance practices in accordance with the recommendations of the Bank of Russia's Code of Corporate Governance and best practices.



6.1. Corporate Governance Practices

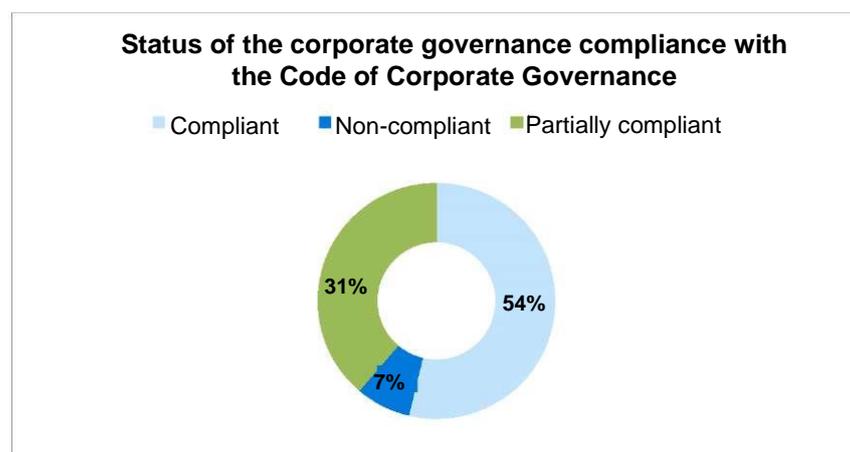
Organisation of effective corporate governance aimed at gaining maximum efficiency and performance in the Company business, enhancement of transparency and justification of adopted managerial decisions, risk reduction and protection of rights and interests of the Company's shareholders are the major goals of Unipro. Its effective system of corporate governance is arranged with the use of the best Russian and foreign practices. Up-to-date corporate governance standards widely used by Uniper Group companies and actively implemented by Unipro in its corporate practice are of special importance.

In 2016, the Company has improved the corporate governance practices to bring them in line with the recommendations of the Code of Corporate Governance.

Compliance with Code of Corporate Governance*

| Section | Guidelines recommended by the Code | Guidelines adhered by the Company | Guidelines partially implemented by the Company | Guidelines not implemented by the Company |
|---|------------------------------------|-----------------------------------|---|---|
| I. Shareholder rights and equal treatment of shareholders in exercising their rights | 13 | 7 | 5 | 1 |
| II. Board of Directors of the Company | 37 | 20 | 12 | 5 |
| III. Corporate Secretary of the Company | 2 | 2 | 0 | 0 |
| IV. Remuneration system for members of the Board of Directors, executive bodies and other key management staff of the Company | 10 | 5 | 5 | 0 |
| V. Risk management and internal control system | 6 | 4 | 2 | 0 |
| VI. Disclosure of information of the Company, information policy of the Company | 7 | 3 | 4 | 0 |
| VII. Material corporate actions | 5 | 2 | 3 | 0 |
| Total | 80 | 43 | 31 | 6 |

*Detailed Report on the Company's compliance with the Code of Corporate Conduct, Annex 3 to the Annual Report



Today, the following documents are the underlying corporate governance documents of Unipro PJSC:

- Code of Corporate Governance;
- Code of Conduct;
- Articles of Association;
- Regulation on the General Meeting of Shareholders;
- Regulation on the Board of Directors;
- Regulation on the Company's Management Board;
- Regulation on the Audit Commission;
- Regulation on Committees of the Company's Board of Directors;
- Regulation on the Corporate Secretary;
- Regulation on the Dividend Policy;
- Regulation on the Information Disclosure;
- Regulation on the Insider Information;
- Regulation on the Corporate Risk Management System;
- Regulation on the Internal Control System;
- Regulation on the Internal Control Procedures;
- Regulation on the Internal Audit Department;
- Regulation on the Compliance Procedure;
- Internal Audit Policy;

Updating of internal documents is an integral part of the Company's efforts aimed at continuous improvement of the corporate governance system.

In 2016, the Company updated most corporate governance documents:

1) Code of Conduct of Unipro PJSC

Brought in line with the Code of Conduct of Uniper Group which incorporates Unipro PJSC.

2) Articles of Association of Unipro PJSC

1. Amendments in accordance with the requirements for corporate governance of issuers included in Level 1 of the List of Securities set out in Listing Rules of MICEX Stock Exchange PJSC.
2. Application of changes in Russian laws:
 - The new trade name of the Company contains an indication that the Company is a public company and also reflects its relation to Uniper Group;
 - Regulations on the Company's branches and representative offices excluded from the Articles of Association;
 - The profit distribution issue (including distribution of dividends) has been excluded from the list of issues to be resolved at the Annual General Shareholders' Meeting.
3. Amendments related to improving the corporate governance system:
 - Responsibilities of the Company's Board of Directors were specified;
 - Control over subsidiaries is enhanced;

3) Regulation on the General Meeting of Shareholders of Unipro PJSC

Brought in line with the laws of the Russian Federation and Articles of Association of the Company.

In particular, changes were made in the procedure for holding EGM at the request of persons set out by the Federal Law On Joint-Stock Companies. The procedure for actions of shareholders of the Company not registered in the Register of the Company's shareholders was determined. In addition, the Company revised the list of issues considered by the Board of Directors of the Company in preparation for the General Meeting of Shareholders.

4) Regulation on the Board of Directors of Unipro PJSC

Brought in line with the laws of the Russian Federation and Articles of Association of the Company.

The procedure for the role of the Chairman of the newly elected Board of Directors was determined. Annual variable remuneration policy related to members of the Company's Board of Directors was revised.

5) Regulation on the Management Board of Unipro PJSC

Brought in line with the Articles of Association of the Company. In particular, it reflects the new corporate name of the Company.

6) Regulation on the Audit Commission of Unipro PJSC

Brought in line with the Articles of Association of the Company. In particular, it reflects the new corporate name of the Company.

7) Regulation on the Appointment and Remuneration Committee of the Board of Directors of Unipro PJSC

Amendments in accordance with the Code of Corporate Governance and requirements for corporate governance of issuers included in Level 1 of the List of Securities set out in Listing Rules of MICEX Stock Exchange PJSC.

8) Regulation on the Corporate Secretary of the Company's Board of Directors

Amendments in accordance with the Code of Corporate Governance and requirements for corporate governance of issuers included in Level 1 of the List of Securities set out in Listing Rules of MICEX Stock Exchange PJSC. In particular, requirements to the Corporate Secretary candidate are revised. Rights and obligations of the Corporate Secretary were extended.

9) Regulation on the Insider Information of Unipro PJSC

The main amendments to the Regulation on the Insider Information are made in order to bring the Regulation in compliance with Uniper Group Policy "BP_E_LC_01 Preventing Insider Trading". In addition, the Company described the sequence of actions when the facts of the employee's non-compliance with the Company's Regulation are discovered and applicable laws regulating the insider information treatment and securities transactions.

10) Regulation on the Corporate Risk Management System of Unipro PJSC

Aligned with Uniper SE Policy BP_F_RM_01 Enterprise Risk Management Policy. In addition, the Company's risk management requirements are defined to ensure a standardized and transparent approach to identifying, assessing, controlling risks, and mitigation actions.

11) Regulation on the Compliance Procedure of Unipro PJSC

Aligned with Uniper SE Policy BP_E_LC_04 Compliance.

The Company further plans to continue aligning internal corporate regulations and corporate practices with recommendations of the Code of Corporate Governance.

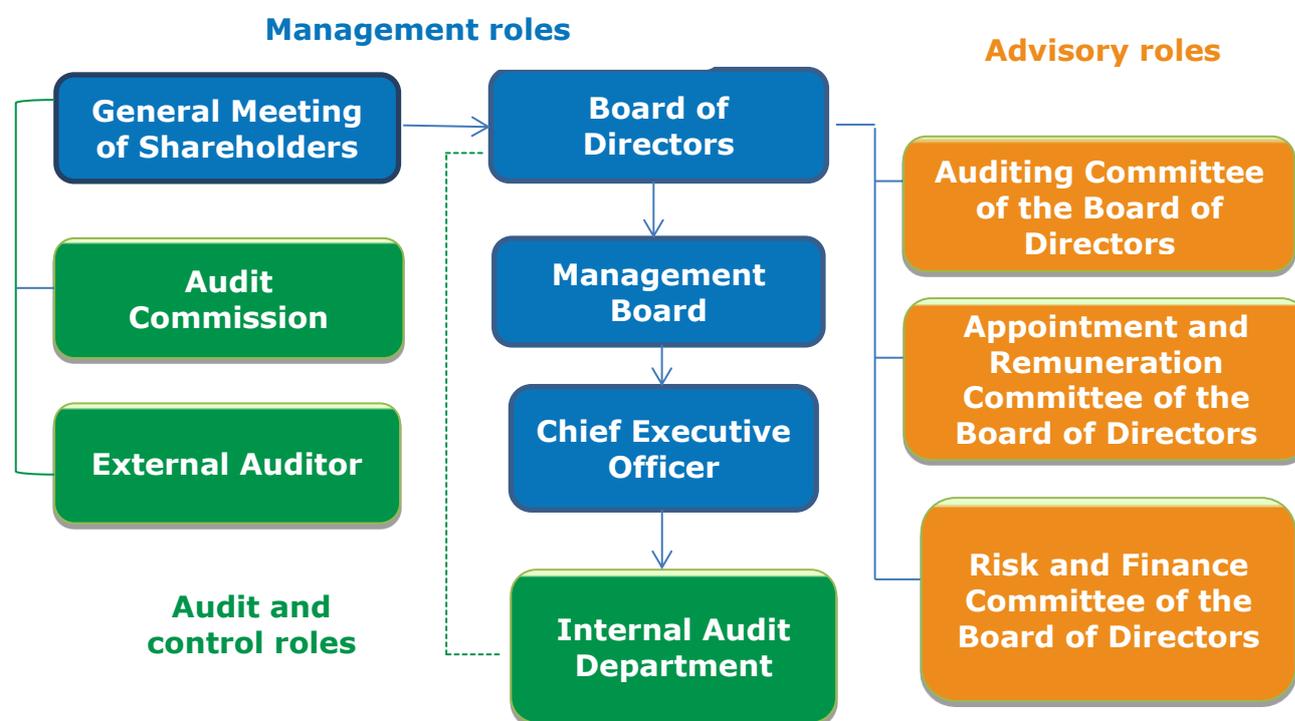
The major lines of corporate management system improvement in Unipro include the following:

- Exercise and protection of rights and interests of the Company's shareholders;
- Reasonable distribution of competencies and responsibilities among corporate management bodies;
- Strengthening of collective principals in management of the Company's activities;
- Effective combination of decision making centralisation and delegation of authority to various managerial levels;
- Enhancement of promptness and efficiency of the made decisions;
- Implementation of high standards of corporate governance ethics.

6.2. Organisational Structure

The management bodies of Unipro PJSC are the General Meeting of Shareholders, Board of Directors, Management Board and CEO. The Management Board and CEO are the executive bodies.

Corporate Governance Chart of Unipro PJSC



GENERAL MEETING OF SHAREHOLDERS

The supreme management body of Unipro PJSC is the General Meeting of Shareholders. The Federal Law On Joint-Stock Companies provided it with a number of key responsibilities, including approval of annual reports and financial statements, election of the Board of Directors and the Audit Committee and termination of their powers, election of the External Auditor, deciding on payment of dividends. The procedure of convening, preparation and holding the Company's general meetings of shareholders is governed by the Regulation on the General Meeting of Shareholders of Unipro PJSC. Its new edition was approved by the Annual General Shareholders' Meeting on June 15, 2016.⁷

The core operation principle of Unipro PJSC is respect of the law, requirements of applicable regulations, rights and lawful interests of shareholders in exercising their right to participate in the Company's governance.

In accordance with the Code of Corporate Governance, in 2016, the Company (in preparation for the Annual General Shareholders' Meeting) provided its shareholders with the following:

- Materials additional to those provided for by the Federal Law On Joint Stock Companies. In particular, extended details of the candidates to the Board of Directors of the Company;
- Possibility to receive a copy of their ballot certified by the Scrutiny Committee before the end of the General Meeting of Shareholders;
- Opportunity to ask questions on the agenda of the General Meeting to members of the management and control bodies attending the Annual General Shareholders' Meeting.

⁷Texts of the Articles of Association and Regulation on the General Meeting of Shareholders are published on the Company's website <http://www.unipro.energy> in "About Company/Documents" section.

All such materials for shareholders are published on the Company's corporate website at <http://www.unipro.energy> 20 days before the date of the meeting.

| Issues considered at General Meetings of Shareholders of Unipro PJSC in 2016 ⁸ | |
|---|--|
| Annual General Shareholders' Meeting June 15, 2016 | <ol style="list-style-type: none"> 1) On approval of the Company's annual report and annual accounting (financial) statements for 2015. 2) On distribution of profit (including payment (declaration) of dividends) and loss of the Company for 2015. 3) On election of members to the Company's Board of Directors. 4) On election of members to the Company's Audit Commission. 5) On approval of the Company's Auditor. 6) On approval of a new version of the Company's Articles of Association. 7) On approval of a new version of the Regulation on the Procedure of Preparation and Holding of the Company's General Shareholders' Meeting. 8) On approval of a new version of the Company's Regulation on the Board of Directors. 9) On approval of a new version of the Regulation on the Company's Management Board. 10) On approval of a new version of the Regulation on the Company's Audit Commission. 11) On payment of remuneration to members of the Company Board of Directors following the results of 2015. |
| Extraordinary General Meeting of Shareholders December 8, 2016 | Dividend disbursement (announcement) based on the results of nine months of 2016. |

BOARD OF DIRECTORS

Responsibilities of the Board of Directors

The Board of Directors is responsible for strategic management of the Company's activities, approval of priority development areas, implementation and protection of the rights and legitimate interests of shareholders. The Board of Directors determines the vision, mission and strategy of the Company.

Responsibilities of the Board of Directors are defined in the Company's Articles of Association and is clearly separated from those of the executive bodies of the Company managing the Company's day-to-day operations.

One of the most important responsibilities of the Board of Directors is establishing efficient executive bodies and controlling their activities. The Board of Directors regularly monitors the activities of executive bodies by reviewing reports on implementation of the Company's strategy and business plans and maintaining an effective incentive system.

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

The Board of Directors is a key element of Unipro's corporate governance system and pays great attention to improving the system and practices of corporate governance of the Company.

The Board of Directors ensures timely disclosure of complete and reliable information on the Company's activities.

Activities of the Board of Directors are governed by Regulation on the Board of Directors of Unipro PJSC⁹.

Composition of the Board of Directors

⁸ Minutes of General Meetings of Shareholders of the Company are published on the Company's web-site <http://www.unipro.energy/> in "Corporate Governance/Meeting of Shareholders" section.

⁹Text of Regulation on the Board of Directors is published on the Company's web-site <http://www.unipro.energy/WWW.EON-RUSSIA.RU> in "About Company/Documents" section.

The Board of Directors acting during the second half of 2016 was elected by the Annual General Shareholders' Meeting on June 15, 2016. It is comprised of:

1. Klaus Schäfer, Chairman of the Board of Directors.



Born in 1967.

In 1990 he graduated from the University of Passau (Germany), degree in Business Administration. In 1993, he was granted a degree in Economics by ESCP Europe Business School, Management Department, Paris, Oxford, Berlin.

Experience:

2010 to 2013 – CEO, E.ON Ruhrgas AG (Germany, Essen).

2011 to 2013 – CEO, E.ON Global Commodities SE (Germany, Düsseldorf).

2013 to 2015 – Member of the Management Board, E.ON SE (Düsseldorf, Germany).

2016 up to now – Chairman of the Management Board, Uniper SE (Düsseldorf, Germany).

2016 up to now – Member of the Board of Directors of Unipro PJSC.

K. Schäfer was first elected to the Board of Directors of the Company on June 15, 2016.

K. Schäfer has no interest in the Company's authorised capital. In 2016, there were no purchase or disposal transactions with Unipro shares.

2. Anna Grigoryevna Belova, Member of the Board of Directors, Chairman of the Appointment and Remuneration Committee of the Board of Directors, Member of the Audit Committee of the Board of Directors.



Born in 1961.

Education: higher, Ph.D. in Economics (2002)

Graduated from the Moscow Engineering Physics Institute, a degree in System Engineering (1984).

Professor of School of Business Administration, National Research University – Higher School of Economics, A.G. Belova has many years of management experience in state entities, as a member of the Board of Directors, an independent director in a number of major Russian and international private and public companies. Her main responsibilities are development and implementation of projects aimed at increasing efficiency and value of equity; upgrading of the risk management and internal control systems; management of business improvement and comprehensive business transformation projects; improvement of corporate governance systems; development of strategies, incentive and HR development programs.

A.G. Belova is the winner of ARISTOS management award (Best Independent Director, 2014), the winner of the Best Corporate Director of Publicly Owed JSC award (The Best Chairman of the Board of Directors of Publicly Owed JSC, 2013) established by the National Corporate Directors Association under the auspices of the Federal Property Management Agency

Experience:

2008-2016 – Member of the Board of Directors, professional attorney, International Sheremetyevo Airport JSC.
2011 up to now – Deputy Chairman of the Board of Directors, CFE inc.
2011 – 2014 – Member of the Supervisory Board, Rosselkhozbank JSC.
2012 up to now – Professor, School of Business Administration, Federal State Autonomous Educational Institution of Higher Professional Education NRI Higher School of Economics.
2012 – 2015 – Chairman of the Board of Directors, Russian Venture Company JSC.
2013 – 2014 – Member of the Board of Directors, United Grain Company JSC.
2013 – 2014 – Member of the Board of Directors, TransContainer JSC.
2013 – 2015 – Member of the Board of Directors, Summa Telecom JSC.
2013 – 2015 – Member of the Board of Directors, Chairman of the Board of Directors, GlobalElectroService JSC.
2013 – 2016 – Chairman of the Board of Directors, Yakutia Fuel and Energy Company JSC.
2014 – 2016 – Professional attorney, Sovcomflot PJSC.
2016 up to now – Member of the Board of Directors, Tiscali S.p.a
2016 up to now – Member of the Board of Directors, High-Speed Lines JSC.
2016 up to now – Member of the Board of Directors of Unipro PJSC.

A.G. Belova was first elected to the Board of Directors of the Company on June 15, 2016.

A.G. Belova has no interest in the Company's authorised capital; In 2016, there were no purchase or disposal transactions with Unipro shares.

3. Patrick Wolff, Member of the Board of Directors.



Born in 1971.

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

Experience:

2004 to 2015 – Vice President, E.ON SE (Düsseldorf, Germany).
2013 to 2015 – member of the Supervisory Board, Saarschmiede Freiformschmiede (SSF) GmbH (Völklingen, Germany).
2014 – 2015 – Member of the Supervisory Board, E.ON Kraftwerke GmbH (Hannover, Germany).
2015 up to now – Member of the Supervisory Board, Uniper Kraftwerke GmbH (Düsseldorf, Germany).
2016 up to now – Member of the Supervisory Board, Uniper Global Commodities SE (Düsseldorf, Germany).
2016 up to now – Executive Vice President, Uniper SE (Düsseldorf, Germany).
2016 up to now – Member of the Board of Directors of Unipro PJSC.
2016 up to now – Chairman of the Supervisory Board, Hamburger Hof Versicherungs –AG (Düsseldorf, Germany).

P. Wolff was first elected to the Board of Directors of the Company on June 15, 2016.

P. Wolff has no interest in the Company's authorised capital. In 2016, there were no purchase or disposal transactions with Unipro shares.

4. Aleksey Andreyevich Germanovich, Member of the Board of Directors, Chairman of the Audit Committee of the Board of Directors.



Born in 1977.

Education: higher

In 1998 graduated from Lomonosov Moscow State University, Degree in Economics, and in 2002 graduated with a Degree in Journalism (second higher education).

In 2009 he was granted an MBA diploma by the Cranfield University (United Kingdom).

A. A. Germanovich is one of the most successful independent directors in Russia. Over the past four years, he has been included in Top 50 independent directors in Russia jointly issued by the Russian Union of Industrialists and Entrepreneurs, PwC and Association of Independent Directors. In addition, according to the Association of Independent Directors, A.A. Germanovich is one of the best independent directors in 2016. He is a recognized corporate governance expert, he chaired the Corporate Governance Committee of the Expert Advisory Council (Federal Property Management Agency of the Russian Federation).

Being a representative of the investment community in the Board of Directors and a professional independent director and having a diverse successful experience, A.A. Germanovich makes a huge contribution to corporate governance development of the Company, including by introducing the best practices.

Experience:

2008 up to now – Member of the Management Board, Endowment Fund for Development of St. Petersburg State University.

2009 – 2012 – Director of Social and State Programs, Professor of Practice, SKOLKOVO Management Company LLC.

2011 – 2012 – Member of the Board of Directors, SG Trans JSC, LENMORNIIPROEKT OJSC.
 2011 – 2013 – Member of the Board of Directors, Siberia Airlines JSC.
 2011 – 2014 – Member of the Board of Directors, NIIAT JSC.
 2012 – 2013 – Director, Member of the Management Board, Advisor, Russian Direct Investment Fund Management Company LLC.
 2012 – 2016 – Member of the Board of Directors, GTLC JSC.
 2012 – 2014 – Member of the Board of Directors, Chairman of the Appointment and Remuneration Committee, Aeroflot JSC.
 2013 – 2014 – CEO Advisor, Veles Capital IC JSC.
 2014 up to now – CEO Advisor, Investment Management JSC.
 In 2014 – Member of the Board of Directors, Scientific and Innovative Center Vagony JSC.
 2014 – 2015 – Member of the Board of Directors, Irkutsk International Airport JSC.
 2014 up to now – Member of the Supervisory Board, Bank Saint-Petersburg PJSC.
 2016 up to now – Member of the Board of Directors, All-Russia Public Opinion Research Center JSC.
 2016 up to now – Member of the Board of Directors, Ameriabank CJSC.
 2016 up to now – Member of the Board of Directors, Aeroflot PJSC.
 2016 up to now – Member of the Strategy Committee of the Board of Directors, FGC UES PJSC.
 2016 up to now – Member of the Appointment and Remuneration Committee of the Board of Directors, Russian Venture Company JSC.
 2016 up to now – Member of the Appointment and Remuneration Committee of the Board of Directors, GTLC JSC.

A.A. Germanovich was first elected to the Board of Directors of the Company on June 26, 2014 and recently re-elected on June 15, 2016.

A.A. Germanovich has no interest in the Company's authorised capital. In 2016, there were no purchase or disposal transactions with Unipro shares.

5. Christopher Jost Delbrück, Member of the Board of Directors.



Born in 1966.

In 1988 he graduated from the University of Heidelberg (Germany), Bachelor's Degree.
 In 1993 he graduated from the University of Kiel (Kiel, Germany), a Degree in Economics. In 1995 he graduated from Harvard University (Cambridge, Massachusetts, USA), John F. Kennedy Government School, Master of Public Administration.

Experience:

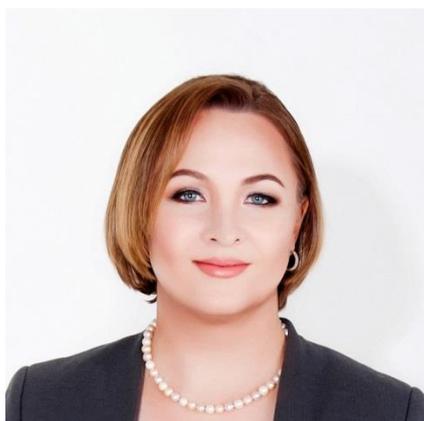
2010 – 2013 – Chief Financial Director, E.ON Energy Trading SE (Düsseldorf, Germany).

2010 – 2013 – Member of the Supervisory Board, E.ON IT GmbH (Hannover, Germany).
2011 – 2013 – CFO, E.ON Ruhrgas AG (Essen, Germany).
In 2013 – CFO, E.ON Global Commodities SE (Düsseldorf, Germany).
2013 – 2015 – CEO, E.ON Global Commodities SE (Düsseldorf, Germany).
2013 up to now – Member of the Shareholders' Committee, Nordstream AG (Zug, Switzerland)
2016 up to now – CFO, Uniper SE (Düsseldorf, Germany).
2016 up to now – Member of the Board of Directors, Unipro PJSC.

C. Delbrück was first elected to the Board of Directors of the Company on June 15, 2016.

C. Delbrück has no interest in the Company's authorised capital. In 2016, there were no purchase or disposal transactions with Unipro shares.

6. Tatyana Alekseyevna Mitrova, Member of the Board of Directors, member of the Appointment and Remuneration Committee of the Board of Directors.



Born in 1974.

Education: higher, Ph.D. in Economics (2004).

In 1995 graduated from Lomonosov Moscow State University with a Degree in Economics (1995).

T.A. Mitrova is an internationally recognized expert in analysis of Russian and international energy markets, including the extraction and transportation of energy resources, demand, energy policy, pricing, taxation and market restructuring; Associate Professor, Gubkin Russian State University of Oil and Gas, the author of more than 120 articles in scientific and business magazines and collected books on energy issues, and 4 monographs.

Additionally, T.A. Mitrova has extensive experience working with Russian ministries and leading global energy companies (Gazprom, RAO UES of Russia, TNK-BP, NOVATEK, Gaz de France, Statoil, etc.), is a member of the expert group on harmonization of scenarios in the preparation of the Roadmap of Russia and EU Cooperation in the energy sector until 2050 and a member of the Board of the Russian organization of the International Energy Economics Association.

T.A. Mitrova's successful professional experience and industry expertise make her contribution to development of the Company invaluable and effective.

Experience:

2006 – 2010 – Director, World Energy Markets Research Center. Institute for Energy Research of the Russian Academy of Science.

2008 – 2014 – Associate Professor, Chair of the National Research University Higher School of Economics (Department of World Economics and World Politics, Chair of Energy and Raw Materials Markets).

2008 up to now – Chief Executive Officer, Energy Markets Research Center LLC.

2008 up to now – Associate Professor, Chair of Gubkin Russian State University of Oil and Gas (Department of Economics and Management, Chair of System Analysis of Energy Markets).

2011 – 2012 – Head of the World Power Engineering Department, Energy Center of Skolkovo Business School.

2011 – 2016 – Head of the Department for Russia and World Oil and Gas Complex Development, Institute for Energy Research, Russian Academy of Science.

2014 – 2015 – Visiting Professor, Geneva Institute of International Relations and Development (Geneva, Switzerland).
2014 up to now – Visiting Professor, Paris School of International Relations (Paris, France).
2015 up to now – Visiting Senior Scientific Researcher, Oxford Institute for Energy Studies (Oxford, United Kingdom).
2015 up to now – Honorary Researcher, Japan Institute of Energy Economics (Tokyo, Japan).
2016 up to now – Visiting Researcher, The King Abdullah Oil Research Center (KSA, Riyadh).
2016 up to now – Lead Researcher, Center for Global Energy Policy, University of Columbia (New York, USA).
2016 up to now – Head of the Research, Energy Research Institute, Russian Academy of Sciences (FGBUN IES RAS).

T.A. Mitrova was elected the Member of the Company's Board of Directors for the first time on June 26, 2014, and recently re-elected on June 15, 2016.

T.A. Mitrova has no interest in the Company's authorised capital. In 2016, there were no purchase or disposal transactions with Unipro shares.

7. Eckhardt Rümmler, Member of the Board of Directors.



Born in 1960.

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

Experience:

2009 – 2013 – Member of the Supervisory Board, E.ON Energy Trading GmbH (Düsseldorf, Germany).
2009 – 2014 – Member of the Board of Directors, E.ON Russia JSC.
2010 – 2013 – Member of the Supervisory Board, E.ON Ruhrgas AG (Essen, Germany).
2010 – 2013 – Member of the Supervisory Board, E.ON Gas Storage GmbH (Essen, Germany).
2010 – 2014 – Member of the Supervisory Board, E.ON Generation GmbH (Hannover, Germany).
2012 – 2013 – Member of the Supervisory Board, E.ON Energie AG (Munich, Germany).
2013 – 2015 – Member of the Supervisory Board, E.ON Global Commodities SE (Düsseldorf, Germany).
In 2015 – Member of the Supervisory Board, E.ON Kernkraft GmbH (Hannover, Germany).
In 2015 – Member of the Supervisory Board, E.ON Kraftwerke GmbH (Essen, Germany).
2015 up to now – Chairman of the Supervisory Board, Uniper Energy Storage GmbH (Essen, Germany).
2015 up to now – Chief Engineer, Uniper SE (Düsseldorf, Germany).
2016 up to now – Chairman of the Supervisory Board, Uniper Technologies GmbH (Gelsenkirchen, Germany).
2016 up to now – Executive Director, Uniper Generation GmbH (Düsseldorf, Germany).
2016 up to now – Executive Director, Uniper Kraftwerke GmbH (Düsseldorf, Germany).
2016 up to now – Member of the Board of Directors of Unipro PJSC.

E. Rümmler was first elected to the Board of Directors of the Company on June 17, 2009 and re-elected before June 27, 2013. Eckhardt Rümmler was re-elected to the Board of Directors of the Company on June 15, 2016.

E. Rümmler has no interest in the Company's authorised capital. In 2016, there were no purchase or disposal transactions with Unipro shares.

8. Reinder Hartmann, Member of the Board of Directors.



Born in 1945.

Graduated from Private Trade School with a degree in Economy of Production Process (Bayreuth, FRG). Honored Ph.D. of the Marconi University (Italy).

Experience:

1992 – 2014 – Head of the Moscow Representative Office, E.ON Ruhrgas AG.

2006 – 2014 – Chairman of the Management Board, Association of European Businesses in the Russian Federation.

2008 – 2009 – Chief Executive Officer, E.ON Russia LLC.

2008 up to now – Member of the Board of Directors, Unipro PJSC.

2009 – 2010 – Director of the Natural Gas Department, E.ON Russia LLC.

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

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

2014 up to now – Chairman of the Honoured Board, Association of European Businesses in the Russian Federation.

2016 up to now – Head of Moscow Representative Office, Uniper Global Commodities SE (Germany).

R. Hartmann was first elected to the Company's Board of Directors on June 6, 2008, and was recently re-elected on June 15, 2016.

R. Hartmann has no interest in the Company's authorised capital. In 2016, there were no purchase or disposal transactions with Unipro shares.

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



Born in 1966.

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

Experience:

2008 – 2012 – Chief Executive Officer, Ust-Luga Company JSC.
In 2012 – Chief Executive Officer, E.ON Russia LLC and E.ON Russia Power LLC.
2012 up to now – Chief Executive Officer, Unipro PJSC.
2012 – 2014 – Member of the Board of Directors, Transport and Logistic Complex JSC.
2012 – 2015 – Chief Executive Officer, E.ON Connecting Energies LLC.
2013 up to now – Member of the Supervisory Board, Council of Power Producers Association.
2013 up to now – Member of the Board of Directors, Unipro PJSC.
2015 – 2016 – Chief Executive Officer, Uniper LLC.
2016 up to now – Member of the Board of Directors, Severneftegazprom JSC.

M.G. Shirokov was first elected to the Company's Board of Directors on February 21, 2013, and recently re-elected on June 15, 2016. July 2013 up to now – Deputy Chairman of the Board of Directors, Unipro PJSC.

M.G. Shirokov has no interest in the Company's authorised capital. In 2016, there were no purchase or disposal transactions with Unipro shares.

From January 1, 2016 to June 15, 2016, the Board of Directors was the same as elected by the Annual General Shareholders' Meeting on June 26, 2015, namely:

1. Albert Bernhard Wilhelm Reutersberg, Member of the Board of Directors.
2. Mike Winkel;
3. Aleksey Andreyevich Germanovich;
4. Jorgen Kildahl;
5. Sergey Vladimirovich Malinov;
6. Tatyana Alekseyevna Mitrova;
7. Karl-Heinz Feldmann;
8. Reiner Hartmann;
9. Maxim Gennadyevich Shirokov, Chief Executive Officer of the Company.

Details of the above members of the Board of Directors are provided in the Company's Annual Report for 2015.¹⁰

Independent directors on the Board of Directors

According to international practice and Russian laws, an independent director is a member of the Board of Directors who does not have any ownership in the company managed by it and not associated with its suppliers or consumers.

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

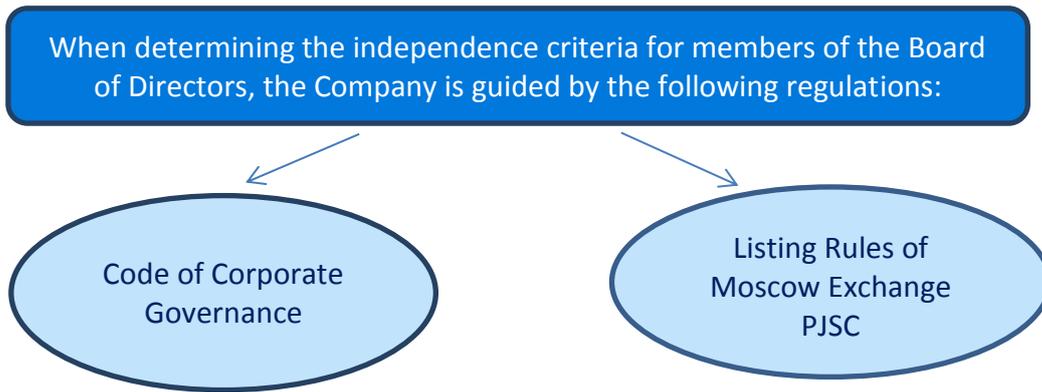
The essential features of independent directors are their autonomy, independence of decision-making and an impeccable business reputation.

In this official capacity, an independent director is guided by the principles of honesty, impartiality, constructiveness and professionalism. An independent director performs its duties in good faith in accordance with the applicable laws. An independent director devotes enough time and attention to its professional duties to make informed and reasoned decisions. When making decisions, an independent director must first make sure that its decisions will benefit the company itself, its shareholders and other persons interested in the business providing a reasonable balance of interests.

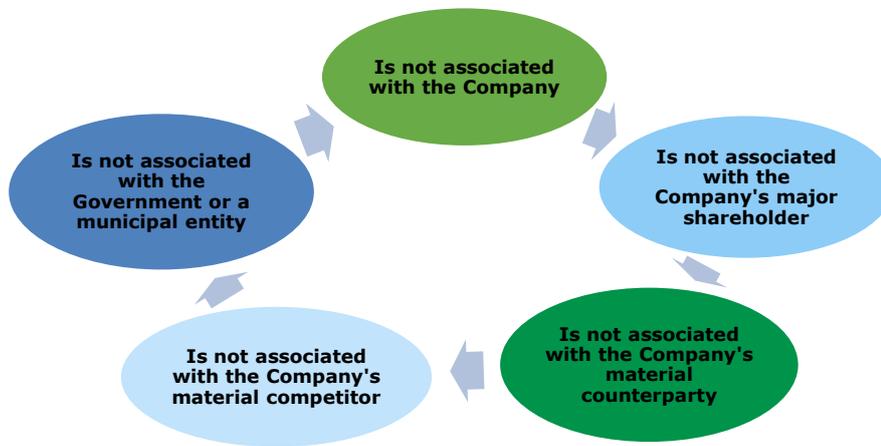
Independent directors play an important role in determining the Company's development strategy and reviewing reports on its implementation, evaluating performance of the Company's executive bodies, assessing performance of the risk management and internal control system, and assessing activities of the Board of Directors and its committees.

The Company highly appreciates the contribution of independent directors in enhancing the effectiveness of the Board of Directors.

¹⁰ Text of the Annual Report of Unipro PJSC for 2015 is published on the Company's web-site at <http://www.unipro.energy/>, "Shareholders and Investors/Reports/Annual Reports" section



**An independent director
(an independent director candidate)
is a person who:**



The Appointment and Remuneration Committee of the Board of Directors of Unipro PJSC considers the issue of compliance with the independence criteria for candidates to the Company's Board of Directors in preparation for general meetings of shareholders where the issue of electing the Board of Directors of the Company is included in the agenda. Information on candidates to the Board of Directors of the Company provided to shareholders in preparation for such General Meetings contains information on their independence.

In the period from 01.01.2016 to 15.06.2016, the Board of Directors of the Company included the following independent directors:

| Full Name | Compliance with the Listing Rules | Compliance with Code of Corporate Governance |
|---------------------------------|--|---|
| Aleksey Andreyevich Germanovich | + | + |
| Sergey Vladimirovich Malinov | + | + |
| Tatyana Alekseyevna Mitrova | + | + |

In the period from 15.06.2016 to 31.12.2016, the Board of Directors of the Company included the following independent directors:

| Full Name | Compliance with the Listing Rules | Compliance with Code of Corporate Governance |
|---------------------------------|-----------------------------------|--|
| Anna Grigoryevna Belova | + | + |
| Aleksey Andreyevich Germanovich | + | + |
| Tatyana Alekseyevna Mitrova | + | + |

Overview of the meetings of the Board of Directors for 2016

In 2016, the Board of Directors of the Company held 17 meetings, including 3 attendee meetings. In 2016, the Board of Directors considered 102 issues. The main focus of the meetings of the Board of Directors of the Company in the reporting year was the strategy, corporate governance, regulation of the Company's financial and business operations and approval of transactions. The Board of Directors of the Company also regularly considered HR issues. In 2016, the Board of Directors paid special attention to the issue of restoring Power Unit No. 3 of Berezovskaya GRES of Unipro PJSC.

| The most important resolutions made by the Board of Directors in 2016 | |
|---|--|
| Corporate Governance | <ul style="list-style-type: none"> The Annual and Extraordinary General Meetings of Shareholders of the Company were convened Chairman of the Board of Directors of the Company, Deputy Chairman of the Board of Directors of the Company, Corporate Secretary of the Company were elected The quantitative and personal composition of committees of the Company's Board of Directors was changed The quantitative and personal composition of the Company's Management Board was changed Resolution on the Company's membership in Non-Profit Partnership Corporate Counsel Association was made The new edition of the Code of Conduct of Unipro PJSC was approved Regulation on the Insider Information of Unipro PJSC as amended was approved Regulation on the Appointment and Remuneration Committee of the Board of Directors of the Company as amended was approved Regulation on the Corporate Secretary of the Company as amended was approved Regulation on the Compliance Procedure of Unipro PJSC was amended Authority Delegation Policy of the Company was amended Activity Plan of the Board of Directors of Unipro PJSC for Corporate Year 2016-2017 was approved Compliance Officer of Unipro PJSC was appointed Transactions were approved, when approval thereof was required in accordance with the laws of the Russian Federation and/or Articles of Association of the Company |
| Strategy and Priority Areas of the Company's Activities | <ul style="list-style-type: none"> Investment Project of Restoration of Power Unit No. 3 of Berezovskaya GRES Branch of Unipro PJSC was approved Services Agreement between Unipro PJSC and E.ON Engineering LLC related to the arrangement and management of repair and recovery activities at Power Unit 3 of Berezovskaya GRES Branch of Unipro PJSC after the accident was approved Status the Investment Project of Restoration of Power Unit No. 3 of Berezovskaya GRES Branch of Unipro PJSC was reviewed Results of investigations of causes of accident (fire) at Power Unit No. 3 of Berezovskaya GRES Branch on 01.02.2016 were reviewed. Investment Project for upgrading of the gas turbine at Yaivinskaya GRES Branch Power Unit No. 5 was approved Addenda to contracts between Unipro PJSC and NOVATEK PJSC, NOVATEK-Perm LLC for gas supplies to Smolenskaya GRES, Surgutskaya GRES-2, Shaturskaya GRES and Yaivinskaya GRES of Unipro PJSC for the period from 2017 to 2027, to the agreement on |

| | |
|---------------------------------------|--|
| | <p>consolidation of volumes under the gas supply contracts between Unipro PJSC and NOVATEK PJSC were approved</p> <ul style="list-style-type: none"> • Service Agreement for Engineering Support of the Project on Construction of Dry Ash Removal System of Berezovskaya GRES Branch of Unipro PJSC was approved • Amendments to the Procurement Regulation of the Company were approved |
| Internal control, risks and reporting | <ul style="list-style-type: none"> • A new version of the Financial Policy of the Company was approved • Reports prepared in accordance with the International Financial Reporting Standards (IFRS) for 2015 FY were approved • Performance Report of the Company, including Budget Performance Report for 2015, prepared by CEO was reviewed • Results of budget implementation for the first half of 2016 and the forecast on budget implementation of the Company for the second half of 2016 were reviewed • Company's Budget 2017 based on IFRS was approved • Annual Report on Performance of Corporate Risk Management System and Material Risks of the Company's Activities was reviewed • Risk Trends Report for Q2, forecast for Q3 (with qualitative and quantitative assessments) and report risk management system improvement activities was reviewed. • Issue on hedging of the currency risk under the contracts the sum of liabilities under which is expressed in foreign currency was reviewed • Credit limits for the Company's financial contractors were approved • Establishing the financial requirement (borrowings) limit of the Company for 2016 and H1 2017 was reviewed <p>The remuneration of the Company's auditor was approved</p> |
| HR and Remuneration | <ul style="list-style-type: none"> • Awarding a bonus to M.G. Shirokov, CEO, for 2015 was reviewed • Financial performance indicators for calculating the year-end bonus of Company's employees for 2015 were approved • The permission for Joerg Tumat, Deputy CEO for Commerce, Unipro PJSC, and Member of the Management Board, Unipro PJSC, to hold concurrent positions in management bodies of other companies was approved • Holding by Maxim Shirokov, CEO, Unipro PJSC, and Member of the Management Board, Unipro PJSC, of concurrent positions in the management bodies of other companies was approved • Amendments to the employment agreement with CEO of Unipro PJSC were approved |

Information on evaluation of performance of the Board of Directors in 2016

The Appointment and Remuneration Committee of the Board of Directors of Unipro PJSC evaluated the overall performance of the Company's Board of Directors and its members, as well as Committees of the Company's Board of Directors, in accordance with clause 2.2.5 of the Regulation on the Appointment and Remuneration Committee of the Board of Directors of Unipro PJSC. The evaluation of performance of the Board of Directors of Unipro PJSC in 2016 confirms the efficiency of work of each member of the Board of Directors particularly and the Company's Board of Directors in general.

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

Until February 15, 2016, the remuneration and bonuses to the members of the Board of Directors and the procedure of their payment was regulated by the Regulation on the Board of Directors of the Company approved by the Extraordinary General Meeting of Shareholders on February 21, 2013. In accordance with this Regulation, members of the Board of Directors are entitled to:

- Compensation of expenses associated with performance of their duties as members of the Board of Directors;
- Quarterly fixed remuneration;
- Annual variable compensation depending on the level of the Company's performance.

The remuneration shall be paid only to those members of the Board of Directors who do not hold paid positions in the Company and in its affiliates, and are not members of the Management Board of the Company and its affiliates.

On June 15, 2016 the Annual General Shareholders' Meeting of Unipro PJSC approved a new version of the Regulation on the Board of Directors. The changes were made, in particular, in respect of payment of the remuneration and compensations to the members of the Board of Directors. According to the Regulation, the Company changed the calculation formula of a variable annual remuneration for members for the Company's Board of Directors based on whether the Board of Directors held at least one meeting during the reporting year or not (cl. 11.3, art. 11 of the Regulation).

The Appointment and Remuneration Committee of the Company annually reviews the annual variable remuneration of the Board of Directors of Unipro PJSC, within its jurisdiction, and gives recommendations on payment thereof.

The total remunerations and compensations paid to members of the Company's Board of Directors in 2016 amounted to 20,817,000 RUB, including:

Quarterly remuneration – 8,684,000 RUB,
Annual remuneration (for 2015) – 11,773,000 RUB,
Compensations – 360,000 RUB.

COMMITTEES OF THE BOARD OF DIRECTORS

To improve performance of the Unipro's Board of Directors and to more thoroughly study the issues falling within its competence, the Company has created and maintained special advisory bodies, committees of the Board of Directors.

The main purpose of each Committee is preliminary review of the most important issues referred to the Board of Directors, on the Committee's activities and development of recommendations to be used by the Board of Directors in making decisions on relevant issues.

In 2016, the Company had the following Committees:

- Appointment and Remuneration Committee of the Board of Directors,
- Audit Committee of the Board of Directors,
- Risk and Finance Committee of the Board of Directors.

The New Construction Management Committee of the Company's Board of Directors was discontinued by Resolution of the Board of Directors as of 28.06.2016, Minutes No. 233 as of 29.06.2016.

Audit Committee

(established on 30.11.2006 by resolution of the Board of Directors, Minutes No. 36 as of 01.12.2006).

The Committee acts by virtue of the Articles of Association and Regulation on the Audit Committee of the Board of Directors of the Company.

In 2014, the Company elaborated a revised version of the Regulation on the Audit Committee of the Company's Board of Directors based on all requirements set out by new Moscow Exchange PJSC Listing Rules in order to include and maintain its shares in the quotation list of the first level.

The main functions of the Audit Committee include:

- 1) Control over completeness, accuracy and reliability of the Company's financial statements;

- b) Control over the reliable and effective operation of the risk management and internal control system;
 2) Independent and unbiased performance of internal and external audit functions;
 3) Control over the effective operation of the notification system on possible cases of fraud by Company's employees (including abuse of insider or confidential information) and third parties, as well as on other violations in the Company's activity, and control over the implementation of measures taken by the Company's executives within such system.

The Committee comprises only independent directors who meet the independence criteria established by Moscow Exchange PJSC.

Information on the quantitative and personal composition of the Audit Committee in 2016:

| Period | Number of members of the Committee | Members of the Committee |
|--------------------------------|------------------------------------|--|
| 01.01.2016 – 28.06.2016 | 2 | Sergey Vladimirovich Malinov, Chairman of the Committee Aleksey Andreyevich Germanovich |
| 29.06.2016 – 31.12.2016 | 2 | Aleksey Andreyevich Germanovich, Chairman of the Committee Anna Grigoryevna Belova |

In 2016, the Audit Committee held 6 meetings, including 5 attendee meetings.

| The most important matters considered by the Audit Committee in 2016 | |
|---|---|
| Financial Statements (Accounts) | <ul style="list-style-type: none"> Review of the Company's IFRS financial statements of Unipro PJSC for 2015 Review of the Company's annual financial statements following for 2015 FY prepared under the Russian laws Review of the IFRS financial statements of Unipro PJSC for Q1 2016 Review of the IFRS financial statements of Unipro PJSC for H1 2016 Review of the IFRS financial statements of Unipro PJSC for Q3 2016 |
| External Audit | <ul style="list-style-type: none"> Evaluation of the audit report on the 2015 financial statements of Unipro PJSC Review of the interim financial results of Unipro PJSC for H1 2016 by PricewaterhouseCoopers Audit JSC Auditors' Report (PricewaterhouseCoopers Audit) on interim financial results of Unipro PJSC for 9M 2016 Recommendations to the Board of Directors on the external auditor to be proposed to the Annual General Shareholders' Meeting Recommendations to the Management Board (Representatives of the Company) on the external auditor of Shaturskaya Upravlyayushaya Kompaniya JSC, E.ON Connecting Energies LLC, Noginsk Heat Center LLC, E.ON Engineering LLC |
| Risk Management | <ul style="list-style-type: none"> Unipro PJSC Risks and Opportunities Report for Q3 2016, and Risk Trends Report |
| Corporate Governance | <ul style="list-style-type: none"> Recommendations to the Board of Directors on profit distribution for 2015 FY, and dividend rate and payment recommendations to be proposed to the Annual General Shareholders' Meeting |

- Approval of the activity plan of the Audit Committee of Board of Directors of Unipro PJSC for 2016-2017 corporate year.
- Recommendations to the General Meeting of Shareholders on the amount of dividends on shares of Unipro PJSC for 9M 2016 and the date, on which the persons entitled to receive dividends are determined.

Appointment and Remuneration Committee

(established 14.04.2008 by resolution of the Board of Directors, Minutes No. 87 as of 17.04.2008).

The Committee acts by virtue of the Articles of Association and Regulation on the Appointment and Remuneration Committee of the Board of Directors of the Company.

On 28.06.2016 the Company elaborated a revised version of the Regulation on the Appointment and Remuneration Committee of the Company's Board of Directors based on all requirements set out by new Moscow Exchange PJSC Listing Rules to include and maintain its shares in the quotation list of the first level.

The main functions of the Appointment and Remuneration Committee include:

1. Development and periodic review of the Company's policy on the remuneration of the members of the Board of Directors, the members of the Management Board of the Company and CEO of the Company, supervision over its introduction and implementation;
2. Preliminary assessment of the work of the Management Board of the Company and CEO of the Company for the year in accordance with the Company's policy on remuneration;
3. Development of conditions of early termination of labour agreements with the members of the Management Board of the Company and CEO of the Company, including all material obligations of the Company and conditions of their provision;
4. Development of recommendations to the Board of Directors on the determination of the amount of remuneration and principles of awarding Corporate Secretary of the Company;
5. Annual detailed formalised procedure of self-assessment or external assessment of working efficiency of the Board of Directors and its members, as well as the Committees of the Board of Directors; determination of the priority lines to improve the composition of the Board of Directors;
6. Interaction with the Company shareholders (which shall not be limited to a group of major shareholders) for the purpose of elaborating recommendations to the shareholders in relation to voting on the issue of electing candidates to the Board of Directors of the Company;
7. Planning personnel appointments, including those with account of ensuring continuity of activities, members of the Management Board of the Company and CEO of the Company, elaborating recommendations to the Board of Directors of the Company in relation to the candidates for the position of Corporate Secretary, members of the Management Board of the Company, and other key executive officers of the Company.

The Committee comprises only independent directors who meet the independence criteria established by Moscow Exchange PJSC.

Information on the quantitative and personal composition of the Appointment and Remuneration Committee in 2016:

| Period | Number of members of the Committee | Members of the Committee |
|-------------------|------------------------------------|--|
| 01.01.2016 | 2 | Aleksey Andreyevich Germanovich, Chairman of the Committee |
| - | | Tatyana Alekseyevna Mitrova |
| 28.06.2016 | | |
| 29.06.2016 | 2 | Anna Grigoryevna Belova, Chairman of the Committee |
| - | | Tatyana Alekseyevna Mitrova |
| 31.12.2016 | | |

In 2016, Appointment and Remuneration Committee held 12 meetings, including 8 attendee meetings.

| The most important matters considered by the Appointment and Remuneration Committee in 2016 | |
|--|---|
| Incentives and remuneration | <ul style="list-style-type: none"> • Evaluation of achievement of goals of the Company's employees in 2015 |

| | |
|--------------------------------|---|
| | <ul style="list-style-type: none"> • Setting individual targets to employees of Unipro PJSC and evaluation of their performance in 2016 • Recommendations to the Company's CEO on awarding bonuses to employees of the Company • Awarding bonuses to CEO of Unipro PJSC • Changes in salaries of individual executives of the Company • Incentive system for senior executives of Unipro PJSC and connection with occupational safety and health KPI. • On determining material terms and conditions of labour contracts with senior executives of Unipro PJSC. |
| HR policy | <ul style="list-style-type: none"> • Recommendations to the Company's CEO on signing / termination of employment agreements with key employees of the Company |
| Corporate Governance | <ul style="list-style-type: none"> • On consideration of proposals of the Company's shareholders on nomination of candidates to the Company's management and supervision bodies, to be elected at the 2015 Annual General Meeting of Shareholders, and on proposal of a decision in respect thereto to the Company's Board of Directors • On compliance with the Activity Plan of the HR and Remuneration Committee of the Board of Directors of Unipro PJSC • On payment of remuneration to the members of the Board of Directors of Unipro PJSC following the results of 2015 • On re-election of the Secretary of the HR and Remuneration Committee of the Board of Directors of Unipro PJSC • On the Activity Plan of the HR and Remuneration Committee of the Board of Directors of Unipro PJSC for 2015–2016 • On the Activity Plan of the HR and Remuneration Committee of the Board of Directors of Unipro PJSC for 2016–2017 • On the organisational structure of Uniper • Report on evaluation of activities of the Company's Board of Directors in 2015. • Update of the Regulation on the HR and Remuneration Committee of the Board of Directors of Unipro PJSC • On the performance report of the HR and Remuneration Committee of the Board of Directors in 2015–2016. • On consideration of a new version of the Activity Plan of the HR and Remuneration Committee of the Board of Directors of Unipro PJSC for 2016–2017 • On determination of the number of members of the Management Board of Unipro PJSC • Change of the organisational structure of Unipro PJSC • Review of the draft Regulation on Unipro PJSC Board of Directors' Performance Evaluation • Determination of the procedure and schedule for Unipro PJSC Board of Directors' performance evaluation activities in 2016 • On election and early termination of powers of the Company's Corporate Secretary |
| Occupational Safety and Health | <ul style="list-style-type: none"> • Occupational Health. TRIF Indicator • On measures to improve motivation of employees in the production unit in grade E3 and heads of structural divisions of Unipro PJSC branches in improving industrial and occupational safety and health and equipment reliability • Analysis of the findings of the investigation of accidents at Surgutskaya GRES-2 and Berezovskaya GRES • Industrial safety and health KPI for senior executives of Unipro PJSC |

Risk and Finance Committee¹¹

¹¹The resolution of the Board of Directors of Unipro PJSC dated 15.03.2017 (Minutes No. 242 dated 15.03.2017) liquidated the Risk and Finance Committee of the Board of Directors of the Company with effect as of 01.04.2017.

(established 30.06.2009 by the resolution of the Board of Directors, Minutes No. 115 dated 01.07.2009).

It acts by virtue of the Articles of Association and Regulation on the Risk and Finance Committee of the Board of Directors of the Company.

The main functions of the Risk and Finance Committee include:

- Annual informing of the Board of Directors on the operation of the Company's risk management system, as well as on the most important risks in the Company's activities during the reporting year;
- Determining the risks hedging strategy;
- Assessment of the effectiveness of the implementation and development of the Company's risk management system;
- Implementation and improvement of the management strategies for commodity, credit and other risks of the Company;
- Development of proposals on the system and levels of risk limits, identification of measures aimed at compliance with risk limits;
- Drafting of proposals with regard to the measures to be taken in case of exceeding the risk limits;
- Analysis, discussion of risk reporting (including the quarterly report of KonTraG) presented by the Treasury and Risk Management Department, and preparation of comments and recommendations following the review of these reports.

Information on the quantitative and personal composition of the Risk and Finance Committee in 2016:

| Period | Number of the Committee's members | Members of the Committee |
|--|-----------------------------------|--|
| 01.01.2016 25.02.2016 | 6 | Ulf Backmeyer – Chairman of the Committee Joerg Tumat – Deputy Chairman of the Committee Andrey Nikolayevich Zhukovskiy Igor Viktorovich Popov Maksim Sergeevich Porozov Elena Vladimirovna Talalayeva |
| 26.02.2016 15.12.2016 | 6 | Ulf Backmeyer – Chairman of the Committee Joerg Tumat – Deputy Chairman of the Committee Elena Mansurovna Gabdulkhayeva Andrey Nikolayevich Zhukovskiy Igor Viktorovich Popov Elena Vladimirovna Talalayeva |
| 16.12.2016 31.12.2016 | 6 | Ulf Backmeyer – Chairman of the Committee Elena Vladimirovna Talalayeva – Deputy Chairman of the Committee Elena Mansurovna Gabdulkhayeva Andrey Nikolayevich Zhukovskiy Igor Viktorovich Popov Marina Aleksandrovna Ustinova |

In 2016, 14 meetings of the Risk and Finance Committee were held.

| The most important matters considered by the Risk and Finance Committee in 2016 | |
|--|---|
| Risks | <ul style="list-style-type: none"> • On the Quarterly Corporate Risks and Opportunities Report • On approval of the list of Risk Owners and Risk Coordinators • On the Ad-Hoc Report on the new risk (Ad-Hoc) • On hedging the FX risk under contracts the amount of commitments under which is denominated in FX |

| | |
|----------------------|--|
| | <ul style="list-style-type: none"> • On the risk of limitations of Berezovskaya GRES operation due to absence of ash pond capacities • On assessment of the CRMS operation in terms of involvement in the process of risk management of all relevant functional and legal structures of the Company |
| Finance | <ul style="list-style-type: none"> • On the Report on Banking Services used by the Company • On approval of the Commodity Limit of the maximum profit loss (PaR lim) and Overall Commodity Limit of maximum losses (SL lim) for 2017–2019 • On approval of financial contractors' credit limits • On approval of the credit limit for Sberbank of Russia PJSC • On establishing the financial requirement (borrowings) limit for the Company in 2016 and for H1 2017 • On establishing the Company's financial requirement (borrowings) limit • On the Loan Agreement between the Company and Uniper SE • On the Overdraft Credit Agreement between the Company and Gazprombank (Joint Stock Company) • On the Credit Facility Agreement between the Company and Gazprombank (Joint Stock Company) • On the Master Agreement on Revolving Framework Credit Facility with Differentiated Interest Rates between the Company and Gazprombank (Joint Stock Company) |
| Corporate Governance | <ul style="list-style-type: none"> • On approval of the new version of the Financial Policy of the Company. • On approval of the new version of the Regulation on the Corporate Risk Management System of Unipro PJSC. • On approval of the Regulation on Credit Risk Management • On approval of the Regulation on Project Risks of Unipro PJSC • On approval of the Regulation on Market Risks of Unipro PJSC |

**PARTICIPATION OF MEMBERS OF THE BOARD OF DIRECTORS IN MEETINGS OF THE BOARD OF DIRECTORS AND COMMITTEES THEREOF
IN 2016**

| Members of the Board of Directors in the reporting year | Period of participation in the Board of Directors | Participation in meetings of the Board of Directors | Audit Committee | HR and Remuneration Committee |
|---|---|---|-----------------|-------------------------------|
| Members of the Board of Directors throughout the reporting year | | | | |
| Aleksey Andreyevich Germanovich | 01.01.2016–31.12.2016 | 17/17 | 6/6 | 12/12 |
| Tatyana Alekseyevna Mitrova | 01.01.2016–31.12.2016 | 17/17 | - | 6/6 |
| Reiner Hartmann | 01.01.2016–31.12.2016 | 17/17 | - | - |
| Maxim Gennadyevich Shirokov | 01.01.2016–31.12.2016 | 17/17 | - | - |
| Members of the Board of Directors at the Annual General Meeting of Shareholders (AGSM) as of 15.06.2016 | | | | |
| Anna Grigoryevna Belova | 15.06.2016–31.12.2016 | 8/8 | 3/3 | 6/6 |
| Patrick Wolff | 15.06.2016–31.12.2016 | 8/8 | - | - |
| Christopher Jost Delbrück | 15.06.2016–31.12.2016 | 8/8 | - | - |
| Gunter Eckhardt Rümmler | 15.06.2016–31.12.2016 | 7/8 | - | - |
| Klaus Schäfer | 15.06.2016–31.12.2016 | 8/8 | - | - |
| Members who left the Board of Directors at the AGSM on 15.06.2016 | | | | |
| Mike Winkel | 01.01.2016–15.06.2016 | 9/9 | - | - |
| Jorgen Kildahl | 01.01.2016–15.06.2016 | 9/9 | - | - |
| Sergey Vladimirovich Malinov | 01.01.2016–15.06.2016 | 9/9 | 3/3 | - |
| Albert Bernhard Wilhelm Reutersberg | 01.01.2016–15.06.2016 | 9/9 | - | - |
| Karl-Heinz Feldmann | 01.01.2016–15.06.2016 | 9/9 | - | - |

MANAGEMENT BOARD

The Management Board is a collective executive body that controls major issues of day-to-day operations management of the Company's business within the authorities provided for by the Articles of Association and Regulation on the Management Board of the Company¹². The Management Board reports to the Board of Directors and the General Meeting of Shareholders.

The policy of Uniper in the area of corporate governance improvement is consistently focusing on boosting up significance of the Management Board in exercising management of current activities, positioning it as the body elaborating the uniform approach of the Company's management to the key areas of operations. Enhancement of activities of the Management Board is also conditioned by more extensive application of the principle of collective leadership in respect of management resolutions adoption in order to minimise the risk of ineffective management resolutions.

The key responsibilities of the Management Board include:

- development and submission for review by the Board of Directors of long-term plans on implementation of the major lines of the Company's activity;
- approval of major transactions of the Company;
- determination of the Company's opinion as regards regulation of a number of crucial issues on the Company subsidiaries' activity;
- provision of social guarantees and benefits to the Company's employees;
- development of draft resolutions and recommendations for the Company's Board of Directors.

According to cl. 18.3 of the Articles of Association of the Company, members of the Company's Management Board are elected by the Board of Directors in the number of minimum three persons. The Board of Directors may determine a greater number of members of the Management Board.

The Company's Board of Directors by its resolution dated 29.09.2016, Minutes No. 236 dated 29.09.2016 early terminated the powers of Joerg Tumat as a member of the Company's Management Board effective as of 01.10.2016, and determined the quantitative composition of the Management Board – 3 persons.

Information on changes in members of the Management Board of Unipro in 2016:

| Period | Members of the Management Board |
|--------------------------------|--|
| 01.01.2016 – 30.09.2016 | Maxim Gennadyevich Shirokov – Chairman of the Management Board Ulf Backmeyer Igor Viktorovich Popov Joerg Tumat ¹³ |
| 01.10.2016 – 31.12.2016 | Maxim Gennadyevich Shirokov – Chairman of the Management Board Ulf Backmeyer Igor Viktorovich Popov |

Data on the persons being effective members of the Company's Management Board:

Maxim Gennadyevich Shirokov – CEO, Chairman of the Management Board, Deputy Chairman of the Company's Board of Directors.



Elected to the Management Board of the Company on: 16 July 2012

¹²Text of the Regulation on the Management Board of the Company is published at the Company's web site <http://www.unipro.energy/> in the section "About the Company / Documents".

¹³ Information on the Management Board Member Joerg T. is available in the Annual Report of the Company for 2015.

From 2008 till 2012 – Chief Executive Officer of Ust-Luga Company JSC.
From 2012 – Chief Executive Officer, Unipro PJSC.
In 2012 – Chief Executive Officer of E.ON Russia LLC and E.ON Russia Power LLC.
From 2012 to 2014 – member of the Board of Directors of Transport and Logistic Complex JSC.
From 2012 till 2015 – Chief Executive Officer of E.ON Connecting Energies LLC.
From 2013 – member of the Supervisory Board of the Council of Power Producers Association.
From 2013 – member of the Board of Directors of Unipro PJSC.
From 2015 to 2016 – Chief Executive Officer of Uniper LLC.
From 2016 – member of the Board of Directors of OJSC Severneftegazprom.

M. G. Shirokov has no interest in the Company's authorised capital. In 2016, there were no purchase or disposal transactions with Unipro shares.

Ulf Backmeyer – Deputy CEO for Finance and Economy and Chairman of the Risk and Finance Committee of the Board of Directors.



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

In 2008–2010 – member of the Board of Directors of telecommunications companies Sibintertelecom JSC and MTS-P JSC.
From 2009 to 2011 – member of the Audit Commission of TS Retail JSC.
From 2009 to 2011 – member of the Board of Directors of K-Telecom JSC (Yerevan, Armenia).
From 2010 to June 2011 – member of the Board of Directors of Comstar-OTS JSC and Multiregion JSC.
In 2011 – Deputy CEO of E.ON Russia LLC.
From 2011 – Deputy CEO of the Company for Finance and Economy, Unipro PJSC

U. Backmeyer has no interest in the Company's authorised capital. In 2016, there were no purchase or disposal transactions with Unipro shares.

Igor Viktorovich Popov – Deputy CEO of the Company for Production, member of the Risk and Finance Committee of the Board of Directors.



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

From 2009 – Deputy CEO for Production, Unipro PJSC.

I. V. Popov has no interest in the Company's authorised capital. In 2016, there were no purchase or disposal transactions with Unipro shares.

REVIEW OF MEETINGS OF THE MANAGEMENT BOARD

In 2016, 49 meetings of the Management Board were held, in the course of which the Board discussed issues related to all areas of the Company's operating activity.

| Main Issues Considered by the Management Board in 2016 | |
|---|---|
| Strategy and priority areas of the Company's activities | <ul style="list-style-type: none"> • Review of the results of implementation of the efficiency increase strategy Plans for 2016–2017 • Approval of the plan for compensatory measures for Power Unit No. 3 of the branch Berezovskaya GRES • Approval of the strategy for the business system development of Unipro PJSC • Review of the adjusted investment programme (of the management) of Unipro PJSC for 2016 • Review of the investment programme (of the management) of Unipro PJSC for 2017 • Approval of the investment project of Technical Refurbishment of TVV-800-2EUZ Type Generator Stator, Factory No. 17555, with Complete Replacement of the Winding, Active Hardware, and Ribs of the Stator. • Approval of the investment project Modernisation of Turbines of Power Units No. 1,3 with Diaphragms Replacement at the branch of Yaivinskaya GRES, Unipro PJSC • Approval of the investment project of Technical Refurbishment of the Reheater Steam Pipeline and Lisega Support System Components at Unit 4 for 800MW (including design) • Approval of the investment project of Technical Refurbishment of the Extraction Steam Pipeline III and HPH-b Steam Extraction Lines of Power Unit 2 at the branch Surgutskaya GRES-2 • Approval of the Internal Communication Strategy of Unipro PJSC for 2016–2017 • Approval of the pricing parameters of the competitive capacity selection (CCS) for 2020 for the company units that did not enter into capacity supply contracts (CC). • Review of the project of Technical Refurbishment of Power Units at the branch Yaivinskaya GRES of Unipro PJSC. • Review of relevance of further lease of sewage treatment facilities in Sharypovo, and carrying out activities for water disposal and treatment • Review of relevance of further activities for water disposal, waste water treatment and operation of sewage treatment facilities in Sharypovo by the branch Berezovskaya GRES of Unipro PJSC as from 01.02.2017 • Approval of entering of agreements required for main operations |
| Financial and economic activities | <ul style="list-style-type: none"> • Review of Unipro PJSC performance in 2015 • Approval of actual KPIs of Unipro PJSC for 2015 • Approval of financial forecast indicators of Unipro PJSC for 2016 • Approval of the KPIs of the Company for 2016 • Approval of the 2017–2019 inventory financial indicators of Unipro PJSC |
| Corporate Governance | <ul style="list-style-type: none"> • Approval of the new edition of the Environmental Policy of Unipro PJSC • Approval of the regulation on the Company's branches and representative offices • Approval of the new edition of the Regulation on the Corporate Risk Management System of Unipro PJSC • Approval of the Regulation on the Project Risk Management of Unipro PJSC • Approval of the Regulation on the Market Risk Management of Unipro PJSC |

| | |
|--------------------|--|
| | <ul style="list-style-type: none"> • Approval of the new edition of the Regulation on the Credit Risk Management of Unipro PJSC • Updates of internal documents of the Company related to renaming of the Company • Review of the matter on implementation of policies of Uniper Group in Unipro PJSC • Review of the schedule of preparation to Unipro PJSC Annual General Shareholders' Meeting in 2016 • Amendments to the organisational structure of the Executive Office of Unipro PJSC • Election of the Company's Secretary |
| Subsidiaries | <ul style="list-style-type: none"> • Review of the performance of E.ON Engineering LLC in 2015, and plans for 2016 • Review of the matter on the operation of E.ON Connecting Energies LLC • Review of the participation of E.ON Engineering LLC in the projects for provision of energy services to Kubanenergo PJSC • Establishment of the Company's (Company representatives') position on the agenda items of General Meetings of Shareholders and meetings of the subsidiaries' Boards of Directors • Resolution on the termination of the Company's participation in Uniper LLC through its liquidation |
| Risk management | <ul style="list-style-type: none"> • Review of quarterly corporate Risks and Opportunities Reports • Approval of the list of Risk Owners and Risk Coordinators • Approval of the credit limits for Value at Risk (VaR) • Approval of the foreign currency operations limit and approach to determining and estimating (1) the amount of FX risk exposure and (2) the amount of FX risk exposure to be compared to FX operations limit • Approval of the commodity risks limits |
| Social Investments | <ul style="list-style-type: none"> • Approval of the Social Investment Programme of Unipro PJSC for 2016 • Review of provision of specific forms of corporate support to employees of Unipro PJSC to improve their living conditions • Approval of free-of-charge transfer of the Company's property |
| Safety | <ul style="list-style-type: none"> • Review of the matter on bonus payment / cancellation for teams for compliance / non-compliance with health and safety requirements at the production facilities • Review of new approaches to organisation of work in the sphere of occupational health using comparison "then-now" Personal safety plans formed by the results of the training Informed Safety • Review of the results of the work on occupational safety performance in H1 2016, future periods plans • Review of the results of DCS Information Security Auditing |
| HR | <ul style="list-style-type: none"> • Approval of the HR strategy for 2016 • Review of the results of Skill Pool programme • The 2014–2015 Success Energy recognition contest. Projects and winners. Results. Plans for 2016–2017 |
| Procurement | <ul style="list-style-type: none"> • Review of quarterly reports on "improper procurement" • Review of quarterly reports on purchases from "unreliable" suppliers • Approval of holding procurement procedures required for principal business |

DATA ABOUT THE REMUNERATION AND COMPENSATION PAID TO THE MEMBERS OF THE MANAGEMENT BOARD

Remuneration and compensation to the Company's employees being members of the Management Board are paid on the grounds of employment agreements signed with them as the Company's full-time employees, the terms and conditions of which are considered by the HR and Remuneration Committee of the Board of Directors of the Company.

The Regulation on the Management Board of Unipro PJSC does not provide for any special remuneration or compensation for performance of functions of the member of the Management Board.

In 2016, the following amounts were paid to the members of the Management Board:
salary – 176,819,000 roubles,
bonuses – 143,338,000 roubles,
other types of remuneration – 17,777,000 roubles.

CEO

The Chief Executive Officer is a sole executive body of the Company. His authorities cover all issues related to management of the current activity, except for those which are directly referred to the competence of the General Meeting of Shareholders, the Board of Directors or the Management Board of the Company.

The authorities of the CEO cover the right to represent the Company's interests without any power of attorney, conclude transactions, including transactions approved by the collective management bodies of the Company, dispose of the property and monetary funds of the Company, open settlement and other accounts in banks and other credit institutions, approve manning tables, issue orders, approve instructions, local regulatory acts and other internal documents.

The CEO reports to the Board of Directors of the Company. The CEO is elected by the Company's Board of Directors by the majority of votes of the members present at the meeting.

By the Resolution of the Board of Directors dated 16 July 2012 Maxim Gennadyevich Shirokov was elected to the position of the Company's CEO, he took the office on 17 July 2012.

Maxim Gennadyevich Shirokov

Born in 1966.

In 1988 graduated from Moscow Red Banner Military Institute.

In 1994 graduated from Moscow Law Institute.

In 1996 received an MBA diploma at the Pacific Coast University, USA.

In 2003 graduated from London Business School.

From 2008 till 2012 – Chief Executive Officer of Ust-Luga Company JSC.

From 2012 – Chief Executive Officer, Unipro PJSC.

In 2012 – Chief Executive Officer of E.ON Russia LLC and E.ON Russia Power LLC.

From 2012 to 2014 – member of the Board of Directors of Transport and Logistic Complex JSC.

From 2012 till 2015 – Chief Executive Officer of E.ON Connecting Energies LLC.

From 2013 – member of the Supervisory Board of the Council of Power Producers Association.

From 2013 – member of the Board of Directors of Unipro PJSC.

From 2015 to 2016 – Chief Executive Officer of Uniper LLC.

From 2016 – member of the Board of Directors of OJSC Severneftegazprom.

Maxim Shirokov has no interest in the Company's authorised capital.

DATA ON THE REMUNERATION AND COMPENSATION PAID TO THE CHIEF EXECUTIVE OFFICER

The remuneration and compensation of the CEO, including terms and conditions of financial incentives, are set forth in the labour contract with the Company's CEO. The terms and conditions of such labour contract are approved by the Board of Directors of the Company. No other remuneration except for those provided for by the terms and conditions of the labour contract was paid to the CEO. The sum of the remuneration and compensation paid to the Chief Executive Officer in the reporting period is included in the amount of remuneration and compensation paid to the members of the Management Board.

CORPORATE SECRETARY

The Corporate Secretary of the Company (hereinafter referred to as the Corporate Secretary) is an officer of the Company. A person with a degree of higher education in the area of law, economics or business, having at least two years of experience in corporate management or managerial work, and the relevant knowledge of the joint stock company legislation, the Articles of Association and regulations on the management and control bodies of the Company may be appointed to the position of the Corporate Secretary.

The main task of the Corporate Secretary is ensuring efficient current liaison with the Company's shareholders, coordinating the Company's actions taken to protect the shareholders' rights and interests, and maintaining the efficient operation of the Company's Board of Directors.

The functions of the Corporate Secretary include:

- Participation in the arrangement for the preparation and holding of the General Meetings of Shareholders of the Company;
- Support of the operation of the Board of Directors (functions of the Secretary of the Board of Directors), the Committees of the Board of Directors, as well as of the interaction among the members of the Board of Directors and the executive bodies and employees of the Company, and control over the execution of the resolutions made by the Board of Directors;
- Participation in the implementation of the Company's policy on information disclosure, as well as ensuring the storage of the Company's corporate documents;
- Support of the interaction between the Company and its shareholders and participation in preventing corporate conflicts;
- Support of the interaction between the Company and regulatory bodies, market operators, registrar and other professional participants of the stock market within the scope of the authority assigned to the Corporate Secretary;
- Support of the implementation of the procedures established by the laws and the Company's internal documents that provide for the exercise of the rights and legitimate interests by the shareholders, and control over their implementation;
- Immediate notifying of the Company's Board of Directors about every found violation of the laws and provisions of the internal corporate documents, control over the compliance of which is part of the Corporate Secretary's functions;
- Involvement in the improvement of the Company's corporate management system and practices.

The Corporate Secretary may also perform the functions of the Secretary of the Company's General Meeting of Shareholders, the Secretary of the Board of Directors' Committees, if it is provided for by the resolutions of the Board of Directors or by the Regulations on the Board of Directors' Committees.

The Corporate Secretary is functionally subordinated and reports to the Company's Board of Directors, and is administratively subordinated to the Company's CEO. There are no identified cases of conflict of interest in the work of the Corporate Secretary.

The working procedures of the Corporate Secretary are governed by the Regulation on the Corporate Secretary of the Company¹⁴.

The Corporate Secretary was appointed by Order of the Chief Executive Officer No. 468/P dated 06.08.2014. By the Resolution of the Board of Directors dated 28.06.2016 (Minutes No. 233 dated 29.06.2016) Galina Sergeyevna Shcheglova, Deputy Head of the Corporate Policy Department of the Company, was elected to the position of the Corporate Secretary of the Company.

Galina Sergeyevna Shcheglova

Born in 1959.

In 1982 graduated from Perm State University (Mathematical Methods and Operations Studies in Economics (Cybernetics)).

In 2004 graduated from the Urals Branch of the Russian Presidential Academy of Public Administration (Law).

From 1982 till 1997 – Head of the Property and Securities Office, Head of the Department of Property and Securities Management, Head of the Privatisation Department, design engineer (programmer), process engineer (programmer), Perm Telephone Plant Telta, Perm.

¹⁴Text of the Regulation on the Corporate Secretary of the Company is published on the Company's web site <http://www.unipro.energy/> in the section "About the Company / Documents".

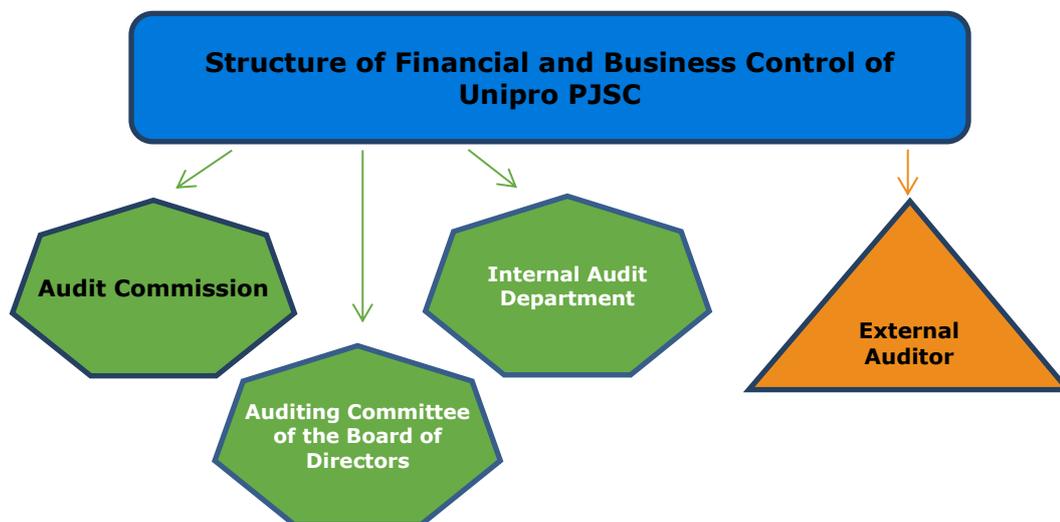
From 1997 till 2005 – Head of the Capital Management Department, Head of the Securities Department, 1st Grade Economist and, at the same time, Secretary of the Board of Directors, Secretary of the Management Board, Permenergo OJSC, Perm

In 2005 – Corporate Secretary of TGK-9 OAO, Perm.

From 2005 – Deputy Head of the Corporate Policy Department, Head of the Investor Relations Department, Head of the Shareholders and Investor Relations Department and, at the same time, Secretary of the Board of Directors (Corporate Secretary), Secretary of the Management Board, Unipro PJSC (Moscow).

6.3. External and Internal Control Bodies

An effective structure of financial and economic control functions in Unipro PJSC that ensures smooth interaction between management bodies, internal control system and external control bodies.



AUDIT COMMISSION

In accordance with clause 9.2. of the Articles of Association, the Audit Commission is the body in charge of control over financial and business activity of the Company.

The Audit Commission is elected by the General Meeting of Shareholders for the term of office till the next annual General Meeting of Shareholders.

The Audit Commission exercises continuous control over finance and operating activities of the Company and its economically autonomous organisation units, officials, bodies of management and structural organisation units. Scope of authority and procedure of operation of the Audit Commission is defined in the Regulation on the Audit Commission of the Company¹⁵.

Main Tasks of the Audit Commission

| | |
|---|---|
| 1 | Financial and business operations control |
| 2 | Independent evaluation of reliability of data included in the annual report and annual financial statements |
| 3 | Monitoring of compliance of financial and business operations with the legislation of the Russian Federation and the Company's Articles of Association |
| 4 | Informing on violations of procedures for accounting and financial reporting established by the regulatory documents of the Russian Federation, as well as on violations through its financial and economic activities. |
| 5 | Supervision over remedy of deficiencies and observance of recommendations reflected in reports on the results of previous inspections (audits) |

As per the Company's Articles of Association, the Audit Commission is comprised of 4 persons.

The following members were elected to the Audit Commission of the Company by the General Meeting of Shareholders on 15 June 2016:

Nicolo Prien, Chairman of the Audit Commission

¹⁵Text of the Regulation on the Audit Commission of the Company is published at the Company's web site <http://www.unipro.energy/> in the section "About the Company / Documents".

Born in 1966.

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

From 2016 – Executive Vice President for Corporate Audit, Uniper SE (Germany, Dusseldorf)

From 2016 – member of the Audit Commission of Unipro PJSC.

Alexey Sergeevich Asyaev, Secretary of the Audit Commission

Born in 1979.

From 2009 to 2010 – Chief Specialist of the Internal Audit Department of E.ON Russia Power LLC

From 2010 to 2011 – Chief Specialist of the Internal Audit Department of E.ON Russia LLC

From 2010 to 2011 – Director of the Internal Audit Department of E.ON Russia LLC

From 2012 – member of the Audit Commission, Head of the Internal Audit Department, Unipro PJSC

Denis Alexandrovich Alexeenkov

Born in 1979.

From 2004 to 2012 – Head of the Commercial Controlling Office of Mobile TeleSystems OJSC.

In 2012 – Head of the Finance and Methodology Department of CJSC Kompaniya TransTeleKom.

From 2013 to 2014 – member of the Audit Commission of NP Market Council.

From 2013 – member of the Audit Commission of Council of Electricity Producers.

From 2013 – member of the Audit Commission, Head of the Controlling Department, Unipro PJSC.

Uwe Gerd Hansal

Born in 1965.

From 2011 to 2015 – Accounting and Treasury Director of E.ON Energy Trading SE (Germany, Dusseldorf).

From 2013 to 2015 – Chief Financial Director of E.ON Global Commodities SE (Germany, Dusseldorf).

From 2016 – Executive Vice President for Accounting & Financial Controlling, Uniper SE (Germany, Dusseldorf).

From 2016 – member of the Audit Commission of Unipro PJSC.

During the period from 01 January 2016 through 15 June 2016, the Audit Commission was functioning as elected at the Annual General Meeting of Shareholders on 26 June 2015, comprised of:

1. Denis Alexandrovich Alexeenkov;
2. Alexey Sergeevich Asyaev;
3. Guntram Wurzburg;
4. Marcus Korthals.

In 2016, the attention of the Audit Commission of Unipro PJSC was focused on the following areas of the Company's financial and business operations:

- Key production, financial and economic indicators;
- Investment projects;
- Procurement activities;
- Warehouse management;
- Fixed assets and inventory assessment;
- Treasury transactions;
- Financial liabilities reflected on off-balance accounts;
- Acceptance of completed contractual works;
- Compliance of the Company's operations to the requirements of the Code of Ethics and Competition Rules;
- Quality of IT services.

According to cl. 12.2 of the Regulation on the Audit Commission of the Company, no remuneration to the members of the Audit Commission is provided for. No remuneration was paid to the members of the Company's Audit Commission in 2016.

INTERNAL AUDIT DEPARTMENT



Alexey Sergeevich Asyaev
Head of the Internal Audit Department
Unipro PJSC

The main function of the Internal Audit Department of Unipro PJSC is to assist the Board of Directors and the executive bodies of the Company in improving the corporate governance system and increasing the efficiency of business processes and systems.

Internal Audit as a department is present in the structure of the Company from 2006. During its existence, the Internal Audit Department has constantly improved in order to comply with the International Standards of Internal Audit and best practices. This is facilitated by the exchange of knowledge and experience with the German internal audit team in the course of joint projects.

The Internal Audit Department is subordinate to the Board of Directors of Unipro PJSC. The Audit Committee of the Board of Directors considers and approves the Internal Audits Yearly Plan of the Company. The information on identified significant risks and weaknesses of the control environment is provided quarterly to the Audit Committee of the Board of Directors of Unipro PJSC.

In 2016, 11 planned and several unplanned audits were carried out. In accordance with the audit subjects in the Executive Office and the Company's branches, the Internal Audit Department focused on the following areas: warehouse management, claim work, health, safety and environmental protection (HSSE), etc. The necessary corrective measures were elaborated jointly with the Company's management representatives. The Internal Audit Department monitors carrying out such measures.

The following areas of development of the internal audit function are intended for 2017:

- Making the activities of the Internal Audit Department more compliant with the International Standards of Internal Audit;
- Increasing efficiency of the Internal Audit due to building relationships with audit clients in the "Trusted Advisor" paradigm;
- Improvement of the risk-oriented approach to audits planning;
- Quality assessment of the Internal Audit function by external experts.

The aim of the Internal Audit is to assist the Board of Directors and the executive bodies of the Company in improving the corporate governance system and improving its financial and business operations, including through a systematic and consistent approach to analysis and evaluation of the systems of risk management, internal control and corporate governance. The Internal Audit Department is Unipro's specialised business unit performing the functions of Internal Audit.

The most important functions of the Internal Audit Department include duly and high quality implementation of internal audits and inspections aimed at efficient use of the Company's resources, as well as efficiency assessment of risk management, control, and corporate governance systems.

Main Tasks of the Internal Audit Department

| | |
|----------|---|
| 1 | Drawing up of an annual plan for internal audits in accordance with the risk-oriented approach in respect of the main business processes of the Company |
| 2 | Organisation and carrying out of internal audits in accordance with the approved annual plan |
| 3 | Organisation and carrying out off-the-schedule audits, internal investigations, fraud investigations |

In order to ensure the principle of independence and objectivity, the Internal Audit Department reports to the Board of Directors and is subordinate to the CEO of the Company.

The Internal Audit Department is governed in its activities by the principles of independence and objectivity, as well as the legislation of the Russian Federation, resolutions of the General Meeting of Shareholders and the Board of Directors of the Company, internal regulatory documents of the Company, internal audit standards set by the International Standards for the Professional Practice of Internal Auditing and the Code of Ethics of the Institute of Internal Auditors.

The Company has developed feedback channels for issues related to violations or inconsistencies in 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 of the Company.

EXTERNAL AUDITOR

In order to conduct an independent objective assessment of the quality of the Company's financial (accounting) statements prepared according to the Russian and international standards, Unipro PJSC annually engages an external auditor.

On 15 June 2016, the annual General Meeting of Shareholders of Unipro PJSC approved PricewaterhouseCoopers Audit JSC as an external auditor.

In 2016, the auditor completed the following works:

- Audit of Unipro's financial statements under the RAS for the period from 01 January to 31 December 2016;
- Drawing up of the auditor's report on Unipro's financial statements according to the RAS for 2016;
- Review of Unipro's interim financial statements prepared according to the IFRS for the 6-month reporting period ended on 30 June 2016;
- Drawing up of the auditor's report on the review of Unipro's financial statements prepared according to the IFRS for the 6-month reporting period ended on 30 June 2016;
- Audit of the consolidated financial statements of the Company and its subsidiaries for the year ended on 31 December 2016, prepared in accordance with the IFRS;
- Drawing up of the auditor's report on the audit of the consolidated financial statements of the Company and its subsidiaries for the year ended on 31 December 2016 prepared in accordance with the IFRS;
- Audit of the Company's special financial information for the reporting period ended on 31 December 2016 prepared in accordance with the instructions of Uniper SE Group and the accounting policy of Uniper SE Group regarding the preparation of financial statements;
- Report in respect of the Company's special financial information for the reporting period ended on 31 December 2016 prepared in accordance with the instructions of Uniper SE Group and the accounting policy of Uniper SE Group regarding the preparation of financial statements.

The amount of remuneration payable to the auditor is determined by the Company's Board of Directors. According to the resolution of the Board of Directors, the external auditor's remuneration was determined as follows:

- 4,200,000.00 roubles (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 31, drafted in accordance with the effective Russian legislation;
- 25,723,728.82 roubles (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 31, drafted in accordance with the IFRS.

THE AUDITING COMMITTEE OF THE BOARD OF DIRECTORS OF UNIPRO PJSC¹⁶

The Audit Committee of the Board of Directors of the Company was created on 30 November 2006 based on the resolution of the Board of Directors of the Company under the Company's Articles of Association and the Regulation on the Audit Committee of the Board of Directors of the Company.

On 28 June 2016, the Board of Directors of Unipro PJSC approved a new Regulation on the Audit Committee of the Board of Directors of Unipro PJSC.

The Committee is an advisory and consultative body of the Board of Directors that ensures actual participation of the Board of Directors in control over financial and economic activities of the Company, as well as provision of unbiased information to the Board of Directors on the internal audit quality and analysis of the Company's financial statements.

6.4. Participation of Unipro in commercial and non-profit organisations¹⁷

| | |
|--|--|
| Name | Shatura Management Company OJSC |
| Address | 4 Konnyy Drive, Shatura, Moscow Region, Russian Federation, 140700 |
| Core business | Provision of housing and public utility services, maintenance of housing stock |
| Interest in the authorised capital | 51% |
| Date of state registration / acquisition of the interest | 31.03.2008 |
| Name | E.ON Connecting Energies LLC |
| Address | 10 Presnenskaya Embankment, Moscow, Russian Federation, 123317 |
| 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 | 16.11.2012 |
| Name | Uniper LLC |
| Address | 5 Chernoozerskiy Drive, Shatura, Moscow Region, Russian Federation, 140700 |
| Core business | Generation and sale and / or distribution of electricity and thermal energy |
| Interest in the authorised capital | 100% |
| Date of state registration / acquisition of the interest | 05.06.2015 |
| Name | Unipro Engineering LLC (formerly – E.ON Engineering LLC) |
| Address | 10 Presnenskaya Embankment, Moscow, Russian Federation, 123317 |
| 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 | 06.10.2015 |

¹⁶ Detailed information on the activities of the Audit Committee of the Board of Directors is presented in Section 6.2. ¹⁶ For more details see the Section "Committees of the Board of Directors" of the Annual Report.

¹⁷ The information is specified for the Entities, in which Unipro has participation interest over 5%.

| | |
|--|--|
| Name | APP Siberia LLC |
| Address | Kholmogorskoye, Sharypovo District, Krasnoyarsk Territory, Russian Federation |
| Core business | Managing 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 | 05.05.2016 |

The Company is also a member of a number of non-profit organisations, namely:

| Name of the non-profit organisation | Grounds for participation | Purpose of participation |
|--|--|--|
| NP Market Council | Resolution of the Board of Directors dd. 29 January 2007 | A prerequisite for obtaining the status of a wholesale market participant and the status of a participant in wholesale electricity trading |
| Building Union of the Capital, Self-Regulating Organisation | Resolution of the Board of Directors dd. 16 December 2009 | Necessity to receive the access certificate issued by the self-regulating organisation in order to perform works on organisation of construction, reconstruction, and overhaul of a capital construction project |
| Council of Electricity Producers | Resolution of the Board of Directors dd. 27 January 2011 | Assistance to members of the Partnership in activities aimed at development of the energy industry in the Russian Federation, improvement of the investment climate, and introduction of new technologies |
| Russian Union of Industrialists and Entrepreneurs, Organisational Development Group | Resolution of the Board of Directors dd. 27 September 2012 | Consolidation of efforts of Russia's 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 society, authorities, and business |
| Russian-German Chamber of Commerce | Resolution of the Board of Directors dd. 09 April 2013 | Maintenance of business contacts and efficient collaboration with German companies operating in Russia. Participation in holding special events for developing Russian-German relations |
| Association of European Businesses NP | Resolution of the Board of Directors dd. 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 dd. 04 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 |

6.5. Liaison with Shareholders and Investors

The Company combines clear and efficient corporate governance rules with continuous information exchange with the outside audience.

RIGHTS OF SHAREHOLDERS

Unipro PJSC is one of the largest public joint stock companies in Russia in terms of the number of minority shareholders. The Company seeks to conduct a constructive dialogue with all shareholders of the Company. The Company does not permit preferential satisfaction of interests of any shareholder to the detriment of interests of other shareholders.

All shareholders enjoy equal and favourable conditions to exercise their rights of management of the Company, including:

- Participate personally or through representatives in the General Meeting of Shareholders with the right to vote on all matters within its competence;
- Submit proposals to the agenda of the general meeting according to the procedure provided for by the legislation of the Russian Federation and the Articles of Association;
- Receive information on the Company's activities and review the Company's documents in accordance with Article 91 of the Federal Law "On Joint Stock Companies", other regulatory legal acts and the Articles of Association;
- Receive dividends declared by the Company;
- Enjoy the preemptive right to acquire additional shares and issued securities convertible into shares placed by subscription in the amount proportional to the number of ordinary shares they hold, subject to the legislation of the Russian Federation;
- Receive the part of the Company's property in the event of liquidation;
- Exercise other rights provided for by the legislation of the Russian Federation and the Articles of Association.

SHARE CAPITAL STRUCTURE

The total number of persons registered in the shareholder register of Unipro PJSC as of 31 December 2016 was 300,708, including¹⁸:

| Structure by types of personal accounts | 2016, pcs | 2015, pcs | 2016, Share, % | 2015, Share, % |
|--|--------------|--------------|-------------------|-------------------|
| Ultimate owners | 300,708 | 301,137 | 85.37 | 85.40 |
| Legal entities, including: | 675 | 650 | 83.92 | 83.92 |
| Commercial organisations | 523 | 494 | 83.92 | 83.91 |
| Of which owned by Uniper Russia Holding GmbH | - | - | 83.73 | 83.73 |
| Financial and credit organisations | 134 | 138 | Less than 0.01 | Less than 0.01 |
| Non-profit organisations | 11 | 10 | Less than 0.01 | Less than 0.01 |
| Federal authorities | 3 | 3 | Less than 0.01 | Less than 0.01 |
| Authorities of RF constituent entities | 4 | 4 | Less than 0.01 | 0.01 |
| Local authorities | - | - | - | - |
| Individuals | 300,033 | 300,487 | 1.45 | 1.49 |
| Non-ultimate owners | 597 | 604 | 14.63 | 14.60 |

¹⁸ According to the data provided by the Registrar.

| | | | | |
|---------------------------|----------------|----------------|----------------|----------------|
| Nominal holders | 13 | 17 | 14.62 | 14.58 |
| Trustees | 4 | 4 | Less than 0.01 | Less than 0.01 |
| Shares in common property | 580 | 583 | 0.01 | 0.01 |
| Total | 301,305 | 301,741 | 100 | 100 |

The Company did not issue any additional shares in 2016.

SHARES AT STOCK EXCHANGE

The authorised capital of Unipro PJSC is 25,219,482,458.37 roubles. In accordance with the Articles of Association of Unipro PJSC, sixty-three billion forty-eight million seven hundred and six thousand one hundred and forty-five (63,048,706,145) whole and 44,925,042,874/49,130,625,974 fractional ordinary registered uncertificated shares are placed with a par value of 0.40 roubles.

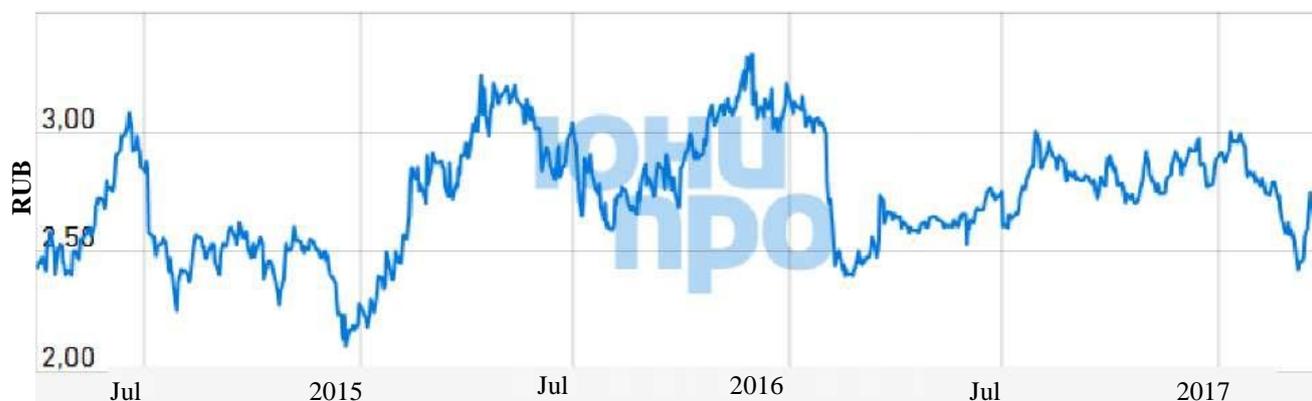
Ordinary shares of Unipro PJSC were listed on the Moscow Stock Exchange as Level One on 01 September 2014.

| OUTSTANDING SHARES | |
|-------------------------------------|-------------------|
| Quantity, pcs | 63,048,706,145 |
| With the nominal value in roubles | 0.40 |
| State number of issue | 1-02-65104-D |
| Date of state registration of issue | 19 April 2007 |
| Authorised capital in roubles | 25,219,482,458.37 |

The Moscow Stock Exchange comprises three market sectors – Basic, Standard, and Classica.

| CODES OF UNIPRO SHARES IN THE TRADE SYSTEMS | | |
|---|-----------------|------------------|
| Stock exchange | Ordinary shares | Trade start date |
| PJSC Moscow Exchange | UPRO | 02 August 2006 |
| Standard | UPRO | 14 July 2006 |
| Classica | UPRO | 15 August 2006 |

Diagram of Unipro PJSC stock prices in 2014–2016



Total market capitalisation of Unipro in the reporting period is shown in the table below.

MARKET CAPITALISATION IN 2012–2016

| Date | Market price | Quantity of outstanding shares | Market capitalisation in roubles |
|------------|--------------|--------------------------------|----------------------------------|
| 31.12.2012 | 2.62 | 63,048,706,145 | 165,477,634,148 |
| 31.12.2013 | 2.35 | 63,048,706,145 | 148,076,191,252 |
| 31.12.2014 | 2.25 | 63,048,706,145 | 142,048,734,945 |
| 31.12.2015 | 3.19 | 63,048,706,145 | 201,566,713,545 |
| 31.12.2016 | 2.88 | 63,048,706,145 | 181,895,517,228 |

Source: PJSC Moscow Exchange

DIVIDENDS

All shareholders of the Company enjoy equal and fair terms of participation in the Company's profits through receiving dividends, including:

- Clear and transparent mechanism for calculation of the amount and payment of dividends;
- Payment of dividends only with cash;
- There are no cases of shareholders receiving profits through the Company's account except for dividends and liquidation value.

For this purpose, on 31 July 2014, the Board of Directors of the Company (Minutes No. 199 dated 01 August 2014) approved the Regulation on the Dividend Policy of the Company, which had been developed in accordance with the laws of the Russian Federation and the Articles of Association.

Main Provisions of the Dividend Policy:

1. Dividends are paid to the Company's shareholders in case the following conditions are met:
 - The Company has net profit as of the end of the first quarter, six months, nine months of the fiscal year and / or the end of the fiscal year, or retained earnings from the previous years not distributed among the Company's shareholders;
 - There are no statutory restrictions imposed on dividends according to the effective Russian legislation;
 - The Board of Directors has given recommendations on the amount of dividends on the Company's shares, as well as on defining the date, on which the persons entitled to receive dividends shall be determined;
 - The General Meeting of Shareholders of the Company has adopted a resolution to pay dividends.
2. The Company shareholders are paid dividends out of the Company net profit and / or retained earnings from the previous years as determined based on the accounting (financial) statements.
3. The amount of dividends to be paid to the Company's shareholders ensuring a balance between the interests of the Company and its shareholders shall be determined taking into account the need to enhance investment attractiveness and capitalisation of the Company and to respect the rights of shareholders.
4. The amount of a dividend per one share of the Company is equal to the Company's net profit and / or retained profit for previous years allocated to the payment of dividends divided by the number of shares of the Company, for which dividends are accrued and paid in accordance with the legislation.

Dividend History

| Period, for which the dividends are paid | Dividend amount per 1 share in roubles | Number of shares, pcs | Funds allocated to payment of dividends in roubles | Date of the resolution on payment of dividends |
|--|--|-----------------------|--|--|
| 2005 | 0.01123 | 8,210,830,760 | 92,207,629.43 | 21.04.2006 |
| 2006 | 0.004071 | 49,130,625,974 | 200,010,787.54 | 25.05.2007 |
| Q1 2007 | 0.0030531 | 49,130,625,974 | 150,000,715.12 | 25.05.2007 |
| 2011 | 0.05787978807 | 63,048,706,145 | 3,649,245,749.81 | 29.06.2012 |
| 2012 | 0.289541278733806 | 63,048,706,145 | 18,255,203,000 | 27.06.2013 |
| 2013 | 0.300188653732372 | 63,048,706,145 | 18,926,506,217.51 | 26.06.2014 |

| | | | | |
|--|--------------------|----------------|-------------------|------------|
| based on retained earnings from previous years | 0.0793037685567795 | 63,048,706,145 | 5,000,000,000 | 26.06.2014 |
| 2014 | 0.2776423960677 | 63,048,706,145 | 17,504,993,843.32 | 26.06.2015 |
| 2015 | 0.197253780372175 | 63,048,706,145 | 12,436,595,634.86 | 15.06.2016 |
| 9M 2016 | 0.0727 | 63,048,706,145 | 7,180,481,826.37 | 08.12.2016 |
| based on retained earnings from previous years | 0.0431 | | | |

Based on the results of the Company's activities for 2008–2010, the General Meeting of Shareholders decided not to pay dividends.

REGISTRAR

R.O.S.T. Registrar JSC has been the Registrar of Unipro PJSC since 2009. R.O.S.T. Registrar JSC is one of the leaders among the largest and rapidly developing registrar companies.

Today, R.O.S.T. Registrar JSC is a universal registrar, represented in most economically significant regions of the country. By the end of 2016, the regional network of R.O.S.T. had 34 regional units operating in eight federal districts of the Russian Federation. The company fully complies with the licensing requirements for a professional participant in the securities market.

Continuous improvement of the quality of service, introduction of new services and development of key services, as well as a professional team allow R.O.S.T. Registrar JSC to show progress in the work performed from year to year. In 2016, the revenue of R.O.S.T. Registrar JSC amounted to 1,067 mln roubles, net profit from sales – 324 mln roubles.

By the number of the issuers serviced, R.O.S.T. Registrar JSC holds over 12% of the registrar market. Based on the results of 2016, the clients of R.O.S.T. Registrar are 7,524 joint stock companies from various economy sectors, including the largest state holdings and their assets; Largest enterprises with the state interest; Leading industry enterprises and holdings, which are of key importance to the national economy. R.O.S.T. Registrar JSC keeps and accounts ownership rights of over 5 mln securities holders.

In 2016, the Registrar clients increased by 454 companies, among which are joint stock companies belonging to Sinara Group, EuroChem, GEOTECH Holding, Siberian Coal Energy Company, Morton Group, Azimut Hotel, as well as Moscow Credit Bank, RBC Media Holding and some other.

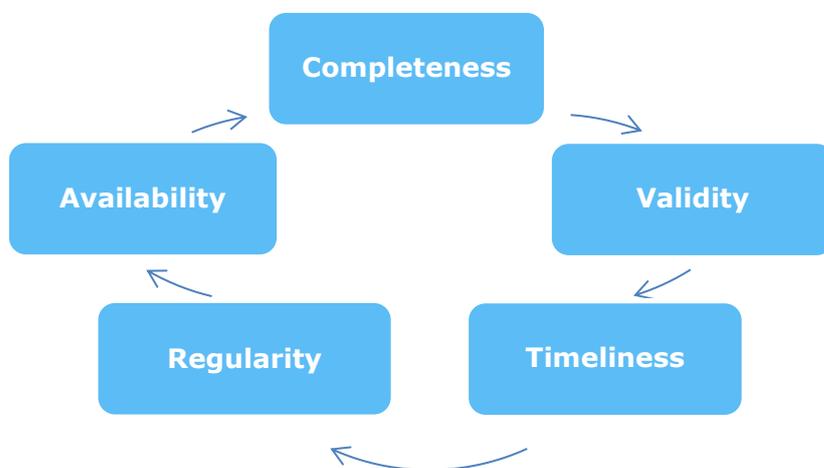
Every year, R.O.S.T. Registrar JSC demonstrates efficient implementation, maintenance and continuous improvement of the quality management system. Based on the results of the audit, the quality management system of R.O.S.T. Registrar JSC was recognized as meeting the requirements of ISO 9001:2008 and recommended to extend the certificate of conformity.

| NAME OF THE REGISTRAR | R.O.S.T. REGISTRAR JSC |
|--|------------------------------------|
| Address | 18 Stromynka Str., Bldg 13, Moscow |
| Telephone | (495) 771-7335, 771-7336 |
| Fax | (495) 771-7334 |
| Web site | WWW.RROST.RU |
| E-mail | ROST@RROST.RU |
| Number of the registrar's branches in Russia | 34 |

INFORMATION DISCLOSURE

The information policy of Unipro PJSC is aimed at ensuring efficient interaction of the Company with its shareholders, investors and other stakeholders, achieving the fullest exercise of their rights to obtain information necessary for making informed investment and management decisions.

Unipro Information Disclosure Principles



The Company's information policy comprises two documents, which are the Regulation on the Information Disclosure¹⁹ and the Regulation on the Insider Information²⁰.

In order to implement the basic principles for disclosure of information by the Company, the Regulation on the Information Disclosure of the Company establishes the following rules for arrangement of communications:

- Dissemination of knowingly false information is prohibited;
- Selective publication of information is prohibited;
- No need to comment on unconfirmed information;
- Statements that have nature of forecast should be made with caution;
- "Single voice";
- Disclosure of commercial and other legally protected secrets is prohibited;
- Legal requirements must be complied with at disclosure.

The Regulation on the Insider Information of the Company contains rules for dealing with insider information, provides for categories of insiders in terms of their access to insider information. Besides, additional restrictions have been introduced related to securities trade for insiders, and the procedure of control by the person specially authorised by the Board of Directors in the sphere of compliance with the insider rules was determined.

The Board of Directors appointed a person who is responsible for meeting the requirements for transactions in insider securities. The responsibilities of such a person include but not limited to control over the Company's compliance with the information policy.

Channels of Information Disclosure

- 1) Corporate web site <http://www.unipro.energy>
is the main channel of communication with the external public, where the Company publishes the most complete information on its activities, as well as information subject to mandatory disclosure;
- 2) Internet site provided by one of the distributors of information in the securities market – LLC Interfax-TSRKI <http://www.e-disclosure.ru/portal/company.aspx?id=7878>
is the main channel for disclosure of information subject to mandatory disclosure under the laws of the Russian Federation;

¹⁹Text of the Regulation on the Information Disclosure of the Company is published at the Company's web site <http://www.unipro.energy/> in the section "Unipro / About the Company / Documents".

²⁰ Text of the Regulation on the Insider Information of the Company is published at the web site of the Company http://www.unipro.energy in the section "Shareholders and Investors / Insiders / Regulation on the Insider Information".

- 3) News feeds of authorised information agencies;
- 4) Regular coverage of the Company's activities in the federal and local media.

7. OPERATIONS OVERVIEW



Igor Viktorovich Popov

Deputy CEO for Production
Unipro PJSC

The key objective of the operational activities of Unipro PJSC is to ensure reliable uninterrupted power supply to consumers at optimal labour and material costs, providing the necessary level of occupational health and safety for its own personnel and third parties.

We are proud to be one of the most efficient energy companies in Russia, which is demonstrated by our performance indicators. Thus, the key performance indicators of a generating company include electric power generation, installed electric capacity, heat power output from headers, and CUF. Electric power generation and heat power output from headers make it possible to assess the scale of the generating company, whereas the CUF shows the effectiveness of generation facilities management. During 2016, Unipro PJSC demonstrated a high demand for production facilities, which confirms the traditionally high level of CUF – over 55%.

In order to ensure competitiveness and financial stability, the Company systematically increases operating efficiency of the existing generating assets: one of the most important parts of Unipro PJSC activity is maintaining the main production assets in good working and operational order, and its preparation for possible bearing the load. The Company's management pays significant attention to the work in this area: in 2016, new initiatives were elaborated, including training and development of own repair personnel, strengthening of relations with manufacturers of equipment and spare parts, stimulating of initiatives within the LEAN Production project.

We are confident that with our knowledge, experience and team, we can further demonstrate leading performance indicators.

7.1. Key Performance Indicators of the Company for 2016

ELECTRIC POWER GENERATION (PRODUCTION)

In 2016, the branches of Unipro PJSC produced 54 bln 531 mln kWh of electric power. In 2015, as compared with the actual figures, production of electricity increased by 765 mln kWh (1.4%).

The branches saw a significant change in the generation output:

- Surgutskaya GRES-2 (increase by 2 bln 910 mln kWh). The reason for the increase in 2016 as compared to 2015 is the long-term unplanned repair of Power Unit No. 4 in 2015.
- Berezovskaya GRES (decrease by 1 bln 914 mln kWh). The reason for the output decline in 2016 as compared to 2015 is the increase of the power units idle time in cold reserve at the initiative of the System Operator.

| Power plant | UoM | 2014 | 2015 | 2016 |
|--------------------|---------|--------|--------|--------|
| Surgutskaya GRES-2 | mln kWh | 37,886 | 32,836 | 35,746 |
| Berezovskaya GRES | mln kWh | 9,049 | 8,971 | 7,057 |
| Shaturskaya GRES | mln kWh | 4,969 | 4,899 | 5,306 |
| Smolenskaya GRES | mln kWh | 1,713 | 1,950 | 1,558 |
| Yaivinskaya GRES | mln kWh | 5,621 | 5,111 | 4,864 |
| Unipro | mln kWh | 59,238 | 53,766 | 54,531 |

INSTALLED ELECTRIC CAPACITY (AS OF THE YEAR END)

| Power plant | Unit of measurement | 2014 | 2015 | 2016 |
|--------------------|---------------------|----------|----------|----------|
| Surgutskaya GRES-2 | MW | 5,597.1 | 5,597.1 | 5,657.1 |
| Berezovskaya GRES | MW | 1,600.0 | 2,400.0 | 2,400.0 |
| Shaturskaya GRES | MW | 1,493.4 | 1,493.4 | 1,493.4 |
| Smolenskaya GRES | MW | 630.0 | 630.0 | 630.0 |
| Yaivinskaya GRES | MW | 1,024.6 | 1,024.6 | 1,024.6 |
| Unipro | MW | 10,345.1 | 11,145.1 | 11,205.1 |

In 2016, the increase of the installed capacity was due to remarking of SPU power units of Surgutskaya GRES-2 Nos. 1–6 from 800MW to 810 MW.

CAPACITY UTILISATION FACTOR (CUF)

Demand in the production capacities of Unipro PJSC remains at a high level and reaches 55.4%.

| Power plant | Unit of measurement | 2014 | 2015 | 2016 |
|--------------------|---------------------|------|------|------|
| Surgutskaya GRES-2 | % | 77.3 | 67.0 | 72.0 |
| Berezovskaya GRES | % | 64.6 | 55.9 | 33.6 |
| Shaturskaya GRES | % | 38.0 | 37.4 | 40.4 |
| Smolenskaya GRES | % | 31.0 | 35.3 | 28.1 |
| Yaivinskaya GRES | % | 62.6 | 56.9 | 53.9 |
| Unipro | % | 65.4 | 58.0 | 55.4 |

PRODUCTION OF HEAT POWER (HEAT POWER OUTPUT FROM HEADERS)

In the reporting period, the total volume of heat power output from Unipro headers amounted to 2,151,000 Gcal. In comparison with the actual figures in, the total volume of heat power output increased by 116,000 Gcal (5%).

The main reason for the increase was the lower average outdoor temperature recorded during the heating period.

| Power plant | Unit of measurement | 2014 | 2015 | 2016 |
|--------------------|---------------------|-------|-------|-------|
| Surgutskaya GRES-2 | '000 Gcal | 961 | 896 | 953 |
| Berezovskaya GRES | '000 Gcal | 715 | 634 | 660 |
| Shaturskaya GRES | '000 Gcal | 378 | 355 | 383 |
| Smolenskaya GRES | '000 Gcal | 61 | 59 | 62 |
| Yaivinskaya GRES | '000 Gcal | 95 | 91 | 93 |
| Unipro | '000 Gcal | 2,211 | 2,035 | 2,151 |

7.2. Fuel Mix Structure

Power plants of Unipro PJSC use gas, coal, and fuel oil as process fuel. Besides, it is possible to use peat, but in 2016 it was not fired. Primary fuel in the Company's fuel mix is gas – 85.04% of the total fuel consumption in 2016.

The major gas consumer is the mono-fuel Surgutskaya GRES-2.

Berezovskaya GRES uses lignite as primary fuel. Fuel oil is used at power units for start-up operations only. The major share of coal is supplied to the power plant by the ground conveyor from Berezovskiy-1 coal pit located 14km away from the branch. Coal consumption by Berezovskaya GRES was 4,490,700 tonnes in 2016.

Shaturskaya 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 2016, its share in the fuel mix of Smolenskaya GRES was 99.6%, Shaturskaya GRES – 99.3% and Yaivinskaya GRES – 99.5%.

| Branch | Fuel | Volume, mln cbm ('000 tonnes) | Volume, '000 tonnes of fuel equivalent | Share, % |
|--------------------|-------------------|-------------------------------|--|---------------|
| Berezovskaya GRES | Coal | 4,490.7 | 2,384.7 | 98.758 |
| | Fuel oil | 21.2 | 30.0 | 1.241 |
| | Other fuel | 0.02 | 0.02 | 0.001 |
| Smolenskaya GRES | Gas | 470.6 | 546.9 | 99.568 |
| | Coal | 3.5 | 2.2 | 0.396 |
| | Fuel oil | 0.2 | 0.2 | 0.036 |
| Surgutskaya GRES-2 | Gas | 9,010.1 | 10,364.4 | 100.000 |
| Shaturskaya GRES | Gas | 1,337.8 | 1,572.1 | 99.298 |
| | Coal | 21.4 | 10.6 | 0.667 |
| | Fuel oil | 0.4 | 0.6 | 0.035 |
| Yaivinskaya GRES | Gas | 1,108.4 | 1,362.5 | 99.494 |
| | Coal | 11.2 | 6.9 | 0.503 |
| | Fuel oil | 0.03 | 0.04 | 0.003 |
| Unipro PJSC | Gas | 11,929.7 | 13,845.9 | 85.043 |
| | Coal | 4,526.8 | 2,404.3 | 14.768 |
| | Fuel oil | 21.8 | 30.7 | 0.189 |
| | Other fuel | 0.02 | 0.02 | 0.000 |

Following the results of 2016, Unipro PJSC spent a total of 11.9 bln m³ of gas, 4.5 mln tonnes of coal, and 21,800 tonnes of fuel oil for process purposes. The cost of fuel consumed by the branches of Unipro PJSC for production of electricity and heat power in 2016 was 37.9 bln roubles, net of VAT.

KEY FUEL SUPPLIERS

In 2016, the main fuel supplier to power plants of Unipro PJSC was the independent gas producer NOVATEK PJSC. Its share in the total fuel cost procured for the Company's power plants reached about 83.1%. Moreover, in 2016, Unipro PJSC procured significant volumes of gas from Rosneft Oil Company PJSC and Surgutneftegas OJSC.

The key coal supplier for the Company was SUEK JSC that supplied lignite to Berezovskaya GRES. In 2016, its share in the total fuel cost procured for Unipro PJSC power plants reached about 7.1%.

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

7.2.1. Information on Volume of Energy Resources Used in the Reporting Year

For the whole Company (with the branches) in 2016

| | Energy resource type* | Consumption volume in kind | Unit of measurement | Consumption volume in '000 roubles |
|----|------------------------|----------------------------|--------------------------------------|------------------------------------|
| 1 | Nuclear power | None | - | - |
| 2 | Heat power | 120.80 | '000 Gcal | 4,638,043 |
| 3 | Electricity | 935.58 | mln kWh | 3,105 |
| 4 | Electromagnetic energy | None | - | - |
| 5 | Oil | None | - | - |
| 6 | Motor gasoline | 505.05 | tonnes | 19,671 |
| 7 | Diesel fuel | 1,240.02 | tonnes | |
| 8 | Fuel oil | 23.30 | mln m ³ ('000 tonnes) | |
| 9 | Natural gas | 11,937 | mln m ³ ('000 tonnes) | 37,717,976 |
| 10 | Coal | 4,526.78 | mln m ³ ('000 tonnes) | |
| 11 | Oil shale | None | - | - |
| 12 | Peat | None | - | - |
| 13 | Other: | - | - | - |

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

7.3. Repairs

On the annual basis, the Company drafts, approves, and implements the schedule of repairs of the main production facilities. High-quality repairs ensure reliable operation of the power generating equipment of power plants, and are aimed to extend their service life. Therefore, the company focuses on improving the quality of repairs, improving the reliability of equipment and reducing accident rates. In order to perform high-quality repair works, the Company implements the programme to draw up maintenance data sheets for the plants' equipment for their further application in planning and performing of the works.

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

In 2016, in accordance with the schedule of repairs, the power units with the total capacity of 10,345.4 MW were repaired, including overhaul — 2,160 MW, intermediate maintenance — 1,150 MW, and current repairs — 7,295.4 MW.

In 2016, the total amount of repair works costs at the power plants of Unipro PJSC amounted to 3.933 bln roubles, including the current production – 3.05 bln roubles, and new production – 0.883 bln roubles. All the scheduled repairs have been made in full.

| Repair schedule structure | Share, % |
|-------------------------------------|------------|
| Repairs of power units | 71.9 |
| Repairs of BOP equipment | 17.3 |
| Repairs of buildings and structures | 8.7 |
| Repairs of heat networks | 2.1 |
| Unipro PJSC | 100 |

41% of repairs have been done using the Company's own resources, and 59% – on a contractual basis. Contractors for signing repair contracts on the terms and conditions which were the most favourable for the Company were selected through tenders.

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

8. POWER MARKETS



Andrey Nikolayevich Zhukovskiy

Director for Energy Markets
Unipro PJSC

The Energy Markets Unit is a structural subdivision of Unipro PJSC, which is responsible for the revenue generation in the Company.

The activities of the Energy Markets Unit are aimed at maximising the profit from the sales of electricity and capacity in the wholesale market (WEM) and in the heat energy market, as well as increasing the level of payment for goods delivered and services rendered.

In this respect, the Unit performs the work in the following areas:

- Participation in improvement of the rules for operation at the WEM and development of proposals for the finalisation of industry-specific regulatory and legal acts;
- Representation and protection of the Company's interests in the working bodies of the WEM infrastructure organisations and relevant federal executive bodies (FEB);
- Correct forecasting for electricity and capacity sales indicators at the wholesale market;
- Optimising of the load composition and profile for various groups of generating equipment in order to gain maximum marginal revenue;
- Complying with the range of permissible uneven offtake of contracted volumes of gas in order to avoid penalties provided for in fuel supply contracts;
- Interaction with the technical services of the Company in order to minimise losses from downtime and shutdowns of generating equipment;
- Control over payment discipline of counterparties;
- Increasing of the Company presence at the system services market.

In 2016, the Company's activities in the wholesale market logically developed and reached a qualitatively new level, capitalising the investments and the results of previous years.

Operating under complicated conditions, the Company managed to ensure consideration of its interests when finalising market regulatory documents, optimise the work profitability at the WEM with the gas offtake, and reduce the consumers' receivables. New promising areas are under active development: in 2016, Power Unit No. 1 of Berezovskaya GRES joined the provision of the RPF (rated primary frequency control) service.

In 2017, the division will primarily focus on profitability increase of electricity and capacity sales at the wholesale market by optimizing loading of the equipment, strict observance of the Wholesale Market Rules, expansion of the client base on bilateral free contracts in the capacity market, working with counterparties in respect of duly payment for the delivered products, ensuring participation of the CCGT of Shaturskaya GRES at the system services market. All mentioned above is the prerequisite for successful completion of tasks set before Unipro PJSC.

8.1. Data about Electricity and Capacity Market Structure and Pace of its Development

The process of liberalisation of the wholesale electricity and capacity market was over in 2011. Since 01 January 2011, Rules of Wholesale Electricity and Capacity Market No. 1172 dated 27 December 2010 have been introduced in the wholesale market. Subject to these Rules, electricity and capacity shall be supplied at regulated prices only to households and categories of consumers equal to them.

According to the applicable laws, electricity and capacity volumes to be supplied under Regulated Contracts to households and equivalent consumer categories were stipulated for each power generator.

The remaining electricity generated is supplied at non-regulated prices at the wholesale market.

In 2016, at the wholesale market, capacity was sold through the following mechanisms in 2015: capacity trade following the results of CCS for the relevant year; capacity trade under non-regulated capacity sale contracts (NRCSC), provided that this capacity is selected in the course of CCS; capacity trade under capacity supply contracts (CC), trading of capacity produced using generating facilities that supply capacity in a forced mode.

With further liberalisation of the electricity market, there is a choice for Unipro PJSC to participate in different energy market sectors (day ahead market, capacity market, and balancing market with due account for current expenses for electricity generation). In this regard, Unipro PJSC continuously improves the behavioural strategy in competitive sectors of the market to maximise profit. In 2016, the Company was able to extensively make use of all the potentials in the market sector and sell considerable volume of electricity and capacity at liberalised market prices.

The market of system reliability assurance services (system services market), the purpose of which is to maintain the required level of reliability and quality of services by UES of Russia, has been functioning in the United Energy System of Russia since the beginning of 2011. Unipro PJSC has been a participant of the system services market since its startup, rendering the service of rated primary frequency control (RPFC). The primary frequency control limits frequency deviations in a power system after emergence of a power imbalance in any of its parts. RPFC is performed by automated frequency and active capacity control systems of power units, which have more advanced regulating system features than the standard equipment. Surgutskaya GRES-2, Shaturskaya GRES and Berezovskaya GRES, where the System Operator allocates the primary control reserve (the reserve for loading / unloading equipment with regard to active capacity) participate in RPFC. Rendering the service involves maintaining the constant power units' availability to change the active capacity with required speed and accuracy in case of frequency change in the power system.

8.2. Review of the Competitive Environment

The major factor of competitiveness in the electric power industry is the production efficiency, as generating facilities for production at the electricity and capacity markets are selected according to the principles of the least costs. From this point of view, competitive advantages of Unipro PJSC are Surgutskaya GRES-2 and Berezovskaya GRES with units of large unit capacity (800 MW), which are the most budget-friendly and efficient power plants among the "old" gas and coal generation facilities of the country respectively. In addition, the Investment Programme of Unipro PJSC on commissioning new power units, which are also of high demand in the market, has been implemented in full.

The state of being in demand at the wholesale market may be additionally explained by the state of the network infrastructure and specifics of energy balances within some of the system's energy zones. Thus, the factors of demand at the power market for other power plants of Unipro PJSC are:

- Involvement of Smolenskaya GRES in ensuring the export flow of electricity to Belarus;
- Location of Shaturskaya GRES in the deficient Moscow Region; and
- Involvement of Yaivinskaya GRES in supporting the energy balance in the Bereznikovskiy-Solikamskiy hub.

Within its own energy hubs, the main competitors to the Company's power plants are similar generating capacities – other GRES, which do not have a significant share of heat power output either.

To support the high performance of Unipro PJSC power plants in the competitive environment, works on optimisation of fuel expenses, enhancement of financial control, implementation of costs saving programmes, and development of equipment modernisation projects are in progress.

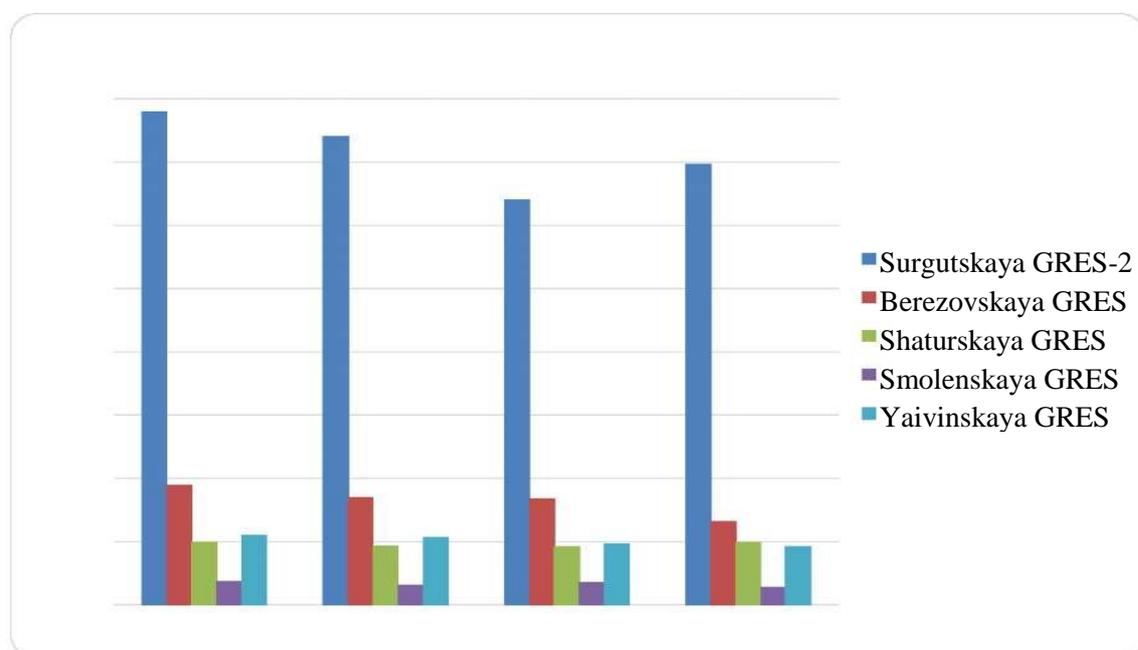
8.3. Sales of Electricity

Most of electricity sales were made from Unipro PJSC power plants' own generation. In 2016, the net electricity output by electric power plants of Unipro PJSC was 52.4 bln kW·h, with the supplies under regulated contracts (RC) being 20.0% of sales. The remaining electricity was sold in the competitive market sectors: day-ahead market (DAM) and balancing market (BM). All margin from electric power sales was gained exactly due to activities in competitive segments of the wholesale market.

Net electricity output by the Company's power plants²¹

| Power plant | Unit of measurement | 2013 | 2014 | 2015 | 2016 |
|--------------------|---------------------|---------------|---------------|---------------|---------------|
| Surgutskaya GRES-2 | mln kW·h. | 38,975 | 37,043 | 31,997 | 34,856 |
| Berezovskaya GRES | | 9,463 | 8,536 | 8,375 | 6,584 |
| Shaturskaya GRES | | 4,980 | 4,662 | 4,601 | 4,964 |
| Smolenskaya GRES | | 1,875 | 1,585 | 1,807 | 1,432 |
| Yaivinskaya GRES | | 5,508 | 5,344 | 4,860 | 4,613 |
| Unipro PJSC | | 60,801 | 57,170 | 51,640 | 52,449 |

Dynamics of net output in 2013–2016



In 2016, Unipro PJSC increased its electricity sales in the competitive sector of the wholesale market in comparison with 2015 mostly through changing the fleet of operating equipment.

The Company will seek to further optimise electricity sales in all the sectors of the market in order to increase the net profit. Moreover, Unipro PJSC intends to use the maximum of opportunities in the competitive capacity market and launch a long-term capacity market, which allows for adequate return on investments.

²¹ The data are shown net of load losses

Electricity sales, by market sectors

| Electricity sales | Unit of measurement | 2015 | 2016 |
|-------------------------------|---------------------|---------------|---------------|
| RC (Regulated Contracts) | | 10,350 | 10,453 |
| DAM (day ahead market) | | 44,872 | 46,450 |
| BM (balancing market) | mln kW·h. | 1,465 | 1,341 |
| NRC (Non-Regulated Contracts) | | 0 | 0 |
| Unipro PJSC | | 56,687 | 58,244 |

In 2016, sales of electricity by power plants of Unipro PJSC with account for volumes bought at the market was 58.2 bln kW·h, which is 2.7% more than in 2015.

8.4. Sales of Heat Power

The core business of Unipro PJSC is generation and sales of electric power. Heat generation and sales are not the key business to the Company. Following the results of 2016, revenue from heat power sales was about 1.7% of the Company's total revenue. Nevertheless, Unipro PJSC pays much attention to reliability and continuity of heat supply because it is essential for local consumers' life support in the nearby communities.

The main consumers of the heat energy are households and social infrastructure of Ozerny Settlement (Smolensk Region), Shatura (Moscow Region), Surgut (Khanty-Mansi Autonomous Area), Yaiva (Perm Territory), and Sharypovo, including Dubinino Settlement and Kholmogorskoye Settlement (Krasnoyarsk Territory). Moreover, the Company's branches supply heat power to industrial enterprises in the regions of their operation.

Net heat output by the Company's power plants

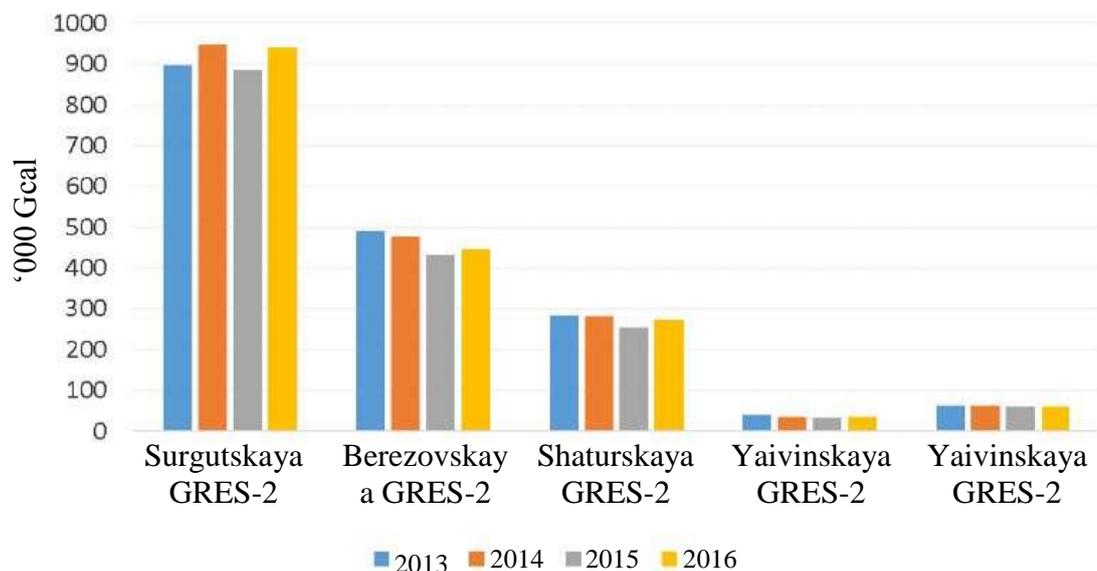
| Power plant | Unit of measurement | 2013 | 2014 | 2015 | 2016 |
|--------------------|---------------------|--------------|--------------|--------------|--------------|
| Surgutskaya GRES-2 | | 897 | 948 | 885 | 941 |
| Berezovskaya GRES | | 492 | 477 | 431 | 446 |
| Shaturskaya GRES | '000 Gcal | 282 | 280 | 252 | 272 |
| Smolenskaya GRES | | 38 | 33 | 32 | 33 |
| Yaivinskaya GRES | | 62 | 62 | 59 | 59 |
| Unipro PJSC | | 1,771 | 1,801 | 1,659 | 1,751 |

The amount of heat supplied to consumers in 2016 was by 6% more than in 2015. The increase of the net output was related to weather conditions.

In 2016, all the branches of Unipro PJSC (except for Surgutskaya GRES-2) supplied heat directly to consumers under direct contracts or via entities providing housing and utility services. Surgutskaya GRES-2 supplies heat to Surgut City Grid LLC.

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

Dynamics of net heat output in 2013–2016



Heat tariffs are regulated by the state and are set by executive authorities of constituent entities of the Russian Federation in the sphere of state tariff regulation. Heat power price is a socially significant factor in the regions where power plants are located. That is why affordability of this product and consumers' solvency is taken into account in the process of regulation. The Company is focused on achievement of break even sales through increasing production efficiency.

8.5. Relations with Main Contractors

Main contractors of the Company are participants in the power and capacity wholesale market who signed a Trade System Connection Contract. These are guaranteeing suppliers, independent retail companies reselling market-purchased power to end-users, and major industrial enterprises.

As per the Federal Law "On Electric Power Industry" and Rules of Wholesale Market, electricity sellers and buyers shall enter into contracts, material terms and conditions of which are stipulated by the applicable laws.

Standard contract forms are approved by the Supervisory Board of NP Market Council.

Consumers of heat power produced by the branches of Unipro PJSC are public, local industry, as well as enterprises and entities funded from budgets of all levels. Material terms of contracts with consumers are published at the web site of Unipro PJSC.

9. INVESTMENT PROGRAMME

The main purpose of Unipro PJSC investment activities is implementation of investment projects proceeding from their economic feasibility. These projects are aimed at enhancing the Company's competitive growth and equipment operational reliability.

Main areas of the investment activity:

- Upgrading of equipment while increasing the capacity and efficiency;
- Replacement of life-expired power generating equipment with modern equipment with high technical and economical performance indicators;
- Enhancement of reliability and efficiency of operating facilities;
- Construction of new highly efficient generating facilities;
- Implementation of the health and safety policy;
- Implementation of environmental projects;
- Upgrading of IT systems.

9.1. Implementation of the Investment Programme in 2016

A. The project of Refurbishment of Power Unit No. 3 of Berezovskaya GRES Branch of Unipro PJSC

On 01 February 2016, an emergency situation occurred during the operation of Power Unit No. 3 of the main building of the branch Berezovskaya GRES of Unipro PJSC. As a result of the accident, the boiler's position shifted compared to the original design position, and the steel structures of the main building were severely damaged. The damaged Power Unit No. 3 was shut down for unscheduled repairs.

The scale of the accident and project complexity are unique for the European energy sector. It is required to bring the equipment back to a safe condition and recover the unit operability.

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 measures to eliminate the consequences of the accident, tender procedures were held, and contracts were signed with the main contracting organisations:

- On 27 April 2016, Unipro PJSC and Unipro Engineering LLC signed the Services Agreement related to the arrangement and management of repair and refurbishment to be performed at Power Unit No. 3 of Berezovskaya GRES Branch after the accident.
- On 18 May 2016, Unipro PJSC and Orgenergostroy Institute CJSC signed a contract for priority repair and refurbishment works.
- On 25 May 2016, Unipro PJSC and JSC Machine-Building Factory of Podolsk (JSC ZiO) signed a contract for supply of the main and supplementary equipment intended for implementation of the project of Refurbishment of Power Unit No. 3 on the basis of SPU-800 of Berezovskaya GRES in Sharypovo, Krasnoyarsk Territory.
- On 31 May 2016, Unipro PJSC and ZAO KOTES signed the contractor agreement on performance of a set of works on inspection and development of all relevant documentation required to perform works under the project of "Boiler Cell Repair and Refurbishment at Power Unit No. 3 of Berezovskaya GRES of Unipro PJSC".

The main milestones as part of repair and refurbishment works at Power Unit No. 3 in 2016:

- Site preparation for a Liebherr LR-11350 crane, a Liebherr LR-11350 crane with a lifting capacity of 1,350 tonnes was delivered and commissioned;
- System for monitoring the spatial position of building structures was commissioned;
- Three lifts were commissioned;
- Inspections inside the boiler were started;
- Technological workflow for restoration of the main building and large-block installation of the boiler was developed;
- Preliminary procurement programme for Power Unit No. 3 was drawn up;
- Main building frame was unfastened;
- Dismantling works were performed;
- Assembly of the retaining under-ridge girder to ensure safe access to the boiler and its fixing in the current state was started.

B. Construction of the fuel receiving station facility at Berezovskaya GRES Branch, Unipro PJSC

The Fuel Receiving Station is designed to receive coal from Berezovsky open-pit via the main conveyors and distribute it to the coal depot of Berezovskaya GRES or to the power units of the power plant.

Currently, BGRES runs a temporary fuel supply scheme that has open areas. The most critical elements of the fuel supply system operate without backup and are technically obsolete. Failure of any elements operating without a backup threatens to disrupt coal shipment and stop the entire plant.

Commissioning of the Fuel Receiving Station will allow:

1. Necessary technological backup of each element of the fuel supply system of BGRES;
2. Round-the-clock acceptance of fuel from the main conveyors of Berezovsky open-pit with its simultaneous shipment both to operating units and to the coal storage facility of BGRES;
3. Eliminating open areas of the fuel supply system and reducing the amount of fuel loss with mechanical entrainment;
4. Ensuring a high level of automation of the fuel supply and distribution at BGRES, compliance of the fuel supply system with the current fire safety and labour safety standards;

The following milestones of construction of the Fuel Receiving Station at Berezovskaya GRES were completed in 2016:

- Installation of the thermal envelope of the FRS building was completed, the heating system was installed and commissioned;
- Installation of all floor slabs of the FRS building was completed;
- Arrangement of industrial premises of various purpose with a rough finish was completed;
- Installation of a transformer rolling out site was completed;
- Installation of the lift shaft was completed, the lift is being installed;
- Dust protection was assembled;
- Main equipment of conveyors and blade feeders were assembled;
- Aspiration cyclones with water film and aspiration dust collectors were assembled;
- Installation of ventilation of cable premises was completed;
- Hydraulic cleaning system was assembled;
- Installation of internal water supply and sewage system, installation of external and underground utility networks were completed;
- Cable steel structures in the FRS building and galleries of conveyors were assembled;
- Transformers were installed;
- Cable was laid;
- Installation of the external and internal grounding circuit was completed;
- General construction works are almost completed for the conveyors gallery, the heating system was installed, electrical lighting was completed, as well as lightning protection and grounding, fire alarm and control of fire extinguishing installations were completed, equipment for command and search system and warning system was assembled;
- For UP-1 fuel transfer station general construction works were completed, the aspiration system and slag drainage lines from the KNP, hydro-dusting system pipelines were installed, works on automatic fire-extinguishing of conveyors were completed;
- Works for the pump station for foam fire extinguishing reached the completion stage.

B. Construction of the facility Dry Ash Removal System at Berezovskaya GRES, Unipro PJSC

The hydraulic ash removal (HAR) system runs at Berezovskaya GRES and provides for ash and slag waste storage in the respective sections of the ash disposal area of the plant.

Every 3–4 years, it is necessary to build new sections of the ash disposal area, when using the hydraulic ash removal system. Construction of new sections for ash and slag waste storage involves significant capital expenditures related to acquisition of new lands for construction and risks related to purchase of these lands. Besides it entails increase of the anthropogenic load on underground waters and atmosphere of the region.

To solve the problem of ash and slag waste storage at Berezovskaya GRES in a long-term perspective, the programme of transition to the dry ash and slag waste storage at Berezovskaya GRES is developed and adopted for implementation in Unipro PJSC. The purpose of transition from hydraulic to dry ash and slag waste storage is to ensure functioning of Berezovskaya GRES for a long period using modern, environmentally sound, technologically reliable and economically feasible methods of collection, transportation and storage of ash and slag wastes.

The project named "Construction of Dry Ash and Slag Waste Removal System of Berezovskaya GRES Branch of Unipro PJSC" is the most economically feasible and environmentally sound method of solving the problem of ash and slag waste storage at Berezovskaya GRES for a long period. It provides for complete transition of the power plant to dry removal and storage of ash and slag wastes.

As part of the project implementation, the following works were completed in 2016:

- Foundations for the silo warehouse were constructed in May;
- Work on the foundations for the silo warehouse were mothballed in October;
- Ash removal devices were installed;
- Defects of the removal, storage and drainage equipment for feeding real sewage from the system of circulating water supply of fuel feed were remedied. The system is now used for work with real sewage;
- Comprehensive testing of the oily water treatment plant was carried out.

On 28.10.2016, an agreement was signed with Institute Teploelectroproject JSC (No. B-16-1642) on performing a set of works for analysis of the previously developed design and detailed design documentation, development of technical solutions and consolidated estimate calculation. As part of this Agreement, the following works were performed:

- Stage 1 Analysis and Evaluation of Previously Developed Technical Documentation;
- Stage 2 Consolidated Estimate Calculation and Feasibility Study;
- Stage 3 Principal Technical Solutions.



Power Unit No. 3 of Berezovskaya GRES



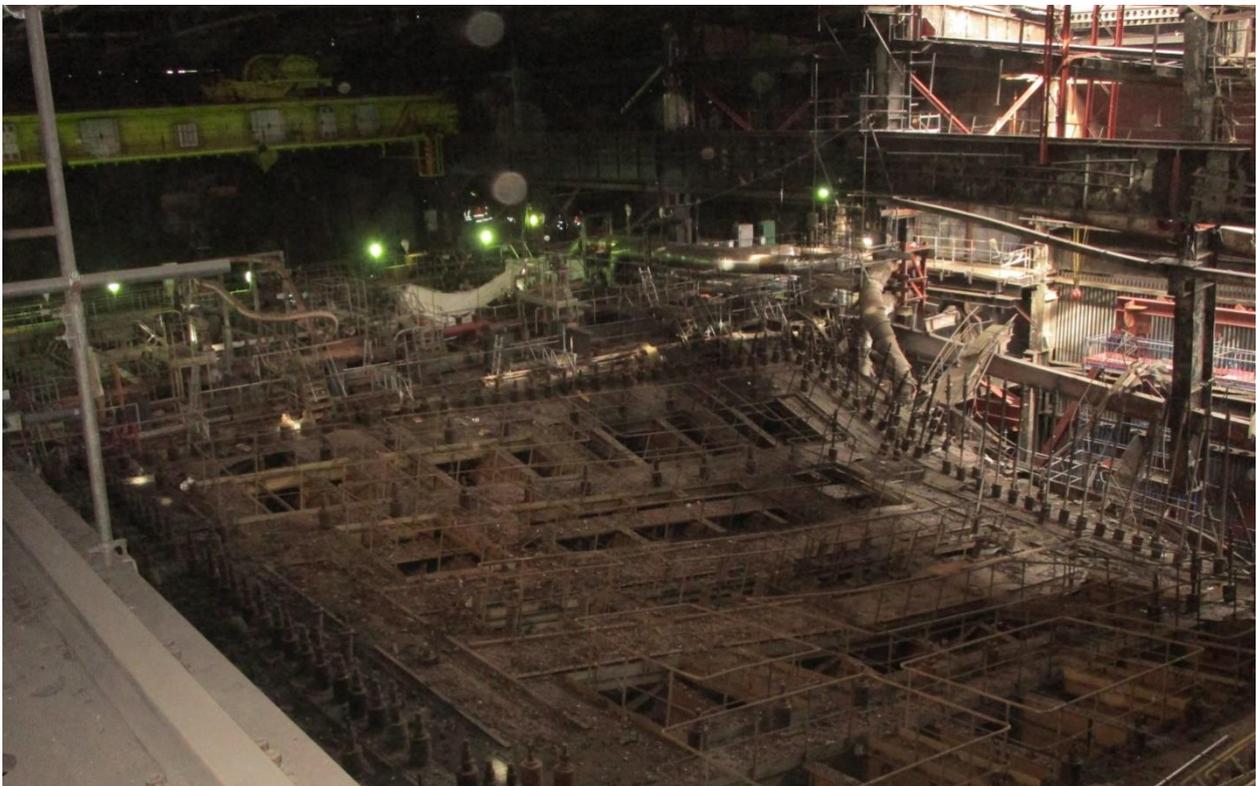
Safety block of the KO roofing



Wind trusses



Retaining under-ridge girder



Hard disc



Inventory storage building with the total area of 27,648 m², with 11 overhead cranes.



Fuel receiving station (FRS)



FRS. Conveyor 1-2E, axis 1-2, rows A-B



DARS. Foundations for the silo warehouse

9.2. Technical refurbishment and reconstruction of the existing operating facilities

The programme of technical refurbishment and reconstruction of the existing operating facilities (TRR) of Unipro PJSC planned for 2016 was completed at:

| Power plant | TRR progress, % |
|----------------------|-----------------|
| Surgutskaya GRES-2 | 121 |
| Berezovskaya GRES | 100 |
| Shaturskaya GRES | 86 |
| Smolenskaya GRES | 146 |
| Yaivinskaya GRES | 61 |
| Total at Unipro PJSC | 103 |

TRR milestones:

| | |
|--------------------|--|
| Surgutskaya GRES-2 | <p>Reconstruction of complex switch yard KRU-6kV including replacement of circuit breakers at Power Units No. 1–6.</p> <p>Turnkey reconstruction of the excitation system of Power Unit No. 2.</p> <p>Technical refurbishment of the gas supply system at Surgutskaya GRES-2.</p> <p>Technical refurbishment of the extraction steam pipeline III and HPH-6 steam extraction lines of Power Unit No. 2.</p> <p>Replacement of the elements of the high pressure convection superheater of stage II at Power Unit No. 6.</p> <p>Technical refurbishment of the components of the reheater steam pipeline and support system of Power Unit No. 2.</p> <p>Reconstruction of direct current boards of Power Units No. 2 and No. 6 including turnkey replacement of accumulator switches.</p> <p>Upgrading of Kosmotronika-Venets hardware and software complex of the DCS at Power Unit No. 2.</p> |
| Smolenskaya GRES | <p>Performance of a set of works with restoration of the service life of high-pressure rotors of turbines at Power Units No. 1,2.</p> <p>Modernisation of the generator with switching to corrosion-resistant steel retaining rings at Power Unit No. 3.</p> <p>Exhauster modernisation with installation of a motor with higher insulation thermal resistance class at Power Unit No. 3.</p> <p>Turbine modernisation with installation of the metal-fluoroplastic band under slide shoes of bearings Nos. 1,2 at Power Unit No. 3.</p> |
| Berezovskaya GRES | <p>Creation of reserve capacity for storage of ash and slag waste through releasing the second ash dump plot.</p> <p>Modernisation of the high level control system of the hardware and software complex of the DCS at Power Unit No. 1.</p> <p>Modernisation of the cleaning system of the boiler at Power Unit No. 1 with replacement of blowers.</p> <p>Reconstruction of heat supply networks (Kholmogorskoye Settlement, Dubinino Settlement, Sharypovo)</p> |
| Yaivinskaya GRES | <p>Modernisation of turbines at Power Units Nos. 1,3 with diaphragm replacement</p> <p>Modernisation of a turbine at Power Unit No. 2 with diaphragm and HPC rotor replacement (Stage 1: HP rotor upgrade).</p> <p>Replacement of elements of direct steam pipelines and intermediate overheating at Power Unit No. 3.</p> <p>Modernisation of AIS-110kV with replacement of 1 air switch with a gas-insulated switch and 2 circuit breakers.</p> |

Shaturskaya GRES

Reconstruction of oil switches of 220kV with replacement of oil-filled bushings of interrupting chambers.
Reconstruction of the elements of the convective superheater of Stage 4 of BKZ-320-140 GM-7 boiler of Power Unit No. 7
Modernisation of the cylinder and high pressure rotor of the turbine unit of Power Unit No. 3 with replacement of the working blades of Stage 1.
Reconstruction of heat supply networks sections.

9.3. Capital Investments

In 2016, the Company's capital investments in implementation of the investment programme reached about 4.6 bln roubles (net of VAT), including in the following areas:

- Technical refurbishment and reconstruction – 58%;
- New construction – 38%;
- Repair and Refurbishment of Power Unit No. 3 at Berezovskaya GRES – 4%.

10. PROCUREMENT ACTIVITIES



Marina Aleksandrovna Ustinova

Procurement Director

10.1. Basic Provisions of the Company's Procurement Policy

The basic provisions of the Company's Procurement Policy are specified in the Regulation on Procurement of Unipro PJSC approved by the Board of Directors of the Company.

This Regulation describes the standard business process to meet production requirements of Unipro PJSC and contains links to other internal documents of the Company. The Regulation contains obligatory rules of procurement of goods, works, services, and software licenses, including definition of the responsibility limits and description of procurement processes.

Procurement processes and procedures provided for by the Regulation are aimed at ensuring intended and efficient spending of monetary funds of Unipro PJSC. The purpose of the procurement procedures is selection of vendors, contractors, and service providers on a competitive basis. Thus, optimal economic conditions of procurement are ensured, namely: compliance with the customer's requirements, deadlines, quality, and optimal prices.

The Regulation on Procurement of Unipro PJSC provides for the following basic principles and approaches to procurement activities:

- Creation of the competitive environment – the best procurement results are possible only with the market competition;
- Application of competitive procurement methods as the main in procurement of works / services, material, and equipment;
- Deciding on selection of the vendor using the "four-eyes" principle (the decision is always adopted in agreement between the responsible buyer and the applicant).

Responsibility for implementation of the procurement process in the Company rests with the Procurement Unit. Its basic functions are planning, organisation, and implementation of procurement procedures, including supervision of procurement activities at the Company's branches. Moreover, the Procurement Unit takes measures to enhance the market position by consolidation of needs, unification of procurement processes, and adoption of a single model of behaviour in the competitive environment.

In doing so, the Procurement Unit closely interacts with the units initiating procurement and participates in uniting commercial and technical interests of the Company.

In its procurement activities, the Procurement Unit of Unipro PJSC takes into account the latest standards and best practices of the Group.

10.2. Main Procurement Results of the Company in 2016

| Procurements under the annual comprehensive procurement program (ACPP) for 2016 by initiators | | | |
|---|---------------------------------------|--------------------------|---------------|
| | Number of procurement procedures, pcs | Total cost, '000 roubles | Share, % |
| Moscow representative office: | 806 | 4,266,519.76 | 16.15 |
| Including procurement: Modernisation and Maintenance of the Equipment of Power Unit No. 5 of YaGRES | 1 | 4,904,668.00 | 18.57 |
| Berezovskaya GRES | 1,251 | 899,436.43 | 3.40 |
| Surgutskaya GRES-2 | 920 | 773,527.14 | 4.19 |
| Shaturskaya GRES | 1,076 | 441,238.25 | 1.67 |
| Yaivinskaya GRES | 898 | 254,313.33 | 0.96 |
| Smolenskaya GRES | 672 | 180,532.11 | 0.68 |
| Unipro Engineering LLC | 618 | 14,698,150.18 | 55.64 |
| Total at Unipro PJSC | 6,242 | 26,418,385.20 | 100.00 |

In order to support the Company's production activities, buyers of Unipro PJSC held 6,242 procurements for the total amount of 26,418,385,200 roubles (net of VAT) for the needs of 2016.

| Procurements under ACPP for 2016 by areas of activity | Share, % |
|---|---------------|
| Refurbishment of Power Unit No. 3 of BGRES (Unipro Engineering LLC) | 55.64 |
| Modernisation and maintenance of the equipment of Power Unit No. 5 | 18.57 |
| Repair | 9.76 |
| Technical refurbishment and reconstruction | 9.61 |
| Operation | 6.04 |
| Other | 0.38 |
| TOTAL AT UNIPRO PJSC | 100.00 |

Without taking into account the procurements of Unipro Engineering LLC and procurements under the project Modernisation and Maintenance of the Equipment of Power Unit No. 5, 5,623 procedures for the amount of 6,815,567,020 roubles (net of VAT) were performed in 2016. Out of the said amount, 429 procedures for 2,446,591,820 roubles were carried out as purchase from a single supplier (35.90% of the total volume of procurement in monetary terms).

All remaining procurements were carried out by means of competitive procedures.

In order to perform reconstruction of Power Unit No. 3 of Berezovskaya GRES, 618 procedures for the amount of 14,698,150.18 roubles were carried out. Out of the said amount, 59 procedures for 12,582,398,720 roubles were carried out as purchase from a single supplier (85.61% of the total volume of procurement in monetary terms).

| Procurements under ACPP for 2016 by categories | Share, % |
|---|-----------------|
| Procurement for production purposes | 86.65 |
| Procurement for non-production purposes | 13.35 |
| Including for IT purposes | 5.76 |

| Procurements under ACPP for 2016 by final cost | Share, % |
|---|-----------------|
| More than 50,000,000 roubles | 60.33 |
| From 5,000,000 to 50,000,000 roubles | 27.26 |
| From 10,000 euro to 5,000,000 roubles | 8.93 |
| Less than 10,000 euro | 3.48 |
| TOTAL AT UNIPRO PJSC | 100.00 |

The difference between the cost of the most favourable initially submitted comparable proposal and the cost specified in the contract in the course of competitive procedures exclusive of purchases by Unipro Engineering LLC and purchases for Modernisation and Maintenance of the Equipment of Power Unit No. 5 (economic benefit from procurement) amounted in monetary terms to 281,586,000 roubles (7.057%).

11. RISKS AND RISK MANAGEMENT SYSTEM



Elena Vladimirovna Talalayeva

Head, Treasury Operations and Risk Management Department
Unipro PJSC

Risk management is a task of current relevance for the Company, which seeks to effectively manage risks, thus ensuring stability of the financial situation, maintaining the business development strategy and implementing the mission.

The integrated risk management system was established to identify risks in due time and to take the required risk management efforts. The Company regularly reviews the planning, controlling, and reporting processes to ensure their efficiency.

The key elements of the risk management system are the Company's strategy, internal regulations, controlling, planning, internal control system and internal audit, as well as reporting on risks and opportunities, and operations of the Risk and Finance Committee of Unipro PJSC.

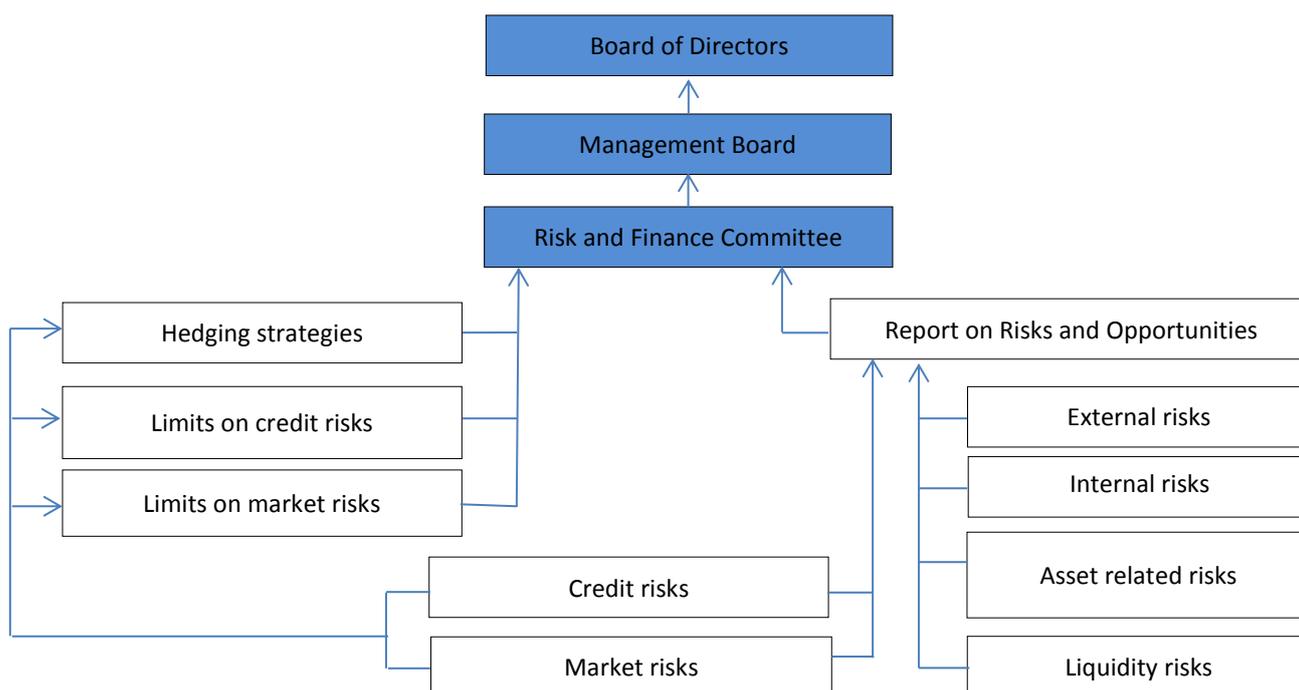
In 2016, we continued to improve the corporate risk management system and integrate it into Uniper Group processes.

The Company's Management Board approved the new versions of the documents – the Regulations on the Corporate Risk Management System, Regulation on Credit Risk Management and Regulation on Project Risk Management. In addition, a new document was approved – the Regulation on Market Risks Management, which reflected the best management practices, including foreign exchange risks of the Company.

In general, in 2016, we prepared a qualitative methodological and organisational base for further development of the corporate risk management system.

In 2017, the attention of the Treasury and Risk Management Department will be focused on obtaining in full the due insurance compensation for the consequences of the accident at Power Unit No. 3 of Berezovskaya GRES, updating the terms of the insurance policy for refurbishment of Power Unit No. 3 of Berezovskaya GRES, optimal renewal of insurance coverage for property damage and interruption of production activities for 2018, as well as enhancement of the risk management function in terms of the influence on risk management processes quality by risk owners.

The risk management system is an integral part of the production processes and decision making in the Company. The corporate risk management system in Unipro PJSC can be presented as follows:



Risks Insurance Management

Uniper Risk Consulting GmbH – a subsidiary of Uniper Group – renders to Unipro PJSC risk insurance management services in the key insurance areas: property insurance, business interruption and liability insurance. Uniper Risk Consulting GmbH is engaged in development and optimisation of solutions to manage operational risks, using insurance tools and similar tools. Moreover, this company provides for the necessary quality of insurance coverage at the global reinsurance markets.

Risk and Finance Committee

The Risk and Finance Committee of Unipro PJSC comprises heads and representatives of the Company's leading business units, who are in charge of operations and financial activity. The Committee ensures implementation of the credit and market risks management strategy, prepares recommendations for the executive bodies of the Company on risk management, reviews and approves reports on risks and opportunities.

Regulatory Committee

In order to form the common position, coordinate the work in interaction with external companies, and draft recommendations on the strategic issues of the electric power industry regulation, the Regulatory Committee was established in the Company. The Committee comprises heads and representatives of the Company's leading business units in charge of the operational and financial activities, as well as of liaising with the infrastructure organisations of the wholesale market and specialised ministries and institutions.

Commodity risks

The main sector that is exposed to commodity risk is the day-ahead market (DAM), 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 increase.

Regulatory Risks

The Russian wholesale electricity market is constantly undergoing changes that result in alteration of the electricity market structure, as well as relations among its participants.

According to the Company's estimates, the important industry-specific risk, which can significantly influence Unipro PJSC activity, is the risk of change in the electricity and capacity market rules of functioning. 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.

Business Interruption Risks

This risk looks at any factor that can lead to business interruption. Meanwhile, this risk includes both direct stoppage in production resulting from physical damage of the property, and a consequential business interruption resulting from material loss at an outside facility that does not belong to the Company. 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 the likelihood of a negative event, the Company takes the following measures:

- Equipment maintenance in line with a strict schedule;
- Thorough supervision over maintenance personnel in terms of strict compliance to the maintenance specifications and technical acceptance of the repaired equipment by the Customer's representatives;
- Use of the equipment performance regular assessment system;
- Sub-contracting specialised organisations to assist in technical condition diagnostics and assessment;
- On-site audits of the assessment of equipment maintenance readiness and assessment of completed repairs;
- Investigations of all cases of equipment failure affecting operation of generation equipment;
- Analysis of changes in equipment performance indicators and cost / performance ratio;
- Implementation of a comprehensive programme for equipment replacement and per-unit reconditioning;
- Implementation of a comprehensive programme for production personnel advanced training;
- Standardisation of maintenance works, including development of maintenance data sheets and maintenance procedures specifications;
- Material incentives to personnel for reducing equipment failure;
- Insurance coverage for property damage and business interruptions.

Risks Associated with Refurbishment of Power Unit No. 3 of Berezovskaya GRES

A fire outbreak in the boiler house of Power Unit No. 3 of Berezovskaya GRES, that caused damage to the boiler, occurred on 01 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.

The Company pays maximum attention to managing this risk through careful monitoring of the repair process.

Tax Risks

With unstable Russian tax law and differing approaches to interpretation of tax standards on the part of tax authorities and various arbitration courts, there are risks of claims against the Company on the part of tax authorities. Additional taxes, penalties, or fines may be charged on the Company following tax audits held by tax authorities.

Financial Risks

The Company minimises the foreign exchange financial risks by hedging the Company's future liabilities denominated in foreign currency.

Unipro PJSC manages credit risks by assessing fair practices of counterparties and by setting and controlling the limits on transactions with lending financial institutions.

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.

Legal Risks

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 for the Company. The Russian energy law is new, abundant, of complex hierarchy, structure and content of the provisions. 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.

With the existing risk management system, the Company ensures that the emerging risks are detected, estimated, managed, and controlled. However, there is still a possibility of emergence of risks that are currently unknown or insignificant. Such risks can affect future performance of Unipro PJSC.

12. SUSTAINABLE DEVELOPMENT

In carrying out its business, the Company proceeds from the assumption that electricity and heat generation are of exclusive significance for the life of the regions of presence and for operation of the country economy as a whole. That is why the key principles of Unipro PJSC sustainable development include the guarantee of uninterrupted electric and thermal energy supplies, strict compliance with the laws and sustainable investments in personnel and social and economic development of the regions of presence. The Company acts responsibly in respect of its employees, consumers, suppliers, environment, and society.

12.1. Staff: Structure and Social Policy



Natalya Victorovna Mashistova

HR Director

Unipro PJSC is striving to fully use and develop its employees' potential. It respects their work and their need to feel socially protected. The Company regards its employees as the key resource, without which no strategic target can be achieved, and even if other components are present, efficient operations are impossible.

The Company's staff management system covers a set of personnel issues by all the categories of employees – from workers and specialists to managers. The activities of Unipro PJSC in this field are governed by a set of internal documents that provide transparency and lack of bias in making decisions on personnel. When working with personnel, the data on personal achievements, experience and aspirations of each of the Company's employees are taken into account.

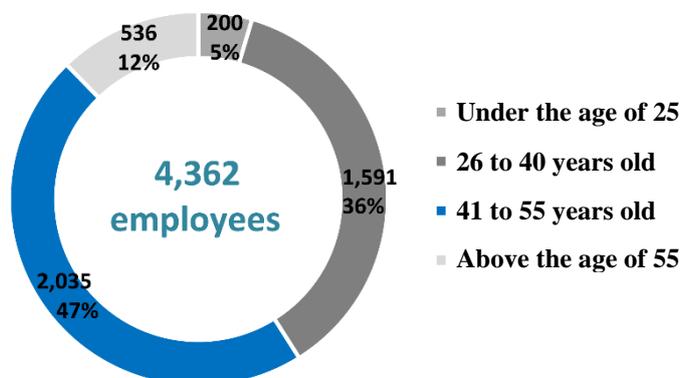
In 2016, a very important part of the unit's activities was related to the refurbishment of Power Unit No. 3 at Berezovskaya GRES. In order to ensure the early start of works, the optimal organisational structure of the team engaged in the refurbishment of the Power Unit was set up jointly with the involved divisions of the Company, the staff of this team was determined, and the motivation system was developed. The approved structure was filled in a short time with employees, whose professional skills and competences enabled them to start the refurbishment work in due time.

In order to improve the efficiency of the HR management process, Unipro PJSC continues to work on automation of HR processes, in particular, in 2016, calculation of the annual bonus on the basis of Axapta UASMFEA (Unified Automated System for Management of Financial and Economic Activities) was automated, and it is planned to launch a monitoring, control and analysis system for personnel accounting in the near future.

Staff Headcount

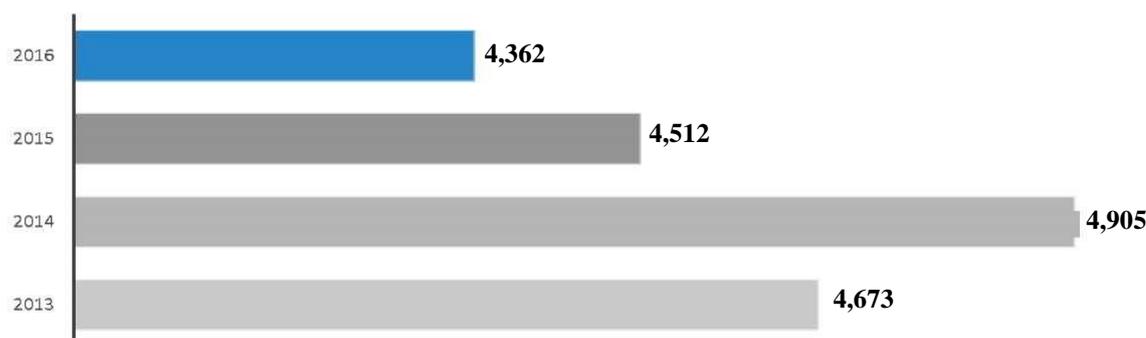
The headcount of Unipro PJSC staff²² as of 31 December 2016 was **4,362 employees**, including:

- In the core business, the headcount of industrial and production and non-industrial staff was **4,355 employees**;
- the headcount of personnel involved in implementation of investment projects was **7 employees**.



The dynamics of changes in the total headcount of Unipro PJSC, taking into account all the personnel involved in implementation of investment projects between 2013 and 2016, is shown in the chart below:

**Unipro PJSC Headcount
(as of the end of the period)**



One of the top priority objectives for personnel services is to create the Company's team, which is balanced by age categories. This concept will promote transfer of unique knowledge, technologies, and traditions. Below is the personnel structure of Unipro PJSC by age.

Personnel structure by age categories

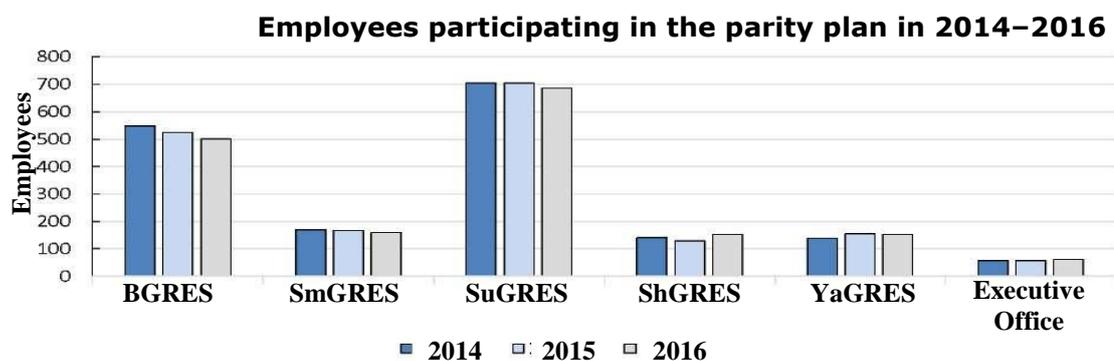
| Category | Employees | % |
|---------------------|--------------|--------------|
| Under the age of 25 | 200 | 4.6 |
| 26 to 40 years old | 1,591 | 36.5 |
| 41 to 55 years old | 2,035 | 46.7 |
| Above the age of 55 | 536 | 12.3 |
| TOTAL | 4,362 | 100.0 |

²² The headcount shall mean the complete headcount of personnel, i. e. the total number of employees who have concluded labour contracts with the Company.

Voluntary Pensions

Unipro PJSC sees the voluntary pension (VP) system as a tool to increase income of retiring employees and establish long-term employment relationship with employees. The VP system has been available in the Company since December 2005. It includes two major pension schemes – corporate scheme and parity scheme (since 2007). In 2016, **106 people** have registered their voluntary pensions from voluntary pension funds of the electric power industry under the corporate scheme.

The Company's parity scheme allows employees to accumulate pension to increase its future amount. As of 31 December 2016, the number of participants in the VP system under the parity scheme was **1,592 employees**, which is **37 per cent** of the total headcount of Unipro PJSC. The Company will continue to engage its employees in the parity pension programme in 2017.



Personnel Training and Development

In 2016, the training and development priorities were as follows:

- Mandatory training to enable personnel to perform their job duties;
- Completion of the stage of the skill pool assessment and providing feedback at Surgutskaya GRES-2 and Smolenskaya GRES branches;
- Implementation of the programme: "Leader of UNIPRO", additional training programmes for the branches;
- Training development through electronic courses and electronic library.
- 360-degree feedback for employees of Berezovskaya GRES and Yaivinskaya GRES branches.

Mandatory Training

The main areas of mandatory training in 2016:

- Pre-evaluation training and evaluation in occupational health and safety, energy safety, and safety of hydro-technical structures;
- Pre-evaluation training, evaluation, and re-evaluation of specialists in non-destructive control, destructive testing, and other types of testing;
- Preparation for assessment of knowledge in the scope of process guidelines for service staff;
- Creation of a system of internal mentors, development of training skills for experts conducting technical training. Start of the training project on special topics. Training of experts;
- Automation of identifying of needs for mandatory training.

Skill Pool

In 2016, the programme "Skill Pool Management" was launched for the administrative and managerial staff of Berezovskaya GRES and employees of the Moscow representative office.

In 2017, we plan deploying the programme for the administrative and managerial staff of Surgutskaya GRES-2 and Shaturuskaya GRES.

Results of 2016:

| Branch | Appointments to positions by the HR in 2015–2016 | Share of positions filled by the programme participants | Appointments of the programme participants | Appointments of employees outside the programme | External recruitment |
|--------------------|--|---|--|---|----------------------|
| Berezovskaya GRES | 49 | 17 | 13 | 4 | 0 |
| Smolenskaya GRES | 11 | 9 | 2 | 3 | 6 |
| Surgutskaya GRES-2 | 78 | 11 | 6 | 3 | 2 |
| Shaturuskaya GRES | 103 | 14 | 11 | 2 | 1 |
| Yaivinskaya GRES | 55 | 6 | 5 | 1 | 1 |
| TOTAL | 296 | 19.3 | 37 | 13 | 10 |

Recruitment

Employees of the HR management unit at the branches involved in the recruiting process are trained to search for and recruit candidates, besides, they completed training on developing practical skills for interviewing for competencies. The Regulation on Recruiting Personnel was developed and implemented across the entire company. The unified recruiting tools for young specialists, hired to the production unit for initial positions, were developed and implemented for all branches. Mandatory testing of safe behaviour for all employees of the production unit of the company was introduced. Meetings were held with administrations and career centres of key energy universities, and long-term cooperation agreement was reached. We successfully implemented a number of activities to promote the employer's brand at universities: participation in career days, presentations of the Company and career-oriented master classes. A number of key positions in branches were successfully filled, namely: Director of SuGRES-2, Occupational Safety Director, Power Plant Chief Engineer and other.

Implementation of the programme: Leader of UNIPRO, additional training programmes for EO (Executive Office) and the branches

The Company's employees completed various training programmes, courses, and workshops, which contributed to improvement of their performance.

Below are some of the employee training and development programmes:

- the Leader of Unipro programme for managers of the EO and the branches continued in 2016.
 - ✓ The first part of the programme named "Motivational Management within the Framework of Basic Managerial Functions" was attended by 16 people, 1 programme was completed: Smolenskaya GRES Branch – 16 people.
 - ✓ In the second part of the programme "Efficiency Paradigm. Situational and Emotional Leadership" 112 people took part, 8 programmes were completed: Smolenskaya GRES – 13 people; Surgutskaya GRES-2 – 29 people; Shaturuskaya GRES – 39 people; Yaivinskaya GRES – 31 people.
 - ✓ The third part of the programme entitled "Team Management – Efficiency and Changes" was attended by 254 employees, 17 programmes were completed: Berezovskaya GRES – 80 people; Smolenskaya GRES – 40 people; Surgutskaya GRES-2 – 56 people; Shaturuskaya GRES – 42 people; Yaivinskaya GRES – 36 people.
 - ✓ In the fourth part of the programme "Organisational Culture: Internal Organisational Communications and Feedback", 69 executives of the EO and Branches took part, 4 programmes were completed.
 - ✓ In the fifth part of the programme "Competencies of the Leader: Staff Recruitment and Development", 58 executives of the EO and Branches took part, 4 programmes were completed.
- Additional training programmes for employees of the Branches were conducted:
 - ✓ "Positive Influence" – for skill pool employees of Smolenskaya GRES Branch;
 - ✓ Decision Making – for the management of Berezovskaya GRES Branch;
- The following programmes were implemented:

- ✓ "Presentation Skills" – for the Legal Unit employees of the Branches and EO;
- ✓ "Negotiations Master" – for the Procurement Unit employees of the Branches and EO;
- ✓ "Internal Communications Management" and "Team Building" – for the Press Centre employees of the Branches and EO;
- ✓ "Conflict Management" – for the IT Unit of the Branches and EO;
- ✓ "Internal Auditor of ISO 14001 Environmental Management System" – for the environment function of the Branches;
- ✓ "Application of Professional Standards", "Personal Influence", "Testing for Propensity to Violations", "Spiral Dynamics" – for the HR unit of the Branches and EO;
- ✓ "Informed Safety" – for the Occupational Safety and Technical Audit Service (OSTAS) employees and the Management.
- ✓ "Presentation Skills" – for semi-finalists of the programme Success Energy.

Training development through electronic courses and electronic library.

616 accesses were granted to our colleagues to the library of Mann, Ivanov and Ferber Publishing House. These are books and audio recordings on business, management, self-development and creativity by famous foreign and Russian authors. The book fund of the library consisted of more than 600 e-books (in pdf, epub, mobi formats), as well as more than 50 audio books (in mp3 format) and was updated every month with novelties of the publishing house.

In June 2016, we purchased the electronic course "**Excel 2013**" in order to improve the professional level of training of our employees. The course is placed in the internal corporate system of distance learning (DLS) and consists of 107 videos that demonstrate the software capabilities. 164 accesses were granted.

360-degree feedback for employees of Berezovskaya GRES and Yaivinskaya GRES branches

The format of the 360-degree feedback was developed, which became a part of development for employees of Berezovskaya GRES and Yaivinskaya GRES branches.

In 2016, **1,904 people** completed mandatory education in accordance with the requirements of the state norms and regulations; **2,164 people** completed short-term training for the term not exceeding 2 weeks (at least once a year); **492 people** completed skill development training (at least once in 5 years), **64 people** were trained to improve the second profession:

| Branch | Mandatory Training | Short-Term Training | Personnel development (at least once in 5 years) | Mastering a second profession | Total |
|--------------------|--------------------|---------------------|--|-------------------------------|--------------|
| Executive Office | 50 | 243 | 37 | 0 | 330 |
| Berezovskaya GRES | 477 | 119 | 29 | 0 | 625 |
| Smolenskaya GRES | 162 | 237 | 58 | 13 | 470 |
| Surgutskaya GRES-2 | 331 | 1,257 | 339 | 30 | 1,957 |
| Shaturskaya GRES | 729 | 210 | 0 | 21 | 960 |
| Yaivinskaya GRES | 155 | 98 | 29 | 0 | 282 |
| Total: | 1,904 | 2,164 | 492 | 64 | 4,624 |

Corporate Volunteering Programme

As part of corporate volunteering development, we conducted a survey of the Company's employees. Following the survey, a plan of actions was elaborated. The project Donor Days was launched, which is held 4 times a year in the EO of the Company.

In 2017, it is planned to deploy a donor project at the branches, charity fairs, environmental and "pro-bono" events.

Programmes of Work with Employees Relatives

We held a Doors Open Day for the employees' children at the EO.

Personnel Incentives

The Company developed Collective Bargaining Contracts for the Company's branches for 2015–2017. These contracts were signed between the Employer and authorised representatives of the Employees. The Regulations on Remuneration of the Branches' Employees are also applicable.

The regulations (Collective Bargaining Contracts and Regulations on Remuneration) were developed on the basis of the Labour Code of the Russian Federation, proceeding from the unified principles of regulation of social and employment relations and regional particularities of the branches. The Collective Bargaining Contracts are legal acts that establish rights and duties of the parties to the Company's social partnership. The Collective Bargaining Contracts signed are based on the principle of equality, respect and account of rights and legitimate interests of employers and employees in the social partnership.

The salary of the Company's employees consists of two parts: fixed and variable. The fixed part is set depending on the employee's qualification and position he / she holds, while bonuses and incentives are paid depending on performance.

The incentive system under Uniper standards is applicable for executives and heads of the Company's branches. Individual indicators / targets are annually set for employees and recorded in the Efficiency Management forms. Using these forms, the employees' performance is assessed during the reporting year. According to the assessment and subject to achievement of control financial benchmarks of the Company, the bonus is paid, and the salary for the current year is revised. From 01.07.2016, the administrative and managerial staff of the branches were transferred to a similar incentive system.

In order to improve motivation of the employees and reduce staff turnover in the Company, regional labour markets are constantly monitored. In general, the average salary of the employees at Unipro PJSC branches is at the same level as the salary at enterprises involved in production and distribution of electricity, gas and water in the region of the branch presence.

Regional labour markets are monitored by tracking their state with the Company's participation in salary reviews held by major global independent companies (including E&Y, PWC, Hay Group and other).

Intangible Personnel Incentives

In 2016, we held a second recognition competition Success Energy!

Success Energy! is a part of a comprehensive programme of incentives for employees of our company. The aim of the competition is recognising, encouraging and supporting achievements of the employees targeted at improvement of production indicators, raising social responsibility and care for the environment. This programme enables everybody to tell the entire company about his or her projects and achievements, to express acknowledgement to colleagues (both to individual employees and to whole teams) for outstanding contribution to the Company's work.

For participation in the Success Energy competition, any of employees of Unipro PJSC could submit the application for himself or herself, his or her colleague or project group / team in one of the following four categories: "Innovations and Improvement", "Business and Ecology", "Safety First", "We in Society. Social Responsibility".

All projects were assessed by expert groups and the jury by the following criteria:

Improvements and Innovations:

1. Economic effect.
2. Originality, innovation.
3. Roll-out possibility.
4. Resistance to external changes (including through the use of Russian-made analogues).
5. Individual contribution / teamwork.

Business and Ecology:

1. Actual environmental / economic impact.
2. Effect on environmental safety of the Company (reduction of environmental risk).
3. Individual contribution / teamwork.

Social Responsibility:

1. Reaching the audience (impact of the project on different categories of citizens, different territories).
2. Regularity of the project.
3. Relevance, validity, urgency of the problem.
4. Long-term positive effect.
5. Individual contribution / teamwork.

“Safety First”

1. Qualitative / quantitative effect from the implemented measures:
 - Ease of operation (from the point of view of employed financial, time and labour resources).
 - Cost-effectiveness of implementation and subsequent operation.
2. Compliance with the safety policy.
3. Novelty.
4. Reducing injuries risk.
5. Individual contribution / teamwork.

More than 135 people took part in the semi-finals of the second Success Energy! recognition competition held in 2016. 23 people became the winners in the final.

Prizewinners of the third place will go on a team trip to Karelia, which will take place in August 2017.

Prizewinners of the second place got the opportunity to visit Formula-1 Grand Prix of Russia in Sochi in April 2017. The main prize for the winners will be the African Caravan – an exciting trip to Morocco in September 2017.

Corporate Support to Unipro PJSC Employees in Improvement of Their Living Conditions

For the purpose of corporate support in improvement of living conditions to Unipro PJSC employees, in 2016, the Company’s Management Board approved the lists of employees who need to have their living conditions improved, and also determined the scope of funding for these purposes for 2016.

This programme is first and foremost for the following categories:

- Young specialists engaged to work for the Company after they graduated from specialised higher and secondary educational institutions;
- Highly skilled workers or specialists, whose professional knowledge is of interest to the Company; and
- Employees included in the skill pool.

In 2016, **55 employees** of the Company’s branches received corporate support in improvement of their living conditions. Interest-Free Targeted Loan Contracts for acquisition (construction) of housing, as well as for repayment of the principal mortgage amount were signed with all the participants. The loans were received.

12.2. Occupational health and safety



Dmitry Vladimirovich Kolmakov

Director for Labour and Industrial Safety
Unipro PJSC

Occupational health and safety for both own personnel and for the personnel of contractors and third parties carrying out works or located at facilities represent one of the values of Unipro PJSC.

In 2016, the Occupational Safety Enhancement Plan was implemented in full. Within the framework of the plan we introduced a set of measures to improve the management of labour safety issues, enhance the quality of work with contractors, and increase the competence of staff.

Eventually, in 2016, the TRIF (frequency of all recorded incidents involving the company's own personnel or contractors' personnel) ratio was fulfilled and was < 2.50 .

Compared to the results of 2015, there was a decrease in the number of lost time injuries from 7 to 5, the total number of identified non-conformances in terms of labour safety decreased by 18%, and the number of potentially dangerous actions (situations) reduced by 2.8 times.

Summing up the results of 2016, I would like to note that due to our joint efforts, effective control measures and consistent actions to ensure compliance with the established rules on labour safety, the Company managed to achieve well-deserved indicators on occupational health and safety.

To ensure safe and reliable operation of the Company's hazardous production facilities in 2016, it launched a project to introduce an automated industrial safety management system allowing to effectively monitor the compliance and address legal changes related to industrial safety by providing high availability of the electrical and heat power generating equipment.

In 2017, as part of the approved Strategy of Unipro PJSC in the field of labour safety for the period 2017–2019, we plan to implement measures aimed at strengthening the leadership and responsibility of managers, focused reduction of high risks in production, developing of employees competencies, comprehensive programme of communications and increase of engagement of employees in occupational health and safety issues.

OCCUPATIONAL HEALTH AND SAFETY

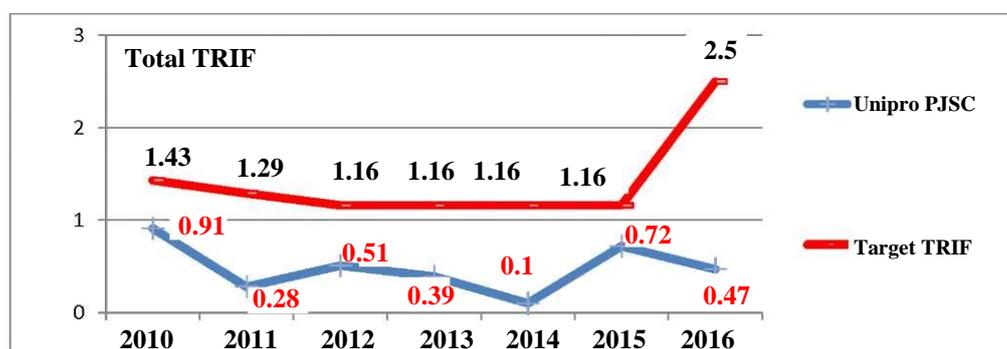
As the key performance indicators in occupational safety, Unipro PJSC established the following indicators in 2016:

1. Strategic target – no fatal accidents involving the Company’s own personnel or contractors’ personnel.
2. The TRIF (frequency of all recorded incidents involving the Company’s own personnel or contractors’ personnel at the existing production) ratio is < 2.50.
3. Implementation of the Health, Safety, and Environment Improvement Plan in 2016.

I. The strategic target – no fatal accidents involving the Company’s own personnel or contractors’ personnel – was not achieved.

At Surgutskaya GRES-2, on 25.01.2016, an employee (industrial climber) of the contractor Apex Media Group LLC fell from a height of 28 meters as a result of violations of safety requirements. The injured person succumbed to his injuries. The main causes of the incident were lack of supervision by the responsible performer of the works, extension by the injured of the task scope, non-use of safety systems during performance of works at height.

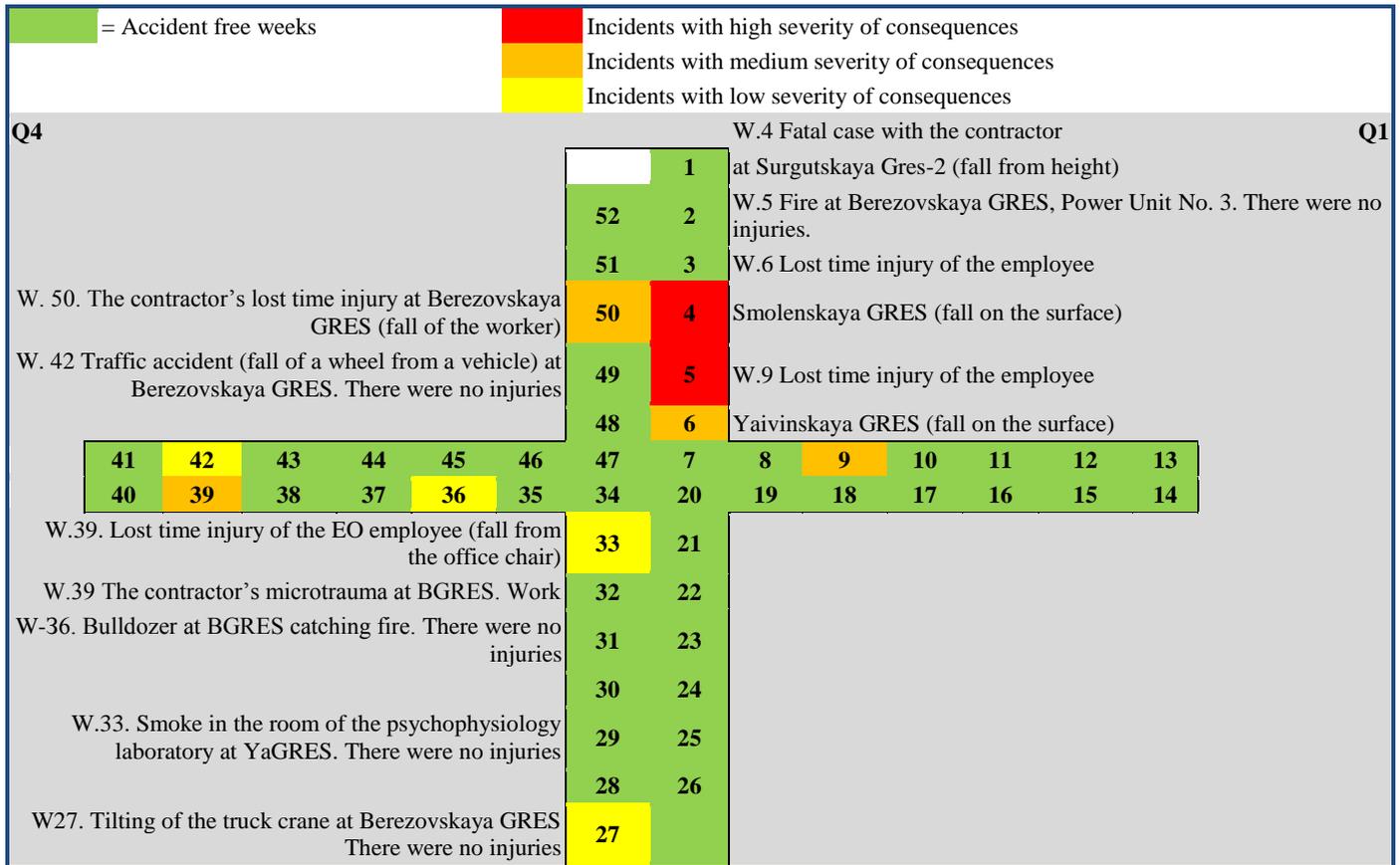
II. The TRIF ratio was achieved. It was 0.47 with the expected value being < 2.50.



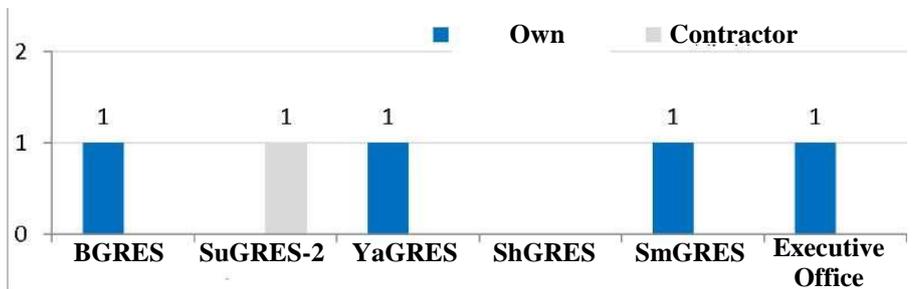
Compared to the results of 2015, there was a decrease in the number of lost time injuries from 7 to 5, and the number of potentially dangerous actions (situations) decreased by 2.8 times. The safety triangle shows the main indicators of occupational health and safety at Unipro PJSC.

| | Own | | Total 2016 | Contractor | |
|--|-------|-------|------------|------------|-------|
| | 2015 | 2016 | | 2016 | 2015 |
| Fatal cases | 0 | 0 | 1 | 1 | 0 |
| Lost time injuries | 2 | 4 | 4 | 0 | 5 |
| Total injuries | 2 | 4 | 5 | 1 | 5 |
| First Aid Cases | 0 | 0 | 1 | 1 | 0 |
| Potentially dangerous actions that resulted in suspended work Near Miss | 68 | 28 | 140 | 112 | 306 |
| Number of inspections held | 5,984 | 6,485 | 16,130 | 9,645 | 3,691 |

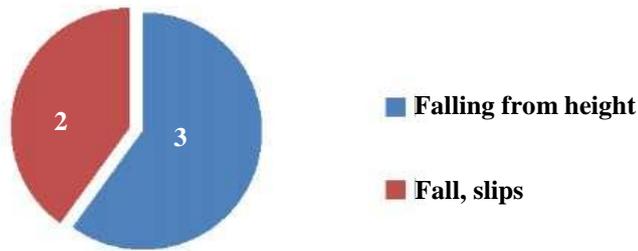
Distribution of recordable incidents for the year is shown in the Safety Cross



Total recordable incidents (TRI) by branches distributed as follows:

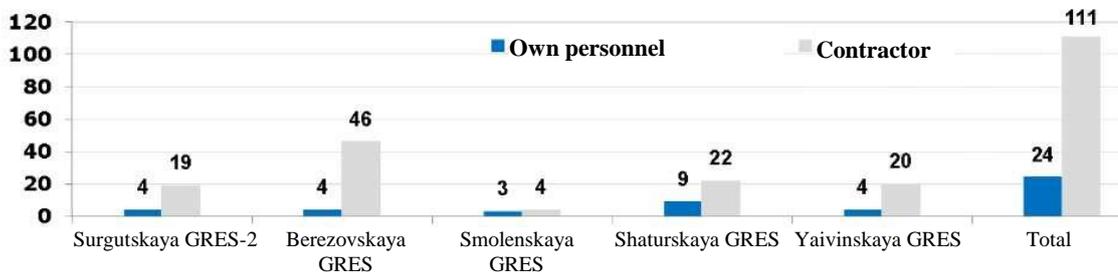


4 of the 5 incidents that occurred in the Company in 2016 involved the Company's own personnel, and 1 involved the contractor's personnel. **They are distributed as follows by the types of TRI:**



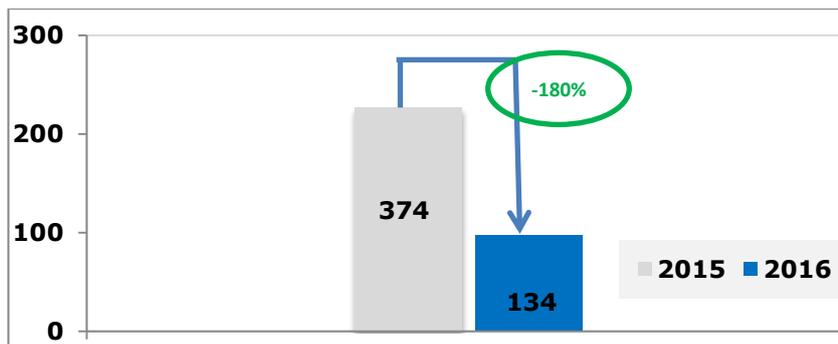
Contractor management remains the main area of work in ensuring occupational health and safety, as in 2016 contractors' staff made potentially dangerous actions (created situations) which resulted in suspended work five times more frequently than Unipro PJSC personnel did.

Distribution by potentially dangerous actions (situations) that resulted in suspended work are shown on the chart below.

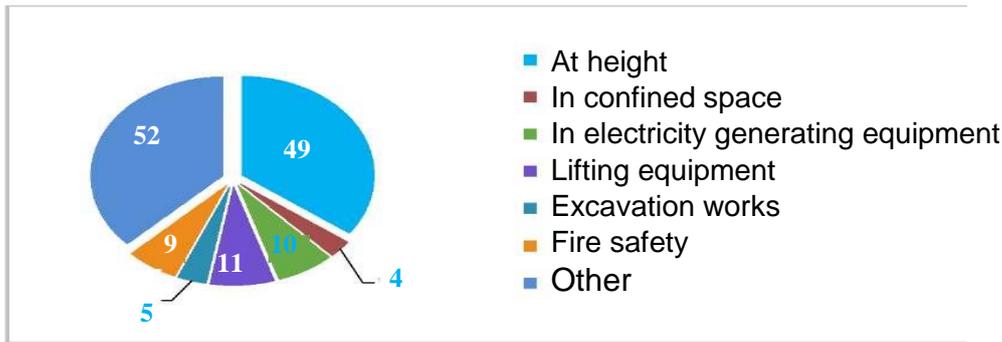


With continuous monitoring of sites and implementation of efficient measures for ensuring occupational health and safety, the amount of potentially dangerous actions (situations) that resulted in suspended work decreased by 2.8 times as compared with 2015.

Number of potentially dangerous actions (situations) is shown on the chart below as comparison of 2016 against 2015.



Most dangerous actions recorded in 2016 are related to the performance of work at height. **Distribution of potentially dangerous actions (situations) identified in 2016 are shown on the diagram below.**



III. Implementation of the Health, Safety, and Environment Improvement Plan.

The Health, Safety, and Environment Improvement Plan for 2016 has been **implemented in full**.

In implementation of the Health, Safety, and Environment Improvement Plan for 2016, the following basic measures have been taken:

1. Improvement of the occupational safety management process

- We conducted training of top managers of the Company, directors, chief engineers, specialists of labour safety departments and branches of Unipro PJSC on the course "Informed Safety". The training programme "Informed Safety" is aimed to increase the level of awareness and personal responsibility of the personnel at work in order to eliminate incidents.
- Each Head of the Company and the Branch Director developed and implemented a personal Safety Leadership Development Plan.
- The Company established the Occupational Health and Safety Committee of Unipro PJSC, chaired by CEO. The primary purpose of the Committee is to ensure efficient functioning of the occupational health and safety system of the Company by means of preliminary examination of strategic issues of the occupational health and safety, as well as elaboration of the corresponding recommendations to the Company's management bodies, Top Managers and the Occupational Health, Safety and Technical Audit Service.
- Unipro PJSC confirmed validity of OHSAS 18001:2007 Conformity Certificate. The audit team of Bureau Veritas Certification Rus CJSC held their audit of compliance of the occupational safety and health management system of Unipro PJSC with requirements of OHSAS 18001:2007 international standard in May 2016. The audit results confirmed compliance of Unipro PJSC activities with OHSAS 18001:2007 standard. It was noted that the occupational health and safety system introduced in the Company showed its efficiency and continuous improvement.
- Functioning of the occupational health and safety management system of the Company's branches was analysed in accordance with the requirements of OHSAS 18001-2007 international standard. The strengths and weaknesses of the occupational health and safety system were identified. Recommendations for further improvement of the occupational health and safety system were developed.
- We introduced key performance indicators on labour safety for chief engineers of the branches and their deputies taking into account the achieved results on labour safety.
- We developed and set the indicators for deducting bonuses of the entire work team for failure by all members / an individual member of the work team to observe occupational health and safety requirements at work ("joint liability" principle).

- In order to encourage the employees to report dangerous incidents and situations and breaches we developed the practice for granting 50% extra bonuses to employees distinguished by the following actions in the reporting month:
 - for work team (employee) suspension from work if serious violations are revealed (after recognition of the legality of suspension upon discussion of the Committee chaired by the Chief Engineer of the branch);
 - for identification of defects and potentially dangerous incidents that affect occupational, industrial and fire safety;
 - for proposing efficient measures to improve occupational, industrial and fire safety.

2. Improving quality of interaction with contractors

- A working team on development and implementation of the contractor management process was established.
- A Contractor Management Plan (a "Road Map") was developed and implemented; it includes the following:
 - Supplier reliability and quality risk assessment at planning;
 - Occupational health and safety risk assessment at procurement;
 - Supplier pre-qualification procedures;
 - Supplier audits / development plans;
 - Work control and assessment.
- The training programme on implementation of 6 contractor management phases in accordance with the Corporate Approach was fulfilled (Programme supported by Uniper (Kenney Kirby as a trainer)). The suggested approaches are being aligned with the existing Company Supplier Management processes.
- A system for continuous supervision over highly hazardous activities was implemented:
 - A list of highly hazardous works requiring continuous supervision was developed;
 - Employees are authorized to perform highly hazardous work only upon HSE specialist's approval of the work permit;
 - Employees from the Operating Staff were assigned to act as "field" occupational health and safety inspectors and maintain continuous control over highly hazardous work;
 - The "field" inspectors were trained.
- The Company's draft contracts were amended in the part of unconditional sanctions to be imposed on the contractor in the instances of revealed safety rules violations resulting in a potentially hazardous situation.
 - 1st violation – the contractor shall be subject to knowledge assessment;
 - 2nd violation – the contractor shall be suspended until it complies with the Occupational Safety Improvement Plan;
 - 3rd violation – the agreement shall be terminated.
- A system for incoming control over the Contractor's materials, tools, equipment and devices at their arrival at the sites of the Branches was implemented.

3. Improvement of the personnel competence

- The programme dedicated to improvement of the own personnel competence in specialised areas (work at height, work in confined space, work at electric installation, scaffolding, work control, control over contractors) is implemented:
 - 50 branch instructors with necessary skills were assigned and trained;
 - Special training programmes including theory and practice parts were developed (total duration of each training course – up to 4 hours);
 - Employees to be trained in specialised areas were assigned;
 - Trained – 963 people (the plan was 500 employees), including Occupational Safety and Production Control Department. New training schedules for 2017 were drawn up.
- The Managers of the Project "Refurbishment of Power Unit No. 3 of Berezovskaya GRES" (20 people from Unipro PJSC and 20 – from Unipro Engineering) completed the Risk Assessment course at NEBOSH (National Examination Board in Occupational Safety and Health) / IOSH (Institution of Occupational Safety and Health).
- The personnel competence in the specialised areas is assessed within Occupational Health and Safety Management System audits. Total of 5 Occupational Health and Safety Management System audits were held. The results of the questionnaire showed a positive dynamics in improvement of the personnel competence in the specialised areas.

- In December 2016, the Company approved and put into effect the Occupational Health and Safety Management System Standard of Unipro PJSC named "Safety Precautions During Work with Lifting Devices (SO-SOTTA-28)". The Standard contains the following:
 - Joined basic requirements extracted from various manuals on operation of lifting equipment;
 - Short illustrations on how to arrange and carry out safely work with lifting equipment;
 - Suggestions on identification of risks related to work with lifting equipment, as well as suggestions on mitigation and elimination of such risks.
- In April–May 2016, all persons related to the operating staff entitled to grant work permits were trained and their knowledge of the work permit issue procedure was assessed. "Demo work permit".
- In May–June 2016, a specialised organisation conducted a training course for its own employees and employees of the contractor on safe and correct scaffolding (including scaffolding around tanks, pipelines, inside boilers, etc.).

4. Measures as Part of the Branches' Individual Health, Safety and Environment Improvement Plans for 2016 were implemented in full.

- Over 700 line managers and workers of Unipro PJSC branches received training on the topic "Safety Leaders". The training included detailed study of the Safety Leader tools. A "Memo to a Line Manager at Admission of Subordinate Staff to Work" was proposed for further use by line managers.
- The "Responsibility for Hazardous Activities" tool from the "Destination Zero" programme was also introduced. Heads of structural units of the Company's branches were trained to use the tool. The guilt assessment reports on all high risk events are to be arranged in line with the form of "Decision Tree" approved by the commission.
- Self-assessment of the safety culture at each structural unit of the branches and in the branches as a whole was carried out using the Bradley Curve from the "Destination Zero" (zero injuries) set of corporate tools. Following the self-assessment, plans for further improvement of safety culture and improvement of the position on the "Bradley Curve" were developed at each branch.
- In order to increase the safety culture level, a competence level assessment of 66 executives of the branches was carried out using the "Knowledge River" tool of the "Destination Zero" (zero injuries) programme. Measures for transition to a higher competence level were developed according to the "River of Knowledge" tool.
- Implementation of the Long-Term Programme for asbestos removal using the equipment at Branches continues. The actual amount of asbestos-containing materials removed in 2016 was 124.9 tonnes (139%), monitoring of asbestos dust content in the working zone air proved that concentrations of asbestos fibres in the air does not exceed the Russian sanitary standard.
- In accordance with the long-term programme aimed at elimination of revealed defects of ladders and platforms for servicing technological equipment at Unipro PJSC branches, 212 defects were eliminated in 2016 (101%).
- Long-term programmes aimed at elimination of violations of occupational safety requirements when working with electricity generating plants at Unipro PJSC branches are implemented, under which 152 measures have been taken (100%).

Occupational Health and Safety Expenses

All the health and safety measures scheduled by the branches for the reporting period were implemented in full. The costs of occupational health and safety measures for the reporting period amounted to 344.2 mln roubles, which is below the value of 2015 by 7%.

Sanitary and hygienic measures and improvement of working conditions received increased funding. Charts 1 to 3 show the costs by branches for 2015 and 2016 (absolute value and per personnel unit) and cost allocation by types of occupational health and safety measures.

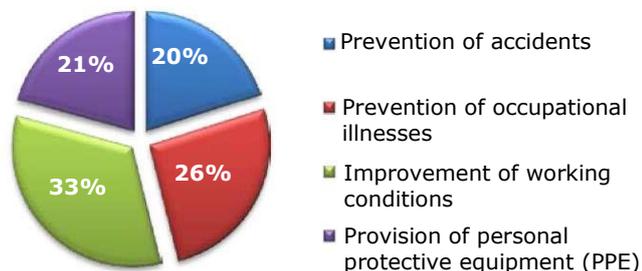
**Occupational Health and Safety Expenses 2015/2016,
'000 roubles**



**Occupational Health and Safety Expenses
2015/2016, '000 roubles / per person**



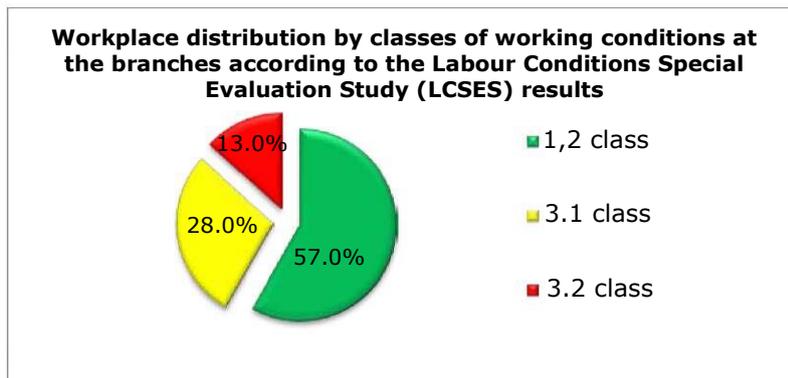
Allocation of costs by types of measures



Special Assessment of Working Conditions

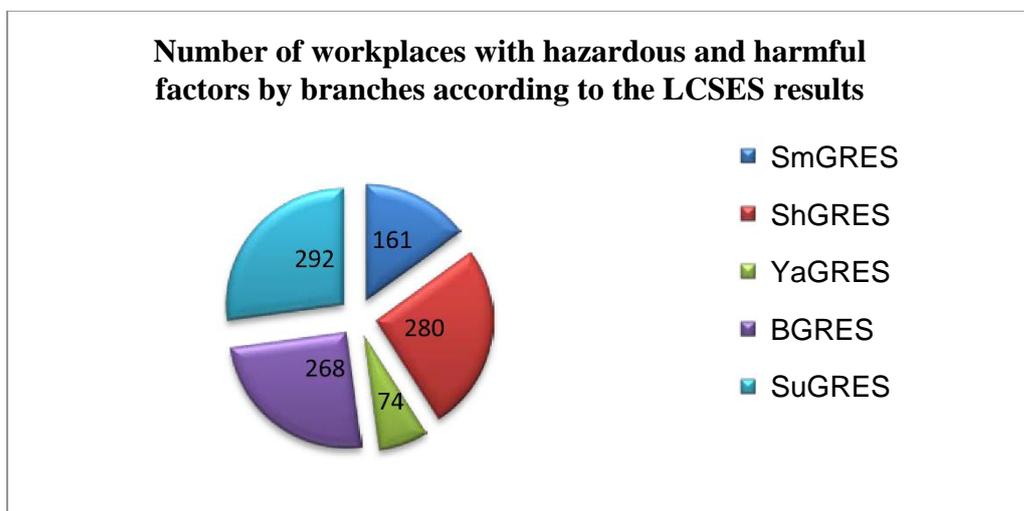
In accordance with the requirements of Federal Law No. 426-FZ dd. 28.12.2013 "On Special Assessment of Working Conditions", the EO of Unipro PJSC carried out a special assessment of working conditions in 2016. 192 workplaces were subject to the special assessment. All workplaces correspond to hazard class 1 and 2.

The diagrams show workplace distribution by classes of working conditions at the branches of Unipro PJSC.



As a result of the special assessment of working conditions, there are no workplaces with classes 3.3 and 3.4 in the Company.

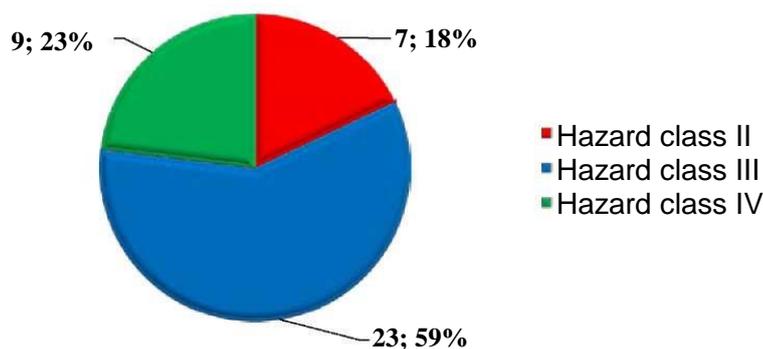
The diagram below shows the number of workplaces with hazardous and harmful factors by branches as compared with the results of the workplace evaluation.



INDUSTRIAL SAFETY

Unipro PJSC operates 39 hazardous production facilities (HPF) recorded in the state register of hazardous production facilities under the Federal Law "On Industrial Safety of Hazardous Production Facilities" with assignment of the hazard category:

HPF distribution by hazard classes



All of the hazardous production facilities are insured in accordance with the Rules of Third-Party Liability Insurance of the Owner of a Hazardous Production Facility against Damage Resulting from an Accident at the Hazardous Production Facility.

Control over operation of hazardous production facilities is arranged at Unipro PJSC in accordance with the Regulation on Production Control over Compliance with the Industrial Safety Requirements at Hazardous Production Facilities of Unipro PJSC (approved by Order of CEO of Unipro PJSC No. 196 dated 30.08.2016) and is implemented in four stages in accordance with the annual production control plan.

In compliance with the requirements of Federal Law No. 116-FZ "On Industrial Safety of Hazardous Production Facilities" dd. 21.07.1997 (Art. 11) and implementation of Resolution of the Government of the Russian Federation No. 536 as of 26 June 2013 "On Approval of the Requirements for Documented Support for Industrial Safety Management Systems" for hazardous production facilities of hazard class II operated by Unipro PJSC, the following was developed: "Statement of Unipro PJSC Policy on Industrial Safety", Regulation on the Organisation of the Industrial Safety Management System.

The Company also operates five (5) waterwork systems consisting of 107 facilities of I-IV safety levels.

All of the waterworks (WW) are registered in the Russian Register of Waterworks and are insured under the laws on mandatory third-party liability insurance of the owner of a hazardous production facility against damage resulting from an accident at the hazardous production facility.

Branches of Unipro PJSC ensure compliance with all the mandatory requirements for technical operation of WW in order to ensure serviceable condition and trouble-free operation of WW. The safety status is regularly monitored by indicators of the WW state, environmental and anthropogenic influences. Based on the data received, WW safety is regularly evaluated, and WW safety criteria and WW operation rules are developed and clarified in due time.

To ensure safe and reliable operation of the Company's hazardous production facilities in 2017, a project was launched to introduce an automated industrial safety management system allowing to effectively monitor the compliance and address legal changes related to industrial safety by providing high availability of the electrical and heat power generating equipment.

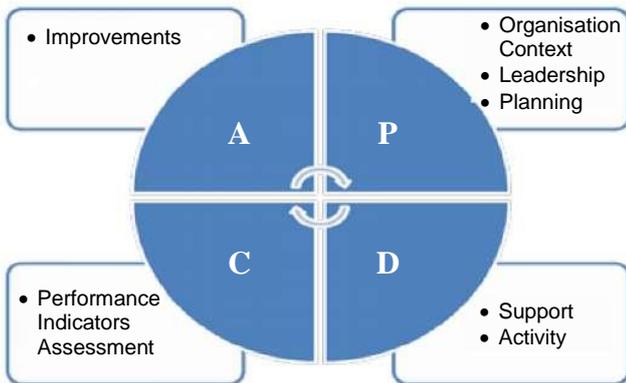
12.3. Environment Protection

In 2016, Unipro PJSC updated its environmental policy with consideration of the reforms of the environment protection legislation of the Russian Federation, as well as the requirements of a new edition of international standard ISO 14001: 2015.

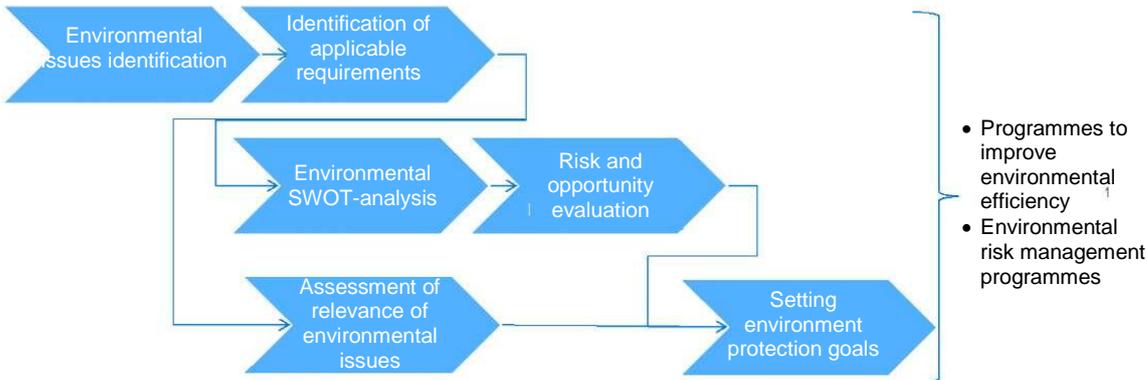
In accordance with the plan of transition to the new version of ISO 14001: 2015, we revised the key documents of the Environmental Management System (EMS) of the Company:

- Industry Standard No. PTU-R.02 Environmental Management System Guidance;
- Industry Standard No. PTU-R.04 Environmental Management System Planning Rules.

The Environmental Management System of the Company is built based on the logic of the PDCA management cycle (Deming cycle). The diagram below shows the correlation between the elements of the environmental management system in accordance with this approach.



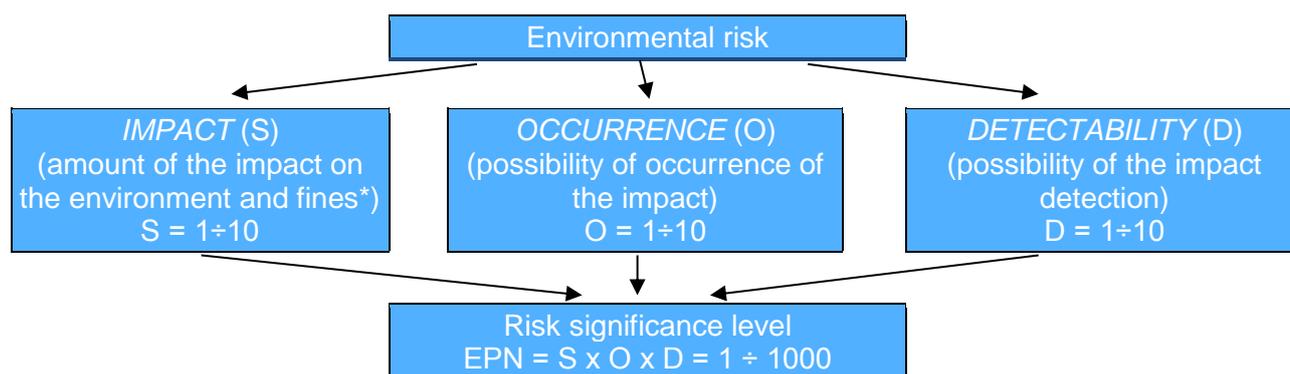
As a result of implementing the process of planning of actions to respond to the environmental issues, risks and opportunities for each branch of the Company, we developed multi-year programmes to improve environmental efficiency taking into account the requirements for switching to the best available technologies (BAT), as well as environmental risk management programmes.



The environmental risk management system is aligned with the international standards of ISO 31000 series.



Environmental risk assessment is performed using the FMEA methodology approaches.



At the end of 2016, the EMS certification audit was successfully performed by the Certification Association Russian Register, accredited by the international certification authorities — members of the International Accreditation Forum (IAF), to confirm compliance with international standard ISO 14001:2015.

Applying the risk-based approach resulted in reduction of the negative impact on the following significant environmental issues:

- Discharge of waste water from sewage treatment facilities at Berezovskaya GRES branch in Sharypovo. Introduction of the method of biological dephosphatisation of waste water with activated sludge (the return of activated sludge to the aeration tank with the supply of part of the circulating activated sludge into the incoming sewage of primary settler No. 4) created conditions for the predominant development of phosphate accumulating organisms, which resulted in an increased efficiency of phosphate removal from the wastewater entering the treatment from 0% to 85%. In addition, we implemented methods to measure the concentration of phenols and zinc in purified waste water with a lower detection limit (phenols from 0.002mg/dm³ to 0.0005mg/dm³; zinc from 0.02mg/dm³ to 0.005mg/dm³), allowing more accurate and justified performance of the industrial environmental control (IEC);

- Impact on biological resources of water intake and heat exchange water. We deployed highly efficient gabion fish protection structures at water intake for water treatment needs of Berezovskaya GRES. In addition, we carried out fish stocking of the Bereshskiy reservoir in accordance with the programme of compensatory measures. Inspection of compliance with the requirements of the environmental legislation of the Russian Federation in terms of aquatic biological resources and their habitat completed by the Yenisei Territorial Department of the Federal Fishery Agency identified no violations;

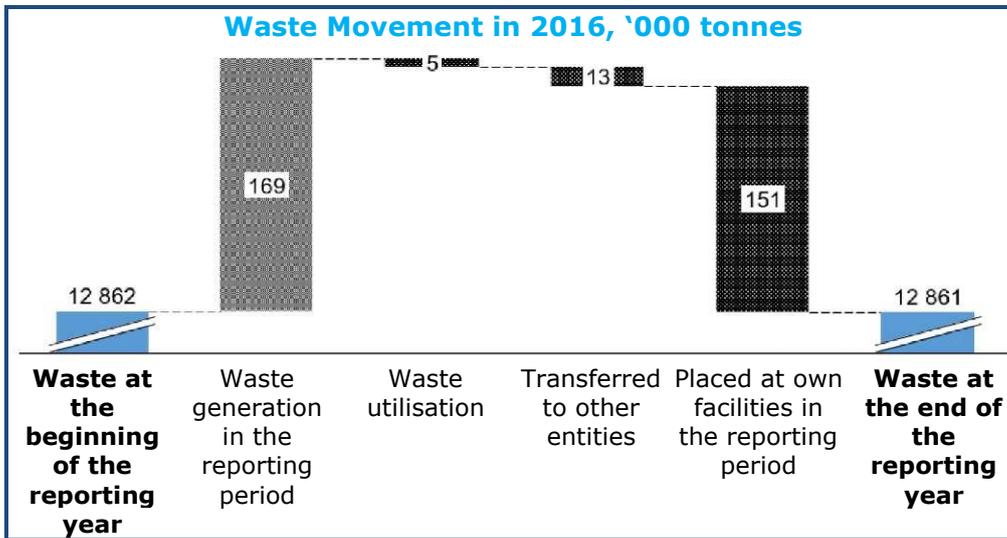
- Surgutskaya GRES-2 completed transition of the total volume of waste water of the CWTP (Chemical Water Treatment Plant) -1,2 neutraliser tanks with increased residual aluminium content to the waste disposal site registered in the state register of waste disposal sites (SRWDS); possibility of discharge of pollutants into the surface water body is excluded.

In 2016, due to decrease in electricity generation by steam-power units and due to ongoing measures to protect atmospheric air, gross emissions of pollutants (subject to regulation in the Russian Federation) into the air continued to decline from 69,200 tonnes in 2015 to 63,900 tonnes in 2016 across Unipro PJSC. The same caused the decrease in CO₂ emissions and generation of ash and slag waste. Increased emissions of nitrogen oxides are mainly due to higher fuel consumption (fuel oil), when heat is supplied from the start-up boiler (SUB) with the power units of Berezovskaya GRES are shut down. Increased volume of circulating water is related to the increase of electricity generation at Shaturskaya GRES, especially in the summer.

Emissions of pollutants in 2013–2016

| Indicators | Unit of measurement | 2013 | 2014 | 2015 | 2017 |
|---|---------------------|----------|----------|----------|----------|
| Total gross air emissions of hazardous substances | '000 tonnes | 80.9 | 70.0 | 69.2 | 63.9 |
| Solid fuel ash | '000 tonnes | 2.0 | 1.8 | 1.8 | 1.6 |
| Gaseous and liquid | '000 tonnes | 78.9 | 68.2 | 68.6 | 63.6 |
| Including | | | | | |
| Sulphur dioxide | '000 tonnes | 9.7 | 9.1 | 9.3 | 8.3 |
| Carbon oxide | '000 tonnes | 22.2 | 17.3 | 14.2 | 11.8 |
| Nitrogen oxide | '000 tonnes | 48.5 | 43.2 | 43.3 | 43.5 |
| CO ₂ | '000 tonnes | 35,287.7 | 33,140.4 | 30,113.5 | 29,389.7 |

| | | | | | |
|------------------------|--------------------|---------|---------|---------|---------|
| CO ₂ | g/kWh (output) | 581.3 | 580.2 | 582.0 | 559 |
| Ash and slag wastes | '000 tonnes | 227.8 | 192.9 | 199.4 | 145.2 |
| Recyclable water | mln m ³ | 7,497.6 | 7,394.1 | 6,262.2 | 6,803.4 |
| Electricity generation | mln kW·h. | 62,995 | 59,238 | 53,766 | 54,530 |



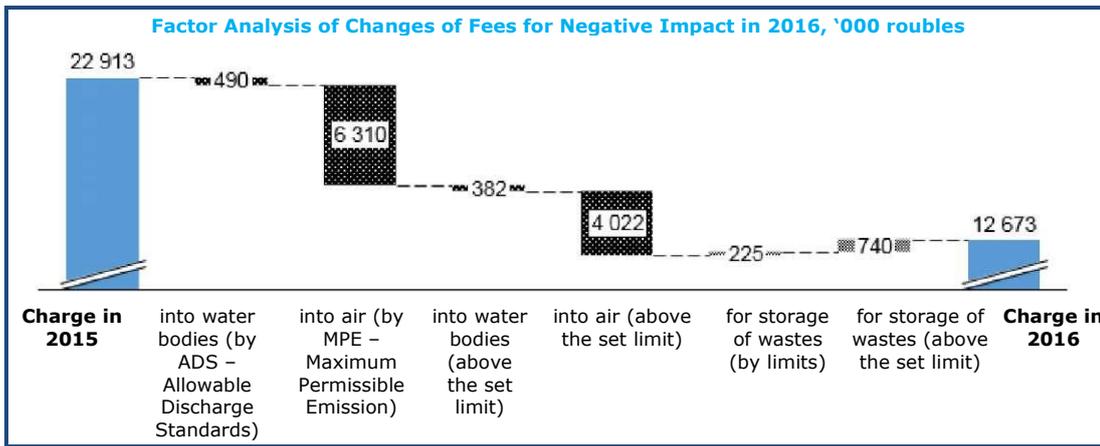
The bulk of waste formed in the Company belongs to the 4th and 5th hazard category:

Ash and slag waste from burning coal of **hazard class 4** is stored at the Company's own facilities (ash disposal areas), for which a license for the hazard class 4 waste storage was obtained.
Ash and slag waste from burning coal of **hazard class 5** is stored at our own facilities (ash disposal areas) with no licensing required.

The higher hazard category wastes were generated in significantly smaller volumes:

- 1) The sludge of oil and refined products of the **3rd hazard category** are transferred for use as lubricants or transferred for neutralisation (combustion) to specialised licensed companies.
- 2) The **2nd hazard category** wastes (accumulator sulphuric acid and sulfuric acid electrolyte sludge) are neutralised in neutralising tanks of chemical shops, for which the appropriate license for neutralisation of the 2nd hazard category waste was obtained.
- 3) The **1st hazard category** waste (mostly mercury containing wastes) – used fluorescent lamps, mercury thermometers, and other meters – are transferred to licensed companies for neutralisation (de-mercurisation).

Under the applicable law of the Russian Federation, there are two main concepts – waste **accumulation** (storage at a production site for up to 11 months) and disposal. In this case, **disposal** may have the nature of waste **burial** or **storage** for the purpose of subsequent use. All the branches of the Company have waste disposal facilities for **storage**. In this connection, there are accumulated wastes as of the beginning and the end of the period. A centralised license for disposal and neutralisation of wastes of hazard category classes from 1 to 4 was obtained for the sites where the wastes of the 2nd or 4th hazard category classes are disposed. Therefore, the disposal meets the applicable legal requirements.



In 2016, the negative impact fee has decreased significantly mainly due to the following above-limits payments decrease:

- At Surgutskaya GRES-2: caused by removal of exceedance of the maximum one-time concentration of nitrogen oxides from Power Unit No. 6 due to reduced load of induced draft fans for exhaust gas recirculation by a technical order to reduce reheat temperature in order to maintain the third bleed temperature; In addition, the discharge of contaminated waste water from the CWTP-1,2 neutraliser tanks was avoided by their transfer to the sludge accumulator;
- At Shaturskaya GRES: the decrease in environmental payments in the reporting year as compared to the previous year amounted to 2,169,165,000 roubles and, basically, this was due to the approval of a new MPE draft and the reduction of over-the-limit payments for emissions into the air, which amounted to 2,885.88 roubles, whereas due to the failure to agree the new Project of Norms of Waste Generation and Limits of Their Disposal (PNWGLD), the increase of the fee for the over-the-limit disposal of waste amounted to 739,740 roubles.
- At Berezovskaya GRES: the decrease of payment for allowable and over-the-limit discharges of pollutants into the water body is related to the deployment of the method of biological dephosphotisation of waste water with activated sludge (the return of activated sludge to the aeration tank with the supply of part of the circulating activated sludge into the incoming sewage of primary settler No. 4). This scheme of active sludge circulation made it possible to create conditions for predominant development of phosphates accumulating organisms, which resulted in the increase in the efficiency of removal of phosphates from the wastewater entering the treatment from 0% to 85%, and we introduced methods to measure the concentration of phenols and zinc in purified sewage with lower detection limit (phenols from 0.002mg/dm³ to 0.0005mg/dm³; zinc from 0.02mg/dm³ to 0.005mg/dm³).

In addition, the decrease of environmental payments was due to changes of the laws of the Russian Federation. According to Government Resolution No. 913 dd. 13.09.2016, the rates of fees increased, but the ecological significance ratios and inflation rate were cancelled.

12.4. Corporate and Social Responsibility



Dmitry Valeryevich Ermilichev
Director for Public Affairs and Government Relations
Unipro PJSC

The key task of the Press Centre is to support the positive reputation of the Company as a stable and reliable partner. A lot is done in the field of relations with government bodies, business associations, media representatives, investment community and other stakeholders.

In 2016, the structure of the Press Centre changed – a new separate function Internal Communications was created, the Company's Management Board prepared and approved the strategy of internal communications, and developed a work plan for the coming years.

One of the functions of the external and internal communications unit is the positioning and promotion of the Company's brand. In 2016, we successfully implemented a large-scale project to rename the company from E.ON Russia JSC in Unipro PJSC, and we carried out work to create a new corporate identity and rebrand the Moscow representative office and the Company's branches in the regions.

Unipro PJSC, as a socially-oriented company, keeps paying great attention to projects aimed at improving the quality of life of local communities in the regions where it operates. Children with special needs, disadvantaged groups of the population and veterans received assistance and support from the Company in 2016, we implemented programmes in the field of health and sports, education and culture.

For example, Unipro jointly with Orpheus Radio Station continued restoration of musical works of undeservedly forgotten Russian composers, valuable music notations referred to the category of book monuments. Unipro PJSC traditionally supported a number of concert performances of the country's oldest choir – the Moscow Synodal Choir. On 30 June 2016, for the first time in Moscow the Chamber Theatre named after B. A. Pokrovsky staged the opera *Ariadne auf Naxos* by Richard Strauss, its production was supported by Unipro. The Company also rendered financial support to the XX International Festival *Competizione dell'Opera*, which was held in Moscow in autumn. Unipro allocated funds to the Museum-Estate of V. I. Surikov for preparation and printing of an illustrated catalogue of paintings and exhibits stored in the house museum in Krasnoyarsk, where the great Russian artist was born and spent his youth.

Traditionally, Unipro will continue to implement social and charity programmes in the areas of education, health and sports in the regions of its presence.

Following the traditions of Uniper Group, Unipro PJSC strives to abide by the principles of charity and sponsorship policy aimed at improving the quality of living for the population in the regions of the Company's presence.

In 2016, the Company allocated more than 35 mln roubles to implementation of charity projects in the following areas:

1. Educational projects;
2. Health care projects;
3. Culture and sports projects;
4. Support to veterans of wars and armed conflicts, power industry veterans, low-income people, and people with disabilities.

Educational Projects

As part of the comprehensive target programme for training young specialists – "Career Begins at School" – making it possible to combine studies at school or university and further work at the Company's plants, more than 2 mln roubles was allocated to further equip, repair, develop, pay salaries to the teaching staff, work in laboratories, and encourage the best students of thematic energy classes in the regions of presence of Unipro PJSC in 2016.

As in previous years, Unipro funded procurement of the necessary equipment for teaching and play rooms, renovation of premises at kindergartens, equipment of children's playgrounds and schools, and holding exhibitions of works made by special needs children. Thus, in 2016, Smolenskaya GRES allocated funds for repair of the swimming pool at Ozernenskaya Secondary School of General Education No. 1.

Health Care Projects

Unipro PJSC supports various medical institutions on an annual basis in order to renovate and equip them with the latest medical equipment.

With the financial support by Berezovskaya GRES, Sharypovo City Hospital acquired an ambulance car to replace the old one that was out of service, and bought a mobile X-ray unit in 2016. 500,000 roubles was allocated for the purchase of specialised equipment and tools for the Krasnoyarsk Regional Oncology Dispensary.

Surgutskaya GRES-2 of Unipro PJSC paid for treatment, purchase of a simulator and a bicycle for three small patients with cerebral palsy for the amount above five hundred thousand roubles.

Berezovskaya GRES allocated funds to purchase game and sports complexes for equipping a children's playground in Lesnaya Skazka summer recreation camp, where children from poor families and children from an orphanage for minors spend their vacations.

Shaturskaya GRES made its best efforts to provide charitable assistance to a special boarding school and a social rehabilitation centre to purchase New Year's gifts for minors. Shaturskaya GRES allocated funds to purchase play furniture and equipment for kindergartens No. 28 and No. 5, and sports equipment for Stimul Club for Disabled Persons.

Smolenskaya GRES supported the annual project named "The Brightest Christmas Tree" for children of the social rehabilitation centre "Lastochka". It also allocated funds for the repair and equipment of kindergartens ("Skazka" and "Kolokolchik") and special boarding school No. 2. Berezovskaya GRES financed equipment, improvement, and landscaping of the playground around Sharypovo District Children and Teenage Centre No. 35.

The campaign named "Charity Instead of Gifts" held jointly with the Galchonok Foundation has already become a tradition. As part of the campaign, the Company stopped buying corporate Christmas presents and sends the money saved to help children with severe diseases of the central nervous system. In 2016, the children's families received support worth 1 mln roubles for treatment and acquisition of indispensable equipment, as well as social and psychological support.

Unipro PJSC has been participating in the charity programme named "Books for Vision-Impaired Children" through the Fund "Illustrated Books for Little Blind Children" for eleven years already. With the Company's funding in 2016, visually-impaired children received support, as part of which children's specialised institutions of Perm, Berezniki, Krasnoyarsk, Smolensk, Surgut and Shatura received 157 unique sets of illustrated touch-and-feel books with microcodes and special pencils. 60 kits were sent to the Krasnoyarsk specialised boarding school for blind and visually impaired children.

Culture and Sports Projects

In 2016, the Company continued its activities to provide financial support to cultural projects that have the national and international significance: revival of the oldest professional musical ensemble known since the time of Peter the Great – the Moscow Synodal Choir; Support to the project of restoration of the old scores and forgotten musical works of the famous Russian composers in collaboration with Orpheus Radio Station.

The Company takes part in regional social life, pays much attention to improvements and landscaping, and assists in preservation of historical and cultural heritage on an annual basis.

In 2016, Berezovskaya GRES branch financed the costs of the regional Youth Centre for improvement and planting vegetation of social facilities in Sharypovo, and also allocated funds to the Museum-Estate of V. I. Surikov for design and printing of an illustrated catalogue of paintings and exhibits stored in the house museum, where the great Russian artist was born and spent his youth. The album "The House in Blagoveshchenskaya Street" is the only publication so far devoted to the history and today's life of the Museum-Estate of V. I. Surikov in Krasnoyarsk; Smolenskaya GRES branch made a charity donation for repair of the foyer and the assembly hall of the Ozernenskaya Children's Art School, Ozernensky Energetik Culture Centre purchased a music centre and a drum set.

Support to development of sports is one of priorities of the Company's charity and sponsorship activities.

In 2016, Berezovskaya GRES branch of Unipro PJSC rendered support to the Centre for Physical Education and Sports Training with the aim to organise an annual mini-football tournament among Sharypovo school teams for the prize of Berezovskaya GRES.

As the only local economic mainstay, Smolenskaya GRES allocates funds for development of sports in the region, from year to year supporting the Children's Social Organisation of the Taekwondo Federation in the Smolensk Region. In 2016, training vests, helmets, protectors and other gear were purchased for Taekwondo practitioners of Dukhovshchinsky District.

Yaivinskaya GRES branch of Unipro PJSC provided support to the children's school of sambo and judo of Yaiva Settlement.

Shaturskaya GRES traditionally finances organisation of tournaments and purchase of equipment for the local football team "Energiya" (the team participates and wins prizes in the district, regional, and international competitions).

Support to Veterans of Wars and Armed Conflicts, Power Industry Veterans, Low-Income People and People with Disabilities

Assistance to people with disabilities has traditionally been a priority area of Unipro PJSC social policy.

Last year, as part of this focus area, Berezovskaya GRES took an active part in a multi-year social and charitable programme named "Sharypovo District – Territory of Equal Opportunities" and allocated 1 mln roubles to purchase computers for low-income disabled people and to compensate children with disabilities for social taxi costs.

All the branches of Unipro PJSC assist veterans and war participants annually.

13. CONTACT INFORMATION

General Information

Full business name: Unipro Public Joint Stock Company
Abbreviated business name: Unipro PJSC
Address: Building 34, 23 Energostroiteley Street, Surgut, Khanty-Mansi Autonomous Area – Yugra, Tyumen Region, Russian Federation
Mailing address: Floor 23, Block B, 10 Presnenskaya Emb., Moscow, 123112

Telephone: (495) 545 38 38
Fax: (495) 545 38 39
<http://www.unipro.energy/>
E-mail: info@unipro.energy

Details of persons in charge of dealing with shareholders

Victoria Gusmanovna Yareeva
Telephone: (495) 545 38 38, ext. 4857

Olga Vladimirovna Sokolova
Telephone: (495) 545 38 38, ext. 4864

Irina Vladimirovna Zhuchkova
Telephone: (495) 545 38 38, ext. 4870

Fax: (495) 545 38 39
E-mail: IR@UNIPRO.ENERGY

Press Centre

Dmitry Valeryevich Ermilichev, Director for PR & GR

Telephone: (495) 545 38 49

Fax: (495) 545 38 39
E-mail: PR@UNIPRO.ENERGY

Details of the Registrar

Full business name of the Registrar: R.O.S.T. Registrar Joint Stock Company
Abbreviated business name: R.O.S.T. Registrar JSC
Register Maintenance License No. 10-000-1-00264 issued by the Federal Commission for the Securities Market (the Federal Financial Markets Service) of Russia on 03 December 2002

Location: Building 13, 18 Stromynka Street, Moscow
Mailing address: P.B. 9, 18 Stromynka Street, Moscow, 107996

Telephone: (495) 771-73 35, (495) 771 73 36
Fax: (495) 771 73 34
www.rrost.com
E-mail: rost@rrost.ru

Details of the Auditor

Full business name: PricewaterhouseCoopers Audit Joint Stock Company

Member of Russian Audit Chamber Non-Profit Partnership (RAC NPP), a self-regulating company of auditors, with No. 870 in the register of RAC NPP members.
The primary registration number of the entry (ORNZ) in the register of auditors and audit companies is 10201003683.

Address: 10, Butyrsky Val Street, White Square Business Centre, Moscow, Russia
Mailing address: 10/10 Butyrsky Val Str., Moscow, 125047, Russia

Telephone: (495) 967 60 00

Fax: (495) 967 60 01
www.pwc.com

Annex 1 – Financial Statements of Unipro PJSC for 2016

Below is the wording of the auditor’s opinion of PricewaterhouseCoopers Audit JSC on the financial statements of Unipro PJSC for 2016. These financial statements are not included into this Annual Report in full.

This auditor’s opinion is only applicable to Unipro PJSC financial statements for 2016 in full.

A copy of the financial statements of Unipro PJSC for 2016 is fully published at the Company’s web site

<http://www.unipro.energy/>

[HTTP://WWW.EON-RUSSIA.RU/](http://WWW.EON-RUSSIA.RU/)in the section “Investor and Shareholders Relations / Reports / Financial Statements” and at the web site http://www.e-disclosure.ru/portal/company.aspx?id=7878_



Auditor's Opinion

To the shareholders of Unipro Public Joint Stock Company:

Audited entity

Unipro Public Joint Stock Company

Certificate of Making an Entry to the Unified State Register of Legal Entities on incorporation of a legal entity No. 1058602056985 dated 04 March 2005 was issued by the Surgut Federal Tax Service Inspectorate of Khanty-Mansi Autonomous Area – Ugra

23, Energostroiteley Street, Bldg 34, Surgut, Khanty-Mansi Autonomous Area – Yugra, Tyumen Region, 628406, Russian Federation

Auditor

PricewaterhouseCoopers Audit Joint Stock Company (PwC Audit JSC) located at 10 Butyrsky Val, Moscow, 125047, Russian Federation

Certificate of State Registration of a Joint Stock Company No. 008.890 issued by the Moscow Registration Chamber on 28 February 1992.

Certificate of Making an Entry to the Uniform State Register of Legal Entities on a Legal Entity Registered before 01 July 2002 No. 1027700148431 dated 22 August 2002 issued by Inter-District Inspectorate of the Ministry for Taxes and Levies of the Russian Federation No. 39 for Moscow.

Member of the self-regulatory organisation of auditors Russian Union of Auditors (Association).

Primary registration number of the entry (ORNZ) in the register of auditors and audit companies – 11603050547.

*PricewaterhouseCoopers Audit Joint Stock Company (PwC Audit JSC)
10, Butyrsky Val Street, White Square Business Centre, Moscow 125047, Russia
T: +7(495)967-6000, F: +7(495)967-6001, www.pwc.ru*



Auditor's Report

To the shareholders of Unipro Public Joint Stock Company:

We have audited the enclosed financial statements of Unipro Public Joint Stock Company (hereinafter – Unipro PJSC), comprising the Balance Sheet as of 31 December 2015, Income Statement, Statement of Changes in Equity, and Cash Flow Statement for 2016, and notes to the Balance Sheet and the Income Statement (hereinafter all of the statements are collectively referred to as the "Financial Statements").

Responsibility of Unipro PJSC for the Financial Statements

The top management of Unipro PJSC is responsible for drafting and reliability of the said Financial Statements in accordance with the accounting rules established in the Russian Federation and for the internal control system as required for drafting the Financial Statements that are free from material misstatements due to fraud or error.

Auditor's Responsibility

Our responsibility consists in expressing the opinion on reliability of the Financial Statements based on our audit. We have conducted our audit in accordance with the federal auditing standards. These standards require compliance with the applicable ethical standards, as well as planning and holding the audit so as to gain reasonable assurance that the Financial Statements are free from material misstatements.

The audit included the auditing procedures aimed at obtaining audit evidence confirming the figures in the financial statements and disclosures in them. The choice of auditing procedures is the matter of our judgment, which is based on assessing the risk of material misstatements committed due to fraud or error. When assessing this risk, we considered the internal control system that ensures drafting and reliability of the financial statements, in order to select the appropriate audit procedures, but not to express the opinion on efficiency of the internal control system. Our audit also comprised the assessment of the appropriateness of the applicable accounting policy and the substantiation of the estimates obtained by the top management of Unipro PJSC, as well as the assessment of presentation of the financial statements in general.

We believe that the audit evidence obtained in the audit gives sufficient grounds for expressing the opinion on reliability of the financial statements.



Auditor's Opinion

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of Unipro PJSC as of 31 December 2016, its financial and economic performance, and cash flow for 2016 according to the accounting rules applicable in the Russian Federation.

Senior Manager

/Signature/ [Seal]

G. R.
Khabirova

PricewaterhouseCoopers Audit Joint Stock Company

21 March 2017

Balance Sheet
as of 31 December 2016

Company UNIPRO PJSC
Taxpayer's Identification Number
Type of economic activity Electric power generation by thermal power plants
Legal form of the company / type of ownership Public Joint Stock Company / Joint private and foreign ownership
Unit of measurement: ths. roubles
Location (address) 23 Energostroiteley Str., bldg 34,
Surgut, Tyumen Region, Khanty-Mansi Autonomous Area – Yugra, 628406

| | |
|--------------------|------------|
| | Codes |
| OKUD Form | 0710001 |
| (day, month, year) | 31/12/2016 |
| OKPO | 76828204 |
| INN | 8602067092 |
| OKVED | 35.11.1 |
| OKOPF / OKFS | 12247/34 |
| OKEI | 384 |

| Notes | Description | Line code | as of 31 December 2016 | as of 31 December 2015 | as of 31 December 2014 |
|-----------------------|--|-----------|------------------------|------------------------|------------------------|
| 1 | 2 | 3 | 4 | 5 | 6 |
| | ASSETS | | | | |
| | I. NON-CURRENT ASSETS | | | | |
| Vol. 2.1.2.3, cl. 3.2 | Fixed assets | 1150 | 92,800,791 | 101,513,018 | 96,847,287 |
| | Including: | | | | |
| Vol. 2.2, cl. 3.4 | Under construction | 1151 | 6,580,260 | 7,310,298 | 40,113,187 |
| Vol. 3.1, cl. 3.5 | Long-term financial investments | 1170 | 1,974,305 | 1,927,296 | 840,012 |
| cl. 3.6 | Other non-current assets | 1190 | 55,847 | 53,746 | 68,956 |
| | Total Section I | 1100 | 94,830,943 | 103,494,060 | 97,756,255 |
| | II. CURRENT ASSETS | | | | |
| Vol. 4.1, cl. 3.7 | Inventories | 1210 | 6,989,133 | 5,997,264 | 5,168,289 |
| | Including: | | | | |
| Vol. 4.1, cl. 3.7 | Raw material, materials and other similar values | 1211 | 6,989,133 | 5,997,071 | 5,168,288 |
| | Value added tax on acquired assets | 1220 | 24,686 | 2,710 | 160,811 |
| Vol. 5.1, cl. 3.9 | Receivables | 1230 | 14,733,711 | 8,213,247 | 6,911,307 |
| | Including: | | | | |
| Vol. 5.1, cl. 3.9 | Long-term debt | 1231 | 249,394 | 237,997 | 207,059 |
| Vol. 5.1, cl. 3.9 | Short-term debt | 1232 | 14,484,317 | 7,975,250 | 6,704,248 |
| | Including: | | | | |
| Vol. 5.1, cl. 3.9 | Buyers and customers | 1233 | 5,366,350 | 5,743,266 | 4,315,516 |
| Vol. 5.1, cl. 3.9 | Advances paid | 1234 | 8,630,830 | 638,587 | 1,427,127 |
| Vol. 3.1, cl. 3.10 | Short-term financial investments (except for monetary equivalents) | 1240 | 1,069,857 | 152,964 | 2,097,437 |
| Cl. 3.11 | Cash and cash equivalents | 1250 | 1,526,072 | 9,356,387 | 12,992,586 |
| Cl. 3.8 | Other current assets | 1260 | 109,744 | 159,017 | 272,526 |
| | Total Section II | 1200 | 24,453,203 | 23,881,589 | 27,602,956 |
| | TOTAL | 1600 | 119,284,146 | 127,375,649 | 125,359,211 |

| Notes | Description | Line code | as of 31 December 2016 | as of 31 December 2015 | as of 31 December 2014 |
|--------------------------|-------------------------------------|-----------|------------------------|------------------------|------------------------|
| 1 | 2 | 3 | 4 | 5 | 6 |
| | LIABILITIES | | | | |
| | III. SHAREHOLDERS' FUNDS | | | | |
| Cl. 3.13 | Authorized capital | 1310 | 25,219,482 | 25,219,482 | 25,219,482 |
| | Revaluation of non-current assets | 1340 | 456,433 | 463,673 | 464,937 |
| | Added capital (without revaluation) | 1350 | 40,969,311 | 40,969,311 | 40,969,311 |
| Cl. 3.13 | Reserve capital | 1360 | 1,260,974 | 1,260,974 | 1,260,974 |
| | Retained earnings (uncovered loss) | 1370 | 35,705,857 | 44,790,587 | 46,715,269 |
| | Total Section III | 1300 | 103,612,057 | 112,704,027 | 114,629,973 |
| | IV. LONG-TERM LIABILITIES | | | | |
| | Deferred tax liabilities | 1420 | 6,046,218 | 6,443,009 | 4,430,282 |
| Vol. 5.3 | Other liabilities | 1450 | - | - | 66 |
| | Total Section IV | 1400 | 6,046,218 | 6,443,009 | 4,430,348 |
| | V. SHORT-TERM LIABILITIES | | | | |
| Vol. 5.3, cl. 3.12, 3.20 | Short-term loan liabilities | 1510 | 2,307,756 | - | - |
| Vol. 5.3, cl. 3.12, 3.20 | Payables | 1520 | 5,059,835 | 6,937,129 | 5,190,334 |
| | Including: | | | | |
| Vol. 5.3, cl. 3.12 | Payables to suppliers | 1521 | 3,549,669 | 4,090,793 | 3,744,833 |
| Vol. 5.3, cl. 3.12, 3.20 | Taxes and charges payable | 1522 | 810,216 | 2,009,586 | 837,430 |
| Vol. 7, cl. 3.22 | Estimated liabilities | 1540 | 999,106 | 1,291,186 | 1,106,240 |
| Cl. 3.12 | Other short-term liabilities | 1550 | 1,259,174 | 298 | 2,316 |
| | Total Section V | 1500 | 9,625,871 | 8,228,613 | 6,298,890 |
| | TOTAL | 1700 | 119,284,146 | 127,375,649 | 125,359,211 |

Head /Signature/ M. G. Shirokov Chief Accountant /Signature/ E. A. Dubtsova
Signature Printed name Signature Printed name

21 March 2017

**Income Statement
for 2016**

Company UNIPRO PJSC
Taxpayer's Identification Number
Type of economic activity
Electric power generation by thermal power plants
Legal form of the company / type of ownership
Public Joint Stock Company / Joint private and foreign ownership
Unit of measurement: ths. roubles

| | |
|-------------------------|------------|
| | Codes |
| OKUD Form | 0710002 |
| Date (day, month, year) | 31/12/2016 |
| OKPO | 76828204 |
| INN | 8602067092 |
| OKVED | 35.11.1 |
| OKOPF / OKFS | 12247/34 |
| OKEI | 384 |

| Notes | Description | Line code | For 2016 | For 2015 |
|---------------------|--|-----------|--------------|--------------|
| 1 | 2 | 3 | 4 | 5 |
| Cl. 3.14 | Revenue | 2110 | 81,129,577 | 78,618,786 |
| Vol. 6, cl. 3.15 | Cost of sales | 2120 | (63,885,363) | (60,664,553) |
| | Gross profit (loss) | 2100 | 17,244,214 | 17,954,233 |
| | Profit (loss) from sales | 2200 | 17,244,214 | 17,954,233 |
| | Interest receivable | 2320 | 687,174 | 1,088,989 |
| | Interest payable | 2330 | (126,390) | (136,731) |
| Cl. 3.16 | Other income | 2340 | 7,980,525 | 10,049,061 |
| Cl. 3.16 | Other costs | 2350 | (12,202,865) | (9,185,161) |
| | Profit (loss) before taxes | 2300 | 13,582,658 | 19,770,391 |
| Cl. 3.17 | Current income tax | 2410 | (3,020,534) | (1,775,102) |
| Cl. 3.17 | Including Permanent tax liabilities (assets) | 2421 | 330,946 | (54,615) |
| Cl. 3.17 | Change of deferred tax liabilities | 2430 | 89,195 | (2,007,562) |
| Cl. 3.17 | Change of deferred tax assets | 2450 | 25,770 | 981 |
| Cl. 3.17 | Other | 2460 | (187,066) | (442,963) |
| | Net profit (loss) | 2400 | 10,490,023 | 15,545,745 |

| Notes | Description | Line code | For 2016 | For 2015 |
|----------|---|-----------|------------|------------|
| 1 | 2 | 3 | 4 | 5 |
| | FOR REFERENCE | | | |
| | Result from revaluation of non-current assets not included in net profit (loss) of the period | 2510 | - | - |
| | Result from other transactions not included in net profit (loss) of the period | 2520 | - | - |
| | Combined fiscal effect of the period | 2500 | 10,490,023 | 15,545,745 |
| Cl. 3.19 | Basic profit (loss) per share, roubles | 2900 | 0.1664 | 0.2466 |

Head /Signature/ M. G. Shirokov Chief Accountant /Signature/ E. A. Dubtsova
Signature Printed name Signature Printed name

21 March 2017

**Cash Flow Statement
for 2016**

UNIPRO PJSC
Taxpayer's Identification Number
Type of economic activity Electric power generation by thermal power plants

Legal form of the company / type of ownership Public Joint Stock Company / Joint private and foreign ownership
Unit of measurement: ths. roubles

| | |
|-------------------------|------------|
| | Codes |
| OKUD Form | 0710004 |
| Date (day, month, year) | 31/12/2016 |
| OKPO | 76828204 |
| INN | 8602067092 |
| OKVED | 35.11.1 |
| OKOPF / OKFS | 12247/34 |
| OKEI | 384 |

| Notes | Description | Line code | For 2016 | For 2015 |
|----------|---|-----------|--------------|--------------|
| 1 | 2 | 3 | 4 | 5 |
| | Operating cash flows | | | |
| | Total receipts | 4110 | 85,628,153 | 81,396,391 |
| | Including: | | | |
| | From sales of products, goods, work and services | 4111 | 79,925,807 | 76,952,879 |
| | Rental payments, license fees, royalty, commission, and other similar payments | 4112 | - | - |
| | From resale of financial investments | 4113 | - | - |
| | Other receipts | 4119 | 5,702,346 | 4,443,512 |
| | Total payments | 4120 | (65,269,833) | (59,931,649) |
| | Including: | | | |
| | To suppliers (contractors) for raw material, materials, works, services | 4121 | (52,688,538) | (47,221,517) |
| | In connection with salary payment to employees | 4122 | (4,917,648) | (4,549,663) |
| | Interest on debt liabilities | 4123 | (118,633) | (128,485) |
| | Corporate income tax | 4124 | (1,976,962) | (3,508,188) |
| Cl. 3.11 | other payments | 4129 | (5,569,052) | (4,523,796) |
| | Balance of operating cash flows | 4100 | 20,358,320 | 21,464,742 |
| | Investment cash flows | | | |
| | Total receipts | 4210 | 852,593 | 5,393,765 |
| | Including: | | | |
| | From sale of non-current assets (except for financial investments) | 4211 | 4,626 | 28,431 |
| | From sale of shares in other companies (participatory interests) | 4212 | - | - |
| | From return of provided loans, from sale of debt securities (monetary claims against other persons) | 4213 | 152,762 | 4,509,533 |
| | Dividends, interest on debt financial investments, and similar receipts from a stake in other companies | 4214 | 694,697 | 510,321 |
| | from closing of deposits | 4215 | - | 347,501 |
| | Other receipts | 4219 | 508 | 2,979 |
| | Total payments | 4220 | (11,248,603) | (14,061,001) |
| | Including: | | | |
| | In connection with acquisition, creation, upgrading, reconstruction, and preparation for use of non-current assets | 4221 | (10,738,377) | (10,909,019) |
| | In connection with acquisition of shares of other companies (participatory interests) | 4222 | (337,800) | (850,500) |
| | In connection with acquisition of debt securities (monetary claims against other persons), provision of loans to other persons | 4223 | (156,383) | (2,256,650) |
| | Interest on liabilities included in the investment asset value | 4224 | - | - |
| | Placement of money in deposits | 4225 | - | - |
| Cl. 3.11 | Other payments | 4229 | (16,043) | (44,832) |
| | Balance of investment cash flows | 4200 | (10,396,010) | (8,662,236) |
| | Financial cash flows | | | |
| | Total receipts | 4310 | 3,405,012 | 2,400,000 |
| | Including: | | | |
| | Receipt of credits and loans | 4311 | 3,405,012 | 2,400,000 |
| | Cash deposits of owners (participants) | 4312 | - | - |
| | From the 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 | (20,721,905) | (19,798,891) |
| | 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 | - | - |
| | For payment of dividends and making other payments in order to allocate profit for the benefit of owners (participants) | 4322 | (19,616,893) | (17,398,891) |
| | In connection with the repurchase of bills and other debt securities, repayment of credits and loans | 4321 | (1,105,012) | (2,400,000) |
| | Other payments | 4329 | - | - |
| | Balance of financial cash flows | 4300 | (17,316,893) | (17,398,891) |
| | Balance of cash flows for the reporting period | 4400 | (7,354,583) | (4,596,385) |
| | Balance of cash and cash equivalent as of the beginning of the reporting period | 4430 | 9,356,387 | 12,992,576 |
| | Balance of cash and cash equivalent as of the end of the reporting period | 4500 | 1,526,072 | 9,356,387 |
| | Effect of changes in the foreign exchange rate to rouble | 4490 | (475,732) | 960,196 |

Head /Signature/ M. G. Shirokov
Signature Printed name

Chief Accountant /Signature/ E. A. Dubtsova
Signature Printed name

21 March 2017

Notes to the Balance Sheet and Income Statement, ths. roubles

2. Fixed assets

2.1. Availability and movement of fixed assets

| Description | Line code | Period | As of the beginning of the year | | Changes for the period | | | | | | As of the end of the period | |
|---|-----------|--------|---------------------------------|--------------------------|------------------------|----------------------|-------------|----------------------|---------------|--------------------------|-----------------------------|--------------------------|
| | | | Historic cost | Accumulated depreciation | Received | Withdrawn facilities | | Accrued depreciation | Revaluation | | Historic cost | Accumulated depreciation |
| | | | | | | Cost | Accumulated | | Historic cost | Accumulated depreciation | | |
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 |
| Fixed assets (without investments in tangible assets) – in total | 5200 | 2016 | 131,290,032 | (37,087,312) | 5,093,953 | (6,521,040) | 180,122 | (6,735,225) | - | - | 129,862,945 | (43,642,414) |
| | 5210 | 2015 | 87,036,198 | (30,302,098) | 44,309,212 | (136,378) | (65,731) | (6,850,944) | - | - | 131,290,032 | (37,087,312) |
| Including: | | | | | | | | | | | | |
| Buildings | 5201 | 2016 | 27,946,187 | (3,383,085) | 1,319,222 | (1,235,324) | 14,458 | (673,897) | - | - | 28,030,085 | (4,042,524) |
| | 5211 | 2015 | 21,242,066 | (2,638,932) | 6,706,952 | (2,831) | 812 | (744,965) | - | - | 27,946,187 | (3,383,085) |
| Structures and transmitters | 5202 | 2016 | 16,758,446 | (4,327,172) | 661,837 | (287,740) | 24,580 | (751,768) | - | - | 17,132,543 | (5,054,360) |
| | 5212 | 2015 | 13,080,444 | (3,605,305) | 3,686,113 | (8,111) | 4,818 | (726,685) | - | - | 16,758,446 | (4,327,172) |
| Machinery and equipment | 5203 | 2016 | 86,041,758 | (29,060,494) | 3,043,432 | (4,979,269) | 124,620 | (5,236,312) | - | - | 84,105,921 | (34,172,186) |
| | 5213 | 2015 | 52,099,474 | (23,783,445) | 33,968,445 | (26,161) | 25,475 | (5,302,524) | - | - | 86,041,758 | (29,060,494) |
| Vehicles | 5204 | 2016 | 276,693 | (168,602) | 39,647 | (12,234) | 12,149 | (38,747) | - | - | 304,106 | (195,200) |
| | 5214 | 2015 | 355,179 | (159,887) | 18,318 | (96,804) | 32,290 | (41,005) | - | - | 276,693 | (168,602) |
| Production and household tools | 5205 | 2016 | 179,209 | (140,218) | 29,589 | (5,895) | 3,986 | (31,505) | - | - | 202,902 | (167,737) |
| | 5215 | 2015 | 174,275 | (108,248) | 6,749 | (1,815) | 1,713 | (33,683) | - | - | 179,209 | (140,218) |
| Other types | 5206 | 2016 | 17,770 | (7,740) | 226 | (492) | 329 | (2,996) | - | - | 17,504 | (10,407) |
| | 5216 | 2015 | 16,920 | (6,281) | 1,506 | (656) | 623 | (2,082) | - | - | 17,770 | (7,740) |
| Land plots | 5207 | 2016 | 69,969 | - | - | (86) | - | - | - | - | 69,883 | - |
| | 5217 | 2015 | 67,840 | - | 2,129 | - | - | - | - | - | 69,969 | - |

2.2. Capital investments in progress

| Description | Line code | Period | As of the beginning of the year | Changes for the period | | | As of the end of the period |
|---|-----------|--------|---------------------------------|------------------------|--------------|--|-----------------------------|
| | | | | Costs for the period | Written off* | Entered into the books as fixed assets, or the value increased | |
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 |
| Construction in progress and incomplete acquisition, upgrading, etc. of fixed assets in total | 5240 | 2016 | 7,310,298 | 4,580,095 | (219,136) | (5,090,997) | 6,580,260 |
| | 5250 | 2015 | 40,113,187 | 17,532,465 | (5,945,143) | (44,390,211) | 7,310,298 |
| New construction | 5241 | 2016 | 5,490,077 | 1,978,117 | (47,803) | (2,926,187) | 4,494,204 |
| | 5251 | 2015 | 33,086,346 | 14,908,156 | (3,704) | (42,500,721) | 5,490,077 |
| Reconstruction and upgrading | 5242 | 2016 | 1,129,442 | 2,204,100 | (9,928) | (1,963,981) | 1,359,633 |
| | 5252 | 2015 | 989,147 | 1,835,038 | (10,593) | (1,684,150) | 1,129,442 |
| Other capital investments | 5243 | 2016 | 690,779 | 397,878 | (161,405) | (200,829) | 726,423 |
| | 5253 | 2015 | 6,037,694 | 789,271 | (5,930,846) | (205,340) | 690,779 |

2.3. Change in the value of fixed assets as a result of additional construction, additional equipment, reconstruction, and partial liquidation

| Description | Line code | 2016 | 2015 |
|--|-----------|-----------|-----------|
| 1 | 2 | 3 | 4 |
| Increase in the value of fixed assets as a result of additional construction, additional equipment, reconstruction – total | 5260 | 1,963,981 | 1,684,150 |
| Including: | | | |
| Buildings | 5261 | 499,119 | 579,469 |
| Structures and transmitters | 5262 | 283,308 | 208,674 |
| Machinery and equipment | 5263 | 1,179,204 | 889,668 |
| Vehicles | 5264 | 1,651 | 6,339 |
| Production and household tools | 5265 | 699 | - |
| Other groups of fixed assets | 5266 | - | - |
| Reduction of cost of fixed assets as a result of partial liquidation – total: | 5270 | 6,335,341 | 1 |
| Including: | | | |
| Machinery and equipment | 5271 | 4,873,649 | - |

2.4. Other use of fixed assets*

| Description | Line code | As of 31 December 2016 | As of 31 December 2015 | As of 31 December 2014 |
|---|-----------|------------------------|------------------------|------------------------|
| 1 | 2 | 3 | 3 | 4 |
| Fixed assets transferred in lease, accounted for on the balance sheet | 5280 | 292,238 | 98,936 | 236,537 |
| Subleased fixed assets, accounted for off the balance sheet | 5281 | - | - | - |
| Fixed assets received in leasing, accounted for on the balance sheet | 5282 | - | - | - |
| Fixed assets received in lease, accounted for off the balance sheet | 5283 | 1,851,261 | 2,074,900 | 1,806,835 |
| Real estate commissioned and actually used, under state registration | 5284 | - | - | - |
| Shutdown fixed assets | 5285 | 33,082,821 | 21,646 | 17,383 |
| Pledged fixed assets | 5286 | - | - | - |
| Other use of fixed assets accounted for on the balance sheet | 5287 | - | - | - |
| Other use of off-balance sheet fixed assets | 5288 | - | - | - |

*Fixed assets are recorded at the historic cost.

3. Financial investments
3.1. Availability and movement of financial investments

| Description | Line code | Period | As of the beginning of the year | | Changes for the period | | | | | As of the end of the period | |
|---|-----------|--------|---------------------------------|------------------------|------------------------|-------------------------------------|------------------------|--|--|-----------------------------|------------------------|
| | | | Historic cost | Accumulated adjustment | Received | Withdrawn / repaid Historic cost | Accumulated adjustment | Bringing the historic cost up to the nominal | Fair market value (losses from impairment) | Historic cost | Accumulated adjustment |
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 |
| Long-term financial investments – total | 5301 | 2016 | 1,986,311 | (59,015) | (948,765) | (913,271) | - | - | 11,515 | 2,021,805 | (47,500) |
| | 5311 | 2015 | 905,445 | (65,433) | 1,838,911 | (758,045) | - | - | 6,418 | 1,986,311 | (59,015) |
| Including: | 5302 | 2016 | 1,082,173 | (59,015) | 226,000 | - | - | x | 11,515 | 1,308,173 | (47,500) |
| Investments in authorized capitals | 5312 | 2015 | 107,700 | (65,433) | 992,973 | (18,500) | - | x | 6,418 | 1,082,173 | (59,015) |
| Including: Investments in authorized capitals of subsidiaries and affiliates | 53021 | 2016 | 992,973 | - | 226,000 | - | - | x | - | 1,218,973 | - |
| | 53121 | 2015 | 18,500 | - | 992,973 | (18,500) | - | x | - | 992,973 | - |
| Investments in authorised capitals of other companies | 53022 | 2016 | 89,200 | (59,015) | - | - | - | x | 11,515 | 89,200 | (47,500) |
| | 53122 | 2015 | 89,200 | (65,433) | - | - | - | x | 6,418 | 89,200 | (59,015) |
| Investments in other securities of other companies (bonds, bills, etc.) | 5303 | 2016 | 904,138 | - | 722,765 | (913,271) | - | - | - | 713,632 | - |
| | 5313 | 2015 | 797,745 | - | 845,938 | (739,545) | - | - | - | 904,138 | - |
| Investments in other securities of subsidiaries and affiliates (bonds, bills, etc.) | 53031 | 2016 | - | - | - | - | - | - | - | - | - |
| | 53131 | 2015 | - | - | - | - | - | - | - | - | - |
| Investments in other securities of other companies (bonds, bills, etc.) | 53032 | 2016 | 904,138 | - | 722,765 | (913,271) | - | - | - | 713,632 | - |
| | 53132 | 2015 | 797,745 | - | 845,938 | (739,545) | - | - | - | 904,138 | - |
| Other types of financial investments | 5304 | 2016 | - | - | - | - | - | - | - | - | - |
| | 5314 | 2015 | - | - | - | - | - | - | - | - | - |
| Loans granted | 53042 | 2016 | - | - | - | - | - | - | - | - | - |
| | 53142 | 2015 | - | - | - | - | - | - | - | - | - |
| Deposits | 53043 | 2016 | - | - | - | - | - | - | - | - | - |
| | 53143 | 2015 | - | - | - | - | - | - | - | - | - |
| Other long-term financial investments | 53044 | 2016 | - | - | - | - | - | - | - | - | - |
| | 53144 | 2015 | - | - | - | - | - | - | - | - | - |
| Total short-term financial investments | 5305 | 2016 | 152,964 | - | 1,069,654 | (152,761) | - | - | - | 1,069,857 | - |
| | 5315 | 2015 | 2,097,437 | - | 9,582,561 | (11,527,034) | - | - | - | 152,964 | - |
| Including: | 5306 | 2016 | - | - | - | - | - | x | - | - | - |
| Investments in authorized capitals | 5316 | 2015 | 31,976 | - | - | (31,976) | - | x | - | - | - |
| Investments in authorized capitals of subsidiaries and affiliates | 53061 | 2016 | - | - | - | - | - | x | - | - | - |
| | 53161 | 2015 | - | - | - | - | - | x | - | - | - |
| Investments in authorized capitals of other companies | 53062 | 2016 | - | - | - | - | - | x | - | - | - |
| | 53162 | 2015 | 31,976 | - | - | (31,976) | - | x | - | - | - |
| Investments in other securities of other companies (bonds, bills, etc.) | 5307 | 2016 | 152,964 | - | 913,271 | (152,761) | - | - | - | 913,474 | - |
| | 5317 | 2015 | 640,158 | - | 359,637 | (846,831) | - | - | - | 152,964 | - |
| Investments in other securities of subsidiaries and affiliates (bonds, bills, etc.) | 53071 | 2016 | - | - | - | - | - | - | - | - | - |
| | 53171 | 2015 | - | - | - | - | - | - | - | - | - |
| Investments in other securities of other companies (bonds, bills, etc.) | 53072 | 2016 | 152,964 | - | 913,271 | (152,761) | - | - | - | 913,474 | - |
| | 53172 | 2015 | 640,158 | - | 359,637 | (846,831) | - | - | - | 152,964 | - |
| Other types of financial investments | 5308 | 2016 | - | - | 156,383 | - | - | - | - | 156,383 | - |
| | 5318 | 2015 | 1,425,303 | - | 9,222,924 | (10,648,227) | - | - | - | - | - |
| Loans granted | 53082 | 2016 | - | - | 156,383 | - | - | - | - | 156,383 | - |
| | 53182 | 2015 | 1,126,375 | - | 2,256,650 | (3,383,025) | - | - | - | - | - |
| Deposits | 53083 | 2016 | - | - | - | - | - | - | - | - | - |
| | 53183 | 2015 | 298,928 | - | 6,966,274 | (7,265,202) | - | - | - | - | - |
| Other short-term financial investments | 53084 | 2016 | - | - | - | - | - | - | - | - | - |
| | 53184 | 2015 | - | - | - | - | - | - | - | - | - |
| Total financial investments | 5300 | 2016 | 2,139,275 | (59,015) | 2,018,419 | (1,066,032) | - | - | 11,515 | 3,091,662 | (47,500) |
| | 5310 | 2015 | 3,002,882 | (65,433) | 11,421,472 | (12,285,079) | - | - | 6,418 | 2,139,275 | (59,015) |

4. Inventories

4.1. Availability and movement of inventories

| Description | Line code | Period | As of the beginning of the year | | Changes for the period | | | | | As of the end of the period | |
|------------------------------|-----------|--------|---------------------------------|---|------------------------|--------------|---------------------------------|-------------------------------------|--|-----------------------------|---|
| | | | Prime cost | Amount of the provision for reduction of cost | Receipts and costs | Withdrawn | | Provisions due to reduction of cost | Turnover of the inventories between their groups (types) | Prime cost | Amount of the provision for reduction of cost |
| | | | | | | Prime cost | Provision for reduction of cost | | | | |
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 |
| Total inventories | 5400 | 2016 | 6,015,817 | (18,553) | 46,330,432 | (45,324,958) | 18,553 | (32,158) | x | 7,021,291 | (32,158) |
| | 5420 | 2015 | 5,184,011 | (15,722) | 39,398,045 | (38,566,239) | 11,179 | (14,010) | x | 6,015,817 | (18,553) |
| Including: | 5,401 | 2016 | 1,350,586 | (138) | 38,012,159 | (38,003,130) | 67 | (620) | (835) | 1,358,780 | (691) |
| Fuel | 5421 | 2015 | 1,402,177 | (293) | 35,680,049 | (35,739,497) | 155 | - | 7,857 | 1,350,586 | (138) |
| Spare parts, materials, etc. | 5402 | 2016 | 4,665,231 | (18,415) | 8,318,273 | (7,321,828) | 18,486 | (31,538) | 835 | 5,662,511 | (31,467) |
| | 5422 | 2015 | 3,781,834 | (15,429) | 3,717,996 | (2,826,742) | 11,024 | (14,010) | (7,857) | 4,665,231 | (18,415) |

5. Receivables and payables
5.1. Availability and movement of receivables

| Description | Line code | Period | As of the beginning of the year | | Changes for the period | | | | | | | As of the end of the period | |
|------------------------|-----------|--------|--|------------------------------|--|---|----------------------------|---------------|-----------------------------------|---------------------------------|--|--|------------------------------|
| | | | Accounted for under contractual conditions | Provision for doubtful debts | Received | | | Repayment | Withdrawn | | Transfer from long- to short-term receivables (and vice versa) | Accounted for under contractual conditions | Provision for doubtful debts |
| | | | | | As a result of business transactions (the amount of debt for the deal / transaction) | Interest payable, penalties and other charges | Crediting of the provision | | Write-off to the financial result | Recovery / Use of the provision | | | |
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 |
| Long-term receivables | 5501 | 2016 | 237,997 | - | 79,286 | - | (11) | (58,860) | (27) | - | (8,991) | 249,405 | (11) |
| Total | 5521 | 2015 | 207,059 | - | 182,547 | - | - | (150,610) | - | - | (999) | 237,995 | - |
| Including: | 5502 | 2016 | - | - | - | - | - | - | - | - | - | - | - |
| Buyers and customers | 5522 | 2015 | - | - | - | - | - | - | - | - | - | - | - |
| | 5503 | 2016 | - | - | - | - | - | - | - | - | - | - | - |
| Advances | 5523 | 2015 | 0 | - | - | - | - | - | - | - | - | - | - |
| Loans | 5504 | 2016 | 229,249 | - | 79,275 | - | - | (51,602) | - | - | (8,991) | (247,931) | - |
| | 5524 | 2015 | 205,444 | - | 167,671 | - | - | (142,867) | - | - | (999) | 229,249 | - |
| Other | 5505 | 2016 | 8,748 | - | 11 | - | (11) | (7,258) | (27) | - | - | 1,474 | (11) |
| | 5525 | 2015 | 1,615 | - | 14,876 | - | - | (7,743) | - | - | - | 8,748 | - |
| Short-term receivables | 5510 | 2016 | 11,853,822 | (3,878,572) | 118,520,135 | 3,142 | (1,319,146) | (111,201,667) | (4,818) | 502,430 | 8,991 | 19,179,605 | (4,695,288) |
| Total | 5530 | 2015 | 10,127,974 | (3,423,726) | 127,631,187 | - | (1,160,104) | (125,904,133) | (2,205) | 705,258 | 999 | 11,853,822 | (3,878,572) |
| Including | 5511 | 2016 | 9,613,653 | (3,870,387) | 100,912,799 | - | (1,317,233) | (100,470,689) | (151) | 498,358 | - | 10,055,612 | (4,689,262) |
| Buyers and customers | 5531 | 2015 | 7,726,451 | (3,410,935) | 95,451,872 | - | (1,160,104) | (93,564,527) | (143) | 700,652 | - | 9,613,653 | (3,870,387) |
| Advances | 5513 | 2016 | 643,247 | (4,660) | 10,035,788 | - | (450) | (2,040,852) | (2,889) | 646 | - | 8,635,294 | (4,464) |
| | 5533 | 2015 | 1,435,317 | (8,190) | 25,470,823 | - | - | (26,262,882) | (11) | 3,530 | - | 643,247 | (4,660) |
| Other | 5514 | 2016 | 1,596,922 | (3,525) | 7,571,548 | 3,142 | (1,463) | (8,690,126) | (1,778) | 3,426 | 8,991 | 488,699 | (1,562) |
| | 5534 | 2015 | 966,206 | (4,601) | 6,708,492 | - | - | (6,076,724) | (2,051) | 1,076 | 999 | 1,596,922 | (3,525) |
| TOTAL | 5500 | 2016 | 12,091,819 | (3,878,572) | 118,599,421 | 3,142 | (1,319,157) | (111,260,527) | (4,845) | 502,430 | x | 19,429,010 | (4,695,288) |
| | 5520 | 2015 | 10,335,033 | (3,423,726) | 127,813,734 | 0 | (1,160,104) | (126,054,743) | (2,205) | 705,258 | x | 12,091,819 | (3,878,572) |

5.3. Availability and movement of payables

| Description | Line code | Period | Balance as of the beginning of the year | Changes for the period | | | | | As of the end of the period | |
|---------------------------|-----------|--------|---|--|--|---------------|----------------------------------|---|-----------------------------|---|
| | | | | Received | | Withdrawn | | Transfer from long- to short-term payables (and vice versa) | | |
| | | | | As a result of business transactions (the amount of debt for the deal / transaction) | Interest payable, penalties, and other charges | Repayment | Write-off o the financial result | | | |
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | |
| Long-term payables | 5551 | 2016 | - | - | - | - | - | - | - | - |
| Total | 5571 | 2015 | 66 | - | - | - | (66) | - | - | - |
| Including: | 5552 | 2016 | - | - | - | - | - | - | - | - |
| Suppliers and CONTRACTORS | 5572 | 2015 | 66 | - | - | - | (66) | - | - | - |
| Short-term payables | 5560 | 2016 | 6,937,129 | 115,164,771 | - | (114,734,300) | (9) | - | 7,367,591 | |
| Total | 5580 | 2015 | 5,190,334 | (130,770,140) | 807 | (129,024,080) | (72) | - | 6,937,129 | |
| Including: | 5561 | 2016 | 4,090,795 | 67,263,957 | - | (67,805,083) | - | - | 3,549,669 | |
| Suppliers and contractors | 5581 | 2015 | 3,744,833 | 72,142,013 | - | (71,795,979) | (72) | - | 4,090,795 | |
| Advances received | 5562 | 2016 | 17,127 | 72,195 | - | (72,573) | - | - | 16,749 | |
| | 5582 | 2015 | 6,868 | 167,418 | - | (157,159) | - | - | 17,127 | |
| Settlements for taxes | 5563 | 2016 | 2,009,585 | 17,928,345 | - | (19,127,714) | - | - | 810,216 | |
| | 5583 | 2015 | 837,430 | 31,015,527 | - | (29,843,372) | - | - | 2,009,585 | |
| Credits and loans | 5564 | 2016 | - | 3,531,402 | - | (1,223,646) | - | - | 2,307,756 | |
| | 5584 | 2015 | - | 2,402,631 | - | (2,402,631) | - | - | - | |
| Other | 5565 | 2016 | 819,622 | 26,368,872 | - | (26,505,284) | (9) | - | 683,201 | |
| | 5585 | 2015 | 601,203 | 25,042,551 | 807 | (24,824,939) | - | - | 819,622 | |
| Total | 5550 | 2016 | 6,937,129 | 115,164,771 | - | (114,734,300) | (9) | x | 7,367,591 | |
| | 5570 | 2015 | 5,190,400 | (130,770,140) | 807 | (129,024,146) | (72) | x | 6,937,129 | |

6. Costs of production

| Description 1 | Line code 2 | 2016 3 | 2015 4 |
|---|----------------|------------|------------|
| Tangible costs | 5610 | 46,386,654 | 43,841,412 |
| Salary expenses | 5620 | 5,084,865 | 4,677,617 |
| Social security allocations | 5630 | 1,225,824 | 1,134,555 |
| Depreciation | 5640 | 6,731,722 | 6,666,483 |
| Other expenses | 5650 | 4,456,298 | 4,344,486 |
| Total, by elements | 5660 | 63,885,363 | 60,664,553 |
| Change in the balances of work in progress, finished goods etc. (increase of [-]), including: | 5670 | - | - |
| Change in the balances of work in progress, finished goods etc. (decrease of [+]), including: | 5680 | - | - |
| Total costs of core activities | 5600 | 63,885,363 | 60,664,553 |

7. Estimated liabilities

| Description | Line code | Year | Balance as of the beginning of the year | Recognized | Repaid | Written off as excess | Balance as of the end of the year |
|--|-----------|------|---|------------|-------------|-----------------------|-----------------------------------|
| 1 | 2 | 2 | 3 | 4 | 5 | 6 | 7 |
| Total estimated liabilities | 5700 | 2016 | 1,291,186 | 1,608,713 | (1,664,746) | (236,047) | 999,106 |
| | | 2015 | 1,106,240 | 2,074,452 | (1,706,680) | (182,826) | 1,291,186 |
| Including: | | | | | | | |
| Estimated liabilities for legal proceedings | 5701 | 2016 | 559,884 | 8,410 | (448,531) | (111,353) | 8410 |
| | | 2015 | 288,862 | 559,884 | (288,862) | - | 559,884 |
| Estimated liabilities for unused vacations | 5702 | 2016 | 281,265 | 549,350 | (569,420) | (23,740) | 237,455 |
| | | 2015 | 267,467 | 693,942 | (679,340) | (804) | 281,265 |
| Estimated liabilities for annual compensations | 5703 | 2016 | 345,581 | 335,819 | (301,692) | (66,942) | 312,766 |
| | | 2015 | 452,662 | 419,325 | (348,312) | (178,094) | 345,581 |
| Estimated liabilities for quarterly bonuses | 5704 | 2016 | 104,456 | 360,838 | (345,103) | (34,012) | 86,179 |
| | | 2015 | 97,249 | (401,301) | (390,166) | (3,928) | 104,456 |
| Other estimated liabilities | 5705 | 2016 | - | 354,296 | - | - | 354,296 |
| | | 2016 | - | - | - | - | - |

8. Security of liabilities

| Description | Line code | As of 31 December 2016 | As of 31 December 2015 | As of 31 December 2014 |
|---------------------------|-----------|------------------------|------------------------|------------------------|
| 1 | 2 | 3 | 4 | 5 |
| Total received | 5800 | 7,142,045 | 1,017,395 | 1,503,819 |
| Including: | | | | |
| Bank guarantees | 5801 | 5,964,951 | 245,029 | 689,134 |
| Contractual guarantees | 5802 | 750,415 | 473,001 | 561,044 |
| Pledged assets | 5804 | 426,679 | 299,365 | 253,641 |
| Total provided guarantees | 5810 | 17,388 | 23,508 | 17,842 |
| Including: | | | | |
| Bank guarantees | 5811 | 17,388 | 23,508 | 17,842 |

Head /Signature/ M. G. Shirokov Chief Accountant /Signature/ E. A. Dubtsova
Signature Printed name Signature Printed name

21 March 2017

Unipro Public Joint Stock Company

NOTES TO THE BALANCE SHEET AND INCOME STATEMENT FOR 2016

I. *General Information*

1.1 Information about the Company

Unipro Public Joint Stock Company (previously named as OGK-4 OJSC (prior to 8 July 2011), E.ON Russia JSC (prior to 23 June 2016), hereinafter referred to as the Company) was established on 04 March 2005 according to Order of OAO RAO UES of Russia No. 34r dated 02 March 2005.

The Company's core activities include the following:

- generation and sale of electric power;
- generation and sale of thermal power.

The Company is registered at the address: 23 Energostroiteley Str., bldg 34, Surgut, Tyumen Region, Khanty-Mansi Autonomous Area – Yugra, 628406.

Postal address: 10 Presnenskaya Emb., Floor 23, Block B, Moscow, 123112.

The Company's staff headcount as of 31 December 2016 was 4,362 employees (as of 31 December 2015 – 4,512 employees).

The Company's shares are listed at CJSC MICEX Stock Exchange.

As of 31 December 2016, the Company had 6 standalone business units by territory (5 branches and 1 representative office):

| No. | Branch name | Address |
|-----|------------------------------|---|
| 1 | Yaivinskaya GRES Branch | Timiryazeva Str., Yaiva Urban-Type Settlement, Aleksandrovsk, Perm Territory, Russian Federation, 618340 |
| 2 | Shaturskaya GRES Branch | 5 Chernoozerskiy Passage, Shatura, Moscow Region, Russian Federation, 140700 |
| 3 | Smolenskaya GRES Branch | Ozerny Settlement, Dukhovshchinsky District, Smolensk Region, Russian Federation, 216239 |
| 4 | Surgutskaya GRES-2 Branch | Surgut, Khanty-Mansi Autonomous Area – Yugra, Russian Federation, 628406 |
| 5 | Berezovskaya GRES Branch | 1/15 Energetikov Industrial Base, Sharypovsky District, Krasnoyarsk Territory, Russian Federation, 662313 |
| 6 | Moscow Representative Office | 10 Presnenskaya Emb., Floor 23, Block B, Moscow, Russian Federation, 123112. |

Current members of the Board of Directors (elected at the Annual General Meeting of Shareholders of the Company on 15 June 2016) as of 31 December 2016:

| | Full name | Position |
|---|-----------------------------|---|
| 1 | Klaus Schäfer | Uniper SE, CEO, Management Board member, Chairman of the Board of Directors of Unipro PJSC |
| 2 | Maxim Gennadyevich Shirokov | Uniper PJSC, GCEO, Deputy Chairman of the Board of Directors of Unipro PJSC |
| 3 | Anna Grigoryevna Belova | Member of the Board of Directors of Sovcomflot PJSC, member of the Board of Directors of Sheremetyevo International Airport JSC, member of the Board of Directors of Tiscali S.p.a, Deputy Chairperson of the |

| | Full name | Position |
|---|---------------------------------|---|
| | | Board of Directors of Centre for Entrepreneurship (CFE inc), member of the Board of Directors |
| 4 | Patrick Wolff | Chief Legal Counsel and Compliance Area Manager, Uniper SE |
| 5 | Aleksey Andreyevich Germanovich | Member of the Management Board of St. Petersburg State University Development Fund |
| 6 | Christopher Jost Delbrück | Member of Uniper SE Management Board |
| 7 | Tatyana Alekseyevna Mitrova | Head of Russian and Global Oil and Gas Complex Department, Energy Research Institute of the Russian Academy of Sciences (ERI RAS) |
| 8 | Günter Eckhardt Rümmler | Member of Uniper SE Management Board |
| 9 | Reiner Hartmann | Head of the Representative Office of Unipro PJSC |

Members of the Management Board of the Company as of 31 December 2016:

| | Full name | Position |
|---|-----------------------------|---|
| 1 | Maxim Gennadyevich Shirokov | CEO, Chairman of the Management Board, Deputy Chairman of the Board of Directors, Unipro PJSC |
| 2 | Ulf Backmeyer | Deputy CEO for Finance and Economics, Unipro PJSC |
| 3 | Igor Viktorovich Popov | Deputy CEO for Production, Unipro PJSC |

Members of the Audit Commission as of 31 December 2016 (elected at the Annual General Meeting of Shareholders of the Company on 15 June 2016):

| No. | Full name | Position |
|-----|--------------------------------|--|
| 1 | Denis Alexandrovich Alexeenkov | Head of Controlling Department, Unipro PJSC |
| 2 | Alexey Sergeevich Asyaev | Head of Internal Audit Department, Unipro PJSC |
| 3 | Nikolo Prien | Executive Vice President, Corporate Audit, Uniper SE |

On 01 January 2016, E.ON Group including E.ON SE, the ultimate parent company and the ultimate party controlling the Company, successfully completed the process of separation of the assets associated with the conventional power generation (hydropower, natural gas, and coal), the production and sale of gas in the Russian Federation, and the global sale of electric power and energy carriers (gas, coal), into an individual company (Uniper). After the split-up of E.ON, Uniper included E.ON Russia JSC, which was renamed as Unipro Public Joint Stock Company on 23 June 2016. Prior to the flotation on a stock market, Uniper remained a 100% subsidiary of E.ON SE. Afterwards, the Group transferred 53.35% of the new company's equity to the company shareholders in the form of individual securities. Since 12 September, these securities are floating. In the mid term, E.ON SE plans to resign the remaining shares.

1.2. Operating Environment of the Company

The Russian economy has some specifics that are typical for emerging markets. It is especially sensitive to the fluctuation of oil and gas prices. The development of tax, foreign exchange, and customs laws of the Russian Federation continues allowing for various interpretations. Low oil prices, the persistent political tension in the region, as well as the lasting international sanctions imposed on some Russian companies and citizens had a negative impact on the Russian economy in 2016. The aforesaid factors gave a boost to the economic slowdown in the country with a drop of GDP. Financial markets are still marked by the lack of stability, frequent and significant price fluctuations, and the increasing spread of trading operations. Despite the fact that the rating outlook for the Russian Federation was improved from “negative” to “stable”, the sovereign credit rating remains at the same “below the investment level”. This economic environment significantly affects the Company’s activities and financial standing. The Management takes necessary measures to ensure stable activities of the Company. Nevertheless, it is hard to predict future consequences of the current economic situation and the current expectations and estimates of the Management may differ from the actual outcomes.

The Company’s activities are more or less exposed to various risks (financial, legal, sovereign, regional, reputational, etc.). The notes provide the information about the exposure of the Company to risks and their causes, risk management mechanisms, and year over year changes.

II. Accounting policy

2.1. Accounting basis

The financial statements were prepared on the basis of the current Russian accounting and reporting standards established, in particular, by Federal Law No. 402-FZ dated 06 December 2011 “On Accounting” that became effective on 01 January 2013, the Regulation on Accounting and Reporting in the Russian Federation approved by Order of the Ministry of Finance of the Russian Federation No. 34-n dated 29 July 1998, as well as any other laws and regulations included in the regulatory system for accounting and reporting of companies in the Russian Federation.

The data of the financial statements are presented in thousands of roubles.

The Company’s assets and liabilities in the statements are estimated at actual costs of their acquisition, except for depreciated fixed assets, financial investments used to estimate the fair market value, and assets, for which provisions were duly made to decrease their cost (for impairment), as well as estimated liabilities.

2.2. Short-term and long-term assets and liabilities

In the balance sheet, financial investments, accounts receivable and accounts payable are classified as short-term ones, if the maturity period does not exceed 12 months following the reporting date. The remaining assets and liabilities above are classified as long-term ones.

2.3. Fixed assets

The ‘Fixed assets’ line shows:

- fixed assets at the residual book value;

- capital investments in non-current assets;
- equipment to be installed.

Fixed assets include buildings, machinery, equipment, vehicles and other relevant facilities with the useful life over 12 months and at the cost over RUB 40,000.

The assets are carried based on the actual expenses on their acquisition and construction.

For the accounting purposes, the fixed assets are depreciated using the straight-line method, subject to their useful life. The useful life terms accepted by the Company are given in the following table:

| Group of fixed assets | Useful life (number of years) |
|------------------------------|--------------------------------------|
| Buildings | 25–50 |
| Structures and transmitters | 25–40 |
| Machinery and equipment | 5–15 |
| Vehicles | 7–15 |
| Other | 2–7 |

The useful life for new assets is determined based on the expected period of obtaining economic benefits to be established on the basis of:

- the Company's experience in operating similar assets;
- the actual period of use of the asset specified in technical data sheets;
- the period of expected usefulness of the asset (to be established by a commission).

The fixed assets with consumer properties which do not change over the course of time (land plots; natural resources sites; etc.) are not depreciated.

The depreciation does not apply to the fixed assets:

- preserved for over three months, for the period from the month following the month of preservation to the month of de-preservation inclusive;

- in the period of the asset refurbishment exceeding 12 months, for the period from the month following the month, in which the refurbishment started, to the month, in which the refurbishment ended.

The income and expenses resulting from the withdrawal of fixed assets are recorded in the income statement among other income and expenses.

2.4. Inventories

Inventories are estimated at the total amount of actual costs of their acquisition.

Inventories issued for production or withdrawn otherwise are estimated at the average prime cost.

Tools, instruments, maintenance accessories, special clothes and special rigging, as well as any other items worth up to RUB 40,000 and with the useful life of over a year are recorded as inventories. The value of special rigging and special clothes with the useful life of over one year is depreciated using the straight-line method from the month following the month, in which the use started.

The inventories, the market value of which at the end of the year turned out to be lower than the value, at which they are accounted, due to the sustained (long-term) price fall (obsolescence, full or partial loss of the initial quality) are carried at the market value. A provision was made for the amount of the difference between the carrying value of such inventories and their market value (by the value of reduction of the cost of inventories) and attributed to the increase in other expenses.

2.5. Deferred expenses

The expenses incurred by the Company in the reporting year, but relating to the subsequent reporting periods (voluntary and compulsory contributions for property and employee insurance; software; licences for operating activities), are recorded as deferred expenses and are to be written off as intended on a straight-line basis during the periods, to which they relate. The duration of such a period is decided upon at the time of entry of deferred expenses to the books.

The Company accounts the following deferred expenses:

- software that was not previously used for the Company's activities, in the amount of fixed one-time payments under licence agreements for the provision of a non-exclusive right to use intellectual property or means of individualization (other than computer software included in the historic cost of fixed assets);
- expenses in the form of payments for the connection of power receivers (power plants) of the Company to power grids;
- the expenses (including the state duty) on acquiring licences for the activities to be licenced, with the specified validity period;
- accreditation of laboratories;
- expenses on dismantling the fixed assets that require a long (over 2 months) dismantling period;
- other expenses relating to future reporting periods.

From the legal point of view, voluntary and compulsory insurance contributions are not referred to deferred expenses, however, the Company reflects these payments on account 97 in order to allocate the expenses on a straight-line basis during the insurance period and ensure the segregation. When preparing its financial statements, the Company classifies these payments as other receivables.

Deferred expenses are presented in the statements, in terms of writing-off as expenses in 12 or more months, as other non-current assets, and in terms of short-term assets – as other current assets.

2.6. Foreign exchange assets and liabilities

To book economic activities denominated in foreign currencies, official exchange rates against the rouble effective as of the date of the transaction were applied. Funds on the foreign currency bank accounts and other uncleared balances (other than received and made advances and prepayment) are recognized for accounting purposes as the amounts calculated on the basis of official exchange rates.

The exchange rates as of 31 December 2016 were as follows: RUB 60.6569 for USD 1, RUB 63.8111 for EUR 1 (the exchange rates as of 31 December 2015 were as follows: RUB 72.8827 for USD 1, RUB 79.6972 for EUR 1; as of 31 December 2014: RUB 56.2584 for USD 1, RUB 68.3427 for EUR 1).

The foreign exchange differences formed during the year under the transactions with foreign currency assets and liabilities, and at the time of their recalculation as of the reporting date were attributed to the financial results as other income and expenses.

2.7. *Financial investments*

Financial investments are recognized for accounting purposes at actual costs of their acquisition.

Analytical records for financial investments are kept separately by financial investment types and by assets, in which such investments were made (by securities issuers, other entities, of which the Company is a member, borrower entities, etc.).

The bookkeeping unit for financial investments, depending on the nature of and procedure for acquisition and use thereof, is a series or any other homogeneous aggregate of financial investments.

The financial investments, in respect of which it is possible to determine the fair market value in due order, are revaluated on a quarterly basis at the fair market value as of the end of the reporting period and the revaluated amount is reflected in the financial statements. The difference between the valuation of such financial investments as of the current reporting date and their previous valuation is recognized as other income and expenses.

The fair market value of the securities listed at the stock exchange is determined by the market prices established at the Moscow Interbank Currency Exchange (WWW.MOEX.RU).

The financial investments, for which the fair market value is not determined, are carried as of the end of the reporting period at their carrying (book) value less the financial investment depreciation provision made with regard to the assets, for which there are conditions for significant sustainable value reduction as of the reporting date.

When financial investments are withdrawn and become the securities, for which the current market value is determined in due order, their value is determined on the basis of the last valuation. The withdrawal of the financial investments, for which the current market value is not determined, is estimated at the historic cost of each bookkeeping unit of financial investments.

Contributions to authorized (share) capitals of other companies are deemed to be financial investments of the Company and are booked as the amount of actual costs of the investor, i. e. at the cost of the contributed assets, at which they were reflected in the Company's balance sheet.

Income and expenses from financial investments are recognized as other income and expenses.

2.8. Receivables

The accounts receivable of buyers are recorded in the amount of services provided, work completed, and products shipped at reasonable prices and established tariffs. Receivables with other debtors are recorded on the basis of contractual prices.

Before the Company receives an asset, for which an advance has been paid, the Company accounts the advances paid under investment projects as accounts receivable.

The debts, including on the advances paid to suppliers, not settled by the due date, or which will not most probably be settled by the date established in the contract, and not secured with relevant guarantees, suretyship, or by any other ways used to secure the performance, are reflected in the balance sheet after the deduction of doubtful debt provisions. These provisions represent a conservative estimation by the Company's Management of the portion of debts that is likely not to be settled. The doubtful debt provision is attributed to the increase in other expenses. If the debts, for which a provision was previously formed, are settled, the respective amount of the provision is restored.

2.9. Cash equivalents and presentation of cash flows in the cash flow statement

Cash equivalents include highly liquid financial investments that can be easily converted into an amount of funds known beforehand and that are exposed to an insignificant risk of changes in values.

The Company classifies the short-term bank deposits, at the time of recognition of which the initially established maturity was less than three months, as cash equivalents.

All the information about the flow of cash and cash equivalents is disclosed by the Company in the cash flow statement that is formed in compliance with the Accounting Regulation "Cash Flow Statement" of RAS 23/2011.

In the cash flow statement, the Company's cash flows that cannot be definitely classified as flows under current, investment or financial operations, are recorded as cash flows from current operations.

The value of foreign currency cash flows to be presented in the cash flow statement was recalculated in roubles at the official exchange rate of this foreign currency against the rouble established by the Central Bank of Russia as of the date of payment or receipt of the payment.

If the Company has respective transactions, the cash flow statement presents in the aggregated way the following:

- receipts of funds from buyers to be transferred to principals (if the Company acts as a commission agent);
- payments and receipts from the transactions associated with the purchase and sale of financial investments;
- VAT amounts as part of receipts from buyers and customers, payments to suppliers and contractors, and payments to the budget system and VAT refund therefrom.

Receipts and payments are presented in the aggregated way in the lines "Other receipts" / "Other payments" of the cash flow statement in case if the said types of flows are insignificant or if receipts and payments refer to one of the aforesaid types.

2.10. Authorized capital, added capital and reserve capital

The authorized capital is reflected in the amount of the nominal value of ordinary shares. The authorized capital amount corresponds to the one established in the Company's Articles of Association. The added capital of the Company includes the incremental amount of the value of fixed assets determined as a result of their revaluation (in the Company branches prior to their accession), the paid-in capital in excess of par gained as a result of the offer of the Company's shares at the price exceeding their denomination.

In compliance with the laws of the Russian Federation, the Company created a reserve fund amounting to 5% of the authorized capital. Annual contributions to the reserve fund account for 5% of the Company's net profit received in the previous year.

2.11. Estimated liabilities, contingent liabilities and contingent assets

Estimated liabilities

The Company keeps records of estimated and contingent liabilities according to Accounting Regulation "Estimated Liabilities, Contingent Liabilities and Contingent Assets" RAS 8/2010 approved by Order of the Ministry of Finance of the Russian Federation No. 167n dated 13 December 2010.

Estimated liabilities are carried at the amount required directly for the performance (discharge of the liability) as of the reporting date (or for transfer of the liability to another person as of the reporting date), if this is a short-term liability, namely:

- Estimate liabilities for vacation compensation;
- Estimate liabilities for annual compensations;

- Estimate liabilities for quarterly bonuses;
- Estimate liabilities for legal proceedings;
- Estimate liabilities for tax disputes;
- Estimate liabilities for the work performed / services provided under concluded contracts, but not accepted by the Company due to various circumstances;
- Other estimate liabilities meeting the conditions specified in RAS 8/2010.

Estimate liabilities are carried at the present value determined as a discounted value of the liability, if this is a long-term liability, i. e. its period of performance exceeds 12 months.

If the conditions for recognition of the estimate liabilities established in cl. 5 of RAS 8/2010 are not met any longer, the unused amount is written off and attributed to other income of the Company.

Contingent Liabilities and Contingent Assets

Contingent liabilities and contingent assets are not presented in the balance sheet, but are disclosed in the notes to the balance sheet and income statement.

A contingent liability (contingent asset) occurs as a result of any previous events of the economic life, when the existence of the Company's liability (asset) as of the reporting date depends on the occurrence (non-occurrence) of one or more future indefinite events not controlled by the Company. A contingent liability is disclosed in the notes to the balance sheet and income statement, except for the cases when the decrease in economic benefits relating thereto is unlikely.

A contingent asset is disclosed in the notes to the balance sheet and income statement, when receipts relating thereto are probable. In this case, an estimated value or a range of estimated values are specified, if they can be determined.

2.12. Income tax settlements

The Company's income tax payable to the budget is included in line 1520 "Accounts Payable" of the balance sheet. The budget indebtedness to the Company in terms of income tax is included in line 1230 "Accounts Receivable" of the balance sheet.

Deferred tax assets and liabilities are reflected in the balance sheet in the aggregated way. Since 2017, the amount of deferred tax assets and liabilities will be presented in the balance sheet with a breakdown — in non-current assets, the amount of deferred tax assets as of the last date of the reporting period, in long-term liabilities, the amount of the deferred tax liability as of the last date of the reporting period.

As of 31 December 2016, the amount of deferred tax assets was 107,725,000 roubles, the amount of deferred tax liabilities was 6,235,545,000 roubles.

2.13. Revenue recognition

Proceeds from the sale of products and provision of services are recognised as products are shipped to buyers (or services are rendered) and payment documents are issued. They are carried in the statements less the value added tax.

Revenues from sale of products (goods, work, services) are accounted for by types of activities:

- Sale of electric power and capacity;
- Sale of thermal power;
- Revenues from the sale of other types of products, works, services.

Among other income, the Company recognises the following:

- Interest receivable;
- Revenues from sale of fixed assets;
- Revenues from sale of inventories;
- Revenues from the transactions involving derivatives (forward contracts for the purchase of foreign currency) after the closing date;
- Profit of previous years revealed in the reporting period;
- Penalties, fines and forfeits acknowledged or in respect of which there is a court decision on their recovery;
- Amounts payable with the expired limitation period;
- Extraordinary income (including the compensation under insurance policies);

2.14. Recognition of expenses

Production costs are booked in the reporting period, in which they were incurred. In the same period, production costs are recognised as the prime costs of sold products in the income statement.

Other expenses include:

- Expenses on sale of fixed assets and other assets;
- Expenses on transactions involving derivatives (forward and option contracts for foreign currency purchase) after the closing date;
- Expenses under claim assignment agreements;
- Maintenance of preserved production facilities;
- Interest paid under credit / loan agreements (excluding those included in the investment asset value), bank account agreements;
- Interest paid under bills;
- Services of credit institutions;
- Fines and penalties paid for breach of commercial contracts;
- Losses of past years;
- Noncollectable receivables written off based on the order issued by the CEO of the Company;
- Foreign exchange differences;
- Social payments;
- Expenses incurred as a result of force majeure (natural disasters, fire, accident, etc.);
- Other.

2.15. Changes in the accounting policies of the Company for 2017

In pursuit of compliance with the laws, in particular, the Regulation on Accounting and Reporting in the Russian Federation approved by Order of the Ministry of Finance of the Russian Federation No. 34-n dated 29 July 1998, the Regulation on Financial Investment Accounting (RAS 19/02) approved by Order of the Ministry of Finance of the Russian Federation No. 126n dated 10 December 2002, third party bills received by the Company as a payment for any goods / products sold, work performed, services provided, which do not envisage any profit / loss, are accounted among other accounts receivable.

For the purposes of the correct allocation of expenses to periods, and according to the requirements stated in Letter of the Russian Ministry of Finance No. 07-02-18/01 dated 09 January 2013, since 2017 repair costs for fixed assets, if regular, are presented in the balance sheet as part of fixed assets and are recognised in expenses on a straight-line basis within the period until the subsequent similar repair. In 2015, the Company incurred expenses on the overhaul of equipment in the amount of 1,074,922,000 roubles, in 2016 – in the amount of 1,201,819,000 roubles. These expenses were recorded by the Company on a one-off basis at the time they were incurred.

Since 2017, a new procedure for calculation of estimated liabilities for vacations, annual and quarterly compensations for employees has been in force. In order to ensure the most correct way of recording expenses by periods and to optimise labour costs, the inventory check of the balance of these estimate liabilities is set to be taken twice a year, i. e. at the end of every six months. According to the Company's estimates, the amount of expenses under estimated liabilities due to the changes in the calculation procedure will not change much.

2.16. Historical data, specific figures

In 2016, in order to ensure the most accurate way of recording the essence of transactions and review the accounting policies, the Company transferred the insurance expenses, which were previously recorded as part of other current assets, to accounts receivable subject to the maturity date.

In '000 roubles

| Balance sheet line code | Indicator | Before adjustment | | Adjustment | | After adjustment | |
|-------------------------|--------------------------|-------------------|------------|------------|------------|------------------|------------|
| | | 31.12.2015 | 31.12.2014 | 31.12.2015 | 31.12.2014 | 31.12.2015 | 31.12.2014 |
| 1190 | Other non-current assets | 62,468 | 70,545 | (8,722) | (1,589) | 53,746 | 68,956 |
| 1230 | Receivables | 8,177,139 | 6,875,784 | 36,108 | 35,523 | 8,213,247 | 6,911,307 |
| | Including | | | | | | |
| 1231 | Long-term liabilities | 229,275 | 205,470 | 8,722 | 1,589 | 237,997 | 207,059 |
| 1232 | Short-term liabilities | 7,947,864 | 6,670,314 | 27,386 | 33,934 | 7,975,250 | 6,704,248 |
| 1260 | Other current assets | 186,403 | 306,460 | (27,386) | (33,934) | 159,017 | 272,526 |

Similar adjustments are made to the tabular notes to the balance sheet and income statement (Section 5.1).

Some figures in the columns for 2016 of the cash flow statement form were generated subject to the adjustment due to the following circumstances:

As the approach to recording VAT under investment activities changed, VAT amounts from line 4229 "Other payments from investment activities" were moved to the reduction of line 4129 "Other receipts from operation". As a result, the lines of the form were reclassified.

In '000 roubles

| Line code | Line description | Amount before adjustment | Adjustment | Amount after adjustment |
|-----------|------------------|--------------------------|-------------|-------------------------|
| 4119 | Other receipts | 5,916,013 | (1,472,501) | 4,443,512 |
| 4229 | Other payments | (1,517,333) | 1,472,501 | (44,832) |

III. Disclosure of material reporting figures

3.1. Information by segments

There are no reporting segments in the Company's activities as the core activity is the production of electrical power and capacity, the sale volume of which amounts to 98% of the proceeds from the sale of products (services). The Company also carries out other activities that are not significant and do not form any separate reporting segments.

The Company carries out its activity in the Russian Federation, the risk sources and risk nature throughout the Russian Federation are more or less the same.

3.2. Fixed assets

The value of the fixed assets on lease as of 31 December 2016 was 1,851,261,000 roubles (as of 31 December 2015 – 2,074,900,000 roubles, as of 31 December 2014 – 1,806,835,000 roubles). This amount includes land plots on lease of the total amount of 1,744,287,000 roubles. Land lease agreements were concluded for 49 years with the right of further prolongation.

The structure and flow of the fixed assets within the reporting year and the respective accumulated wear are presented in Table 2.1 of the Notes. The data in line 5200 "Received" of Table 2.1 "Availability and movement of fixed assets" differ from line 5240 of Table 2.2 "Capital investments in progress" in the amount of 2,956,000 roubles by the amount of recorded surpluses found in the course of the inventory audit.

3.3. Accident at Berezovskaya GRES

On 01 February 2016, a fire was found in the boiler room of Power Unit No. 3 at Berezovskaya GRES.

After the accident, Power Unit No. 3 of the Berezovskaya GRES Branch of Unipro PJSC with the capacity of 800 MW was shut down for unscheduled repairs, during which it will not generate any electric power, and, according to the current estimates, there will be no payments received for the capacity until the end of 2018. According to the current market rules, no fines are expected for the failure to supply the capacity.

Expenses on the partial write-off of fixed assets were recorded at the time of the equipment fault detection (actual visual inspection and detection of the parts to be replaced). As a result, the write-off percentage was 25% of the value of the Main Building, 26% of the value of the boiler. As of now, some equipment has not been actually inspected by an expert commission (due to the unstable position of the boiler and the danger to stay in some areas), as a consequence, no write-off was made in respect of these

assets. Due to this fact, some expenses on the write-off of fixed assets will be recorded in 2017 following the inspection and dismantlement of the damaged assets and after the execution of equipment fault detection certificates, which will serve as a basis for signing write-off certificates, and dismantling of the fixed assets.

At present, the Company's Management, with consideration of the proposal made by the Science and Engineering Council of Unipro PJSC, estimates the cost of the damage caused to the boiler room equal to 50% of the boiler value, 25% of the cost of the building and auxiliary equipment. The amount of expenses on refurbishment will make at least 25 bln roubles. The started repair may be more expensive than the expected cost and, if the power unit is commissioned later than the planned date, income may also be received later. The delay in commissioning is one of the material individual risks of the Company.

The Company is insured against all risks of construction and installation, material damage due to any risk, machinery breakdown due to any internal causes, and downtime in production activities for 12 months from the event date. The investigation of the accident with the involvement of representatives from the insurance companies was commenced to determine the amount of indemnity. Currently, the Company's Management believes that a substantial portion of damage will be compensated for by the insurance company in compliance with the terms and conditions of the policy. The insurance indemnity for the damage incurred was partially received in 2016 and amounted to 5,651,285,000 roubles.

Since February 2016, some fixed assets damaged as a result of the accident were shut down for repair for the period exceeding 12 months. The depreciation for these fixed assets was suspended in March 2016. The amount of non-accrued depreciation for the reporting period was 1,178,491,000 roubles.

Income and expenses associated with the accident are classified in the statements as extraordinary. Due to the fact that is impossible to adequately estimate whether the asset damaged as a result of the accident may or may not be further operated, the Company writes off the assets only after the actual dismantling and estimation by the commission as to whether the asset may be further operated. Due to a long period of dismantling, the Company accumulates dismantling costs in terms of fixed assets as part of deferred expenses until the fixed assets write-off. At the time of write-off, the fixed assets dismantling expenses are written off on a one-off basis to other expenses of the Company.

In the reporting period, the Company reflected the insurance indemnity, as well as the receipt of inventories resulted from the fixed assets dismantling amounting to 314,875,000 roubles as extraordinary income.

The expenses on the withdrawal of the damaged fixed assets in the amount of 6,363,433,000 roubles, as well as the expenses on the fixed assets disposal in the amount of 2,071,229,000 roubles were recorded as extraordinary expenses.

3.4. Construction in progress

The Company is building new facilities and is reconstructing the existing ones. The flow of capital construction in progress is shown in Section 2.2 of the tabular notes to the balance sheet and income statement.

The breakdown of the most important projects of construction in progress is presented below:

In '000 roubles

| Name | Construction start year | 31.12.2016 | 31.12.2015 | 31.12.2014 |
|---|-------------------------|------------------|------------------|-------------------|
| Repair and refurbishment at Power Unit No. 3 at Berezovskaya GRES | 2016 | 52,570 | - | - |
| Fuel receiving station of Berezovskaya GRES | 2014 | 4,357,986 | 3,016,823 | 652,424 |
| Dry ash removal system of Berezovskaya GRES | 2011 | 113,615 | 611,470 | 287,592 |
| Construction of Power Unit No. 3 of Berezovskaya GRES | 1984 | 552,314 | 1,550,950 | 32,024,834 |
| Equipment to be installed at facilities under construction at Berezovskaya GRES | - | 490,124 | 486,259 | 5,850,842 |
| Other capital investment projects | - | 1,013,651 | 1,644,796 | 1,297,495 |
| Total: | | 6,580,260 | 7,310,298 | 40,113,187 |

The main scope of capital construction under the project “Repair and Refurbishment at Power Unit No. 3 (Berezovskaya GRES)” will be carried out upon the commencement of the stage of installation of structures, i. e. in 2017 (the year 2016 saw the dismantling stage).

Moreover, Berezovskaya GRES Branch is building a new fuel receiving station. After its commissioning, coal will be supplied continuously to the three units at once. All production processes at the new fuel receiving station will be fully automated and, once it is commissioned, integrated with the new fuel supply process control system at Berezovskaya GRES.

3.5. Long-term financial investments

Breakdown of long-term financial investments:

| Name | 31.12.2016 | 31.12.2015 | 31.12.2014 |
|---|------------------|------------------|----------------|
| Bills | 713,632 | 904,138 | 797,745 |
| Interest in E.ON Connecting Energies LLC | 1,051,000 | 851,000 | 1,000 |
| Interest in Unipro Engineering LLC | 125,000 | 125,000 | - |
| Shares of PJSC RusHydro | 41,700 | 30,185 | 23,767 |
| Shares of Shatura Management Company OJSC | 16,473 | 16,473 | - |
| Interest in Uniper LLC | 500 | 500 | - |
| Interest in APP Siberia LLC | 26,000 | - | - |
| Interest in Teplosbyt LLC | - | - | 17,500 |
| Total: | 1,974,305 | 1,927,296 | 840,012 |

‘000 roubles

Shares of OJSC RusHydro are carried at the fair market value.

Agro-Industrial Park Siberia LLC (APP Siberia LLC) was set up in April 2016 to build up the demand for electric and thermal power in the territory adjacent to Berezovskaya GRES. The participatory interest of the Company in APP Siberia LLC is 100%. According to the decision on the incorporation of APP Siberia LLC, the authorised capital amounted to 26,000,000 roubles and was fully paid as of 31 December 2016.

In May 2016, it was decided to increase the authorised capital of E.ON Connecting Energies LLC. The additional contribution of the Company to the authorised capital amounted to 200,000,000 roubles and was fully paid as of 31 December 2016.

Breakdown of long-term bills:

In '000 roubles

| No. | Contribution type | Due date | Amount | | |
|-----|------------------------------------|----------|----------------|----------------|----------------|
| | | | 31.12.2016 | 31.12.2015 | 31.12.2014 |
| 1 | Bank bill | 2016 | - | - | 468,078 |
| 2 | Bank bill | 2017 | - | 830,938 | 124,230 |
| 3 | Bank bill | 2018 | 713,054 | - | 132,034 |
| 4 | Bills of Bank Narodniy Credit OJSC | 2018 | - | 72,419 | 72,419 |
| 5 | Bills of Ulyanovskenergo OJSC | 2016 | - | - | 203 |
| 6 | Bills of Ulyanovskenergo OJSC | 2017 | - | 203 | 203 |
| 7 | Bills of Ulyanovskenergo OJSC | 2018 | 203 | 203 | 203 |
| 8 | Bills of Ulyanovskenergo OJSC | 2019 | 203 | 203 | 203 |
| 9 | Bills of Ulyanovskenergo OJSC | 2020 | 172 | 172 | 172 |
| | Total: | | 713,632 | 904,138 | 797,745 |

3.6. *Other non-current assets*

Line 1190 "Other non-current assets" shows the expenses to be written off in the future, with the writing-off period over 12 months following the reporting date.

'000 roubles

| Group description | 31.12.2016 | 31.12.2015 | 31.12.2014 |
|-------------------|---------------|---------------|---------------|
| Software | 30,565 | 27,890 | 38,774 |
| Other costs | 25,282 | 25,856 | 30,182 |
| Total: | 55,847 | 53,746 | 68,956 |

3.7. *Inventories*

Information about inventories and their flow is given in Section 4 "Inventories" of the tabular form of the notes to the balance sheet and income statement.

The figures in the column "Receipts and costs" include the Company's costs of the acquisition of inventories from suppliers and contractors, as well as production of inventories at own production facilities incurred in the reporting period.

The figures in the column "Withdrawn" include the cost of inventories withdrawn as a result of their use for production and sale of finished products, work performance, provision of services, sale, write-off, or any other withdrawal (and specifically by including in the costs that form the value of non-current assets), as well as the respective write-off value of the previously generated provision for the impairment of inventories.

Breakdown of inventories:

'000 roubles

| Inventory description | 31.12.2016 | 31.12.2015 | 31.12.2014 |
|------------------------------|-------------------|-------------------|-------------------|
| Spare parts | 3,046,766 | 3,699,114 | 2,576,890 |
| Fuel, total: | 1,333,370 | 1,350,586 | 1,402,177 |
| Including | | | |
| Coal | 921,646 | 942,309 | 917,878 |
| Fuel oil | 300,651 | 350,890 | 438,096 |
| Other fuel | 111,073 | 57,387 | 46,203 |
| Other materials | 2,641,155 | 1,004,951 | 1,235,425 |
| Total: | 7,021,291 | 6,015,817 | 5,184,011 |

Breakdown of the impairment provision for inventories cost:

'000 roubles

| Inventory, for which the provision was made | 31.12.2016 | 31.12.2015 | 31.12.2014 |
|--|-------------------|-------------------|-------------------|
| Spare parts | 12,160 | 8,811 | 7,811 |
| Fuel | 691 | 554 | 294 |
| Other materials | 19,307 | 9,188 | 7,617 |
| Total: | 32,158 | 18,553 | 15,722 |

As a result of the dismantling at the elimination of the accident consequences at Berezovskaya GRES, the Company entered on the books materials amounting to 314,875,000 roubles.

3.8. Other current assets

Other current assets include the expenses to be written off in the future, within 12 months following the reporting date.

Breakdown of other current assets:

'000 roubles

| Group description | 31.12.2016 | 31.12.2015 | 31.12.2014 |
|--------------------------|-------------------|-------------------|-------------------|
| Software | 23,153 | 51,079 | 36,468 |
| Other deferred expenses | 86,591 | 107,938 | 236,058 |
| Total: | 109,744 | 159,017 | 272,526 |

3.9. Receivables

The disclosure information on accounts receivable is given in Section 5.1 "Accounts receivable and their flow" of the tabular form of the notes to the balance sheet and income statement.

Accounts receivable written off due to the doubtful debt provision are presented in the column "Use of the provision". In 2016, the total write-off of accounts receivable amounted to 144,210,000 roubles (in 2015, 529,897,000 roubles), including 139,365,000 roubles due to the provision (in 2015 – 527,692,000 roubles).

Accounts receivable in the balance sheet is shown less the doubtful debt provision.

Breakdown of long-term and short-term accounts receivable.

'000 roubles

| No. | Contractor name | Debt amount | | | Provision amount | | |
|-----|---|-------------------|-------------------|-------------------|------------------|------------------|------------------|
| | | 31.12.2016 | 31.12.2015 | 31.12.2014 | 31.12.2016 | 31.12.2015 | 31.12.2014 |
| | Long-term accounts receivable | 249,405 | 237,997 | 207,059 | 11 | - | - |
| | Short-term accounts receivable, including: | 19,179,605 | 11,853,822 | 10,127,974 | 4,695,288 | 3,878,572 | 3,423,726 |
| | Buyers and customers | 10,055,612 | 9,613,653 | 7,726,451 | 4,689,262 | 3,870,387 | 3,410,935 |
| | Including the major ones: | | | | | | |
| 1 | Centre of Financial Settlements Joint Stock Company | 1,682,268 | 1,553,569 | 1,481,506 | 47,902 | 117,884 | 48,949 |
| 2 | Dagestan Energy Retail Company Public Joint Stock Company | 1,550,992 | 1,077,204 | 719,957 | 1,517,059 | 1,077,204 | 647,851 |
| | Advances | 8,635,294 | 643,247 | 1,435,317 | 4,464 | 4,660 | 8,190 |
| | Including the major ones: | | | | | | |
| 1 | Machine-Building Factory of Podolsk Joint Stock Company | 5,160,536 | 0 | 0 | 0 | 0 | 0 |
| | Other | 488,699 | 1,596,922 | 966,206 | 1,562 | 3,525 | 4,601 |
| | Including for taxes and charges payable | 299,148 | 1,417,614 | 331,978 | | | |
| | TOTAL | 19,429,010 | 12,091,819 | 10,335,033 | 4,695,299 | 3,878,572 | 3,423,726 |

Furthermore, the advances paid to contractors for future supplies of fixed assets, equipment, major works and services are recorded by the Company as accounts receivable.

Breakdown of the advances paid to contractors under investment projects:

'000 roubles

| Company | 31.12.2016 | | 31.12.2015 | | 31.12.2014 | |
|--|------------|------------|------------|------------|------------|------------|
| | Total | net of VAT | Total | net of VAT | Total | net of VAT |
| MACHINE-BUILDING FACTORY OF PODOLSK JSC | 5,160,536 | 4,373,336 | | | | |
| SIEMENS GAS TURBINE TECHNOLOGIES LLC | 1,942,031 | 1,645,789 | | | | |
| GE RUS LLC | 856,414 | 725,775 | | | | |
| ENKA INSAAT VE SANAYI A.S. | | | | | 349,325 | 349,325 |
| ORGENERGOSTROY INSTITUTE JSC | 228,276 | 193,454 | | | | |
| Energy Machine-Building Alliance OJSC | | | 143,173 | 121,333 | 108,899 | 92,287 |
| Interautomatika CJSC | | | 21,340 | 18,085 | 102,140 | 86,559 |
| PJSC POWER MACHINES | 93,188 | 78,973 | | | 925 | 784 |
| ZAO STC BELAM | 4,632 | 3,925 | | | 64,275 | 54,470 |
| ZAO COTES | 37,178 | 31,507 | | | | |
| STANKOMASHSTROY LLC | 35,573 | 30,147 | | | | |
| SIP-energo LLC | | | | | 35,302 | 29,917 |
| IRT Ingenieur-und Reparatur-Transfer GmbH Anlagenservice | | | | | 26,917 | 26,917 |

| Company | 31.12.2016 | | 31.12.2015 | | 31.12.2014 | |
|--|------------------|------------------|----------------|----------------|------------------|----------------|
| | Total | net of VAT | Total | net of VAT | Total | net of VAT |
| VERSAL LLC | 2,325 | 1,970 | 11,366 | 9,632 | 16,143 | 13,681 |
| GIDROMONTAZH KRASNOYARSK INSTALLATION DEPARTMENT CJSC | 2,633 | 2,231 | 5,616 | 4,759 | 15,550 | 13,178 |
| KRASNOYARSK CONSTRUCTION COMPANY GARANT LLC | 5,363 | 4,545 | 8,788 | 7,447 | 9,103 | 7,714 |
| STALKONSTRUKTSIYA CJSC | | | 9,535 | 8,081 | 9,733 | 8,248 |
| ARMAN LLC | 2,729 | 2,313 | 6,705 | 5,682 | | |
| URALENERGO-SOYUZ CJSC | 325 | 275 | 4,908 | 4,159 | 325 | 275 |
| PROMTYAZHMASH JSC | | | 19,428 | 16,464 | | |
| JORIS IDE LLC | | | 5,532 | 4,688 | | |
| Other | 128,927 | 109,260 | 73,068 | 61,923 | 327,037 | 278,976 |
| Total advances paid under investment projects | 8,500,130 | 7,203,500 | 309,459 | 262,253 | 1,065,674 | 962,331 |

Other accounts receivable is mainly formed due to the overpayment to budgets of different levels. In 2015, the overpayment to the budget with regard to the income tax was due to the application of a special depreciation allowance after the commissioning of assets at Berezovskaya GRES, in 2016 the overpayment to the budget was due to the write-off of the fixed assets damaged as a result of the accident.

3.10. Short-term financial investments

Breakdown of short-term financial investments as of 31 December 2015:

In '000 roubles

| No | Contribution type | Payback period | Rate, % | Amount | | |
|----|--------------------------------------|----------------|---------|------------------|----------------|------------------|
| | | | | 31.12.2016 | 31.12.2015 | 31.12.2014 |
| 1 | Bank bill | 2015 | - | - | - | 639,752 |
| 2 | Bank bill | 2016 | - | - | 152,558 | - |
| 3 | Bank bill | 2017 | - | 840,649 | - | - |
| 4 | Bill of Ulyanovskenergo OJSC | 2014 | - | - | - | 203 |
| 5 | Bill of Ulyanovskenergo OJSC | 2015 | - | - | 203 | 203 |
| 6 | Bill of Ulyanovskenergo OJSC | 2016 | - | 203 | 203 | - |
| 7 | Bill of Ulyanovskenergo OJSC | 2017 | - | 203 | - | - |
| 8 | Bills of Bank Narodniy Credit OJSC | 2017 | - | 72,419 | - | - |
| 9 | Loan to Unipro Engineering LLC | 2017 | 8,58 | 156,383 | - | - |
| 10 | Loan to E.ON Connecting Energies LLC | 2015 | 9 | - | - | 1,126,375 |
| 11 | Deposit | 2015 | 2,95 | - | - | 298,928 |
| 12 | Simple partnership | | - | - | - | 31,976 |
| | Total: | | | 1,069,857 | 152,964 | 2,097,437 |

Interest on the loans granted is recorded on profit and loss accounts and in respective lines of the income statement of the Company as it is accrued. The Company plans to retain the loans granted until their repayment in full.

3.11. Cash and cash equivalents

Structure of cash and cash equivalents:

| | | | '000 roubles |
|---|------------------|------------------|-------------------|
| Description | 31.12.2016 | 31.12.2015 | 31.12.2014 |
| Cash on settlement accounts | 40,310 | 127,472 | 131,294 |
| Cash on foreign currency accounts | 54 | 27,077 | 919 |
| Cash on hand | 139 | 192 | 109 |
| Cash on special bank accounts | 500 | 458 | 300 |
| Total cash | 41,003 | 155,199 | 132,622 |
| Short-term bank deposits (with the term up to three months) in roubles | 1,348,504 | 5,415,500 | 7,889,000 |
| Short-term bank deposits (with the term up to three months) in euro | 136,565 | 1,484,529 | 1,797,937 |
| Short-term bank deposits (with the term up to three months) in US dollars | - | 2,301,159 | 3,173,027 |
| Total cash equivalents | 1,484,565 | 9,201,188 | 12,859,964 |
| Total cash and cash equivalents (line 1250) | 1,526,072 | 9,356,387 | 12,992,586 |

Deposit risks:

Currency risk – the Company's operations are structured in such a way that its principal assets, liabilities, and the major portion of deposits, accordingly, are denominated in the national currency; therefore, foreign exchange rate fluctuations do not have any significant impact on the Company's activities. Some financial investments denominated in a foreign currency are intended to perform the obligations in US dollars and euro under investment contracts and equipment maintenance agreements.

The free cash flow was aimed at depositing:

Breakdown of bank deposits as of 31 December 2016

'000 roubles

| No. | Credit organisation | Contribution type | Rate, % | Amount | Payback period |
|-----|--|-------------------|---------|------------------|----------------|
| 1 | VTB Bank OJSC | Deposit | 9.45 | 700,000 | Jan. 2017 |
| 2 | Gazprombank JSB CJSC | Deposit | 8 | 648,000 | Jan. 2017 |
| 3 | Joint-Stock Commercial Savings Bank of the Russian Federation OJSC | Deposit | 0.01 | 136,565 | Jan. 2017 |
| | Total: | | | 1,484,565 | |

Breakdown of bank deposits as of 31 December 2015:

| | | | | | In '000 roubles |
|-----|-------------------------|-------------------|------------|-----------|--------------------|
| No. | Company name | Contribution type | Rate, % | Amount | Payback period |
| 1 | AO UniCredit Bank | Deposit | 9.30 – 11 | 2,999,600 | Jan. 2016 |
| 2 | Sberbank of Russia OJSC | Deposit | 0.01 – 9.2 | 2,783,576 | Jan. 2016 |
| 3 | Gazprombank JSC | Deposit | 9 – 10.25 | 2,265,900 | Jan. 2016 |
| 4 | VTB Bank OJSC | Deposit | 0.42 | 1,152,112 | Jan. 2016 |

| | | | |
|---------------|--|--|------------------|
| Total: | | | 9,201,188 |
|---------------|--|--|------------------|

Breakdown of bank deposits as of 31 December 2014:

| No. | Company name | Contribution type | Rate, % | Amount | In '000 roubles Payback period |
|-----|-------------------------|-------------------|--------------|-------------------|-----------------------------------|
| 1 | Sberbank of Russia OJSC | Deposit | 0.9 – 22.85 | 4,671,278 | Jan. 2015 |
| 2 | AO UniCredit Bank | Deposit | 2.35 – 3 | 2,081,181 | Jan. 2015 |
| 3 | HSBC Bank (RR) LLC | Deposit | 13.05 – 19.5 | 2,000,000 | Jan. 2015 |
| 4 | AO UniCredit Bank | Deposit | 0.12 – 0.13 | 1,161,826 | Feb. 2015 |
| 5 | Gazprombank JSC | Deposit | 1.25 – 17.5 | 1,128,981 | Jan. 2015 |
| 6 | VTB Bank OJSC | Deposit | 1.02 – 14.75 | 979,719 | Jan. 2015 |
| 7 | Nordea Bank JSC | Deposit | 25 | 600,000 | Jan. 2015 |
| 8 | Sberbank of Russia OJSC | Deposit | 1.55 – 1.73 | 236,979 | Feb. 2015 |
| | Total: | | | 12,859,964 | |

Breakdown of line 4119 “Other receipts” in the operating cash flow statement:

| Receipts | 2016 | 2015 |
|---------------------|------------------|------------------|
| Insurance indemnity | 5,651,285 | 2,720,319 |
| VAT | - | 900,184 |
| Other receipts | 51,061 | 823,009 |
| Total: | 5 702,346 | 4,443,512 |

A major part of the line “Other income” is represented by insurance indemnity payments as a result of the accident at Berezovskaya GRES Branch in 2016. Property insurance receipts for Berezovskaya GRES Branch were 5,651,285,000 roubles.

Breakdown of line 4129 “Other payments” in the operating cash flow statement:

In '000 roubles

| Payment description | 2016 | 2015 |
|--|------------------|------------------|
| VAT | 1,595,854 | - |
| Settlement for taxes and charges payable | 1,238,899 | 766,474 |
| Social insurance and security payments | 1,180,747 | 1,092,065 |
| Claim settlements, including fines for BGRES | 446,173 | 1,339,578 |
| Settlement for forward transactions | 272,509 | - |
| Property insurance payments | 190,193 | 148,298 |
| Other costs | 643,677 | 1,177,381 |
| Total: | 5,568,052 | 4,523,796 |

The amount of cash flows required to maintain the existing scope of the Company’s operations is shown as part of current activities.

Significant cash flows between the Company and its subsidiaries, affiliated or principal entities:

In '000 roubles

| Related | CFS line code | Receipts |
|---------|---------------|----------|
|---------|---------------|----------|

| party | | 2016 | 2015 |
|------------------------------|------|-----------|-----------|
| Principal entity | | | |
| Uniper SE | 4311 | 2,400,000 | - |
| E.ON SE | 4311 | - | 2,400,000 |
| E.ON SE | 4213 | - | 2,150,000 |
| E.ON SE | 4214 | - | 161,586 |
| Subsidiaries | | | |
| Unipro Engineering LLC | 4111 | 46,007 | - |
| Affiliates | | | |
| E.ON Connecting Energies LLC | 4111 | 9,536 | - |

| Related party | CFS line code | Payments | |
|------------------------------|---------------|----------|-----------|
| | | 2016 | 2015 |
| Principal entity | | | |
| Uniper SE | 4123 | 117,124 | - |
| Uniper SE | 4323 | 100,000 | - |
| Uniper Technologies GmbH | 4121 | 356,194 | 485,408 |
| E.ON SE | 4129 | 4,277 | 4,033 |
| E.ON SE | 4323 | - | 2,400,000 |
| E.ON SE | 4123 | - | 126,575 |
| E.ON SE | 4223 | - | 2,150,000 |
| Subsidiaries | | | |
| Unipro Engineering LLC | 4222 | 111,800 | 13,200 |
| Unipro Engineering LLC | 4223 | 156,383 | - |
| Affiliates | | | |
| E.ON Connecting Energies LLC | 4222 | 200,000 | 850,000 |

3.12. Short-term accounts payable

Additional information on accounts payable is given in Section 5.3 “Availability and movement of payables” of the notes to the balance sheet and income statement.

In 2016, as compared to 2015, there are no significant changes in the structure of accounts payable, except for the loan received from Uniper SE, the information is disclosed in cl. 3.19 concerning related parties.

Breakdown of accounts payable:

In ‘000 roubles

| No. | Tabular notes line code | Contractor name | Debt amount | | |
|-----|-------------------------|--|------------------|------------------|------------------|
| | | | 31.12.2016 | 31.12.2015 | 31.12.2014 |
| 1 | 5561 | Suppliers, contractors | 3,549,669 | 4,090,795 | 3,744,833 |
| 2 | 5564 | Credits, loans | 2,307,756 | - | - |
| 3 | 5565 | Other, including: | 683,201 | 819,622 | 601,203 |
| 4 | | Dividend payments to founders | 442,866 | 423,713 | 349,399 |
| 5 | 5563 | Settlement for taxes and charges payable | 810,216 | 2,009,585 | 837,430 |
| 6 | | including VAT payments | 341,241 | 1,585,211 | 666,437 |
| 7 | 5562 | Settlements for advances received | 16,749 | 17,127 | 6,868 |
| | | Total: | 7,367,591 | 6,937,129 | 5,190,334 |

Furthermore, line 1550 “Other short-term liabilities” shows the VAT recovered upon the payment of advances to contractors and the receipt of tax invoices for the amount of the advance paid. The Company

pays advances only in compliance with terms and conditions of contracts. The recovered VAT as of 31 December 2016 amounts to 1,259,174,000 roubles (as of 31 December 2015 – 298,000 roubles, as of 31 December 2014 – 2,316,000 roubles). Upon occurrence of the circumstance stipulated by the Russian Tax Code, these amounts shall be paid to the budget of the Russian Federation.

The amount in line 1550 “Other short-term liabilities” increased as compared to 2015 due to the increase in the VAT amount declared for deduction at the time of transfer of prepayment amounts:

- Under maintenance contracts with GE RUS LLC, Siemens LLC, Siemens Gas Turbine Technologies LLC for Yaivinskaya GRES and Shaturuskaya GRES Branches;
- To suppliers (Machine-Building Factory of Podolsk JSC) for the recovery after the accident with the boiler at Berezovskaya GRES Branch at the beginning of 2016.

3.13. Shareholders' funds

The Company's authorised capital is fully paid as of 31 December 2016 and amounts to 25,219,482,000 roubles — 63,048,706,145 and 44,925,042,874 / 49,130,625,974 ordinary shares of the nominal value of 0.40 roubles each.

Reserve capital of the Company as of 31 December 2016 is 1,260,974,000 roubles (as of 31 December 2015 – 1,260,974,000 roubles), which is 5% of the authorised capital.

3.14. Income from core activities

Breakdown of income from core activities:

'000 roubles

| Type of activity | 2016 | 2015 |
|-------------------------------------|-------------------|-------------------|
| Sale of electric power and capacity | 79,435,469 | 77,094,543 |
| Sale of thermal power | 1,297,821 | 1,164,596 |
| Sale of other works, services | 396,287 | 359,647 |
| Total: | 81,129,577 | 78,618,786 |

3.15. Expenses on core activities

Breakdown of the cost:

'000 roubles

| Expense | 2016 | 2015 |
|---|-------------------|-------------------|
| Tangible costs | 46,386,654 | 43,841,412 |
| Depreciation | 6,731,722 | 6,666,483 |
| Labour costs | 5,084,865 | 4,677,617 |
| Social security allocations | 1,225,824 | 1,134,555 |
| Other costs, total | 4,456,298 | 4,344,486 |
| Including | | |
| Expenses on services at WEM | 1,282,124 | 1,254,838 |
| Taxes and charges | 1,210,975 | 1,291,766 |
| Security expenses | 467,211 | 423,881 |
| Insurance expenses | 262,066 | 217,879 |
| Lease payments | 248,237 | 224,354 |
| Expenses on software purchase and maintenance | 248,165 | 134,175 |
| Expenses on cleaning, improvement and vegetation planting | 107,814 | 99,445 |
| Other | 629,706 | 698,148 |
| Total: | 63,885,363 | 60,664,553 |

When preparing the statement for 2016, the Company analysed the economic essence of the expenses, and, as a result, reclassified the expenses for 2015. In particular, production equipment repair

services are fully recorded in line “Tangible costs”, whereas line “Other costs” decreased by 744,500,000 roubles. Similar changes are shown in Table 6 of the notes to the balance sheet and income statement of the Company.

The Company’s costs for purchasing and using energy resources are shown in the table below:

‘000 roubles

| Energy resource type | 2016 | | | 2015 | | |
|-------------------------|-------------------|-------------------------|-----------------------|----------------------------------|-------------------------|-------------------------|
| | Purchase | Use | | Purchase for production purposes | Use | |
| | | for production purposes | Sale to a third party | | for production purposes | for production purposes |
| Power, including | 5,092,332 | 27,586 | 5,064,747 | 4,641,148 | 52,396 | 4,588,752 |
| Electrical power | 5,088,858 | 24,111 | 5,064,747 | 4,638,043 | 49,291 | 4,588,752 |
| Thermal power | 3,474 | 3,474 | - | 3,105 | 3,105 | - |
| Fuel, including | 37,912,138 | 37,910,830 | 137 | 35,579,664 | 35,633,279 | - |
| Combustible natural gas | 35,009,758 | 35,009,758 | - | 32,042,230 | 32,042,230 | - |
| Coal | 2,685,344 | 2,706,085 | 137 | 3,300,251 | 3,270,984 | - |
| Petrochemical products | 217,036 | 194,986 | - | 237,183 | 320,065 | - |
| Total resources | 43,004,470 | 37,938,416 | 5,064,884 | 40,220,812 | 35,685,675 | 4,588,752 |

3.16. Other income and expenses

In ‘000 roubles

| Name | 2016 | 2015 |
|--|-------------------|-------------------|
| Other income, total | 7,980,525 | 10,049,061 |
| Including: | | |
| Extraordinary income | 5,966,160 | 2,752,885 |
| Foreign exchange differences | 858,586 | 3,414,167 |
| Doubtful debt provision recovery | 363,064 | 663,942 |
| Recovery of estimated liabilities | 236,047 | 187,692 |
| Recognition of property as a result of the inventory audit | 193,757 | 69,766 |
| Income from the sale of debt securities | 152,762 | 1,126,508 |
| Sale of inventory, metal scrap | 56,492 | 38,074 |
| Recognition of assets as a result of the write-off / disposal of fixed assets and construction in progress | 51,773 | 37,892 |
| Contractual penalties, compensation for losses under contracts and / or based on the court decision | 35,872 | 77,940 |
| Result of valuation of shares at the fair market value (income) | 17,752 | 16,843 |
| Sale of fixed assets | 16,006 | 19,724 |
| Profit of past years | 4,112 | 1,483,426 |
| Income from participatory interest in other organisations | 1,587 | 920 |
| Other income | 26,555 | 159,282 |
| Other expenses, total | 12,202,865 | 9,185,161 |
| Including: | | |
| Extraordinary expenses | 8,434,662 | 1,404,864 |
| Foreign exchange differences | 1,757,782 | 2,317,919 |
| Expenses on doubtful debt provisions | 1,319,157 | 1,160,106 |
| Expenses on sale of debt securities | 152,762 | 1,243,360 |
| Expenses on estimated liabilities | 119,864 | 559,885 |
| Expenses on holding the General Meeting of Shareholders, meetings of the Board of Directors and other similar expenses | 66,479 | 48,375 |

| Name | 2016 | 2015 |
|---|--------|-----------|
| Assets write-off | 59,016 | 255,596 |
| Sale of inventory, metal scrap | 48,931 | 28,833 |
| Charity, sponsorship | 34,229 | 51,649 |
| Losses of past years | 31,930 | 403,141 |
| Mass cultural events | 31,466 | 35,945 |
| Payments to employees, retirees and other similar expenses | 29,477 | 33,470 |
| Contributions to non-profitable organisations | 17,039 | 12,920 |
| Payments to the trade union | 15,835 | 14,140 |
| Penalties, litigation costs under contracts | 15,786 | 1,345,318 |
| Bank services / bank guarantee fees | 12,483 | 5,254 |
| VAT not refunded from the budget | 8,764 | 55,767 |
| Result of valuation of shares at the fair market value (expenses) | 6,237 | 10,425 |
| Sale of fixed assets | 268 | 64,602 |
| Other costs | 40,698 | 133,592 |

The significant increase of item “Extraordinary income and expenses” in 2016 is due to the accident that occurred on 01 February 2016, i. e. the fire in the boiler room of Power Unit No. 3 of Berezovskaya GRES.

Extraordinary income and expenses are given in detail in clause 3.3 of this explanatory note.

In 2015, the bills, which were previously accepted from buyers and customers to repay a debt, were discharged. The amount of expenses in 2016 was 152,762,000 roubles, in 2015 – 1,243,360,000 roubles, in 2014 – 546,668,000 roubles.

With regard to the item “Penalties, litigation costs under contracts” in 2015: the Company planned to commission Power Unit No. 3 of Berezovskaya GRES Branch on 01 June 2015. The deadline was not met. Power Unit No. 3 of Berezovskaya GRES Branch was commissioned in October 2015. Due to the delay in commissioning Power Unit No. 3, the fines for 3 months amounted to 1,339,203,000 roubles.

In addition, on the basis of the minutes of the meeting of the Supervisory Board of NP Market Council held in December 2015, it was decided that there were grounds for calculating (applying) a fine for the non-performance (improper performance) by Berezovskaya GRES Branch of E.ON Russia JSC of its obligations under capacity supply contracts in September 2015. Due to the fact that the fine charging documents were not received as of 31 December 2015, in 2015 the Company accrued the estimated liability of 446,173,000 roubles in the amount of the fine due for September 2015. In 2015, the documents were received, the expenses on fines were recognised for the purposes of bookkeeping due to the previously created estimated liability, and for the purposes of tax accounting, the expenses were recognised as of the date of receipt of the documents, i. e. in 2016.

3.17. Taxes

When calculating its tax liabilities, Unipro PJSC proceeds from the provisions of the current tax laws of the Russian Federation, the strict compliance with which is one of the corporate principles of the Company.

The total amount of taxes (except for individual income taxes and taxes payable in case of the dividend distribution) calculated by the Company in 2016 was 9,089,392,000 roubles, which exceeds this indicator of 2015 (8,917,005,000 roubles) by 172,387,000 roubles.

The Company pays special attention to the procedures of selection of suppliers of goods and works (services). In particular, for the purposes of the practical application of the provisions of Ruling of the Plenary Session of the Supreme Arbitration Court No. 53 dated 12 October 2006 “On the Estimation by Arbitration Courts of the Reasonableness of the Obtainment of a Tax Benefit by Taxpayers”, in 2016 the Company developed and implemented the comprehensive internal Regulation “Supplier Base Management. Reliability Verification and Preliminary Assessment of Suppliers”, which is aimed at assessing risks of cooperation with

Suppliers in the process of purchase of goods, works and services for the Company's needs. On the basis of the said regulation, at the assessment stage, contractors and suppliers of the Company are evaluated subject, in particular, to the following criteria:

- Capability to perform operations in reality;
- Sufficiency of material, production and labour resources to perform the contract;
- Regularity of economic activities;
- Performance of operations involving real goods, etc.

As a result of the field tax inspection in respect of Unipro PJSC for the years 2012–2014 conducted in 2016, Interregional Inspectorate for Major Taxpayers No. 4 of the Federal Tax Service of Russia drew up Tax Audit Report No. 03-1-28/28 dated 24 August 2016 and issued Decision No. 03-1-28/1/1 dated 09 January 2017 (received on 16 January 2017) for the amount of 269 mln roubles. The Company believes that the decision of the Inspectorate violates legal rules and plans to challenge the decision made by Interregional Inspectorate of the Federal Tax Service No. 4 with the Federal Tax Service of the Russian Federation and Russian courts.

Subject to the nature and materiality of additional payments specified in the field tax inspection report, and by adopting the conservative approach to possible future expenses of the Company, the Company's management decided to record on the books the estimated liabilities for tax disputes and liabilities in the total amount of 289,776,000 roubles.

In 2016, the follow-up field tax inspection in respect of Unipro PJSC for the year 2011 (Decision No. 2-3-07/237dsp dated 30 June 2016) was completed; as a result, additional payments were charged in the amount of 135,511,000 roubles as the income tax on the basis of the conclusion that the Company unlawfully qualified mobilisation expenses as the expenses recognised on a one-off basis, but not the expenses increasing the historic cost of the fixed assets. The debt under the decision is repaid in full.

With regard to mobilisation expenses in 2010, due to the revocation of the approval of the list of mobilisation activities for 2010 by the Ministry of Energy in September 2016, and subject to the law enforcement practice, the Company submitted the revised corporate income tax return for 2010. The income tax to be additionally paid to the budget was 142,013,000 roubles. The debt under the revised return is also repaid.

Value Added Tax

The value added tax (VAT) on the sold goods, products, works and services is accrued as of the date of actual shipping (delivery) of goods, products, works, services.

The comparison of the indicators used for the calculation of the VAT amount payable in 2016 and 2015 is presented in the table below.

In '000 roubles

| Indicators | 2016 | 2015 |
|--|------------|------------|
| VAT payable to the budget after the sale of goods, works, services with account of the revised tax returns submitted | 15,424,570 | 14,384,217 |
| Including VAT payable to the budget by the Company as a tax agent | 73,386 | 106,370 |
| Tax-exempt operations | 70,250 | 53,719 |
| Including the sale of metal scrap and non-ferrous metals | 42,863 | 30,505 |
| VAT for deduction from the budget with account of the revised tax returns submitted | 12,058,519 | 10,496,092 |
| Including: | | |
| On tax agents | 72,739 | 106,103 |
| On advances paid to suppliers | 1,340,536 | 1,009 |
| Total VAT payable for 2016, based on the revised VAT returns | 3,366,051 | 3,888,124 |

| Indicators | 2016 | 2015 |
|-------------------|------|------|
| submitted in 2016 | | |

The decrease in the amount of VAT payable in 2016 versus 2015 by RUB 522,073,000 is due to the growth of the VAT amounts declared for deduction on the advances paid to suppliers, which was partially compensated for by the growth of the VAT amounts calculated after the sale.

The growth of the deductions on the advances paid to suppliers, in its turn, is due to the significant amounts of the advances paid to Machine-Building Factory of Podolsk JSC (due to the work in progress aimed at repairing SPU-800 at Berezovskaya GRES Branch), as well as the payments in accordance with the maintenance schedules under the long-term maintenance contract with Siemens Gas Turbine Technologies LLC and under the service agreement with GE Rus LLC.

Property Tax

In 2016, the Company recorded the property tax of RUB 1,033,435,000 as expenses for the payments due to the budget. (in 2015, RUB 1,241,782,000).

The Company calculates the property tax in full compliance with the rules established by the current tax laws. The Company uses the benefits permitted by the laws. In 2016, the Company applied the following benefits:

In '000 roubles

| Benefit type | 2016 | 2015 | Difference |
|--|---------|---------|------------|
| Federal benefits – total | 722,520 | 223,821 | + 498,699 |
| Cl. 25, Art. 381 of RF TC – movable property entered on the books after 1 January 2013 | 684,301 | 179,007 | + 505,294 |
| Cl. 3, Art. 380 of RF TC – a reduced tax rate for power transmission lines and facilities directly related thereto | 38,219 | 44,814 | - 6,595 |
| Regional benefits – total | 224,109 | 54,216 | 169,893 |
| in the Perm Region (Cl. 2, Art. 19 and Cl. 7, Art. 19.1 of the Perm Region Law No. 1685-296 dated 30 August 2001) | 4,587 | 3,769 | + 818 |
| in the Krasnoyarsk Territory (subclause. C, Cl. 3, Art. 2 of the Krasnoyarsk Territory Law No. 3-674 dated 08 November 2007) | 219,522 | 50,447 | + 169,075 |
| Total | 946,629 | 278,037 | + 668,592 |

The main growth of benefits in 2016 is associated with the entry on the books at the end of 2015 of a large number of fixed assets relating to movable property.

Income Tax

The income tax amount calculated on the basis of the accounting profit (the contingent expense for the income tax) in the reporting year was RUB 2,716,532,000 (in 2015, RUB 3,954,078,000).

Line 2410 'Current Income Tax' shows the income tax amount of RUB 3,020,534,000 (in 2015, RUB 1,775,102,000) calculated on the basis of tax accounting data and presented in the corporate income tax return for 2016.

When calculating the income tax payable to the regional budget, the Company applied the reduced tax rates:

- For the autonomous business unit Surgutskaya GRES-2 Branch, the Company applied the reduced rate of 16% pursuant to the regional laws (Cl.5, Art.3 of the Law of KhMAA–Yugra No. 87-oz dated 30 September 2011). The income tax effect for 2016 totalled RUB 94,508,000.
- For the autonomous business unit Yaivinskaya GRES Branch, the Company applied the reduced rate, which, subject to the indicator of reduction due to the capital investments made in the tax period, was 14.6% (subclauses 1, 2, Art. 15 of the Perm Region Law No. 1685-296 dated 30 August 2001). The cumulative effect was RUB 73,901,000, including RUB 8,694,000 due to the capital investments made in the tax period. The total rate of the tax payable to the regional budget by the Company for the reporting period was 16.94% (for 2015, 16.75%).

Permanent and temporary differences

In the reporting year, the Company accrued permanent income tax liabilities reduced by the amount of permanent tax assets in compliance with the rules established by RAS 18/02 in the amount of RUB 330,946,000 (in 2015, permanent tax assets reduced by the amount of permanent tax liabilities accounted for RUB 54,616,000).

The said permanent differences are due to the differences in recognition for the purposes of bookkeeping and tax accounting of the following income and expenses:

'000 roubles

| Profit (+)/loss (-) item on the books | 2016 | 2015 |
|--|-------------|-----------|
| Profit/losses of past years | (11,311) | 1,778,630 |
| Recovery of estimated liabilities | 244,133 | 196,736 |
| Profit from the valuation of shares at the market value | 11,515 | 6,418 |
| Profit/loss due to the accrual of foreign exchange differences for the purposes of bookkeeping | 12,943 | (22,101) |
| Recognition of the expense for fines at WECM only for the purposes of tax accounting | 445,895 | - |
| Other income | 14,577 | 23,432 |
| Expenses for the write-off of fixed assets and other property | (1,842,582) | (259,527) |
| Accrual of estimated liabilities | (245,905) | (698,625) |
| Labour costs and other expenses in favour of employees | (113,142) | (138,691) |
| Charity | (48,615) | (64,569) |
| Expenses for compulsory and voluntary insurance of property and liability | (43,136) | (33,699) |
| Expenses for sports and mass cultural events | (24,197) | (35,945) |
| Expenses for holding meetings of shareholders, legal services and other similar expenses | (22,343) | (59,737) |
| Non-refundable VAT | (8,694) | (55,767) |
| Adjustment for the purposes of tax accounting in respect of the sale of depreciable property | (128) | (63,728) |
| Expenses associated with the sale of securities | - | (116,852) |
| Expenses under the partnership agreement | - | (23,720) |
| Other expenses not recognised for the purposes of tax accounting | (27,707) | (101,981) |

A material impact on the total amount of permanent differences was made by the write-off of fixed assets as a result of the accident at BGRES: the residual value of the disposed property for the purposes of tax accounting is considerably lower than that for the purposes of bookkeeping.

The factor that had an impact on the reduction of the amount of permanent differences and, as a consequence, the reduction of the income tax amount for 2016, was the recognition for the purposes of tax accounting in 2016 of the expenses for penalties in the power energy market for 2015, for which the Company formed a permanent tax liability for the purposes of bookkeeping by creating an estimated liability in 2015.

In 2016, to add to the income tax for the reporting period, the Company accrued deferred tax assets amounting to RUB 25,770,000 (in 2015, the amount of deferred tax assets accrued was RUB 981,000).

In 2016, to add to the income for the reporting period due to the disposal of assets, the Company wrote off the previously accrued deferred tax assets in the amount of RUB 30,403,000 (in 2015, RUB 55,000). This write-off is recorded in line 'Other' of the income statement.

In 2016, the previously accrued deferred tax liabilities were discharged in the amount of RUB 89,195,000 (in 2015, deferred tax liabilities were accrued in the amount of RUB 2,007,562,000). The main reason for discharging deferred tax liabilities was the end of the useful life of fixed assets from the perspective of tax accounting on condition of the depreciation applied for the purposes of bookkeeping.

In 2016, to add to the income for the reporting period, the Company wrote off the previously accrued deferred tax liabilities in the amount of RUB 251,414,000 (in 2015, deferred tax liabilities were written off in the amount of RUB 6,202,000). This write-off of the deferred tax liability is recorded in line 'Other' of the income statement and is mainly associated with the disposal of the depreciated property due to the accident at Unit No. 3 of Berezovskaya GRES Branch.

According to tax accounting data, the taxable income for 2016 amounted to RUB 15,944,716,000 (for 2015, RUB 9,464,645,000).

Line 'Other' of the income statement shows the following amounts:

In '000 roubles

| Name | 2016 | 2015 |
|--|-----------|-----------|
| Amount of written off deferred tax liabilities/assets | 251,414 | (6,202) |
| Amount of written off deferred tax assets | 30,403 | 55 |
| Income tax amount to be additionally paid (-)/returned (+) based on the revised returns for the previous tax periods | (372,280) | (419,361) |
| Penalties and fines for the violation of tax laws, administrative laws, road traffic regulations | (96,626) | (17,455) |
| Total Line 2460 'Other' of the income statement | (187,088) | (442,963) |

3.18. Security of liabilities

Security for obligations by types and groups are disclosed in Cl. 8 of the tabular notes to the balance sheet and income statement.

The guarantees received as of 31 December 2016 amount to RUB 7,142,045,000 (as of 31 December 2015, RUB 1,017,395,000; as of 31 December 2014, RUB 1,503,819,000). The most significant guarantees are those granted by the Company's contractors to secure the performance of their obligations for the advance payments received under contracts, namely:

- The bank guarantee amounting to RUB 5,277,528,000 with the guarantor being Sberbank of Russia PJSC. The guarantee is a proof of the delivery of equipment under the contract with Machine-Building Factory of Podolsk OJSC to manage the accident that occurred on 1 February 2016 at Power Unit No. 3 of Berezovskaya GRES Branch.

- The guarantee from Siemens Gas Turbine Technologies LLC amounting to RUB 750,415,000 (EUR 9,029,000 and RUB 174,257,000) for the repayment of the advance under the long-term maintenance contract.

There is a guarantee issued by the Company under the concluded lease agreement in the amount of RUB 17,388,000 as of 31 December 2016 (RUB 23,508,000 as of 31 December 2015; RUB 17,842,000 as of 31 December 2014).

3.19. Earnings per Share

The Company discloses the information about earnings per share in compliance with “Methodological Recommendations on the Disclosure of the Information about Earnings per Share” approved by the Order of the Ministry of Finance of the Russian Federation No. 29n dated 21 March 2000.

The basic earnings per share reflect the portion of the earnings in the reporting period that may be potentially distributed among shareholders owning ordinary shares. It is calculated as a ratio between the basic earnings in the reporting period and the weighted average number of ordinary shares outstanding within the reporting year. The basic earnings is equal to the net profit in the reporting year (line 2400 of the income statement).

Basic earnings per share:

| | ‘000 roubles | |
|---|---|---|
| | 2016 | 2015 |
| Basic earnings in the reporting year, ‘000 RUB | 10,490,023 | 15,545,745 |
| Weighted average number of ordinary shares outstanding within the reporting year, pcs | 63,048,706,145 and 44,925,042,874/ 49,130,625,974 | 63,048,706,145 and 44,925,042,874/ 49,130,625,974 |
| Basic earnings per share, RUB | 0.1664 | 0.2466 |

The Company does not have any securities having a dilutive effect.

The Company’s General Meeting of Shareholders that was held on 15 June 2016 made the decision to pay dividends in the amount of RUB 12,436,597,000 on ordinary shares following the results of 2015 FY at the rate of RUB 0.25 for one ordinary share.

The extraordinary General Meeting of Shareholders of the Company that was held on 8 December 2016 made the decision to pay dividends in the amount of RUB 4,583,641,000 following the results of nine months of 2016 on ordinary shares at the rate of RUB 0.0727 for one ordinary share and RUB 2,717,399,000 from the retained profit of past years at the rate of RUB 0.0431 for one ordinary share (in 2015, on the basis of the decision made by the General Meeting of Shareholders that was held on 26 June 2015, the Company paid dividends in the amount of RUB 17,504,994,000 following the results of 2014 FY).

3.20. Related parties

The Company is controlled by Uniper Russia Holding GmbH and is a member of Uniper Group that comprises Uniper SE and its subsidiaries.

List of related parties of the Company as of 31 December 2016:

| No. | Related party | Relation grounds |
|-----|---|------------------------|
| 1 | Uniper Global Commodities SE | Uniper Group |
| 2 | Representative office of Uniper Global Commodities SE | Uniper Group |
| 3 | Uniper NefteGaz LLC | Uniper Group |
| 4 | Uniper Trend s.r.o. | Uniper Group |
| 5 | Uniper Beteiligungs GmbH | Uniper Group |
| 6 | Uniper Holding GmbH | Uniper Group |
| 7 | Uniper Technologies GmbH | Uniper Group |
| 8 | Uniper SE | Ultimate parent entity |
| 9 | Uniper Russia Holding GmbH | Principal entity |
| 10 | Gazprom YRGM Development CJSC | Uniper Group |
| 11 | Severneftegazprom OJSC | Uniper Group |

| No. | Related party | Relation grounds |
|-----|---------------------------------|--------------------|
| 12 | Uniper Technologies Limited | Uniper Group |
| 13 | E.ON Connecting Energies LLC | Affiliated company |
| 14 | Noguinsk Heat Center LLC | Affiliated company |
| 15 | NATEC Invest-Energo JSC | Affiliated company |
| 16 | Shatura Management Company OJSC | Control |
| 17 | Uniper LLC | Control |
| 18 | APP Siberia LLC | Control |
| 19 | Unipro Engineering LLC | Control |

Other: individuals being members of the Board of Directors and the Management Board of the Company (the information is disclosed in Section I of the notes to the balance sheet and income statement).

Related party transactions:

In `000 roubles

| Items | As of 31 Dec. 2016 | As of 31 Dec. 2015 | As of 31 Dec. 2014 |
|---|-----------------------|-----------------------|-----------------------|
| Receivables | 20,522 | 1,173 | 539 |
| Payables | 917 | 310,249 | 249,816 |
| Advances paid | 156,383 | - | 1,126,375 |
| Loans received | 2,307,756 | - | - |
| Estimated liabilities – expenses under the contract | 64,519 | - | - |

In `000 roubles

| Indicators | For 2016 | For 2015 |
|--------------------------------|----------|----------|
| Revenue (net of VAT) | 82,391 | 8,708 |
| Services received (net of VAT) | 594,405 | 555,209 |
| Interest received on the loan | 2,642 | 254,722 |
| Interest charged on the loan | 124,880 | 126,575 |

Terms of payment under related party transactions are definitely proved by contractual relations that are preliminarily approved by the Board of Directors of the Company.

In April 2016, the Company concluded the agreement for granting a loan to Unipro Engineering LLC for the maximum amount of RUB 350,000,000 with the maturity by 31 December 2017 at the rate of 8.58% per annum. In 2016, the loan amount granted was RUB 156,383,000. Interest received on the loan granted to Unipro Engineering LLC was recorded in line 'Interest Received on the Loan' and amounted to RUB 2,642,000 in 2016. In 2015, the amount of interest received by the Company on the loans granted was RUB 254,722,000. Interest was also received in the amount of RUB 161,586,000 under the agreement for granting the loan to E.ON SE in the amount of RUB 2,150,000,000 concluded in February 2015 with the maturity by August 2015 at the rate of 15.24% per annum. Also, in 2015 line 'Interest Received on the Loan' includes interest on the loan granted to E.ON Connecting Energies LLC in the amount of RUB 93,136,000. The loans were repaid in full by the due date.

In July 2016, the Company concluded the agreement for obtaining the loan from Uniper SE with the maturity by December 2016 at the rate of 12.46% per annum in the amount of RUB 2,400,000,000. Interest for the said period amounted to RUB 124,880,000. In December 2016, the loan was repaid in the amount of RUB 100,000,000 and a new additional agreement was concluded to extend the maturity date of the loan amounting to RUB 2,300,000,000 from 22 December 2016 to 22 March 2017. The interest rate on the loan for the said period is established equal to 12.14%. In July 2015, the Company concluded the agreement for obtaining the loan from E.ON SE with the maturity by December 2015 at the rate of 13.75% per annum in

the amount of RUB 2,400,000,000. Interest for the said period amounted to RUB 126,575,000. The loan was repaid in full by the due date.

In 2016, the Company paid dividends to Uniper Russian Holding GmbH in the amount of RUB 15,700,461,000. In 2015, the amount of dividends paid to E.ON Russia Holding GmbH was RUB 13,924,488,000.

Remuneration to key managers

The key managers named as such by the Company are the members of the Board of Directors and the Management Board.

In 2016, the Company paid the members of the Board of Directors and the Management Board the remuneration totalling RUB 358,392,000 (in 2015, RUB 254,732,000). The remuneration to the members of the Board of Directors includes the remuneration for the participation in the meetings of the Board of Directors.

Compulsory pension insurance contributions for the members of the Management Board of the Company in 2016 amounted to RUB 44,933,000 (in 2015, RUB 31,807,000).

In 2016, severance pays to the members of the Management Board amount to RUB 17,471,000 (in 2015, there were no severance pays).

The members of the Board of Directors and the Management Board are listed in Section "General Information" of the notes to the balance sheet and income statement.

3.21. Management of Financial Risks

The risk management system is an integral part of the production processes and decision making in the Company. The key elements of the risk management system are the Company's strategy, internal regulations, the reporting system, controlling, planning, the internal control system, and internal audit; the statements generated in compliance with the requirements of the Control and Corporate Transparency Act (KonTraG), as well as the functioning of the Risk and Finance Committee of the Board of Directors of Unipro PJSC. The risk management system was established to identify risks on a timely basis and take necessary countermeasures.

The information about the risks relating to assets and liabilities is provided in the relevant sections of these notes to the Company's accounting statements.

The information about the Company's position in the industry, main priority activities of the Company with the description of development prospects, as well as the key information about the risk factors associated with the Company's activities is posted on the Company's official web-site.

3.22. Contingent liabilities

Estimated liabilities

As of 31 December 2016, the Company entered on the books RUB 999,106,000 of the estimated liabilities (as of 31 December 2015, RUB 1,291,186,000), including:

- The estimated liabilities for annual and quarterly bonuses to employees as of 31 December 2016 amounted to RUB 398,945,000 (as of 31 December 2015, RUB 450,037,000). The amounts were proved by the results of the inventory of the estimation of the obligations as at the reporting date for the payment of the compensation for the period of work performed, but with a later payment date in compliance with the applicable local regulations of the Company.

- The estimated liabilities for vacation payments as of 31 December 2016 in the amount of RUB 237,455,000 (as of 31 December 2015, RUB 281,265,000). The estimated liability amount is also proved

by the results of the inventory based on the number of used vacation days and the average earned monthly income per employee.

- The estimated liabilities for the litigation in progress, the results of which are estimated by the Company as unfavourable with the likelihood ratio “above the average”, as of 31 December 2016 in the amount of RUB 8,410,000 (as of 31 December 2015, RUB 559,884,000). As of 31 December 2015, the Company used this line to record the estimated liability for eventual tax disputes over open tax inspections as of the reporting date in the amount of RUB 107,633,000. In 2016, the estimated liability for eventual tax disputes was moved to line ‘Other’. The results of the other court proceedings, in which the Company acts as the defendant, in the opinion of the management, will not make any significant impact on the Company’s financial standing.

- Other estimated liabilities as of 31 December 2016 in the amount of RUB 354,296,000 (as of 31 December 2015, zero). This line shows the estimated liability amounting to RUB 290mln for tax disputes over the field tax inspection for the years 2012 through 2014. The Company’s management intends to defend the Company’s standpoint in court. Furthermore, in this line, the Company records estimated liabilities for the concluded contracts for work, services, the work/services under which were performed as at the reporting date, but were not accepted by the Company due to various circumstances, as a rule, due to the need for assessing work, which may take a considerable span of time.

Contingent tax liabilities

The tax laws of the Russian Federation, whether current or enacted as at the end of the reporting period, allow for different interpretations of certain facts of the Company’s economic life. Due to this fact, the management’s standpoint with regard to taxes and the documents justifying this standpoint may be challenged by tax authorities. The tax control in the Russian Federation is becoming more stringent, as a result, the risk of checks of the impact on the tax base of the transactions with no clear financial and economic purpose or the transactions with the contractors, which do not comply with the tax law requirements, is increasing. Tax inspections may cover the three calendar years preceding the year, in which a decision was made to conduct the inspection. In certain circumstances, earlier periods may be checked as well.

The Russian transfer pricing laws are, in general, in line with international transfer pricing principles developed by the Organisation for Economic Cooperation and Development (OECD), however they have some specifics. The transfer pricing laws provide for the possibility of charging additional tax liabilities under controlled transactions (transactions with related parties and certain types of transactions with non-related parties), if the transaction price is not in line with the market price. The management introduced the internal control system to meet the requirements of the applicable transfer pricing laws.

The tax liabilities incurred as a result of the activities between the Group entities are determined on the basis of the actual transaction price. It is likely that as the practice of application of the transfer pricing rules further develops, these prices may be challenged. The effect of such a scenario cannot be estimated with a sufficient degree of reliability, however it may be significant from the point of view of the financial standing and/or economic activity of the Company.

Nowadays, the management believes that its standpoint in respect of taxes and the Company’s interpretation of the laws may be proved, however, there is a risk that the Company will incur extra expenses, if the management’s standpoint in respect of taxes and the Company’s interpretation of the laws are challenged by tax authorities. The effect of such a scenario cannot be estimated with a sufficient degree of reliability, however it may be significant from the point of view of the financial standing and the results of activity of the Company.

3.23. Events after the Reporting Date

There are no events after the reporting date.

General Director, Unipro PJSC

_____/Signature/____ M.G. Shirokov

Chief Accountant, Unipro PJSC

_____/Signature/____ E. A. Dubtsova

21 March 2017

OPINION OF THE REVISION COMMISSION

Background Information

The General Meeting of Shareholders of E.ON Russia OJSC (Minutes No. 16 dated 15 June 2016) elected the Revision Commission including the following members:

Denis Alexandrovich Alexeenkov

Alexey Sergeevich Asyaev

Uwe Gerd Hansal

Nicolo Prien

The meeting of the Revision Commission (Minutes No. 1 dated 15 September 2016) elected Nicolo Prien as the Chairperson of the Revision Commission and Alexey Sergeyevich Asyaev as the Secretary of the Commission.

Pursuant to Clause 3.3 of the Regulation on the Revision Commission of E.ON Russia OJSC (approved by the decision of the General Meeting of E.ON Russia OJSC on 28 June 2011), the Revision Commission conducted the annual audit of the financial and economic activities of the Company following the results of the Company for 2016.

Pursuant to Clause 5.4 of the Regulation on the Revision Commission, the audit of the financial and economic activities is based, among other things, on the results of the annual audit of financial statements required by law, internal audit opinions, reports on risks, and internal control reports.

Basic Conclusions

The revenue for the reporting period amounted to RUB 81,129,577,000, including the revenue from the sale of thermal power RUB 1,297,821,000. The cost was RUB 63,885,363,000. The gross profit was RUB 17,244,214,000. The number of personnel of the Company as of 31 December 2016 was 4,362 people.

The net profit in the reporting period decreased by 33% YoY (in 2015, RUB 15,545,745,000) and amounted to RUB 10,490,023,000. The main factor that had an impact on the decrease of the profit in 2016 was the disposal of the assets damaged as a result of the accident in the boiler room of Power Unit No. 3 of Berezovskaya GRES on 1 February 2016.

In this connection, a significant increase of item 'Extraordinary Income and Expenses' was observed in 2016. Extraordinary expenses in the reporting period were RUB 8,434,662,000 (in 2015, RUB 1,404,864,000), extraordinary income was RUB 5,966,160,000 (in 2015, RUB 2,752,885,000). The Company recorded the insurance indemnity in the amount of RUB 5,651,285,000 as well as the receipt of inventories resulted from the dismantling of fixed assets of the power unit as extraordinary income. Extraordinary expenses include the expenses associated with the disposal of the damaged fixed assets and their liquidation.

Long-term financial investments as of 31 December 2016 were RUB 1,974,305,000 (RUB 1,927,296,000 as of 31 December 2015). In May 2016, it was decided to increase the authorised capital of E.ON Connecting Energies LLC. The additional contribution of the Company to the authorised capital amounted to RUB 200,000,000.

The value of construction in progress decreased to RUB 6,580,260,000. (RUB 7,310,298,000 as of 31 December 2015). The main scope of capital construction accounts for the construction of a new fuel receiving station at Berezovskaya GRES Branch.

The increase in inventories to RUB 7,021,291,000 (RUB 6,015,817,000 as of 31 December 2015) as of 31 December 2016 was due to the recognition of materials for current repairs and investment projects in the Company's branches.

Opinion of the Revision Commission of Unipro PJSC following the Results of 2016

as of 31 December 2015) was a result of the advances paid under investment projects, in particular, to the supplier Machine-Building Factory of Podolsk JSC) as of 31 December 2016 the advances amounting to RUB 5,160,536,000 were paid due to the repair activities for the boiler at Berezovskaya GRES Branch.

Long-term accounts receivable as of 31 December 2016 were RUB 249,394,000.

Accounts payable were RUB 7,367,591,000 (RUB 6,937,129,000 as of 31 December 2015). Short-term loan liabilities were recorded for the first time and amounted to RUB 2,307,756 as of 31 December 2016. The amount is the loan received from the parent company Uniper SE.

The doubtful debt provision as of 31 December 2016 was RUB 4,695,288,000 (increased by 21%), i. e. 24% of the total amount of accounts receivable are doubtful. The growth of the provision in 2016 versus 2015 is caused by the deterioration of the payment discipline among the consumers of the North-Caucasus region.

Opinion

On the basis of the procedures performed by the Revision Commission as well as internal audit opinions, and subject to the opinion of the Company's auditor (the opinion of PricewaterhouseCoopers Audit CJSC dated 21 March 2017), the Revision Commission has reasonable grounds to confirm the authenticity of the data contained in the annual report and the annual accounting statements of the Company.

Moscow, 30 March 2017

Chairman of the Revision Commission

Nicolo Prien /Signature/

Secretary of the Revision Commission

Alexey Sergeevich Asyaev /Signature/

Appendix 2

Information on the interested-party transactions made by the Company in 2016

1. Visa Support Services Contract

Parties to the Contract:

E.ON Russia OJSC – *the Customer*;
E.ON Connecting Energies LLC – *the Contractor*.

Subject Matter:

1.1. The Contractor shall, upon the Customer's order and within the validity period of the Contract, provide visa support services to the foreign employees and partners of the Customer specified in Clause 1.2. of the Contract in accordance with the written orders of the Customer, and the Customer shall accept the services provided by the Contractor and pay for them as stipulated by the Contract.

1.2. The Contractor shall hereunder provide the following services to the Customer:

- prepare necessary documents and submit them to DFMS for Moscow for the purposes of the execution of invitations for the entry into the Russian Federation, and employment visas for foreign citizens;
- prepare the documents for the purposes of the execution of permissions for the recruitment and employment of foreign nationals, and work permits for foreign nationals and submit such documents to relevant authorities;
- prepare the necessary documents for the purposes of the migration registration (notification of the registration) and submit such documents to the territorial DFMS, keep migration records of the Customer;
- courier services involving the submission of documents to relevant authorities and the receipt of the documents to be delivered to the Customer;
- other services specified in the Customer's orders.

Period and cost of services provided under the Contract:

The period of the services specified in Clause 1.2 of the Contract shall be established by the Parties from 1 January 2016 to 31 December 2018.

The total cost of the services provided by the Contractor under the Contract shall constitute the aggregate cost of all the services provided by the Contractor on the basis of the Customer's written orders.

The prices for the services provided by the Contractor hereunder, as well as the deadlines for certain types of services provided on the Customer's written order shall be as follows:

1. Cost and period of execution of the "Invitation for the entry into the Russian Federation" with the "commercial" visit purpose

| Execution of one-time and two-time invitations from your company* | | |
|--|------------------|--------------------|
| Period of execution | 16 calendar days | 7-10 calendar days |
| One-time invitation for 1 or 3 months | 1734-00 | 4794-00 |
| Two-time invitation for 1 or 3 months | 1836-00 | 4896-00 |
| Execution of multiple entry invitations from your company* | | |
| Period of execution | 21 calendar days | 16 calendar days |
| Multiple entry invitation for 6 months | 3264-00 | 6324-00 |
| Multiple entry invitation for 12 months | 3366-00 | 6426-00 |

2. Cost and period of execution of the "Invitation for the entry into the Russian Federation" and multiple visa with the "employment" visit purpose

| Execution of employment invitations and visas from your company* | | |
|---|---------------------|--------------------|
| Period of execution | 16 calendar days | 7-10 calendar days |
| One-time invitation for 1 or 3 months | 2550-00 | 5250-00 |
| Period of execution | 14-21 calendar days | 1-2 business days |

| | | |
|------------------------------------|----------------|-----------------|
| Multiple visa for 12 months | 3570-00 | 11550-00 |
|------------------------------------|----------------|-----------------|

* In case of the registration of the Company with DFMS for Moscow

3. Cost and period of execution of the permission for the employment of foreign nationals and their performance of work

| Execution of documents for the employment of the foreign manpower and their performance of work in the territory of the Russian Federation | | |
|---|---------------------|------------------|
| | Period of execution | Price*** |
| Obtainment of the permission for the employment of the foreign manpower in FMS of Russia**** | 70-75 calendar days | 12,240-00 |
| Execution of the permission for the right to work in Russia for an individual (including the state duty) | 21-30 calendar days | 9690-00 |

*** Cost for 1 employee

**** The submission of documents to a territorial employment centre of the Federal Employment Service is included in the cost. The state duty in the amount of RUB 6,000 is to be paid additionally to DFMS of Russia for Moscow.

4. Cost and period of execution of the work permit for highly skilled professionals

| Execution of documents for the employment of the foreign manpower and their performance of work in the territory of the Russian Federation | | |
|---|---------------------|------------------|
| | Period of execution | Price*** |
| Execution of the permission for the right to work in Russia for an individual | 14 business days | 12,240-00 |
| Execution of a multiple employment invitation | 14 business days | 7140-00 |
| Submission of a quarterly report to FMS of Russia | 1-2 business days | 2040-00 |

*** Cost for 1 employee

5. Cost and period of registration of a legal entity with DFMS of Russia for Moscow with the obtainment of a record card of the company

| | |
|--|-------------------|
| Service provision period: | 5-7 business days |
| First registration with DFMS of Russia for Moscow | 21,420-00 |
| Prolongation of the registration with DFMS of Russia for Moscow | 10,200-00 |

6. Cost and period of execution of the notification on arrival of a foreign national at the place of residence

| | |
|---|-------------------|
| Service provision period: | 1-2 business days |
| <i>Standard registration</i> (submission of documents for the registration within 7 days since the date of entry) | 1530-00 |

7. Cost and period of execution of a tourist invitation (for a maximum of 14 days)

| | |
|---|----------------|
| Period of execution | 1 business day |
| Tourist voucher (except for migratory-dangerous countries) | 1530-00 |

8. Cost of execution of exit visas for Russian nationals

| | |
|--|--|
| | <i>The period of execution depends on the country and the visa type.</i> |
| Execution of a visa to Schengen countries, the USA etc. in case if the invitation is available (courier services) | 1530-00 + the consular fee |
| Execution of a visa to Schengen countries, the USA etc. with no invitation available | at request |

9. Cost and period of provision of additional services

| | |
|--|-------------------|
| Service provision period: | 1-2 business days |
| Notarial certification of documents | 2040-00 |
| Photography services | 275.40 |

10. The prices are given in roubles, including state duties, other payments unless specified otherwise.

11. The services are net of the value-added tax (VAT).

12. All the prices are valid within the validity period of the Contract and may be changed in compliance with the agreement between the parties executed in writing.

Term of the Contract:

The Contract comes into force (is deemed to be concluded) on the date of its signing by the Parties and will be valid until 31 December 2018, and, with regard to the obligations accepted and unperformed as of the expiry date of the Contract, until their performance in full.

The terms and conditions of the Contract shall apply to the relations between the Parties that were actually established on 1 January 2016.

Interested party(ies): E.ON Russia Holding GmbH²³

The transaction was approved by the Board of Directors of the Company, Minutes No. 224 dated 29 January 2016

2. Vehicle Lease Contract

Parties to the Contract:

E.ON Russia JSC – the Lessor;
E.ON Connecting Energies LLC – the Lessee.

Subject Matter:

The Lessor shall provide the following vehicle to the Lessee for temporary possession and use: make (model):

AUDI A6, year of manufacture: 2007, vehicle identification number (VIN): WAUZZZ4F58N070136, colour: black, engine power: 209.44 HP, engine type: gasoline, emission class: 4, Vehicle Registration Certificate: 77 TU 821412 issued on 16 January 2008 ("Vehicle"), without crew. The vehicle is meant to carry the Lessee's staff. The lease term of the Vehicle shall be twelve (12) months following the date when the Vehicle is handed over to the Lessee.

Market value under the Contract:

The monthly lease payment for the use of the Vehicle is Ninety thousand six hundred fifty (90,650) roubles, including 18% VAT.

Term of the Contract:

The Contract comes into effect upon its signing and will apply to the relations of the Parties that were actually established on 7 February 2016.

Interested party(ies) E.ON Russia Holding GmbH

The transaction was approved by the Board of Directors of the Company, Minutes No. 225 dated 26 February 2016

3. Non-Residential Premises Sublease Agreement

Parties to the Contract:

E.ON Russia JSC – the Lessee;
E.ON IT LLC – the Sublessee.

Subject Matter:

The Lessee agrees to sublet and the Sublessee agrees to accept the non-residential premises located at: 10, Presnenskaya Emb., Block B, Moscow, Russia, with a total area of Nine (9) sq. m (Floor 19), to be used as offices ("Premises").

Market value under the Contract:

²³ Here and elsewhere in Appendix No. 3 to the Annual Report, the grounds for the interest of E.ON Russia Holding GmbH (Uniper Russia Holding GmbH) is the ownership of 20 and more percent of shares of the legal entity being the party to the transaction.

The sublease rate for the Premises shall be:

— from 10 February 2016 to 31 March 2016 — One thousand twenty five 20/100 (1025.2) c.u. for one square meter per year, incl. 18% VAT

— from 01 March 2016— Eight hundred twenty six (826) c.u. for one square meter per year, incl. 18% VAT.

One c.u. (currency unit) is equal to 1 US dollar. Payments shall be effected in roubles at the exchange rate of the Central Bank of the Russian Federation as of the date of payment.

From 1 January 2017 until the expiry date hereof, the new sublease rate for the Premises will be established on the basis of the increase of the sublease rate for the Premises effective as at the time of recalculation subject to CPI-U (as defined below). Such recalculation of the sublease rate for the Premises will be reflected in the relevant invoices issued by the Lessee through the amendment of the sublease rate payable by the Sublessee for the corresponding period. The recalculation will be carried out in December 2016.

CPI-U stands for the unadjusted Consumer Price Index for All Urban Consumers, US City Average, All Items)(1982-84=100 series) as per the monthly bulletin officially published by the Bureau of Labour Statistics of the United States Department of Labour. To recalculate the sublease rate, it is necessary to increase the sublease rate for the Premises as of the date of recalculation by the last month CPI-U that is published as of the recalculation date, and divide the result by CPI-U for the same month of the year preceding the year of recalculation. Following the recalculation of the sublease rate for the Premises, a value with two decimal digits shall be used. No sudden changes or further CPI-U adjustments shall be taken into consideration after the recalculation is completed.

Within Ten (10) days following the receipt of the relevant invoice from the Lessee, the Sublessee shall compensate the Lessee for the common area maintenance expenses based on the Sublessee's proportionate share of the Premises.

The above-mentioned payments include all operating costs (including utilities) pertaining to the Premises.

Term of sublease under the Contract:

The Premises shall be sublet for a period of 11 months following the date of signing of hereof.

Term of the Contract:

The Contract comes into effect upon its signing and will apply to the relations of the Parties that were actually established on 10 February 2016.

Interested party(ies) E.ON Russia Holding GmbH

The transaction was approved by the Board of Directors of the Company, Minutes No. 225 dated 26 February 2016

4. Additional Agreement No. 4 to Parking Space Sublease Agreement No. IA-13-0495 dated 11 November 2013

Parties to Additional Agreement No. 4:

E.ON Russia JSC – the Lessee;

Uniper NefteGaz LLC – the Sublessee.

Subject of Additional Agreement No. 4:

1. The Agreement shall be extended for a new period of eleven months starting from 13 March 2016 on the terms and conditions identical to those specified in Sublease Agreement No. IA-13-0495 dated 11 November 2013, as amended by this Additional Agreement.

2. The following payment terms shall be established for the sublease of the parking lots:

— The cost of one parking lot in the period from 13 March 2016 through 31 March 2016 is Five thousand nine hundred and four 30/100 (5,904.30) c. u. per year for each Parking Lot, including 18% VAT.

— The cost of one parking lot in the period from 01 April 2016 through 13 February 2017 is Four thousand four hundred and eighty four (4,484) c. u. per year for each Parking Lot, including 18% VAT.

One c.u. (currency unit) is equal to 1 US dollar. Payments shall be effected in roubles at the exchange rate of the Central Bank of the Russian Federation as of the date of payment.

Term of Additional Agreement No. 4:

The Additional Agreement shall come into effect upon its signing, the terms and conditions of this Additional Agreement shall apply to the relationship between the parties arising from 13 March 2016.

Interested party(ies) Uniper Russia Holding GmbH

The transaction was approved by the Board of Directors of the Company, Minutes No. 226 dated 15 March 2016

5. Additional Agreement No. 1 to Sublease Agreement

Parties to Additional Agreement No. 1:

E.ON Russia JSC – the Lessee;

Representative Office of E.ON Global Commodities SE – the Sublessee.

Subject of Additional Agreement No. 1:

1. The Agreement shall be extended for a new period of eleven months starting from 1 March 2016 on the terms and conditions identical to those specified in Sublease Agreement No. IA-15-0438 dated 8 April 2015, as amended by Additional Agreement No. 1.

2. The following payment terms shall be established for the sublease of the parking lots:

– The cost of one parking lot in the period from 1 March 2016 through 31 March 2016 is Five thousand nine hundred and four 30/100 (5,904.30) c. u. per year for each Parking Lot, including 18% VAT.

– The cost of one parking lot in the period from 1 April 2016 through 31 January 2017 is Four thousand four hundred and eighty four (4,484) c. u. per year for each Parking Lot, including 18% VAT.

One c.u. (currency unit) is equal to 1 US dollar. Payments shall be effected in roubles at the exchange rate of the Central Bank of the Russian Federation as of the date of payment.

Term of Additional Agreement No. 1:

The Additional Agreement shall come into effect upon its signing, the terms and conditions of this Additional Agreement shall apply to the relationship between the parties arising from 1 March 2016.

Interested party(ies) Uniper Russia Holding GmbH

The transaction was approved by the Board of Directors of the Company, Minutes No. 226 dated 15 March 2016

6. Movable Property (Vehicles) Dry Lease Agreement**Parties to the Contract:**

E.ON Russia JSC – the Lessor;

E.ON Engineering LLC – the Lessee.

Subject Matter:

The Lessor shall provide the Lessor's property, i. e. motor vehicles, to the Lessee to be temporarily used on a dry-lease basis as follows:

| Type of vehicle | Passenger car | Passenger car | Passenger car | Bus |
|--|---------------------------------|--------------------|--------------------|--------------------|
| Vehicle identification number (VIN) | JTEBU3FJ805018954 | JTEGS21H6080 70513 | Z8NTANY62ES 003448 | JTFSX23P606124 254 |
| Make and model | TOYOTA LAND CRUISER 150 (PRADO) | TOYOTA ALPHARD | NISSAN PATROL | TOYOTA HIACE bus |
| Vehicle category (A, B, C, D) | B | B | B | D |
| Year of manufacture | 2011 | 2013 | 2014 | 2012 |
| Engine model and number | IGR A360758 | 2GRJ711398 | VK56 108385A | 2 TR 8416989 |
| Chassis (frame) No. | JTEBU3FJ805018954 | N/A | Z8NTANY62ES 003448 | N/A |
| Vehicle body (driver's cabin, trailer) | N/A | JTEGS21H6080 70513 | N/A | JTFSX23P606124 254 |
| Body colour | Black | Black | White | Quicksilver |
| Horsepower, hp (kW) | 282 (207) | 275 (202) | 405 (298) | 151 (111) |
| Plate number | T 331 EH 124 | P 810 KP 124 | T 644 MH 124 | O 390 EX 124 |
| Vehicle registration certificate | 78 YC 269125 | 78 YT 328357 | 78 OA 312196 | 78 YC 665246 |

The Property shall be used to carry the Lessee's personnel. The lease period (for the vehicles) shall be from 15 January 2016 through 31 March 2016.

Market value under the Contract:

The lease payment shall be One hundred seventeen thousand six hundred sixty four (117,664) roubles 00 kopecks, including 18% VAT of Seventeen thousand nine hundred forty eight (17,948) roubles 75 kopecks per One (1) month. The lease rate is subject to the changes in actual expenses for the maintenance of the leased Property, and may be revised. Any changes in the lease rate shall be agreed upon between the Parties in an additional agreement.

Term of the Contract:

The Agreement shall come into effect upon its signing and remain valid through 31 March 2016. The Agreement shall apply to the relations of the Parties that were actually established on 15 January 2016.

Interested party(ies) Uniper Russia Holding GmbH
The transaction was approved by the Board of Directors of the Company, Minutes No. 226 dated 15 March 2016

7. IT Services Contract

Parties to the Contract:

E.ON Russia OJSC – the Contractor;
E.ON Engineering LLC – the Customer.

Subject Matter:

The Contractor shall hereunder provide the following IT services as per the Customer's order:

1. Basic IT Package Service;
2. User Support Hot Line;
3. "Authorisation Control System" service;
4. "Workplace" service;
5. "Printing, Scanning, and Copying" service;
6. "Telephony" service;
7. "Unified Communications System" service (Skype for business);
8. "Wi-Fi Access" service;
9. "UAFEMS" service;
10. "Directum System" service;
11. "Consultant Plus System" service;
12. "MS Project" service;
13. "Consulting Services" service; (hereinafter referred to as IT Services).

The detailed description of the IT Services, IT Service provision rules, service level, and IT Service attributes are provided in Appendix No. 1 to the Agreement.

Market Value of the Services under the Contract:

The Customer shall pay the Contractor for the services provided by the Contractor to the Customer under the Contract the cost of the services actually used within the settlement period as per the Contractor's quarterly report on the scope and cost of the services provided. For the purposes of payment for the services under the Contract, the settlement period shall be Three (3) calendar months (1 quarter).

The amount payable for the settlement period will depend on the number of users of each IT Service. The number of users of each IT Service registered in the Contractor's System at the Customer's request as of the last business day of the settlement period shall be used to calculate the cost of the services for each IT Service. The Parties have agreed on the payment amount for each IT Service as follows:

| IT Service Description | Basic calculation unit | Unit price per settlement period (quarter), roubles, VAT excluded |
|--|------------------------|---|
| Basic IT Package Service | Account | 12,000 |
| User Support Hot Line | Account | 5,000 |
| Authorisation Control System Service | Account | 4,000 |
| "Workplace" service | 1 workplace | 5,000 |
| "Printing, Scanning, and Copying" service | Account | 1,500 |
| "Telephony" service | Account | 1,500 |
| "Unified Communications System" service (Skype for business) | Skype account | 800 |
| "Wi-Fi Access" service | Account | 500 |
| "UAFEMS" service | Account | 35,000 |
| "Directum System" service | Account | 5,000 |
| "Consultant Plus System" service | Account | 7,000 |
| "MS Project" service | Account | 4,000 |
| "Consulting Services" service | Man-hours | 3,000 |

Term of the Contract:

The Contract shall come into force (is deemed to be concluded) upon its signing by both Parties and the terms and conditions thereof apply to the relationship between the Parties that were actually established on 1 December 2015.

The Contract shall be effective until 31 December 2016, inclusively. The Customer's obligations to pay for the services provided within the term of the Contract shall remain in force until the Customer performs them in full.

The Contract shall be deemed to be extended for another period of One (1) year on the same terms and conditions, unless either of the Parties notifies the other Party in writing of its intention not to extend the Contract for the next period at least Ten (10) days prior to the expiry date of the Contract.

Interested party(ies) Uniper Russia Holding GmbH

The transaction was approved by the Board of Directors of the Company, Minutes No. 223 dated 16 December 2015.

8. IT Services Contract

Parties to the Contract:

E.ON Russia OJSC – the Contractor;

E.ON Connecting Energies LLC – the Customer.

Subject Matter:

The Contractor shall hereunder provide the following IT services as per the Customer's order:

1. Basic IT Package Service;
2. User Support Hot Line;
3. "Authorisation Control System" service;
4. "Workplace" service;
5. "Printing, Scanning, and Copying" service;
6. "Telephony" service;
7. "Unified Communications System" service (Skype for business);
8. "Wi-Fi Access" service;
9. "UAFEMS" service;
10. "Directum System" service;
11. "Consultant Plus System" service;
12. "MS Project" service;
13. "Consulting Services" service; (hereinafter referred to as IT Services).

The detailed description of the IT Services, IT Service provision rules, service level, and IT Service attributes are provided in Appendix No. 1 to the Agreement.

Market Value of the Services under the Contract:

The Customer shall pay the Contractor for the services provided by the Contractor to the Customer under the Contract the cost of the services actually used within the settlement period as per the Contractor's quarterly report on the scope and cost of the services provided. For the purposes of payment for the services under the Contract, the settlement period shall be Three (3) calendar months (1 quarter).

The amount payable for the settlement period will depend on the number of users of each IT Service. The number of users of each IT Service registered in the Contractor's System at the Customer's request as of the last business day of the settlement period shall be used to calculate the cost of the services for each IT Service. The Parties have agreed on the payment amount for each IT Service as follows:

| IT Service Description | Basic calculation unit | Unit price per settlement period (quarter), roubles, VAT excluded |
|--|-------------------------------|--|
| Basic IT Package Service | Account | 12,000 |
| User Support Hot Line | Account | 5,000 |
| Authorisation Control System Service | Account | 4,000 |
| "Workplace" service | 1 workplace | 5,000 |
| "Printing, Scanning, and Copying" service | Account | 1,500 |
| "Telephony" service | Account | 1,500 |
| "Unified Communications System" service (Skype for business) | Skype account | 800 |
| "Wi-Fi Access" service | Account | 500 |
| "UAFEMS" service | Account | 35,000 |
| "Directum System" service | Account | 5,000 |
| "Consultant Plus System" service | Account | 7,000 |
| "MS Project" service | Account | 4,000 |
| "Consulting Services" service | Man-hours | 3,000 |

Term of the Contract:

The Contract shall be effective (deemed to be concluded) upon its signing by both Parties, and the terms and conditions thereof shall apply to the relationship between the Parties that was actually established on 1 November 2015.

The Contract shall be effective until 31 December 2016, inclusively. The Customer's obligations to pay for the services provided within the term of the Contract shall remain in force until the Customer performs them in full.

The Contract shall be deemed to be extended for another period of One (1) year on the same terms and conditions, unless either of the Parties notifies the other Party in writing of its intention not to extend the Contract for the next period at least Ten (10) days prior to the expiry date of the Contract.

Interested party(ies) Uniper Russia Holding GmbH

The transaction was approved by the Board of Directors of the Company, Minutes No. 223 dated 15 December 2015.

9. Additional Agreement No. 1 to Sublease Agreement

Parties to the Additional Agreement:

E.ON Russia JSC – the Lessee;
Uniper NefteGaz LLC – the Sublessee.

Subject of the Additional Agreement

1. Clause 3.1 of the Agreement shall be hereby amended to read as follows:

"3.1. The sublease rate for the Premises shall be **756** US dollars for one square metre per year, excluding VAT, and shall comprise:

- the base lease rate = **600** US dollars for one square metre per year, VAT exclusive;
- the compensation for the Lessee's expenses for the upkeep and servicing of public spaces = **100** US dollars for one square metre per year, VAT exclusive;
- the compensation for the Lessee's expenses for the maintenance of the premises = **10** US dollars for one square metre per year, VAT exclusive;
- the compensation for the Lessee's expenses for the cleaning of the premises = **10** US dollars for one square metre per year, VAT exclusive;
- the compensation for the Lessee's expenses for the payment for public utility services and conference room services = **36** US dollars for one square metre per year, VAT exclusive.

The payments specified in Clause 3.1 of hereof shall comprise all the operating costs (including the expenses for public utility services, maintenance and upkeep of the building, space cleaning and conference room service) with respect to the Premises."

2. This Agreement shall come into effect upon signing and shall apply to the relationship between the Parties that was established on 1 April 2016.

Interested party(ies) Uniper Russia Holding GmbH
The transaction was approved by the Board of Directors of the Company, Minutes No. 228 dated 15 March 2016.

10. Additional Agreement No. 1 to Sublease Agreement

Parties to the Additional Agreement:

E.ON Russia JSC – the Lessee;
E.ON Connecting Energies LLC – the Sublessee.

Subject of the Additional Agreement

1. Clause 1.1 of the Agreement shall be hereby amended to read as follows: “1.1. The Lessee shall sublease, and the Sublessee shall accept the Premises marked with a black line on the plan (Appendix 1), with a total area of Sixty eight (68) sq m, located in the Building, to be used as office premises (hereinafter referred to as the Office).

The Sublessee may use the Lessee’s conference rooms fitted with media equipment (video and audio equipment, presentation and videoconferencing devices). The conference rooms shall be provided at the Sublessee’s prior request posted on the Lessee’s internal portal.”

2. Clause 3.1 of the Agreement shall be hereby amended to read as follows:

“3.1. The sublease rate for the Premises shall be **756** US dollars for one square metre per year, excluding VAT, and shall comprise:

- the base lease rate = **600** US dollars for one square metre per year, VAT exclusive;
- the compensation for the Lessee’s expenses for the upkeep and servicing of public spaces = **100** US dollars for one square metre per year, VAT exclusive;
- the compensation for the Lessee’s expenses for the maintenance of the premises = **10** US dollars for one square metre per year, VAT exclusive;
- the compensation for the Lessee’s expenses for the cleaning of the premises = **10** US dollars for one square metre per year, VAT exclusive;
- the compensation for the Lessee’s expenses for the payment for public utility services and conference room services = **36** US dollars for one square metre per year, VAT exclusive.

The payments specified in Clause 3.1 of the Agreement include all the operating costs (including the expenses for public utility services, maintenance and upkeep of the building, space cleaning, and conference room service) pertaining to the Premises.”

3. The Agreement shall be extended for a new period of eleven months starting from 24 March 2016 on the terms and conditions identical to those specified in Sublease Agreement No. IA-15-0505 dated 13 May 2015, as amended by this Additional Agreement.

4. The Additional Agreement shall come into effect upon signing and shall apply to the relationship between the Parties that was established on 24 March 2016.

Interested party(ies) Uniper Russia Holding GmbH
The transaction was approved by the Board of Directors of the Company, Minutes No. 228 dated 14 April 2016.

11. Services Agreement related to the arrangement and management of repair and recovery activities performed at Power Unit 3 of Berezovskaya GRES Branch of E.ON Russia JSC after the accident

Parties to the Contract:

E.ON Russia JSC – the Customer.
E.ON Engineering LLC – the Project Manager.

Subject Matter:

Services provided by the Project Manager

1. The Project Manager shall provide to the Customer the services associated with the management of repair and recovery activities at Power Unit No. 3 of Berezovskaya GRES Branch of E.ON Russia OJSC after the accident, which are provided for hereby, to assure and protect the Customer’s interests in the course of performance of the Activities, and to fulfil the following tasks (to achieve the following goals):

A. To evaluate the consequences of the Accident as accurately as possible and determine the required scope of repair and recovery activities to eliminate the consequences of the Accident, and also to determine the scope of equipment and materials necessary for repair and recovery activities to be supplied to eliminate the consequences of the Accident.

B. To ensure that the deliverables of the Activities comply with the requirements of the Documents by controlling design, engineering, organisational and financial proposals or solutions offered by the Contractors, and controlling the quality of the Activities performed by such Contractors.

C. To ensure that the repaired Power Unit No. 3 complies with all applicable Statutory Technical Regulations, requirements of the Documents as well as the requirements/parameters set forth in Capacity Supply

Agreements signed by the Customer to supply capacity from Power Unit No. 3 to the wholesale electric power and capacity market.

D. To successfully undergo tests (trials, certification procedures etc.) necessary to confirm the good working condition of the repaired Power Unit No. 3 and commission the unit after repair and recovery activities have been performed and also to ensure that repaired Power Unit No. 3 is in compliance with the requirements/parameters set forth in paragraph c) above.

E. To complete repair and recovery activities at the Facility by the date of completion the Activities mentioned in Clause 1, Article 31 of the Agreement, to arrange the acceptance of the deliverables of the Activities.

F. To draft the documents (Terms of Reference, specifications, purchase requests for equipment, materials, programs, etc.), collect and provide initial data to carry out inspections, flaw detections, repair and recovery activities to eliminate the consequences of the Accident.

G. To carry out procurement procedures and select Contractors to perform the Activities according to the terms and conditions of this Agreement and the Customer's Standards, including the Customer's Procurement Policy.

H. To draft, prepare, coordinate with the Contractors, and, where it is required by the relevant Customer's Standards, coordinate and enter into Work Contracts on behalf of the Customer under Powers of Attorney issued by the Customer. The Project Manager shall perform all the above in compliance with the Customer's Standards and using the standard contract forms and terms and conditions developed by the Customer to the greatest extent possible.

I. To ensure that the Contractors perform their obligations to the Customer in an appropriate manner by inspecting the scope and quality of the activities performed, documents drafted/prepared, Materials and Equipment supplied, and specifically to assure the quality control in the process of manufacturing of the Equipment, to accept (together with the Customer) the Activities completed, services provided, Materials and/or Equipment supplied by the Contractors, under Powers of Attorney issued by the Customer.

J. To ensure that the Contractors perform their obligations to the Customer in a timely manner by monitoring deadlines and schedules for the performance of activities, document drafting/preparation, and supplies of Materials and Equipment.

K. To ensure the proper performance by the Customer of its obligations under Work Contracts by arranging an appropriate and timely acceptance of the completed Activities, managing the budgeting and cost planning processes with respect to the Activities to be performed in compliance with the Customer's Standards, planning and submitting payment requests in favour of the Contractors in compliance with the Customer's Standards, and ensuring the proper performance of other Customer's obligations under Work Contracts by virtue of the PoAs issued by the Customer.

L. To protect the Customer's rights and interests in its relations with the Contractors, third parties, or Public Authorities by representing the Customer in its relations with the afore-mentioned parties, including the arrangement and holding of discussions, negotiations, meetings, sessions, the management of claims on behalf of the Customer, the representation of the Customer in courts by virtue of the PoAs issued by the Customer, etc.

M. To interact with all competent Public Authorities on the matters pertaining to the performance of the Activities, including at the time of the state monitoring and supervision conducted by the said Authorities, and to obtain all Official Permits from Public Authorities required to perform the Activities.

N. To prepare and submit to the Customer all the required documents pertaining to the performed Activities in compliance with the Customer's Standards, Statutory Technical Regulations, and the Applicable Law, both during and after their performance (including but not limited to Project Manager Reports, As-Built Documents, source accounting and other documents required for correct book-keeping, tax accounting and statistical reporting, originals of the Work Contracts entered into by the Project Manager on behalf of the Customer and/or kept by the Project Manager, originals of the Permits issued by Public Authorities, originals of letters of claim kept by the Project Manager, responses to them, statements of claim and other court documents and responses to them, as well as court judgements and writs of execution pertaining to the deliverables of the Activities, the performance of Work Contracts etc.).

O. To ensure the quality of the deliverables of the Activities performed by the Contractors, reliability and safety of the Facility at the stage of its further operation.

2. The Customer shall accept and pay for the works and services provided by the Contractor according to Section V of the Agreement.

Project implementation period with respect to repair and recovery activities performance at the Facility

1. As of the date of signing, the Parties established **31 December 2017** as the Target Date of Completion of the Activities.

When performing the Agreement, the Parties shall agree/update detailed schedules for the performance of the Activities, which shall become binding after their approval by the authorised representatives of the Customer and the Project Manager.

2. The Actual Date of Completion of the Activities shall be considered as falling due on the Facility Commissioning Date according to the procedure set forth by the Applicable Law.

3. The Project Manager shall manage and perform its obligations under the Agreement so as to ensure that the Actual Date of Completion of the Activities occurs no later than the Target Date of Completion of the Activities.

The Project Manager shall immediately inform the Customer in writing that the Actual Date of Completion of

the Activities may be later than the Target Date of Completion of the Activities, which the Project Manager has known when providing the services under the Agreement (inter alia, when analysing the schedules of performance of the Activities). Besides, the Project Manager shall provide, together with the information mentioned above, a detailed analysis of the reasons for the failure to comply with the schedules of performance of the Activities, a plan of actions to reduce the said delays and accelerate the performance of the Activities, and also specify the Actual Date of Completion of the Activities expected subject to the performance of the said plan of actions. When considering the said documents and analysing the reasons for the failure to comply with the schedules of performance of the Activities, the Customer may decide to change the Target Date of Completion of the Activities (provided that the actions of the agreed action plan aimed at accelerating the performance of the Activities have been taken), which shall be documented as the Additional Agreement to the Agreement.

The market value of the services under the Agreement (Price of the Agreement and Additional Remuneration of the Project Manager)

1. The Project Manager remuneration for the Services set forth in the Agreement shall be calculated as follows:

Price = Cost + Fee

where

Price is the price for the services provided.

Cost is the amount of the expenses incurred by the Project Manager and calculated according to Clauses 2 and 3 of this Article.

Fee is the surcharge owing to the Project Manager in the amount equal to Two (2) percent of the Project Manager expenses (Cost).

2. The Project Manager expenses shall be determined on a monthly basis. The Project Manager expenses are a number of actually incurred costs related to the provision of the Services and determined according to Appendix No. 2 to the Agreement *List of General and Administrative Expenses Incurred by the Project Manager*. The Project Manager expenses shall be reasonable to ensure its efficient performance of the Agreement and substantiated.

3. The Project Manager remuneration shall be paid only if the calculated amount has been approved by the Customer in the manner set forth in Clause 4, Article 32 of the Agreement. To approve the calculated amount of remuneration payable to the Project Manager in the reporting month, the Customer may ask the Project Manager to provide, and the Project Manager shall provide the documents (including source documents) and explanations related to the structure and amount of the expenses included in the calculation of the remuneration owing to the Project Manager.

4. If the Project Manager ensures that the Activities are completed prior to the Target Date of Completion of the Activities specified in Clause 1, Article 31 of the Agreement, the Project Manager will receive the additional remuneration owing to the Project Manager, the amount and payment procedure of which shall be determined by the Parties in the Additional Agreement to the Agreement to be signed by the Parties in the future.

5. The maximum amount of the Contractor's remuneration under the Agreement may not in any case exceed the amount equivalent to 2% of the book value of the Customer's assets as at the last reporting date preceding the date of conclusion hereof, including VAT.

Services provision period under the Agreement:

The services under the Agreement shall be provided by the Project Manager to the Customer in the period from 1 March 2016 to the Actual Date of Completion of the Activities specified in Clause 2, Article 31 of the Agreement, but in any case no later than the Target Date of Completion of the Activities specified in Clause 1, Article 31 of the Agreement. If the Actual Date of Completion of the Activities falls later than the Target Date of Completion of the Activities, the Parties may agree to extend the Project Manager services provision period hereunder, as well as on the scope, cost and other terms of provision of these services in the extended period. Also, if after the occurrence of the Actual Work Completion Date, the Customer still needs to receive any part of services rendered by the Project Manager within a definite period of time, the Parties shall additionally agree on the terms and conditions of rendering such services.

Term of the Contract:

1. The Contract shall come into effect after it has been signed by duly authorised bodies or representatives of the Parties and shall apply to the relations between the Parties actually existing from 1 March 2016.

2. The Contract shall remain in force until the Parties fully perform their respective obligations.

3. The Contract shall be terminated after all obligations have been performed in full, as mutually agreed by the Parties, due to its legally valid repudiation and also on any other grounds prescribed by the Applicable Law.

4. Each Party may unilaterally refuse to perform its obligations under the Contract prior to commencement of legal proceedings in accordance with the Applicable Law. The Party repudiating the Contract shall notify the other Party of such a repudiation in writing. The Contract shall be deemed terminated starting from the date specified in the notice mentioned above, but no earlier than thirty (30) calendar days after such notice has been received by the other Party.

Interested party(ies) Uniper Russia Holding GmbH

The transaction has been approved by the Board of Directors of the Company, Minutes No. 229 dated 21 April 2016

12. Agreement on Expanded Electronic Document Flow Services

Parties to the Agreement:

Gazprombank (Joint Stock Company) as the Bank;
E.ON Russia JSC as the Company;
E.ON Engineering LLC as the Entity.

Subject of the Agreement:

1. The Bank shall provide to the Company the services of expanded electronic document workflow as stated in clause 3.4 of the Agreement related to transactions in roubles and foreign currency made by the Owners of Accounts opened with the Bank in accordance with the Contracts. Such services shall be provided based on the Tariffs known to the Company and approved by it.

2. The Bank shall authorise the Company to make an offer to the Entities in the form attached to the Agreement as Appendix No. 2. The offer made in accordance with this clause of the Agreement shall be deemed approved by the Bank.

3. Upon receipt of the Company's application for acceptance of the terms and conditions of the Agreement, made in the form of Appendix No. 1 to the Agreement and signed by the Entity, the Company shall authorise the Bank to enter the date in the field "Acceptance receipt date" of the said application.

4. The Bank shall provide the Company with the following services of expanded electronic document flow (the Services):

4.1. Monitoring services (CSC (company settlement center)-1 code).

As part of CSC-1, the Bank shall disclose to the Company the information on the transactions with the accounts of the Account Owners in accordance with the Contracts.

4.2. Monitoring and preliminary control service (CSC-2 code).

As part of CSC-2, the Bank shall provide to the Company:

- Information on the transactions made with the accounts of the Account Owners in accordance with the Contracts;

- Access to e-documents of the Account Owners before they are processed by the Bank for the purpose of approval/declining by the Company.

4.3. Monitoring, preliminary control service and budgetary control (CSC-3 code).

As part of CSC-3, the Bank shall provide to the Company:

- Information on the transactions made with the accounts of the Account Owners in accordance with the Contracts;

- Access to e-documents of the Account Owners before they are processed by the Bank for the purpose of approval/declining by the Company;

- Control over compliance with the Limits under clause 4 of Appendix No. 3 to the Agreement.

5. By acceding to the Agreement, the Entity authorises the Bank to forward the Entity's e-documents to the Company along with the information on the transactions with the Entity's accounts. Provision of the said information by the Bank to the Company shall be deemed by the Bank, the Company and the Entity as provision of the information to the authorised representative of the Entity.

Market value of the services under the Agreement:

The Company shall pay the remuneration to the Bank under the applicable rates of Gazprombank (Joint Stock Company) for customized settlement services for corporate customers through Client-Bank, the e-document sharing system, based on the CSC software owned by Bank Soft Systems Limited Liability Company, which rates are known to the Company and approved by it.

Term of the Agreement:

The Agreement shall become effective for the Company and the Bank from the date of its signing by the Company and the Bank; and for the Entity, on the date stated in the field "Acceptance receipt date" of the application acceptance of the terms and conditions of the Agreement, and on the date stated in clause 3 of the Company's Report on Readiness to Operate the CSC System - as related to granting access to the information and e-document sharing based on the Client-Bank system. The Agreement is concluded for an unlimited term.

Interested party(ies) Uniper Russia Holding GmbH

The transaction has been approved by the Board of Directors of the Company, Minutes No. 229 dated 21 April 2016

13. Additional Agreement No. 1 to Sublease Contract

Parties to Additional Agreement No. 1:

E.ON Russia JSC as the Sub-lessor;
E.ON Connecting Energies LLC as the Sub-lessee.

Subject of Additional Agreement No. 1:

1. Sublease Contract No. IA-15-0361 dated 01 March 2015 (the Contract) shall be extended for a new period of eleven months starting from 01 February 2016 on the terms and conditions identical to those specified in the Contract, as amended by Additional Agreement No. 1.

2. The following conditions of payment shall be established for the sublease of the parking spaces:

- The cost of one parking space in the period from 01 February 2016 through 31 March 2016 shall be Five thousand nine hundred and four 30/100 conventional units (5,904.30 c. u.) per year for each Parking Lot, including 18% VAT.

- The cost of one parking space in the period from 01 April 2016 through 31 December 2016 shall be Four thousand four hundred and eighty four conventional units (4,484 c. u.) per year for each Parking Lot, including 18% VAT.

One c.u. (conventional unit) shall be equal to 1 US dollar. Payments shall be made in roubles at the exchange rate of the Central Bank of the Russian Federation as of the date of payment.

Term of Additional Agreement No. 1:

The Additional Agreement shall come into effect upon signature while the terms and conditions of the Additional Agreement shall apply to the relations between the parties arising from 1 February 2016.

Interested party(ies) Uniper Russia Holding GmbH

The transaction has been approved by the Board of Directors of the Company, Minutes No. 229 dated 21 April 2016

14. Contract of Sublease of One Parking Space

Parties to the Sublease Contract:

E.ON Russia JSC as the Sub-lessor;

E.ON Engineering LLC as the Sub-lessee.

Subject of the Sublease Contract:

The Sub-lessor shall provide to the Sub-lessee one parking space (hereinafter referred to as the "Parking Space") for the temporary use by the latter as indicated on the plan (Appendix No. 1 to the Contract), that is and located in the underground parking lot at 10 Bldg B, Presnenskaya embankment, Moscow, Russia (hereinafter referred to as the "Building"), while the Sub-lessee shall pay for the use of the Parking Space according to the procedure and within the time limits stipulated by the Agreement.

Market value under the Sublease Contract:

The sublease payment for the Parking Space is Five thousand eight hundred and seventy five 49/100 conventional units (5,875.49 c. u.) per year for each Parking Space, including 18% VAT. One c.u. (conventional unit) shall be equal 1 USD. Payments shall be made in roubles at the exchange rate of the Central Bank of the Russian Federation as of the date of payment.

Starting from 01 January 2016 and until the expiration of this Agreement, the new price for the Parking space shall be determined through the increase of the price for the Parking space effective as of the reevaluation date in line with CPI for all Urban Consumers (see the definition below). The said re-evaluation of the price for the Parking lot will be reflected by means of adjusting the price for the Parking Space to be paid by the Sub-lessee for the respective period in respective invoices issued by the Sub-lessor. The revaluation shall be carried out in December 2015.

CPI-U shall stand for the unadjusted Consumer Price Index for All Urban Consumers, US City Average, All Items (1982-84=100 series) as per the monthly bulletin officially published by the Bureau of Labour Statistics of the United States Department of Labour. The revaluation shall be carried out by means of multiplying the Parking Price effective as of the Date of Revaluation by the latest available monthly CPI-U index published as of the revaluation date, and dividing the result by CPI-U for the same month of the year preceding the year of revaluation. Following the revaluation of the Parking Price, a value with two decimal digits shall be used. No sudden changes or further CPI-U adjustments shall be taken into consideration after the revaluation has been completed.

The sublease value of the Parking Space shall include all the operating costs (including utility costs) pertaining to the Parking Space.

Sublease Term under the Sublease Contract:

The Parking Space shall be provided to the Sub-lessee for a period of eleven (11) months starting from 07 October 2015.

Interested party(ies) Uniper Russia Holding GmbH

The transaction has been approved by the Board of Directors of the Company, Minutes No. 229 dated 21 April 2016

15. Additional Agreement No. 1 to Sublease Contract

Parties to Additional Agreement No. 1:

E.ON Russia JSC as the Sub-lessor;
E.ON Engineering LLC as the Sub-lessee.

Subject of Additional Agreement No. 1:

1. Clause 3.1 of the Contract shall be revised to read as follows:

"3.1. The cost of subleasing the Premises shall be **756** US dollars per square metre a year, excluding VAT, and shall comprise:

- base lease rate = **600** US dollars per square meter a year, VAT exclusive;
- compensation of the Lessee's expenses for upkeep and servicing of public spaces = **100** US dollars per square metre a year, VAT exclusive;
- compensation of the Sub-lessor's expenses for technical maintenance of the premises = **10** US dollars per square metre a year, VAT exclusive;
- compensation of the Sub-lessor's expenses for cleaning of the premises = **10** US dollars per square meter a year, VAT exclusive;
- compensation of the Sub-lessor's expenses for payment for public utility services, and conference room services = **36** US dollars per square meter a year, VAT exclusive.

The payments specified in clause 3.1 of this Contract shall comprise all the operating costs (including expenses for public utility services, maintenance and upkeep of the building, space cleaning and conference room servicing) with respect to the Premises."

2. The Additional Agreement shall come into effect upon signing, and shall apply to the relations between the Parties existing from 01 April 2016.

Interested party(ies) Uniper Russia Holding GmbH

The transaction has been approved by the Board of Directors of the Company, Minutes No. 229 dated 21 April 2016

16. Service Contract

Parties to the Service Contract:

E.ON Russia JSC as the Contractor;
Uniper NefteGaz LLC as the Customer

Subject matter of the Service Contract:

Upon the Customer's Statement of Work, the Contractor shall render the following services, namely methodological support and consulting services in personnel management (including in terms of the Labour Law) in the volume of maximum 25 man-hours per month; and provide other services determined in the Customer's Statements of Work agreed with the Contractor and specified in clause 1.2. of the Contract, whereas the Customer shall accept the services rendered by the Contractor and pay for them according to the procedure stipulated in the Contract. The Statements of Work for the Contractor may be transferred and agreed upon by the Parties in written, by the telephone and by email.

The Contractor shall provide the services on a continuous and regular basis (subscription services) with account of the restrictions set by clause 1.2 of the Contract, starting from the date of entering into the Contract till 31 December 2016, or, if the Contract is renewed, in compliance with clause 6.4. of the Contract, i.e till expiry of the validity term of the Contract.

Cost of the works and settlement procedure:

For the services rendered by the Contractor to the Customer under the Contract, the Customer shall pay the Contractor a fixed subscription fee specified in clause 5.3. of the Contract. The subscription fee shall include all expenses of the Contractor related to provision of the services, save for the expenses indicated in clause 5.5. of the Contract.

The Parties shall acknowledge that when using the subscription system for payment the volume of the Services rendered to the Customer during the settlement period may vary, however, the subscription fee shall not be subject to adjustment, save for the events when the services were not rendered through the Contractor's fault.

The monthly subscription fee shall be set in the amount of Forty three thousand three hundred (43,300) roubles 00 kopecks, including VAT in the amount of Six thousand six hundred and five (6,605) roubles 08 kopecks.

In addition to the subscription fee, the Customer shall reimburse to the Contractor for the following expenses incurred by the latter during the settlement period in relation to provision of the services under the Contract:

1. travel expenses which consist of transportation expenses and accommodation costs;
2. expenses on payment for third parties' services on the condition of the Customer's preliminary consent for engagement of the said third parties by the Contractor as part of the services rendered under the Contract.

Term of the Service Contract:

The Contract shall come into force (be deemed as concluded) from the moment of its signing by the Parties and affixing seals of the Parties. The Contract shall remain valid since 01 May 2016 till 31 December 2016.

The time limits provided for by the Contract may be extended only upon agreement of the Parties, provided that the form of such agreement meets the requirements of clause 11.2. of the Contract (unless otherwise provided for by the Contract).

The Contract shall be deemed extended for another period of one year on the same terms and conditions, unless either of the Parties notifies the other Party of its intention to terminate the Contract in writing not later than 10 days prior to such termination.

Interested party(ies) Uniper Russia Holding GmbH

The transaction has been approved by the Board of Directors of the Company, Minutes No. 231 dated 27 May 2016

17. Vehicle Dry Lease Contract

Parties to the Contract:

E.ON Russia JSC as the Lessor;
E.ON Engineering LLC as the Lessee.

Subject of the Contract:

The Lessor shall provide the Lessee with the right to temporary possession and use of vehicles (hereinafter referred to as the Vehicles) owned by the Lessor on a dry-lease basis (without a crew and maintenance services). The Lessee shall effect lease payments in the amount and within the time limits specified in Section 3 of this Contract. The Vehicles shall be used for their intended purpose as per the relevant specifications.

Vehicles covered by the Contract:

| | |
|-------------------------------|-----------------------------|
| Make and model of the vehicle | HELI CPCD30 FORKLIFT |
| Year of manufacture | 2012 |
| Vehicle (frame) serial number | 010300S8097 |
| Engine serial number | C120902123H |
| Transmission serial number | N/A |
| Axle serial number | N/A |
| Colour | ORANGE |
| Driving system | WHEELED |
| Rated power, kW (hp) | 39 (53.06) |
| Plate number | 24 XE 6196 |
| Inventory number | 14000019_E |

| | |
|----------------------------------|---------------------------------------|
| Type of vehicle | MINI LOADER |
| Make and model of the vehicle | MUSTANG 2044 SKID-STEER LOADER |
| Year of manufacture | 2011 |
| Vehicle serial number, VIN (PIN) | MMCO2044E00007344 |
| Engine model, serial number | G6423 |
| Rated power, kW (hp) | 37.00 (50.31) |
| Driving system | Wheeled |
| Colour | YELLOW |
| Plate number | 24 XE 6199 |
| Inventory number | 14000020_E |

| | |
|-------------------------------|-----------------------------|
| Make and model of the vehicle | HELI CPCD50 FORKLIFT |
| Year of manufacture | 2012 |
| Vehicle (frame) serial number | 010500U2904 |
| Engine serial number | BGS-081989 |
| Transmission serial number | N/A |
| Axle serial number | N/A |
| Colour | ORANGE |
| Driving system | Wheeled |
| Rated power, kW (hp) | 64.72 (87.99) |
| Plate number | 24 XE 6198 |
| Inventory number | 14000021_E |

| | |
|-------------------------------|-----------------------------------|
| Make and model of the vehicle | BOBCAT S175 COMPACT LOADER |
| Year of manufacture | 2012 |
| Vehicle (frame) serial number | A8M471459 |
| Engine serial number | V2203 BU2957 |
| Transmission serial number | N/A |
| Axle serial number | N/A |

| | |
|----------------------|------------|
| Colour | WHITE/RED |
| Driving system | WHEELED |
| Rated power, kW (hp) | 34.3 (47) |
| Plate number | 24 XE 6197 |
| Inventory number | 14000022_E |

Market value under the Contract:

The monthly lease payment shall be Ninety one thousand two hundred and fifty one (91,251) roubles, including 18% VAT in the amount of 13,919 roubles 64 kopecks. The lease rate is subject to the changes in actual direct expenses for the maintenance of the leased Property, and may be revised. Any changes to the lease rate shall be agreed upon between the Parties in an additional agreement.

Duration of lease under the Contract:

The lease period for the Vehicles shall be from 11 April 2016 through 31 December 2017.

Term of the Contract:

The Contract shall come into effect upon signature. The Contract shall apply to the relations of the Parties substantively arising from 11 April 2016 and shall remain valid until the Parties have performed their respective obligations in full.

Interested party(ies) Uniper Russia Holding GmbH

The transaction has been approved by the Board of Directors of the Company, Minutes No. 231 dated 27 May 2016

18. Movable Property Lease Contract

Parties to the Contract:

E.ON Russia JSC as the Lessor;
E.ON Engineering LLC as the Lessee.

Subject of the Contract:

The Lessor shall transfer and the Lessee shall accept the right to temporary use of the following property owned by the Lessor:

| Item No. | Inventory Number | Item of Property |
|----------|------------------|---------------------------|
| 1 | 13000002_E | Angle broom |
| 2 | 13000008_E | DROTT 4-in-1 bucket |
| 3 | 13000010_E | Sweeping broom |
| 4 | 13000011_E | Power angle blade |
| 5 | 13000014_E | Hydraulic breaker DYB100T |
| 6 | 13000015_E | Sand spreader PN-0.5 |

The Lessee shall effect lease payments in the amount and within the time limits specified in Section 3 hereof. The Property shall be used for its intended purpose as per the relevant specifications.

Market value under the Contract:

The monthly lease payment shall be Eight thousand four hundred and fifty five (8,455) roubles, including 18% VAT in the amount of 1,289 roubles 75 kopecks. The lease rate is subject to the changes in actual direct expenses for the maintenance of the leased Property, and may be revised. Any changes to the lease rate shall be agreed upon between the Parties in an additional agreement.

Duration of lease under the Contract:

The lease period for the movable property shall be from 11 April 2016 through 31 December 2017.

Term of the Contract:

The Contract shall come into effect upon signature. The Contract shall apply to the relations of the Parties substantively arising from 11 April 2016 and shall remain valid until the Parties have performed their respective obligations in full.

Interested party(ies) Uniper Russia Holding GmbH

The transaction has been approved by the Board of Directors of the Company, Minutes No. 231 dated 27 May 2016

19. Vehicle Dry Lease Contract

Parties to the Contract:

E.ON Russia JSC as the Lessor;
E.ON Engineering LLC as the Lessee.

Subject of the Contract:

The Lessor shall provide the Lessee with the right to temporary possession and use of vehicles (hereinafter referred to as the Vehicles) owned by the Lessor on a dry-lease basis (without a crew and maintenance services). The Lessee shall effect lease payments in the amount and within the time limits specified in Section 3 of this Contract. The Vehicles shall be provided for the purpose of carrying employees of Berezovsky Branch of E.ON Engineering LLC.

Vehicles covered by the Contract:

| | |
|--|-------------------|
| Vehicle | BUS |
| Vehicle identification number (VIN) | JTFSX23PX06105125 |
| Make and model | TOYOTA HIACE |
| Vehicle category (A, B, C, D) | D |
| Year of manufacture | 2011 |
| Engine model and number | 2 TR 8340893 |
| Chassis (frame) number | N/A |
| Vehicle body (driver's cabin, trailer) | JTFSX23PX06105125 |
| Colour | Quicksilver |
| Horsepower, hp (kW) | 151 (111) |
| Plate number | Y 327 EA 124 |
| Inventory number | 14000013_E |

| | |
|--|------------------------------------|
| Vehicle | MITSUBISHI PAJERO SPORT 3.0 |
| Vehicle identification number (VIN) | MMCGYKH60BFZ0778 |
| Make and model | Passenger car |
| Vehicle category (A, B, C, D) | B |
| Year of manufacture | 2011 |
| Engine model and number | 6B31 AT2141 |
| Chassis (frame) number | MMCGYKH60BFZ07788 |
| Vehicle body (driver's cabin, trailer) | N/A |
| Colour | Brown |
| Horsepower, hp (kW) | 220.00 (162.00) |
| Plate number | Y 333 EA 124 |
| Inventory number | 14000010 |

| | |
|--|-------------------|
| Vehicle | BUS |
| Vehicle identification number (VIN) | X1M4234K0B0000650 |
| Make and model | PAZ 4234 |
| Vehicle category (A, B, C, D) | D |
| Year of manufacture | 2011 |
| Engine model and number | Д245.9Е2 607186 |
| Chassis (frame) number | N/A |
| Vehicle body (driver's cabin, trailer) | X1M4234K0B0000650 |
| Colour | WHITE |
| Horsepower, hp (kW) | 130 hp (95.7) |
| Plate number | Y 338 EA 124 |
| Inventory number | 14000011_E |

| | |
|--|----------------------------|
| Vehicle | ALL-METAL CARGO VAN |
| Vehicle identification number (VIN) | X96270500C0716191 |
| Make and model | GAZ-2705 |
| Vehicle category (A, B, C, D) | B |
| Year of manufacture | 2011 |
| Engine model and number | ж421600жB1202095ж |
| Chassis (frame) number | N/A |
| Vehicle body (driver's cabin, trailer) | 270500C0492817 |
| Colour | WHITE |
| Horsepower, hp (kW) | 106.8 (78.5) |
| Plate number | H 356 EP 124 |
| Inventory number | 14000014_E |

| | |
|--|----------------------------|
| Vehicle | 8-PASSENGER MINIVAN |
| Vehicle identification number (VIN) | X96322170C0723096 |
| Make and model | GAZ-32217 |
| Vehicle category (A, B, C, D) | B |
| Year of manufacture | 2012 |
| Engine model and number | ж421600жC0304970ж |
| Chassis (frame) number | N/A |
| Vehicle body (driver's cabin, trailer) | 322100C0499657 |
| Colour | WHITE |
| Horsepower, hp (kW) | 106.8 (78.5) |
| Plate number | H 936 EX 124 |
| Inventory number | 14000015_E |

Market value under the Contract:

The monthly lease payment shall be Thirty two thousand three hundred and three (32,303) roubles, including 18% VAT in the amount of 4,927 roubles 58 kopecks. The lease rate is subject to the changes in actual direct expenses for the maintenance of the leased Property, and may be revised. Any changes to the lease rate shall be agreed upon between the Parties in an additional agreement.

Duration of lease under the Contract:

The lease period for the Vehicles shall be from 11 April 2016 through 31 December 2017.

Term of the Contract:

The Contract shall come into effect upon signature. The Contract shall apply to the relations of the Parties substantively arising from 11 April 2016 and shall remain valid until the Parties have performed their respective obligations in full.

Interested party(ies) Uniper Russia Holding GmbH

The transaction has been approved by the Board of Directors of the Company, Minutes No. 231 dated 27 May 2016

20. Agreement on Termination of Vehicle Dry Lease Contract No. IA-16-0136 dated 14 March 2016

Parties to the Agreement:

E.ON Russia JSC as the Lessor.

E.ON Connecting Energies LLC as the Lessee.

Subject of the Agreement:

1. On the basis of Clause 1, Article 450 of the Civil Code of the Russian Federation, the Parties decided to terminate the Contract by mutual consent, effective from 0:00 a.m. on 1 May 2016.

2. The Lessee shall return the vehicle to the Lessor within two (2) business days following the termination of the Contract as specified in Clause 1 hereof, under the Vehicle Acceptance and Delivery (Redelivery) Certificate, including all accessories and documents accompanying the vehicle as handed over by the Lessor. The Certificate shall contain information on the date of return and condition of the vehicle as of the date of return.

3. The Parties shall certify that throughout the effective period of the Contract the Lessee has performed its obligations under the Contract properly, including the obligations to effect lease payments in a timely manner and keep the vehicle in a roadworthy condition. The Lessor shall certify that the vehicle has not been damaged in any way during the lease period. The Lessee has not made any improvements to the vehicles, whether permanent or temporary.

4. The Agreement is signed and sealed by the Parties, executed in two original counterparts, one for each of the Parties, and constitutes an integral part of the Contract.

5. The Agreement shall apply to the relations between the Parties substantively arising from 1 May 2016.

Interested party(ies) Uniper Russia Holding GmbH

The transaction has been approved by the Board of Directors of the Company, Minutes No. 231 dated 27 May 2016

21. Additional Agreement No. 4 to Vehicle Dry Lease Contract No. IA-13-0301 dated 24 June 2013

Parties to the Additional Agreement:

E.ON Russia JSC as the Lessor.

E.ON Connecting Energies LLC as the Lessee

Subject of the Additional Agreement:

1. Clause 1.7. of the Contract shall revised to read as follows: "1.7. The Vehicle shall be leased for the period from 24 June 2013 till 25 June 2017."
2. All other provisions of the Contract shall remain unaltered and valid in full.
3. This Additional Agreement is made and executed in two original counterparts, having equal legal effect, one for each of the Parties.
4. This Additional Agreement shall come into effect upon signature.

Interested party(ies) Uniper Russia Holding GmbH

The transaction has been approved by the Board of Directors of the Company, Minutes No. 231 dated 27 May 2016

22. Research Contract

Parties to the Contract:

PJSC Unipro as the Customer;
Council of Power Producers Association as the Contractor.

Subject of the Contract:

The subject of the Contract shall be a research study conducted by the Contractor for the Customer for a fee on the topic: "Development of Scientifically Substantiated Proposals on Amending Certain Regulatory and Procedural Documents Aimed at Ensuring the Transition of Electric Power Facilities to BAT (best available technology)" (hereinafter referred to as the Work) and delivery of the results of research works to the Customer.

Objective of the Work: scientific, regulatory and procedural support of transition of electric power facilities to BAT.

Goals: Development of scientifically substantiated proposals on amending certain regulatory and procedural documents aimed at ensuring the transition of electric power facilities to BAT.

The scope, stages and time limits of the works shall be set in the Terms of Reference that constitute an integral part of the Contract.

Market price of the works under the Contract:

The price of research works to be performed under the Contract shall amount to Eight hundred and forty thousand (840,000) roubles, inclusive of 18 % VAT in the amount of One hundred twenty eight thousand one hundred and thirty five 59/100 (128,135.59) roubles. The price of the works shall be fixed and shall not be subject to change.

Work performance period under the Contract:

Work commencement date: date of signing of the Contract.
Work deadline: 30 June 2016.

Interested party(ies) Maxim Gennadyevich Shirokov, holds positions in the management bodies of a legal entity that is a party to the transaction.

The transaction has been approved by the Board of Directors of the Company, Minutes No. 233 dated 29 June 2016

23. Service Contract for Engineering Support of the Project on Construction of Dry Ash Removal System of Berezovskaya GRES Branch of E.ON Russia JSC

Parties to the Contract:

Unipro PJSC as the Customer,
Unipro Engineering LLC as the Contractor.

Subject of the Contract:

1. In order to ensure and secure interests of the Customer during suspension of Works to be performed under the Project, terminate relations with the Contractors under the previous Contracts of the Customer, settle the disputes with the counterparties, prepare Equipment and Materials supplied to the Facility for storage (preservation) until continuation of works under the Project, the Contractor shall render the following services for the Customer:

A. Settlement of all the issues associated with the suspension of works under the Project with the Contractors, including without limitation: preparation, coordination with the Contractors, and, in cases provided for by the Customer's Standards, coordination and execution of addenda and amendments or agreements on termination of the Contractor Agreements on behalf of the Customer by virtue of Power of Attorney issued by the latter if required for proper termination of relations with the Contractors under the Contractor Agreements. The Contractor shall perform these actions in compliance with the Customer's Standards;

B. Reconciliation of the performance of obligations under the Contractor Agreements by the Parties thereto;

C. Preparation and execution of documents used as the basis for the final settlement of accounts between the Customer and its Contractors under the Contractor Agreements, signature of acceptance certificates, statements, consignment notes, statements of performance, reconciliation reports, and other source accounting documents required for the final settlement of accounts between the Customer and its Contractors under the Contractor Agreements and proper termination of relations with the Contractors;

D. Execution (if necessary) of the Contractor Agreements on performance of the following works: preservation of Equipment and Materials and results of construction works completed at the Facility by the date of suspension of the Project works; elimination of any incomplete works and omissions related to the dry ash removal system facilities associated with the previous agreements; and implementation of competitive procedures and selection of the Contractors in accordance with terms and conditions of the this Contract and the Standards of the Customer;

E. Development, preparation, coordination with the Contractors, and, in cases provided for by the relevant Customer's Standards, coordination and execution of the Contractor Agreements on performance of works described in item (d) of this clause of the Agreement, on behalf of the Customer by virtue of Powers of Attorney issued by the Customer. The Contractor shall perform all of the actions mentioned above in compliance with the Customer's Standards and using the standard forms and terms of agreements developed by the Customer to the greatest extent possible;

F. Taking all necessary measures and actions aimed at maximal adherence to and execution of the warranties applicable to Equipment and Materials supplied for the purpose of the Facility construction, as well as the results of the Facility construction works completed by the moment of suspension of the Project works;

G. Taking all necessary measures and actions aimed at organisation of proper (i.e. compliant with requirements of the manufacturers and the applicable regulations) storage of Materials and Equipment supplied by the date of suspension of the Project works;

H. Ensuring that the Contractors fulfil their respective obligations to the Customer before termination/expiry of the Contractor Agreements by inspecting the scope and quality of the works being performed, the documents being drafted/developed, the Materials and Equipment supplied, including accepting the works performed by the Contractors, services rendered, and Materials and/or Equipment supplied on behalf of the Customer by virtue of the Powers of Attorney issued by the latter;

I. Ensure that the Contractors fulfil their respective obligations to the Customer in a timely manner by monitoring the deadlines and schedules of work completion, document drafting/preparation, and supplies of Materials and Equipment;

J. Ensuring proper fulfilment by the Customer of its obligations under agreements with the Contractors by organising appropriate and well-timed acceptance of the completed Works, managing the budgeting and project cost planning processes in compliance with the Customer's Standards, planning and submitting payment requests in favour of the Contractors in compliance with the Customer's Standards, and ensuring proper fulfilment of other obligations of the Customer under the Contractor Agreements by virtue of Powers of Attorney issued by the Customer;

K. creating and consolidating final packages of documents related to performance of the Contractor Agreements before termination thereof for further transfer to the Customer's archive for storage;

L. protecting the Customer's rights and interests in terms of its relations with the Contractors, third parties, or Authorities by representing the Customer in the relations with the said parties, including the arrangement and holding of discussions, negotiations, meetings, and sessions, management of claims, representation of the Customer in courts by virtue of Powers of Attorney, etc.;

M. interacting with all competent Government Authorities on the matters related to suspension of the Facility construction works, including the statutory monitoring and supervisory procedures initiated by the Authorities mentioned above, and obtaining all Official Permits and Authorisations;

N. preparing and submitting to the Customer all required documentation related to the Project in compliance with the Customer's Standards, Technical Regulations, and the Applicable Law, before suspension of the Project works (including, without limitation, Project Management Reports, As-Built Documentation, source accounting documents, and other documents required for proper accounting, tax accounting, and statistical reporting in the course of the Facility construction, original copies of the Contractor Agreements concluded by the Contractor on behalf of the Customer and/or kept by the Customer, original copies of Official Permits and Authorisations, original copies of letters of claim kept by the Contractor, responses to them, statements of claim, and other court documents and responses to them, as well as court judgements and writs of execution related to implementation of the Project, etc.); (hereinafter referred to as the Services)

2. Under the separate assignment by the Customer, the Contractor shall render the following services (hereinafter together referred to as the Additional Services) to the Customer: develop different options of the Project implementation after continuation of works featuring different technical solutions; evaluate prices and implementation schedule considering the works completed before suspension of the Project, and Equipment and Materials purchased. Such assignment shall be performed by Customer in the form of Additional Agreement to the Contract.

Market Value of the Services under the Contract:

Contracted Price shall consist of the following components:

1. Contractor fees for the Services provided by paragraph 1 of Article 13 of the Contract and rendered within the time limits established by paragraph 2 of Article 13 of the Contract in the amount of Thirty eight million four

hundred sixty one thousand two hundred and thirty three roubles and 54 kopecks (RUB 38,461,233.54), including 18% VAT in the amount of Five million eight hundred sixty six thousand nine hundred and sixty seven roubles and 83 kopecks (RUB 5,866 967.83).

2. Contractor fees for the Services provided for by paragraph 3 of Article 13 of the Contract in the amount that will be defined by the Parties and indicated in the Additional Agreement to this Contract, after the Customer provides a corresponding assignment for Services.

Services provision period under the Contract:

The Services shall be rendered by the Contractor for the benefit of the Customer within the period between 01 January 2016 and 31 December 2016. In case mutual obligations of the Parties to the Contractor Agreements are not fulfilled in due manner, and also in case of any unsettled disputes with the Contractors under the Contractor Agreements, the Parties may agree upon the extension of the period of rendering Services by the Contractor, as well as scope, cost, and other terms and conditions of Services provision during the extended period.

The term of rendering Additional Services shall be agreed upon by the Parties and indicated in the Additional Agreement to this Contract executed by the Parties, after the Customer provides a corresponding assignment for Services.

Term of the Contract:

The Contract shall come into effect after its signature by duly authorised bodies or representatives of the Parties and shall apply to the relations between the Parties existing from 1 January 2016.

The Contract shall remain in force until the Parties fully perform their respective obligations.

Interested party(ies) Uniper Russia Holding GmbH

The transaction has been approved by the Board of Directors of the Company, Minutes No. 234 dated 28 July 2016

24. Contract of Lease of the Building Part

Parties to the Contract:

Unipro PJSC as the Lessor;
Agro-Industrial Park Siber LLC as the Lessee.

Subject of the Contract:

The Lessor shall transfer and the Lessee shall accept the right to the temporary use of the part of the building marked with a red line at the scheme (Appendix No. 1 to the Contract) with a total area of 18.0m² located at the following address: Energetikov Industrial Base, building 1/15, Sharypovo district, Krasnoyarsk Territory, Russia (hereinafter referred to as the Property) and shall effect lease payments in the amount and within time limits specified in Section 3 hereof. The purpose of the Property shall be to accommodate the personnel of Agro-Industrial Park Siber LLC.

Market value under the Contract:

The amount of monthly lease payment shall be One thousand five hundred and eighty four (RUB 1,584) roubles, including 18% VAT in the amount of Two hundred forty one roubles and sixty three kopecks (RUB 241.63). The lease payment shall include the cost of utility services (power supply).

The lease rate is subject to the changes in actual direct expenses for the maintenance of the leased Property, cost of lease of the land plot located beneath the building containing the leased Property, and other factors impacting the lease rate. In case of changes in the lease rate the Lessor shall notify the Lessee thereof within thirty (30) calendar days before the estimated date of lease rate change. If the Lessee doesn't submit its objections to the Lessor in writing within thirty (30) calendar days after the receipt of the notice mentioned above, the change of the lease rate shall be deemed approved.

In case of the Lessee's refusal of the changed lease rate, the Agreement shall be deemed terminated within thirty (30) calendar days from the moment of the Lessee's receipt of the notice on the change of the lease rate.

Duration of lease under the Contract:

Lease duration shall be from 1 July 2016 through 31 May 2017.

Term of the Contract:

The Agreement shall come into force upon its signature and shall remain valid until the Parties have fully performed their obligations hereunder.

Interested party(ies) Uniper Russia Holding GmbH

The transaction has been approved by the Board of Directors of the Company, Minutes No. 234 dated 28 July 2016

25. Service Contract

Parties to the Contract:

Unipro PJSC as the Contractor
 Agro-Industrial Park Siber LLC as the Customer.

Subject of the Contract:

Under the Contract and as per the Customer's order, the Contractor shall provide the following IT services:

1. "Basic IT Package" Service;
2. User Support Hot Line;
3. "Authorisation Control System" Service;
4. "Workplace" Service;
5. "Printing, Scanning, and Copying" Service;
6. "Telephony" Service;
7. "Unified Communications System" Service (Skype for business);
8. "Wi-Fi Access" Service;
9. "UASMFEA (Unified Automated System for Management of Financial and Economic Activities)" Service;
10. "Directum System" Service;
11. "Consultant Plus System" Service;
12. "MS Project" Service;
13. "Consulting Services" Service; (hereinafter referred to as the IT-Services).

Detailed description of the IT Services, rules of IT Service provision, level of services, and IT Service attributes shall be provided in Appendix No. 1 to the Contract.

Market Value of the Services under the Contract:

The Customer shall pay to the Contractor for the services provided by the Contractor to the Customer under the Contract the cost of services actually used within the settlement period as per the Contractor's quarterly report on the scope and cost of the rendered services. For the purpose of payment for the services under the Contract, the settlement period shall be three (3) calendar months (a quarter).

The amount payable for the settlement period shall depend on the number of users of each IT Service. The number of users of each IT Service registered in the Contractor's System at the Customer's request as of the last business day of the settlement period shall be used to calculate the cost of the services for each IT Service. The Parties have agreed on the fee amount for each IT Service as follows:

| IT Service Description | Basic unit | calculation | Unit price per settlement period (quarter), roubles, VAT excluded |
|--|-------------------|--------------------|--|
| "Basic IT Package" Service | Account | | 12,000 |
| User Support Hot Line | Account | | 5,000 |
| "Authorisation Control System" Service | Account | | 4,000 |
| "Workplace" Service | Workplace | | 5,000 |
| "Printing, Scanning, and Copying" Service | Account | | 1,500 |
| "Telephony" Service | Account | | 1,500 |
| "Unified Communications System" Service (Skype for business) | Skype account | | 800 |
| "Wi-Fi Access" Service | Account | | 500 |
| "UASMFEA" Service; | Account | | 35,000 |
| "Directum System" Service | Account | | 5,000 |
| "Consultant Plus System" Service | Account | | 7,000 |
| "MS Project" Service | Account | | 4,000 |
| "Consulting Services" Service | Man hour | | 3,000 |

Term of the Contract:

The Contract shall be effective (deemed to be concluded) upon its signature by both Parties, and terms and conditions thereof shall cover relations between the Parties actually existing from 05 May 2016.

The Contract shall be effective until 31 December 2016, inclusive. The Customer's obligations to pay for the services rendered within the duration of the Contract shall remain in force until the Customer fulfils them completely.

The Contract shall be deemed extended for another period of one (1) year on the same terms and conditions, unless either of the Parties notifies the other in writing of its intention not to extend the Contract for the next period at least ten (10) days prior to expiry of the Contract.

Interested party(ies) Uniper Russia Holding GmbH

The transaction has been approved by the Board of Directors of the Company, Minutes No. 234 dated 28 July 2016

26. Agreement on Expanded Electronic Document Flow Services

Parties to the Agreement:

Gazprombank (Joint Stock Company) as the Bank;
Unipro PJSC as the Company; and
Agro-Industrial Park Siber LLC as the Entity.

Subject of the Agreement:

1. The Bank shall provide the Company with the services of expanded electronic document flow related to transactions in roubles and foreign currency made by the Owners of Accounts opened with the Bank in accordance with the Contracts. Such services shall be provided based on the Tariffs known to the Company and approved by it.

2. The Bank shall authorise the Company to make an offer to the Entity.

3. Upon receipt of the Company's application for acceptance of the terms and conditions of the Agreement, signed by the Entity, the Company shall authorise the Bank to enter the date in the field "Acceptance receipt date" of the said application.

4. The Bank shall provide the Company with the following services of expanded electronic document flow (the Services):

4.1. Monitoring services (CSC (company settlement center)-1 code).

As part of CSC-1, the Bank shall disclose to the Company the information on the transactions with the accounts of the Account Owners in accordance with the Contracts.

4.2. Monitoring and preliminary control service (CSC-2 code).

As part of CSC-2, the Bank shall provide to the Company:

- Information on the transactions made with the accounts of the Account Owners in accordance with the Contracts;

- Access to electronic documents (hereinafter referred to as the "e-documents") of the Account Owners before they are processed by the Bank for the purpose of approval/declining by the Company.

4.3. Monitoring, preliminary control service and budgetary control (CSC-3 code).

As part of CSC-3, the Bank shall provide to the Company:

- Information on the transactions made with the accounts of the Account Owners in accordance with the Contracts;

- Access to e-documents of the Account Owners before they are processed by the Bank for the purpose of approval/declining by the Company;

- Control over compliance with the limits under the terms and conditions of the Agreement.

5. By acceding to the Agreement, the Entity authorises the Bank to forward the Entity's e-documents to the Company along with the information on the transactions with the Entity's accounts. Provision of the said information by the Bank to the Company shall be deemed by the Bank, the Company and the Entity as provision of the information to the authorised representative of the Entity.

Value of the Services under the Agreement (Market Value of the Services):

The Company shall pay commission to the Bank under the applicable rates of Gazprombank (Joint Stock Company) for customized settlement services for corporate customers through Client-Bank, the e-document sharing system based on the CSC software owned by Bank Soft Systems Limited Liability Company, which rates are known to the Company and approved by it.

Term of the Agreement:

The Agreement shall become effective for the Company and the Bank from the date of its signing by the Company and the Bank; and for the Entity, on the date stated in the field "Acceptance receipt date" of the application acceptance of the terms and conditions of the Agreement, and on the date stated in the Company's Report on Readiness to Operate the CSC System - as related to granting access to the information and e-document sharing based on the Client-Bank system. The Agreement is concluded for an unlimited term.

Interested party(ies) Uniper Russia Holding GmbH

The transaction has been approved by the Board of Directors of the Company, Minutes No. 235 dated 26 August 2016

27. Additional Agreement No. 1 to Contract No. MA-15-0868 dated 28 December 2015 for management and engineering support of the project on the construction of the Fuel Receiving Station of Berezovskaya GRES Branch of E.ON Russia JSC

Parties to the Additional Agreement:

Unipro PJSC as the Customer,
Unipro Engineering LLC as the Contractor.

Project implementation period:

The Parties established the scheduled Project completion date for the Facility to be November 2017.

Interested party(ies) Uniper Russia Holding GmbH

The transaction has been approved by the Board of Directors of the Company, Minutes No. 236 dated 29 September 2016

28. Additional Agreement No. 1 to Contract No. IA-16-0560 dated 29 July 2016 for engineering support of the project on the construction of the Dry Ash Removal System of Berezovskaya GRES Branch of E.ON Russia JSC

Parties to the Additional Agreement:

Unipro PJSC as the Customer,
Unipro Engineering LLC as the Contractor.

Subject of the Additional Agreement:

1. In addition to the services under the Contract, the Contractor shall, at the Customer's request, provide the following Additional Services (the Services) to the Customer:

1.1. Comparative analysis of the construction of the Dry Ash Removal System as part of the Project and an alternative way of transportation and storage of slag and fly ash of power units of plants No. 1, No. 2 and No. 3 at Berezovskaya GRES branch of Unipro PJSC with the construction of Map No. 5 of the ash disposal area for "wet" storage of slag and fly ash, while maintaining the hydraulic ash removal system.

1.2. Services related to engineering support of developing Technical Documentation for the Project until its full completion.

2. Services indicated in clause 1.1 of the Additional Agreement shall include:

2.1. Comparative analysis of alternative variants of the Project implementation (the basic variant is the construction of the Dry Ash Removal System; and the alternative variant is the construction of "map" No. 5 of the hydraulic ash disposal area for "wet" storage of slag and fly ash, while maintaining the hydraulic ash removal system) with justification of the selected variant of the Project implementation, including:

- Analysis of technical solutions for implementation of the Project with justification of their advantages and disadvantages;

- Elaboration of the economic (cost) parameters of various options of the Project implementation; and

- Evaluation of timing for implementation of various options of the Project implementation.

3. The Services referred to in paragraph 1.2 of the Additional Agreement shall include:

3.1. Analysis of the Technical Documentation developed for the Project by the date of signing this Additional Agreement. In the event of any problems found in the Technical Documentation, suggestions for amending the Technical Documentation should be prepared and submitted to the Customer.

3.2. Conducting competitive bidding procedures and selecting Contractors to finalise the Technical Documentation and make the comparative analysis of the options for the Project implementation in accordance with the Contract and the Customer's Standards.

3.3. Drafting, preparing, coordinating with the Contractors, and, where it is required by the relevant Customer's Standards, negotiating and signing Contractor Agreements on behalf of the Customer under a Power of Attorney issued by the latter. The Contractor shall perform all of the actions mentioned above in compliance with the Customer's Standards and using the standard forms and terms of agreements developed by the Customer to the greatest extent possible;

3.4. Supervision of development of the Technical Documentation for the Project.

Market Value of the Services under the Additional Agreement:

1. The additional remuneration of the Contractor for the Services under the Additional Agreement shall amount to Six million two hundred six thousand one hundred and eighty six roubles 10/100 (RUB 6,206,186.10), including 18% VAT in the amount of Nine hundred forty six thousand seven hundred and six roubles 35/100 (RUB 946,706.35). The additional remuneration shall comprise the following:

- Remuneration for the Services under 1.1 of this Additional Agreement in the amount of Three million one hundred three thousand and ninety three roubles 05/100 (RUB 3,103,093.05), including 18% VAT; and

- Remuneration for the Services under paragraph 1.2 of this Additional Agreement in the amount of Three million one hundred three thousand and ninety three roubles 05/100 (RUB 3,103,093.05), including 18% VAT.

Services Provision Period under the Additional Agreement:

1. The Services under the Additional Agreement shall be rendered by the Contractor to the Customer within the following time limits:

- Services under paragraph 1.1. of the Additional Agreement shall be provided by the Contractor within the period from 01 September 2016 to 27 December 2016;
- Services under paragraph 1.2. of the Additional Agreement shall be provided within the period from 01 September 2016 to 31 May 2017.

If the Technical Documentation for the Project is not completely developed by the deadline specified, the Parties may agree on the extension of the period of rendering services by the Contractor under paragraph 1.2 of the Additional Agreement and terms and conditions for provision of the Services during the period of extension.

Effective period of the Additional Agreement:

The Additional Agreement shall come into effect upon signing by the Parties and apply to the relations between the Parties actually existing from 01 September 2016.

Interested party(ies) Uniper Russia Holding GmbH

The transaction has been approved by the Board of Directors of the Company, Minutes No. 236 dated 29 September 2016

29. Agreement on Transfer, Confidentiality and Protection of Proprietary Information

Parties to the Agreement:

Unipro Engineering LLC as Party 1.

Unipro PJSC as Party 2.

Subject of the Agreement:

Organisation of the access of both Parties to their information resources containing information constituting a trade secret, and agreement upon the conditions of treatment of the information constituting a trade secret.

The Parties' undertakings to keep the other party's information constituting a trade secret confidential, take special measures to protect and use such information, accept liability for a breach of such obligations in accordance with applicable law of the Russian Federation and this Agreement.

Term of the Agreement:

The Agreement shall enter into force from the moment of signing thereof. The Agreement shall be terminated on 31 December 2017, but not prior to completion of rendering the services under Contract No. IA-16-0351 dated 27 April 2016 for the arrangement and management of repair and recovery works performed at Power Unit No. 3 of Berezovskaya GRES Branch of Unipro PJSC between Unipro Engineering LLC and Unipro PJSC.

Termination or expiration of the Agreement shall not relieve the Parties of the obligations assumed under the Agreement in respect of the information constituting a trade secret that was disclosed to it before the termination or expiry of the Agreement. Such obligations shall be effective for two (2) years after expiration or early termination of the Agreement.

Liability of the Parties under the Agreement:

If the party that is the owner of the information containing trade secrets suffers damage as result of non-performance or improper performance of the terms and conditions of the Agreement, then the party that committed such violation or failed to perform its obligations under the Agreement shall reimburse the losses caused to the other Party in accordance with the legislation of the Russian Federation.

Interested party(ies) Uniper Russia Holding GmbH

The transaction has been approved by the Board of Directors of the Company, Minutes No. 236 dated 29 September 2016

30. Additional Agreement No. 2 to Sublease Contract No. IA-15-0824 dated 09 December 2015

Parties to the Additional Agreement:

Unipro Engineering LLC as the Sub-lessor.

Unipro PJSC as the Sub-lessee.

Subject of the Additional Agreement

1. To expand the area of the offices subleased under the Agreement, the Parties have agreed to amend Clause 1.1. of the Agreement as follows:

"The Sub-lessor shall sublease, and the Sub-lessee shall accept for sublease the Premises marked with a black line on the plan (Appendix 1), measuring **Five hundred and fifty seven point one (557.1)** m2 in total floor area, located in the Building, for use as office premises (hereinafter referred to as the "**Office**"). The Sub-lessee shall be entitled to use the Sub-lessor's conference rooms fitted with media equipment (video and audio equipment, presentation and videoconferencing devices). The conference rooms shall be provided at the Sub-lessee's prior request on the Sub-lessor's internal portal."

2. The new version of Appendix No. 1 to the Contract set forth in the appendix to this Agreement shall be approved.

2. This Agreement shall come into effect upon its signing by the Parties and constitute an integral part of the Contract. Any rights and obligations hereunder shall arise on 15 October 2016.

3. The Sub-lessor shall sublease and the Sub-lessee shall accept the premises located on floor 22 of the Building specified in Appendix No. 1 to the version of the Contract approved by this Agreement on or before 15 October 2016 under the Premises Acceptance and Delivery Certificate signed by the Parties.

4. This Agreement is made in three counterpart, having equal legal force, one for each of the Parties.

Interested party(ies) Uniper Russia Holding GmbH

The transaction has been approved by the Board of Directors of the Company, Minutes No. 236 dated 29 May 2016

31. IT Services Contract

Parties to the Contract:

Unipro PJSC as the Contractor

Uniper NefteGaz LLC as the Customer

Subject of the Contract:

Under the Contract and as per the Customer's order, the Contractor shall provide the following IT services:

1. "Basic IT Package" Service;
2. User Support Hot Line;
3. "Authorisation Control System" Service;
4. "Directum System" Service;
5. "Consulting Services" Service; (hereinafter referred to as the IT-Services).

Detailed description of the IT Services, rules of IT Service provision, level of services, and IT Service attributes shall be provided in Appendix No. 1 to the Contract.

Market Value of the Services under the Contract:

The Customer shall pay to the Contractor for the services provided by the Contractor to the Customer under the Contract the cost of services actually used within the settlement period as per the Contractor's quarterly report on the scope and cost of the rendered services. For the purpose of payment for the services under the Contract, the settlement period shall be three (3) calendar months (a quarter).

The amount payable for the settlement period shall depend on the number of users of each IT Service. The number of users of each IT Service registered in the Contractor's System at the Customer's request as of the last business day of the settlement period shall be used to calculate the cost of the services for each IT Service. The Parties have agreed on the fee amount for each IT Service as follows:

| IT Service Description | Basic calculation unit | Unit Price for the Settlement Period (Quarter) RUB, excl. VAT. |
|---|-------------------------------|---|
| "Basic IT Package" Service | Account | 12,000 |
| User Support Hot Line | Account | 5,000 |
| "Authorisation Control System" Service | Account | 4,000 |
| "Printing, Scanning, and Copying" Service | Account | 1,500 |
| "Wi-Fi Access" Service | Account | 500 |
| "Telephony" Service | Account | 1,500 |
| "Directum System" Service | Account | 5,000 |
| "Consulting Services" Service | Man hour | 3,000 |

In addition to the settlement period payment, the Customer shall reimburse the Contractor for the following expenses incurred by the latter in the settlement period in relation to provision of the services under the Contract:

1. travel expenses which consist of transportation expenses and accommodation costs;
2. expenses on payment for third-party services subject to the Customer's prior consent to engagement of the said third parties by the Contractor within the scope of service rendering under the Contract.

Term of the Contract:

The Contract shall come into force (be deemed to have been entered into) upon its signing by both Parties.

The Contract shall be effective until 31 December 2017, inclusive. The Customer's obligations to pay for the services rendered within the duration of the Contract shall remain in force until the Customer fulfils them completely.

The Contract shall be deemed extended for another period of one (1) year on the same terms and conditions, unless either of the Parties notifies the other party in writing of its intention not to extend the Contract for the next period at least ten (10) days prior to expiry of the Contract .

Interested party(ies) Uniper Russia Holding GmbH
The transaction has been approved by the Board of Directors of the Company, Minutes No. 236 dated 29 September 2016

32. Additional Agreement No. 1 to Sublease Contract No. IA-15-0758 dated 05 November 2015

Parties to the Additional Agreement:
Unipro Engineering LLC as the Sub-lessor.
Unipro PJSC as the Sub-lessee.

Subject of the Additional Agreement

1. To prolong the Agreement for a new term equal to eleven months from 07 September 2016.
2. Not later than on 15 October 2016, the Sub-lessor shall provide the Sub-lessee and the Sub-lessee shall accept under the Acceptance and Delivery Certificate the second parking space No. B4-95 indicated in the Layout of Parking Spaces for Sublease (Appendix No. 1 to the Contract) as amended and established in Appendix No. 1 to this Agreement.

3. In view of provision the Sub-lessee with the second parking space, to make the following amendments to the Contract (with account of the provisions of clause 4 of this Agreement):

3.1. Clause 1.1. of the Contract shall be hereby amended to read as follows:

"1.1. The Sub-lessor shall provide the Sub-lessee with Two (2) parking spaces (the Parking Spaces) to be temporarily used by the latter. The Parking Spaces are indicated in the Layout of Parking Spaces for Sublease (Appendix No. 1 to the Contract) located in the underground parking lot at the address: 10, Presnenskaya Emb., Block B, Moscow, Russia (hereinafter referred to as the Building). The Sub-lessee shall pay for the Parking Spaces in compliance with the procedures and within the time limits established by this Contract."

3.2. The combination of words "Parking Space" shall be replaced with the combination of words "Parking Spaces" throughout the text of the Contract (except for the subclause 3.1.1.).

3.3. Subclause 3.1.1. of clause 3.1. of the Agreement shall be hereby amended to read as follows:

"3.1.1 The cost of one Parking Space shall amount to Four Thousand Four Hundred and Eighty Four (4,484) c.u. per year, including 18% VAT.

One c.u. (conventional unit) shall be equal to 1 US dollar. Payments shall be made in roubles at the exchange rate of the Central Bank of the Russian Federation as of the date of payment.

Starting from 01 April 2017 and until the expiration of this Agreement, the new price for the Parking space shall be determined through the increase of the price for the Parking space effective as of the reevaluation date in line with CPI for all Urban Consumers (see the definition below). The said re-evaluation of the price for the Parking lot will be reflected by means of adjusting the price for the Parking Space to be paid by the Sub-lessee for the respective period in respective invoices issued by the Sub-lessor. The revaluation will be carried out in March 2017.

CPI-U shall stand for the unadjusted Consumer Price Index for All Urban Consumers, US City Average, All Items (1982-84=100 series) as per the monthly bulletin officially published by the Bureau of Labour Statistics of the United States Department of Labour. The revaluation shall be carried out by means of multiplying the Parking Price effective as of the Date of Revaluation by the latest available monthly CPI-U index published as of the revaluation date, and dividing the result by CPI-U for the same month of the year preceding the year of revaluation. Following the revaluation of the Parking Price, a value with two decimal digits shall be used. No sudden changes or further CPI-U adjustments shall be taken into consideration after the revaluation has been completed."

3.4. The new version of Appendix No. 1 to the Agreement (Layout of Parking Spaces for Sublease) set forth in Appendix No. 1 to this Agreement shall be approved.

4. The Agreement shall come into effect upon its signing.

The Parties have agreed that the terms and conditions hereof established in clause 1 and in subclause 3.3. of clause 3 shall apply to the relations of the Parties existing from 07 September 2016.

The Parties have agreed that the rights and obligations of the Parties in respect of the amended conditions of the Agreement as set forth in subclauses 3.1., 3.2., 3.4. arise from 15 October 2016.

Interested party(ies) Uniper Russia Holding GmbH
The transaction has been approved by the Board of Directors of the Company, Minutes No. 237 dated 27 October 2016

33. Additional Agreement No. 1 to Contract No. IA-15-0869 dated 28 December 2015 for provision of services on support of the contracts concluded for the purpose of construction of Power Unit No. 3 of Berezovskaya GRES Branch of E.ON Russia JSC and provision of services on support of the works on elimination of defects at Power Unit No. 3 of Berezovskaya GRES Branch of E.ON Russia JSC.

Parties to the Additional Agreement:
Unipro PJSC as the Customer,
Unipro Engineering LLC as the Contractor.

Subject of the Additional Agreement, including the Market Value of the Services:

1. In accordance with the provisions of Clause 2 of Article 13 of the Contract, the term of rendering the services under the Contract shall be extended till 31 December 2017.

2. The Contractor's remuneration for the Services rendered from October 2016 to December 2017 (additional services) shall be agreed in amount of Eight million eight hundred fifty thousand roubles 00/100 (RUB 8,850,000.00), including VAT 18% in amount of One million three hundred fifty thousand roubles 00/100 (RUB 1,350,000.00).

3. Due to the Contract amendments specified in Clauses 1 and 2 of the Additional Agreement, Article 25 of the Contract shall be revised to read as follows:

"The Contract Price shall consist of the Contractor's Remuneration for the Services under the Contract in amount of Fifty eight million two hundred twenty eight thousand seven hundred and two roubles 51/100 (RUB 58,228,702.51), including VAT 18% in amount of Eight million eight hundred eighty two thousand three hundred and forty four roubles 45/100 (RUB 8,882,344.45).

Effective period of the Additional Agreement:

This Additional Agreement shall come into force upon signature by the Parties and shall be valid until the Parties fully perform their obligations under the Contract. The terms and conditions of this Additional Agreement shall cover the parties' relationships existing from 28 September 2016.

Interested party(ies) Uniper Russia Holding GmbH

The transaction has been approved by the Board of Directors of the Company, Minutes No. 239 dated 24 November 2016

34. Guarantee Payments Agreement

Parties to the Agreement:

Uniper SE as Uniper;
Unipro PJSC as Unipro.

Subject of the Agreement:

Unipro, and GENERAL ELECTRIC INTERNATIONAL, Inc., incorporated in accordance with the laws of the USA, and GE Rus Limited Liability Company, established in accordance with the laws of the Russian Federation and registered in the Russian Federation (hereinafter referred to as "GE Rus"), have concluded Contractual Service Agreements (hereinafter referred to as the "Agreements") No. CS10166/OГK4/08/246 dated 10 June 2008 and No. CS12717/OГK4/08/247 dated 10 June 2008.

Clause 5.8.2. of each Agreement shall provide for the commitment of Unipro to issue the SLCs in favour of General Electric, the amounts of which as of the date of conclusion of this agreement are equal to Four million three hundred fifty-one thousand nine hundred eighty-one US dollars and 92 cents (4,351,981.92) and Ten million nine hundred thirty three thousand five hundred and eighty eight US dollars and 38 cents (10,933,588.38) respectively.

The aforesaid SLCs shall be secured by Uniper by means of issuance of the Parent Company Guarantees in the amount of Four million three hundred fifty one thousand nine hundred and eighty one US dollars and 92 cents (4,351,981.92) and Ten million nine hundred thirty three thousand five hundred and eighty eight US dollars and 38 cents (10,933,588.38) (hereinafter referred to as the "Guaranteed Amounts") in favour of COMMERZBANK AG (hereinafter referred to as the "Bank"), Dusseldorf, legal address: Königsallee 37, D-40212, Dusseldorf, SWIFT: COBAEDDD, which issues the SLCs. In accordance with the terms and conditions of the Agreement, Uniper shall officially confirm the fulfilment of its commitments to Unipro to issue the Parent Company Guarantees and shall issue the Parent Company Guarantees not later than on the date of issue of the SLCs with the effective date of the aforesaid Guarantees starting from the effective date of the SLCs, and secure their validity within the whole validity period of the SLCs.

Market Amount of Remuneration for the Issuance of the Guarantees:

Unipro shall pay in favour of Uniper the remuneration for the issue of the Parent Company Guarantees in the amount of 0.4% per annum from the effective date of the Parent Company Guarantees until 31 December 2016 and 0.675% per annum from 01 January 2017 which is calculated from the amount of each SLC within each calendar quarter starting from the effective date of the Parent Company Guarantee securing the corresponding SLC, until termination or expiry of the validity period of this SLC whichever is earlier. In case of estimation of the remuneration, which is paid by Unipro in favour of Uniper, the increase/decrease in the amounts of the SLCs shall be taken into account.

Time Period for Issuing the Guarantees:

The Guarantees shall be issued not later than on the date of opening (updating) or prolongation of the SLCs with the effective date on the effective date of the SLCs and shall be valid until termination or expiry of the validity period of the SLCs which are opened by COMMERZBANK AG and which secure the commitments of Unipro under Contractual Service Agreements No. CS10166/OГK4/08/246 dated 10 June 2008 and No. CS12717/OГK4/08/247 dated 10 June 2008.

Term of the Agreement:

The Agreement shall come into effect upon its signing by the Parties. The Parent Company Guarantees shall become effective on the effective date of the SLCs. The Agreement shall have the same validity period as the SLCs.

Interested party(ies) Uniper Russia Holding GmbH, Christopher Delbruck, Eckhardt Rümmler, Klaus Schäfer hold positions in the management bodies of a legal entity that is a party to the transaction.

The transaction has been approved by the Board of Directors of the Company, Minutes No. 239 dated 24 November 2016

35. Additional Agreement No. 1 to Loan Contract w/o No. dated 29 July 2016

Parties to the Additional Agreement:

Uniper SE as the Lender;
Unipro PJSC as the Borrower.

Subject of the Additional Agreement, including the Market Value of the Remuneration for the Loan Provision:

1. Section 2 of the Contract shall be hereby amended to read as follows:

"The loan sum for the period from 3 August 2016 till 22 December 2016 shall amount to Two billion four hundred million roubles (RUB 2,400,000,000.00).

The loan sum for the period from 22 December 2016 till 22 March 2017 shall amount to Two billion three hundred million roubles (RUB 2,300,000,000.00)."

2. Clause 4.1 of the Contract shall be hereby amended to read as follows:

"4.1. The loan shall be provided for the period from 3 August 2016 till 22 March 2017 inclusive."

Clause 4.2 of the Contract shall be hereby amended to read as follows:

"4.2. The Borrower shall repay the loan sum on the last day of the loan period set forth in the Contract by transferring funds to the Lender's account specified in the Contract or to another account of the Lender specified by the latter.

The Borrower shall partially repay the loan sum on the last day of the loan period in respect of which the relevant interest rate has been agreed by the Parties by transferring funds to the Lender's account specified in the Contract or to another account of the Lender specified by the latter."

3. Clauses 5.2. and 5.5. of Section 5 of the Contract shall be hereby amended to read as follows:

"5.2. The interest rate shall be established as of the date of signing the Contract, and if the loan period is extended – as of the date of such extension and for such an extension period, and shall be calculated according to the following formula:

$$i = (c1 + (c2 - c1) * (p - t1) / (t2 - t1)) + 1.5\%$$

where:

i – interest rate;

p – required interest rate term in days differing from the Standard Term;

t1 – minimum MOSPRIME Standard Term in days closest to "p";

t2 – maximum MOSPRIME Standard term in days closest to "p";

c1 – MOSPRIME established for Term "t1";

c2 – MOSPRIME established for the period "t2".

MOSPRIME rate means the rate of the Offer in the Moscow Money Market which is set for one day, one or two weeks, one, two, three or six months (MOSPRIME Standard Terms) by the National Foreign Exchange Association and is indicated on Reuters screen or on the Internet on the web-site of the National Foreign Exchange Association WWW.NVA.RU after 12.30 p.m. (Moscow Time).

The maximum interest rate under this Agreement may not exceed 124.99 % of the key rate of the Central Bank of the Russian Federation fixed as of the borrowing date.

5.5. The interest shall be paid by the Borrower on the last day of the period in respect of which the Parties have agreed the relevant interest rate."

Interested party(ies) Uniper Russia Holding GmbH, Christopher Delbruck, Eckhardt Rümmler, Klaus Schäfer hold positions in the management bodies of a legal entity that is a party to the transaction.

The transaction has been approved by the Board of Directors of the Company, Minutes No. 239 dated 24 November 2016

Information about major transactions closed by the Company in 2016.

None.

Appendix No. 3

R E P O R T **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 18 May 2017 (Minutes No. 245 dated 18 May 2017) as a part of the preliminary approval of the Company's Annual Report 2016.

The Board of Directors hereby certifies that the data contained in this report represent complete and reliable information on the Company's compliance with the principles and recommendations of the Code of Corporate Governance for 2016.

The Board of Directors of Unipro PJSC states that as of the end of the reporting year the Company has failed to respect in full the corporate governance principles set out in the Code of Corporate Governance. For more details refer to the table below.

Unipro PJSC intends to continue its work on the improvement of the corporate governance system in 2017 to meet the recommendations of the Code to the greatest extent possible.

Summary of the most significant aspects of the corporate governance model and practice

Share Capital Structure

The total number of persons registered in the shareholder register of Unipro PJSC as of 31 December 2016 was 300,708, of which:

- Individuals: 300,033.
- Total nominal holders of the issuer's shares: 13.
- Federal authorities: 3.
- Authorities of constituent entities of the Russian Federation: 4.

Information about the issuer's shareholders with equity stakes of no less than 5 percent of its authorised capital or no less than 5 percent of its ordinary shares:

Full business name: *Uniper Russia Holding GmbH*

Address: *E.ON-Platz 1, 40479 Düsseldorf, Germany.*

Stake in the authorised capital of the issuer: *83.73 %.*

Stake in total ordinary shares of the issuer: *83.73 %.*

Structure of the Governing Bodies

According to the issuer's Articles of Association (Clause 9.1., Article 9), the governing bodies include:

- General Meeting of Shareholders²⁴;
- Board of Directors²⁵;
- Management Board²⁶;
- Chief Executive Officer²⁷.

The General Meeting of Shareholders is the supreme governing 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 Meeting of Shareholders 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 prior approval by the Board of Directors. In certain cases, the Board of Directors is entitled to resolve on further approval of a transaction or any other matter that falls within the competence of the Board of Directors.

²⁴ *The scope of competence of the General Meeting of Shareholders is outlined in Clause 10.2., Article 10 of the Company's Articles of Association.*

²⁵ *The scope of competence of the Board of Directors is outlined in Clause 12.1., Article 12 of the Company's Articles of Association.*

²⁶ *The scope of competence of the Management Board is outlined in Clause 18.2., Article 18 of the Company's Articles of Association.*

²⁷ *The scope of competence of the Chief Executive Officer is outlined in Clause 19.2.-19.3., Article 19 of the Company's Articles of Association.*

Affairs referred to the competence of the Board of Directors cannot be delegated for resolution to either the Chief Executive Officer or the Management Board. The Company's Board of Directors includes 3 independent directors²⁸.

Pursuant to the resolution of the Board of Directors, the Company's Board of Directors has formed several committees²⁹. The Committees of the Board of Directors are set up to work on 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 to the Board of Directors and executive bodies of the Company.

The governance of the Company's day-to-day activities is placed on the Chief Executive Officer as the Company's sole executive body and on the Management Board as a collective executive body.

The Chief Executive Officer and the Management Board report to the General Meeting of Shareholders 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 prior approval by the Management Board. In certain cases, the Management Board is entitled to resolve on further approval of a transaction or any other matter that falls within the competence of the Management Board.

The Chief Executive Officer is responsible for governing the Company's day-to-day business operations in accordance with the resolutions of the General Meeting of Shareholders, 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 consent to closing of a major transaction or subsequent approval of a major transaction is provided for by Article 79 of Chapter X of the Federal Law "On Joint Stock Companies".

2. Interested Party Transactions

The procedure for closing a major transaction, in which there is an interest, is provided for by Article 83 of Chapter XI of the Federal Law "On Joint Stock Companies".

3. Stock Transactions

Resolutions of the General Meeting of Shareholders shall be passed by the majority of 3/4 (three fourths) of votes of the Company's shareholders entitled to vote and present at the General Meeting of Shareholders, for the following stock transactions:

- private placement of shares (the Company's securities convertible into shares) pursuant to a resolution of the General Meeting of Shareholders on increasing the Company's authorised capital through additional stock offering (on placing the Company's securities convertible into shares);
- public offering of ordinary shares which make more than twenty five (25) per cent of the previously placed ordinary shares;
- public offering of issued securities convertible into ordinary shares which make more than twenty five (25) per cent 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, not including the votes of withdrawn members of the Board of Directors:

- resolutions on the increase of the Company's authorised capital through additional stock offering (Subclause 6, Clause 12.1, Article 12 of the Articles of Association);
- resolutions on the placement of the Company's convertible bonds and other securities convertible into shares (Subclause 7, Clause 12.1, Article 12 of the Articles of Association).

Resolutions on the following matters shall be passed by a majority vote of the members of the Board of Directors, through either voting in person or absentee voting:

- placement of bonds and other securities of the Company, except as otherwise established by the Federal Law "On Joint Stock Companies" and the Articles of Association;
- approval of 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 provided for by the Federal Law "On Joint Stock Companies" or other regulations of the Russian Federation;

²⁸ For more details about independent members of the Board of Directors see Section 6.2. of this Annual Report.

²⁹ For more details about the scope of competence and composition of Committees of the Board of Directors see Section 6.2. of this Annual Report.

- determination of the price (valuation) of property, the offer price and the repurchase price of the issued 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 Affairs under Alternative Competences

In accordance with the Company's Articles of Association, the following matters are referred to the competence of the General Meeting of Shareholders:

- resolution on filing an application for the delisting of the Company's shares and (or) the Company's issued securities convertible into shares;
- private placement of shares (the Company's securities convertible into shares) pursuant to a resolution of the General Meeting of Shareholders on increasing the Company's authorised capital through additional stock offering (on placing the Company's securities convertible into shares);
- public offering of ordinary shares which make more than twenty five (25) per cent of the previously placed ordinary shares;
- public offering of securities convertible into ordinary shares which make more than twenty five (25) per cent of the previously placed ordinary shares.
- passing resolutions on delegating the powers of the sole executive body to the managing company (manager), and early termination of powers of such managing company (manager);
- approval of internal documents governing the activity of the Company's governing and supervisory bodies.

In accordance with the Company's Articles of Association, the following matters are referred to the competence of the Board of Directors:

- resolution on filing an application for the listing of the Company's shares and (or) the Company's securities convertible into shares;
- increase of the Company's authorised capital through additional stock offering, except when a resolution on additional stock offering is referred to the exclusive competence of the General Meeting of Shareholders 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 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 them 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 Meeting of Shareholders as well as other internal documents subject to approval by the Company's executive bodies), including financial policy, empowerment policy, procurement regulations and internal audit department regulations.

In accordance with the Company's Charter, the following matters are referred to 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;
- Establishing branches and opening representative offices of the Company, their liquidation, approval of Regulations on Branches and Representative Offices of the Company;
- Resolutions on the Company's participation in other companies (entities), including establishment of Subsidiaries, purchase of shares (equity interests), changes to the equity 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 regulations, the following bodies are responsible for supervising the Company's financial and economic activities:

• Audit Commission

In accordance with Clause 20.1, Article 20 of the Company's Articles of Association, the General Meeting of Shareholders shall elect members of the Audit Commission to supervise the financial and economic activities of the Company.

The scope of competence of the Audit Commission covers matters listed in Clause 20.3, Article 20 of the Articles of Association.

The Audit Commission serves the interests of the shareholders, and reports to the General Meeting of Shareholders of the Company.

In its operations, the Audit Commission shall be independent from executive officers of the Company's governing bodies.

In its activity the Audit Commission shall be governed by the Federal Law "On Joint Stock Companies" and other effective laws of the Russian Federation, the Articles of Association, and the Regulation on the Audit Commission.

- **Auditor**

In accordance with Clause 20.7, Article 20 of the Company's Articles of Association, on an annual basis the General Meeting of Shareholders shall appoint the Auditor for the purpose of auditing and certifying the Company's end-of-year financial statements.

The Auditor shall review the financial and economic activities of the Company as required by the effective legislation of the Russian Federation and the agreement between the Company and the Auditor.

- **Internal Audit**

In accordance with Clause 20.11, Article 20 of the Articles of Association, the Company shall set up an internal audit unit for the purpose of internal control over the Company's financial and economic activities.

Internal Audit Department is a dedicated function of the Company which is in charge of the control over financial and economic activities and whose activity is governed by the Regulation on Internal Audit Department approved by the Company's Board of Directors.

Internal Audit Department is established, reorganised and liquidated by resolution of the Company's Board of Directors.

To ensure independence and objectivity of internal audit, Internal Audit Department reports to the Company's Board of Directors.

- **Audit Committee of the Board of Directors**

The Audit Committee was established on 30 November 2006 by resolution of the Board of Directors of the Company on the basis of the Articles of Association and the Regulation on the Audit Committee of the Board of Directors.

The Committee is an advisory and consultative body of the Board of Directors that ensures actual participation of the Board of Directors in the control over financial and economic activities of the Company, as well as the provision of unbiased information to the Board of Directors on the quality of internal audit and analysis of the Company's financial statements.

Description of the methodology used by the joint stock company in the assessment of compliance with the corporate governance principles documented in the Code of Corporate Governance

The methodology used by Unipro PJSC in the assessment of compliance with the corporate governance principles documented in the Code of Corporate Governance (as approved by the Board of Directors of the Bank of Russia on 21 March 2014) was based on the Guidelines for Reporting on Compliance with the Principles and Recommendations of the Code of Corporate Governance (Bank of Russia Letter No. IH-06-52/8 dated 17 February 2016).

The assessment results 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 ensures equal and fair treatment of all shareholders as they exercise their right to contribute to corporate governance | | | |
| 1.1.1 | The company creates a most favourable environment for shareholders to participate in the General Meetings of Shareholders, conditions for the framing a reasoned position on the meeting agenda, coordination of their actions, and the possibility to express their opinion on the issues concerned. | <p>1. The internal document of the company that has been approved by the General Meeting of Shareholders and governs the meeting procedure is publicly available.</p> <p>2. The Company offers immediately available means of communication with it, including a hotline, email and an online forum, which can be used by the shareholders to express their opinion and ask questions regarding the agenda in the course of preparation for the General Meeting of Shareholders. These actions were taken before each General Meeting of Shareholders held in the reference period.</p> | <input checked="" type="checkbox"/> compliant <input type="checkbox"/> partially compliant <input type="checkbox"/> non-compliant | |
| 1.1.2 | The procedure involving notification of an upcoming General Meeting of Shareholders and distribution of meeting materials allows the shareholders to prepare for it appropriately. | <p>1. Notice for an upcoming General Meeting of Shareholders is given (published) on the corporate website at least 30 days prior to the meeting date.</p> <p>2. The notice on holding the meeting specifies the venue of the meeting and the documents required to access the venue.</p> <p>3. The shareholders were provided access to the information on who proposed the agenda items and who nominated the candidates to the company's Board of Directors and Audit Commission.</p> | <input type="checkbox"/> compliant <input checked="" type="checkbox"/> partially compliant <input type="checkbox"/> non-compliant | <p>1. Only notices for upcoming Annual General Meetings of Shareholders are given (published) on the corporate website at least 30 days prior to the meeting date.</p> <p>In accordance with Clause 1, Article 52 of Federal Law No. 208-FZ "On Joint Stock Companies" dated 26 December 1995 (hereinafter referred to as the Law on Joint Stock Companies), notice for an upcoming General Meeting of Shareholder is given at least 20 days prior to the meeting date. The Articles of Association of Unipro PJSC extend the minimum notice period for a General Meeting of Shareholder to 30 days in respect of the Annual General Meeting of Shareholders only to ensure the right balance of</p> |

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| | | | <p>interests between the Company and its shareholders. Since Clause 1, Article 47 of the Law on Joint Stock Companies obliges joint stock companies to hold Annual General Meetings of Shareholders every year, such meetings are planned well in advance and are of no extraordinary nature, therefore extension of the notice period for an upcoming Annual General Meeting of Shareholders will not significantly increase the total period of time required to call and conduct a meeting. The extension of this notice period in respect of an extraordinary General Meeting of Shareholders may significantly increase the total time required to call and conduct it, which may negatively affect the Company's activity in situations when the holding of an extraordinary General Meeting of Shareholders results from the need for a prompt resolution to be made by the shareholders on the Company's affairs.</p> <p>3. The shareholders were not provided access to the information on who proposed the agenda items and who nominated the candidates to the Company's Board of Directors and the Audit Commission.</p> <p>The structure of the Company's share capital presented in Clause 6.5. of the Annual Report, suggests that the stake of the principal shareholder (Uniper Russia Holding GmbH) accounts for 83.73 % of the Company's voting stock. Another 14.59 % of the stock is owned by National Settlement Depository Joint Stock Company , which is a nominee shareholder. Within the period of time established by the effective laws and the Company's Articles of Association, Unipro PJSC does not receive any proposals to agenda items or candidates for election to</p> |
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| | | | | the Board of Directors and the Audit Commission of the Company, from attendees other than Uniper Russia Holding GmbH. In case the Company receives alternative proposals, the shareholders will be informed of the parties initiating such agenda items and nominating candidates to the Board of Directors and the Audit Commission of the Company. |
| 1.1.3 | At the stages of both preparation and holding of the meeting, the shareholders were able to get the 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 reference period, the shareholders were given opportunity to address their questions to the members of the executive bodies and the Board of Directors beforehand and during the Annual General Meeting of Shareholders.</p> <p>2. The stance of the Board of Directors (including dissenting opinions recorded in the minutes) on each of the agenda items covered during the reference period has been reflected in the materials of the General Meeting of Shareholders.</p> <p>3. The Company provided authorised shareholders with access to the list of people who have the right to attend the General Meeting of Shareholders. Such access was given from the date when the list became available to the Company in all cases when the General Meeting of Shareholder was held in the reference period.</p> | <input checked="" type="checkbox"/> compliant <input type="checkbox"/> partially compliant <input type="checkbox"/> non-compliant | |
| 1.1.4 | The exercise of a shareholder's right to demand the convening of an extraordinary General Meeting of Shareholder, nominate candidates to the governing bodies and propose agenda items, was not fraught with any needless complexities. | <p>1. In the reference period, the shareholders were free to propose any agenda items for the Annual General Meeting of Shareholders within a minimum of 60 days following the ending of the relevant calendar year.</p> <p>2. In the reference period, the company did not refuse to accept proposals on agenda items or nominees to the Company's governing bodies due to</p> | <input checked="" type="checkbox"/> compliant <input type="checkbox"/> partially compliant <input type="checkbox"/> non-compliant | |

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| | | typing errors and other insignificant faults found in a shareholder's proposal. | compliant | |
| 1.1.5 | Every shareholder was able to freely exercise voting rights in an easy and convenient way. | 1. The internal regulations (internal policy) of the Company include provisions stating that each attendee of the General Meeting of Shareholders may request a copy of such attendee's ballot papers certified by the Counting Commission before the end of the relevant meeting. | <input type="checkbox"/> compliant <input checked="" type="checkbox"/> partially <input type="checkbox"/> compliant <input type="checkbox"/> non-compliant | The Regulation on the Procedure of Preparation and Holding the General Meeting of Shareholders of Unipro PJSC does not provide this opportunity. Despite the fact that this provision is not formalised in the Company's internal regulations, in 2016 when holding the Annual General Meeting of Shareholders Unipro PJSC was ready to provide shareholders with a copy of the shareholder's ballot paper certified by the Counting Commission before the end of the meeting. In the future, the Regulation on the Procedure of Preparation and Holding the General Meeting of Shareholders of Unipro PJSC containing this provision will be revised as a part of the process for updating the Company's internal regulations. |
| 1.1.6 | The procedure of holding the General Meeting of Shareholders established by the Company ensures equal rights for all attendees to express their opinions and ask their questions. | <p>1. The physical meetings of the shareholders held in the reference period included a sufficient amount of time for reports on the agenda items and a certain amount of time to discuss them.</p> <p>2. Nominees to the governing and supervising bodies of the Company were available to answer the questions of shareholders during the meeting where their candidatures were put to vote.</p> <p>3. When resolving on the matters regarding the preparation and holding of the General Meetings of Shareholders, the Board of Directors considered the idea of using telecommunication facilities to enable remote participation of the shareholders in the General Meetings of Shareholders in the reference period.</p> | <input type="checkbox"/> compliant <input checked="" type="checkbox"/> partially <input type="checkbox"/> compliant <input type="checkbox"/> non-compliant | 2. Not all nominees to the governing and supervising bodies of the Company were available to answer the questions of shareholders during the meeting where their candidatures were put to vote. At the Annual General Meeting of Shareholders held in 2016, 6 out of 9 candidates nominated to the Board of Directors of the Company and 2 nominees to the Audit Commission were present. The rest of the nominees to the Company's Board of Directors and Audit Commission were not able to attend the Annual General Meeting of Shareholder for business or personal reasons. In 2017, the Company will make every effort to ensure that the maximum possible number of nominees to the governing and supervising bodies of the Company are available to answer the questions of |

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| | | | <p>shareholders during the meeting where their candidatures are put to vote.</p> <p>3. When resolving on the matters regarding the preparation and holding of the General Meetings of Shareholders in 2016, the Board of Directors of the Company did not consider the idea of using telecommunication facilities to enable remote participation of the shareholders in the General Meeting of Shareholders. As of the date of the resolution by the Board of Directors on the matters regarding the preparation and holding of the General Meeting of Shareholders in 2016, the number of shareholders exceeds 300,000. According to the Company's Registrar, the share of shareholders who specified their email addresses in the questionnaire of a registered person is negligible. Therefore, the Board of Directors did not consider the idea of using telecommunication facilities to enable remote participation of the shareholders in the General Meeting of Shareholders. If the share of shareholders who specified their email addresses in the questionnaire rises substantially, the Board of Directors will consider the possibility of using telecommunication facilities to enable remote participation of the shareholders in the General Meetings of Shareholders of the Company.</p> |
| 1.2 | The shareholders have an equal and fair profit-sharing opportunity through dividends. | | |
| 1.2.1 | The Company developed and introduced a transparent and | | <input type="checkbox"/> compliant <p>2. The dividend policy of the Company does not use consolidated financial data</p> |

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| | clear mechanism for the calculation of the amount and payment of dividends. | <p>1. The Company has a dividend policy developed, approved by the Board of Directors and disclosed.</p> <p>2. If the dividend policy of the Company draws upon the financial statements in the calculation of dividends, then the corresponding provisions of the dividend policy consider consolidated financial data.</p> | <p><input checked="" type="checkbox"/> partially compliant</p> <p><input type="checkbox"/> non-compliant</p> | to calculate the amount of dividends. In the payment of dividends the Company is governed by the Law on Joint Stock Companies. The Law on Joint Stock Companies defines financial circumstances that restrict the payment of dividends calculated based on RAS reports. Hence, the Company uses RAS reporting data in its dividend policy, too. The Company will make all reasonable effort to consider the recommendations of the Code of Corporate Governance when revising the dividend policy (in 2017-2019). |
| 1.2.2 | The Company abstains from paying dividends if such payment, while formally compliant with the statutory restrictions, is uneconomic and may create the wrong impression of the Company's activity. | 1. The dividend policy of the Company clearly defines the financial or economic circumstances upon occurrence of which the company should not pay dividends. | <p><input type="checkbox"/> compliant</p> <p><input checked="" type="checkbox"/> partially compliant</p> <p><input type="checkbox"/> non-compliant</p> | In accordance with Clause 2.1. of the Company's Dividend Policy, the Company should pay dividends under the following financial or economic circumstances: - the Company has net profit as of the end of the first quarter, six months, nine months of the fiscal year and (or) the end of the fiscal year, or retained earnings from the previous years; - there are no statutory restrictions imposed on dividends according to the effective Russian legislation. |
| 1.2.3 | The Company does its best to prevent deterioration of rights of the existing shareholders. | 1. In the reference period, the Company did not take any action that would cause deterioration of rights of the existing shareholders. | <p><input checked="" type="checkbox"/> compliant</p> <p><input type="checkbox"/> partially compliant</p> <p><input type="checkbox"/> non-compliant</p> | |

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| 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 regulations establish controls that ensure well-timed identification and approval of transactions involving parties affiliated (related) with the substantial shareholders (persons who have the right to exercise the votes according to their voting shares) in the cases when the law does not officially recognise such transactions as related party transactions. | <input type="checkbox"/> compliant <input type="checkbox"/> partially compliant <input checked="" type="checkbox"/> non-compliant | The Company's internal regulations do not establish controls that ensure well-timed identification and approval of transactions involving parties affiliated (related) with the substantial shareholders (persons who have the right to exercise the votes according to their voting shares) in the cases when the law does not officially recognise such transactions as related party transactions. According to the internal procedure of the Company, all contracts and agreements that the Company intends to enter into are subject to preliminary approval, including verification of the counterparties involved in transactions. In the cases when the Company is aware of the persons affiliated with a substantial shareholder of the Company, such transactions are subject to approval as related party transactions under the Law on Joint Stock Companies. In 2017-2019, the Company plans to consider the need for and, if found necessary, develop controls to prevent shareholders from using any means of profit (income) generation through the Company other than dividends and disposal value, with subsequent introduction of such controls into the internal documents. |
| 1.3 | The corporate governance system and practice ensure equal conditions for all shareholders within one category (type) of shares, including minority (small) shareholders and foreign shareholders, and equal attitude towards them by the Company. | | | |
| 1.3.1 | The Company created an environment that suggests fair treatment of each shareholder by the governing and supervising bodies, including the conditions that | 1. During the reference period, the procedures for managing potential conflicts of interest between substantial shareholders were effective, and, if there were any conflicts between shareholders | <input checked="" type="checkbox"/> compliant <input type="checkbox"/> partially | |

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| | ensure prohibition of abuse on the part of major shareholders in respect of minority shareholders. | at all, the Board of Directors paid due attention to them. | compliant <input type="checkbox"/> non-compliant | |
| 1.3.2 | The Company does not take any actions that cause or may cause artificial redistribution of corporate control. | 1. In the reference period, quasi-treasury shares did not exist or participate in voting. | <input checked="" type="checkbox"/> compliant <input type="checkbox"/> partially compliant <input type="checkbox"/> non-compliant | |
| 1.4 | The stock rights of shareholders are accurately and effectively accounted for, and shareholders are free to dispose of their shares without any encumbrance. | | | |
| 1.4 | The stock rights of shareholders are accurately and effectively accounted for, and 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 meets the requirements of the Company and its shareholders. | <input checked="" type="checkbox"/> compliant <input type="checkbox"/> partially compliant <input type="checkbox"/> non-compliant | |

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| 2.1 | The Board of Directors is responsible for strategic corporate management, defines the core principles and approaches towards the organization of a risk management and internal control system, controls the activity 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 their failure to perform their obligations appropriately. 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. | <p>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.</p> <p>2. The Board of Directors reviewed the strategy implementation report (reports) of the Company's sole executive body and members of the collective executive body.</p> | <input checked="" type="checkbox"/> compliant <input type="checkbox"/> partially compliant <input type="checkbox"/> non-compliant | |
| 2.1.2 | The Board of Directors determines the main strategic guidelines of the Company's activity 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 reference 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 the review of the criteria and indicators (including interim ones) applicable to the implementation of the Company's strategy and business plans. | <input checked="" type="checkbox"/> compliant <input type="checkbox"/> partially compliant <input type="checkbox"/> non-compliant | |
| 2.1.3 | The Board of Directors defines principles and | 1. The Board of Directors defined the principles and approaches towards the | <input type="checkbox"/> compliant | 2. In the reference period, the Board of Directors did not assess the performance |

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| | <p>approaches towards the organisation of the Company's risk management and internal control system.</p> | <p>organisation of the Company's risk management and internal control system.</p> <p>2. The Board of Directors assessed the performance of the company's risk management and internal control system in the reference period.</p> | <p><input checked="" type="checkbox"/> partially compliant</p> <p><input type="checkbox"/> non-compliant</p> | <p>of the Company's risk management and internal control system. However the Board of Directors annually reviews the Report on performance of the Corporate Risk Management System and the major risks in the Company's activities. In addition, the Internal Audit Department of the Company annually assesses the performance of the Company's risk management and internal control system. In 2017-2019, the Company's Board of Directors plans to consider the need for and, if found necessary, assess the performance of the Company's risk management and internal control system.</p> |
| 2.1.4 | <p>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.</p> | <p>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.</p> <p>2. At the meetings held in the reference period, the Board of Directors addressed issues related to the above-mentioned policy (policies).</p> | <p><input type="checkbox"/> compliant</p> <p><input checked="" type="checkbox"/> partially compliant</p> <p><input type="checkbox"/> non-compliant</p> | <p>The Company does not have a specific document that would regulate the policy on remunerating and (or) reimbursing the members of the Board of Directors, the Management Board, the Chief Executive Officer and key executive officers of the Company.</p> <p>The principles of remunerating the members of the Board of Directors are set out in the Company's Regulation on the Board of Directors. The remuneration payable to the Company's employees appointed as members of the Board of Directors is determined by the relevant permanent employment contracts. The terms and conditions of such contracts are subject to review by the Appointment and Remuneration Committee of the Board of Directors.</p> <p>Individual employment contracts were concluded between the Company and the key executive officers, where the remuneration and reimbursement procedure is defined.</p> <p>In 2017-2019, the Company plans to consider the need for and, if found necessary, develop a policy on</p> |

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| | | | | remunerating the members of the Management Board, the Chief Executive Officer and key executive officers of the Company. |
| 2.1.5 | The Board of Directors plays a key role in the prevention, identification and settlement of internal conflicts between the bodies of the company, the shareholders of the company and the employees of the company. | <p>1. The Board of Directors plays a key role in the prevention, identification and settlement of internal conflicts.</p> <p>2. The company created a system for identification of transactions involving conflicts of interest and a system of measures aimed to settle such conflicts.</p> | <input checked="" type="checkbox"/> compliant <input type="checkbox"/> partially compliant <input type="checkbox"/> non-compliant | |
| 2.1.6 | The Board of Directors plays a key role in ensuring the transparency of the company's business, timeliness and completeness of information disclosed by the company, and unhindered access to the company's documents for the shareholders. | <p>1. The Board of Directors approved a regulation on the information policy.</p> <p>2. The company has dedicated personnel responsible for the implementation of the information policy.</p> | <input checked="" type="checkbox"/> compliant <input type="checkbox"/> partially compliant <input type="checkbox"/> non-compliant | |
| 2.1.7 | The Board of Directors exercises control over the corporate governance practices in the company and plays a key role in the | 1. In the reference period, the Board of Directors addressed the issue of the corporate governance practices in the company. | <input type="checkbox"/> compliant <input type="checkbox"/> partially | In accordance with the Company's Articles of Association, this matter does not fall within the competence of the Board of Directors. Accordingly, in 2016 the Board of Directors did not consider the issue of the corporate governance |

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| | company's major corporate events. | | compliant <input checked="" type="checkbox"/> non-compliant | practices in the Company at its meetings. In the course of reviewing the Company's Articles of Association in 2017-2019, Unipro PJSC will consider the need for including this issue in the scope of competence of the Board of Directors. |
| 2.2 | The Board of Directors reports to the company's shareholders. | | | |
| 2.2.1 | Information on the performance of the Board of Directors is disclosed and provided to the shareholders. | <p>1. The Company's Annual Report for the reference period contains the data on attendance of meetings of the Board of Directors and committees by individual directors.</p> <p>2. The Annual Report contains the information on key results of the assessment of the Board of Directors performance carried out in the reference period.</p> | <input checked="" type="checkbox"/> compliant <input type="checkbox"/> partially compliant <input type="checkbox"/> non-compliant | |
| 2.2.2 | The Chairman of the Board of Directors is available for communication with the company's 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. | <input type="checkbox"/> compliant <input checked="" type="checkbox"/> partially compliant <input type="checkbox"/> non-compliant | The Company has a dedicated function responsible for shareholder relations, which is called the Corporate Policy Department. This function has a separate email address (IR@unipro.energy) to which shareholders may send their questions. The e-mail address is available on the web-site of the Company. Since the Chairman of the Board of Directors is a foreign citizen and resides outside Russia, all communications with him are coordinated by the Company's Corporate Secretary. The Company is considering the idea of arranging the direct communication with the Chairman of the Board of Directors via the Company's website where questions could be asked |

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| | | | | and answered by he Chairman of the Board of Director, in 2017-2020. |
| 2.3 | The Board of Directors is an effective and professional governing body of the Company, which is capable of making unbiased independent judgments and pass resolutions that meet the interests of the Company and its shareholders. | | | |
| 2.3.1 | Only people 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. | <p>1. The company's internal procedure used to assess the performance of the Board of Directors includes competence assessment of the members of the Board of Directors.</p> <p>2. In the reference 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.</p> | <input checked="" type="checkbox"/> compliant <input type="checkbox"/> partially compliant <input type="checkbox"/> non-compliant | |
| 2.3.2 | Members of the Board of Directors are elected according to a transparent procedure that allows shareholders to have enough information about the nominees to get an idea of their personal and professional qualities. | <p>1. In all cases of holding General Meetings of Shareholders in the reference period where the agenda included items on the election of the members of the Board of Directors, the company provided the shareholders with the biographies of all candidates to the Board of Directors, the results 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 candidate compliance with the independence criteria as per recommendations <u>102</u> to <u>107</u> of the Code, and the board candidate letters of consent.</p> | <input checked="" type="checkbox"/> compliant <input type="checkbox"/> partially compliant <input type="checkbox"/> non-compliant | |
| 2.3.3 | The composition of the Board of Directors is well-balanced in terms of qualifications, experience, knowledge and | <p>1. As part of the assessment of the Board of Directors performance carried out in the reference period, the Board of Directors reviewed its own requirement</p> | <input type="checkbox"/> compliant | In 2016, the assessment of performance of the Company's Board of Directors was carried out by the Appointment and Remuneration Committee of the Board of |

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| | business qualities of the members and other factors, and the members have credibility. | for qualifications, experience and business skills. | <input checked="" type="checkbox"/> partially compliant <input type="checkbox"/> non-compliant | Directors of Unipro PJSC in accordance with clause 2.2.5 of the Regulation on the Appointment and Remuneration Committee of the Board of Directors of the Company. The assessment also included the analysis of needs of the Company's Board of Directors as related to professional qualification, experience and business skills. |
| 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 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 reference 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 the shareholders. | <input type="checkbox"/> compliant <input checked="" type="checkbox"/> partially compliant <input type="checkbox"/> non-compliant | In 2016, the assessment of performance of the Company's Board of Directors was carried out by the Appointment and Remuneration Committee of the Board of Directors of Unipro PJSC in accordance with clause 2.2.5 of the Regulation on the Appointment and Remuneration Committee of the Board of Directors of the Company. An issue on correspondence of the quantitative composition of the Company's Board of Directors to the Company's needs and to the interests of the Company's shareholders was considered as a part of the assessment. |
| 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 | 1. In the reference period, all independent members of the Board of Directors met all the independence criteria specified in recommendations <u>102</u> to <u>107</u> of the Code, or were recognised as independent by the decision of the Board of Directors. | <input checked="" type="checkbox"/> compliant <input type="checkbox"/> partially compliant <input type="checkbox"/> non-compliant | |

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| | <p>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 contractor or competitor, or is bound with the state.</p> | | | |
| 2.4.2 | <p>The company assesses compliance of the nominees to the Board of Directors with the independence criteria, as well as performs regular review of compliance of the independent directors with the independence criteria. In this assessment, the substance must prevail over the form.</p> | <p>1. In the reference period, the Board of Directors (or the Nomination Committee of the Board of Directors) formed an opinion about independence of each candidate to the Board of Directors and produced a corresponding report to the attention of the shareholders.</p> <p>2. In the reference period, the Board of Directors (or the Nomination Committee of the Board of Directors) reviewed the independence of the existing members of the Board of Directors qualified in the Annual Report as independent at least once.</p> <p>3. The Company developed procedures that define the scope of actions 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 to this effect in a timely manner.</p> | <p><input type="checkbox"/> compliant</p> <p><input checked="" type="checkbox"/> partially compliant</p> <p><input type="checkbox"/> non-compliant</p> | <p>2. In the reference period, the Board of Directors (or the Appointment and Remuneration Committee of the Board of Directors) did not consider the independence of existing members of the Board of Directors qualified in the Annual Report as independent directors. However, on a quarterly basis the Corporate Secretary of the Company requests questionnaires of members of the Board of Directors based on which the information on independence of members of the Board of Directors is analysed. In addition, questionnaires of Independent Directors are sent quarterly to Moscow Stock Exchange PJSC and analysed by the Moscow Stock Exchange Listing Department. In 2017 - 2019 the Company plans to consider the issue on the need for and, if found necessary, refer the issue on independence of existing members of the Board of Directors to the competence of the Appointment and Remuneration Committee of the Board of Directors of the Company.</p> <p>3. The Company did not develop procedures that define the actions required to be taken by a member of the Board of Directors, if he ceases to be independent, including the obligation to notify the Board of Directors to this effect in a timely manner. In accordance with Clause 3.6. of the Regulation on the Company's Board of Directors, within 5</p> |

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| | | | | <p>business days following the occurrence of one of the circumstances below, members of the Board of Directors submit the following information to the Secretary of the Board of Directors in writing:</p> <ul style="list-style-type: none"> - Information about legal entities where a member of the Board of Directors possesses, independently or collectively with its affiliated person(s), at least 20 per cent of voting shares (equity interests or stakes); - Information about legal entities where a member of the Board of Directors holds positions in the governing bodies; - Information of all current and future transactions that a member of the Board of Directors is aware of, where he may be qualified as an interested party. <p>In 2017-2019, when introducing amendments into the Regulation on the Board of Directors the Company plans to develop the procedure that defines the actions required to be taken by a member of the Board of Directors, if he ceases to be independent, including the obligation to notify the Board of Directors of the Company to this effect in a timely manner.</p> |
| 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. | <input checked="" type="checkbox"/> compliant <input type="checkbox"/> partially compliant <input type="checkbox"/> non-compliant | |

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| 2.4.4 | Independent directors play a key role in the prevention of internal conflicts in the company and undertaking by the company of significant corporate actions. | 1. Independent directors (that are free of conflict of interest) preliminarily assess significant corporate actions potentially inherent in a conflict of interest, and the findings of such assessment are submitted to the Board of Directors. | <input checked="" type="checkbox"/> compliant <input type="checkbox"/> partially compliant <input type="checkbox"/> non-compliant | |
| 2.5 | The Chairman of the Board of Directors contributes to most efficient performance of the 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. | <p>1. The Chairman of the Board of Directors is an independent director, or a senior director is elected of all independent directors.</p> <p>2. The role, rights and responsibilities of the Chairman (and, where applicable, of the senior independent director) are duly defined in the company's internal regulations.</p> | <input type="checkbox"/> compliant <input checked="" type="checkbox"/> partially compliant <input type="checkbox"/> non-compliant | 1. The Chairman of the Board of Directors is not an independent director. The person elected to be the Chairman of the Board of Directors is the most reputable member of the Board of Directors, who possesses the most valuable knowledge, professional qualities and experience. A senior director is not elected among all independent directors of the Company. The efficiency and professionalism of the Board of Directors of the Company is ensured without adherence to these recommendations of the Code of Corporate Governance, which is supported by financial performance of the Company for the period of work of the Board of Directors. In the future, as the number of independent directors in the Board of Directors increases, the Company assumes that an independent director may become the Chairman of the Board of Directors. |
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| | 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 reference period. | <input checked="" type="checkbox"/> compliant <input type="checkbox"/> partially compliant <input type="checkbox"/> non-compliant | |
| 2.5.3 | The Chairman of the Board of Directors takes all necessary actions to provide the members of the Board of Directors with the 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 actions in order to ensure that materials on the board meeting agenda items are provided to the members of the Board of Directors in a timely manner is formalised in the company's internal documents. | <input checked="" type="checkbox"/> compliant <input type="checkbox"/> partially compliant <input type="checkbox"/> non-compliant | |
| 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's shareholders equally. | 1. The internal regulations of the company stipulate that a member of the Board of Directors is obliged to notify the Board of Directors if it 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. | <input type="checkbox"/> compliant <input checked="" type="checkbox"/> partially compliant | 2. The Company's internal regulations do not specifically stipulate that a member of the Board of Directors is obliged to abstain from voting on any agenda item where he or she faces a conflict of interest. However in accordance with Clause 3.6. of the Regulation on the Board of Directors of PJSC Unipro, within 5 business days following the occurrence of one of the circumstances below, a |

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| | | <p>2. The company's internal regulations 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.</p> <p>3. The company follows the procedure which allows the Board of Directors to get professional advice on the matters that fall within the scope of its competence at the expense of the company.</p> | <input type="checkbox"/> non-compliant | <p>member of the Board of Directors submits the following information to the Secretary of the Board of Directors in writing:</p> <ul style="list-style-type: none"> - Information about legal entities where a member of the Board of Directors possesses, independently or collectively with its affiliated person(s), at least 20 per cent of voting shares (equity interests or stakes); - Information about legal entities where the member of the Board of Directors holds positions in the governing bodies; - Information of all current and future transactions that a member of the Board of Directors is aware of, where he may be qualified as an interested party. <p>Based on the information available and according to Clause 12.4 of the Company's Articles of Association, the members of the Board of Directors abstain from voting on any agenda items where they may have a conflict of interest.</p> |
| 2.6.2 | <p>The rights and obligations of members of the Board of Directors are defined and formalised in the company's internal regulations.</p> | <p>1. The company adopted and published an internal document that clearly defines the rights and obligations of the members of the Board of Directors.</p> | <input checked="" type="checkbox"/> compliant <input type="checkbox"/> partially compliant <input type="checkbox"/> non-compliant | |
| 2.6.3 | | | | |

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| | <p>The members of the Board of Directors have enough time to fulfil their responsibilities.</p> | <p>1. Individual attendance at board and board committee meetings, as well as the time allocated by the members to prepare for the meetings, were taken into account when assessing the performance of the Board of Directors in the reference period.</p> <p>2. According to the company's internal documents, members of the Board of Directors inform the Board of Directors of their intention to become a member of the governing bodies in other entities (other than those controlled by the company or associated companies), as well as of their official appointment.</p> | <p><input type="checkbox"/> compliant</p> <p><input checked="" type="checkbox"/> partially compliant</p> <p><input type="checkbox"/> non-compliant</p> | <p>2. According to the Company's internal documents, members of the Board of Directors do not inform the Board of Directors of their intention to become members of the governing bodies in other entities (other than those controlled by the Company or associated companies). Members of the Board of Directors submit to the Corporate Secretary on a quarterly basis a Questionnaire of a Member of the Board of Directors, where inter alia they specify the information on all positions, including positions in governing bodies, held in companies of Uniper Group and other organisations, including on a part-time basis. In 2017 - 2019 the Company plans to consider the issue on the need for and, if found necessary, specify in the Company's internal documents the duty of members of the Board of Directors to notify the Company's Board of Directors on their intention to join the governing bodies of other entities (other than those controlled by the Company or associated companies).</p> |
| 2.6.4 | <p>All 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 activity of the Board of Directors in the shortest time possible.</p> | <p>1. According to the company's internal regulations, the members of the Board of Directors have the right to access the 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.</p> <p>2. The Company has a documented induction program for the newly elected members of the Board of Directors.</p> | <p><input type="checkbox"/> compliant</p> <p><input checked="" type="checkbox"/> partially compliant</p> <p><input type="checkbox"/> non-compliant</p> | <p>2. The Company has not approved of the documented induction program for the newly elected members of the Board of Directors. However, in practice, the Corporate Secretary of the Company conducts induction activities for newly elected members of the Board of Directors of the Company. In 2017-2018, the Company plans to develop and approve of the Programme of Induction Activities for Newly Elected Members of the Board of Directors of the Company.</p> |

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| 2.7 | Meetings of the Board of Directors, preparation to and participation in such meetings by the members of the Board of Directors, ensure efficiency of the Board of Directors. | | | |
| 2.7.1 | Meetings of the Board of Directors are held as required, taking into account the scale of the company's operations and the objectives set before it in a certain period. | 1. The Board of Directors held at least six meetings in the reference period. | <input checked="" type="checkbox"/> compliant <input type="checkbox"/> partially compliant <input type="checkbox"/> non-compliant | |
| 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 must usually be given at least 5 days prior to the meeting date. | <input checked="" type="checkbox"/> compliant <input type="checkbox"/> partially compliant <input type="checkbox"/> non-compliant | |
| 2.7.3 | The format of the meeting of the Board of Directors is subject to importance of the agenda items. The most important issues are resolved at the in-person meetings. | 1. The company's Articles of Association or internal regulations stipulate that the most important issues (as listed in recommendation <u>168</u> of the Code) must be addressed at in-person board meetings. | <input type="checkbox"/> compliant <input type="checkbox"/> partially compliant | When developing an activity plan for the Company's Board of Directors for an upcoming year, the format is specified for all board meetings included in the activity plan subject to approval by the Board of Directors (Clause 6.2. of the Regulation on the Board of Directors of Unipro PJSC). The format of each meeting of the Board |

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| | | | <input checked="" type="checkbox"/> non-compliant | of Directors of the Company (in person or in absentia) is subject to the agenda items that have to be considered on the date of the corresponding board meeting. The need for an in-person 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). Notice and materials for the meeting of the Board of Directors, whether in person or in absentia, are sent out to the members of the Board of Directors at least 7 calendar days prior to the date of the meeting (Subclauses 7.6., 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 investigate the agenda items and request additional information on the agenda items through the Secretary of the Board of Directors (Clause 3.1.(4) of the Regulation on the Board of Directors of Unipro PJSC), and suggest the format of the meeting of the Board of Directors (in person or in absentia) (Clause 6.2. of the Regulation on the Board of Directors of the Company). |
| 2.7.4 | Resolutions on the most important matters concerning the Company's activity are passed at 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 <u>170</u> 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. | <input type="checkbox"/> compliant <input type="checkbox"/> partially compliant <input checked="" type="checkbox"/> non-compliant | Clause 15.4 and 15.5. of the Company's Articles of Association provide for a list of matters which require resolutions of the Board of Directors to be passed by a majority of three fourths of the votes of all the elected members of the Board of Directors, or unanimously by all the elected members of the Board of Directors. This list does not include all matters recommended in Item 170 of the Code of Corporate Governance. Currently, the Company does not deem it necessary to extend the list of matters which require resolutions of the Board of Directors to be passed by a qualified |

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| | | | | majority of a least three fourths of the votes, or a majority of votes of all the elected members of the Board of Directors. In the future, if deemed reasonably necessary, the Company may extend the list of matters which require resolutions of the Board of Directors to be passed by a qualified majority of a least three fourths of the votes, or a majority of votes of all the elected members of the Board of Directors. |
| 2.8 | The Board of Directors sets up committees for preliminary consideration of the most important issues of the company's activity. | | | |
| 2.8.1 | An Audit Committee consisting of independent directors was established to preliminarily consider matters concerning control of the company's business activities. | <p>1. The Board of Directors set up an Audit Committee consisting of independent directors only.</p> <p>2. The company's internal documents define the responsibilities of the Audit Committee, including those specified in recommendation <u>172</u> 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 accounting (financial) reporting.</p> <p>4. Meetings of the Audit Committee were held at least once a quarter during the reference period.</p> | <input checked="" type="checkbox"/> compliant <input type="checkbox"/> partially compliant <input type="checkbox"/> non-compliant | |
| 2.8.2 | For the purpose of preliminary review of the matters concerning the implementation of an effective and transparent remuneration policy, the | <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</p> | <input checked="" type="checkbox"/> compliant <input type="checkbox"/> partially | |

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| | company set up a Remuneration Committee represented by independent directors and led by an independent director other than the Chairman of the Board of Directors. | <p>other than the Chairman of the Board of Directors.</p> <p>3. The company's internal documents define the responsibilities of the Remuneration Committee, including those specified in recommendation <u>180</u> of the Code.</p> | <p>compliant</p> <p><input type="checkbox"/> non-compliant</p> | |
| 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, HR) Committee mostly represented by independent directors. | <p>1. The Board of Directors set up a Nomination Committee (or the relevant responsibilities outlined in recommendation <u>186</u> of the Code are exercised by another committee), which mostly represented by independent directors.</p> <p>2. The company's internal documents define the responsibilities of the Nomination Committee (or another committee which combines the relevant functions), including those specified in recommendation <u>186</u> of the Code.</p> | <p><input checked="" type="checkbox"/> compliant</p> <p><input type="checkbox"/> partially compliant</p> <p><input type="checkbox"/> non-compliant</p> | |
| 2.8.4 | Considering the scale of the Company's activity 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. Strategy Committee, Corporate Governance Committee, Ethics Committee, Risk Management Committee, | <p>1. In the reference 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.</p> | <p><input checked="" type="checkbox"/> compliant</p> <p><input type="checkbox"/> partially compliant</p> <p><input type="checkbox"/> non-compliant</p> | |

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| | Budget Committee, HSE Committee, etc.). | | | |
| 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 led by independent directors.</p> <p>2. The company's internal regulations (policies) contain provisions thereunder persons other than the members of the Audit Committee, the Nomination Committee and the Remuneration Committee may only attend the meetings of the committees upon invitation of the Chairman of the relevant committee.</p> | <input type="checkbox"/> compliant <input checked="" type="checkbox"/> partially compliant <input type="checkbox"/> non-compliant | <p>1. In 2016, the Risk and Finance Committee of the Board of Directors of the Company was not headed by an independent member of the Board of Directors of the Company. Resolution of the Board of Directors of Unipro PJSC dated 15 March 2017 (Minutes No. 242 dated 15 March 2017) liquidated the Risk and Finance Committee of the Board of Directors of the Company with effect as of 01 April 2017</p> <p>2. The Company's internal regulations (policies) do not contain provisions thereunder persons other than the members of the Audit Committee of the Board of Directors, the Appointment and Remuneration Committee of the Board of Directors may only attend the meetings of the Committees upon invitation of the Chairman of the relevant committee. However, actually when conducting in-person meetings of the Committees the Chairmen of the Committees invite to the meetings the persons responsible for preparation of issues submitted for consideration to a respective Committee. In 2017 - 2019, the Company plans to consider the issue on the the need for and, if found necessary, specify in the Company's internal documents such provision.</p> |
| 2.8.6 | The Chairmen of the Committees report on the performance of their respective committees to the Board of Directors and the | 1. In the reference period, the Chairmen of the Committees reported on the performance of their respective committees to the Board of Directors on a regular basis. | <input type="checkbox"/> compliant <input type="checkbox"/> partially | In 2016, the Chairmen of the Committees did not report on the performance of their respective committees to the Board of Directors. However, from 2017 this practice has been introduced to the |

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| | Chairman of the Board on a regular basis. | | compliant <input checked="" type="checkbox"/> non-compliant | activities of the Board of Directors of the Company. |
| 2.9 | The Board of Directors ensures quality assessment of the performance of the Board of Directors, its committees and members. | | | |
| 2.9.1 | Quality assessment of the performance of the Board of Directors is aimed at evaluation of the performance of the Board of Directors, as well as the committees and members of the Board, evaluation of their adequacy to the requirements for corporate development, enhancement of the performance of the Board and identification of improvement areas. | 1. The self-assessment or external assessment of the Board performance carried out in the reference period included performance assessment of the committees, individual members of the Board of Directors, and the Board of Directors in general. 2. The findings of the self-assessment or external assessment of the Board performance carried out in the reference period were reviewed at an in-person meeting of the Board of Directors. | <input type="checkbox"/> compliant <input checked="" type="checkbox"/> partially compliant <input type="checkbox"/> non-compliant | In 2016 the evaluation of performance of the Board of Directors of the Company was carried out by the Appointment and Remuneration Committee of the Board of Directors of the Company in accordance with clause 2.2.5. of the Regulations on the Appointment and Remuneration Committee of the Board of Directors of Unipro PJSC; The assessment also included reviewing the performance of the Committees, particular members of the Board of Directors and the Board of Directors of the Company in general. The performance of the Board of Directors of the Company in 2016 was considered at the in-person meeting of the Appointment and Remuneration Committee of the Board of Directors of the Company. |
| 2.9.2 | Quality assessment of the performance of the Board of Directors, its committees and members is conducted on a regular basis at least once a year. At least once in three years such assessment is conducted with the involvement of an external company (consultant). | 1. Within the past three reference periods, an outside organisation (consultant) was engaged by the company at least once for an independent assessment of the Board's performance. | <input type="checkbox"/> compliant <input type="checkbox"/> partially compliant <input checked="" type="checkbox"/> non-compliant | In 2014-2016, no outside organisation (consultant) was engaged by the Company for an independent assessment of the performance of the Board of Directors. In 2015-2016 the assessment of the performance of the Board of Directors of the Company was carried out by the Appointment and Remuneration Committee of the Board of Directors of the Company in accordance with clause 2.2.5. of the Regulations on the |

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| | | | compliant | Appointment and Remuneration Committee of the Board of Directors of Unipro PJSC; The assessment of the performance of the Board of Directors of the Company in 2016 confirms the performance efficiency of each member of the Board of Directors particularly and of the Board of Directors of the Company in general. The efficiency and professionalism of the Board of Directors of the Company is ensured without adherence to these recommendations of the Code of Corporate Governance, which is supported by financial performance of the Company for the period of work of the Board of Directors. In 2017 - 2020, the Board of Directors plans to consider the issue on necessity of independent quality assessment of the Board of Directors performance. |
| 3.1 | The Corporate Secretary is responsible for effective day-to-day interaction with shareholders, coordination of the company's actions undertaken to protect the rights and interests of shareholders, and support of effective 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 enjoy the confidence of shareholders. | <p>1. The company approved and disclosed an internal document (Regulation on the Corporate Secretary).</p> <p>2. The corporate website and the Annual Report provide a background information of the Corporate Secretary with the same level of detail as is used for the members of the Board of Directors and executive management of the company.</p> | <input checked="" type="checkbox"/> compliant <input type="checkbox"/> partially compliant <input type="checkbox"/> non-compliant | |
| 3.1.2 | The Corporate Secretary is independent enough from the | | <input checked="" type="checkbox"/> compliant | |

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| | 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. | <input type="checkbox"/> partially compliant <input type="checkbox"/> non-compliant | |
| 4.1 | The level of remuneration payable by the company is sufficient to attract, give an incentive to and retain the persons who possess the competence and qualifications required 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 constitutes a sufficient incentive for their efficient performance while helping the company to attract and retain 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), i. e. 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. | <input type="checkbox"/> compliant <input checked="" type="checkbox"/> partially compliant <input type="checkbox"/> non-compliant | <p>The Company does not have a specific document that would regulate the approaches to remuneration of the members of the Board of Directors, the Management Board, the Chief Executive Officer and key executive officers of the Company.</p> <p>The principles of remunerating the members of the Board of Directors are set out in the Company's Regulation on the Board of Directors. The remuneration payable to the Company's employees appointed as members of the Management Board is determined by the relevant permanent employment contracts. The terms and conditions of such contracts are subject to review by the Appointment and Remuneration Committee.</p> <p>Individual employment contracts were concluded between the Company and the key executive officers, where the remuneration and reimbursement procedure is defined.</p> |

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| | | | | In 2017-2019, the Company plans to consider the need for and, if found necessary, implement a policy on remunerating the members of the Management Board, the Chief Executive Officer and key executive officers of the Company. |
| 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 reference period, the Remuneration Committee reviewed the remuneration policy (policies) and the practice of its (their) implementation and, where required, gave the Board of Directors relevant recommendations. | <input type="checkbox"/> compliant <input checked="" type="checkbox"/> partially compliant <input type="checkbox"/> non-compliant | The Company does not have a specific document that would regulate the policy on remunerating the members of the Board of Directors, the Management Board, the Chief Executive Officer and key executive officers of the Company. The principles of remunerating the members of the Board of Directors are set out in the Company's Regulation on the Board of Directors. The remuneration payable to the Company's employees appointed as members of the Management Board is determined by the relevant permanent employment contracts. The terms and conditions of such contracts are subject to review by the Appointment and Remuneration Committee. Individual employment contracts were concluded between the Company and the key executive officers, where the remuneration and reimbursement procedure is defined. In 2017-2019, the Appointment and Remuneration Committee of the Company plans to consider the need for and, if found necessary, implement a policy on remunerating the members of the Management Board, the Chief Executive Officer and key executive officers of the Company. |
| 4.1.3 | The company's remuneration policy contains transparent mechanisms for determining the amount of remuneration | 1. The company's remuneration policy (policies) contains (contain) transparent mechanisms for determining the amount of remuneration payable to the members | <input type="checkbox"/> compliant | The Company does not have a specific document that would regulate the policy on remunerating the members of the Board of Directors, the Management |

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| | <p>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.</p> | <p>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.</p> | <p><input checked="" type="checkbox"/> partially compliant</p> <p><input type="checkbox"/> non-compliant</p> | <p>Board, the Chief Executive Officer and key executive officers of the Company. The principles of remunerating the members of the Board of Directors are set out in the Company's Regulation on the Board of Directors. The remuneration payable to the Company's employees appointed as members of the Management Board is determined by the relevant permanent employment contracts. The terms and conditions of such contracts are subject to review by the Appointment and Remuneration Committee. Individual employment contracts were concluded between the Company and the key executive officers, where the remuneration and reimbursement procedure is defined. In 2017-2019, the Appointment and Remuneration Committee of the Company plans to consider the need for and, if found necessary, implement a policy on remunerating the members of the Management Board, the Chief Executive Officer and key executive officers of the Company.</p> |
| 4.1.4 | <p>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.</p> | <p>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.</p> | <p><input checked="" type="checkbox"/> compliant</p> <p><input type="checkbox"/> partially compliant</p> <p><input type="checkbox"/> non-compliant</p> | |

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| 4.2 | The remuneration system for the members of the board of directors ensures the approximation of the directors' financial interests and long-term financial interests of the shareholders. | | | |
| 4.2.1 | <p>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 material incentives in respect of the members of the Board of Directors.</p> | <p>1. The fixed annual remuneration was the only form of material remuneration applicable to the members of the Board of Directors as a compensation for their work within the Board of Directors in the reference period.</p> | <p><input type="checkbox"/> compliant</p> <p><input checked="" type="checkbox"/> partially compliant</p> <p><input type="checkbox"/> non-compliant</p> | <p>The remuneration system existing in the Company for the members of the Board of Directors ensures the approximation of the financial interests of the members of the Board of Directors and the long-term financial interests of the Company, as notwithstanding the existence of the quarterly remuneration in the remuneration system of members of the Board of Directors of the Company, which depends on the extent of participation of the member of the Board of Directors in the meetings and absentee voting held in the corresponding quarter, this system also includes an annual remuneration for the members of the Board of Directors of the Company, which depends on the Company's earnings before interest, tax, depreciation and amortization (EBITDA), based on the Company's financial statements prepared in accordance with the International Financial Reporting Standards and confirmed by the auditor of the Company in terms of the reference financial year following the results of which the annual remuneration is paid.</p> |
| 4.2.2 | <p>The long-term holding of the company's shares facilitates approximation of the directors' financial interests and the long-term interests of the shareholders to the greatest extent. The company however does not make the right to sell shares contingent on the achievement of certain performance indicators, and the members of the Board of</p> | <p>1. If the internal document (documents), i. e. the remuneration policy (policies) of the company, suggests a share-based compensation for the members of the Board of Directors, the rules of holding of shares by the board members aimed at the long-term holding of such shares must be clearly defined and disclosed.</p> | <p><input checked="" type="checkbox"/> compliant</p> <p><input type="checkbox"/> partially compliant</p> | <p>The internal document (documents), i. e. the remuneration policy (policies) of the Company, do not suggest a share-based compensation for the members of the Board of Directors.</p> |

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| | Directors do not take part in employee stock options plans. | | <input type="checkbox"/> non-compliant | |
| 4.2.3 | The company does not provide for any additional payments or compensations in the event of early termination of powers of 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 members of the Board of Directors in connection with the transfer of control over the company or other circumstances. | <input checked="" type="checkbox"/> compliant <input type="checkbox"/> partially compliant <input type="checkbox"/> non-compliant | |
| 4.3 | The remuneration system for 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 the 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 reference period, the yearly performance indicators approved by the Board of Directors were used to determine the amount of the variable remuneration component for the 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 the members of the executive bodies and other key executive officers of the company, the Board of Directors (the Remuneration Committee) made sure</p> | <input type="checkbox"/> compliant <input checked="" type="checkbox"/> partially compliant | <p>3. The Company does not apply a procedure that would ensure the return of illegitimate bonuses received by the members of the executive bodies and other key executive officers of the Company.</p> <p>The members of the Management Board of the Company are permanent employees (key executive officers) of the Company and do not receive special rewards for their duties as members of the Management Board. The Company does not have a specific local regulation that would govern the</p> |

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| | | <p>that the company uses a feasible proportion between the fixed component and the variable component of the remuneration.</p> <p>3. The company implemented a procedure that ensures the return of illegitimate bonuses received by the members of the executive bodies and other key executive officers of the company.</p> | <input type="checkbox"/> non-compliant | <p>procedure for the return of illegitimate bonuses received by key executive officers to the Company. All permanent employees of the Company are subject to the imperative legal norms of the Russian labour legislation that define the cases and procedure of returning illegitimate payments to the employer.</p> |
| 4.3.2 | <p>The company implemented a program for a 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> | <p>1. The company implemented a program for a 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 program for a long-term motivation of the members of the executive bodies and other key executive officers of the company suggests that the right to sell the shares and other financial instruments used under this program cannot be exercised earlier than three years after they were given to the employee. The company however made the right to sell them contingent on the achievement of certain performance indicators by the company.</p> | <input checked="" type="checkbox"/> compliant <input type="checkbox"/> partially compliant <input type="checkbox"/> non-compliant | |
| 4.3.3 | <p>The amount of 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</p> | <p>1. In the reference period, the amount of 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.</p> | <input checked="" type="checkbox"/> compliant <input type="checkbox"/> partially compliant | |

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| | the employees does not exceed two times the fixed annual remuneration. | | <input type="checkbox"/> non-compliant | |
| 5.1 | The company created an effectively functioning 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 and approaches towards the organisation of the company's risk management and internal control system. | 1. The functions assigned to various governing 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. | <input checked="" type="checkbox"/> compliant <input type="checkbox"/> partially compliant <input type="checkbox"/> non-compliant | |
| 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. | <input checked="" type="checkbox"/> compliant <input type="checkbox"/> partially compliant <input type="checkbox"/> non-compliant | |
| 5.1.3 | The risk management and internal control system used in the company ensures an unbiased, fair and clear understanding of the current | 1. The company has an anti-bribery and corruption policy. 2. The company has a well-managed and easy way of reporting the breaches of | <input type="checkbox"/> compliant | 2. The Company does not have a special well-managed and easy way of reporting the breaches of law, internal procedures or the Code of Ethics of the Company to the Board of Directors of the Company or |

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| | 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. | law, internal procedures or the Code of Ethics of the Company to the Board of Directors or the Audit Committee of the Board of Directors. | <input checked="" type="checkbox"/> partially compliant <input type="checkbox"/> non-compliant | the Audit Committee of the Board of Directors of the Company. The Company has a hot line that may be used by employees to report on possible breaches of law, Company's policies or procedures, in particular in such areas as anti-monopoly law, stock market laws and rules in respect of the insider information, as well as on failure to comply with the Code of Conduct by the employees of the Company, on corruption, fraud (falsifications, dishonesty, appropriation and embezzlement of property). If necessary, important issues are submitted for consideration by the Management Board of the Company and specialised committees of the Board of Directors of the Company. |
| 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 and approaches towards its organisation, as determined by the Board of Directors, and is functioning effectively. | 1. In the reference 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. Details of the key assessment findings are included in the Annual Report of the Company. | <input type="checkbox"/> compliant <input checked="" type="checkbox"/> partially compliant <input type="checkbox"/> non-compliant | In 2016, the Board of Directors of the Company and the Audit Committee of the Board of Directors of the Company did not assess the efficiency of the Company's risk management and internal control system. However the Board of Directors annually reviews the Report on performance of the Corporate Risk Management System and the major risks in the Company's activities. In addition, the Internal Audit Department of the Company annually assesses the efficiency of the Company's risk management and internal control system. In 2017-2019, the Board of Directors of the Company plans to consider the need for and, if found necessary, assess the efficiency of the Company's risk management and internal control system. |
| 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. | | | |
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| | The company has formed a dedicated structural unit or engaged an independent outside organisation to perform the internal audit functions. The administrative and functional reporting lines for the internal audit department are different. The internal audit department functionally is subordinate 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 functionally subordinate to the Board of Directors or the Audit Committee, or engaged an independent outside organisation following the same reporting principle. | <input checked="" type="checkbox"/> compliant <input type="checkbox"/> partially compliant <input type="checkbox"/> non-compliant | |
| 5.2.2 | The internal audit function 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. | 1. In the reference period, efficiency assessment of the internal control and risk management system was carried out as part of the internal audit program. 2. The company applies the generally accepted approaches to internal control and risk management. | <input checked="" type="checkbox"/> compliant <input type="checkbox"/> partially compliant <input type="checkbox"/> non-compliant | |
| 6.1 | The company and its activity is transparent for shareholders, investors and interested parties. | | | |
| 6.1.1 | The company developed and implemented an information policy that ensures effective communication between the company, shareholders, investors and other interested parties. | 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. In the reference period, the Board of Directors (or one of its committees) addressed the issues related to | <input type="checkbox"/> compliant <input checked="" type="checkbox"/> partially | 2. In 2016, the Board of Directors (or one of its committees) did not address the issues related to compliance by the Company with its information policy. The Company's information policy comprises two documents, which are the Regulation on the Information Disclosure and the Regulation on the Insider Information. Both documents are publicly available and can be found on the Company's website. The Board of |

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| | | compliance by the Company with its information policy at least once. | compliant <input type="checkbox"/> non-compliant | Directors appointed a person who is responsible for meeting the requirements to transactions in insider securities. The responsibilities of such person include but not limited to control over the Company's compliance with the information policy. |
| 6.1.2 | The company discloses the information on the corporate governance system and practice, including detailed information on compliance with the principles and recommendations of this Code. | <p>1. The Company discloses the 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.</p> <p>2. The company discloses the 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 <u>Code</u>).</p> <p>3. In case there is a controlling person, the company publishes a memorandum of the controlling person outlining the plans of this person towards the corporate governance in the company.</p> | <input type="checkbox"/> compliant <input checked="" type="checkbox"/> partially compliant <input type="checkbox"/> non-compliant | <p>3. The Company does not publish a memorandum of the controlling person outlining the plans of this person towards the corporate governance in the Company.</p> <p>The plans of the controlling person regarding the Company constitute confidential information and are not subject to disclosure, except as otherwise provided for by the legislation. In the event that the Company becomes aware of any statements made by the controlling person concerning such plans in respect of corporate governance in the Company, the Company undertakes to publish these statements on the corporate website.</p> |
| 6.2 | The company discloses complete, up-to-date and accurate information about the company in due time in order for the company's shareholders and investors to make well-informed decisions. | | | |
| 6.2.1. | The company discloses the information in accordance with the principles of regularity, consistency and efficiency, as well as availability, reliability, completeness and comparability of the disclosed data. | <p>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.</p> <p>2. If the company's securities circulate in foreign regulated markets, the disclosure</p> | <input type="checkbox"/> compliant <input checked="" type="checkbox"/> partially compliant | <p>3. In the reference period, the information was disclosed both in Russian and English (partially) languages. The following information is disclosed on the Company's corporate website:</p> <ul style="list-style-type: none"> - Annual reports; - IFRS reporting (end-of-year and interim statements); - Financial calendar; - Schedule of share prices; |

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| | | <p>of material information in the Russian Federation and in these markets occurs simultaneously and equivalently during the reference year.</p> <p>3. If foreign shareholders own a significant amount of shares of the Company, then in the reference year the information was disclosed both in Russian and one of the most spoken foreign languages.</p> | <p><input type="checkbox"/> non-compliant</p> | <p>- Details about the members of the Board of Directors and the Committees of the Board of Directors; - Information on the members of the Management Board and the management of the Company; - The scope of competence of the General Meeting of Shareholders and the Board of Directors as documented in the Company's Articles of Association. In 2017-2019, the Company plans to disclose more information in English on Company's website.</p> |
| 6.2.2 | <p>The company avoids a formal approach in the process of information disclosure, and discloses significant information about its activity even if disclosure of such information is not provided for by laws.</p> | <p>1. In the reference period, the company disclosed end-of-year financial reports and financial reports for six months prepared according to IFRS. The Company's Annual Report for the reference period includes audited end-of-year financial reports prepared according to IFRS.</p> <p>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 the Recommendation <u>290</u> of the Code.</p> | <p><input type="checkbox"/> compliant</p> <p><input checked="" type="checkbox"/> partially compliant</p> <p><input type="checkbox"/> non-compliant</p> | <p>1. The Company's Annual Report for the reference period does not include audited end-of-year financial reports prepared according to the IFRS. 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 RAS, for the convenience of the shareholders the Annual Report is accompanied by end-of-year accounting (financial) statements prepared for the year 2016 according to the RAS.</p> <p>2. 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 the Recommendation 290 of the Code. The structure of the share capital disclosed in section 6.5. of the Annual Report and made 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 existing holdings of shares in the amount of over five per cent, other than the data already disclosed by the Company. The</p> |

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| | | | | Company also prevents acquisition of control by certain shareholders that would be disproportionate to their stake in the Company's authorised capital, e. g. based on shareholder agreements or due to the holding of common or preferred stock with a different par value. |
| 6.2.3 | As one of the most important tools of communication with the shareholders and other interested parties, the Annual Report contains information that helps to assess the performance of the company in the reference period. | <p>1. The company's Annual Report contains information on the key aspects of the company's operations and financial performance.</p> <p>2. The company's Annual Report contains information on the environmental and social performance of the company.</p> | <input checked="" type="checkbox"/> compliant <input type="checkbox"/> partially compliant <input type="checkbox"/> non-compliant | |
| 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 by the company at the shareholders' requests in accordance with the principles of fairness and easiness. | <p>1. The company's information policy establishes an easy procedure for providing the shareholders with access to the corporate information, including the information about the legal entities controlled by the company, at their request.</p> | <input checked="" type="checkbox"/> compliant <input type="checkbox"/> partially compliant <input type="checkbox"/> non-compliant | |

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| 6.3.2 | In the provision of information to the 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 reference period, the company did not decline any incoming information requests from the shareholders, or such refusals were reasonable.</p> <p>2. In the cases defined by the company's information policy, shareholders are notified of the confidential nature of the information provided and shareholders undertake to keep it confidential.</p> | <input checked="" type="checkbox"/> compliant <input type="checkbox"/> partially compliant <input type="checkbox"/> non-compliant <input type="checkbox"/> non-adequate | |
| 7.1 | The actions that significantly affect or may affect the structure of 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 the shareholders and other interested parties. | | | |
| 7.1.1 | The definition of major corporate actions embraces reorganisation of the company, purchase of 30 or more per cent of the company's voting shares (take-over), closing of major transactions by the company, increase or reduction of the company's authorised capital, listing and delisting of the company's shares, as well as other actions that may have a significant impact on the rights of shareholders or infringe on their interests. | <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 corporate actions are referred to the scope of competence of the Board of Directors. Where the laws directly refer the performance of these corporate actions to the competence of the General Meeting of Shareholders, the Board of Directors should give the shareholders necessary recommendations.</p> | <input type="checkbox"/> compliant <input checked="" type="checkbox"/> partially compliant <input type="checkbox"/> non-compliant | The Articles of Association of the Company do not define a special list and criteria of transactions or other actions qualified as major corporate actions. However, the Articles of Association of the Company stipulate that all actions defined by the Code of Corporate Governance as major corporate actions are referred to the competence of the General Meeting of Shareholders and the Board of Directors of the Company. |

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| | 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. | 2. The company's Articles of Association qualify at least the following undertakings as major corporate actions: reorganisation of the company, purchase of 30 or more per cent of the company's voting shares (take-over), closing of major transactions by the company, increase or reduction of the company's authorised capital, listing and delisting of the company's shares. | | |
| 7.1.2 | The Board of Directors plays a 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 thereunder independent directors express their opinions on major corporate actions prior to approval thereof. | <input type="checkbox"/> compliant <input checked="" type="checkbox"/> partially compliant <input type="checkbox"/> non-compliant | The company has no specific procedure thereunder independent directors would express their opinions on major corporate actions prior to approval thereof. Notice and materials for the meeting of the Board of Directors, whether in person or in absentia, are sent out to the members of the Board of Directors at least 7 calendar days prior to the date of the meeting (Subclauses 7.6., 9.2. of the Regulation on the Board of Directors of Unipro PJSC); therefore, the members of the Board of Directors are given enough time to investigate the agenda items, request additional information on the agenda items through the Corporate Secretary (Clause 3.1.(4) of the Regulation on the Board of Directors of Unipro PJSC), and express their dissenting opinion which will be announced by the Chairman of the Board of Directors before the voting on the agenda items (Clause 8.2. of the Regulation on the Board of Directors of the Company). |
| 7.1.3 | When taking major corporate actions that affect the rights and legitimate interests of the shareholders, equal conditions are ensured for all shareholders of the | 1. Considering the specific nature of the company's activity, the company's Articles of Association establish lower minimum criteria used to qualify the company's transactions as major | <input checked="" type="checkbox"/> compliant <input type="checkbox"/> partially | |

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| | company; where the statutory mechanisms designed to protect the rights of the shareholders are insufficient, additional measures are ensured to protect the rights and legitimate interests of the shareholders. The company is governed by not only the formal requirements of the legislation, but also the corporate governance principles set out in the <u>Code</u> . | <p>corporate actions than those stipulated by the law.</p> <p>2. In the reference period, all major corporate actions were subject to the approval procedure before they were taken.</p> | <p>compliant</p> <p><input type="checkbox"/> non-compliant</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 the performance of such actions, and guarantee compliance with and an adequate level of protection of their rights in the course of such actions. | | | |
| 7.2.1 | The information on the performance of all major corporate actions is disclosed with the explanation of the reasons, conditions and consequences of such actions. | 1. In the reference period, the company disclosed information on the major corporate actions in a timely and detailed manner, including specification of the reasons and time limits of such actions. | <p><input checked="" type="checkbox"/> compliant</p> <p><input type="checkbox"/> partially compliant</p> <p><input type="checkbox"/> non-compliant</p> | |
| 7.2.2 | The rules and procedures pertaining to major corporate actions performed by the company are documented in the company's internal regulations. | 1. The internal regulations of the company establish a procedure for engagement of an independent appraiser for the purpose of valuating the property alienated or purchased under a major transaction or a related party transaction. | <p><input type="checkbox"/> compliant</p> <p><input checked="" type="checkbox"/> partially</p> | 3. The internal regulations of the Company do not establish an extended list of the reasons for the members of the Board of Directors of the Company and other persons provided for by laws to be |

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| | | <p>2. The internal regulations 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 regulations of the Company establish an extended list of the reasons for the members of the Board of Directors of the Company and other persons provided for by laws to be recognised as interested parties in the Company's transactions.</p> | <p>compliant</p> <p><input type="checkbox"/> non-compliant</p> | <p>recognised as interested parties in the Company's transactions.</p> <p>The Articles of Association of the Company stipulate that related party transactions are subject to approval in accordance with Chapter XI of the Federal Law "On Joint Stock Companies".</p> <p>Currently, the Company does not deem it necessary to extend the list of the reasons for the members of the Board of Directors of the Company and other persons provided for by laws to be recognised as interested parties in the Company's transactions. In the future the Company may extend the list of the reasons for the members of the Company's Board of Directors and other persons provided for by laws to be recognised as interested parties in the Company's transactions, provided that there is a reasonable need for it.</p> |
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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 implement the following actions in the long term:

- Increasing the number of independent directors;
- Developing the internal control and risk management system;
- Creating additional committees under the Board of Directors to specialise in different aspects of the company's activity;
- Disclosing additional information, including non-financial statements;
- Implementing a program of long-term motivation for the members of the executive bodies and other key executive officers of the Company;
- Reasonable distribution of competencies and responsibilities among the governing bodies;
- Effective combination of decision making centralisation and delegation of authority to various managerial levels;
- Enhancement of promptness and efficiency of the resolutions made;
- Exercising and protection of rights and interests of the shareholders of Company;
- Implementation of high standards of corporate governance ethics.

List of definitions and abbreviations

| Abbreviated names | Definition | Full Name |
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| Unipro PJSC, Unipro, Company, company | | Unipro Public Joint Stock Company |
| Uniper Group, Uniper group | Uniper Group of Companies (Germany), which includes Unipro PJSC | Uniper Group |
| Code of Corporate Governance | The Code of Corporate Governance approved by the Board of Directors of the Bank of Russia and recommended by Letter of the Bank of Russia No. 06-52/2463 dated 10 April 2014 for joint stock companies having listed securities | |
| Federal Law "On Joint Stock Companies" | Federal Law "On Joint Stock Companies" No. 208-FZ dated 26 December 1995 | |
| Articles of Association of Unipro PJSC, Articles of Association of Unipro, Articles of Association of the Company, articles of association of the company, Articles of Association | | Articles of Association of Unipro Public Joint Stock Company |
| Chief Executive Officer of Unipro PJSC, Chief Executive Officer of Unipro, Chief Executive Officer of the Company, Chief Executive Officer | | Chief Executive Officer of Unipro Public Joint Stock Company |
| Executive office, EO, Moscow representative office | Employees of the Moscow representative office of Unipro PJSC | |
| | Unipro PJSC Branches | Branches |
| Berezovskaya GRES Branch of the Company, Berezovskaya GRES Branch, Berezovskaya GRES, BGRES | | Berezovskaya GRES Branch, Unipro PJSC |
| Surgutskaya GRES-2 Branch of the Company, Surgutskaya GRES-2 Branch, Surgutskaya GRES-2, SuGRES-2 | | Surgutskaya GRES-2 Branch of Unipro PJSC |
| Shaturskaya GRES Branch of the Company, Shaturskaya GRES Branch, Shaturskaya GRES, ShGRES | | Shaturskaya GRES Branch of Unipro PJSC |
| Yaivinskaya GRES Branch of the Company, Yaivinskaya GRES Branch, Yaivinskaya GRES, YaGRES | | Yaivinskaya GRES Branch of Unipro PJSC |
| Smolenskaya GRES Branch of the Company, Smolenskaya GRES Branch, Smolenskaya GRES, SGRES | | Smolenskaya GRES Branch of Unipro PJSC |

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| FRS | Fuel receiving station at Berezovskaya GRES Branch of Unipro PJSC, the investment construction project | Fuel receiving station |
| DARS System, DARS | Dry ash removal system at Berezovskaya GRES Branch of Unipro PJSC, the investment construction project | Dry ash removal system |
| Power Unit No. 3, Power Unit 3, third power unit, power unit III | | Power Unit No. 3 of Berezovskaya GRES Branch of Unipro PJSC; |