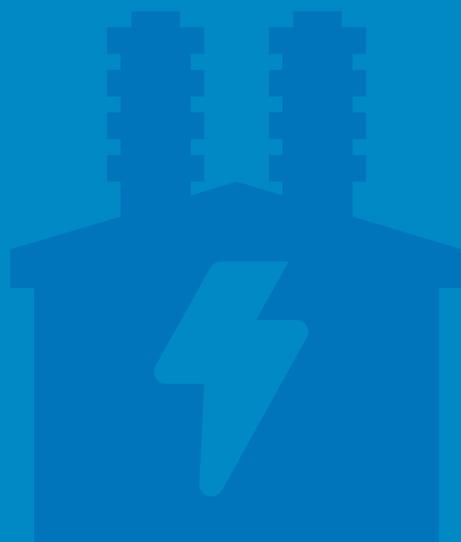


ЮНИ  
ПРО

# 2017

Annual report  
Unipro PJSC



Pre-approved by  
the Board of Directors of  
Unipro PJSC  
on 8 May 2018  
(Minutes No. 259)

Approved by  
the Annual General Meeting  
of the Shareholders of Unipro PJSC  
on 14 June 2018  
(Minutes No. 20)

# UNIPRO PJSC

## Annual report for 2017

Validity of information  
of the Annual Report is certified by  
the Opinion of the Audit Commission  
of Unipro PJSC  
w/o No. dated 23 March 2018

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# Address of the Chairman of the Board of Directors

## Klaus Schäfer

### Dear shareholders, investors and colleagues!

The decision of the Government of the Russian Federation to support the electric power industry modernisation programme, in which Unipro PJSC is going to take an active part, has become the most notable development in the market in the past few months.

In 2017, the Company demonstrated stable results of its operating activities and retained its leading position in the market. The total

volume of electric power generated by the power plants of the Company amounted to 48.2 billion kWh. Electric power sales volumes have reached 50.8 billion kWh.

Despite difficult market conditions due to low demand for electric power, Unipro managed to achieve stable financial results. According to the accounting statements prepared in compliance with RAS (Russian Accounting Standards), the EBITDA amounted to RUB 42.5 billion for 2017. The growth was mainly due to the increased capacity payments resulting from the revision of the CSA prices for CCGT power units. In addition, Unipro PJSC received the final part of the insurance

proceeds in the amount of RUB 20.4 billion for the accident at Power Unit No. 3 of Berezovskaya GRES.

The Company will continue to pay substantial dividends. Unipro plans to make payments twice a year. Dividends for the first 9 months of 2017 (including for Q1 2017) in the amount of RUB 8.1 billion have been already paid.

The Company proceeds to carry out the repair works at Power Unit No. 3 of Berezovskaya GRES. Our main objective is to complete them at the stated time and within the framework of the budget. The commissioning of Power Unit No. 3 is expected in Q3 2019.

**Besides our core activity, we will focus on projects in which we can apply our experience and technological expertise.**

At the same time, we would like to utilise the opportunities provided by the market to find new business lines for the Company. Besides our core activity, we will focus on projects in which we can apply our experience and technological expertise: Unipro PJSC plans to develop its energy services business in Russia and the CIS countries. This shall be in full compliance with the new strategy of Uniper Group (the parent company of Unipro PJSC) adopted at the end of 2017. The strategy of Uniper is to

combine commercial and technical expertise and offer tailored solutions to the benefit of customers worldwide.

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



RUB mln  
 **42,527**

EBITDA based on statements prepared in accordance with RAS for 2017

**■ The decision of the Government of the Russian Federation to support the electric power industry modernisation programme, in which Unipro PJSC is going to take an active part, has become the most notable development in the market in the past few months.**

# Address of the CEO

## Maxim Shirokov

### Dear shareholders, investors and colleagues!

Unipro PJSC is one of the most stable companies in the power industry of the country. In 2017, we fulfilled all our obligations to electric power consumers, and continued implementing our investment projects.

The Company is successfully dealing with the task of providing reliable and efficient operation of generating equipment. In 2017, Unipro PJSC took numerous measures aimed at the technical refurbishment and

reconstruction of operating capacities. Scheduled repairs of power units, which guarantee equipment reliability, were performed in compliance with the schedules agreed upon with the System Operator.

The capital inspection of CCGT-400 at Shaturskaya GRES, which was the first one ever conducted in the Russian Federation, became one of the most important events for our Company in 2017. In 2017, Yaivinskaya GRES modernised the CCGT gas turbine, thus increasing the installed capacity of the power plant by 24 MW.

**In 2017, Unipro PJSC took numerous measures aimed at the technical refurbishment and reconstruction of operating capacities.**

**1,000,000,000** thousand kWh

was generated since commissioning of Surgutskaya GRES-2 on 27 December 2017

**The Company is successfully dealing with the task of providing reliable and efficient operation of generating equipment.**



**Environment protection is one of the priorities of Unipro in the area of sustainable development. In 2017, in accordance with the requirements of Russian legislation, all our branches commenced shifting to separate waste collection.**

In December 2017, the capital inspection of the equipment of Power Unit No. 8 at Surgutskaya GRES-2 was completed. For the first time ever in Russia, the inspection was conducted by efforts of the internal service staff under the control of the manufacturer General Electric. On 27 December 2017, Surgutskaya GRES-2 became the first among heat power plants in Russia to have generated 1 trillion kWh of electric power since its commissioning.

Maintenance and repair works at Power Unit No. 3 of Berezovskaya GRES are in progress, in strict compliance with the schedule. We plan the re-commissioning of the Power Unit and resumption of payments for the capacity in Q3 2019.

The Company pays special attention to issues of labour protection and the safety of its employees and staff of contracting organisations. We continue implementing our three-year strategy in the area of labour protection based on high risk management, as well as the development of an industrial safety automated control system. In July 2017, Unipro PJSC successfully completed a recertification audit for compliance of the activities of the Company with the OHSAS 18001:2007 standard. This is evidence of our high requirements for compliance with the industrial safety rules.

Environment protection is one of the priorities of Unipro in the area of sustainable development. In 2017, in accordance with the requirements of Russian legislation, all our branches commenced shifting to separate waste collection. Unipro PJSC successfully completed the first compliance audit of the Environmental Management System and obtained a certificate of its compliance with the requirements of the new revision of the ISO 14001:2015 international standard.

Our Company places its greatest value in its employees, and we pay great attention to staff growth and development. During the reporting year, Unipro implemented programmes for educating its employees and training its staff reserve, and also took preventive and curative measures.



The Company pays special attention to issues of labour protection and the safety of its employees and staff of contracting organisations

Great efforts were made to create a positive image of the employer in the labour market and attract young professionals.

Charity projects of Unipro PJSC are traditionally focused on improving the living conditions of the people in the regions of the Company's presence. We continue implementing educational projects. Thus, in September, within the framework of the project "Career Starts at School", a class specialising in power generation was officially opened in a lyceum of Shatura. Up to date, such specialised classes have been opened in all the five regions of the Company's presence. Unipro PJSC provides support to children's educational institutions and charitable foundations, and also transfers money towards supporting health care, culture and sports.

In November 2017, President of the Russian Federation Vladimir Putin approved a programme for the modernisation of existing generating equipment. In 2018, we are to perform meticulous work to assess the capacities of

## Charity projects of Unipro PJSC are traditionally focused on improving the living conditions of the people in the regions of the Company's presence.

Unipro PJSC subject to upgrade and draw up a plan for their modernisation.

For the next year, the Company has set major objectives in the area of enhancing the scope of reliability, safety and sustainable development. We continue the reconstruction of Power Unit No. 3 of Berezovskaya GRES. In addition, we plan to participate in developing an agroindustrial park in Sharypovo, in the vicinity of Berezovskaya GRES. This project has gained support at the level of the Krasnoyarsk Territory, and is of great social and economic importance for the region. To develop new business lines in accordance with the strategy of Uniper Group, Unipro PJSC plans to enter the energy services market in Russia and the CIS countries.

Dear shareholders! On behalf of all the employees of Unipro, I would like to express my gratitude for your trust in us. Undoubtedly, your active support will enable us to succeed in meeting the Company's targets.

# Key Indicators

Information presented in this Report is based on accounting statements prepared in accordance with the Russian Accounting Standards (RAS).



## Electric power generation, bln kWh



## Electric power sale<sup>1</sup>, bln kWh



## Average staff number, persons



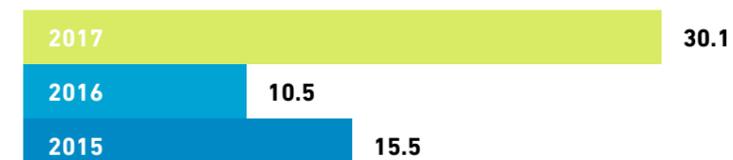
<sup>1</sup> Including the volumes purchased in the market.

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

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



## Net profit, RUB bln



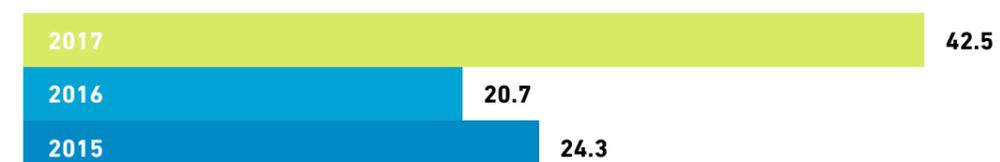
## Asset value, RUB bln



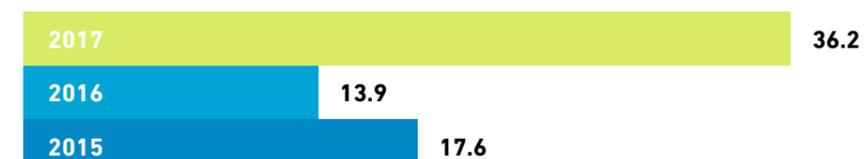
## Revenue, RUB bln



## EBITDA<sup>2</sup>, RUB bln



## EBIT<sup>3</sup>, RUB bln



# 2017 Key Events

## January

Alexander Peremibeda was appointed Director of the Smolenskaya GRES Branch of Unipro PJSC

## February

A modern warehousing complex over 5 thousand sq.m in area was opened at Surgutskaya GRES-2

## March

Governor of Moscow Region Andrey Vorobyov expressed his gratitude to the management and team of Shaturskaya GRES "for their fruitful partnership and a considerable contribution to executing the regional development plans"

Surgutskaya GRES-2 became the winner of the review competition held by the Russian Emergency Ministry for the best maintenance of protective structures for over 600 persons

## April

An agreement on the creation of agro-classes in Sharypovo District of Krasnoyarsk Territory was signed at the Krasnoyarsk Economic Forum

## May

The staff of Shaturskaya GRES conducted an environmental campaign called "Green Territory" with the support of Shatura District authorities

## June

The standby stator of a generator weighing 360 tonnes was upgraded at Surgutskaya GRES-2 for the first time in 20 years

## July

After the scheduled routine repairs, Power Unit No. 1 of Berezovskaya GRES was included in the Unified Energy System of Siberia

## August

Sergey Raykhel was appointed Director of the Berezovskaya GRES Branch of Unipro PJSC

The staff of Shaturskaya GRES completed the capital inspection of the CCGT-400 Power Unit, which was the first one ever conducted in the Russian Federation

## September

Within the framework of the project "Career Starts at School", a class specialising in the area of power generation was officially opened in a lyceum in Shatura

## October

At Yaivinskaya GRES, the CCGT gas turbine modernisation was completed successfully, thus increasing the installed capacity by 24 MW

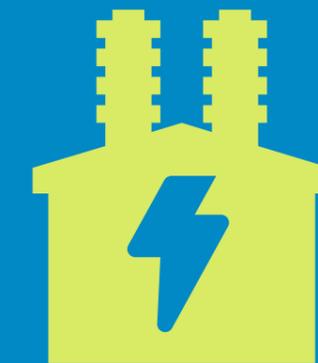
## November

Unipro PJSC obtained a Certificate of Operational Readiness for the 2017-2018 winter season

## December

Unipro PJSC obtained a Certificate of Compliance of the Company's Environmental Management System (EMS) with the requirements of the new revision of ISO 14001:2015 international standard

On 27 December, Surgutskaya GRES-2 generated 1 trillion kWh of electric power since the commissioning of the first power unit of the power plant



## About Us

Production efficiency is the main competitive performance driver in power engineering. The principle of lowest costs towards electric power and capacity production applies for generating facilities.

An important competitive advantage of Unipro PJSC is the availability of such assets as Surgutskaya GRES-2 and Berezovskaya GRES featuring power units of large unit capacity (800 MW), representing the most cost effective and efficient power stations among the “old” gas-fired and coal power generation of the country. Within the framework of implementing the Investment Programme, Unipro PJSC commissioned the most efficient and in-demand equipment in the current market.

Thus, the factors of demand in the power market for the power plants of Unipro PJSC are:

✚ participation of Smolenskaya GRES in providing Belarus with export power exchange;

✚ location of Shaturskaya GRES in the Moscow Region representing an under-served market;

✚ participation of Yaivinskaya GRES in supporting a power balance in the Bereznikovsko-Solikamsky hub.

# 1. About Us

## 1.1. History of the Company

▣ Thanks to these key assets and the use of different fuel types, Uniper Group is a major and reliable supplier of electric power, a large portion of which is produced using environmentally-friendly technologies such as gas-fired and hydroelectric power plants.

▣ The Company's efficient operation in the wholesale electric power and capacity market is explained by the state of the network infrastructure and specifics of energy balances within the power zones.

Unipro PJSC (E.ON Russia JSC before June 2016) is the most efficient Company in the heat power generation sector of the Russian Federation.

The Company mainly deals in the production and sale of electric power and capacity and heat power. Unipro PJSC also participates in the distributed generation and engineering markets of the Russian Federation.

In 2005, OGK-4 OJSC was established to unite the power plants, with a total capacity of 8,630 MW: Surgutskaya GRES-2, Berezovskaya GRES, Shaturskaya GRES, Smolenskaya GRES and Yaivinskaya GRES.

In 2007, E.ON Group (an international power concern) acquired the controlling stake in OGK-4 OJSC. In July 2011, OGK-4 OJSC was renamed to E.ON Russia JSC. From 1 January 2016, following a demerger of a new international company Uniper from E.ON Group, E.ON Russia JSC became its part and was renamed to Unipro PJSC in June 2016.

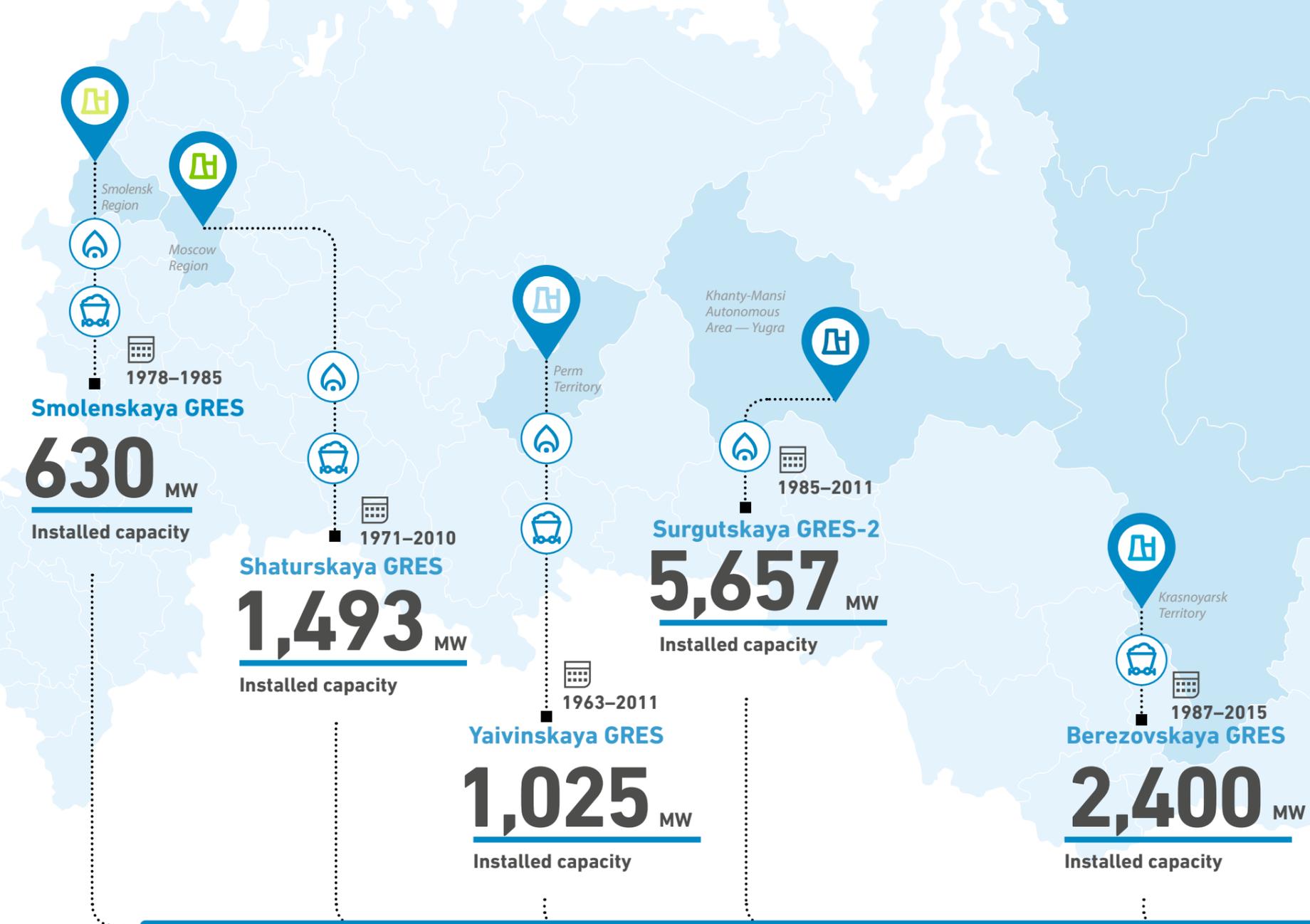
Uniper Group is the major shareholder of Unipro PJSC, and is a leader in the traditional power generation sector. The Company operates in European countries, Russia and several other countries. Uniper includes hydroelectric, gas-fired and coal power plants, with a total capacity of 40 GW. Thanks to these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

Unipro includes five heat power plants featuring a total installed capacity of 11,205 MW in 2017: Surgutskaya GRES-2 (5,657 MW), Berezovskaya GRES (2,400 MW), Shaturskaya GRES (1,493 MW), Smolenskaya GRES (630 MW) and Yaivinskaya GRES (1,025 MW).

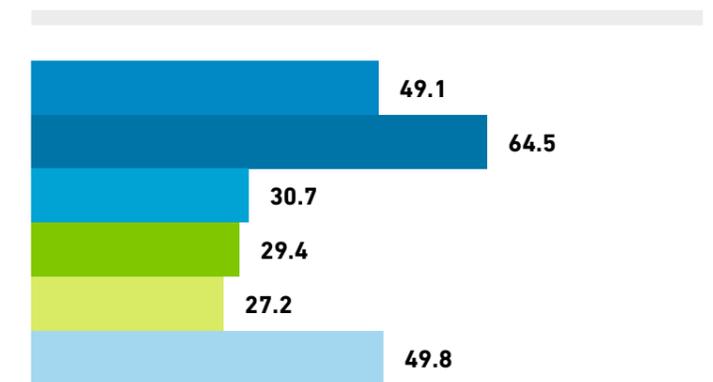
## 1.2. Territories of the Company's Presence

The power plants of Unipro PJSC are located in the economically and industrially developed regions of the Russian Federation featuring a high potential for power consumption growth:

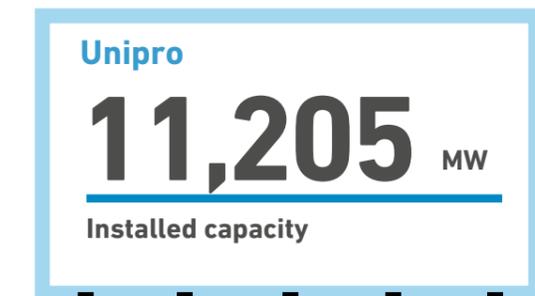
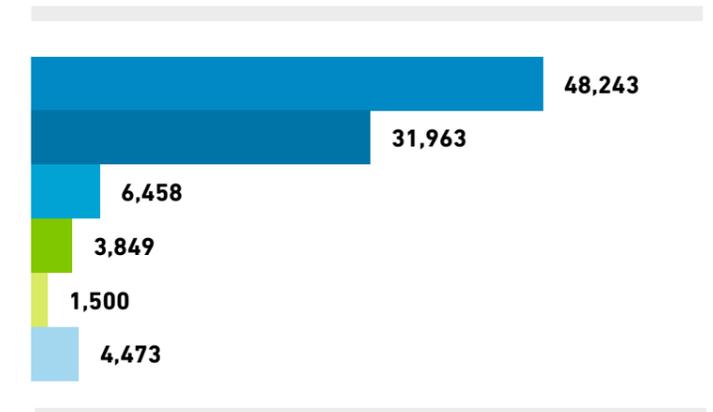
Khanty-Mansi Autonomous Area, Tyumen Region — Surgutskaya GRES-2; Krasnoyarsk Territory — Berezovskaya GRES; Moscow Region — Shaturuskaya GRES; Smolensk Region — Smolenskaya GRES; Perm Territory — Yaivinskaya GRES.



Capacity utilisation factor CUF, %



Electric power generation, mln kWh





**“The prerequisite for solving the tasks of Unipro PJSC consists in the enhancement of the profitability of electric power and capacity sales in the wholesale market by means of optimising the equipment load, strict compliance with the Wholesale Market Rules, development of the customer base related to bilateral non-regulated contracts in the capacity market, work with counterparties aimed at timely payment for the supplied products, increase of the level of payment for the supplied goods and rendered services, and ensuring of participation in the market of system services of Power Unit No. 2 of Berezovskaya GRES and Power Unit No. 4 of Shaturskaya GRES. These are our priority tasks in the reporting and subsequent periods.**

**In 2017, we managed to ensure taking into account the Company’s interests when finalising the regulatory documents of the Wholesale Electric Power and Capacity Market (WEPCM), optimise the marginality of operation in the said market related to gas sales, and work efficiently with the receivables of the consumers.”**

**Andrey Zhukovsky**  
**Director for Power Markets, Unipro PJSC**

### 1.3. Power Market

Unipro PJSC conducts all its operations in Russia. Accordingly, the macroeconomic development trends of Russia, including the overall condition of the economy and the markets where the Company operates, have a considerable influence on the Company’s performance.

According to the estimates of the Russian Ministry of Economic Development and Trade, following the recession of 2015–2016, featuring a GDP growth of 1.5%, economic resurgence is now underway. Considerable moderation of inflation can also be observed, with an indicator of 2.5% based on the results of 2017.

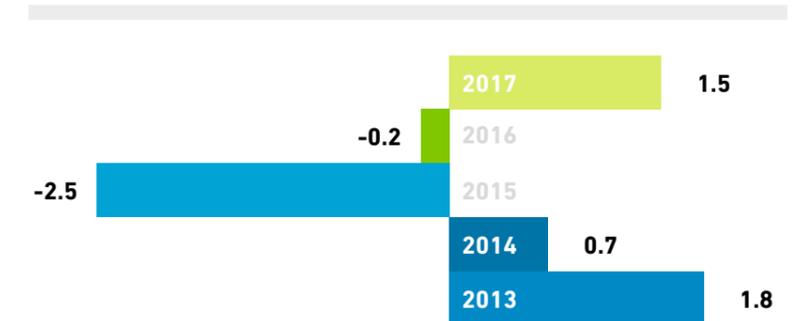
The improvement of the economic situation along with an increase in labour efficiency and industrial production result in ultimate consumption growth, including a rise in power consumption.

The electric power industry is a basic branch of the Russian economy, providing electric and heat power to the national economic enterprises and the population, as well as exporting electric power to the CIS countries and far abroad.

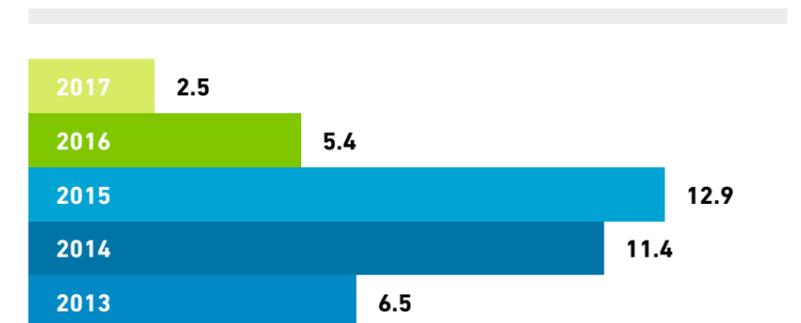
In Russia, the electric power and capacity market represents a two-level system — the wholesale

#### Key Macroeconomic Indicators of Russia for 2013–2017

##### Growth of GDP, %



##### Consumer price index, %



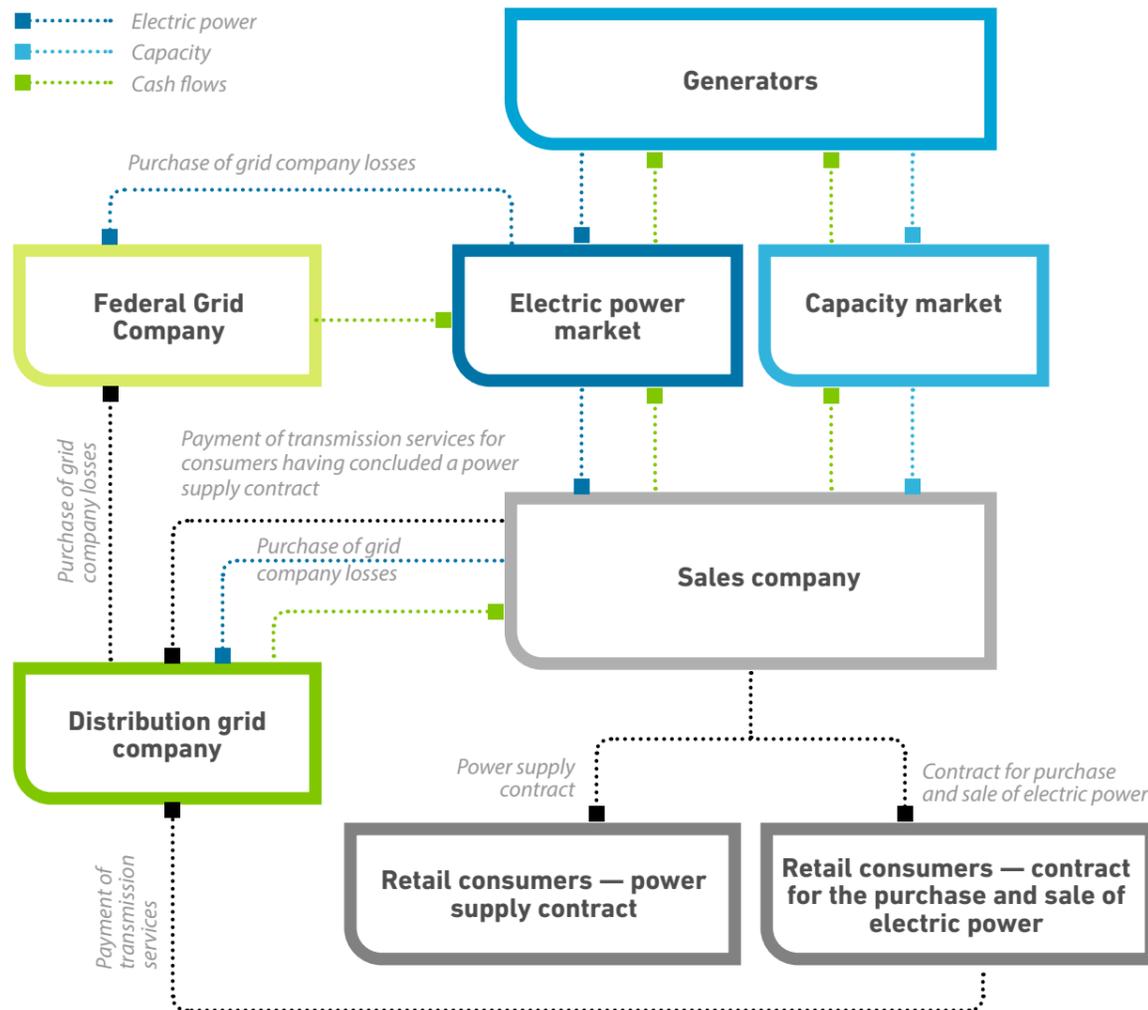
Source: Federal Service of State Statistics of the Russian Federation (Rosstat)

market and the retail market. The wholesale market participants are generating companies (sellers of electric power and capacity), sales companies, grid companies, large consumers (buyers of electric power and capacity).

Generating companies produce and sell electric power on wholesale or retail markets to sales companies or large ultimate consumers — the wholesale market participants.

Electric power and capacity are bought and sold in accordance with the Rules of the Wholesale Electric Power and Capacity Market Operation and the Agreement on Adherence to the Wholesale Electric Power and Capacity Market Trading System established by Order No. 643 dated 24 October 2003 issued by the Government of the Russian Federation.

**Common Model of the Electric Power Market**



Electric (heat) power 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 the consumers' solvency are taken into account in the process of regulation.

According to the laws, electric power and capacity volumes to be supplied under regulated contracts to households and equivalent consumer categories were stipulated for each power generator.

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

The majority of the generating assets of the country is held by the heat power generating companies of the wholesale electric power market (WGCs), the federal hydro-generating company

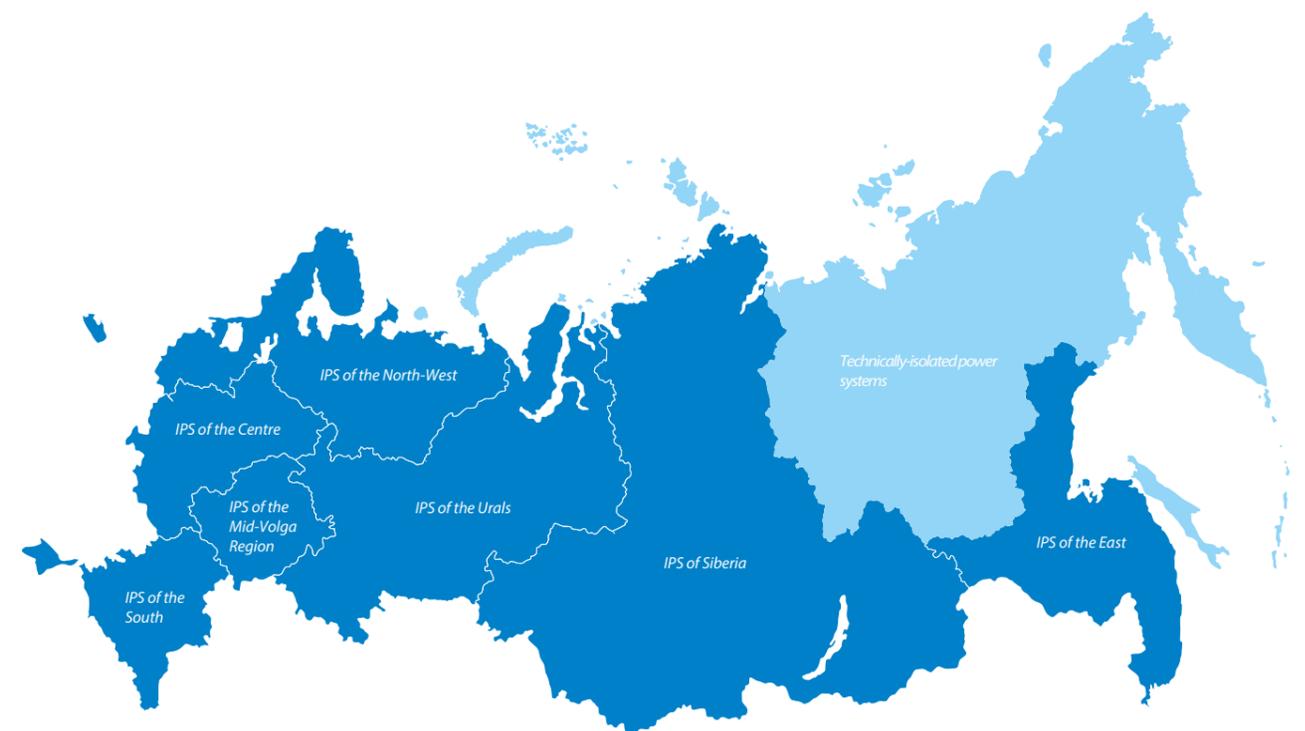
of the wholesale market (RusHydro PJSC), 14 territorial generating companies (TGCs) and Rosenergoatom (a state concern). FGC UES PJSC operates trunk high-voltage power transmission lines. Dispatching control over the Unified Energy System of Russia is exercised by the System Operator (SO UES JSC). Among the largest companies of the industry, one should also mention the state-controlled companies RAO Energy Systems of the East PJSC (a vertically-integrated holding) combining generation, distribution and sales of electric power for the Far Eastern regions, and Inter RAO UES PJSC — an

operator engaged in electric power export and import and holding generating assets in Russia and abroad.

The Wholesale Electric Power and Capacity Market is functioning in the territory of the regions united in price zones. The first price zone includes the territories of the Central, North-Western, Southern, North-Caucasian, Volga and Urals Federal Districts, and the second one — the Siberian Federal District. In the non-price zones (the Arkhangelsk and Kaliningrad Regions, the Komi Republic, the regions of the Far East), where the arrangement of market relations in the power engineering industry is impossible for the time being, electric power and capacity are sold according to special rules.

Within the price zones of the Wholesale Electric Power and Capacity Market, electric power can be sold as follows: at regulated prices (under regulated contracts) and at competitive (non-regulated) prices (at the prices of the competitive auction in the day-ahead market and in the balancing market, as well as under non-regulated contracts).

The Unified Energy System of Russia (UES of Russia) consists of 70 regional power systems, which, in turn, form 7 integrated



power systems (IPSS): of the East, Siberia, Urals, Mid-Volga Region, South, Centre and North-West. All the power systems are connected with intersystem high-voltage power transmission lines featuring the voltage of 220–500 kV and higher, and operate in a synchronous mode (in a parallel way).

The isolated regions include power regions located in the power systems of the Chukotka Autonomous District, the Kamchatka, Sakhalin and Magadan Regions, Norilsk-Taimyr and Nikolaevsk power regions, the power systems of the central and northern parts of the Republic of Sakha (Yakutia), as well as the Crimean power system.

The key performance indicators of a power system operation are as follows: installed capacity of the power plants, electric power production (output) and electric power consumption.

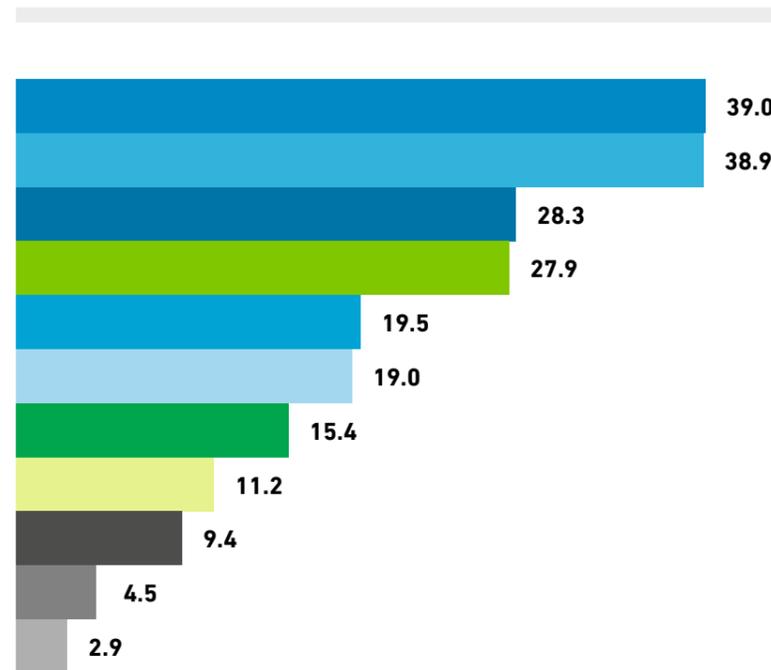
The electric power complex of the UES of Russia includes 748 power plants with a capacity of more than 5 MW. As of 1 January 2018, the total installed capacity of the power plants of the UES of Russia amounted to 239,812.2 MW; heat power plants (HPPs) accounted for 68.24% of the capacity of the UES of Russia.

The largest generating companies of Russia own about 80% of all the generating capacities of the UES of Russia.

According to SO UES JSC, electric power consumption in the Unified Energy System of Russia amounted to 1,039.7 bln kWh in 2017, which is 1.3% more than the consumption volume observed in 2016.

Electric power output in Russia amounted to 1,053.7 bln kWh in 2017, which is 0.5% more than in 2016; HPPs accounted for 66.1% thereof.

### Installed Capacity of the Largest Generating Companies of the Russian Federation with a Breakdown by Assets on the Territory of the Russian Federation, GW



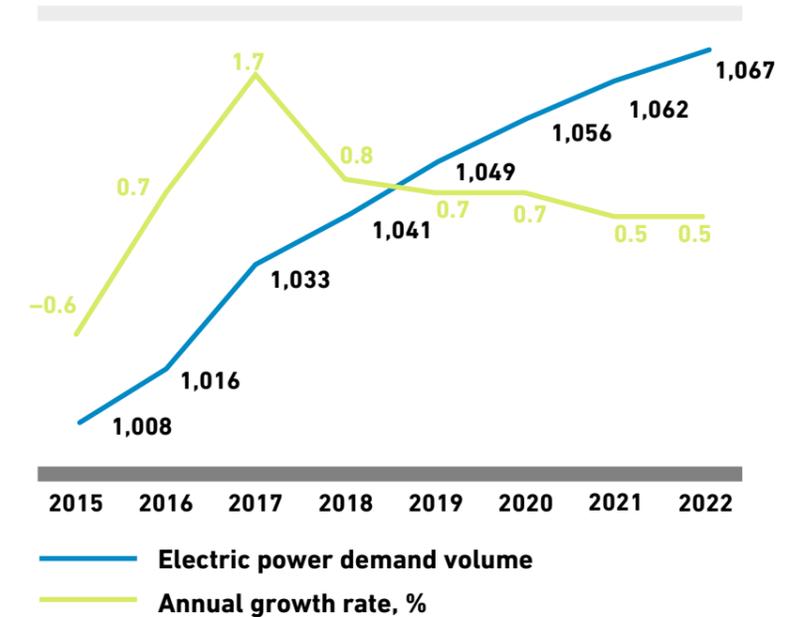
- **Gazprom Energoholding LLC**
- **RusHydro PJSC**
- **InterRAO PJSC**
- **Rosenergoatom Concern JSC**
- **EuroSibEnergO JSC**
- **OGK-2 PJSC**
- **T Plus PJSC**
- **Unipro PJSC**
- **Enel Russia PJSC**
- **Fortum JSC**
- **Quadra PJSC**

### Electric Power Consumption Forecast

Within the framework of the basic (conservative) scenario of the long-term social and economic development of Russia, with an account of the changes in the macroeconomic indicators, a forecast has been prepared in relation to the demand for electric power (the UES of Russia) for the period until 2022.

The electric power demand volume (the UES of Russia) is assessed in the amount of 1,067.133 bln kWh by 2022, which is 2.6% more than the electric power consumption volume in 2017.

### Electric Power Demand Forecast (the UES of Russia) for the Period Until 2022



Source: Scheme and Programme of the UES of Russia Development for 2016–2022

### 1.4. Position of the Company in the Industry

The Power Markets Unit is a structural subdivision of Unipro PJSC responsible for the revenues of the Company.

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

- ☒ participation in the improvement of the rules of operation in the WEPCM 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 WEPCM infrastructure organisations and relevant federal executive bodies;

- ☒ correct forecasting of electric power and capacity sales indicators in 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 the generating equipment;
- ☒ control over payment discipline of the counterparties;
- ☒ increasing of the Company presence in the system services market.

The Company's share in the all-Russian production of electric power following the results of 2017 amounts to 4.6%, and the share in the installed capacity of the UES of Russia — 4.7%. The share in the output of Russian heat power plants amounts to approximately 7.2%.

The main counterparties of the Company are the participants of the Wholesale Electric Power and Capacity Market that have signed the Agreement on Adherence to the Trading System — guaranteeing suppliers, independent sales companies reselling the electric power bought in the market to the ultimate consumers, and (directly) large enterprises.

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

Within its own power hubs, the main competitors to the Company's power plants are similar generating capacities — other state district power stations, which do not have a

significant share of heat power output.

Most of the electric power sales were made from own production of the power plants by Unipro PJSC. In 2017, the electric power productive supply volume of the Company's power plants amounted to 46.4 bln kWh. Unipro PJSC is constantly improving the strategy of its behaviour in the competitive sectors of the market in order to obtain maximum profit. In 2017, the Company was able to extensively make use of all the potentials in the market sector and sell a considerable volume of electric power and capacity at free market prices. Thus, supplies under regulated contracts accounted for about 22.3% of the sales, and the remaining part of the electric power was sold in the competitive sectors of the market. The entire margin from the electric power sales was obtained from operation in the competitive sectors of the wholesale market.

Demand for electric and heat power changes depending on the time of year, time of day, and weather conditions. It also respectively depends on the outside air temperature, light

day duration, quantity of illumination, day of the week (business day, day-off (public holiday)).

Specific demand for electric power produced by certain power stations depends both on the total demand for electric power and on the factors determining the modes of operation of the power zones where they are located:

- ✚ the structure of the electric power produced depending on the types of power stations (heat-electric, condensation, atomic, ones);
- ✚ the system reliability conditions (grid and system limitations);
- ✚ campaigns aimed at repairs of the generating and electrical grid equipment conducted between autumn and winter season.

Season-related factors have a considerable influence on the performance of Unipro PJSC. Thus, spring floods increasing the electric power production by the hydroelectric power plants located in the region of presence of Berezovskaya GRES have an impact on the

level of demand for its production capacities. The impact of the repair factor of certain electrical grid equipment on the demand for electric power is especially considerable for Shaturskaya GRES and Smolenskaya GRES.

As from 2011, the market for services for the provision of system reliability (the system services market) has been functioning in the Unified Energy System of Russia; its task is to maintain the required level of reliability and quality of operation of the UES of Russia.

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 the emergence of a power imbalance in any of its parts. The 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. Rendering the service involves maintaining

the constant readiness of the power units to change the active capacity with the required speed and accuracy in case of a frequency change in the power system. Surgutskaya GRES-2, Shaturskaya GRES and Berezovskaya GRES are participants in the RPFC; at the listed power plants, the System Operator deploys the primary control reserve (reserve for equipment loading/unloading in terms of active capacity). In 2017, Power Unit No. 5 of Shaturskaya GRES also started rendering the RPFC service.

## Tariffs on Electric Power and Capacity

Pursuant to Russian Government Regulation 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 breakdown was

introduced with effect from 2012 based on the principle of the non-exceedance of prices (tariffs) and their limits in the first half of the next annual regulatory period over the value of the corresponding prices (tariffs) and their limits in the second half of the previous annual regulatory period.

The regulated tariffs for electric (heat) power (capacity) set for the power plants of Unipro PJSC vary considerably depending on a number of reasons, including the power plant performance, its location, the fuel used, and the prices thereof in the region of its presence, the investment plans and the regulation period commencement.

## Tariffs on Electric Power Set for Unipro PJSC Power Plants, RUB/MWh

Name		2015		2016		2017	
		H1	H2	H1	H2	H1	H2
Surgutskaya GRES-2	Power Units 1–6	696.99	697.26	697.26	711.25	711.25	725.58
	Unit 7	518.89	518.89	518.89	522.58	522.58	530.16
	Unit 8	517.81	517.81	517.81	522.81	522.81	530.32
Berezovskaya GRES	TG-1	318.15	318.15	318.15	347.46	347.46	361.79
	TG-2	294.83	326.84	315.43	315.43	315.43	328.58
	TG-3	–	–	400.53	400.53	–	–
Shaturskaya GRES	Power Units 1–6	1,193.20	1,469.10	1,469.10	1,486.20	1,486.20	1,515.98
	Unit 7	747.02	747.02	743.97	743.97	743.97	766.94
Smolenskaya GRES		1,265.88	1,267.03	1,258.22	1,258.22	1,258.22	1,285.53
Yaivinskaya GRES	Units 1–2	–	–	1,039.79	1,142.72	1,142.72	1,165.14
	Units 3–4	–	–	1,007.85	1,031.58	1,031.58	1,050.70
	Unit 5	604.23	604.23	604.23	620.33	620.33	631.93

## Capacity Tariffs Set for Power Plants of Unipro PJSC RUB/MW per month

Name		2015		2016		2017	
		H1	H2	H1	H2	H1	H2
Surgutskaya GRES-2		86,239.42	86,930.97	86,930.97	93,382.77	93,382.77	96,994.97
Berezovskaya GRES	TG-1	156,000.00	156,000.00	156,000.00	168,107.24	168,107.24	176,213.63
	TG-2	153,980.53	154,683.73	154,683.73	166,130.33	166,130.33	173,660.21
Shaturskaya GRES		130,188.47	135,087.69	135,087.69	145,096.94	145,096.94	151,513.27
Smolenskaya GRES		98,264.33	98,985.12	98,985.12	106,331.19	106,331.19	110,651.27
Yaivinskaya GRES	Unit 1	–	–	129,014.00	129,014.00	129,014.00	129,014.00
	Unit 2	–	–	129,024.00	129,024.00	129,024.00	129,024.00
	Units 3–4	–	–	143,227.31	154,444.57	154,444.57	167,422.50

## Electricity Sales

### Electricity Sales by Market Sector, mln kWh

Electricity sales	2015	2016	2017
RC (Regulated Contracts)	10,350	10,453	10,344
DAM (Day Ahead Market)	44,872	46,450	39,210
BM (Balancing Market)	1,465	1,341	1,212
Total at Unipro PJSC	56,687	58,244	50,766

In 2017, electricity sales by power plants of Unipro PJSC amounted to 50.8 bln kWh, which is 12.8% less compared to 2016.

■ Unipro PJSC pays much attention to the reliability and continuity of heat power supply, as this is essential in supporting the lives of the local consumers in the nearby communities.

### Heat Power Sales

In 2017, all the branches of Unipro PJSC (except for Surgutskaya GRES-2) supplied heat power directly to consumers under direct contracts or via entities providing housing and utility services. Surgutskaya GRES-2 supplies heat power to Surgut City Grid LLC.

The main consumers of the heat power are the 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.

The core business of Unipro PJSC is the generation and sale of electric power. Heat power generation and sales are not the key business of the Company. At year-end 2017, revenue from heat power sales constituted about 1.6% of the Company's total revenue. Nevertheless, Unipro PJSC pays much attention to the reliability and continuity of heat power supply, as this is essential in supporting the lives of the local consumers in the nearby communities.

≈ 1.6 %

revenue from heat power sales of  
the Company's total revenue.

## Company Activity Related to Regulatory Support and Power Market Development



**Alexey Kupreschenkov**

Head of the Regulatory Support and Energy Market Development Department, Unipro PJSC

**Unipro PJSC complies with the law in all the areas of its business operations and takes an active part in public and social debates concerning legislative initiatives by<sup>1</sup>:**

- ✦ publishing its comments and recommendations related to the further development of regulatory acts at regulation.gov.ru or by sending letters clarifying the Company's position to the developer;
- ✦ participating in public debates when drafting opinion on regulatory impact;
- ✦ participating in the independent anti-corruption examination procedure;
- ✦ participating in meetings held by ministries and government agencies;
- ✦ participating in the activities of working teams and expert boards.

Another mechanism regulating the Company's operations in the wholesale market for electricity and power (WMEP) is the Agreement on Adherence to the Wholesale Market Trading System together with its appendices (wholesale market rules). All and any changes to this agreement are approved by resolutions of the Supervisory Board of the NP Market Council Association.

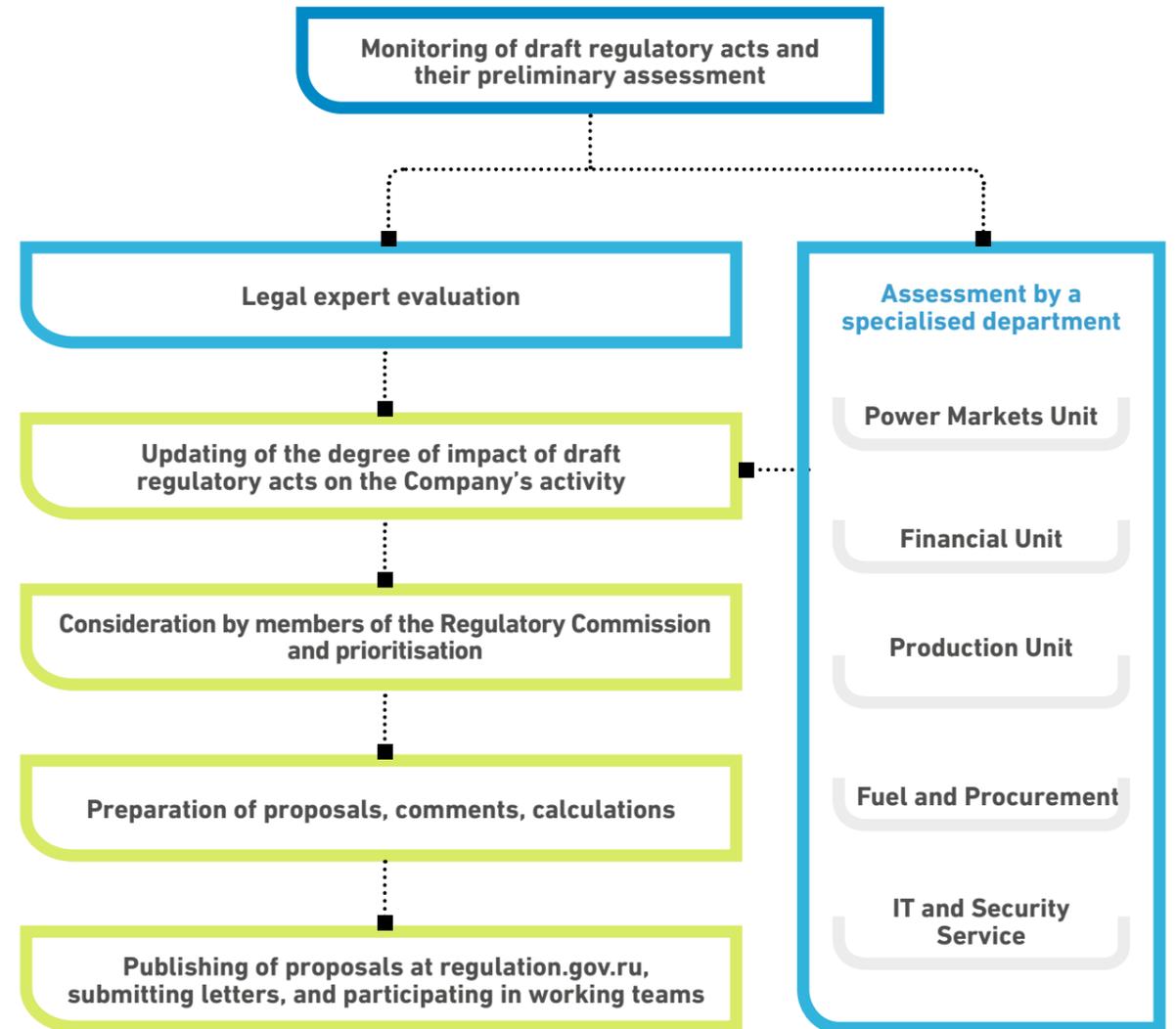
Being a wholesale market player, Unipro PJSC participates in the work of the Market Model Committee and in the meetings of the Association's Supervisory Board in order to further improve the wholesale market rules and make them compliant with applicable laws, to increase the transparency of the processes.

To form a common position, coordinate interactions with

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

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

## Networking among Business Units of the Company when Drafting Regulatory Acts



The following are the most notable regulatory legal acts in the electric power industry adopted in 2017 and drafted with contributions from experts of Unipro PJSC:

1. Order No. 12 of the Russian Ministry of Economic Development — On Amending the Procedure for Defining the Average Return on Long-Term Public Liabilities, Used to Calculate Capacity Prices for Capacity Suppliers, as approved by Order of the Russian Ministry of Economic Development No. 329 dated 26 July 2010, dated 20 January 2017.

2. Order No. 107 of the Russian Ministry of Energy — On Approval of the Procedure for Calculating the Compensable Cost Share Value Reflecting the Forecast Profit From Sales of Electric Power for Electric Power (Capacity) Suppliers, dated 17 February 2017.

3. Russian Government Order No. 1209-r — On Master Plan for the Arrangement of Power Generation Facilities by 2035, dated 9 June 2017.

4. Federal Law No. 279-FZ — On Amending the Federal Law on Heat Power Supply and Certain Legislative Acts of the Russian Federation Related to the Improvement of Relations in the Heat Power Supply Sector, dated 29 July 2017.

5. Russian Government Regulation No. 1065 — On Amending Certain Legislative Acts of the Russian Federation Related to Competitive Capacity Auctions, dated 2 September 2017.

6. Russian Government Regulation No. 1664 — On Amendments into the Rules of Wholesale Electricity Market, dated 27 December 2017.

In 2017, representatives of Unipro PJSC participated in key business events in Russia.

The Management of the Company participated in the activities carried out under the business programme of St. Petersburg's International Forum (1 to 3 June 2017, St. Petersburg), Russian Investment Forum (27 to 28 February 2017, Sochi).

Unipro PJSC was the general partner of the Krasnoyarsk Economic Forum (20 to 22 April 2017, Krasnoyarsk) and the Partner in arranging the Russian Electric Power Week (3 to 7 October 2017, Moscow, St. Petersburg). As part of those events, the Company carried out some business activities dedicated to topical issues of the electricity industry, in which the industry's key experts participated.

## 1.5. Strategy and Prospects of the Company Development

The development strategy of Unipro PJSC is a part of Uniper strategy focusing on traditional heat power engineering.

The Company's responsibilities also include operational and construction engineering for heat power plants, including the improvement

of processes, management of generating facilities construction.

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

The development strategy of Unipro PJSC is aimed at creating maximum shareholder value subject to ensuring a high level of generating equipment reliability and strict compliance with OHS standards.

Unipro is potentially interested in renewable and decentralised power generation.

### Strategic Goals of Unipro PJSC



**To improve OHS systems**



**To boost the demand for electric and heat power in the areas surrounding the Company's high-performance power plants; to sell byproducts (steam, CO<sub>2</sub>, etc.)**



**To enter energy service markets in Russia and CIS countries.**



**To improve the efficiency and reliability of generating equipment, including its modernisation / to decommission the power units that are not in demand in the market**

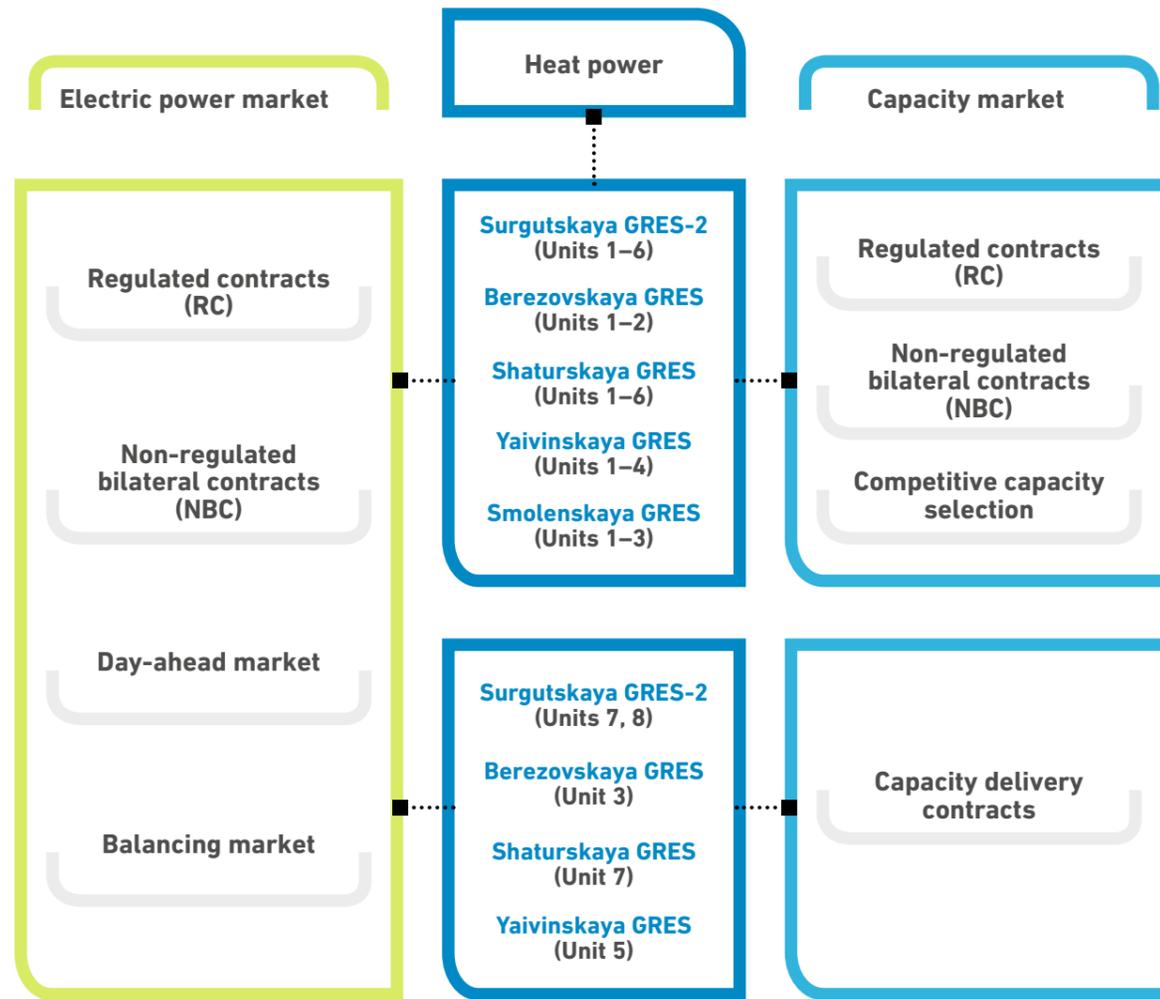
The following are the Top-priority Activities of the Company in 2018:

- ✦ to complete the repair of the boiler of Unit No. 3 at Berezovskaya GRES in 2019;
- ✦ to prepare the of generating capacities under the upcoming Russian Government Modernisation Programme. The volume and list of generating capacities, as well as technological solutions, will be determined according to the regulations and programme parameters set by the Government;
- ✦ to increase the performance of the power units not participating in the modernisation programme, including the construction of a boiler to reduce an inefficient load of the power units at Smolenskaya GRES and to improve the reliability of heat power supplies to the Ozerny Settlement in the Dukhovshchinsky District of the Smolensk Region;
- ✦ preparation and implementation of projects for entering the energy service markets of Russia and the CIS countries.

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

The new development strategy of Uniper — HSEE: We care for People and the Environment, was adopted in 2017. In its turn, Unipro is going to update the Company's development strategy to bring it in line with the goals of the major shareholder.

### Business Model of Unipro PJSC



## Financial Performance



“In 2017, Unipro PJSC demonstrated high financial and economic results. The marginal profit was increased thanks to thorough and ongoing monitoring of costs by management and increased PSA tariffs, which helped to offset the lower electric power sales volume.

In 2017, EBITDA was RUB 42.5 billion, and the EBITDA margin was 53.7%.

In 2017, the Company successfully settled the loss due to its active involvement in the insurance case at Power Unit No. 3 of Berezovskaya GRES, close cooperation with the insurance companies' representatives, and enabling a transparent investigation process. The full insurance coverage was RUB 26.1 billion.

In 2018, the Company deals with maintaining the current state of the insurance contract on restoration and repair works at Power Unit No. 3 of Berezovskaya GRES, and the extension of the Company's insurance coverage including cyber-risks.

The Company aims to secure stable cash flow. For this, it should continue with the cost-cutting initiatives, while ensuring reliable operation of equipment.

Unipro PJSC is engaged in the operational excellence programme, which comprises activities for improving main business processes related to M&R of generation equipment.

In 2017, based on the resolution of the Annual General Meeting of Shareholders dividends were paid out in the amount of RUB 5.9 billion for 2016, and RUB 1.1 billion for Q1 2017. The Extraordinary General Meeting of Shareholders that took place on 7 December 2017 made the decision to pay out interim dividends of RUB 7.0 billion for 9 months of 2017. Thus, in 2017, the Company paid out dividends totalling RUB 14 billion.

In 2018, the Management recommends to pay out total dividends of RUB 14 billion, having maintained the level of 2017.”

**Ulf Backmeyer**  
Deputy Director General for Economics and Finance,  
Unipro PJSC

## 2. Financial Performance

### 2.1. Financial Performance

#### Operating Performance in 2015–2017

Indicator	2015	2016	2017	2017/2016 +/-, %
Revenue, RUB mln	78,618.8	81,129.6	79,136.0	-2.5
Prime cost, RUB mln	60,664.6	63,885.4	57,280.3	-10.3
EBITDA (excl. exchange difference)*, RUB mln	24,279.5	20,653.0	42,527.0	105.9
EBITDA margin (excl. exchange differences), %	30.9	25.5	53.7	-
EBIT (excl. exchange differences)**, RUB mln	17,604.8	13,921.1	36,244.0	160.4
EBIT margin (excl. exchange differences), %	22.4	17.2	45.8	-
Net profit, RUB mln	15,545.7	10,490.0	30,134.3	187.3
Net profit margin, %	19.8	12.9	38.1	-
Exchange difference balance, RUB mln	1,205.1	-899.2	-295.1	-67.2

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

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

Since the Company produces and sales electric power and capacity in Russia using the Russian rouble as its currency of payment, EBITDA and EBIT excluding volatile factors, particularly currency differences, provide for the most accurate performance assessment of the activities of Unipro PJSC.

## Revenue

The Company's revenue in 2017 comprised proceeds from the sale of electric power, heat, and other commercial and non-commercial products and services.

As of year-end 2017, Unipro PJSC revenues fell by 2.5% YoY to RUB 79,136 million.

Indicator	2015, RUB mln	2016, RUB mln	2017, RUB mln	2017/2016 +/- %
Sale of electric power and capacity:	77,094.5	79,435.5	77,365.3	-2.6
– sale of electric power	51,943.3	53,247.3	46,575.2	-12.5
– sale of capacity	25,151.2	26,188.2	30,790.1	17.6
Sale of thermal power, including:	1,164.6	1,297.9	1,293.0	-0.4
– sale of produced heat power	859.2	945.3	977.1	3.4
– heat power transportation	305.4	352.6	315.9	-10.4
Sale of other works and services:	359.6	396.3	477.7	20.5
– other commercial sales	346.4	384.0	464.2	20.9
– other non-commercial sales	13.2	12.3	13.5	9.3
<b>Total revenue</b>	<b>78,618.8</b>	<b>81,129.6</b>	<b>79,136.0</b>	<b>-2.5</b>

### Electric Power and Capacity Sales Revenue

As of year-end 2017, revenue from the sale of electric power and capacity decreased by 2.6% to RUB 77,365 million YoY (RUB 79,435 million). Key factors diminishing the revenue included a lower output of the Company's power plants mostly due to a longer time in cold reserve (dispatching of the Grid Operator), the conduction of major inspections at the power units of CCGT of

the Shaturuskaya GRES and Surgutskaya GRES-2, and the upgrading of the CCGT gas turbine at Yaivinskaya GRES.

Meanwhile, the increased revenue was driven by higher capacity payments resulting from the revision of the CSA prices for the CCGT power units of Yaivinskaya GRES and Shaturuskaya GRES, and the commencement of receiving payments under the CSA (delta CSA) for the CCGTs of Yaivinskaya GRES, Shaturuskaya GRES, and Surgutskaya GRES-2 since

the seventh year of capacity supply.

The revenue share from electric power and capacity sold on the regulated market sector (excluding the capacity delivery agreement (CDA)) changed slightly in the total revenue of Unipro PJSC as of year-end 2017, approximately by 1 p.p., up to RUB 10,892 million (13.8% in total revenues). However, the share of revenues from the sales in the competitive sector reduced by 1 p. p. to 84.0%, or RUB 66,474 million.

### Heat Power Sales Revenue

As of year-end 2017, the revenues from the sale of heat power remained at the 2016 level and amounted to RUB 1,293 million (RUB 1,298 million in 2016). Overall as of year-end 2017,

the revenue share of heat power sales of the Company's total revenue was 1.6%.

### Other Income

As of year-end 2017, the Company's other income (income from commercial

and non-commercial sales) increased by 20.5% to RUB 478 million (from RUB 396 million in 2016), mostly due to the higher sales of heat carrier medium and M&R fees. As of year-end 2017, the share of other income was 0.6% of the total revenue of Unipro PJSC.

## Expenses

Indicator	2015, RUB mln	2016, RUB mln	2017, RUB mln	2017/2016 +/- %
Fuel for producing electric and heat power	35,435.6	37,876.4	33,647.2	-11.2
Other material costs	8,405.8	8,510.3	6,661.1	-21.7
Market operator service fees	1,254.8	1,282.1	1,273.6	-0.7
Labour costs	4,677.6	5,084.9	4,910.3	-3.4
Contributions to non-budgetary funds	1,134.6	1,225.8	1,218.6	-0.6
Taxes and levies	1,291.8	1,211.0	1,225.9	1.2
Depreciation	6,666.5	6,731.9	6,283.1	-6.7
Other costs	1,797.9	1,963.0	2,060.5	5.0
<b>Total costs</b>	<b>60,664.6</b>	<b>63,885.4</b>	<b>57,280.3</b>	<b>-10.3</b>

### Fuel Expenses

In 2017, the share of fuel expenses in the Company's operating expenses was 58.7%. Overall, fuel expenses decreased in 2017 by RUB 4,229 million (-11.2%) YoY to RUB 33,647 million

(excluding expenses on the fuel for commissioning and M&R operations), with the key driver being reduced generation, mostly due to the replacement of the operating equipment and increased time in cold reserves, and due to major inspections of CCGT units.

Gas procurement expenses (for producing electric and heat power) accounted for 92.2% of the Company's overall fuel expenses in 2017. Coal expenses (for producing electric and heat power) accounted for 7.5% of the Company's overall fuel expenses.

**Other Material Expenses**

Other material expenses include: maintenance costs of buildings, construction and equipment, M&R costs of new power units, costs of procuring electric power and power, costs on raw materials and materials for operational and economic needs, transport and office equipment maintenance, and purchase of labour safety materials.

As of year-end 2017, other material expenses of Unipro PJSC amounted to RUB 6,661 million, or 11.6% of the Company's total expenses. A decrease of 21.7% YoY was mostly due to the lower costs of procuring electric power and capacity.

**Market Operator Service Fees**

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

As of year-end 2017, Unipro's expenses towards Market operator service fees only slightly dropped from the 2016 level to RUB 1,274 million (RUB 1,282 million in 2016). In 2017, the share of Unipro's market operator service fees in

the Company's total costs remained at the 2016 level of 2%.

**Labour Costs**

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

As of 2017, the Company's labour costs dropped by 3.4% YoY to RUB 4,910 million (RUB 5,085 million in 2016), or 8.6% of the Company's total expenses.

**Contributions to Non-Budgetary Funds**

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

The total amount of contributions to non-budgetary funds with allowances to estimated liabilities in 2017 was RUB 1,219 million, or 2.1% of the Company's total expenses (1.9% in 2016).

**Taxes and Levies**

Unipro PJSC is one of the largest taxpayers in Russia.

Taxes and levies paid by the Company comprise property tax, transport tax, land tax, water tax, and mineral-extraction tax, as well as levies covering

the use of water bodies, environmental pollution, and duties.

In 2017, the Company's tax accruals rose by 1.2% YoY to RUB 1,226 million. Taxes and levies increased in 2017 due to a slight increase of environmental charges calculated with a surcharge rate for Berezovskaya GRES and Surgutskaya GRES-2. In 2017, the share of taxes and levies in the Company's operating expenses structure was 2.1%.

**Depreciation**

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

In 2017, Unipro PJSC depreciation accruals fell by 6.7% to RUB 6,283 million (RUB 6,732 million in 2016). Depreciation accruals fell in 2017 due to the temporary suspension of depreciation accruals for the objects of Power Unit No. 3 of Berezovskaya GRES (since March 2016) and completed depreciation accruals due to the expiration of the useful life of fixed assets at the Company's plants. In 2017, the share of depreciation accruals in the Company's operating expenses structure was 11.0%.

**Other Costs**

Other costs include expenses on communication and data transmission services, IT services, staff training, utility services, guarding, insurance, rebranding and

other administrative and managerial expenses.

As of year-end 2017, Unipro's other expenses increased by 5.0% to RUB 2,061 million (RUB 1,963 million in 2016), constituting 3.6% of

the Company's operating expenses structure in 2017. The rise in other expenses YoY is mostly due to the rise in expenses towards voluntary property insurance and interruptions in production activities.

**Material Facts Affecting Financial Performance in 2017**

The key event affecting the Company's financial performance in 2016–2017 was the fire accident in the boiler room of Power Unit No. 3 of Berezovskaya GRES on 1 February 2016. After the accident, the 800 MW Power Unit No. 3 of Berezovskaya GRES was taken to the off-schedule emergency maintenance. As of year-end 2017, extraordinary expenses include the disposal of damaged fixed assets in the amount of RUB 5,838 million (RUB 6,363 million in 2016), and liquidation of the fixed assets in the amount of RUB 1,355 million (RUB 2,071 million in 2016). In May 2017, Unipro PJSC received the last insurance indemnity of RUB 20,449 million (the first one of RUB 5,651 million was obtained in 2016).

According to the results of the test for the devaluation of investments in the subsidiaries' authorised capitals, provisions were made for the subsidiary company E.ON Connecting Energie LLC in the amount of RUB 1,011 million.

In 2017, the Power Unit of CCGT 8 of Surgutskaya GRES-2 underwent major inspection, following which materials were entered into the books in the amount of RUB 1,534 million as part of the other income.

**EBITDA**

In 2017, Unipro earnings before interests, taxes and depreciation were RUB 42,527 million, which is twice higher than the RUB 20,653 million of 2016).

As of year-end 2017, the EBIDTA margin excluding exchange differences was 53.7% (in 2016 — 25.5%).

Excluding insurance indemnity, the 2017 EBIDTA margin remains high, at 27.9%.

**EBIT**

In 2017, Unipro earnings before interest and taxes increased by 2.6% to RUB 36,244 million (RUB 13,921 million in 2016).

As of year-end 2017, the EBIT margin was 45.8% (17.2% in 2016).

Excluding insurance indemnity, the 2017 EBID margin remains 20.0%.

## Net Profit

The Company's net profit for 2017 increased YoY to RUB 30,134 million (RUB 10,490 million in 2016).

As of year-end 2017, the net profit margin was 38.1% (12.9% in 2016).

Excluding insurance indemnity, the 2017 net profit margin is 12.2%.

# 30.134

RUB  
bln

the Company's net profit for 2017

## Taxation and Contributions to State Non-Budgetary Funds

The Company is a taxpayer of a number of taxes, which significant affect the Company's performance.

### Types and Amounts of Taxes Paid by Unipro PJSC to Budgets of Various Levels for 2015–2017

Taxes	2015, RUB mln	2016, RUB mln	2017, RUB mln
VAT	3,060.5	4,701.9	3,063.2
Income tax	3,508.2	1,977.0	10,962.3
Dividend income tax	736.2	828.7	588.8
MET	0.01	–	–
Water tax	0.8	0.9	3.9
Property tax	1,045.1	1,197.7	1,151.1
Personal income tax	696.6	648.0	624.0
Personal dividend income tax	30.1	25.0	26.9
Transport tax	3.7	2.4	2.6
Land tax	32.8	33.5	33.8
Other	3.2	3.2	2.2
<b>Total</b>	<b>9,117.2</b>	<b>9,418.2</b>	<b>16,458.8</b>
<b>Insurance contributions to state non-budget funds</b>	<b>1,238.5</b>	<b>1,182.1</b>	<b>1,174.2</b>

## Assets. Significant Changes in the Assets Profile

In 2017, Unipro assets increased by 10.8% to RUB 132 billion.

Significant changes in the assets profile in 2017 were introduced to the following balance sheet items:

- expansion of the construction in process in 2017 YoY up to RUB 17,213 million (RUB 12,043 million in 2016 – including adjustments in the 2017 report) The increase is due to the expanded capital construction at Berezovskaya GRES within the framework of the Maintenance and Remedial Works at Power Unit No. 3 of Berezovskaya GRES and under the project for the constructing of a new fuel-receiving station;
- Reduction in long-term financial investments to

RUB 444 million in 2017 (RUB 1,261 million in 2016), mostly due to the depreciation of investments in the authorised capital of E.ON Connecting Energie LLC following the test on 31 December 2017, and the sale of a share in the subsidiary Shaturskaya Management Company OJSC;

- in 2017, the stock increased to RUB 16,135 million from RUB 6,989 million in 2016, mostly due to the increase of spare parts on stock. The growth is also due to the recovery works at the Power Unit No. 3 of Berezovskaya GRES;
- the increase of the accounts receivable to RUB 11,775 million in 2017 from RUB 10,699 million in 2016, which is due to the increase of another

accounts receivable in part of profit tax as of the end of 2017. This is related to the Company's obligation to make profit tax payments in advance. Since the Company received an extraordinary income in Q2 2017 in the form of an insurance indemnity for Berezovskaya GRES, the advance payments in Q3 were calculated in an amount significantly higher than the tax calculated in Q3 2017. Thus, an extra profit tax was paid, which the Company will put on the account of future profit tax payments in 2018;

- increase of short-term financial investments up to RUB 3 billion in 2017 from RUB 156 million in 2016 is due to the adding at the end of 2017 of an intra-group loan in favour of Uniper SE.

## Liabilities. Significant Changes in the Liabilities Profile

As of 2017, the Company's capital and provisions increased by 15.7% to RUB 119,887 million (RUB 103,612 million). The increase was due to the higher net income in 2017.

The Company's short-term liabilities as of year-end 2017 dropped to RUB 6,593 million from RUB 9,427 million as of year-end 2016; the reduction is due to the repayment in 2017 of the intra-group loan

from Uniper SE in the amount of RUB 2,308 million.

No significant changes occurred to the accounts payable in 2017 as compared to 2016.

## 2.2. Risk Management



**Elena Talalayeva**

Head of Treasury Operations and Risk Management Department, Unipro PJSC

**“An efficient risk management system is a key to the Company’s stable financial performance and sustainable development.**

**Unipro’s risk management aims to forecast, timely identify and prevent risks in all of the Company’s activities. We regularly analyse and, if needed, adjust planning, controlling and reporting processes in the Company in order to improve efficacy of risk management.**

**The risk management system is based on the Company’s business development strategy, internal documents, and comprises controlling, planning, internal control system, internal audit, reporting on risks and opportunities, and the work of the Risks and Finances Committee.”**

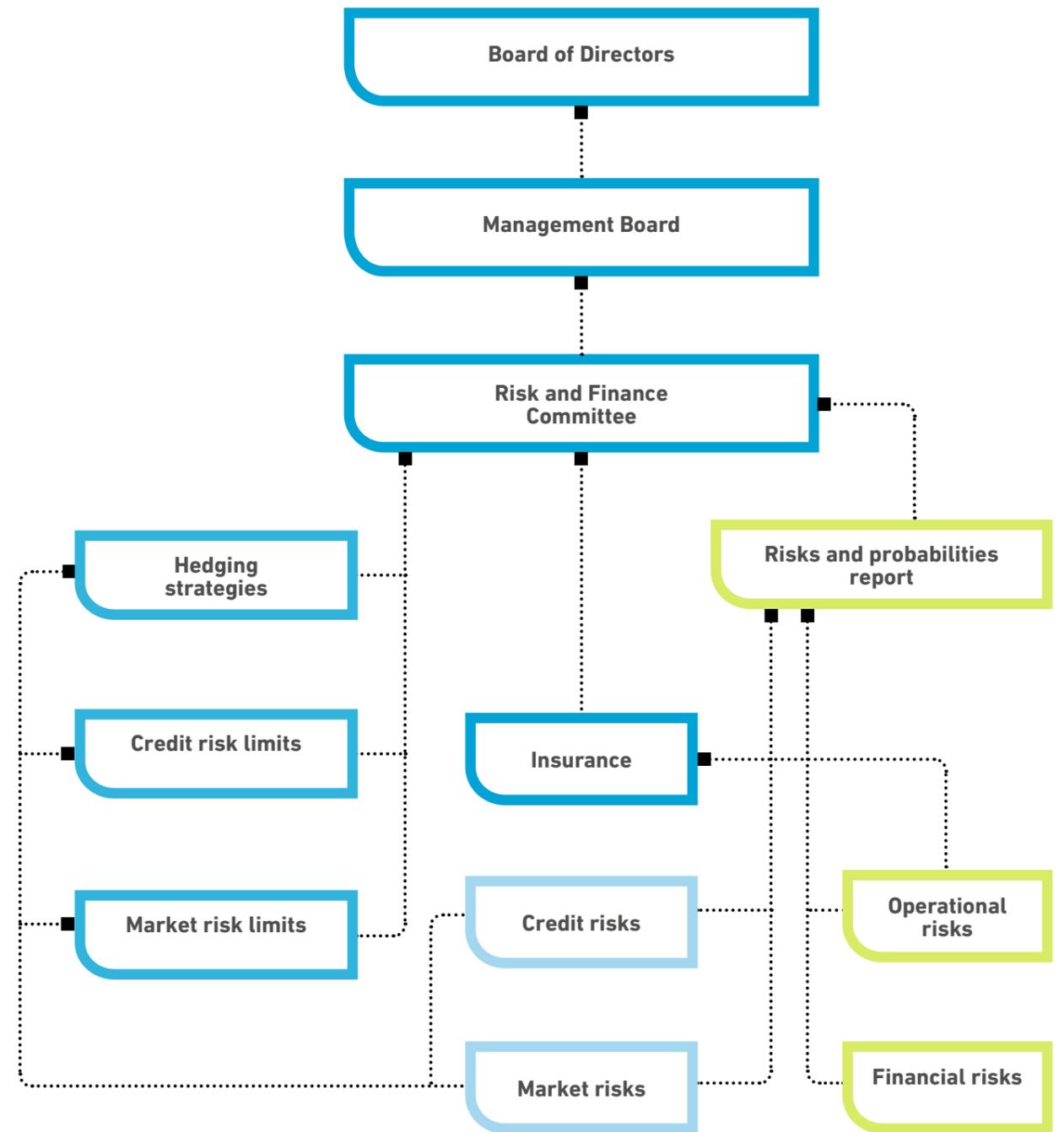
In 2017, the Treasury and Risk Management Department focused on receiving the due insurance indemnity related to the accident at the Power Unit No. 3 of Berezovskaya GRES, updating terms and conditions of the insurance agreement for recovering the Power Unit No. 3 of Berezovskaya GRES, the best renewal of the insurance coverage of the assets damage and an interruption of production activities for 2018, and intensifying the role of the risk management function in terms of the influence on the quality of risk management processes by risk owners.

Major risk management efforts in 2018 will go to coordinating interactions of the Company’s divisions and participation in identification and mitigation of risks; Development of a methodology for assessing risks related to informational security. The work will continue on insuring the most material cyberrisk under the property and business interruption insurance contracts.

### Corporate Risk Management System (CRMS)

The risk management system is an integral part of the Company’s production processes and decision-making Under the CRMS, corporate reports on risks, probability and preventive measures are prepared and brought to the Company’s senior management. Scheduled reports are provided on the quarterly basis. Moreover, the Company establishes a procedure for compiling and reviewing urgent reports in case of emerging new material risks.

### Corporate Risk Management System at Unipro



**Risk and Finance Committee**

The Risk and Finance Committee of Unipro comprises heads and representatives of the Company's key business units, who are in charge of operational, legal and financial activities. The Committee ensures implementation of the credit and market risks management strategy,

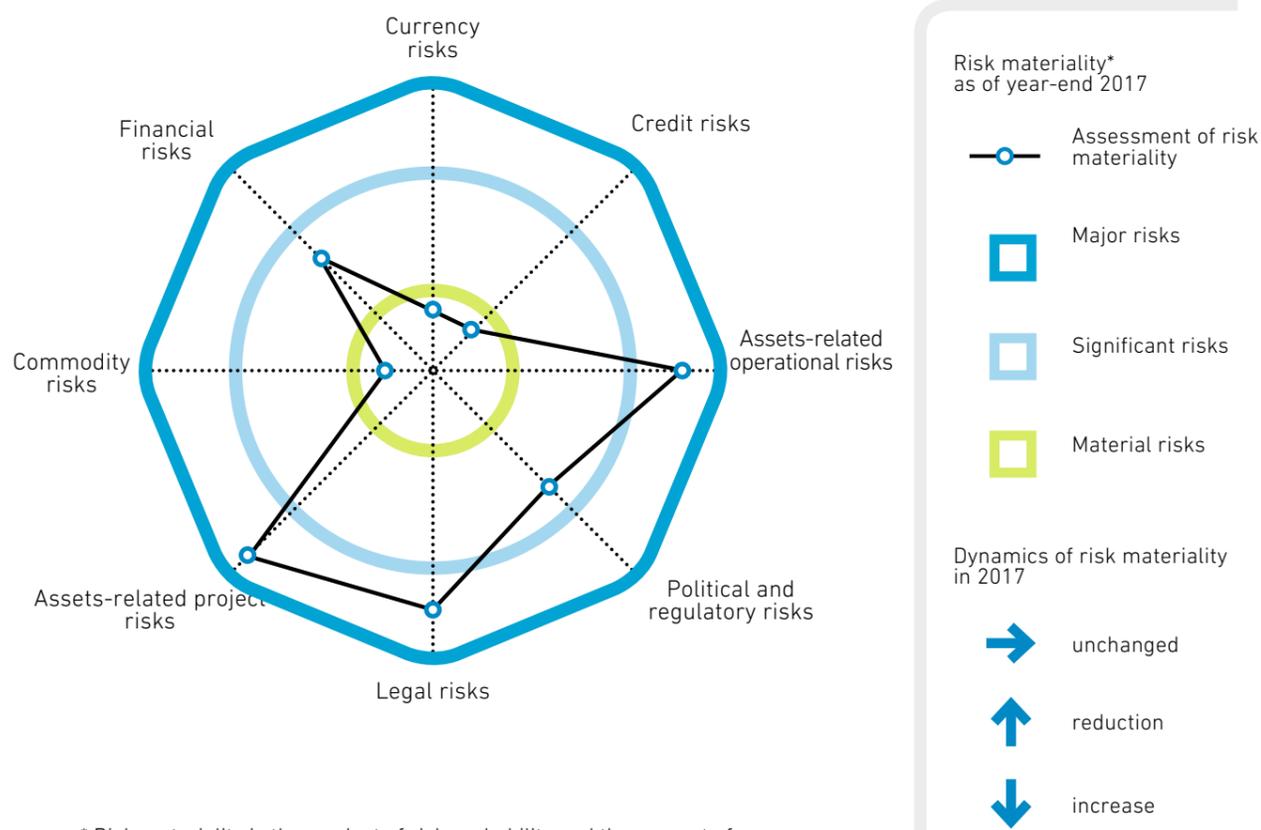
prepares recommendations for the Company's executive bodies on risk management, reviews and approves risks and probabilities reports.

**Regulatory Committee**

The Company established the Regulatory Committee to form a unified position, coordinate the interactions with external companies, and draft recommendations on

strategic issues of the electric power industry regulation. The Committee comprises heads and representatives of the Company's key functional units in charge of the operational and financial activities, and of liaising with the infrastructure organisations of the wholesale market and specialised ministries and institutions.

**Most Material Net Risks as of Year-End 2017**



\* Risk materiality is the product of risk probability and the amount of consequences for a company in monetary terms.

Risk category	Risk subcategory and preventive measures	Assessment of materiality and risks dynamics
Market risks	<p><b>Commodity risks</b></p> <p>The key sector exposed to the commodity risk is the day-ahead market (DAM), on which prices are made the arm's length principle. The competition between generators and the pressure on free prices are increasing due to significant excess capacities formed through the stagnation of power consumption and ongoing commissioning of capacities by generators under investment programmes. Nevertheless, the Company utilises all methods provided by the Wholesale Market Rules to increase its revenues from electric power sales in the free market sector. Overall, the DAM situation in Russia can be described as stable.</p>	 
	<p><b>Currency risks</b></p> <p>The Company minimises the foreign exchange risk by hedging future liabilities in foreign currency.</p>	 
Credit risks	<p>Unipro PJSC manages credit risks by assessing fair practices of counterparties, by setting and controlling limits on transactions with financial institutions.</p>	 
	<p>In its operations, the Company is forced to supply electricity to certain Russian regions that either fail to pay or delay the payment for energy consumption and this increase the receivables for Unipro PJSC.</p>	 
Financial risks	<p><b>Tax risks</b></p> <p>The Company closely follows-up on changes to the tax legislation and law-enforcement practices related to tax cases in order to timely incorporate these changes into its tax obligations.</p>	 
Operational risks	<p><b>Assets-related operational risks</b></p> <p><b>Business interruption risks</b></p> <p>This risk is caused by any factors that may cause business interruptions. Meanwhile, this risk includes both a direct stoppage in production resulting from physical damage of the equipment, and a consequential business interruption resulting from material loss at an outside facility that does not belong to the Company, and is not maintained or managed thereby. Key actors in analysing potential 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. To reduce probability of negative events, the Company undertakes the following measures:</p> <ul style="list-style-type: none"> <li>four-tier system of industrial control and industrial safety management;</li> <li>equipment maintenance in line with a strict schedule;</li> <li>high-quality training of the personnel (especially the employees operating hazardous facilities), assessment of their knowledge and analysis of their reliability based on investigations of incidents and potentially dangerous occurrences;</li> </ul>	 

Risk category	Risk subcategory and preventive measures	Assessment of materiality and risks dynamics
Operational risks	<ul style="list-style-type: none"> <li>systematic work with the staff to increase their reliability in the form of zero or minimum number of accidents/incidents resulting from human errors;</li> <li>implementation of a risk-oriented approach to planning targeted measures improving the equipment reliability and implemented as part repair and modernisation operations;</li> <li>fulfilment of recommendations provided by risk engineers from insurance companies and based on best practices in improving the reliability and fire safety of the equipment, buildings and structures;</li> <li>control over the quality of repairs in terms of their compliance with maintenance specifications and technical acceptance of the repaired equipment by the customer's representatives;</li> <li>use of the system of regular equipment performance assessment;</li> <li>sub-contracting specialised organisations to assist with technical condition diagnostics and assessment;</li> <li>on-site audits of the assessment of the equipment maintenance readiness and assessment of completed repairs;</li> <li>investigations of all cases of the equipment failure affecting the operation of generation equipment;</li> <li>calculation and analysis of reliability indicators for the equipment groups to forecast its forced unavailability and ensure that the investments are targeted at minimising such forced unavailability;</li> <li>analysis of changes in the equipment performance indicators and cost/performance ratios;</li> <li>implementation of a comprehensive programme for the equipment replacement and per-unit reconditioning;</li> <li>implementation of a comprehensive programme for advanced training of the production personnel;</li> <li>standardisation of repairs, including development of maintenance data sheets and maintenance procedures specifications;</li> <li>financial incentives to the staff for reduced equipment fault rate, and forced unavailability;</li> <li>insurance-coverage for property damage and business interruptions (the risks are partially insured in 2018).</li> </ul>	
	<b>Assets-related project risks</b>	
	Risks associated with the recovery of the Power Unit 3 at Berezovskaya GRES	
	The risk that the actual date of commissioning Power Unit No. 3 of Berezovskaya GRES 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. Moreover, the Company partially insured risks related to the project "Recovery of the Power Unit No. 3 at Berezovskaya GRES".	

Risk category	Risk subcategory and preventive measures	Assessment of materiality and risks dynamics
Operational risks	<p><b>Legal risks</b></p> <p>Active state regulation of the power industry leads to frequent revisions in the most critical legal acts in this field, which creates the risk for stable and predictable business. Increasing legal risks are due to the toughening requirements of competition legislation.</p> <p>The Company exerts all efforts to properly identify and mitigate the above legal risks, ensuring strict compliance with the applicable law in doing business.</p> <p>Frequent reforms to the organisation of courts and amendments to the procedural legislation, including the matters of competence of the court and its jurisdiction over a case, together with changes in approaches applied by courts to any particular category of cases, bring even more incertitude to the judicial system operations, which makes it impossible to foresee the outcomes of judicial cases and guarantee unbiased trials.</p> <p>The Company may turned out being a party to judicial proceedings shaping a new court practice (for example, the fact of a long-term emergency maintenance of equipment can be used for termination a power delivery contract through legal proceedings).</p> <p>The Company regularly analyses judicial practice at the level of both the Russian Supreme Court of and commercial courts; and the legal position of the Russian Constitutional Court on certain law enforcement matters.</p>	
	<b>Political and regulatory risks</b>	
	The Russian wholesale electricity market regularly undergoes changes, which affects both the structure of the electricity market and relations between its participants.	
	According to the Company's estimates, the important industry-specific risk that may significantly affect Unipro PJSC is the risk of change in functioning rules for the electricity and capacity market. Increase in the share of the regulated component in the wholesale market negatively affects the Company's yield because it reduces the share of more efficient sales at non-regulated (free) prices.	

**With the existing risk management system, the Company ensures that the emerging risks are timely detected, estimated, managed, and controlled. However, some risks may still emerge that are currently unknown or insignificant. These risks may negatively affect future performance of Unipro PJSC.**

### Insurance risk management



#### Igor Shlensky

Leading Specialist  
Treasury Operations and Risk  
Management Department,  
Unipro PJSC

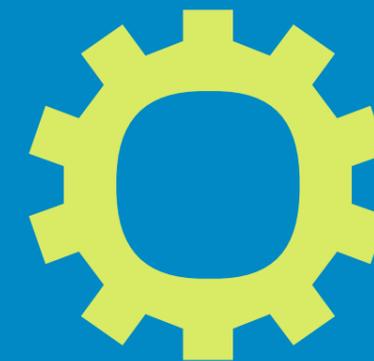
**“Unipro forms its insurance coverage according to the corporate Insurance Policy of Uniper SE under the supervision of corporate insurance broker Uniper Risk Consulting GmbH (URC).**

Using insurance instruments, URC is engaged in the development and optimisation of solutions for managing operational risks, which enables the following:

- ✦ utilise a reliable global coverage resource in the acquired insurance products and reinsurance schemes;
- ✦ be amongst the first ones to expand the coverage to new risk areas;
- ✦ build insurance protection on favourable conditions with a significantly wider insurance coverage;
- ✦ optimise the coverage with allowances to the many years of international experience in settling losses, and utilising the captive insurance scheme.

**In Russia, Unipro PJSC has the reputation of a leading insurer, whose experience is exemplary for the market.**

**A good case in hand regarding the correctness of utilised approach are the positive results of settling losses of the insurance cases in 2015–2017.”**



## Operations Overview



“We are proud that Unipro PJSC is one of the most efficient energy companies in Russia focused on ensuring the safe and reliable operation of power-generating equipment. The key performance indicators of a generating company include electric power generation, installed electric capacity, the capacity utilisation factor (CUF), electricity generation volume, and heat power output from headers.

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.

Throughout 2017, Unipro PJSC demonstrated a high demand for production facilities, which confirms the traditionally high level of CUF in 2017 — over 49%.”

**Igor Popov**  
Deputy CEO for Production, Unipro PJSC

## 3. Operations Overview

### 3.1. Key Performance Indicators of the Company for 2017

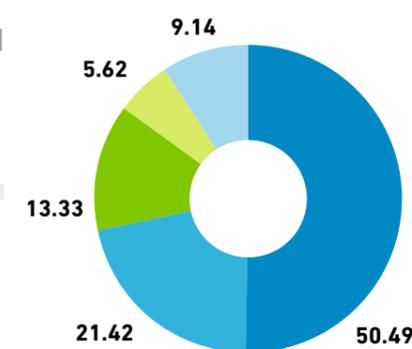
# 11,205<sup>MW</sup>

the installed electric capacity of Unipro power plants as of the end of 2017

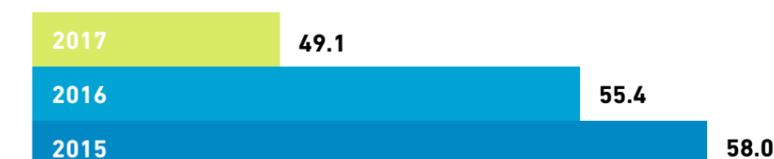
■ The Unipro PJSC capacity utilisation factor (CUF) indicating the actual utilisation of the power plant capacity remains high, and for 2017 amounted to 49.1%.

Structure of the Installed Electric Capacity of Unipro PJSC as of Year-End 2017, %

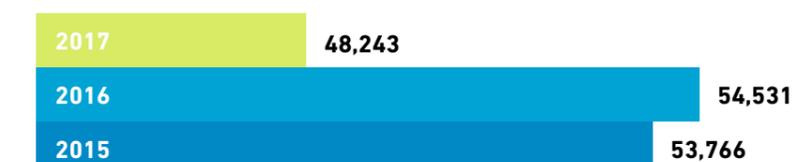
- Surgutskaya GRES-2
- Berezovskaya GRES
- Shaturskaya GRES
- Smolenskaya GRES
- Yaivinskaya GRES



Unipro PJSC Capacity Utilisation Factor, %



Electric Power Generation (Production) by Unipro PJSC in 2015–2017, mln kWh



In 2017, the branches of Unipro PJSC generated 48.243 billion kWh of electric power. As compared to 2016, electricity production decreased by 6,288 million kWh (11.5%).

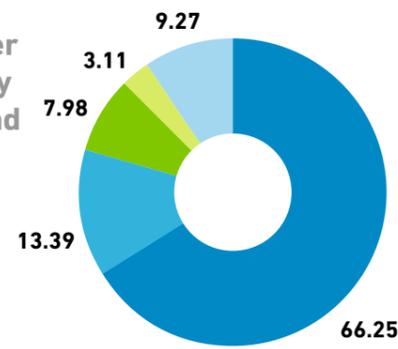
The decrease in the electric power generation and CUF in 2017 was caused by shutdowns of the generating equipment at Berezovskaya GES and Surgutskaya GES-2 to cold reserve, in accordance with the dispatch of the System Operator as well as the work stoppages due to major inspections of the CCGT power units at Shaturuskaya GES and Surgutskaya GES-2 and the modernisation of the CCGT gas turbine at Yaivinskaya GES.

The electric power generation at Berezovskaya GES decreased due to an increase in the electric power generation by the Siberian HPP in H1 2017, compared to the same period in 2016.

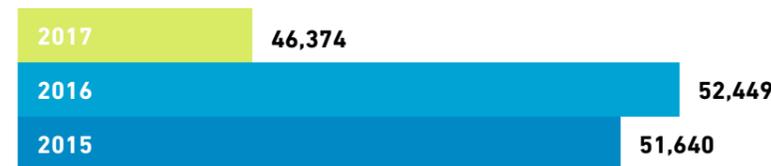
The net electric power output was 46.374 bln kWh in the reporting year. The electric power generation decreased by 6,075 mln kWh (11.6%), compared to 2016.

**Structure of Electric Power Generation (Production) by Unipro PJSC as of Year-End 2017, %**

- Surgutskaya GES-2
- Berezovskaya GES
- Shaturuskaya GES
- Smolenskaya GES
- Yaivinskaya GES

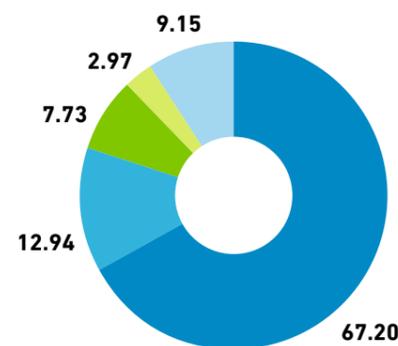


**Net Electric Power Output by Unipro PJSC in 2015–2017, mln kWh<sup>1</sup>**



**Structure of Net Electric Power Output by Unipro PJSC as of Year-End 2017, %**

- Surgutskaya GES-2
- Berezovskaya GES
- Shaturuskaya GES
- Smolenskaya GES
- Yaivinskaya GES

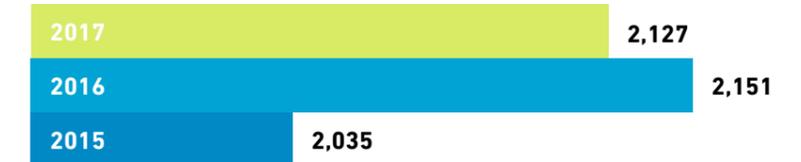


<sup>1</sup> Excluding load losses

The total volume of heat power output from Unipro headers was 2,127 thousand GCal in the reporting period (2,151 thousand GCal in 2016).

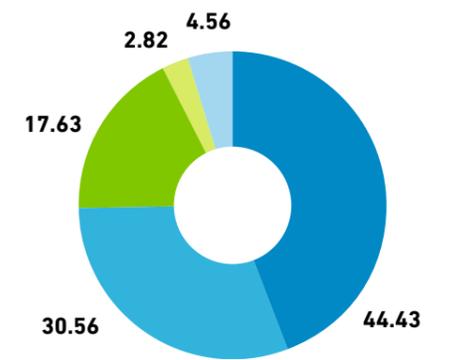
The decrease in the heat power output from the headers by 1% as compared to 2016 were caused by the reduction in the average outdoor temperature in the heating period.

**Heat Power Production (Heat Power Output from Headers) by Unipro PJSC in 2015–2017, thousand GCal**



**Structure of Heat Power Production (Heat Power Output from Headers) by Unipro PJSC as of Year-End 2017, %**

- Surgutskaya GES-2
- Berezovskaya GES
- Shaturuskaya GES
- Smolenskaya GES
- Yaivinskaya GES

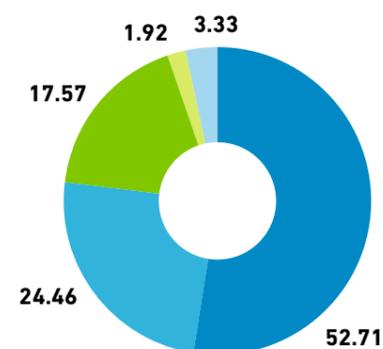


**Net Heat Power Output by Unipro PJSC in 2015–2017, thousand GCal**



### Structure of Net Output by Unipro PJSC as of Year-End 2017, %

- Surgutskaya GRES-2
- Berezovskaya GRES
- Shaturskaya GRES
- Smolenskaya GRES
- Yaivinskaya GRES



## 3.2. Fuel Mix Structure

The power plants of Unipro PJSC use gas, coal, and fuel oil as process fuel. It is also possible to use peat, although it was not fired in 2017. The primary fuel in the fuel mix of the Company is gas: in 2017, gas consumption amounted to 84.72% of the total fuel consumption.

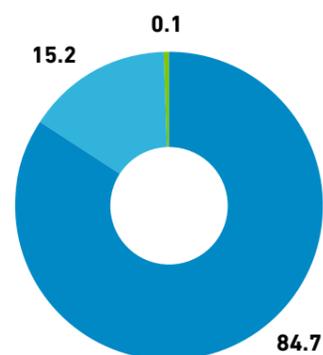
The major gas consumer is the mono-fuel Surgutskaya GRES-2.

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 4,048.0 thousand tonnes in 2017.

The Shaturskaya GRES, Smolenskaya GRES, and Yaivinskaya GRES can use

### Fuel Balance Structure of Unipro PJSC as of Year-End 2017, %

- Gas
- Coal
- Fuel oil



Fuel	Volume, mln cbm ('000 tonnes)	Volume, '000 tonnes of fuel equivalent	Share, %
Gas	10,480.00	12,181.30	84.7
Coal	4,056.30	2,181.90	15.2
Fuel oil	11.4	15.8	0.1

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 2017, its share in the fuel mix of Smolenskaya GRES was 99.06%, Shaturskaya GRES — 99.95% and Yaivinskaya GRES — 99.98%.

Following the results of 2017, Unipro PJSC spent a total of 10.5 bln m<sup>3</sup> of gas, 4.0 mln tonnes of coal, and 11.4 thousand tonnes of fuel oil for process purposes. The cost of fuel consumed by the branches of Unipro PJSC for the production of electricity and heat power in 2017 was RUB 33.6 bln, net of VAT.

## Key Fuel Suppliers

The main fuel supplier to the power plants of Unipro PJSC in 2017 was the independent gas producer NOVATEK PJSC. Its share in the total fuel cost procured for the Company's power plants reached about 77.1%.

In addition, Unipro PJSC procured significant volumes

of gas from Rosneft Oil Company PJSC and Surgutneftegas OJSC in 2017.

The key coal supplier of the Company was SUEK JSC, which supplied lignite to Berezovskaya GRES.

In 2017, its share in the total fuel cost procured for

Unipro PJSC power plants reached about 7.2%.

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

## Information on Volume of Energy Resources Used by the Company (together with Branches) in 2017

	Energy resource type*	Consumption volume in kind	Unit of measurement	Consumption volume, RUB thousand
1	Nuclear power	No	–	–
2	Heat power	2.41	'000 GCal	1,564
3	Electricity	459.61	mln kWh	24,581
4	Electromagnetic energy	No	–	–
5	Oil	No	–	–
6	Motor gasoline	930	tonnes	–
7	Diesel fuel	2,321	tonnes	185,863
8	Fuel oil	12.05	'000 tonnes	–
9	Natural gas	10,488.82	mln m <sup>3</sup>	33,561,776
10	Coal	4,056.30	'000 tonnes	–
11	Oil shale	No	–	–
12	Peat	No	–	–
13	Other:	–	–	–

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



“The major event at our branch is the generation of 1 trn kWh of electricity in the morning of 27 December 2017. We were first Russian heat power plant to achieve this. A trillion is not just an abstract figure. Years-long efforts of all employees of the Surgutskaya GRES-2 lie behind this figure. The heat power plant continues its development, and the road to a second trillion is clear.”

**Valery Svetushkov**

Director of the Surgutskaya GRES-2 Branch, Unipro PJSC  
Honoured Power Engineer

## Surgutskaya GRES-2 Branch, Unipro PJSC

(hereinafter referred to as Surgutskaya GRES-2)

On 27 December 2017, we became the first Russian heat power plant to achieve this. A trillion is not just an abstract figure.

Years of commissioning (connection to the grid)



Installed capacity, MW



CUF, %



Staff headcount as of 31 December 2017, persons



### Fuel Mix Structure

Fuel	Gas
Quantity mln m <sup>3</sup>	8,032.2
Volume, '000 tonnes of fuel equivalent	9,264.1
Share, %	100

Surgutskaya GRES-2 is located in Surgut (Khanty-Mansi Autonomous District — Yugra, Tyumen Region) and is the largest heat power plant in Russia as regards installed capacity and electricity production.

Surgutskaya GRES-2 is one of the most efficient heat power plants in the country. Its technical and economic indicators are equal to the best foreign analogues: the specific fuel consumption amounts to 306 gram per kWh at steam-power units and 224 gram at the combined cycle gas turbine (CCGT). Auxiliary electric power consumption is less than 2.5%.

The decrease in the electric power generation in 2017 against the 2016 level was caused by shutdowns of the generating equipment to cold reserve in accordance with the dispatch of the System Operator, as well as by work stoppages due to major inspections of CCGT Unit 8 at Shaturskaya GRES-2.

Specific fuel equivalent consumption on 1 kWh



### Generation of Electric and Heat Power at Surgutskaya GRES-2

Electric power generation (production), mln kWh



Net electric power output, mln kWh



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



Net heat power output, thousand GCal



Postal Address: 23 Energostroiteley St., Bldg 34, Surgut, Khanty-Mansi Autonomous Area-Yugra, Tyumen Region, 628406.  
Location: 23 Energostroiteley St., Bldg 34, Surgut, Khanty-Mansi Autonomous Area-Yugra, Tyumen Region, 628406.  
Telephone: +7 (3462) 38-13-59  
Fax: +7 (3462) 38-10-36  
E-mail: surgut\_gres-2@unipro.energy



“Berezovskaya GRES withstood the autumn/winter load peak without failure, and maintained an uninterrupted supply of heat to the residents of the town of Sharypovo. Scheduled repairs of the equipment were performed within the set timeline. Capital repair of Power Unit No. 3 continued.

In 2017, the Berezovskaya GRES Branch celebrated its 30<sup>th</sup> anniversary since the launch of the first power unit at the power plant. The victory of the Berezovskaya GRES team in the professional excellence competition among combined teams of operating personnel of Unipro PJSC became a valued anniversary present.

We pay a lot of attention to environmental aspects. Over RUB 10 mln was spent on environmental activities in 2017, and the project of waste separate collection was commenced.”

### Sergey Reikhel

Director of the Berezovskaya GRES Branch, Unipro PJSC

## Berezovskaya GRES Branch, Unipro PJSC

(hereinafter referred to as Berezovskaya GRES)

**In 2017, Berezovskaya GRES celebrated its 30<sup>th</sup> anniversary since the launch of the first power unit at the power plant.**

Years of commissioning (connection to the grid)

**1987–2015**

Installed capacity, MW

**2,400.0**

CUF, %

**30.7**

Staff headcount as of 31 December 2017, people

**1,070**

### Fuel Mix Structure

Fuel	Coal	Fuel oil
Volume, ('000 tonnes)	4,048	10.7
Volume, '000 tonnes of fuel equivalent	2,177	14.9
Share, %	99.3	0.7

Located in Sharypovsky District of Krasnoyarsk Territory, Berezovskaya GRES is the most-powerful power plant in the region and the only plant in Russia with 800 MW power units that use coal (lignite from the Berezovskoye deposit) as fuel. The power plant is operated as part of the unified energy system of Siberia.

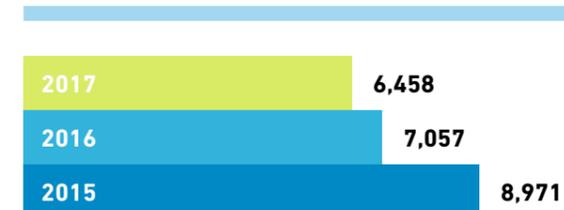
The decrease in the electric power generation in 2017 YoY was caused by the increased down time in cold reserve in accordance with the dispatch of the System Operator, including due to the high water of Siberian rivers in H1 2017.

Equipment of Berezovskaya GRES complies with the most rigid Russian environmental standards, which allows maintaining NOx emissions at the level of 370 mg/m<sup>3</sup>. The new fuel receiving station is still underway at the station (see details in “Investment Programme”).

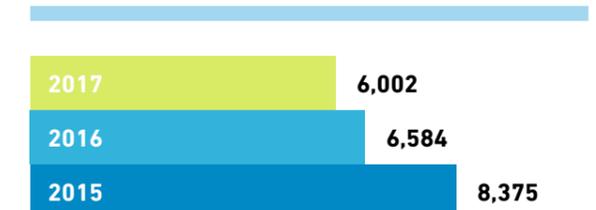
On 1 February 2016 a fire started in the boiler of Power Unit No. 3, due to which the power unit operation was terminated for repair and restoration activities. See further information on the project in the “Repairs Activities” section).

### Generation of Electric and Heat Power at Berezovskaya GRES

Electric power generation (production), mln kWh



Net electric power output, mln kWh



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



Net heat power output, thousand GCal



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.

Telephones: +7 (39153) 7-13-50; +7 (39153) 2-53-50.

Fax: +7 (39153) 7-10-18

E-mail: bgres@unipro.energy



“The Shaturskaya GRES Branch, Unipro PJSC, achieved key production and financial targets in 2017. Shaturskaya GRES is still one of the largest taxpayers in the Moscow Region, and remains the local economic mainstay and a reliable supplier of electric and heat power. The successful operations of the branch enable economic growth and the efficient implementation of the social policy of the branch in the region. Governor of Moscow Region Andrey Vorobyov thanked the personnel of the power plant “for their fruitful partnership and significant contribution to the implementation of region development plans” in the spring of 2017.”

### Sergei Bakurin

Director of the Shaturskaya GRES Branch, Unipro PJSC

## Shaturskaya GRES Branch, Unipro PJSC

(hereinafter referred to as Shaturskaya GRES)

Due to its environmental safety, the 400 MW CCGT at Shaturskaya GRES became the first Russian project approved by the United Nations Organisation under the Kyoto Protocol.

The general inspection of 400 MW CCGT of Shaturskaya GRES was held for the first time in Russia in 2017.

Years of commissioning (connection to the grid)

1971–2010

Installed capacity, MW

1,493.4

CUF\*, %

29.45

Staff headcount as of 31 December, persons

859

### Fuel Mix Structure

Fuel	Gas	Coal	Fuel oil
Volume, mln cbm ('000 tonnes)	975.1	0.3	0.3
Volume, '000 tonnes of fuel equivalent	1,140.9	0.1	0.5
Share, %	99.95	0.01	0.04

Shaturskaya GRES is 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 decrease in electric power generation in 2017 was caused by shutdowns to the cold reserve pursuant to the System Operator's scheduling, as well as by work stoppages due to major inspections of the CCGT power unit of Shaturskaya GRES.

The history of Shaturskaya GRES dates back more than 95 years ago. It is one of the first power plants constructed according to the GOELRO plan (Russian State Electrification Programme) in 1920.

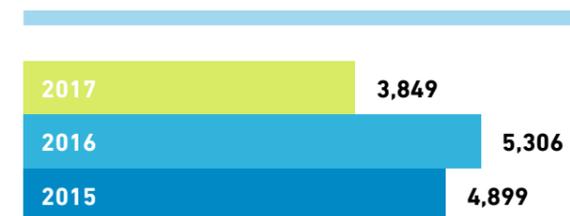
Commissioned in November of 2010, the 400 MW CCGT at Shaturskaya GRES was the first single-shaft power unit with the most powerful F-class serial gas turbine in Russia. The efficiency of the combined cycle gas turbine plant at Shaturskaya GRES is about 56%, which exceeds the performance indicators of the power units in the Russian heat generation sector by more than one third. The rated capacity of the plant has grown up to 1,493.4 MW since the power unit startup.

**>95** years  
The history of Shaturskaya GRES

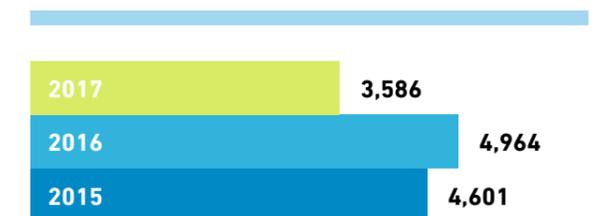
**56** %  
The efficiency of the combined cycle gas turbine plant at Shaturskaya GRES

### Generation of Electric and Heat Power at Shaturskaya GRES

Electric power generation (production), mln kWh



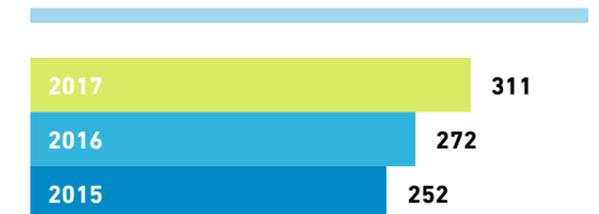
Net electric power output, mln kWh



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



Net heat power output, thousand GCal



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“In 2017, the Smolenskaya GRES Branch of Unipro PJSC functioned steadily in the routine mode.

Scheduled repairs of Power Unit No. 2 and Power Unit No. 3, and the overhaul of Power Unit No. 1 were carried out in a timely manner.

Our focus went to our employees, the overall production safety and culture. A new diesel FW pump was installed at the station to improve its fire safety. The canteen was reopened after capital renovation, and access roads and approaches, and passenger drop-off areas were repaired at the station. Special containers for separate waste collection were installed at the equipped sites.”

#### Aleksandr Peremibeda

Director of the Smolenskaya GRES Branch, Unipro PJSC

## Smolenskaya GRES Branch, Unipro PJSC

(hereinafter referred to as Smolenskaya GRES)

Smolenskaya GRES is a heat power plant located in the Ozerny settlement of the Smolensk Region. The history of the plant dates back more than 40 years.

Years of commissioning (connection to the grid)

1978–1985

Installed capacity, MW

630

CUF, %

27.2

Staff headcount as of 31 December 2017, persons

496

#### Fuel Mix Structure

Fuel	Gas	Coal	Fuel oil
Volume, mln cbm ('000 tonnes)	458.4	7.7	0.4
Volume, '000 tonnes of fuel equivalent	531.4	4.6	0.5
Share, %	99.06	0.85	0.09

Smolenskaya GRES is a heat power plant located in the Ozerny settlement of the Smolensk Region. The plant has three power units of 210 MW each. The main fuel is natural gas.

The decrease in the electric power generation in 2017 against the 2016 level was caused by shutdowns of the generating equipment to cold reserve pursuant to the System Operator's scheduling.

Smolenskaya GRES is one of the largest power plants in the Smolensk Region. The history of the plant dates back more than 40 years.

The branch supplies electricity to the wholesale market and heat power to the consumers in Ozerny.

Thanks to the plant commissioning in the Dukhovshchinsky District, the railway to Smolensk was restored, and a modern motor road and a settlement for power engineers were constructed.

In 2011, works on the reconstruction and commissioning of the first section of the ash disposal area at Smolenskaya GRES were completed, which resulted in an increased volume of ash and sludge waste storage and ensured the possibility for the power plant operation (subject to the availability of a significant share of coal in its fuel balance) within more than 10 years, and reduced the environmental impact of the ash disposal area.

#### Generation of Electric and Heat Power at Smolenskaya GRES

Electric power generation (production), mln kWh



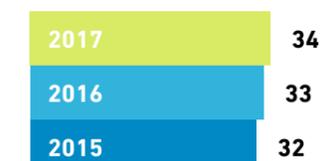
Net electric power output, mln kWh



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



Net heat power output, thousand GCal



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

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“Due to the concerted and effective efforts of the employees of Yaivinskaya GRES, timely repair and maintenance activities despite the hard winter of 2016–2017, the branch efficiently prevented any failures in delivering heat to consumers in the Yaiva village.

In October 2017, modernisation of CCGT gas turbine was successfully completed, which increased the plant’s installed capacity by 24 MW, thus improving reliability of energy supply to major enterprises and population centres of the Upper Kama Region.

We have various targets and plans for the future, and I am confident they are within the scope of abilities of our close-knit and high performing team of Yaiva professionals.”

#### Evgeniy Inozemtsev

Director of the Yaivinskaya GRES Branch,  
Unipro PJSC

## Yaivinskaya GRES Branch, Unipro PJSC

(hereinafter referred to as  
Yaivinskaya GRES)

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

Years of commissioning (connection to the grid)

 **1963–2011**

Installed capacity, MW

 **1,024.6**

CUF, %

 **49.8**

Staff headcount as of 31 December 2017 is,  
persons

 **499**

#### Fuel Mix Structure

Fuel	Gas	Coal
Volume, mln cbm ('000 tonnes)	1,014.3	0.4
Volume, '000 tonnes of fuel equivalent	1,245	0.3
Share, %	99.98	0.02

Yaivinskaya GRES is located on the Yaiva River (Perm Territory). Initially, four 150 MW power units used coal from the Kizelovsky Coal Field as fuel. Since 1987, the power plant has been using a fuel mix (natural gas and coal dust). In June 2013, the plant was connected to the associated petroleum gas pipeline. This allowed abandoning the combustion of coal, which is now only used as a backup fuel.

A new combined-cycle 424.6 MW power unit was constructed at Yaivinskaya GRES under the Investment Programme. In 2017, Yaivinskaya GRES modernised its CCGT gas turbine to increase the installed capacity by 24 MW<sup>1</sup>.

The decrease in the electric power generation in 2017 against the 2016 level was caused by the modernisation of the CCGT gas turbine at Yaivinskaya GRES.

Yaivinskaya GRES is located in the Bereznikovsko-Solikamsky Economic District, where there was a long-felt need for the construction of a new power plant in the 1950s. Construction of the GRES commenced in March 1956, and on 30 June 1963, the first power unit was commissioned. A new impetus was obtained by the plant in 2008, when the construction of 424.6 MW Power Unit No. 5 was commenced based on state-of-the-art combined cycle technology. The 400 MW CCGT unit was commissioned in August 2011.

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

#### Generation of Electric and Heat Power at Yaivinskaya GRES

Electric power generation (production),  
mln kWh



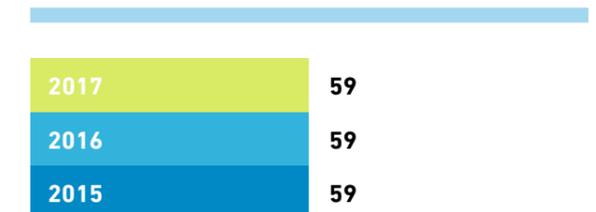
Net electric power output,  
mln kWh



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



Net heat power output,  
thousand GCal



Postal address: 5 Timiryazeva St., Yaiva Settlement, Aleksandrovsk, Perm Territory, 618340  
Location: 5 Timiryazeva St., Yaiva Settlement, Aleksandrovsk, Perm Territory, 618340  
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Fax: +7 (34274) 3-67-14  
E-mail: yagres@unipro.energy

<sup>1</sup> Since February 2018, Power Unit No. 5 at Yaivinskaya GRES was registered in the System Operator’s register as a plant with new installed capacity of 448 MW, the overall installed capacity of Yaivinskaya GRES is 1,048 MW.

### 3.3. Repairs

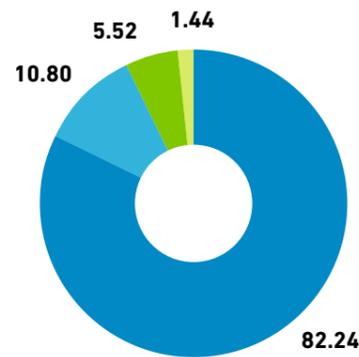
Timely and quality repairs and maintenance of the generating equipment at the power plant ensure its reliable and safe operations and extend its service life. Therefore, Unipro PJSC focuses on improving the quality of repairs, enhancing equipment reliability and reducing incidence rates. The Company drafts, approves, and implements the repair programmes for the main production facilities on the annual basis.

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

The schedule of repairs of Unipro PJSC branches

#### Unipro Repair Schedule Structure in 2017, %

- Repairs of power units
- Repairs of BOP equipment
- Repairs of buildings and structures
- Repairs of heat networks



**23%**

of repairs was done using the Company's own resources

**77%**

through contractors

is based on preliminary surveys of the technical state of 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 accordance with the schedule of repairs, power units with a total capacity of 10,405.1 MW were repaired in 2017, including overhaul — 2,238.2 MW, intermediate maintenance — 1,370 MW, and current repairs — 6,796.9 MW in 2017». Refurbishment work

is underway at Power Unit No. 3 of Berezovskaya GRES to eliminate the consequences of the accident occurred in 2016.

The total amount of repair works costs at the power plants of Unipro PJSC amounted to RUB 6.975 bln in 2017, including the current production — RUB 2.895 bln, and new production — RUB 4.080 bln. All the scheduled repairs have been made in full.

23% of repairs was done using the Company's own resources, and 77% through contractors. The contractors were selected through tenders in order to ensure that contracted terms and conditions were most favourable for the Company.

#### Significant Events Related to the Company's Maintenance Works in 2017

For the first time in Russia major inspections of the main equipment of CCGT power units were carried out (Power Unit No. 7 at ShGRES and Power Unit No. 8 at SuGRES-2). Major inspection of the main equipment of the CCGT power unit at SuGRES-2 was performed by the company's own M&R personnel under the supervision of General Electric.

Over the current year, chimney stack at Shaturskaya GRES underwent full repair, including restoration of the duct's internal surface, repair of gas passes and of bricklaying of the partitioning wall.

In the course of the scheduled full repair Power Unit No. 4 at Surgutskaya GRES-2, key elements of the 920 mm and 630 mm HRH by-pass were replaced, including the instalment of Lisega hanger-support system, which completed the Company's long-standing programme for replacing such elements with the expired operational life at Shaturskaya GRES-2.

To improve the Company's M&R activities, which are a significant part of operating power plant equipment, the following actions have been scheduled for 2018:



- ☑ increase the share of M&R works carried out in-house;
- ☑ update the Regulation on operating and maintenance of CCGT power generating units;
- ☑ compile and approve the full list of local analogues of imported equipment;
- ☑ prepare a Regulation on requirements to the operation and diagnostics of cable power lines isolated with cross-linked polyethylene at CCGT power plants.
- ☑ train the Company's own M&R staff performing welding on steels P91 and P22;

## Restoration of Power Unit No. 3 of the Berezovskaya GRES Branch, Unipro PJSC



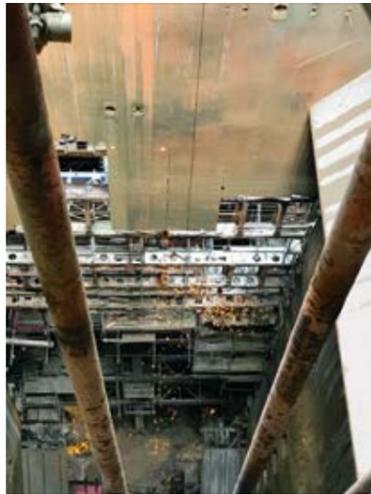
Dismantling of inter-centre sills



Installation of the retaining under-ridge girder

On 1 February 2016, a fire emergency occurred at Power Unit No. 3 of the main building of the Berezovskaya GRES Branch of Unipro PJSC, resulting in an emergency shutdown of Boiler 3. The accident caused serious damage to the supporting iron of the main building frame and to the boiler. The damaged Power Unit No. 3 was shut down for unscheduled repairs. It is required to bring the equipment back to a safe condition and recover the unit operability.

Immediately after the accident, a preliminary



Dismantling of the backside of the lower radiation part with stiffening beams

survey was carried out, which led to the conclusion that it was necessary to carry out major repairs. Examination of the facilities affected by the accident was completed in 2017.

As part of measures to eliminate the consequences of the accident, tender procedures were held in 2017, and contracts were signed with the main contracting organisations:

- Zarubezhenergo projekt JSC was contracted to develop a full set of technical documentation for the overhaul;



Lifting of an enlarged block of E/17–18 columns

- KOTES JSC was contracted to carry out commissioning activities and fulfil the functions of a head commissioning contractor;

- Orgenergostroy Institute JSC was contracted to overhaul the boiler cell of Power Unit No. 3 at Berezovskaya GRES, Unipro PJSC.

Key repair and refurbishment activities carried out at Power Unit No. 3 in 2017:

- the retaining under-ridge girder was installed;

- the boiler was fixed in a steady position;
- the debris in the boiler cell of Power Unit No. 3 were removed and cleared;
- the frame of the main building (Lines 17–20, Axes G–D–E) was reconstructed;
- KM100 Overhead Cranes No. 2 and 3 with the cargo capacity of 100 tonnes were put into operation;
- the heating surface of the right convection shaft, platen primary, second and third superheaters, platen secondary superheaters, and the backside of the lower radiation part were dismantled;
- equipment preventing enlarged unit assembly was demolished;
- the KROLL K800 tower crane was assembled and put into operation to accelerate the operations by increasing the crane time;
- a programme of actions to prepare for the winter season of 2017–2018 was developed taking into account the heat

envelope opening, and the actions planned under the programme were taken;

- the open assembly sites and heated assembly shop were arranged as part of the infrastructure refurbishment works to ensure the storage of boiler elements and their mock-up preassembly.

The boiler cell of Power Unit No. 3 and auxiliary sites (open assembly sites and a heated assembly shop) were provided to Orgenergostroy Institute JSC under an overhaul contract, including the access for the personnel of its contractors.

Zarubezhenergo projekt JSC developed the design documentation for the overhaul; the documentation has been submitted to the relevant Services of Unipro PJSC for approval.

The repairs are expected to be completed and the power unit planned to be put into operation in Q3 2019.



Reconstruction of the main building frame



Mechanical clearing of debris el. 0.0



Examination of the XB dismantled part



Assembly of a heating surface unit of the convection shaft and a platen superheater unit

### 3.4. Investment Programme

The main purpose of Unipro PJSC investment activities is the 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:

- ✚ modernisation of equipment while increasing capacity and efficiency;
- ✚ replacement of life-expired power generating equipment with modern equipment with high technical and economic performance indicators;
- ✚ enhancement of the 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.

#### Implementation of the Investment Programme in 2017

##### Construction of the Fuel Receiving Station Facility at the 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.

BGRES runs a temporary fuel supply scheme with open sections. The most critical elements of the fuel supply system operate without a backup and are technically obsolete. Failure of any elements operating without a backup may lead to a disruption of the coal shipment and stoppage of the entire plant.



**Fuel receiving station**

Commissioning of the Fuel Receiving Station will allow:

- (1) providing the 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 the Berezovsky Open Pit, with its simultaneous shipment both to the 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 2017:

(1) assembly of Conveyors 1/1A,1/1B,1/1V; Conveyors 1A, 1B, 1V were completed;

(2) the following systems were installed at Conveyors 7 and 7A:

- ✚ automatic fire alarm;
- ✚ conveyer alerts;
- ✚ automatic water-based fire suppression system.

(3) the following utilities were installed:

- ✚ hydro-cleaning system;
- ✚ internal production and firefighting water line;
- ✚ heat supply system.

(4) the aspiration system was installed in the FRS building;

(5) the projected scope of works related to floor construction in the FRS building was completed;



**FRS. In-house switchgear rooms. Fireproofing of structural steel**



**FRS. Gallery of Conveyors 1A**

(6) the fireproofing of the structural steel was installed in the cable cellar, in-house switchgear rooms (in HSS rooms (Rooms 627, 634, 636));

(7) the pipelines and equipment are marked with identification and marking colour codes;

(8) the anti-corrosion protection (cleaning, primer coating and final coating) is applied to the steel structures of the FRS building not responsible for the stability of the building;

(9) the load-bearing steel constructions responsible for the stability of the building



**Pump station for foam fire-extinguishing**

are being prepared (cleaning, primary coating) for fire curtain application;

(10) the vertical levelling of the site was carried out, and asphalt roads were arranged as part of the site-improvement activities;

(11) at the foam fire extinguishing pump station:

- the design schemes for foam and water-based fire extinguishing were restored;

- the fireproofing of structural steel was installed;

- the film was removed from the sandwich panels of the pump station for foam fire extinguishing and the finishing work inside the building was completed;

- the foam concentrate was loaded into storage containers.

(12) the electric equipment and monitoring and metering instruments of the paddle feeders and Conveyors LK 7 and LK 7A were modernised;

(13) at the FRS and the pump station for foam fire extinguishing, a set of commissioning activities was completed for the following systems:

- automatic fire-alarm and fire-suppression system in the cable system and in the in-house switchgear rooms;

- automatic water-based fire-suppression system at Conveyors 7 and 7A;

- utility and drinking water-supply system in the FRS building;

- system of fire protection and production pipeline V2;

- foam fire-extinguishing system in the FRS building;

- ventilation system of the pump station for foam fire-extinguishing;

- fire-alarm system at the pump station for foam fire-extinguishing;

- foam fire-extinguishing system in the pump station building for foam fire-extinguishing;

- piping of aspiration systems in UP-1;

- piping of air-handling units of the FRS;

- the cabinets of automatic fire-alarm and fire suppression systems are energised according to the design circuit;

- the power distribution system for equipment of the hard and soft system of the distributed control system (HSS DCS) was energised according to the temporary circuit;

- the offline adjustment of the HSS DCS equipment was completed.

**Construction of the Dry Ash Removal System at Berezovskaya GRES, Unipro PJSC**

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

The use of the hydraulic ash removal system requires the construction of new sections for ash and slag waste storage every three-four years. This involves significant capital expenditures on the acquisition of new lands for construction and associated risks. It also entails an increase in the anthropogenic load on the groundwater and the atmosphere of the region.

To address the problem of ash and slag waste storage at Berezovskaya GRES for a long period, Unipro PJSC developed and approved the implementation of a project named Construction of Dry Ash and Slag Waste Removal

System of the Berezovskaya GRES Branch of Unipro PJSC. The project implies a transition to modern, environmentally friendly, technologically reliable and cost-efficient methods of collecting, transporting and storing of ash and slag waste.

In November 2015, the construction of the dry ash removal system was suspended due to the need for re-approval of the project (Re-Gate 2) in connection with increased construction costs. The works that had started before were completed in 2016, and work was carried out on the preservation of the equipment, buildings and structures. The decision to continue the construction of the dry ash removal system will be taken in 2018.

In 2016, Institute Teploelectroproject JSC was contracted to analyse the previously developed project and detailed design documentation, develop technical solutions and

perform consolidated estimate calculation. Under that contract, in February 2017, the following works were carried out:

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

Based on the results of the analysis, the developers proposed the implementation of the project named Reconstruction of Section 4 of the Ash Pond into Hydraulic Plot.

The Company is currently considering the feasibility of implementing that project or, as an alternative, the development of design documentation that would define the method of transporting ash to the ash pond (by road or by conveyer) and the type of ash allocation among ash disposal areas.

**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 2017 was completed as follows:

Power plant	TRR progress, %
Surgutskaya GRES-2	90
Berezovskaya GRES	91
Shaturskaya GRES	108
Smolenskaya GRES	101
Yaivinskaya GRES	101
Total at Unipro PJSC	97

## TRR Milestones

Surgutskaya GRES-2	<p>Technical refurbishment of the stator of generator TBB-800-2EUZ.</p> <p>Technical refurbishment of the components of the resuperheating pipeline and a hanger-support system of Power Unit No. 4.</p> <p>Modernisation of the high-level control system of the hardware and software complex of the DCS at Power Unit No. 4.</p> <p>Implementation of the programme of measures to improve fire-safety at the power plant.</p>
Smolenskaya GRES	<p>Turbine modernisation of Power Unit No. 1, with installation of a metal-fluoroplastic band under the slide shoes of bearings No. 1, No. 2.</p> <p>Reconstruction of prompt interlocking of breakers for OSG-220 kV.</p>
Berezovskaya GRES	<p>The automatic control system of the turbine unit and the distributed control system were upgraded to ensure readiness for participating in the market as a provider of system services in terms of the Rated Primary Frequency Control.</p> <p>Reconstruction of heat networks, including the replacement of pipelines and fittings.</p>
Yaivinskaya GRES	<p>Modernisation of the gas turbine of CCGT Power Unit at Plant No. 5.</p> <p>Modernisation of the turbine unit at Plant No. 2, economiser the replacement of diaphragms and the high pressure rotor.</p> <p>Modernisation of the water economizer of the TP-92 boiler at Plant No. 2.</p> <p>Implementation of a system for gas pipeline blowdown with nitrogen, including the installation of a nitrogen plant.</p>
Shaturskaya GRES	<p>Reconstruction of the low pressure cylinder of the turbine unit at Plant No. 5, including the modernisation of the Stage-2 diaphragm.</p> <p>Reconstruction of Autotransformer 2AT, including the modernisation of high-voltage leads.</p> <p>Reconstruction of the system for the automated control of boiler burners at Plants No. 6 and 7.</p> <p>Reconstruction of heat network sections, including the replacement of pipelines and fittings.</p>

### Capital Investments

In 2017, the Company's capital investments in the implementation of the investment and repair programme reached about RUB 14.6 bln (net of VAT), including in the following areas:

- technical refurbishment and reconstruction — 26%;
- new construction — 5%;
- repair and refurbishment of Power Unit 3 at the Berezovskaya GRES Branch — 43%;
- capitalised expenditure — 26%.

## Development Prospects of the Company Investment Programme

The prospective areas of development of the Russian electric power industry are defined as follows:

- Russian Government Order No. 1209-r dated 9 June 2017 approved the Master Plan of Arrangement of Power Generation Facilities by 2035;
- Russian Government Order No. 1715-r dated 13 November 2009 approved the Energy Strategy of Russia by 2030, which designates energy industry development benchmarks as part of the transition of the Russian economy to innovation-based development, and provides for the furtherance of the goals of the wide-scale technological renewal of the energy sector of Russia.

Based on the foregoing documents, Unipro PJSC developed its Investment Programme, providing for the construction of new high-performance generating facilities at the Company's power plants. Further information about the Investment Programme is available at <http://www.unipro.energy> in the Investment Programme section.

The facilities of the Company's Investment Programme were included in the list of generating facilities to be used to supply the capacity under capacity supply agreements, which were approved by Russian Government Order No. 1334-r dated 11 August 2010, and for which the Government of Russia approved the Pricing

Rules ensuring compensation for capital and operating expenditure associated with such facilities.

In implementing its Investment Programme, Unipro PJSC put into operation combined cycle gas turbine plants with an aggregated capacity of 1.6 GW in the European part of Russia, and a steam turbine unit with a capacity of 0.8 GW at Berezovskaya GRES in Siberia.

By commissioning the new cost-effective units, the Company contributes to the achievement of strategic objectives set to the Russian electric power industry, while improves its market position thanks to the increasing share of efficient and high-demand capacities reliably paid for in its generating fleet.

## 3.5. IT Development

The development of information technologies in Unipro PJSC is aimed at improving the Company's activity efficiency and reducing the level of associated risks, including by creating an open and flexibly scaled infrastructure, deploying new business applications and ensuring the efficient operation of the IT Service.

The key factors determining the IT development strategy of Unipro PJSC include:

- changes to the regulatory and legal framework regulating the Company's activity;

- objectives related to the identification and prevention of security threats and large technology breakdowns.

In 2017, the Company introduced additional services to computerise its business processes:

- the Service Desk 2.0 system that ensures the one stop-shop principle and fast response of the IT Service to user requests;
- the distributed project control system based on

the MS Project Server, integrated with Service Desk 2.0 and Unified Automated System for Accounting of Financial and Business Operations;

- the Occupational Health and Safety Management System in the corporate private cloud with the highest security rating in terms of the access protection according to SSL Labs;
- e-document flow with counterparties using a digital signature.

# 14.6 RUB bln

The Company's capital investments in the implementation of the investment and repair programme in 2017

## Development of Information Systems

In 2017, Unipro PJSC introduced an availability and performance monitoring system for the main informational applications through automatic emulation of user actions. To monitor the integrity of backup copies, a test environment — Minus Day for the automated metrology unit management system was deployed in all branches.

Over the reporting period, the Fuel report introduced and developed in the business analytics and analysis system, and reports of the Production Unit and the Company's procurement report were extended.

To optimise business processes and improve employee performance and cut operational costs, the Unipro PJSC corporate portal underwent the following:

- ☒ the following functions were launched:
  - Secondment;
  - Replacements;
  - employee e-learning;
  - resource with the instructions for the Company's information systems;
  - assignments control for some of the Company's branches;
  - employee polling;

- stationary accounting and distribution;
- Unipro TV internal communication;
- application for training;
- theme newsletter publication;
- job requisitions;
- ☒ the following functions were updated:
  - efficiency proposals;
  - Energy of Success applications;
  - application for vehicles;
- ☒ the Healthy Lifestyle section was added.

The handling of powers of attorney in favour of a legal entity and group powers of attorney was automated in the e-document flow system.

The Smolenskaya GRES Branch of Unipro PJSC saw mobile applications introduced for collecting information on the state of the equipment capable of spatial orientation based on radio-frequency markers, testing the knowledge of HSE, and operating the technological library.

The Unified Automated Financial and Economic Activities Accounting System had the following projects implemented:

- ☒ enhancement of contractual activities;
- ☒ automation of annual bonus calculation;
- ☒ administration of quarterly bonuses and calculation of wages according to the collective employment agreements of the branches;
- ☒ automation of calculations related to secondment expenses;
- ☒ automation of the operation of multicomponent assemblies of complex constructions and made-to-order equipment as a single item;
- ☒ automation of handling of claims associated with WMEP activities.

The following was scheduled for 2018:

- ☒ enhancement of the operational efficiency of information systems;
- ☒ improved productivity of the elements of the Company's informational infrastructure;
- ☒ implementation of measures for boosting informational security.



## Procurement Activities



**“Unipro is a large and solid team. Our common goal is to reliably supply electric energy to consumers. Within each of the Company’s functions there are key specialists whose input into the common cause is most significant and meaningful. Based on the comprehensive assessment of their performance, we identified best procurement managers of Unipro, who did not only conduct the highest number of procurement transactions and negotiated best commercial terms and conditions for the contracts but whose competences are best aligned with the corporate values of the Path of Unipro (leadership, team work, personal contribution). With their experience and skills, these employees are role models for other colleagues, and their exceptional professionalism is an undisputable treasure for our Company.”**

**Marina Ustinova**

Procurement Director, Unipro PJSC

## 4. Procurement Activities

### 4.1. Procurement Activities

**▣ The objective of procurement is to ensure efficient spending of the Company’s monetary funds, and to approach the spending on goods, works and services wisely for the benefit of the Company.**

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

Duties are shared at every stage of the procurement process among the applying unit, procurement unit, financial unit and accounting unit. The Procure-to-Pay process is a mandatory tool for the procurement process, which maintains the sharing of duties among the Company’s units.

All the procurements, except for those expressly stated in the Procurement Regulations, are made through tenders.

Any tender procurement is open and transparent from the informational point of view, complies with the principles of competitiveness and equality of all procurement participants, prevention of discrimination and the unjustified restriction of competition

**The Company’s Procurement Policy is stated in the Unipro Procurement Policy approved by the Board of Directors (hereinafter, the Policy).**

### **Fundamental Principles of the Company’s Procurement Policy**

The Policy establishes a standard business process for meeting Unipro’s production requirements, and is related to the Company’s other internal documents. The Policy contains mandatory rules for procuring works, services, and software licenses, including responsibility limits and description of procurement processes.

## Top-performing Procurement Managers of Unipro PJSC

According to the comprehensive assessment, the top-performing procurement managers are:

### Smolenskaya GRES Irina Soldatova,

Specialist of the Resource Provision Department

“I started working at the plant in 2006. I have worked in all areas — from planning procurement to inventory supplies amounting to up to 10 thousand euros, I have been engaged with procurement amounting to from 10 thousand euros for over a year and a half.

When negotiating a price, it is important for me to be sure that the price offered is fair. Availability of sound arguments significantly increases the purchaser’s chances of getting a decrease in price. One of the negotiation process principles consists in the fact that fixed prices do not exist. All prices are subject to discussion.”

### Shaturskaya GRES Nadezhda Vasilieva,

Leading Specialist of the Resource Provision Department

“Each procurement is unique, each procedure has its own peculiarities. I believe in our work everything matters. That’s why when performing any task we have to apply all our knowledge and experience.

The main purpose of our area specialists consists in ensuring

efficient expenditure of the company’s monetary funds.”

### Yaivinskaya GRES Inna Garrekht,

Leading Specialist of the Resource Provision Department

“Our work, perhaps, cannot be called joyful, we have a lot of ambitious and high-priority tasks. It is a relief that my colleagues are cheerful, they would always support and help me. I am concerned about the enterprise, and I like what I do.

During the current year, in order to stay ahead of the game, I am going to make more efforts, to work closely together with the divisions determining the end result.”

### Berezovskaya GRES Lyudmila Usacheva,

Leading Specialist of the Resource Provision Department

“I began by working career in Sharypovo. After obtaining a diploma and distribution of jobs, I flew to Siberia from Voronezh. Berezovskaya GRES and Energetikov industrial base were being constructed simultaneously.

Time has gone too fast, in 2017 Berezovskaya GRES turned 30 years old. I am proud to

have been employed with our enterprise since the beginning of its construction, represent a dignified labour dynasty and contribute to the operation of the most unique power plant of our country.”

### Surgutskaya-2 GRES Tatyana Semyonova,

Leading Specialist of the Resource Provision Department

“Responsibility, determination in pursuing the goals set — these are, in my opinion, the main qualities of a good procurement specialist. Our staff is helpful as well, my colleagues would always support and assist me with any issue.

In future I am aiming at making even better progress. We always learn, develop in our work in order to keep eyes on the ball, to meet new requirements, to flexibly and in a timely manner respond to changes.”

### Headquarters

### Anna Kuzmina,

Head of the Work and Services Procurement Team

“Teamwork and support of colleagues, including from other divisions, are essential for success. I appreciate our high-performing team for that! I devoted myself entirely to completing the tasks set, which led to achieving excellent performance targets. Certainly, being ahead of the curve is nice since it inspires me to achieve even better results.”

Procurement procedures aim at a tender-based selection of suppliers, contractors, and service providers. Thus, the best economic conditions for procurement are provided: meeting customer requirements, deadlines, quality, and best prices.

The Policy provides for the following basic principles and approaches to procurement activities:

- establishment of a competitive environment — the best procurement results are only possible through using market competition;
- application of competitive procurement methods

as the key to procuring works / services, materials, and equipment;

- the “four-eye” principle in decision-making regarding suppliers (the decision is always agreed with the procurement manager in charge and the applicant).

Responsibility for implementing procurement processes in the Company rests with the Procurement Unit, whose main functions include the planning, organisation, and implementation of procurement procedures and control over the procurement activities in the Company’s branches. Moreover, the Procurement Unit implements

measures for strengthening the market position by consolidating needs, and ensuring the unification of procurement processes, as well as a single model of behaviour in the competitive environment.

In doing so, the Procurement Unit closely interacts with the applicant units, participating in consolidating the Company’s commercial and technical interests.

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

## Key Results of the Company’s Procurement Activities in 2017

### Procurements under the Annual Comprehensive Procurement Programme in 2017

Applicant unit	Number of procurement transactions, pcs	Total cost, RUB	Share, %
Moscow representative office:	894	3,974,544.54	17.032
Surgutskaya GRES-2	822	810,623.95	3.474
Berezovskaya GRES	990	768,329.86	3.293
Shaturskaya GRES	1,015	432,555.22	1.854
Yaivinskaya GRES	917	312,090.34	1.337
Smolenskaya GRES	615	229,039.49	0.981
Unipro Engineering LLC	364	16,808,604.91	72.029
<b>Unipro PJSC, total</b>	<b>5,617</b>	<b>23,335,788.31</b>	<b>100.00</b>

In 2017, to support the Company's production activities, the Procurement Unit carried out 5,617 procurement transactions for the total amount of RUB 23,335,788.31 thousand (ex VAT).

For the recovery of the Power Unit No. 3 of Berezovskaya GRES, the construction of the fuel receiving station, dry ash removal system, 364 procurement transactions was initiated for the total amount fo RUB 16,808,604.91 thousand (ex VAT).

Of them, 62 transactions valued at RUB 14,822,490.51 thousand were made with a sole supplier (88.18% of the procurement amount in monetary terms).

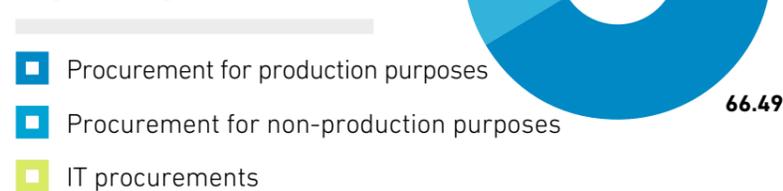
For meeting the Company's other needs (excluding Unipro Engineering LLC) in 2017, 5,253 transactions were carried out for the total amount of RUB 6,527,183.40 thousand (ex VAT). Of them, 324 procedures valued at RUB 1,893,638.71 thousand were made with a sole supplier (29.01% of the procurement volume in monetary terms). All other transactions were made through tenders.

Economic effect of procurement transactions — the difference between the cost of the most favourable comparable initial offer and that stated in the contract,

**Procurements under the Annual Comprehensive Procurement Programme for 2017 Per Business Area**

	Share, %
Procurements of Unipro Engineering LLC	72.03
Repairs	10.34
Operation	9.60
Retooling and modernisation	8.03
<b>TOTAL for Unipro PJSC</b>	<b>100.00</b>

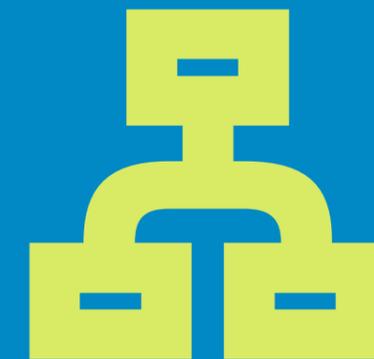
**Procurements under the Annual Comprehensive Procurement Programme for 2017 Per Category (ex Procurements of Unipro Engineering LLC), %**



**Procurements under the Annual Comprehensive Procurement Programme for 2017 By Total Value (ex Procurements of Unipro Engineering LLC), %**



in the course of conducting tender procedures (excluding procurements for Unipro Engineering LLC) — was in monetary terms RUB 495,544.64 thousand (9.26% of the total procurement value).



# Corporate Governance



**“Unipro PJSC enjoys the image of a public company with the highest corporate governance and ethics standards. Indeed, we can now claim we have achieved a lot in our corporate governance, and we continue to move forward. We do not only see corporate governance as a tool for boosting the Company’s investment appeal, but also a way to improve its overall efficiency and competitiveness.**

**We have set two main directions for 2018. Given the changes in the Russian legislation, we intend to update a number of internal documents and the Company’s Corporate Governance Code to align them with MICEX recommendations and the Corporate Governance Code recommended by the Central Bank of Russia.**

**To us, transplant and efficient corporate governance has been and will always be the key to the Company’s successful and sustainable development.”**

**Elena Gabdulkhayeva  
Corporate Policy Director, Unipro PJSC**

## 5. Corporate Governance

**▣ The Company places a strong priority on corporate governance, being aware of the extent to which this affects the Company’s investment appeal, credibility with shareholders and investors, and the business reputation of Unipro PJSC in general.**

The Company’s corporate governance system is aligned with the Russian legislative requirements, corporate governance practices in Russia and abroad, and aims at ensuring efficient governance, compliance with the principles of information openness and availability, exercising shareholder rights, and efficient interactions with all interested parties.

### 5.1. Corporate Governance Practices

The Corporate Governance Code, recommended by the Central Bank of Russia for shareholder companies whose securities are admitted to trading on a regulated market, defines corporate governance as a concept comprising interaction between the Company’s executive bodies, Board of Directors, shareholders and other interested parties. Corporate governance is a tool for setting the Company’s goals and means for achieving them, and ensuring efficient control of the Company’s business activities by shareholders and other interested parties.

Unipro’s key goal is to provide for an effective corporate governance aimed at best efficiency and performance of the Company’s business, to ensure improved transparency and justification of adopted managerial decisions, risk reduction, and protection of the rights and interests of the Company’s shareholders. A special role in building an efficient corporate governance system goes to the governance standards which are extensively used by the Uniper Group and which the Company vigorously incorporates into its governance practice.



Modern standards of corporate governance are of particular importance for the companies of Uniper Group and are widely applied there.

## Principles of Corporate Governance at Unipro PJSC

-  **Responsibility** means open dialogue with the representatives of all stakeholders, recognition of their rights and legitimate interests.
-  **Reliability** means reliable and efficient accounting of share ownership.
-  **Ethics** means adherence to ethical standards, which prevents the abuse of their job position by the Company's employees to the detriment of the Company or third parties.
-  **Fairness** means equal treatment of all shareholders and strict protection of their legitimate interests and rights.
-  **Accountability** means the accountability of the Board of Directors to shareholders, and of executive bodies to the General Meeting of Shareholders and the Board of Directors.
-  **Transparency** means timely disclosure of reliable information on the Company's activities.

## Compliance with Corporate Governance Code

Unipro PJSC follows most of the guidelines and recommendations of the Corporate Governance Code by the Central Bank of Russia. In 2017, the Company continued to improve its corporate governance system according to the recommendations set forth in the Corporate Governance Code specifying specific provisions of internal documents and promptly responding to external changes. The Company intends to continue to direct major efforts into developing and perfecting corporate governance practices in line with the Corporate Governance Code and best practices.

Section	Principles recommended by the Code	Guidelines fully adopted by the Company	Guidelines partially adopted by the Company	Guidelines not adopted by the Company
I. Shareholder rights and equal treatment of shareholders in the exercise their rights	13	7	4	2
II. The Company's Board of Directors	37	24	8	5
III. The Company's Corporate Secretary	2	2	0	0
IV. Remuneration system of members of the Board of Directors, executive bodies and other key managerial staff of the Company	10	5	5	0
V. Risk management and internal control system	6	4	2	0
VI. Disclosure of information about the Company, the Company's information policy	7	3	4	0
VII. Major corporate actions	5	1	4	0
<b>Total</b>	<b>80</b>	<b>46</b>	<b>27</b>	<b>7</b>

See Appendix 5 to the Annual Report for the detailed Report on the Company's adherence to the Corporate Governance Code.

In 2017, the Company's corporate governance focused on the following:

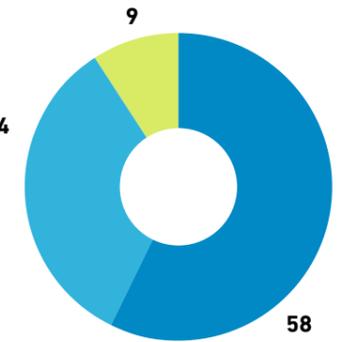
-  analysis of changes in corporate laws, best practices and corporate governance procedures;
-  implementation of new requirements and guidelines into the practice;
-  improvement of the Company's current corporate governance mechanisms.

Within Unipro's framework of perfecting its corporate governance system, a number of initiatives were elaborated to align the current corporate governance practices to the Corporate Governance Code and MICEX Listing Rules. The Regulation on the Audit Committee of the Board of Directors and the Regulation of the Appointment and Remuneration Committee at Unipro's Board of Directors were updated. To advance performance assessment of Unipro's Board of Directors, the Regulation for Conducting performance assessment of Unipro's Board of Directors was developed that establishes basic assessment principles.

Key changes to the Regulation on the Audit Committee of the Board of Directors and the Regulation

## Assessment of the Compliance of the Company's Corporate Governance to the Principles of the Corporate Governance Code

-  Observed
-  Partially observed
-  Not observed



of the Appointment and Remuneration Committee related to the procedure of the members' participation in meetings — specified were the decision making rules if the vote is a tie, modes of remote participation, and deadlines of delivering documents for review by the committee members. Moreover, principles were established under which committees review matters within their competence: most of the matters are related to the requests of the Board of Directors.

The Regulation on conducting performance assessment of Unipro's Board of Directors aimed at aligning the assessment procedure with the recommendations of the Corporate Governance Code and best corporate governance practices.

Major improvements of the corporate governance

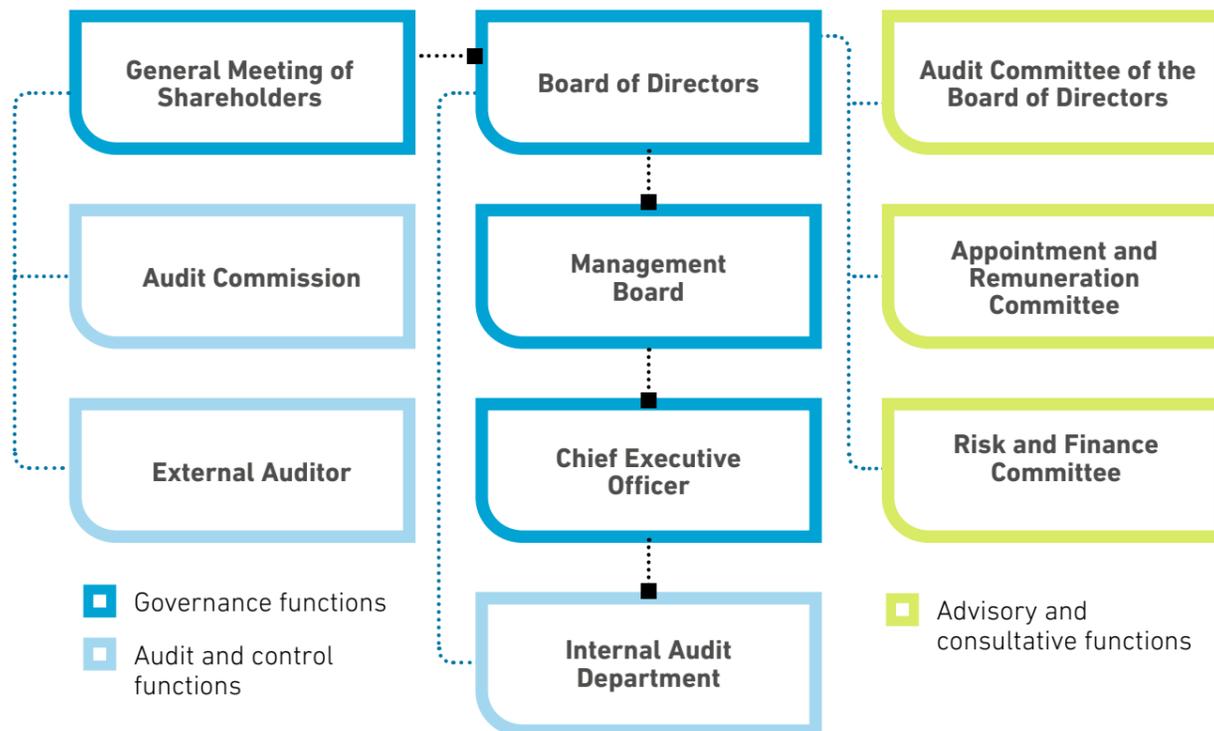
system at Unipro are related to the following:

-  enforcement and protection of rights and interests of the Company's shareholders;
-  reasonable distribution of competencies and liabilities between corporate management bodies;
-  strengthening of the collective approach to managing the Company's business;
-  effective combination of centralising decision making process and delegating powers to various managerial levels;
-  enhancement of decision-making promptness and efficiency;
-  implementation of high standards of corporate governance ethics.

## 5.2. Organisational Structure and Operating Results of the Management Bodies in 2017

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

### Unipro PJSC Corporate Governance Scheme<sup>1</sup>



### General Meeting of Shareholders

The General Meeting of Shareholders is the highest managerial body of Unipro PJSC, whose competences, according to the Federal Law — On Joint-Stock Companies comprise a number of key issues, including the following:

- approval of annual reports and annual accounting statements;
- election of the Board of Directors and Commission Committee, as well as termination of their powers;
- appointing of an external auditor;

- making of decisions on paying out dividends.

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

The Company aims to provide the most favourable

<sup>1</sup> Risk and Finance Committee at Unipro Board of Directors was liquidated on 1 April 2017 according to the Resolution of the Board of Directors dated 15 March 2017 (Minutes No. 242 dated 15 March 2017).

environment for participating in the General Meeting of Shareholders, for elaborating a reasoned position on meeting agenda, coordinating their actions, and for expressing their opinion on issues reviewed at the General Meeting of Shareholders.

According to the Corporate Governance Code, in the course of preparing for the Annual General Meeting of Shareholders in 2017, the Company provided the following to its shareholders:

- additional materials, apart from those stipulated by the Federal Law On Joint-Stock Companies, in particular, extended information on the candidates to the Board of Directors;
- the possibility of receiving a copy of the ballot filled in by the shareholder certified by the Company's Scrutiny Committee before the end of the General Meeting of Shareholders;
- the possibility of asking questions on the agenda to the members of the Company's managerial and supervising bodies present at the Annual General Meeting of Shareholders.

All the materials for the shareholders in the course of preparing for General Meeting of Shareholders are



published on the Company's corporate website at <http://www.unipro.energy> 20 days before the meeting.

The Annual General Meeting of Shareholders dedicated to the Company's performance in 2016 took place on 23 June 2017.

According to the agenda, the shareholders reviewed the following matters:

- 1) Approval of the Company's annual report and annual accounting (financial) statements for 2016.

2) Distribution of the Company's profit (including disbursement (announcement) of dividends) and loss for 2016.	6) Approval of the Company's Auditor.	1) Payment of dividends based on the results of 9 months of 2017.
3) Dividend disbursement (announcement) based the results of the Q1 2017.	7) Payment of remuneration to members of the Company's Board of Directors based on the results of 2016.	2) Early termination of the powers of the Company's Board of Directors.
4) Election of the Company's Board of Directors.	On 7 December 2017, Unipro PJSC held an Extraordinary General Meeting of Shareholders.	3) Election of members to the Company's Board of Directors.
5) Election of the Company's Revision Commission.	The Shareholders made decisions on the following agenda items:	4) Early termination of the powers of the Company's Revision Commission.
		5) Election of the Company's Revision Commission.

### Board of Directors

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

The powers of the Board of Directors are established in the Company's Charter, and are clearly differentiated from those of the Company's executive bodies overseeing its daily operations.

One of the key responsibilities of the Board of Directors is to form and control efficient executive bodies. The Board of Directors monitors the performance of executive bodies regularly by constantly reviewing their reports on implementing strategic and business plans and maintaining an effective incentive system.

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

The Board of Directors is a key element of the corporate governance system of Unipro, and invests a lot of effort in perfecting the Company's corporate governance system and practices.

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

The activities of the Board of Directors are governed by the Regulations on the Board of Directors of Unipro PJSC<sup>1</sup>.

### Composition of the Board of Directors

According to the Unipro Charter, the Board of Directors comprises 9 members. The composition is well-balanced, and corresponds to the Company's scale of business, the needs of its shareholders, and applicable Russian Laws and MICEX Listing Rules.

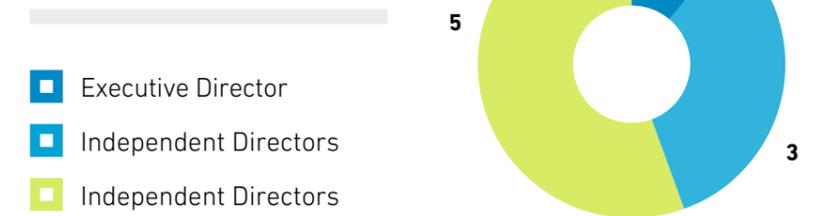
Candidates to the Board of Directors are appointed based on their personal and business traits, and according to the impartiality criteria set forth by MICEX Listing Rules.

Key requirements to the formation of the Board of Directors include the following:

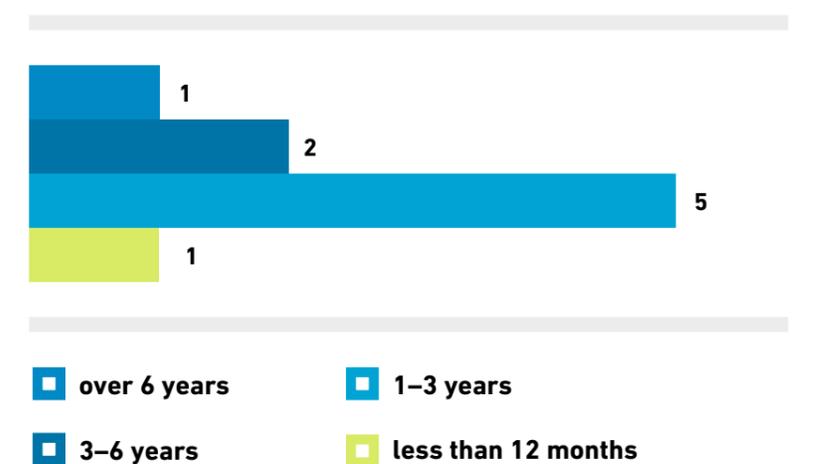
- presentation of certain requirements to the qualification, experience, knowledge, business skills and business reputation to the members of the Board of Directors;
- election of at least three independent directors to the Company's Board of Directors;
- limitation of the number of executive directors, which cannot exceed one fourth of the composition of the Company's Board of Directors.

The Appointment and Remuneration Committee assesses all candidates

### Structure of the Board of Directors at Unipro PJSC as of 31 December 2017



### Duration of Employment of the Members of the Board of Directors as Members of the Unipro PJSC Board of Directors



nominated to the Board of Directors according to the Federal Law — On Joint-Stock Companies as to their meeting of the set criteria.

The composition of the Board of Directors was changed in 2017. In December 2017, Tatyana Mitrova withdrew from the Board of Directors. Oleg Vyugin was appointed a member of the Board of Directors. Thus, the composition of the Board of Directors was somewhat renewed, which helped bring in a fresh perspective to the matters reviewed at meetings of the Board of Directors and its committees.

The Board of Directors functioning as of 31 December 2017 was elected by the Extraordinary General Meeting of Shareholders on 7 December 2017.

<sup>1</sup> The provisions of the Regulations on the Board of Directors are published on the Company's web-site at <http://www.unipro.energy/www.eon-russia.ru> in the section "Company Overview / Documents".



**Klaus Schäfer**  
Chairman of the Board of  
Directors

**Year of birth:** 1967.

**Education:**

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

**Citizenship:** Germany.

**Positions held in the last 5 years:**

2010–2013 — CEO, E.ON Ruhrgas AG (Essen, Germany).  
2011–2013 — CEO, E.ON Global Commodities SE (Düsseldorf, Germany).  
2013–2015 — Member of the Management Board, E.ON SE (Düsseldorf, Germany).

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

K. Schäfer has been a member of the Board of Directors since 15 June 2016. Mr. Schäfer holds no shares in the Company's authorised capital; and carried out no acquisitions and disposals deals with Unipro shares in 2017.



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

**Year of birth:** 1961.

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

Graduated from Moscow Engineering Physics Institute, majoring in System Engineering (1984).

**Citizenship:** The Russian Federation.

**Positions held in the last 5 years:**

Since 2012 — Professor, Higher School of Management at Higher School of Economics.

**Membership in managerial bodies of other organisations till now:**

Since 2011 — Deputy Chairman of the Board of Directors, CFE inc.  
Since 2016 — Member of the Board of Directors, Tiscali S.p.a  
Since 2016 — Member of the Board of Directors, High-Speed Rail Lines JSC.  
Since 2017 — Member of the Board of Directors, Sistema Joint-Stock Financial Corporation.

**Awards:**

2013 — awardee of the Best Corporate Director of a Publicly Owed JSC award in the nomination of the Best Chairman of the Board of Directors of a Publicly Owed JSC established by the National Corporate Directors Association under the auspices of the Federal Property Management Agency.  
2014 — awardee of the ARISTOS Management Award in the nomination the Best Independent Director.  
2017 — laureate of the 12<sup>th</sup> National Award "Director of the Year": Independent Director on the Ranking of the Independent Director Association.

A. Belova has been a member of the Board of Directors since 15 June 2016. She holds no shares in the Company's authorised capital; and carried out no acquisitions and disposals deals with Unipro shares in 2017.



**Patrick Wolff**  
Member of the Board of  
Directors

**Year of birth:** 1971.

**Education:**

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

**Citizenship:** Germany.

**Positions held in the last 5 years:**

2004–2015 — Vice President, E.ON SE (Düsseldorf, Germany).  
Since 2016 — Executive Vice President, Uniper SE (Düsseldorf, Germany).

**Membership in managerial bodies of other organisations till now:**

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

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

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

P. Wolff has been a member of the Board of Directors since 15 June 2016. He holds no shares in the Company's authorised capital; and carried out no acquisitions and disposals deals with Unipro shares in 2017.



**Oleg Vyugin**  
Member of the Board of  
Directors, independent director,  
Member of the Appointment  
and Remuneration Committee,  
Member of the Audit Committee  
of the Board of Directors

**Year of birth:** 1952.

**Education:** higher, Candidate of Physical and Mathematical Sciences (1978).

In 1974, he graduated from the mechanics and mathematics faculty of Lomonosov Moscow State University majoring in mathematics.

**Citizenship:** The Russian Federation.

**Positions held in the last 5 years:**

Since 2007 — Professor, School of finance at Finance department of Economic Sciences Faculty, Higher School of Economics.

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

**Membership in managerial bodies of other organisations till now:**

Since 2002 — Member of the Foundation Council "Centre for Strategic Research".

Since 2008 — Member of the Guardian Council of the Non-Profit Organisation "Endowment Fund of the New Economic School".

Since 2008 — Member of the Guardian Council of the Fund at European University at St. Petersburg.

Since 2010 — Chairman of the Board of Directors of Self-Regulatory (Non-Profit) organisation "National Association of the Equity Market Participants".

Since 2011 — Deputy Chairman of the Supervisory Board of National Settlement Depository.

Since 2011 — Member of the Guardian Council of Non-Profit Fund “Analytical Centre Forum”.

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

Since 2016 — Member of the Council of AGAT Youth Entrepreneurship Support Fund.

Since 2017 — Member of the Supervisory Board, Moscow Exchange PJSC.

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

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

#### Awards:

Honoured Economist of the Russian Federation.

2014 — laureate of the All-Russian Award of Financial Experts “Reputation” in the nomination of the Best Independent Director of the Financial Market.

2015 — amongst 25 best chairs of the board of directors according to the Independent Directors Association.

2017 — laureate of the 12<sup>th</sup> National Award “Director of the Year” in the nomination “Independent Director” and “Chair of the Board of Directors: Contribution into the Development of Corporate Governance” according to the Independent Directors Association.

O.V. Vyugin has been a member of the Board of Directors since 7 December 2017. He holds no shares in the Company’s authorised capital; and carried out no acquisitions and disposals deals with Unipro shares in 2017.



#### Alexey Germanovich

Member of the Board of Directors, Independent Director, Member of the HR and Remunerations Committee, Chairman of the Audit Committee of the Board of Directors

**Year of birth:** 1977.

**Education:** higher.

In 1998, he 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 from the Cranfield University (United Kingdom).

**Citizenship:** The Russian Federation.

#### Positions held in the last 5 years:

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

Since 2014 — Advisor, to CEO, Investment Management JSC.

#### Membership in managerial bodies of other organisations till now:

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

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

Since 2016 — Member of the Board of Directors, Ameriabank CJSC.

Since 2016 — Member of the Board of Directors, Aeroflot PJSC.

#### Awards:

2015–2016 — in Top-50 Best Independent Directors of the National Award “Director of the Year” of the Independent Directors Association.

2017 — laureate of the 12<sup>th</sup> National Award “Director of the Year”: Independent Director on the Ranking of the Independent Director Association.

A. A. Germanovich has been a member of the Board of Directors since 26 June 2014. He holds no shares in the Company’s authorised capital; and carried out no acquisitions and disposals deals with Unipro shares in 2017.



#### Christopher Jost Delbrück

Member of the Board of Directors

**Year of birth:** 1966.

#### Education:

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.

**Citizenship:** Germany.

#### Positions held in the last 5 years:

2010–2013 — Chief Financial Officer, E.ON Energy Trading SE (Düsseldorf, 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).

Since 2016 — CFO, Uniper SE (Düsseldorf, Germany).

K. Delbrück has been a member of the Board of Directors since 15 June 2016. He holds no shares in the Company’s authorised capital; and carried out no acquisitions and disposals deals with Unipro shares in 2017.



### Eckhardt Rümmler

Member of the Board of  
Directors

**Year of birth:** 1960.

**Education:**

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

**Citizenship:** Germany.

**Positions held in the last 5 years:**

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

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

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

**Membership in managerial bodies of other organisations till now:**

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

E. Rümmler has been a member of the Company's Board of Directors since 17 June 2009, reelected until 27 June 2013, elected again on 15 June 2016. He holds no shares in the Company's authorised capital; and carried out no acquisitions and disposals deals with Unipro shares in 2017.



### Maxim Shirokov

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

**Year of birth:** 1966.

**Education:** higher.

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

**Citizenship:** The Russian Federation.

**Positions held in the last 5 years:**

Since 2012 — Chief Executive Officer, Unipro PJSC.

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

2015–2016 — Chief Executive Officer, Uniper LLC.

**Membership in managerial bodies of other organisations till now:**

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

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

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

M. G. Shirokov has been a member of the Company's Board of Directors since 21 February 2013; Since July 2013 — Deputy Chairman of the Board of Directors. He holds no shares in the Company's authorised capital; and carried out no acquisitions and disposals deals with Unipro shares in 2017.



### Reiner Hartmann

Member of the Board of  
Directors

**Year of birth:** 1945.

**Education:**

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

**Citizenship:** Germany.

**Positions held in the last 5 years:**

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

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

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

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

**Membership in managerial bodies of other organisations till now:**

Since 2014 — Chairman of the Honoured Board, Association of European Businesses in the Russian Federation.

R. Hartmann has been a member of the Board of Directors since 6 June 2008. He holds no shares in the Company's authorised capital; and carried out no acquisitions and disposals deals with Unipro shares in 2017.

**Independent Directors**

According to the international practice and Russian legislation, an independent director is a member of the Board of Directors having no property relations with the company in whose management they participate, and having no relations with its suppliers or consumers.

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

Autonomy, independent decision-making and impeccable business reputation are inseparable

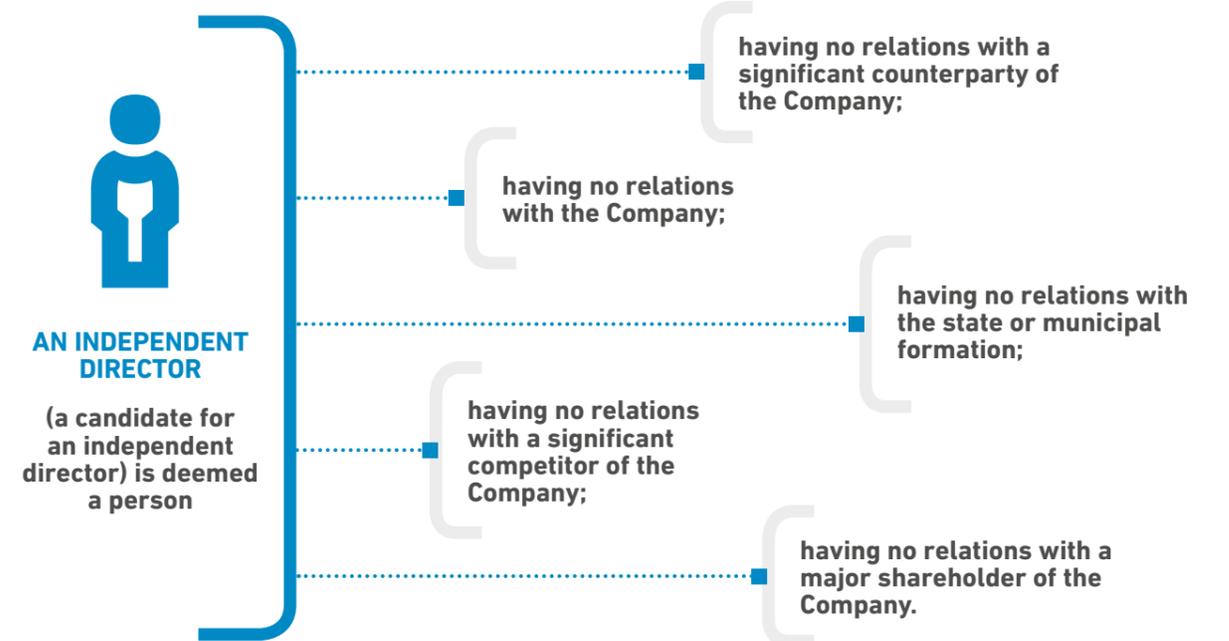
traits of independent directors.

In this capacity, an independent director is guided by the principles of honesty, impartiality, constructiveness and professionalism. An independent director performs their duties in good faith in accordance with applicable laws. An independent director devotes sufficient time and attention to their professional duties to make informed and reasoned decisions. To make a decision, an independent director is to make sure that their decision benefits the company, its shareholders

and other persons interested in the business ensuring a reasonable balance of interests.

Independent directors bring along into the work of the Board of Directors an independent view based on their knowledge, experience and qualification. Impartiality of independent directors and their constructive criticism are of high significant to the Board of Directors and the Company in general.

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



**When determining independence criteria for the members of the Board of Directors, the Company adheres to the following regulations:**

**Corporate Governance Code**

**MICEX Listing Rules**

The Appointment and Remuneration Committee of the Board of Directors at Unipro reviews the issue of meeting the independence criteria by the candidates to the Board of Directors when preparing for a General Meeting of Shareholders, with the item of the election of the Company's Board of Directors of the Company as part of its agenda. Information on candidates to the Company's Board of Directors provided to shareholders in preparation for such General Meetings contains information on those who of them are independent.

Since 1 January to 7 December 2017, the Company's Board of Directors comprised the following independent directors:

- Anna Belova;
- Aleksey Germanovich;
- Tatiana Mitrova.

Since 7 December to 31 January 2017, the Company's Board of Directors comprised the following independent directors:

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

In relation to O. V. Vyugin, the Company's Board of Directors made a decision on 18 December 2017 on acknowledging him as an independent director despite the presence of a formal criterion of his relation to the Company's significant counterparty, Rosneft Oil Company PJSC<sup>1</sup>.

<sup>1</sup> The Resolution of the Unipro Board of Directors dated 18 December 2017 (Minutes No. 254 dated 20 December 2017) is published on the Company's website <http://www.unipro.energy/> in the section Unipro / Company Management / Board of Directors).

## Overview of the Meetings of the Board of Directors in 2017

In 2017, 14 meetings of the Board of Directors of the Company were held, including 3 attendee meetings. In 2017, 66 issues were reviewed by the Board of Directors. Over the reporting period, the Board of Directors mostly focused on the Company's strategy, corporate governance, financial and business operations, and HR matters. Special attention went to the matter of recovering the Power Unit No. 3 of Berezovskaya GRES.

## Major Resolutions Made by the Board of Directors in 2017

<b>Strategy and priority areas of the Company's activities</b>	<ul style="list-style-type: none"> <li>• updating parameters of the investment project "Recovery of the Power Unit No. 3 of Berezovskaya GRES of Unipro PJSC"</li> <li>• reviewal of the status of implementing the investment project "Recovery of the Power Unit No. 3 of Berezovskaya GRES of Unipro PJSC"</li> <li>• approval of an Additional Agreement between Unipro PJSC and Unipro Engineering LLC to the Services Agreement for the organisation and management of rehabilitation works of the Power Unit No. 3 of Berezovskaya GRES of Unipro PJSC after the accident</li> <li>• approval of an Additional Agreement between Unipro PJSC and Uniper Technologies GmbH to the Additional Agreement to the Agreement for engineering services and HSE within the framework of the project "Recovery of the Power Unit No. 3 of Berezovskaya GRES of Unipro PJSC"</li> <li>• approval of an Agreement between Unipro PJSC and Unipro Engineering LLC to the Additional Agreement to the Agreement for managing and engineering supervision of the construction project "Fuel Receiving Station" of the Berezovskaya GRES Branch of Unipro PJSC</li> <li>• approval of a Novation Agreement to the Supply Agreement between Unipro PJSC and Lukoil-Rezervnefteprodukt LLC</li> <li>• introduction of amendments to the Regulation on Procurement of Unipro PJSC</li> </ul>
<b>Corporate governance</b>	<ul style="list-style-type: none"> <li>• convening of the Annual and Extraordinary General Meeting of Shareholders of the Company</li> <li>• election of the Chairman of the Board of Directors, Deputy Chairman of the Board of Directors, Corporate Secretary</li> <li>• liquidation of the Risk and Finance Committee at the Board of Directors</li> <li>• change of the quantitative and personal composition of committees at the Board of Directors</li> <li>• reviewal of reports of the committees at the Board of Directors on their performance in 2016</li> <li>• approval of the restated Regulation on the Appointment and Remuneration Committee at the Company' Board of Directors</li> <li>• approval of the Regulation on the Audit Committee of the Board of Directors of the Company</li> <li>• approval of the Regulation on Assessing Performance of Unipro Board of Directors</li> <li>• approval of the working plan of Unipro Board of Directors for 2017–2018</li> <li>• introduction of amendments into the working plan of the Board of Directors for the corporate year of 2016–2017</li> <li>• approval of internal audit plan for 2018</li> <li>• approval of report on the Company's non-arm's transactions in 2016</li> <li>• approval of transactions whose approval was required under the Russian legislation and (or) the Company's Charter</li> </ul>

<b>Control, risks and reporting</b>	<ul style="list-style-type: none"> <li>• approval of the Company's restated Financial Policy</li> <li>• reviewal of the Report by the CEO on the company's business financial activities in H1 2017</li> <li>• reviewal of annual report on the Corporate Risk Management System and most significant risks in the company's business</li> <li>• approval of IFRS reports for 2016 FY</li> <li>• reviewing the Report by CEO on the Company's financial business activities in 2016</li> <li>• approval of the Company's Financial Performance Indicators for 2016</li> <li>• approval of the Company's IFRS Budget for 2018</li> <li>• establishing limits for the Company's financial needs (borrowings) for the period from July 2017 until July 2018</li> <li>• approval of the Overdraft Facility Agreement between Unipro PJSC and Gazprombank (Joint-Stock Company)</li> <li>• approval of the Credit Facility Agreement between Unipro PJSC and Gazprombank (Joint-Stock Company)</li> <li>• approval of the remuneration to the Company's auditor for reviewing interim IFRS financial statements for the 6-months reporting period ending on 30 June 2017</li> <li>• approval of the remuneration to the Company's auditor for reviewing accounting statements prepared under the Russian laws, and reviewing IFRS reports for the reporting year ending on 31 December 2017</li> <li>• approval of the Loan Agreement between the Company and Uniper SE</li> <li>• approval of an Additional Agreement to the Loan Agreement between Unipro PJSC and Unipro Engineering LLC</li> </ul>
<b>HR and Remuneration</b>	<ul style="list-style-type: none"> <li>• approval of collective labour agreements of the Company's branches for 2018–2020</li> <li>• agreeing changes to the labour agreement and awarding a bonus to M.G. Shirokov, CEO of Unipro PJSC, based on the results of 2016</li> <li>• agreeing the holding by Maxim Shirokov, CEO of Unipro PJSC, Member of the Management Board at Unipro PJSC, of concurrent positions in management bodies of other companies</li> </ul>

## Information on Remuneration and Compensations to the Members of the Board of Directors

According to the Company's Charter, the matter of paying out remunerations and compensations to the members of the Board of Directors falls within the competence of the General Meeting of Shareholders.

The development and periodic review of the Remuneration Policy for the Board of Directors, as well as control over its implementation,

falls within the competence of the Appointment and Remuneration Committee.

The Company applies a structured remuneration system for the members of the Board of Directors. Remunerations are paid according to the Remuneration Regulation for the Board of Directors approved by the Annual Meeting of Shareholders

on 15 June 2016, and generally corresponds to the best practices of corporate governance. The current remuneration system complies with the principles or transparency and accountability, and incorporates the role of every member of the Board of Directors in the Company's business. The Regulation contains an exhaustive list of all payments provided to

members of the Board of Directors, and conditions of their receipt.

The remuneration system to the Board of Directors comprises a fixed (quarterly) and variable (annual) part. The fixed part depends on how actively members participated in the work of the Board of Directors. The variable part is linked to the Company's financial performance in order to improve their engagement into the Company's business, and improve their interest in the Company's achievement of high financial results.

The Regulation stipulates for the reimbursement to the

members of the Board of Directors of all expenses incurred by them in the fulfilment of their job obligations as members of the Board of Directors.

Remuneration is only paid 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.

Moreover, the Regulation on the Board of Directors only stipulates for an annual remuneration in those cases when the Annual General Meeting of Shareholders has not decided otherwise.

The total remunerations and compensations paid to the members of the Board of Directors in 2017 were RUB 17,578 thousand, including:

- ☒ quarterly remuneration of RUB 5,093 thousand;
- ☒ annual remuneration (for 2016) of RUB 12,364 thousand;
- ☒ reimbursements of RUB 120 thousand.

## Committees of the Board of Directors

To improve the performance of the Board of Directors and of the elaboration of issues within its competence, special advisory bodies were established at the Board of Directors — committees.

The main purpose of every committee is to preliminarily review most important issues of a particular area that fall within the competence of the Board of Directors, according to the committee's specialisation, and prepare recommendations, which the Board of Directors takes into account when making relevant decisions.

In their activities, the committee resolutions are fully reportable to the Board of Directors. The committees comprise members of the Board of Directors and persons suggested by the members of the Board of Directors whose competence and experience are an asset to the work of the committees.

According to the best practices and requirements of the MICEX Listing Rules, the Audit Committee and the HR and Remuneration Committee only comprise independent directors. This aids in the elaboration of objective and well-grounded recommendations.

In 2017, the Company had the following Committees:

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

## Audit Committee of the Board of Directors

The Audit Committee of the Board of Directors was established on 30 November 2006 by a resolution of the Board of Directors.

The Committee acts by virtue of the Charter and Regulation on the Audit Committee of the Board of Directors. Since 25 April 2017, a restated Regulation on the Audit Committee of the Board of

Directors has been enacted, which incorporates all MICEX Listing Rules for the inclusion and maintaining shares on the first-tier quotation list<sup>1</sup>.

The Committee is an advisory and consultative body to the Board of Directors that enables the actual involvement of the Board of Directors in the control over the Company's financial

and economic activities, and provision of objective information to the Board of Directors on the quality of internal audit and analysis of the Company's financial statements.

The Committee only comprises independent directors who meet independence criteria established by MICEX.

## Quantitative and Personal Composition of the Audit Committee in 2017

Period	Number of members	Personal Composition
<b>1 January 2017 — 26 June 2017</b>	2	Alexey Germanovich, Chairman of the Committee Anna Belova
<b>27 June 2017 — 18 December 2017</b>	3	Alexey Germanovich, Chairman of the Committee Anna Belova Tatiana Mitrova
<b>19 December 2017 — 31 December 2017</b>	3	Alexey Germanovich, Chairman of the Committee Anna Belova Oleg Vyugin

In 2017, 5 meetings of the Audit Committee were held.

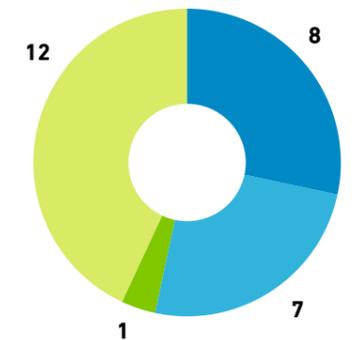
<sup>1</sup> See the Regulation on the Audit Committee of the Board of Directors on the Company's web site at <http://www.unipro.energy/> in the section "Company Information / Documents".

### Most Significant Matters Reviewed by the Audit Committee in 2017

<b>Accounting (financial) reporting</b>	<ul style="list-style-type: none"> <li>on reviewing the IFRS financial reports of Unipro PJSC for 2016</li> <li>on reviewing the financial reports of Unipro PJSC prepared under the Russian requirements for 2016</li> <li>conclusion of the Revision Commission on the Company's accounting reports for 2016</li> <li>on reviewing the IFRS financial reports of Unipro PJSC for 3 months of 2017</li> <li>on reviewing the IFRS financial reports of Unipro PJSC for 6 months of 2017</li> <li>on reviewing the IFRS financial reports of Unipro PJSC for 9 months of 2017</li> <li>on the preliminary review of material and equipment for 2018–2020</li> <li>loan agreement between Unipro PJSC and Uniper SE</li> </ul>
<b>External audit</b>	<ul style="list-style-type: none"> <li>report of the external auditor on the IFRS financial report of Unipro PJSC for 2016</li> <li>on assessing the quality of the audit report on IFRS financial report of Unipro PJSC for 2016</li> <li>report by the auditor company PricewaterhouseCoopers Audit JSC on the review of financial reports of Unipro PJSC for 6 months of 2017</li> <li>on the procedure of selecting an auditor company for branches and affiliated companies of Unipro PJSC</li> <li>recommendations to the Board of Directors on the external auditor to be proposed to the Annual Meeting of Shareholders</li> <li>recommendations to the Executive Board on the external auditor for the branches of Unipro PJSC</li> <li>comments by the auditor company on the financial performance of Unipro PJSC for 9 months of 2017</li> </ul>
<b>Risk management</b>	<ul style="list-style-type: none"> <li>Unipro Risks and Opportunities Report for 2016, and Risk Trends Report</li> </ul>
<b>Corporate governance</b>	<ul style="list-style-type: none"> <li>on the secretary of the Audit Committee of the Board of Directors</li> <li>report by the Head of the Internal Audit Unit on the performance in 2016; Approving the unit's schedule for 2017</li> <li>on the schedule of the Audit Committee of the Board of Directors for 2017</li> <li>on the report by the Audit Committee of the Board of Directors on the performance in 2016</li> <li>on the Risk and Finance Committee</li> <li>review of the Regulations on the Audit Committee of the Board of Directors</li> <li>recommendations to the Board of Directors on distributing profits of 2016 FY, and Q1 2017, recommendations as to the amounts of the dividends and their payment procedure to be suggested to the Annual General Meeting of Shareholders</li> <li>review of the Company's restated Dividends Policy</li> <li>on approving the work schedule of the Audit Committee of the Board of Directors for 2017–2018</li> <li>recommendations to the Board of Directors on profit distribution for 9 months of 2017, and the dividend amounts and payment recommendations to be proposed to the Annual General Meeting of Shareholders</li> <li>report by the Head of the Internal Audit Unit on preliminary performance in 2017; Approving the work schedule of the Internal Audit Unit for 2018</li> <li>report by the Head of the Internal Audit Unit on individual checks on the results of 2017</li> </ul>

### Structure of Most Significant Matters Reviewed by the HR and Remuneration Committee in 2017

- Accounting (financial) reporting
- External audit
- Risk management
- Corporate governance



### Appointment and Remuneration Committee

Established on 14 April 2008 based on the resolution of the Board of Directors, Minutes No. 87 dated 17 April 2008.

The Committee acts by virtue of the Charter and Regulation on the Appointment and Remuneration Committee at Unipro Board of Directors.

Since 25 April 2017, the restated Regulation on the Appointment and

Remuneration Committee has been enacted, which incorporates all MICEX Listing Rules for the inclusion of and keeping shares on the first-tier quotation list.

The Appointment and Remuneration Committee assists the Board of Directors in shaping and efficient and transparent remuneration

practices, HR policy and succession policy, preliminary reviews matters related to HR planning, professional composition and efficiency of the Board of Directors.

The Committee only comprises independent directors who meet the independence criteria established by MICEX.

### Quantitative and Personal Composition of the Appointment and Remuneration Committee in 2017:

Period	Number of members	Personal Composition
<b>1 January 2017 — 26 June 2017</b>	2	Anna Belova, Chairman of the Committee Tatiana Mitrova
<b>27 June 2017 — 18 December 2017</b>	3	Anna Belova, Chairman of the Committee Alexey Germanovich Tatiana Mitrova
<b>19 December 2017 — 31 December 2017</b>	3	Anna Belova, Chairman of the Committee Oleg Vyugin Alexey Germanovich

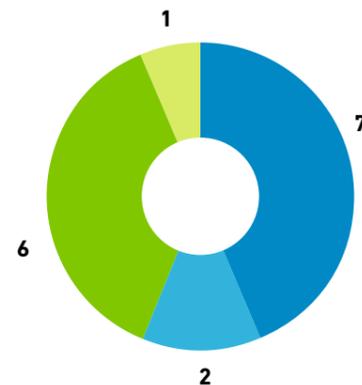
In 2017, the Appointment and Remuneration Committee held 9 meetings, including 8 attendee meetings.

### Most Important Matters Reviewed by the Appointment and Remuneration Committee in 2017

<b>Remuneration and incentives</b>	<ul style="list-style-type: none"> <li>on reviewing the goal matrix (KPIs) for 2017 of the Company’s senior management</li> <li>recommendations to the Company’s CEO on awarding bonuses to employees of the Company</li> <li>on assessing the achievement of goals for 2016 by individual senior managers of the Company</li> <li>on agreeing financial performance indicators for calculating the annual bonus to the Company’s employees for 2016, and on suggesting a solution on this matter to the Board of Directors</li> <li>on paying out remunerations to the members of the Board of Directors for 2016</li> <li>on setting the terms and conditions of the labour agreement with the CEO of Unipro PJSC</li> <li>on setting the terms and conditions of labour agreements of individual senior managers</li> </ul>
<b>HR policy</b>	<ul style="list-style-type: none"> <li>on approving Collective Labour Agreements of the Company’s branches for 2018–2020</li> <li>on forming a succession pool in the Company</li> </ul>
<b>Corporate governance</b>	<ul style="list-style-type: none"> <li>on reviewing the Regulation on Appointment and Remuneration Committee, and recommendations to the Board of Directors on its approval</li> <li>on reviewing the Regulation on performance assessment of the Board of Directors, and recommendations to the Board of Directors on its approval</li> <li>on reviewing proposals by the Company’s shareholders on candidates to the Company’s managerial and supervision bodies to be elected at the Annual Meeting of Shareholders for 2016, and recommendations to the Board of Directors on this matter</li> <li>on assessing performance of the Board of Directors in 2016</li> <li>on reviewing the work schedule of the HR and Remuneration Committee for 2017–2018</li> <li>on reviewing proposals by the Company’s shareholders on candidates to the Company’s managerial and supervision bodies to be elected at the Extraordinary General Meeting of Shareholders on 7 December 2017, and recommendations to the Board of Directors on this matter</li> </ul>
<b>Occupational safety and health</b>	<ul style="list-style-type: none"> <li>on the status or work related to the perfection of the HSE system</li> </ul>

### Structure of Most Significant Matters Reviewed by the HR and Remuneration Committee in 2017

- Remuneration and incentives
- HR policy
- Corporate governance
- Occupational safety and health



### Risk and Finance Committee

Established on 30 June 2009 based on the resolution of the Company’s Board of Directors, Minutes No. 115 dated 1 July 2009. Liquidated since 1 April 2017 by the Resolution of the Company’s Board of Directors, Minutes No. 242 dated 15 March 2017.

### Quantitative and Personal Composition of the Risk and Finance Committee in 2017

Period	Number of members	Personal Composition
<b>1 January 2017 — 1 April 2017</b>	6	Ulf Backmeyer — Chairman of the Committee Elena Talalayeva — Deputy Chairman of the Committee Elena Gabdulkhayeva Andrey Zhukovskiy Igor Popov Marina Ustinova

In 2017, five meetings of the Risk and Finance Committee were held.

### Most Important Matters Reviewed by the Risk and Finance Committee in 2017

<b>Risks</b>	<ul style="list-style-type: none"> <li>on the Corporate Risks and Opportunities Report for Q1 2017</li> <li>on hedging the currency risk for the contracts whose amount of liability is fixed in a foreign currency</li> <li>on review and approval of an urgent report on a new risk “Unilateral Termination of the CSA by Consumers”</li> <li>progress of recovery works at the Power Unit No. 3 of Berezovskaya GRES, and report on project risks</li> <li>discussion of the potential risk of customers’ exercise of the right to unitarily terminate capacity supply agreement</li> </ul>
<b>Finances</b>	<ul style="list-style-type: none"> <li>report on banking services utilised by Unipro in 2016</li> <li>on approval of credit limits for financial counterparties</li> <li>on approval of a related-party transaction — the loan agreement between the Company and Uniper SE, and on suggesting a solution to the matter to the Board of Directors</li> </ul>

## Participation of Members of the Board of Directors in Meetings of the Board of Directors and its Committees in 2017

Members of the Board of Directors in the reporting year	Period of participation in the Board of Directors	Participation in the meetings of the Board of Directors	Audit Committee	Appointment and Remuneration Committee
Members of the Board of Directors	throughout the reporting year			
Anna Belova	1 January 2017 — 31 December 2017	14/14	5/5	9/9
Patrick Wolff	1 January 2017 — 31 December 2017	12/14	–	–
Alexey Germanovich	1 January 2017 — 31 December 2017	14/14	5/5	5/5
Christopher Jost Delbrück	1 January 2017 — 31 December 2017	14/14	–	–
Gunter Eckhardt Rümmler	1 January 2017 — 31 December 2017	14/14	–	–
Reiner Hartmann	1 January 2017 — 31 December 2017	14/14	–	–
Klaus Schäfer	1 January 2017 — 31 December 2017	14/14	–	–
Maxim Shirokov	1 January 2017 — 31 December 2017	14/14	–	–
Members included to the Board of Directors	the Board of Directors at the Annual Meeting of Shareholders (AGSM) on 7 December 2017			
Oleg Vyugin	7 December 2017 — 31 December 2017	1/1	–	1/1
Members retiring from the Board of Directors	at the AGSM on 7 December 2017			
Tatiana Mitrova	1 January 2017 — 7 December 2017	12/13	2/3	8/8

## Performance Assessment of the Company's Board of Directors and Committees at the Board of Directors in 2017–2018 Corporate Year

Within the corporate governance improvement system at Unipro, the Board of Directors approved the Regulation for Conducting Performance Assessment of Unipro's Board of Directors on 25 April 2017.

The Regulation establishes goals and regulates the process and procedure for assessing performance of the Company's Board of Directors and its committees.

The Regulation establishes the following basic principles:

- ☐ performance assessment of the Board of Directors and its committees are conducted in the form of self-assessment with a possibility to engage an independent third party;
- ☐ the self-assessment questionnaire does not only offer multiple choice questions but also provides a possibility of a detailed comment;
- ☐ the Appointment and Remuneration Committee plays a key role in assessing performance of the Board of Directors.

Performance assessment of Unipro's Board of Directors and of the committees at the Board of Directors in the 2017–2018 corporate year was conducted as self-assessment by each member of the Board of Directors through filling in a Self-Assessment Form.

The Chair of the Appointment and Remuneration Committee analysed the forms filled by the members of the Board of Directors and aggregated the results.

Based on the analysis by the Appointment and Remuneration Committee, a report was compiled on the results of the performance of the Board of Directors and of the committees at the Board of Directors in the 2017–2018 corporate year, and recommendations were issued on how to further improve the development of activities of the Board of Directors and of the committees at the Board of Directors.

The report on the results of the performance of the Board of Directors and of the committees at the Board of Directors in the 2017–2018 corporate year was reviewed at the attendee meeting of the Board of Directors on 12 April 2018.

The performance assessment confirms high performance of the Board of Directors and of the committees at the Board of Directors in the 2017–2018 corporate year.

## Prevention of Conflicts of Interest for the Board of Directors

Rational and conscious actions by members of the Board of Directors require the making of decisions based on exhaustive information in the absence of a conflict of interest, with equal treatment of the Company's shareholders, within the normal entrepreneurial risk.

The Company has introduced a comprehensive practice for managing conflicts of interest of members of the Board of Directors, which

provides for a reasonable assurance that conflicts of interest are settled at initial stages, and the Company's interests are not infringed.

In carrying out their rights and obligations, members of the Board of Directors should be governed by the current Code of Ethics.

According to the Regulation on the Board of Directors, members of the Board of Directors provide to the Corporate Secretary

information in written within five business days since the occurrence of any of the following circumstances:

- ☐ legal entities in which a member of the Board of Directors holds, individually or jointly with an affiliated person(s), at least 20 per cent of voting shares (equity interests or stakes);
- ☐ legal entities in which a member of the Board of Directors holds positions in the governing bodies;

<sup>1</sup> Conflict of interests means any contradiction between the Company's interests and personal interests of a member of the Board of Directors, which includes any direct or indirect personal or third party interests, including due to their business, friendly, family or other relations and ties, holding by the member or related persons of positions in another legal entity, possession by the member or related persons of shares in another legal entity, contradictions between the members' obligations to the Company and to another entity. A conflict of interest may arise, amongst other instances, during the conclusion of transactions in which a member of the Board of Directors is interested, directly or indirectly, in the acquiring of shares (units) belonging to competitors of the Company, taking of positions in such legal entities, or establishing long-term or other relations with such entities.

on all actual and potential transactions that the member of the Board of Directors is aware of, in which the member can be qualified as an interested party.

Moreover, the member of the Board of Directors is to timely disclose formation on the ownership of securities of the Company, the Company's

subsidiaries and controlling entities, on their sale and (or) acquisition, and on taking positions in other legal entities, on membership in the Board of Directors (Supervisory Board) of another legal entity, and on the change of the permanent (main) position.

To timely identify conflicts of interest, the Company

developed a questionnaire for members of the Board of Directors, which incorporates both legislative requirements to completeness of disclosed information and changes to the Federal Law On Joint-Stock Companies. Members of the Board of Directors are to fill in the questionnaire on a quarterly basis, and disclose all relevant data that may imply a conflict of interest.

## Management Board

The Management Board is a collective executive body supervising the most significant matters of managing the Company's business within the powers stipulated by the Charter and the Regulation on the Management Board<sup>1</sup>. The Management Board reports to the Board of Directors and the General Meeting of Shareholders.

Unipro policy on perfecting corporate governance aims at strengthening the role of the Management Board in current activities as a body shaping a uniform approach of the Company's management to key areas of its business. The stepping up of the role of the Management Board is also due to a more extensive application of the collective managerial

decision-making principles that mitigates the risk of making ineffective managerial decisions.

Key responsibilities of the Management Board comprise the following:

- development and submission to the Board of Directors of long-run plans for implementing the Company's key business activities;
- approval of major transactions of the Company;
- determination of the Company's position on a number of most critical issues in the business of its subsidiaries;
- setting of social guarantees and benefits to the Company's employees;
- development of draft resolutions and recommendations to the Board of Directors.

According to clause 18.3 of the Charter, members of the Management Board are elected by the Board of Directors comprising at least three officers. The Board of Directors may determine a greater number of members of the Management Board.

No changes to the Management Board took place in 2017.

## Members of the Management Board:



### Maxim Shirokov

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

**Year of birth:** 1966.

**Education:** higher.

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

### Positions held in the last 5 years:

Since 2012 — Chief Executive Officer, Unipro PJSC.

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

2015–2016 — Chief Executive Officer, Uniper LLC.

### Membership in managerial bodies of other organisations till now:

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

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

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

**Elected to the Management Board** on 16 June 2012.

He holds no shares in the Company's authorised capital; and carried out no acquisitions and disposals deals with Unipro shares in 2017.



### Ulf Backmeyer

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

**Year of birth:** 1970.

**Education:** higher.

In 1996, he graduated from Universität Passau (Germany), majoring in economics of culture.

**Positions held in the last 5 years:** Since 2011 — Deputy CEO of the Company for Finance and Economy, Unipro PJSC.

**Elected to the Management Board** on 28 January 2011.

He holds no shares in the Company's authorised capital; and carried out no acquisitions and disposals deals with Unipro shares in 2017.



### Igor Popov

Deputy CEO for Production, Member of the Management Board, Unipro PJSC

**Year of birth:** 1965.

**Education:** higher.

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

**Positions held in the last 5 years:** Since 2009 — Deputy CEO for Production, Unipro PJSC.

**Elected to the Management Board** on 30 August 2012.

He holds no shares in the Company's authorised capital; and carried out no acquisitions and disposals deals with Unipro shares in 2017.

<sup>1</sup> See the Regulation on the Management Board on the Company's website at: <http://www.unipro.energy/> in the section "Company Profile / Documents".

## Overview of Meetings of the Management Board

In 2017, 44 Meetings of the Management Board were held, at which matters from various fields of the Company's business were discussed.

## Key Issues Reviewed by the Management Board in 2017

<b>Strategy and priority areas of the Company's activities</b>	<ul style="list-style-type: none"> <li>review of the Unipro PJSC Investment (managerial) Programme for 2017</li> <li>approval of target funding programmes for initiatives aimed at strengthening fire safety and security in line with the audit recommendations of Safe.On for Unipro branches for 2017–2019</li> <li>approval of pricing parameters of the competitive capacity selection (CCS) for 2021 for the Company's units for which capacity supply contracts (CSC) either have not been concluded or are expiring</li> <li>review of the results of investment projects</li> <li>approval of the investment project "Recovery of turbine K-800-240-5 of Plant No. 3 and auxiliary equipment of the Power Unit at Plant No. 3 of Berezovskaya GRES of Unipro PJSC"</li> <li>approval of the investment project "Construction of 32 Gcal-hr boiler plant at the Smolenskaya GRES Branch of Unipro PJSC"</li> <li>approval of the investment project "Modernisation of Plant No. 2 Turbine, with the replacement of diaphragms, rotor of high-pressure cylinder, and stop valve. Stage 2, modernisation of diaphragms at the Yaivinskaya GRES Branch of Unipro PJSC"</li> <li>review of the results of market modelling for the long-term scenario of Uniper Commodity Outlook 2017-09 (UCO2017-09) of Unipro PJSC</li> <li>approval of agreements for the main operations</li> <li>making decision on participating in the Self-Regulating Organisation "Union of Yugra Constructors"</li> </ul>
<b>Financial and economic activities</b>	<ul style="list-style-type: none"> <li>review of Unipro PJSC performance in 2016</li> <li>approval of actual KPIs of Unipro PJSC for 2016</li> <li>approval of forecast financial indicators of Unipro PJSC for 2017</li> <li>approval of the Company's KPIs for 2017</li> <li>approval of inventory financial indicators of Unipro PJSC for 2018-2020</li> </ul>
<b>Corporate governance</b>	<ul style="list-style-type: none"> <li>approval of the restated Regulation on corporate support to the Company's employees for housing improvements</li> <li>approval of the restated Regulation on the use of vehicles of Unipro PJSC</li> <li>approval of the Insurance Policy of Unipro PJSC</li> <li>approval of the Regulation on incentivising contractors for compliance with labour protection requirements within the framework of "Recovery of the Power Unit No. 3 at Berezovskaya GRES"</li> <li>review of the preparation schedule for the Annual General Meeting of Shareholders in 2017</li> <li>introduction of amendments to the organisational structure of the executive apparatus of Unipro PJSC</li> <li>preliminary elaboration of all issues submitted for review to the Board of Directors</li> </ul>

<b>Subsidiaries</b>	<ul style="list-style-type: none"> <li>defining view of the Company (Company's representatives) on the agenda items of General Meeting of Shareholders and meetings of the boards of directors of its subsidiaries</li> <li>making decision on withdrawing from Shaturskaya Managing Company OJSC through selling its shares</li> </ul>
<b>Risk management</b>	<ul style="list-style-type: none"> <li>review of quarterly corporate risks and probabilities reports</li> <li>approval of the list of Risk Owners and Risk Coordinators</li> <li>approval of the credit limits for Value at Risk (VaR)</li> <li>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</li> <li>approval of the commodity risks limits</li> <li>making decision on hedging currency risks for contracts, the liabilities under which are set in foreign currencies</li> </ul>
<b>Social investments</b>	<ul style="list-style-type: none"> <li>approval of the Social Investment Programme of Unipro PJSC for 2017</li> <li>review of providing concrete types of corporate support to employees of Unipro PJSC for housing improvements</li> </ul>
<b>Safety/security</b>	<ul style="list-style-type: none"> <li>review of the performance of occupational safety efforts in H1 2016, plans for future periods</li> <li>approval of the road map "Informational Security of DCS"</li> </ul>
<b>Procurement</b>	<ul style="list-style-type: none"> <li>review of quarterly reports on "improper procurements"</li> <li>review of quarterly reports on purchases from "unreliable" suppliers</li> <li>approval of electronic trading platforms the use of which allows for e-procurements</li> <li>approval of carrying out procurement procedures required for the main operations</li> </ul>

## Remunerations and Compensations to the Management Board

Remunerations and compensations to the Company's employees who are members of the Management Board are paid under the labour agreements signed with them as the Company's FTEs, the terms and conditions of which are reviewed by the Appointment and Remuneration Committee.

The Regulation on the Management Board does not stipulate for any special remunerations or compensations to employees acting as members of the Management Board.

In 2017, the Company's employees who are members of the Management Board received the following amounts: salary — RUB 136,105 thousand; bonuses — RUB 90,663 thousand; total — RUB 226,768 thousand.

## CEO

The Chief Executive Officer (CEO) is the Company's sole executive body. The CEO is responsible for the Company's daily operations according to the Charter, resolutions of the General Meeting of Shareholders, the Board of Directors and the Management Board.



**Maxim Shirokov**

The CEO reports to the General Meeting of Shareholders and the Board of Directors. The CEO is elected by the Board of Directors by the a majority of vote of present members.

By the Resolution of the Board of Directors dated 16 July 2012, Maxim Shirokov was elected to the position of the CEO, who took the office on 17 July 2012.

**Year of birth:** 1966.

**Education:** higher.

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

### Positions held in the last 5 years:

Since 2012 — Chief Executive Officer, Unipro PJSC.

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

2015–2016 — Chief Executive Officer, Uniper LLC.

### Membership in managerial bodies of other organisations till now:

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

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

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

Maxim Shirokov holds no shares in the Company's authorised capital; and carried out no acquisitions and disposals deals with Unipro shares in 2017.

## Remunerations and Compensations to the CEO

Remunerations and compensations to the CEO, including financial incentives, are set forth in the labour contract with the CEO, whose terms are approved by the Board of Directors.

No other remunerations except for those stipulated in the labour contract were paid to the CEO. The amount of remunerations and compensations paid to the CEO over the reporting

period is included into the amount of remunerations and compensations paid to the Management Board.

## Corporate Secretary

The Company's Corporate Secretary is an officer of the Company. The Corporate Secretary could be an officer who holds a higher degree in law, economics or business, has at least two years of experience in corporate management or managerial work, and relevant knowledge of corporate legislation, the Charter and provisions on managerial and supervisory bodies of the Company.

The Corporate Secretary's key obligations comprise of the following: ensuring interactions with the Company's shareholders, coordinating the Company's actions on defending the shareholders' rights and interests, and supporting efficient operations of the Board of Directors.

The Corporate Secretary performs the following functions:

- ☒ participation in the preparations for and conducting of General Meeting of Shareholders;
- ☒ supporting operations of the Board of Directors (functions of the Secretary of the Board of Directors), committees at the Board of Directors, and interaction of members of the Board of Directors with the Company's executive bodies and employees, and control over the execution of

resolutions by the Board of Directors;

- ☒ participation in implementing the Company's policy on information disclosure, and ensuring the storage of the Company's corporate documents;
- ☒ ensuring interactions between the Company and its shareholders, and participation in preventing corporate conflicts;

- ☒ support of the interaction between the Company and regulatory authorities, market operators, registrar and other professional participants of the stock market within its powers assigned to the Corporate Secretary;

- ☒ support with implementing procedures set forth in legislation and the Company's internal documents enabling the exercise of the shareholders' rights and legitimate interests, and control over their implementation;

- ☒ immediate notification of the Board of Directors of all identified breaches of the legislation and internal corporate documents, the control over which falls within the powers of the Corporate Secretary;

- ☒ participation in perfecting the Company's corporate management system and practices.

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

The Corporate Secretary is functionally subordinated and reports to the Board of Directors, and is administratively subordinated to the CEO. No conflicts of interest were identified in the work of the Corporate Secretary.

The working procedures of the Corporate Secretary are governed by the Regulation on the Corporate Secretary<sup>1</sup>.

By the Resolution of the Board of Directors dated 31 December 2017 (Minutes No. 249 dated 1 September 2017) Elena Gabdulkhayeva, the Company's Director for Corporate Policy, was appointed to the position of the Corporate Secretary<sup>2</sup>. Re-elected at the meeting of the Board of Directors on 18 December 2017 (Minutes No. 254 dated 20 December 2017).

<sup>1</sup> See the Regulation on the Corporate Secretary of the Company on the Company's website at: <http://www.unipro.energy/> in the section "Company Profile / Documents".

<sup>2</sup> In the period from 26 January to 31 August 2017 Victoria Yareeva held the position of the Corporate Secretary (Resolution of the Board of Directors dated 26 January 2017 (Minutes No. 241 dated 26 January 2017)).



**Elena Gabdulkhayeva**

**Born in 1978.** 1978.

**Education:** higher.

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

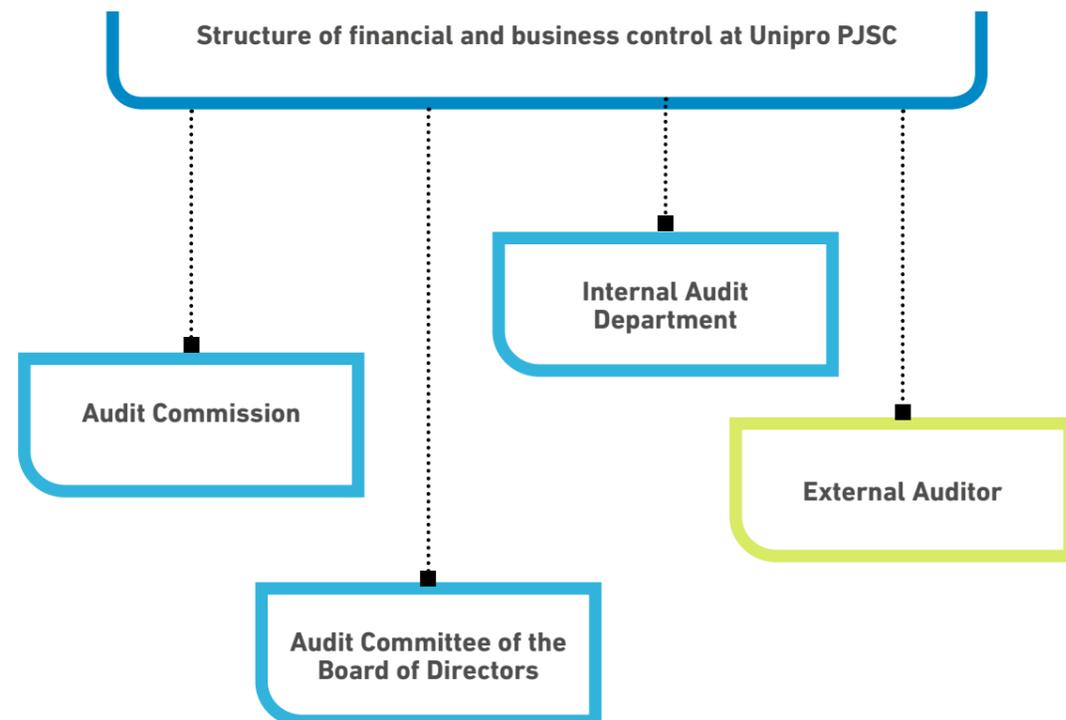
**Experience**

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

Since 2016 — Director for Corporate Policy, Unipro PJSC.

### 5.3. 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

According to clause 9.2. of the Charter, the Audit Commission is an internal body supervising the Company's financial and business activities.

The Audit Commission is elected by the General Meeting of Shareholders for the period until the next Annual Meeting of Shareholders.

In case the Audit Commission is elected by an Extraordinary Meeting of Shareholders, members of the Audit Commission are deemed elected for the period until the Annual General Meeting of Shareholders.

The Audit Commission continuously supervises the Company's financial and operating activities, its standalone divisions, officers, managerial bodies and structural units. The powers and operating procedures the Audit Commission are set forth in the Regulation on the Audit Commission<sup>1</sup>.

### Main Tasks of the Audit Commission

- 1 Control over financial and business operations
- 2 Independent evaluation of the reliability of the data contained in annual reports and annual accounting statements
- 3 Monitoring compliance of the financial and business transactions with the Russian legislation and the Company's Charter
- 4 Informing on breaches of the rules set forth by Russian legislation on accounting and financial reporting, and breaches in the course of carrying out financial and economic activities
- 5 Supervision over the remedy of deficiencies and observance of recommendations stated in the reports on previous audits (revisions)

According to the Company's Charter, the Audit Commission comprised 4 officers.

<sup>1</sup> See the Regulation on the Audit Commission of the Company on the Company's website at: <http://www.unipro.energy/> in the section "Company Profile / Documents".

The following members were elected to the Audit Commission at the General Meeting of Shareholders dated 7 December 2017:

**Nicolo Prien,**  
Chairman of the Audit Commission

Born in 1966.

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

Since 2016 — Executive Vice President for Corporate Audit, Uniper SE (Düsseldorf, Germany).

Since 2016 — member of the Audit Commission, Unipro PJSC.

**Alexey Asyaev,**  
Secretary of the Audit Commission

Born in 1979.

Since 2012 — member of the Audit Commission, Head of the Internal Audit Department, Unipro PJSC.

**Denis Alexeyenkov**

Born in 1979.

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

Since 2013 — member of the Audit Commission of the Council of Electricity Producers.

Since 2013 — member of the Audit Commission, Head of the Controlling Department, Unipro PJSC.

**Dr. Jörg Wallbaum**

Born in 1975.

2008–2015 — Head for Accounting Policies, E.ON Global Commodities SE (Düsseldorf, Germany).

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

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

From 1 January until 23 June 2017 the Audit Commission was operating elected by the Annual Meeting of Shareholders of 15 June 2016 in the following composition<sup>1</sup>:

1. Denis Alexeenkov;
2. Alexey Asyaev;
3. Nicolo Prien;
4. Hansal Uwe Gerd.

By the resolution of the Annual Meeting of Shareholders of 23 June 2017, composition of the Audit Commission remained unchanged.

In 2017, the Audit Commission focused on the following financial and business aspects of the Company's activities:

- key production, financial and economic indicators;
- investment projects;
- procurement activities;
- warehouse management;
- fixed assets and inventory inventorying;
- treasury transactions;
- financial liabilities registered on off-balance accounts;
- acceptance of works under contractor agreements;
- compliance of the Company's operations to the Code of Ethics and the Competition Rules;
- quality of IT services.

In 2017, the Audit Commission conducted 3 meetings and a scheduled audit of the Company's financial and business activities. No unscheduled audits of the

Company's financial and business activities were carried out.

According to Clause 12.2 of the Regulation on the Audit

Commission, no remuneration is stipulated for the members of the Audit Commission. In 2017, no remunerations were paid to members of the Audit Commission.

## Internal Audit Department



**Alexey Asyaev**

Head of the Internal Audit Department, Unipro PJSC

**“The main goal of the Internal Audit Department is to assist the Board of Directors and the Company's executive bodies in improving efficacy of managing the Company, perfecting the corporate governance system, and increasing efficiency of business processes and systems.**

**The internal audit function is performed by the independent structural unit, Internal Audit Department.**

**Since its establishment in 2006, the Internal Audit Department has been constantly improving itself 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.**

**We completed all 10 audits scheduled for 2017. The exceptionally important one for the company was the auditing of the project “Recovery of the Power No. 3 at Berezovskaya GRES”, and audits of other significant and topical themes: R&M process, HSSE process, IT security.**

**Relevant corrective measures were elaborated jointly with the audit's clients — managers responsible for the processes at Unipro PJSC. A number of measures were carried out for taking relations with the audit clients to a new partnership level. We provide opportunities for the experienced employees of Unipro to join for some of our audits, and bring in their experience and knowledge. The World of Audit used for annual planning was reviewed, which helped better structure the incoming information on risks.**

**The following areas of development of the internal audit function were scheduled for 2018:**

- assessment of the quality of internal audit processes by an external vendor;
- further nearing of the functions of the Internal Audit Department with the International Standards of Internal Audit;
- implementation of an ambitious programme for developing and training the staff of Internal Audit Department.”

<sup>1</sup> Detailed information on the members of the Audit Commission appointed until 7 December 2017 are stated in the Company's Annual Report for 2016.

Internal audit aims to assist the Board of Directors and the Company's executive bodies in improving the corporate governance system, its financial and business operations, including through a systematic and consistent approach to analysing and assessing the systems of risk management, internal

control and corporate governance.

The annual schedule of the Company's internal audits is reviewed and approved by the Audit Committee of the Board of Directors, which quarterly receives information on the identified major risks and gaps in the control environment of Unipro.

The most important functions of the Internal Audit Department include timely and quality carrying of internal audits and inspections for ensuring efficient use of the Company's resources, and assessment of risk management, control, and corporate governance systems.

### Key Tasks of the Internal Audit Department

1	Making an annual plan for internal audits according to the risk-based approach for the Company's main business processes
2	Organisation and carrying out internal audits according to the approved annual plan
3	Organisation and carrying out unscheduled audits, internal investigations, fraud investigations

To ensure the principle of independence and objectivity, the Internal Audit Department reports to the Board of Directors, and is administratively subordinated to the CEO. The Internal Audit Department is headed by a manager appointed by the decree of the CEO of Unipro PJSC upon the suggestion of the Board of Directors. The Head of the Internal Audit Department is member of the Audit Commission.

The Internal Audit Department is governed by the principles of independence and objectivity, and the Russian legislation, resolutions of the General Meeting of Shareholders and the Board of Directors, internal regulatory documents on 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 the preparation of financial statements or in operation of the internal control system. Any employee may refer these issues to the Internal Audit Department and the Audit Committee of the Board of Directors.

### External Auditor

For independent objective evaluation of the quality of the Company's financial (accounting) reports prepared under to the Russian and international standards, Unipro PJSC annually engages an external auditor.

On 23 June 2017, the Annual General Meeting of Shareholders approved PricewaterhouseCoopers Audit JSC as an external auditor.

In 2017, the auditor completed the following works:

- ✚ audit of Unipro's RAS financial statements for the period from 1 January to 31 December 2017, inclusively;
- ✚ drawing up of the auditor's opinion on Unipro's RAS financial statements for 2017;
- ✚ assessment review of Unipro's interim IFRS financial statements prepared for 6 months ending on 30 June 2017;
- ✚ drawing up of the auditor's opinion on the assessment review of Unipro's interim IFRS financial statements prepared for 6 months ending on 30 June 2017;

- ✚ assessment review of Special financial statements for 3 and 6 months ending on 31 March and 30 June 2017 respectively, prepared according to the instructions of Group Uniper SE and the Group's accounting policy on preparing special financial statements;
- ✚ drawing up of the auditor's opinion on the assessment review of Special financial statements;
- ✚ audit of IFRS consolidated financial statements of the Company and its subsidiaries for the year ending on 31 December 2017;
- ✚ drawing up of the auditor's opinion on the IFRS consolidated financial statements of the Company and its subsidiaries for the year ending on 31 December 2017;
- ✚ audit of the Company's special financial information for the reporting period ending on 31 December 2017 prepared according to the instructions of Uniper SE Group and the accounting

policy of Uniper SE Group on preparing financial statements;

- ✚ report on the Company's special financial information for the reporting period ending on 31 December 2017 prepared according to the instructions of Uniper SE Group and the accounting policy of Uniper SE Group on preparing financial statements.

The amount of the remuneration payable to the auditor is set by the Board of Directors.

According to the resolution of the Board of Directors, the external auditor's remuneration was set as follows:

- ✚ RUB 4,200,000.00 (net of VAT) for auditing accounting statements for the reporting year ending on 31 December 2017, prepared under the Russian legislation;
- ✚ RUB 25,723,728.82 (net of VAT) for auditing accounting statements for the reporting year ending on 31 December 2017, prepared under IFRS.

## 5.4. 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 by the number of minority shareholders. The Company aims at a constructive dialogue with all of the Company's shareholders, preventing preferential satisfaction of interests of any shareholder to the detriment of others.

All shareholders enjoy equal and favourable conditions for exercising their rights in managing the Company, including:

- ☐ participating personally or via representatives in the General Meeting of Shareholders with the right to vote on all matters within their competence;
- ☐ submitting proposals to the agenda of the General Meeting according to the procedure stipulated by the Russian legislation and the Charter;
- ☐ receiving 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 Charter;
- ☐ receiving dividends declared by the Company;
- ☐ enjoying 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;
- ☐ receiving a part of the Company's property in the event of liquidation;
- ☐ exercising other rights provided for by the legislation of the Russian Federation and the Charter.

### Share Capital Structure

The shareholder register contained records of 300,650 shareholders of Unipro PJSC as of 31 December 2017, including<sup>1</sup>:

Structure by types of personal accounts	2017, shares	2016, shares	2017, share, %	2016, share, %
<b>Beneficiary owners</b>	300,055	300,708	85.33	85.37
Legal entities, including:	674	675	83.92	83.92
– commercial organisations	522	523	83.92	83.92
of which owned by Uniper Russia Holding GmbH	–	–	83.73	83.73
– non-profit organisations	10	11	less than 0.01	less than 0.01
– federal authorities	3	3	less than 0.01	less than 0.01
– public authorities of Russian constituent entities	4	4	less than 0.01	less than 0.01
– local authorities	–	–	–	–
Private individuals	299,381	300,033	1.41	1.45
<b>Non-beneficiary owners</b>	594	597	14.67	14.63
Nominal holders	12	13	14.66	14.62
Trustees	4	4	less than 0.01	less than 0.01
Shares in shared ownership	578	580	0.01	0.01
<b>Total</b>	<b>300,650</b>	<b>301,305</b>	<b>100</b>	<b>100</b>

The Company did not issue any additional shares in 2017.

<sup>1</sup> According to the data provided by the Registrar.

## Shares at Stock Exchange

Unipro's authorised capital is RUB 25,219,482,458.37. According to Unipro's Charter, issued are 63,048,706,145 full and 44,925,042,874/49,130,625,974 fractional uncertificated registered ordinary shares with the nominal value of RUB 0.40.

Unipro's ordinary shares were listed on the first-tier quotation list of the Moscow Stock Exchange on 1 September 2014.

### Outstanding shares

Quantity, shares	63,048,706,145
Nominal value of share, RUB	0.40
State registration number of the issue	1-02-65104-D
Date of state registration	19 April 2007
Authorised capital, RUB	25,219,482,458.37
ISIN code	RU000A0JNGA5
Ticker	UPRO

### Dynamics of Unipro PJSC Share Prices in 2015–2017, RUB



### Final Market Capitalisation of Unipro PJSC in 2015–2017

Date	Market price	Quantity of outstanding shares	Market capitalisation, RUB
31 December 2015	3.19	63,048,706,145	201,566,713,545
31 December 2016	2.88	63,048,706,145	181,895,517,228
31 December 2017	2.56	63,048,706,145	161,089,444,200

Source: Moscow Exchange PJSC

## Dividends

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

- ✚ a clear and transparent mechanism for calculating and paying out dividends;
- ✚ payment of dividends in cash only;
- ✚ excluded are cases of the shareholders' receiving the Company's profits in any manner rather than dividends and liquidation value.

Developing its dividend policy, Unipro does not only comply in full with the Russian legal requirements but also balances

interests of its shareholders with the Company's needs in development, boosting its investment appeal and capitalisation.

The Board of Directors approved on 31 July 2014 (Minutes No. 199 dated 1 August 2014) the Regulation on Dividend Policy developed according to the Russian legislation and the Charter.

### Key Provisions of the Dividend Policy:

1. Dividends are paid to the Company's shareholders under the following conditions:

- ✚ the Company has net profit as of the end of the first quarter, six months, nine months of the fiscal year and (or) at the end of a fiscal year, or retained earnings from previous years;
- ✚ no statutory restrictions have been imposed on dividends by the current Russian legislation;
- ✚ the Board of Directors recommends the

amount of dividends and the date on which entities entitled to the dividends are determined;

- ✚ the General Meeting of Shareholders issues a resolution to pay out dividends.

2. The shareholders receive dividends from the Company's net profit and (or) retained earnings of previous years calculated based on the accounting (financial) statements.

3. The amount of dividends to be paid out to the shareholders is

calculated with a view to balancing interests of the Company and those of its shareholders while enhancing the Company investment appeal and capitalisation and respecting the rights of its shareholders.

4. The amount of dividends per share is calculated as the Company's net profit and (or) retained profit previous years allotted as dividends divided by the number of shares on which dividends are accrued and paid out according to the legislation.

## Dividend History

Period, for which the dividends are paid	Dividends per share, RUB	Number of shares, shares	Funds allotted on dividends, RUB	Date of the resolution on paying out dividends
2005	0.01123	8,210,830,760	92,207,629.43	21 April 2006
2006	0.004071	49,130,625,974	200,010,787.54	25 May 2007
Q1 2007	0.0030531	49,130,625,974	150,000,715.12	25 May 2007
2011	0.05787978807	63,048,706,145	3,649,245,749.81	29 June 2012
2012	0.289541278733806	63,048,706,145	18,255,203,000	27 June 2013
2013	0.300188653732372	63,048,706,145	18,926,506,217.51	26 June 2014
Based retained earnings of previous years	0.0793037685567795	63,048,706,145	5,000,000,000	26 June 2014
2014	0.2776423960677	63,048,706,145	17,504,993,843.32	26 June 2015
2015	0.197253780372175	63,048,706,145	12,436,595,634.86	15 June 2016
9M 2016	0.0727	63,048,706,145	7,180,481,826.37	8 December 2016
Based retained earnings of previous years	0.0431			
2016	0.0936762922840	63,048,706,145	5,906,169,025.05	23 June 2017
Q1 2017	0.0173489836955	63,048,706,145	1,093,830,974.95	23 June 2017
9M 2017	0.1110252759795	63,048,706,145	7,000,000 000	7 December 2017

Based on the Company's performance in 2008–2010, the General Meeting of Shareholders made the decision to not pay out dividends.

### Report on Declared (Accrued) Dividends on Shares for 2017

In 2017, in accordance with the resolution of the Annual General Meeting of Shareholders of the Company, the dividends were declared for 2016 of RUB 5.9 billion, RUB 1.1 billion following results of Q1 2017. The Extraordinary General

Meeting of Shareholders that took place on 7 December 2017 made the decision to pay out interim dividends of RUB 7.0 billion for 9 months of 2017.

As of 31 December 2017, the dividends were paid in full,

except for the amounts, which were unpaid due to reasons beyond the Company's control: absence of details for the dividends payment in the profile of the registered person.

**Registrar**

Since 2009, Unipro’s registrar is R.O.S.T. Registrar JSC, a professional participant of the stock market, maintaining the register based on the license No. 045-13976-000001 dated 3 December 2002.

As of today, R.O.S.T. Registrar JSC is represented in 34 constituent entities of the Russian Federation, which enables the registrar’s clients and their shareholders promptly receive quality services in most regions of the country.

Continuous improvement of the service quality, introduction and development of new and existing services, and the availability of a professional team help R.O.S.T. Registrar JSC produce high results year to year. In 2017, the earnings of R.O.S.T. Registrar JSC exceeded RUB 1 bln.

In 2017, R.O.S.T. Registrar JSC implemented a state-of-the-art e-service allowing issuers and shareholders to fully abandon paperwork in the process of informational servicing, preparation for and conducting general meetings of shareholders.

Since December 2016, R.O.S.T. Registrar JSC has been a part of NDE-R.O.S.T. group of companies, comprising the leaders of the register service market.

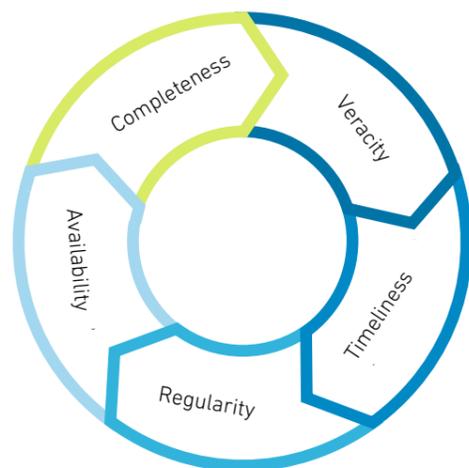
**Disclosure of Information**

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: Regulation on Information Disclosure<sup>1</sup> and Regulation on Insider Information<sup>2</sup>.

For implementing basic principles of informational disclosure, the Regulation on Information Disclosure establishes the following rules for organising communications:

- ❏ dissemination of knowingly false information is prohibited;
- ❏ selective publication of information is prohibited;
- ❏ no need to comment on unconfirmed information;
- ❏ statements of a forecast nature are to be made with caution;
- ❏ "single voice";
- ❏ disclosure of commercial and other legally protected secrets is prohibited;
- ❏ legal requirements are to be complied with at disclosure.

The Regulation on Insider Information establishes rules for processing insider information, and stipulates for insider categories by the degree of their access to insider information.

The Company aims to ensure high openness and transparency of its operations based on the principle of an active dialogue with interested parties. Unipro PJSC maintains active communication with all interested parties, timely disclosing major information on all of its business aspects.

For disclosing its information, Unipro utilises various channels, primarily digital ones which allow for an easy, unhindered and free access of interested parties to the published information.

**Channels for Disclosing Information:**

- |   |  |  |
|---|--|--|
| <p>1) corporate website <a href="http://www.unipro.energy">http://www.unipro.energy</a> serves as the main channel of communication with the external audience, on which the Company publishes the most complete information on its business, and information of required disclosure;</p> | <p>2) Internet website provided by the distributor of information on the securities market — Interfax-LLC <a href="http://www.e-disclosure.ru/portal/company.aspx?id=7878">http://www.e-disclosure.ru/portal/company.aspx?id=7878</a> is the main channel for disclosing information of required</p> | <p>disclosure under the Russian legislation;</p> <p>3) news feeds of authorised media agencies;</p> <p>4) regular coverage of the Company’s business in federal and local media.</p> |
|---|--|--|

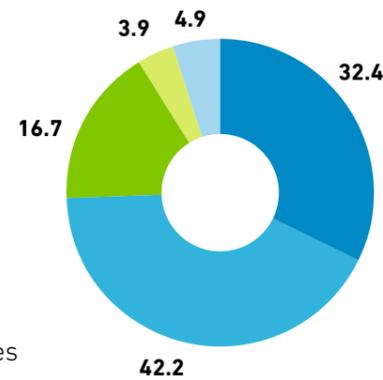
<sup>1</sup> See the Regulation on Information Disclosure on the Company’s web site at: <http://www.unipro.energy/> in the section "Unipro / Company Profile / Documents".  
<sup>2</sup> See the Regulation on Insider Information of the Company on the Company at: [http://www.unipro.energy](http://www.unipro.energy/) in the section "Shareholders and Investors / Insiders / Regulation on Insider Information".

In 2017, within its informational policy the Company conducted a number of events for interacting with its shareholders and investors:

- ☒ an annual press conference of the CEO with federal media on the results of 2017;
- ☒ a press conference for regional media at the opening of the warehouse complex of the Surgutskaya GRES-2 Branch in February 2017 with the participation of the mayor of the city of Surgut, the Company's CEO and the subsidiary's director;
- ☒ TV conference of the CEO with IFRS analysts and investors on the results of 2016;
- ☒ regular meetings of the

**Structure of Shareholder Enquiries in 2017**

- ☐ Dividend payments
- ☐ Updating of the profile of a registered entity
- ☐ Legacy
- ☐ Acquisition and sale of shares
- ☐ Other



- ☒ Company's top management with analysts and investors for providing them with the information required to update investment models of Unipro PJSC;
- ☒ preparation of written responses and email responses to the enquires of investors and shareholders;
- ☒ publication on the Company's website of a new section for shareholders "Q&A" on <http://www.unipro.energy/shareholders/faq/> with the most topical and frequently asked questions.

In 2017, 102 enquiries were received from shareholders, of that 59 were digital and 43 written.

**Prevention of the Use of Insider Information**

Since 2008, Unipro has enacted the Regulation on Insider Information aimed at the Company's compliance with the Russian legislation on countering the illegal use of insider information and market manipulation.

Since 2016, a new (seventh) version of the Regulation on Insider Information

is being applied. Key changes to the Regulation on Insider Information were introduced for aligning the Regulation with Uniper Group Policy "BP\_E\_LC\_01 Preventing Insider Trading". Moreover, a sequence of actions was added for identifying facts of employees' non-compliance with the Regulation and

applicable laws on insider information and securities trading.

The Regulation establishes category of entities that Unipro puts on the list of insiders, rules of handling insider information, rules of carrying out transactions with insiders' securities, and responsibility of the employees' breach of the

Regulation and applicable legislation on insider information and securities trading.

Moreover, the Regulation introduces additional limitations on securities trading for insiders, and the

control procedure for an officer specifically appointed by the Board of Directors for monitoring compliance with the insider rules.

The Board of Directors appointed a officer responsible for

implementing requirements on insider securities trading, whose powers include the control over the Company's compliance with the information policy.

**5.5. Compliance**

Compliance, which is interpreted as the conformity of the Company's business to the legislation, regulations and ethical norms, is an inseparable part of the Company's corporate governance. The Company has a unit performing the compliance function, and an employee responsible for the procedure (Designated Person).

The Company aims to enhance the compliance culture for ensuring conformity with the compliance requirements by all employees. The Code of Ethics is the main legal regulator of the Company's culture, according to which every employee performs their job obligations, including making decisions at all levels, in compliance with the legitimacy and conscientiousness standards set by the Company for conducting its business.

The compliance risk management system is formed for the following directions:

- ☒ prevention and management of conflicts of interest arising in the course of conducting the Company's business;
- ☒ compliance with the competition legislation;
- ☒ transfer and receipt of material values (gifts handling rules);
- ☒ prevention of corruption offences;
- ☒ engagement fo intermediaries and selection of suppliers;
- ☒ combatting money-laundering and financing of terrorism;
- ☒ prevention of the use of insider information;
- ☒ compliance with the sanction and limitation rules set by various states and organisations;
- ☒ respect of human rights.

The Company applies the best global practices for countering the use of insider information and market manipulation, including the Regulation on Insider Information approved and published on the Company's website with the list of information classified as insider. The Company manages conflicts of interests, including applying mechanisms of making managerial decisions when identifying conflicts of interests.

Measures implemented in 2017 and improving efficiency of compliance risk management in many aspects includes the following:

- development based on the updated Code of Corporate Conduct of a special multimedia learning course for distance learning of compliance principles by the employees of the Company, its subsidiaries and branches;
- automation of a number of key processes allowing to efficiently manage counterparty verification processes;
- improving of Hot Line operations in terms of compliance control.

The public image of Uniper Group, including of Unipro PJSC, largely depends on the behaviour of its employee, which is why every employee should be aware of how their actions impact on the Company's reputation.

## 5.6. Countering Corruption

The Company consistently undertakes measure for defending the interests of Unipro PJSC against illegal actions, and for analysing potential causes and circumstances of their occurrence.

The Company conducts unscheduled spot checks of fulfilling agreements, internal investigations on thefts, corruption, fraud, and

abuse of job obligations.

The inspections conducted in 2017 revealed 46 major violations of the Company's governing requirements; eight decrees, instructions and directives of the directors of branches were issued on applying measures to the employees of branches committing the offences, including bring to administrative responsibility

of four employees.

A number of measures are being implemented for assessing reliability of counterparties against the criteria set by the Company. In 2017, 1,127 counterparties were checked (1,082 in 2016), of which 117 were acknowledged as unreliable.

Item No.	Branch	No. of inspections	Risk colour		
			"red"	"yellow"	"green"
1	Executive office	162	23	54	85
2	Surgutslaya GRES-2	235	11	108	116
3	Shaturskaya GRES	210	12	82	116
4	Berezovskaya GRES	218	4	140	74
5	Yaivinskaya GRES	199	3	93	103
6	Smolenskaya GRES	48	0	0	48
7	Unipro Engineering	55	0	22	33
<b>Total</b>		<b>1,127</b>	<b>53</b>	<b>499</b>	<b>575</b>



## 6. Sustainable Development

“Unipro acts responsibly in respect of its employees, consumers, suppliers, environment, and society. We understand that the production of electricity and heat generation are of paramount significance for the life of the regions of our operation and for the country’s economy as a whole. The key principles of Unipro’s sustainable development include guaranteeing uninterrupted electric and thermal energy supplies, strict compliance with the laws, sustainable investments in the Company’s personnel, and social and economic development of the regions of our operation.”

**17** employees

of Unipro PJSC were awarded with official awards of the Ministry of Energy of the Russian Federation in 2017

Efficient HR system provides for a quality support to the Company’s business for implementing its short-term and long-run strategies.

The main principle of Unipro PJSC is safety of its employees and community.

In 2017, the plans of expert examinations of industrial safety and equipment certification were performed in full.

At the end of 2017, the environmental management system of Unipro PJSC was successfully audited for compliance with ISO 14001:2015 to confirm its effective certification.

Following the traditions of Uniper Group, Unipro PJSC strives to abide the principles of charity and sponsorship policy aimed at improving the living standards for population in the regions of the Company’s presence.

**414.3** RUB mln

costs associated with labour protection measures in 2017

**38** RUB mln

Unipro PJSC provided for implementation of charity projects in 2017



**“Unipro’s HR policy aims to balance the interests of employees and of the Company. The Company aims to unfold the potential of its employees, respects their work and aspiration to feel socially protected, treats them as the most significant resources without which none of the strategic goals or any efficiency can be achieved. Unipro aims to best utilise the employees’ skills, improve their competences and engagement, make allowances to the personal achievements and experience of each of the Company’s employees.”**

**Natalya Mashistova**  
**HR Director, Unipro PJSC**

## 6.1. HR Policy

▣ **Unipro aims to best utilise the employees’ skills, improve their competences and engagement, make allowances to the personal achievements and experience of each of the Company’s employees».**



The Company’s staff management system covers a set of personnel issues by all the categories of employees — from workers and specialists to managers.

### HR Strategy of Unipro PJSC

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.

Unipro HR system comprises 5 main blocks:

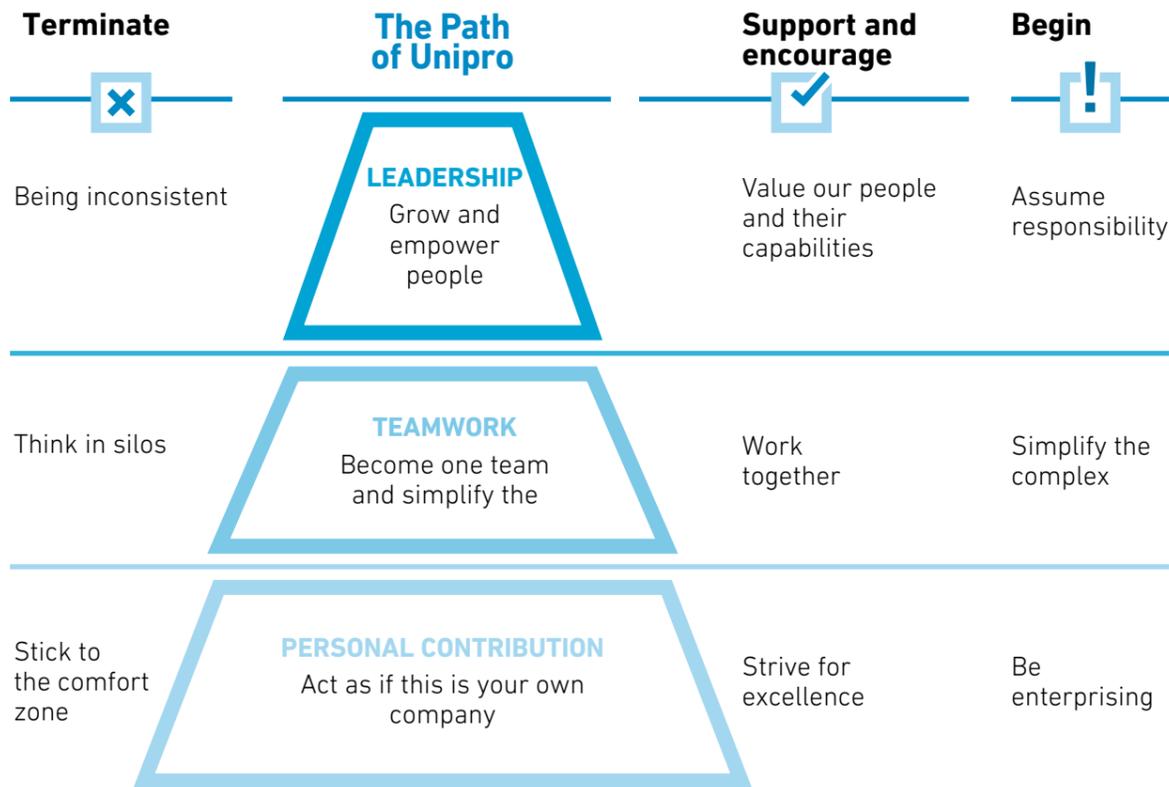
1. Fair Compensation.
2. Opportunities for employees’ growth and development.
3. Effective organisational structure and processes.
4. Building of a succession pool.
5. Promotion of corporate culture and social partnerships.

Efficient HR system provides for a quality support to the Company’s business for implementing its short-term and long-run strategies.

### The Path of Unipro

In 2017, the Company approved a new system of corporate values, The Path of Unipro. This rests on three pillars: leadership, team work, and personal contribution. Advancements in each of the pillars can improve the Company’s overall efficiency.

In 2017, a number of initiatives were carried out, and special programmes developed for promoting the value imperatives of The Path of Unipro.



**360 Degrees Feedback**

The 360 Degrees Feedback Programme based on assessing imperatives of The Path of Unipro corporate is part of the corporate culture. Participants receive feedbacks from their

superiors, colleagues and subordinates through online system, to later identify areas for improvements jointly with a representative of the HR unit and immediate superior.

In 2017, The 360 Degrees Feedback Programme was carried out for the managers and participants of the Succession Pool Management. 257 employees participated in the programme.

**Leadership Week**

In April and May 2017 the Leadership Week Programme was conducted for the managers of Unipro, and employees who are part of the succession pool. 140 employees participated in the programme in total.

The programme had various formats, such as presentations, lectures, practical classes and a business simulation. Goals: employees' focusing on strategic priorities

stipulated by The Path of Unipro: labour safety, equipment reliability, efficiency of business processes, and succession pool.

**Headcount and Staff**

The headcount of Unipro PJSC<sup>1</sup> staff as of 31 December 2017, was 4,357 employees, including:

- nonindustrial staff — 4,345 people;
- headcount in the programme for implementing investment projects — 12 people.

One of the HR goals is to balance the staff by sex and age. This concept enables the transfer of unique knowledge, technologies, and traditions.

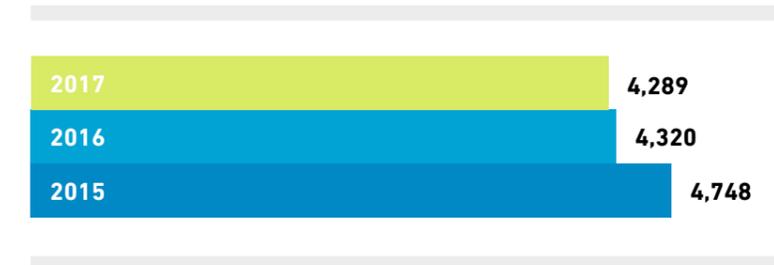
**4,357** employees

The headcount of Unipro PJSC staff as of 31 December 2017

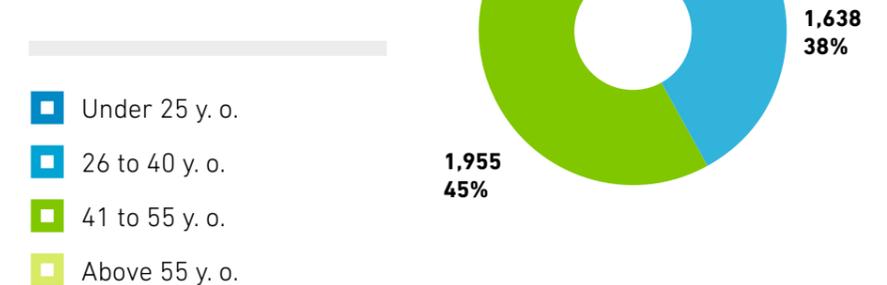
The Company provides equal rights to men and women in terms of hiring, promotion and social benefits. Due to the business specifics, the larger share of the headcount are men.

<sup>1</sup> The headcount means the full headcount, i. e. the total number of employees having concluded labour contracts with the Company.

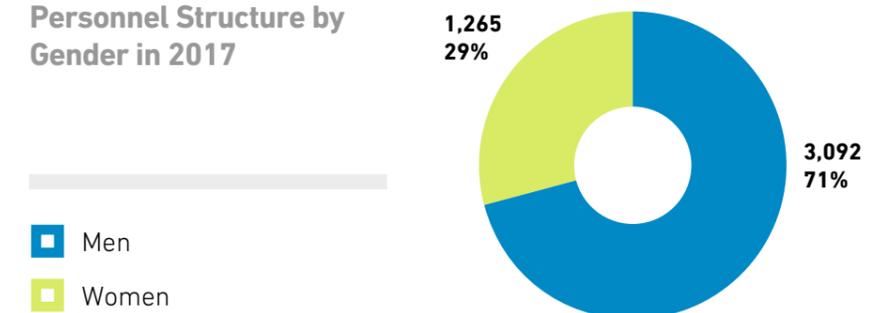
**Dynamics of Changes in the Average Number of Workers at Unipro PJSC in 2015–2017, All People Including Those Engaged in the Programmes for Implementing Investment Projects, as of Year End**



**Personnel Structure by Age in 2017**



**Personnel Structure by Gender in 2017**



## Energy Industry is a Family Business

**On the photos, which the Shlotov-Yeliseev family treasures, all periods of Yaivinskaya GRES development are presented. This is the place where the major life events of energy workers labour dynasty<sup>1</sup> were unfolded.**



The Shlotovs, a young family — mother Elena, father German and their daughter Galina — arrived to Yaiva settlement in 1961. At that time komsomol construction activities were in full swing there, young people were erecting buildings of the power station in the day time, and in the evening they were attending school.

This is the place where the Shlotovs started their labour path.

“I was always proud of my parents since they were doing such an important and indispensable job,” says Galina Eliseeva.

Elena Shlotova has been working in the Boiler & Turbine Shop as an Equipment Maintenance Technician for as long as 29 years!



German Eliseev, the father of Galina, started his work in 1979 as a Shift Master of the Boiler & Turbine Shop, and retired after 32 years of work with a medal “Honoured Veteran of Labour”.

Galina Eliseeva began to work at home power station as an ordinary accountant. It has already been a quarter of a century since she became the Deputy Chief Accountant of Yaivinskaya GRES.

Nikolay Eliseev, the husband of Galina Eliseeva, has been working at Yaivinskaya GRES as an Electric Welder for 15 years.

The labour dynasty of the Shlotovs-Eliseevs is continued by their son Vadim, who became one of the first graduates of the power engineering class of Yaivinskaya secondary school No. 33. Presently, Vadim Eliseev is a Senior Engineer of the Boiler & Turbine Shop.

“All members of our family are connected with Yaivinskaya GRES. And I hope that the labour dynasty of the Shlotovs-Eliseevs will serve for the benefit of the power station for many years in future,” says Galina Eliseeva.

<sup>1</sup> Labour dynasty means representatives of all professions in at least third generation who currently work or have worked prior to retirement in the Company

## Compensation Plan

Fair compensation, growth and development opportunities for employees, and social partnership are the priority directions for the HR Department.

Due to the expiry of collective agreements in the end of 2017, Unipro conducted negotiations with the labour unions of the Company’s branches as to the conclusion of new agreements for the period of three years. Thus, the Company concluded Collective Agreements with the branches for 2018–2020. Since 1 July 2017 new KPIs were introduced for the managers of operating units of the Company’s branches, which were included into the relevant Regulations on compensation plans of branch employees.

The regulations (collective employment agreements and regulations on compensation plans) 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 Company’s branches. Collective employment agreements are legal acts that establish rights and obligations of the parties to the Company’s social partnership. The signed collective employment agreements 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 the Uniper standards applies to employees of the executive body, administrative and executive heads of the Company’s branches: individual targets / goals are

set for these employees on the annual basis that are fixed in the Efficiency Management forms. The forms are used for assessing the employees’ performance is assessed over the reporting year, according to which and based upon which the achievement of key financial indicators the bonus is paid, and the salary is revised for the current year.

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 branches is at level of the enterprises involved in production and distribution of electricity, gas and water in the regions of the branches’ 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).

## Non-state Pension Scheme

Unipro PJSC regards the non-state pension scheme system (NPSS) as a tool for establishing long-term labour relations and increasing the income of retiring employees. The

NPSS was introduced in December 2005. It comprises two main pension schemes — corporate and parity (since 2007). Over 2017, 109 employees of branches registered their

non-state pensions with the Electric Energy National Pension Fund.

The Company’s current parity scheme allows employees to save pension saving for

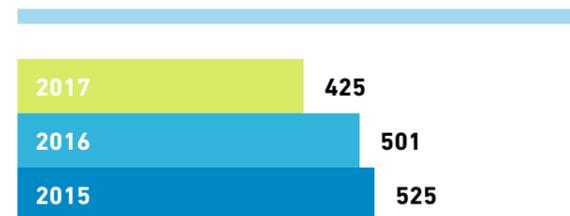
increasing their pension in the future. According to the parity scheme rules, the employees and Unipro jointly (in a certain proportion) finance the employees'

pension coverage. As of 31 December 2017, 1,549 employees participated in the parity scheme of NPSS, which is 36% of the total headcount of Unipro.

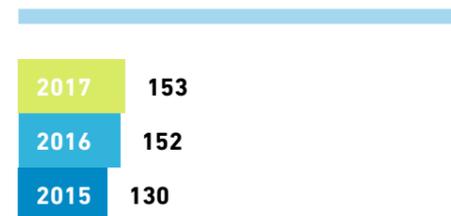
In 2018, the Company will continue to engage its employees in the parity pension scheme.

### Number of Unipro Employees Participating in the Parity Pension Scheme in 2015-2017

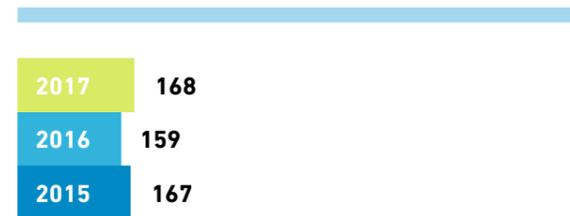
#### Berezovskaya GRES



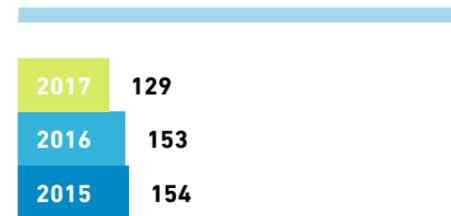
#### Shaturskaya GRES



#### Smolenskaya GRES



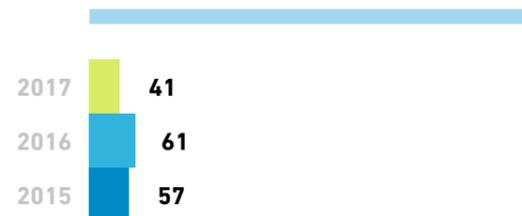
#### Yaivinskaya GRES



#### Surgutskaya GRES-2

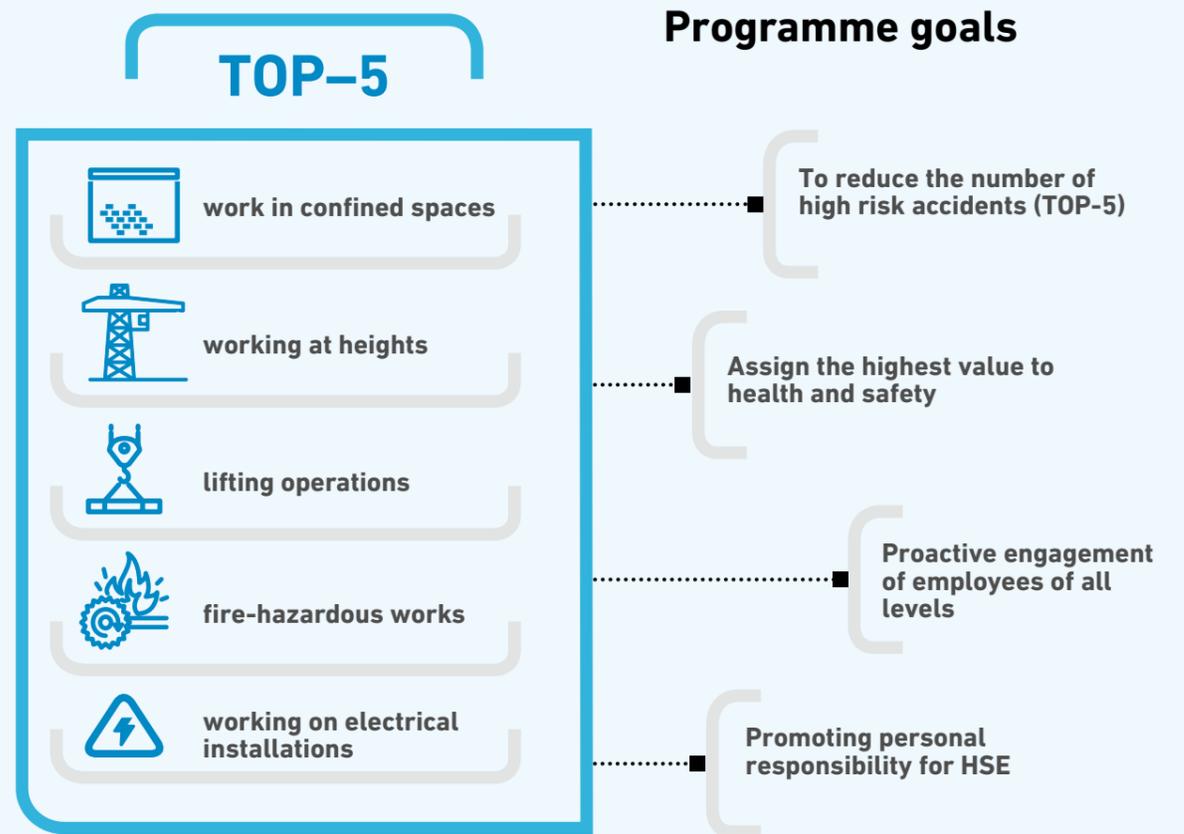


#### Executive Office

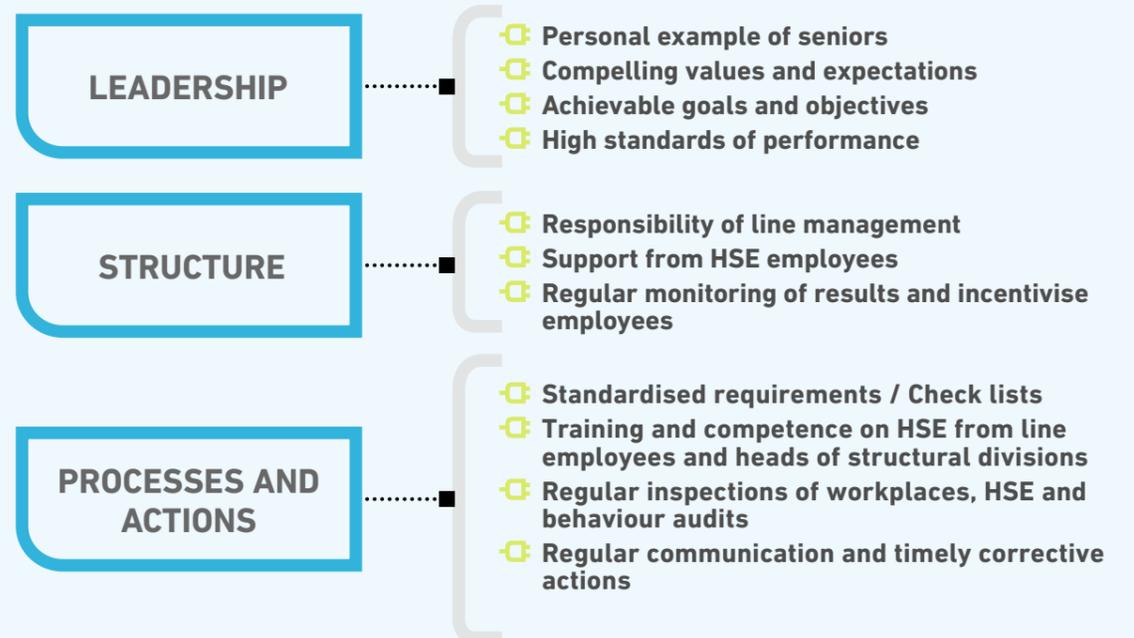


## Target Programme for Mitigating High Risks (TOP-5)

**TOP-5 stands for five working area with the highest risk of severe injuries or lethal outcomes.**



### Key Elements of TOP-5 Programme:



## Staff Training and Development

In 2017, the Company's staff training and development priorities were as follows:

- promoting value imperatives of The Path of Unipro;
 ■ implementation of the UNIPRO Leader Programme;
- mandatory training enabling employees perform their job obligations;
 ■ contests in professional mastery of combined teams of operating staff in Unipro branches;
- implementation of the Skill Pool Management Programme;
 ■ training in TOP-5 areas of expertise.

### Mandatory Training

Key directions for mandatory training in 2017:

- knowledge assessment of Electrical facility installation rules, labour safety, industrial and fire safety, and staff's working instructions;
 a year): 801 employees completed advanced training (at least once in 5 years) 81 employees completed sideline training.
- precertification training and accrediting on industrial safety.
 78 experts completed training in TOP-5 areas of expertise in 2017; 265 training classes were conducted for 2,809 employees.

In 2017, 2,503 employees completed mandatory training according to state norms and regulations; 493 employees completed short-term training for up to 2 weeks (at least once

### Succession Pool

The Succession Pool Management Programme aims at preparing successors for key positions. The programme comprising testing, interviews and assessment centres, with the successive feedback and drawing of individual development plans, was launched for the production unit in 2014.

In 2016, Succession Pool Management was expanded for the administrative and managerial staff of the

Berezovskaya GRES Branch and executive staff. In 2017, the programme was unfolded for the executive staff of the Shaturuskaya GRES Branch.

The rate of appointing the participants to key

positions is increasing: 58% of key positions were filled with the programme participants in 2015–2016, and 70% in 2017.

A good case in hand — a participant of the Succession Pool Management Programme commencing his career in 2003 as an

inspection engineer was appointed in 2017 to the position of Chief Engineer of one of the Company's branches.

### Recruitment

In 2017, within the comprehensive programme for working with the youth, students and young specialists, the Company managed to increase the percentage of hiring and the quality of selecting young specialist with a relevant background for the key shops of the production units in the Company's branches:

- all young specialists joining the production unit undergo selection involving the use of uniform assessment tools;
- relevant higher and specialised educational establishments in Russia were selected for priority work with students and graduates.

Within the programme, 47 young specialists were hired, including 9 graduates of power engineering classes.

Fully implemented was the plan of events for promoting the Company as an employers at the platform for the youth, students and young specialists, namely:

- 7 job fairs, made 9 company presentations, and 4 career workshops;
- internships for the students at the Head Office (8 senior students successfully completed the internships, and were highly assessed by their line superiors);
- 5 meetings on career-planning were conducted with graduates of power-engineering classes.

The Company continues to develop the earlier agreements with the administrations of the leading universities specialising in the energy field, on long-term cooperating and the implementation of joint projects and programmes.

Many specialists involved in the recruitment in the Company's branches took additional training within the internal programme for enhancing their expertise in staff engagement, selection and assessment.

**47** young specialists

were hired within the programme

**Professional Excellence Contests**

In August 2017, contests in professional mastery of combined teams of operating staff in Unipro branches were conducted. The contests are carried out once every two years. Each of the Company's five

branches participates in the contest in the form of one team of 7 employees.

In 2017, a new service supplier was selecting for conducting the stages "Identification of SHE breaches in viewing video plots", and "Assessing knowledge of the job order system". For developing leadership skills, the contest was extended with a business simulation on managing an enterprise.

**UNIPRO Leader Programme**

The UNIPRO Leader Programme is a basic modular training system for managers of various levels. The programme includes 2-day training modules: "Motivational Management", "Emotional Leadership", "Team and Culture Management", "Decision-Making Technology".

In 2017, the programme modules were completed as follows:

- 📦 Decision-Making Technology — 223 employees;
- 📦 Motivational Management as part of manager's functions — 140 employees;
- 📦 Emotional Leadership and Conflicts Management — 125 employees.

**Corporate Team-Building and Incentive Programmes**

**Corporate Volunteer Programme**

In 2017, the Corporate Volunteer Programme was launched. Key areas of volunteering activities include: support of

sponsorship movement (Donor Days conducted in the central head office and some branches), charity fairs, and collection of

stationary for the mentees of the Fund "Volunteer Supporting Orphans", which strongly resonated with the Company's employees.

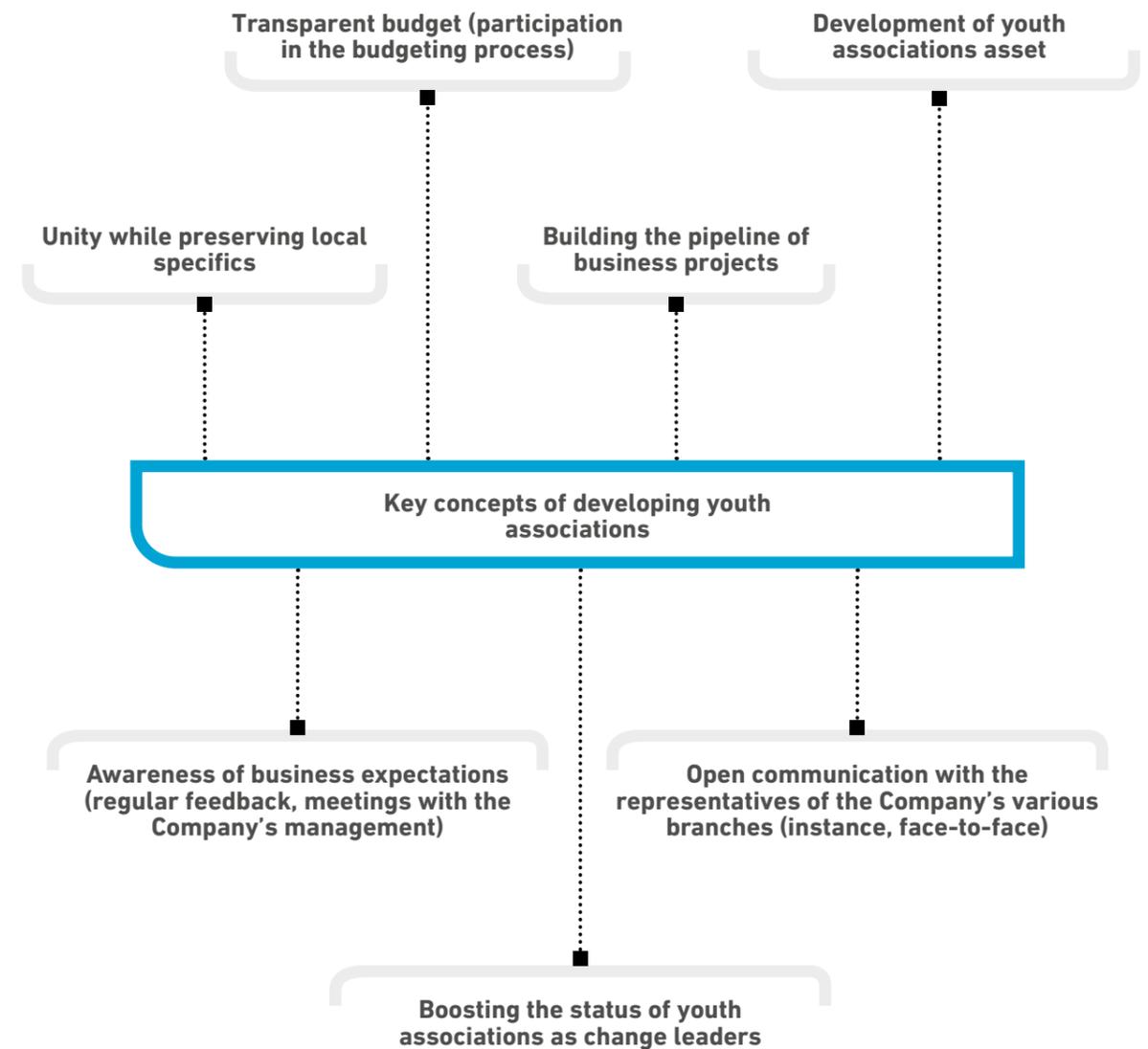
**Youth Associations**

Interactions with the youth is one of the top priorities for Unipro, whose implementation enables the succession

plan, ensuring multisided development of employees, inculcating the corporate culture and values in the young specialists,

improving the Company's image as employer, and engaging new talented employees.

The Company approved the concept of developing youth associations, which is based on the following principles:



## Key Directions of the Youth Associations

### Scientific and technical

- participation in scientific and technical conferences, business games, trainings, innovative projects, events under the project Lean Production.

### Informational

- notifying plant employees of corporate events.

### Creative

- organisation and carrying out of cultural and entertaining events and creative contests.

### Patriotic

- assistance to the Company's veterans and World War II veterans;
- participation in patriotic memorable and awareness-raising campaigns;
- organisation of theme classes for pre-schoolers and schoolers.



Photo: participants of the Jamboree of youth associations of Unipro PJSC

**The Company encourages the employees' environmental initiatives. Every year members of the youth association clean the shores of Lake Ingol and Berezovskaya GRES reservoir, and employees plant trees in the sanitary zone around the power plant.**

### Education

- conducting career guidance classes, presentations, master classes and excursions for schoolers and students;
- onboarding assistance to young employees.

### Sports

- organisation and participation in sports events.

## Social, charity and environmental

- participation in charity campaigns for supporting disadvantaged people;
- carrying out cleanup days, land improvements of the stations and districts of the employees' residence;
- conducting seminars and educational programmes on environment in the Company's branches and sponsored children's establishments.

Representatives of the youth associations take active part in large industry and federal events. In 2017, members of the youth associations participated in the following:

- in the shift Energy carried out under the auspices of Aleksander Novak, Russian Minister of Energy, under the International Youth Forum Territory of Initiative Youth Birusa-2017 in Krasnoyarsk;
- in the Youth Day of the Russian Energy Week, at which colleagues got acquainted with the main industry trends, participated in the Case-In contest and interactive session;
- in the 19<sup>th</sup> International Festival of Youth and Students.

2017 saw the first jamboree of members of the youth associations at the resort of Berezovskaya GRES on Ingol Lake.

Youth associations for young employees are an excellent platform for developing their leadership competences, project management skills, opportunities, and additional opportunities for professional growth in the Company.

## Energy of Success

In 2016–2017, the second recognition contest Energy of Success was carried out.

Energy of Success is part of the comprehensive programme of incentivising employees of Unipro. The aim is to recognise, encourage and support achievements of the employees targeted at improvement of production indicators, raising social responsibility and care for the environment.

Prizewinners of the third place went on a team trip to Karelia in August 2017.



The programme allows to share one’s projects and achievements with colleagues, and express gratitude for team work.

To participate in the Energy of Success contest, any Unipro employee can submit an application for themselves, their colleague or project group / team in one of the following four categories: “Innovations and Improvement”, “Business and Ecology”, “Safety First”, “We in the Society. Social Responsibility”.

The semi-finals saw 135 participants, with 23 winners.

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 was the African Caravan — an exciting trip to Morocco in September 2017.



### Creating a Healthy Lifestyle Culture

Maintainable of employees’ health, their engagement into an active, sports lifestyle is a top priority for Unipro. This is what the relevant corporate programme aims at, which

has been implemented in the Company since spring 2017.

Within the programme **“Change Your Life Through Sports!”**, the Agents of

Change was launched in the reporting period with an aim to prepare leaders of sports projects in the Company.

**#YAENERGIYA** —is the key project for establishing the culture of a healthy lifestyle that is implemented within the theme programmes of employee engagement. These are 28 days of sport activities and healthy eating under the supervision of experienced coaches and nutrition specialists. In November 2017, the first online sports marathon was conducted. 516 employees of the Company’s power plant joined in for the marathon.

The Company’s branches annually conduct sports contests: football, volleyball, basketball, table tennis and others.



In 2017, Unipro team took the top spot in the mini-football championship of German companies Deutschland Cup 2017, which took place in Moscow.

### Corporate Support to Employees for Housing Improvements

To implement the corporate support of employees, the Management Board approved lists of employees who needed housing improvements, and set the finance amounts for these purposes for 2017.

This programme targets the following categories in the first place:

- ✚ young specialists employed after graduating from relevant higher and secondary educational institutions;
- ✚ highly-skilled workers or specialists, whose professional knowledge the Company is interested in;
- ✚ employees from the succession pool.

In 2017, corporate support for housing improvements was granted to 50 employees of the Company’s branches, zero-interest target loan agreements were concluded with the programme participants for the purchase (construction) of housing accommodations, and for repayment the principle amount of their mortgages.



“Safety is the key value for Unipro, and the safety of employees and contractors is the main priority in operational activities. Key development directions in terms of occupational health and safety for 2017 include the following: improved role of managers, targeted mitigation of high risk in TOP-5 areas, staff training in safety issues, and implementation of behaviourist approaches to ensuring occupational safety.

In 2017 we met our strategic goal — zero lethal accidents, and the total recordable incident frequency (TRIF) for our employees and our contractors’ employees.

In 2017, we successfully underwent the re-certification audit of the Company’s compliance with the international standard OHSAS 18001:2007; and fully implemented the Occupational Safety Enhancement Plan. Within the Plan, targeted programmes were developed and implemented for mitigating high risks in TOP-5 areas, Academy of Safety was launched, communication programme was implemented on notifying of near-misses. Road Map and Strategy of implementing comprehensive corporate information system for managing risks related to occupational safety was approved and commenced.”

**Dmitry Kolmakov**  
 Director for Labour Protection and Industrial Safety,  
 Unipro PJSC

## 6.2. Occupational Health and Safety

### Occupational Safety

As the key performance indicators in occupational safety, Unipro PJSC established the following indicators in 2017:

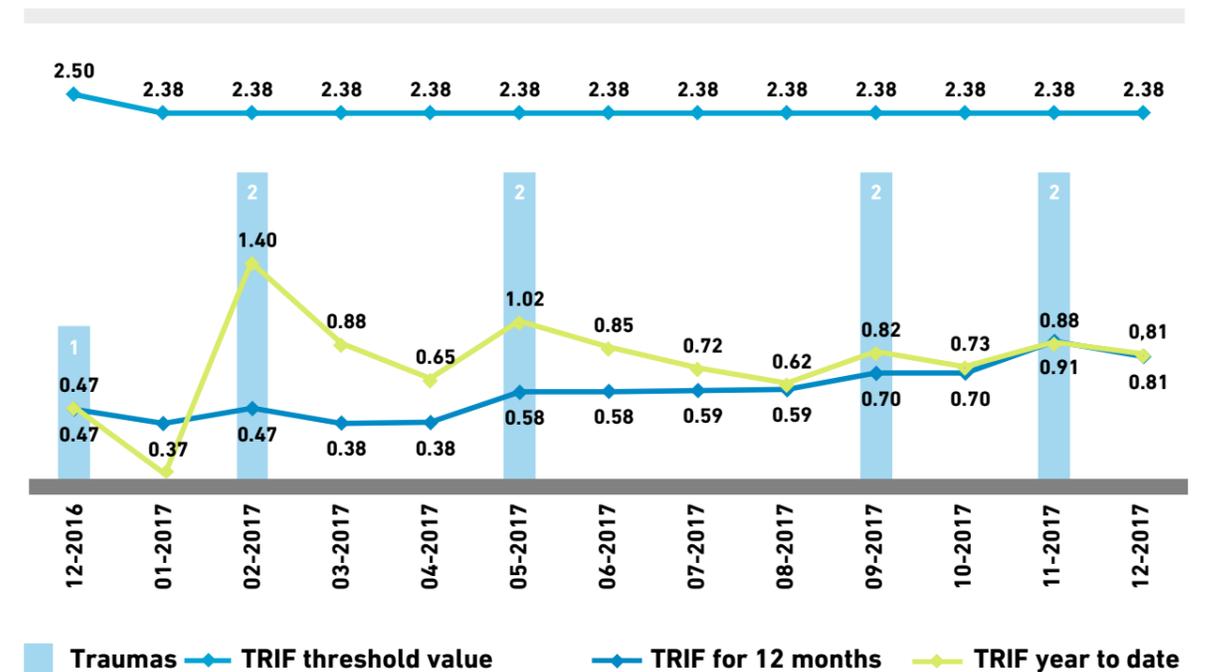
1. Strategic target — no fatal accidents involving the company’s own personnel or contractors’ personnel.
2. The TRIF (total recordable incident frequency involving the Company’s own personnel or contractors’ personnel at the existing production) ratio is < 2.38.
3. Implementation of Occupational Safety Enhancement Plan in 2017.

The strategic target was achieved — zero lethal incidents in 2017 at Unipro objects; TRIF = 0.81 (with the target value of < 2.38).

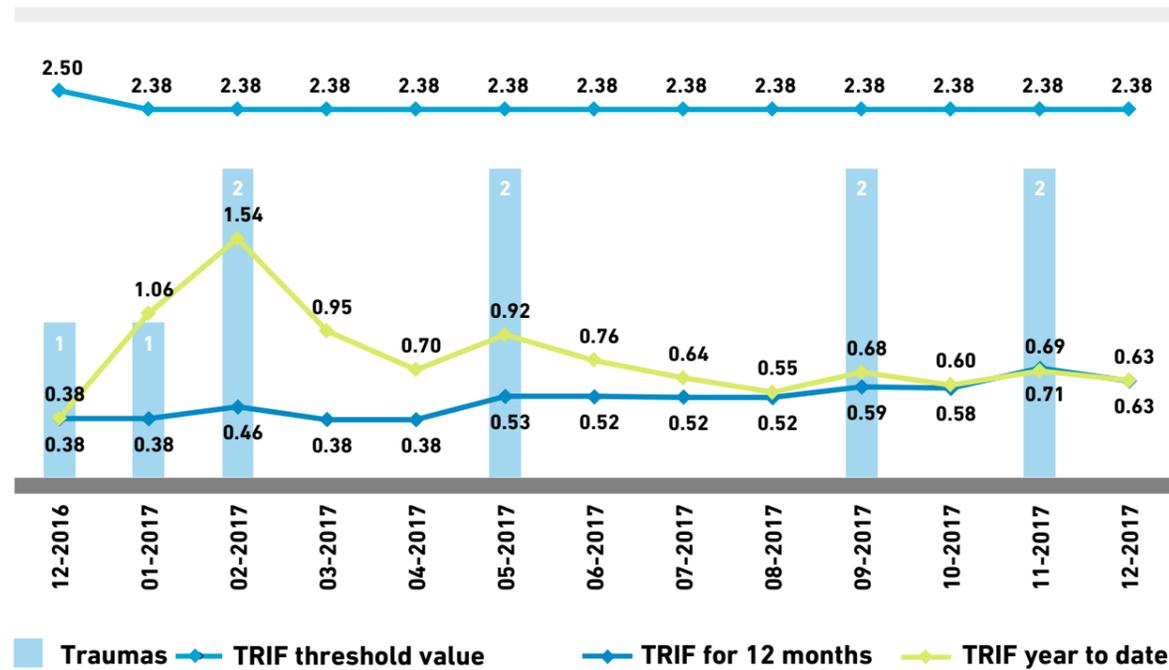
**0.81**

TRIF indicator (with the target value of < 2.38)

### TRIF Dynamics Excluding Projects of Unipro Engineering LLC (BGRES, FRS) in 2017



**TRIF Dynamics with the Projects of Unipro Engineering LLC (BGRES, FRS)**



**Key Indicators of Occupational Safety at Unipro for 2016 and 2017**

Indicator	Personnel		Reporting period		Personnel	
	Contractor	companies	January 2016 until December 2016	Indicators of Occupational Safety at	Contractor	companies
Fatalities	0	1	1	0	0	0
Long-term accident rate	4	0	4	8	4	4
Traumas subject to registration and accounting	4	1	5	8	4	4
First aid cases	0	0	0	4	3	1
Near misses	4	1	5	143	35	108
Suspended teams	23	109	132	50	5	45
Identified non-conformities	1,274	4,231	5,505	3,932	873	3,059
Workplace inspections conducted	6,445	9,614	16,059	13,967	6,502	7,465

**“Academy of Safety”**

is a joint project of the HR department, production unit, occupational and production safety units, whose main objective is to develop and train skills for successful promotion of the agenda for occupational and production safety (identification of threats, risk assessment, incident investigation, corrective measures, proactive communication) with the prime focus on TOP-5 areas.

**COVERAGE**

Heads of structural units, employees of SHE units, line superiors, specialists from the succession pool, highly talented employees.

**FORMAT**

Modular programme in which employees only participate in the modules required for improving their competence (1 module (2-3h) = 1 standard). Each branch conducts up to 7-8 modules in 3-4 days. Personal participation at the initial stage followed by video gate.

**DELIVERY**

Groups of 10-15 members under the supervision of a mentor, with practical tasks and onsite training.

**MENTORS**

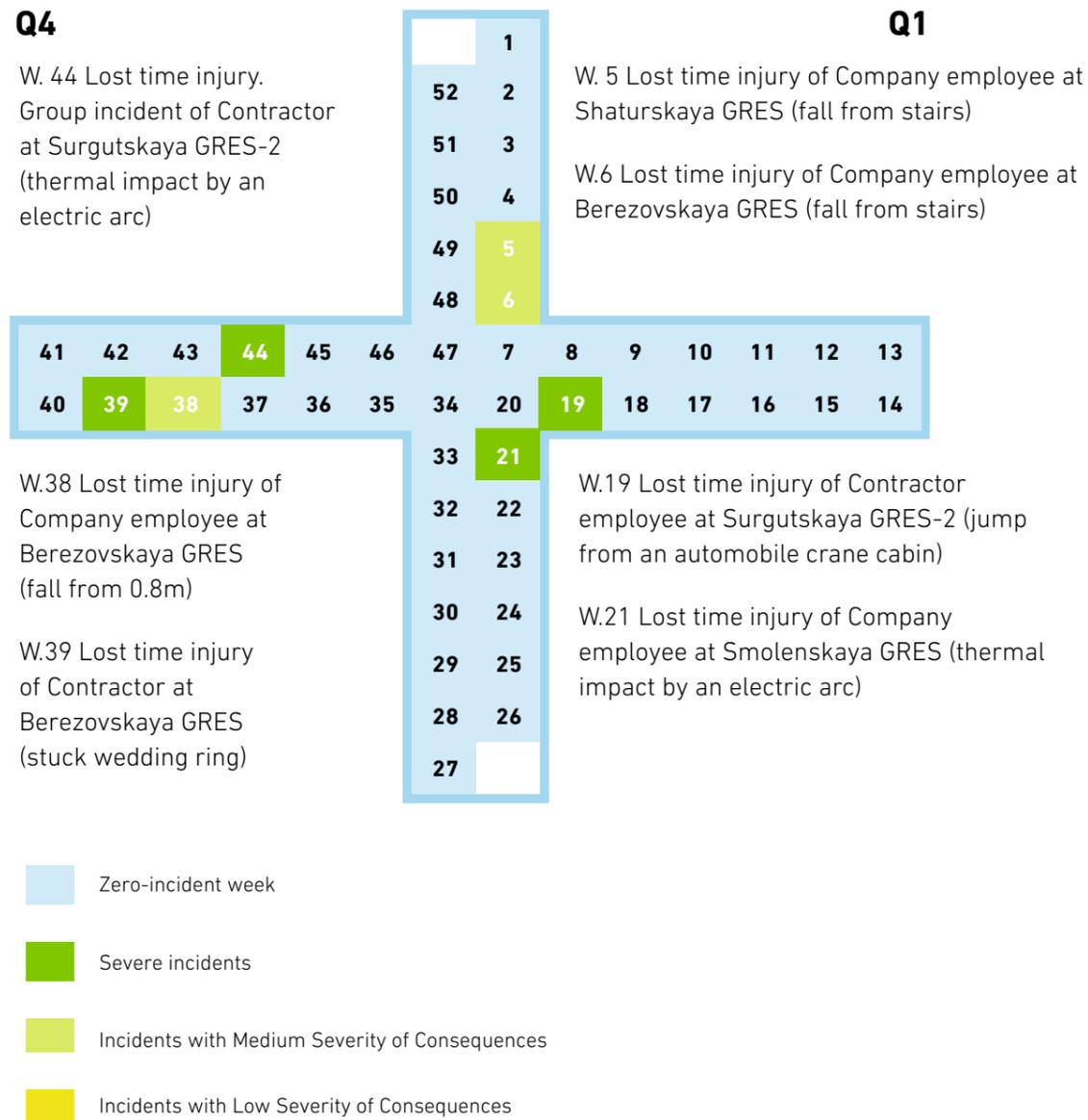
Technical experts from among line superiors, specialists from the succession pool, highly talented employees, SHE specialists having completed relevant training.

**RESULTS**

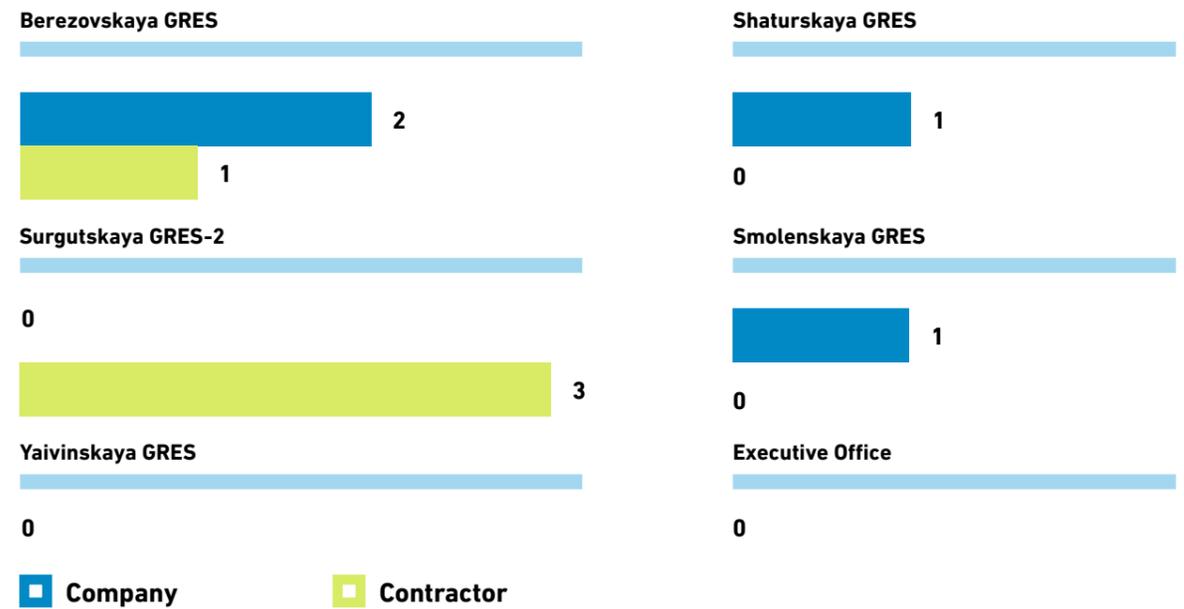
Participants gain required skills for independent work, build contacts with the employees responsible for the standard in various branches. Economy of travel costs is achieved through the participation in needed modules only.

To ensure transparency of the indicators on occupational safety, a communication programme was implemented for identifying consequence-free accidents, which helped prevent and exclude 143 potentially dangerous situations, and only 8 cases were not prevented and resulted in traumas for the employees.

**Distribution of Recordable Incidents in 2017**



**Total Recordable Incidents (TRI) Itemised by Unipro Branch in 2017**



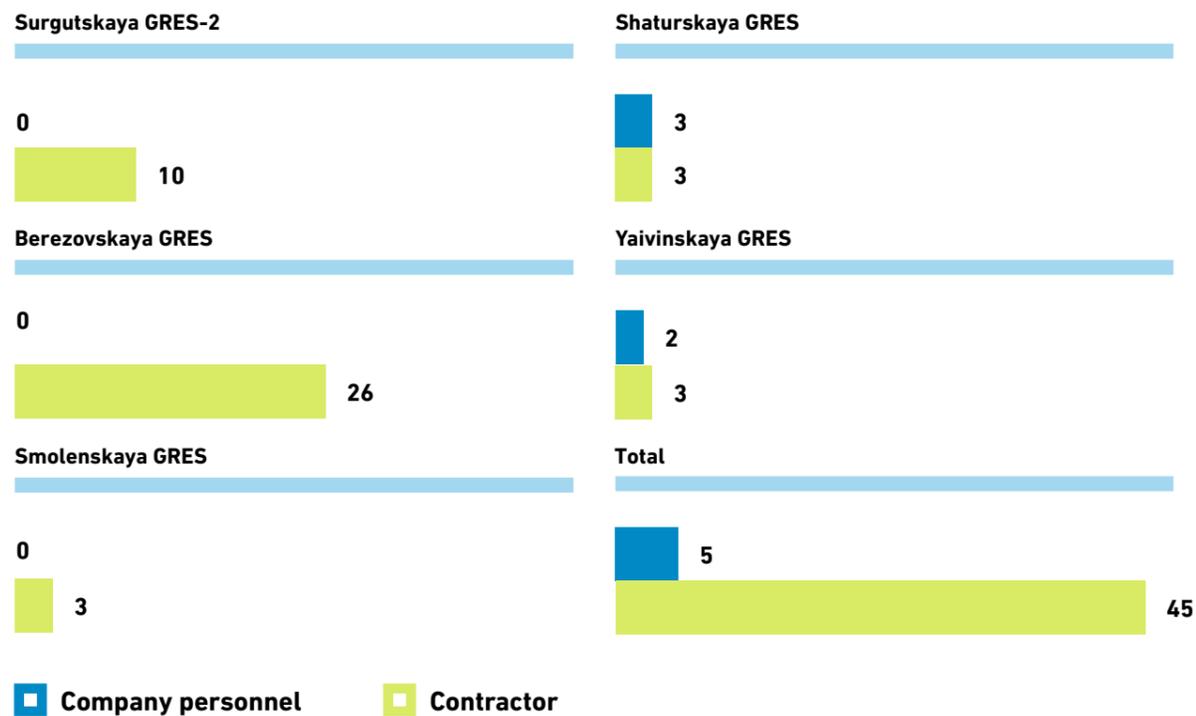
Four out of eight injuries in 2017 involved the Company employees, and four involved the contractor employees.

**Total Recordable Incidents (TRI) Itemised by Job in 2017**



The highest number of incidents in 2017 involved electrical installations.

**Total Near-Miss Events/Scenarios that Resulted in Suspended Work, Itemised by Branch for 2017**

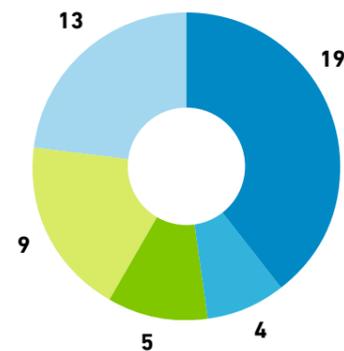


Contractor personnel management is still the key area for improvement in occupational health and safety, as, in 2017, there were 9 times more near misses caused by contractor events /scenarios resulting in suspended work than near misses caused by Unipro branch personnel.

Due to the continuous monitoring of sites and the efficient occupational safety actions, the number of near-miss events/scenarios that resulted in suspended work decreased by 2.6 times:

**Total Near-Miss Events/ Scenarios Recorded in 2017, Itemised by Job**

- At height
- Electric installations
- Hot works
- Lifting operations
- Other (permit to work system, method statement)



50 events in 2017 as compared to 132 events in 2016.

Most near misses recorded in 2017 were related to works at height.

All incidents resulting in the loss of labour capacity, near miss events / scenarios, and accidents that occurred within the Company were investigated, with

root causes determined, corrective/pro-active actions developed, and notifications provided to the Company and contractor stakeholders.

**Implementation of Occupational Safety Enhancement Plan**

The Occupational Safety Enhancement Plan for 2017 was implemented in full.

In scope of the strategic Occupational Safety Enhancement Plan for 2017, the following key actions were taken:

**1. Leadership and Commitment:**

1.1 Four meetings by the Occupational Safety Committee of Unipro chaired by the Company CEO were convened. Forty-four measures were introduced and performed to further commit the Company to health, safety, and environmental protection.

1.2 Each Head of the Company and each Branch Director developed and implemented a personal Safety Leadership Development Plan. The Knowledge River surveys in scope of Destination Zero were used by the Branch Directors (Director, Chief Engineer,

and deputies) to develop the personal Safety Leadership Development Plans.

- 1.3 A Uniper Leadership Team HSSE Identity workshop was convened with the functional directors and Company Branch Directors. The workshop was devoted to the development of occupational safety leadership.
- 1.4 Two Informed Safety training sessions for 140 top and mid-level managers were arranged during the Leadership Week. The goals of the Informed Safety sessions included increasing awareness and personal responsibility of production-site personnel to prevent incidents.

1.5 The performance by the occupational health and safety management system of the Company branches was analysed in cooperation with the Company

management as per the OHSAS 18001:2007. 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.

**2. Risk Management:**

2.1 A TOP-5 Personnel Competence Improvement Plan was introduced in the scope of target risk mitigation programmes. Five Monthly Safety Campaigns were completed to eliminate TOP-5 risks that included implementation analysis of legal regulations and standards governing these areas. Long-term programmes for mitigating the TOP-5 high injury risks were developed and are being implemented.

2.2 The Health/Safety Committee approved the

Road Map and Strategy for implementation of the Integrated HSE Risk Management Information System for 2018.

2.3 A further Monthly Safety Campaign was arranged to focus on slips, trips, and falls. The Campaign included personnel training and corrective actions developed and introduced to eliminate the high risk of slips, trips, and falls.

2.4 Working teams were nominated by each branch and by the Company Executive Office to launch a 6-step Uniper Contractor Personnel Management System. Uniper Contractor Personnel Management System Implementation Plan was developed.

Personnel injury prevention process implemented for the contractors and visitors of Unipro sites conforms to STO No. OTiPB-R.03 Safety Regulations for Contractors.

Branch Directors convened monthly meetings with the occupational safety managers and specialists of the contractors to analyse any gaps revealed during operations by the contractor employees.

Occupational safety of operations by the contractor employees was audited and documented by reports issued in the approved manner.

100% of the contractor employees attended induction, orientation, and target briefings and were advised on the subject.

The contractor employees were notified of all incidents and occupational safety breaches in Unipro branches.

2.5 Scheduled hazard identification and risk assessment was conducted by the EO and all the Company branches. As a result, the risk is now at mid level, and thus considered acceptable, provided that the required management actions were taken.

2.6 An automated information industrial safety management system was introduced. The system allows to timely control the equipment of hazardous production facilities, assess regulatory penalty risks, and competently plan diagnostics in compliance with the Russian law.

2.7 Two communication programmes were developed and launched by all the Company branches to prevent high/low temperature hazards in summer and winter.

2.8 Implementation of the Long-Term Programme for Removal of Asbestos used by the branch equipment continues. In 2017, 82.45 tonnes(100%) of asbestos-containing materials were actually dismantled. Monitoring of asbestos dust content in the working zone air proved that concentrations of asbestos fibres in the air do not exceed the Russian sanitary standards.

2.9 In accordance with the long-term programme for elimination of revealed defects of process-equipment-servicing ladders and platforms at Unipro branches, 241 defects were remedied in 2017 (100% of the proposed number).

2.10 Long-term programmes against occupational safety gaps associated with electrical installations at Unipro branches are being implemented, with 56 actions already taken (100% of the proposed number).

### 3. Personnel Development:

3.1 Training of 100% personnel of the Company branches in hazard identification and near misses was conducted based on the developed test programmes. The number of personnel communications on near misses increased by more than 200% for each branch as compared to 2016.

3.2 Branch management and other personnel attended Trip, Slip, and Fall training.

3.3 A programme was launched to further the competence of the Company personnel in TOP-5:

- special training programmes including both theory and practice were developed (with total duration of each training course of up to 4 hours);
- employees to be trained in specialised areas were identified;
- 63 TOP-5 trainers underwent training;
- 2,459 persons attended the training, including training in:

- Work at height attended by 1,062 persons;
- Electrical installations attended by 461 persons;
- Confined spaces attended by 539 persons;
- Lifting operations attended by 66 persons;
- Hot works attended by 331 persons.

3.4 Personal competencies of the HSE department employees were assessed. Individual Development Plans (IDP) are being developed.

3.5 Accident investigation training was provided. The training goal was to develop skills in investigation of events and in determining the fault root causes. The chief engineers of the Company branches and the heads of HSE departments attended the training.

3.6 To automate the training process, check expertise, and assess the Unipro personnel in occupational safety, technical maintenance, fire and industrial safety, OLIMPOKS: Enterprise training&control system began its trial-run.

3.7 Three animated videos with test blocks were developed and introduced by the Company branches

for occupational safety induction training of the Company personnel, contractors, and visitors.

### 4. Performance Monitoring:

4.1 Assessment of personnel competence in specialised disciplines is included and performed in scope of the Occupational Health and Safety Management System audits. In total, five Occupational Health and Safety Management System audits were performed and documented. The audits included checks of Occupational Health and Safety Management System in accordance with OHSAS 18001:2007 and of the taken actions efficiency. The survey results showed a positive dynamics in growth of the personnel competence in the specialised disciplines.

4.2 Two stages of Uniper corporate audit in HSE Efficiency and Culture were successfully completed.

4.3 OHSAS 18001:2007 re-certification audit of the Company business also resulted in success. The Russian Register Certification

Association accredited by international certification authorities/members of the International Accreditation Forum (IAF) noted that the Occupational Health and Safety system introduced by the Company shows its sustainability and continuous improvement.

4.4 Expert assessment of probable production-site incidents as per sickness and off-the-job injury rates was performed for the Unipro branches.

**5. Employee Involvement:**

5.1 Survey of communications in occupational health was conducted. The survey aimed to identify why personnel lacks the proper behaviour models, commitment to the occupational safety rules, awareness of required hazard and risk identification or

prompt escalation of any incidents.

5.2 Safety as Children See It drawing contest was held by the Company branches and the Executive Office.

5.3 Peer reviews in occupational safety were conducted at Shaturskaya GRES and Smolenskaya GRES. A peer review is not an audit. It is rather a get-to-know meeting with the GRES employees, an opportunity to socialise with the personnel of different production sites in various regions, to facilitate and harmonise peer expertise exchange.

5.4 All the Company branches held competitive reviews in occupational safety for their business units. The review winners were awarded the Best Department in

Occupational Safety title, and the employees who took the most proactive approach to arrangement of the event received prizes and incentives.

Within the competitive review, the branch panels assessed the process units by: injury rate, workstation checks, number of submitted and implemented proposals for occupational safety improvement, correct and appropriate use of personal protective equipment, quality of the scheduled events in occupational safety (trainings, expertise checks, occupational safety days and occupational safety hours), compliance of the production environment with the public health rules and regulations, promotion of best practices in occupational health, etc.

**Safety as Children See It Drawing Contest**

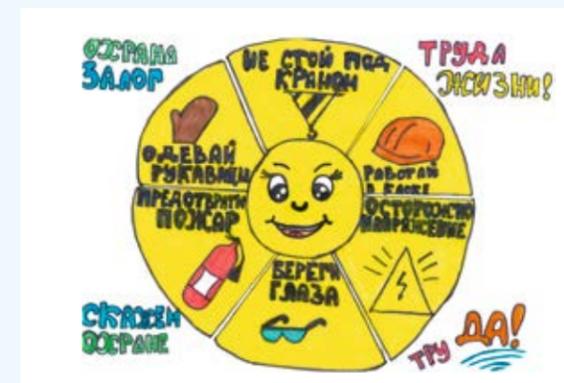
**The main principle of Unipro is the safety of its employees and their families.**



The content was held to help the younger generation in establishing informed and responsible approach to safety. It is in our

own interests, to show how important the occupational safety is to the children, who might come to work for the Company after coming of age.

Seventy children of our employees of 3 to 14 years old participated in the contest. The authors of the best 9 pictures were awarded places from 1 to 3 in three age categories. All the contestants of the creative and educational competition received mementos. The winning images were used as occupational safety posters at the sites.



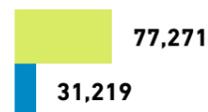
### Occupational Health and Safety Expenses

All health and safety actions scheduled by the branches for the reporting period were taken in full.

The costs of occupational health and safety actions for the reporting period amounted to RUB 414.3 million, thus exceeding the 2016 costs by 20%.

#### Occupational Health and Safety Expenses 2016/2017, RUB thousand

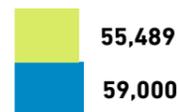
##### Smolenskaya GRES



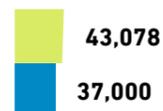
##### Surgutskaya GRES-2



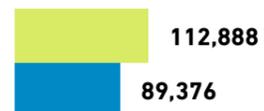
##### Shaturskaya GRES



##### Yaivinskaya GRES



##### Berezovskaya GRES



##### Total



#### Occupational Health and Safety Expenses 2016/2017, RUB thousand per person

##### Smolenskaya GRES



##### Surgutskaya GRES-2



##### Shaturskaya GRES



##### Yaivinskaya GRES



##### Berezovskaya GRES



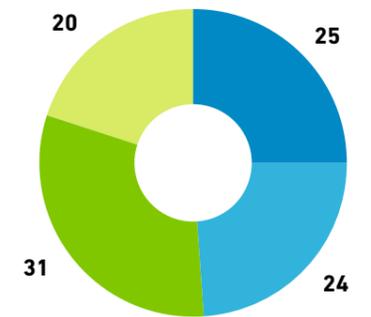
##### Average



2016 2017

### Allocation of Costs by Action Type, %

- Prevention of incidents
- Prevention of occupational illnesses
- Improvement of work environment
- Availability of personal protective equipment (PPE)



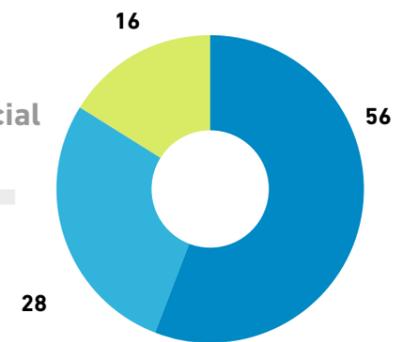
### Special Assessment of Work Environment

As per Federal Law No.426-FZ dd. 28 December 2013 On Special Assessment of Working Conditions, a special assessment of work environment was performed at 1,550 workplaces of Unipro employees.

The special assessment of work environment show that there are no workplaces of classes 3.3 or 3.4 in the Company.

#### Work Environment Classes Assigned to the Branch Workplaces as per the Special Assessment, %

- 1.2 class
- 3.1 class
- 3.2 class



### Electrical Safety of the Industrial and Production Unipro Personnel

In 2017, there were three incidents involving injuries of personnel operating electrical installations in Unipro.

The key incident causes included: unsatisfactory job management, disrupted routine switchover sequence, no consistent management or control of electrical installation switchovers, incomplete protective electric arc-flash clothing worn by the injured.

To prevent repeated incidents in any of the Company branches:

- ✚ all complex switchover sequences of the electrical installations and authorisation procedure for access to electrical installations by work permits or orders are now video recorded;
- ✚ technical training programmes for electricians were revised

to include a mandatory training in switchover chart use for electrical installations and typical mistakes made after discovery of a faulty switching equipment;

- ✚ training for electricians was introduced on special protective electric arc-flash clothing. The training that includes videos is taken after employment and then once per quarter;

- ✚ the Branch Directors now follow monitoring schedules for complex switchovers of electrical installations above 1000 V;
- ✚ all the operating procedures, primary and secondary connection diagrams, standard electrical installation switchover programmes were checked;
- ✚ a Procedure for Installation and Removal of Temporary Power Supply in Production Premises of the Branch was developed and implemented by the Surgutskaya GRES-2;
- ✚ additional security (sealing of cabinets) was introduced at the Surgutskaya GRES-2 to prevent unauthorised access to 380V switches.

For electrical safety purposes, the Company took the following actions:

1. All jobs at electrical installations of the Company now conform to the Rules for Occupational Safety at Electrical Installations approved by Order No. 155n dated 28 March 2014 issued by the Ministry of Labour and Social Protection of the Russian Federation.
2. To control contractor personnel, OHSMS Standard on Power Grids Safety Management (STO No. OTiBP-S.12) was updated and enacted. As per the Standard, the Company branches now test all the contractor electricians prior to their access to the Company electrical installations. The job permits are given to the contractor personnel only if they demonstrate the appropriate qualification.
3. A long-term programme for compliance with occupational standards at electrical installations was implemented. The programme is intended for remedy of defects in electrical boards and assemblies. In 2017, 56 of the above actions were run.

### Industrial Safety

Unipro operates 39 hazardous production facilities (HPF) registered with the state register of hazardous production facilities as required by Federal Law

On Industrial Safety of Hazardous Production Facilities No. 116-FZ dated 21 July 1997 with assigned hazard categories (Registration Certificate A58-70689).

4. As per the revised Procedure for Identification of Hazards, Risk Evaluation, and Definition of Management Measures (MO-COTTA-02), the Unipro Executive Office and branches performed a scheduled identification of hazards, evaluated risks, and defined risk management actions. As a result, the risk of electric shock is now at mid level, and thus considered acceptable, provided that the required management actions were taken.

5. Electricians in all of the Company branches were provided with special protective electric arc-flash clothing.

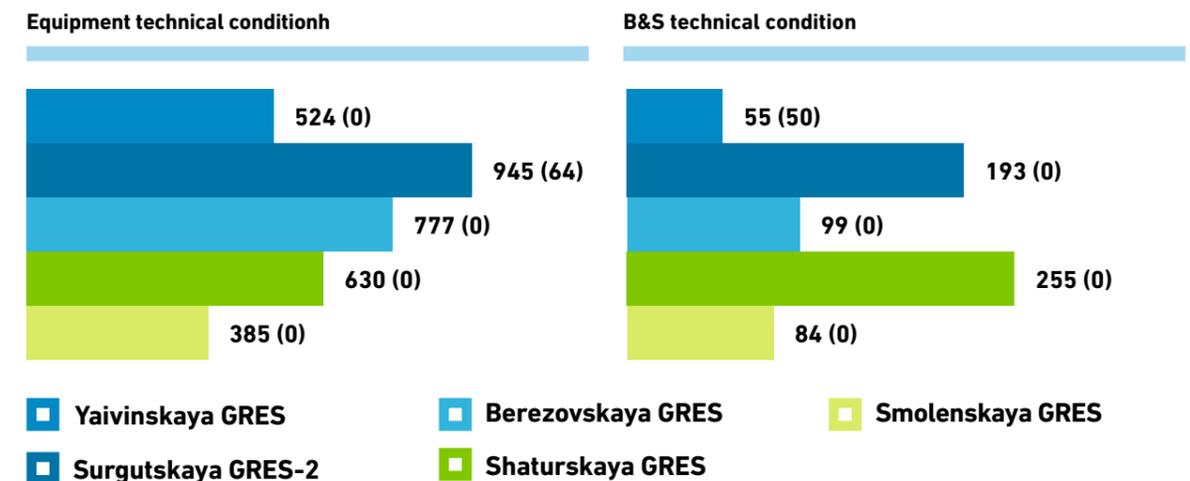
In 2018, Unipro plans to launch a corporate information system for risk management in occupational safety, to expand the Safety Academy and TOP-5 Centres of Competence, and to introduce Contractor Management processes in scope of the Unipro Health and Safety Strategy for 2018-2020.

In 2017, industrial safety expert examinations and equipment certification were fully performed.

### Total HPF, Equipment, Buildings, Structures, Hydraulic Facilities in 2017

	HPF	Eqpt	B&S	HF	No Hazard Class
Yaivinskaya GRES Branch	8	525	109	12	0
Surgutskaya GRES-2 Branch	6	1,012	209	1	0
Berezovskaya GRES Branch	6	863	166	26	0
Shaturskaya GRES Branch	14	713	441	1	2
Smolenskaya GRES Branch	5	385	91	3	0
<b>Total</b>	<b>39</b>	<b>3,498</b>	<b>1,016</b>	<b>43</b>	<b>2</b>

### Technical Condition of Unipro Branch Facilities



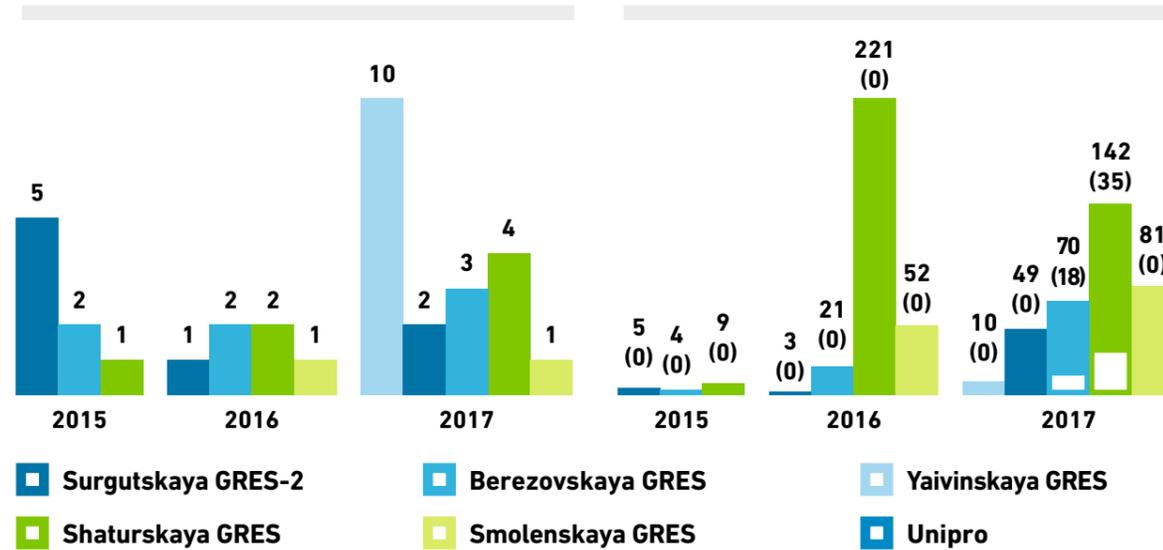
All hazardous production facilities were insured in accordance with the Rules of Third-Party Liability Insurance of the Owner of a Hazardous Production Facility against Damage Resulting from an Emergency at the Hazardous Production Facility.

Operation of hazardous production facilities is controlled by Unipro in accordance with the Regulation on Production Control over Compliance with the Industrial Safety Requirements at Hazardous Production Facilities of Unipro (approved

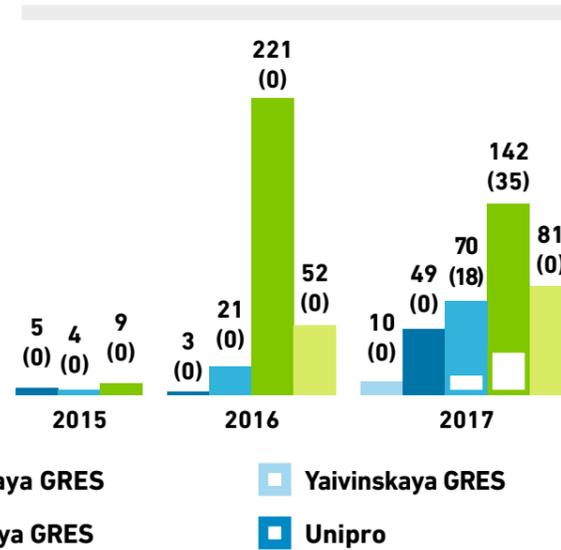
by Order of CEO of Unipro No. 194 dated 23 November 2017) in four stages as per the annual production control plan.

Notes of Supervision Services and internal audits in 2017 had been met in full on time (212 actions).

### Number of Audits Conducted by Federal Environmental, Industrial and Nuclear Supervision Service of Russia



### Total Number of Findings During Audits



### Notes of Outstanding Breach Provided by Supervision Services

	Remaining action items	Total actions as per the remaining action items	Total actions taken as per action items	Actions with future dates	Actions with expired dates	No term for the action specified
Unipro Public Joint-Stock Company (excluding branches)	0	0	0	0	0	0
Yaivinskaya GRES	0	0	0	0	0	0
Surgutskaya GRES-2	1	54	22	32	0	0
Berezovskaya GRES	3	88	45	43	0	0
Shaturskaya GRES	2	226	145	81	0	0
Smolenskaya GRES	0	0	0	0	0	0
<b>Total</b>	<b>6</b>	<b>368</b>	<b>212</b>	<b>156</b>	<b>0</b>	<b>0</b>

To meet the requirements of Federal Law On Industrial Safety of Hazardous Production Facilities No. 116-FZ dated 21 July 1997 and to implement Decree of the Government of the Russian Federation On Approval of Requirements for Documentary Support of Industrial Safety Management Systems No. 536 dated 26 June 2013 for category II hazardous production facilities operated by Unipro, the following documents were developed: Statement on Industrial Safety Policy of Unipro (approved by Order of Unipro CEO No. 202 dated 8 August 2016), Regulation on Industrial Safety Management System at Unipro STO-UBP-P-25 (approved by Order of Unipro CEO on 16 January 2018).

To operate Unipro hazardous production facilities safely and reliably, to comply with legal requirements in industrial safety and to duly control of diagnostics and procedures at HPFs in 2017, an automated information industrial safety

management system (AIISMS) was introduced to effectively plan and control personnel certification, action items as per the regulatory authority/ internal audit findings, to technically diagnose and certify equipment, HPFs, and production B&S's. This will allow to mitigate the industrial safety risks and to ensure safety of personnel and equipment.

Introduction of the system allowed for a comprehensive audit of technical documentation for industrial safety compliance of the total Company equipment (3,498 pieces).

The AIISMS enables Unipro to:

- efficiently run the industrial safety management system (ISMS) by consistently analysing the real-time events, forecasting, and promptly taking the required management actions;
- schedule and control actions and events within the ISMS;

- check ISMS functions, schedule and control the required corrective actions;
- control legal compliance and integrated management of operating risks in industrial safety;
- enhance the professional competence of the Company employees in industrial safety.

The AIISMS includes information and control modules in various industrial safety areas: personnel certification in industrial safety, regulatory authority audits, internal audits, plans and actions, HPFs, HPFs, equipment, production B&S's, events (emergencies and incidents), information on production control and industrial safety.

The AIISMS development plan for 2018 includes start of the third system upgrade stage for higher efficiency of business-process management in industrial safety, timely detection and remedy of industrial safety gaps at the HPFs, and enhanced scheduling of repairs with industrial safety requirements addressed.

### 6.3. Security and Environment



**Evgeny Cherkassky**  
Head of Asset Reliability, Fire and Environmental Safety, Unipro PJSC

**“The objective of the Unipro environmental policy is to define the framework for the Company business and the Company commitments in various environmental areas, including those covered by ISO 14001:2015. These are decisions regulating solutions for nature protection, mitigation of adverse environmental impact, management of environmental risks, and liaison with stakeholders.**

**Our Company adopted an environmental strategy for 2017–2019 to further the objectives defined in scope of the environmental policy. For example, the strategy incorporates personnel development in nature-friendly economics that address the changing Russian legal environment. The environmental strategy also includes actions required for upgrade of plants to the best technologies available where applicable, i. e. actions associated with incorporation of large-scale nature protection projects into the Company financial programme.”**

#### Environmental Security

For the sustainable development of large businesses operating in industries associated with significant environmental impact and use of natural resources, environmental protection is one of the substantial factors along with occupational health and safety, financial stability, reliability of resource supply chains, industrial and criminal safety, and other internal and external indicators. Thus, Unipro employs its extensive business history to proactively participate in expert reviews of draft regulations to prevent their ambiguous interpretation or avoid non-feasible requirements impeding business.

As environmental protection is a pre-requisite for business continuity, the Company decided to determine its corporate standing in scope of environmental SWOT analysis that allows both to conceptually identify internal and external indicators and to assess their correlation. The procedure is defined in Regulations for Planning in the EMS (STO No. PTU-P.04). This analysis serves as a transitional step to the international EMS (Environmental Management System) standard under the new version of ISO 14001: 2015 that follows the risk-based approach. Control over the EMS and its continued improvement

is effected by internal EMS audits and regular management reviews and analysis of the Branch reports. The main assessment tools employed by the branches are production environmental control (PEC) and internal audits of the EMS. In 2016, in accordance with Federal Law No. 7-FZ On Environmental Protection dated 10 January 2002 (hereinafter referred to as the Environmental Protection Law), all branches of the Company developed streamlined PEC programmes containing an exhaustive narrative on all types and frequency of environmental monitoring in the areas impacted by the Company business.

Environmental incidents are recorded and investigated in accordance with the Rules established by the EMS.

As prescribed by the law, all managers and specialists of the Company attend an environmental protection and security training after their employment, and then not less than once in every 5 years.

Potential emergencies that might impact the environment were identified by the Company branches. The Company assessed the risk of emergencies at hazardous production facilities in analytical and explanatory notes to the Safety Data Sheet of GRES Hazardous Production Facility. In the course of the risk assessment, potential causes of emergencies at the HPFs were identified, the likelihood of emergency cause occurrence was assessed, and forecast of potential consequences of adverse indicator impact on the personnel, the community, and the region was made.

Potential accidents at hydraulic structures were identified in Declarations of Safety of Hydraulic Structures of the Unipro branches.

Procedures for emergency response and prevention/mitigation of adverse impact on the environment by Unipro branches were defined in the below documents:

- ☑ oil and petroleum product spill prevention and response plans;
  - ☑ action plans for prevention of and response to natural and man-caused emergencies;
  - ☑ response plans for potential emergencies at gas-handling facilities;
  - ☑ fire fighting plans;
  - ☑ response plans for emergencies at hydraulic structures of branches;
  - ☑ plans for emergency containment and response at fuel oil facilities;
  - ☑ guidance on minor emergency response;
  - ☑ shop guidance on emergency prevention and response.
- Emergency prevention and fire-fighting drills for all power plants are carried out in accordance with the approved annual plans. Contracts for emergency rescue and fire prevention services were entered by the Company branches.
- To mitigate the risk of environmental emergencies and environmental security gaps, the following actions were taken by the Company branches:
- ☑ identification of environmental indicators
  - ☑ inventory/identification of all potential reasons/causes of environmental gaps and emergencies, development of an outdated equipment and technologies replacement programme, upgrade to environmentally-safe raw materials and materials by the branches;
  - ☑ compliance with the process, fire, and production discipline;
  - ☑ maintenance of the equipment, technical devices, buildings and structures fit for use;
  - ☑ systematic analysis and check of the devices, equipment, buildings, and structures for regulatory operating compliance;
  - ☑ proper metrological support of any performed measurements and analyses;
  - ☑ regular monitoring for environmental security compliance;
  - ☑ real-time management decision system and proactive actions against environmental gaps and emergencies;
  - ☑ personnel trainings, briefings, and drill to raise the environment protection expertise and competence.

**Environmental Sustainability**

The key natural resources used by the Company processes are water and land intended for disposal of industrial and consumer waste.

The main objectives in sustainable water use include:

1. Higher sustainability of natural resources: reducing specific water use and inefficient water losses, introducing water-efficient processes and equipment, using storm runoffs as process water (after their treatment).
2. Mitigation of adverse impact on water bodies: reducing waste water and/or its contaminant content, increasing the share of recycled and circulating water.

**44%**

is the reduction of water consumption by consumers in 2017 compared to 2014

3. Identification of demand in metering devices or in their replacement.

4. Education and awareness events for the employees and students of the supported energy classes on water use and protection held during corporate Environment Protection Days.

In 2017, as a result of a multi-year programme aiming to reduce artesian water consumption by the Berezovskaya GRES Branch, the water consumption (constant irretrievable own-need flow rate only, less variable water consumption by consumers) was reduced by 250.068 thousand m<sup>3</sup> (44%) as compared to 2014, when the target programme was commenced.

Without any doubt, this makes the personnel responsible care in water use the first priority, as the only way to the efficiency of actions and recommendations is through introduction of a corporate culture.

In 2017, the Company developed and introduced key performance indicators (KPIs) for irretrievable water consumption related to

water treatment (chemical plant own needs), steam and water losses, and water leakages from heating networks to be used as personnel incentive indicators. This area will be further improved in 2018.

Furthermore, the Company commenced a personnel awareness project that employs environmental business role-play, including games by Russian (Ecologic) and Polish (Green & Great) developers for furthering skills in informed environmental and economic decision-making that will ensure sustainable development in compliance with the environmental Russian law.

As per the Company environmental policy and strategy, the priorities in waste management are mitigated waste generation and maximum recycling. To reduce waste generation by the Unipro branches, the Company now encourages and cooperates with the contracted inventory suppliers to return the packaging and any non-marketable products containing valuable recyclable components

to the inventory suppliers or to the manufacturers. However, as the expanded manufacturer responsibility mechanism is still far from being fully operational in Russia, the key lever for minimising the inventory-associated waste burial

is third-party recycling. This is why the Company branches initiated a waste-sorting project for separate collection of different waste fractions subjected to phased burial prohibition by the Russian State as of 1 January 2018. The project

encompasses thoroughly detailed regional flow charts for waste management that allow to identify waste-recycling service providers dealing with certain types and fractions and visits to the recycling plants by the Company branches.

**Environment protection**

Unipro environmental policy addresses the upgraded Russian laws on environment protection and the updated ISO 14001:2015.

The Environmental Management System of the Company uses the PDCA management cycle logic: Plan-Do-Check-Act (Deming Cycle).

In scope of the response planning process associated with environmental issues, risks, and benefits introduced by each branch of the Company, we developed multi-year programmes for raising the environmental efficiency, addressing the requirements for upgrade to the best available technologies (BAT), and environmental risk management programmes.

At the end of 2017, the Company was successfully

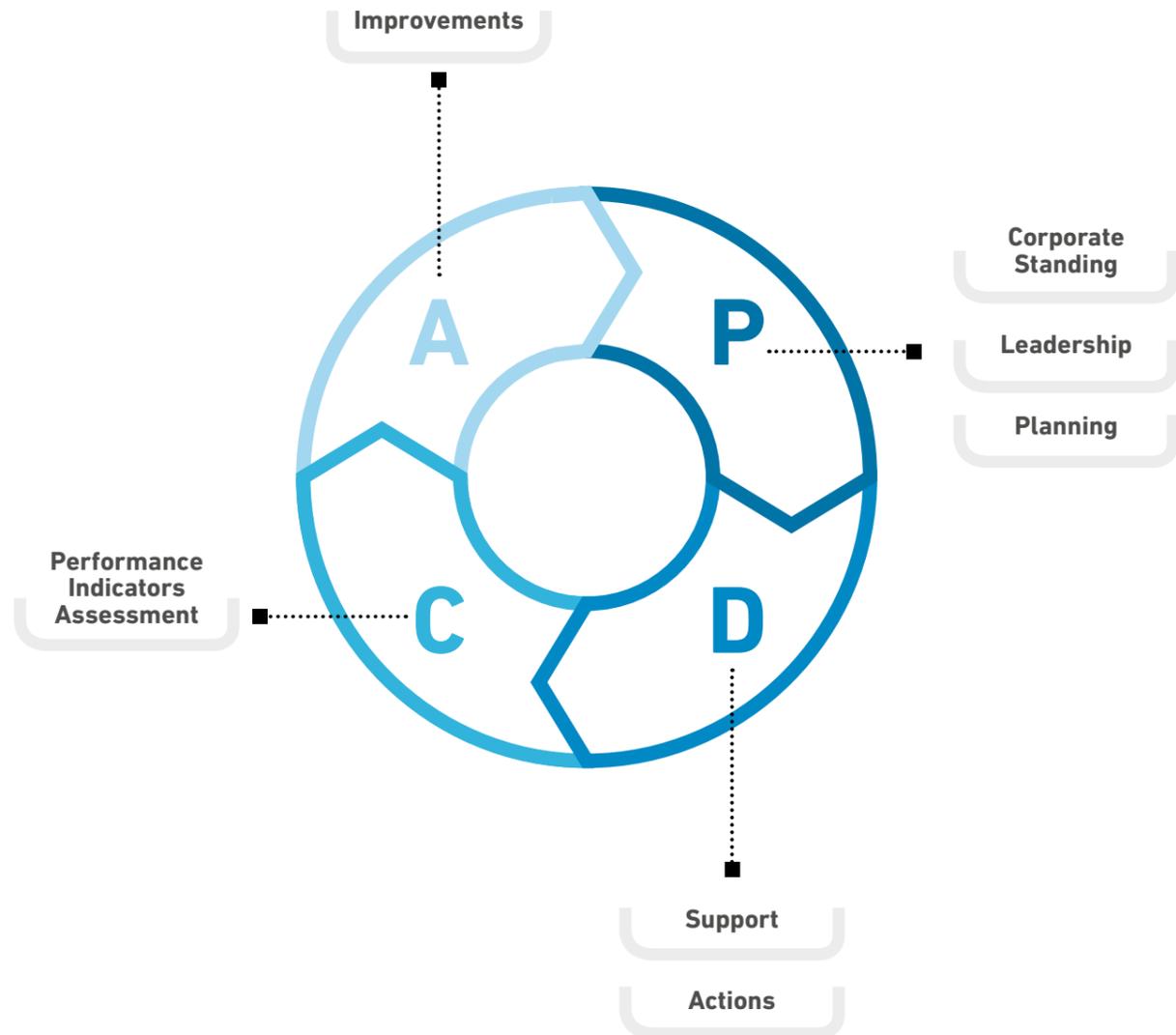
audited for ISO 14001:2015 compliance in EMS to confirm its effective certification.

In 2017, due to decrease in steam-power plant use for power generation and ongoing actions to protect the atmospheric air, the total Unipro gross emissions of air pollutants (restricted in the Russian Federation) continued to decline, falling from 63.9 thousand tonnes in 2016 to 57.3 thousand tonnes in 2017. For the same reasons, CO<sub>2</sub> emissions and ash and slag waste generation are also decreasing. The nitrogen oxide emissions are reducing due to lowered power generation by STU power units and increased generation by CCGT power units with better environmental indicators.

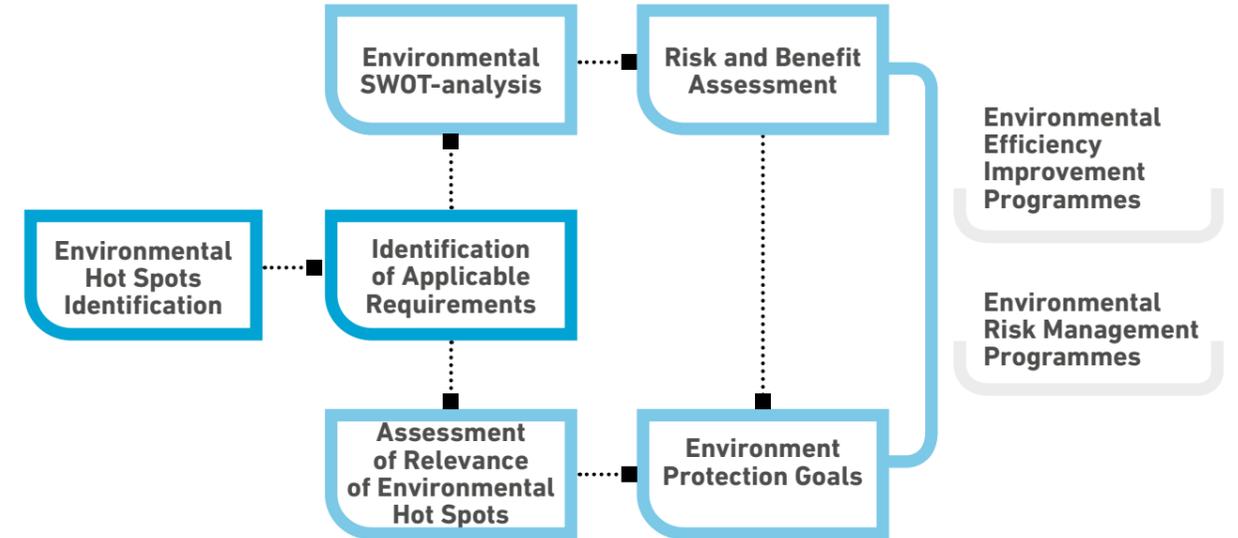
from **63.9** thous. tonnes  
to **57.3** thous. tonnes

reduction of gross pollutant emissions the atmosphere in 2017 compared to 2016

**Principles of Unipro Environmental Management System**



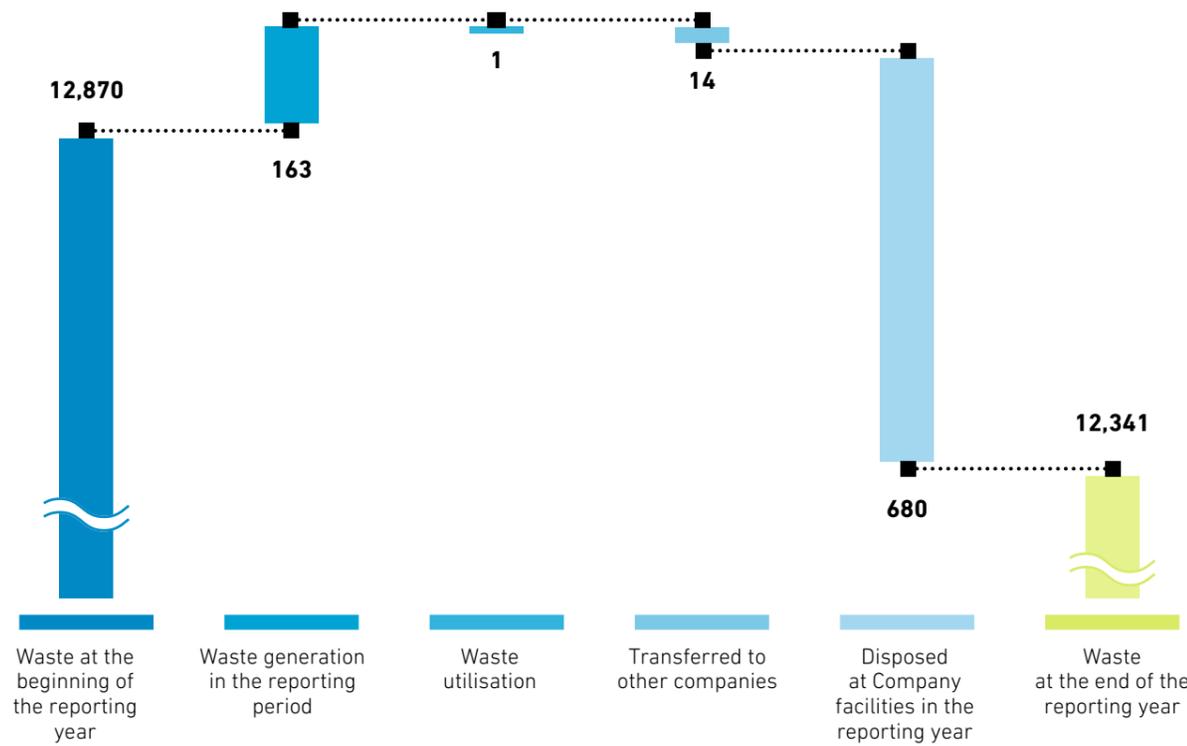
**Environmental Efficiency Improvement Programmes  
Environmental Risk Management Programmes**



**Unipro Emissions in 2015-2017**

Indicator	UoM	2015	2016	2017
Gross air emissions of hazardous substances, total	thous. tonnes	69.2	63.9	57.3
Solid fuel ash	thous. tonnes	1.8	1.6	1.4
Gas and liquid	thous. tonnes	68.6	63.6	56.9
Including				
Sulphur dioxide	thous. tonnes	9.3	8.3	7.6
Carbon oxide	thous. tonnes	14.2	11.8	9.8
Nitrogen oxide	thous. tonnes	43.3	43.5	39.6
CO <sub>2</sub>	thous. tonnes	30,113.5	29,389.7	26,354.3
CO <sub>2</sub>	g/kWh (output)	582.0	559.0	567.0
Ash and slag wastes	thous. tonnes	199.4	145.2	141.0
Recyclable water	mIn m <sup>3</sup>	6,262.2	6,803.4	6,066.4
Electric power generation	mIn kWh	53,766	54,531	48,243

Waste Flow in 2017, thous. tonnes



The bulk of waste generated by the Company is of the 4<sup>th</sup> and 5<sup>th</sup> hazard class.

Ash and slag waste from burning coal of hazard class 4 is disposed at the Company facilities (ash disposal areas), as per the license held.

Ash and slag waste from burning coal of hazard class 5 is disposed at the Company facilities (ash disposal areas). No license is required.

The Company generates substantially less waste of higher hazard classes.

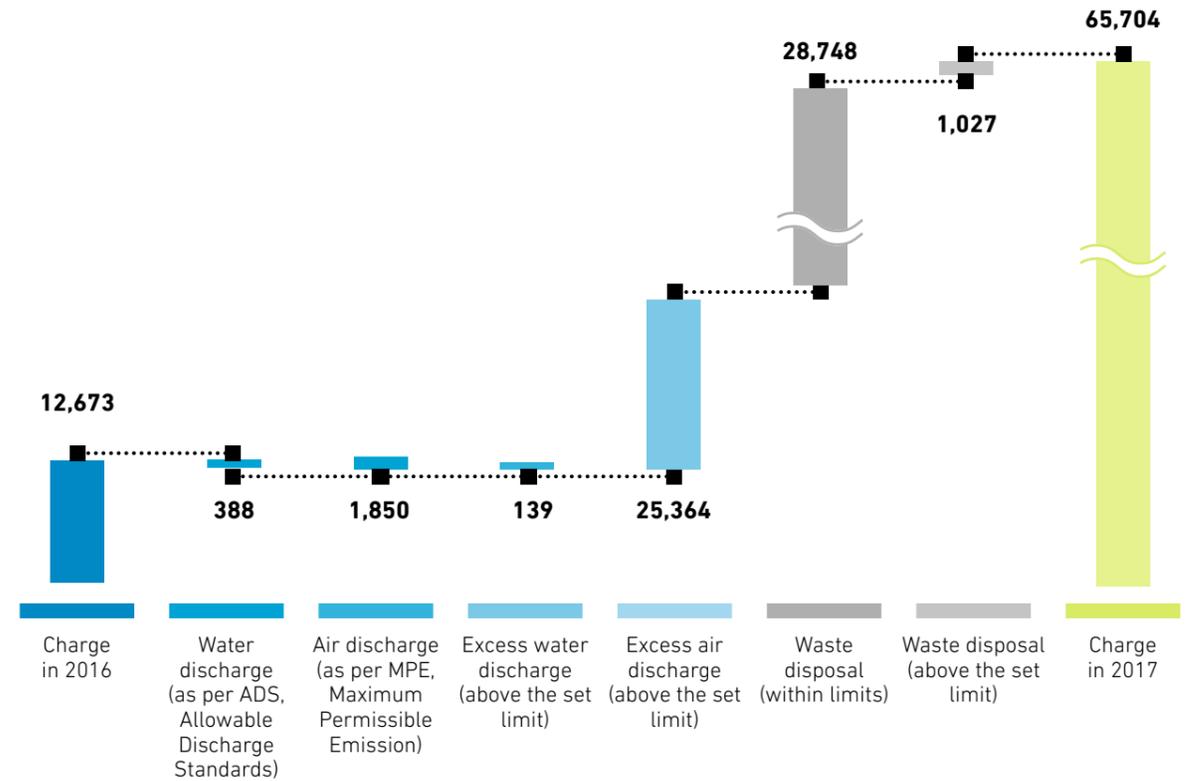
The sludge of oil and petroleum products of hazard class 3 are transferred for use as lubricants or for neutralisation (incineration) to specialised licensed providers.

The hazard class 2 wastes (accumulator sulphuric acid and sulfuric acid electrolyte sludge) are processes

in neutralising tanks of chemical shops at the Company electrical power plants. The Company holds a special license.

The hazard class 1 waste (mostly, mercury containing wastes) – used fluorescent lamps, mercury thermometers, and other meters – are transferred to licensed providers for neutralisation (de-mercurisation).

Factor Analysis of Adjusted Adverse Impact Charges in 2017, RUB thousand



The effective Russian law differentiates between waste accumulation (storage at a production site for up to 11 months) and waste disposal. The disposal includes waste burial and storage for subsequent use.

All the Company branches have waste-disposal facilities for storage. A centralised license for disposal and

neutralisation of wastes of hazard category classes 1 to 4 was obtained for the sites where the wastes of hazard classes 2 or 4 are disposed.

In 2017, the adverse impact fees grew as a result of exceeded-limit charges:

- Shurgutskaya GRES-2 – as Rosprirodnadzor (Federal Service for Supervision of

Natural Resource Usage) initially refused to approve the Allowable Discharge Project, Unipro was late in approval of the ADP and in obtaining the allowable emissions permit;

- Shaturskaya GRES – as Rosprirodnadzor refused to approve the new Unipro Waste Generation and Disposal Limits Project.

### Environmental Permit Business Role-Play by Unipro Berezovskaya GRES Branch

## In September 2017, Berezovskaya GRES held a business game called Issue of Environmental Permit to a Company Burning Fuel to Generate Electric Power.



Representatives of the Ministry of Ecology and Sustainable Nature Use or Krasnoyarsk Territory, Yenisei Water Basin Management Service, Yenisei Office of Rospotrebnadzor (Russian Federal Service for Surveillance on Consumer Rights Protection and Human Wellbeing) and ecologists from the Moscow Power Engineering Institute (National Research University), Russian State Analytical Centre, and Study and Consulting Centre of Environmental Industrial Policy Centre (Research Institute) joined Unipro at Berezovskaya GRES. Unipro was represented by Evgeny Cherkassky, Head of Asset Reliability, Fire and Environmental Safety, Anna Shamovka, Specialist of Asset Reliability, Fire and Environmental Safety, and Heads of Environmental Teams from all the Company electrical power plants. In total, 28 experts joined the business role-play, including colleagues from the Uniper Technologies Environmental Compliance Department, Roger Brandwood and Tom Holgate.

The game was arranged to test the procedure for obtaining Complex Ecological Permits in practice and to propose adjustments to the procedure addressing input from all the stakeholders.

A Complex Ecological Permit (CEP) is a new document for Russia, that will contain the binding environmental requirements and standards governing major production facilities on the basis of the Best Technologies Available. Starting from 2019, the CEP will become mandatory for all major production facilities.

During the business role-play at Berezovskaya GRES, the players discussed the Unipro position on the CEP, modelled potential problematic issues that might arise in the process of CEP issue to the Company electrical power plants step by step, and discussed environmental protection hot spots typical for thermal power plants in real time. The highlight of the game was participation by the Uniper Technologies Environmental Compliance Department. The Uniper Technologies representatives shared with the Russian colleagues their experience in enactment of environmental regulations at European power plants that have been in effect in Europe for over 20 years now.

The discussion on the issue procedure for the Complex Ecological Permit (CEP), a multi-component document, raised a number of queries and comments then further documented in a recommendation list for the CEP procedure originators and for the industrial enterprises of Environmental Impact Category I.

For recommendations developed after the business game and other associated materials please refer to the Business Game section at the BAT Bureau portal: [HTTP://БЮРОНДТ.РФ/GAME/49/](http://бюрондт.рф/game/49/).

## 6.4. Company Ratings and Achievements

The Company management always highly values excellence and outstanding performance of Unipro employees, who receive the appropriate awards by the Russian Ministry of Energy for their achievements. In 2017, 17 Company employees received the awards:

Acknowledgement by the Russian Ministry of Energy	Certificate of Excellence by the Russian Ministry of Energy	Honoured Power Engineer Title of Excellence	Honoured Fuel&Energy Employee Title of Excellence	Total:
2	13	1	1	17



The Company employees proactively participate in industry National and Regional Contests and win prizes. In 2017, the following employees were awarded:

- ✚ Best Corporate Communications Director in Electric Power — Dmitry Ermilichev, Director for PR & GR, Unipro PJSC, was rated as a Top-3 Best Corporate Communications Director in Electric Power;
- ✚ Best Regional Metrologist of 2017 (Smolensk Region) — Elena Sadovskaya, metrologist engineer, Smolenskaya GRES, Unipro PJSC won the first prize. (The Contest is run by the State Regional Standardisation, Metrology, and Testing Centre, Smolensk Region).

In 2017, Berezovskaya GRES was awarded the first prize by the Order No. 286 of the Military Enlistment Office, Krasnoyarsk Territory dated 7 November 2017 as the best mobilisation and deployment base for a (municipal) military enlistment office among corporate alert and defence headquarters in a competitive review held by the Military Enlistment Office, Krasnoyarsk Territory.

Nikolay Borshchev, Head of Civil Defence and Emergency Headquarters, Berezovskaya GRES, was awarded the 85 Years in Civil Defence Service Medal for his long-standing and excellent service in civil defence, merit, and personal commitment to developing and improving civil defence, and community and region emergency protection.

On 24 June 2017, the annual youth award in Social and Community Service for 2017 was awarded by Shapyrovo Mayor to Yana Belaya and Elena Voronina, members of Berezovskaya GRES Youth Association for their Dead Batteries Collection and Safe Disposal Campaign.

On 22 December 2017, EMERCOM medals “For the Salvation of the Drowning”, for courage in the salvation of people off a drifting ice, were presented to:

- ✚ Alexander Zhunev, Deputy Head of Hydraulic Systems and Heat Networks Operation Shop, the Berezovskaya GRES Branch of Unipro PJSC;
- ✚ Nikolay Markov, Head of Hydraulic Systems and Technical Equipment Operation Group, the Berezovskaya GRES Branch of Unipro PJSC.

Unipro PJSC was awarded with Acknowledgements from Deputy Energy Minister of the Russian Federation, Anton Inyutsin, for the considerable contribution to the Company and holding the events of the National Festival #VmesteYarche-2017 (Together is Brighter).

## Energy efficiency festival #VmesteYarche was held in September-October 2017, supported by the Ministry of Energy, the Ministry of Education and Science, the Federal Agency for Youth Affairs, State Corporation “Amenities Reformation Promotion Fund”, the Ministry of Culture and Roscongress Foundation.

The festival was held in the format of family festive events in major Russian cities and regional centres, including in the cities of the Company’s presence. The festival was supported by thematic classes and “Energy Week” at educational institutions, creative and research contests for schoolchildren and students, Open Days at FES enterprises, which included demonstration of energy-saving technologies, quizzes and adventure games. Participation of our branch colleagues provided for holding catching learning lessons for children in energy classes.

According to Deputy Energy Minister Anton Inyutsin, the specific thing regarding the programme of the #VmesteYarche festival in 2017 was the integration with the programme of the 19<sup>th</sup> World Festival of Youth and Students and the Year of Ecology held in the country. The festival’s lead topic is the “Generation of the Energy Efficient 2030s.”

**“Due to joint efforts and hard work, regions, enterprises and residents have reduced the power consumption of Russian economy by 11.5% over the last four years. We have ever more ambitious objectives and projects ahead. For us, the idea of the festival is that anyone can see and show an example of a careful attitude towards power, nature and funds at home, at work or in public spaces. We invite all those interested in raising the country’s competitive ability and supporting its economy through implementing modern technologies to join us,” Mr. Inyutsin said.**

## 6.5. Corporate and Social Responsibility

### Charity Work

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 2017, the Company allocated more RUB 38 mln 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

Unipro PJSC has traditionally promoted educational projects in the Company's regions.

#### “Career Starts at School” Project

As part of the comprehensive target programme for training young specialists, Career Starts at School, making it possible to combine studies at school or university and further work at the Company's plants, more than RUB 3 mln 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 2017.



Photo: Students of the new engineering class in the Lyceum of Shatura



**“We view the Company's employees as our key target audience. It is not by chance that our focus was on internal communications in 2017. The Internal Communication Strategy, developed by our press service managers, reaches all Unipro units and is aimed at transforming the Company into an efficient, healthy organism. The key areas of our work include increasing the Company's colleague loyalty and brand reinforcement. We have largely advanced in creating a common information space within the Company, developing a feed-back system and promoting corporate culture.**

**Unipro PJSC, as a socially-oriented company, views improving the quality of life for local communities in the regions where it operates as its mission. In 2017, as part of the Social Investment Programme, the Company provided assistance to children with disabilities, disadvantaged groups of the population and veterans. For many years, the Company has maintained cooperation with charity funds “Galchonok” and “Illustrated Books for Little Blind Children.”**

**Dmitry Ermilichev  
Director for Public Affairs  
and Government Relations, Unipro PJSC**

The Company supports the graduates, who successfully complete energy classes, including by compensating for their specialised studies at universities. On graduating from higher educational institutions, young specialists are drafted in the electrical power plants as in-house specialists.

In 2017, in the Lyceum of Shatura (Moscow Region) the power engineering class was opened with the

support of the Shaturuskaya GRES Branch of Unipro PJSC. The educational programme for senior students includes additional lessons in physics, mathematics, computer science, English, as well as class hours in power engineering disciplines and electricity production processes. Shaturuskaya GRES purchased demonstration materials and a modern plasma panel to equip the classroom. The classroom was repaired and equipped with new furniture items.

Students of the power engineering class will be able to attend meetings with the educators of Russia's best power engineering universities, excursions and open lessons at Shaturuskaya GRES. There are plans to provide additional funding for students' trips to research and practice conferences.

#### Cooperation with the Charity Fund "Illustrated Books for Little Blind Children"

As part of the social investment programme, Moscow Representative Office of Unipro PJSC financed the publishing of learning illustrated books for children with residual vision of below 20%.



In Q3, energy workers of Shaturuskaya GRES presented 50 sets of such books to preschool institutions of Shatura. The list of institutions was provided by the administration of the district hospital.

Smolenskaya GRES team presented similar sets of books to Compensatory Kindergarten No. 7 in Smolensk and Primary School-Kindergarten Skazka in Vyazma.

Each set includes both books with several fairy-tails by famous authors, and resource materials for the teacher.

## The Company has implemented the project "Career Starts at School" since 2007.

The project entails creation of energy classes in Sharypovo, Surgut, Yaiva, Shatura and Smolensk for 10<sup>th</sup> and 11<sup>th</sup> graders to acquire advanced knowledge of mathematics, physics, computer science, as well as specialised knowledge in the field of energy. With due regard to

the importance of making an informed choice regarding the schoolchildren's future career, representatives from electrical power plants tell them about the peculiarities of the electric power engineer profession, answer their questions, hold excursions to electrical

power plants, and speak about the history of the power plant construction. The Company supports the graduates, who successfully complete energy classes, including by compensating for their specialised studies at universities. On graduating from higher educational institutions, young specialists are drafted in the electrical power plants as in-house specialists.

## In 2017, the joint project "Career Starts at School" co-sponsored by Unipro PJSC, the Siberian Federal University (SFU) and Sharypovo school No. 8 was presented at the Krasnoyarsk Economic Forum at the round table named "Technological Breakthrough Starts at School".

The methodology for the course "Intro to Power Engineering" for the power engineering classes in Sharypovo was developed by the Department of Thermal Power Plants of SFU Polytechnical School. Under the supervision of the mentors selected from among the PhD students of the Department, high-school students assemble mini-electrical power plants, thermal and hydro-electric units that may be used, for instance, as mobile phone chargers. The methodology is not designed specifically for schoolchildren,

but is rather based on the "School—College—Enterprise" model. As school graduates enter power-related programmes at SFU, they go on to develop the projects that become increasingly more sophisticated. Purchase of laboratory equipment and all the necessary things required for the schoolchildren's and students' creative engineering work is financed by Unipro PJSC on a pro bono basis.

The experience of the joint project "Career Starts at

School", implemented by the Berezovskaya GRES Branch of Unipro PJSC, the Siberian Federal University and Sharypovo school No. 8, appealed to the participants of the round table "Technological Breakthrough Starts at School" as one of the ways to prepare young engineers starting from school.

In 2017, Ozernenskaya Secondary School of General Education No. 1 received financial aid to repair its lecture hall. Besides, as part of the project "Career Starts at School", the Branch purchased computer equipment to replace the outdated models and updated the software for the class specialising in energy studies, as well as paid for extra classes of physics and mathematics. It will enable the students of this class to study online and participate in online workshops.

**For over 10 years, the Company has developed cooperation with the charity fund “Illustrated Books for Little Blind Children”. During this time, children’s specialised institutions in Smolensk, Perm, Surgut, Krasnoyarsk and Shatura received 1,257 sets of illustrated books for visually impaired children.**

Specialised books, published by the charity fund with support of Unipro PJSC, are designed for children aged 3–7. Each book includes bright protruding illustrations in contrast colours, tactile elements

of materials with various textures, edge embossing, and moving cardboard structures. This enables visually impaired children to examine the book, see, touch and feel the illustrations. The books are printed in a

large-sized font, duplicated with braille letters. Also, they include an electronic stylus “Magic Pencil”. When touching the book pages with the stylus, the child launches the programme and hears the story through earphones.

### Healthcare Projects

Unipro PJSC supports various medical institutions on an annual basis in order to renovate and equip them with the latest medical equipment.

Moreover, the Company takes part in financing the annual recreational programmes for children with central nervous system damages and in buying expensive rehabilitation equipment. Children with special needs require constant attention, special conditions and rehabilitation equipment. Due to our cooperation with charity funds, we are able to fill their life with bright and positive emotions.

In 2017, Unipro PJSC Berezovskaya GRES Branch allocated funds to Sharypovo Municipal Hospital Krasnoyarsk Territory for the purchase of endoscopic

equipment for the health facility’s medical department. The Company allocated RUB 500,000 for the purchase of specialised equipment and tools for the Krasnoyarsk Regional Oncology Dispensary.

In 2017, the Surgutskaya GRES-2 Branch of Unipro PJSC purchased hot-water heaters for the Surgutskaya District Clinical Hospital and allocated some RUB 500,000 to repair the children’s department of the Surgutskaya City Clinical Hospital.

Shaturskaya GRES of Unipro PJSC 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. The plant also allocated funds to purchase

play furniture and equipment for kindergarten No. 5 and basic infrastructure improvement for local schools No. 1, No. 2 and the city lyceum.

Smolenskaya GRES of Unipro PJSC supported the annual project named “The Brightest Christmas Tree” for children of the social rehabilitation centre “Lastochka”. The plant purchased New Year gifts, clothes and sports equipment for the children. In 2017, it also allocated funds for the repair and equipment of kindergartens “Skazka” and “Kolokolchik” and special boarding school No. 2 in the town of Dukhovschina. The plant purchased corrective glasses designed for visually impaired people for the children from Krasninskaya Secondary Boarding School for students with disabilities.

### Cooperation with “Galchonok” Charity Fund



“Galchonok” Charity Fund for children with organic lesions of central nervous system and Unipro PJSC have long been partners. In 2012, Unipro was among the first companies,

which support the Fund’s activity. For children suffering from infantile cerebral palsy, consequences of head injuries and earlier fetal infections, rehabilitation and stabilisation of health is often a life-long way. Through this challenging experience, the Company supports the children by taking part in paying for rehabilitation courses and purchase of rehabilitation equipment.

Over the course of cooperation, we have

managed to support 30 families from Russian regions, and the children received the necessary courses and rehabilitation equipment due to the joint work of the Fund and the Company. Some children learnt to get dressed by themselves and ride a special bicycle, while the others learnt to hold their backs and heads up. Whatever minor the success may seem, it is extremely important for every child.



## Culture and Sports Projects

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 2017, the Company continued to finance cultural projects of national and global value.

## Russian Composers' Heritage Revival Project

In 2014, Unipro and the classical music radio station Orpheus launched the charitable Russian Composers' Heritage Revival Project aimed to revive and preserve unremembered musical masterpieces and salvage valuable books and music sheets.

In 2017, we continued our cooperation with Orpheus Radio Station aimed at restoring the musical heritage of a constructivist composer Alexander Mosolov. Many works of Alexander Mosolov were lost and never performed. Due to experts of Orpheus Radio Station and music historians, the composer's neglected works were performed in public. In September 2017, a concert held in Moscow to commemorate Alexander Mosolov's works was a massive success. The concert included Russian premiere of "Tractor's Arrival at the Kolkhoz", and the world premiere of "Symphonic Poem for Orchestra, Choir, and Soloists". The audience



Photo: The "Unknown Mosolov" concert, 27 September 2017

also had a chance to hear the "Holiday at the Park", a suite in three movements, and "Turkmen Song", a part of "Three Folk Songs" series. "Factory: Machine Music", an opus for orchestra featuring a metal sheet section was also performed.

As part of the project, over 27 books were restored. Among them there are very rare publications of Music Theory and the Guide for Music History Learners by

Arrey von Dommer, Practical Manual of Harmony by N. Rimsky-Korsakov, and others.

In 2016–2017, scores for Concerto for Piano and Orchestra No. 1 were restored, as well as scores for the ballet Seasons by A. Glazunov, and Third Symphony (The Divine Poem) by A. Scriabin; also: The Basics of Practical Music by Fyodor Drobysh; Musical Grammar, or Theory of

Musical Rules (in Questions and Answers) by Bonifazio Asioli; School of Clavichord, or Brief and Fundamental Guidance for Musical Accord and Melody Accompanied with Practical Examples, written by Georg Simon Lelein; and Art of Singing and Vocal Methodology of Enrico Caruso.

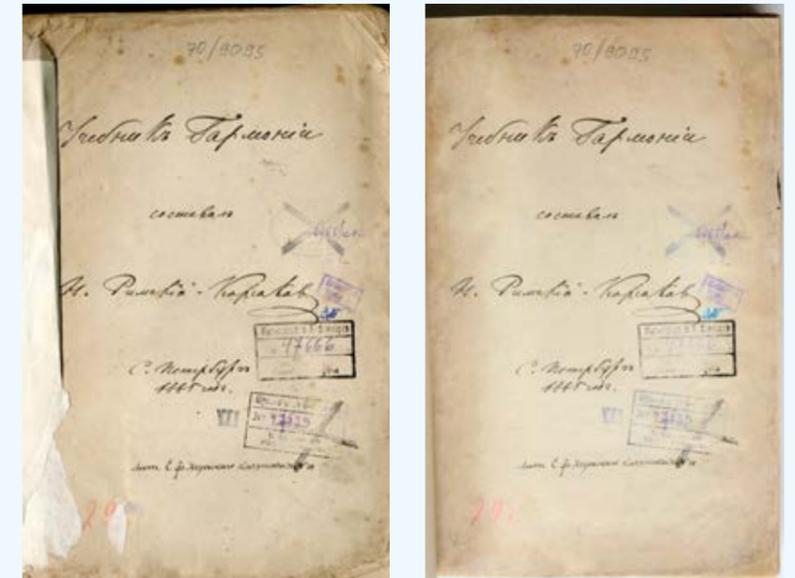


Photo: "Guide to Harmony" by N. Rimsky-Korsakov before (left) and after restoration.

The Smolenskaya GRES Branch of PJSC Unipro provided financial aid to Ozernenskaya Children's Art School intended for repair of premises and replacement of lighting devices. Furniture in the reading hall of Ozernenskaya City Library was also renewed.

### Cooperation with the Sharypovo Municipal Theatre

In 2017, Unipro PJSC allocated funds to repair and upgrade heating systems at the Sharypovo Municipal Theatre, which has long been a partner of the Berezovskaya GRES Branch of Unipro PJSC.

Berezovskaya GRES on a regular basis provides the theatre with charity aid for the production of performances and repair of the theatre equipment, and with motor vehicles to travel to Krasnoyarsk to take part in the annual district festival "Theatre Spring".

The theatre has become the favourite cultural venue for city residents. It is the fifth year that the Regional Festival of Municipal Theatres Camerata Plus is held in Sharypovo. Art-Entré children's theatre school is working under the auspices of the theatre. Today, the

school's alumni are students of theatrical institutes in Moscow and Yekaterinburg.

In May 2017, Unipro was partner of the 25<sup>th</sup> Anniversary International Ballet Festival, Benois de la Danse, which was held in Moscow.

**In 2017, the "Zhili-Byli" ("Once upon a time") performance performed by the Sharypovo Municipal Theatre was nominated for the Golden Mask National Theatre Award in the Shorts Plays Nomination. The actors were invited to perform in Moscow. The contest jury marked the work of Sharypovo actors very high. Actor and director of the theatre Holger Munzenmeyer received the national's contest highest award as the best minor actor. Maxim Shirokov, CEO of Unipro PJSC, congratulated the theatre team with this great event.**

## Sports Development

Promotion of sport development is one of priorities of the Company's charity and sponsorship activities.

In 2017, the 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. In 2017, the tournament was held to mark to 30<sup>th</sup> anniversary of the electrical power plant, and this was the first time when school teams from both Sharypovo and neighbouring cities of the Krasnoyarsk Territory came to take part in it.

As part of the social investment programme, Unipro PJSC Yaivinskaya GRES in 2017 allocated funds to repair the gym of school No 33 in the village of Yaiva. Major reconstruction was performed in the premises before the new academic year. Due to the charity assistance, the settlement's special boarding school renovated both the

academic and dormitory buildings.

Over several years, Unipro PJSC has provided financial aid to children's sambo and judo school in the village of Yaiva intended for purchase of the necessary equipment and uniform. This enables young athletes to take part in various competitions. The company allocated funds for the House of Culture "Energetik" to install the outdoor video surveillance system and repair the power supply system, as well as to renovate the fire alarm and escape routes.

The Shaturuskaya GRES Branch of Unipro PJSC has traditionally financed 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.

As the only local economic mainstay, the Smolenskaya GRES Branch of PJSC Unipro allocates funds for development of sports in the region, providing a year-to-year support for the Children's

Social Organisation of the Taekwondo Federation in the Smolensk Region. In 2017, the sponsor support of Smolenskaya GRES enabled Ozerny settlement to hold a regional taekwondo competition, Unipro Cup, for the first time. A team of athletes from Dukhovshchinsky District won the competition. Also, the Company assisted in purchasing sports equipment and a boxing ring for the boxing class, as well as models and replacement parts for the ship modelling class Odyssey.

In 2017, the Surgutskaya GRES-2 Branch of Unipro PJSC organised the annual track and field run "Surgut Ring". This was the first time when employees of major energy enterprises of Khanty-Mansi Autonomous Area – Yugra took part in it.

In 2017, as part of a set of events held to mark the generation of trillion kWh of electric power by the Surgutskaya GRES-2 Branch, the plant held a mini-football tournament, which involved teams from the region's major energy enterprises.

## Cooperation with Moscow Sledge Hockey Federation

In October 2017, Unipro PJSC decided to cooperate with the Moscow Sledge Hockey Federation. Since its foundation in 2012, the Federation made practice of focusing on social orientation and adaptation of people with disabilities through sports.

Now the "start in life" and the inspiration for young sledge hockey players, their parents, teachers and coaches are our common achievement! The children and youth team "Ladoga" is unique in Russia and Europe. Young athletes won medals and were winners at games in the USA and Canada. The organisers have many plans for the future, including setting up a women's sledge hockey team. At present, five students from the team are training with the Russian national team, which is getting prepared for the Paralympic Games in Korea in 2018.

### Support to Veterans of Wars and Armed Conflicts, Power Industry Veterans, Low-Income People and People with Disabilities

Every Company's branch on annual basis sends greetings to WWII veterans, former employees of the "Victory Plant", by providing them with financial aid and inviting them to festive events. The Company also greets the former workers of the plant with their anniversaries.



Photo: combined team "Ladoga-Yugra"

**Sledge hockey, or hockey in a sledge is a team sport game on ice, which is similar to ice hockey, for people with disabilities. The history of sledge hockey dates back to early 1960s in Stockholm, Sweden's rehabilitation centre. Russia's first sledge hockey team was set up in Izhevsk (Udmurtia) in 2008.**

This project has promoted the preparation of young athletes from the children and youth sledge hockey team "Ladoga", who take part in the Championship of Russia as members of the adult team "Yugra". Unipro's contribution to sledge hockey promotion includes financial assistance to the Federation in the purchase

of new sporting equipment, holding training camps, organising warm-up matches and providing our hockey players with an opportunity of preparing for further participation in the Russian Ice Hockey Championship, including by paying a monthly maintenance allowance to athletes.

In 2017, Surgutskaya GRES-2 provided financial aid to veterans of local wars in the amount of RUB 100,000, which were allocated for repairing the premises of the regional public organisation "Association - Brothers in Arms".

The management team of Shaturuskaya GRES also honours local war veterans, who are currently working for the electrical power plant; organises and pays for the subscription to the local newspaper "Leninskaya Shatura" for all homefront workers and

WWII participants, working for the branch; provides assistance to the local rehabilitation department for children with disabilities in the purchase of household appliances and computer equipment.

In 2017, the festive events timed to coincide with the celebration of Victory Day in Yaiva settlement included

greeting of homefront workers and local conflicts participants, who were presented with food gift baskets. Veterans of the plant also marched in the column of the Immortal Regiment and laid wreaths to the monument to Yaiva residents who died in the years of Great Patriotic War.

The plant organised a festive event to celebrate the Power

Engineers' Day for 120 people as part of the charity programme for the veterans of the Yaivinskaya GRES Branch of Unipro PJSC. An intellectual environmental game, Russia's Protected Paths, devoted to the Year of Ecology, was held in the Pavlenkov Library in Yaiva settlement and involved former and young plant workers.

## Assistance to People with Disabilities in the Sharypovo District

Assistance to people with disabilities has traditionally been a priority area of Unipro PJSC social policy.

In 2017, 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 RUB 700,000 to purchase computers for rural disabled people and to compensate children with disabilities from the Sharypovo District for social taxi costs.

Creating barrier-free environment for people with disabilities is a topical issue in Russia, but accessibility is especially important for rural residents with disabilities due to the remoteness of administrative centres, sports and cultural

institutions, underdeveloped infrastructure of social and healthcare services. Implementing information and communication technology is of great importance in sociocultural rehabilitation of people with disabilities.

The Ministry of Social Policy of the Krasnoyarsk Territory developed the Information and Reference Portal for People with Disabilities (RIAS) is a website providing access to reference, learning and news information about people with disabilities, disability and provision of resources for them. Here, people with disabilities can both obtain information and consult with specialists, join a membership club and communicate with each other. However, most of them are on a tight budget and have difficulties in buying themselves computers.

In 2013–2017, Unipro PJSC allocated funds used to purchase and distribute 81 laptops with a modem among lower-income people with disabilities.

Due to the Company's charitable assistance, children with disabilities, living in the villages of the Sharypovsky District, can travel for free to the towns of Sharypovo and Krasnoyarsk to get treatment and rehabilitation, to see New Year performances and other children's cultural events. As part of the Social Taxi programme, some 250–300 trips are financed on an annual basis. The social service centre of the Sharypovsky District provides a special minibus to transfer wheelchair users.

## Agroindustrial Park "Siberia"

### Following the traditions of Uniper Group, Unipro PJSC strives to abide by policy aimed at promoting the comprehensive development of the areas in the regions of the Company's presence and improving the quality of people's lives.

Since 2016, the Company has implemented the project Agroindustrial Park "Siberia", aimed at the development of the Company's major agroindustrial investment projects in the Sharypovsky District of the Krasnoyarsk Territory in the immediate vicinity of Berezovskaya GRES. The project envisages increasing the efficiency of the existing agriculture production profile of the western group of the Krasnoyarsk Territory districts by using the advantages of the created natural climatic conditions and infrastructure of Berezovskaya GRES.

In 2017, a Russia-based sectoral investor, the Agroindustrial Holding "ECO-culture" was involved in the construction of a major greenhouse complex in order to implement the Concept for the Creation of Agroindustrial Enterprises Cluster in the Krasnoyarsk

Territory adjacent to Berezovskaya GRES, developed by Ernst & Young.

The Agroindustrial Holding "ECO-culture" reached an agreement with the Government of the Krasnoyarsk Territory and Rosselkhozbank JSC on the construction of a greenhouse complex with a capacity of 22,000 tonnes of vegetables per year, which will create over 250 extra jobs in the Sharypovsky District of the Krasnoyarsk Territory. As part of the business programme of the 21<sup>st</sup> Petersburg International Economic Forum, the holding signed a trilateral Cooperation Agreement with Rosselkhozbank JSC and the Government of the Krasnoyarsk Territory, aimed at implementing the project.

This project was recognised as a major investment project of the Krasnoyarsk Territory according to the region's law.

In 2017, the Krasnoyarsk Territory representatives presented the Agro-Industrial Park Siberia development project at the 14<sup>th</sup> Krasnoyarsk Economic Forum as a model agroindustrial park development project in Russia.

The drivers for the development of the Sharypovsky District include the cooperation between APP Siberia LLC, the Administration of the Sharypovsky District and FSBEI of HE Krasnoyarsk State Agrarian University in the creation and development of agroclasses in the district for the profound scientific studies through pre-profile (7–9 classes) and profile (10–11 classes) education. The corresponding trilateral agreement was signed at the 14<sup>th</sup> Krasnoyarsk Economic Forum as part of its business programme.

In 2017, APP Siberia LLC allocated RUB 0.5 million to set up and develop an agro-class at Berezovskaya Secondary School No. 1. The funds were allocated for the purchase of the equipment and methodology materials required for the class. A competitive selection for the right to study in the agro-class resulted in the selection of 13 students of the 7<sup>th</sup> class, which started their studies in September 2017.

# 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.

# Glossary

<b>Power Unit No. 3, Power Unit 3, Third Power Unit, Power Unit III</b>	Power Unit No. 3 of the Berezovskaya GRES Branch of Unipro PJSC;
<b>GE</b>	General Electric (GE)
<b>Axapta</b>	Distributed Control System
<b>JSC</b>	Joint-Stock Company
<b>APCS</b>	Automated Process Control System
<b>BM</b>	Balancing Market
<b>EGSM</b>	Extraordinary General Meeting of Shareholders
<b>ACPP</b>	Annual Comprehensive Procurement Programme
<b>AGSM</b>	Annual General Meeting of Shareholders
<b>CDEC</b>	Civil defense and emergency situations
<b>Uniper Group, Uniper group</b>	Uniper Group of Companies (Germany), which includes Unipro PJSC
<b>GRES</b>	State district electrical power plant
<b>PDC</b>	Power delivery contracts
<b>UES of Russia</b>	United Energy System of Russia
<b>HQ, Headquarters</b>	Employees of the Moscow representative office of Unipro PJSC
<b>TI</b>	Test Instrumentation
<b>CCG, Code of Corporate Governance</b>	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
<b>KOM</b>	Competitive capacity selection
<b>KPI</b>	Key Performance Indicators
<b>Ministry of Energy of the Russian Federation</b>	Ministry of Energy of the Russian Federation
<b>Moscow Exchange, Moscow Exchange PJSC</b>	Moscow Exchange PJSC
<b>IDGC</b>	International Distribution Grid Company

<b>IFRS</b>	International Financial Reporting Standards
<b>MFB</b>	Metal-fluoroplastic band
<b>TN</b>	Transmission Network
<b>NH</b>	Nominal holder
<b>VAT</b>	Value Added Tax
<b>NP</b>	Non-Commercial Partnership
<b>BTA</b>	Best available technologies
<b>PSFFE</b>	Pump plant for foam fire-extinguishing
<b>OGK</b>	Wholesale market generating companies
<b>WS</b>	Winter season
<b>OSY</b>	Open switch yard (electric energy distribution complex)
<b>WEM</b>	Wholesale Electricity Market
<b>WMEP</b>	Wholesale Electricity and Capacity Market
<b>OTiPB</b>	Occupational health and safety
<b>OES</b>	United Energy System
<b>PJSC</b>	Public Joint-Stock Company
<b>Unipro PJSC, Unipro, Company, company</b>	Unipro Public Joint-Stock Company
<b>CCGT</b>	Combined-cycle gas-turbine plant
<b>Commissioning</b>	Commissioning
<b>SS</b>	A sub-plant is an electric installation designed for energy transformation and distribution
<b>HSS</b>	Hard and Soft System
<b>APCS HSS</b>	Automated Process-Control System Hard and Soft System
<b>RC</b>	Regulated Contracts
<b>RAS</b>	Russian Accounting Standards
<b>DAM</b>	Day-ahead market
<b>DGC</b>	Distribution Grid Company
<b>BOP Switchgear</b>	Balance-of-plant switchgear

<b>BD</b>	Board of Directors
<b>NRECC</b>	Non-Regulated Electricity and Capacity Contract
<b>DARS System, DARS</b>	Dry Ash Removal System
<b>System operator (SO)</b>	Dry Ash Removal System at the Berezovskaya GRES Branch of Unipro PJSC, the investment construction project
<b>MMO</b>	System Operator of Unified Energy System (SO UES) OJSC
<b>HOSMS</b>	Mass-media organisation
<b>OHSD</b>	Health and Safety Management System
<b>EMS</b>	Occupational Health And Safety Department
<b>TGK</b>	Environmental Management System
<b>Maint.</b>	Regional generating companies
<b>TOP-5</b>	TOP-5 stands for five working area with the highest risk of severe injuries or lethal outcomes: <ul style="list-style-type: none"> <li>• lifting operations;</li> <li>• working on electrical installations;</li> <li>• working at heights;</li> <li>• work in confined spaces;</li> <li>• hot works.</li> </ul>
<b>M&amp;R</b>	Maintenance and repair
<b>Maintenance and Repair</b>	Maintenance and Repair module in the Axapta system
<b>Retooling and modernisation</b>	Technical refurbishment and reconstruction
<b>FEC</b>	Fuel and energy complex
<b>TPP</b>	Thermal power plant
<b>TPP</b>	Thermal power plant
<b>CHPP</b>	Combined heat and power plant
<b>AC</b>	Authorised capital
<b>FRS</b>	Fuel receiving plant Fuel receiving plant at the Berezovskaya GRES Branch
<b>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</b>	Articles of Association of Unipro Joint-Stock Stock Company

# General Information about the Company

<b>FAS, FAS of Russia</b>	Federal Antimonopoly Service
<b>FZ</b>	Federal law
<b>Berezovskaya GRES Branch of the Company, Berezovskaya GRES Branch, Berezovskaya GRES, BGRES</b>	The Berezovskaya GRES Branch of Unipro Public Joint-Stock Company
<b>Smolenskaya GRES Branch of the Company, Smolenskaya GRES Branch, Smolenskaya GRES, SGRES</b>	The Smolenskaya GRES Branch of Unipro Public Joint-Stock Company
<b>Surgutskaya GRES-2 Branch of the Company, Surgutskaya GRES-2 Branch, Surgutskaya GRES-2, SuGRES-2</b>	The Smolenskaya GRES-2 Branch of Unipro Public Joint-Stock Company
<b>Shaturskaya GRES Branch of the Company, Shaturskaya GRES Branch, Shaturskaya GRES, ShGRES</b>	The Smolenskaya GRES Branch of Unipro Public Joint-Stock Company
<b>Yaivinskaya GRES Branch of the Company, Yaivinskaya GRES Branch, Yaivinskaya GRES, YaGRES</b>	The Yaivinskaya GRES Branch of Unipro Public Joint-Stock Company
<b>FTS</b>	Federal Tariff Service
<b>cold reserve</b>	Working capacity of generating unit that is in service but not in operation, requiring several hours to be put into operation
<b>EG</b>	Electric grids

Full name	Public Joint-Stock Company
<b>Abbreviated name</b>	Unipro PJSC
<b>State registration date</b>	4 March 2005
<b>Primary State Registration Number (OGRN)</b>	1058602056985
<b>Registered address of the Company</b>	Building 34, 23, Energostroiteley Street, Surgut, Khanty-Mansi Autonomous District – Yugra, Tyumen Region
<b>Address of the Moscow Representative Office</b>	10, Presnenskaya Emb., block B, Floor 23, Moscow 123112, Russian Federation
<b>Contact phone number</b>	+7 (495) 545-38-38
<b>Fax</b>	+7 (495) 545-38-39
<b>E-mail</b>	info@unipro.energy
<b>Core business</b>	Generation and sale of electric and heat power and capacity
<b>Number and date of state registration of the share issue</b>	1-02-65104-D, dated 19 April 2007
<b>Major Shareholder of the Company (share)</b>	Uniper Russia Holding GmbH (83.73%)
<b>Full name of the Registrar</b>	R.O.S.T. Registrar Joint-Stock Company
<b>Registrar's address</b>	18 Stromynka Street, Bldg 13, Moscow, 107996
<b>Full name of the Company's auditor</b>	PricewaterhouseCoopers Audit Joint-Stock Company
<b>Address of the Company's auditor</b>	10, Butyrsky Val Street, Moscow, 125047, Russian Federation

# Contact Information

Unipro Public Joint-Stock Company  
(Unipro PJSC)

**Location:** Building 34, 23 Energostroiteley Street, Surgut, Khanty-Mansi Autonomous Area – Yugra, Tyumen Region, Russian Federation

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**E-mail:** [info@unipro.energy](mailto:info@unipro.energy)

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## Press Centre

### Dmitry Ermilichev

Director for PR & GR

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**Fax:** +7 (495) 545-38-39

**E-mail:** [PR@UNIPRO.ENERGY](mailto:PR@UNIPRO.ENERGY)

## Details of the Registrar

### Full business name of the Registrar:

R.O.S.T. Registrar Joint-Stock Company

### Abbreviated legal 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 3 December 2002

**Location:** Bldg 13, 18 Stromynka Street, Moscow, 107996

**Mailing address:** P.B. 9, 18 Stromynka Street, Moscow, 107996, Russia

**Telephone numbers:** +7 (495) 780-73-63,

**Fax:** +7 (495) 780-73-67

[www.rrost.com](http://www.rrost.com)

**E-mail:** [rost@rrost.ru](mailto:rost@rrost.ru)

## Details of the Auditor

**Full business name:** PricewaterhouseCoopers Audit Joint-Stock Company

The primary registration number of the entry (ORNZ) in the register of auditors and audit companies is 10201003683.

**Location:** 10, Butyrsky Val Street, Moscow, Russia

**Mailing address:** 10, Butyrsky Val Street, Moscow, 125047, Russian Federation

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[www.pwc.com](http://www.pwc.com)

# Appendices

## Appendix 1. Participation of Unipro in Commercial and Non-Profit Organisations<sup>1</sup>

Company	Shaturskaya Managing Company OJSC <sup>2</sup>
Location	4 Konniy Drive, Shatura, Moscow Region, 140700, Russian Federation
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 March 2008
Company	E.ON Connecting Energies LLC
Location	10 Presnenskaya Emb., Moscow 123317, Russian Federation
Core business	Provision of distributed energy solutions, namely: development, engineering, installation, operation, maintenance and optimisation of distributed energy assets
Interest in the authorised capital	50%
Date of state registration / acquisition of the interest	16 November 2012
Company	Uniper LLC <sup>3</sup>
Location	5 Chernoozerskiy Passage, Shatura, Moscow Region, 140700, Russian Federation
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	5 June 2015

<sup>1</sup> The information is specified for the Entities in which Unipro PJSC has over 5% participation interest.

<sup>2</sup> On 31 October 2017, the shareholder-register of Shaturskaya Managing Company OJSC conducted an ownership transfer transaction, which resulted in the Company's cessation of the ownership of Shaturskaya Managing Company OJSC shares.

<sup>3</sup> An entry on liquidation of Uniper LLC was made in USRLE on 9 June 2017.

Company	Unipro Engineering LLC
Location	10, Presnenskaya Emb., Moscow 123317, Russian Federation
Core business	Engineering services (project and technological engineering); pre-project and project works and engineering surveys; investment activities and implementation of investment projects
Interest in the authorised capital	100%
Date of state Registration / acquisition of the interest	6 October 2015
Company	AIP Siberia LLC
Location	Kholmogorskoe Settlement, Sharypovo District, Krasnoyarsk Territory, 662327, 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	5 May 2016

### Unipro PJSC is also a member of a number of non-profit organisations, namely:

Name of the non-profit organisation	Grounds for participation	Purpose of participation
<b>NP Market Council</b>	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
<b>Building Union of the Capital, Self-Regulating Organisation<sup>1</sup></b>	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
<b>Council of Electricity Producers</b>	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
<b>Russian Union of Industrialists and Entrepreneurs, Organisational Development Group</b>	Resolution of the Board of Directors dd. 27 September 2012	Consolidation of efforts of Russian industrialists and entrepreneurs to improve the business environment, raise the status of the Russian business at both the national and global levels, and support the balance of interests of the society, authorities, and business
<b>Russian-German Chamber of Commerce</b>	Resolution of the Board of Directors dd. 9 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
<b>Association of European Businesses NP</b>	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
<b>NP Corporate Counsel Association</b>	Resolution of the Board of Directors dd. 4 April 2016	Opportunity to express the position of the Company on legislation and law enforcement matters, and representation of the Company's interests in public authorities
<b>Self-Regulating Organisation "Union of Yugra Constructors"</b>	Resolution of the Management Board dd. 6 June 2017	The necessary prerequisite to perform the work on construction, reconstruction, overhaul of permanent facilities, including auxiliary facilities

<sup>1</sup> On 6 June 2017, the Company's Management Board made a decision to stop the Company's participation in the Building Union of the Capital, Self-Regulating Organisation, due to its transfer to Self-Regulating Organisation "Union of Yugra Constructors" at the place of registration.

## Appendix 2. Report of the Board of Directors on the Company's Development in its Priority Areas of Activities in 2017

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

In 2017, the Company's security service systematically implemented measures to ensure security and anti-terrorism protection of the Company's facilities.

These tasks were handled within the framework of a reasonable balance between the unconditional obedience to the legislation of the Russian Federation, on the one hand, and consideration of all aspects of the Company's production activity as a most effective one in Russian heat power industry sector, on the other hand.

In 2017, a number of measures were implemented to optimise and improve efficiency of spending the funds allocated for security. In particular, changes to the Safety Data Sheet of Smolenskaya GRES have been made and agreed with the supervisory authorities. The number of critical elements of the Smolenskaya GRES Branch of Unipro PJSC has been significantly reduced from 11 to 3, which saved the Company's funds for their equipment and subsequent maintenance.

Following the audit of security systems at Berezovskaya GRES and Surgutskaya GRES-2, proposals were developed to optimise spending on security services and annual maintenance of security equipment of the branches, which have been approved at the meeting of the QPD2 Committee.

The current checks of compliance with the provisions of the legislation of the Russian Federation on ensuring security of fuel and energy complex facilities, which were carried out by the supervisory bodies at the Company's power plants, have confirmed effectiveness

of the set of measures aimed at ensuring security, prevention and reduction of the risk of emergencies. There were no significant comments given on functioning of Unipro PJSC branches. Anti-terrorism drills were conducted at Shaturskaya GRES and Surgutskaya GRES-2, which showed the high level of training of security units and security services in preventing illegal entry to the power plants' territory.

In the course of ensuring economic security, the Company's security service in conjunction with the territorial bodies of the Ministry of Internal Affairs of the Russian Federation have detected and stopped a channel for illegal removal of scrap metal that was formed as a result of removal of debris of Power Unit No. 3 from Berezovskaya GRES. The power plant's employees involved in this incident have been fired.

Attempts of contractors' employees to steal and carry inventory from the territory of the Company's branches remain typical violations. More than 10 similar incidents were prevented in 2017.

Risk audits are conducted in the course of implementation of contractual relations with contractors. In the course of accreditation of counterparties, as many as 289 potential suppliers of the Company have been inspected, and contracts with 12 of them have been found inadvisable due to high reputational risks.

Security services of the Berezovskaya GRES Branch of Unipro PJSC and the Berezovsky Branch of Unipro Engineering LLC additionally strengthened the access control taking into account the special status of works at Power Unit No. 3.

Territorial bodies of the EMERCOM of Russia successfully checked the civil defence and emergency (CDE) procedures in place at Yaivinskaya GRES (in April 2017), Surgutskaya GRES and Berezovskaya GRES (in September 2017).

According to the results of the review contests conducted by the territorial bodies of the EMERCOM of Russia in constituent bodies of the Russian Federation, the civil defence shelters of Shaturskaya GRES and Surgutskaya GRES-2 have been recognised as the best in the Moscow Region and Khanty-Mansi Autonomous District — Yugra.

CDE training and methodological classes have been created on the basis of the civil defence shelters of Surgutskaya GRES-2, Smolenskaya GRES and Shaturskaya GRES.

In April 2017, employees of Berezovskaya GRES took part in rescuing fishermen from the ice floe in the reservoir of Berezovskaya GRES. In the course of the rescue operation, 118 people were removed from the ice floe, including 15 children. Participants in the operation — Alexander Zhunev, Deputy Head of Hydraulic Systems and Heat Networks Operation Shop, Berezovskaya GRES Branch of Unipro PJSC, and Nikolay Markov, Head of Hydraulic Systems and Technical Equipment Operation Group, Berezovskaya GRES Branch of Unipro PJSC — were awarded a medal of the EMERCOM of Russia "For Saving Life on Water".

Members of non-regular emergency rescue teams of Berezovskaya GRES, Smolenskaya GRES and Yaivinskaya GRES were evaluated to qualify as lifeguards. The emergency rescue team of Surgutskaya GRES-2 won the prize in the city review contest.

In 2017, the total number of responses of fire guards of the fire departments involved in the provision of fire protection services for the branches of Unipro PJSC was 3,883 (decreased by 21% compared to 2016). As many as 213 of them were responses to fires,

hot work support, fire alarms and false alarms (decreased by 4.9% compared to 2016).

Over the reporting period, 47 regular general fire-fighting training sessions have been held with participation of fire protection units, in which 2,603 employees of the branches and fire departments took part. A 30-meter fire motor ladder was purchased in order to enhance fire safety at Shaturskaya GRES. The firefighting equipment at Berezovskaya GRES was replenished by a 50-meter fire truck boom lift.

In October 2017, the branches of Unipro PJSC took an active part in the events dedicated to the 85<sup>th</sup> anniversary of the Civil Defence of the Russian Federation.

### 2. Solving Problems of Environmental Security and Rational Use of Natural Resources

For the sustainable development of large businesses operating in industries associated with significant environmental impact and use of natural resources, environmental protection is one of the substantial factors along with occupational health and safety, financial stability, reliability of resource supply chains, industrial and criminal safety, and other internal and external indicators. Thus, Unipro PJSC employs its extensive business history to pro-actively participate in expert reviews of draft regulations to prevent their ambiguous interpretation or avoid non-feasible requirements impeding business.

As environmental protection is a pre-requisite for business continuity, the Company decided to determine its corporate standing in scope of environmental SWOT analysis that allows both to conceptually identify internal and external indicators and to assess their correlation. The procedure is defined in Regulations for Planning in the EMS (STO No. PTU-P.04). This analysis was a stage of transition to the international 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 and analysis of the Branch reports.

The main assessment tools employed by the branches are production environmental control (PEC) and internal audits of the EMS. In 2016, in accordance with Federal Law No. 7-FZ On Environmental Protection dated 10 January 2002 (hereinafter referred to as the Environmental Protection Law), all branches of the Company developed streamlined PEC programmes containing an exhaustive narrative on all types and frequency of environmental monitoring in the areas impacted by the Company business.

Environmental incidents are recorded and investigated in accordance with the Rules established by the EMS.

As prescribed by the law, all managers and specialists of the Company attend an environmental protection and security training after their employment, and then not less than once in every 5 years.

Potential emergencies that might impact the environment were identified by the Company branches. The Company assessed the risk of emergencies at hazardous production facilities in analytical and explanatory notes to the Safety Data Sheet of GRES Hazardous Production Facility. In the course of the risk assessment, potential causes of emergencies at the HPFs were identified, the likelihood of emergency cause occurrence was assessed, and forecast of potential consequences of adverse indicator impact on the personnel, the community, and the region was made.

Potential accidents at hydraulic structures were identified in Declarations of Safety of Hydraulic Structures of the Unipro branches.

Procedures for emergency response and prevention/mitigation of adverse impact on the environment by Unipro branches were defined in the below documents:

- Oil and petroleum product spill prevention and response plans;
- Action plans for prevention of and response to natural and man-caused emergencies;
- Response plans for potential emergencies at gas-handling facilities;
- Firefighting plans;
- Response plans for emergencies at hydraulic structures of the branches;
- Plans for emergency containment and response at fuel oil facilities;
- Guidance on minor emergency response; and;
- Shop guidance on emergency prevention and response.

Emergency prevention and fire-fighting drills for all power plants are carried out in accordance with the approved annual plans. Contracts for emergency rescue and fire prevention services were entered by the Company branches.

To mitigate the risk of environmental emergencies and environmental security gaps, the following actions were taken by the Company branches;

- Identification of environmental indicators associated with the plant processes;
- Inventory/identification of all potential reasons/causes of environmental gaps and emergencies, development of an outdated equipment and technologies replacement programme, upgrade to environmentally-safe raw materials and materials by the branches;

- Compliance with the process, fire, and production discipline;
- Maintenance of the equipment, technical devices, buildings and structures fit for use;
- Systematic analysis and check of the devices, equipment, buildings, and structures for regulatory operating compliance;
- Proper metrological support of any performed measurements and analyses;
- Regular monitoring for environmental security compliance;
- Real-time management decision system and proactive actions against environmental gaps and emergencies;
- Personnel trainings, briefings, and drill to raise the environment protection expertise and competence.

#### Environmental Sustainability

The key natural resources used by the Company processes are water and land intended for disposal of industrial and consumer waste.

The main objectives in sustainable water use include:

1. Higher sustainability of natural resources: reducing specific water use and inefficient water losses, introducing water-efficient processes and equipment, using storm runoffs as process water (after their treatment).
2. Mitigation of adverse impact on water bodies: reducing waste water and/or its contaminant content, increasing the share of recycled and circulating water.
3. Identification of demand in metering devices or in their replacement.

4. Education&awareness events for the employees and students of the supported energy classes on water use and protection held during corporate Environment Protection Days.

In 2017, as a result of a multi-year programme aiming to reduce artesian water consumption by the Berezovskaya GRES Branch, the water consumption (constant irretrievable own-need flow rate only, less variable water of Unipro PJSC consumption by consumers) was reduced by 250.068 thousand m<sup>3</sup> (44%) as compared to 2014, when the target programme was commenced.

Without any doubt, this makes the personnel responsible care in water use the first priority, as the only way to the efficiency of actions and recommendations is through introduction of a corporate culture.

In 2017, the Company developed and introduced key performance indicators (KPIs) for irretrievable water consumption related to water treatment (chemical plant own needs), steam and water losses, and water leakages from heating networks to be used as personnel incentive indicators. This area will be further improved in 2018.

Furthermore, the Company commenced a personnel awareness project that employs environmental business role-play, including games by Russian (Ecologic) and Polish (Green & Great) developers for furthering skills in informed environmental and economic decision-making that will ensure sustainable development in compliance with the environmental Russian law.

As per the Company environmental policy and strategy, the priorities in waste management are mitigated waste generation and maximum recycling. To reduce waste generation by the Unipro branches, the Company now encourages and cooperates with the contracted inventory suppliers to return the packaging and any non-marketable products containing valuable recyclable

components to the inventory suppliers or to the manufacturers. However, as the expanded manufacturer responsibility mechanism is still far from being fully operational in Russia, the key lever for minimising the inventory-associated waste burial is third-party recycling. This is why the Company branches initiated a waste-sorting project for separate collection of different waste fractions subjected to phased burial prohibition by the Russian State as of 1 January 2018. The project encompasses thoroughly detailed regional flow charts for waste management that allow to identify waste-recycling service providers dealing with certain types and fractions and visits to the recycling plants by the Company branches.

### 3. Ensuring the Electrical Safety of the Industrial and Production Personnel of the Company

In 2017, there were three incidents involving injuries of personnel operating electrical installations in Unipro.

The key incident causes included: unsatisfactory job management, disrupted routine switchover sequence, no consistent management or control of electrical installation switchovers, incomplete protective electric arc-flash clothing worn by the injured.

To prevent repeated incidents in any of the Company branches:

- All complex switchover sequences of the electrical installations and authorisation procedure for access to electrical installations by work permits or orders are now video recorded;
- Technical training programmes for electricians were revised to include a mandatory training in switchover chart use for electrical installations and typical mistakes made after discovery of a faulty switching equipment;

- Training for electricians was introduced on special protective electric arc-flash clothing. The training that includes videos is taken after employment and then once per quarter;
- The Branch Directors now follow monitoring schedules for complex switchovers of electrical installations above 1,000 V;
- All the operating procedures, primary and secondary connection diagrams, standard electrical installation switchover programmes were checked;
- A Procedure for Installation and Removal of Temporary Power Supply in Production Premises of the Branch was developed and implemented by Surgutskaya GRES-2;
- Additional security (sealing of cabinets) has been introduced at the Surgutskaya GRES-2 Branch to prevent unauthorised access to 380 V switches.

For electrical safety purposes, the Company took the following actions:

1. Now all jobs at electrical installations of the Company conform to the Rules for Occupational Safety at Electrical Installations approved by Order No. 155n dated 28 March 2014 issued by the Ministry of Labour and Social Protection of the Russian Federation.
2. To control contractor personnel, HOSMS (Health and Occupational Safety Management System) Standard on Power Grids Safety Management (STO No. OTiPB-C.12) has been updated and enacted. As per the standard, the Company branches now test all the contractor electricians prior to their access to the Company electrical installations. The job permits are given to the contractor personnel only if they demonstrate the appropriate qualification.
3. A long-term programme for ensuring compliance with occupational standards

at electrical installations has been implemented. The programme is intended for remedy of defects in electrical boards and assemblies. In 2017, 56 of the above actions were run.

4. As per the revised Procedure for Identification of Hazards, Risk Evaluation and Definition of Management Measures (STO No. OTiPB-M.02), the Executive Office and branches of Unipro PJSC performed a scheduled identification of hazards, evaluated risks and defined risk management actions. As a result, the risk of electric shock is now at mid level, and thus considered acceptable, provided that the required management actions were taken.

5. Electricians in all of the Company branches were provided with special protective electric arc-flash clothing.

In 2018, Unipro PJSC plans to launch a corporate information system for risk management in occupational safety, to expand the Safety Academy and TOP-5 Centres of Competence, and to introduce Contractor Management processes within the scope of its Health and Safety Strategy for 2018–2020.

### 4. Implementation of the Informational Technology Development Strategy

Development of information technologies in Unipro PJSC is aimed at improving the Company's activity efficiency and reducing the level of associated risks, including by creating an open and flexibly scaled infrastructure, deploying new business applications and ensuring efficient operation of the IT Service.

The key factors determining the IT development strategy of Unipro PJSC include:

- Changes to the regulatory and legal framework regulating the Company's activities;

- Objectives related to the identification and prevention of security threats and large technology breakdowns.

In 2017, the Company introduced additional services to computerise its business processes:

- The Service Desk 2.0 system that ensures the one stop-shop principle and fast response of the IT Service to the users' requests;
- The distributed project control system based on the MS Project Server, integrated with Service Desk 2.0 and Unified Automated System for Accounting of Financial and Economic Activities;
- The Occupational Health and Safety Management System in the corporate private cloud with the highest security rating in terms of the access protection according to SSL Labs;
- E-document flow with counterparties with the use of digital signature.

In 2017, Unipro PJSC introduced an availability and performance monitoring system for the main informational applications through automatic emulation of user actions. To monitor the integrity of backup copies, a test environment — Minus Day for the automated metrology unit management system was deployed in all branches.

Over the reporting period, the Fuel report was developed and introduced in the business analytics and analysis system, and reports of the Production Unit and the Company's procurement report were extended.

The handling of powers of attorney in favour of a legal entity and group powers of attorney was automated in the e-document flow system.

The Smolenskaya GRES Branch of Unipro PJSC saw mobile applications introduced for collecting

information on the state of the equipment capable of spatial orientation based on radio-frequency markers, testing the knowledge of HSE, and operating the technological library.

The Unified Automated Financial and Economic Activities Accounting System had the following projects implemented:

- Enhancement of contractual activities;
- Automation of annual bonus calculation;
- Administration of quarterly bonuses and calculation of wages according to the collective employment agreements of the branches;
- Automation of calculations related to secondment expenses;
- Automation of the operation of multicomponent assemblies of complex constructions and made-to-order equipment as a single item;
- Automation of handling of claims associated with WMEP activities.

The following was scheduled for 2018:

- Enhancement of the operational efficiency of information systems;
- Improved productivity of the elements of the Company's informational infrastructure;
- Implementation of measures for boosting informational security.

## 5. Arrangement of the Company's Procurement Activities

The objective of procurement is to ensure efficient spending of the Company's monetary funds, and to approach the spending on goods, works and services wisely for the benefit of the Company.

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

Duties are shared at every stage of the procurement process among the applying unit, procurement unit, financial unit and accounting unit. The Procure-to-Pay process is a mandatory tool for the procurement process, which maintains the sharing of duties among the Company's units.

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

Any tender procurement is open and transparent from the informational point of view, complies with the principles of competitiveness and equality of all procurement participants and prevention of discrimination and unjustified restriction of competition.

The Company's Procurement Policy is stated in the Unipro Procurement Policy approved by the Board of Directors (hereinafter — the Policy).

The Policy establishes a standard business process for meeting Unipro's production requirements, and is related to the Company's other internal documents. The Policy contains mandatory rules for procuring works, services, and software licenses, including responsibility limits and description of procurement processes.

Procurement procedures aim at a tender-based selection of suppliers, contractors, and service providers. Thus, the best economic conditions for procurement are provided: meeting customer requirements, deadlines, quality, and best prices.

Responsibility for implementing procurement processes in the Company rests with the Procurement Unit, whose main functions

include the planning, organisation, and implementation of procurement procedures and control over the procurement activities in the Company's branches. Moreover, the Procurement Unit takes measures for strengthening the Company's market position through consolidating needs, ensuring unification of procurement processes and forming a single model of behaviour in the

competitive environment. In doing so, the Procurement Unit closely interacts with the applicant units, participating in consolidating the Company's commercial and technical interests.

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

## Appendix 3. Unipro PJSC 2017 Financial Statements

The full version of the financial statements of Unipro PJSC for 2017 is available on the Company's website <http://www.unipro.energy/> in the section "Shareholders and Investors/Financial Disclosure/Financial Statements" and on the website <http://www.e-disclosure.ru/portal/company.aspx?id=7878>.

Below is the wording of the auditor's opinion of PricewaterhouseCoopers Audit JSC on the financial statements of Unipro PJSC for 2017. The auditor's opinion is only applicable to the full version of Unipro PJSC financial statements for 2017.



### Independent Auditor's Report

Attn: Shareholders and the Board of Directors, Unipro PJSC

#### Opinion

In our opinion, the attached financial statements accurately reflect in all material aspects the financial situation of Unipro PJSC (hereinafter referred to as the "Company") as of 31 December 2017, along with its profit and loss and cash flows for the year ended as of the said date in accordance with the accounting rules applicable in the Russian Federation.

#### Subject of the Audit

We audited the Company's financial statements including:

- Balance Sheet as of 31 December 2017;
- Profit and Loss Statement for the year ended as of the said date;
- Statement of Changes in Equity for the year ended as of the said date;
- Cash Flow Statement for the year ended as of the said date;
- Notes to the Balance Sheet and Profit and Loss Statement.

#### Basis for the Opinion

We conducted the audit in accordance with the International Standards on Auditing ("ISA"). Our responsibilities thereunder are provided in the Section titled "Auditor's Responsibility for the Audit of Financial Statements" hereof. We believe that we acquired sufficient and appropriate audit evidence to express our opinion.

PricewaterhouseCoopers Audit Joint-Stock Company (PWC Audit JSC) White Square Business Centre, 10, Butyrsky Val Street, Moscow, 125047, Russia Tel.: +7 (495) 967-6000, Fax: +7 (495) 967-6001, [www.pwc.ru](http://www.pwc.ru)

#### Independence

We are independent from the Company in accordance with the Code of Ethics for Professional Accountants of the International Ethics Standards Board for Accountants (IESBA Code) and ethical requirements of the Code of Professional Ethics for Auditors and Rules for Auditors' and Audit Organisations' Independence applicable to this audit of financial statements in the Russian Federation and we honoured all the other ethical obligations in accordance with these requirements and IESBA Code.

#### Audit Methodology

##### Executive Summary

Materiality	Materiality at the level of the Company's financial statements in general: 1,130,000 thousand Russian rubles (RUB thous.), which is equal to 5% of adjusted profit before tax less expenses associated with the write-off of Berezovskaya GRES Power Unit No. 3 fixed assets damaged by the accident in 2016, income from insurance compensation and income from recognition of materials following the dismantling activities during the accident response
Key Issues of the Audit	Retirement of fixed assets due to the accident at Berezovskaya GRES

Our audit methodology provides for the establishment of materiality and assessment of the risks that the financial statements were materially misstated. Specifically, we examined the areas where the management made subjective judgments regarding significant accounting estimates, including use of assumptions and consideration of future events associated with uncertainty by virtue of their nature. We also considered the risk that the management circumvented the internal controls, including but not limited to assessing the evidence of the management's partiality that gives rise to the risk of material misstatement resulting from fraud.

We determined the scope of the audit so as to undertake a sufficient scope of work to be able to express our opinion on the financial statements with due regard to the Company's structure, accounting processes and controls used by the Company, and peculiarities of the industry of the Company's business.

#### Materiality

The scope of our audit was determined under the influence of materiality. The audit is intended to deliver a reasonable assurance that financial statements do not contain any material misstatements. Misstatements may be caused either by fraud or error. They are deemed to be material if it is reasonable to expect that such misstatements, whether individually or collectively, may affect the users' economic decisions that are based on such financial statements.

Using our professional judgment, we set certain quantitative threshold values for materiality, including materiality at the level of the Company's financial statements in general as depicted in the table below. We used these values and qualitative factors to determine the scope of our audit, as well as the nature, dates and scope of the audit procedures, and assessed the impact of misstatements (taken individually and collectively), if any, on the financial statements in general.

Materiality at the level of financial the statements in general:	RUB 1,130,000 thous.
The way it was determined	5% of adjusted profit before tax less expenses associated with the write-off of Berezovskaya GRES Power Unit No. 3 fixed assets damaged by the accident in 2016, income from insurance compensation and income from recognition of materials following the dismantling activities during the accident response
Justification of use of materiality level	We chose to use profit before tax as the base indicator to determine the materiality level as we believe that it is this base indicator that the users most commonly consider when evaluating the Company's performance and it represents a generally accepted base indicator. Use of adjusted profit before tax reduces the effect of one-time events and channels the audit to the indicators used by the management to evaluate the Company's performance and situation. We set materiality at the level of 5%, which falls within the range of acceptable quantitative thresholds of materiality applicable to the profit-making companies of the sector.

### Key Issues of the Audit

The key issues of the audit are the issues that according to our professional judgment were most significant for our audit of financial statements for the current period. These issues were considered in the context of our audit of the financial statements in general and when developing our opinion on these financial statements, and we shall not express our opinion regarding these issues separately.

Key issue of the audit	Which audit procedures were used to address the key issue of the audit
<p>Retirement of fixed assets due to the accident at Berezovskaya GRES.</p> <p>See Cl. 3.3 of the Notes to the Balance Sheet and Profit and Loss Statement for 2017 On 1 February 2016, fire broke out in the boiler house of Power Unit No. 3 of Unipro PJSC.</p> <p>Berezovskaya GRES, damaging a significant part of Power Unit No. 3 that needs to be replaced.</p> <p>For the purposes of the Company's financial statements, fixed assets were written off by virtue of write-off certificates and write-off orders.</p>	<p>In November 2017, we carried out a physical inspection of Berezovskaya GRES (including Power Unit No. 3) to validate the damage assessment performed by the management and made sure that the damaged power unit had not been fully destroyed and the remaining two power units of BGRES are functioning properly.</p>

### Key issue of the audit

These documents were drawn up based on the fault detection reports prepared by the expert commission composed of the representatives of the Company and the contractors that were involved in the erection of Power Unit No. 3 and will be involved in the recovery works, based on the expert assessment of potential damages following a visual inspection and examination of the working documentation set. As of 31 December 2016, a major part of equipment was not actually inspected by the expert commission due to the unstable position of the boiler and danger to stay in certain areas, and therefore, no write-off was carried out for these fixed assets. In the process of partial write-off in 2016, the Company recognised expenses from the retirement of fixed assets in the amount of RUB 6,363,433 thous.

Due to the facts mentioned above, the remaining expenses on the partial write-off of fixed assets were reflected in 2017 following the inspection and dismantling of damaged items and execution of equipment fault detection reports that provided basis for the execution of write-off certificates and dismantling of the fixed assets.

In 2017, expenses from retirement of fixed assets amounted to RUB 5,837,520 thous.

### Which audit procedures were used to address the key issue of the audit

We equally carried out a random check of the documents required to reflect retirement of the items of fixed assets to validate the appropriateness of the amount and period of retirement for the fixed assets. Furthermore, we checked the computational accuracy of the calculations made by the management with respect to the retirement of fixed assets.

We analysed the minutes of the meetings of the Board of Directors and material contracts for recovery works and identified no discrepancies with the resolution on the recovery of the damaged items.

We also checked disclosure in the financial statements for completeness and conformity to the accounting rules applicable in the Russian Federation.

The procedures that we implemented revealed no material deviations.

### Other Information

The management is responsible for the other information. The other information contains Unipro PJSC Annual Report for 2017, Issuer's Quarterly Report for 1Q 2018 (but does not include the financial statements and our auditor's report thereon), which are expected to be presented to us after the date hereof.

Our opinion on the financial statements shall not cover the other information, and we shall not provide an opinion expressing any kind of certainty with respect to this information.

In connection with our audit of the financial statements, our duty is to get acquainted with the information mentioned above as soon as we receive it and to analyse whether there are material discrepancies between the other information and the financial statements or our knowledge acquired in the course of the audit and whether the other information contains other probable material misstatements.

### Responsibility of the Management and of the Persons in Charge of Corporate Management for Financial Statements

The management is responsible for the preparation and fair presentation of these financial statements in accordance with the accounting rules applicable in the Russian Federation, and for such internal controls as the management deems necessary to ensure preparation of financial statements that are free from material misstatements, whether due to fraud or error.

When preparing the financial statements, the management shall assess the Company's ability to continue as a going concern, disclose the going-concern information in appropriate instances, and prepare financial statements based on the going-concern assumption unless the management either intends to liquidate the Company or go out of business, or has no realistic alternative but to do so.

The persons in charge of corporate management shall ensure supervision over preparation of the Company's financial statements.

### Auditor's Responsibility for the Audit of Financial Statements

Our objective is to obtain a reasonable assurance of the fact that the financial statements do not contain material misstatements, whether due to fraud or error, as well as to release an auditor's report containing our opinion. A reasonable assurance is a high level of assurance, which, however, does not guarantee that the audit conducted in accordance with the ISA will always reveal instances of material misstatements, if any. Misstatements may be due either to fraud or error and are deemed material if it is reasonable to assume that, taken individually or collectively, they may affect the users' economic decisions that are based on the financial statements.

When conducting an audit in accordance with the ISA, we apply professional judgment and maintain professional scepticism throughout the entire duration of the audit. Furthermore, we:

- Identify and assess the risks of material misstatement of financial statements either due to fraud or error; Develop and carry out audit procedures to respond to these risks; Acquire audit evidence that is sufficient and appropriate to express our opinion. The risk of revealing material misstatement due to fraud is higher than the risk of revealing material misstatement due to error, as fraud may include conspiracy, falsification, wilful omission, misrepresentation, or actions to circumvent the internal control system;
- Become aware of the internal control system significant for the audit in order to develop the audit procedures that fit the circumstances, but not in order to express our opinion on the performance of the Company's internal control system;
- Assess the appropriateness of the accounting policy used and validity of accounting estimates and the relevant disclosure prepared by the management;
- Conclude on the legitimacy of the management's going-concern assumption and use the acquired audit evidence to draw a conclusion on whether there is considerable uncertainty caused by certain events and circumstances that may put the Company's ability to continue as a going concern in question. If we conclude that there is considerable uncertainty, we shall ensure that our auditor's report draws attention to due disclosure in the financial statements or — in case of failure to duly disclose the information — modify our opinion. Our opinions are based on the audit evidence

received prior to the date of the auditor's report. Meanwhile, future events and circumstances may make the Company unable to continue as a going concern;

- Assess the overall presentation of the financial statements, their structure and content, including disclosure, and whether the financial statements reflect the transactions and events in their basis so as to ensure their accurate presentation.

We engage in information exchange with the persons in charge of corporate management notifying them, without limitation, of the expected scope and dates of the audit, as well as of any material problems identified during the audit, including any major flaws in the internal control system revealed during the audit.

We equally provide the persons in charge of corporate management with a statement certifying our compliance with all the ethical requirements regarding independence and notified these persons of any other relations and issues that may validly be deemed to affect the auditor's independence, and in appropriate instances — of the relevant precautions.

We select the issues of highest significance for the audit of financial the statements for the current period, and therefore, constitute the key issues of the audit from among the issues that we reported to the persons in charge of corporate management. We describe these issues in our auditor's report, except when public disclosure of information on such issues is prohibited by a relevant law or regulation or when in exceptional instances we come to the opinion that information concerning a certain issue shall not be disclosed in our report since it may reasonably be expected that the negative consequences of such disclosure will surpass the public benefit thereof.

Manager of the engagement the results of which were used to release this Independent Auditor's Report is Gulnara Khabirova.

21 March 2018 Moscow, Russian Federation

G. Khabirova, Engagement Manager (Qualification Certificate No. 01-000492)

PricewaterhouseCoopers Audit Joint-Stock Company

Audited company: Unipro PJSC

Certificate of Entry in the USRLE  
(Unified State Register of Legal Entities)  
No. 1058602056985 issued on  
4 March 2005

Building 34, 23, Energostroiteley Street,  
Surgut, Khanty-Mansi Autonomous  
District — Yugra, Tyumen Region, 628406,  
Russian Federation

#### Independent auditor:

PricewaterhouseCoopers Audit Joint-Stock Company  
Certificate of State Registration No. 008.890 issued by the  
Moscow Registration Chamber on 28 February 1992  
Certificate of Entry in the USRLE No. 1027700148431  
issued on 22 August 2002

**Member of Self-Regulatory Organisation of Auditors  
Russian Union of Auditors** (Association)

ORNZ (Principal Number of Registration Entry) in the  
Register of Auditors and Audit Organisations: 11603050547

Balance Sheet  
as of 31 December 2017

Company UNIPRO PJSC  
Taxpayer's Identification Number  
Activity type: Electric power generation by heat power plants, including power plant performance assurance  
Legal form of the company / type of ownership  
Public Joint-Stock Company/Joint private and foreign ownership  
Unit of measurement: RUB thous.  
Location (address) Building 34, 23, Energostroiteley Street, Surgut, Khanty-Mansi Autonomous District – Yugra, Tyumen Region, Russian Federation

OKUD Form No. 1  
(day, month, year)  
OKPO  
INN  
OKVED  
  
OKOPF / OKFS  
  
OKEI

Codes
0710001
31/12/2017
76828204
8602067092
35.11.1
12247/34
384

Notes	Description	Line code	as of 31 December 2017	as of 31 December 2016	as of 31 December 2015
1	2	3	4	5	6
	<b>ASSETS</b>				
	<b>I. NON-CURRENT ASSETS</b>				
	Intangible assets	1110	211	–	
Vol. 21 S. III Cl. 3.2	Fixed assets	1150	97,533,954	98,263,360	101,771,871
	Including:				
Vol. 22 S. III Cl. 3.4	Construction in progress	1151	17,213,316	12,042,829	7,569,150
Vol. 3.1 S. III Cl. 3.5	Long-term financial investments	1170	443,718	1,260,673	1,023,158
	Deferred tax assets	1180	125,077	107,725	51,542
S. III Cl. 3.6	Other non-current assets	1190	86,177	55,847	53,746
	Total Section 1	1100	98,189,137	99,687,605	102,900,317
	<b>II. CURRENT ASSETS</b>				
Vol. 4.1 S. III Cl. 3.7	Inventories	1210	16,134,894	6,989,133	5,997,264
	Including:				
Vol. 4.1 S. III Cl. 3.7	Raw materials, materials and other similar values	1211	16,134,894	6,989,133	5,997,071
	Value added tax on acquired assets	1220	731	24,686	2,710
Vol. 5.1 S. III Cl. 3.9	Receivables	1230	11,775,020	10,699,300	8,988,049
Vol. 5.1 S. III Cl. 3.9	Long-term debt	1231	946,655	963,026	1,142,135
Vol. 5.1 S. III Cl. 3.9	Short-term debt	1232	10,828,365	9,736,274	7,845,914
	Including:				
Vol. 5.1 S. III Cl. 3.9	Buyers and customers	1233	5,363,157	5,366,350	5,743,266
Vol. 5.1 S. III Cl. 3.9	Advances paid	1234	579,953	3,166,699	379,735
Vol. 3.1 S. III Cl. 3.10	Short-term financial investments (except for cash equivalents)	1240	3,000,000	156,383	–
S. III Cl. 3.11	Cash and cash equivalents	1250	2,912,747	1,526,072	9,365,530
	Other current assets	1260	47,382	109,744	159,017
	Total Section II	1200	33,870,774	19,505,318	24,512,570
	<b>BALANCE</b>	<b>1600</b>	<b>132,059,911</b>	<b>119,192,923</b>	<b>127,412,887</b>

Notes	Indicator	Line code	As of 31 December 2017	As of 31 December 2016	As of 31 December 2015
1	2	3	4	5	6
	<b>LIABILITIES</b>				
	<b>III. SHAREHOLDERS' FUNDS</b>				
S. III. Cl. 3.13	Authorised capital	1310	25,219,482	25,219,482	25,219,482
	Revaluation of non-current assets	1340	451,895	456,433	463,673
	Added capital (without revaluation)	1350	40,969,311	40,969,311	40,969,311
S. III. Cl. 3.13	Reserve capital	1360	1,260,974	1,260,974	1,260,974
	Retained earnings (uncovered loss)	1370	51,985,391	35,705,857	44,790,587
	Total Section III	1300	119,887,053	103,612,057	112,704,027
	<b>IV. LONG-TERM LIABILITIES</b>				
	Deferred tax liabilities	1420	5,580,227	6,153,943	6,494,551
	Other liabilities	1450	–	–	–
	Total Section IV	1400	5,580,227	6,153,943	6,494,551
	<b>V. SHORT-TERM LIABILITIES</b>				
	Short-term loan liabilities	1510	–	2,307,756	–
Vol. 5.3 S. III Cl. 3.12	Payables	1520	5,178,946	4,860,887	6,922,825
	Including:				
Vol. 5.3 S. III Cl. 3.12	Payables to suppliers	1521	3,634,209	3,549,669	4,090,793
Vol. 5.3 S. III Cl. 3.12	Taxes and charges payable	1522	896,712	612,282	2,018,213
	Deferred income	1530	249	–	–
Vol. 7	Estimated liabilities	1540	930,820	999,106	1,291,186
S. III Cl. 3.8.3.12	Other short-term liabilities	1550	482,616	1,259,174	298
	Total Section V	1500	6,592,631	9,426,923	8,214,309
	<b>BALANCE</b>	<b>1700</b>	<b>132,059,911</b>	<b>119,192,923</b>	<b>127,412,887</b>

Executive /Signature/  
Signature

M. Shirokov  
Printed name

Chief Accountant  
Accountant

/Signature/  
Signature

E. Dubtsova  
Printed name

21 March 2018

Profit and Loss Statement  
for 2017

Company UNIPRO PJSC  
Taxpayer's Identification Number  
Activity type: Electric power generation by heat power plants, including power plant performance assurance  
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: RUB thous.

	Codes
OKUD Form No. 1	0710002
Date (day, month, year)	31/12/2017
OKPO	76828204
INN	8602067092
OKVED	35.11.1
OKOPF / OKFS	12247/34
OKEI	384

Notes	Indicator	Line code	For 2017	For 2016
1	2	3	4	5
S. III Cl. 3.14	Revenue	2110	79,135,977	81,129,577
Vol. 6 S. III Cl. 3.15	Cost of sales	2120	(57,280,279)	(63,885,363)
	Gross profit (loss)	2100	21,855,698	17,244,214
	Profit (loss) from sales	2200	21,855,698	17,244,214
	Interest receivable	2320	880,322	687,174
	Interest payable	2330	(65,618)	(126,390)
S. III Cl. 3.16	Other income	2340	26,914,428	7,980,525
S. III Cl. 3.16	Other costs	2350	(12,821,247)	(12,202,865)
	Profit (loss) before taxes	2300	36,763,583	13,582,658
S. III Cl. 3.17	Current income tax	2410	(7,504,217)	(3,020,534)
S. III Cl. 3.17	Including Permanent tax liabilities (assets)	2421	(335,047)	330,946
S. III Cl. 3.17	Changes in deferred tax liabilities	2430	473,200	89,195
S. III Cl. 3.17	Changes in deferred tax assets	2450	13,348	25,770
	Other	2460	388,409	(187,066)
	Net profit (loss)	2400	30,134,323	10,490,023
	<b>FOR REFERENCE</b>			
	Result from other transactions not included in net profit (loss) of the period	2520	-	-
	Combined fiscal effect of the period	2500	30,134,323	10,490,023
S. III Cl. 3.19	Basic profit (loss) per share, roubles	2900	0.4780	0.1664

Head /Signature/ M. Shirokov  
Signature Printed name

Chief Accountant /Signature/ E. Dubtsova  
Accountant Signature Printed name

21 March 2018

## Statement of Changes in Equity for 2017

Company UNIPRO PJSC  
Taxpayer's Identification Number  
Activity type: Electric power generation by heat power plants, including power plant performance assurance  
Legal form of the company/type of ownership  
Public Joint-Stock Company/Joint private and foreign ownership  
Unit of measurement: RUB thous.

	Codes
OKUD Form No. 1	0710003
(day, month, year)	31/12/2017
OKPO	76828204
INN	8602067092
OKVED	35.11.1
OKOPF / OKFS	12247/34
OKEI	384

## 1. Capital flow

Notes	Indicator	Line code	Authorised capital	Treasury shares	Added	Reserve capital	Retained earnings (uncovered loss)	Total
1	2	3	4	5	6	7	8	9
	Capital value as of 31 December 2015	3100	25,219,482	-	41,432,984	1,260,974	44,790,587	112,704,027
	<b>For 2016</b>							
	Capital increase – total	3210	-	-	-	*	10,645,666	10,645,666
	Including:							
	Net profit	3211	X	X	X	X	10,490,023	10,490,023
	Property revaluation	3212	X	X	-	X	-	-
	Revenues related directly to capital increase	3213	X	X	-	X	155,643	155,643
	Additional share issue	3214	-	X	-	X	-	-
	Increase of share denomination	3215	-	X	-	X	-	-
	Reorganisation of the legal entity	3216	-	-	-	-	-	-
	Placement of treasury shares	3217	X	-	X	X	-	-
	Capital reduction – total	3220	-	-	-	-	(19,737,636)	(19,737,636)
	Including							
	Loss	3221	X	X	X	X	-	-
	Property revaluation	3222	x	x	-	x	-	-
	Property revaluation	3222	X	X	-	X	-	-
	Expenses related directly to capital reduction	3223	X	X	-	X	-	-

Notes	Indicator	Line code	Authorised capital	Treasury shares	Added	Reserve capital	Retained earnings (uncovered loss)	Total
1	2	3	4	5	6	7	8	9
	Reduction of share denomination	3224	-	X	-	X	-	
	Decrease in the number of shares	3225		X	-	X	-	
	Reorganisation of the legal entity	3226		-	•	-	-	
	Dividends	3227	X	X	X	X	(19,737,637)	(19,737,637)
	Repurchase of treasury shares	3228	X	-	X	X	0	
	Changes in added capital	3230	X	X	(7,240)	X	7,240	
	Changes in reserve capital	3240	X	X	X	-	-	X
	Capital value as of 31 December 2016	3200	25,219,482		41,425,744	1,260,974	35,705,857	103,612,057
	<b>For 2017</b>							
	Capital increase – total	3310	-	-			30,274,996	30,274,996
	Including:							
	Net profit	3311	X	X	X	X	30,134,323	30,134,323
	Property revaluation	3312	X	X	-	X		
	Revenues related directly to capital increase	3313	X	X	-	X	140,673	140,673
	Additional share issue	3314	-	X	-	X	•	-
	Increase of share denomination	3315	-	X	-	X	-	-
	Reorganisation of the legal entity	3316		-	-	•	-	
	Placement of treasury shares	3317	X	-	X	X	-	
	Capital reduction – total	3320	-	-	-	-	(14,000,000)	(14,000,000)
	Including:							
	Loss	3321	X	X	X	X	-	-
	Property revaluation	3322	X	X		X		-
	Expenses related directly to capital reduction	3323	X	X	-	X	*	-

Notes	Indicator	Line code	Authorised capital	Treasury shares	Added	Reserve capital	Retained earnings (uncovered loss)	Total
1	2	3	4	5	6	7	8	9
	Reduction of share denomination	3324	-	X	-	X	-	-
	Decrease in the number of shares	3325	-	X	-	X	-	-
	Reorganisation of the legal entity	3326	-	-	-	-	-	-
Cl. 3.19	Dividends	3327	X	X	X	X	(14,000,000)	(14,000,000)
	Repurchase of treasury shares	3328	X	-	X	X	-	
	Changes in added capital	3330	X	X	(4,538)	X	4,538	-
	Changes in reserve capital	3340	X	X	X	-	-	X
	Capital value as of 31 December 2017	3300	25,219,482	-	41,421,206	1,260,974	51,985,391	119,887,053

### 3. Net assets

Note	Description	Line code	As of 31 December 2017	As of 31 December 2016	As of 31 December 2015
1	2	3	4	5	6
	Net assets	3600	119,887,053	103,612,057	112,704,027

Executive	/Signature/ Signature	M. Shirokov Printed name	Chief Accountant Accountant	/Signature/ Signature	E. Dubtsova Printed name
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21 March 2018

## Cash Flow Statement for 2017

UNIPRO PJSC

Taxpayer's Identification Number

Activity type: Electric power generation by heat power plants, including power plant performance assurance

Legal form of the company/type of ownership  
Public Joint-Stock Company/Joint private and foreign ownership

Unit of measurement: RUB thous.

OKUD Form No. 1

Date (day, month, year)

OKPO

INN

OKVED

OKOPF / OKFS

OKEI

Codes
0710004
31/12/2017
76828204
8602067092
35.11.1
12247/34
384

Notes	Description	Line code	For 2017	For 2016
1	2	3	4	5
	<b>Operating cash flows</b>			
	Total receipts	4110	99,081,828	85,780,915
	Including:			
	From sale of products, goods, works and services	4111	78,375,608	80,078,569
	Rental payments, license fees, royalties, commission fees and other similar payments	4112		
	From resale of financial investments	4113		–
Cl. 3.11	Other receipts	4119	20,706,220	5,702,346
	Total payments	4120	(64,367,206)	(65,269,833)
	Including:			
	To suppliers (contractors) for raw materials, materials, works, services	4121	(44,976,068)	(52,688,538)
	In connection with salary payment to employees	4122	(4,826,672)	(4,917,648)
	Interest on debt liabilities	4123		(118,633)
	Corporate income tax	4124	(10,964,585)	(1,976,962)
Cl. 3.11	Other payments	4129	(3,599,881)	(5,568,052)
	Balance of operating cash flows	4100	34,714,622	20,511,082
	<b>Investment cash flows</b>			
	Total receipts	4210	9,960,784	690,688
	Including:			

Notes	Description	Line code	For 2017	For 2016
1	2	3	4	5
	From sale of non-current assets (except for financial investments)	4211		4,626
	From sale of other companies' shares (participatory interests)	4212		–
	From recovery of provided loans, from sale of debt securities (monetary claims against third parties)	4213	9,092,546	
	Dividends, interest on debt financial investments and similar receipts from participatory interests in other companies	4214	868,238	685,554
	From closing the deposits	4215	–	–
	Other receipts	4219		508
	Total payments	4220	(26,926,111)	(11,248,603)
	Including:			
	In connection with acquisition, creation, upgrading, reconstruction and preparation for use of non-current assets	4221	(14,705,239)	(10,738,377)
	In connection with acquisition of other companies' shares (participatory interests)	4222		(337,800)
	In connection with acquisition of debt securities (monetary claims against other persons), provision of loans to other persons	4223	(12,220,872)	(156,383)
	Interest on liabilities included in the investment asset value	4224		–
	Placement of cash in deposits	4225		–
	Other payments	4229		(16,043)
	Balance of investment cash flows	4200	(16,965,327)	(10,557,915)
	<b>Financial cash flows</b>			
	Total receipts	4310	1,386,478	3,405,012
	Including:			
	Receipt of credits and loans	4311	1,386,478	3,405,012
	Cash deposits of the owners (participants)	4312		–
	From issue of shares, from increase in participatory interests	4313		

Notes	Description	Line code	For 2017	For 2016
1	2	3	4	5
	From issue of bonds, bills and other debt securities, etc.	4314		-
	Other receipts	4319		-
	Total payments	4320	(17,736,578)	(20,721,905)
	Including:			
	To owners (participants) in connection with the repurchase of shares/participatory interests of the company from them or their withdrawal from the participants	4321		
	To pay dividends and make other payments for distribution of profits to the owners (participants)	4322	(13,976,726)	(19,616,893)
	Due to discharge (buy-back) of bills and other debt securities, return of credits and loans	4323	(3,759,852)	(1,105,012)
	Other payments	4329		-
	Balance of financial cash flows	4300	(16,350,100)	(17,316,893)
	<b>Balance of cash flows for the reporting period</b>	4400	<b>1,399,195</b>	<b>(7,363,726)</b>
	<b>Balance of cash and cash equivalents as of the beginning of the reporting period</b>	4450	<b>1,526,072</b>	<b>9,365,530</b>
	<b>Balance of cash and cash equivalents as of the end of the reporting period</b>	4500	<b>2,912,747</b>	<b>1,526,072</b>
	Effect of changes in the foreign exchange rate to the ruble	4490	(12,520)	(475,732)

Executive	/Signature/	M. Shirokov	Chief Accountant	/Signature/	E. Dubtsova
	Signature	Printed name	Accountant	Signature	Printed name

21 March 2018

## Notes to the Balance Sheet and Profit and Loss Statement, RUB thous.

### 2. Fixed Assets

#### 2.1. Availability and Movement of Fixed Assets

Indicator	Line code	Period	As of the beginning of the year		Increase		Decrease		Revaluation		Accrued depreciation	
			Historic cost	Accumulated depreciation	Historic cost	Accumulated depreciation	Historic cost	Accumulated depreciation	Historic cost	Accumulated depreciation	Historic cost	Accumulated depreciation
1	2	3	4	5	6	7	8	9	10	11	12	13
Fixed assets (without interest-bearing investments in tangible assets)	5200	2017	129,862,945	(43,642,414)	6,650,222	(8,616,537)	2,356,414	(6,289,992)	-	-	127,896,630	(47,575,992)
	5210	2016	131,290,032	(37,087,312)	5,093,953	(6,521,040)	180,123	(6,735,225)	-	-	129,862,945	(43,642,414)
Including:												
Buildings	5201	2017	28,030,085	(4,042,524)	435,617	(129,555)	1,393	(669,814)	-	-	28,336,147	(4,710,945)
	5211	2016	27,946,187	(3,383,085)	1,319,222	(1,235,324)	14,458	(673,897)	-	-	28,030,085	(4,042,524)
Structures and transmitters	5202	2017	17,132,543	(5,054,360)	189,414	(122,635)	1,478	(759,982)	-	-	17,199,322	(5,812,864)
	5212	2016	16,758,446	(4,327,172)	661,837	(287,740)	24,580	(751,768)	-	-	17,132,543	(5,054,360)
Machinery and equipment	5203	2017	84,105,921	(34,172,186)	5,203,762	(8,341,201)	2,336,318	(4,782,080)	-	-	80,968,482	(36,617,948)
	5213	2016	86,041,758	(29,060,494)	3,043,432	(4,979,269)	124,620	(5,236,312)	-	-	84,105,921	(34,172,186)
Vehicles	5204	2017	304,106	(195,200)	56,623	(17,172)	14,432	(42,961)	-	-	343,557	(223,729)
	5214	2016	276,693	(168,602)	39,647	(12,234)	12,149	(38,747)	-	-	304,106	(195,200)
Production and household tools	5205	2017	202,903	(167,737)	33,067	(5,342)	2,531	(17,618)	-	-	230,628	(182,824)
	5215	2016	179,209	(140,218)	29,589	(5,895)	3,986	(31,505)	-	-	202,903	(167,737)
Other types	5206	2017	17,504	(10,407)	731,739	(632)	262	(17,537)	-	-	748,611	(27,682)
	5216	2016	17,770	(7,741)	226	(492)	330	(2,996)	-	-	17,504	(10,407)
Land plots	5207	2017	69,883	-	-	-	-	-	-	-	69,883	-
		2016	69,969	-	-	(86)	-	-	-	-	69,883	-

## 2.2. Capital Investments in Progress

Indicator	Line code	Period	Changes for the period			As of the end of the period	
			As of the beginning of the year	Costs for the period	Written off*		Entered in the books as fixed assets, or the value increased
1	2	3	4	5	6	7	8
Construction in progress and work in progress regarding acquisition, upgrading, etc. of fixed assets, total	5240	2017	12,042,829	14,769,687	(2,950,628)	(6,648,572)	17,213,316
	5250	2016	7,569,151	9,783,811	(219,136)	(5,090,997)	12,042,829
New construction	5241	2017	4,494,204	6,816,288	(60,376)	(3,527,219)	7,722,897
	5251	2016	5,490,077	1,978,117	(47,803)	(2,926,187)	4,494,204
Reconstruction and upgrading	5242	2017	1,359,633	1,196,769	(23,022)	(2,166,158)	367,222
	5252	2016	1,129,442	2,204,100	(9,928)	(1,963,981)	1,359,633
Other capital investments	5243	2017	726,423	6,756,630	(33,830)	(955,195)	6,494,028
	5253	2016	690,779	397,878	(161,405)	(200,829)	726,423
Advances	5244	2017	5,462,569		(2,833,400)		2,629,169
	5254	2016	258,853	5,203,716			5,462,569

## 2.3. Change in the Value of Fixed Assets as a Result of Additional Construction, Retrofitting, Reconstruction and Partial Liquidation

Indicator	Line code	For 2017	For 2016
1	2	3	4
Increase in the value of fixed assets as a result of additional construction, retrofitting, reconstruction – total	5260	2,166,158	1,963,981
Including:			
Buildings	5261	82,352	499,119
Structures and transmitters	5262	63,447	283,308
Machinery and equipment	5263	2,020,359	1,179,204
Vehicles	5264	–	1,651
Production and household tools	5265	–	699
Other groups of fixed assets	5266	–	–
Reduction of the cost of fixed assets as a result of partial liquidation – total:	5270	(7,408,011)	(6,335,341)
Including:			
Machinery and equipment	5271	(7,155,821)	(4,873,649)

## 2.4. Other Use of Fixed Assets\*

Indicator	Line code	As of 31 December 2017	As of 31 December 2016	As of 31 December 2015
1	2	3	3	4
Leased out fixed assets on the balance sheet	5280	431,642	292,238	98,936
Subleased fixed assets on the balance sheet	5281			
Fixed assets on the balance sheet taken on lease	5282			
Off-balance-sheet fixed assets taken on lease	5283	1,910,358	1,851,261	2,074,900
Real estate items commissioned and actually used, state registration pending	5284			
Fixed assets in the state of temporary shutdown/long-term recovery	5285	27,239,164	33,082,821	21,646
Pledged fixed assets	5286			
Other use of fixed assets on the balance sheet	5287			
Other use of off-balance-sheet fixed assets	5288	–	–	–

\* Fixed assets are reflected at historic cost.

### 3. Financial Investments

#### 3.1. Availability and Movement of Financial Investments

Indicator	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	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	2017	1,308,173	(47,500)	219,874	(16,973)	15,533		(1,035,389)	1,511,074	(1,067,356)	
Including:	5311	2016	1,082,173	(59,015)	226,000	-	-	-	11,515	1,308,173	(47,500)	
	5302	2017	1,308,173	(47,500)	-	(16,973)	15,533	X	(1,035,389)	1,291,200	(1,067,356)	
	5312	2016	1,082,173	(59,015)	226,000	-	-	X	11,515	1,308,173	(47,500)	
	53021	2017	1,218,973	-		(16,973)	15,533	X	(1,026,542)	1,202,000	(1,011,009)	
Including: Investments in authorised capitals of subsidiaries and affiliates	53121	2016	992,973	-	226,000	-	-	X	-	1,218,973	-	
Investments in authorised capitals of other companies	53022	2017	89,200	(47,500)	-	-	-	X	(8,847)	89,200	(56,347)	
	53122	2016	89,200	(59,015)	-	-	-	X	11,515	89,200	(47,500)	
Investments in other securities of companies (bonds, bills, etc.)	5303	2017	-	-	-	-	-	-	-	-	-	
	5313	2016	-	-	-	-	-	-	-	-	-	
Investments in other securities of subsidiaries and affiliates (bonds, bills, etc.)	53031	2017	-	-	-	-	-	-	-	-	-	
	53131	2016	-	-	-	-	-	-	-	-	-	
Investments in other securities of other companies (bonds, bills, etc.)	53032	2017	-	-	-	-	-	-	-	-	-	
	53132	2016	-	-	-	-	-	-	-	-	-	

Indicator	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	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	
Other types of financial investments	5304	2017	-	-	219,874	-	-	-	-	219,874	-	
	5314	2016	-	-	-	-	-	-	-	-	-	
Loans provided	53042	2017	-	-	219,874	-	-	-	-	219,874	-	
	53142	2016	-	-	-	-	-	-	-	-	-	
Deposits	53043	2017	-	-	-	-	-	-	-	-	-	
	53143	2016	-	-	-	-	-	-	-	-	-	
Other long-term financial investments	53044	2017	-	-	-	-	-	-	-	-	-	
	53144	2016	-	-	-	-	-	-	-	-	-	
Short-term financial investments – total	5305	2017	156,383	-	12,145,467	(9,301,850)	-	-	-	3,000,000	-	
	5315	2016	-	-	156,383	-	-	-	-	156,383	-	
Including: Investments in authorised capitals	5306	2017	-	-	-	-	-	X	-	-	-	
	5316	2016	-	-	-	-	-	X	-	-	-	
Investments in authorised capitals of subsidiaries and affiliates	53061	2017	-	-	-	-	-	X	-	-	-	
	53161	2016	-	-	-	-	-	X	-	-	-	
Investments in authorised capitals of other companies	53062	2017	-	-	-	-	-	X	-	-	-	
	53162	2016	-	-	-	-	-	X	-	-	-	
Investments in other securities of companies (bonds, bills, etc.)	5307	2017	-	-	-	-	-	-	-	-	-	
	5317	2016	-	-	-	-	-	-	-	-	-	

Indicator	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
1	2	3	4	5	6	7	8	9	10	11	12
Investments in other securities of subsidiaries and affiliates (bonds, bills, etc.)	53071	2017	-	-	-	-	-	-	-	-	-
Investments in other securities of other companies (bonds, bills, etc.)	53072	2017	-	-	-	-	-	-	-	-	-
Other types of financial investments	5308	2017	156,383	-	12,145,467	(9,301,850)	-	-	-	3,000,000	-
Loans provided	53082	2017	156,383	-	12,145,467	(9,301,850)	-	-	-	3,000,000	-
Deposits	53083	2017	-	-	156,383	-	-	-	-	156,383	-
Other short-term financial investments	53084	2017	-	-	-	-	-	-	-	-	-
Financial investments – total	5310	2016	1,082,173	(59,015)	382,383	-	-	-	11,515	1,464,556	(47,500)
		2017	1,464,556	(47,500)	12,365,341	(9,318,823)	15,533	-	(1,035,389)	4,511,074	(1,067,356)

#### 4. Inventories

##### 4.1. Availability and Movement of Inventories

Indicator	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	Decrease	Provisions due to reduction of cost	Turnover of inventories between their groups (types)	Prime cost	Amount of the provision for reduction of cost	
1	2	3	4	5	6	7	8	9	10	11	12
Total inventories	5400	2017	7,021,291	(32,158)	45,853,036	(36,715,529)	32,158	(23,904)	X	16,158,798	(23,904)
Including:	5420	2016	6,015,817	(18,553)	46,330,432	(45,324,958)	18,553	(32,158)	X	7,021,291	(32,158)
Fuel	5401	2017	1,358,780	(691)	33,697,886	(33,766,148)	691	(550)	(2,205)	1,288,313	(550)
Spare parts, materials, etc.	5402	2017	5,662,511	(31,467)	12,155,150	(2,949,381)	31,467	(23,354)	2,205	14,870,485	(23,354)
	5422	2016	4,665,231	(18,415)	8,318,273	(7,321,828)	18,486	(31,538)	835	5,662,511	(31,467)
		2016	1,350,586	(138)	38,012,159	(38,003,130)	67	(620)	(835)	1,358,780	(691)



## 5.3. Availability and Movement of Payables

Indicator	Line code	Period	Balance as of the beginning of the year	Changes for the period					Balance as of the end of the period					
				Increase		Decrease								
				As a result of business transactions (the amount of debt for the deal/ transaction)	Interest payable, penalties and other charges	Repayment	Write-off to the financial result	Reclassification from long-term payables (and vice versa)						
1	2	3	4	5	6	7	8	9	10					
Long-term payables	5551	2017	-	-	-	-	-	-	-	-	-	-	-	-
Total	5571	2016												
Including:	5552	2017												
Suppliers and CONTRACTORS	5572	2016												
Short-term payables	5560	2017	7,168,643	126,930,756	925	(128,916,293)	(5,085)	-						5,178,946
Total	5580	2016	6,922,825	115,185,882	807	(114,940,862)	(9)							7,168,643
Including:	5561	2017	3,549,669	76,791,903	925	(76,708,117)	(171)							3,634,209
Suppliers and contractors	5581	2016	4,090,795	67,263,957		(67,805,083)								3,549,669
Advances received	5562	2017	16,749	546,549		(554,354)								(8,944)
	5562	2016	17,127	72,195		(72,573)								16,749

Indicator	Line code	Period	Balance as of the beginning of the year	Changes for the period					Balance as of the end of the period					
				Increase		Decrease								
				As a result of business transactions (the amount of debt for the deal/ transaction)	Interest payable, penalties and other charges	Repayment	Write-off to the financial result	Reclassification from long-term payables (and vice versa)						
1	2	3	4	5	6	7	8	9	10					
Settlements for taxes	5563	2017	612,282	25,961,416		(25,672,072)	(4,914)							896,712
Credits and loans	5583	2016	2,018,213	17,928,344		(19,334,275)								612,282
	5564	2017	2,307,756	1,452,096		(3,759,852)								
	5584	2016		3,531,402		(1,223,646)								2,307,756
Other	5565	2017	(682,187)	22,178,792		(22,221,898)								639,081
	5585	2016	796,690	(26,389,984)	807	(26,505,285)	(9)							682,187
Total	5550	2017	7,166,643	126,930,756	925	(128,916,293)	(5,085)						X	5,178,946
	5570	2016	6,922,825	115,185,882	807	(114,940,862)	(9)						X	7,168,643

## 6. Costs of Production

Indicator	Line code	2017	2016
1	2	3	4
Tangible costs	5610	40,308,309	46,386,654
Salary expenses	5620	4,910,305	5,084,865
Social security allocations	5630	1,218,623	1,225,824
Depreciation	5640	6,283,061	6,731,722
Other costs	5650	4,559,981	4,456,298
Total by elements	5660	57,280,279	63,885,363
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	57,280,279	63,885,363

## 7. Estimated Liabilities

Indicator	Line code	Year	Balance as of the beginning of the year	Recognised	Repaid	Written off	Balance as of the end of the year
1	2	2	as	4	5	6	7
Total estimated liabilities	5700	2017	999,106	2,004,592	(1,973,334)	(99,544)	930,820
		2016	1,291,186	1,608,713	(1,664,746)	(236,047)	999,106
Including:		2017	8,410			(317)	8,093
Estimated liabilities for legal proceedings	5701	2016	559,884	8,410	(448,531)	(111,353)	8,410
Estimated liabilities for unused vacations	5702	2017	237,455	709,241	(671,300)	(34,792)	240,604
		2016	281,265	549,350	(569,420)	(23,740)	237,455
Estimated liabilities for annual compensations	5703	2017	312,766	360,716	(324,431)	(5,492)	343,559
		2016	345,581	335,819	(301,672)	(66,942)	312,766
Estimated liabilities for quarterly bonuses	5704	2017	86,179	386,802	(359,557)	(22,099)	91,325
		2016	104,456	360,838	(345,103)	(34,012)	86,179
Other estimated liabilities	5705	2017	354,296	547,833	(618,046)	(36,844)	247,239
		2016		354,296			354,296

## 8. Security of Liabilities

Indicator	Line code	As of 31 December 2017	As of 31 December 2016	As of 31 December 2015
1	2	3	4	5
Total received	5800	5,836,162	7,142,045	1,017,395
Including:				
Bank guarantees	5801	5,353,071	5,964,951	245,029
Contractual guarantees	5802	–	750,415	473,001
Pledged assets	5804	483,091	426,679	299,365

Executive /Signature/ M. Shirokov  
Signature Printed name

Chief Accountant /Signature/ E. Dubtsova  
Accountant Signature Printed name

21 March 2018

## OPINION of Unipro PJSC Audit Commission on the Company's Financial and Business Operations in 2017

### Introduction

The Extraordinary General Meeting of Shareholders of Unipro PJSC (Minutes No. 19 dated 7 December 2017) elected the Audit Commission composed of the following members:

Denis Alexeyenkov

Alexey Asyaev

Dr. JörgWallbaum

Nicolo Prien

The meeting of the Audit Commission (Minutes No. 4 dated 8 December 2017) elected Nicolo Prien as the Chairman of the Audit Commission and Alexey Asyaev as the Secretary of the Commission.

Pursuant to Clause 3.3 of the Regulation on the Audit Commission of Unipro PJSC (approved by the resolution of the General Meeting of Unipro PJSC on 15 June 2016), the Audit Commission conducted the annual overview of the Company's financial and business operations following the results of 2017.

Pursuant to Clause 5.4 of the Regulation on the Audit Commission, the audit of the financial and business operations is based, among other things, on the results of the annual audit of financial statements required by law, internal audit reports, risks, and Internal control reporting.

### Key Findings

Revenue for the reference period was RUB 79,135,977,000, including revenue from the sale of electricity and capacity in the amount of RUB 77,365,323,000 and revenue from the heat power sales in the amount of RUB 1,293,004,000. The cost was RUB 57,280,279,000. The gross profit was RUB 21,855,698,000. The number of the Company personnel was 4,357 employees as of 31 December 2017.

The net profit increased three times in the reference period compared to the previous year (RUB 10,490,023,000 in 2016) and reached RUB 30,134,323,000. The main factor that influenced the increase of the net profit in 2017 was the receipt of the final payment in the amount of RUB 20,448,715,000 as an insurance benefit for the fire in the boiler room of Power Unit No. 3 of Berezovskaya GRES on 1 February 2016.

Long-term financial investments were RUB 443,718,000 as of 31 December 2017 (RUB 1,260,673,000 as of 31 December 2016). Based on the results of the impairment test of investments in subsidiaries' authorised capitals, there was created a provision for impairment of E.ON Connecting Energies LLC in the amount of RUB 1,011,009,000. The recoverable amount of this subsidiary's assets was determined in the amount of RUB 39,991,000 as of 31 December 2017 (RUB 1,051,000,000 as of 31 December 2016).

The value of construction in progress increased up to RUB 17,213,316,000 (RUB 12,042,829,000 as of 31 December 2016). Berezovskaya GRES Power Unit No. 3 Repair & Recovery Project significantly contributed to the increase in value.

Inventories increased more than twofold up to RUB 16,158,798,000 as of 31 December 2017 (RUB 7,021,291,000 as of 31 December 2016). This was caused by the receipt of materials necessary for the repair and recovery works after the accident at Berezovskaya GRES Power Unit No. 3 and by entering in the books the materials obtained as a result of overhaul and intermediate maintenance at the Company's branches. In addition, as a result of dismantling property, plant, and equipment damaged during elimination of the accident at Berezovskaya GRES, the Company entered in the books materials worth RUB 846,454,000.

Accounts receivable amounted to RUB 17,323,307,000 as of 31 December 2017 (RUB 15,392,748,000 as of 31 December 2016), including current receivables in the amount of RUB 16,376,652,000. The growth of other receivables in the part of income tax up to RUB 4,967,227,000 at the end of 2017 (RUB 1,204,787,000 as of 31 December 2016) is associated with the Company's obligation to make advance payments for income tax.

Non-current receivables as of 31 December 2017 were RUB 946,655,000.

Accounts payable were RUB 5,178,946,000 (RUB 7,168,643,000 as of 31 December 2016). Current loan liabilities in the amount of RUB 2,307,756,000 as of 31 December 2016 were completely repaid as of 31 December 2017.

The doubtful debt provision as of 31 December 2017 was RUB 5,548,287,000 (increased by 8%). This means that 32% of the total receivables are doubtful.

The growth of the provision in 2017 versus 2016 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 Audit Commission and internal audit reports, and subject to the opinion of the Company's auditor (the opinion of PricewaterhouseCoopers Audit JSC dated 21 March 2018), the Company's Audit Commission has reasonable grounds to confirm the accuracy of the data contained in the annual report and the annual accounting statements of the Company.

Moscow, 23 March 2018

Chairman of the Audit Commission

Nicolo Prien

Secretary of the Audit Commission

Alexey Asyaev

## Appendix 4. Information on Related-Party Transactions Made by Unipro PJSC in 2017<sup>1</sup>

### 1. Additional Agreement No. 1 to Paid Services Contract No. IA-16-0597 dated 30 June 2016 between Unipro PJSC and Uniper Technologies GmbH

#### Parties to the Additional Agreement:

Unipro PJSC as the Customer, and

Uniper Technologies GmbH as the Contractor.

#### Subject of the Additional Agreement:

In addition to the services specified in Paid Services Contract No. IA-16-0597 dated 30 June 2016 (hereinafter referred to as the Contract), the Contractor shall provide the Customer with services for the maintenance of the software platform of the ThinkProject electronic document management system (hereinafter referred to as ThinkProject), including:

A) services for the adaptation (functionality modification) of ThinkProject for the needs of the Customer, as well as the provision of technical support to the Customer when using ThinkProject;

B) services for the provision of remote access to the ThinkProject electronic document management system (use of the ThinkProject system in SaaS format).

The services under Sub-Clause A of Clause 1 of the Additional Agreement shall be rendered by the Contractor based on the Requests of the Customer to be prepared in accordance with the terms and conditions of the Contract.

The detailed list of services rendered under the Additional Agreement is as follows:

Services for the adaptation (functionality modification) of ThinkProject and technical support to the Customer.

At the Request of the Customer, the Contractor shall provide the Customer with the following services:

- Services for the deployment of an online portal for the joint work on the project, as well as development of the ThinkProject document management system in three languages — Russian/English/German (Class — [R3]);
- Services for the introduction of additional requirements to the ThinkProject system, such as new processes, properties, and metadata, as well as changes in the existing structure of documentation (Class — [R4]);
- Software development services (ThinkProject interfaces by means of API SOAP and REST software) (Class — [R4]);
- Services for the database processing, transfer and reporting (statistics) in the ThinkProject system (Class — [R3]);
- Services for the reviewing completeness of documentation (documents and related metadata) before loading it to the ThinkProject system by contractors of the Customer (Class — [R3]);

Additional services rendered in relation to the provision of access to the ThinkProject system:

- Creation of a virtual project room;
- Creation of a data archive;
- Training the document management system administrator;

<sup>1</sup> In 2017, no major transactions were made by Unipro PJSC.

- Provision of a corporate user license;
- Creation of a virtual classroom (demo version) for training new users; and
- Services for the provision of remote access to ThinkProject.

The Contractor shall provide users of the Customer with access to the ThinkProject document management system, subject to the following basic conditions of access to the ThinkProject system:

The maximum number of users of the Customer	100 users
The maximum disk space provided on the ThinkProject server	60 GB

#### Market Value of Services Provided under the Additional Agreement:

1. Payment for the services under Sub-Clause A of Clause 1 of the Additional Agreement shall be made on the basis of the following tariff rates and prices: tariff rates for ThinkProject adaptation (functionality modification).

The Contractor shall provide the services described in Sub-Clauses a to e of Clause 1 of Appendix No. 1 to the Additional Agreement on a reimbursable basis in accordance with the hourly rates agreed upon by the Parties in Appendix No. 2 to the Contract, based on the class assigned to the corresponding service, as well as on the number of hours actually spent by the Contractor's specialists for provision of respective services.

The Contractor shall provide the services specified in Sub-Clause f of Clause 1 of Appendix No. 1 to the Additional Agreement related to provision of access to the ThinkProject system at the following fixed prices:

#### Cost of additional services

Creation of a virtual project room (ThinkProject shell to enable use of the document management system)	EUR 490
Creation of a data archive, including copying data from the ThinkProject server (over 100 GB) and provision of one corporate user license and the media (hard disk drive)	EUR 3,500 per an archiving operation
Training the document management system administrator	EUR 7,000
Provision of the corporate user license	EUR 950 per license
Creation of a virtual classroom (demo version) for training new users	EUR 980 per virtual classroom

2. The Customer shall pay on a monthly basis the cost of the access to ThinkProject, calculated by the following formula:

Monthly fee =  $(U \times C1 + S/10 \times C2) \times 1.05$ ,  
where:

U — the actual number of users connected at the request of the Customer;

C1 — access fee per user;

S — server space capacity per user in GB;

C2 — charge for 10 GB traffic (downloads and uploads to the ThinkProject server) per user per month.

Access fee per user (C1)	EUR 35 per month
Charge for traffic (downloads and uploads to the ThinkProject server) per user (C2)	EUR 90 for 10 GB per month

#### Service Period under the Additional Agreement:

The Contractor undertakes to render the services for the provision of remote access to ThinkProject in accordance with the Additional Agreement, starting from the date of the Contract and up to the Contract expiry date as determined by Sub-Clause b of Clause 6.3 of the Contract (31 December 2017).

#### Duration of the Additional Agreement:

The Parties confirm that the services for the provision of access to ThinkProject have been actually rendered to the Customer by the Contractor within the period from 1 February 2016 to the date of the Additional Agreement, whereby the Parties have agreed to extend validity of the Additional Agreement in the part of the terms and conditions related to the provision of the said services to the relationships between the Parties arising from 1 February 2016.

**Related party (parties):** Uniper Russia Holding GmbH.

**The transaction was approved** by the Board of Directors of Unipro PJSC, Minutes No. 241 dated 26 January 2017.

#### 2. Loan Agreement No. IA-17-0596 dated 19 May 2017 between Unipro PJSC and Uniper SE

#### Parties to the transaction:

Unipro PJSC as the Lender, and

Uniper SE as the Borrower.

#### Subject of the transaction:

The Lender shall provide the Borrower with cash in the amount and on the conditions stipulated by the Agreement, while the Borrower shall repay the amount and pay

the interest accrued thereon in the manner provided for by the Agreement.

The loan amount:

RUB 12,000,000,000.00 (Twelve billion roubles).

The loan interest rate:

The interest rate shall be fixed as of the date of signing the Agreement and calculated according to the following formula:

$$i = (c1 + (c2 - c1) * (p - t1) / (t2 - t1)) * 0.9$$

where

i — interest rate,

p — required interest rate application period (in days) different from Standard Term,

t1 — minimum MOSPRIME Standard Term (in days) closest to p,

t2 — maximum MOSPRIME Standard Term (in days) closest to p,

c1 — MOSPRIME rate established for the period t1,

c2 — MOSPRIME rate established for the period t2.

The minimum interest rate under this Agreement may not be lower than 75.1 % of the key rate of Central Bank of Russia, fixed as of the borrowing date.

#### Loan Term:

The loan shall be granted for the period until 11 July 2017 (inclusive). The loan shall be made available on the Fourth (4) business day following the date of signing of the Agreement by transferring its amount to the Borrower's settlement account.

The Borrower may repay the loan, in whole or in part, before the maturity date after sending a notice to the Lender to that effect at least

Three (3) business days in advance. The Lender may require the repayment of the loan, in whole or in part, before the maturity date by notifying the Borrower to that effect at least Three (3) business days in advance.

The Borrower shall repay the loan and the interest thereon on the last day of the loan term set forth in the Agreement by transferring funds to the Lender's account specified in the Agreement or other account specified by the Lender.

**Related parties to the transaction and grounds for their recognition as such are presented below:**

1. Uniper SE — a related party controlling Unipro PJSC and a party to the transaction.
2. Klaus Schäfer — a related party, being a member of the management body of a party to the transaction.
3. Christopher Delbrück — a related party, being a member of the management body of a party to the transaction.
4. Eckhardt Rümmler — a related party, being a member of the management body of a party to the transaction.

**The transaction was approved** by the Board of Directors of Unipro PJSC, Minutes No. 245 dated 19 May 2017.

**3. Additional Agreement No. 1 to Loan Agreement No. IA-17-0596 dated 19 May 2017 between Unipro PJSC and Uniper SE**

**Parties to Additional Agreement No. 1:**

Uniper SE as the Borrower, and

Unipro PJSC as the Lender.

**Subject of Additional Agreement No. 1, including the market value of the loan extension fee:**

1. Section 2 of the Agreement shall be amended to read as follows:

"The loan amount provided for the period from 24 May 2017 through 11 July 2017 shall be RUB 12,000,000,000.00 (Twelve billion roubles).

The loan amount provided for the period from 11 July 2017 through 10 October 2017 shall be RUB 3,000,000,000.00 (Three billion roubles)."

2. Clause 4.1 of the Agreement shall be amended to read as follows:

"4.1. The loan shall be extended for a period from 24 May 2017 through 10 October 2017 (inclusive)."

Clause 4.2 of the Agreement shall be amended to read as follows:

"4.2. The loan of RUB 3,000,000,000.00 (Three billion roubles) shall be repaid by the Borrower on the last day of the loan period established by the Contract via a transfer of funds to the account of the Lender specified in the Contract or other account of the Lender indicated by the latter.

The Borrower shall repay the second loan instalment of RUB 9,000,000,000.00 (Nine billion roubles) on 11 July 2017 via a transfer of funds to the account of the Lender specified in the Contract or other account of the Lender indicated by the latter."

3. Clauses 5.2 and 5.5 of Section 5 of the Contract shall be amended to read as follows:

"5.2. The interest rate shall be set on the date of signing of the Contract, or, if the loan period is extended, on the date of such extension and for the period of such extension, and shall be calculated by the following formula:

$$i = (c1 + (c2 - c1) * (p - t1) / (t2 - t1)) * 0.9,$$

where

i — interest rate,

p — required interest rate application period (in days) different from Standard Term,

t1 — minimum MOSPRIME Standard Term (in days) closest to p,

t2 — maximum MOSPRIME Standard Term (in days) closest to p,

c1 — MOSPRIME rate established for the period t1,

c2 — MOSPRIME rate established for the period t2.

The MOSPRIME rate refers to the rate of the Offer on the Moscow Money Market, set for one day, one or two weeks, one, two, three, or six months (MOSPRIME Standard Terms) by the National Foreign Exchange Association, and displayed on the Reuters screen or on the website of the National Foreign Exchange Association at www.nva.ru after 12:30 hrs. (Moscow Time).

The minimum interest rate under this Contract may not be lower than 75.1 % of the key rate of the Central Bank of Russia, fixed as of the borrowing date.

5.5. The interest shall be paid by the Borrower on the last day of the period to which the Parties shall have agreed the relevant interest rate."

**Related parties to the transaction and grounds for their recognition as such are presented below:**

1. Uniper SE — a related party controlling Unipro PJSC and a party to the transaction.

2. Klaus Schäfer — a related party, being a member of the management body of a party to the transaction.

3. Christopher Delbrück — a related party, being a member of the management body of a party to the transaction.

4. Eckhardt Rümmler — a related party, being a member of the management body of a party to the transaction.

**The transaction was approved** by the Board of Directors of Unipro PJSC, Minutes No. 246 dated 26 June 2017.

**4. Additional Agreement No. 2 to Loan Agreement No. IA-17-0596 dated 19 May 2017 between Unipro PJSC and Uniper SE**

**Parties to Additional Agreement No. 2:**

Uniper SE as the Borrower, and

Unipro PJSC as the Lender.

**Subject of Additional Agreement No. 2, including the market value of the loan extension fee:**

1. Section 2 of the Agreement shall be amended to read as follows:

"The loan amount provided for the period from 24 May 2017 through 11 July 2017 shall be RUB 12,000,000,000.00 (Twelve billion roubles).

The loan amount provided for the period from 11 July 2017 through 10 October 2017 shall be RUB 3,000,000,000.00 (Three billion roubles).

The loan amount provided for the period from 10 October 2017 through 20 December 2017 shall be RUB 3,000,000,000.00 (Three billion roubles)."

2. Clause 4.1 of the Agreement shall be amended to read as follows:

"4.1. The loan shall be extended for the period from 24 May 2017 through 20 December 2017 (inclusive)."

Clause 4.2 of the Agreement shall be amended to read as follows:

“4.2. The loan of RUB 3,000,000,000.00 (Three billion roubles) shall be repaid by the Borrower on the last day of the loan period established by the Contract via a transfer of funds to the account of the Lender specified in the Contract or other account of the Lender indicated by the latter.

The Borrower shall repay the second loan instalment of RUB 9,000,000,000.00 (Nine billion roubles) on 11 July 2017 via a transfer of funds to the account of the Lender specified in the Contract or other account of the Lender indicated by the latter.”

3. Clauses 5.2 and 5.5 of Section 5 of the Contract shall be amended to read as follows:

“5.2. The interest rate shall be set on the date of signing of the Contract, or, if the loan period is extended, on the date of such extension and for the period of such extension, and shall be calculated by the following formula:

$$i = (c1 + (c2 - c1) * (p - t1)/(t2 - t1)) * 0.9,$$

where

i — interest rate,

p — required interest rate application period (in days) different from Standard Term,

t1 — minimum MOSPRIME Standard Term (in days) closest to p,

t2 — maximum MOSPRIME Standard Term (in days) closest to p,

c1 — MOSPRIME rate established for the period t1, and

c2 — MOSPRIME rate established for the period t2.

The MOSPRIME rate refers to the rate of the Offer on the Moscow Money Market, set for one day, one or two weeks, one, two, three, or six months (MOSPRIME Standard Terms) by the National Foreign Exchange Association, and displayed on the Reuters screen or on the website of the National Foreign Exchange Association at www.nva.ru after 12:30 hrs. (Moscow Time).

The minimum interest rate under this Agreement may not be lower than 75.1 % of the key rate of the Central Bank of the Russian Federation, fixed as of the borrowing date.

5.5. The interest shall be paid by the Borrower on the last day of the period to which the Parties shall have agreed the relevant interest rate.”

**Related parties to the transaction and grounds for their recognition as such are presented below:**

1. Uniper SE — a related party controlling Unipro PJSC and a party to the transaction.

2. Klaus Schäfer — a related party, being a member of the management body of a party to the transaction.

3. Christopher Delbrück — a related party, being a member of the management body of a party to the transaction.

4. Eckhardt Rümmler — a related party, being a member of the management body of a party to the transaction.

**Related party (parties):** Uniper Russia Holding GmbH.

**The transaction was approved** by the Board of Directors of Unipro PJSC, Minutes No. 250 dated 28 September 2017.

**5. Additional Agreement No. 2 to the Contract for Management and Engineering Support of Construction Project “Fuel Receiving Station” at the Berezovskaya GRES Branch of Unipro PJSC No. IA-15-0868 dated 28 December 2015 between Unipro PJSC and Unipro Engineering LLC.**

**Parties to the Additional Agreement:**

Unipro PJSC as the Customer, and

Unipro Engineering LLC as the Contractor.

**Subject of the Additional Agreement:**

1. The Parties have agreed to amend Clause 1 of Article 31 of the Contract to read as follows:

“The Parties have established the scheduled Project Completion Date for the Facility to be December 2018.”

2. The Parties have agreed to amend Article 35 of the Contract to read as follows:

“The Value of the Contract shall be defined as the Project Manager’s Fee payable for the Services rendered in the period between 1 January 2016 and the scheduled Project Completion Date, as defined in Clause 1 of Article 31 of the Contract, in the amount of RUB 212,422,434.78 (Two hundred twelve million, four hundred twenty-two thousand, four hundred thirty-four roubles and 78 kopecks), plus 18% VAT in the amount of RUB 38,236,038.26 (Thirty-eight million, two hundred thirty-six thousand, thirty-eight roubles and 26 kopecks, the total amount being RUB 250,658,473.04 (Two hundred fifty million, six hundred fifty-eight thousand, four hundred seventy-three roubles and four kopecks). The month-wise distribution of the total amount of the Project Manager’s Fee is given in Appendix No. 4 to the Contract. In the event that the service provision shall end before the scheduled Project Completion Date, the Project Manager’s Fee shall be paid on a pro-rata basis

for the actual period of service provision as defined in Appendix No. 4 to the Contract.”

**Related parties to the transaction and grounds for their recognition as such are presented below:**

Uniper Russia Holding GmbH is a related party. Unipro Engineering LLC, an affiliate of Uniper Russia Holding GmbH, is a party to the transaction.

**The transaction was approved** by the Board of Directors of Unipro PJSC, Minutes No. 250 dated 28 September 2017.

**6. Additional Agreement No. 1 to Loan Agreement No. IF-16-0356 dated 25 April 2016 between Unipro PJSC and Unipro Engineering LLC**

**Parties to the Additional Agreement:**

Unipro Engineering LLC as the Borrower, and

Unipro PJSC as the Lender.

**Subject of the Additional Agreement:**

1. Clause 1.4 of the Agreement shall be amended to read as follows:

“1.4. The date by which the debt on Disbursements extended under the Agreement must be fully repaid shall be 31 December 2019 (inclusive).”

2. Clause 5.1 of the Agreement shall be amended to read as follows:

“5.1. The Borrower shall pay to the Lender the interest accrued on the Principal Debt under each Disbursement:

- Provided prior to the signing of Additional Agreement No. 1 to the Agreement (with the Disbursement Utilisation Date prior to the execution date of Additional Agreement No. 1

to the Agreement) at the rate of 8.58% (eight point fifty-eight per cent) per annum;

- Provided after the signing of Additional Agreement No. 1 to the Agreement (with the Disbursement Utilisation Date after the date of signing of Additional Agreement No. 1 to the Agreement) at the rate of 7.02% (seven point zero two per cent) per annum.”

**Related parties to the transaction and grounds for their recognition as such are presented below:**

Uniper Russia Holding GmbH is a related party. Unipro Engineering LLC, an affiliate of Uniper Russia Holding GmbH, is a party to the transaction.

**The transaction was approved** by the Board of Directors of Unipro PJSC, Minutes No. 252 dated 8 November 2017.

**7. Additional Agreement No. 1 to the Services Contract No. IA-16-0351 dated 27 April 2016 for the organisation and management of recovery operations after the accident at Power Unit No. 3 of the Berezovskaya GRES Branch, Unipro PJSC, between Unipro PJSC and Unipro Engineering LLC**

**Parties to the Additional Agreement:**

Unipro PJSC as the Customer, and

Unipro Engineering LLC as the Project Manager.

**Subject of the Additional Agreement:**

1. The Parties agree that the first paragraph of Clause 6 of Article 10 of the Contract shall be amended to read as follows:

“For the purpose of this Contract, the Customer shall, free of charge on the part of

the Project Manager, make the assets listed in Appendix No. 3 to the Contract available to the Project Manager for the management and temporary use thereof. Upon agreement between the Parties, the Customer may also make available other property that the Project Manager might require to organise the performance of the Work, provided that the aggregate book value of such other property shall not exceed 0.1 % of the book value of the total assets of the Customer as of the latest reporting date preceding the transfer of property.”

2. The Parties have agreed that Clause 1 of Article 13 of the Contract shall be supplemented with Item p) to read as follows:

“p) Organisation of and support for the performance of remedial work for the elimination of defects and proper closure of relations with counterparties under Work Contracts following the commissioning of the Facility upon completion of the recovery operations.”

3. The Parties agree to amend Clause 2 of Article 13 of the Contract to read as follows:

“The services under the Contract shall be provided by the Project Manager to the Customer in the period from 1 March 2016 to the actual Work Completion Date specified in Clause 2 of Article 31 of the Contract plus four months, but in any case, no later than the target Work Completion Date specified in Clause 1 of Article 31 of the Contract plus four months. If the actual Work Completion Date shall occur later than the target Work Completion Date, the Parties may agree to extend the period of the Project Manager’s services hereunder, as well as specify the scope, cost and other terms and conditions for the provision of these services in the extended period. Furthermore, if the Customer shall still need to receive any part of the services rendered by the Project Manager within a definite period of time following upon expiry of the services period agreed between the Parties in this clause, the Parties shall

additionally agree on the terms and conditions of rendering such services.”

4. The Parties have agreed that the first paragraph of Clause 1 of Article 31 of the Contract shall be amended to read as follows:

“The Parties have established the target Work Completion Date to be July 2019.”

**Related parties to the transaction and grounds for their recognition as such are presented below:**

Uniper Russia Holding GmbH is a related party. Unipro Engineering LLC, an affiliate of Uniper Russia Holding GmbH, is a party to the transaction.

**The transaction was approved** by the Board of Directors of Unipro PJSC, Minutes No. 252 dated 8 November 2017.

**8. Additional Agreement No. 3 to Loan Agreement No. IA-17-0596 dated 19 May 2017 between Unipro PJSC and Uniper SE**

**Parties to Additional Agreement No. 3:**

Uniper SE as the Borrower, and

Unipro PJSC as the Lender.

**Subject of Additional Agreement No. 3, including the market value of the loan extension fee:**

1. Section 2 of the Agreement shall be amended to read as follows:

“The loan amount provided for the period from 24 May 2017 through 11 July 2017 shall be RUB 12,000,000,000.00 (Twelve billion roubles).

The loan amount provided for the period from 11 July 2017 through 10 October 2017 shall be RUB 3,000,000,000.00 (Three billion roubles).

The loan amount provided for the period from 10 October 2017 through 20 December 2017 shall be RUB 3,000,000,000.00 (Three billion roubles).

The loan amount provided for the period from 20 December 2017 through 9 January 2018 shall be RUB 3,000,000,000.00 (Three billion roubles).”

2. Clause 4.1 of the Agreement shall be amended to read as follows:

“4.1. The loan shall be extended for the period from 24 May 2017 through 9 January 2018 (inclusive).”

3. Clauses 5.2 and 5.5 of Section 5 of the Contract shall be amended to read as follows:

“5.2. The interest rate shall be set on the date of signing of the Contract, or, if the loan period is extended, on the date of such extension and for the period of such extension, and shall be calculated by the following formula:

$$i = (c1 + (c2 - c1) * (p - t1)/(t2 - t1)) * 0.9,$$

where

i — interest rate,

p — required interest rate application period (in days) different from Standard Term,

t1 — minimum MOSPRIME Standard Term (in days) closest to p,

t2 — maximum MOSPRIME Standard Term (in days) closest to p,

c1 — MOSPRIME rate established for the period t1, and

c2 — MOSPRIME rate established for the period t2.

The MOSPRIME rate refers to the rate of the Offer on the Moscow Money Market, set for one day, one or two weeks, one, two, three, or six months (MOSPRIME Standard Terms) by the National Foreign Exchange Association, and displayed on the Reuters screen or on the website of the National Foreign Exchange Association at [www.nva.ru](http://www.nva.ru) after 12:30 hrs. (Moscow Time).

The minimum interest rate under this Agreement may not be lower than 75.1 % of the key rate of the Central Bank of the Russian Federation, fixed as of the borrowing date.

5.5. The interest shall be paid by the Borrower on the last day of the period to which the Parties shall have agreed the relevant interest rate.”

#### **Related parties to the transaction and grounds for their recognition as such are presented below:**

1. Uniper SE — a related party controlling Unipro PJSC and a party to the transaction.
2. Klaus Schäfer — a related party, being a member of the management body of a party to the transaction.
3. Christopher Delbrück — a related party, being a member of the management body of a party to the transaction.
4. Eckhardt Rümmler — a related party, being a member of the management body of a party to the transaction.

**The transaction was approved** by the Board of Directors of Unipro PJSC, Minutes No. 253 dated 1 December 2017.

#### **Following the transactions No. 2, 3, 4, 8:**

##### **Uniper SE**

Related party's interest in the authorised (share) capital (the related party's shareholding) of the joint stock company: 83.73% (indirect control).

Related party's interest in the authorised (share) capital (the related party's shareholding) of the legal entity acting as a party to the transaction: not available.

##### **Klaus Schäfer, Christopher Delbrück, and Eckhardt Rümmler**

Related party's interest in the authorised (share) capital (the related party's shareholding) of the joint stock company: 0%.

Related party's interest in the authorised (share) capital (the related party's shareholding) of the legal entity acting as a party to the transaction: not available.

## **Appendix 5. Report on Compliance with the Principles and Recommendations of the Code of Corporate Governance**

This Report on Compliance with the Principles and Recommendations of the Code of Corporate Governance was reviewed by the Board of Directors of Unipro PJSC at its meeting on 8 May 2018 (Minutes No. 245 dated 8 May 2018) as a part of the preliminary approval of the Company's Annual Report for 2017.

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 2017.

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 2018 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 2017 was 300,650, of which:

- Individuals — 299,381;

- Total number of nominal holders of shares of the Issuer — 12;
- Federal authorities — 3; and
- Authorities of constituent entities of the Russian Federation — 4.

Information about the issuer's shareholders with equity stakes of no less than 5% of its authorised capital or no less than 5% of its ordinary shares:

- Full business name — Uniper Russia Holding GmbH;
- Location — E.ON-Platz 1, Düsseldorf, 40479, Germany;
- Share of the person in the issuer's authorised capital — 83.73%; and
- Stake in total ordinary shares of the issuer held by the person — 83.73%.

##### **Structure of the Management Bodies**

According to the issuer's Articles of Association (Clause 9.1. Article 9), its management bodies are the following:

- General Meeting of Shareholders<sup>1</sup>;
- Board of Directors<sup>2</sup>;
- Management Board; and<sup>3</sup>;
- Chief Executive Officer<sup>4</sup>.

The General Meeting of Shareholders is the supreme management body of the Company.

<sup>1</sup> 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.

<sup>2</sup> The scope of competence of the Board of Directors is outlined in Clause 12.1. Article 12 of the Company's Articles of Association.

<sup>3</sup> The scope of competence of the Management Board is outlined in Clause 18.2. Article 18 of the Company's Articles of Association.

<sup>4</sup> The scope of competence of the Chief Executive Officer is outlined in Clauses 19.2 to 19.3 Article 19 of the Company's Articles of Association.

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 the preliminary 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.

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 three independent directors<sup>1</sup>.

Pursuant to the resolution of the Board of Directors, the Company's Board of Directors has formed several Committees<sup>2</sup>. 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 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 performed by the Chief Executive Officer as the Company's sole executive body and by the Management Board as a collective executive body.

<sup>1</sup> See Section 3.2 of the Annual Report for more details about independent members of the Board of Directors.

<sup>2</sup> See Section 3.2 of the Annual Report for more details about the scope of competence and composition of the Committees of the Board of Directors.

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 the preliminary 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 activities 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 Chapter X of the Federal Law On Joint-Stock Companies.

#### 2. Related Party Transactions

The procedure for closing a related party transaction is provided for by Article 83 Chapter XI of the Federal Law On Joint-Stock Companies.

#### 3. Stock Issuance Transactions

Resolutions of the General Meeting of Shareholders shall be passed by the majority

of three fourths of votes of the Company's shareholders entitled to vote and present at the General Meeting of Shareholders, for the following 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 share offering (on placing the Company's securities convertible into shares);
- Public offering of ordinary shares which make more than 25 (Twenty-five) percent of the previously placed ordinary shares;
- Public offering of securities convertible into ordinary shares which make more than 25 (Twenty-five) percent of the previously placed ordinary shares.

Resolutions of the Board of Directors on the following matters shall be passed unanimously by all elected members of the Board of Directors, not including the votes of withdrawn members of the Board of Directors:

- Resolutions on the increase of the Company's authorised capital through additional share offering (Sub-Clause 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 (Sub-Clause 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;
- 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 (independent appraisers) to assess the value of the Company's shares, property and other assets in the cases provided for by the Federal Law On Joint-Stock Companies and the Articles of Association.

### Distribution of Matters Referred to 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 share offering (on placing the Company's securities convertible into shares);
- Public offering of ordinary shares which make more than 25 (Twenty-five) percent of the previously placed ordinary shares;

- Public offering of securities convertible into ordinary shares which make more than 25 (Twenty-five) percent 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 management 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 share offering, except when a resolution on additional share 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 the members of the Management Board, election of the Management Board members, early termination of their powers, including definition of the terms and conditions of employment contracts with 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 the Internal Audit Department regulations.

In accordance with the Company's Articles of Association, 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 documents, 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 of executive officers of the Company's management bodies.

In its activity the Audit Commission shall be governed by the Federal Law On Joint-Stock Companies and other applicable laws of the Russian Federation, the Articles of Association and the Regulation on the 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 annual financial statements.

The Auditor shall review the financial and economic activities of the Company as

required by the 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.

The Internal Audit Department is a dedicated function of the Company in charge of control over financial and economic activities, which operates on the basis of the Regulation on the Internal Audit Department approved by the Company's Board of Directors.

The Internal Audit Department is established, reorganised and liquidated by resolution of the Company's Board of Directors.

To ensure independence and objectivity of internal audit, the Internal Audit Department reports to the Company's Board of Directors.

- **Audit Committee of the Board of Directors**

The Audit Committee of the Board of Directors was established on 30 November 2006 by resolution of the Board of Directors of the Company under the Articles of Association and operates on the basis of the Regulation on the Audit Committee of the Board of Directors.

The Audit 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 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 (Letter No. ИН-06-52/8 dated 17 February 2016 issued by the Bank of Russia).

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
<b>1.1</b>	<b>The Company ensures equal and fair treatment of all shareholders as they exercise their right to contribute to corporate governance.</b>			
1.1.1	The Company creates the most favourable environment for the shareholders to participate in the General Meetings of Shareholders, conditions for framing a reasoned position on the meeting agenda, coordination of their actions and the possibility to express their opinion on the issues concerned.	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. 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 reporting period.	Compliant	
1.1.2	The procedure involving notification of an upcoming General Meeting of Shareholders and distribution of the relevant materials allows the shareholders to prepare for it appropriately.	1. Notice of an upcoming General Meeting of Shareholders is given (published) on the corporate website at least 30 days prior to its date. 2. The notice of holding the meeting specifies the venue of the meeting and the documents required to access the venue. 3. The shareholders were provided with access to information on who proposed the agenda items and who nominated the candidates to the Company's Board of Directors and the Audit Commission.	Partially compliant	1. Partially compliant  In accordance with Clause 1 Article 52 of the Federal Law On Joint-Stock Companies, notice of an upcoming General Meeting of Shareholders is given at least 20 days prior to its date. The Company's Articles of Association extend the minimum notice period for the General Meeting of Shareholders to 30 days in respect of the Annual General Meeting of Shareholders only to ensure the right balance of 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 such 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

No.	Corporate governance principles	Compliance criteria	Compliance status	Comments on deviations from compliance criteria
1.1.3	At the stages of both preparation for and holding of the meeting, the shareholders were able to get the relevant meeting information and materials in a free and timely manner, address their questions to the members of the executive bodies and the Board of Directors, and communicate.	1. In the reporting period, the shareholders were given an opportunity to address their questions to the members of the executive bodies and the Board of Directors beforehand and during the Annual General Meeting of Shareholders. 2. The position of the Board of Directors (including dissenting opinions recorded in the minutes) on each of the agenda items covered during the reporting period has been reflected in the materials of the General Meeting of Shareholders. 3. The Company provided authorised shareholders with access to the list of persons eligible 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 Shareholders was held in the reporting period.	Compliant	negatively affect the Company's activities 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. However, for the purpose of compliance with the Corporate Governance Code, the Company is going to make appropriate changes to the Articles of Associations and approve them at the Annual General Meeting of Shareholders in June 2018.  2. Compliant 3. Partially compliant  In the reporting year, the shareholders who took part in the in-person Annual and Extraordinary General Meetings of Shareholders were provided with access to information on who proposed the agenda items and who nominated the candidates to the Company's Board of Directors and the Audit Commission.  In preparation for General Meetings of Shareholders of the Company in 2018, all shareholders of the Company 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..
1.1.4	The exercise of a shareholder's right to demand convening of an Extraordinary General Meeting of Shareholders, nominate candidates to management bodies and propose agenda items, was not fraught with any needless complexities.	1. In the reporting period, the shareholders were free to propose any agenda items for the Annual General Meeting of Shareholders within a minimum period of 60 days following the ending of the relevant calendar year. 2. In the reporting period, the Company did not refuse to accept proposals on agenda items or nominees to the Company's management bodies due to typing errors and other insignificant faults found in a shareholder's proposal.	Compliant	

No.	Corporate governance principles	Compliance criteria	Compliance status	Comments on deviations from compliance criteria
1.1.5	Every shareholder was able to freely exercise voting rights in an easy and convenient way.	1. The internal document (internal policy) of the Company includes 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.	Partially compliant	<p>1. Partially compliant</p> <p>At the moment, the Regulation on the Procedure for Preparation and Holding of the General Meeting of Shareholders of Unipro PJSC does not have such a provision. However, when holding the General Meetings of Shareholders in 2017, the Company was ready to provide the shareholders with a copy of the shareholder's ballot certified by the Counting Commission before the end of the meeting. R.O.S.T. Registrar JSC performing the functions of the Counting Commission at the General Meetings of Shareholders of the Company was technically capable to fulfil such requirement of shareholders. In 2017, there were no requirements for provision of a copy of the completed ballot from the shareholders of the Company.</p> <p>For the purpose of compliance with the Corporate Governance Code, the Company has prepared appropriate changes to the Regulation on the Procedure for Preparation and Holding of the General Meeting of Shareholders of Unipro PJSC for their approval at the Annual General Meeting of Shareholders in June 2018.</p>
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 reporting 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 management and supervising bodies of the Company were available to answer the questions of the 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 reporting period.</p>	Partially compliant	<p>1. Compliant</p> <p>2. Partially compliant</p> <p>Not all nominees to the management and supervising bodies of the Company were available to answer the questions of shareholders at the meetings in 2017, where their candidatures were put to vote.</p> <p>The Company sends invitations to all candidates to attend the General Meeting of Shareholders when considering issues on election of the members of the Company's Board of Directors and Audit Commission. If possible, all candidates (with rare exceptions) are present at the General Meeting of Shareholders where their candidatures are put to a vote and are available for answering the shareholders' questions. At the same time, the Company cannot guarantee the presence of all candidates at the General Meeting of Shareholders and allows for justified reasons for the absence of individual candidates due to urgent business, as well as due to the fact that many of them live far from the venue of the General Meeting of Shareholders of the Company.</p> <p>In addition, Chief Financial Officer, Chief Accountant, Director for Public Relations and Government Relations and Corporate Policy Director are also present at the General Meetings of Shareholders held in the form of a meeting and available to answer the questions of the shareholders.</p> <p>In 2018, the Company will make every effort to ensure that the maximum possible number of nominees to the management and supervising bodies of the Company are present at the General Meetings of Shareholders and available to answer the questions of the shareholders during the meeting where their candidatures are put to vote.</p>

No.	Corporate governance principles	Compliance criteria	Compliance status	Comments on deviations from compliance criteria
1.2	<b>The shareholders have an equal and fair profit-sharing opportunity through dividends.</b>			
1.2.1	The Company developed and introduced a transparent and clear mechanism for the calculation of the amount and payment of dividends.	<p>1. The Company has a Dividend Policy 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>	Partially compliant	<p>3. Non-compliant</p> <p>When resolving on the matters regarding the preparation and holding of the General Meetings of Shareholders in 2017, the Board of Directors of the Company did not consider the idea of using telecommunication facilities to enable remote participation of the Company's shareholders in the General Meeting of Shareholders, since the Company had no grounds to believe that such a service would be in great demand among the shareholders.</p> <p>As of the date of the resolution by the Board of Directors on the matters regarding the preparation and holding of the General Meeting of Shareholders in 2017, the number of registered shareholders exceeds 300,000. A high proportion of them are pensioners who do not have access to electronic means of communication. According to the Company's Registrar, the share of shareholders who specified their email addresses in the questionnaire of a registered person is negligible. Therefore, the Board of Directors of the Company did not consider the idea of using telecommunication facilities to enable remote participation of the Company's shareholders in the General Meeting of Shareholders in order to ensure equal and fair exercise of the rights of the Company's shareholders to take part in the General Meeting of Shareholders of the Company.</p> <p>If the share of the Company's 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>

No.	Corporate governance principles	Compliance criteria	Compliance status	Comments on deviations from compliance criteria
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 activities.	1. The Dividend Policy of the Company clearly defines the financial/economic circumstances upon occurrence of which the Company should not pay dividends.	Non-compliant	1. Non-compliant  Currently, the Dividend Policy of the Company does not clearly define the financial/economic circumstances upon occurrence of which the Company should not pay dividends. However, in practice, before the Board of Directors of the Company considers recommendations for the General Meeting of Shareholders of the Company as to the amount of dividends on the Company shares, this issue shall be preliminarily considered by the Audit Committee of the Board of Directors based on financial results and suggestions of the Deputy CEO for Finance and Economics. Individual assessment of all economic circumstances of each reporting period for which dividends are to be disbursed is the most optimal approach in the dynamic economic environment. The country's volatile economic environment makes it impossible to fix in the Dividend Policy all financial/economic circumstances under which the Company should not pay dividends.
1.2.3	The Company does its best to prevent deterioration of rights of the existing shareholders.	1. In the reporting period, the Company did not take any actions that would cause deterioration of rights of the existing shareholders.	Compliant	
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 the shareholders from using any means of profit (income) generation through the Company other than dividends and disposal value, the Company's internal documents establish controls that ensure well-timed identification and approval of transactions involving parties affiliated with (related to) 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.	Non-compliant	1. Non-compliant  Internal documents of the Company provide for the procedure for approving related party transactions only for those grounds of interest that are stipulated in the Law On Joint-Stock Companies.  However, the Company has additional control mechanisms for making transactions.  According to the established procedure, all contracts and agreements that the Company intends to enter into are subject to preliminary approval, including verification of the counterparties involved in the transactions. In the cases when the Company is aware of the persons affiliated with (related to) a substantial shareholder of the Company, such transactions are subject to approval as related party transactions under the Law On Joint-Stock Companies.  In 2018-2019, the Company is going to consider the need for and, if found necessary, develop and implement controls to prevent the shareholders from using any means of profit (income) generation through the Company other than dividends and disposal value.
<b>1.3</b>	<b>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.</b>			
1.3.1	The Company created an environment that suggests fair treatment of each shareholder by the management and supervising bodies, including the conditions that ensure prohibition of abuse on the part of major shareholders in respect of minority shareholders.	1. During the reporting period, the procedures for managing potential conflicts of interest between substantial shareholders were effective, and, if there were any conflicts between the shareholders at all, the Board of Directors paid due attention to them.	Compliant	

No.	Corporate governance principles	Compliance criteria	Compliance status	Comments on deviations from compliance criteria
1.3.2	The Company does not take any actions that cause or may cause artificial redistribution of corporate control.	1. In the reporting period, quasi-treasury shares did not exist or participate in voting.	Compliant	
<b>1.4</b>	<b>The share rights of the shareholders are accurately and effectively accounted for, and the shareholders are free to dispose of their shares without any encumbrance.</b>			
1.4	The share rights of the shareholders are accurately and effectively accounted for, and the shareholders are free to dispose of their shares without any encumbrance.	1. The quality and reliability of maintaining the register of security holders by the Company's Registrar meet the requirements of the Company and its shareholders.	Compliant	
<b>2.1</b>	<b>The Board of Directors is responsible for strategic corporate management, defines the core principles and approaches towards the organisation of a risk management and internal control system, controls the activities of the Company's executive bodies and performs other key functions.</b>			
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.	1. The Board of Directors has the authority provided for by the Articles of Association to appoint and discharge the members of the Company's executive bodies, as well as determine the terms and conditions of the agreements in respect of such members.  2. The Board of Directors reviewed the strategy implementation report (reports) of the Company's sole executive body and the members of the collective executive body.	Compliant	
2.1.2	The Board of Directors determines the main strategic guidelines of the Company's activities with a long-term outlook, assesses and approves the Company's key performance indicators and business objectives, reviews and approves the strategy and business plans on the Company's key activities.	1. In the reporting period, the Board of Directors addressed issues related to the implementation and updating of the strategy, approval of the business plan (budget) of the Company, as well as the review of the criteria and indicators (including interim ones) applicable to the implementation of the Company's strategy and business plans.	Compliant	

No.	Corporate governance principles	Compliance criteria	Compliance status	Comments on deviations from compliance criteria
2.1.3	The Board of Directors defines principles of and approaches towards the organisation of the Company's risk management and internal control system.	<p>1. The Board of Directors defined the principles of and approaches towards the organisation of the Company's risk management and internal control system.</p> <p>2. The Board of Directors assessed performance of the Company's risk management and internal control system in the reporting period.</p>	Partially compliant	<p>1. Compliant</p> <p>2. Partially compliant</p> <p>In 2017, the Company's Board of Directors did not assess performance of the Company's risk management and internal control system.</p> <p>In accordance with the Company's Articles of Association, this matter does not fall within the competence of the Company's Board of Directors. However, in accordance with Clause 72 of the Code of Corporate Governance, the Company's Board of Directors reviews the reports on performance of the corporate risk management system and on major risks in the Company's operation on an annual basis.</p> <p>According to Article 3 of the Regulation on the Audit Committee of the Board of Directors of the Company, control over the reliability and effectiveness of the Company's risk management and internal control system is within the competence of the Audit Committee of the Board of Directors.</p> <p>The Internal Audit Department of the Company, which annually assesses the Company's risk management and internal control system, provides information on the assessment to the Audit Committee of the Board of Directors of the Company, which includes all independent directors of the Company's Board of Directors.</p> <p>In addition, the Audit Committee of the Board of Directors hears reports on the status of risks in the Company regularly (at least twice a year).</p>
2.1.4	The Board of Directors defines the Company's policy on remunerating and (or) reimbursing the members of the Board of Directors, executive bodies and other key executive officers of the Company.	<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 reporting period, the Board of Directors addressed issues related to the above-mentioned policy (policies).</p>	Partially compliant	<p>1. Partially compliant</p> <p>The principles of remunerating the members of the Board of Directors are set out in detail in the Regulation on the Board of Directors of the Company approved by the General Meeting of Shareholders of the Company. The development and periodic review of the Remuneration Policy for the Board of Directors, as well as control over its implementation, falls within the competence of the Appointment and Remuneration Committee.</p> <p>The members of the Management Board of the Company do not receive special rewards for their duties as members of the Management Board. Employees of the Company who are members of the Company's Management Board have concluded employment contracts in accordance with their positions in the Company. These contracts determine the amount of their remuneration for their duties as full-time employees of the Company. Terms and conditions of such contracts are considered by the Appointment and Remuneration Committee of the Company's Board of Directors.</p> <p>Individual employment contracts were concluded between the Company and the key executives and specify the employee remuneration and reimbursement (compensation) procedure.</p> <p>The remuneration level of the members of the Company's Board of Directors, Management Board, CEO and key executives is sufficient to attract and retain staff, as well as to motivate managers who have the necessary professional qualities for effective management of the Company.</p>

No.	Corporate governance principles	Compliance criteria	Compliance status	Comments on deviations from compliance criteria
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 the 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>	Compliant	<p>In 2018–2019, the Company is going to consider the need to develop and implement a separate Remuneration Policy for the members of the Company's Board of Directors and key executives, where the approaches to remuneration and reimbursement (compensation) for these persons will be clearly defined.</p> <p>2. Compliant</p>
2.1.6	The Board of Directors plays the 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>	Compliant	
2.1.7	The Board of Directors exercises control over the corporate governance practices in the Company and plays the key role in the Company's major corporate events.	1. In the reporting period, the Board of Directors addressed the issue of the corporate governance practices in the Company.	Non-compliant	<p>1. Non-compliant</p> <p>In 2017, the Company's Board of Directors did not give separate consideration to the issue of the Company's corporate governance practice.</p> <p>In the reporting year, the Company's Board of Directors considered the issue of the corporate governance practice as part of the Company's Annual Report for 2016 in the course of its preliminary approval.</p> <p>The Company constantly strives to improve its corporate governance practices. It is going to conduct a self-assessment of the Company's corporate governance system and submit the results for consideration by the Board of Directors of the Company in 2018–2019.</p>
<b>2.2</b>	<b>The Board of Directors reports to the Company's shareholders.</b>			
2.2.1	Information on performance of the Board of Directors is disclosed and provided to the shareholders.	<p>1. The Company's Annual Report for the reporting 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 information on key results of the assessment of the Board of Directors' performance carried out in the reporting period.</p>	Compliant	

No.	Corporate governance principles	Compliance criteria	Compliance status	Comments on deviations from compliance criteria
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 the shareholders to address questions and their opinions on such questions to the Chairman of the Board of Directors.	Partially compliant	<p>1. Partially compliant</p> <p>The Company has a dedicated function responsible for shareholder relations — the Corporate Policy Department — to which the shareholders may send their questions to the email address IR@unipro.energy. The email address IR@unipro.energy is specified on the Company's website <a href="http://www.unipro.energy">http://www.unipro.energy</a> (hereinafter referred to as the Company's website) in the "Contact us" section.</p> <p>Since the Chairman of the Board of Directors of the Company is a foreign citizen, who does not speak Russian and lives outside Russia, in accordance with Clause 90 of the Code of Corporate Governance, the shareholders may ask the Chairman of the Board of Directors questions on the competence of the Board of Directors and communicate their opinion (position) on these issues through the Corporate Secretary of the Company or the Corporate Policy Department of the Company by sending letters or e-mails, or by phone.</p> <p>The Company is considering options for arranging direct communication with the Chairman of the Board of Directors via the Company's website in 2018–2020.</p>
<b>2.3</b>	<b>The Board of Directors is an effective and professional management 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.</b>			
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 performance of the Board of Directors includes competence assessment of the members of the Board of Directors.</p> <p>2. In the reporting period, the Board of Directors (or the Nomination Committee of the Board of Directors) assessed the candidates to the Board of Directors with respect to their experience, knowledge, business reputation, conflict of interest, etc.</p>	Compliant	
2.3.2	The members of the Board of Directors are elected according to a transparent procedure that allows the shareholders to obtain enough information about the nominees to get an idea of their personal and professional qualities.	1. In all cases of holding the General Meetings of Shareholders in the reporting 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 the candidate compliance with the independence criteria as per Recommendations 102 to 107 of the Code, and the candidates' letters of consent to be elected to the Board of Directors.	Compliant	

No.	Corporate governance principles	Compliance criteria	Compliance status	Comments on deviations from compliance criteria
2.3.3	The composition of the Board of Directors is well-balanced in terms of qualifications, experience, knowledge and business qualities of the members and other factors, and the members enjoy the confidence of the shareholders.	1. As part of the assessment of the Board of Directors performance carried out in the reporting period, the Board of Directors reviewed its own requirement for qualifications, experience and business skills.	Compliant	
2.3.4	The size of the Board of Directors makes it possible to organise the work of the Board of Directors in a most efficient way, which includes the possibility to set up committees of the Board of Directors, and ensures that significant minority shareholders of the Company have the opportunity to elect their nominee to the Board of Directors.	1. As part of the assessment of the Board of Directors performance carried out in the reporting period, the Board of Directors addressed the issue regarding compliance of the number of the Board members to the requirements of the Company and the interests of the shareholders.	Compliant	
<b>2.4</b>	<b>The Board of Directors includes a sufficient number of independent directors.</b>			
2.4.1	A person is recognised to be an independent director, when such person possesses enough professionalism, experience and independence to form his or her own opinion, is able to make unbiased and scrupulous judgments that do not depend on the influence of the Company's executive bodies, certain groups of shareholders or other stakeholders. It should also be taken into account that under normal conditions a candidate (an elected member of the Board of Directors) cannot be recognised as independent if he or she is affiliated with the Company, its significant shareholder, major contractor or competitor, or is bound with the state.	1. In the reporting period, all independent members of the Board of Directors met all the independence criteria specified in Recommendations 102 to 107 of the Code, or were recognised as independent by the decision of the Board of Directors.	Compliant	

No.	Corporate governance principles	Compliance criteria	Compliance status	Comments on deviations from compliance criteria
2.4.2	The Company assesses compliance of the nominees to the Board of Directors with the independence criteria and performs regular review of compliance of the independent directors with the independence criteria. In this assessment, the substance shall prevail over the form.	<p>1. In the reporting 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 reporting 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>	Partially compliant	<p>1. Compliant</p> <p>2. Partially compliant</p> <p>In the reporting period, the Appointment and Remuneration Committee of the Company's Board of Directors considered the independence of candidates to the Board of Directors of the Company twice — in preparation for the Annual and Extraordinary General Meetings of Shareholders of the Company. In preparing for the Extraordinary General Meetings of Shareholders, the Appointment and Remuneration Committee considered the independence of two independent directors re-elected for a new term and one candidate to the Board of Directors elected for the first time.</p> <p>In addition, on a quarterly basis, the Corporate Secretary of the Company requests questionnaires of the members of the Board of Directors based on which information on independence of the members of the Board of Directors is analysed. Questionnaires of Independent Directors are sent quarterly to Moscow Stock Exchange PJSC and analysed by the Moscow Stock Exchange Listing Department.</p> <p>In 2018–2019, the Company plans to consider the issue on the need for referring (and, if necessary, refer) the issue on independence of the existing members of the Board of Directors to the competence of the Appointments and Remuneration Committee of the Board of Directors of the Company.</p> <p>3. Partially compliant</p> <p>In accordance with Clause 3.6 of the Regulation on the Company's Board of Directors, within five business days following the occurrence of one of the circumstances below, the members of the Board of Directors submit the following information to the Corporate Secretary of the Company in writing:</p> <ul style="list-style-type: none"> <li>• Legal entities in which the member of the Board of Directors holds, individually or jointly with an affiliated person at least 20% of voting shares (equity interests or stakes);</li> <li>• Legal entities in which the member of the Board of Directors holds positions in the management bodies;</li> <li>• On all actual and potential transactions which the member of the Board of Directors is aware of, in which the member can be qualified as a related party.</li> </ul> <p>The members of the Company's Board of Directors submit to the Corporate Secretary completed Questionnaires of Members of the Board of Directors on a quarterly basis. The Questionnaire form was developed in accordance with the requirements of the Listing Rules of Moscow Stock Exchange PJSC with respect to the determination of independence.</p> <p>In addition, a new version of the Regulation on the Board of Directors of the Company was prepared for approval at the Annual General Meeting of Shareholders in June 2018. The Regulation contains a rule stating that a member of the Board of Directors is obliged to inform the Corporate Secretary of the circumstances as a result of which he/she ceases to be an independent director.</p>

No.	Corporate governance principles	Compliance criteria	Compliance status	Comments on deviations from compliance criteria
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.	Compliant	
2.4.4	Independent directors play the 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.	Compliant	
<b>2.5</b>	<b>The Chairman of the Board of Directors contributes to most efficient performance of the functions assigned to the Board of Directors.</b>			
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 documents.</p>	Partially compliant	<p>1. Non-compliant</p> <p>The Chairman of the Board of Directors is not an independent director.</p> <p>The Chairman of the Board of Directors was elected unanimously by all members of the Board of Directors as the most authoritative member of the Board of Directors who made a significant contribution to the Company's development and who possesses the necessary professional competence, managerial experience in the industry, and impeccable business and personal reputation.</p> <p>Independent directors actively participate in the work of the Board of Directors of the Company and may communicate directly with the Chairman of the Board of Directors. In addition, the Committees of the Board of Directors, consisting exclusively of independent directors, are headed by independent directors.</p> <p>The Company proceeds from the premise that all the members of the Board of Directors have equal rights, and also takes into account the fact that independent directors have not elected a senior independent director.</p> <p>Taking into account the well-balanced composition of the Board of Directors, quality of preliminary study of the issues brought to the Board of Directors (including those at the level of committees consisting of independent directors), and the high activity of independent directors, the introduction of an additional post of a senior independent director will not entail any improvements in the corporate governance system of the Company.</p> <p>The competence and efficiency of the work of the Board of Directors are supported by the financial performance of the Company.</p> <p>In future, as the number of independent directors in the Board of Directors increases, the Company assumes that an independent director may be elected as the Chairman of the Board of Directors of the Company.</p> <p>2. Compliant</p>

No.	Corporate governance principles	Compliance criteria	Compliance status	Comments on deviations from compliance criteria
2.5.2	The Chairman of the Board of Directors creates a workable environment at the meetings, ensures free discussion of the agenda items and follows up on the resolutions passed by the Board of Directors.	1. Performance of the Chairman of the Board of Directors was assessed as part of the Board performance assessment procedure in the reporting period.	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 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.	Compliant	
<b>2.6</b>	<b>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.</b>			
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.	<p>1. The internal documents of the Company stipulate that a member of the Board of Directors is obliged to notify the Board of Directors if he/she faces a conflict of interest with regard to any agenda items addressed at a meeting of the Board of Directors or a Committee of the Board of Directors, prior to discussion of the corresponding agenda item.</p> <p>2. The Company's internal documents stipulate that a member of the Board of Directors should abstain from voting on any agenda item where he or she faces a conflict of interest.</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>	Non-compliant	<p>1. Non-compliant</p> <p>The internal documents of the Company currently contain no provisions on the obligation of a member of the Board of Directors to notify the Board of Directors if he/she faces a conflict of interest with regard to any agenda items addressed at a meeting of the Board of Directors or a Committee of the Board of Directors, prior to discussion of the corresponding agenda item. However, in accordance with Clause 3.6 of the Regulation on the Board of Directors of Unipro PJSC, within five business days following the occurrence of one of the circumstances below, the members of the Board of Directors submit the following information to the Corporate Secretary in writing:</p> <ul style="list-style-type: none"> <li>Legal entities in which the member of the Board of Directors holds, individually or jointly with an affiliated person at least 20% of voting shares (equity interests or stakes);</li> <li>Legal entities in which the member of the Board of Directors holds positions in the management bodies;</li> <li>On all actual and potential transactions which the member of the Board of Directors is aware of, in which the member can be qualified as a related party.</li> </ul> <p>In the reporting year, the Company was not aware of any existing conflict of interest on the part of the members of the Board of Directors.</p> <p>In addition, a new version of the Regulation on the Board of Directors of the Company was prepared for approval at the Annual General Meeting of Shareholders in June 2018. The Regulation contains a rule stating that a member of the Board of Directors is obliged to notify the Board of Directors if he/she faces a conflict of interest with regard to any agenda items addressed at a meeting of the Board of Directors or a Committee of the Board of Directors, prior to discussion of the corresponding agenda item.</p>

No.	Corporate governance principles	Compliance criteria	Compliance status	Comments on deviations from compliance criteria
				<p>2. Non-compliant</p> <p>The Company's internal documents currently contain no provisions on the obligation of a member of the Board of Directors to abstain from voting on any agenda item where he/she faces a conflict of interest. In accordance with Clause 12.4 of the Company's Articles of Association, the members of the Board of Directors, in exercising their rights and performing their duties, shall act in the interests of the Company, exercise their rights and perform their duties with respect to the Company in good faith and in a reasonable manner. In the reporting year, the Company was not aware of any existing conflict of interest on the part of the members of the Board of Directors.</p> <p>In addition, a new version of the Regulation on the Board of Directors of the Company was prepared for approval at the Annual General Meeting of Shareholders in June 2018. The Regulation contains a rule stating that a member of the Board of Directors is obliged to abstain from voting on any agenda item where he/she faces a conflict of interest.</p>
				<p>3. Non-compliant</p> <p>The Company does not have a procedure which would allow 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> <p>According to the practice established in the Company, members of the Board of Directors receive all necessary professional consultations as a result of the activities of the Committees of the Board of Directors, as well as by requesting additional information on the issues of interest from the Corporate Secretary.</p> <p>Over a long period of time, such practice has shown its effectiveness, so the Company is not going to change it in the near future.</p>
2.6.2	The rights and obligations of the members of the Board of Directors are defined and formalised in the Company's internal documents.	1. The Company adopted and published an internal document that clearly defines the rights and obligations of the members of the Board of Directors.	Compliant	
2.6.3	The members of the Board of Directors have enough time to fulfil their responsibilities.	1. Individual attendance at the Board and the Board Committee meetings, as well as the time allocated by the members to prepare for the meetings, were taken into account when assessing performance of the Board of Directors in the reporting period.	Partially compliant	<p>1. Compliant</p> <p>2. Partially compliant</p> <p>According to the Company's internal documents, the members of the Board of Directors do not inform the Board of Directors of their intention to become members of the management bodies in other entities (other than those controlled by the Company or associated companies). The members of the Board of Directors shall submit to the Corporate Secretary on a quarterly basis Questionnaires of Members of the Board of Directors, where, inter alia, they specify information on all positions, including positions in management bodies, both currently held and those held over the last five years, including on a part-time basis.</p>

No.	Corporate governance principles	Compliance criteria	Compliance status	Comments on deviations from compliance criteria
		2. According to the Company's internal documents, the members of the Board of Directors inform the Board of Directors of their intention to become a member of the management bodies in other entities (other than those controlled by the Company or associated companies), as well as of their official appointment.		In practice, the members of the Board of Directors inform the Corporate Secretary in advance of their intention to become members of the management bodies of other entities, which makes it possible to analyse their independence, as well as the availability of sufficient time to be paid to work in the Company's Board of Directors, including in its Committees, by the member of the Board of Directors.  In addition, a new version of the Regulation on the Board of Directors of the Company was prepared for approval at the Annual General Meeting of Shareholders in June 2018. The Regulation contains a rule stating that a member of the Board of Directors is obliged to inform the Board of Directors of his/her intention to become a member of the management bodies of other entities and the fact of such appointment.
2.6.4	All the members of the Board of Directors have equal access to the Company's documents and information. The newly elected members of the Board of Directors are provided with sufficient information about the Company and the work of the Board of Directors in the shortest time possible.	1. According to the Company's internal documents, the members of the Board of Directors have the right to access 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.  2. The Company has a documented induction programme for the newly elected members of the Board of Directors.	Partially compliant	1. Compliant  2. Partially compliant  The Company has not approved the dedicated documented induction programme for the newly elected members of the Board of Directors.  At the same time, there is a practice in the Company to familiarise the newly elected members of the Board of Directors with the activities of the Company, the main elements of which are the following: <ul style="list-style-type: none"> <li>Personal meetings of the newly elected members of the Board of Directors with the Company's CEO, Corporate Secretary and executives; and</li> <li>Familiarisation with the main documents of the Company.</li> </ul> In addition, a new version of the Regulation on the Board of Directors of the Company was prepared for approval at the Annual General Meeting of Shareholders in June 2018. According to the Regulation, the Corporate Secretary sends to the newly elected members of the Company's Board of Directors information about the Company's strategy, corporate governance system, risk management and internal control system, organisational system, distribution of responsibilities between the Company's top managers and other important information.
<b>2.7</b>	<b>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.</b>			
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 reporting period.	Compliant	

No.	Corporate governance principles	Compliance criteria	Compliance status	Comments on deviations from compliance criteria
2.7.2	The Company's internal documents establish the procedure for preparation and holding of meetings of the Board of Directors, which makes it possible for the Board members to prepare for the meeting appropriately.	1. The Company approved an internal document that defines the procedure for preparation and holding of meetings of the Board of Directors. This document, inter alia, establishes that a notice of the meeting shall usually be given at least 5 days prior to the meeting date.	Compliant	
2.7.3	The format of the meeting of the Board of Directors depends on importance of the agenda items. The most important issues are resolved at in-person meetings.	1. The Company's Articles of Association or internal documents stipulate that the most important issues (as listed in Recommendation 168 of the Code) shall be addressed at in-person meetings of the Board.	Non-compliant	1. Non-compliant  The form of the meetings of the Board of Directors is determined when preparing the action plan of the Company's Board of Directors, which is subject to approval by the Board of Directors (under Clause 6.2 of the Regulation on the Board of Directors of Unipro PJSC). The format of each meeting of the Board 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 meeting of the Board of Directors. 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 of 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 (Sub-Clauses 7.6 and 9.2 of the Regulation on the Board of Directors of the Company); therefore, the members of the Board of Directors are given enough time to investigate the agenda items and the right to request additional information on the agenda items through the Corporate Secretary (Clause 3.1 (4) of the Regulation on the Board of Directors of the Company) and suggest the format of the meeting of the Board of Directors (in person or in absentia) (Clause 6.2 of the Regulation on the Board of Directors of the Company).  Over a long period of time, such practice has shown its effectiveness, so the Company is not going to change it in the near future.
2.7.4	Resolutions on the most important matters concerning the Company's activities are passed at the Board meetings by a qualified majority or a majority of votes of all the elected members of the Board of Directors.	1. The Company's Articles of Association suggest that resolutions on the most important matters, as set out in Recommendation 170 of the Code, shall be passed at the 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.	Non-compliant	1. Non-compliant  Clauses 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 Clause 170 of the Code of Corporate Governance.  Currently, the Company does not deem it necessary to fix in the Articles of Association the extended list of matters which require resolutions of the Board of Directors to be passed 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.  All issues submitted to the Board of Directors for consideration are preliminarily carefully studied, including by profile Committees of the Board of Directors. Therefore, as a rule, resolutions of the Board of Directors are passed by a majority of votes exceeding the threshold set in the recommendation.

No.	Corporate governance principles	Compliance criteria	Compliance status	Comments on deviations from compliance criteria
<b>2.8</b>	<b>The Board of Directors sets up Committees for preliminary consideration of the most important issues of the Company's activities.</b>			
2.8.1	An Audit Committee consisting of independent directors was established to preliminarily consider matters concerning control of the Company's financial and economic 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 172 of the Code.</p> <p>3. At least one member of the Audit Committee, who is an independent director, has the experience and expertise required to prepare, analyse, review and audit the accounting (financial) reporting.</p> <p>4. Meetings of the Audit Committee were held at least once a quarter during the reporting period.</p>	Compliant	
2.8.2	For the purpose of preliminary review of the matters concerning the implementation of an effective and transparent remuneration policy, the Company set up a Remuneration Committee represented by independent directors and headed by an independent director other than the Chairman of the Board of Directors.	<p>1. The Board of Directors established a Remuneration Committee consisting of independent directors only.</p> <p>2. The Chairman of the Remuneration Committee is an independent director other than the Chairman of the Board of Directors.</p> <p>3. The Company's internal documents define the responsibilities of the Remuneration Committee, including those specified in Recommendation 180 of the Code.</p>	Compliant	
2.8.3	For the purpose of preliminary review of the matters concerning human resource planning (succession planning), professional composition and efficiency of the Board of Directors, the Company set up a Nomination (Appointment/Human Resources) Committee mostly represented by independent directors.	<p>1. The Board of Directors set up a Nomination Committee (or the relevant responsibilities outlined in Recommendation 186 of the Code are exercised by another Committee), which was mostly represented by independent directors.</p> <p>2. The Company's internal documents define the responsibilities of the Nomination Committee (or another Committee which combines the relevant functions), including those specified in Recommendation 186 of the Code.</p>	Compliant	

No.	Corporate governance principles	Compliance criteria	Compliance status	Comments on deviations from compliance criteria
2.8.4	Considering the scale of the Company's activities and exposure levels, the Board of Directors has made sure that the membership of its Committees meets the objectives of the Company in full. Additional Committees were either formed or deemed unnecessary (e. g. the Strategy Committee, the Corporate Governance Committee, the Ethics Committee, the Risk Management Committee, the Budget Committee, the HSE Committee, etc.).	1. In the reporting period, the Company's Board of Directors considered the issue of whether the membership of the Board Committees is adequate to the objectives of the Board of Directors and the goals of the Company. Additional Committees were either formed or deemed unnecessary.	Compliant	
2.8.5	The membership of the Committees was determined so as to ensure that the items subject to preliminary review are discussed comprehensively, considering a variety of opinions.	<p>1. The committees of the Board of Directors are headed by independent directors.</p> <p>2. The Company's internal documents (policies) contain provisions under which persons other than the members of the Audit Committee, the Nomination Committee and the Remuneration Committee may only attend the meetings of the Committees upon invitation of the Chairman of the relevant Committee.</p>	Partially compliant	<p>1. Compliant</p> <p>2. Partially compliant</p> <p>The Company's internal documents do not contain provisions under which 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. The Company is going to fix such norms in the documents when the provisions on the Committees of the Board of Directors will be revised in 2018-2019.</p>
2.8.6	The Chairmen of the Committees report on performance of their respective Committees to the Board of Directors and the Chairman of the Board on a regular basis.	1. In the reporting period, the Chairmen of the Committees reported on performance of their respective Committees to the Board of Directors on a regular basis.	Compliant	
<b>2.9</b>	<b>The Board of Directors ensures quality assessment of performance of the Board of Directors, its Committees and members.</b>			
2.9.1	Quality assessment of performance of the Board of Directors is aimed at evaluation of 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 performance of the Board and identification of improvement areas.	<p>1. The self-assessment or external assessment of the Board performance carried out in the reporting period included performance assessment of the Committees, individual members of the Board of Directors and the Board of Directors in general.</p> <p>2. The findings of the self-assessment or external assessment of the Board performance carried out in the reporting period were reviewed at an in-person meeting of the Board of Directors.</p>	Compliant	

No.	Corporate governance principles	Compliance criteria	Compliance status	Comments on deviations from compliance criteria
2.9.2	Quality assessment of performance of the Board of Directors, its Committees and members is conducted on a regular basis at least once a year. Independent quality assessment of performance of the Board of Directors is conducted at least once every three years with the involvement of an external company (consultant).	1. Within the past three reporting periods, an outside organisation (consultant) was engaged by the Company at least once for independent assessment of performance of the Board of Directors.	Non-compliant	<p>1. Non-compliant</p> <p>In 2015–2017, no outside organisation (consultant) was engaged by the Company for independent assessment of performance of the Board of Directors.</p> <p>Within the corporate governance improvement system of the Company, the Board of Directors approved the Regulation for Conducting Performance Assessment of the Board of Directors of Unipro PJSC on 25 April 2017. According to this Regulation, a third party — an adviser, professional association or body assigning corporate governance ratings — may be engaged to carry out an independent appraisal of performance of the Board of Directors and its Committees as decided by the Board of Directors.</p> <p>Performance assessment of the Company's Board of Directors in 2017 was conducted as self-assessment by each member of the Company's Board of Directors through filling in a Self-Assessment Form for the Board of Directors in the Corporate Year.</p> <p>The performance assessment of the Company's Board of Directors in 2017 confirms high performance of each member of the Company's Board of Directors individually, and of the Company's Board of Directors in general.</p> <p>In 2018–2020, the Board of Directors plans to consider the issue on the necessity of independent assessment of the Board's performance.</p>
<b>3.1</b>	<b>The Corporate Secretary is responsible for effective day-to-day interaction with the shareholders, coordination of the Company's actions undertaken to protect the rights and interests of the shareholders, and support of effective performance of the Board of Directors.</b>			
3.1.1	The Corporate Secretary has enough knowledge, experience and qualifications to perform his or her duties, flawless reputation, and enjoys the confidence of the shareholders.	<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 used for the members of the Board of Directors and executive management of the Company.</p>	Compliant	
3.1.2	The Corporate Secretary is independent enough from the Company's executive bodies and has the required authority and resources to fulfil the duties assigned.	1. The Board of Directors approves the appointment, dismissal and additional remuneration of the Corporate Secretary.	Compliant	

No.	Corporate governance principles	Compliance criteria	Compliance status	Comments on deviations from compliance criteria
<b>4.1</b>	<b>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.</b>			
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 (internal documents) — the remuneration policy (policies) applicable to the members of the Board of Directors, executive bodies and other key executive officers — which clearly defines (define) approaches to such remuneration.	Partially compliant	<p>1. Partially compliant</p> <p>The principles of remunerating the members of the Board of Directors are set out in the Regulation on the Board of Directors of the Company approved by the General Meeting of Shareholders of the Company. The development and periodic review of the Remuneration Policy for the Board of Directors, as well as control over its implementation, falls within the competence of the Appointment and Remuneration Committee.</p> <p>The members of the Management Board of the Company do not receive special rewards for their duties as members of the Management Board. Employees of the Company who are members of the Company's Management Board have concluded employment contracts in accordance with their positions in the Company. These contracts determine the amount of their remuneration for their duties as full-time employees of the Company. Terms and conditions of such contracts are considered by the Appointment and Remuneration Committee of the Company's Board of Directors.</p> <p>Individual employment contracts were concluded between the Company and the key executives and specify the employee remuneration and reimbursement (compensation) procedure. The remuneration level of members of the Company's Board of Directors and key executives is sufficient to attract and retain staff, as well as to motivate managers who have the necessary professional qualities for effective management of the Company. In 2018–2019, the Company is going to consider the need to develop and implement a separate Remuneration Policy for members of the Company's Board of Directors and key executives, where the approaches to remuneration for these persons will be clearly defined.</p>
4.1.2	The Company's remuneration policy was developed by the Remuneration Committee and approved by the Board of Directors of the Company. The Board of Directors, with the assistance from the Remuneration Committee, supervises the implementation and observance of the remuneration policy in the Company and, where required, revises and amends it.	1. In the reporting period, the Remuneration Committee reviewed the remuneration policy (policies) and the practice of its (their) implementation and, where required, gave the Board of Directors relevant recommendations.	Compliant	

No.	Corporate governance principles	Compliance criteria	Compliance status	Comments on deviations from compliance criteria
4.1.3	The Company's remuneration policy contains transparent mechanisms for determining the amount of remuneration payable to the members of the Board of Directors, executive bodies and other key executive officers of the Company, and regulates all kinds of payments, benefits and privileges granted to the said persons.	1. The Company's remuneration policy (policies) contains (contain) transparent mechanisms for determining the amount of remuneration payable to the members of the Board of Directors, executive bodies and other key executive officers of the Company, and regulates (regulate) all kinds of payments, benefits and privileges granted to the said persons.	Partially compliant	<p>1. Partially compliant</p> <p>The Company applies a structured remuneration system for the members of the Board of Directors. Remunerations are paid according to the Regulation on the Board of Directors of the Company and generally corresponds to the best practices of corporate governance. The current remuneration system complies with the principles of transparency and accountability, and incorporates the role of every member of the Board of Directors in the Company's business. The Regulation contains a list of all payments provided to the members of the Board of Directors, and conditions of their receipt.</p> <p>In addition, a new version of the Regulation on the Board of Directors of the Company was prepared for approval at the Annual General Meeting of Shareholders in June 2018. The Regulation provides for reimbursement of expenses and payment of compensation to the members of the Board of Directors.</p> <p>The members of the Management Board of the Company do not receive special rewards for their duties as members of the Management Board. Employees of the Company who are members of the Company's Management Board have concluded employment contracts in accordance with their positions in the Company. These contracts determine the amount of their remuneration for their duties as full-time employees of the Company. Terms and conditions of such contracts are considered by the Appointment and Remuneration Committee of the Company's Board of Directors.</p> <p>Information on remuneration and compensation paid to the members of the Board of Directors and the Management Board of the Company is disclosed in the Issuer's Quarterly Report and the Company's Annual Report.</p>
4.1.4	The Company establishes a reimbursement (compensation) policy with an itemisation of expenses subject to reimbursement and the level of service that the members of the Board of Directors, executive bodies and other key executive officers of the Company are entitled to. This policy may be integrated into the Company's remuneration policy.	1. The remuneration policy (policies) or other internal documents of the Company establish the rules for reimbursement of expenses incurred by the members of the Board of Directors, executive bodies and other key executive officers of the Company.	Compliant	

No.	Corporate governance principles	Compliance criteria	Compliance status	Comments on deviations from compliance criteria
<b>4.2</b>	<b>The remuneration system applicable to the members of the Board of Directors ensures approximation of the directors' financial interests and the long-term financial interests of the shareholders.</b>			
4.2.1	The Company pays a fixed annual remuneration to the members of the Board of Directors. The Company does not pay a remuneration for participation in individual meetings of the Board of Directors or Committees of the Board of Directors.	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 reporting period.	Partially compliant	<p>1. Partially compliant</p> <p>In addition to the quarterly remuneration in the remuneration system applicable to the 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, the remuneration system applicable to the members of the Company's Board of Directors 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 amortisation (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 reporting financial year following the results of which the annual remuneration is paid.</p> <p>The quarterly remuneration reflects expected time costs and necessary efforts of a member of the Board of Directors associated with preparation for and participation in the meetings of the Board of Directors of the Company.</p> <p>In the Company's opinion, these remunerations fully comply with the principle of convergence of financial interests of the members of the Board of Directors and the long-term interests of the Company's shareholders.</p>
4.2.2	The long-term holding of the Company's shares facilitates approximation of financial interests of the members of the Board of Directors and the long-term interests of the shareholders to the greatest extent. However, the Company does not make the right to sell shares contingent on the achievement of certain performance indicators, and the members of the Board of Directors do not take part in employee stock options plans.	1. If the internal document (documents), i. e. the remuneration policy (policies) of the Company, suggests (suggest) a share-based compensation for the members of the Board of Directors, the rules of holding of shares by the Board members aimed at the long-term holding of such shares shall be clearly defined and disclosed.	Compliant	
4.2.3	The Company does not provide for any additional payments or compensations in the event of early termination of powers of the members of the Board of Directors in connection with the transfer of control over the Company or other circumstances.	1. The Company does not provide for any additional payments or compensations in the event of early termination of powers of the members of the Board of Directors in connection with the transfer of control over the Company or other circumstances.	Compliant	

No.	Corporate governance principles	Compliance criteria	Compliance status	Comments on deviations from compliance criteria
<b>4.3</b>	<b>The remuneration system applicable to the members of the executive bodies and other key executive officers of the Company provides for the dependence of remuneration on the Company's performance and on their personal contribution to the achievement of such performance.</b>			
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 performance of the Company and personal (individual) contribution of the employee to the final outcome.	<p>1. In the reporting period, the yearly performance indicators approved by the Board of Directors were used to determine the amount of the variable remuneration component for 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 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 thereto of illegitimate bonuses received by the members of the executive bodies and other key executive officers of the Company.</p>	Partially compliant	<p>1. Compliant</p> <p>2. Compliant</p> <p>3. Non-compliant</p> <p>The Company has no procedures which would ensure the return of the bonuses wrongfully received by the members of the Company's Management Board, CEO or any other key executive officers to the Company, since there is a clear mechanism in place for paying bonuses to the members of executive bodies and other executives.</p> <p>The remuneration system applicable to the members of the Company's executive bodies is based on achievement of the approved key performance indicators (KPIs).</p> <p>The performance-based remuneration is paid after the Appointment and Remuneration Committee considers achievement of the target indicators, and the Board of Directors of the Company approves the KPI report.</p> <p>Thus, any possibility of wrongful receipt of remuneration by executive bodies or any other key executives of the Company is excluded.</p>
4.3.2	The Company implemented a programme for long-term motivation of the members of the executive bodies and other key executive officers of the Company by using the Company's shares (options or other derivative financial instruments for which the Company's shares constitute the basic assets).	<p>1. The Company implemented a programme for long-term motivation of the members of the executive bodies and other key executive officers of the Company by using the Company's shares (financial instruments based on the Company's shares).</p> <p>2. The programme for long-term motivation of the members of the executive bodies and other key executive officers of the Company suggests that the right to sell the shares and other financial instruments used under this programme cannot be exercised earlier than three years after they were given to the employee. However, the Company made the right to sell them contingent on the achievement of certain performance indicators by the Company.</p>	Partially compliant	<p>1. Compliant</p> <p>2. Partially compliant</p> <p>The programme for long-term motivation of the members of executive bodies and other key executives of the Company does not provide for the right to own directly the shares of the Company, but it is aimed at increasing their capitalisation.</p> <p>The rule of the shares sale is not relevant for the Company.</p>

No.	Corporate governance principles	Compliance criteria	Compliance status	Comments on deviations from compliance criteria
4.3.3	The amount of a severance pay (a golden parachute) payable by the Company to the members of the executive bodies or other key executive officers in the case of early termination of their powers at the initiative of the Company and without any unethical practices found with the employees did not exceed two times the fixed annual remuneration.	1. In the reporting period, the amount of a severance pay (a golden parachute) payable by the Company to the members of the executive bodies or other key executive officers in the case of early termination of their powers at the initiative of the Company and without any unethical practices found with the employees did not exceed two times the fixed annual remuneration.	Compliant	
<b>5.1</b>	<b>The Company created an effectively functioning risk management and internal control system, ensuring reasonable confidence in the achievement of the Company's goals.</b>			
5.1.1	The Company's Board of Directors defined the principles of and approaches towards the organisation of the Company's risk management and internal control system.	1. The functions assigned to various management bodies and units of the Company in the risk management system and internal control are clearly defined in the relevant internal documents/policy of the Company approved by the Board of Directors.	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.	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 status and prospects of the Company, integrity and transparency of the Company's reports, and reasonability and acceptability of the risks assumed by the Company.	<p>1. The Company has an anti-bribery and corruption policy.</p> <p>2. The Company has a well-managed and easy way of reporting on the law violations, internal procedures or the Code of Ethics of the Company to the Board of Directors or the Audit Committee of the Board of Directors.</p>	Partially compliant	<p>1. Compliant</p> <p>2. Partially compliant</p> <p>The Company has a hot line that may be used by employees to report on possible law violations, the Company's policies or procedures, in particular, in such areas as anti-monopoly and anti-corruption laws, and rules in respect of insider information, as well as on failure to comply with the Code of Ethics by employees of the Company. 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.</p>

No.	Corporate governance principles	Compliance criteria	Compliance status	Comments on deviations from compliance criteria
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 of and approaches towards its organisation, as determined by the Board of Directors, and is functioning effectively.	1. In the reporting period, the Board of Directors or the Audit Committee of the Board of Directors assessed 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.	Partially compliant	<p>1. Partially compliant</p> <p>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 in 2017.</p> <p>In accordance with the Company's Articles of Association, this matter does not fall within the competence of the Company's Board of Directors. However, in accordance with Clause 72 of the Code of Corporate Governance, the Company's Board of Directors reviews the reports on performance of the corporate risk management system and on major risks in the Company's operation on an annual basis.</p> <p>According to Article 3 of the Regulation on the Audit Committee of the Board of Directors of the Company, control over the reliability and effectiveness of the Company's risk management and internal control system is within the competence of the Audit Committee of the Board of Directors.</p> <p>The Internal Audit Department of the Company, which annually assesses the Company's risk management and internal control system, provides information on the assessment to the Audit Committee of the Board of Directors of the Company.</p> <p>In addition, the Audit Committee of the Board of Directors hears reports on the status of risks in the Company regularly (at least twice a year).</p>
<b>5.2</b>	<b>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.</b>			
5.2.1	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 is subordinate functionally to the Board of Directors of the Company.	1. The Company formed a dedicated structural unit to be in charge of internal audit, which is subordinate functionally to the Board of Directors or the Audit Committee, or engaged an independent outside organisation following the same reporting principle.	Compliant	
5.2.2	The Internal Audit Department carries out the assessment of the internal control and risk management system efficiency, the assessment of the risk management system efficiency, and the assessment of the corporate governance system. The Company applies the generally accepted standards of internal auditing.	<p>1. In the reporting period, efficiency assessment of the internal control and risk management system was carried out as part of the internal audit programme.</p> <p>2. The Company applies the generally accepted approaches to internal control and risk management.</p>	Compliant	

No.	Corporate governance principles	Compliance criteria	Compliance status	Comments on deviations from compliance criteria
<b>6.1</b>	<b>The Company and its activities are transparent for the shareholders, investors and stakeholders.</b>			
6.1.1	The Company developed and implemented an information policy that ensures effective communication between the Company, shareholders, investors and other stakeholders.	<p>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.</p> <p>2. In the reporting period, the Board of Directors (or one of its Committees) addressed the issues related to compliance by the Company with its information policy at least once.</p>	Partially compliant	<p>1. Compliant</p> <p>2. Non-compliant</p> <p>The Company's Board of Directors and its Committees did not address the issues related to compliance by the Company with its information policy in 2017.</p> <p>The Company's information policy comprises two documents, which are the Regulation on Information Disclosure and the Regulation on Insider Information. Both documents are publicly available and can be found on the Company's website. The Board of Directors appointed an officer responsible for implementing requirements on insider securities trading, whose powers include the control over the Company's compliance with the information policy.</p>
6.1.2	The Company discloses information on the corporate governance system and practice, including detailed information on compliance with the principles and recommendations of the Code.	<p>1. The Company discloses information on the Company's corporate governance system and general principles of corporate governance used in the Company, including on the corporate website in the Internet.</p> <p>2. The Company discloses information on the membership of the executive bodies and the Board of Directors, independence of the members of the Board of Directors and their membership in the Board Committees (according to the definition given in the Code).</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>	Partially compliant	<p>1. Compliant</p> <p>2. Compliant</p> <p>3. Non-compliant</p> <p>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>
<b>6.2</b>	<b>The Company discloses complete, up-to-date and accurate information about the Company in due time so that the Company's shareholders and investors could make well-informed decisions.</b>			
6.2.1	The Company discloses information in accordance with the principles of regularity, consistency and efficiency, as well as availability, reliability, completeness and comparability of the disclosed data.	<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 of material information in the Russian Federation and in these markets occurs simultaneously and equivalently during the reporting year.</p>	Partially compliant	<p>1. Compliant</p> <p>2. Compliant</p> <p>3. Partially compliant</p> <p>In the reporting period, information was disclosed both in Russian and (partially) English.</p> <p>The following information is disclosed on the Company's corporate website in English:</p> <ul style="list-style-type: none"> <li>Annual reports;</li> <li>IFRS statements (annual and interim statements);</li> <li>Financial calendar;</li> <li>Schedule of the share prices;</li> <li>Details of the members of the Board of Directors and the Committees of the Board of Directors;</li> </ul>

No.	Corporate governance principles	Compliance criteria	Compliance status	Comments on deviations from compliance criteria
		3. If foreign shareholders own a significant amount of shares of the Company, then in the reporting year information was disclosed both in Russian and one of the most popular foreign languages.		<ul style="list-style-type: none"> <li>Information on the members of the Company's Management Board and executives; and</li> <li>The scope of competence of the General Meeting of Shareholders and the Board of Directors as documented in the Company's Articles of Association.</li> </ul> <p>Since 2018, the Company discloses the following information in English as well:</p> <ul style="list-style-type: none"> <li>Quarterly reports of the issuer;</li> <li>Reports on material facts; and</li> <li>Lists of affiliates.</li> </ul> <p>The Company is going to disclose more information in English on the Company's website in 2018–2019.</p>
6.2.2	The Company avoids a formal approach in the process of information disclosure and discloses significant information about its activities even if disclosure of such information is not provided for by laws.	<p>1. In the reporting period, the Company disclosed annual financial statements and financial statements for six months prepared according to the IFRS. The Company's Annual Report for the reporting period includes the annual financial statements prepared according to the IFRS and the auditor's report.</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 Recommendation 290 of the Code.</p>	Partially compliant	<p>1. Non-compliant</p> <p>The Company's Annual Report for the reporting period does not include the annual financial statements prepared according to the IFRS and the relevant auditor's report.</p> <p>Since all the financial indicators and calculations included in the Annual Report are based on the accounting (financial) statements of the Company prepared according to the RAS, for the convenience of the shareholders the Annual Report is accompanied by the Company's annual accounting (financial) statements for 2017 according to the RAS.</p> <p>2. Partially compliant</p> <p>The Company does not disclose complete information on the structure of the Company's capital in its Annual Report and on the corporate website in accordance with Recommendation 290 of the Code.</p> <p>The structure of the share capital disclosed in Section 3.4 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 the existing holdings of shares in the amount of over 5%, other than the data already disclosed by the Company. The 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 shares with a different par value.</p>
6.2.3	As one of the most important tools of communication with the shareholders and other stakeholders, the Annual Report contains information that helps to assess performance of the Company in the reporting 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>	Compliant	

No.	Corporate governance principles	Compliance criteria	Compliance status	Comments on deviations from compliance criteria
<b>6.3</b>	<b>Information and documents are provided by the Company at the shareholders' requests in accordance with the principles of fairness and easiness.</b>			
6.3.1	Information and documents are provided at the shareholders' requests in accordance with the principles of fairness and easiness.	1. The Company's information policy establishes an easy procedure for providing the shareholders with access to corporate information, including information about the legal entities controlled by the Company, at their request.	Compliant	
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 reporting 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, the shareholders are notified of the confidential nature of information provided and undertake to keep it confidential.</p>	Compliant	
<b>7.1</b>	<b>The actions that significantly affect or may affect the structure of the authorised capital and financial standing of the Company and, therefore, the shareholders' standing (major corporate actions), are performed on fair conditions that respect the rights and interests of the shareholders and other stakeholders.</b>			
7.1.1	The definition of major corporate actions embraces reorganisation of the Company, purchase of 30 or more percent of the Company's voting shares (take-over), closing of major transactions by the Company, increase or reduction 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 the shareholders or infringe on their interests. The Company's Articles of Association define a list (criteria) of transactions or other actions qualified as major corporate actions, and these actions are referred to the competence of the Company's Board of Directors.	<p>1. The Company's Articles of Association define a list and criteria of transactions or other actions qualified as major corporate actions. Resolutions on major corporate actions are referred to the scope of competence of the Board of Directors. Where the legislation directly refers these corporate actions to the competence of the General Meeting of Shareholders, the Board of Directors shall give the shareholders necessary recommendations.</p> <p>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 percent 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.</p>	Partially compliant	<p>1. Partially compliant</p> <p>The Company's Articles of Association do not define a list of transactions or other actions qualified as major corporate actions.</p> <p>At the same time, the decision-making procedure recommended by the Code of Corporate Governance (referring such decisions to the competence of the Board of Directors or the General Meeting of Shareholders under the Company's Articles of Association or the applicable legislation) is observed with respect to most corporate actions that are considered as major corporate actions.</p> <p>2. Non-compliant</p> <p>The Company's Articles of Association do not define a list and criteria of transactions or other actions qualified as major corporate actions.</p> <p>At the same time, the Company's Articles of Association clearly differentiate the powers of the General Meeting of Shareholders and the Board of Directors of the Company regarding issues that, according to the recommendations of the Code of Corporate Governance, can be classified as major corporate actions (Articles 10 and 12 of the Articles of Association of Unipro PJSC).</p> <p>In 2018, the Company plans to prepare amendments to the Company's Articles of Association providing for the list of transactions or other actions which are material corporate actions and criteria to determine them.</p>

No.	Corporate governance principles	Compliance criteria	Compliance status	Comments on deviations from compliance criteria
7.1.2	The Board of Directors plays the key role in making decisions or elaborating recommendations for major corporate actions based on the opinion of the Company's independent directors.	1. The Company has a procedure under which independent directors express their opinions on major corporate actions prior to approval thereof.	Partially compliant	<p>1. Partially compliant</p> <p>The Company has no specific procedure for independent directors to express their opinions on major corporate actions prior to approval thereof, since the current version of the Company's Articles of Association does not define major corporate actions. However, in practice, independent directors of the Company's Board of Directors of the Company may express their position on major (in their opinion) corporate actions. Notices and materials for the meeting of the Company's Board of Directors are sent out to members of the Board of Directors at least 7 calendar days prior to the date of the meeting. 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, or express their dissenting opinion, which is announced by the Chairman of the Board of Directors before voting on the agenda items of the meeting of the Board of Directors.</p> <p>If the General Meeting of Shareholders approves the new version of the Company's Articles of Association containing a definition of major corporate actions, the Company will add a provision to the Regulation on the Board of Directors that will oblige independent directors to state their position on major corporate actions before their approval.</p>
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 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 Code.	<p>1. Considering the specific nature of the Company's activities, the Company's Articles of Association establish lower minimum criteria used to qualify the Company's transactions as major corporate actions than those stipulated by the legislation.</p> <p>2. In the reporting period, all major corporate actions were subject to the approval procedure before they were taken.</p>	Partially compliant	<p>1. Partially compliant</p> <p>The Company's Articles of Association do not define a list of transactions or other actions qualified as major corporate actions.</p> <p>At the same time, in accordance with the Company's Articles of Association, the competence of the Board of Directors includes approval of a number of transactions considered as major transactions by the Company, with the threshold for being classified as major transactions being significantly lower than that established by the legislation.</p> <p>2. Partially compliant</p> <p>The Company's Articles of Association do not define a list of transactions or other actions qualified as major corporate actions.</p>
<b>7.2</b>	<b>The Company performs major corporate actions according to the procedure that would allow its shareholders to receive in due time full information on such actions, enable them to influence such actions, and guarantee compliance with and an adequate level of protection of their rights in the course of such actions.</b>			
7.2.1	Information on taking any major corporate actions is disclosed with the explanation of the reasons, conditions and consequences of such actions.	1. In the reporting 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.	Compliant	

No.	Corporate governance principles	Compliance criteria	Compliance status	Comments on deviations from compliance criteria
7.2.2	The rules and procedures pertaining to major corporate actions performed by the Company are documented in the Company's internal documents.	<p>1. The internal documents of the Company establish a procedure for engagement of an independent appraiser for the purpose of valuing the property alienated or purchased under a major transaction or a related party transaction.</p> <p>2. The internal documents of the Company establish a procedure for engagement of an independent appraiser to determine the purchase and redemption value of the Company's shares.</p> <p>3. The internal documents of the Company establish an extended list of the reasons for the members of the Board of Directors of the Company and other persons provided for by the legislation to be recognised as interested parties in relation to the Company's transactions.</p>	Partially compliant	<p>1. Compliant</p> <p>2. Compliant</p> <p>3. Non-compliant</p> <p>The internal documents 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 the legislation to be recognised as interested parties in relation to 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>When determining related parties, the Company is guided by the requirements of the legislation of the Russian Federation.</p>

## 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:

- Increase the number of independent directors;
- Develop the internal control and risk management system;
- Create additional Committees under the Board of Directors dealing with various aspects of the Company's activities;
- Disclose additional information, including non-financial statements;
- Reasonable distribution of competencies and liabilities between corporate management bodies;
- Effective combination of centralising decision making process and delegating powers to various managerial levels;
- Enhancement of decision-making promptness and efficiency;
- Enforcement and protection of rights and interests of the Company's shareholders;
- Implementation of high standards of corporate governance ethics.