

Dated 18 December 2012

Statement on corporate governance

AB INTER RAO Lietuva (the "Company") hereby informs about the Company's partial non-compliance with the Code of Best Practice for WSE Listed Companies ("WSE Corporate Governance Rules").

The Company acknowledges the importance of good corporate governance and intends to apply WSE Corporate Governance Rules as wide as is practicable. However, due to, *inter alia*, differences between Polish and Lithuanian Corporate Law the Company will not comply with the following rules:

- Rule II.1.6, according to which the Company should publish on its website annual reports on the activity of the Company's supervisory board (the "Supervisory Board"), taking account of the work of its committees, together with the evaluation of the internal control system and the significant risk management system submitted by the Supervisory Board. According to Lithuanian law, the Supervisory Board is not required to draw up an annual report.
- Rule II.3 and Rule III.9, according to which the Supervisory Board should approve a significant transaction/agreement with a related entity at the request of the Company's management board (the "Management Board"). In accordance with Lithuanian law, the Supervisory Board is not entitled to approve any decisions of the Management Board.
- Rule III.1.1, according to which once a year the Supervisory Board should prepare and present to the annual general meeting of the Company's shareholders (the "General Meeting") a brief assessment of the Company's standing, including an evaluation of the internal control system and the significant risk management system. According to Lithuanian law, the Supervisory Board is not required to draw up such an assessment.
- Rule III.6, according to which at least two members of the Supervisory Board should meet the criteria of being independent from the Company and entities with significant connections with the Company. As of the date of this report none of the members of the Supervisory Board meets criteria of being independent. The Company expects that additional two members of the Supervisory Board will be elected during the first General Meeting, held after listing of the Company's shares on the Warsaw Stock Exchange. It is expected that such additional members of the Supervisory Board shall meet criteria of being independent.
- Rule III.8, according to which annex I to the Commission Recommendation of 15 February 2005 on the role of non-executive or supervisory directors of listed companies and on the committees of the (supervisory) board should apply to the tasks and the operation of the committees of the Supervisory Board. As at the date of this report, the Supervisory Board has not established any committee. However, it is expected that, as soon as the General Meeting elects two additional, independent members of the Supervisory Board, the audit committee will be established from among the members of the Supervisory Board.

Furthermore, the Company will not comply with the following recommendations:

- Recommendation I.5, according to which the Company should have a remuneration policy and rules of defining the policy. The Company has not adopted such policy, since the Company's group is developing and the number of employees and members of management do not justify implementation of a complex set of rules.
- Recommendation I.9, according to which a balanced proportion of women and men in management and supervisory functions should be ensured. Currently, there is only one woman in governing bodies of the Company, Ms Karina Tsurkan, the Chairwoman of the Management Board. However, the Company does not exclude that this recommendation will be implemented in the future.
- Recommendation I.10, according to which, if the Company supports different forms or artistic and cultural expression, sport activities, educational or scientific activities, and considers its activity in

this area to be a part of its business mission and development strategy, impacting the innovativeness and competitiveness of the enterprise, then the Company should publish the rules of its activity in this area. While the Company continuously supports sport, culture and education as well as social initiatives as a part of its business mission, it does not consider it practicable to impose rules on its activity within these spheres.

- Recommendation I.12, according to which the Company should enable its shareholders to participate in a General Meeting using electronic means of communication. Currently, the Company does not envisage such possibility. However, the Company does not exclude that relevant solutions will be introduced in the future.

Legal grounds: § 29.3 of the Warsaw Stock Exchange Rules.