

Appendix # 4  
to the decision of the Board of Directors of IDGC of Centre, PJSC  
Minutes dated «26» February 2021 # 05/21

**Risk Management Policy  
of IDGC of Centre, PJSC  
(new edition)**

Moscow, 2021

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## 1. General provisions

1.1. The Risk Management Policy of IDGC of Centre, PJSC (hereinafter - the Policy) is an internal document of IDGC of Centre, PJSC (hereinafter - the Company), determining its relation to risks, establishing general principles of construction of a risk management system (hereinafter - the Risk Management System, the RMS), its purposes and tasks, general approaches to organisation, responsibility distribution between participants of the Risk Management System and character of their interaction.

1.2. The purpose of this Policy is to ensure a uniform systematic approach to organizing risk management in the Company by defining the goals, objectives, components and principles of risk management and ensuring their unambiguous understanding by the employees of the Company.

1.3. The Policy is developed in accordance with the internal documents of the Company, is based on international, national standards and best practices in the field of risk management and complies with the requirements of the legislation of the Russian Federation.

When preparing the Policy, the following documents were used:

- Federal Law of December 26, 1995 No. 208-FZ “On Joint Stock Companies”;
- Federal Law No. 273-FZ of December 25, 2008 “On Combating Corruption”;
- Federal Law dated December 6, 2011 No. 402-FZ “On Accounting”;
- The Corporate Governance Code recommended by Letter of the Bank of Russia dated April 10, 2014 No. 06-52/2463 “On the Corporate Governance Code”;
- The Regulation of the Bank of Russia dated February 24, 2016 No. 534-P “On admission of securities to on-exchange trading” (registered with the Ministry of Justice of Russia on April 28, 2016 No. 41964);
- Recommendations of the Ministry of Finance of Russia No. PZ-11/2013 “Organization and implementation by an economic entity of internal control over facts of economic life, accounting and preparation of accounting (financial) statements”;
- Order of the Ministry of Labour of Russia dated August 30, 2018 No. 564n “On approval of the professional standard “Risk Management Specialist” (registered with the Ministry of Justice of Russia on September 17, 2018 No. 52177);
- Order of the Federal Property Management Agency dated November 21, 2013 No. 357 “On approval of the Methodological Recommendations for organizing work of the Board of Directors in a joint stock company”;
- Order of the Federal Property Management Agency of March 20, 2014 No. 86 “On approval of the Methodological Recommendations for organizing the work of the Audit Committees of the Board of Directors in a joint stock company with the participation of the Russian Federation”;
- Order of the Federal Property Management Agency dated July 4, 2014 No. 249 “On approval of Methodological Recommendations for organizing internal

audit work in joint stock companies with the participation of the Russian Federation”;

- Order of the Federal Property Management Agency dated September 16, 2014 No. 350 “On approval of the Methodological Recommendations for formation of the Regulations on the Audit Commission of a joint stock company with the participation of the Russian Federation”;

- Order of the Federal Property Management Agency of March 2, 2016 No. 80 “On approval of the Methodological Recommendations for the organization of risk management and internal control in the field of preventing and combating corruption”;

- Methodological instructions of the Federal Property Management Agency for preparation of the Regulations on the risk management system, approved by Order of the Government of the Russian Federation dated June 24, 2015 No. ISH-P13-4148;

- National standard of the Russian Federation GOST R 51897-2011/ISO Guide 73:2009 “Risk management. Terms and definitions” (approved and put into effect by Order of Rosstandart dated November 16, 2011 No. 548-st);

- National standard of the Russian Federation GOST R ISO 31000-2019 “Risk management. Principles and guidelines” (approved and put into effect by Order of Rosstandart dated December 10, 2019 No. 1379-st);

- National standard of the Russian Federation GOST R 58771-2019 “Risk management. Risk assessment technologies” (approved and put into effect by Order of Rosstandart dated December 17, 2019 No. 1405-st);

- International standard ISO 31000:2018 “Risk Management - Guidelines”;

- International standard ISO 31010:2019 “Risk management. Risk assessment techniques”;

- COSO Concept Enterprise Risk Management Integrated Framework (2017);

- Risk Management Standards of the Federation of European Risk Management Associations (FERMA);

- International Framework for the Professional Practice of Internal Auditors, adopted by the International Institute of Internal Auditors (including the International Professional Standards for Internal Auditing);

- The Articles of Associations of the Company and internal regulations.

1.4. This Policy applies to all participants in the risk management process specified in section 5 of this Policy. The Policy is obligatory for application by all structural divisions of the Company.

1.5. The Policy is the basis for the development of internal methodological and administrative documents regulating the processes of organizing and functioning of the RMS at all levels of management of the Company, and describing in detail the procedures for identifying, assessing and managing risks, including methods and tools for managing certain types of risks.

1.6. The Policy, as well as all changes and amendments to it, are approved by the Board of Directors of the Company with preliminary consideration of the authorized

committee of the Board of Directors of the Company, whose competence includes preliminary consideration, analysis and development of recommendations (conclusions) on the issue of approval by the Board of Directors of the Company of internal documents regulating risk management in the Company. Preparation of proposals for updating this Policy is carried out by a division of the Company, which is entrusted with the function of coordination and methodological support of risk management activities. The initiators of amendments to the Policy may be the heads of the structural divisions of the Company, the executive bodies of the Company, the authorized committee of the Board of Directors of the Company, the Board of Directors of the Company. Changes and additions to this Policy are made as necessary: with the further development and improvement of the RMS, with a change in the organizational and functional structure and other essential conditions for the functioning of the Company.

## 2. Terms and definitions

2.1. The following terms and definitions are used in this Policy:

Term	Definition
Risk probability	A chance that something might happen, whether it is stated, measured or determined objectively or subjectively, qualitatively or quantitatively, and whether it is described in general terms or mathematically. The determined value of the probability (possibility) of risk reflects the degree of confidence in the occurrence of risk from 0 to 100%
Risk owner	The head of a unit / structural division of the Company, responsible for all aspects of managing a certain risk, incl. reducing the likelihood of risk materialization and/or reducing the possible impact of consequences from risk materialization
Impact	Deviation from what is expected
Risk identification	Risk identification (detection), risk recognition / risk analysis and description
Source of risk (risk factor)	An object or activity that, alone or in combination with others, has the potential to cause a risk / increase in risk. The source of risk can be tangible and intangible
Final risk assessment	A summary risk assessment calculated as the product of the level of probability of the risk occurrence and the level of risk consequences. The final risk assessment serves as the basis for ranking risks and assigning them to a corresponding area of the Risk map
Risk map	Graphical representation of the position (ranking) of risks, taking into account the results of their assessment. The Risk map contains three areas reflecting the level of materiality of risks (moderate - green area, significant - yellow, critical - red)
Risk response method	A set of impacts on risk; is determined based on the level of materiality of the risk and the degree of risk control and may include the following: risk reduction, risk rejection, risk acceptance, risk transfer
Company	IDGC of Centre, PJSC

Risk assessment	Determination (measurement) of the likelihood and consequences of risks, comparison of measurements with risk criteria in order to make a decision on the need to influence risk and establish a priority of impact on risk
Risk certificate	A document containing a description of the risk, its assessment and measures to manage it, in the prescribed format
Risk management action plan	A documented list of measures to implement the selected risk response method developed by risk owners, containing a clear definition of the scope of tasks, the amount of resources required, responsible persons and deadlines
Consequence of risk	At the current stage of the RMS development, the degree of negative impact of the risk or the amount of potential damage that may result from the realization of the risk
Preferred risk (risk appetite)	The maximum permissible level of risks that the Company considers acceptable in the process of achieving the goals of the Company and is ready to maintain
Risk register	A form established in the Company for recording information on identified risks
Risk (risk event)	Consequence of the impact of uncertainty on goals: a potentially possible action or event that can affect the achievement of the goals of the Company or individual processes (areas of activity). At the current stage of development of the Company's RMS, risk is understood as a negative consequence of the influence of uncertainty on the achievement of the set goals. Risk is characterized by the likelihood and significance of consequences and is expressed as a combination of the consequences of an event and the associated probability or possibility of occurrence
Risk management system	A set of organizational measures, methods and procedures created and used for effective implementation of risk management
Risk management	Coordinated actions for the management of the Company, taking into account the risk, carried out by the management bodies, employees of the Company and other stakeholders
Risk materiality level	Risk assessment determined on the basis of the final risk assessment using a materiality scale, which serves as the basis for choosing a risk response method. Each risk corresponds to one of three levels of risk materiality: moderate, significant, critical
Materiality scale	Interval risk assessment to determine the level of risk materiality

### **3. Goals and objectives of the risk management system**

3.1. The RMS is a part of the overall management process, which is mechanisms and tools that provide organizational measures and a structure for development, implementation, monitoring, revision and continuous improvement of the Company's risk management processes.

3.2. The goal of the RMS is to reduce uncertainty regarding the achievement of the goals set for the Company, set at all levels of the Company's management, including the Development Strategy of Rosseti's Group of Companies and in the documents of tactical and operational planning (business plans, budgets, and so on). The RMS is aimed at identifying events that may affect the activities of the

Company, and managing the risks associated with these events, as well as maintaining the integral risk of the Company at the level of preferred risk.

3.3. The objectives of the RMS are:

- development of a risk-oriented corporate culture. The executive bodies and management of the Company ensure the dissemination of knowledge and skills in the field of risk management in the Company, the involvement of employees in the risk management process, as well as the possibility of effective exchange of information within the framework of the RMS;

- achieving an optimal balance between preferred risk (risk appetite) and development strategy. The Company assesses the preferred risk at the stage of choosing from strategic alternatives when setting goals that correspond to the chosen strategy, as well as when developing mechanisms for managing the corresponding risks;

- improving the decision-making process for responding to emerging risks. The risk management process determines which method of risk response in the Company is preferable: risk rejection, risk reduction, risk transfer or risk acceptance. The RMS ensures the cost-effectiveness of risk management measures. Risk reduction is carried out on the basis of economic feasibility;

- reduction of the number of unforeseen events and losses in economic activity. For these purposes, it is necessary to increase the ability to identify potential events and establish appropriate measures, reducing the number of such events and the associated costs and losses;

- determination and management of the entire set of risks in economic activity. The risk management process facilitates a more effective response to multiple impacts and an integrated approach to multiple risks.

#### **4. Principles of functioning of the risk management system**

4.1. The development and functioning of the RMS in the Company is carried out on the basis of uniform principles that are adopted and observed by the management bodies and employees of the Company at all levels of the Company's management.

4.1.1. Continuity and complexity: the functioning of the RMS is a continuous, constantly functioning process that affects all the activities of the Company.

4.1.2. Goal orientation: the functioning of the RMS contributes to the achievement of the goals set in the strategic and tactical planning documents.

4.1.3. Integration into management: Integration into management: the RMS is an integral part of the decision-making system in the Company at all management levels. The RMS promotes informed decision-making, taking into account analysis of all available information about the likelihood and consequences of decisions made and possible alternatives to these decisions.

4.1.4. Formation and preservation (protection) of the value of the Company: the RMS contributes to the achievement of the goals of the Company, to increase productivity, to ensure the health and safety of the Company's employees, to ensure the safety and security of the Company, to comply with legal and regulatory

requirements, to protect the environment, to improve the quality of service (customer focus), the efficiency of operations, management and reputation.

4.1.5. Balance between risks and profitability: the RMS contributes to achieving an optimal balance between risks and profitability for the Company as a whole, taking into account the requirements of legislation, provisions of internal documents and the Articles of Association of the Company, including investments, it is necessary to proceed from a reasonable degree of risk and the correspondence of the level of accepted risk to the established level of preferred risk.

4.1.6. Uncertainty: uncertainty is an integral part of decisions made in the Company. The RMS allows to systematize information about sources of uncertainty (risk factors) and help reduce it.

4.1.7. Consistency: the functioning of the RMS is based on a systematic approach that allows for timely and high-quality identification, risk assessment and implementation of control procedures formalized in the internal documents of the Company. Systematic, regular, consistent management of all types of risks is carried out in all key areas of activity, at all levels of management of the Company.

4.1.8. Quality of information: the functioning of the RMS is based solely on qualitative, timely, verified and confirmed information. The RMS is based on information from sources such as historical data, experience, stakeholder feedback, observations, analytical materials, forecast data and expert assessments. At the same time, when making decisions, it is necessary to take into account the limitations and assumptions of the data sources or the methods of modeling and risk assessment used and the possible subjectivity of the expert opinion on which the risk assessment is based.

4.1.9. Interest and leadership: the management bodies and managers of the Company ensure the dissemination of knowledge and skills in the field of risk management in the Company, contribute to the development of a corporate culture of compliance with the principles of the RMS and decision-making taking into account risks. Adequate and timely involvement of stakeholders and, in particular, decision-makers in the RMS processes at all levels of the Company's management ensures the appropriate level of the RMS development and its compliance with the requirements of the internal and external environment.

4.1.10. Assignment of responsibility for risk management: the risk owner is responsible for risk management within the limits of his assigned powers and functions. The employees of the Company are responsible for compliance with the procedures, norms and measures for risk management established in the Company.

4.1.11. Efficiency: the RMS is based on the principle of efficiency (efficiency and economy) in the implementation of risk management processes, namely: the need to achieve the established goals of the Company using the least amount of resources (economy) and (or) to achieve the best result of the Company's activities using the established amount of resources (efficiency).

4.1.12. Cross-functional interaction: risk management processes affecting several areas of activity (business processes) or the activities of several structural divisions are based on collegial decisions taken jointly based on information

available to various structural divisions, taking into account the views of all stakeholders.

4.1.13. Reasonable confidence: the RMS participants make every possible effort and use possible resources to achieve the set goals of the Company, however, the RMS cannot guarantee that the Company will fully achieve its goals, as well as identify and mitigate absolutely all risks.

4.1.14. Adaptability: the RMS operates taking into account the conditions and factors of the external and internal environment. Due to the fact that the goals of the Company may be subject to changes, the goals, objectives and principles of the RMS should be reviewed for their relevance and compliance with the level of development of the RMS at least once every five years.

4.1.15. Agility: risk management is a dynamic and responsive process. Under the influence of changing factors of the internal or external environment, continuous monitoring of risks is carried out, changes in assessment of existing risks, timely identification of new risks, their analysis and evaluation.

4.1.16. Continuous improvement: the Company constantly monitors the functioning of the RMS, based on the results of which it develops measures aimed at improving and developing the RMS, the culture of adhering to the RMS principles and making decisions based on risks.

4.1.17. The Company's risk management complies with the principles set out in the international risk management standard ISO 31000:2018 "Risk Management - Guidelines", COSO Concept Enterprise Risk Management Integrated Framework and guidelines for public / state-owned companies in the field of risk management.

## **5. Participants of the risk management process and their functions**

5.1. The main participants of the risk management process are:

- Board of Directors of the Company;
- Authorized Committee of the Board of Directors of the Company;
- Audit Commission of the Company;
- executive bodies of the Company (Management Board of the Company, General Director of the Company);
- risk owners;
- executors of risk management measures;
- division for risk management;
- division for internal audit.

5.2. The risk management division is delineated in terms of functionality from the activities of structural divisions that manage risks within the framework of their operating activities, as well as from activities related to the functionality of internal audit and other divisions that perform the functions of independent monitoring and evaluation of the Company's RMS.

5.3. The distribution of responsibilities between the RMS participants is established as follows:

5.3.1. The Board of Directors of the Company carries out:

- approval of the Company’s Risk Management Policy containing the principles and approaches to the organization of the RMS;
- approval of the Company’s internal documents defining the organization, functioning and development of the Company’s RMS;
- approval of preferred risk (risk appetite);
- annual consideration of a report of the executive bodies on the organization, functioning and efficiency of the RMS, as well as an assessment of the functioning of this system and the development of recommendations for its improvement;
- annual review of results of the assessment by the internal audit of the state and efficiency of the RMS;
- consideration of results of an external independent assessment of the effectiveness of the RMS.

5.3.2 The authorized committee of the Board of Directors of the Company carries out a preliminary consideration of issues related to the functioning of the RMS before submission to a meeting of the Board of Directors of the Company. The tasks of the authorized committee of the Board of Directors are determined by the Regulations on the authorized committee approved by the Board of Directors of the Company.

5.3.3. Based on the results of the audit, the Audit Commission of the Company prepares proposals / recommendations for improving the Company’s RMS.

5.3.4. The executive bodies of the Company (Management Board of the Company, General Director of the Company):

- ensure the creation and maintenance of the functioning of an effective RMS;
- are responsible for implementation of decisions of the Board of Directors of the Company in the field of the RMS organization.

5.3.4.1. The Management Board of the Company / General Director performs:

- approval of the Risk Register, Risk Map, Action Plan for risk management of the Company;
- formation of a strategy and plan for development and improvement of the RMS;
- submission of preferred risk (risk appetite) for approval by the Board of Directors of the Company;
- consideration of results of external and internal independent assessment of the state and effectiveness of the RMS;
- submission to the Board of Directors of the Company for consideration of an annual report of the executive bodies on the organization, functioning and efficiency of the RMS;
- distribution of powers, duties and responsibilities among those under their authority or supervised by the heads of the Company’s divisions for specific risk management procedures;
- approval of internal methodological documents of the Company on organization, operation of the RMS, implementation of the risk management

process, assessment and management of certain types of risks, except for documents the approval of which is within the competence of the Board of Directors of the Company;

- ensuring effective risk management within the framework of the current activities of the Company.

5.3.5. Risk owners have the following responsibilities:

- timely identification and assessment of risks;
- selection of a method of responding to risks;
- timely development and organization of implementation of risk management measures;
- regular monitoring of risks;
- ensuring timely notification of the executive bodies of the Company about results of work on risk management;
- ensuring effective interaction with the risk management division in terms of documents and reporting generated as part of the risk management process.

5.3.6. Performers of risk management measures carry out:

- proper execution of functions aimed at minimizing risks, in accordance with job descriptions and established regulatory documents;
- implementation of measures aimed at risk management in a timely manner and in full.

5.3.7. The risk management division carries out:

- coordination of the risk management process;
- development of methodological documents in the field of ensuring the risk management process;
- organizing and conducting training for the Company's employees in the field of risk management;
- analysis of the Company's risk portfolio and development of proposals for a response strategy and redistribution of resources in relation to risk management;
- formation of reports on risks;
- operational control over the risk management process by the structural divisions of the Company;
- implementation of control measures in the Company on organization and functioning of the RMS;
- preparation and presentation to the executive bodies of the Company of information on the effectiveness of the RMS, as well as on other issues stipulated by the Risk Management Policy.

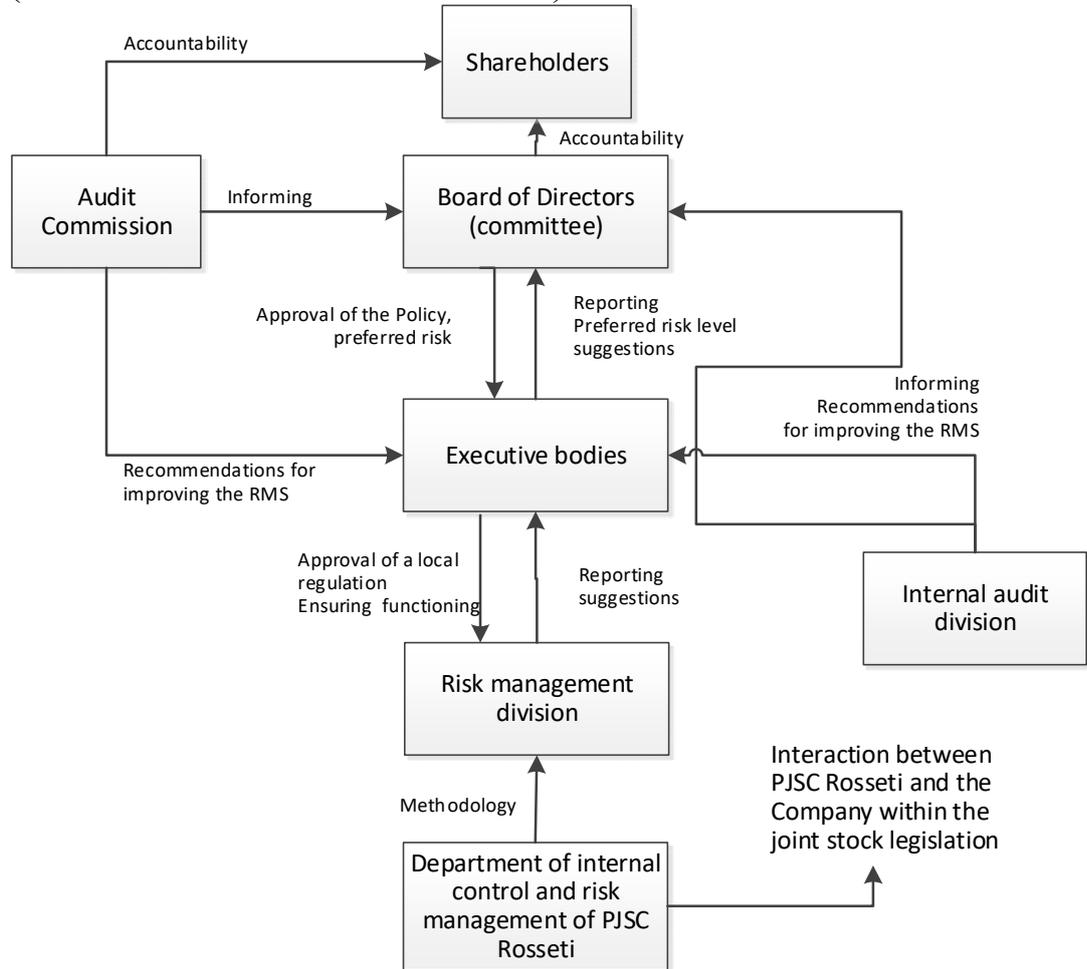
5.3.8. The internal audit division carries out:

- conducting an internal independent assessment of the efficiency of the RMS of the Company and developing recommendations for improving the efficiency and effectiveness of the RMS;
- informing the executive bodies, the Audit Committee of the Board of Directors of the Company and the Board of Directors of the Company about the state of the RMS by annually submitting for consideration results of assessing the state and efficiency of the RMS.

## 6. Interaction within the risk management system

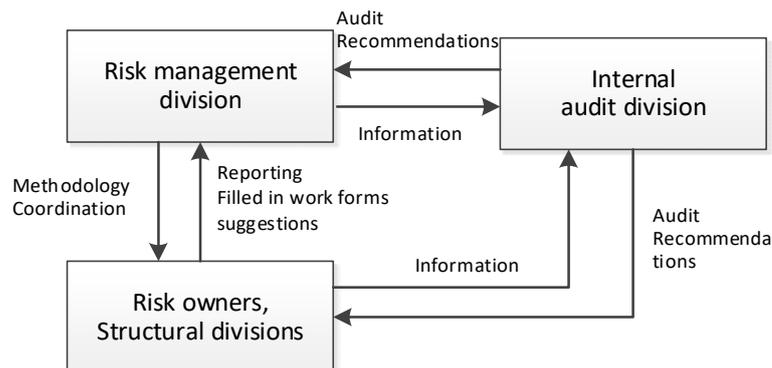
6.1. To establish internal mechanisms for the exchange of information and reporting, the Company carries out vertical and horizontal interaction between the RMS participants and interaction with external stakeholders.

6.2. Interaction between the RMS participants at different levels of the hierarchy (vertical interaction within the RMS):



Vertical interaction within the framework of the RMS is carried out taking into account the norms enshrined in this Policy and in the internal documents governing the activities of the RMS participants.

6.3. Interaction between structural divisions of the Company within the framework of the RMS (horizontal interaction within the framework of the RMS):



Horizontal interaction within the framework of the RMS is carried out taking into account the norms enshrined in this Policy and in the internal documents of the Company, regulating the procedure for interaction between the structural divisions of the Company in the process of risk management.

6.4. Interaction of the structural divisions of the Company within the framework of the RMS is carried out to resolve cross-functional issues of risk management.

6.5. Interaction with external stakeholders is carried out by the RMS participants on the basis of internal regulatory and organizational and administrative documents of the Company, including those determining the information policy and regulating the external communications of the Company.

## **7. Preferred risk (risk appetite)**

7.1. Preferred risk is the maximum permissible level of risks that the Company considers acceptable in the process of achieving the goals of the Company and is ready to maintain.

7.2. The preferred risk level is used when making decisions at all management levels and all structural divisions of the Company.

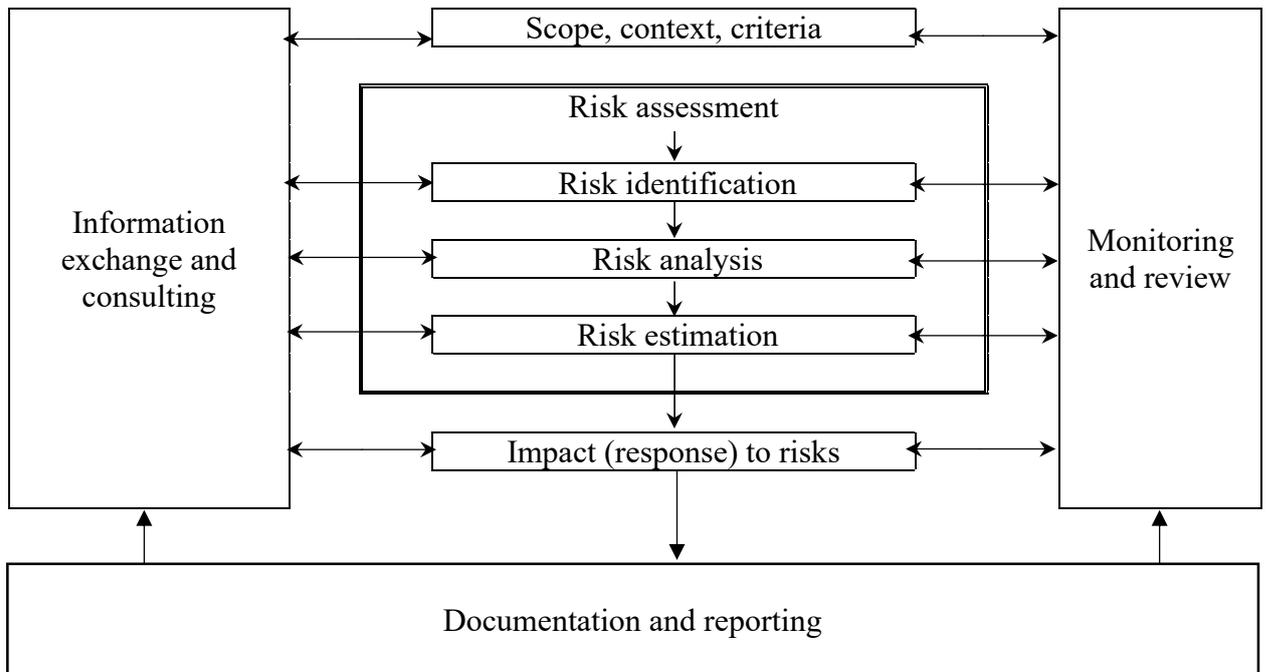
7.3. The procedure for determining the level of preferred risk is established by a separate methodological document approved in accordance with the procedure set by the Company.

7.4. Responsibilities for development and revision of the methodology for determining the level of preferred risk are assigned to the risk management division.

7.5. The preferred risk is determined by the Management Board of the Company and approved by the Board of Directors of the Company with preliminary consideration by the authorized committee of the Board of Directors of the Company.

## **8. Stages of the risk management process**

8.1. The RMS is based on generally accepted concepts and practices in the field of risk management. The stages of risk management correspond to the stages set out in the international standard ISO 31000-2018 “Risk Management - Guidelines”, the national standard of the Russian Federation GOST R ISO 31000-2019 “Risk Management. Principles and Guidelines”, approved and put into effect by Order of Rosstandart dated December 10, 2019 No. 1379-st. The stages of the risk management process and their relationship are presented in the diagram.



8.1.1. Scope, context, criteria. The Company defines its mission, sets goals and formulates plans to achieve them, taking into account factors of the internal and external environment. The Company, being a company with the participation of the Russian Federation, adheres to the approaches of vertical strategic planning:

- strategic goals of Rosseti’s group of companies are set by the Board of Directors of PJSC Rosseti in strategic and program documents (including the Development Strategy);
- tactical goals, the achievement of which is ensured by the implementation of internal control, are established in the documents of the Company’s tactical planning: short-term and operational plans.

The external environment, in which the Company achieves the set goals includes (but is not limited to):

- socio-political, legal, regulatory, financial and economic, technological, environment;
- main factors and conditions for development of the electric power industry;
- relationship with external stakeholders.

The internal environment, in which the Company achieves the set goals includes the culture (opinions and attitude) of the Company’s management and employees to risk management, reflects the values of the Company and influences its corporate culture, procedure and rules for carrying out activities.

The internal environment includes (but is not limited to):

- organizational structure of management and distribution of powers;
- plans and programs that establish strategic and tactical goals of the Company;
- resources and capital (including personnel, competencies, systems and technologies);

- appropriate tools and methods for risk assessment;
- information systems;
- corporate culture of the Company;
- standards and procedures of the Company;
- determination of preferred risk.

8.1.2. Risk assessment is the process of identifying, analyzing and assessing risk.

Risk identification includes identification of risk events (including possible changes in the internal and external environment), their causes (factors) and consequences. Risks must be identified regardless of whether the Company can influence their factors. Risks are formalized in the form of risk registers.

Risk analysis provides input to risk assessments and decisions on how to deal with those risks, and the most appropriate strategies and interventions. Risk analysis includes consideration of risk factors, their negative and positive consequences, analysis of risk chains.

Risk assessment is aimed at making decisions based on the initial results of risk analysis and includes comparing risk levels, taking into account the likelihood of their occurrence and the degree of their impact on the Company's activities with the level of preferred risk.

Risk assessment is carried out using qualitative and quantitative approaches, as well as their combination. Methods for assessing individual risks are determined by internal regulatory and organizational and administrative documents.

8.1.3. Impact (response) to risks. The Company provides a choice of methods for responding to risks, developing a number of measures that allow to bring the identified risk in line with the level of preferred risk.

The Company uses the following basic methods of risk response:

- risk rejection - risk evasion or avoidance. This method implies refusal to perform certain actions, refusal from assets characterized by an unacceptable level of risk. Risk avoidance, as a method of covering risks, is used in exceptional cases and is used when the cost of impacting the risk is too high or such impact will not reduce the risk to an acceptable level, and also when it is impossible or ineffective to transfer the risk to a third party;

- risk reduction - impact on risk by reducing the likelihood of risk realization and (or) reducing negative consequences in case of risk realization;

- risk transfer - transfer or partial transfer of risk to another party (for example, by concluding insurance contracts, outsourcing, etc.), which makes it possible to reduce the negative impact of uncertainty on the achievement of the Company's goals. It should be borne in mind that some risks, for example, reputational risk, are not always possible to transfer;

- risk acceptance. This method means that the Company admits the possible occurrence of adverse consequences of the risk, while identifying specific sources of coverage for damage from such consequences (for example, the creation of reserves).

To respond to a specific risk, one or more of the listed methods can be used.

The choice of response method depends on the level of materiality of the risks (in accordance with the priority of the identified risks), the impact on the likelihood and influence of risks, the costs of its implementation and the benefits obtained.

8.1.4. Documenting and reporting. Results of risk management are documented and reflected in the risk reporting. Documentation and reporting aims to:

- exchange of information on measures and results of risk management in the Company;
- provision of information for decision-making by the management of the Company;
- development and improvement of the RMS;
- facilitating interaction with stakeholders.

The Company consolidates information on identified risks, keeps records of realized risks and analyzes the reasons that contributed to their implementation, informs stakeholders about the functioning of the RMS. Risk reporting is designed for full and transparent exchange of consolidated risk information.

8.1.5. Information exchange and consulting is carried out at all stages of the risk management process. The RMS information exchange coordinator is the risk management division of the Company.

The information infrastructure of the Company ensures the collection and recording of data in such a time frame, of such quality and with such a degree of detail that allows the Company to identify, assess and respond to risks while maintaining the level of integral risk within the preferred risk.

The Company considers data obtained on the basis of past, present and possible future events. Retrospective data allow the Company to track actual indicators in comparison with goals, plans, expectations and identify factors influencing the achievement of goals. Current data provide important additional information that allows existing conditions to be taken into account when analyzing possible future events.

The Company has established information exchange both horizontally: by exchanging information between structural divisions, and vertically: from top to bottom (through informing about decisions of the management and management bodies of the Company) and from bottom to top (information is sent to higher levels of management, including executive bodies of the Company, the Board of Directors).

8.1.6. Monitoring and revision. Risk management monitoring includes assessing the effectiveness and efficiency of the RMS. Monitoring can be carried out in the course of ongoing activities or through periodic inspections, or through a combination of these methods.

Monitoring of risks and the status of implementation of risk management measures is carried out on a periodic basis through updating information on risks and risk management activities, including as part of preparation of risk management reports.

The results of monitoring can be the basis for revising the composition of risks, their assessment, methods of responding to risks, risk management measures,

as well as organizational measures, methods and procedures created and used for effective implementation of risk management.

8.2. Internal control is an integral part of the risk management process and is carried out at all its stages.

8.3. A detailed description of the procedures and tools used in the implementation of the RMS stages (risk classification, risk assessment and their ranking, risk certificates, risk maps and registers, risk materiality scale, and so on) are regulated by organizational and administrative documents approved by the executive bodies of the Company.

## **9. Assessment of the effectiveness of the risk management system**

9.1. The Company periodically evaluates the effectiveness of the current state of the RMS.

9.2. Forms of assessing the effectiveness of the Company's RMS:

- self-assessment;
- internal independent assessment;
- external independent assessment.

9.3. Self-assessment of the effectiveness of the RMS is carried out by the risk management division at least once a year, with the results of assessing the effectiveness of the RMS in the annual report of the executive bodies on the organization, functioning and effectiveness of the RMS.

The executive bodies of the Company at least once a year report to the Board of Directors of the Company (with preliminary consideration of the authorized committee of the Board of Directors of the Company) on the organization, functioning and effectiveness of the RMS.

9.4. An internal independent assessment of the effectiveness of the RMS is carried out annually by the internal audit division. The results of the assessment of the state and efficiency of the RMS are considered by the Management Board of the Company, the Board of Directors of the Company (with preliminary consideration by the Audit Committee of the Board of Directors of the Company).

9.5. An external independent assessment of the effectiveness of the RMS is carried out by an external independent consultant at least once every three years, depending on the level of accepted risks, changes in organizational activities and the general level of development, reliability and efficiency of the RMS.

The results of an external independent assessment of the effectiveness of the RMS are submitted for consideration by the Management Board of the Company, the Board of Directors of the Company (with preliminary consideration by the Audit Committee of the Board of Directors of the Company).