

RISK MANAGEMENT SYSTEM OF THE COMPANY

The Company has a risk management system (further in the text – RMS), designed with a purpose to ensure sustainable continuous operation and development of the Company through the timely identification, assessment and effective management of risks that pose a threat to the effective implementation of the Company's business, the health of employees, the environment, and property interests of shareholders and investors. The Board of Directors and Management control all key risks of the Company.

The main RMS participants

NAME OF PARTICIPANT	MAIN FUNCTIONS IN RMS PART
Board of Directors	• approves the Company's internal documents defining the organization and operation of the Company's RMS • analyzes the reports of the Company's executive bodies, concerning the organization, functioning and effectiveness of RMS, evaluates the operation of RMS and makes recommendations for improvement
Committee for Strategy, Development, Investments and Reform of the Board of Directors	monitors the effectiveness of risk management procedures, as well as evaluating the effectiveness of risk management activities and advancement of RMS
Executive bodies (Management Board, General Director)	• establish the requirements for the format and completeness of information about the risks of the Company; • form directions and plans for development and improvement of RMS; • analyze the portfolio of risks and develop measures for the response strategy and reallocation of resources towards the relevant risks management
Risk owners	Responsible for the timely identification and assessment of risks, the choice of risk response method, the timely development, risk management measures, and the regular risks monitoring.
The Executors of risk management activities	responsible for the early detection and/or minimization of risks, implementation of measures aimed at risk management in a timely manner and in full
Directorate for internal control and risk management	performs functions of the overall coordination of risk management procedures
Internal Audit Department	carries out an independent internal assessment of the effectiveness of the RMS and issue recommendations to improve the efficiency and effectiveness of RMS

In 2018 the Company continued developing the risk management system in compliance with the Risk Management Policy, which was approved by the Board of Directors of the Company on March 17, 2016, in a new edition (minutes No. 233/2016).