

Annex 3
to the Resolution of February 19, 2021
by the Board of Directors
of “Rosseti Lenenergo”, PJSC
(Minutes No. 53 of February 20, 2021)

“ROSSETI LENENERGO”, PUBLIC JOINT STOCK COMPANY

COMPANY POLICY

PK-14.01-002-2021

“Rosseti Lenenergo”, PJSC

**Risk Management Policy
(revised version)**

Revision 4

Saint Petersburg

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Contents

1. General.....	3
2. Terms and Definitions.....	5
3. Risk Management System Goals and Objectives.....	6
4. Risk Management System Principles.....	7
5. Risk Management Process Participants and Their Functions	9
6. Interaction within the Risk Management System	11
7. Risk Appetite	12
8. Risk Management Process Phases	12
9. Risk Management System Efficiency Assessment	16

1. General

1.1. The Risk Management Policy of “Rosseti Lenenergo”, PJSC (the “Policy”) is an internal regulation of “Rosseti Lenenergo”, PJSC (the “Company”), which determines the Company's attitude towards risk, establishes the general principles of the risk management system (RMS) implementation, its purposes and objectives, general approaches to its organization, functioning and improvement, responsibility sharing between RMS participants and the scope of their interaction.

1.2. The purpose of this Policy is to ensure a consistent and harmonized approach to risk management in the Company by determining the goals, objectives, components and principles of risk management and ensuring unambiguous understanding thereof by the Company employees.

1.3. This Policy was drafted in accordance with the Company's regulations, in view of international and national standards and best practices in the area of risk management, and in compliance with the Russian laws.

When drafting the Policy, the following documents were used:

- Federal Law No. 208-FZ *On Joint Stock Companies* of December 26, 1995;
- Federal Law No. 273-FZ *On Combating Corruption* of December 25, 2008;
- Federal Law No. 402-FZ *On Accounting* of December 6, 2011;
- Corporate Governance Code recommended by the Bank of Russia (Letter No. 06-52/2463 *On the Corporate Governance Code* of April 10, 2014);
- Regulations No. 534-P of the Central Bank of Russian *On Listing of Securities for Exchange Trading* of February 24, 2016 (registered with the Ministry of Justice of the Russian Federation under No. 41964 of April 28, 2016);
- Recommendations No. PZ-11/2013 of the Ministry of Finance of the Russian Federation *Organization and Conducting by an Entity of Internal Control of the Business Actions, Accounting, and Accounting (Financial) Reporting*;
- Order No. 564n of the Ministry of Labour of the Russian Federation *On Approval of the Occupational Standard 'Professional Risk Manager'* of August 30, 2018 (registered with the Ministry of Justice of the Russian Federation under No. 52177 of September 17, 2018);
- Order No. 357 of the Federal Agency for State Property Management (Rosimushchestvo) *On Approval of the Guidelines for the Organization of Activities of the Board of Directors in Joint Stock Companies* of November 21, 2013;
- Order No. 86 of the Federal Agency for State Property Management (Rosimushchestvo) *On Approval of the Guidelines for the Organization of Audit Committees of the Board of Directors in Joint Stock Companies with State Participation* of March 20, 2014;
- Order No. 249 of the Federal Agency for State Property Management (Rosimushchestvo) *On Approval of the Guidelines for the Organization of Internal Audit in Joint Stock Companies with State Participation* of July 4, 2014;
- Order No. 350 of the Federal Agency for State Property Management (Rosimushchestvo) *On Approval of the Guidelines for Drafting the Regulations for the*

Internal Audit Board in Joint Stock Companies with State Participation of September 16, 2014;

– Order No. 249 80 the Federal Agency for State Property Management (Rosimushchestvo) *On Approval of the Guidelines for the Organization of Risk Management and Internal Control in the Area of Corruption Prevention and Combatting* of March 02, 2014;

– *The Guidelines of Rosimushchestvo for Drafting the Regulations for the Risk Management System* (approved by the Russian Government Decree No. ISh-P13-4148 of June 24, 2015);

– National Standard of the Russian Federation GOST R 51897-2011/ISO Guide 73:2009 *Risk Management. Terms and Definitions* (approved and implemented by Order No. 548-st of the Federal Agency on Technical Regulating and Metrology (Rosstandart) of November 16, 2011);

– National Standard of the Russian Federation GOST R ISO 31000-2019 *Risk Management. Principles and Guidelines* (approved and implemented by Order No. 1379-st of the Federal Agency on Technical Regulating and Metrology (Rosstandart) of December 10, 2019);

– National Standard of the Russian Federation GOST R 58771-2019 *Risk Management. Risk Assessment Technologies* (approved and implemented by Order No. 1405-st of the Federal Agency on Technical Regulating and Metrology (Rosstandart) of December 17, 2019);

– International Standard ISO 31000:2018 *Risk Management - Guidelines*;

– International Standard ISO 31010:2019 *Risk Management - Risk Assessment Techniques*;

– The COSO Guidance on *Enterprise Risk Management — Integrating with Strategy and Performance* (2017);

– Risk Management Standards by the Federation of European Risk Management Association (FERMA);

– The International Professional Practices Framework by the Institute of Internal Auditors (including the International Standards for the Professional Practice of Internal Auditing);

– The Articles of Association and the regulations of the Company.

1.4. This Policy applies to all participants of the risk management process as specified in section 5 hereof. This Policy is compulsory for all divisions of the Company.

1.5. This Policy provides the basis for the development of internal guidelines and administrative documents that govern the RMS organization and functioning processes at all levels of Company management and provide a detailed description of the risk identification, assessment and management procedures, including methods and tools for the management of individual types of risks.

1.6. This Policy and all amendments or supplements hereto are approved by the Company's Board of Directors subject to the preliminary review by a relevant committee of the Board of Directors having authority to review preliminarily, analyze and provide recommendations (opinions) concerning approval by the Company's Board of Directors of regulations that govern the risk management in the Company.

Proposals for updating the Policy are prepared by the Company's division entrusted with the function of coordination and methodological support for risk management activities (risk management division). Heads of divisions, executive bodies, authorized committee of the Board of Directors, and the Company Board of Directors may initiate updating of the Policy. This Policy is updated or supplemented as necessary upon further RMS development and improvement, in the event of changes in the organizational and functional structure or other significant changes in the operating environment of the Company.

2. Terms and Definitions

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

Term	Definition
Risk likelihood	chance of something happening, whether defined, measured or determined objectively or subjectively, qualitatively or quantitatively, or described using general terms or mathematically. The measured value of risk likelihood (probability) reflects the degree of certainty about risk occurrence from 0 to 100%
Risk owner	head of a unit / structural division of the Company who is in charge of all aspects of managing a specific risk, including reduction of risk realization likelihood and/or reduction of possible impact of risk realization
Effect	deviation from what is expected
Risk identification	detection (uncovering) of risks, recognition / analysis of risks, and description of risks
Risk source (risk factor)	object or activity which alone or in combination with others has the potential to give rise to risk / higher risk. A risk source can be tangible or intangible.
Overall risk evaluation	consolidated risk evaluation calculated as a product of the level of risk likelihood and the level of risk consequences. Overall risk evaluation provides the basis for ranking of risks and displaying them in a respective area of the Risk Map
Risk map	graphic representation of the position (ranking) of risks taking into account the results of their evaluation. The risk map contains three areas that reflect the risk significance (moderate - green area; significant - yellow area; critical - red area)
Risk treatment	combination of risk response measures; it is determined based on the risk significance and the extent of risk manageability and can include the following: risk reduction, risk avoidance, risk acceptance, risk sharing
Company	For the purpose hereof, the Company refers to “Rosseti Lenenergo”, PJSC
Risk assessment	determining (measuring) the likelihood and consequences of risks and comparing the measurements with risk criteria to decide whether risk treatment is required and determine the risk treatment priority
Risk passport	document containing description and evaluation of risk and risk management measures, in an established format
Risk management plan	documented list of measures to implement the selected risk treatment method developed by risk owners, which specifies

	clearly defined tasks, required resources, assignment of responsibilities, and timing of activities
Risk consequence	At the current stage of the Company's RMS development, it refers to the extent of the negative risk effect or the amount of potential damage that may be caused by risk realization
Risk appetite	maximum level of risks that the Company considers acceptable in the process of achieving its goals and is willing to maintain
Risk register	form of recording information about identified risks adopted in the Company
Risk (risk event)	effect of uncertainty on objectives: potentially possible action or event that has the potential of influencing the achievement of the Company's goals or individual processes (areas of activity). At the current stage of the Company's RMS development, risk refers to negative consequences of the effect of uncertainty on the achievement of the set objectives. Risk is characterized by the likelihood and significance of consequences and is expressed in terms of a combination of the consequences of an event and the associated likelihood or probability of occurrence.
Risk management system	combination of organizational measures, methods and procedures designed and applied for efficient risk management
Risk management	coordinated activities to direct and control the Company with regard to risk carried out by the governance bodies, employees of the Company and other stakeholders
Risk significance	risk assessment based on the overall risk evaluation using the significance scale that provides the basis for selecting a risk treatment method. Each risk is ranked into one of three levels of risk significance: moderate, significant, critical
Significance scale	interval evaluation of risk which helps to determine risk significance

3. Risk Management System Goals and Objectives

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

3.2. The RMS goal is to reduce uncertainty concerning the achievement of objectives set by the Company at all levels of the Company management, including those set out in the Rosseti Group Development Strategy and in the documents of tactical and operational planning (business plans, budgets, etc.). The RMS is designed to identify events that may affect the Company's operations, to manage risks associated with such events, and to maintain the Company's integral risk within its risk appetite.

3.3. The RMS objectives include:

- developing risk-oriented corporate culture. The Company's executive bodies and management ensure that knowledge and skills in the area of risk management are disseminated in the Company and that information can be efficiently shared within of the RMS;
- achieving the optimal balance between the risk appetite and the development strategy. The Company assesses its risk appetite at the stage of selecting

strategic alternatives when setting objectives that correspond to the selected strategy and when developing mechanisms to manage associated risks;

- improving the decision making process to respond to the occurring risks.

The risk management process determines the preferred risk treatment method applied in the Company: risk avoidance, risk reduction, risk sharing, or risk acceptance. The RMS ensures the cost-effectiveness of risk management measures. Risk reduction is based on economic feasibility;

- reducing the number of unexpected events and losses in business operations. For that purpose it is essential to enhance the capability to detect potential events and take corresponding measures to reduce the number of such events and associated costs and losses;

- identifying and managing all types of risks associated with business operations. The risk management process contributes to more efficient response to various impacts and applying an integrated approach to multiple risks.

4. Risk Management System Principles

4.1. The RMS development and functioning is based on the uniform principles that are accepted and complied with by the Company's governance bodies and employees at all levels of the Company management.

4.1.1. Continuity and inclusiveness: the RMS operation is a continuous ongoing process that affects all areas of the Company's activities.

4.1.2. Focus on goals: the RMS operation contributes to the achievement of objectives set forth in the documents of strategic and tactical planning.

4.1.3. Integration into management: the RMS is an integral part of the decision making system at all levels of the Company management. The RMS contributes to making reasonable decision based on the analysis of all available information on the probability and consequences of the decisions made and possible alternatives to such decisions.

4.1.4. Creating and retaining (protecting) the Company's value: the RMS contributes to achieving the Company's goals and improving productivity, ensuring health and safety of the Company's employees, safe operation of the Company, compliance with legal and regulatory requirements, environmental protection, improving the quality of services (customer-focused approach), efficiency of operations, management and reputation.

4.1.5. Balance between risks and profitability: the RMS contributes to achieving the optimal balance between risks and profitability of the Company subject to the requirements of laws, provisions of regulations and the Articles of Association of the Company, and provides that operations and transactions associated with higher risk of capital or investments loss shall be conducted subject to reasonable risk extent where the accepted risk is within the established risk appetite level.

4.1.6. Uncertainty: uncertainty is an integral part of decisions made in the Company. The RMS allows systematizing the information about uncertainty sources (risk factors) and contributes to the reduction thereof.

4.1.7. Consistency: the RMS operation is based on a systematic approach which ensures timely and high-quality risk identification and evaluation as well as

implementation of control procedures formalized in the Company's regulations. All types of risks are managed across all key areas of activities and at all levels of the Company management in a systematic, regular, and consistent manner.

4.1.8. Quality of information: the RMS operation relies solely on high-quality, timely, verified and confirmed information. The RMS is based on information from such sources as historical data, experience, feedback from stakeholders, observations, forecasts and expert opinions. At the same time, decisions shall be made subject to any restrictions and assumptions in data sources or the applied modeling techniques and risk assessment methods as well as potential subjectivity of expert opinions on which the risk assessment relies.

4.1.9. Involvement and leadership: the governance bodies and managers of the Company ensure that knowledge and skills in the area of risk management are disseminated in the Company contributing to developing the corporate culture of compliance with the RMS principles and risk-based decision making process. Appropriate and timely engagement of stakeholders and, in particular, decision makers into the RMS processes at all levels of the Company management ensures appropriate level of RMS development and its conformity to the internal and external environment.

4.1.10. Responsibility for risk management: a risk owner is responsible for risk management within the risk owner's authority and functions. The Company employees are responsible for the compliance with the risk management procedures, standards and measures applied in the Company.

4.1.11. Efficiency: the RMS is based on the principle of efficiency (productivity and economy) of risk management processes, i.e. achieving the established goals of the Company using the minimum resources (economy) and/or achieving the best performance of the Company using the established amount of resources (productivity).

4.1.12. Cross-functional interaction: risk management processes that affect several areas of activities (business processes) or the activities of several divisions are based on collegial decisions that are made jointly and based on information available to different divisions taking into account opinions of all stakeholders.

4.1.13. Reasonable assurance: the RMS participants apply all reasonable efforts and use all possible resources to achieve the Company's goals, however the RMS cannot ensure that the Company will achieve all of its goals or that absolutely all risks will be identified and reduced.

4.1.14. Flexibility: the RMS operates taking into account the conditions and factors of the external and internal environment. The Company's goals may change, and therefore the RMS goals, objectives and principles shall be reviewed at least once every five years to ensure they are up to date and conform to the RMS development level.

4.1.15. Change-driven: risk management is a dynamic process that responds to changes. Influenced by changing factors of the internal or external environment, continuous monitoring of risks, re-assessment of existing risks, timely identification of new risks, their analysis and evaluation are carried out.

4.1.16. Continuous improvement: the Company conducts continuous monitoring of the RMS functioning. Based on the results of such monitoring, the Company develops measures to improve and develop the RMS, the culture of compliance with the RMS principles and risk-based decision making process.

4.1.17. Risk management in the Company conforms to the principles set forth in international risk management standard ISO 31000:2018 *Risk Management - Guidelines*, the COSO Guidance on *Enterprise Risk Management — Integrating with Strategy and Performance*, and risk management guidelines for state companies and companies with state participation.

5. Risk Management Process Participants and Their Functions

5.1. The key participants of the risk management process are as follows:

- the Company's Board of Directors;
- the authorized committee of the Company's Board of Directors;
- the Company's Internal Audit Board;
- the Company's executive bodies (Management Board, CEO);
- risk owners;
- officers responsible for risk management measures;
- the Risk Management division;
- the Internal Audit division.

5.2. The Risk Management is functionally separate from the activities of divisions engaged in risk management within their operating activities and from the activities falling within the functions of the Internal Audit and other divisions that perform the functions of independent monitoring and assessment of the RMS of the Company.

5.3. Responsibilities are assigned among the RMS participants as follows:

5.3.1. The Company's Board of Directors:

- approves the Company's Risk Management Policy that sets out the principles and approaches to the RMS organization;
- approves regulations of the Company that govern the organization, functioning and development of the Company's RMS;
- approves the risk appetite;
- reviews reports of the executive bodies on the RMS organization, functions, and efficiency, assesses the system's operation and prepares recommendations for its improvement, on an annual basis;
- reviews the results of the assessment of the RMS state and efficiency by the Internal Audit, on an annual basis;
- reviews the results of the external independent assessment of the RMS efficiency.

5.3.2. The authorized committee of the Company Board of Directors carries out the preliminary review of issues related to the RMS functioning prior to the submission thereof to the Company Board of Directors. The objectives of the authorized committee of the Board of Directors are set forth in the Regulations for the Authorized Committee approved by the Company Board of Directors.

5.3.3. The Company's Internal Audit Board prepares suggestions / recommendations for the RMS improvement based on audit results.

5.3.4. The Company's executive bodies (Management Board, CEO):

- secure the creation and maintenance of an efficient risk management system;

– are responsible for the implementation of resolutions of the Company's Board of Directors concerning the RMS organization.

5.3.4.1. The Management Board / CEO of the Company:

- approves the Risk Register, Risk Map, Risk Management Plan of the Company;
- draws up the strategy and plan for the RMS development and improvement;
- submits the risk appetite for the approval of the Company Board of Directors;
- reviews the results of external and internal independent assessments of the RMS state and efficiency;
- submits annual executive bodies' reports on the RMS organization, functions, and efficiency to the Company Board of Directors;
- allocates powers, duties and responsibilities among the heads of Company divisions subordinated to them in respect of specific risk management procedures;
- approves internal guidelines of the Company that govern the RMS organization and functioning, risk management process, assessment and management of individual types of risks, except for the approval that falls within the Board of Directors' competence;
- ensures efficient risk management within the Company's everyday operations;

5.3.5. Risk owners are responsible for:

- timely identification and assessment of risks;
- selection of the risk treatment method;
- prompt development and implementation of the risk management measures;
- regular risk monitoring;
- prompt notification of the executive bodies on the risk management performance;
- ensuring efficient interaction with the Risk Management division concerning documents and reports generated in the process of risk management activities.

5.3.6. Officers responsible for risk management measures ensure:

- proper performance of functions aimed at risk minimization in accordance with job descriptions and established regulations;
- implementation of risk management measures on time and in full.

5.3.7. The Risk Management division:

- coordinates the risk management process;
- develops guidelines governing the risk management process;
- organizes and conducts risk management training of the Company's employees
- performs analysis of risk portfolio and makes suggestions concerning the risk treatment strategy and resource reallocation measures to manage risks
- draws up risk reports;
- monitors the risk management process in divisions of the Company;

- carries out follow-up activities concerning the RMS organization and functioning in the Company;
- prepares and submits to the Company's executive bodies information on the RMS efficiency and other matters provided for in the Risk Management Policy.

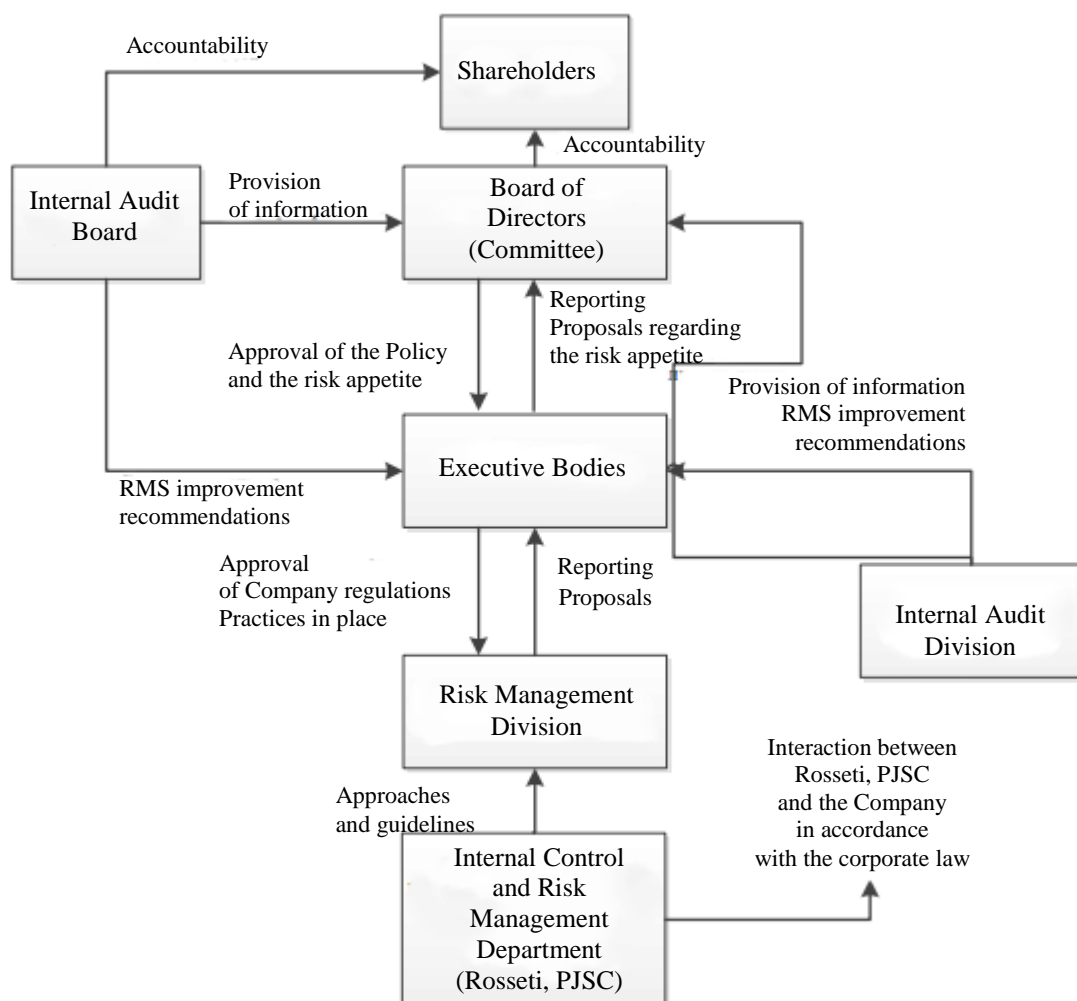
5.3.8. The Internal Audit division:

- carries out internal independent assessments of the RMS efficiency and makes recommendations concerning the RMS efficiency and productivity improvement;
- provides information to the executive bodies, the Audit Committee of the Board of Directors and the Company Board of Directors on the RMS state by annual presentation of the RMS state and efficiency assessment results.

6. Interaction within the Risk Management System

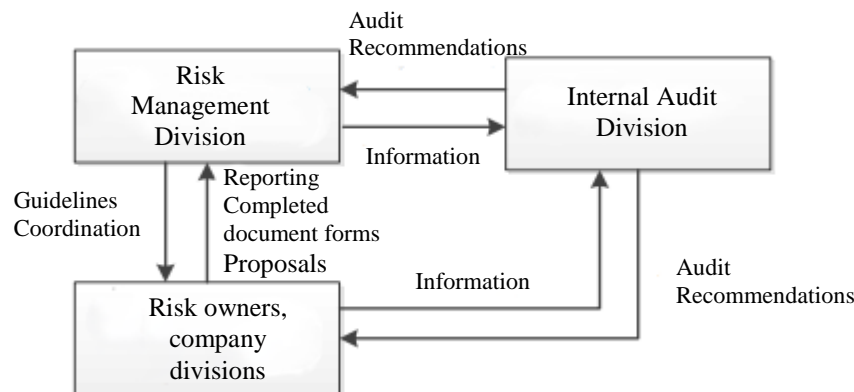
6.1. In order to establish internal mechanisms for information and reporting exchange in the Company, a vertical and horizontal interaction among the RMS participants and interaction with external stakeholders are carried out.

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



Vertical interaction within the RMS is carried out subject to the provisions of this Policy and the provisions of regulations governing the activities of the RMS participants.

6.3. Interaction among divisions of the Company within the RMS (horizontal interaction within the RMS):



Horizontal interaction within the RMS is carried out subject to the provisions of this Policy and the provisions of regulations governing the procedure for interaction among the divisions of the Company in the risk management process.

6.4. Divisions of the Company interact within the RMS in order to address cross-functional risk management issues.

6.5. The RMS participants interact with external stakeholders subject to the Company's regulations and other administrative and organizational documents including those that govern the information policy and external communications of the Company.

7. Risk Appetite

7.1. Risk appetite is the maximum level of risks that the Company considers acceptable in the process of achieving its goals and is willing to maintain.

7.2. The risk appetite level is used when making decisions at all levels of management and by all divisions within the Company.

7.3. The procedure for determining the risk appetite level is established by separate guidelines duly approved by the Company.

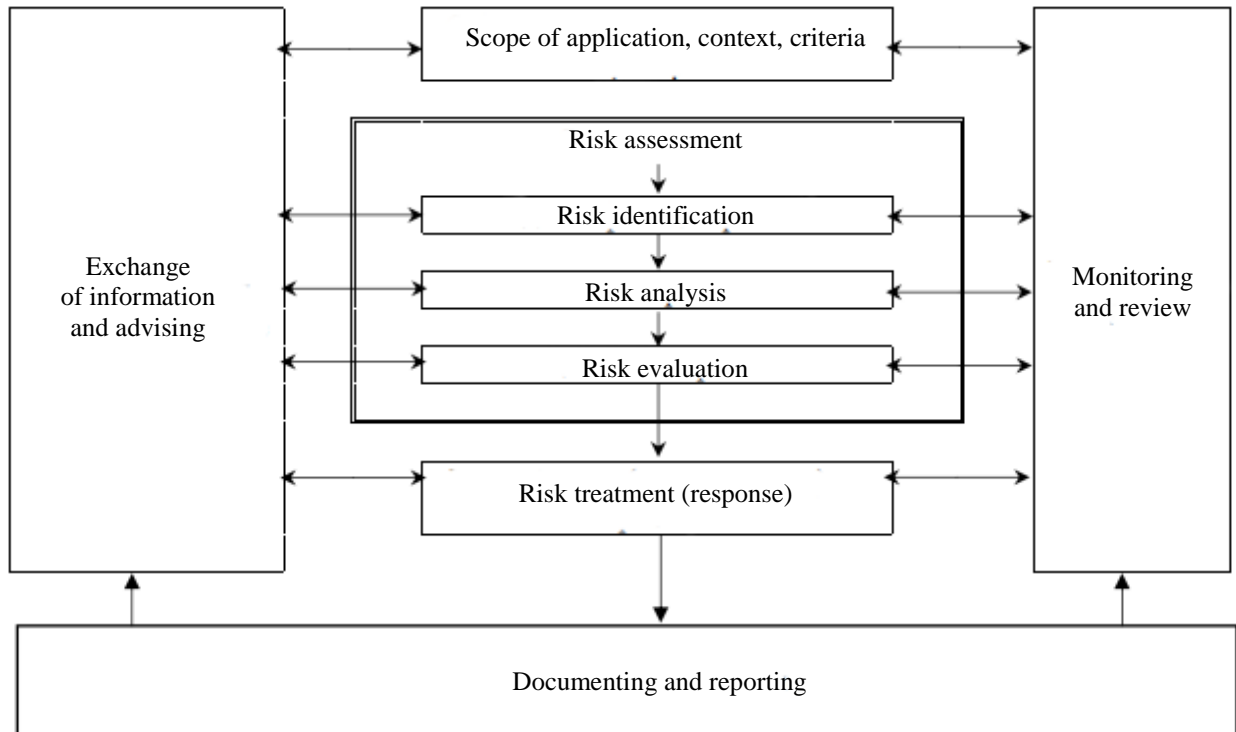
7.4. The Risk Management division is responsible for the development and revision of methods to determine the risk appetite level.

7.5. Risk appetite is determined by the Management Board of the Company and is approved by the Board of Directors subject to the preliminary review by the authorized committee of the Company Board of Directors.

8. Risk Management Process Phases

8.1. The RMS is based on generally accepted risk management principles and practices. The risk management stages correspond to those described in ISO 31000-2018 *Risk Management - Guidelines*, national standard of the Russian Federation

GOST R ISO 31000-2019 *Risk Management. Principles and Guidelines* (approved and implemented by Order No. 1379-st of the Federal Agency on Technical Regulating and Metrology (Rosstandart) of December 10, 2019. The stages of the risk management process and interconnections among them are presented in the diagram below.



8.1.1. Scope of application, context, and criteria. The Company determines its mission, sets the goals and makes plans to achieve the same subject to factors of the internal and external environment. Being a company with state participation, the Company applies vertical strategic planning approaches whereby:

- strategic goals of the Rosseti Group are established by the Board of Directors of Rosseti, PJSC in its strategic and policy documents (including the Development Strategy);
- tactical goals achieved through the internal control are established in the Company's tactical planning documents, i.e. short-term and operational plans.

The external environment in which the Company achieves its goals includes (but it not limited to):

- social, political, legal, regulatory, financial, economic, and technological environment;
- key factors and conditions of power sector development;
- relations with external stakeholders.

The internal environment in which the Company achieves its goals includes the culture (opinion and attitude) of the Company's management and employees in respect of risk management, reflects the values of the Company and influences it corporate culture, operating procedures and rules.

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

- governance organizational structure and allocation of powers;

- plans and programs that establish the Company's strategic and tactical goals;
- resources and capital (including personnel, competencies, systems, and technologies);
- relevant tools and methods of risk assessment;
- information systems;
- the Company's corporate culture;
- the Company's standards and procedures;
- established risk appetite.

8.1.2. Risk assessment is the overall process of risk identification, risk analysis, and risk evaluation.

Risk identification involves the identification of risk events (including possible changes in the internal and external environment), their causes (factors) and consequences. Risks shall be identified whether the Company can influence the factors of such risks or not. Risks are formalized into risk registers.

Risk analysis provides the basis for risk evaluation and decisions about risk treatment as well as the most suitable risk treatment strategies and methods. Risk analysis involves a consideration of risk factors, their negative and positive consequences, and analysis of risk chains.

Risk evaluation supports making decisions based on the results of risk analysis and involves comparing the risk levels, subject to the risk likelihood and extent of their impact on the Company's operations, with the established risk appetite.

Risk evaluation is carried out using the qualitative and quantitative approaches or a combination thereof. Methods to evaluate certain risks are determined by regulations and other administrative and organizational documents.

8.1.3. Risk treatment (response). The Company ensures selection of risk treatment options by developing measures to bring the identified risk in line with the established risk appetite.

The Company applies the following risk treatment methods:

- risk avoidance (evasion or aversion). This method implies deciding not to be involved in any actions or to abandon any assets that are characterized by unacceptable risk level. Risk evasion as a way to cover risks is applied in exceptional cases when the cost of risk treatment is too high or such treatment will not lead to risk reduction to an acceptable level, or when the risk transfer to a third party is impossible or inefficient;
- risk reduction is a form of risk treatment involving reduction of the risk realization likelihood and/or reduction of negative consequences in the event of risk realization;
- risk sharing involves transferring risk, fully or partially, to another party (e.g. by entering into insurance agreements, through outsourcing, etc.) to reduce the negative impact of uncertainty on the achievement of the Company's goals. It shall be taken into account that transferring some risks, e.g. reputational risk, is not always possible;

- risk acceptance. This method means that the Company allows potential occurrence of negative risk consequences by determining specific sources to cover damage caused by such consequences (e.g. creation of provisions)

One or more of the mentioned risk treatment options can be used to address a certain risk.

The selection of risk treatment options depends on risk significance (in accordance with the priority of identified risks), impact on the likelihood and effect of risks, costs of risk treatment implementation and benefits gained.

8.1.4. Documenting and reporting. Risk management outcomes are documented and recognized in risk reporting. Documenting and reporting aims to:

- communicate risk management activities and outcomes across the Company;
- provide information for decision making by the Company management;
- improve and develop the RMS;
- assist interaction with stakeholders.

The Company consolidates information on identified risks, keeps records of realized risks and analyzes the causes of their realization, and informs stakeholders on the RMS functioning. Risk reporting ensures full and transparent exchange of consolidated information about risks.

8.1.5. Exchange of information and consulting are carried out at all stages of risk management process. The RMS information exchange is coordinated by the Company's Risk Management division.

The information infrastructure of the Company provides the collection and accounting of data on such deadlines, of such quality and with such a degree of detail, which allows the Company to identify, evaluate and react to risks with maintaining the level of integral risk within the established risk appetite.

The Company considers data obtained from past, present and possible future events. Retrospective data enable the Company to track actual indicators against goals, plans, expectations and identify factors that affect the achievement of goals. Current data provide important additional information that allows taking into account the existing conditions when analyzing possible future events.

Exchange of information in the Company is carried out both horizontally (exchange of information among divisions) and vertically: top-down (communication of decisions made by the Company's management and governance bodies) and bottom-up (information is submitted to superior governance levels, including to the Company's executive bodies, Board of Directors).

8.1.6. Monitoring and review. Monitoring of the risk management process involves assessment of the RMS efficiency and performance. Monitoring can be carried out as part of operating activities or through periodic audits, or a combination thereof.

Monitoring of risks and progress status of risk management measures is carried out on a periodic basis by updating the information about risks and risk management measures, including as part of risk management reporting activities.

The scope of risks, risk evaluations, risk treatment methods, risk management measures, and organizational measures, methods and procedures designed and applied for efficient risk management may be reviewed based on the results of monitoring.

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

8.3. Administrative and organizational documents approved by the executive bodies of the Company provide a detailed description of and govern the procedures and tools used at all RMS stages (risk classification, assessment and ranking of risks, risk passports, maps and registers, risk significance scale, etc.).

9. Risk Management System Efficiency Assessment

9.1. The Company conducts periodic assessment of the RMS current status and efficiency.

9.2. Forms of the Company's RMS efficiency assessment include:

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

9.3. The Risk Management carries out self-assessment of the RMS efficiency at least once a year and includes the results thereof in the annual report of the executive bodies on the RMS organization, functions, and efficiency.

At least once a year, the executive bodies of the Company report to the Company Board of Directors (subject to the preliminary review by the authorized committee of the Company Board of Directors) on the RMS organization, functions, and efficiency.

9.4. The internal independent assessment of the RMS efficiency is performed annually by the Internal Audit. The RMS state and efficiency assessment results are considered by the Management Board, by the Company Board of Directors (subject to the preliminary review by the Audit Committee of the Board of Directors).

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

9.6. The results of such external independent assessment of the RMS efficiency are submitted to the Company Management Board and Board of Directors (subject to the preliminary review by the Audit Committee of the Board of Directors).