

## Additional information on the risk management system (RMS)

### Functions of the RMS participants

Participant name	Main functions in the field of the RMS
Board of Directors	<ul style="list-style-type: none"> <li>- Approves internal documents of the Company defining the organization and functioning of the Company's risk management system;</li> <li>- Approves the Company's Risk Management Policy;</li> <li>- Annually reviews reports of the Company's executive bodies on the organization, functioning and effectiveness of the risk management system, as well as evaluates the functioning of the specified system and makes recommendations for its improvement;</li> <li>- Annually reviews reports of the internal audit division on the effectiveness of the risk management system;</li> <li>- Considers the results of external independent assessment of the effectiveness of the risk management system.</li> </ul>
Strategy and Development Committee of the Board of Directors	<ul style="list-style-type: none"> <li>- Control over the effectiveness of risk management procedures;</li> <li>- Evaluation of the effectiveness of risk management measures and improvement of the RMS;</li> <li>- Preliminary consideration of reports of the executive bodies on the organization and functioning of the risk management system prior to their submission to the Board of Directors;</li> <li>- Analysis of proposals for improving the risk management system, including the identification of risks and the adjustment of risk parameters;</li> <li>- Preliminary consideration, prior to approval by the Board of Directors, of the Company's internal documents defining the organization and functioning of the Company's risk management system, the Risk Management Policy and subsequent amendments thereto;</li> <li>- Preliminary consideration, prior to approval by the Board of Directors, and preparation of an opinion on the text of the section of the Company's annual report regarding the risk management system.</li> </ul>
Audit Commission	Based on the results of the audit, it prepares proposals/ recommendations for improving the risk management system
executive bodies	<ul style="list-style-type: none"> <li>- Ensure the creation and maintenance of the functioning of an effective RMS on the basis of common approaches and standards developed and approved for Rosseti's Group of Companies;</li> <li>- Responsible for the implementation of decisions of the Board of Directors in the field of organization and functioning of the RMS.</li> </ul>
Management Board of the Company / General Director	<ul style="list-style-type: none"> <li>- Establishes the requirements for the format and completeness of information about the risks of the Company;</li> <li>- Forms directions and plans for the development and improvement of the RMS;</li> <li>- Analyzes the risk portfolio and develops measures for the response strategy and the reallocation of resources in relation to the management of relevant risks;</li> <li>- Annually prepares a report on the organization, functioning and effectiveness of the Company's risk management system and proposals for the development and improvement of the RMS for consideration by the Board of Directors;</li> <li>- Considers, at least once every six months, the report of the risk management division on the results of risk management and the assessment of the effectiveness of the RMS;</li> <li>- Considers the results of the internal assessment of the effectiveness of the RMS, develops measures for the development and improvement of the RMS;</li> <li>- Ensures effective risk management in the framework of the current activities of the Company;</li> <li>- Approves the regulatory and methodological documents of the Company on the organization and functioning of the RMS, with the exception of documents whose approval falls within the competence of the Board of Directors of the Company;</li> </ul>

	- Annually submits to the Board of Directors a report on the organization, functioning and effectiveness of the Company's risk management system and proposals for the development and improvement of the RMS.
Risk owners	<ul style="list-style-type: none"> <li>- Timely identification and assessment of risks;</li> <li>- Selection of a risk response method;</li> <li>- Timely development and organization of risk management measures;</li> <li>- Regular risk monitoring;</li> <li>- Ensuring timely informing of the executive bodies of the Company on the results of risk management work;</li> <li>- Ensuring effective interaction with the risk management division in terms of documents and reporting generated as part of risk management activities.</li> </ul>
Executors of risk management measures	<ul style="list-style-type: none"> <li>- Perform timely identification and/or minimization of risks in accordance with official instructions and established regulatory documents;</li> <li>- Carry out the implementation of measures aimed at risk management, timely and in full.</li> </ul>
Risk management division	Carries out functions for the overall coordination of risk management processes.
Internal Audit Division	<ul style="list-style-type: none"> <li>- Performs an internal independent assessment of the effectiveness of the risk management system and issuing recommendations to the risk management division, aimed at improving the efficiency and effectiveness of the risk management system;</li> <li>- Provides information to the executive bodies and the Board of Directors (an authorized committee under the Board of Directors) of the Company on the status of the risk management system.</li> </ul>

### Additional information on the internal control system (ICS)

The functions of participants of the ICS are recorded in the Company's Internal Control Policy, approved by the decision of the Board of Directors of IDGC of Centre dated March 1, 2016 (Minutes No. 04/16), the provisions on structural divisions:

Participant name	Main functions in the field of the ICS
<b>Audit Commission</b>	<ul style="list-style-type: none"> <li>• oversees the Company's financial and business activities;</li> <li>• carries out an independent assessment of the reliability of data contained in the Company's annual report, annual financial statements.</li> </ul>
<b>Board of Directors</b>	<ul style="list-style-type: none"> <li>• determines the principles and approaches to the organization of the Company's internal control system, including approving the Company's internal documents defining the organization and strategy for the development and improvement of the ICS, approves the Company's Internal Control Policy;</li> <li>• monitors the activities of the Company's executive bodies in the main (priority) areas;</li> <li>• considers the report of the Management Board on the organization and functioning of the Company's internal control system;</li> <li>• annually reviews reports of the internal auditor on the effectiveness of the internal control system;</li> <li>• considers the results of external independent assessment of the effectiveness of the internal control system.</li> </ul>
<b>Audit Committee of the Board of Directors</b>	<ul style="list-style-type: none"> <li>• carries out a preliminary review, before approval by the Board of Directors, of the Company's internal documents defining the organization and strategy for developing and improving the Company's internal control system, the Internal Control Policy and subsequent changes to them;</li> <li>• carries out a preliminary review, before the Board of Directors considers the results of evaluating the effectiveness of the internal control system according to the report of the internal auditor on the effectiveness of the internal control system, as well as information on the results of the external independent assessment of the internal control system, prepares proposals / recommendations for improving the internal control system of the Company;</li> <li>• monitors the internal control system in terms of consideration of issues related to control over the accuracy of the Company's accounting (financial) statements, the selection of an external auditor and performance of an external audit, and ensuring compliance with regulatory legal requirements, in terms of reviewing the Management Board's report on the organization and functioning of the internal control system, as well as in the consideration of issues related</li> </ul>

	to the analysis and evaluation of the implementation of the Internal Control Policy.
<b>Reliability Committee of the Board of Directors</b>	<ul style="list-style-type: none"> <li>•evaluating the completeness and sufficiency of measures based on the results of an accident investigation in accordance with the Rules for investigating causes of accidents in the electric power industry (approved by Government Resolution No. 846 of October 28, 2009), as well as monitoring their implementation;</li> <li>•examination of programs to prevent and reduce the risk of injury to the Company's personnel and third parties at the Company's electrical installations, as well as to monitor their implementation;</li> <li>•monitoring and evaluating the activities of the Company's technical services in terms of ensuring the reliability of electrical networks and industrial safety;</li> <li>•examination of the internal technical control system in the Company.</li> </ul>
<b>Strategy Committee of the Board of Directors</b>	<ul style="list-style-type: none"> <li>•monitors the implementation of adopted programs and projects;</li> </ul>
<b>Management Board of the Company</b>	<ul style="list-style-type: none"> <li>•forms directions and plans for the development and improvement of the ICS;</li> <li>•prepares reports on the financial and economic activities of the Company, on the organization and functioning of the Company's internal control system;</li> <li>•considers the results of external independent assessment of the effectiveness of the ICS, develops measures for the development and improvement of the ICS.</li> </ul>
<b>General Director of the Company</b>	<ul style="list-style-type: none"> <li>•approves the regulatory and methodological documents of the Company on the organization and functioning of the ICS, with the exception of documents whose approval falls within the competence of the Board of Directors of the Company;</li> <li>•ensures the implementation of the Company's business plans necessary for the solution of its tasks;</li> <li>•organizes the maintenance of business and management accounting, preparation of accounting (financial) and other statements;</li> <li>•submits to the Board of Directors of the Company reports on the financial and economic activities of the Company, on the organization and functioning of the internal control system of the Company.</li> </ul>
<b>Heads of units and structural divisions of the Company</b>	<ul style="list-style-type: none"> <li>•carry out functions for the development, documentation, implementation, monitoring and development of the internal control system in the functional areas of the Company's activities, the responsibility for organization and coordination / execution for which is assigned to them by the Company's regulatory documents / regulations on structural divisions, including:</li> <li>•ensure the implementation of the principles of internal control;</li> <li>•organize the construction of effective processes (activities), including the development and implementation of new risks in the light of the identified risks or the modification of existing control procedures;</li> <li>•ensure the regulation of supervised processes (activities);</li> <li>•organize the execution of control procedures;</li> <li>•evaluate (monitor) the implementation of control procedures;</li> <li>•assess the supervised processes (activities) for the need to optimize them to increase efficiency and meet the changing conditions of the external and internal environment, organize the development of proposals for the improvement of control procedures;</li> <li>•ensure elimination of identified deficiencies in control procedures and processes (activities).</li> </ul>
<b>Employees of the Company's structural divisions performing control procedures by virtue of their official duties</b>	<ul style="list-style-type: none"> <li>•perform control procedures;</li> <li>•ensure timely informing direct managers of cases when the execution of control procedures for any reason has become impossible and/or a change in the design of control procedures is required due to changes in the internal and/or external conditions of functioning of the Company;</li> <li>•submit to direct management proposals for the implementation of control procedures in relevant areas of activity.</li> </ul>
<b>2nd line of defense</b>	
<b>Sector of organization of internal control and risk management</b>	<ul style="list-style-type: none"> <li>•develops and ensures the implementation of basic and methodological documents on the construction and improvement of the internal control system;</li> </ul>

	<ul style="list-style-type: none"> <li>•assists management in building a system of internal control of business processes, developing recommendations on the description and implementation of control procedures in processes (activities) and assigning responsibility to officials;</li> <li>•prepares information on the state of the internal control system for stakeholders;</li> <li>•interacts with government oversight bodies on internal control issues;</li> <li>•performs functions of the overall coordination of risk management processes.</li> </ul>
<b>Office of anti-corruption compliance procedures</b>	<ul style="list-style-type: none"> <li>•conducts additional control measures (inspections/guarantees) for all business processes regarding compliance with the requirements of the Anti-Corruption Policy, the Code of Ethics and other local regulations in the field of combating corruption and preventing conflicts of interest.</li> </ul>
<b>Legal Provision Department</b>	<ul style="list-style-type: none"> <li>•compliance with legal requirements for all business processes and compliance of local regulations of IDGC of Centre with legal requirements.</li> </ul>
<b>Corporate Secretary</b>	<ul style="list-style-type: none"> <li>•conducting additional control measures (checks/guarantees) for all business processes regarding compliance with requirements and execution of instructions from external bodies (stakeholders) and higher-level management bodies (GM/BD).</li> </ul>
<b>Administration Office</b>	<ul style="list-style-type: none"> <li>•conducting additional control measures (checks/guarantees) for all business processes regarding compliance with requirements and execution of instructions from executive bodies.</li> </ul>
<b>Department of Industrial Safety and Production Control</b>	<ul style="list-style-type: none"> <li>•compliance by all branches and structural divisions of the requirements of the norms and rules of industrial safety, technical operation of power grid equipment, laws, and other local regulations on labour protection and safety.</li> </ul>
<b>QMS auditors</b>	<ul style="list-style-type: none"> <li>•conducting audits of the quality management system.</li> </ul>
<b>3rd line of defense</b>	
<b>Internal Audit Department</b>	<ul style="list-style-type: none"> <li>•develops, based on the results of the internal audit, recommendations on the improvement of control procedures, individual components (elements) of internal control and the internal control system;</li> <li>•carries out an internal independent assessment of the effectiveness of the internal control system and issuing recommendations for improving the efficiency and effectiveness of the internal control system.</li> </ul>