# The Risk Management System





The Company has implemented a risk - a Procedure for the Application of the management system, which is Company's Risk Management regulated by the organizational and System (regulates the procedures for administrative documents of two levels: the functioning of the risk management system, techniques to - the Company's Risk Management identify and assess risks, the Policy (specifies the requirements, procedure for reporting on risks and principles and approaches to risk risk response procedures). management system); The risk management system is intended to provide for the sustainable and continuous operation and development of the Company via the timely identification, assessment and efficient management of risks that threaten the efficient economic operation and good standing of the Company, the health of the Company's employees, the environment and the property interests of its shareholders and investors. The participants of the risk management system: - Board of Directors; - Structural Departments Managers; - Management Board; Internal Control Division. — Deputies Chairman of the Management Board (Heads of Units), Directors: The Risk Management System determines the following: 1. Risk identification methods combined actions. The choice of strategy is approved by the The identification of risks is performed Management Board of Federal Grid using methods based on ISO/IES 31010 Company. and COSO standards (analysis, threat assessment, expert assessment, and the event tree). 4. Procedures and terms for the submission of risk reports 2. Risk Assessment Criteria The Internal Control Division The risk assessment criteria include: systematizes quarterly risk reports. probability, financial impact and risk Based on the adjusted reports, the controllability. The probability and Company prepares the Risk Matrix and financial impact of the risk determines the Risk Minimization Actions its significance. Summary. These documents are subject to the approval of the 3. Risk Response Methods Company's Management Board. Response to risks is carried out by implementing one of the types of strategy: risk taking, minimizing risk consequences, transferring risk to a third party, avoiding risk and other

After collection and evaluation of risk reports, we systematize information about potential events that have a negative impact on the achievement of the Company's objectives, the degree of their importance and the actions to eliminate or minimize them.

# Risk grouping

# Operational risks:

- Interruptions in power supply
- Technological disturbances
- Health and safety, Environment
- Accident recovery work
- Overdue receivables

#### Investment risks:

- Lack of financing sources of the investment program
- Failure to observe the fixed dates technological connection
- Failure to meet the innovation development program objectives

# Compliance:

- Tax risks
- Errors in reporting
- Legal risks

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# Designing risks:

- Failure to meet plan figures of the renovation and technological connection program
- Non-return risk of invested funds

#### Economy, Finances:

- Reduction of tariffs
- Change in the macro-and microeconomic operational activities
- Non-return of allocated temporarily free funds

More detailed information about risk management is presented in the Company's 2012 Annual Report.

TARGET:

Ensuring the UNEG's

smooth-running

operation and

development