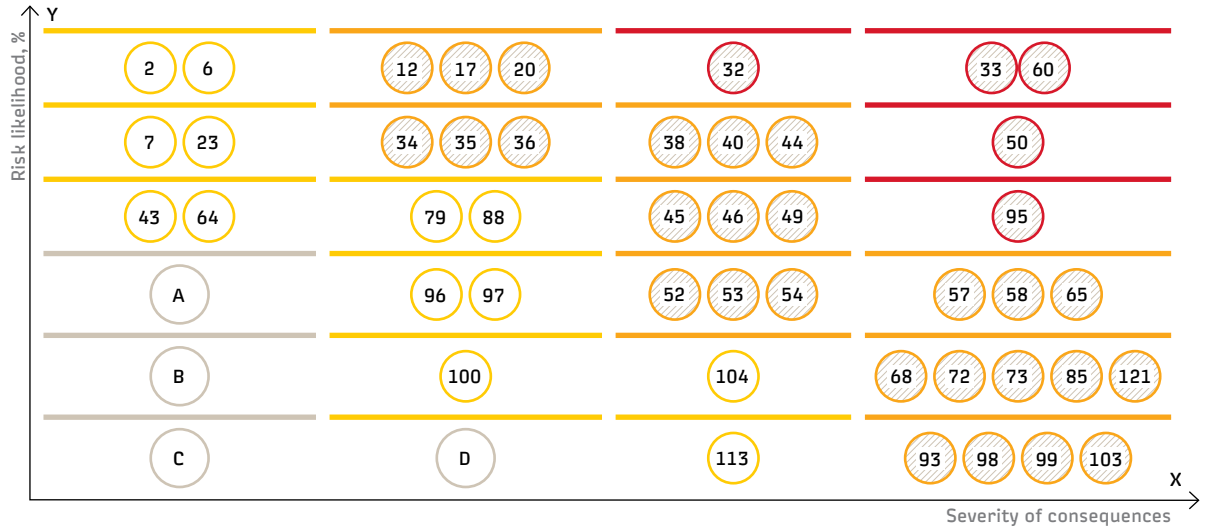


## RISK MATRIX MODEL

In 2018, a total of 121 risks were identified by FPC:

- 5 intolerable risks
- 27 undesirable risks
- 13 tolerable risks
- 76 negligible risks
- 32 intolerable and undesirable risks are characterised by high severity of consequences and/or likelihood and the highest impact on FPC's target state; these are identified as the Company's key risks.

FPC's risk map is based on the risk level as shown in the risk matrix, which has severity of consequences in the x direction and risk likelihood in the y direction.



Risk levels:

- Intolerable – 5
- Undesirable – 27
- Tolerable – 13
- Negligible – 76
- ▨ Key risks

### Internal control system

FPC's internal control is based on the Company's Internal Control Policy as approved by its Board of Directors (Minutes No. 9 dated 23 December 2015) and other corporate regulations.

#### The primary objectives of FPC's internal control system:

- assuring the efficiency and performance of financial and business operations
- safeguarding the assets and ensuring the cost-effective use of resources
- risk identification and management
- ensuring the reliability and completeness of accounting (financial) statements and other types of reporting
- ensuring compliance with laws and regulations of the Russian Federation as well as FPC's corporate regulations.

#### The set-up and operation of FPC's internal control system are based on the following components:

- control environment
- risk assessment
- internal control procedures
- information and communication
- monitoring.

#### The following requirements apply to FPC's internal control system and are essential for its effective operation:

- integration
- comprehensiveness
- continuity
- timely information sharing
- accountability
- focus on risks
- delineation of responsibilities
- agility.

Company Profile

Development Strategy

Performance Overview

Corporate Governance

Sustainable Development

Appendices