



## Risk management and internal control

GRI 2-28

The Corporate Risk Management System (hereinafter referred to as CRMS) aims to timely identify, assess, manage, and monitor risks that may affect the achievement of the organization's strategic and operational goals.

The Fund's Board of Directors has defined the principles and approaches to organizing the risk management and internal control system based on the system's objectives and considering best practices and the Fund's methodology in this field.

Our primary internal regulatory document governing risk management issues is the Fund's Risk Management and Internal Control Policy. This Policy has been compiled taking into account the recommendations of COSO, "Conceptual foundations of risk management of organizations: integration with strategy and performance indicators." It is designed to ensure increased responsibility of risk owners for risk management at all levels of the Fund and to integrate risk management into all Fund processes.

**THE BOARD OF DIRECTORS HAS DEFINED THE PRINCIPLE OF "THREE LINES OF DEFENSE" TO MANAGE RISKS EFFECTIVELY. THE FIRST LINE OF DEFENSE IS THE DIRECT OWNERS OF THE RISKS. THE SECOND LINE OF DEFENSE IS THE RISK MANAGEMENT AND INTERNAL CONTROL DEPARTMENT AND THE COMPLIANCE SERVICE, WHICH PERFORM CONTROL AND MONITORING FUNCTIONS. THE THIRD LINE OF DEFENSE IS THE INTERNAL AUDIT SERVICE, WHICH PROVIDES AN OBJECTIVE AND INDEPENDENT ASSESSMENT OF THE EFFECTIVENESS OF RISK MANAGEMENT AND INTERNAL CONTROL.**

The Risk Management Department, Compliance Service, and Internal Audit Service bring information about emerging critical issues and issues requiring attention to the Board of Directors. [GRI 2-16](#)

The system of internal control is an integral part of the Fund's CRMS and is aimed at building a management system capable of quickly responding to process risks, monitoring main and auxiliary processes and daily operations, and is built following the COSO model "Internal Control – Integrated Model," and also consists of five interdependent components:

- Control environment;
- Risk assessment;
- Control procedures;
- Information and communication;
- Monitoring.

In 2023, work continued on building an effective internal control system by documenting control procedures in the Fund's internal regulatory documents and compliance with internal regulatory documents in the field of risk management and internal control.

The Fund's Internal Audit Service is a critical element of risk management and control system. The Service conducts its activities according to international professional internal audit standards, including the International Institute of Internal Auditors Code of Ethics. In 2023, the Internal Audit Service successfully passed an external independent assessment for compliance with the International Professional Standards of Internal Audit and the Code of Ethics developed by the Institute of Internal Auditors.



The role of the Board of Directors is to approve the Fund's general risk management and internal control policy. All key risks, including accident risks, risks of significant investment projects, risks of social instability, financial risks, risks of litigation, risks of damage to reputation, risk of impact of sanctions legislation, and risks of the asset privatization program, were in constant focus of attention and control of the Board of Directors in 2023. [GRI 2-12](#)

The Management Board is responsible for the organization and effective functioning of the CRMS.

In 2023, the risk register included 22 risks, the most significant for the Fund's activities. The risks are divided into the following groups: strategic, financial, operational, and legal.

The 2023 risk register includes risks associated with ESG, such as accidents, social instability, personnel risks, litigation risks, compliance risks, and highlighted environmental risks, including climate risks