

APPROVED

by the Board of Directors  
of “TransContainer” OJSC (minutes No.  
\_\_\_\_)

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Chairman of the Board of Directors  
of “TransContainer” OJSC

\_\_\_\_\_ Z.B. Rymzhanova

## **Concept of Corporate Risk Management System of “TransContainer” OJSC**

### **1. General Provisions**

1.1. The activities of “TransContainer” OJSC (hereinafter the “Company”) is subject to risks.

1.2. The Company is aware of the importance of risk management as one of the key components of the Company’s corporate governance aimed at timely identification, assessment, prevention and monitoring of risks that may affect the Company’s value and goodwill.

1.3. This document defines the key goals, objectives, requirements and principles of the Company’s risk management system.

1.4. The risk management system cannot be a guarantee of success of the Company’s business, however, effective risk management implemented by “TransContainer” OJSC and its subsidiaries and affiliates (S&A) in an integrated and consistent manner can ensure reasonable assurance of:

Attaining the strategic and operational goals set with regard to the risks and the risk level the Company will take to achieve its operational goals (risk appetite) through a complex management of a number of risks.

The Company’s assuming the risks appropriate to the scale of its business.

Compliance with legal and regulatory provisions and corporate governance requirements.

Timely response to the changes in the external environment.

Improved quality of decision making and enhanced business transparency.

Increased control over losses and expenses.

Maintaining an optimum control environment.

Improved performance indicators.

Timely identification and capitalisation of new opportunities and markets.

1.5. The development and improvement of the corporate risk management system is a prerequisite for the attainment by the Company of its strategic and operational goals.

1.6. The Company is implementing the best practice of corporate risk management based on international standards to ensure the stability of its business.

1.7. This Concept shall be binding on the Company's employees and shall be made aware to its S&A staff.

## **2. Risk Management System Requirements and Principles**

The Company has defined the following key requirements for and the principles of its risk management system:

### **2.1. System approach.**

The risk management concept is to be met at all levels of the Company's organizational structure.

### **2.2. Risk management continuity.**

Risk management continuity implies a systematic performance of required actions to identify, assess, prevent and monitor risks.

### **2.3. Risk management depth.**

Measures for managing the risks that may affect the Company's value and goodwill shall be taken in respect of all possible risks inherent in the Company's business.

### **2.4. Risk management completeness.**

Risk management is one of the key components of the Company's corporate governance, applies to all the Company's business processes, is integrated into the processes of annual and medium-term budgeting and strategic planning, distribution of capital resources, restructuring of assets and evaluation of investment projects.

### **2.5. Balanced approach to risk management.**

In the process of its risk management, the Company maintains a reasonable balance between risk management expenses and possible losses resulting from risk realisation.

### **2.6. Risk management strategy.**

The main criterion in selecting a strategy is the cost of risk management measures implemented under such strategy in relation to possible losses.

If the budget exceeds the amount of predicted possible losses, it is required to change the risk treatment strategy.

In accordance with the generally accepted practice, the Company applies the following risk management strategies:

#### **2.6.1. Risk avoidance.**

Risk avoidance implies refusing to make decisions associated with high risk.

#### 2.6.2. Risk control and prevention.

Risk control and prevention involves active handling of risk by the Company.

#### 2.6.3. Risk acceptance.

Risk is accepted without treatment where the risk level is acceptable to the Company and handling such risk is impossible or economically inefficient.

#### 2.6.4. Risk transfer.

Risk will be transferred where handling such risk by the Company is impossible and/or economically inexpedient, and the risk level exceeds the level acceptable to the Company.

Risk will be transferred *inter alia* by means of insurance, existing financial instruments, contractual clauses, etc.

#### 2.7. Delineation of powers.

The Company's managerial decisions are made based on the delineation of powers by management levels within the risk management system.

#### 2.8. Demarcation of decision making levels.

The limits of a decision making level are established based on the Company's risk appetite.

The approach to determining the Company's risk appetite are established in the Corporate Risk Management Policy.

#### 2.9. Integration with the internal control system.

The control (monitoring) of the Company's risk management process is of comprehensive and multilevel character and is exerted by all internal control subjects within the scope of their competence.

### **3. Risk Management System Goals and Objectives**

The Company's business goals are defined on a strategic level and serve as the basis of for the Company's operational goals.

The Company's business goals are defined before the identification of potential risks that may affect their attainment and are consistent with the Company's risk appetite.

3.1. To define the limits of risk significance and the parameters of contractual documents for risk transfer, the Company's own retention capacity and risk appetite are evaluated, that is the Company's ability to assume risks to attain its goals.

3.2. The Company shall at least once a year define its risk retention capacity.

The retention capacity value shall be taken as the basis for further risk management decisions.

3.3. The necessity for the Company to maintain its corporate risk management system at the level enabling it to effectively manage and distribute its resources by priority areas to ensure a risk level acceptable to the Company through timely identification, assessment, prevention and monitoring of risks, defines the goals and related objectives of the Company's risk management system:

**Table 1. Goals and Objectives of the Corporate Risk Management System**

| Goals  | Objectives  |
|--|---|
| Ensuring a reasonable guarantee of achieving the strategic and operational goals | <ul style="list-style-type: none"> <li>✓ Identification and assessment of material events affecting the attainment by the Company of its operational and strategic goals.</li> <li>✓ Taking of preventive measures to minimise the probability and negative effects of risks on the Company's operational and strategic goals.</li> <li>✓ Strategic planning with regard to risks.</li> <li>✓ Timely notification of the Company's management bodies of existing or future threats and opportunities.</li> <li>✓ Systematic monitoring of response measures and/or control procedures (action plan) for risk prevention.</li> </ul> |
| Preservation of assets and maintenance of business efficiency                    | <ul style="list-style-type: none"> <li>✓ Management of business process risks.</li> <li>✓ Providing information about risks when making managerial decisions.</li> <li>✓ Fraud suppression.</li> </ul>  |
| Ensuring business continuity   | <ul style="list-style-type: none"> <li>✓ Development of risk response programs.</li> <li>✓ Regulation of risk events localizations.</li> <li>✓ Coordination, ensuring and performance evaluation of timely response to contingencies.</li> </ul>  |

#### **4. Final Provisions**

4.1. The Company and its subsidiaries and affiliates shall develop a policy, procedures and tools of risk management themselves based on and subject to the

provisions of this Concept, the Corporate Risk Management Policy and other internal regulatory documents of the Company on risk management.

4.2. To ensure single approaches to risk management, the Company shall coordinate its subsidiaries and affiliates in implementing, developing and improving their corporate risk management systems.

4.3. The responsibility for developing the Company's risk management culture and assisting the subsidiaries and affiliates in implementing a corporate risk management system shall be vested in the Company's risk management process owner.

4.4. Single information support of the risk management system of the Company and its subsidiaries and affiliates makes it possible to notify the decision makers of risks in a timely and comprehensive manner.

4.5. The information about risks required to make decisions shall ascend from lower to higher levels. Decisions on the risk management strategy and systematic risk monitoring shall descend from higher to lower management levels.

4.6. The regulatory documents concerning the corporate risk management system shall be revised as may be necessary to ensure their compliance with the goals, scale and complexity of the Company's business and its corporate risk management system, to take into account the best practice of risk management and the accumulated experience, and subject to new regulatory requirements and standards for risk management.

4.7. The responsibility for the development of documents regulating the Company's risk management process shall be vested in the Company's risk management process owner.

4.8. The identification, assessment, prevention and monitoring of risks shall result in a Corporate Risk Card of the Company and each subsidiary and affiliate, that will be revised, specified or supplemented on an annual basis or as new risks are identified.

4.9. Risks shall be assessed from the perspective of their probability or frequency and materiality using, if possible, a combination of quality and quantity methods. Positive or negative effects of potential events shall be assessed individually and as a whole within the scope of the Company and S&A.

Risks shall be assessed from the perspective of their full materiality (inherent risks) and subject to residual materiality after applying the methods of management (residual risks).

4.10. When developing response measures and/or control procedures (action plan) for the prevention of risks, any changes in the probability and materiality of risks, occurring while such measure are implemented, and consumed resources shall be taken into account and measures that bring the residual risk, if applicable, within the limits of the Company's own retention capacity shall be selected.

4.11. To prevent the identified risks, business processes are analysed step-by-step to determine the necessity and expediency of including the relevant control actions. Moreover, the planned risk management measures are analysed and control actions and/or indicators required to ensure effective performance of such actions are defined. Control actions are also a method of risk management.

4.12. The structural division responsible for the organizational and methodological support of risk management shall coordinate the work with all structural divisions of the Company and S&A.

The survey conducted by the structural division responsible for the organizational and methodological support of risk management, and request for the identification and assessment of risks shall be binding on all structural divisions and employees of the Company and S&A.

4.13. The risk management system is monitored through a continuous follow-up of the risk management policy, procedures and measures, and target audits.

4.14. The Company shall from time to time evaluate the performance of its risk management system. Based on such evaluation, appropriate actions shall be taken to eliminate the identified faults.

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