

Risk Management

TransContainer considers its risk management system to be one of the key components of its corporate governance system. It is aimed at the early identification, assessment, prevention, and monitoring of risks that may affect the value, performance, and reputation of the Company.

The Company outlines its risk management principles and approaches in the Concept of the Corporate Risk Management System and the Corporate Risk Management System Policy, as approved by the Board of Directors on 18 December 2013.

The risk management system relies on generally accepted conceptions and standards introduced by such organisations as The Committee of Sponsoring Organisations of the Treadway Commission (2004 Enterprise Risk Management – Integrated Framework, hereinafter referred to as COSO ERM 2004) and the International Organisation for Standardisation (ISO 31000:2009 “Risk management. Principles and guidelines” (ISO 31000:2009)).

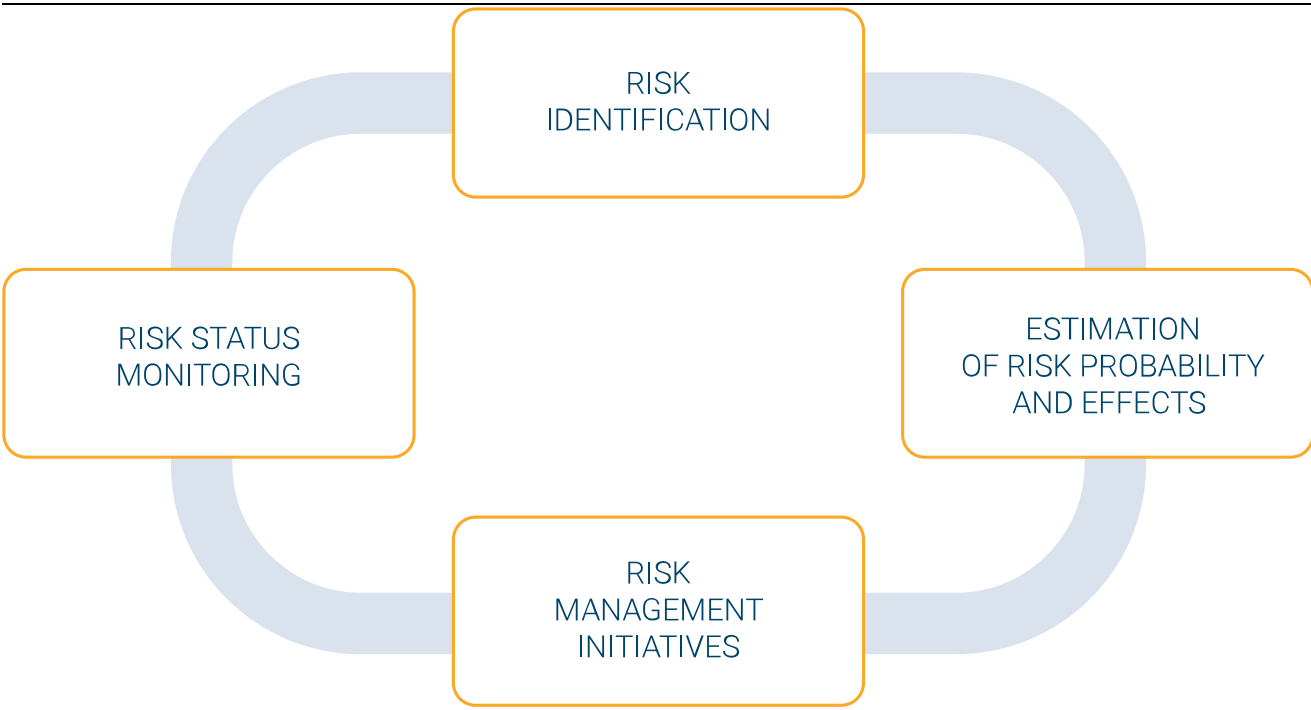
In 2017 and Q1 2018, the two standards were significantly revised and updated. As a result, the Company is now aligning its risk management system with COSO ERM 2017 and ISO 31000:2018, respectively.

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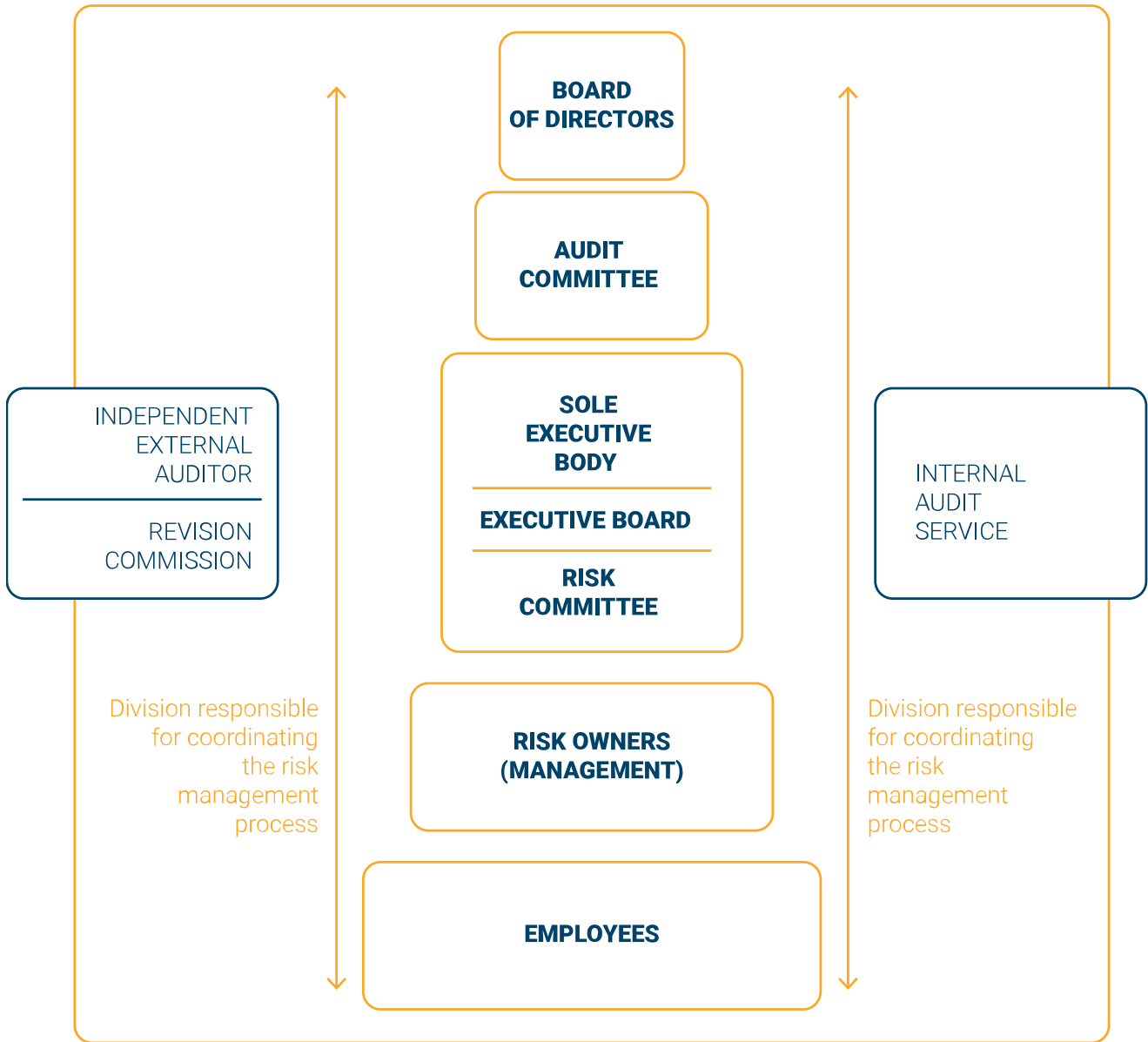
Principles of risk management:

- systematic approach;
- continuity of the process;
- depth and completeness of the process;
- a balanced approach to risk management;
- a clear distinction of powers and decision-making levels;
- integration with the internal control system.

Risk management



Risk Management System



Development of the Risk Management System

TransContainer regularly identifies risks, annually reviews its risk map, and monitors the identified risks.

To improve the efficiency of the risk management system, the Company's IT experts developed an automated corporate risk management system launched in 2016.

In 2018, The Company elaborated the corporate risk management system to improve its functionality.

In 2018, the Company continued introducing elements of the risk-oriented budgeting. A financial model helped to identify the key drivers of financial results and to conduct stress tests against key financial and operational metrics.

In 2019, the Company's efforts to improve the corporate risk management system will be focused on completing the alignment of the corporate risk management system with COSO ERM 2017 and ISO 31000:2018, further strengthening the role of quantitative methods in the risk management system, and integrating risk management deeper into the Company's business processes.