

INTERNAL CONTROL SYSTEM

FPC's internal control is governed by the Company's Risk Management and Internal Control Policy approved by FPC's Board of Directors in 2019.

Internal control is an integral, indispensable part of the risk management system, while the risk management and internal control system is part of corporate governance.

Internal control is a key risk management tool, addressing the following tasks:

- Creation of a control environment enabling both the development and implementation of risk treatment control procedures and the operation of the risk management process across all stages
- Effective information sharing and communication both within the Company and with external stakeholders
- Ensuring proper monitoring of the set-up and maintenance of the risk management process across all stages.

THE INTERNAL AUDIT DEPARTMENT ASSESSED THE RELIABILITY AND EFFECTIVENESS OF THE RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM

The internal audit Department assessed the reliability and effectiveness of the management system risk management and internal control.

During 2019, the Company worked to improve its risk management and internal control system, including improving the level of risk culture, strategic risk management, and the quality of risk management reporting.

The results of the assessment of the reliability and effectiveness of the risk management and internal control system for 2019 showed that the overall risk management and internal control system is reliable and effective:

- elements of the risk management and internal control system of FPC JSC are built in accordance with the principles and approaches to its organization approved by the Board of Directors, COSO documents and GOST R ISO 31000;
- individual comments in the functioning of the risk management and internal control system did not affect the achievement of the Company's goals.