

Risk Management System

Tasks and Goals of the Russian Railways Corporate Risk Management System

To achieve the prescribed goals of the Russian Railways Group development strategy un to 2030, the Company uses existing management tools and also creates new and efficient management tools. One such tool is the Corporate Risk Management System of the Group.

In 2012, the president of Russian Railways approved a functional risk management strategy for the Group Company. The establishment of the corporate Risk Management System of Russian Railways was driven by practical objectives — to secure financial and economic benefits and the need of Russian Railways Group to use proactive management tools. The perception of the need in assessment and risk management on its own means a high level of maturity in the current and strategic decision-making processes.

Goals of the Russian Railways Corporate Risk Management System

- ▶ Optimisation of strategic management results for Russian Railways Group in conditions of external and internal risks.
- ▶ Achievement of target benchmarks envisaged by the Russian Railways Group Development Strategy.
- ▶ Ensuring the system approach for long-term strategic decision-making.

The Main Tasks Resolved by the Corporate Risk Management System

- ▶ Identification of potential risk areas and assessment of possible risk prevention or minimisation.
- ▶ Prevention of risk occurrence on the basis of systematic forecasting and assessment.
- ▶ Creation of management tools and mechanisms ensuring efficient risk management.
- ▶ Development and assessment of activities to prevent risky situations and minimise their impact in case of occurrence.
- ▶ Defining resources needed to remove or minimise identified risks and their optimal distribution in accordance with the established procedures.
- ▶ Maximising the additional profit received as a result of risk management based on prudent management of risky situations.

Corporate Risk Management System

The Corporate Risk Management System and the analytical base formed within it helps to prepare justified managerial solutions and the possibility of more flexible adaptation of Russian Railways Group in a quickly changing environment on the transport and commodity markets, on one hand, and internal structural transformations in Russian Railways Group, on the other hand. Also, risk management will help maintain the trust of private investors and largest international investors to implement joint projects and will help to ensure the high credit rating of Russian Railways.

