

Key Risks

The operations of the Company are invariably impacted by internal and external risks that have the potential to impede the achievement of the Company's strategic goals. Regular monitoring and effective risk management allows making well-founded management decisions and ensuring stable operation of the Company.

In 2023, the Company had a register¹ of key operational risks (KOR) in place, assessed their impact on the achievement of the Company's performance targets, regularly updated the materiality level and carried out risk management measures.

The scenario-expert or expert method was used to evaluate the risks. Based on the results of the assessment, the risk materiality level was determined in accordance with the materiality levels (moderate, significant, critical) defined in the Operational Risk Assessment Methodology².

- **Risks of critical level**
Unacceptable for the Company and subject to priority management
- **Risks of significant level**
Not critical but have a significant impact on the Company's operations and are subject to management
- **Risks of moderate level**
Do not have a significant impact on the Company's activities but are subject to periodic monitoring
- **Not applicable**



¹ Approved by the decision of the Board of Directors dated 27 January 2015 (Minutes No. 248 dated 29 January 2015).
² Approved by Order No. 86 dated 21 March 2016.

Dynamic pattern of key operational risks of PJSC Rosseti

Risk index	Risk description	Risk assessment parameters	Materiality level ¹		
			2021	2022	2023
Improving the economic efficiency of operations					
KOR-001	Risk of deviation of the volume of electricity transmission services from the value set in the business plan	Revenues	●	●	●
KOR-002	Risk of deviation of the average tariff for electricity transmission services from the value set in the business plan	Revenues	●	●	○
KOR-003	Risk of deviation of the grid connection scope from the target value set in the business plan	Revenues	●	●	○
KOR-004	Risk of deviation of loss purchase costs from the value set in the business plan	Expenses	●	●	●
KOR-005	Risk of deviation of non-influenceable costs from the value set in the business plan, except for the cost of purchasing electricity to compensate for losses	Expenses	●	●	●
KOR-006	Risk of increase in actual operating expenses from the amount set for the planned period	Expenses	●	●	●
KOR-007	Risk of deviation of the volume of overdue receivables from the volume set in the business plan	Revenues	●	●	●
KOR-008	Risk of deviation of the Debt/EBITDA indicator value from the value set in the business plan	Creditworthiness and liquidity	●	●	●
KOR-009	Risk of deviation of net profit from the value set in the business plan	Net profit	○	●	●
KOR-016	Risk of deviation of labour productivity increase indicator from the value set in the business plan	Labour productivity	●	●	●
Development UNPG Increased customer satisfaction					
KOR-010	Risk of non-fulfilment of key parameters of the investment programme	Key parameters of the Investment Programme	●	●	●
KOR-011	Risk of deviation of the target % reduction of specific investment costs from the one set for the planned period	"Reduction of specific investment costs" indicator	2	2	2
KOR-012	Risk of failure to achieve the target capacity utilisation set for the planned period	Revenues	3	3	3
KOR-014	Risk of failure to achieve the grid connection service quality established under tariff regulation	Indicator describing grid connection service quality	●	●	●
Ensuring reliability of energy supply					
KOR-013	Risk of failure to achieve the level of reliability of power transmission services established during tariff regulation	Indicator describing electricity transmission service reliability	●	●	●
KOR-015	Risk of an accident occurred through the fault of the Company	Occupational safety	●	●	●

¹ Integrated index that takes into account the probability and possible consequences of risk realisation.
² The Methodology for calculation and assessment of the Key Performance Indicators achieved by the Company's top managers (to be applied from 1 January 2020) was approved by the decision of the Board of Directors dated 27 December 2019 (Minutes No. 480 dated 27 December 2019). The Methodology now does not include the key performance indicator pertaining to reduction of specific investment costs.
³ KOR-012. The scenario conditions for the Company's business plan do not include the target value of the indicator on ensuring the utilisation of commissioned 35 kV and above transformers (including replacement commissioning) for the third year of operation.