

Appendix # 2
to the decision of the Board of Directors of Rosseti Centre, PJSC
Minutes from 09.06.2023 # 29/23

**RISK MANAGEMENT AND INTERNAL CONTROL POLICY
OF ROSSETI CENTRE, PJSC**

P TSA BP 22/SD-1

Moscow
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Data on the document

1	Top-level business process, the owner of which is responsible for the development and updating of the internal regulation	BP 22 «Risk Management and Internal Control»
2	Owner of the top-level business process responsible for the development and updating of the internal regulation	Deputy General Director for Digital Transformation
3	Head of the business process responsible for the development and updating of the internal regulation	Head of the quality management, organization of internal control and risk management section
4	Versions of the internal regulation	#1
5	Justification of a new version of the document	Introduced for the first time
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7	Validity from last approval	From 3 to 5 years as decided by the Business Process Owner
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1. General provisions

1.1. The Risk Management and Internal Control Policy of Rosseti Centre, PJSC (hereinafter – the Policy) was developed in order to determine the basic principles for the organization and operation of the risk management and internal control system (hereinafter - the RMICS), the formation of unified approaches to the construction of the RMICS in Rosseti Centre, PJSC (hereinafter - the Company).

1.2. The Policy defines:

- goals and objectives of the RMICS;
- principles of the RMICS functioning;
- the RMICS participants, distribution of duties and powers between the RMICS participants and the nature of their interaction;
- forms for evaluating the effectiveness of the RMICS;
- other approaches used in the organization and operation of the RMICS.

1.3. The purpose of the Policy is to ensure the implementation and maintenance of an effective RMICS that meets generally recognized practices and standards in the field of risk management and internal control, as well as the requirements of regulatory and supervisory authorities, and contributes to the achievement of the goals of the Company’s activities.

1.4. The Policy has been developed in accordance with the requirements of the current legislation of the Russian Federation, recommendations of international, national standards in the field of risk management and internal control, local regulations of the Company, as well as best practices in the field of risk management and internal control.

1.5. Risk management and internal control are considered in the context of a single system integrated into the business processes of the Company, they are not separate processes and (or) activities that are separate from the main activities and business processes of the Company. Integration of risk management and internal control into the activities of the Company is aimed at improving the efficiency of implementing the strategy of the Rosseti group of companies and achieving the goals of the Company.

1.6. The Policy applies to all participants in the process of risk management and internal control of the Company specified in Section 5 of the Policy.

1.7. The Policy is the basis for the development of individual methodological and organizational and administrative documents that regulate the applied aspects of the organization and functioning of the RMICS at all levels of the Company’s management and describe the methods and tools in the field of risk management and internal control.

1.8. The Policy, as well as all changes and additions to it, are approved by the Board of Directors of the Company.

Preparation of proposals for updating the Policy is carried out by the risk management and internal control unit.

The initiators of making changes to the Policy may be: the Board of Directors of the Company, the authorized Committee of the Board of Directors or other committees of the Board of Directors of the Company within their competence, the Audit Commission of the Company, executive bodies of the Company. Changes and additions to the Policy are made as necessary: in case of changes in the legislation of the Russian Federation, in case of changes in international or national standards in the field of risk management and internal

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control, in the further development and improvement of the RMICS, in the event of a change in the organizational and functional structure, based on the results of an external assessment of the effectiveness of the RMICS and other essential conditions of the functioning of the Company.

2. Terms, definitions and abbreviations

2.1. The following basic terms and definitions are used in the Policy:

Internal control is a process carried out by the Board of Directors of the Company, the Audit Commission of the Company, executive bodies and employees of the Company at all levels of management and aimed at obtaining reasonable assurance that the Company ensures:

- the efficiency and effectiveness of its activities, including the achievement of financial and operational indicators, the safety of assets;
- reliability, completeness and timeliness of accounting (financial) and other reporting;
- compliance with applicable laws and regulations, as well as internal regulations of the Company

Risk owner is a person (First Deputy General Directors, Deputy General Directors, directors, heads of structural divisions) who has the authority and responsibility for risk management.

Rosseti Group of Companies (companies of the Rosseti Group) means PJSC Rosseti and its subsidiaries.

Risk source (risk factor) is an object, situation or action that, alone or in combination, may entail a risk.

Control procedures (internal control procedures) are actions and activities aimed at preventing and detecting deviations, errors and abuses, as well as providing reasonable assurance that the risk response is carried out effectively, in a timely manner, in a consistent manner and allows reducing the risk level to an acceptable level.

The Company – Rosseti Centre, PJSC.

The Risk Management and Internal Control Division is a structural division of the Company, which is entrusted with the function of coordination and methodological support of risk management and internal control activities.

The risk management and internal control unit may also be assigned the task of monitoring / additional control of certain areas of activity subject to significant risks, in accordance with the regulation on the unit and/or by decision of the Company's management bodies.

Risk consequences are the result of the impact of an event on the achievement of goals.

Preferred risk (risk appetite) is the maximum allowable level of risks that the Company considers acceptable in the process of achieving the Company's goals and is ready to maintain.

Risk register – documented information about identified risks.

Risk is the impact of uncertainty on the achievement of goals. Under the influence of uncertainty is understood the deviation from the expected result. It can be positive and/or negative, and can create or lead to opportunities and threats. Goals can have different aspects and categories and be defined at different levels. Risk is often expressed in terms of its sources, potential events, their consequences and likelihood.

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The Risk Management and Internal Control System (RMICS) is a set of organizational measures, methods, procedures, corporate culture norms and actions taken by the Company to achieve an optimal balance between the growth of the Company's value, profitability and risks, to ensure the Company's financial stability, efficient business management activities, ensuring the safety of assets, compliance with the law, the charter and internal documents of the Company, timely preparation of reliable reports.

Risk management – coordinated actions for the guidance, control and management of the Company, taking into account risk.

2.2. In order to ensure a common understanding of all aspects of risk management and internal control, and effective implementation of the provisions of the Policy, the list of terms used by the Company is disclosed in a separate document - Glossary in the field of risk management and internal control, approved by the organizational and administrative document of the Company.

3. Goals and objectives of the RMICS

3.1. The purpose of the RMICS is to provide reasonable confidence in achieving the goals set for the Company and the development strategy of the Rosseti group of companies, including ensuring reliable, high-quality and affordable energy supply to consumers, as well as the operational goals of the financial and economic activities of the Company.

3.2. The objectives of the RMICS are:

- ensuring cost-effective activity of the Company, rational distribution and use of resources, safety of assets;
- ensuring the completeness, reliability, integrity and timeliness of the formation, communication / presentation of information and all types of reporting of the Company, established by applicable law and local regulations of the Company;
- ensuring compliance with the requirements of the legislation applicable to the activities of the Company, compliance with internal policies, regulations and procedures of the Company;
- ensuring the safety of the environment, the safety of employees and third parties in the course of the Company's activities;
- maintenance of the process of identification, analysis and assessment of risks arising from all at the levels of the Company's management, effective risk management;
- ensuring the development and implementation of effective control procedures to reduce the risks associated with the Company's activities to a level not higher than the preferred risk (risk appetite);
- ensuring effective prevention, detection and elimination of violations in the course of the Company's activities and financial and business operations;
- ensuring the protection of the interests of the Company, counteracting unfair actions of the Company's employees and third parties;
- development of a risk-oriented corporate culture in the Company;
- providing an information environment for organizing effective risk management and internal control, as well as making balanced management decisions.

3.3. The goals and objectives of the RMICS may change as the risk management and internal control process develops and improves.

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3.4. The RMICS seeks to provide reasonable assurance that the Company's goals will be achieved, but at the same time, it is unable to provide an absolute guarantee of achieving the goals due to the existence of operational limitations. The Company's activities in the field of risk management and internal control may be affected (in aggregate or separately) by the following restrictions:

- exposure to risks that the Company cannot influence or this influence will be extremely limited. The RMICS is unable to provide reasonable assurance when the Company's activities are significantly affected by external events;
- subjectivity of judgment – decisions regarding risks are made on the basis of human judgment, taking into account time constraints based on available information, subject to distortion by employees and in conditions of internal and external pressure (terms, requirements, key performance indicators);
- restrictions associated with the organization of corporate governance, in which a number of corporate governance issues go beyond the scope of the RMICS, but have a direct impact on the functioning of the system;
- the RMICS failures, which can be caused both by incorrect interpretation of legislation, local regulations by the RMICS participants, and by employees' mistakes due to negligence, insufficient level of competence;
- deliberate violation of the RMICS – committing intentional actions to conceal (distort) data on risks and risk management measures, fail to take risk management measures and (or) commit illegal actions;
- absence of personal responsibility of managers and employees of the Company for the implementation of significant projects of the Company (other than that stipulated by the legislation of the Russian Federation) fixed in internal documents.

4. Principles of the RMICS functioning

4.1. The development and functioning of the RMICS in the Company is carried out on the basis of uniform principles that are accepted and observed by the management bodies and employees at all levels of the Company's management:

4.1.1. The principle of continuity and complexity: risk management and internal control is a continuous, constantly functioning process carried out at all levels of the Company's management. Systematic, regular, consistent management of all types of risks is carried out in all key areas of activity.

4.1.2. The compliance principle (goal focus): the RMICS functioning contributes to the achievement of the goals set in the strategic and operational planning documents, such as the Long-Term Development Program, the Business Plan and others.

4.1.3. The principle of integration: the RMICS is an integral part of the system of strategic planning and decision-making in the Company at all levels of management. The RMICS facilitates informed decision-making based on the analysis of available information about the likelihood and consequences of decisions and possible alternatives to these decisions.

4.1.4. The principle of methodological unity: the Company applies uniform approaches to the organization of the RMICS, which are in force in the Rosseti group of companies.

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4.1.5. The principle of reasonable assurance: the measures implemented within the framework of the RMICS are aimed at providing a sufficiently high, but not absolute, guarantee of achieving the Company’s goals.

4.1.6. The principle of adaptability: the RMICS functions and develops taking into account changes in external and internal environment factors.

4.1.7. The efficiency principle: the RMICS is based on the principle of efficiency (efficiency and economy) in the implementation of risk management processes and control procedures, namely: the need to achieve the Company’s established goals using the least amount of resources (thrift) and (or) achieve the best result of the Company’s activities using the established volume resources (performance).

4.1.8. The documentation principle: reasonable and sufficient documentation and formalization of the main risk management and internal control processes to ensure the effective functioning of the RMICS.

4.1.9. The principle of dynamism: risk management and internal control in the Company is a dynamic and responsive process.

4.1.10. The information quality principle: the RMICS functioning is based on the best available information. At the same time, when making decisions, it is necessary to take into account the quality of the information used, the limitations and assumptions of data sources or the methods used for modelling and risk assessment, and the possible subjectivity of expert opinion.

4.1.11. The prioritization principle: the priorities for the development of the RMICS and the allocation of resources within the framework of the RMICS are determined taking into account the materiality of the risks.

4.1.12. The principle of responsibility: the RMICS participants are responsible for identifying, assessing, analyzing and continuously monitoring risks within their activities, developing and implementing the necessary risk management measures and controls, their application within their competence, continuous monitoring of the effectiveness of risk management measures and means of control.

4.1.13. The principle of separation of powers and responsibilities: the powers and responsibilities of the RMICS participants are distributed in such a way as to minimize the risks of errors, corruption risks and other offenses.

4.1.14. The principle of cross-functional interaction: risk management processes and control procedures affecting several areas of activity (business processes) or activities of several structural units are based on collective decisions taken jointly on the basis of information available from various structural units, taking into account opinions of all stakeholders.

4.1.15. The principle of continuous improvement: the Rosseti group of companies ensures continuous improvement and development of the RMICS, taking into account the need to solve new problems, changes in the internal and external conditions for the operation of the group.

5. Participants of the RMICS

5.1. The RMICS participants in the Company are:

- the Board of Directors;
- Committees of the Board of Directors within their competence;

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- the Audit Commission;
- executive bodies (Management Board, General Director);
- risk owners;
- heads and employees of structural subdivisions;
- the risk management and internal control division;
- the internal audit division.

5.2. The distribution of responsibilities between the RMICS participants is established as follows:

5.2.1. The Board of Directors:

- determines the principles and approaches to the organization of risk management and internal control, including approval of internal documents defining the policy in the field of risk management and internal control;
- approves the preferred risk (risk appetite);
- considers information on the most significant (key) risks;
- considers on an annual basis the report of the executive bodies on the organization, functioning and efficiency of the RMIC, as well as assesses the functioning of this system and recommendations for its improvement;
- considers on an annual basis the results of the evaluation by the internal audit of the reliability and efficiency of the RMICS;
- reviews the results of an external independent assessment of the effectiveness of the RMICS.

5.2.2. The Committees of the Board of Directors, within their competence, analyze information on the most significant (key) risks and preliminary review of issues related to the functioning of the RMICS before they are submitted to a meeting of the Board of Directors. The tasks of the Committees of the Board of Directors are determined by the Regulation on the relevant Committee, approved by the Board of Directors.

Other committees of the Board of Directors carry out preliminary consideration of issues related to the functioning of the RMICS within their competence, if necessary.

5.2.3. Based on the results of the audit, the Audit Commission prepares proposals/recommendations for improving the RMICS.

5.2.4. The executive bodies (Management Board, General Director) ensure the creation, maintenance and development of an effective RMICS, and also report to the Board of Directors on a regular basis for the creation and functioning of the effective RMICS.

5.2.4.1. The Management Board:

- approves the register of risks, action plans for risk management;
- considers reporting on risk management, if necessary, gives recommendations on improving risk management and monitoring measures, improving control procedures.

5.2.4.2. General Director:

- ensures the creation and maintenance of a control environment that contributes to the effective functioning of the RMICS in the framework of current activities;
- approves internal RMICS documents, including the methodology for risk management and internal control, the RMICS development program, with the exception of documents, the approval of which is within the competence of the Board of Directors;

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- carries out the distribution of powers, duties and responsibilities between the Company’s managers in the field of risk management and internal control;
- ensures the implementation of decisions of the Board of Directors on the organization and functioning of the RMICS.

5.2.5. Risk owners provide:

- implementation of the principles of the RMICS functioning;
- timely development, implementation, monitoring and organization of the implementation of risk management measures;
- timely development, implementation, monitoring, organization of the implementation of control procedures;
- timely informing the executive bodies about the results of risk management;
- interaction with the risk management and internal control unit in terms of documents and reporting generated as part of the risk management process.

5.2.6. Structural units:

- carry out identification and assessment of risks, timely informing direct supervisors about new risks;
- perform control procedures in a timely manner and in full, implement measures aimed at reducing risks;
- develop and update risk management measures;
- develop and implement, taking into account the identified risks, new or update existing control procedures;
- assess (self-assess) the processes (areas of activity) for the need to optimize them to improve the efficiency of the RMICS and compliance with changing conditions of the external and internal environment, develop proposals for improving the RMICS.

5.2.7. The Risk Management and Internal Control Division:

- coordinates risk management and internal control processes;
- organizes and conducts training of employees in the field of risk management and internal control;
- analyzes the risk portfolio and develops proposals for a response strategy and redistribution of resources in relation to risk management;
- generates risk reporting;
- carries out operational control over the process of risk management by structural divisions;
- carries out control measures in the field of organization and functioning of the RMICS;
- prepares and submits to the executive bodies information on the organization, functioning and efficiency of the RMICS, as well as on other issues stipulated by the Policy.

The risk management and internal control unit is functionally separated from the activities of structural units that carry out risk management and internal control as part of their operational activities, as well as from activities related to the internal audit function.

5.2.8. The Internal Audit Division:

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- conducts an internal independent assessment of the reliability and efficiency of the RMICS and develops recommendations for improving the efficiency and effectiveness of the RMICS;

- informs the executive bodies, the Audit Committee and the Board of Directors about the state of the RMICS by means of annual submission for consideration of the results of the assessment of the RMICS reliability and efficiency.

When implementing the internal audit function, independence is achieved by delimiting the functional and administrative subordination of internal audit.

5.2.9. The Company’s RMICS operates in accordance with the “three lines of defense” model.

This model means the implementation of risk management and internal control in the companies of the group at three levels:

- at the level of management bodies, units and divisions that carry out risk management and internal control by virtue of their functions and duties - the first line of defense;

- at the level of control units that carry out monitoring / additional control of certain areas of activity subject to significant risks - the second line of defense;

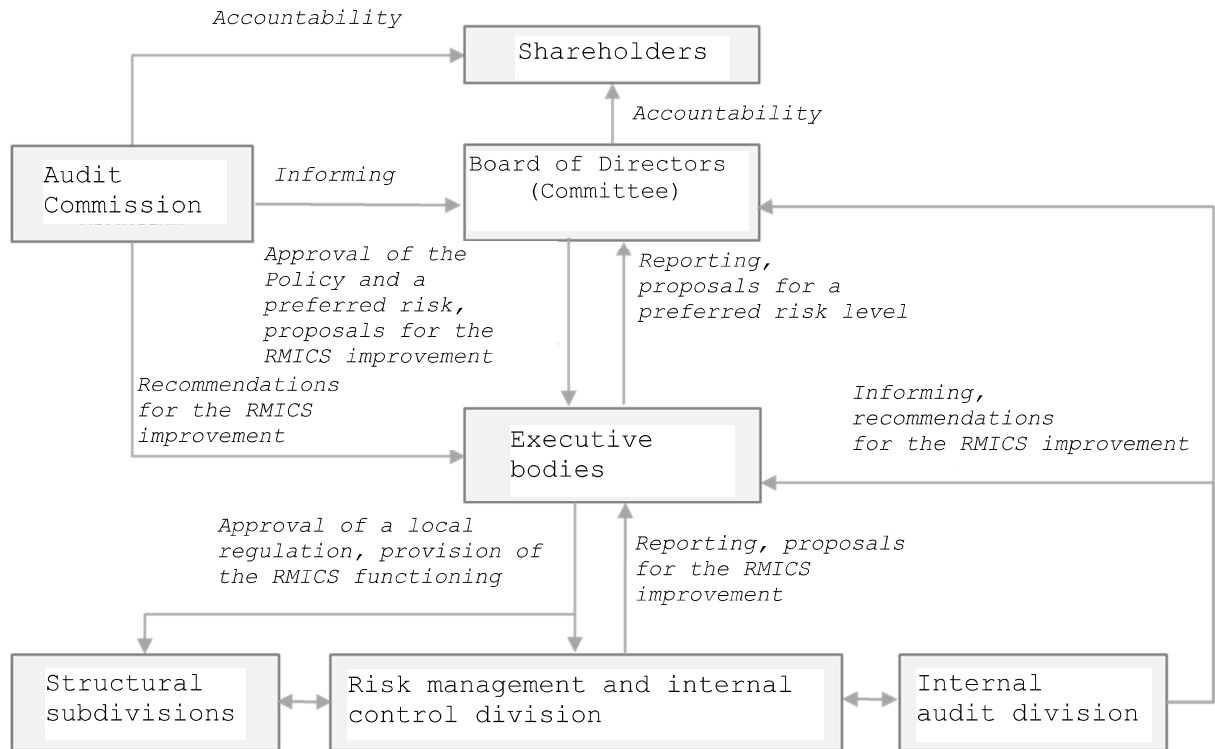
- at the level of the internal audit unit - the third line of defense.

6. Interaction within the RMICS

6.1. In order to establish internal mechanisms for information exchange and reporting, the Company carries out vertical and horizontal interaction between the RMICS participants and interaction with external stakeholders.

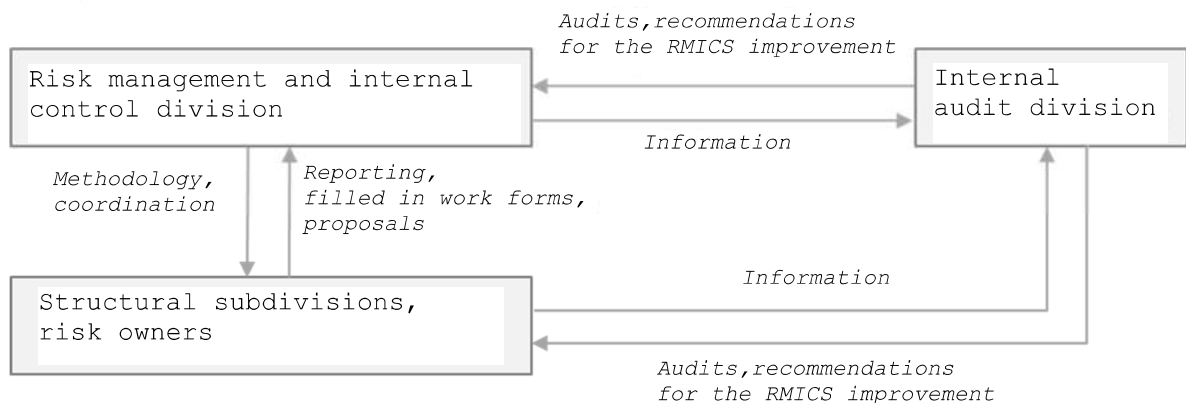
6.2. Interaction between the RMICS participants at different levels of the hierarchy (vertical interaction within the RMICS):

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Vertical interaction within the RMICS is carried out taking into account the norms enshrined in the Policy and in the Company’s local regulations governing the activities of the RMICS participants.

Interaction between structural subdivisions (horizontal interaction within the RMICS):



Horizontal interaction within the RMICS is carried out taking into account the norms enshrined in the Policy and in the Company’s local regulations governing the interaction of the Company’s structural divisions in the process of risk management and internal control.

6.3. Interaction of the structural divisions of the Company within the RMICS is carried out to resolve cross-functional issues of risk management.

6.4. Interaction with external stakeholders is carried out by the RMICS participants on the basis of local regulations and organizational and administrative

documents of the Company, including those determining the information policy and regulating the external communications of the Company.

7. Preferred risk (risk appetite)

7.1. The preferred risk (risk appetite) of the Company is used when making decisions at all levels of management and all structural divisions of the Company.

7.2. The procedure for determining and revising the preferred risk (risk appetite) is established by a separate organizational and administrative document approved in accordance with the procedure established by the Company.

7.3. Responsibilities for the development and revision of the methodology for determining the level of preferred risk (risk appetite) are assigned to the risk management and internal control unit.

7.4. The preferred risk (risk appetite) is approved by the Board of Directors of the Company.

7.5. The indicators of the preferred risk (risk appetite) are the same for all companies of the Rosseti group, while individual indicators of the preferred risk (risk appetite) can be adjusted by the Company taking into account the specifics of the Company's activities.

8. The RMICS components

8.1. The RMICS is a set of interrelated components, which include:

- corporate governance and culture;
- strategy and goal setting;
- performance efficiency;
- analysis and revision;
- information, communication and reporting.

8.2. Corporate governance and culture are determined by the attitude of the Company's management bodies to the issues of risk management and internal control: their understanding of the importance of these issues, ensuring the involvement and awareness of the Company's employees in risk management and internal control issues, organizing and maintaining an effective RMICS.

Within the framework of the component, the formation of a control environment is carried out, which is part of the corporate culture of the Company. The control environment includes a set of standards, processes and actions of the executive bodies aimed at establishing and maintaining the effective functioning of internal control in the Company, as well as understanding its importance at all levels of management to achieve the goals set.

The control environment should support the achievement of the RMICS objectives by:

- clear understanding by all RMICS participants of their duties and powers, adherence to corporate and ethical values;
- building an organizational structure based on the principles of the RMICS functioning and ensuring efficient distribution of duties, delegation of authority, maintaining qualifications and training of the Company's employees;

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- independence and objectivity of internal audit.

8.3. The strategy and setting goals make the vector of the Company's development and are the basis for identifying and assessing risks, determining the preferred risk (risk appetite).

The Company adheres to the approaches of vertical strategic planning and is based on the development strategy of the companies of the Rosseti group, approved by the Board of Directors of PJSC Rosseti, when establishing:

- long-term goals of the Company (with a planning horizon of at least 5 years) approved by the Board of Directors of the Company in strategic and program documents in accordance with the Articles of Association of the Company;

- operational goals approved in the Company's short-term and medium-term planning documents, the achievement of which is ensured by internal control.

The external environment, in which the Company achieves its goals, includes (but is not limited to):

- socio-political, legal, regulatory, financial, economic, technological environment;

- main factors and conditions for the development of the electric power industry;
- relationships with external stakeholders.

The internal environment, in which the Company achieves the established goals, includes the culture (opinions and attitude) of the Company's management and employees to risk management, reflects the Company's values, and influences their corporate culture, procedures and rules for carrying out activities.

The internal environment includes (but is not limited to):

- an organizational structure of management and distribution of powers;
- plans and programs that establish strategic and operational goals;
- resources and capital (including personnel, competencies, systems and technologies);

- relevant tools and methods for risk assessment;
- information systems;
- corporate culture;
- standards and procedures;
- preferred risk (risk appetite).

8.4. The effectiveness of activities of the Company contributes to the formation of reasonable confidence in the implementation of the strategy and the achievement of the goals set.

To ensure the achievement of goals, the Company carries out identification and analysis of risks, assesses risks, responds to risks and performs control procedures.

8.4.1. Risk identification and analysis.

Risk identification includes revealing, definition and description of risks (including possible changes in the internal and external environment), their causes and consequences. Risks must be identified regardless of whether the companies of the group can influence their causes. Risks are formalized in the form of risk registers.

Risk analysis provides input for risk assessment and decision making on how to deal with those risks, as well as the most appropriate strategies and methods of dealing with

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them. Risk analysis includes consideration of risk factors, their negative and positive consequences, analysis of risk chains, determination of a level of risk.

8.4.2. Risk assessment.

Risk assessment is performed for each identified risk and is aimed at determining the significance of the risk, taking into account consequences of realization of the risk and likelihood of its occurrence.

Risk assessment is carried out using qualitative and quantitative approaches, as well as their combination. The used risk materiality criteria are determined by local regulations and organizational and administrative documents of the Company.

Based on the results of risk identification and assessment, a risk map is formed that reflects the company's risk profile, and the most significant risks are also determined.

8.4.3. Risk response.

Response to risks is aimed at minimizing the level of risks and their consequences, maintaining the preferred risk (risk appetite), maximizing opportunities to achieve the Company's goals through the implementation of risk management measures. Risk response is carried out in two stages:

- choice of a risk response method;
- development and implementation of risk management measures.

The Company defines the following risk response methods:

– avoidance of risk – evasion or avoidance of risk. This method implies the refusal to perform certain actions, the refusal of assets characterized by an unacceptable level of risk. Avoidance of risk, as a method of covering risks, is used in exceptional cases and is used when the cost of exposure to the risk is too high or such exposure will not reduce the risk to an acceptable level, and also when it is impossible or inefficient to transfer the risk to a third party;

– risk reduction – impact on risk by reducing the likelihood of risk realization and (or) reducing the negative consequences of risk realization;

– risk transfer – transfer or partial transfer of risk to another party, which allows to reduce the negative impact of uncertainty on the achievement of the Company's goals. However, it should be taken into account that some risks may not always be transferable;

– risk acceptance – a reasonable decision to accept a particular risk. The decision to accept a risk can be made without impacting the risk or in the process of impacting the risk. Accepted risks are subject to monitoring and review.

To respond to a specific risk, one or more of the listed methods can be used.

When choosing a response method, the following should be considered:

- a level of the risk materiality;
- impact on the probability and impact of risks, the possibility of new risks;
- costs for implementation of risk management measures and resulting effects;
- availability of competencies and opportunities for risk management;
- compliance with the principles of risk management and internal control.

Risk management measures are methods of influencing risk aimed at retaining and/or changing the level of risk and are developed taking into account the chosen method of responding to risks for all significant risks of the Company.

8.4.4. Implementation of control procedures.

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The Company ensures the development and implementation of control procedures aimed at achieving the objectives of the RMICS. The implementation of control procedures should be carried out in accordance with the local regulations of the Company that regulate the control environment of processes.

8.5. Analysis and revision of risk management and internal control practices is aimed at maintaining the efficiency and improvement of the RMICS: updating information on the Company's risks, taking into account changing external and internal factors, ensuring the proper functioning of controls, compliance of the RMICS with the legislation, local regulations of the Company, the Company's goals, best practices in the field of risk management and internal control.

Analysis and revision of risk management and internal control practices are performed as part of the monitoring of the RMICS to provide reasonable assurance that:

- all significant risks are identified and have a fair assessment, taking into account the changing factors of the external and internal environment;
- for all significant risks, risk management measures are provided, the measures are carried out in a timely manner and with high quality;
- control procedures function properly and ensure reduction of a risk level.

Monitoring of risk management and effectiveness of control procedures includes an assessment of reliability and efficiency of the RMICS functioning. Monitoring can be carried out in the course of ongoing activities or through periodic inspections, or through a combination of these methods.

Monitoring of risk management and effectiveness of control procedures is carried out by the RMICS participants in accordance with the organizational and administrative documents of the Company on a periodic basis (at least once a year). Within the framework of monitoring, an analysis of factors of the external and internal environment is carried out, risks and their assessments are reviewed, efficiency is analyzed and, if necessary, risk management measures are updated, an analysis and updating of control procedures is performed.

8.6. Information, communication and reporting in terms of the Company's RMICS are aimed at providing the RMICS participants with the information necessary for making informed and justified decisions and performing their official duties.

The exchange of information must comply with the RMICS principles and confidentiality requirements.

The composition of the RMICS reporting, content, terms of its submission are determined by separate organizational and administrative documents of the Company.

9. Organization of the RMICS

9.1. The organization of risk management and internal control in the Company is aimed at comprehensive risk management, taking into account the complex structure of the mutual influence of risk factors, risks and their consequences.

9.2. The creation of an effective RMICS of the Company is facilitated by following the uniform principles of the RMICS functioning. The RMICS organization in subsidiaries on the basis of uniform group-wide principles and approaches is carried out taking into

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account the scale, type and specifics of their activities, organizational features of subsidiaries, and contribution to achieving the goals of the Rosseti group of companies.

9.3. The processes of ensuring compliance with the requirements of antimonopoly, anti-corruption, tax and other legislation (compliance) function as an integral part of the internal control and risk management processes of the Company and are aimed at complying with the law and preventing its violation by the Company.

9.4. Improving the efficiency of risk management and internal control within certain types of activities is organized by highlighting the key RMICS subsystems, the functioning of which is regulated by external regulatory requirements and/or documents approved at the level of the Boards of Directors of the Company:

9.4.1. Control of the operation of electric grid assets - the subsystem is designed to control the implementation of complex programs aimed at improving the reliability and efficiency of operation of electric grid facilities.

9.4.2. Control over the development of electric grid assets - the subsystem is aimed at exercising control within the framework of the Company's investment activities, ensures a balanced development of electric grid assets.

9.4.3. Control over the provision of services for electricity transmission and grid connection - the subsystem is aimed at monitoring the provision of reliable, high-quality and affordable energy supply to consumers.

9.4.4. Financial and economic control – the subsystem is aimed at monitoring the financial and economic activities of the Company, achieving financial and operational indicators, ensuring compliance with the requirements of the tax legislation of the Russian Federation.

9.4.5. Control of management processes and supporting processes - the subsystem provides control over the implementation of management processes within the framework of strategic management, corporate governance, digital transformation management, as well as other processes.

9.4.6. Monitoring compliance with labour protection requirements - the subsystem provides control in the field of compliance by the Company's employees with the requirements of laws and other regulatory legal acts on labour protection, as well as control over compliance with the procedure for investigating and recording accidents at work.

9.4.7. Monitoring compliance with corporate ethics and official conduct - the subsystem ensures control over compliance with the requirements of the Code of Corporate Ethics and Official Conduct, is aimed at maintaining the values, principles, rules and norms of business ethics, as well as standards of conduct that determine relationships within the team, relations with employees, business partners, government agencies, the public.

9.4.8. Anti-corruption control – the subsystem is aimed at implementing a set of measures to prevent corruption, reducing corruption and reputational risks, as well as the risks of applying administrative liability measures to the Company.

9.4.9. Antimonopoly compliance – the subsystem is aimed at ensuring compliance of the Company's activities with the requirements of the antimonopoly legislation of the Russian Federation and preventing its violation by the Company.

9.4.10. Procurement control – the subsystem is aimed at ensuring the timeliness of procurement procedures, justifying the quality, quantity and cost of purchased goods and services, compliance with legislation in the field of procurement.

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9.4.11. Information security control – the subsystem is aimed at implementing a set of measures to maintain the integrity, availability and confidentiality of the Company’s information resources. The subsystem monitors compliance with the requirements of the legislation of the Russian Federation in the field of information security.

9.4.12. Control over insider information - the subsystem is aimed at implementing a set of measures to counter the misuse of insider information and (or) market manipulation.

9.5. Taking into account organizational changes in the Company, as well as increasing the level of maturity of the RMICS, the set of subsystems can be refined.

9.6. A hierarchical three-level structure of the RMICS documentation is supported in the Company:

- documents of the first level are established by decisions of the Board of Directors, determine the general principles of organization and functioning of the RMICS, apply to all participants of the RMICS (policies / strategies, etc.);

- documents of the second level describe interrelated processes and activities required for the implementation of the RMICS (regulations / provisions, etc.);

- documents of the third level describe in detail the specific actions of individual employees within the RMICS (instructions / methods, etc.).

10. Assessing the effectiveness of the RMICS

10.1. The Company periodically evaluates the effectiveness of the current state of the RMICS.

10.2. Forms for assessing the effectiveness of the RMICS:

- self-assessment;
- internal independent assessment;
- external independent assessment.

10.3. Self-assessment of the effectiveness of the RMICS is carried out at least once a year:

- by structural subdivisions in functional areas of activity;
- by the risk management and internal control unit in terms of the RMICS functioning in the Company.

The results of self-assessment of the RMICS efficiency are included in the annual report of the Company’s executive bodies on the organization, functioning and efficiency of the RMICS, submitted for consideration by the Board of Directors of the Company.

10.4. An internal independent assessment of the reliability and effectiveness of the RMICS is carried out annually by the internal audit unit. The results of the assessment of the state, reliability and efficiency of the RMICS are submitted for consideration by the Board of Directors of the Company.

10.5. An external independent assessment of the effectiveness of the RMICS is carried out by an external independent consultant by decision of the Company’s management bodies, depending on changes in organizational activities and the overall level of development, reliability and efficiency of the RMICS.

The results of an external independent assessment of the effectiveness of the RMICS are submitted for consideration by the Board of Directors of the Company.

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