

Internal control and risk management system (continued)

The Company's key risks

The Company identifies risks that have the strongest impact on its business, regularly assesses them, develops procedures aimed at the mitigation or prevention of negative impact, and monitors the implementation and effectiveness of risk impact procedures.

Risk description and management

Risk level

Risk description and management



Risk of changes in consumer preferences and demand

- ▶ Product mix adjustments

Understaffing as a result of reduced labour market capacity

- ▶ Expanded range of social benefits for rank-and-file employees
- ▶ Introduction of flexible working hours where possible
- ▶ Employee development, inclusion of employees in the talent pool, promotions in line with the career track
- ▶ Employer brand enhancement
- ▶ Labour market monitoring and employee engagement surveys

Higher prices of imported equipment and materials

- ▶ Search for alternative suppliers

Disruptions in supplies of equipment, spare parts and materials

- ▶ Engagement of third-party transportation companies
- ▶ Search for alternative channels to secure deliveries of spare parts for vehicles
- ▶ Search for alternative suppliers
- ▶ Reliance on internal resources if counterparties fail to provide support under existing contracts
- ▶ Development of corporate procedures to procure spare parts and consumables



Restrictions on settlements with counterparties

- ▶ Switching to alternative payment tools

Changes in the product mix

- ▶ Product mix adjustments
- ▶ Development of own production facilities and imports

More expensive logistics

- ▶ Refocus towards alternative logistics chains

Risk of regulatory changes

- ▶ Monitoring of legislative changes



Information security risks

- ▶ Functioning of access control procedures and mechanisms, approved access matrices
- ▶ Establishment of a software and infrastructure change management system
- ▶ Data backup, duplication of key information systems
- ▶ Functioning of a centralised monitoring system for information security events
- ▶ Additional investments in the development of information technologies

Risks related to availability of seed lots and supplements for the Company's Mushroom Complex, lack of fungal mycelium, availability of crop protection agents for greenhouses

- ▶ Development of alternative supply channels
- ▶ Signing contracts with domestic producers of mycelium, projects to produce and select mycelium
- ▶ Development of crop protection agents and supplements together with producers

Risks of negative epidemiological situations impacting the Company's activities

- ▶ Real-time monitoring of the spread of COVID-19
- ▶ Strict compliance with all guidance issued by Rospotrebnadzor, Russian Ministry of Health, and World Health Organisation (WHO)
- ▶ Disinfection of premises

Climate-related risks (physical and transitional)

- ▶ Elaboration of a plan of measures for the implementation and development of a system for identification, assessment, management and monitoring of climate-related risks
- ▶ Analysis and amendment (if necessary) of the Company's regulations with regard to climate-related risk management
- ▶ Analysis of the potential application of the results of the climate-related risk assessment and business opportunities
- ▶ Establishment of a team to assess climate-related risks and opportunities, hiring consultants
- ▶ Hiring an external auditor to assess the quality and effectiveness of the Company's climate-related risk management activities