

# RISK MANAGEMENT

## Risk management system

Rusagro Group recognises the importance of a responsible approach to risk management, which is inextricably linked to the Strategic Plan and reflects the priorities identified by the Group's management. The Company devotes significant resources to identifying, assessing and accounting for risks when making business decisions.

Risk management within the Group is aligned with the Regulations on the Risk Management and Internal Control System (RM&ICS) and is organised as a separate functional unit.

The Group is committed to observing the relevant national and international standards and continuously upgrades its own risk management toolkit in order to maximise the Company's value and lessen any potential negative effects in the event that a risk materialises.

In 2024, the Company identifies 19 risks that could have a material impact on its performance.

For 2025, the risk management framework highlights the significance of political and financial risks and draws the attention of the Group's management to managing and improving relevant practices.




For an expanded description of sustainability risks and their management measures, see the Sustainable Development section, pp. 151 and 171




### Plans to improve the risk management system





#### Areas of improvement of the Group's risk management system



- 1 Monitoring, updating of risk management methodologies and tools
- 2 Stronger integration of the risk management system into the Group's development strategy
- 3 Training and improvement of personnel competences in the area of risk management
- 4 Focus on specific risks



## Key risks





N°	Risk	Description	Risk realisation in 2024	Management measures
<b>Strategic risks</b>				
1	 Strategic planning risk	Risk associated with making erroneous decisions that determine the strategy of operations and development of business segments and the Group as a whole	The possibility of this risk realising in 2024 is estimated as minor	The Company is actively diversifying its production activities by creating efficient management structures, which helps minimise possible errors in decision making
2	 Technology risk	These risks are associated with Russia's potential long-term isolation from cutting-edge global agribusiness practices, including the robotisation of key technological processes in farming, techniques for the accelerated selection and cultivation of new varieties Further advancements in the field of genetically-modified grain types, such as the creation of drought-resistant varieties, pose a significant risk	The possibility of this risk realising in 2024 is estimated as minor	Promotion of in-house seed breeding.  Development of the Company's own R&D activities in all main business segments of the Company.  Development of proprietary IT technologies and robotisation in the agricultural sector
3	 Social and demographic risk	The main social risks are the decline in the working age population and in the training quality of skilled personnel. The continuing development of agrotechnology, combined with the lower percentage of people employed in key technological processes, places additional demands on skilled workers. Social and demographic risks are increasing significantly due to accelerating rates of migration from rural areas, given that those who leave tend to be of working age	The outflow of the working age population – especially young people – from rural to urban areas continues to be a trend, and the rural population is ageing as a result (on average).  The realisation of this risk in 2024 is stable but insignificant	A number of programmes are being developed in conjunction with regional authorities with the aim of improving the standard of living in the regions where the Company operates.  Support is given to specialist institutes of higher education.  A number of programmes are underway to attract young specialists to the regions where the Company operates



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4	 Reputational risk	<p>Risk associated with any negative perception of the Company's financial stability, financial position, quality of products or nature of its operations in general.</p> <p>Operating in the food product industry involves risks related to the spoilage of products and other requirements as to their quality and shelf life. Any aspect of the production, packaging, marketing, and sale of our products may be the subject of complaints from consumers, and negative consequences arising from such complaints being publicised may have an adverse effect on the Company's reputation</p>	This risk was not present in 2024	<p>Control of production safety and quality of products.</p> <p>Active PR strategy aimed at creating and maintaining a positive image in society and media landscape: in mass media, in social networks.</p> <p>Charitable activities, as well as support of universities, schools, local regional communities</p>
<b>Political risks</b>				
5	 Changes in state policy relating to price control, as well as export/import and tax regulation	<p>Changes in the state policy on price control for products sold by Rusagro, as well as export/import and tax regulation, could potentially have a negative impact on the Company's performance. The introduction of price caps, tariffs, and quotas for the export of agri-food products impedes the Company's ability to maximise revenue, while higher taxes translate into lower net profit</p>	<p>A ban on the export of cane or beet sugar and chemically pure sucrose from Russia was in effect from 3 May until 31 August 2024, except for limited exports to EEU countries.</p> <p>In August 2024, a floating duty on sunflower oil exports from Russia was extended until September 2026. Export duty rates on sunflower seeds and meal were extended for the same period. The possibility of this risk realising in 2024 is estimated as average</p>	<p>Tracking any changes in government policy and promptly adapting Rusagro's strategy to them.</p> <p>Improving production efficiency, optimising sales plans.</p> <p>Active position and participation in discussions with government officials on the terms of support measures for the agribusiness sector and their impact on business</p>
6	 Risk of aggravation of the foreign policy situation	<p>Negative developments in the global economy and the changing political and economic situation outside Russia, where the Company exports products, as well as the tightening of sanctions on Russia and Russian business, could lead to an economic slowdown, which would adversely affect the Company's financial results and the Company's business</p>	<p>The geopolitical situation and sanctions pressure persisted in 2024 in terms of a ban on imports of certain products from the Russian Federation and difficulties related to cross-border payments.</p> <p>The possibility of this risk realising in 2024 is estimated as average</p>	<p>Expansion of international partner and client network.</p> <p>Working out new service providers and supplies of necessary technical facilities both abroad and within Russia.</p> <p>Adaptation to sanctions, constant search for new logistics routes and other export opportunities</p>

N°	Risk	Description	Risk realisation in 2024	Management measures
<b>Financial risks</b>				
7	 Risk of higher accounts receivable	Risks associated with implicit and explicit costs, financial losses caused by the inability of counterparties to meet their financial obligations to the Group in full and in a timely manner	<p>The possibility of this risk realising in 2024 is estimated as minor.</p> <p>Individual cases of counterparties' inability to fulfil their financial obligations to the Group on time and in full did not have a significant impact on the stability of the Group</p>	Optimisation of contractual terms and conditions with counterparties and stricter control over payment, development of interaction procedures and use of additional financial instruments, involvement of factoring and receivables insurance
8	 Interest rate risk	Interest rate risks affecting the servicing cost of the Group's financial liabilities	In 2024, the risk for the Group has been realised to an average extent, taking into account subsidised borrowing rates for the agro-industrial sector	Mitigation through diversification of financing instruments, management of the debt structure and use of forecasting models in decision making
9	 Liquidity risk	Risks of the Group's inability to fulfil its financial obligations when due	<p>The possibility of this risk realising in 2024 is estimated as minor.</p> <p>The Group has no liquidity problems and continues to grow steadily</p>	Risk reduction by maintaining necessary reserves, optimising the structure of liabilities
10	 Currency risk	Risks of currency exchange rate fluctuations that may affect the value of the Company's liabilities, income or expenses denominated in foreign currencies	The possibility of this risk realising in 2024 is estimated as average	Hedging with financial instruments, diversification of currency positions

N°	Risk	Description	Risk realisation in 2024	Management measures
11	 Risk of fluctuations in product prices	<p>The Company's financial performance is linked to price levels for sugar, pork, arable crops, vegetable oils and derivatives. Prices depend on several factors which the Company cannot fully control. The following may be key reasons for a possible price drop:</p> <ul style="list-style-type: none"> <li>• Increased supply from competitors and lower world prices</li> <li>• Government regulation</li> <li>• Erosion in household purchasing power</li> </ul>	<p>The possibility of this risk realising in 2024 is estimated as average</p>	<p>Diversification of the Company's product portfolio by extending product range and developing retail brands with a higher added value.</p> <p>Development of the sales channels, contracting with major industrial partners and retail chains.</p> <p>Development of export sales and expansion into new markets.</p> <p>Maintenance of stocks of finished products intended for sale during seasonal price hikes.</p> <p>Continuous monitoring of the market situation to obtain a true and fair view of the prevailing trends and to ensure a sound basis for forecasting market developments</p>
12	 Factor price risk	<p>Risks related to possible changes in prices for the main types of raw materials, goods, works, services used by the Company may adversely affect the results of financial and economic activities.</p> <p>Changes in prices for the main types of raw materials, goods, works, services used by the Company in the market of the Russian Federation may lead to fluctuations in prices for the cost of products made by the Company</p>	<p>The possibility of this risk realising in 2024 is estimated as average.</p> <p>Relatively high inflation drove higher prices for raw materials and services provided by the Group</p>	<p>Long-term contracting.</p> <p>Strengthening of vertical integration in certain segments to improve business efficiency.</p> <p>Long-term planning and continuous analysis of market conditions</p>

N°	Risk	Description	Risk realisation in 2024	Management measures
<b>Natural and biological risks</b>				
13	 Climate change risks	Weather-related anomalies such as drought, frost, excessive moisture, strong winds, hail, and damping off, as well as local man-made accidents, may lead to reduced yield, which affects the revenue of the Agriculture, Meat, Sugar, and Oil and Fats businesses	<p>The possibility of this risk realising in 2024 is estimated as average.</p> <p>In 2024, adverse weather risks were realised in the form of frost and drought in some regions. Risks were mitigated through re-seeding in the affected areas</p>	<p>An integrated approach to weather forecasting based on weather station data.</p> <p>Digitalisation of strategic planning and operational processes.</p> <p>Automation of the optimal scheduling of sugar beet digging, piling and delivery, as well as harvesting and exporting of grains and pulses.</p> <p>Automated quality control of handling operations;</p> <p>Development of sprinkling and irrigation systems.</p> <p>Climate-driven hybrid and varietal seed selection</p>
14	 Animal and plant diseases	Climate change and evolution cause new and dangerous animal and plant diseases to emerge that can adversely affect the performance of the Company's Agriculture, Sugar, and Meat Businesses. The most hazardous of these are sugar beet diseases, parasites, and highly dangerous viral and infectious diseases affecting pigs, such as African swine fever (ASF), porcine reproductive and respiratory syndrome, foot-and-mouth disease, and atypical pneumonia	These risks did not materialised for Rusagro Group in 2024	<p>Compliance with the most stringent biosecurity requirements.</p> <p>Transport and inventory flow control and decontamination.</p> <p>Health monitoring of pigs reared at the Company's production facilities.</p> <p>Monitoring of ASF disease incidents in Russia.</p> <p>Pest control by treating plants and seeds with insecticides and fungicides</p>

N°	Risk	Description	Risk realisation in 2024	Management measures
15	 Risk of epidemics and pandemics	The occurrence of epidemics and pandemics in Russia could have a negative impact on the Company's profits through the restrictions placed on the business activities of the Company and its counterparties. The risks include plant shutdowns, loss of productivity when switching to working from home, delays in the execution and implementation of commercial contracts, and freezes on construction and repair jobs	This risk did not materialised in 2024	<p>Rapid response headquarters established to develop and monitor the implementation of anti-crisis measures.</p> <p>Restrictions on the movement of employees between the Company's offices and production sites, as well as less travel to other regions and countries.</p> <p>Distribution of additional personal protective equipment and antiseptics, additional disinfection measures.</p> <p>Comprehensive communication programme to keep employees informed, launch of dedicated hotlines for employees.</p> <p>Support for employees to have regular tests and vaccinations</p>
<b>Operational risks</b>				
16	 Process-related and environmental risk	Agricultural production is subject to natural and man-made risks, including risks inherent in landscape transformation and stemming from pollutant emissions, land degradation, waterlogging, salination, impact on biodiversity, and violations of chemical safety regulations through the misuse of crop protection agents. Environmental risks are associated with financial loss from fines and the cost of remedying the effects of a violation	The possibility of this risk realising in 2024 is estimated as minor	<p>Approaching the agricultural process diligently and with due care regarding the use of fertilisers, the production and storage of raw materials and products, and waste management.</p> <p>Risk analysis and forecasting by R&amp;D scientific units, technicians and environmentalists</p>
17	 Cybersecurity risk	Risks of financial losses resulting from unauthorised access to information systems, disruption of their operation, compromise of confidential information, loss of data or its unlawful distribution. Includes threats related to cyber-attacks, malware and the leakage of personal and other sensitive data	This risk did not materialised in 2024	<p>The Company has a business-oriented IS system that covers a wide range of cyber security tasks</p> <p> For more details, see <a href="#">the Cybersecurity and Data Protection section, p. 205</a></p>

N°	Risk	Description	Risk realisation in 2024	Management measures
18	 Human factors risk	Human errors in the planning and implementation of technological operations can have negative consequences on production results and production costs	The possibility of this risk realising in 2024 is estimated as minor	<p>Monitoring and improvement of staff management, including through the development of effective incentive systems.</p> <p>Development and enforcement of standards, regulations, and instructions for the implementation of process-related operations.</p> <p>Automation and digitalisation of planning processes, management of production activities</p>
19	 Occupational health and safety risks	Risks related to potential accidents, injuries, exposure of employees to harmful factors, incidents at production facilities, including terrorist attacks, as well as possible sanctions for violation of legal requirements	The possibility of this risk realising in 2024 is estimated as minor	<p>Regular safety training for staff.</p> <p>Rollout of systems for monitoring, prevention and prevention of occupational health and safety incidents.</p> <p>Analysis of incidents and corrective actions.</p> <p>Improvement of working conditions</p>



## Heat map

