ANNUAL REPORT

RISK MANAGEMENT

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I. Executive Summary

In application of the provisions of the OSGG 600/2018 (Order of the General Secretariat of the Government no. 600/20.04.2018 approving the Code of Internal Control of Public Entities) and of national and international best practices in risk management, including the COSO (Committee of Sponsoring Organizations of the Treadway Commission) standards/framework and the Methodology for implementing the "Risk Management" Internal Control Standard, SNN has implemented and maintains a risk management framework and process in SNN, structured on three levels, as follows:

- the **first level** is implemented to ensure that operations are correctly performed: risk management and control activities and responsibilities are incorporated in the work procedures, and SNN SA staff at all hierarchical levels perform risk management and control activities both by performing their current work duties and by participating in risk management in accordance with specific procedures,
- **second level**: entities with control function in SNN exercise their control responsibilities,
- **third level**: Internal Audit supervises, assesses and periodically checks the efficiency, effectiveness and adequacy of the functioning of the risk management and control framework and investigates the application of governance principles in all SNN entities.

In order to streamline and digitize the risk management activity, SNN has internally developed a set of IT applications regarding risks, objectives, guarantees and their issuers, currently having in development applications regarding counterparty risk management, sanctions enforcement and know-your-customer.

In this management environment/framework, SNN identifies, assesses, analyses, estimates, treats, monitors and reviews the risks to which the organization is exposed, ensuring adequate flow of risk information in order to make informed risk decisions.

II. Legal and professional framework for risk management

The regulatory framework and professional standards related to risk management that SNN has considered in the implementation and conduct of internal risk management activities are OSGG 600/2018, SR ISO 31000:2018, SR EN 31010:2010, COSO (Committee of Sponsoring Organizations) guidelines, namely Enterprise Risk Management – Integrating Strategy and Performance, Compliance Risk Management: Applying the COSO ERM Framework etc.

In support of its activity, the achievement of its business objectives and compliance with the applicable national legislative framework, S.N. Nuclearelectrica S.A. has implemented, developed and improved constantly a risk management framework according to the provisions of OSGG 600/2018 regarding the approval of the Code of Managerial Internal Control of public entities, for the management and control of corporate risks in particular, complementary to the risk management framework implemented in Cernavoda NPP and Pitesti NFP for the management and control of operational-technical risks..

In the development of the corporate risk management framework, the provisions of the applied standards regarding risk management were considered (SR ISO 31000:2018 "Risk Management. Guidelines" and "SR EN 31010:2010 Risk Management. Risk Management Techniques"), as well as those of COSO (Committee of Sponsoring Organizations of the Treadway Commission).

III. Internal risk management framework

i. Regulatory framework

In application of the legal framework, professional standards and best practice in risk management, SNN has established a risk management function with a risk management process, methodology and framework to support the maintenance of risks at an acceptable level.

The management of SN Nuclearelectrica SA pays special attention to the adequate management of the risks to which the organization is exposed, for continuing the operation of the plant under conditions of security and nuclear safety at levels of operational excellence.

The functioning of the risk management framework within SN Nuclearelectrica SA contributes to ensuring the protection of assets, the reliability of financial reporting, the efficiency and effectiveness of activities and processes, in accordance with the relevant legislative framework, the organization's internal rules and procedures.

The management of SN Nuclearelectrica SA intends to maintain viable and constantly improve the risk management framework so that it remains adequate and adapted to the changes in the internal and external environment of the organization.

The main coordinates and instruments of the corporate risk management framework are:

- Entities (compartments), processes, roles, tools, responsibilities and managers established in a manner that provides reasonable assurance to the management of the organization and to third parties that the risks to which the organization is exposed are evaluated, managed, monitored and reviewed adequately,
- Circulation of information regarding risks within SNN through a dedicated IT application developed internally, for making informed decisions from a risk perspective,
- Uniform evaluation throughout the organization, using a common evaluation metric, of the probability of occurrence and the potential impact,
- A framework for assessing counterparty credit risk,
- Prudential eligibility criteria for direct bilateral contracting in the electricity trading activity of SNN,
- Eligibility criteria for the issuers of guarantees set up in favour of SNN for the activity of electricity trading and the procurement activity,
- Processes, roles, responsibilities and tools for verifying the compliance of guarantees established in favour of SNN, through a dedicated IT application developed internally,

- A risk tolerance limit (risk appetite), expressed in score/ rating/ risk exposure, between the ratings of medium risks and the ratings of high risks, low score risks being considered tolerable, and those above this score being considered intolerable,
- A constantly monitored risk profile.

ii. Metrics, assessment principles

SNN, in managing the risks to which it identifies exposures, quantifies the risks as objectively and accurately as possible, using principles and metrics of assessment and quantification, ranging from professional assessment (expert judgment) and ratings on rating scales, to calculated indicators.

- Professional evaluation/assessment and application of professional standards:
  - risk profile and risk tolerance limit,
  - acceptance (eligibility) criteria for issuers of guarantee instruments,
  - acceptance criteria for guarantee instruments,
  - risk assessment based on open source information,
- Risk assessment using ratings,
- Indicators:
  - counterparty credit risk scoring,
  - prudential eligibility criteria for insurers registered in Romania, issuers of guarantee instruments

Risk profile and risk tolerance limit

Based on the provisions of OSGG 600/2018, SNN's Risk Management Department annually proposes the endorsement by the Monitoring Committee, for approval by the General Manager, of the risk profile and risk tolerance limit, which for the years 2024 and 2025 are described below.

Risk profile for 2024-2025

Risk name	Weight 2024	Weight 2025	Risk level for 2024	Risk level for 2025	Trend for 2024	Trend for 2025
Operational Risk	30%	30%	Low	Low	→	→
Market/price risk	8%	8%	High	High	→	→
Credit risk/ counterparty	10 %	10 %	High	High	→	→
Competitive risk	5 %	5 %	Environment	Environment	→	→
Macro-economic risk	5 %	10 %	High	High	→	↗
Geopolitical risk, hybrid conflict and disinformation	12%	13%	High	High	↗	↗
Regulatory/ legislative risk	10 %	7%	High	High	→	→
Risk related to the lack of specialized workforce	5 %	5 %	Environment	Environment	→	→
Risk related to the investment/ maintenance works	2 %	2 %	Environment	Environment	↗	→

Risk name	Weight 2024	Weight 2025	Risk level for 2024	Risk level for 2025	Trend for 2024	Trend for 2025
Project risk (U3 & U4, SMR, Cobalt, refurbishment U1 & U2)	8%	8%	Environment	Environment	↗	→
Development and assimilation of subsidiaries CNU, EnergoNuclear, Nuclearelectrica Serv, Ropwer	5 %	2 %	Environment	Environment	→	→
Global risk profile	100%	100%	Environment	Environment	→	→

Risk tolerance limit

The Risk Management Procedure within SN Nuclearelectrica SA (MR-00-01, rev. 4) establishes that the **risk tolerance limit of** SNN, expressed in score/ rating/ risk exposure, is 14, the risks with a lower score being considered tolerable, and those above this score being considered intolerable. The operational developments during 2024 did not provide reasons in favour of changing this limit.

Acceptance (eligibility) criteria for issuers of guarantee instruments

SNN has adopted a set of prudential eligibility criteria for issuers of guarantee instruments, with reference to Fitch, Moody's and Standard&Poor's ratings, and where their application would constitute discrimination (e.g. insurers issuing guarantee instruments registered in Romania, most of which do not have Fitch, Moody's and Standard&Poor's ratings), minimum limits of the SFCR (Solvency and Financial Condition Report), SCR (Solvency Capital Requirement) and MCR (Minimum Capital Requirement) indicators.

Acceptance criteria for guarantee instruments

For the analysis and acceptance of guarantees issued in favour of SNN (SNN is the Beneficiary), SNN uses the standards contained in the ICC publications:

a) URDG 758 = ICC Publication no. 758 ref Uniform Rules for Demand Guarantees,
b) UCP 600 = ICC Publication no. 600 ref Uniform Customs and Practice for Documentary Credits,
c) ISP 98 = ICC Publication no. 98 ref International Standby Practices

Risk assessment based on open source information

For its risk analyses and assessments, SNN supplements information from internal SNN sources with information from open sources.

The risks assessed with the use of open source information are, for example:

- counterparty credit risk,
- market risk,
- macroeconomic risk,

- geopolitical and geo-economic risks,
- climate risk.

Risk assessment based on ratings

For analysing and estimating risks, SNN uses scales to frame the probability of occurrence and potential impact, as well as a risk matrix.
The ratings, on a scale from 1 to 5, are used where the assessment of the probability of occurrence and the potential impact cannot be realized/ calculated in percentages and monetary expression (e.g. RON, EUR), with each rating representing a range of variation of the parameter assessed, with detailed criteria for giving the rating based on the most accurate assessment.

The risks, using ratings, are centralized in a risk matrix, as follows:

			Likelihood				
			Very low	Low	Average	High	Very high
			<=10%	10%-<=30%	30%-<=70%	70%-<=90%	>90%
			1	2	3	4	5
Potential impact	Insignificant 0-<= €100.000	1	**1**	**2**	**3**	**4**	**5**
	Minor 100.000 € - <= 500.000 €	2	**2**	**4**	**6**	**8**	**10**
	Moderate 500,000 € - <= € 2,500,000	3	**3**	**6**	**9**	**12**	**15**
	Major 2,500,000 € - <= 12,500,000 €	4	**4**	**8**	**12**	**16**	**20**
	Catastrophic > 12,500,000 €	5	**5**	**10**	**15**	**20**	**25**

Counterparty credit risk scoring

SNN has developed a scoring system that produces, based on counterparties' financial statements, a rating and a credit limit/unsecured exposure limit used in commercial relationships with counterparties.

In the internal counterparty credit risk analysis/reporting the use of scoring is complemented by the outcome of investigations on the application of/compliance with international sanctions and open source information.

During the year 2024, SMR conducted 32 analyses for both national and international companies, at the request of interested structures within SNN.

Prudential eligibility criteria for insurers registered in Romania

Where the application of prudential eligibility criteria to the issuers of guarantee instruments, in relation to Fitch, Moody's and Standard&Poor's ratings, would constitute discrimination by restricting the competition of issuers (since the majority of insurers issuing guarantee instruments registered in Romania do not have Fitch, Moody's and Standard&Poor's), SNN uses for insurers registered in Romania that do

not have ratings, minimum limits of the SFCR (Solvency and Financial Condition Report), SCR (Solvency Capital Requirement) and MCR (Minimum Capital Requirement) indicators.

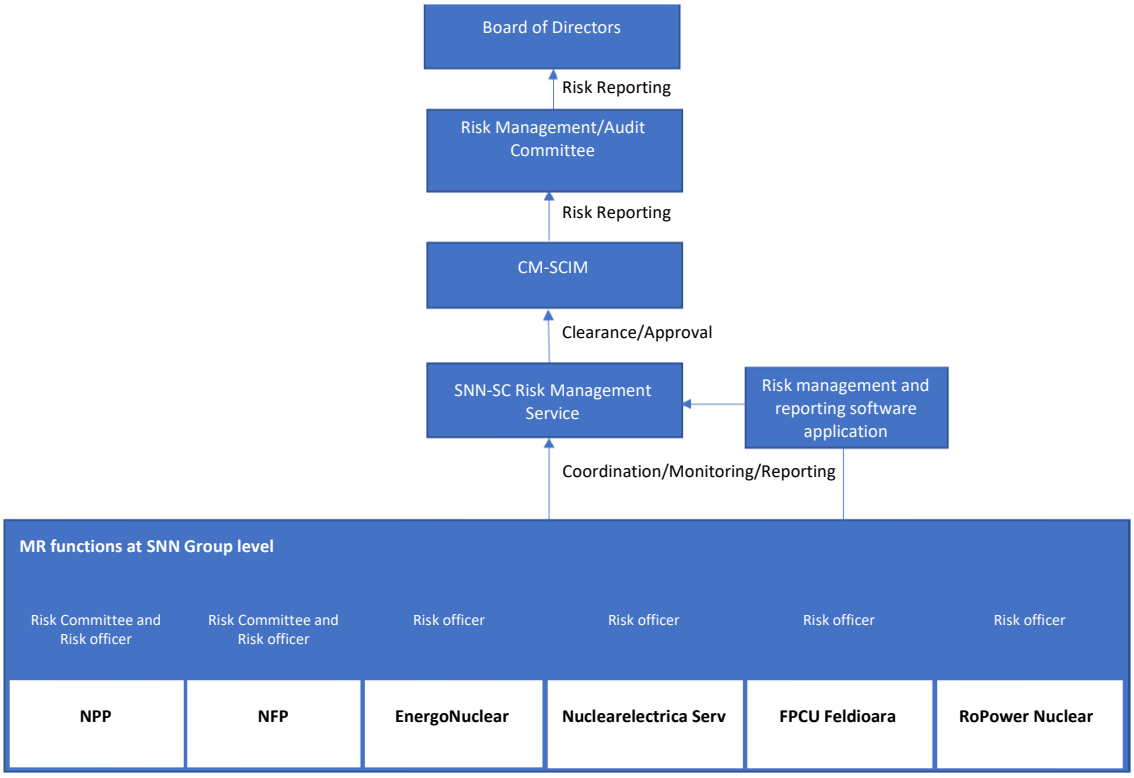
IV. Governance and oversight framework

SNN has established within the SNN Group a set of subordination and functional coordination relationships to ensure a uniform, unified and consistent application in all entities of the Group.

Thus, SMR's main responsibility is to develop the framework for effective risk management, to facilitate and oversee its implementation and application throughout the Group.
S.N. management Nuclearelectrica S.A. pays special attention to the adequate management of the risks to which the organization is exposed, for continuing the operation of the plant under conditions of security and nuclear safety at levels of operational excellence.

The functioning of the risk management framework within SN Nuclearelectrica SA contributes to ensuring the protection of assets, the reliability of financial reporting, the efficiency and effectiveness of activities and processes, in accordance with the relevant legislative framework, the organization's internal rules and procedures.

S.N. organizational structure Nuclearelectrica S.A. allows the compartment directly responsible for the administration and coordination of the risk management framework to work with all departments of the organization and/or with the entities of the SNN Group:



Effective risk management is essential for SNN Group companies in achieving their objectives, operating under safety and Nuclear Safety conditions, and for maintaining excellence standards in the long term.

The main responsibility of SMR is to develop the framework for effective risk management, to facilitate and supervise its implementation and application by the business function.

The risk assessment process and risk management are the responsibility of the executive management of SNN.

The Monitoring Commission of the Management Internal Control System (CM-SCIM), with a role in monitoring, coordinating, methodological guidance of the implementation and development of the internal control system within the Nuclearelectrica S.A. National Company, analyses the reports on the risk management process, analyses and prioritizes the significant risks that may affect the achievement of the company's objectives and the Action Plan/ measures for treating high/ elevated risks. Endorses and submits to the General Manager for approval, the quarterly report on risk management, and annually, the risk profile and risk tolerance limit.

The Risk Management Advisory Committee, established by Decision no. 233/09.09.2024, pursuant to Law 187/2023 amending GEO 109/2011, is composed of 3 non-executive members of the CA, and has supervisory role. In fulfilling this role, it relies on the assessments and reports drafted by the Risk Management Department.

V. Main risks assessed

The risk register divides the risks identified in SNN into the following categories: Procurement, Performance, Technological, Legal, Security, Operational, Hazard, Market, Financial, Economic, Social, Reputational, Compliance and Strategic.

In addition to the risk analysis from a risk category perspective, SNN monitors and assesses risks that are of interest to SNN management.

i. Counterparty credit risk

SNN assesses credit/counterparty risk based on internal scoring, data contracted from external credit risk information providers, information on the application of/ compliance with international sanctions and based on open source information.

SNN assesses the credit/counterparty risk for all the partners with which it has business relations on the electricity markets, and the main partners and/or important suppliers of these partners in the supply chain, from the strategic projects carried out by SNN, such as the Unit 1 refurbishment and the development of the Doicesti small modular reactors project, but also for entities for which SNN management identifies a business interest and information is needed to make informed decisions regarding the risks.

SNN has assessed the counterparties' **credit risk** and estimates it to be stable in 2025 compared to 2024, but it may increase in the context of the increase in customs tariffs applied by the US on EU countries, the difficulties of electricity distributors regarding the settlement at ANRE level on the compensation-capping scheme and the elimination of the CfD (contracts for difference) component from invoices, but also the potential impact on supply chains in the volatile geopolitical context.

ii. Market risk

Market/price risk is expected to remain high in 2025 due to the persistent of high price volatility and uncertainty, including due to the developments in the military conflict in Ukraine.
SNN monitors:

- international prices for raw materials and fuels,
- inflation, NBR monetary policy rate and local interest/financing rates,
- monetary policy decisions (rates) of major economies, which could influence the national macroeconomic environment (e.g. the European Central Bank, the Bank of England and the US Treasury), and the national banks with which Romania can be compared in terms of competition for funding (Czech Republic, Poland, Hungary),
- the development of the exchange rates of interest for the activity of SNN, namely EUR/USD, EUR/GBP, EUR/CAD, EUR/KRW, EUR/JPY and RON/EUR, and
- the impact of exchange rate differences on the financial statements of SNN.

iii. Macroeconomic risks

Macroeconomic risks remain high in the context of persistent twin deficits, the persistence of high inflation and interest rates, the foreseeable slowdown in the pace of investment as the end of the NRRP program with non-reimbursable EU funding is approaching, but also the continuing negative impact of the conflict in Ukraine, which according to a study coordinated by the NBR contributed to the inflation rate by +1% and to the GDP by -1.6%

Recent international developments (including the conflicts in Ukraine and the Middle East) signal a dynamic realignment of political, military and economic relations/alliances in the following directions:

- Continued loss of competitiveness and slowdown of the EU economic growth by comparison in particular with the US and Chinese economies,
- The prices of many commodities will continue to remain high; stronger competition between economic blocks; the conflicts in Ukraine and Middle East keeping high their volatility;
- Inflation rates are expected to fall in the medium term, both in Romania and in the rest of the world, but with a volatile outlook, being sensitive to geopolitical factors in a broad sense;
- Monetary policy interest rates of central banks (e.g. NBR, Fed, ECB, BoE) are expected to drop slightly (end of the "cheap money" period);
- The disruption (to the point of disruption) of supply chains is likely to persist and worsen as de-globalization (regionalization and protectionism) will continue and increase.

iv. Geopolitical and geo-economic risks

Geopolitical risks have the potential to increase significantly in 2025, in particular the growing security risk in the area bordering Ukraine, with the associated set of risks [e.g. unfavourable developments that could make the statehood of the Republic of Moldova vulnerable, and the area of Romania's border with the Republic of Moldova and Ukraine, but also elements of hybrid conflict that may directly affect Romania and the activity of SNN, such as cyber attacks, disinformation, influence on society (elections, social movements), targeting of essential objectives and key persons], to which must be added **the uncertainties** regarding the US actions following the inauguration of the new US President, and those related to the presidential elections in Romania, with possible spill-over impact at the macroeconomic level.
The associated risks are:

- intensification of hybrid warfare through:
    - use of disinformation vectors and influence the opinion of the population and decision-makers in order to generate or deepen fractures between the components of the society; influence elections and foster social discontent movements that adversely affect the business activity and/or the functioning of the State bodies,
    - actions of hostile factors against Romania, facilities considered of strategic interest, and their key personnel;
- widespread increase in prices due to friendshoring/ nearshoring/ reshoring trends,
- impact on supply chains (e.g. geopolitical reorientation of suppliers, further adverse impact on the shipping routes through the Red Sea/Suez Canal).

v. Climatic risk

The departments with specific responsibilities and the Risk Management Department monitor the following aspects related to climate risk that could affect the activity of SNN:

- the Danube level near the Cernavoda NPP from the perspective of supplying the NPP with cooling water, especially in the context of global warming and the construction and commissioning of reactors 3 and 4,
- the increase in average annual temperatures due to the fact that SNN equipment and installations will have to operate at higher and higher temperatures, which makes the requirements in the tender documents to consider this aspect,
- the increase in the flow on the Bala Bratul Bala (near Calarasi), which makes the level of the Danube near the Cernavoda NPP decrease from year to year as a consequence,
- the repetition of the events of clogging of the water supply intakes of the Cernavoda NPP as a result of algae proliferation due to the increase in water temperature.

At SNN level, two types of climate risks are analysed and monitored, namely risks in which the company has an impact on climate change and risks in which environmental change has an impact on the company. At the end of Q4 2024, 15 climate risks have been identified, of which more than 70% are low risks and the rest medium risks.

VI. Issuers and guarantee instruments

In its commercial activity, SNN SA may require, or is obliged by the applicable law to require, from its (commercial) business partners the constitution of guarantee instruments (ex. letters of guarantee, letters of payment, performance bonds and/or sureties, guarantee accounts), depending on the specifics of the activities carried out, the applicable legal framework and the risk related to the counterparties and/or related transactions.

In order to adequately manage the risks related to the guarantee instruments and their issuers, SNN has adopted measures to deal with them, namely:

- established prudential criteria and rules for the eligibility of issuers of guarantee instruments,
- verifies compliance of guarantee instruments with the applicable legal framework, applicable professional standards (e.g. URDG 758) and the agreed contractual terms,
- monitors the level of exposure to a single issuer of guarantee instruments and to the countries of registration of the issuers of guarantee instruments in the portfolio.

The process of verifying the compliance of the guarantee instruments and the record of the compliance of the issuers of guarantee instruments with the prudential eligibility criteria adopted by SNN is managed by an internally developed IT application.

VII. International sanctions

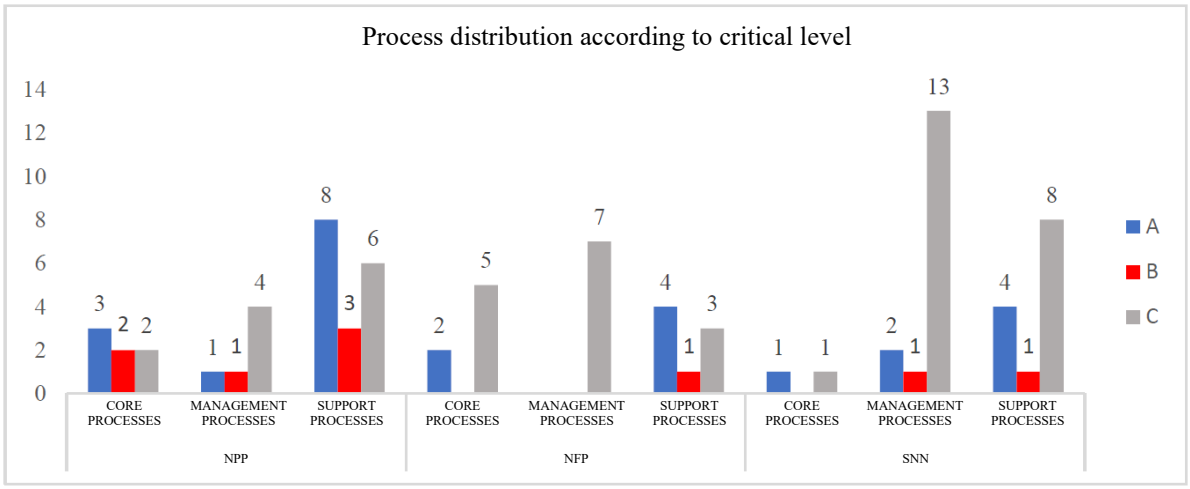
SNN has implemented, applies and permanently revises an internal framework for compliance with and enforcement of measures imposed by national and international legislation applicable to international sanctions, considering also the jurisdiction applicable to contracts and commitments to which SNN or the Romanian State are party, sanctions that are established by:

a) resolutions of the Security Council of the United Nations Organization or other acts adopted under Article 41 of the Charter of the United Nations;
b) regulations, decisions, common positions, joint positions, joint actions and other legal instruments of the European Union;
c) international sanctions that become binding in Romanian domestic law through the adoption of a national normative act, adopted within the framework of international organizations or by other states, as well as those adopted by unilateral decisions of Romania or other states.

At the same time, SNN must also take into account international acts/ sanctions/ restrictions that are not binding on Romania or on persons/ entities domiciled/ registered in Romania, but which, by the nature of business relations, SNN must consider and respect by the fact that it conducts business relations with them or with entities coordinated/ supervised by them, receives financing/ guarantees from them and/or benefits from their support/ assistance/ collaboration, all of which are conditioned and/or influenced by SNN's compliance with provisions/ restrictions on sanctions.

VIII. Business Impact Analysis (BIA)

Business impact analysis is the component of business continuity planning by ensuring the identification of critical and non-critical systems and assessing the impact of business interruption on the company.
BIA results are updated annually and whenever there are material changes in the company's critical processes or if new processes are defined.
The risk scenarios developed within the BIA, based on the unavailability of four categories of resources (staff, facilities, IT&C infrastructure, critical suppliers/services) are used to develop the business continuity plan and are entered into the organization-wide risk monitoring application.
BIA results on the distribution of SNN processes by critical level in Q4 2024 are shown in the graph below.



Thus, 25 processes of critical level A, 9 processes of critical level B and 49 processes of critical level C have been identified at the SNN level. For the processes considered critical, namely categories A and B, the process managers have defined risk scenarios.

IX. Development of risks by category, according to severity, at consolidated level

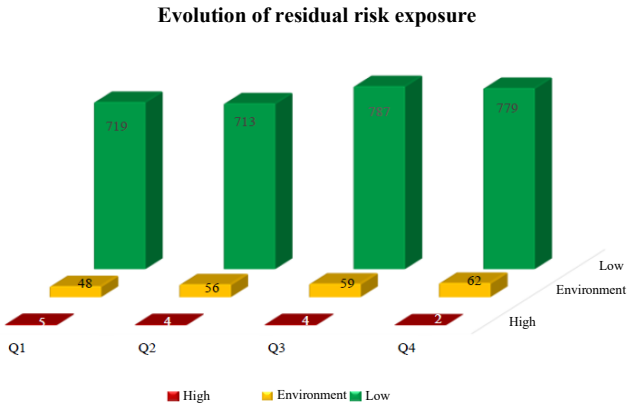
Within SNN risk management is a continuous process, integrated in the running of current activities.
The main risk assessment and monitoring tool is the risk register, which centralizes information on risk exposure and the control measures established to maintain an acceptable level of risk, on a quarterly basis.

Risk exposure monitoring involves the following stages:

- **Reviewing existing risks**: on a quarterly basis, all previously identified risks should be reassessed on the basis of new data and lessons learned. This process includes analysing the effectiveness of previously implemented control measures and adjusting them to technological and regulatory developments.
- **Identifying and assessing new risks**: The risk register is updated as new risk exposures are identified, e.g. new technologies become available/new regulations are introduced/ existing regulations are changed/activities diversify.
- **Checking the state of implementation of the action plans previously established**.

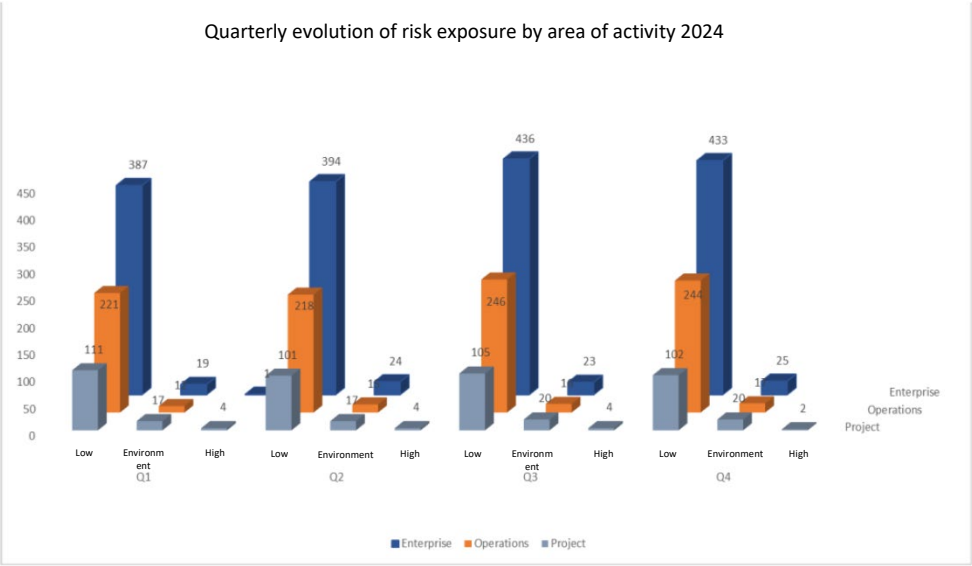
The results recorded during 2024, at the consolidated level, indicate a steady evolution of risk exposure, as shown in the charts below.

a. Quarterly evolution of residual risk exposure, at Nuclearelectrica Group level



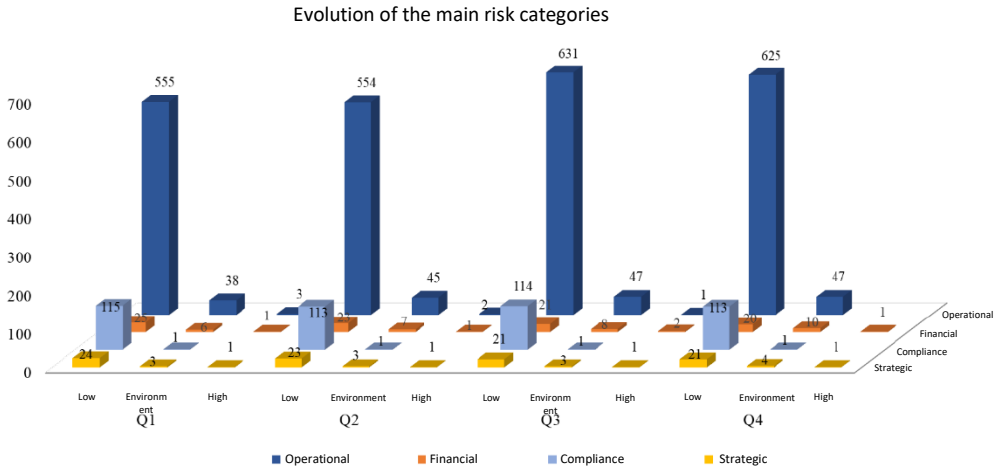
The graph shows the evolution of the residual risk exposure over 2024. Thus, it can be observed that in the second part of the year the residual exposure to low level risks increased, indicating an increase in the number of identified risks. Thanks to a better understanding of the risk culture within the company, training and ongoing support provided by SMR, risk owners were able to establish effective risk mitigation measures, thus risks were kept at a low level.
The residual exposure for medium risks increased slightly quarter-on-quarter, as a result of the improved process of identifying risks related to subsidiaries and major ongoing projects for which control mechanisms and mitigating actions are in place.
High exposure (marked in red) decreased in Q4 compared to the other quarters as a result of the implementation of the proposed actions.

b. In terms of areas of activity, three risk categories have been established: Projects, Operations, Enterprise



The graph shows the evolution of the residual risk exposure on 3 areas (enterprise, operations and project). This shows that risks were managed effectively throughout the year, because although new risks were identified, low risks predominate. Average risks are relatively constant, with control mechanisms in place. High risks in the project area decreased in Q4 as a result of the implementation of the proposed actions. The 2 remaining risks are related to the U1 Refurbishment project, in the Strategic and Financial categories respectively, and mitigation actions have been defined.

c. Evolution of the main risk categories



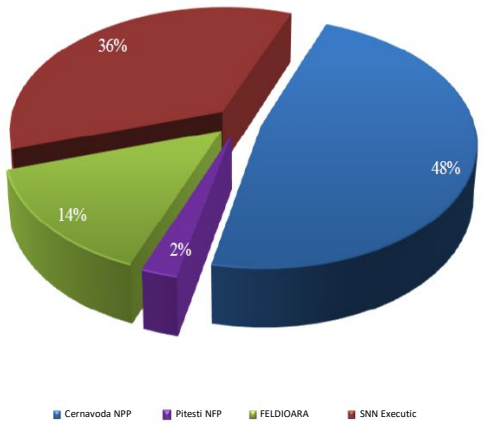
The graph shows the evolution of the main risk categories over the 4 quarters of 2024 (operational, financial, compliance and strategic).

Operational risk is dominant, with the highest values in all 4 quarters. There was an increase in Q3 as a result of a more thorough approach to risk identification. Over 90% are low, which shows that the control mechanisms in place are efficient.

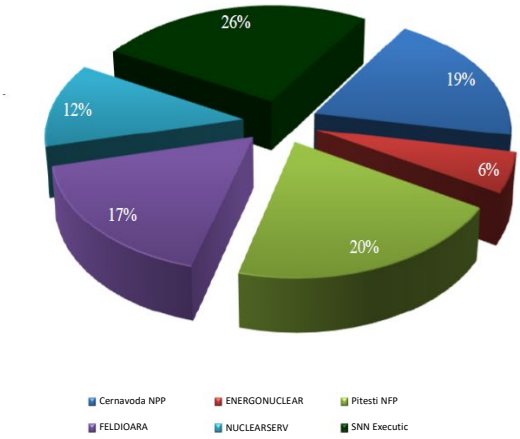
The other risk categories remained relatively constant throughout the year.

d. Share of risks within the SNN Group

Distribution of medium level risks in Q4 2024



Distribution of low level risks in Q4 2024



The distribution of medium risks shows that most of the medium level risks are found at Cernavoda NPP and the Head Office, due to the complexity of the processes and projects carried out by Cernavoda NPP and the coordination by SNN EX. of the entire company, which implies multiple responsibilities and challenges.
The second graph shows the Distribution of low level risks at the end of 2024. There is a fairly balanced distribution between SNN Group structures, except for EnergoNuclear, which is a project company for the development of Units 3&4. EnergoNuclear currently has low activity, which explains the low number of risks.

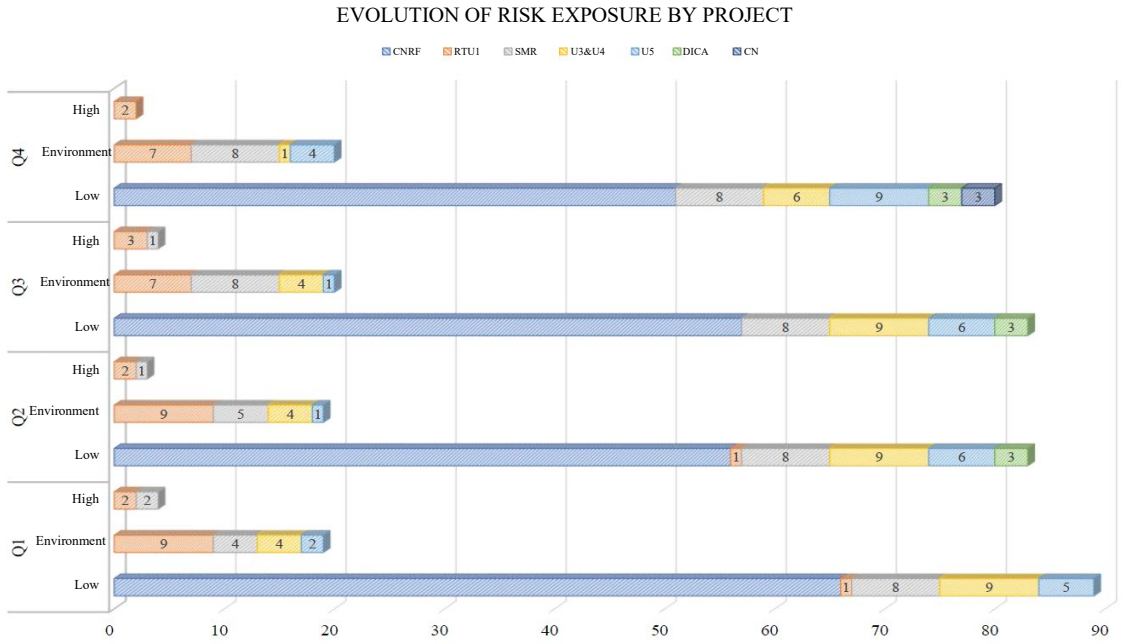
X. Strategic projects

Risk management in strategic projects includes the identification, assessment, mitigation and monitoring of risks and the continuous adaptation of preventive measures in order to ensure that the objectives of each project phase are met while observing the requirements regarding environmental protection, public health and nuclear safety.
Technical, financial, operational, operational, environmental, physical security, regulatory, strategic risks are monitored.

Within the company there are 7 major ongoing projects, corresponding to a total of 102 identified risks, distributed as follows:
• SMR – Construction of 6 small nuclear reactors (16 risks)
• CTRF – Construction of a tritium removal station (51 risks)
• RTU1 – U1 Refurbishment (9 risks)
• U3&U4 – Construction of two more units (13 risks)

• U5 – Change of use of existing buildings on U5 site (7 risks)
• DICA – Intermediary spent fuel storage (3 risks)
• CN - Fuel bundle variation project from 37R to 37M (3 risks)

Most project risks are low and medium. The projects that during 2024 registered some high risks are RTU1 and SMR. At RTU1 the exposure to large risks has been fairly constant, while at SMR an improvement has been observed through the implementation of the proposed actions, thus at the end of 2024 there were no risks with exposures exceeding the risk tolerance limit.



XI. Management Assurance

SMR, based on the analysis and monitoring of the actions/instruments to mitigate the risks identified and assessed at SNN level, can give reasonable assurance to the SNN management that these risks are kept within acceptable limits, with all risks being below SNN's risk tolerance limit, set at rate 14.
In terms of risks related to large investment projects, there is a concern about their execution within the intended timeframes, and from this perspective the RTU1 and SMR projects stand out, with residual exposure risks above 14 during 2024.
For these, in particular for issues that may generate delays in large investment projects, remedial and mitigating measures have been established, and risk owners have established action plans to be closely monitored and reported to Management.