

STRATEGIC RISKS

Strategic Risk	Description	Potential Impact on the Business	Mitigation Actions
Culture and Human Talent	Impact in the achievement of the strategy by the human resource, that is not adapted to the capacities and the culture that the Organization requires.	Reputation / Economic	Preparation and monitoring of performance evaluations. Definition of development plans that increase leadership capacity.
Regulatory	Changes in regulations that adversely affect the operation of assets and the delivery of products and services.	Economic	Management with guilds before the Energy and Gas Regulation Commission (CREG), Ministries and the National Government to review the proposals for change.
Political Risk	Probability that political forces will generate radical changes that may affect the business.	Economic	Management with Government entities.
Technology	Operational inefficiency, due to the lack of information technology, which allows leveraging the operation and the growth of the business.	Economic	Updating and modernization of the technologies that support the business. Progressive integration of the different technological platforms.
Climatic Variability	Impact on the environment in the areas of influence, derived from the operation.	Environmental / Economic / Reputation	Definition and execution of environmental management plans.
Projects	Cost overrun or increase in project execution times or impossibility of their development.	Reputation / Economic	Proactive steps towards communities and authorities. Adequate selection of suppliers, validating their experience and financial strength.
Commercial	Failures in the business model of new products, involving the loss of clients.	Reputation / Economic	Internal staff training; hiring experts.
Fuel	Changes in the availability and price of fuels, which make assets unfeasible.	Economic	Strengthening the infrastructure required to operate with different fuels, supported by adequate maintenance and contracting schemes.
Obsolescence of Assets	Loss of competitiveness, due to the obsolescence of assets.	Reputational / Economic	Maintenance plans and replacement of production assets.
Cybersecurity	Cyber attacks or failures that put in danger the provision of services or the delivery of products.	Reputational / Economic	Implementation of tools to detect events in a timely manner and with the ability to remotely isolate compromised operations.

Demand	Decrease in energy demand, due to the entry of new technologies or changes in consumption patterns.	Economic	Evaluation of the generation portfolio and the effect of the price of energy in commercialization contracts. Strengthening commercial and innovation capacities to create business models based on the offer/sale of services related to electricity.
Financial	Inadequate financial structure to support business, new projects and financial resources for growth.	Economic	Strengthening the financial evaluation of business cases of new businesses. Proper counterparty risk management.
Acquisitions	Errors and omissions in alliances, mergers or acquisitions, and project structuring.	Reputation / Economic	Formation of interdisciplinary teams responsible for carrying out the Merger and Acquisition (M & A) processes. Participation of specialized teams.
Supply and Distribution Chain	Failures in the supply and delivery process of products and services that impact consumers.	Reputational / Economic	Implementation of the new supply model and subsequent monitoring.
Competitors	Reaction of competitors to new businesses and products, and the incursion of new competitors that deteriorate business performance.	Economic	Positioning of business and contractual models against other competitors.
Energy Portfolio	Inadequate structuring of the energy portfolio, which reduces the Company's profitability.	Economic	Correction of the shortage price and regasification plant. Renewal of gas purchase-option contracts.
Social	Production assets or unviable projects, due to problems related to communities.	Social / Reputation / Economic	Strengthening relationships with different Stakeholders in the area.
Reputation	Situations that expose the prestige and credibility of the Company to Stakeholders.	Reputation / Economic	Prior evaluation and consent of the actions that the Organization intends to carry out. Commitment to good practices and actions; compliance with the Code of Good Government and Business Conduct.