

5.3. ECONOMIC SECURITY

Nuclear power is a guarantee of security of a state. Therefore, the Government has retained control over the nuclear industry. That is why all assets over the past years have been combined and integrated into one holding, and the objectives to ensure protection of the assets and combat corruption have been entrusted to specially created units, both in Rosatom State Corporation and OJSC Atomenergomash and its SASC.



1 OBJECTIVES OF THE SECURITY DEPARTMENT



The main measures implemented by the Security Department are aimed at prevention of:

- corruption and corrupt practices;
- external and internal threats to financial and HR security and intellectual property;
- illegal economic activities;
- unlawful activities in the field of federal property and assets management;
- unlawful activities in the field of procurement, execution of work and provision of services for the needs of Rosatom State Corporation and its organizations.

Implementation of their objectives (measures) by units of the Security Department is the criterion for determining the effectiveness of this area of activity as a whole and measuring the key performance indicators.

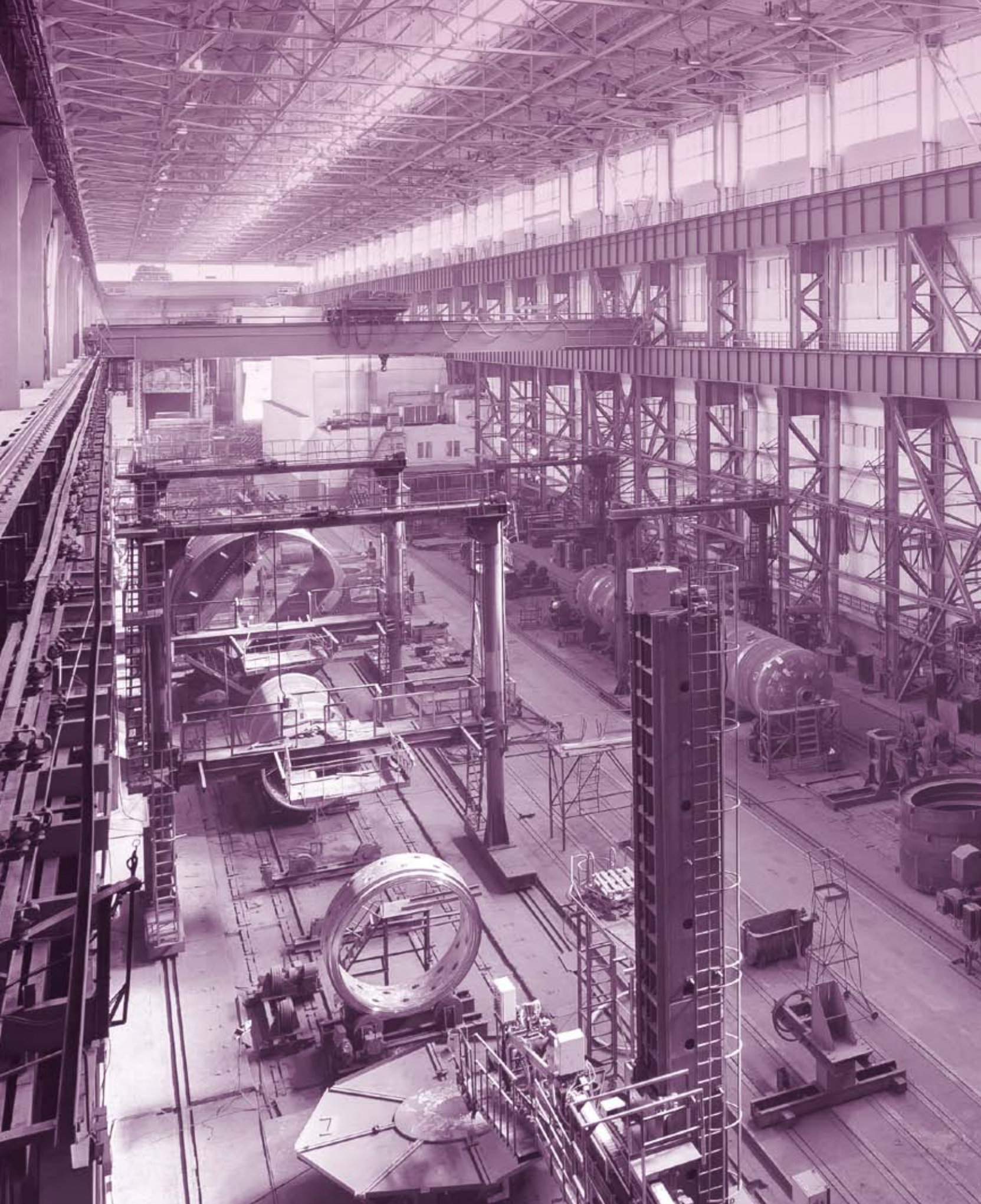
To prevent theft and fraud and to reduce the risk of causing economic damage, enterprises of OJSC Atomenergomash in collaboration with state authorities, local authorities, public associations, collectives of workers and citizens as well as structural units of the Federal Security Service of Russia, the Ministry of Internal Affairs of the Russian Federation and the tax authorities are implementing the Comprehensive Program to Combat Corruption and Embezzlement. In addition, a package of measures to prevention risks and eliminate consequences of violations has been developed. Control over the process of risk identification and prevention of fraud by contractors is implemented jointly with the Internal Control Department in accordance with the Terms of Reference for Security Department and Terms of Reference for Asset Protection Department.



2 MEASURES BEING IMPLEMENTED

3 REGULATORY FRAMEWORK





In 2013, resulting from the activities in the field of economic security, attempts to cause economic damage to the Division's enterprises to the amount of 727.6 mln rubles were terminated, including:

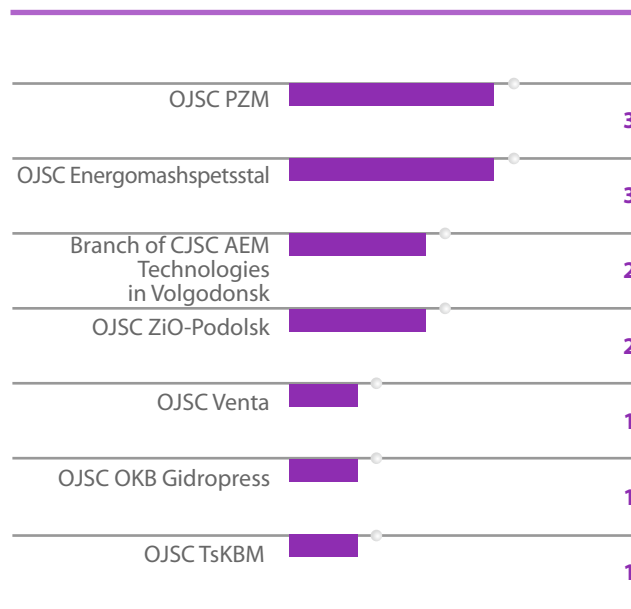
- Reduction of prepayment or payment for actual delivery of materials and equipment by contractors with low financial performance revealed during an inspection (130 mln rubles);
- Reduction of the cost of equipment, materials and services during monitoring of the market and making recommendations to conclude contracts with potential contractors (54 mln rubles);
- Revealed overstatement of quantity of work performed by contractors under contracts and compensation of damage by them (50 mln rubles);
- Understatement of the market value of non-core property (494 mln rubles).

The major attempts were related to the following enterprises:

Enterprise	Amount, mln rubles
OJSC Atomenergomash	369
OJSC ZiO-Podolsk	130
OJSC SverdNIIKhim mash	101.8
OJSC OKB Hidropress	71
OJSC PZM	41.6
OJSC Energomashspetsstal	6.9

In 2013, 152 inspections were conducted to reveal theft and fraud committed. 354 were disciplined, 34 people were dismissed. 13 criminal cases were brought against a number of employees and executives of the branch enterprises for abuse of office, fraud or theft:

NUMBER OF CRIMINAL CASES



The criminal and administrative suits resulted in indemnities to the amount of 285 thousand rubles.

No contracts were terminated due to corruption components in 2013.