



5.5. RISK MANAGEMENT

The main regulatory document in the field of risk management for the Company is the Risk Management Policy of Rosatom State Corporation (Order of the State Corporation No.1/4-P dated 01/13/2011). Currently, the Company approves its own local regulatory documents which replicate the documents of Rosatom State Corporation.

AEM
8.2.1

The industry and the Division have had in place an efficient risk management system focused on management of technical and technological risks that is due to high security requirements. Due to the specific nature of the activities and the existing threat of serious and irreversible damage, the precautionary approach was binding for efficient risk management. Therefore, the objective is not “building from scratch”, but “extending” the risk management system that covers all areas of activity, to the efficiency level already achieved in respect of the technology and security risks.

GRI
4.2

GRI
4.14

In 2013, the Company made its first steps in building the Comprehensive Risk Management System (hereinafter referred to as CRMS).



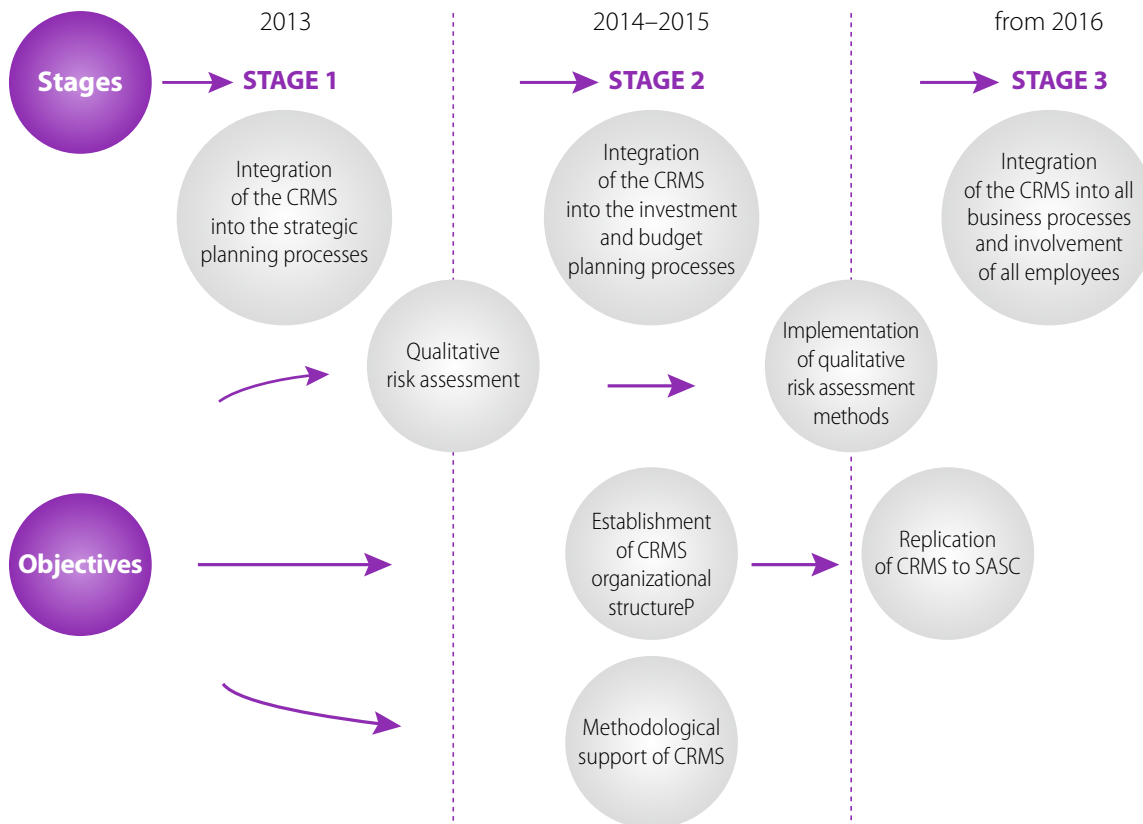
The main reasons for building the system:

Requirements by Regulators	Rosatom State Corporation National regulators in foreign markets
Stakeholder requirements	Users of reports Potential partners and investors
Internal benefits	Transparency for the key risks The uncertainty range of the key performance indicators Ratio of risks to willingness to take the risks



The CRMS introduction project is being implemented by the Strategy Directorate and the Economics and Finance Directorate.

OJSC ATOMENERGOMASH CRMS DEVELOPMENT PLAN



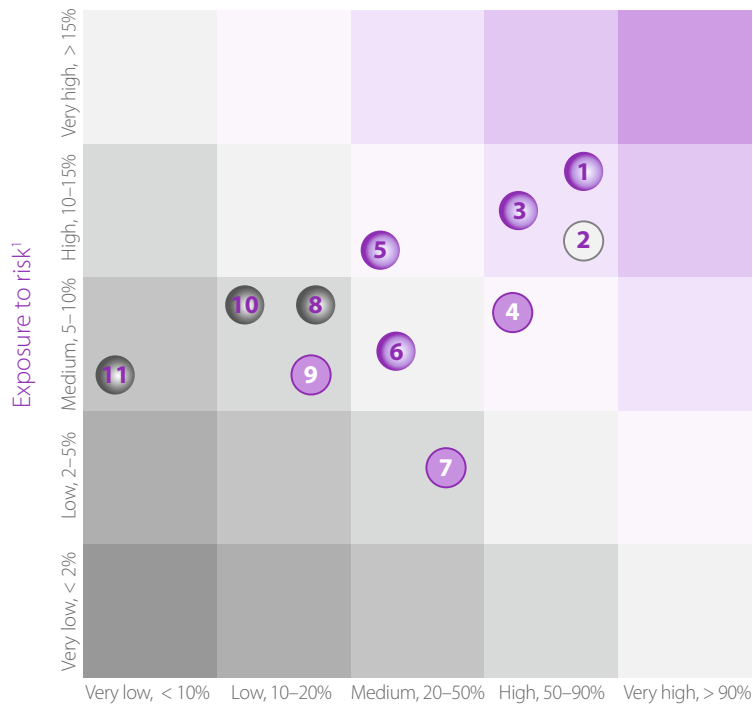
In 2013, an analysis of the strategic risks for OJSC Atomenergomash was conducted, the results of which were used in the preparation of the OJSC Atomenergomash Development Strategy until 2030.

Stage of the analysis Goal Action

Identification of risks	To identify key risks affecting the targets of the organization's strategy; To describe the factors (causes) of each key risk	Analysis of scientific and business literature; Benchmarking of similar companies; Holding business meetings
Risk assessment	Prioritization of key risks affecting the organization's strategy; Assessment of the overall impact of the key risks on the organization's strategy targets	Qualitative (expert) assessment of the likelihood of and exposure to risk; Qualitative (expert) assessment of deviation of the strategy's key parameters affected by the key risks



RISK MAP



LIST OF KEY RISKS BY SCENARIOS²

- 1 High competition in the market, market share reduction
- 2 Lack of funding
- 3 High market size uncertainty
- 4 Tightening of requirements for localization of production in foreign markets
- 5 Worsening of macroeconomic conditions
- 6 Lack of competitiveness of the current products and technologies
- 7 Inefficient legislation
- 8 Deficiency of workers with sufficient skills
- 9 Political instability or deterioration of political relations between the Russian Federation and the countries of presence
- 10 Deterioration of public attitude to the Company or nuclear technology as a whole
- 11 Physical damage to the company's assets

- Market risks
- Political and regulatory risks
- Financial risks
- Operational risks