

Table 5.1. Key Risks and Mitigation Measures

Types of Risks	Mitigation Measures
Operational Risks	
Internal mistakes during designing	Change in mounting sequence of process pipelines and equipment from steam generators to provide for reduction in performance time by 3 months. Elaboration of new KPI for the project unit to provide timely introduction of modern and competitive equipment into the project.
Ineffective supply chain	Quality control of unreliable suppliers. Increase in volume of warehouses for equipment on construction sites. Clarification of documentation on mounting and setup of pipe and power fittings to workers and engineers. Improvement of quality control process of designated companies. Insurance against losses incurred as a result of non-fulfillment of obligations by counteragent. Liability insurance of motor vehicle owner. Cargo insurance. Insurance during tenders on purchase of equipment.
Delay in equipment supply	Application of unified information system for work with suppliers. Performance of additional checks to secure timely deliveries. Change in the process of equipment integration, reduction in number of approval cycles. Insurance against losses incurred as a result of non-fulfillment of obligations by counteragent.
Inefficient organization of subcontractors' work	Investment in development of subcontractors owned by the Company (vertical integration). Establishment of consolidated structure of subcontractors (the target condition is 5 strong financially stable companies). Change in structure of regulatory documents for even distribution of cost effectiveness of work. Improvement in coordination within the frames of performance of day/night tasks on construction site. Insurance against losses incurred as a result of non-fulfillment of obligations by counteragent.
Low quality of work	Application of modern equipment. Optimization of number of workers on construction site. Training of subcontractors' engineers twice a year. Application of Primavera schedule as priority one. Synchronization of other Primavera schedules to secure concentrated and uninterrupted performance of single operations. Attraction of specialized subcontractors to reduce risk of improper quality of work performance. Increase in subcontractors' production facilities (increase in number/duration of shifts, attraction of additional staff). Insurance of construction and mounting operations including all applied materials, equipment of construction site and building equipment, construction machines, expenses of territory cleanup and garbage removal, and auxiliary structures.
Strategy Risks	
Competitive expansion on the part of Korea and China	More active position of NIAEP-ASE Integrated Company in respect of cooperation with foreign customers in future projects.
Insufficient financing	Parallel work on alternative sources of financing (commercial crediting, attraction of partners and investors).
Deterioration of competitiveness in connection with development of other generation sources	Presentation of advantages of nuclear generation over renewable sources to countries being potential customers.
Low readiness of machine building enterprises in Russia for the required volume of supply	Location-restricted supplies to customer countries.
Political nature of decisions on selection of supplier of nuclear technologies	Strengthening of projects support.
Missing culture of safety and developed elements of nuclear infrastructure on new markets	Cooperation with countries being potential customers on elaboration of plan of infrastructure development to achieve the level which is sufficient for further management of project on NPP construction.
Lack of financing for elaboration of new projects	Substantiation of the high level of market attractiveness and necessity to execute projects on construction of low and medium capacity NPP by NIAEP-ASE Integrated Company as a general contractor and vendor.
Underdeveloped market and unclear prospects	Additional market surveys.
High competition on the market	Increase in quality of elaboration of tender offers. More active monitoring of the market and participation in negotiations.
Insufficient experience in NPP operation of the newcoming countries	Suggestion of programs on staff training of the countries-newcomers.
High dependency of the segment on political decisions	Promotion of projects at national level.
Fine subdivision of orders by legacy holders	Conduct of negotiations with large Russian customers in respect of participation in projects in the capacity of general contractor.
Absence of final regulatory framework	Participation in activity of the State Corporation on elaboration of suggestions for finalization of regulatory framework.
High competitiveness on the part of local contractors	Acquisition of local players. Elaboration and market promotion of suggestion in the field of complex services.
Affiliation of engineering companies with customers	Development of partnership relations with customers and large engineering companies to gain access to projects.
High uncertainty of market volumes till 2020	Expansion of geography of the Company's operation through entrance to foreign markets.
High competitiveness on the part of existing players	Application of PMC-model and competence in project management as a point of entrance to segment and means of differentiation.
Financial Risks	
Credit risks	<ul style="list-style-type: none"> • Identification of credit risks: detection of possible financial losses on the basis of contractual obligations of counteragents, i.e. banks, financial institutions, organizations of the State Corporation, etc; • Assessment of credit risks: complex of actions connected with determination of quantitative characteristic of credit risks in monetary terms; • Regulation of credit risks: complex of measures performed in order to reduce credit risks including reduction in position subject to risks (correlation of obligations and requirements of counteragent to the State Corporation and its organizations, fixing of ceilings); • Monitoring of risks: complex of actions connected with monitoring of changes in financial condition of counteragents, i.e. banks, financial institutions, organizations of the State Corporation, etc; • Control of credit risks: performance of regular inspections on compliance with the fixed ceilings and preparation of corresponding reports.
Liquidity risk	Management of excessive liquidity in cash-pulling of State Corporation ROSATOM.