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RMP OJSC MMK -2015
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Risk Management Policy of OJSC MMK and the MMK Group Companies

1 Introduction

Risk Management Policy (hereinafter – Policy) of OJSC MMK is the basic document defining the objectives, key principles and guidelines for the activity of OJSC MMK and the MMK Group Companies with regard to development and establishment of the Enterprise Risk Management Policy (the ERMP).

The ERMP is an integral part of the Corporate Governance System of OJSC MMK and the MMK Group Companies.

Development and establishment of the ERMP within MMK and the MMK Group Companies include the introduction, organization and coordination of the ERMP, the identification and assessment of risks of MMK and the MMK Group Companies, as well as the development of risk mitigation measures and improvement of the efficiency of ongoing activities.

Development and implementation of the ERMP within MMK and the MMK Group Companies, coordination of the activities of structural divisions (units) of MMK and the MMK Group Companies under the ERMP are accomplished by a dedicated department of OJSC MMK.

Direct detection, identification, assessment, development and implementation of measures to reduce risks is exercised by the specialists responsible for corresponding risk management.

2 Scope of Application

The ERMP is an integral part of the management system within the MMK Group and is applied at OJSC MMK and the MMK Group Companies.

Adherence to the principles and guidelines of this Policy is mandatory in all structural divisions (units) of OJSC MMK and the MMK Group Companies.

3 Policy Objectives

The objective of the Policy is to define the basic principles for the development and performance of the ERMP ensuring strategic and operational stability and business development of OJSC MMK and the MMK Group Companies through the risk management.

4 Fundamental Principles

The ERMP is established and developed in OJSC MMK and the MMK Group Companies by observance of the following principles:

Determination of risk appetite as a payment for the risk necessary to achieve the desired goal.

Determination of risk tolerance as a relationship, including also quantified risk, towards the admissibility of a particular risk.

Precautionary principle. Risks are predicted on the basis of the available

information. Description and evaluation of risks, development of measures to reduce them is performed as far as the risk is identified and activities are implemented.

Flexibility. The ERMP adapts to changing goals, factors of external and internal environment, business processes of OJSC MMK and the MMK Group Companies.

Optimality. Decisions on the implementation of measures to reduce the risks are made considering the cost-effectiveness, necessity and sufficiency in view of factors of the internal and external environment and risk appetite.

Comprehensiveness. The implementation of a common policy on risk management in relation to the totality of risks requires a comprehensive and simultaneous control of all risks.

Coverage. Risk management is the responsibility of every employee of OJSC MMK and the MMK Group Companies. Employees of OJSC MMK and the MMK Group Companies manage risks, based on the level of their authority and responsibility. With respect to each risk, the company has appointed responsible for its managing.

Continuity and cyclicity. The risk management process is underway consistently and is a cyclical process due to continuous nature of decision-making process related to risk management.

5 Guidelines for the Policy Implementation

The Policy shall be implemented through the following:

- inclusion of risk management processes into strategic and daily management of OJSC MMK and the MMK Group Companies;
- identification and assessment of the risks of OJSC MMK and the MMK Group Companies;
- informing the shareholders, governing bodies and employees of OJSC MMK and the MMK Group Companies about the risks;
- development of methodological procedures for the identification, modeling and assessment of risks related to business processes;
- development and implementation of risk management measures;
- development of key risk indicators as well as control system for their achievement;
- performance evaluation of the ERMP;
- forming a strategy aimed at functioning and development of the ERMP;
- arranging professional education and advanced training of the employees;
- compliance with the best world practices with regard to elaboration and implementation of the ERMP through the introduction of the best developments.

Pavel V. Shilyaev
General Director, OJSC MMK