

Risk of losing reputational capital (reputational risk)

The Risk of losing reputational capital (reputational risk) implies possible losses resulting from a decrease in the number of customers (contractors) due to the formation of a negative image of the financial stability, financial position of the Company, the quality of its products (work, services) or the nature of its activities in general.

In order to reduce reputational risk, the Company pursues an Information Policy on the formation of a favourable image: publishing press releases, conducting presentation events, participation of subject matter experts in industry conferences, disseminating information on social networks on the Internet, inviting representatives of the investment community to various image-building events, etc.

To prevent the spread of negative information about the financial situation and financial stability, the Company regularly posts accounting (financial) statements and information about net assets on the Internet.

In order to ensure effective management of the reputational risk, the management bodies of the Company take timely measures to eliminate violations in the business operations. The Company also has established a procedure for submitting internal reports on responses to feedback from the media, customers and counterparties, shareholders and other persons about the issuer, affiliates, subsidiaries, and related entity.

In general, the Company estimates reputational risks as insignificant.

STRATEGIC RISK

A risk that the Company will suffer losses as a result of mistakes (drawbacks) made when making decisions determining the Company's strategy for operation and development (strategic management), which consist in a failure to consider or properly consider possible threats to the Company's activities, the failure to correctly and reasonably determine promising areas of activity in which the Company can achieve an advantage over competitors, a lack or insufficiency of necessary resources (financial, material and technical, and human resources) and organisational measures (management solutions) designed to ensure the achievement of the Company's strategic goals, is assessed as minimal.

The main goal of strategic risk management is to maintain the risk assumed by the Company at a level determined in accordance with its own strategic objectives, as well as to ensure maximum safety of assets and capital based on minimisation (exclusion) of possible losses.

The Company applies the following strategic risk management methods:

- ▶ business planning,
- ▶ financial planning,
- ▶ follow-up of approved plans,
- ▶ analysis of changes in the market environment,
- ▶ revision of plans.

RISKS ASSOCIATED WITH THE COMPANY'S ACTIVITIES

Risks unique to the Company or associated with its core business activities, including risks associated with:

- ▶ ongoing court proceedings the Company is involved in;
- ▶ with the inability to extend the license of the Company to conduct a certain type of activity or to use objects with limited turnover (including natural resources): the Company carries out no licensable activities;
- ▶ possible liability of the Company for debts of third parties, including its subsidiaries: risks are insignificant;
- ▶ the risk of losing consumers whose turnover accounts for at least ten percent of the total revenue from the sale of products (works, services) of the Company: there is no such a risk, since the Company does not have consumers whose turnover accounts for at least 10% of the total revenue from the sale of products.

EXPERIENCE FROM IMPLEMENTED PROJECTS

Our Company is fully engaged in the biggest-ever renewal and upgrade of the infrastructure and production capacities in Russia and in bordering countries.

We are making a significant contribution to the success of hundreds of new construction and renovation projects in industrial and other sectors of the economy.

- ▶ oil and gas complex;
- ▶ oil and gas chemistry;
- ▶ metals and mining industry;
- ▶ precision engineering;
- ▶ banks and Data Processing Centres;
- ▶ development and construction;
- ▶ airports, railway stations, sea ports;
- ▶ communication and telecommunication companies;
- ▶ multifunctional, retail and office complexes;
- ▶ sport complexes and cultural institutions;
- ▶ food industry.

The up-to-date list of projects implemented by the Company is available on the Company's website: http://euroet.ru/realizovannie_proekti.

