

Boyko M.V.,

student

3rd year, Faculty of International Economic Relations

Financial University under the Government of the Russian Federation

Russia, Moscow

Petrov K.S.,

student

3rd year, Faculty of International Economic Relations

Financial University under the Government of the Russian Federation

Russia, Moscow

Kudryavtsev I.A.,

student

3rd year, Faculty of International Economic Relations

Financial University under the Government of the Russian Federation

Russia, Moscow

A SYSTEM OF PRINCIPLES FOR ASSESSING THE RISKS OF CHANGES IN THE VALUE OF TNCs

***Annotation:** Risk assessment is a crucial part of the entrepreneurship, and every corporation has its risk department working day and night to assess and evaluate the risks which company faces and can probably face accurately. The goal of our research is to look on different systems of risk principles, highlighting the most effective one and looking on the examples of risk assessment in particular companies. In our research we overviewed two corporations in the field of ferrous metallurgy – one in Russia and one in the United States.*

***Keywords:** TNCs, ferocious metallurgy, corporations, risk management, risk assessment principles, risk factors*

Бойко М.В.,

студент

*3 курс, Факультет международных экономических отношений
Финансовый университет при Правительстве Российской Федерации*

Россия, г. Москва

Петров К.С.,

студент

*3 курс, Факультет международных экономических отношений
Финансовый университет при Правительстве Российской Федерации*

Россия, г. Москва

Кудрявцев И.А.,

студент

*3 курс, Факультет международных экономических отношений
Финансовый университет при Правительстве Российской Федерации*

Россия, г. Москва

СИСТЕМА ПРИНЦИПОВ ОЦЕНКИ РИСКОВ ИЗМЕНЕНИЯ СТОИМОСТИ ТНК АННОТАЦИЯ

Оценка рисков является важнейшей частью предпринимательства, и в каждой корпорации есть свой отдел рисков, работающий день и ночь, чтобы точно оценить и оценить риски, с которыми сталкивается компания и с которыми она, вероятно, может столкнуться. Цель нашего исследования - рассмотреть различные системы принципов управления рисками, выделив наиболее эффективную из них и рассмотрев примеры оценки рисков в конкретных компаниях. В нашем исследовании мы рассмотрели две корпорации в области черной металлургии – одну в России и одну в Соединенных Штатах.

Ключевые слова: ТНК, металлургия, корпорации, управление рисками, принципы оценки рисков, факторы риска

Entrepreneurship and risk were always tied together. It is not a big surprise because there is no profit without risk. In the 21st century a variety of risks expanded and changed - there is less possibility of pirate attack on a company's cargo ship, however, at the same time with the development of the Internet and globalization new threats were posed and risks as well. Risk assessment was introduced as a requirement in the last century, however, companies used it even before due to its benefit of being prepared. Every modern corporation has its risk department which work is extremely crucial for a company in general. The crisis of 2008 proved that there are serious risks which affect even the business giants. It is known that such risks can influence the value of a TNC because anyway it is all about market capitalization, whether it is direct influence or not.

But what is “risk”, actually? The general definition of risk by dictionaries is just simple “the possibility of something bad happening”. Generally, it is right, but we need to specify it for financial purposes, which gives us next definition: “Risk is defined in financial terms as the chance that an outcome or investment's actual gains will differ from an expected outcome or return”. In CAPM (Capital Asset Pricing Model) model, risk is referred as a volatility. Sometimes in the exact definition “chance” is replaced by “probability” which we find more appropriate word.

While we are still speaking about definitions there is another vital question we need to ask: what do we mean when we say “principles of risk assessment”? During the course of our research, we stumbled across different interpretations of this statement. In the Guidance Note for the Glasgow Art School (of course it is not a TNC, but as an example of a particular interpretation it works) under the section “Basic principles of risk assessment” they described those general principles are to:

- identify the hazards
- decide who might be harmed

- evaluate the risks
- decide whether existing controls are adequate
- record findings
- review assessment and revise if necessary

As we can see it is a step-by-step plan or instruction on how to assess risks. Can it be considered as principles? In Cambridge Dictionary the word “principle” is defined as “a basic idea or rule that explains or controls how something happens or works”. In this case it explains “how it happens or works” so we can admit that it is the system of principles of risk assessment. The similar approach the Committee of Sponsoring Organizations of the Treadway Commission used in 2013 in their framework. They stated 17 principles which should be present to make the entity’s control structure effective and 4 of them are concerning risk assessment:

- COSO Principle 6: The entity specifies objectives with sufficient clarity to enable the identification and assessment of risks relating to objectives.
- COSO Principle 7: The entity identifies risks to the achievement of its objectives across the entity and analyzes risks as a basis for determining how the risks should be managed.
- COSO Principle 8: The entity considers the potential for fraud in assessing risks to the achievement of objectives.
- COSO Principle 9: The entity identifies and assesses changes that could significantly impact the system of internal control.

This is also an example of “how it happens or works”, or in this particular case, what the entity does in relation of risk assessment.

These examples together with the definition are leading to the idea that there are two types of principles – which explain the process, and which control the process. Now let us see the example of the latter. In the article of Afinogenova I.N. and Snegovskoy A.N. which is called “GENERAL PRINCIPLES AND METHODOLOGY FOR RISK ASSESSMENT” they state the system of principles of risk assessment has three levels:

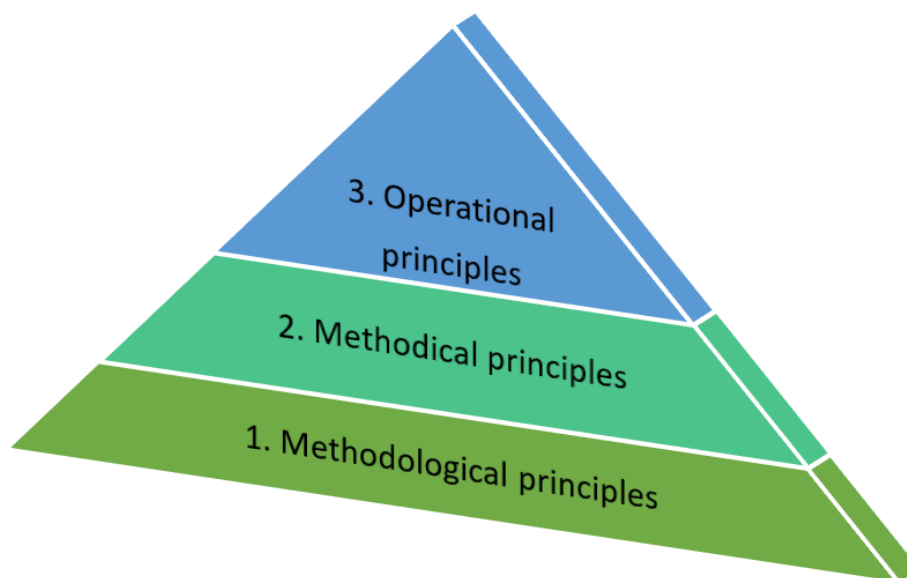


Figure 1. Levels of the system of principles of risk assessment

Each level consists of the principles which can be also presented as a pyramid.

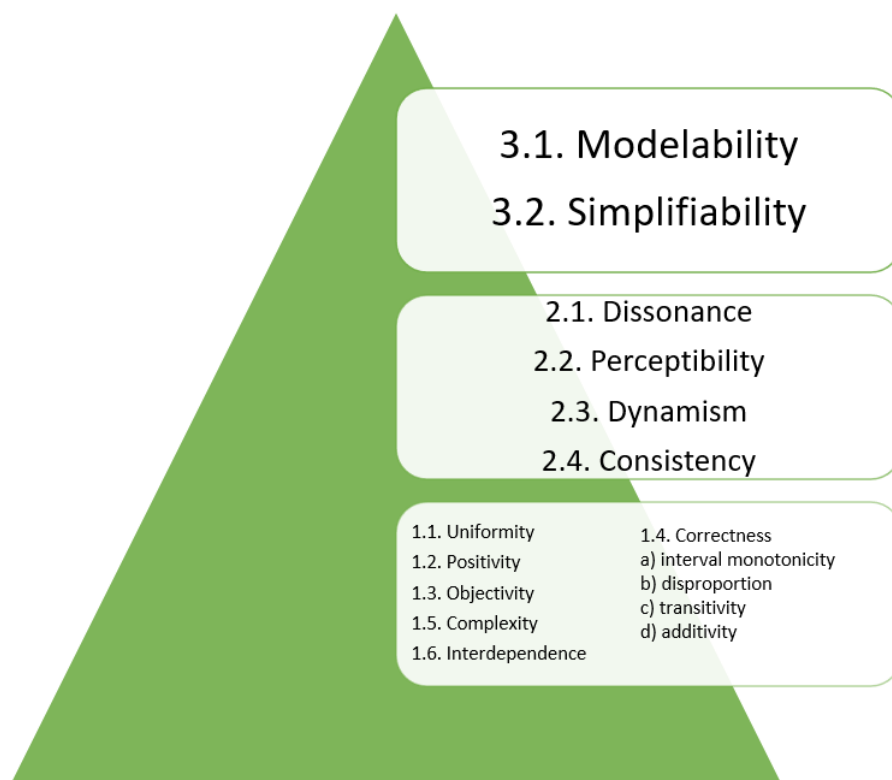


Figure 2. Principles of risk assessment on each level of the system.

Before we make some conclusions on this system let us first break down all the levels and principles.

1. **Methodological principles**, i.e., principles that define the broadest conceptual provisions and, more significantly, do not depend on the characteristics of the type of risk under consideration:
 - 1.1. **Risk uniformity** is that the concept of risk is the same for all participants in the activity, i.e. if the risk is presented as damage, there are no subjects who believe otherwise. Because it is impossible to develop a risk strategy and tactics when the players in their implementation have divergent viewpoints, the principle of risk uniformity is required.
 - 1.2. **Risk positivity** denotes that the integral risk indicator is at least equal to the level of tolerance. This notion is frequently related with the principle of “performance” in investment planning. The project's effectiveness is commonly defined as the positive effect of its implementation, i.e. the excess of the totality of the results obtained,

taking all risks into consideration, over the estimated total costs required for the project's implementation. The idea of attainable results is linked to the principle of positivism. There should be no dangers to the point where the case is hopeless. For most people, one chance in a thousand is too little to make an activity appealing. It should be highlighted that the risks and consequences of various solutions should be considered.

- 1.3. **Risk objectivity** refers to the assessment's ability to accurately reflect the changing object's structure and attributes. Simultaneously, one should endeavor to rely on accurate qualitative (structural, functional, etc.) and quantitative process indicators, taking into consideration transient processes and, if possible, the degree of unreliability and uncertainty that is objectively inherent in the future.
- 1.4. **The correctness of risks** means that throughout the evaluation, certain formal conditions must be met, which may include:
 - a) **Interval monotonicity**, i.e., in a given interval of indicator values, as the intensity of activity grows, the risk value increases, and the uncertainty changes qualitatively in border areas;
 - b) **disproportion**, in which a rise in risk is not directly proportionate to an increase in activity intensity (within a certain interval of change in indicators);
 - c) **transitivity**, i.e., if the first circumstance is riskier than the second, and the second is riskier than the third, the first situation is riskier than the third;
 - d) **additivity**, i.e., if the risk of the first type of activity is equal to R_1 , and the risk of the second type of activity is equal to R_2 , and both types of activity are conducted at the same time, the total risk is equal to the sum of the individual risks, or $R_{tot} = R_1 + R_2$. The aforementioned formal principles appear natural at first glance, but they are not usually followed in reality, or their viability is difficult to determine for various reasons.
- 1.5. Because of the **complexity of risks**, they must be considered as a closed system with a hierarchical structure. Initially, there are emergent risks, which are risks connected to the object of study's emergent features and activities, and non-emergent risks,

which are risks associated to the object of study's structural components. This principle is sometimes referred to as “consistency,” but the authors believe it is more suitable to refer to it by the proposed name because consistency is always associated with the concept of completion, which is usually unattainable in practice.

1.6. The **interdependence of risks** suggests that the occurrence of some dangers causes the emergence of others, either automatically or through complicated mediated linkages. The emergence of economic hazards, for example, is inevitably linked to the emergence of social dangers. It should be noted that all non-economic risks can be divided into three categories:

- a) those that allow for direct economic assessment already today (damage from traffic accidents, damage from the consumer's delay at the reception point, and so on);
- b) those that fundamentally allow direct economic evaluation but lack an information base and algorithmic support today; and
- c) those that do not even fundamentally allow economic (direct) evaluation. Non-economic risks are expertly taken into account in the latter two examples.

2. **Methodical principles**, that is, principles that are directly tied to the sort of work, its characteristics, value ideas, historical contexts, and so on. If economic hazards are taken into account first, the following principles can be distinguished from the rest of the principles.

2.1. **Risk dissonance** refers to the fact that any new activity adds something new to the environment. From the perspective of economic risks, it is this specificity that ultimately defines the magnitude of specific indicators, and the larger the risk, the greater the magnitude of new activity dissonance. Dissonant hazards should be taken into account with the help of methodology.

2.2. The presence of diverse areas of activity is linked to varied **risk perceptibility**, which predetermines the disparity in their interests and attitudes toward potential damages. This subject has already been well discussed. This necessitates a risk evaluation from the perspective of each activity participant (for example, government officials, journalists, bankers, etc.).

- 2.3. **Risk dynamism** means that the methodological support takes into consideration the variety of risks and allows for unambiguous characterization of expected process dynamics.
- 2.4. **Risk consistency** is caused by the non-synchronization of distinct stages of activity, which results in uneven resource investment, inconsistent aim implementation, and so on. For example, when it comes to economic hazards, the methodological apparatus should account for the presence of inflationary processes. As a result, while examining risk dynamics, they should be reduced to a comparable form, similar to how investment design is done. Risk consistency is linked to the notion that dangers start at a specific time (not earlier or later) and that prevention processes must be synchronized with other processes. The compound interest function, for example, is the weighting function in stationary economies (including ones with no or constant inflation), with the discount rate or discount rate being the most essential component.
3. Operational principles, i.e., principles relating to information availability, reliability, unambiguity, and processing capabilities:
- 3.1. Risk modeling is concerned with the idea that a model can be used to represent a situation in which hazards exist. The “principle of modelability” should not be confused with the “technique of modeling”; the latter is used to quantify the risk magnitude, while the former establishes the “rules of the game.” Modelability is one of the most significant rules of the third level, and principles are often necessary to identify the “rules of the game.”
- 3.2. Risk simplifiability implies that when assessing risks, they choose the method that is the “simplest” in terms of information-computational complexity.

As we can see, in the 3.1 it is spoken about “rules of the game” which means that the “control” system of principles is actually a set of criteria of risk assessment – it controls the process of risk identification, analysis and evaluation.

So, in conclusion for this part we can say that “control” system is more universal while “explain” system are much more personalized to the companies in which they are applied like the School we mentioned, COSO or, as another example, European Institute of Gender Equality, which risk assessment principles are specified for their respective field (as it is shown in Figure 3), which is obviously looks like a plan. Personally we prefer the “control” system but there is no shame or inconvenience to use “explain” one.

Risk assessment principles and steps

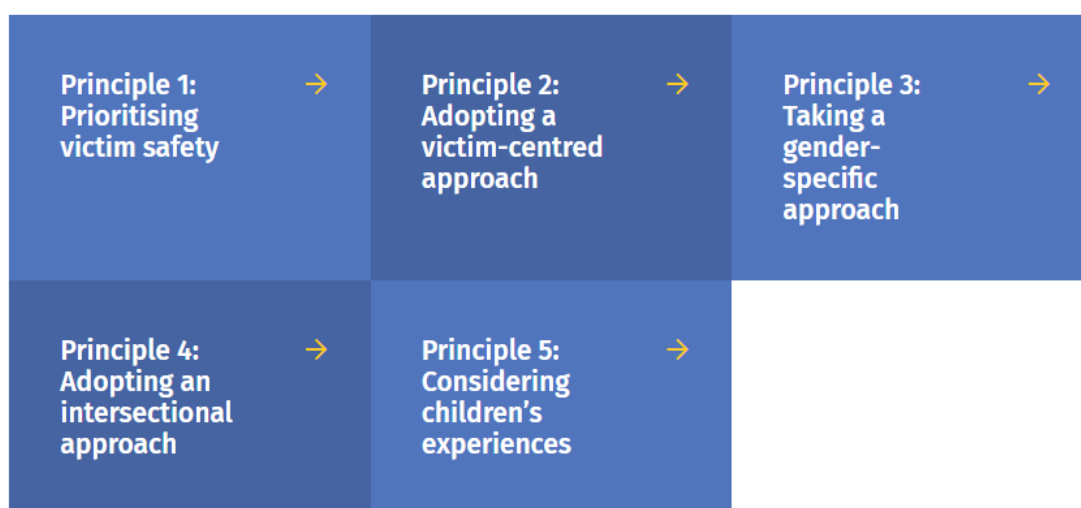


Figure 3. Risk Assessment principles and steps of European Institute of Gender Equality

Further in the article we will talk about two examples of TNCs in the field of ferrous metallurgy, discuss their systems of risk assessment and whether they are sufficient or not, possibly giving ideas on which principles should be added or abolished.

Risk assessment on the example of Evraz company

Evraz plc is an international vertically integrated steel and mining company with assets in the Russian Federation, the USA, Canada, the Czech Republic, Italy, and Kazakhstan. The headquarters is in London. It is one of the largest steel producers in the world.

And so, assessing the very system of risks of Evraz

Let's start with her purpose. Evraz says that the main purpose of the risk system is to assess, detect and, accordingly, eliminate risks. Evraz distinguishes 2 main types of risks - external and internal. As for the structure of Evraz itself, it consists of 2 two parts - control at the corporate level and at the level of regions and enterprises in all areas of activity. At the corporate level, the core is the board of directors. It provides control over the effectiveness of risk management, that is, it is a supervisory authority, and the board of directors also sets acceptable risk levels. Helps him in this audit committee which. The main task of which is to assist the board of directors in monitoring the degree of risk exposure based on acceptable risk levels. Internal audit is an assistant to the audit committee, it assists in the effectiveness of risk management through review of reports and oversight. The work of internal audit is based on the principle of increasing efficiency in internal control systems, helping management to manage risks. Going back to the board of directors and their acceptable risk level is reassessed once a year, sometimes even more. The Audit Committee receives a final analysis from the risk management group, which subsequently submits to the Board of Directors with appropriate recommendations. And the Board of Directors is already making a decision on the acceptable level of risk. Part 2 in the risk management structure is risks at the level of regions and enterprises in all areas of activity. The key to risk management here is the managerial staff of regional divisions. It, like the board of directors, sets the risk tolerance level, but does so on the basis of different regional divisions, manages risks at the regional level and monitors the effectiveness of internal controls. For the successful operation of the risk management system, Evraz adheres to several principles.

1. These are In constant monitoring of risks, their assessment and provision of key persons from the management team. For the manager, the main responsibility will be introduced in risk management and for the anticipated risks that may arise within the framework of the Company's activities.

2. The principle is that the Board of Directors establishes a business strategy based on an established acceptable level of risk.
3. The principle is that in large enterprises responsible authorities are involved. In order to determine, evaluate and prescribe the necessary measures to manage risks at the regional level and the main enterprises of Evraz. All information on these matters is kept by the risk management group in the corporate risk register. Responsible management bodies report to the Risk Management Group and include vice presidents of structural divisions and business divisions.

Also, about the Evraz risk reassessment system, each year in its report shows the change in risk exposure trends as well as a heat map of the main risks and effects of uncertainty, for example, this map looked like this in Evraz annual report in 2021.

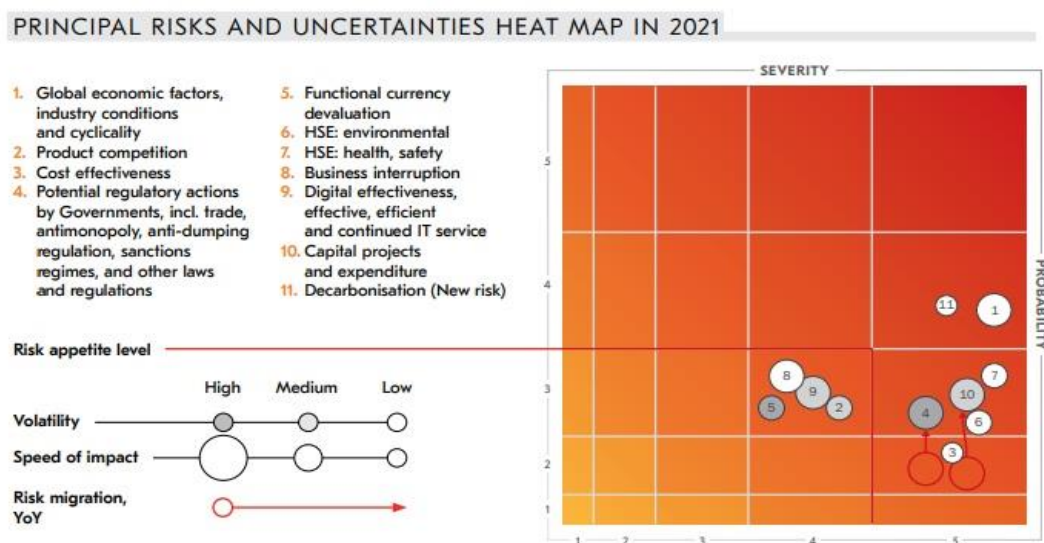


Figure 4. Principal risks and uncertainties heat map in 2021

And so, having considered the risk management system of Evraz and its principles in risk monitoring. We can draw conclusions from the company's risk assessment system. The main advantages in the risk assessment system are constant monitoring and subsequent reassessment. Thanks to this, the company is using the example of the Coronavirus Pandemic. She was able to avoid catarrhal losses and quickly adjust the coronavirus security system, which is why, despite the decline in income in 2020, in 2021 the company managed to significantly increase its income.

However, there is no perfect risk assessment system. In 2022, there was a conflict between Russia and Ukraine. And Western countries imposed sanctions, in particular on Roman Abramovich, who is the main shareholder of the company (28.64%). Because of this, the company's shares ceased to be traded on the London Stock Exchange, as well as there were problems with the payment of a coupon on bonds and there was a risk of a technical default. It is still too early to talk about even more damage, but it will most likely be, since the situation is only getting worse so far. Whether it was possible to assess this risk and be ready to solve it, most likely not, however, the company will definitely have to be ready for such risks in the future, so the risk assessment system should better take into account the risks associated with the political situation and better characterize the expected dynamics of the process (Dynamism risk).

As another example, it is proposed to consider the **risk management of US Steel**.

A little historical digression:

U.S. Steel is an American steel company, the second largest in the United States (after Nucor Corporation) and the 26th in the world in 2017.

United States Steel Corporation was formed in 1901 because of the merger of 9 steel companies. Subsequently, several acquisitions led US Steel to absolute dominance in the US steel casting market.

However, such giants obviously face great risks. For example, personnel risk led to the fact that in 1961 the share of US Steel in the market decreased to 25%. This was due to the growth of the expenditure part (frequent strikes led to a reduction in the working day and an increase in wages)

The loss of market share can often be associated with the fulfillment of socio-political risks. Many financial and economic indicators of a company may depend on the policy of the state. For example, the customs policy of the state directly affects the growth of competition from imports.

To reduce this risk, it was decided to diversify the company's activities by purchasing an oil producing company and an oil and gas corporation. Thus, the change in the value of US Steel has become less susceptible to changes in demand for steel and fluctuations in the market as a whole.

But there are risks from which it is impossible to protect yourself. Most often, these are cases when not only heavy industry is experiencing difficulties, but in principle the entire commercial world is close to ruin. We are talking about the crisis of 2008. Then the value of US Steel shares fell from \$ 180 apiece to \$20 in six months, which amounted to a loss of almost 90% of its value.

As we know, in the period from 2019 to 2022, the entire planet was subjected to the covid19 pandemic, which led to a reduction in production volumes and, accordingly, demand for steel and petroleum products. At that moment, the corporation was experiencing its lowest-ever quotes in the amount of \$6 per security.

But today the situation has changed. The gift of fate was sent from Russia. One of the largest steel supplier countries found itself under numerous sanctions due to the outbreak of a special operation war on the territory of Ukraine. Now the participation of the Russian steel producer and the supplier of oil and gas is expected to be reduced to a minimum, which will allow the company in question to strengthen its position on the world stage of raw materials supplies. For a complete picture of the company's risk management assessment, we suggest reading the annual risk report:

RISK FACTORS Strategic Risk Factors

Our Investments in new technologies and products may not be fully successful.

Execution of our Best for AllSM strategy depends, in part, on the success of a number of investments we have made and plan to make in new technologies and products. All of our investments are expected to drive stockholder value creation and deliver an enhanced business model that delivers cost and/or capability differentiation for our stakeholders. Our Best for All strategy is centered around adding mini mill capabilities, including through the construction of a mini mill facility in Osceola, Arkansas, non-grain-oriented steel line at Big River Steel, a

galvanizing construction line at Big River Steel and marketing of our new verdeXTM product line and new advanced high strength steel XG3TM products, which are completed at our PRO-TEC joint venture. Additionally, as with any significant construction project like the construction of the new mini mill in Osceola, Arkansas, we may be subject to changing market conditions and demand for our completed projects, delays and cost overruns, work stoppages, labor shortages, engineering issues, weather interferences, supply chain delays, changes required by governmental authorities, delays or the inability to acquire required permits or licenses, the ability to finance the projects or disruption of existing operations, any of which could have an adverse impact on our operational and financial results. Furthermore, new product development or modification is costly, may be restricted by regulatory requirements, involves significant research, development, time, expense and human capital and may not necessarily result in the successful commercialization of new products, or new technologies may not perform as intended or expected. Unsuccessful execution of these strategic projects, underperformance of any of these assets or failure of new products to gain market acceptance could adversely affect our business, results of operations and financial condition and may limit the benefits of our stockholder value creation strategy.

From time to time, we engage in acquisitions, divestitures and joint ventures and may encounter difficulties in integrating and separating these businesses and therefore we may not realize the anticipated benefits.

We seek growth through strategic acquisitions as well as evaluate our portfolio for potential divestitures to optimize our business footprint and portfolio. The success of these transactions will depend on our ability to integrate or separate, as applicable, assets and personnel in these transactions and to cooperate with our strategic partners. We may encounter difficulties in integrating acquisitions with our operations as well as separating divested businesses, and in managing strategic investments. Furthermore, we may not realize the degree, or timing, of benefits we anticipate when we first enter into a transaction.

Additionally, we seek opportunities to monetize non-core and excess iron assets, including through real estate sales, third party agreements and option agreements. These opportunities may not materialize or generate the financial benefits expected. For example, Stelco Inc. holds an option (Option) to acquire an undivided 25 percent interest in a to-be-formed entity that will own the Company's current iron ore mine located in Mt. Iron, Minnesota. There is a possibility that Stelco may not exercise its Option in the anticipated timeframe or at all. If the proposed joint venture with Stelco is not successful, fails to provide the benefits we expect, or is not created at all, we may in the future have more iron ore than we need to support the business. Additionally, the existence of the Option may deter future potential opportunities to monetize the iron ore assets. Any of the foregoing could adversely affect our business and results of operations.

Operational Risk Factors

The outbreak of COVID-19 has had, and could continue to have, an adverse impact on the Company's results of operations, financial condition and cash flows.

The global pandemic resulting from the novel coronavirus designated as COVID-19 has had a significant impact on economies, businesses and individuals around the world. Governments around the world have made efforts to contain the virus, including: border closings and other significant travel restrictions; mandatory stay-at-home and work-from-home orders; mandatory business closures; public gathering limitations; and prolonged quarantines. We have also taken actions to protect our employees and to mitigate the spread of COVID-19, including embracing guidelines set by the Centers for Disease Control and Prevention on physical distancing, good hygiene, limitations on employee travel and in-person meetings, and changes to employee work arrangements including remote work arrangements where appropriate. Evolving government plans around the world to institute vaccination and/or testing requirements as well as various related state and local directives or challenges, may cause disruptions to operations, and result in labor shortages and

unforeseen costs, including increased compliance costs, which could negatively affect our results. Evolving standards and judicial and regulatory interpretations may impede U. S. Steel's ability to fully comply with applicable legal requirements.

These actions have and may continue to impact our employees, customers and suppliers, and future developments could cause further disruptions to our business, including significant disruptions to commerce, lower consumer demand for goods and services and general uncertainty regarding the near-term and long-term impact of the COVID-19 virus on the domestic and international economy and on public health. These developments and other consequences of the outbreak have materially adversely impacted the Company's results of operations, financial condition and cash flows in the past and could have similar adverse impacts in the future.

The Company may be susceptible to increase litigation related to, among other things, the financial impacts of the pandemic on its business, its ability to meet contractual obligations due to the pandemic, employment practices or policies adopted during the health crisis or in response to laws, regulations, or directives, or litigation related to individuals contracting COVID-19 as result of alleged exposures on Company premises.

The impact of the COVID-19 outbreak may also have the effect of exacerbating many of the other risks described herein.

Shortages of skilled labor, increased labor costs, or our failure to attract and retain other highly qualified personnel in the future could disrupt our operations and adversely affect our financial results.

We depend on skilled labor for the manufacture of our products. Some of our facilities are located in areas where demand for skilled labor often exceeds supply. Shortages of some types of skilled labor, such as electricians and qualified maintenance technicians, could restrict our ability to maintain or increase production rates, lead to production inefficiencies and increase our

labor costs. Our shift to the Best for All strategy would also require a set of job skills that is different from our prior needs. Our continued success depends on the active participation of our key employees. We have recently observed an overall tightening and increasingly competitive labor market. The competitive nature of the labor markets in which we operate, the cyclical nature of the steel industry and the resulting employment needs increase our risk of not being able to recruit, train and retain the employees we require at efficient costs and on reasonable terms, and could lead to increased costs, such as increased overtime to meet demand and increased wage rates to attract and retain employees. Many companies, including U. S. Steel, have had employee lay-offs as a result of reduced business activities in an industry downturn. The loss of our key people or our inability to attract new key employees could adversely affect our operations. Additionally, layoffs or other adverse actions could result in an adverse relationship with our workforce or third-party labor providers. If we are unable to recruit, train and retain adequate numbers of qualified employees and third-party labor providers on a timely basis or at a reasonable cost or on reasonable terms, our business and results of operations could be adversely affected. Additionally, an overall labor shortage, lack of skilled labor, increased turnover or labor inflation caused by COVID-19 or as a result of general macroeconomic factors that affect our customers or suppliers could have a material adverse impact on the company's operations, results of operations, liquidity or cash flows.

We depend on third parties for transportation services and increases in costs or the availability of transportation may adversely affect our business and operations.

Our business depends on the transportation of a large number of products, both domestically and internationally. We rely primarily on third parties, including the recently divested Transtar business, for transportation of the products we manufacture as

well as delivery of our raw materials. Any increase in the cost of the transportation of our raw materials or products, as a result of increases in fuel or labor costs, higher

demand for logistics services, consolidation in the transportation industry or otherwise, may adversely affect our results of operations as we may not be able to pass such cost increases on to our customers.

If any of these providers were to fail to deliver raw materials to us in a timely manner, we may be unable to manufacture and deliver our products in response to customer demand. In addition, if any of these third parties were to cease operations or cease doing business with us, we may be unable to replace them at a reasonable cost.

In addition, such failure of a third-party transportation provider could harm our reputation, negatively affect our customer relationships and have a material adverse effect on our financial position and results of operations.

Financial Risk Factors

We have significant retiree health care, retiree life insurance and pension plan costs, which may negatively affect our results of operations and cash flows.

We maintain retiree health care and life insurance and defined benefit pension plans covering many of our domestic employees and former employees upon their retirement. Some of these benefit plans are not fully funded, and thus will require cash funding in future years. Minimum contributions to domestic qualified pension plans (other than contributions to the Steelworkers Pension Trust (SPT) described below) are regulated under the Employee Retirement Income Security Act of 1974 (ERISA) and the Pension Protection Act of 2006 (PPA).

The level of cash funding for our defined benefit pension plans in future years depends upon various factors, including voluntary contributions that we may make, future pension plan asset performance, actual interest rates under the law, the impact of business acquisitions or divestitures, union negotiated benefit changes and future government regulations, many of which are not within our control. In addition, assets held by the trusts for our pension plan and our trust for retiree health care and life insurance benefits are subject to the risks, uncertainties and variability of the financial markets. Future funding requirements could also be materially affected by

differences between expected and actual returns on plan assets, actuarial data and assumptions relating to plan participants, the discount rate used to measure the pension obligations and changes to regulatory funding requirements. See "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" and Note 18 to the Consolidated Financial Statements for a discussion of assumptions and further information associated with these benefit plans.

U. S. Steel contributes to a domestic multiemployer defined benefit pension plan, the SPT, for USW-represented employees formerly employed by National Steel and represented employees hired after May 2003. We have legal requirements for future funding of this plan should the SPT become significantly underfunded or we decide to withdraw from the plan. Either of these scenarios may negatively impact our future cash flows. The 2018 Labor Agreements increased the contribution rate for most steelworker employees. Collectively bargained company contributions to the plan could increase further as a result of future changes agreed to by the Company and the USW.

The accounting treatment of equity method investments and other long-lived assets could result in future asset impairments, which would reduce our earnings.

We periodically test our equity method investments and other long-lived assets to determine whether their estimated fair value is less than their value recorded on our balance sheet. The results of this testing for potential impairment may be adversely affected by uncertain market conditions for the global steel industry and general economic conditions. If we determine that the fair value of any of these assets is less than the value recorded on our balance sheet, and, in the case of equity method investments the decline is other than temporary, we would likely incur a non-cash impairment loss that would negatively impact our results of operations. We have incurred asset impairment charges in recent years, including during the year ended December 31, 2021, and there can be no assurances that continued market dynamics or other factors may not result in future impairment charges.

New and changing data privacy laws and cross-border transfer requirements could have a negative impact on our business and operations.

Our business depends on the processing and transfer of data between our affiliated entities, to and from our business partners, and with third-party service providers, which may be subject to data privacy laws and cross-border transfer restrictions. In North America and Europe, new legislation and changes to the requirements or applicability of existing laws, as well as evolving standards and judicial and regulatory interpretations of such laws, may impact U. S. Steel's ability to effectively process and transfer data both within the United States and across borders in support of our business operations and/or keep pace with specific requirements regarding safeguarding and handling personal information. While U. S. Steel takes steps to comply with these legal requirements, non-compliance could lead to possible administrative, civil, or criminal liability, as well as reputational harm to the Company and its employees. The costs of compliance with privacy laws such as the GDPR and the potential for fines and penalties in the event of a breach may have a negative impact on our business and operations.

Thus, in this paper we have considered many risks of multinational corporations that affect their capitalization, methods of reducing such risks, and noticed that in addition to risks, life also presents various opportunities for capturing new niches and active expansion.

References:

1. M.E. Pilka, N.A. Sluka, T.H. Tkachenko, E.R. Tsalikova, Major multinational corporations in the us global cities: core-periphery location disparities. Moscow university bulletin. series 5. geography. 2018. no. 6 p. 83-93,
2. Ivanova N.M., Lavrov S.N. (2019) The impact of US anti-Russian sanctions on the foreign expansion of the largest Russian oil and gas TNCs PJSC "Lukoil" and PJSC "Rosneft" (investment strategy of the largest Russian companies in the oil and gas

- sector in the context of tightening sanctions restrictions) // Bulletin of international organizations. T. 14. No. 1. P. 126–144. DOI: 10.17323/1996-7845-2019-01-08
3. A.I. Skopinsky, Risk management of transnational corporations Eurasian Union of Scientists (ESU) # 2 (11), 2015 | Economic sciences p. 140-142
 4. V.V. Goncharov, Definition of transnational corporations Moscow Economic Journal No. 5 2021 P. 407-415
 5. Dr. Sc. Mentor Shaqiri, Dr. Sc. Ismail Mehmeti & Dr. Sc. Orhan Çeku Transnational Corporations and their role in the Economic Development International Journal of Management Excellence Volume 12 No.2 February 2019 P. 1830-1834
 6. Aven, T. (2016). Risk assessment and risk management: Review of recent advances on their foundation. European Journal of Operational Research, 253, 1–13.
 7. Aven T. The risk concept—Historical and recent development trends Reliability Engineering and System Safety, 99 (2012), pp. 33-44
 8. Aven T. On how to deal with deep uncertainties in a risk assessment and management context Risk Analysis, 33 (12) (2013), pp. 2082-2091
 9. Baum, F.E., Sanders, D.M., Fisher, M. et al. Assessing the health impact of transnational corporations: its importance and a framework. Global Health 12, 27 (2016).
 10. Tao Hu, Yiting Wang, Environmental and social risk management of Chinese transnational corporations // <https://www.worldwildlife.org/publications/environmental-and-social-risk-management-of-chinese-transnational-corporations>
 11. Pongo, Andrea S., et al. “Appendix B.: Literature Review: Commercial Perspectives on Political Risk.” Commercial Perspectives on Political Risk in Sub-Saharan Africa, Institute for Defense Analyses, 2012, pp. 19–36.
 12. Sebastian Kot, Przemysław Dragon, Business Risk Management in International Corporations, Procedia Economics and Finance, Volume 27, 2015, Pages 102-108, ISSN 2212-5671,
 13. Top steelmaker in 2017 World Steel Association. 16 March 2018.