

GRI G3.1: EN4

In 2013, there was practically no change in indirect energy consumption* at the TVEL FC's enterprises, and it amounted to 17,148 mln GJ.

Fig. 45. Thermal Energy Consumption by TVEL FC Enterprises in Monetary Terms, mln RUB**

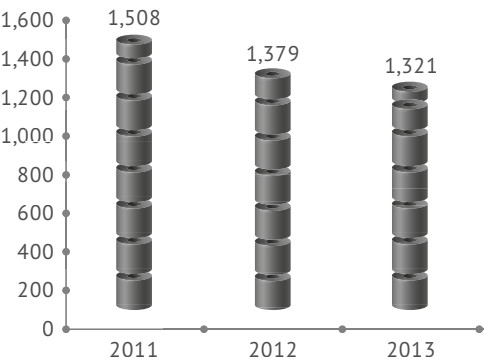
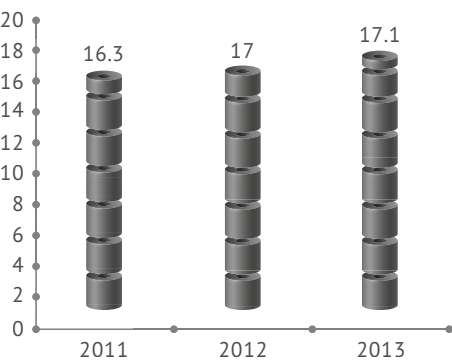


Fig. 46. Indirect Power Consumption by Enterprises of TVEL FC, mln GJ***



In 2014, as a part of activities for improvement of energy efficiency, the following is planned:

- reduction of energy resources consumption by the TVEL FC's enterprises (under conditions comparable with year 2009) by 23%;
- creation, implementation and certification of an energy management system on the basis of requirements of the international standard ISO 50001;
- continuation of realization of the Program "Energy Saving and Efficiency Improvement" at the TVEL FC's enterprises;
- conduct of a new energy study in accordance with the requirements of article 16 of Federal Law dated 23 november, 2009 No. 261-FZ "On energy saving and improvement of energy efficiency and on amending certain enactments of the Russian Federation".

Social Capital

Summary information
Direct economic value generated and distributed****, mln RUB.

Indicator	2011	2012	2013
Direct economic value generated	151,081	137,913.8	162,788.6
Economic value distributed incl.:	125,285.3	124,772	142,265.1
Operational costs	73,404.9	63,875.2	84,316.4
Salaries and other payments and benefits to the employees	32,512	24,727.3	21,957.5
Payments to capital providers	3,606.4	20,054.2	19,710.7

* Indirect energy consumption, according to guideline GRI G3.1, shows the volume of energy spent for production of electric power, steam, heat energy and other types of intermediate energy consumed that are consumed by the reporting company and are purchased from third parties (i.e. are not produced within the company).

** Under comparable conditions of 2009.

*** No accounting of indirect energy consumption with a breakdown by primary sources is carried out at the TVEL FC's enterprises due to the absence of statutory requirements with respect to maintaining such accounting and due to the fact that the benefit from obtaining such information is materially less than the cost of obtaining it.

**** For the purpose of calculation, data of consolidated statementreports of the Fuel Company that were prepared in accordance with Russian Accounting Standards were used. Statements in accordance with IFRS are prepared within a longer time period.

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Indicator	2011	2012	2013
Investments in communities and charity	791.8	560.5	170.3
Gross tax payments*	14,970.2	15,554.8	16,110.2
Economic value retained	25,795.5	13,141.8	20,523.51

Development of the Regions of Presence

Achievement of strategic targets set before the TVEL FC is impossible, if there is no social agreement, requirements of social and environmental acceptability are not complied with. This, in its turn, is caused by the fact that social tension in regions may inflict irreparable reputational harm to the Fuel Company in the international market with respect to the reliability of supplies and, therefore, result in the foreign clients' reorientation towards dealing with the Company's competitors.

In this connection, in determining strategic development targets, the management company TVEL JSC has taken into account to the fullest extent potential social and economic consequences of taken decisions and has developed projects for development of regions of presence and assurance of their social stability.

For the purpose of realization of projects for development of areas of presence, the TVEL FC maintains constant and complex coordination with all stakeholders, mainly with public authorities and local self-governing bodies.

For the purpose of realization of projects for development of areas of the enterprises' presence, the TVEL FC has developed and approved in September 2013 the Program "Formation and preservation of social agreement environment in regions of the Fuel Company's presence" which is oriented at all enterprises of the TVEL JSC, systemizes the Company's experience in this area and includes three groups of projects:

- cooperation with local and regional public authorities with respect to the concept of coordination with local and regional public authorities with respect to the concept of the territories' development, the growth of regional taxes and maintenance of social and economic stability for years 2016-2018;
- social programs at the enterprises and in the cities of presence, development of social partnership;
- building multi-level internal and external communications.

Agreements on cooperation with the regions

In 2012, the TVEL JSC initiated the drawing up and signing of Agreements on cooperation between ROSATOM State Corporation and public authorities of Russian Federation constituent

* The amount of principal tax liabilities accrued for payment to budgets of various levels for the reporting period, including:

- taxes included in costs;
- contributions to non-budget funds;
- profit tax of organizations.

entities on which territory enterprises of the Fuel Company are located. Such agreements are the result of efficient cooperation with public authorities and provide for realization of an entire complex of activities aimed at social and economic development of regions and cities of the Fuel Company’s presence.

In these agreements, the following key aspects are determined:

- mechanisms of reallocation of tax payments in favor of regional budgets and local budgets;
- terms of co-financing of business support and development funds;
- terms of collective participation in realization of a Program of creation of new jobs;
- terms of collective participation in the establishment of physical and mathematical lyceums*.

Based on the results of the positive innovative experience, such practice has been extended to the majority of regions of presence of enterprises of ROSATOM State Corporation. In addition to 4 Agreements signed in 2012 (with the Sverdlovsk and Tomsk Regions, Krasnoyarsk Territory and the Udmurt Republic), an Agreement was entered into with the Vladimir Region in June 2013.

The key point of each of the Agreements is an agreement on the return of an increase in regional taxes from the activities of enterprises of ROSATOM State Corporation in the territory of a constituent entity of the Russian Federation to the municipal budget for activities aimed at social and economic development of nuclear power cities.

Consolidated group of taxpayers

On November 16, 2012, the Federal Tax Service of Russia registered an agreement on creation from year 2013 of a consolidated group of taxpayers.

The consolidated group of taxpayers includes 34 organizations of the nuclear industry, 10 enterprises of the Fuel Company (TVEL JSC, JSC SGChE, JSC PA ECP, JSC AECC, JSC CMP, JSC MZP, JSC VNIINM, JSC VPA Tochmash, UGCMP Ltd., NRDC LLC).

Creation of the consolidated group of taxpayers in the nuclear industry will make it possible to increase profit tax payments to budgets of regions in which productions capacities are registered and operate. Each specific budget of a constituent entity of the federation will receive a part of the total profit tax depending on the value of capital assets of the participant of the consolidated group of taxpayers who is registered in its territory and the number of employed personnel.

Thus, in 2013 (as of the end of 2012) the actual return of the profit tax to budgets of regions in which the TVEL FC operated was RUB 447.5 mln, and it is planned that in 2014 this figure will be above RUB 2,000 mln

* The report contains information on the most material results of the reporting period that were achieved in the course of realization of agreements: on realization of the project “Breakthrough” (“Proryv”) for creation of a pilot and demonstrational complex with a a BREST-OD-300 reactor on the base of JSC SGChE (see the section “Innovative Activities in Nuclear Industry”), on development of physical and mathematical lyceums (see the section “Charitable Activity and Support of External Social Programs”), on the growth of profit tax payments to regional budgets (see the subsection “Consolidated group of taxpayers” of this section.

Impact on Closed Administrative Territorial Units

The enterprises of TVEL FC are situated in various regions of the Russian Federation. However, the Company’s most significant impact is on the social and economic situation in the Closed Administrative Territorial Units and monotowns.

Table 50. Labour force employed on the enterprises of TVEL FC

City	Region	% of the labour force employed on the enterprises of TVEL FC
Angarsk (JSC AECC)	Irkutsk Region	0.91
Vladimir (JSC VPA Tochmash)	Vladimir Region	0.8
Kovrov (KMP OJSC)		1.94
Glazov (JSC CMP)	Udmurt Republic	6.79
Zelenogorsk (JSC PA ECP)	Krasnoyarsk Territory	6.33
Novouralsk (JSC UEIP)	Sverdlovsk Region	5.04
Seversk (JSC SGChE)	Tomsk Region	7
Elektrostal (MSZ JSC)	Moscow Region	4.43

The change of labour force balance in the Closed Administrative Territorial Units and monotowns as a result of the restructuring* main stage carried out in TVEL FC brings forth the following problems for the Company:

- absence in the long view of the skilled labour for the development of the new businesses due to the outflow of the specialists and young people;
- jobs deficit and, consequently, the growth of social strain;
- low investment attractiveness of the cities;
- growth of the load on the economically active population;
- increased corporate social responsibility of the companies within TVEL FC;
- establishing of the significant group of the economically active population not employed by the city-forming enterprise and by the government sector (self-employment, employment in the nearest towns, employment within the businesses with the low value added);
- absence of alternative “anchor” enterprises in the Closed Administrative Territorial Units.

TVEL FC develops and takes actions to prevent the above mentioned risks, in particular:

- implements projects on development of business environment in the cities of its presence;
- attracts major investors, including private investors, and creates “anchor” businesses;
- encourages further development of educational institutions and infrastructure;
- creates jobs for skilled youth;
- develops projects for the development of the cities and territories in cooperation with ROSATOM State Corporation and with the state regional bodies and municipalities;
- increases the tax contributions to the local budgets.

Table 51. Policy for achievement of social harmony in the cities of priority for TVEL FC

City of presence	Projects
Seversk	Encouraging of the agglomeration process Tomsk-Seversk Industrial Park “Tomsk-Seversk” Fund for the development of small businesses Cooperation with the local government bodies

* See details about the restructurisation in the Annual report of TVEL JSC for the year 2011, Section 9.2. “Re-sults of restructurisation of enterprises”.

Table 51. Policy for achievement of social harmony in the cities of priority for TVEL FC

City of presence	Projects
Novouralsk	Development of the high-speed railway transport to Yekaterinburg Project "Industrial Park" Jobs for youth Development of general products output
Glazov	Development of general products output Glazov fund for entrepreneurial development Association of the FC's enterprises
Zelenogorsk	Attraction of a company which is an anchor investor for the purposes of establishing a new business and creating jobs Fund for the entrepreneurial development

Three-sided commissions for the solution of the social problems

In the Closed Administrative Territorial Units and Angarsk the three-sided commissions, called the Coordination Councils, established for the solution of the social problems continued its work in 2013. They consist of the directors of enterprises, heads of the Closed Administrative Territorial Unit and the heads of trade unions. Within the frameworks of such commissions the parties come up with the solutions for the improvement of the economic conditions and development of the TVEL FC companies, for the ensuring of the coordinated activities to maintain stability in the labour market, for the extensive support of the active employment which furthers the creation of new jobs, achievement of social and economical stability in the Closed Administrative Territorial Units.

In 2013 the pilot project for the development of entrepreneurial activity called "The School of entrepreneurship" was implemented in the Closed Administrative Territorial Unit Zelenogorsk. This is the joint project of TVEL JSC, JSC PA ECP, the Administration of Zelenogorsk and the Ministry of investments and innovations of the Krasnoyarsk region. Following the results of the four stages which included educational and consulting events, 20 projects were selected and recommended for receiving loans and grants to the Fund for the entrepreneurial support and development of Zelenogorsk. Based on the results of implementation of the approved investment projects the decision will be taken to replicate the experience for the other Closed Administrative Territorial Units hosted by the Fuel Company.

The plans for the year 2014 and in the mid-term view

The primary objective of TVEL FC in the mid-term view with regard to the impact on the territory of presence shall be the development jointly with ROSATOM State Corporation of the industrial program of the strategic development of the Closed Administrative Territorial Unit of the nuclear industry.

The development of such program suggests the working-out and harmonizing the series of critical decisions with the authorities on different levels, in particular, on the following problems:

- target directions for the development of the Closed Administrative Territorial Unit hosted by ROSATOM State Corporation;

- relocation of innovative and/or technology intensive works which are the priority for the state (including industry works) to the sites within the Closed Administrative Territorial Units;
- creation of the industry parks projects in Novouralsk, Tomsk and Seversk through allocation of the dedicated territories and removing of the advanced technology enterprises to the specialized sites having appropriate infrastructure and personnel resources;
- development and synergism in transportation, social and engineering infrastructure in the agglomeration Tomsk – Seversk and in the agglomeration of Yekaterinburg;
- liberalization of treatments within the Closed Administrative Territorial Unit.

Charitable Activity and Support of External Social Programs

The contribution of the Fuel Company to the social and economic development of the regions of presence means not only the participation in the formation of the income base for the regional and local budgets but also the implementation of the whole body of social and charity programs.

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The charitable activity of the Fuel Company is arranged systematically and based on the principles of:

- Support to charity programs and projects in the cities of presence of the TVEL FC enterprises;
- Support to the common values (energizing of business environment, creation of new jobs, development of the educational, health-care, culture and sports infrastructure);
- Co-funding of charity programs jointly with the local authorities and central government bodies of the Russian constituent entities.

Since 2012 the Charity Council has been working within TVEL JSC; its functions include the determining of purposes and priority areas of charitable activity, approval of the budget and events for the charitable activity, efficiency assessment of the charitable activity of TVEL FC etc. The priority areas of charitable activity for the Fuel Company now are the events held with the purpose to create jobs and energize the business environment in the cities of presence. For example, supported by TVEL FC:

- Businessman of the Year Awards are held annually;
- in 2013 the Funds for the entrepreneurial development and support began their activities in the cities of Zelenogorsk, Seversk and Glazov. The funds provide loans and grants to the small and middle-sized businesses for the creation of new jobs.

One of the primary areas of the charitable activity which is put into effect jointly with ROSATOM State Corporation is the creation and development of physics and mathematics lyceums for the training of the prospective skilled specialists for the nuclear industry.

This project is designed to create conditions for the self-actualization of children, finding out and maintaining of the talented schoolchildren, bringing up of the prospective great

* Including the city of Novouralsk.

scientists. This project is tailored to attract young people to the fundamental sciences such as physics and mathematics, to facilitate the entry to the higher educational establishments which specialization is physics and mathematics.

At this stage the project is being implemented in three cities: Seversk, Zelenogorsk and Glazov. On September 2, 2013 the lyceum No. 174 of Zelenogorsk was given the status of physics and mathematics lyceum. Lyceum No.174 has become the basis for the creation of a physics and mathematics lyceum due to the high educational level and high success level of its pupils.

For the year under report immobile and mobile classrooms were equipped in Seversk and Glazov, including with interactive blackboards, numerical programmed control systems, robotized educational kits and PCs. The gyms have been built in lyceums since 2013.

Table 52. Funding of charity and social initiatives of TVEL FC in 2013

Seq. Nos	Events (Projects)	Funding in 2013, in mln RUB
1	Contribution to the improvement of housing facilities for key budget specialists of Novouralsk	24
2	Improvement of equipment status of physical infrastructure in educational establishments and creating better conditions in the pre-school establishment in Novouralsk	20
3	Events designed to support various youth groups in Novouralsk	50
4	Purchase of equipment for the geriatric unit in Novouralsk	2
5	Purchase of equipment for the pediatric center in Angarsk	3.36
6	Events purposed to social and economic development of Vladimir: purchase of an ambulance car, installation of playgrounds for children, purchase of equipment for kindergarten, etc.	4.95
7	Support to the activities of the nuclear industry information centers in the regions of presence of TVEL FC enterprises (ANO "Data Center of Nuclear Field")	10.26
8	Support to the international social environmental initiatives in the cities of presence of TVEL FC enterprises	4.5
9	Helping hand to the curacies of the Russian Orthodox Church	13.3
10	Support to the sports activities in the cities of presence of TVEL FC enterprises	4.87
11	Participation in the arrangement and holding of Businessman of the Year Awards in the cities of presence of TVEL FC enterprises	1.05
12	Support to the social and cultural events in the cities of presence of TVEL FC enterprises	6.7
13	Organization of a youth camp and support to the children international environmental protection events	2.47
14	Support to the mass and amateur sports in the cities of presence of TVEL FC enterprises	5.04
15	Support to the non-governmental organizations, orphan homes, residential care homes, veterans, invalids and persons in hardship in the cities of presence of TVEL FC enterprises	7.04

Seq. Nos	Events (Projects)	Funding in 2013, in mln RUB
16	Support to the educational establishments in the cities of presence of TVEL FC enterprises	2.48
17	Holding of competition of social and charity projects in the cities of presence of TVEL FC enterprises	8.26
	Total	170.28

Reduction in the costs for charitable and sociable programs as compared with the year 2012 is compensated by the growth of the corporate income tax paid to the regional budgets within the consolidated group of taxpayers.

Results of key risks management according to the area of activity

Risk	Risks management results
Social risk	Support to the social and economic development of the regions of presence within the frameworks of the Cooperation Agreements between the State Corporation ROSATOM and the central governmental bodies of the Russian constituent entities. Increased involvement of the employers to the implementation of the strategy of the Fuel Company as a result of the communication campaigns held.
Reputational risks	The risk is fended off (within the frameworks of the preventive events in accordance with the Procedure of Monitoring of reputational risks factors approved in 2013)

Stakeholders Engagement

TVEL FC is unexceptionally guided by the principle of openness* and carries out a continuous work with stakeholders; it systematizes, analyzes and takes accounts of their needs.

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4.4 4.14
4.15 4.16

Such approach allows to timely react to the risks which may arise and which relate to the stakeholders engagement, first of all of social and reputational nature.

In 2013 based on the interrogation of the leading managers of the Fuel Company the ranging chart of stakeholders which reflects the interdependence between them and the Company was actualized.

The system of interrelations with each single group of stakeholders has and will have an essential impact on the business of TVEL FC; that is the reason why the consideration for their interests while planning on different levels and while carrying out the everyday activities is of high importance for the sustainable development (see Table 53). The analysis of key events, main financial and production results and the performance results of the Fuel Company for the sustainable development proves evidently that the Social Capital is one of the main sources for the sustainable business.

* Considering for objective restrictions specific for the nuclear industry.

Fig. 47. TVEL JSC Stakeholders Rank Map

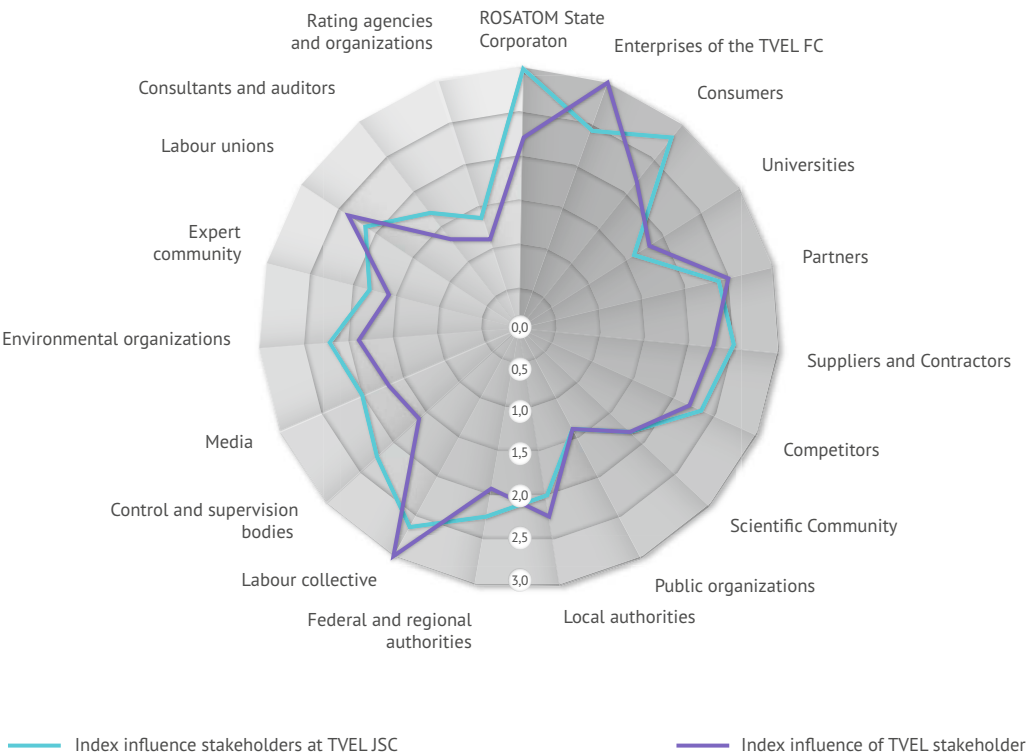
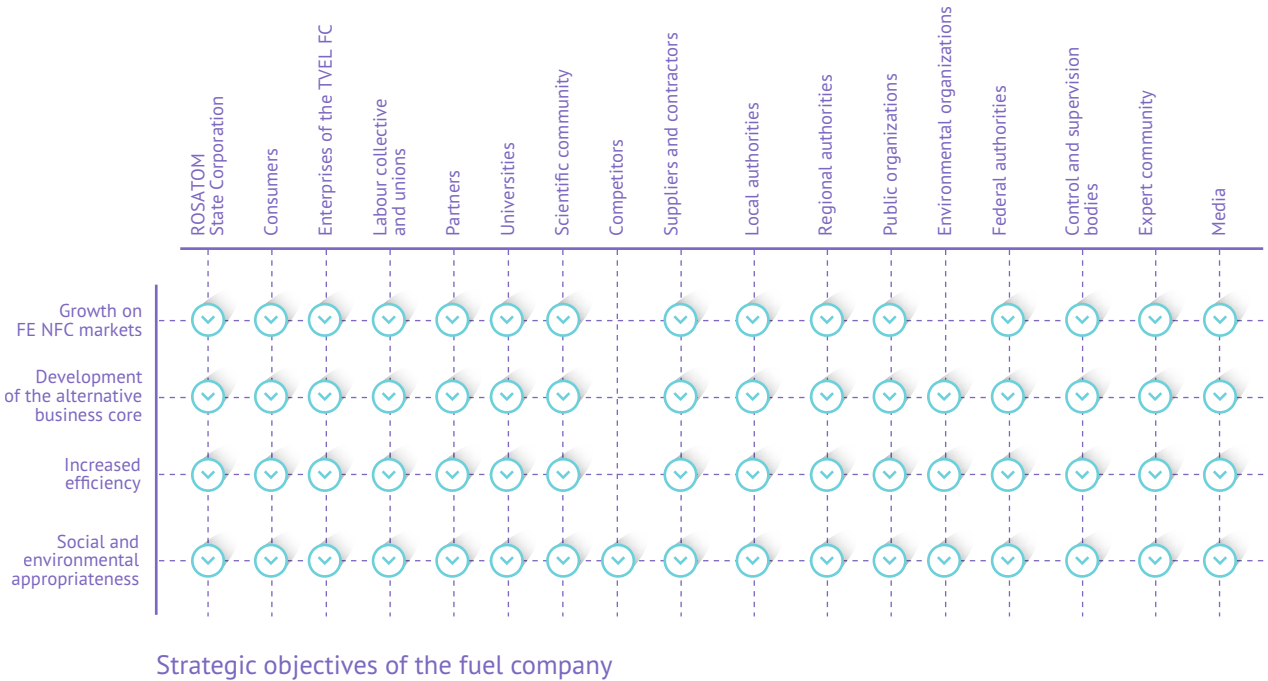


Table 53. The relevance of the strategic targets of TVEL FC to the interests of stakeholders



The systematic relations between TVEL FC and the main groups of stakeholders is described in the following table:

Table 54. Chart of interactions with the main stakeholders

Target group of stakeholders	Key interests		Performance measurers for TVEL FC	Institutes and systematic interrelations	Programs and events
	Stakeholder	TVEL FC			
State Corporation ROSATOM	Increased manage-ability. Efficiency	Implementation of advanced management technologies. Efficiency	Increase in labour productivity. Resources saving. Positive dynamics of financial, economic and production indicators	Production System of ROSATOM. Personnel management system. Implementation of project management	Plans for RPS implementation. RPS training and development program. Small group leaders development program. Replication of IT-solutions for all FC enterprises. Transformation of organizational set-up
Consumers	Supplies stability, price, quality and reliability of deliveries, customer appeal of the products	Stability of orders. Markets expansion. Income growth	Income growth. Decreasing of fuel failure probability	Long-term contracts. Satisfaction assessment. "Zero Failure Level" project	Feedback system. Quality assessment. Expectations analysis
Enterprises of the TVEL FC	Current and new businesses support and development	Efficiency of management. Income growth	Dividends growth. Proceeds from non-nuclear products	Centralized management. Decomposition of business processes and IT-solutions	Regulations. Feedback system. Intracorporative communications: •"Information days" •Newspaper "Strana Rosatom", "Element Budushego"
Labour collective and unions	Stable work and stable payments. Socially reliable employer. Professional growth	Efficient work. Skilled staff. Employees loyalty	Increase in labour productivity. Decrease in turnover rate. Earnings growth. Salaries growth	Collective bargaining agreement. HR policy. Intra communications buildup project	Personnel development programs. Involvement assessment. Information days. Social programs
Partners and contractors	Mutually fruitful cooperation. Increased competitive ability		Income growth. Clients and resources database expansion	Joint ventures. Joint projects and contracts	JV ALVEL. TSOU. TVS-KVADRAT. ITER. Nuclear fuel plant in the Ukraine
Suppliers	Transparent purchasing system. Paying ability. Stability of orders	Quality, stability and reliability of supplies. Favourable price	Costs saving	Uniform industry purchasing standard	Internet-portal of purchases with the feedback system. Control of adherence to the uniform industry purchasing standard

Table 54. Chart of interactions with the main stakeholders

Target group of stakeholders	Key interests		Performance measur-ers for TVEL FC	Institutes and system-atic interrelations	Programs and events
	Stakeholder	TVEL FC			
Local and regional au-thorities, envi-ronmental and other public organizations	Social and eco-nomic develop-ment of the regions. Employment of population. Environment protection	Stability in the regions of presence. HR availability	Unemployment level. Average wages and salaries. Tax liability. Environmental situ-ation	Agreements with regional authorities. Taxpayers consoli-dated group agree-ment. Funds of entrepre-neurial development	Social and charity projects jointly with the government bodies. Environmental reports. Meetings. Conferences. Dialogues. Nuclear power informa-tion centers
	Attraction of new investors. Creation of business environment		Creation of new jobs. Additional income to local budgets	In the long view: industry program for the strategic development of the Closed Administra-tive Territorial Units of nuclear power industry	Making projects on industrial parks (technology parks)
Federal authorities	Taxes Environmen-tal protection. Safety	Funding Improvement of legislative framework	Funding received Gross tax liabilities. FTP performance. Considered proposals on improvement of legislative frame-work	Federal target programs. Intergovernmental agreements. Laws and regulations	FTP Events. Fulfillment of terms of intergovernmental agree-ments. Participations in legislative initia-tives of ROSATOM State Corporation

Multilevel external and internal communications buildup project
The buildup of multilevel external and internal communications was made a separate project in 2013. The development of internal communications in TVEL FC is aimed to formalize the corporative culture, to transmit the company’s information and values, to increase the involvement of the employees and to improve the information flows inside the company. The development of external communications is tailored to build up and maintain the system interrelations for the social and economical development solutions in the territories of presence, fact-based and exhaustive disclosure of information regarding the activities of TVEL FC in mass media.

Improvement of awareness of employees
In order to improve the information awareness of the employees of the Company’s enterprises in 2013 the management of TVEL JSC held the meetings with the labour collectives of the enterprises making the presentations of the strategies of the Fuel Company development and functional strategies in separate areas. The built up cascaded information systems allowed to involve more than 97% from the total number of the Company’s employees. The anonymous survey held based on the events demonstrated that the level of understanding and the measure of support of the Company’s development strategy by the employees have increased.

Complains and appeals handling policy

For the direct connection between an employee and the President of TVEL JSC the post boxes are installed in every enterprise; using them any employee can address the management of TVEL FC confidentially.

Complains and appeals are handled based on the Federal Law No. 59-FZ dated May 2, 2006 called “On procedures for consideration of the appeals filed by the citizens of the Russian Federation”. The feedback is mandatory: every appeal and every feedback is kept record of. In 2013 12 collective appeals, 28 appeals made by the employees of the enterprises and by private persons and 12 appeals of official persons have been received and considered.

Participation in international events
During 2013 the official representatives of TVEL FC participated in the following international events:

Table 55. Exhibition activities of TVEL FC in 2013

Seq. No.	Name of event	Period	Location
1	International exhibition of nuclear power engineering and industry “KazAtomExpo”	April 2013	Astana, Kazakhstan
2	All-Russian exhibition “Goszakaz-2013”		Moscow, Russia
3	International forum “Atomexpo - Belorussia”		Minsk, Belarus
4	International conference and exhibition “Power and Electricity World Africa 2013”		Johannesburg, RSA
5	Exhibition and international congress on innovations in nuclear reactors ICAPP 2013	May 2013	Island Cheju, South Korea
6	Forum of suppliers of nuclear industry “ATOMEKS – Northwest”		St.-Petersburg, Russia
7	International conference and exhibition “Power -Gen India and Central Asia 2013”		Dehli, India
8	International specialized exhibition “Metrology 2013”		Moscow, Russia
9	China international exhibition of nuclear power industry (CIENPI)	June 2013	Shanghai, China
10	International forum “ATOMEXPO 2013”		St.-Petersburg, Russia
11	Exhibition within the framework of the 57th General conference of IAEA	September 2013	Vienna, Austria
12	International exhibition and conference “Fuel & energy complex Complex of the Ukraine: present and future 2013”		Kiev, Ukraine
13	38th Annual symposium of World Nuclear Association	October 2013	London, UK
14	Forum of suppliers of nuclear power industry “ATOMEX - Europe”		Brno, Czech Republic

Table 55. Exhibition activities of TVEL FC in 2013

Seq. No.	Name of event	Period	Location
15	55th International engineering exhibition "MSV-2013"	October 2013	Brno, Czech Republic
16	International forum "Open innovations 2013"		Moscow, Russia
17	VII International conference and exhibition "AtomEko 2013"		
18	Forum of entrepreneurship of Siberia	November 2013	Krasnoyarsk, Russia
19	Forum of suppliers of nuclear power industry "ATOMEX - Africa"		Johannesburg, RSA
20	Forum of suppliers of nuclear power industry "ATOMEX 2013"	December 2013	Moscow, Russia

Stakeholders Engagement During the Preparation of the Report 2013

While preparing the Report the principles of Standard AA1000APS were adhered to, in particular, the compliance of the information published with the requests of stakeholders involved was ensured. Four on-site dialogues were held for the implementation of this principle while preparing this Report.

The representatives of ROSATOM State Corporation, industry partner organizations, subsidiaries, environmental, public, trade union organizations, higher educational institutions, local governmental authorities, mass media, consultants and auditors participated such dialogues.

On December 12, 2013 the dialogue on the TVEL FC Annual report approach for the year 2013 was held.

During the dialogue the Report approach developed by the Company considering for the proposals of stakeholders involved was presented; the participants advanced the recommendations which allowed finalizing and specifying the approach to the Report.

On March 14, 2014 the dialogues on priority subjects of the Report were held:

- Innovative Potential as Development Basis of TVEL FC;
- Social Capital Management of TVEL FC.

During these events the reports of the Company’s managers were listened to; following the results of the dialogues 36 proposals were able to be gathered both for the developing of the priority subjects in the Report 2013, and for the activities of the Fuel Company as a whole.

The draft annual report of TVEL JSC for the year 2013 prepared subject to the comments made by stakeholders involved in the course of the dialogues was presented during the public consultations on April 23, 2014.

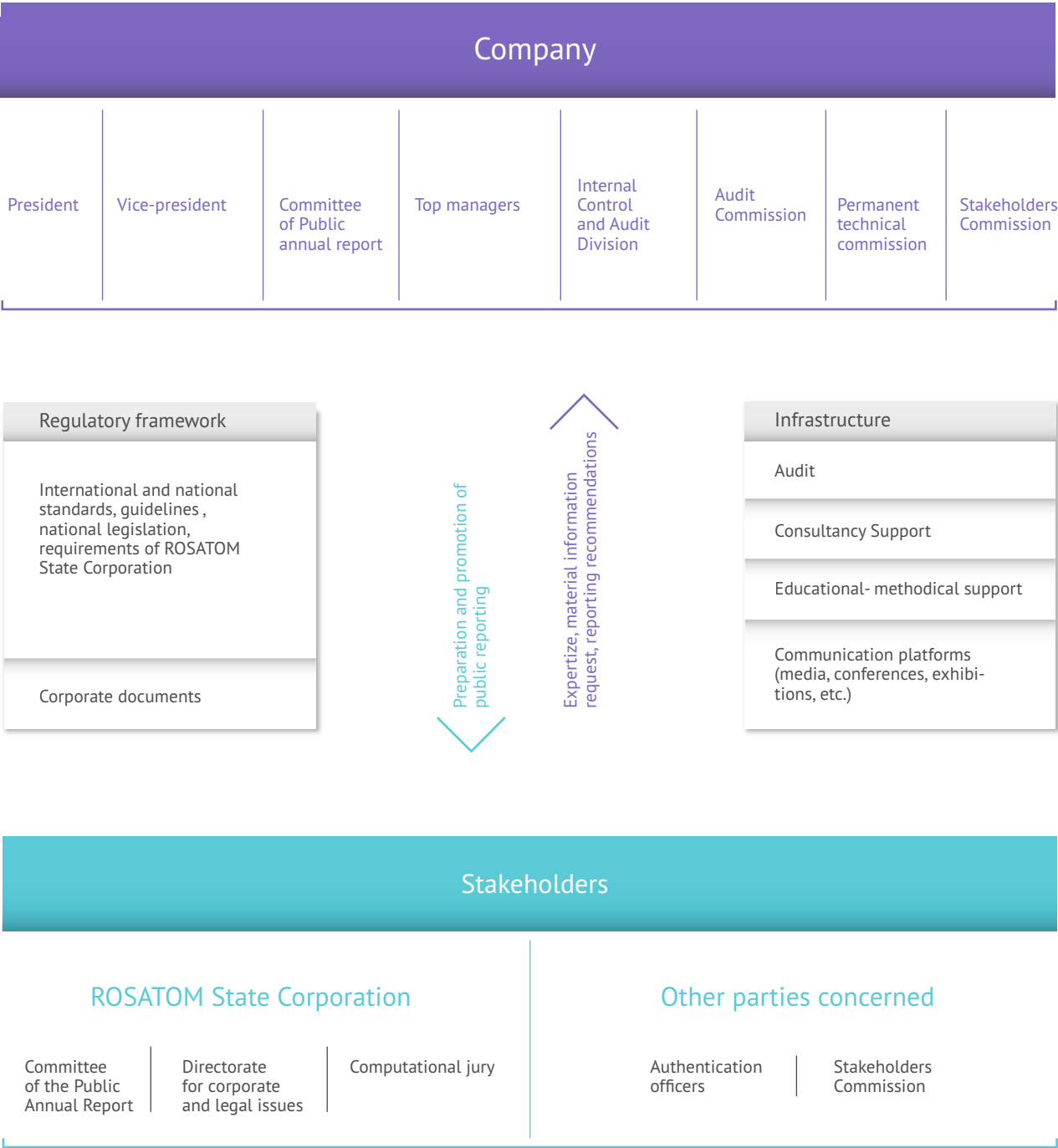
Following the events the proposals were made on improvement of the text content of the Report and the process of interaction.

Public Reporting System of TVEL FC

Due to the specific nature and scale of its activities TVEL FC is in the area of interests of the great number of stakeholders; it influences on and it is influenced significantly by its entourage. The business success of the Company depends on the development of the constructive and trust-based relations both inside the Company and with the society. It is just with the purpose to ensure the openness of the public position of TVEL FC in the area of sustainable development was elaborated in 2011 (see details in the annual reports for 2011-2012).

TVEL FC generated the system of public accountability which represents the combination of elements, processes and connections between them ensuring the activity with regard to public accountability and its development.

Fig. 48. Public Reporting System Diagram



The primary elements of the public accountability system provided for by the Policy of ROSATOM State Corporation in the area of public accountability shall be the operational center of responsibility for public accountability of TVEL FC, legislative framework, the representatives of stakeholders (participating in the preparing of the accounting data) as well as infrastructure support (consultative and instructional support, audit, etc.).

Legislative framework

The Report shall be prepared based on the documents governing the public reporting of TVEL JSC:

- The standard of public annual reporting of TVEL JSC;
- The rules of public annual reporting of TVEL JSC;
- Charter of the committee of stakeholders of TVEL JSC;
- Charter of the committee on public annual reporting of TVEL JSC.

Operational center of responsibility

The operation of the public accountability system of TVEL JSC is based on the work of variety of subunits. The main functions are divided between the vice-presidents of TVEL JSC, the Committee on public annual reporting of TVEL JSC, and the Public Relations Department (see details in the Report for 2011-2012).

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For the purpose of dissemination of information about the Company’s activities the annual reports of the committee on public annual reporting of TVEL JSC participate in federal, industry and other contests; the KPI card of the Head of PR Department includes the index “Awards in Federal Contests”.

TVEL JSC Annual Report 2012 Awards:

- 2nd place in overall standings of the industry contest of the annual reports of ROSATOM State Corporation;
- Moscow Exchange Contest of annual reports: nominated for award in the nomination “Annual Report Best Design and Printwork”;
- Contest held by the Expert rating agency: TVEL JSC’s report is recognized an award winner within the special nomination “For the contribution to the development of stakeholders engagement while preparing annual report”, as well as was it nominated for award in the nomination “Design and Printwork”.

While preparing the report the great deal of work has been done both by the Company and the representatives of stakeholders.

The committee on public annual accounts reporting of TVEL JSC expresses gratitude to everybody who showed interest to the Company’s activities after having familiarized with the Report.

Statement on Public Assurance of the Report

Introduction

TVEL JSC management (main company of the FC with ROSATOM State Corporation, hereinafter – “TVEL FC”) contacted us with an offer to assure the 2013 Annual Report of the Fuel Company (hereinafter – “the Report”) in terms of completeness and relevance of information disclosed therein, and to assess the performance of management in response to recommendations and remarks of stakeholders.

Draft Report Assurance Procedure

We are sufficiently competent and skilled in the sphere of corporate liability, sustainable development and non-financial reporting.

We hereby confirm that we are acting independently and undertake to be objective in our assurance, thereby expressing our personal expert opinion rather than the opinion of companies we represent. No remuneration has been received from TVEL FC for our efforts and time invested this project.

Our conclusion is based on the study of two versions of the 2013 Report (Draft Report for Public Consultation and the final version) and the analysis of information obtained in the course of dialogues and public consultations (presentations, minutes of the events, table of comments). In addition, we and our representatives were allowed to participate in the dialogues and public consultations dedicated to the Draft Report in December 2013 – April 2014 and freely express our opinion on the matters discussed.

We are not aware of any facts that compromise reliability of data set forth in this Report. However, checking of the data collation system and verification of reliability and completeness of information is not the subject matter of public assurance.

Results of our work are formalized in this Statement wherein the opinions we all agreed upon are presented.

Estimates, Comments and Recommendations

We all share positive opinion about the Report. TVEL FC has prepared an informative and well-structured document that meets our expectations. It sums up the results for 2013 and demonstrates the dynamics over the period of three years. Detailed description of the value creation process, business model, capitals (resources) used and performance results definitely contribute greatly to the merit of this Report. It is our opinion that the topics prioritized by the management and stakeholders of the Company, such as “Social Capital Management of TVEL FC” and “Innovative Potential as Development Basis of TVEL FC” are fully disclosed.

Another obvious advantage hereof is that this Report serves as a presentation of all key performance indicators with respect to reporting in the sphere of sustainable development GRI G3.1, public reporting indicators of ROSATOM State Corporation, and compliance with IIRC recommendations. We would point out the constructive nature of stakeholders engagement demonstrated by the management in the course of preparation hereof and during the dialogues and public consultations, as well as top quality organization of these events.

Relevance of Information

It is our opinion that this Report covers all topics that are essential to the stakeholders, both in terms of key business and in terms of social, environmental and economic aspects of