

Chapter 3

MANAGEMENT SYSTEM

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Sustainable Development Management

Sustainable development is the development that meets the needs of the present without compromising the ability of future generations to meet their own needs.

As a profit-making entity, TVEL FC seeks to build sustainable business in the interests of its sole shareholder while maximizing the focus on sustainable development. Social commitment of the Fuel Company is historically a given whereas strict compliance with safety regulations is an essential property of the entire nuclear sector. Therefore, sustainable growth of TVEL FC is in harmony with

the strive for high financial and industrial indicators while upholding social and environmental efficiency.

Regardless of the objective limitations that bind the nuclear power sector, it is still about the power of the future and the sector that may contribute greatly to the long-term solution to the problem of global depletion of energy resources and climate change.

The Fuel Company is aimed at complying with the following principles which are essential for sustainable development, including:

- unconditional promotion of nuclear and radiation safety;
- reduction of negative environmental impact of its activity through development and introduction of modern and advanced technologies;
- securing the financial stability of the Company and increasing its competitive capacity;
- the increasingly efficient production activity;
- development of scientific and engineering potential of TVEL FC and the entire nuclear sector;
- social and economic development of the regions of presence;
- personnel care;
- respect for human rights;
- resistance to corruption.

For more details about the abovementioned principles and how the Company upholds them see the Report.

Corporate Governance

TVEL JSC abides by basic Russian and international standards and corporate practices of ROSATOM State Corporation in the area of corporate governance. Improvement of corporate

governance practices aims to increase capitalization of the Company at the expense due to efficiency, accountability and transparency of its operations and management.

During the implementation of corporate policies the activities of subsidiaries are coordinated and monitored in the industrial, scientific, technical, investment, financial, pricing, sales, social and human resource areas. Legal and organizational relationships between TVEL JSC and its subsidiaries are regulated in the implementation of decision-making procedures in production and economic activities. TVEL JSC interacts with ROSATOM State Corporation and its SA in accordance with approved regulations.

Corporate procedures at TVEL JSC and its SA are implemented in accordance with provisions and principles set forth in the Code of Corporate Conduct recommended by the Federal Commission on Securities Market of Russia (FCSMR) (approved by Order of FCSMR No. 421/r dated April 4, 2002).

In accordance with the Regulation on disclosure of information by issuers of securities (approved by the Federal Financial Markets Service Order No. 11-46/pz-n dated October 4, 2011), the Company discloses the following information on Website <http://www.e-disclosure.ru/portal/company.aspx?id=400>: Articles of Association, amendments and modifications to the Articles of Association, annual reports, annual financial reports, reports on the approval of the annual financial reports, notes to the annual

financial reports, audit reports, lists of affiliates, changes made to the list of affiliated persons, and notices about the disclosure of the list of affiliated persons.

Management bodies of TVEL JSC are established in accordance with its Articles of Association.

Decisions on the matters within competence of the General Meeting of Shareholders are made by the sole shareholder of TVEL JSC – Atomenergoprom JSC.

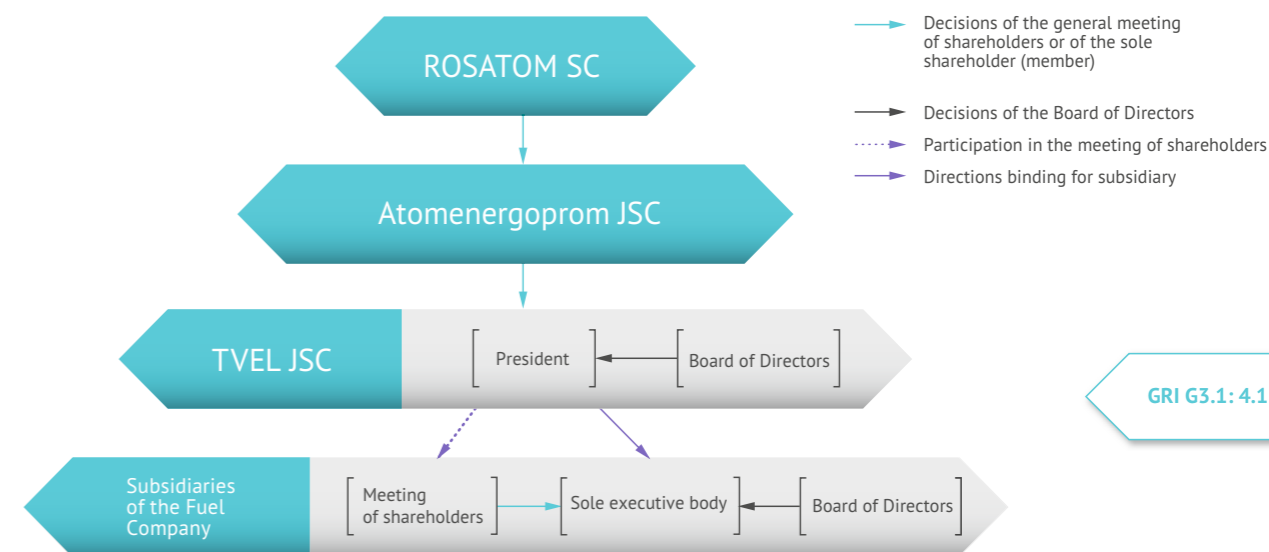
Supreme executive bodies of the companies comprising TVEL FC are represented by the General Meeting of Shareholders (Participants). The General Meeting of Shareholders (Participants) of the companies comprising TVEL FC makes decisions in accordance with procedures set forth in their respective bylaws.

In addition, TVEL JSC and companies comprising TVEL FC are governed by the boards of directors and by the sole executive bodies who conduct their activity in accordance with applicable bylaws approved by the General Meeting of Shareholders.

TVEL JSC and companies comprising TVEL FC are controlled by the audit commissions that conduct their activity in accordance with applicable bylaws approved by the General Meeting of Shareholders (Participants).

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Fig. 5. Corporate Governance Bodies of TVEL JSC



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