



TVEL JSC ANNUAL REPORT 2013



FUEL COMPANY OF ROSATOM

TVEL

Innovation towards breakthroughs

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Production and sales plans

page **11** Key results

for 2013 were fully implemented by TVEL subsidiaries. This implies that they fulfilled all their obligations under the contracts with national and international companies. In 2013, revenue grew 8% year-on-year while EBITDA and net profit increased by 20% and 22% respectively.

Changes in TVEL organizational structure in 2013

page **45** Organizational Structure of TVEL JSC

were driven by the prioritization of target programs and tasks and a new project management approach to implementation of the Company's strategy. The ultimate goal of these changes is to establish a functional hierarchy line from ROSATOM down to TVEL and its subsidiaries, facilitate interaction between the management levels within the Fuel Company, and cut the red tape.

Strategic vision of TVEL FC

page **78** Intellectual Capital

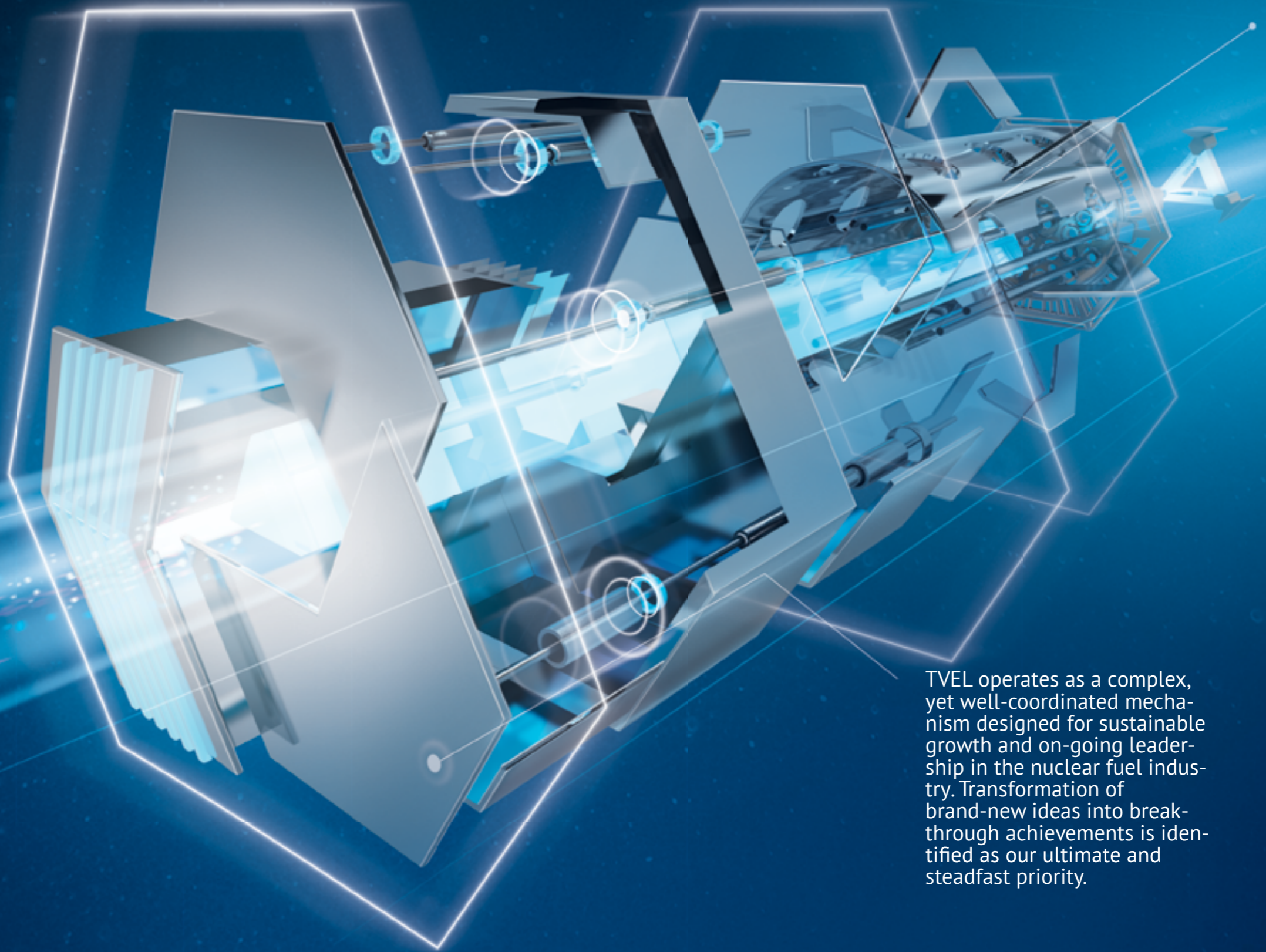
focuses on global leadership in the front end of nuclear fuel cycle, competitive advantage and social responsibility, mostly through innovative development. In 2013, TVEL FC invested RUB 3.48 billion in research and development and generated RUB 6.34 billion in revenue from R&D activities.

Recruitment of young talents

page **90** Human Capital

is a top priority of our HR policy. By hiring young professionals, the Company strives to maintain and strengthen its leadership position in R&D and advanced technologies.

INTRODUCTION



TVEL operates as a complex, yet well-coordinated mechanism designed for sustainable growth and on-going leadership in the nuclear fuel industry. Transformation of brand-new ideas into breakthrough achievements is identified as our ultimate and steadfast priority.

Message by TVEL JSC Chairman of the Board of Directors

GRI G3.1: 1.1

Dear Colleagues,

ROSATOM State Corporation successfully solved all organizational, scientific and production tasks by the end of 2013. As a leader of the IT high tech sector, the Corporation demonstrated the ability of its companies to compete successfully on international market in conditions of a heavy economic decline.

TVEL JSC is one of the leading companies in this sector. Its accomplishments in the year of report are based on the adapted strategy of its expanding presence on the markets, modernization of the existing and launching of new production facilities and output of innovative products.

The Company demonstrated high efficiency, thereby confirming that its choice of strategy is correct. In pursuance with the industry-specific and corporate programs, the company optimized the production, enhanced productivity of labor, efficiency of applied sciences and management. To this effect, the Company strengthened its position on European market through further enhancement of VVER-1000 capacity and improvement of quality of fuel offered to foreign consumers.

In response to increasingly hard rules of the game on international market, with shifting geographic segments and growing number of participants, the Fuel Company focused on development of non-nuclear facilities. Over the entire period of report, non-nuclear sector was developing with the focus on high-tech government contracts, thereby fulfilling the production potential and competitive advantages of TVEL such as extensive engineering capabilities, advanced laboratory and testing infrastructure, unique competencies of its employees, preservation of which the Company strongly believes to be its corporate and strategic objective.

This Report is a representation of the Company's accomplishments over the year of report, and I would extend my heartfelt gratitude to its authors and publishers.



TVEL JSC Chairman of the Board of Directors

Alexander Lokshin

Message by President of TVEL JSC

Dear friends and colleagues,

This Report is a representation of performance of TVEL JSC and its subsidiary companies in 2013. According to financial, economic and production indicators, the Company was remarkably successful – both in terms of the national customers and deliveries to international markets.

Despite the increasing competition and the decrease in demand on the global nuclear market, the Company overfulfilled the quotas for sale of products and services, thereby securing further growth of productivity and salaries at its enterprises.

The Company kept moving strongly toward technological dominance on the market of front end nuclear fuel cycle. Pursuant to the adopted and updated 2013 strategy, the Company mastered modern technologies and market outlets while modernizing and concentrating its production and conducting infrastructural and personnel optimization.

The purpose and the objective of the reforms is to promote innovative approach and mobilize the scientific and production potential of the Company for the enhancement of its efficient projects, quality products and services. The innovative approach contributed greatly to the successful development of high capacity gas centrifuges and implementation of the “zero failure level” program while extending the operation cycle of the power units. We signed and successfully implement a contract with a PWR operator in Western Europe for the delivery of prototype TVS-KVADRAT assemblies. To date TVEL FC has fulfilled its current contract obligations in full and within the established terms.

TVEL JSC has also fulfilled all of its international obligations. The company completed the historical inter-governmental agreement (also known as HEU-LEU Contract) under which deliveries of low-enriched uranium extracted from the Russian weapons-grade uranium to the United States have been continuing for twenty years. All these years the Fuel Company facilities converted the uranium into fuel for the U.S. nuclear power plants. The Company strengthened and in some areas expanded its presence in Central and Eastern Europe. We signed a contract with Chinese customers for the delivery of fuel and the related engineering services for a period of 12 years, which is indicative of recognition of high level of Russian technologies by strategic partners of TVEL JSC.

In addition to development of traditional sectors, the Company focused on development of non-nuclear facilities. All-purpose products greatly contributed to business economics, development of business environment and creation of jobs. The potential of the second point of growth is based on the productive fusion of applied science and production facilities of the Fuel Company and its desire to stay in the forefront of the national nuclear industry.

Sustainable balance between the economic efficiency, social and environmental continuity represents fundamental principle of TVEL JSC. Production activity of its enterprises was steadily bolstered by introduction of the ROSATOM Production System (“the RPS”), involvement of employees in management process and collective final result orientation.



All that we have accomplished over the reporting period is the result of common effort of the entire staff of the Fuel Company. Innovative spirit, competence, safety, environmental and social responsibility contributed to business environment at every enterprise and organization. I am confident we will keep it that same way in the current year as well.

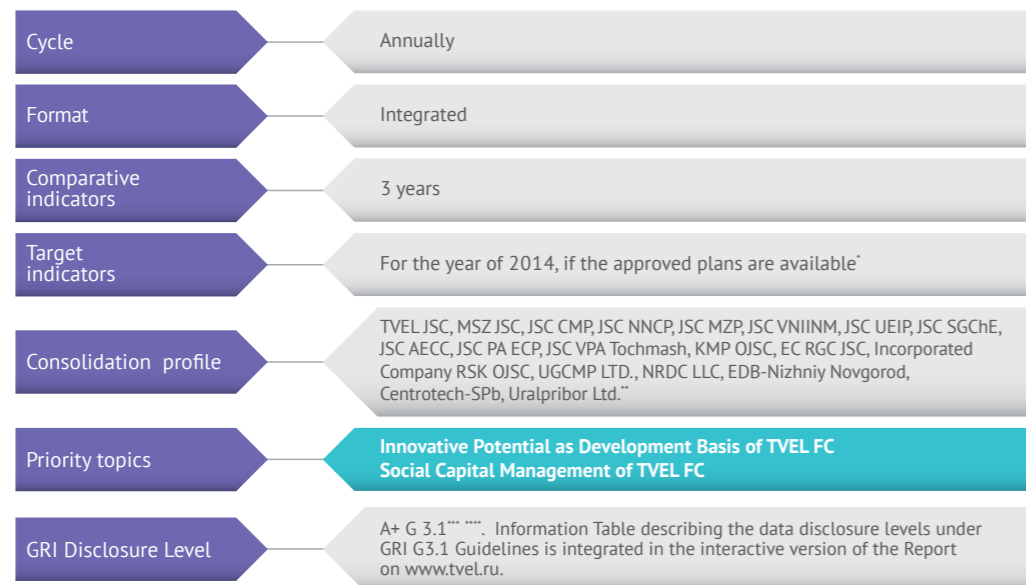
President of TVEL JSC

Yuri Olenin

About The Report

GRI G3.1: 3.1 3.2
3.3 3.5 3.6 3.7 3.8
3.9 3.11 3.13

This Annual Report (hereinafter – “the Report”) covers the results of activities of TVEL JSC and its subsidiary companies (hereinafter together referred to as Fuel Company, TVEL FC, the Company) for the year 2013.



* Most of financial and economic indicators herein are free of forecast data, because 2014 TVEL FC Budget was still pending as on the date here of.

** Consistent with management accounting profile.

*** Performance indicators and standard elements are generated and presented in the Report in accordance with Russian Accounting Standards. No IFRS-based report is presented because it will be generated later.

**** The list of public reporting indicators disclosed herein in accordance with GRI Guidelines is given in Appendix No. 2.

This Report offers a comprehensive account of TVEL FC performance over the reporting year, the strategic directions and development potential, the inherent risks and risk mitigation procedures, management philosophy. The integrated format hereof provides a detailed description of the Company’s performance in the context of specific environment and the impact it makes on or experiences from the stakeholders.

The Report makes public the information which the corporate management deems to be essential, i.e. important and significant for those who use this Report to assess the performance of the Company.

TVEL FC not only seeks to pursue its strategic goals, increase its revenues and expand its market share, which means attaining certain economic indicators, but is also engaged in a big work to promote harmonious development of both the Company and the society on the whole. The system of interrelations created within TVEL FC as well as between the Company and various groups of stakeholders, aimed at promotion of mutual well-being, is recognized as Social Capital, which is one of the resources for existence and development of business. TVEL FC considers strengthening and improvement of the relationship system shaped over the years as one of its most important tasks. Project “Social Capital Management of TVEL FC” maximizes the information disclosure herein about the Company’s activities on that front.

Strategically, TVEL FC focuses on global leadership on the front end of nuclear fuel cycle (hereinafter – “the FE NFC”), as well as on the achievement of global competitive advantage in the FE NFC in terms of social cohesion, which would be impossible without innovative engineering and leadership of the Company. That is why Project “Innovative Potential as Development Basis of TVEL FC” is yet another Priority Topic herein.

Stakeholders engagement is an integral element of public reports preparation and day-to-day activity of the Fuel Company. The Stakeholders Commission was established and went to work in 2013 (2 on-site meetings) to promote regular feedback on the matters pertaining to TVEL FC activity and its public position. The Stakeholders Commission comprises of the officers representing the controlling entity – ROSATOM State Corporation, federal and regional authorities, consumers, subsidiaries and affiliates (hereinafter – “the SA”), environmental organizations, academic community and employees.

This Report is executed in accordance with the following regulatory documents:

- Federal Law No. 208-FZ dated on December 26, 1995 – “On Joint-Stock Companies”;
- Federal Law No. 402-FZ dated on December 6, 2012 – “On Accounting”;
- Policy of the ROSATOM State Corporation in the sphere of public reporting and Uniform Standard of Public Annual Reporting of the Key Organizations comprising the ROSATOM State Corporation;
- Federal Financial Markets Service Order No. 11-46/pz-n dated on October 4, 2011 – “On the Approval of Regulations for Disclosure of Information by the Issuers of Equity Securities”;
- Code of Corporate Conduct (recommended for use by Directive of the Federal Commission on Securities Market No. 421/r dated on April 4, 2002);

- Sustainability Reporting Guidelines – The Global Reporting Initiative, version G3.1;
- AA1000 APS standard of the International Institute of Social and Ethical Accountability;
- International Integrated Reporting Framework, version 1.0.

This Report takes into account recommendations of stakeholders' and auditors made during the preparation of this and previous annual reports, as well as the analysis of the best Russian and international practices of annual reports preparation.

Based on the results of the 2012 report-and-election campaign, the stakeholders made 46 suggestions, 39 of which were taken into account during the preparation of 2012 Report and 5 more were left for future reference. In 2013, TVEL FC continued to work on obligations incurred on the basis of stakeholders engagement in previous years".

Reliability of information in this Report is confirmed by:

- report of the Audit Commission (with respect to annual financial statement of TVEL JSC);
- report of the Internal Control and Audit Director of TVEL JSC (with respect to efficiency of internal control system applicable to generation of the Report and compliance of generation procedures with requirements of the laws, internal regulations of the ROSATOM State Corporation and TVEL JSC in the sphere of public reporting);
- report of the audit organization FBK LLC. Confirming reliability of 2013 Financial Statement of TVEL JSC;
- statement of the audit organization NP Consult CJSC confirming reliability of non-financial data published in the Report.

This Report covers the year of 2013. All prior and future periods are mentioned herein in description of corporate strategy, collation of performance indicators and results, forecasts and risk assessments. In addition to factual information, this Report describes and assesses potential and probable events. Any statements herein other than statement of facts shall be construed as forecasts. Forecasts of this kind are relevant only at the time of publishing. TVEL JSC (unless otherwise specifically provided for by applicable laws) is not obliged to review or update the said forecasts or factor in any new pieces of information.

The Company would thank all employees who took part in preparation of this Report and all participants of public consultations and dialogues with stakeholders. We hope you will find this Report interesting and it helps you learn more about TVEL FC. Our working group is open to your feedback and suggestions on the topics and issues that you would like to see in the next annual report.

* Chapter 4 Section – "Stakeholders Engagement During the Preparation of the Report 2013".

** See Appendix No.3 – "Records of the Proposals Made By Stakeholders of TVEL FC".

Key Results 2013

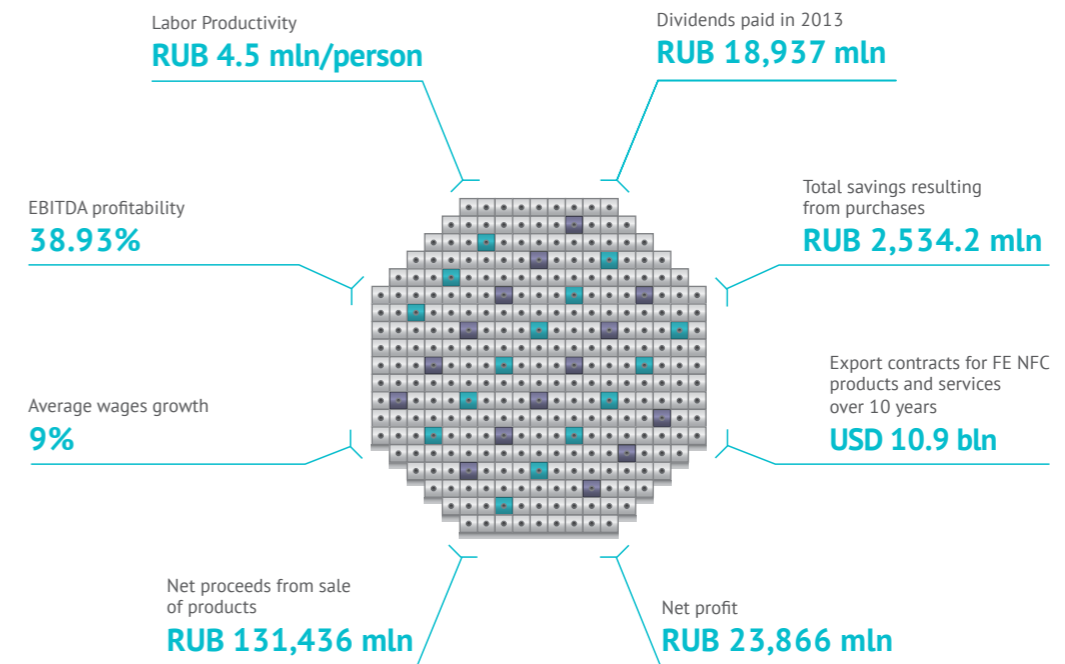


Table 1. Key Performance Indicators of TVEL FC*

Indicator	2011	2012	2013
Proceeds (net) from sales of products (excluding V.A.T. and excise duties, similar mandatory payments), mln RUB	126,090	121,958	131,436
Gross margin, mln RUB	33,506	39,289	39,628
Net profit, mln RUB	16,494	19,642	23,866
Net assets, mln RUB	559,318	566,907	579,708
EBITDA (earnings from operating activity before interest, tax and depreciation), mln RUB	38,078	42,668	51,163
Gross tax deductions to the federal, regional and local budgets, mln RUB **	25,502	23,419	27,695
Current (operation) costs on environment protection, mln RUB	2,212	2,224	2,213

* Financial and economic indicators are given in accordance with the consolidated management accounts of TVEL FC.

** Net of V.A.T. which is subject to refund from the budget.

Schedule of Key Milestones

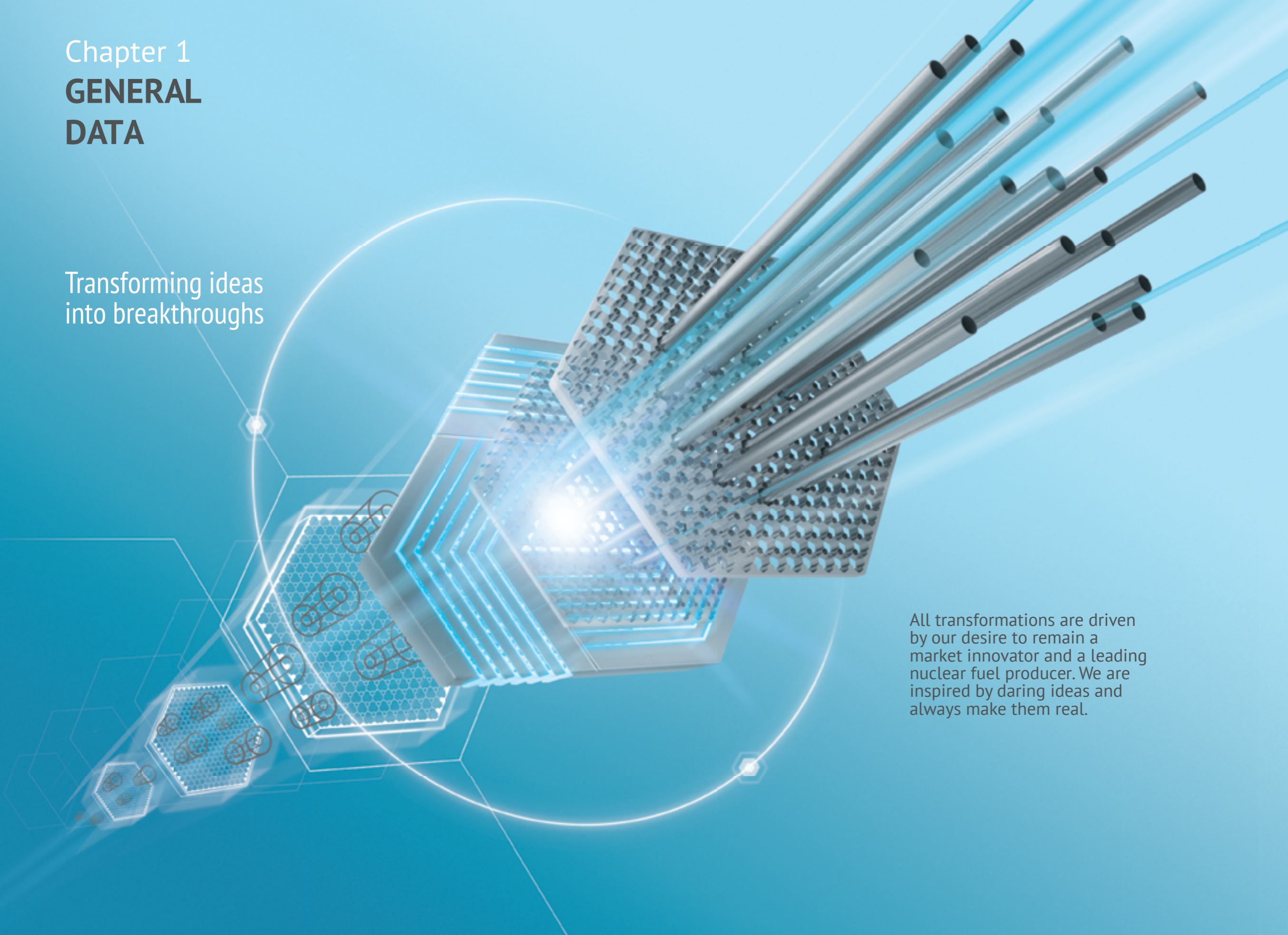


* SWU – the services on uranium enrichment are measured in separative work units.

Chapter 1 **GENERAL DATA**

Transforming ideas
into breakthroughs

All transformations are driven by our desire to remain a market innovator and a leading nuclear fuel producer. We are inspired by daring ideas and always make them real.



Chapter 1

GENERAL DATA

GRI G3.1: 2.1 2.2 2.4 2.5 2.6 3.2

GRI G3.1: 2.7

Company Background Information

TVEL JSC – is a parent company of the Fuel Company of ROSATOM State Atomic Energy Corporation.
 Full name: Joint Stock Company TVEL.
 Abridged name: TVEL JSC.
 The company is registered by Moscow Registration Chamber on September 12, 1996.
 Location: 24, Bolshaya Ordynka Street, Moscow, 119017, Russian Federation.
 Postal address: 49, Kashirskoe shosse, Moscow, 115409, Russian Federation.
 History of the Company: see official website www.tvel.ru.
 Electronic versions of TVEL FC 2013 Report and prior reports: http://www.tvel.ru/wps/wcm/connect/tvel/tvelsite.eng/finance/Annual_Report/.

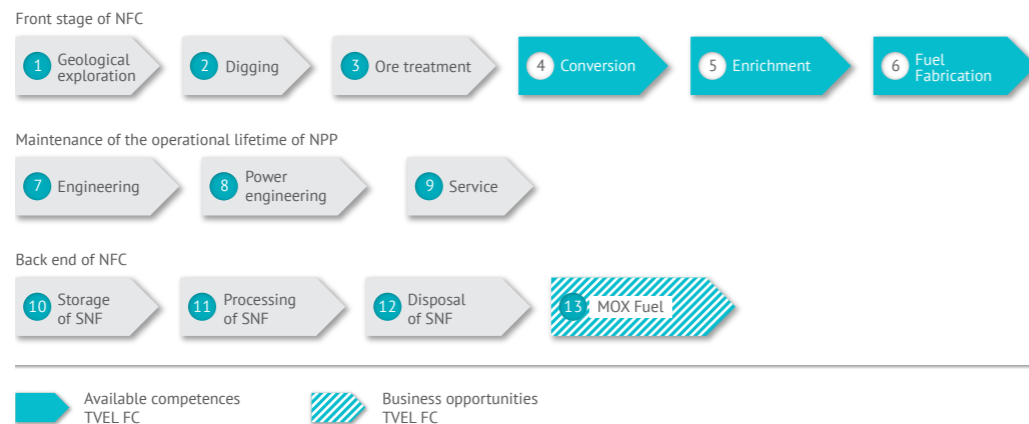
The Fuel Company is comprised of enterprises engaged in nuclear fuel fabrication, uranium conversion and enrichment, production of gas centrifuges as well as research and development organizations.

Basic Characteristics

The core activity of TVEL FC is development, production and sale of nuclear fuel for power and test reactors in Russia and abroad, as well as of associated nuclear and non-nuclear products in strict compliance with safety requirements: nuclear, radiation,

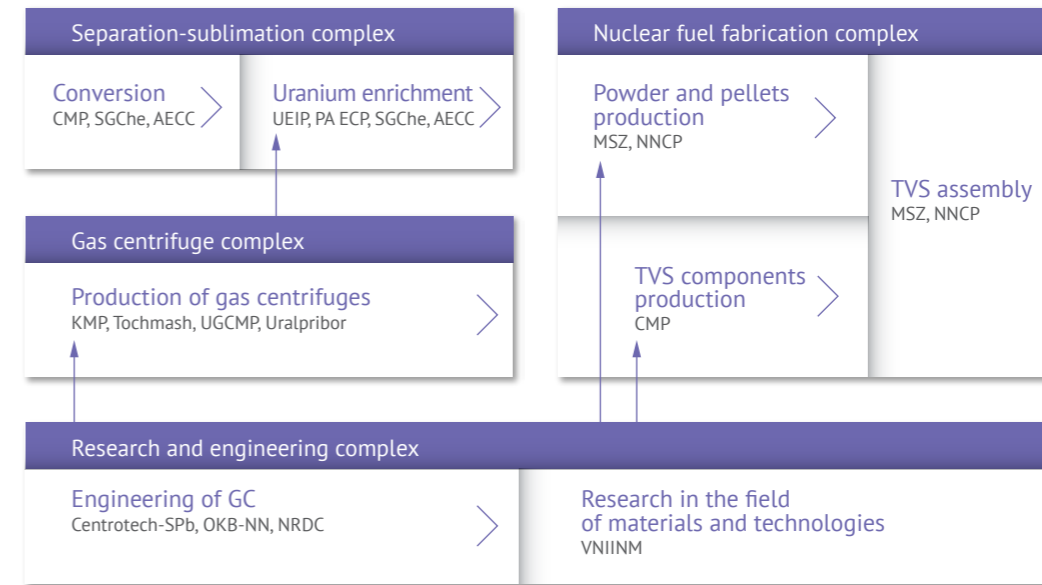
industrial, fire, environmental, labor protection, physical protection of nuclear facilities and readiness for emergency response. TVEL FC takes central place in the structure of the ROSATOM State Corporation in terms of the front end nuclear fuel cycle.

Fig. 1. TVEL FC Position in Nuclear Fuel Cycle



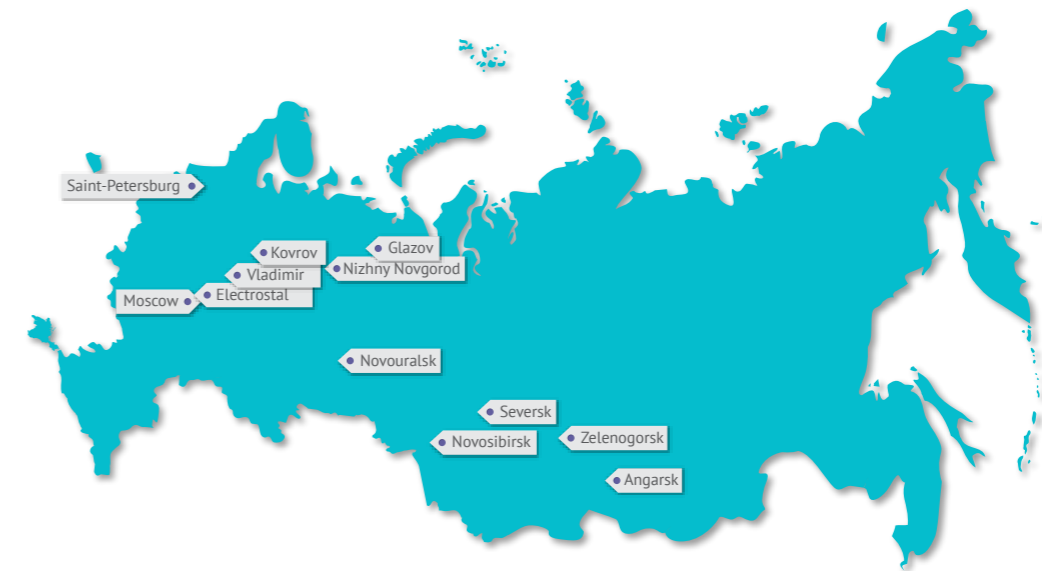
The Fuel Company is the sole supplier of nuclear fuel to Russian nuclear power plants. TVEL FC supplies nuclear fuel to 76 power reactors in 15 countries all over the world, research reactors in 9 countries worldwide and caters to transportation plants of the Russian Nuclear Powered Fleet. One out of every six power reactors in the world runs on fuel manufactured by TVEL FC.

Fig. 2. Specialization of TVEL FC Enterprises in Nuclear Products Manufacture



TVEL JSC is the Operations Management Center of the Fuel Company.

Territory of TVEL JSC enterprises



* Chapter 1 Section "Place of TVEL FC in the World Market of FE NFC"

The Fuel Company has enterprises all over the Russian Federation.

As far as specifics of social environment are concerned, three enterprises of TVEL JSC are located within Closed Administrative Territorial Units (Seversk, Novouralsk and Zelenogorsk) and one is located within a company town (Glazov) where they happen to be backbone enterprises and major taxpayers.

In addition to core business that involves production of nuclear fuel, TVEL FC supplies

to the Russian and international market a wide range of non-nuclear products: zirconium, lithium, calcium, magnets, thin-walled pipes, polishing powders, pinch rolls, zeolite catalysts, superconductor materials, etc.

TVEL FC has proprietary research and development design divisions that contribute to successful operation of hydrometallurgical, metalworking, machine-building and rolling facilities.

GRI G3.1: 2.8

The Fuel Company comprises of four complexes that correspond to type-specific production of the FE NFC.

Separation-Sublimation Complex comprises of a group of integrated plants engaged in enrichment and conversion of uranium (Table 2)

- Joint Stock Company Angarsk Electrolysis Chemical Complex (JSC AECC), Angarsk, Irkutsk Region. www.aecc.ru
- Joint Stock Company Production Association Electrochemical Plant (JSC PA ECP), Closed Administrative Territorial Unit Zelenogorsk (Krasnoyarsk territory). www.ecp.ru
- Joint Stock Company Siberian Group Of Chemical Enterprises (JSC SGChE), Seversk, Tomsk Region. www.atomsib.ru
- Joint Stock Company Ural Electrochemical Integrated Plant (JSC UEIP), Novouralsk, Sverdlovsk Region. www.ueip.ru

Nuclear fuel fabrication complex comprises of industrial enterprises that manufacture nuclear fuel for various reactors (Table 3)

- Joint Stock Company Mashinostroitelny Zavod (MSZ JSC), Elektrostal, Moscow Region. www.elemash.ru
- Joint Stock Company Novosibirsk Chemical Concentrates Plant (JSC NNCP), Novosibirsk, Novosibirsk Region. www.nccp.ru
- Joint Stock company Chepetsky Mechanical Plant (JSC CMP), Glazov, Udmurt Republic. www.chmz.net
- Joint Stock Company Moscowpolymetalplant (JSC MZP), Moscow. www.mzp.ru

Gas centrifuge complex is a group of industrial companies producing gas centrifuges and accessories for enterprises of separation-sublimation complex. (Table 4)

- Kovrov Mechanical Plant Open Joint Stock Company (KMP OJSC), Kovrov, Vladimir Region. www.kvmz.ru
- Joint Stock Company Vladimir Production Association Tochmash, Vladimir, Vladimir Region. www.vpotochmash.ru
- Limited Liability Company Ural Gas Centrifuge Manufacturing Plant (UGCMP Ltd.), Novouralsk, Sverdlovsk Region

* More details about TVEL FC activity within the special regions of presence see Chapter 4 Section "Development of the Regions of Presence".

Research and engineering complex (Table 5)

- Joint Stock Company A.A. Bochvar High-Technology Research Institute of Inorganic Materials (JSC VNIINM), Moscow. www.bochvar.ru
State Scientific Center of the Russian Federation JSC VNIINM is a leading organization of ROSATOM State Corporation on the issues related to materials and fuel cycle technologies, fissile and nuclear materials treatment technologies. Scientific and technological activities of the Institute are focused on the development of fundamental and applied research, increasing the share of the Russian nuclear energy industrial complex on the global market of nuclear materials and technologies, safe and efficient production of electricity and heat at NPP, and promotion of safe use of nuclear energy.
- NRDC LLC, EDB-Nizhny Novgorod, Centrotech-SPb, Uralpribor Ltd. represent the R&D organizations focusing primarily on gas centrifuges development and maintenance of the entire life cycle of the product.

Table 2. Key Performance Indicators of Main Enterprises Comprising the Separation-Sublimation Complex in 2013

Indicator, unit of measurement	AECC	PA ECP	SGChE	UEIP
Proceeds (net) from sales, mln RUB	6,188	12,860	15,117	19,395
Gross margin, mln RUB	2,764	4,161	3,197	8,539
Profit tax, mln RUB	368	495	230	1,239
Net profit, mln RUB	1,309	1,175	451	3,701
Net assets, mln RUB	15,469	33,102	28,022	51,681
Labor efficiency, mln RUB/person*	4.45	4.8	2.9	5.9
Environmental expenses of TVEL FC, mln RUB	43.5	26.7	913.5	702.8
Average headcount of staff, persons**	1,389	2,680	5,362	3,276

Table 3. Key Performance Indicators of Main Enterprises Comprising Nuclear Fuel Fabrication Complex in 2013

Indicator, unit of measurement	MSZ	NNCP	CMP	MZP
Proceeds (net) from sales, mln RUB	15,065	7,805	11,399	1,169
Gross margin, mln RUB	4,587	1,616	2,053	219
Profit tax, mln RUB	462	64	7	75
Net profit, mln RUB	2,225	104	-336	168
Net assets, mln RUB	27,619	15,230	12,991	3,010
Labor efficiency, mln RUB/person	3.56	3.85	2.94	7.44
Environmental expenses of TVEL FC, mln RUB	114.6	110	209	2.7
Average headcount of staff, persons	4,233	2,023	3,883	152

* The value herein and thereafter is given inclusive of external funding (funds from the state budget and international technical assistance).

** Employees under civil law contracts, external part-timers and women on maternity and childcare leave are not considered herein and below

Table 4. Key Performance Indicators of Main Enterprises Comprising Gas Centrifuge Complex in 2013

Indicator, unit of measurement	VPA Tochmash	KMP	UGCMP
Proceeds (net) from sales, mln RUB	1,728	5,045	2,251
Gross margin, mln RUB	158	807	88
Profit tax, mln RUB	65	32	10
Net profit, mln RUB	-246	94	-52
Net assets, mln RUB	3,631	3,416	4,551
Labor efficiency, mln RUB/person	1.05	2.64	2.28
Environmental expenses of TVEL FC, mln RUB	24	23	0
Average headcount of staff, persons	1,645	1,908	987

Table 5. Key Performance Indicators of JSC VNIINM in 2013

Indicator, unit of measurement	VNIINM
Proceeds (net) from sales, mln RUB	4,379
Gross margin, mln RUB	829
Profit tax, mln RUB	94
Net profit, mln RUB	306
Net assets, mln RUB	5,968
Labor efficiency, mln RUB/person	4.16
Environmental expenses of TVEL FC, mln RUB	39.3
Average headcount of staff, persons	1,158

Value creation*

Value (integrated value) generated by the Fuel Company is not only about marketable product and increased profitability of TVEL FC enterprises. It is also about a great vari-

* Terms "Value Creation", "Outputs", "Outcomes", "Business Model", "Capitals", "Inputs" are used in this Section in accordance with International Integrated Reporting Standards (see <http://www.theiirc.org>). This Section represents the study of TVEL FC performance in accordance with the said Standard

ety of other economic, social and environmental activities.

With its considerable presence in the national economy and likewise considerable impact – economic, social and environmental – on the regions of its presence, TVEL FC is seeking to maximize positive effects of its activity despite specific environmental impact of its production facilities and indirect environmental impact of its key products (e.g. at the back end of the nuclear fuel cycle).

The Company conducts its activities with due account for a great number of external and internal factors and in close cooperation with stakeholders*. This cooperation is characterized by the fact that tangible and intangible resources (financial, environmental, production, human, social and intellectual capitals) used by the Company are controlled by the Company itself and by TVEL FC and its stakeholders. Therefore, conversion of capital in the course of activities

is of great importance to the Company and its team.

This business model describes the activity of TVEL FC to create value as a system of the used capitals, production process, and products and results obtained. The purpose of the system is to implement strategy and achieve short-, mid- and long-term goals. The business model embraces factors in the risks inherent in activity of the Company and the ability of the latter to manage them. This business model represents inputs used by TVEL FC personally and in conjunction with stakeholders, and outputs that contribute to capital changes.

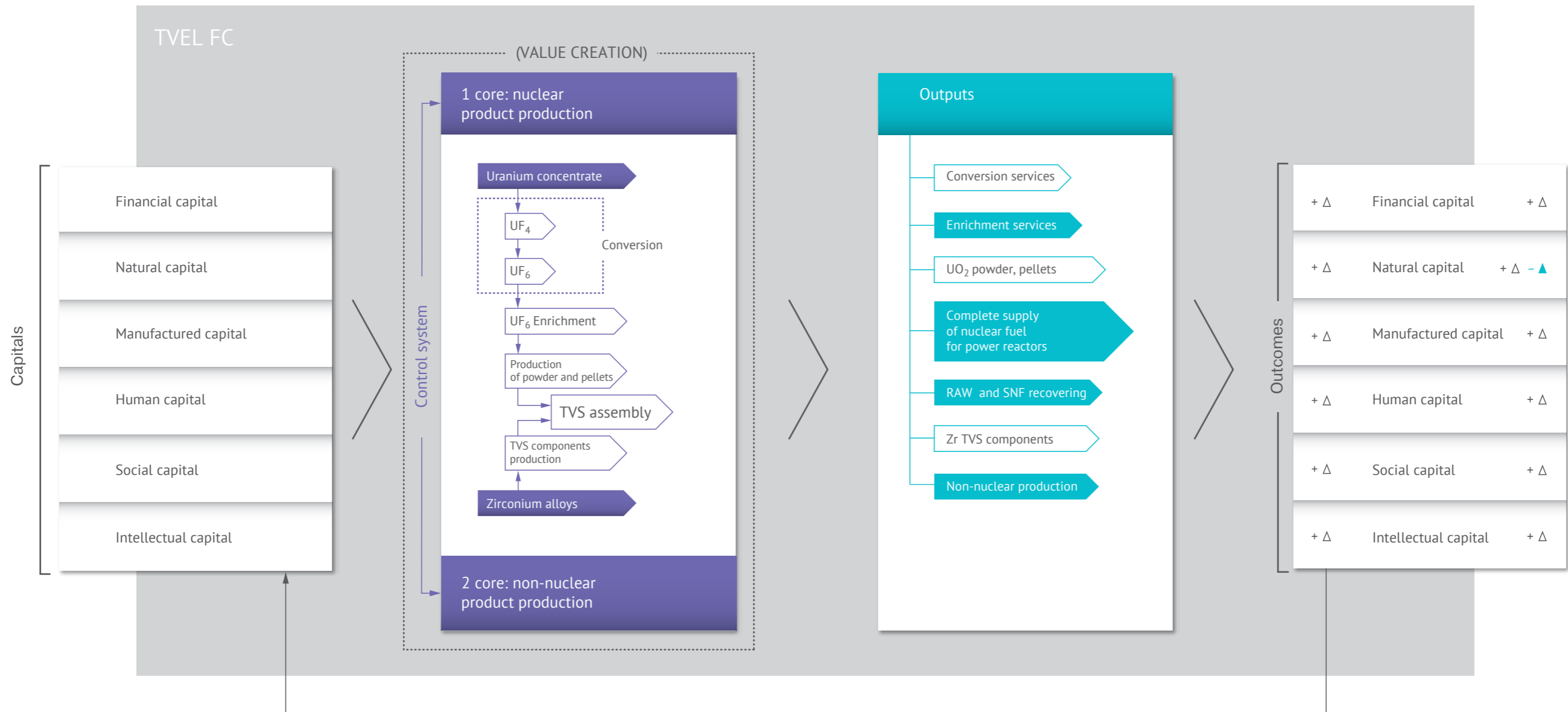
Since any business seeks to make profit which in turn happens to be the source of development of the Company, Financial Capital is most vital to TVEL FC. Capital gains secure current operations and promote investments thereby generating other outcomes used by the Fuel Company.

* Chapter 4 Section "Social Capital".

** Under the International Integrated Reporting Standards, "the Capitals" implies resources and relations that serve as the sources and results of value (integrated value) creation process.

Fig. 3. TVEL FC Business Model

External environment:
stakeholders, resources,
risks, opportunities



- Main outputs
- Additional products and services

Table 6. Inputs and Conversion through the Course of TVEL FC Activity

Capital	Input elements, including		Changes, including	
	internal	external	internal	external
Financial	<ul style="list-style-type: none"> Profit and monetary assets of prior period TVEL FC Reserves 	<ul style="list-style-type: none"> Cross financing Consolidated investment resources Industrial reserves Federal target programs Loans, credits, subsidies 	<ul style="list-style-type: none"> +Δ Net money flow Profit, company's reserves 	<ul style="list-style-type: none"> +Δ Dividends Taxes and deductions Participation in industrial reserves Payment of interest
Natural	Raw materials	Environment	<ul style="list-style-type: none"> +Δ Access to new sources of raw materials 	<ul style="list-style-type: none"> -Δ Direct and indirect environmental impact
Production	High-tech production base, materials	Public infrastructure	<ul style="list-style-type: none"> +Δ Modernization and technological upgrade 	<ul style="list-style-type: none"> +Δ Development of public infrastructure
Human	Personnel	Experts, consultants	<ul style="list-style-type: none"> +Δ Quality personnel growth Increased personnel involvement 	<ul style="list-style-type: none"> +Δ Personnel potential development in the regions of presence
Social	Relations within TVEL FC TVEL FC initiatives aimed at suppliers, authorities and local population	Initiatives by ROSATOM State Corporation and by the third parties	<ul style="list-style-type: none"> +Δ Strengthening reputation of TVEL FC New projects and development programs 	<ul style="list-style-type: none"> +Δ Transparency practices Development of business activities in the regions of presence
Intellectual	Items of intellectual property of TVEL FC	<ul style="list-style-type: none"> Global achievements of science and engineering Domestic projects Intellectual resources of the country 	<ul style="list-style-type: none"> +Δ Development of scientific potential of TVEL FC, R&D results, items of intellectual property 	<ul style="list-style-type: none"> +Δ Development of scientific potential of the country

Conversion of natural capital under this business model takes place in the course of production activities of the Fuel Company. The Company is engaged in two businesses: production of nuclear and non-nuclear products. Nuclear production chain is shown in details from uranium concentrate to fuel assemblies (“the TVS”):

High-tech base, modern equipment, machinery and materials (production capital) comprise one of the most important factors for efficient business and functioning of the Fuel Company.

Research and development (Intellectual Capital) related to improvement of the industrial and technological base provide considerable boost to TVEL FC business and the entire nuclear industry and science on the whole.

Priorities for the nuclear industry are availability of highly qualified specialists (Human Capital) and development and improvement of their skills. It is impossible to overestimate the degree of business dependence on competent staff and impact of human capital on the Company.

The relationship between TVEL FC and its suppliers and contractors, clients and customers, partners and society (Social Capital) has a considerable impact on the business

and make “Social Capital Management of TVEL FC” one of the priority topics of this Report.

For more details about TVEL FC projects that comprise its Social Capital – see Section “Stakeholders Engagement”.

Being a responsible company that exists in the system based on stakeholders engagement, TVEL FC generates value for itself and for its stakeholders alike.

Activities of TVEL FC yield positive results for stakeholders, such as:

- dividends;
- taxes and deductions;
- promotion of nuclear and radiation security;
- development of sectoral research and fundamental science;
- development of personnel within the regions of presence;
- promotion of social accord and business activity in the regions of presence.

Management System is the focal point of TVEL FC business model. It is management technologies help the Company to convert resources in an efficient manner and generate value through capital growth.

More details regarding the performance results broken down by capitals described in TVEL FC business model are available in the relevant sections of this Report.

* Nuclear products manufacture is described in greater detail in 2012 TVEL JSC Annual Report – Section “Business Model” and on Website www.tvel.ru.

GRI G3.1: 4.8

Mission, goals of TVEL FC

Mission of TVEL FC is to cater to the needs of its customers in the sphere of nuclear fuel cycle and in the related sectors in strict compliance with requirements of safety, security, environmental and social awareness.

Strategic Goals
 TVEL FC focuses on global leadership in terms of front end nuclear fuel cycle (FE NFC) and competitive edge worldwide in terms of the NFC in conditions of social accord.

Values of TVEL FC

reliable, safe and top quality products consistent with the highest international requirements and standards;

result – making customers and partners of the Company confident about their future through establishment and development of stable, predictable and long-term relations;

“one step ahead” – dedication to technological and economic supremacy worldwide;

efficiency – continuous optimization of business processes to enhance flexibility in unstable external environment;

“stronger together” – self-development and self-fulfillment of employees of the global Company.

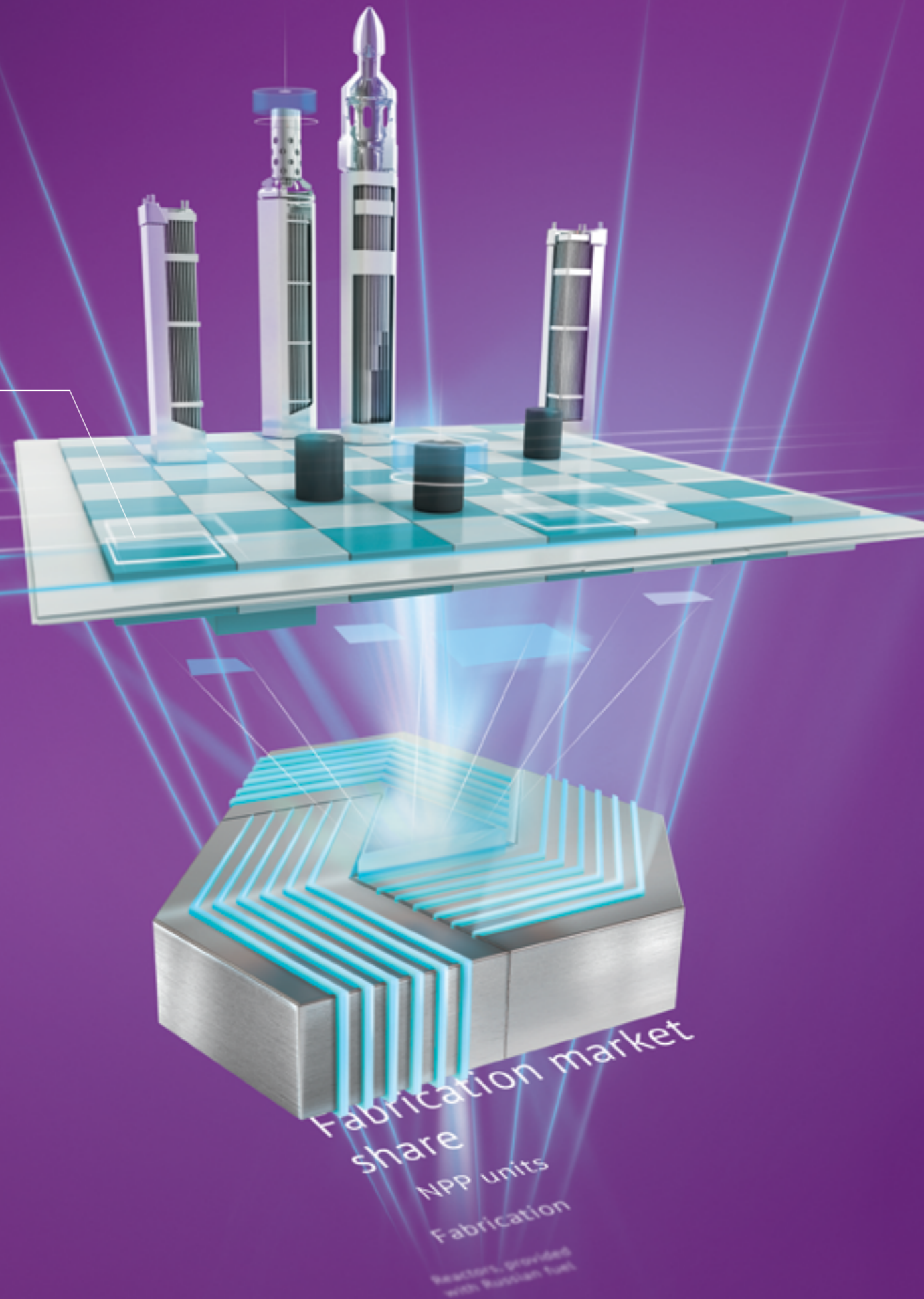
TVEL FC places value in promoting the growth of the inputs.

Chapter 2

DEVELOPMENT STRATEGY AND EXTERNAL ENVIRONMENT

Transforming plans
into results

Doing our utmost to achieve results means having a clear vision. Business expansion and successful partnerships are our primary guides once established and, since then, keeping us on track towards global presence, broader product offering and project expansion.



Fabrication market
share
NPP units
Fabrication
Reactors, provided
with Russian fuel

DEVELOPMENT STRATEGY AND EXTERNAL ENVIRONMENT

Place of TVEL FC in the World Market of FE NFC

GRI G3.1: 2.7 2.5

TVEL FC is the world leader in nuclear fuel production and uranium enrichment services.



Fabrication market share

17%*

Enrichment market share (together with JSC Technsnabexport)

48%**

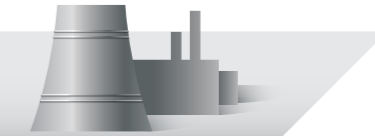
Fabrication		Key Competitors and their Market Share, %		Enrichment	
competitor	Value in the year of report	competitor	Value in the year of report	competitor	Value in the year of report
AREVA	30%	URENCO	30%	AREVA	10%
Westinghouse Electric Company	31%	AREVA	10%	China	5%
GNF	17%	China	5%	Other	7%
Other	5%	Other	7%		

* 17% on the market of fabrication in 2012; 16% in 2011.

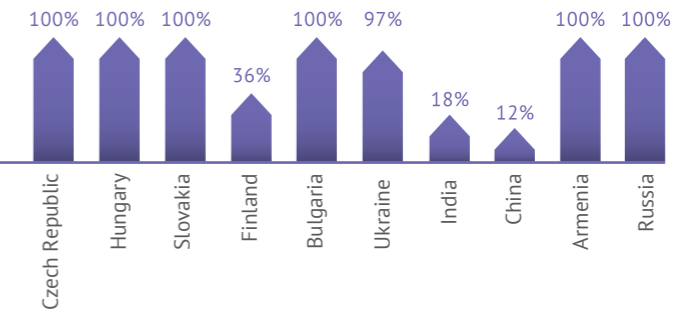
** 45% on the market of enrichment in 2012 and 2011 (together with Technsnabexport JSC).

Number of reactors provided with Russian fuel, ea

76



Nuclear power plants running on fuel made in Russia, %



NPP units in operation, worldwide/Russian Federation, as of December 31, 2013

437/33

Countries where NPPs are under construction as of December 31, 2013

15

Export orders by products and services of FE NFC over a period of 10 years

10,9 USD bln.

NPP units under construction, worldwide/Russian Federation, as of December 31, 2013*

72/10

TVEL FC – proceeds from exports in 2013

1,5 USD bln.

* According to IAEA, including floating nuclear power plants (FNPP).

GRI G3.1: 1.2

FE NFC Global Market Seen by TVEL FC

Conditions and tendencies in development of the global fleet of nuclear reactors represent basic factors that affect the international market of products and services with respect to the front end nuclear fuel cycle. Despite the Fukushima meltdown in 2011 that had quite an impact on the plans of a number of countries with respect to commissioning of new nuclear power-generating facilities, nuclear industry is still an integral part of the global power sector.

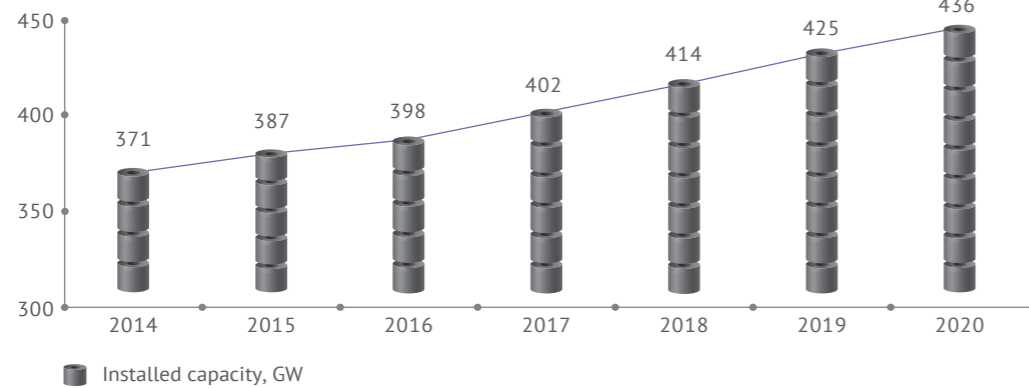
The international market of nuclear power generation is expected to grow due to China, India, Southeast Asia (Vietnam), Middle

East (Saudi Arabia, UAE) and Africa (SAR). The European market will remain stable by replacing the outdated facilities with the new ones. The U.S. market is now being flooded by shale gas at affordable prices, causing the active expansion of the share of gas burning power plants. According to optimistic scenario, the nuclear power sector of the U.S. will retain its share, or will start shrinking under the opposite scenario.

According to the forecasts, the installed capacity of nuclear power sector worldwide will approach 400 GW by 2015.

Nuclear Power Market Outlook – Ux Consulting version (installed capacity, GW)

© Ux Consulting Uranium Market Outlook Q4 2013



“The decrease in the use of nuclear power or replacement thereof by the alternative sources in many countries will continue no longer than five to ten years”.

Y.A. Olenin, President of TVEL FC

Uranium Conversion and Enrichment Markets

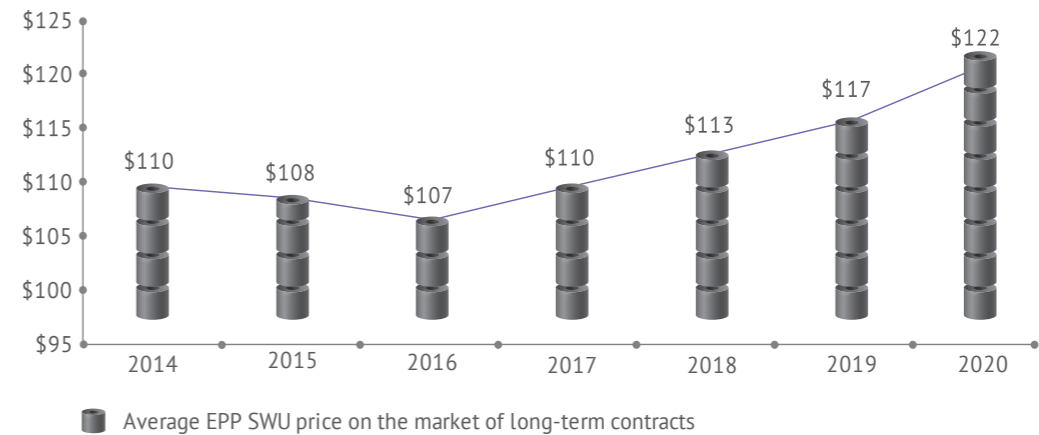
Main events on the international uranium conversion and enrichment markets in 2013:

- **ConverDyn (Metropolis, IL) plant resumes operation.**
Based in the state of Illinois (U.S.), this is the only conversion plant in the United States that makes uranium hexafluoride for further enrichment and use as a fuel in nuclear reactors. The plant was shut down in May 2012 for upgrade of its safety systems in response to the Fukushima meltdown. The plant restarted in the summer of 2013, enabling it to supply up to 15,000 tons of uranium hexafluoride a year. This may boost the competitive edge of the U.S. market of conversion;

- **USEC shuts down its gaseous diffusion plant in Paducah (KY), problems with funding of the American Centrifuge project and the threat of bankruptcy for the company.**
Shutdown of gaseous diffusion plant (which was economically less efficient in comparison to the gas centrifuge technology that dominates the market) caused the average price on enrichment services drop around the world. According to TradeTech, spot price on enrichment dropped from USD 110 to USD 99 per SWU from late May to December 2013;
- **CNNC (China) successfully makes the first batch of enriched uranium using its own gas centrifuge technology in Lanzhou.**
Ability to satisfy the growing demand for uranium enrichment nationwide may be the first step of the Chinese manufacturers to active advance on the global market of enrichment;
- **AREVA (France) and URENCO (U.S.) increase the output at Georges Besse II and URENCO USA enrichment plants accordingly.**
In 2013, AREVA and URENCO continued the expansion of their uranium enrichment facilities using the gas centrifuge technology of ETC company. Commissioning of new facilities will boost competition on the global market of uranium enrichment;
- **Completion of HEU-LEU program.**

UxConsulting Composite Forecast of SWU Price

© Ux Consulting Uranium Market Outlook Q4 2013



The price of SWU commenced its decline in 2012 and continued in 2013. By the end of the period of report, it dropped to USD 114 per SWU under the long-term contracts. Based on the adjusted forecasts, the analysts expect the decline to stop by the end of 2015 at USD 108 per SWU and the price will start growing slowly again.

NF Fabrication Market

In 2013, the global market of NF saw major events, such as:

- **AREVA (France) resumed deliveries of MOX-fuel to Japan after a pause caused by the Fukushima meltdown.**
The resumed deliveries of nuclear fuel to Japan indicate that Japanese NPP operators intend to resume generation of electric power. This delivery signals to the global market of FE NFC about revival prospects of Japanese market;
- **CNNC and CGNPC went back on building nuclear fuel plant in Guangdong province (China).**
The original intention was for the plant to consolidate three FE NFC stages (conversion, enrichment and fabrication) on the same site. By tabling the construction plans, CNNC retain its monopoly on the domestic market of China.

International Economic Activities of TVEL FC

TVEL FC interacts with its international partners in the sphere of business, science and engineering in accordance with applicable international contractual framework.

To promote its interests in international cooperation, in 2013 TVEL JSC, acting in conjunction with the ROSATOM State Corporation, delegated officers of its sector-specific divisions to participate in drafting of a number intergovernmental and interdepartmental agreements, inclusive of Republic of Korea, Japan, France, Hungary and Finland. In 2013, the Company also coordinated intergovernmental (Russia-Hungary and Russia-Finland) agreements on cooperation in the sphere of peaceful use of nuclear power (intergovernmental agreement were signed in early 2014).

Intergovernmental agreement with Finland outlines framework for participation of the Russian Federation in the Finnish nuclear sector development program and makes provisions for a number of separate agreements for implementation of individual joint projects, such as drafting the Hanhikivi NPP project.

Russia-Hungary intergovernmental agreement makes provisions for new power units at Paksi NPP and delivery of Russian fuel to them.

TVEL FC thoroughly performs all international obligations of the Russian Federation and requirements of the national export control regulations.

The Fuel Company boasts a number of properties indicative of its long-term sustainability in conditions of increasing competition on international market of FE NFC products and services.

TVEL FC has enterprises engaged in separation-sublimation and fabrication cycle enabling the Company to offer FE NFC products and services in the form of package deliveries. Ultimately, it contributes to flexible contract pricing and optimized transport logistics. With a number of enterprises in each

FE NFC cycle, the Company is able to make highly reliable deliveries.

The Fuel Company is sufficiently competent to supply fuel for reactors designed in Russia, light-water reactors designed in the West (PWR and BWR), and components for PHWR abroad. The Company is successfully manufacturing nuclear fuel from reprocessed uranium in compliance with requirements of European regulators to manufacture technology and to the products.

Key events for TVEL FC in 2013 with respect to its international business:

- renewal of contract for the delivery of fuel to Dukovany NPP (Czech Republic) in 2014–2028;
- contract for delivery of fuel and components for Unit 3 and Unit 4 of Tianwan NPP (China);
- fuel delivery contract for the commissioning and further operation of Hanhikivi NPP (Finland);
- successful qualification of TVEL JSC (JSC CMP) by CANDU Energy Inc. (Canada) with the assistance of Atomic Energy of Canada Ltd. as the supplier of zirconium pressure tubes for CANDU reactors.

In addition, the Company continued implementation of the following international projects in the sphere of FE NFC, seeking to retain and to expand its presence on the markets and to promote the development of the Company on the emerging markets*.

* For more details regarding the international cooperation projects see 2012 TVEL JSC Annual Report, Section 10 – “Place of TVEL FC in the World Market of FE NFC”.

Table 7. Performance in 2013 – International Cooperation in the Sphere of FE NFC

Project	Performance in 2013
Cooperation with AREVA	September 2013 – ceremonial delivery of the 3,000th fuel assembly to the Customer for PWR and BWR. During the operation of FA made by MSZ JSC under the contract with AREVA NP, no loss of containment has ever been registered
TVS-KVADRAT	Autumn 2013 – TVS-KVADRAT assemblies manufactured for loading in PWR scheduled for 2014
JV ALVEL a.s. – Center for Technology Services	A number of contracts entered into with the leading European operators of Western reactors, increasing the corporate portfolio which is a milestone for the Company's success in the future
Uranium Enrichment Center (Project TSOU)	End of September 2013 – the Joint-Venture Uranium Enrichment Center (Russia-Kazakhstan) completed the purchase of 25% + 1 share in the enrichment enterprise of JSC UEIP (Russia). The Joint-Venture will have access to 5 mln SWUs a year. Effective period of the project – 30 years. In November 2013 – first shipment of TSOU CJSC product under the Project TSOU
Project “ITER”	2013 – the Company continued to improve the production technologies with respect to Nb-Ti and Nb-Sn strands for international Project ITER. 20,000 tons of strands supplied in 2013
Project “Fabrication Plant in Ukraine”	2013 was the year of dynamic development of project for the establishment of nuclear fuel production facilities in Ukraine under Russian technologies. Project design was completed by the end of the year; state expert review yielded positive conclusion; preparatory operations on site commenced In 2013, the Fuel Company continued manufacture of substandard equipment for Stage 1 of Fabrication Plant in Ukraine that is scheduled for delivery in September 2014. The equipment is 90% ready November 2013 – TVEL JSC performs its financial obligations – in a timely and proper manner – USD 42 mln transferred to the JV for the additional issue of the shares. No money due from the Ukrainian shareholder in JV – State Concern Nuclear Fuel – was received as of December 31, 2013

TVEL FC Development Strategy

TVEL FC Development Strategy Updated in 2013.

GRI G3.1: 4.9

Growth on FE NFC Markets

By 2030 the Company intends to control 41%* of the global market of products and enrichment services and 20% of the nuclear fuel fabrication market by making top-quality traditional products and expanding to the emerging nuclear markets.

Main core projects of the FC that would help retain and expand the market share:

Project	Goals/Indicators
Creation of brand new types of fuel	Nuclear fuel (NF) for reactor plant (RU) BREST-OD-300, RU BN-800, REMIX
Creation of the pilot demonstration power complex (ODEK)	Creation of RU BREST-OD-300, nitride uranium-plutonium hybrid fuel fabrication modules and processing of spent nuclear fuel (SNF)
MOX fuel production	Organization of MOX fuel production for RU BN-800 at the Federal State Unitary Enterprise "Mining and Chemical Combine" (FGUP MCC)
TVS-KVADRAT	Enter global market of NC for PWR
FE NFC & BE NFC package offer	Long-term storage of spent nuclear fuel (SNF) followed by processing
Creation of fuel with brand new consumer properties	VVER-1000: TVSA-12, TVS-4A, TVS-4M; VVER-440: RK-3, RBMK: TVS-C
Fabrication Plant in Ukraine	Build a fabrication plant in Ukraine that will work under the Russian technology

Second Core Business Development

The Fuel Company focuses on innovations, seeing them as a tool that will strengthen its competitive position on the markets of machine-building, chemical industry, metallurgy and new energy sector**.

Enhancement of Efficiency

TVEL FC continuously promotes technological and organizational improvements in its enterprises to reduce the production costs and to retain competitive edge against other market players***.

Social and Ecological Acceptability

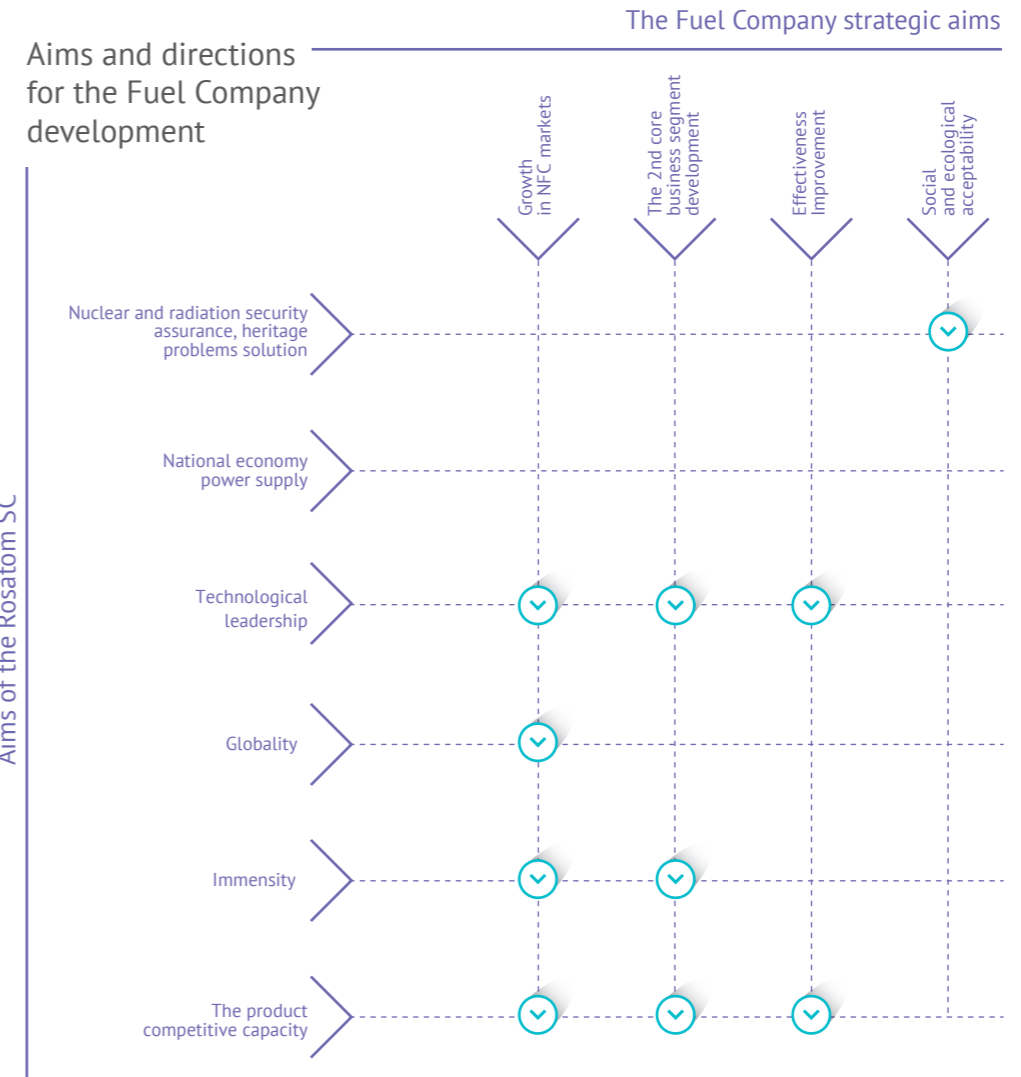
The Fuel Company is committed to promotion of sustainable social welfare in the towns of its presence, ensuring environmental safety, rational use of natural resources and nuclear materials, and removal of negative impact caused by the enterprises in prior years****.

* Including 22% – supplies via Techsnabexport JSC.

** Chapter 4 Section "Intellectual Capital".

*** Chapter 4 Section "Manufactured Capital".

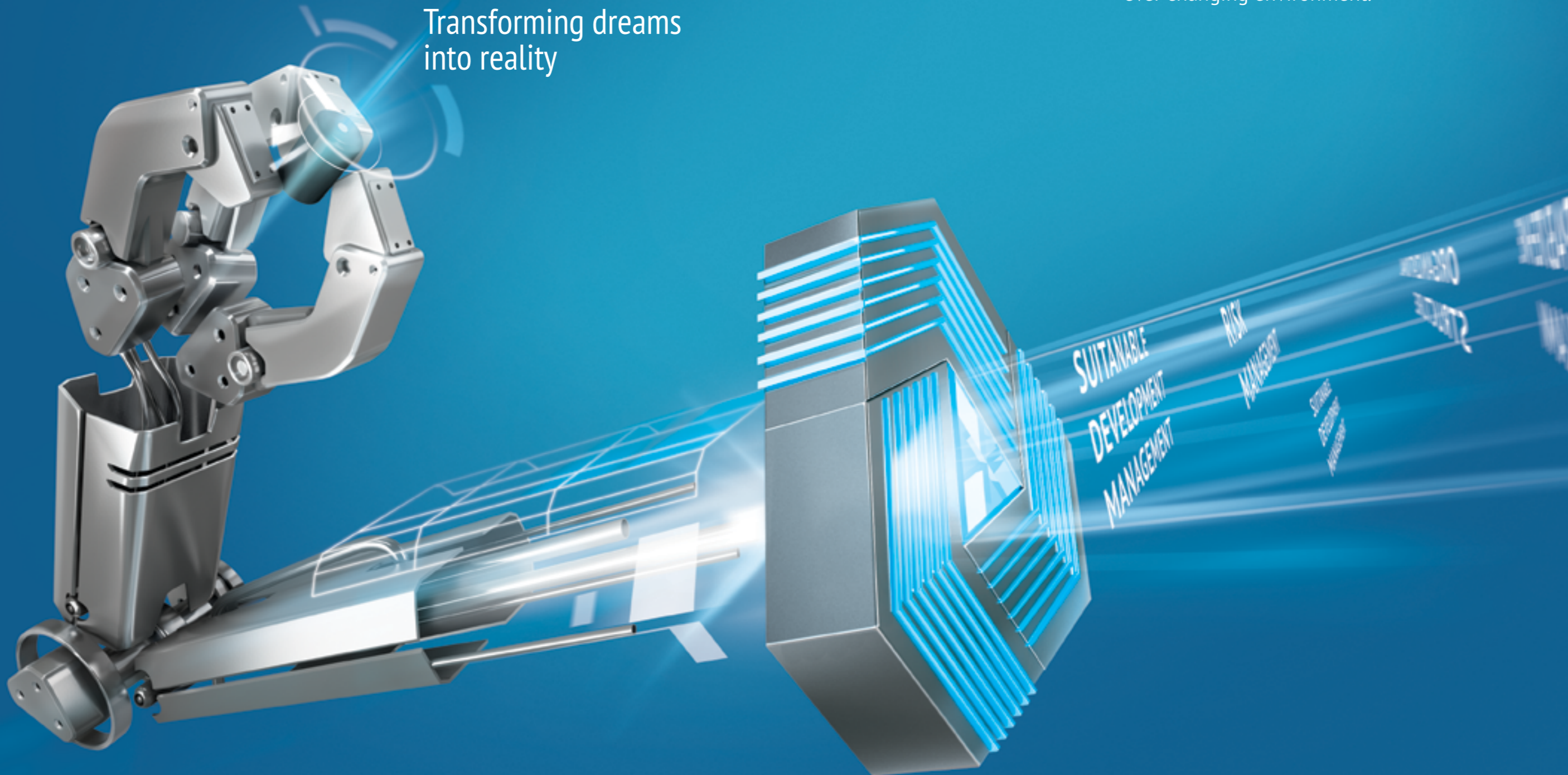
**** Chapter 4 Section "Environmental Impact (Natural Capital)" and Section "Social Capital".



Chapter 3 MANAGEMENT SYSTEM

We enhance our opportunities by consolidating efforts and resources. Synergy produces a tight-knit team translating the biggest dreams into successful projects and breakthroughs. Resilience and sustainable development are two components of our success in the ever changing environment.

Transforming dreams
into reality



Chapter 3

MANAGEMENT SYSTEM

GRI G3.1: 1.2 4.8

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 the 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 the 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.

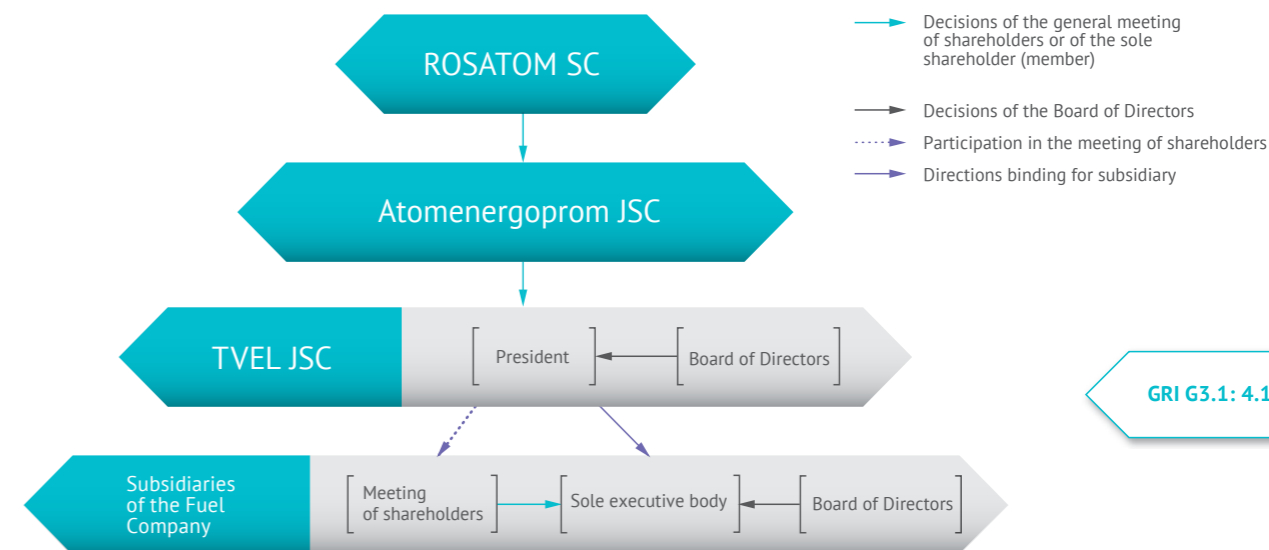
Supreme executive bodies of the companies comprising TVEL FC are represented by the General Meeting of Shareholders (Participants). The General Meeting of Shareholders (Participants) of the companies comprising TVEL FC makes decisions in accordance with procedures set forth in their respective bylaws.

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).

GRI G3.1: 4.8

Fig. 5. Corporate Governance Bodies of TVEL JSC



GRI G3.1: 4.1

GRI G3.1: 2.9

Equity Capital Structure

Authorized capital of the Company comprises of par value of the Company's shares owned by the sole shareholder – Atomenergoprom JSC.

Authorized capital of the Company amounts to RUB 22,961,670 (Twenty-two million nine hundred and sixty-one thousand six hundred and seventy rubles).

The Company floated 22,961,670 (Twenty-two million nine hundred and sixty-one thousand six hundred and seventy) registered ordinary shares, each worth RUB 1 (One ruble).

All shares of the Company are issued in a book-entry form.

No changes happened to the structure of equity capital in the year of report.

Board of Directors

The Board of Directors of TVEL JSC plays the key role in management of the Fuel Company.

By decision of the sole shareholder of TVEL JSC No. 21 dated on June 28, 2013, the Board of Directors comprises of:

- **Alexander Markovich Lokshin** – First Deputy General Director of ROSATOM State Corporation, Operations Department;
- **Lyudmila Mikhaylovna Zalimskaya** – Techsnabexport JSC General Director;
- **Kirill Borisovich Komarov** – Deputy General Director of ROSATOM State Corporation, Development and International Business;
- **Vladislav Igorevich Korogodin** – Lifecycle Management Director for Nuclear Fuel Cycle and NPP of ROSATOM State Corporation;
- **Nikolai Iosifovich Solomon** – First Deputy General Director for Corporate Functions – Chief Financial Director of the ROSATOM State Corporation;
- **Yuri Alexandrovich Olenin** – President of TVEL JSC.

Members of the Board of Directors do not hold shares of TVEL JSC and its SA.

The Company has no independent members of the Board of Directors within the meaning of the Corporate Code of Conduct recommended by Decree of Federal Commission on Securities Market (FCSM) of the Russian Federation No. 421/r dated on April 4, 2002.

Members of the Board of Directors of TVEL JSC are entitled to no remuneration and refund of expenses related to the performance of their duties.

All Members of the Board of Directors of the Company get their salary at the place of their primary employment.

No committees and commissions functioned with the Board of Directors over the period of report.

For more details about the Members of the Board of Directors see **interactive version of the Report**.

Sole Executive Body

Yuri Alexandrovich Olenin, President of TVEL JSC, performs functions of the Sole Executive Body in accordance with Articles of Association of TVEL JSC, decision of the Sole Shareholder of the Company (No. 17 dated on June 28, 2012) and on the basis of contract entered into with the Company.

President of the Company does not hold any shares of TVEL JSC and its SA.

In accordance with the contract between TVEL JSC and the President of TVEL JSC, the amount of the President's remuneration due at the end of the year shall be determined by Resolution of the Company's Board of Directors based on the financial and economic performance of the Company.

GRI G3.1: 4.3

GRI G3.1: 4.2

GRI G3.1: 4.5 4.9

The Key Performance Indicators (KPI) Chart for the President of TVEL JSC includes:

1. adjusted free cashflow of the ROSATOM State Corporation, bln. RUB (new KPI from 2013);
2. adjusted free cashflow of TVEL, bln. RUB (new KPI from 2013);
3. proceeds of the division* from joint products, mln. RUB (new KPI from 2013);
4. reduction of uranium-bearing reserves by FE NFC on the whole, bln. RUB (new KPI from 2013);
5. portfolio of foreign orders for traditional products over a period of 10 years, USD mln.;
6. labor efficiency, mln.RUB/person;
7. level of employee engagement, %;
8. assessment of the manager;
9. LTIFR, %";
10. no violations above INES Level 2 within the sector and no irradiation of employees in excess of 50 mSv a year;
11. no violations above INES Level 2 within the sector;
12. changes in unit costs by principal product, %.

For details concerning the annual income of Yuri Alexandrovich Olenin, President of TVEL JSC, in 2013 visit the official Website of the ROSATOM State Corporation***.

Auditing Commission

The Auditing Commission controls financial and business operations of TVEL JSC.

By Decision of the Sole Shareholder of TVEL JSC No. 21 dated on June 28, 2013, the Auditing Commission comprises of:

- **Vladimir Vladimirovich Vas'kovsky** – Head of Department of Operating Cash Flow and Key Products Price Modeling with Efficient Operations Administration of the ROSATOM State Corporation;
- **Oleg Ivanovich Linyaev** – Head of the Department of Projects the Life Cycle of NFC with LC NFC Projects Management Administration of the ROSATOM State Corporation;
- **Irina Mikhaylovna Leonova** – Head of Economic Planning Department with Administration for Economy and Controlling of the ROSATOM State Corporation.

Management of Subsidiaries and Affiliates

Boards of Directors play significant role in management of subsidiaries and affiliates ("the SA") and are competent to handle vital issues concerning the operation of the SA. Preparation of the meetings of the SA Board of Directors involves the departments of TVEL JSC in the study of materials on the agenda and draft decisions.

Property management in TVEL JSC aims to improve the structure and efficient use of non-current assets, including stakes in subsidiaries and other business companies, as well as fixed assets, including real estate. The management covers property of TVEL JSC and its SA alike.

Management of the stakes of business entities is based on the mechanism of corporate relations as well as internal documents that define the order of interaction between TVEL JSC and its subsidiaries and affiliates in various areas of their operational and financial activities.

* On March 3, 2013, the Fuel Company became the administrator of Fuel Division of the ROSATOM State Corporation. Techsnabexport JSC is not a member of the Fuel Division and represents a stand-alone industrial complex (Order of the ROSATOM State Corporation No. 1/218-P dated March 3, 2013).

** Frequency of injuries resulting in temporary disability (lost time injury frequency rate) is the key indicator of the Company's performance in the sphere of labor protection and industrial safety in accordance with international practices. LTIFR = number of injured persons / man-hours worked by the entire Company)*1,000,000.

*** http://www.rosatom.ru/aboutcorporation/public_reporting/dohody_pravlenie/

The most important decisions regarding management of non-current assets are made by the General Meeting of Shareholders (the Sole Shareholder) and the Board of Directors of TVEL JSC within their respective competencies.

Non-current assets of the Company are managed with the help of an integrated capital assets database that covers federal property operated by the SA of TVEL JSC.

Acquisition and alienation of a real estate by the SA, regardless of its value, is carried out only subject to the approval of the relevant transactions by the Board of Directors of these subsidiaries and affiliates. The sale of real estate shall be carried out on a competitive basis at market prices.

Property management procedures promote efficiency and transparency of decisions made with regard to transactions involving non-current assets and serve to increase profit of the Company.

Management bodies of enterprises comprising the Fuel Company have approved target values of their strategic development and comprehensive efficiency enhancement programs based on optimization of the production function structure and cost reduction through establishment of new and modernization of the existing production facilities, improvement of technological processes, enforcement of the efficient incentive system and restructuring of non-core assets and production lines.

TVEL JSC Board of Directors Report on the Results of the Company's Development by Priority Activities

In 2013, the Board of Directors convened its meetings by correspondence 18 times (with attendance > 90%) to make decisions on the most pressing issues in TVEL FC activities, including:

- approval of budget and financial and economic targets for the year of 2013;
- approval of target organizational chart;
- approval of a series of transactions with equity and share capital of the enterprises comprising TVEL FC, including purchase of additional shares and stakes in KMP OJSC, JSC VPA Tochmash, TSOU CJSC, NF Plant PJSC (Ukraine), KLM LLC, Promyshlennye Innovatsii CJSC*;
- recommendation to the Sole Shareholder to decide about participation of TVEL JSC in non-profit organizations, such as "Association League to Support Defense Industry and National Association of Procurement Institutes";
- approval of recommendation regarding the distribution of net profit at the end of year 2012;
- approval of termination of TVEL JSC activities in Slovakia in pursuance of ROSATOM State Corporation Policy for the Development of Global Presence Management System and in connection with RUSATOM Overseas CJSC (affiliate of Atomenergoprom JSC) opening its representative office in Slovakia at the end of 2012.

TVEL JSC did not make any transactions in 2013 that would qualify under applicable laws as major transactions or related-party transactions that are subject to prior approval by the Board of Directors.

* KLM LLC, Promyshlennye Innovatsii CJSC – SA of TVEL JSC that are not included in this Report by the principle of materiality.

Organizational Structure of TVEL JSC

The Organizational Structure of TVEL JSC in 2013 underwent a series of transformations caused by restructuring in accordance with “target programs and tasks first” principle and introduction of design-based approach to implementation of the FC strategy.

GRI G3.1: 2.3 4.1

This approach is in line with industry-wide standards and is put into effect to implement the ROSATOM State Corporation project to promote harmonization of the organizational structures of companies comprising the industry. The ultimate goal of these transformations is to establish functional chains of the ROSATOM State Corporation – TVEL JSC – SA, enhance the efficient interaction between the management levels within the Fuel Company and to cut the red tape.

Similar approach was applied in 2013 to promote transformation of organizational structures of companies comprising the management pool of the Fuel Company with the focus on standardization of corporate

structures within framework of the same technological conversion, reduction of the number of management levels (target indicator for all SA of TVEL FC – four levels), improvement of quality management and centralization of support functions. Development of organizational structures of the SA was carried out with particular emphasis on invariably high level of nuclear, radiation and industrial safety, health and labor protection by extensive study of impact caused by the relevant changes on safety, identification of potential risks and implementation of preventive measures.

New Organizational Structure of TVEL JSC is presented on Fig. 7

Risk Management

Strategic Tasks and Goals of Corporate Risk Management System (hereinafter – “the CRMS”) of TVEL JSC:

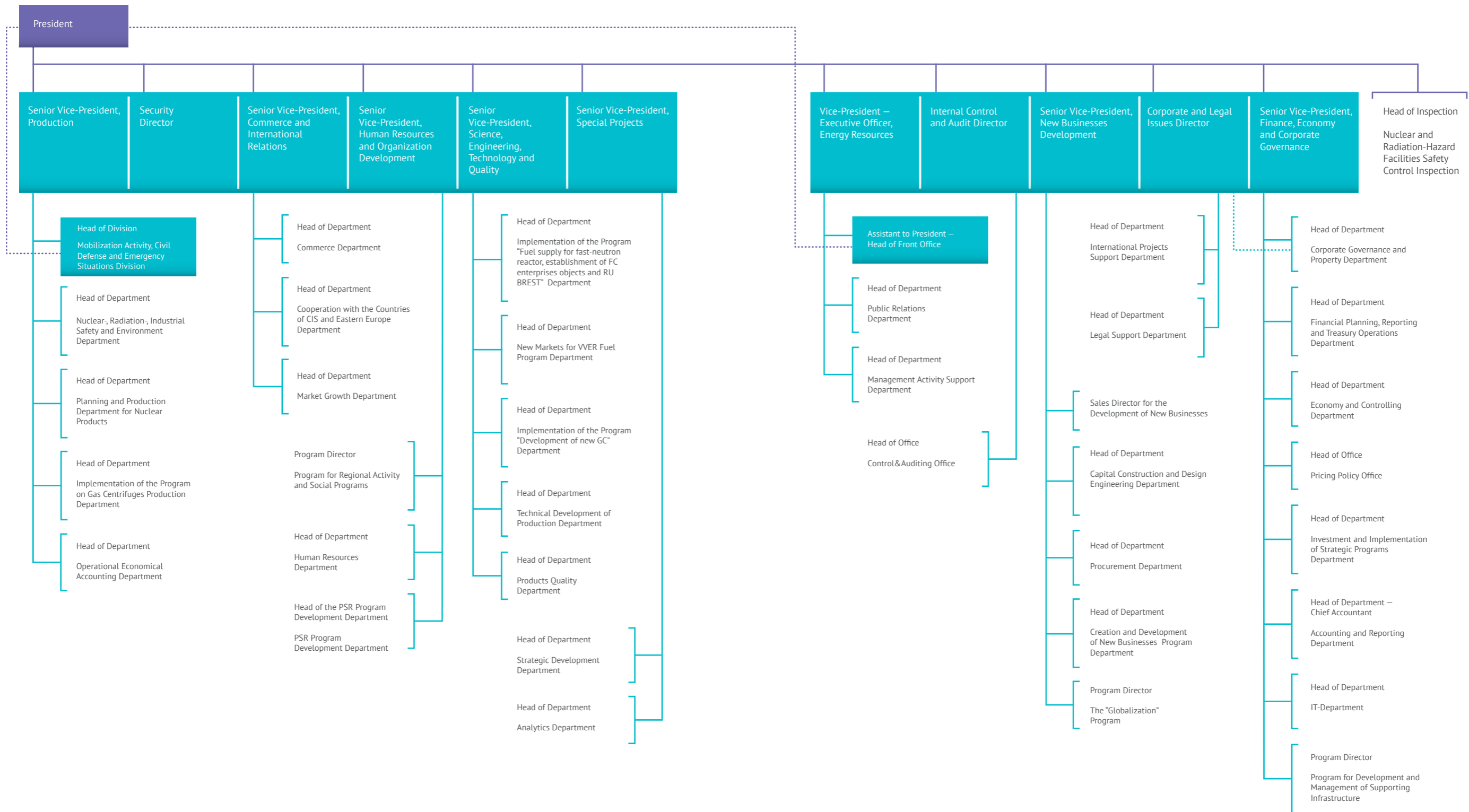
GRI G3.1: 4.9

- promotion of implementation of corporate strategy of the ROSATOM State Corporation by performance of corporate-wide risk management process;
- securing the continuity (stability) of all business processes through identification, assessment and minimization of threats capable of influencing the results of activities of TVEL FC, as well as development and introduction of risk monitoring and reporting procedures;
- integration of risk management process in the administrative decision-making processes.

Table 8. Participants of TVEL FC Risk Management Processes and their Roles

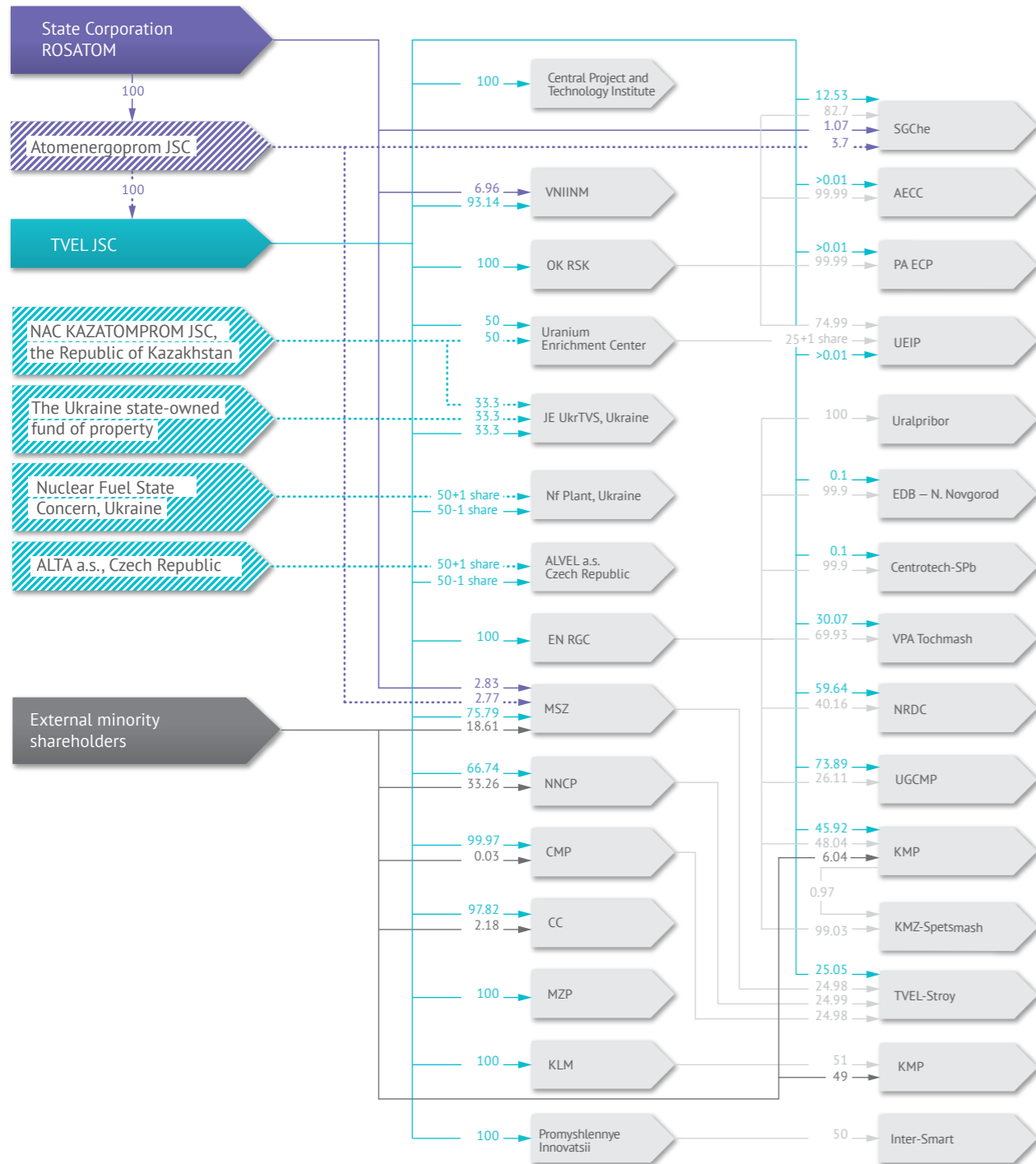
Participants of CRMS of TVEL JSC	Role of CRMS Participants in the Risk Management Process
President of TVEL JSC	Approval of TVEL FC risk management policy, regulations and guidelines
Risk holders	Promotion of implementation of risk management processes
Risk Management Officers	Implementation of risk management processes
TVEL JSC Risk Officer	Methodological support of risk management processes, monitoring of implementation and control of the results
Managers of programs and projects implemented within TVEL FC	Implementation of risk management processes, programs and projects

Fig. 7. Organizational Structure of TVEL JSC as of December 31, 2013



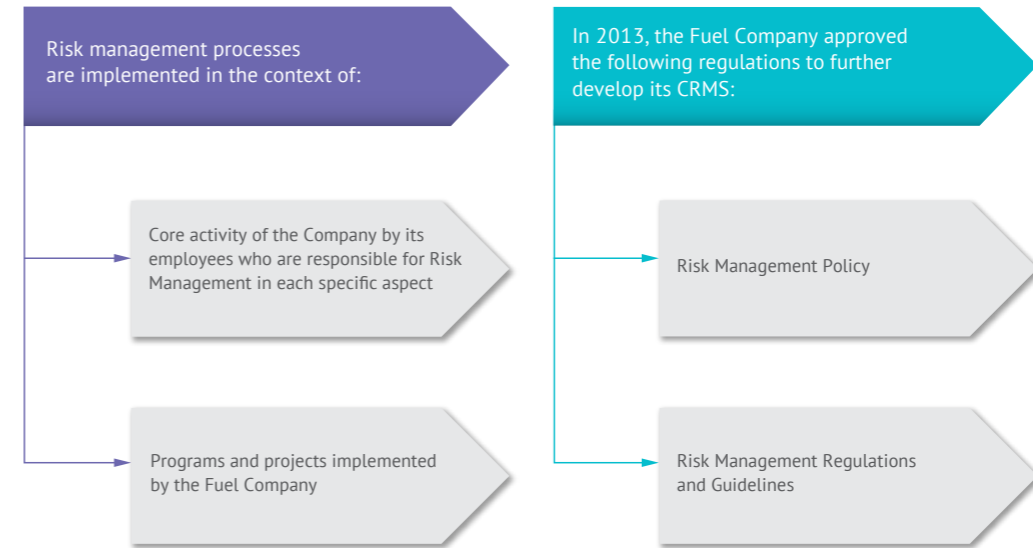
GRI G3.1: 2.3

Corporate ownership structure of TVEL JSC (at the level of subsidiaries and affiliates) as of December 31, 2013.



TVEL FC Risk Management is based on continuous monitoring of the external and internal environment, comprehensive study of threats and opportunities that affect the achievement of economic and social goals.

TVEL FC Key Risks Management



In addition, in order to minimize financial losses and to optimize benefits under the impact of market factors, TVEL JSC approved “Financial Risks Management Procedures and Guidelines for TVEL JSC and Companies comprising the Fuel Company”.

The intention is to implement key risks management arrangements, thereby neutralizing (minimizing) the impact of any such key risks on TVEL FC on its path to strategic goals, and to reach target values of core activities within permissible variations set by the ROSATOM State Corporation for the period of 2014-2017.

Risks management processes are closely tied with management processes applicable to businesses conducted by TVEL FC. For details about the results of key risks management see relevant sections of the Report (Chapter 4).

Table 9. TVEL FC Key Risks Management

GRI G3.1: 1.2

Risk	Risk	Risk management procedure
Slump in demand for products and services of FE NFC (including reduction of the estimated volume of nuclear fuel supplies and steady volume of work on the conversion and enrichment)	Emergency at the NPP – early decommissioning of power units	Development and promotion of Russian nuclear fuel for NPPs with PWR – the TVS-KVADRAT Project
	Delays in construction and commissioning of power units	Establishment of TVS-KVADRAT production. Increased production and sales of products for general industrial use
	Transition to the production of nuclear fuel with increased resource properties	
	Transition of the foreign enrichment market competitors to centrifuge technology and tightening of quotas	
	Development of new enrichment facilities in China	
	Shale gas boom	
Loss of technological advantages in uranium enrichment technology	Lagging in the technology development behind the competitors	Development and improvement the design of gas centrifuges (GC) of the 9th and 10th generation
		Development of structural materials and GC of the 11th generation
Exchange risk	Gaps in the claim volume and liabilities denominated in the same currency	Hedging (including natural)
	Volatility of world currencies	
Credit risk	Counterparty's failure to perform its obligations in full and in a timely manner due to: deteriorating financial stability of suppliers/customers, increased advances to suppliers/customers, increased volumes/timing of accounts receivable, etc.	Insurance
		Reduced share of advance payments in settlements with external suppliers
Increase in the cost of services for fabrication, enrichment and conversion, GC production	External risk factors:	Development and improvement of the design of GC of the 9th and 10th generation
	<ul style="list-style-type: none"> disruption in global/Russian monetary system; revision of rates applicable to public utilities, transportation companies, etc.; increase of the minimum wages, etc. 	Development of structural materials and GC of the 11th generation
	Internal risk factors:	Creation of a new conversion production at JSC SGChE
	<ul style="list-style-type: none"> faults in organization of production processes; reduced utilization of equipment; depreciation of production technology and equipment, malfunctions, etc. 	Development of new models of accessories for separation plants
		Implementation of energy efficiency and power saving programs

Risk	Risk	Risk management procedure
Property risk	Theft, damage, negligent personnel	Insurance
	Failures of technical, technological, information, etc. systems	
Commodity risk	Market dynamics	Fixed price on products when entering into contracts with suppliers
Reduction of the real supply of non-nuclear products compared to the planned ones	Overrated demand for non-nuclear products	Optimization of process analysis, development and implementation of investment projects aimed at the creation of the production of non-nuclear products
	Absence of explicit advantages in conditions of high competition on prospective markets	Financial and organizational support for the production of innovative products at the times of local deteriorating market conditions
	Deficient competencies and human resources for successful development of non-nuclear businesses	Human resources building-up, more efficient use of human resources, attraction of highly skilled personnel made redundant during the restructuring of the enterprises of TVEL FC, involvement of students and young professionals in the process of production and development of new products
Major accidents/incidents involving the SA	Failure of systems vital for safety	Introduction of modern means of protection and production technologies to ensure protection of workers, population and environment from negative effects and threats
	Insufficient coordination of safety management	Modernization and technical re-equipment of dangerous facilities
	Insufficient resources for implementation of safety arrangements	Neutralization (liquidation) of the sources of hazard
	Insufficient qualification of the staff engaged in the sphere of safety	Personnel development
	Defaulting on mandatory safety requirements	
Social risk	Social changes in the regions of presence that influence the activity of TVEL FC. These changes are caused by non-alternative (in terms of competitiveness) production optimization and reconfiguration of the facilities of TVEL FC	PR and GR events
		Provision of support to new business units formed in the course of restructuring
		Initiation of a series of projects to create innovative production lines at the vacated sites of TVEL FC enterprises
Reputation risk	Publication of materials containing false/intentionally distorted facts that are aimed at discrediting the Company and its products in the media	Rebutment (including in the court) of false information damaging the reputation of the Fuel Company. Organization of PR-campaign to communicate reliable information to a wider audience of stakeholders and to mitigate the possible reputational damage
	Implementation of any key risks	Taking measures for key risk management

Internal Control of TVEL FC

The Internal Control System (ICS) of the Fuel Company is an interconnected integral complex of organizational structures, processes and procedures, rules for their implementation, management system characteristics that continuously or from time to time performs the function of internal control and ensures the achievement of the objectives of internal control.

Special Department for Internal Control (SDIC) is a division of the Fuel Company that is solely engaged in internal control activities with respect to various spheres of business.

SDIC of TVEL JSC (competence of the Internal Control and Audit Division) comprises of Control and Audit Administration, Internal Audit Department and Competitive Policy Control Department, and acts in accordance with regulatory legal acts of the Russian Federation, local regulations of the ROSATOM State Corporation and TVEL JSC, and Provisions on the said structural divisions.

Purpose of the ICS in accordance with the ROSATOM State Corporation Internal Control Development Concept is to improve assurance in achievement of the strategic goals of TVEL FC and contribute to corporate governance improvement in TVEL JSC and the companies within the control loop of the Fuel Company in accordance with applicable laws of the Russian Federation, regulatory government authorities and international standards.

The purpose of ICS development is to maintain corporate governance mechanisms (primarily, those related to supervisory functions) in adequate condition to changing external and internal situation.

Priority task of the Internal Control and Audit Division is to maintain governance of ICS functioning and development processes.

Main subjects of the internal control system in the Fuel Company: President of TVEL JSC, the Board of Directors of TVEL JSC, management of TVEL JSC, Internal Control and Audit Division of TVEL JSC (ICAD of TVEL JSC), as well as corporate bodies and the SDIC of SA of TVEL JSC.

Objects of control: TVEL JSC, its SA and their structural divisions and the activities they conduct.

Results of 2013

In pursuance of the objectives set for the year of 2013, the Internal Control and Audit Division of TVEL JSC carried out:

- audits of business (management) processes to assess the risk of defaulting on the operations goals; following the audit, the ICS efficiency was assessed and recommendations were made as to the improvement of efficiency and performance of these processes;
- audit arrangements to assess the efficiency of financial and business performance of TVEL JSC and SA of the Fuel Company; based on the results, the auditors drafted the remedial actions plan with respect to violations detected in the course of the audit.

Table 10. Number of Control Activities Conducted by Professionals of the Internal Control and Audit Division of TVEL JSC in 2011-2013

Indicator	Unit of measurement	2011	2012	2013	2013/2012 %
Number of control arrangements carried out in accordance with the plan, including:	ea.	33	38	51	34
in Audit Committees	ea.	23	25	27	8
audit of financial and business activities, including procurement and HR administration	ea.	10	8	16	100
internal audit	ea.	0	5	8	60

All of the audits scheduled in the Consolidated Plan of control measures are implemented.

The ICAD conducts follow-up monitoring of remedial actions with respect to violations detected in the course of the audit.

Tasks for the Period up to 2015

The following actions are taken for the purpose of development of the internal control system in accordance with Internal control Policy of the ROSATOM State Corporation and its enterprises for the period up to 2015:

- integration of adequate control procedures in the processes and assignment of duties and responsibilities to the participants for the efficiency of internal control;
- development of mechanisms to encourage of vital stakeholders to take part in internal control activities;
- continuous monitoring of the ICS reliability and efficiency by introduction of various methods to promote continuous control and regular assessment of the internal control system;
- development of the SDIC competencies and potential.

Procurement Activities

Basic documents of TVEL JSC and its SA that regulate procurement activities and set the supplier and contractor selection criteria are:

- Unified Industrial Procurement Standard of the ROSATOM State Corporation ("the UIPS");
- TVEL JSC Corporate Standard Procurement Process.

Procurement procedures are implemented using the following electronic platforms: EETP JSC, Fabrikant LLC and A-K-D LLC. This approach to procurement management promotes its openness and transparency, and saves labor and financial resources.

Procurement procedures based on free competition saved TVEL FC in 2013 approx. RUB 2,534.2 mln.

Dynamics of key indicators of efficiency of TVEL FC procurement activities is shown in Table 11 below.

Table 11

Indicator	Unit of measurement	2011	2012	2013
Share of procurement through public competitive procedures under the UIPS	%	90.1	96.2	95.22
Total amount of procurement by TVEL FC	mln RUB	98,152.6	133,386.7	161,199.8
Total amount saved by TVEL FC from procurement through public competitive procedures	mln RUB	1,994.6	2,051.0	2,534.2

Over 90% of competitive procurement procedures are carried out at electronic trading platforms.

Dynamics seen in the Table above indicates the enhanced efficiency of procurement management and transparency of procedures. Efficient interaction with suppliers reduces the risk of corruption, fraud and purchase of substandard quality products.

GRI G3.1: EC6

Pursuant to TVEL JSC Procurement Standards, the Company may not provide any preferences to the suppliers on a territorial basis. Local suppliers participate in competitive procedures on a common basis and are subject to no special approach of any kind. The exception is only envisaged for outsourcing companies founded during the restructuring of the Fuel Company (TVEL FC guarantees certain volumes of orders over a period of five years). To this effect, 75% of orders in 2013 were guaranteed to enterprises comprising TVEL FC and 25% to open tenders; starting in 2014, the proportion will change from 60%-40% to 50%-50% and to 25%-75% every year.

Some of the key suppliers and contractors of TVEL FC enjoy monopolist position on the

market'. Under the TVEL JSC Procurement Standards, procurement procedures with such contractors are implemented without announcement of any tender (for entities representing natural monopolies) and through the "Procurement from Sole Supplier" procedure.

TVEL FC supports, respects and protects basic human rights and builds its external business relationship on the principles of honesty, integrity and openness.

At the discretion of the suppliers, the competitive procedures may have no provisions that are potentially detrimental to human rights. The Company also keeps any such provisions from its contracts and agreements. Since there are no regulatory requirements, the suppliers and contractors are subject to no assessment for their respect of human rights

but all contracts are checked for compliance with applicable laws of the Russian Federation which implies human rights compliance check. All enterprises comprising the Fuel Company have the all obligatory organizational structure and resources for performance of procurement in accordance with the c UIPS.

Since 2013, all enterprises comprising the Fuel Company place their competitive bids by means of an integrated solution of the centralized procurement system EOS-Zakupki Rosatom (SAP SRM), online trade platforms and the official Website of the ROSATOM State Corporation <http://zakupki.rosatom.ru/>.

Over the year of report, Commercial Center JSC (CC JSC)* upgraded its Website by adding a function that allows the potential participants, subject to their prior registration, to receive personal invitations to participate in procurement procedures involving the lots of their interest.

Enterprises covered by Federal Law No. 223-FZ "On Procurement of Goods, Works and Services by Certain Legal Entities" are required to publish the procurement information in the integrated information system of the Russian Federation <http://zakupki.gov.ru/>.

In September 2012, TVEL JSC appointed an arbitration committee that is competent to study complaints against actions (or omission thereof) of the customer, competent authority, procurement manager and/or procurement commission during the implementation of procurement procedures in the interest of organizations governed by TVEL FC.

Over the period of report, 156 complaints were submitted to the arbitration committee with respect to procurement procedures to the amount of RUB 2,274.28 m, of which: 39.8% were found to be without merit; 13.1% – valid; 7.8% – partially valid; 19.6% – revoked by the petitioner; and 19.7% tabled by reason of wrong jurisdiction and other technicalities (wrong procedure, form and terms of filing).

On January 1, 2013, acting in compliance with procurement procedure decentralization policy, TVEL FC set specific limits: subsidiaries and affiliates may engage in procurements to the amount up to RUB 5 mln.; CC JSC shall be responsible for procurement within the range of RUB 5 mln. to RUB 100 mln.; whereas procurement to the amount exceeding RUB 100 mln. shall be within the competence of Atomkomplekt JSC**.

To streamline the decentralized procurement, a number of measures were taken, including:

- personnel recruitment and training;
- setting the structure of supervisory bodies;
- enhancement of asset protection; and
- integration of information systems.

In furtherance of the roadmap "Streamlined Admittance of Small and Mid-sized Businesses to Procurements by Infrastructural Monopolies and Government-linked Companies", approved by Decree of the Government of the Russian Federation No. 867-r dated on May 29, 2013, TVEL JSC developed a plan to facilitate participation of small and mid-sized businesses in competitive procedures of TVEL FC. Implementation of the plan will commence following the approval of regulatory legal acts applicable the roadmap.

Project "FC Logistics Management System Optimization" started late in 2013.

* Analytical capacity of the system is not sufficient for estimates.

* CC JSC is an SA of TVEL JSC specifically assigned to implement procurement procedures.

** Atomkomplekt JSC is one of the SA of the ROSATOM State Corporation.

Purpose of a project:

- introduction of category management* in TVEL FC;
- reduction of stock at the warehouses of companies comprising the Fuel Company (optimization of uncalled stock and reduction of their level at the enterprises);
- optimization of warehouse infrastructure and material flows (optimization of material flows both in the internal logistics scheme of the enterprises, between the enterprises comprising TVEL FC and between enterprises of various divisions of the ROSATOM State Corporation).

Implementation of the project will continue until 2016.

Information Technologies

Seeking to improve its performance and to optimize business processes, TVEL FC uses the latest information technologies and solutions.

In 2013, the IT Department continued:

- project activities for further development and introduction of modern information systems in accordance with Information Technologies Transformation Program of the ROSATOM State Corporation, and the needs of TVEL JSC management with due account for the development plans of the Fuel Company;
- coordination of IT activities of TVEL FC enterprises;
- securing smooth operation of employees.

Key Results of 2013

- Successful completion of the project for replication of Standard Solution for Resource Management System of the Fuel Company on the basis of SAP ERP at KMP OJSC, JSC CMP, JSC PA ECP, JSC NNCP, and JSC AECC.
- Q3-Q4 of 2013 – Uniform Industry-specific System of Electronic Document Management of the ROSATOM State Corporation put online at six more enterprises comprising the Fuel Company (Uralpribor Ltd., NRDC LLC, Centrotech-SPb, EDB-Nizhniy Novgorod, CPTI OJSC and JSC MZP).
- Successful completion of project “Replication of Extended Master System for HR Management at Manufacturing Facilities of the Second Line” at JSC PA ECP, JSC CMP and KMP OJSC.
The system contributed to total automation of HR records, organization structure management, time-keeping, salary accounting, performance management and labor protection records. Consequently, all enterprises covered by the SAP ERP of the Fuel Company also operate the Uniform Centralized HR Management System SAP HCM of the ROSATOM State Corporation.
- Successful completion of the project “Development of Automated Control System for Design Engineering Pre-production” (ACS DEP) within Fabrication Division. Extended functionality launched into commercial operation at MSZ JSC, JSC CMP, JSC NNCP and TVEL JSC.
- Project “Replication and Development of the ACS DEP” is successfully underway within Gas centrifuges Division. Extended functionality launched into test operation at EDB-Nizhniy Novgorod, KMP OJSC, NRDC LLC., UGCMP LTD., Uralpribor Ltd., Centrotech-SPb – branch of NRDC LLC., and TVEL JSC.

* Category management as it pertains to procurement means the operations plan to promote efficient management of procurement, supplies, stock and interaction with suppliers of each specific category of purchased products. By introducing the category management, TVEL FC intends to minimize involvement of go-between companies and to enter into long-term contracts directly with manufacturers.

Development of the ACS DEP in the course of the abovementioned projects will:

- 1) reduce the cost of design and technological preparation of production through the use of more efficient ways of activity management by 10%;
- 2) expedite coordination of technical documentation with enterprises by 10% through automated interaction with the said enterprises;
- 3) expedite the design and production start-up of products by 20% by coordination of interaction between divisions of the companies and by using standard design solutions and know-how accumulated in the System.

- President of TVEL JSC approved the Agreement for Online Interaction and Use of Digital Signatures in the Course of Design and Engineering Documentation Management at the Enterprises Comprising the Fuel Company.
- NRDC LLC. completed the project “Replication of the Unified Corporate Resource Management System 1C ERP: Rosatom”. The System is put into commercial operation.
- Project “Creation of Centralized Corporate Fund of Normative and Technical Documentation (CFNTD) for Procurement and Documentation of Integrated Management System for Quality, Environment and Safety of the Fuel Company” completed.

IT projects planned for 2013 completed in full.

Pursuant to Rosatom Information Transformation Technology Program, the following projects are planned for 2014 (subject to availability of funding):

- Pilot Implementation of Lifecycle Element Management Subsystems of the Product in Gas centrifuge Division;
- Replication of ACS DEP in Fission and Sublimation Complex (JSC UEIP, JSC PA ECP, JSC SGChE and JSC AECC);
- Development of Operating Activity Automation Concept for JSC VNIINM;
- Development of Concept for Integrated Design Management System at CPTI OJSC;
- Extension of Functionality of Corporate Data Storage and a number of other projects.

Legal Scope of Activity of TVEL FC

TVEL JSC takes part in legislative initiatives of the ROSATOM State Corporation in accordance with the plan of law-making activities and within its own competence. The working group prepares suggestions, analyzes draft documents of federal executive authorities, and drafts bills. The suggestions considered by the working group affect the regulation of the activities of TVEL FC and other organizations of the nuclear power industry.

For example, in 2013 TVEL FC professionals participated in drafting of the following regulations:

- regulatory legal acts necessary for implementation of Federal Law No. 190-FZ dated on July 11, 2011 – “On Nuclear Waste Handling and on Amendments to Certain Legislative Acts of the Russian Federation”;
- Draft Federal Law “On Amendments to Federal Law No. 170-FZ dated 21.11.1995 “On the Use of Nuclear Energy” (in the working group of the ROSATOM State Corporation).

Corruption Management and Settlement of Conflicts of Interest

The management of TVEL FC fully shares the anti-corruption policy implemented by the government of the country.

Aiming to create conditions that will contribute to reduction of corruption and embezzlement, the enterprises comprising the Fuel Company have adopted a local regulatory document “On Implementation of Comprehensive Program to Prevent Corruption and Embezzlement within TVEL JSC and Companies Subordinate to the Fuel Company” that

is based on the Comprehensive Program to Prevent Corruption and Embezzlement within the Nuclear Industry (2012-2013). The ROSATOM State Corporation is now drafting the Comprehensive Program to Prevent Corruption and Embezzlement within the Nuclear Industry (2014-2015).

Phone: 8-800-100-07-07, 0707@rosatom.ru – corporate “hot line” of the ROSATOM State Corporation for the prevention of corruption and embezzlement in nuclear industry. For details visit the official website of the ROSATOM State Corporation <http://www.rosatom.ru> Section “Partners and Customers” and “Prevention of Corruption and Embezzlement” on Website of the Fuel Company <http://www.tvel.ru> Section “About Fuel Company” and “State Corporation Policy against Embezzlement”.

The following divisions are created for the establishment of a system to control illegal activities within TVEL FC:

- Security Directorate (TVEL JSC) that comprises of Department of Economic Security, Commercial Secrets Protection and the Research and Information Department;
- Assets Protection Directorate (SA) (see Fig. 8) – organized in every SA in 2013.

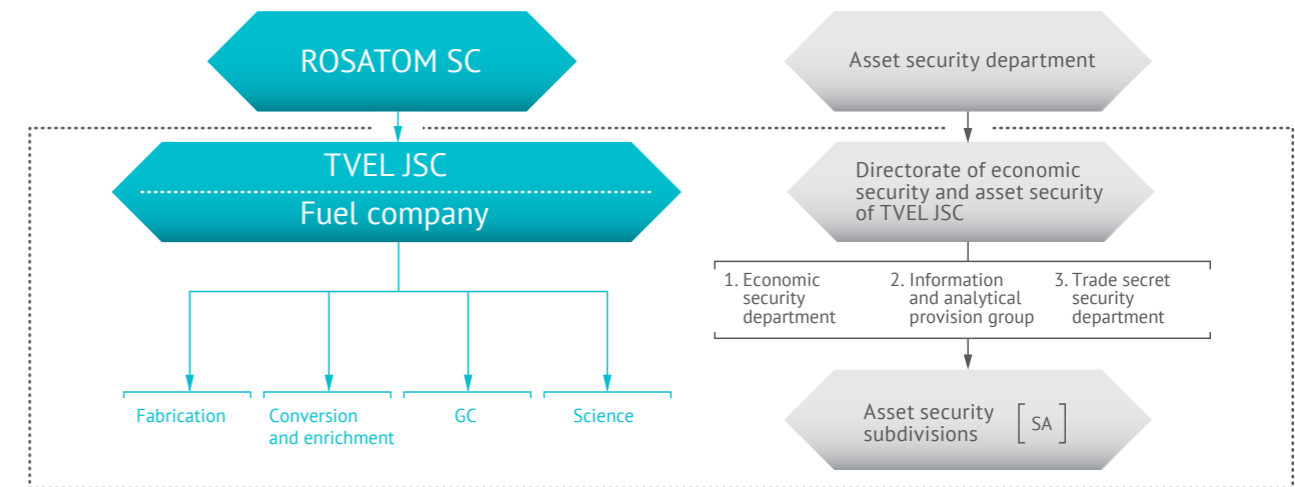
As on December 31, 2013, TVEL FC Assets Protection Divisions employ a total of 60 persons.

The mission of structural units on prevention of illegal activities, viz: their functions, structure and arrangement of work both within TVEL FC and in cooperation with external organizations, is determined by regulations of the relevant departments.

The structural units primarily focus on:

- promotion of economic security and protection of assets of TVEL JSC and its enterprises in the course of their production, financial and economic activities;
- identification, prevention and localization of threats (risks) to economic interests and business reputation of TVEL JSC and its enterprises;
- information and analytical support provided to the President of Company and to structural divisions in the sphere of economic security;
- commercial and official secrets protection within the Company and its SA;
- promotion of personnel security of the Company and its SA.

Fig. 8. TVEL FC Illegal Activities Management System



Structural units of TVEL FC established for illegal activities management continuously monitor assets flow, analyze factors and conditions that contribute to external and internal threats (risks) to assets and economic interests of TVEL JSC and its SA, taking measures to prevent, counter and neutralize their negative impact. The analysis covered all enterprises comprising TVEL FC in 2013. All TVEL FC employees shall study provisions and regulations pertaining to prevention of corruption and embezzlement. This

information is procured to 100% of employees. In addition, the external providers hold special briefings for employees of the relevant divisions on pressing issues in the sphere of anticorruption policy. In 2013, 14 persons took short-term refresher courses (9 persons – “Identification and Prevention of Signs of Corruption” and 5 persons – “External and Internal Threats to Personnel Security at the Enterprises and Organizations of the Industry”).

GRI G3.1: S02

GRI G3.1: S03

Key Results in 2013

- 430 inspections (397 in 2012) organized and carried out to prevent damage and loss of assets. 42 packages of materials (34 in 2012) sent to the law enforcement authorities 34 of which (17 in 2012) proceeded to prosecution. Disciplinary actions taken against 121 employees (109 in 2012), 9 of which were dismissed (4 in 2012);
- 52 inspections held to verify information obtained from specialized Hot Line channels about abuse and violations; 13 cases were confirmed (24 out of 51 confirmed in 2012); administrative and material liability imposed against 7 culprits; 3 persons dismissed; no materials were sent to law enforcement authorities;
- business contacts with EnergoRemKomplekt LLC discontinued because the company happened to supply contraband automatic switches;
- damage prevented and indemnified resulting from implementation of economic security and asset protection policy amounted to RUB 473 mln., which is 29% more than in 2012;
- no legal proceedings against the company or its employees with respect to corruption practices completed over the period of report.

GRI G3.1: S04

Chapter 4

OUTCOMES

Our performance depends on how effective the response to challenges is on the way towards a bigger goal. Strengthening competition calls for tailored, innovative management approaches to the management of in-house and third-party resources. Efficiency of these approaches produces substantial results and earns global recognition for the Company.



Transforming tasks
into successful projects

Chapter 4

OUTCOMES

Financial Capital

Financial Policy of TVEL FC

Financial management is carried out in accordance with the approved Financial Policy of Enterprises Comprising the Fuel Company and agreed upon by the ROSATOM State Corporation.

Main provisions of the TVEL FC Financial Policy appear to be as follows:

- TVEL JSC is a pool leader and conducts overall centralized control over relationship between the TVEL JSC enterprises and financial institutions (base banks, partner banks) in management of consolidated debt portfolio, allocation of free cash and management of liquidity of enterprises;
- TVEL JSC directly approves transactions of the TVEL FC enterprises on allocation of temporarily free funds and raising loans. Financial transactions are conducted in accordance with requirements of the Uniform Industry Procurement Standard;
- intercompany loan system serves to optimize the consolidated TVEL FC loan portfolio and the cost of external funding, as well as to promote centralized funding of operation of the enterprises and current liquidity management.

Budgeting at the TVEL FC enterprises is based on the unified budget regulations and standards of the ROSATOM State Corporation.

Budgets of the TVEL FC enterprises are approved by the Board of Directors of the SA based on consideration of consolidated budget of the Fuel Company by the budget committees of TVEL JSC and the ROSATOM State Corporation.

In 2013, all KPI targets and performance indicators used in assessment of the Company's performance were achieved.

Financial Results of Activities

Key financial and economic indicators of financial standing of TVEL FC that characterize the efficiency and productivity of the Company's performance are shown in Table 13 below.

Overall growth of revenues of the Fuel Company in 2013 against 2012 amounted to 9,478 mln RUB (+8%). Changes were caused by both negative and positive factors. Negative factors: decline in current reloads of nuclear fuel and components for NPP within Russia as requested by the customer – Rosenergoatom Concern JSC (-8,459 mln RUB), slump in sales of fuel for research reactors (-1,323 mln RUB), reduction in sale of power-related (electric and heat) services (-1,605 mln RUB), etc. The abovementioned negative factors were made up for by sales of brand new product – fuel start-up facility for

reactor BN-800 (5,121 mln RUB), increased amount and restructured fuel supplies to foreign NPPs (3,532 mln RUB), growing sales of services related to conversion and enrichment resulting from sales of enriched uranium product (5,013 mln RUB), and the growing sales of research and development, test design and scientific and engineering services (1,033 mln RUB). Revision of contract prices and rates also had positive effect on the 2013 results (3,858 mln RUB).

Changes in exchange rates had positive impact on revenues as well (1,672 mln RUB).

Table 12. KPI and Performance Indicators Achieved by TVEL FC in 2013*

Indicator	Target	Actual value	Δ 2013/2012, %
AFCF** of TVEL FC, bln RUB	49.46	51.71	+4.55
Unit cost of principal products	100% of the plan	done	done
Revenues of Division – joint products, mln RUB	7,296.7	9,325.6	+27.81
EBITDA, mln RUB	51,021	51,163	+0.28
Labor efficiency, mln RUB/person	4.3	4.5	+4.86
Revenues from international operations (including exports by enterprises of the Russian Federation), mln USD	1,428.2	1,505	+5.38
Export orders portfolio for the 10-years period, mln USD	10,885	10,891	+0.06
Violations of Level 2 or higher under the INES scale	none	none	–
Lost time injury frequency rate (LTIFR), %	0.33	0.14	-57.58

GRI G3.1: 2.8

Table 13. Key Financial and Economic Indicators of TVEL FC

Indicator	2011	2012	2013	Δ 2013/2012, %
Net sales, mln RUB	126,090	121,958	131,436	+8
Gross margin, mln RUB	33,506	39,289	39,628	+1
Gross margin percentage to revenues from sales, %	26.57	32.22	30.15	
Total administrative expenses in revenues, %	2.14	2.29	2.27	
Commercial expenses	2,434	2,400	2,224	-7
Administration costs	2,700	2,799	2,989	+7
EBITDA, mln RUB	38,078	42,668	51,163	+20
Net profit, mln RUB	16,494	19,642	23,866	+22
Net cash flow, mln RUB	1,699	-470	1,801	+483
Net assets, mln RUB	559,730	566,427	579,708	+2
Return on sales, %	13.08	16.11	18.16	+13
Return on equity, %	0.059	0.035	0.042	
EBITDA profitability, %	30.2	34.99	38.93	
Debt to equity ratio	0.08	0.11	0.13	+16

* Financial and economic indicators are given in accordance with the consolidated management accounts of FC TVEL.

** Adjusted Free Cash Flow calculated by indirect method as the amount of proprietary funds generated by the company over the period from current activities adjusted by non-cash revenues and expenditures.

Table 13. Key Financial and Economic Indicators of TVEL FC

Indicator	2011	2012	2013	Δ 2013/2012, %
Current liquidity ratio	2.39	2.52	2.42	-4
Labor efficiency, mln RUB/person	2.96	3.6	4.5	+25
Gross tax liabilities, mln RUB	25,502	23,419	27,695	+18
Dividends paid, mln RUB	3,100	19,500	18,937	-3

The bulk of revenues from sale of products, operations and services (60.6%) falls on the sale of nuclear fuel and its components. Compared to 2011, the share of this product grew considerably (55% in 2011). However, proceeds from the sale of conversion and enrichment services decreased by 19.4% against 2011 (although they were still higher than in 2012).

Table 14. Distribution of Consolidated Revenues by Areas

Product	Sales, mln RUB		
	2011	2012	2013
Nuclear fuel and components	69,189.4	75,017.3	79,603
Conversion and enrichment services	29,166.1	18,403.2	23,505.1
Gas centrifuge products	2,053.3	2,916.7	4,214.3
R&D	3,331.8	4,301.4	6,338.5
Other	22,349.3	21,319.4	17,775.1
Total	126,089.9	121,958	131,436

In 2013, the exports amounted to USD 1,505 mln (36.2% of total revenues of the Company against 35% in 2012). The largest share in export revenues comprises of the sale of nuclear fuel and its components – 95.5%.

Table 15. Distribution of Export Revenues by Products

Product	Sales, mln USD		
	2011	2012	2013
Nuclear fuel and components	1,310.6	1,353.5	1,437.1
Engineering services	19.7	7.2	6.3
Lithium products	15.9	16.3	13.3
Calcium, titanium, zirconium	13.4	12.4	12.3
Isotope products	7.6	9.9	10.1
Other	25.8	29.7	26
Total	1,392.9	1,429	1,505

Net profit of TVEL FC in 2013 grew by 21.5% against 2012, amounting to RUB 23,866 mln.

In 2013, TVEL FC took certain measures to optimize its costs, such as cutting the administration costs, energy saving, development of production, introduction of modern technologies and the ROSATOM production system, optimization of areas (abandoning and leasing out), etc.

Main factors causing the growth of net profit include increase of revenues, optimization of costs, growth of other income and change of exchange rates. Thanks to the optimization efforts of the management personnel of the FC enterprises, the costs were reduced in 2013 by RUB 1,699 mln.

Table 16. Dividends, thousand RUB

Indicator	2011	2012	2013
Dividends paid to Atomenergoprom JSC	3,138,000	19,486,653	18,937,488
Dividends paid to TVEL JSC by the SA	3,204,715	515,740	4,150,891

TVEL JSC Dividends Policy with respect to its subsidiaries and affiliates is based on the need to make investments in production, modernization and technical upgrade.

Key Risks Management Results

Risk	Risk Management Results
Exchange risk	Mitigated by application of hedging tools
Loan risk	Mitigated by insurance and reduction of the share of advance payments in settlements with external suppliers

Investment Activity

TVEL FC conducts its investment activities in accordance with Uniform Industry-specific Policy of the ROSATOM State Corporation and its organizations and in accordance with the following industry-specific documents:

- TVEL JSC Investment Projects and Programs Management Standards;
- Uniform Industry-specific Regulations for Corporate Projects Portfolio Management of the ROSATOM State Corporation and its organizations;
- uniform industry-specific guidelines on handling requests for consolidated investment resource of the ROSATOM State Corporation and its organizations;

- uniform industry-specific guidelines on execution of project identification summaries of the ROSATOM State Corporation and its organizations;
- Order “On Participants of Investment Activities of TVEL JSC and Enterprises Comprising the Fuel Company”;
- Provisions on TVEL JSC Investment Committee.

The Investment Committee (hereinafter – “the Committee”) is a permanent collegiate advisory body acting under the guidance of the Chairman and implementing principles of the investment policy of the ROSATOM State Corporation and its organizations.

Primary goal of the Committee is to shape out the agreed opinion with respect to:

- TVEL FC investment priorities in order to implement the Operations Strategy of the State Corporation ROSATOM and TVEL FC;
- composition, structure, parameters of TVEL FC project portfolio and amendments to it;
- solutions that would promote implementation of TVEL FC projects and acquisition of expected results;
- control of TVEL FC project implementation on each stage of the project life cycle through preventive and corrective actions.

TVEL JSC Investment Committee

Chairman	Y.A. Olenin — President of TVEL JSC
Deputy Chairman	N.V. Nikipelova — Senior Vice-President of TVEL JSC for Finance, Economy and Corporate Management
Secretary	E.I. Lukina — Director of Department for Investments and Implementation of Strategic Programs of TVEL JSC
Members	V.V. Rozhdestvensky — Senior Vice-President of TVEL JSC for Production
	P.I. Lavrenyuk — Senior Vice-President of TVEL JSC for Science, Engineering, Technology and Quality
	Y.A. Kudryavtsev — Senior Vice-President of TVEL JSC for Development of New Businesses
	K.K. Sokolov — Vice-President — TVEL JSC Executive Officer, Energy Resources
	E.V. Lyakhova — Director, Management of Investments and Operations Efficiency of the State Corporation ROSATOM
	V.I. Korogodin — Director for Lifecycle Management of the Nuclear Fuel Cycle and NPP of the State Corporation ROSATOM
	N.S. Khlebnikova — Director of the Investment Management of the State Corporation ROSATOM
S.V. Komova — Head of Department of Investment Control of the State Corporation ROSATOM	

Investment Control Mechanisms include:

- joint decisions regarding the investments made by TVEL JSC Investment Committee or, depending on the value and strategic importance of the investment project, by the Investment Committee of the ROSATOM State Corporation;
- certification of investment projects and programs, including the elaboration and description of the current status, feasibility studies and plans of their implementation;
- “gate” approach in management of investment projects and programs, including the audit of efficiency and effectiveness of their implementation;
- annual preparation and updating of the FC Investment Memorandum defining the mid- and long-term prospects of investment activities of the enterprises within the perimeter of TVEL FC, followed by approval thereof by the Investment Committee of TVEL JSC.

Investment Activity Results

In 2013, TVEL JSC Investment Committee convened 18 times, including 4 meeting in presentia. The amount of investment project financing reached RUB 36,920 mln (RUB 41,328 mln in 2012). Since TVEL FC is implementing over 250 investment projects simultaneously, the amount of funding tends to vary year after year, depending on combination of various stages of their life cycles.

Funding of industrial and technological base of primary production accounts for the biggest share in overall investment outlay.

Manufactured Capital

Production and Economic Results

TVEL FC enterprises fulfilled their quotas for output and sale of products and services in 2013, thereby enabling the Company to perform its contract obligations to Russian and foreign customers in full.

Significant growth of labor efficiency throughout TVEL FC in 2011-2013 is indicative of growing efficiency of production – one of the main business objectives. The growth is achieved through introduction of the ROSATOM Production System (“the RPS”) and personnel downsizing through restructuring of the Fuel Company.

Table 17

Description	Unit of measurement	2011	2012	2013	Δ 2013/2012, %
Average staffing number	person	42,581	34,088	29,238	- 14.2
Labor efficiency	mln RUB/person	2.96	3.6	4.5	+ 25
Proceeds	mln RUB	126,090	121,958	131,436	+ 7.8

* Chapter 4 Section “Productive Efficiency Management”.

Management of TVEL JSC subsidiaries and affiliates in the years to come shall carry on with transformation of production relations at the enterprises, organize small groups* as a form of production control covering 100% of the main workers, increase the load on personnel, build a system of interaction between all management levels through controlled efficiency indicators and development of the internal communication system**.

Stable relationships with contractors allow TVEL FC to develop production plans for future period. Thus, the foreign order portfolio amounts to USD 10.9 bln over a period up to 2023 and includes the supply of fuel assemblies for foreign reactors of Russian design, BWR and PWR reactors, and fuel pellets for AREVA NP.

Separation-Sublimation Complex

All enterprises of separation and sublimation complex improved the efficiency of their production thereby boosting the labor efficiency visibly exceeding the levels of prior years.

Table 18. Labor Efficiency at the SSC Enterprises, mln RUB/person

Enterprise	2011	2012	2013	Δ 2013/2012, %
JSC SGChE	2	2.6	2.9	12
JSC AECC	2	3.3	4.45	35
JSC PA ECP	2.4	3.9	4.8	23
JSC UEIP	2.9	4.6	5.9	28

Key Results of 2013 of the enterprises comprising the separation and sublimation complex are indicative of diversification of uranium raw materials used by TVEL FC, positions retained by the Fuel Company on international markets, upgrade of the applied technologies and optimization of territorial structure of production:

- all enterprises completed the manufacture and shipment of the last consignment of products under the HEU-LEU program;
- JSC UEIP manufactured the first consignment of products for TSOU CJSC;
- January-February 2013 – acting under the trilateral agreement for manufacturing of nuclear fuel for the CEFR reactor JSC PA ECP made highly-enriched (64.4%) uranium oxide at the HEU production line put into operation on November 23, 2012;
- October 2013 – sublimation plant of JSC SGChE successfully ran test processing of Grade H uranium tetrafluoride supplied by JSC CMP as part of the arrangements to improve conversion technology simultaneously making uranium hexafluoride from various raw materials for TVEL FC;
- JSC SGChE refined (including affintage, conversion and enrichment) the pilot batch of Australian material delivered under the inter-governmental agreement by and among Russia and Australia;

* "Small group" means a small (6 to 10 persons) group of individuals directly engaged in operations (workers, operators, employees) in a chain of value engineering for external or internal consumers.

** Chapter 4 Section "Stakeholders Engagement".

- JSC SGChE refined the pilot batch of uranium raw materials supplied by JSC AECC under the program of concentration of conversion facilities of the Fuel Company at JSC SGChE.

Main tasks of TVEL FC separation-sublimation complex for 2014 and mid-term period include:

- shut the sublimation facility of JSC AECC down on April 1, 2014 followed by decommissioning thereof;
- concentrate all conversion facilities at JSC SGChE and commence production of the entire industrial batch of uranium hexafluoride at JSC SGChE on April 1, 2014;
- JSC UEIP to reach contract output (5 mln SWU) for TSOU CJSC.

Nuclear Fuel Production Complex

Production and sales of fuel assemblies for nuclear power and research reactors in is the core activity of TVEL FC*.

In 2013, the share of revenues from sale of TVS reached 56% of total revenues of TVEL FC.

Table 19

Indicator	2011	2012	2013
TVS sales revenues, mln RUB	63,623	67,550	73,595

Over the period of 2011-2013, revenues from TVS sales grew by RUB 9,972 mln (by 15.7%).

Table 20. Distribution of Revenues from Sales of Nuclear Fuel by Geographic Location of Consumers

Consumer category	2011		2012		2013	
	mln RUB	%	mln RUB	%	mln RUB	%
Russia	29,793	46.8	31,022	45.9	31,973	43.4
Europe	31,923	50.2	36,528	54.1	39,689	53.9
Asia	1,907	3.0	0	0	1,933	2.6
Total	63,623	100	67,550	100	73,595	100

Product consumption structure does not change too much. Main consumers are still represented by Russian and European NPPs (43.4% and 53.9% of the 2013 revenues accordingly).

TVEL FC fulfilled the nuclear fuel quotas for 2013 entirely.

* Chapter 1 Section "Value Creation".

Table 21. Production by Enterprises Comprising the Fabrication Unit, ea.

Product	2011	2012	2013	2014(plan)
TVS VVER-1000	1,289	1,119	1,222	1,331
TVS VVER-440	1,769	1,806	1,744	1,645
TVS RBMK-1000	3,210	2,690	2,680	2,940
TVS BN-600, BN-800	405	437	485	290
TVS EGP-6	144	96	144	144
TVS for research reactors	630	227	270	371
TVS PWR, BWR	116	200	321	312
Total TVS	7,563	6,579	6,866	7,033
Ceramic fuel pellets, tU	1,583	1,534	1,392	1,374

Planned volume of produced fuel depends on preliminary orders of consumers based on the plans for fuel loading and reloading.

Table 22. Dynamics of Labor Efficiency at Fabrication Complex, mln RUB/person

Enterprise	2011	2012	2013	Δ 2013/2012, %
MSZ JSC	2.5	3	3.56	19
JSC NNCP	1.9	2.6	3.85	48
JSC CMP	2.4	2.6	2.94	13
JSC MZP	3	4.4	7.44	69

Labor efficiency at the enterprises of fabrication complex grew considerably.

Key Results of 2013

JSC NNCP:

- mastered the technology and launched production of TVS VVER-440 shanks and heads;
- manufactured pilot batch of TVS-KVADRAT for test run of PWR and subsequent movement to the market of nuclear fuel for reactors of Western design;
- launched the production line and acquired permits and licenses for silicate fuel with plate-type fuel elements for research reactors of Western design.

MSZ JSC:

- completed preparations for the launch of production of the necessary civil products under the JSC MZP-MSZ JSC transition program;

- completed TVS initiator set for newly commissioned unit BN-800;
- manufactured a set of fuel for research fast reactor CEFR (China);
- commissioning of line for acceptance and vaporization of customer-owner uranium hexafluoride from 30V containers of Western design under international contracts;
- manufactured TVS startup package for unit BN-800 commissioned at Beloyarsk NNP; commissioning of BN-800 reactor will help commence the environmentally friendly ("looped") nuclear fuel cycle, fine-tune the technology and create a production base to manufacture mixed uranium-plutonium fuel for the prototype fast reactors designed to enhance security and performance, promote disposal of spent nuclear fuel at thermal neutron reactors and recycling of waste uranium and plutonium.

JSC CMP:

- completion of re-equipment of forming line and mass production of tubes and rods from oversized bars;
- mastered production, first commercial batch of $\varnothing 13.8 \times 0.25$ zirconium tubes manufactured.

Key Tasks of TVEL FC Nuclear Fuel Fabrication complex in 2014:

JSC NNCP:

- make and supply to the Western European customer 4 TVS-KVADRAT-assemblies for test run in PWR;
- manufacture TVS of start-up zone for Unit 3 of Rostov NPP;
- manufacture a set of fuel for Unit 4 of Balakovo NPP with new miser units "Vikhr".

MSZ JSC:

- Q1 2014 – manufacture additional batch of TVS for BN-800;
- commercial operation of uranium hexafluoride evaporation from horizontal containers of Western design 30V.

Gas Centrifuge Complex

SSC companies are the main consumers of the gas centrifuge complex.

Proceeds of gas centrifuge complex in 2013 accounted for 3.21% of total revenues of TVEL FC, which is 1.3 times higher against 2012.

Gas centrifuge production quotas were fulfilled in 2013 in full.

Mass production of Generation 9 gas centrifuges commenced in 2013.

As part of centralization, mass production of gas centrifuges is focused on KMP OJSC and UGCMP Ltd., whereas parts and components are made by JSC VPA Tochmash.

Table 23. Dynamics of Labor Efficiency at Gas Centrifuge Complex, mln RUB/person

Enterprise	2011	2012	2013	Δ 2013/2012, %
KMP OJSC	1.7	2	2.64	32
JSC VPA Tochmash	1.3	1.1	1.05	-5
UGCMP Ltd.	1.5	2.5	2.28	-9

Key Events of 2013:

- pilot batch of OP-1 – a prospective gas centrifuge made at KMP OJSC;
- mass production of Generation 9 gas centrifuges commenced at UGCMP Ltd.;
- production of TVS 131 and TVS 131T commenced at JSC VPA Tochmash;
- production of cable- and junction boxes for NPP commenced at Uralpribor Ltd. A batch of products supplied for launch of Unit 4 at Beloyarsk NPP;
- TVEL FC drafted and approved the Development Program for its enterprises of gas centrifuge complex.

As on December 31, 2013, JSC PA ECP and JSC UEIP commissioned and operate industrial units of Generation 9 gas centrifuges.

Plans for 2014:

- preparation for manufacture of new products to increase proceeds from sales of non-nuclear products;
- make prototype and test batches of prospective gas centrifuge;
- manufacture and supply gas centrifuges to upgrade separation enterprises of the separation-sublimation complex;
- manufacture and supply auxiliary equipment for modernization of SSC separation enterprises.

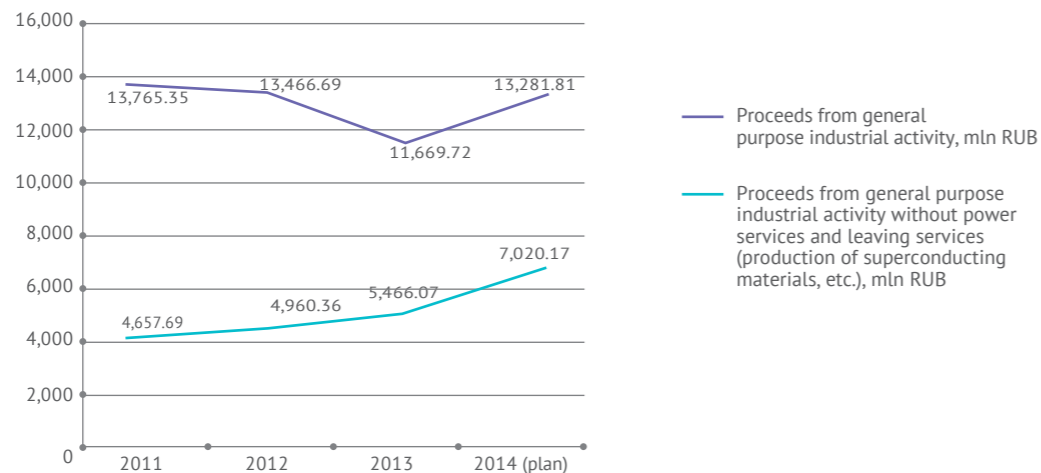
Non-nuclear Production

TVEL FC develops the production of competitive, high-tech products for nuclear industry and other sectors. The Fuel Company understands that expansion of general purpose industrial activities (non-nuclear production and services) is necessitated not only by the need to explore the new markets beyond the NFC, but also by the need to create replacement high-tech production facilities to employ qualified personnel that was affected by downsizing in the course of restructuring.

At the end of 2013, general purpose activities accounted for 9% of total revenues of TVEL FC (11% in 2012).

Sales of general purpose products slumped by 13.3% in 2013 and amounted to RUB 11,669 mln, including exports – USD 44.5 mln Compared to 2012, the sales of non-nuclear products grew by 3.5%. (+14.2% in 2012 against 2011).

Fig. 9. Dynamics of Proceeds from General Purpose Industrial Activities in 2011-2013



Changes in the amount of proceeds from non-nuclear products in 2013 were caused by the slump in sales of power services and cutting of supplies under the ITER project. JSC PA ECP also performed a one-time contract for the delivery of metal structures to FGUP MCC in 2012. No similar contract was executed for 2013.

Out of a variety of key events related to manufacture of general purpose products in 2013, one should single out the approval of the Metallurgy Industry Development Concept on the basis of JSC CMP and commencement of commercial production of titanium rolled stock.

Results of Sector-specific Risk Management

Risk	Risk Management Results
Increase in cost of fabrication, enrichment and conversion services and production of gas centrifuges	Mitigated by introduction of innovative technologies and engineering, implementation of energy saving and energy efficiency programs
Property risk	Mitigated by insurance
Commodity risk	Totally eliminated by fixed prices on the enriched uranium products, SWU included in products of the year of report in the relevant contracts

Productive Efficiency Management

The need to expand the portfolio of orders to achieve strategic goals, and tough and ever-increasing competition on global markets always demanded from the Company special approaches to the production and management processes, and development of productive efficiency management system.

In 2008, organizations comprising the nuclear industry, including enterprises within the control loop of the Fuel Company, commenced implementation of the ROSATOM Production System ("the RPS").

The RPS is an industrial complex of interconnected production processes designed to improve enterprise performance and to minimize all kinds of costs. The system is based on Japanese philosophy of continuous improvement "Kaizen" pioneered by Toyota.

The RPS serves to promote continuous improvement of production and business processes, applied technologies and workplaces. It is based on optimization of engineering

operations and cost reduction through elimination of losses resulting from activities that do not generate added value (redundant relocations, time lost on waiting, equipment downtime, redundant stock and processing, remaking, defective products and overproduction).

The Fuel Company has made considerable progress since 2010 when it commenced implementation of the RPS. Year after year, the number of projects and implementation rates thereof would increase. In 2013, TVEL FC implemented projects on three levels: industrial (26), division (7) and enterprise (92).

Specification of Projects by Levels:

- Industrial Project – a pilot project for the industry (the problem is handled for the first time and made an example for everyone);
- Division Project – the project links several enterprises of a division and requires decision-making from the managing company;
- Enterprise Project – implies optimization of internal processes at the enterprise.

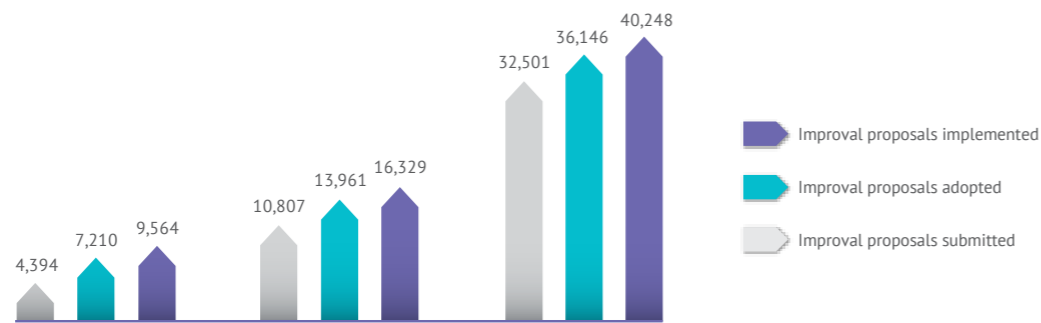
Key Tasks during the implementation of projects:

- production smoothing;
- operation in time;
- reduction of work in progress and lead time;
- personnel training and development.

Mission of the projects – invest in people, seeing them as the biggest asset and tool of RPS, and search for reserves to enhance process efficiency.

The ROSATOM Production System is largely based on the initiative and suggestions of its workers.

Fig. 10. Handling the Suggestions for Improvement of TVEL FC in 2011-2013



There is a positive dynamics in the number of suggestions for improvement (“the SFI”): 2.5 times growth in 2013 against 2012.

Out of over 40,000 SFI, 90% were accepted and 80% were implemented in 2013. In 2012, there were 65% of implemented SFI. This happened, among other things, thanks to the automated SFI filing system and enhanced implementations control.

In order to establish a uniform procedure of formalization and consideration of SFI/innovation proposals in the SA, the Fuel Company approved in 2012 Standard Procedures on Management of SFI/Innovation Proposals of the Employees of Companies within the Control Loop of the Fuel Company.

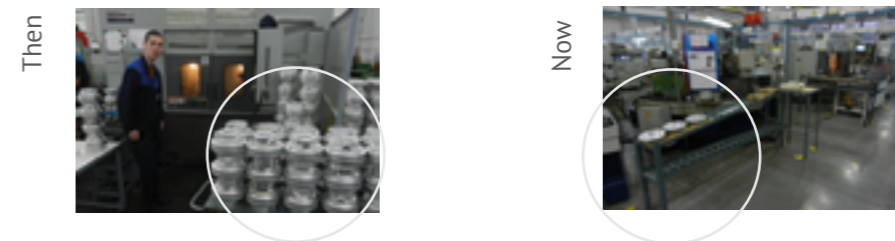
In addition, the Fuel Company approved Standard Remuneration Procedure for the Employee of TVEL JSC and Companies within the Control Loop of the Fuel Company that includes Section 11 – Remuneration for Suggestions for Improvement.

2013 – Projects and their Results:

- **Production moved from JSC MZP to MSZ JSC:**
 - 1) efficient space utilization increased 4 times (from 32,500 to 8,000 m²);
 - 2) productivity per person doubled (from 20 mln RUB to 41 mln RUB);
 - 3) personnel downsizing 4 times (from 400 to 100 persons);
 - 4) energy costs reduced 2.2 times.
- **JSC AECC – compacting of sublimation facility prior to movement thereof to JSC SGChE, labor efficiency doubled (personnel downsizing from 800 to 400 persons);**
- **Joint work with Rosenergoatom Concern JSC in inter-divisional projects for RBMK fuel production smoothing – production schedule smoothed by 25%;**

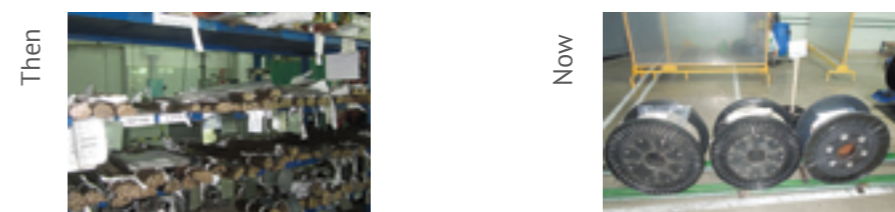
KMP OJSC. Project “Unit’s exhaust pulling system organization”

Project tasks	Result
1) Production of the GC-unit according to the cycle time and ensuring of the delivery “just in time”	1) Reduction of lead time 2,2 times (from 1,124 to 502 hours)
2) Start-up of the pulling system through the whole range of production	2) Reduction of inventories 2,1 times (from 192 to 93 mln RUB)



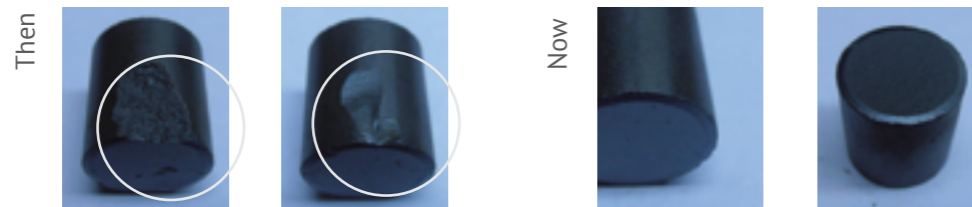
JSC CMP. Reducing of the prime cost in the project “Losses reducing in the through flow of superconducting materials production”

Problems of the flow	Result
1) Loss of time up to 36 days	1) Reduction of transportation by 35%
2) Semifinished inventories at storages – 3.5 months	2) Reduction of lead time by 44%
	3) Reduction of inventories by 30%



MSZ JSC. Reduction of losses due to product discrepancy in the project “Optimization of the CANDU pellets production flow”

Problem	Result
<p>Low level of the product yield by the production of the fuel pellets CANDU – 83% for the following reasons:</p> <ol style="list-style-type: none"> 1 Not sufficient stay-put feature of the powder (grain size) 2 Occurrence of shears, splits and cavities on the end pellet 	<ol style="list-style-type: none"> 1 Powder qualities were stabilized and nonconforming product has been reduced in the process of UO₂ powder production for manufacturing of CANDU pellets from 3% to 1% 2 Product yield of pellets for reactor of type CANDU was increased from 83% to 90%



Plans for 2014

114 projects (9 industrial, 9 division and 96 enterprise) are planned for implementation in 2014. Key indicators to be monitored: flow rate and space occupied.

Objective – transition from local projects that aim to enhance competitive edge to comprehensive efficiency enhancement program, forming a management team out of leaders and soulmates who will capitalize on advantages of the pulling system within the SA of TVEL FC.

Quality Management

TVEL FC builds its Quality Management on the principles of Total Quality Management set forth in International Standards ISO 9000. The Company operates an integrated corporate quality management system (“the ISM”) certified for compliance with ISO 9001:2008, ISO 14001:2004 and BS OHSAS 18001:2007 by TUV International Certification*.

* Introduction of the ISM at the enterprises comprising the Fuel Company completed in 2013. The integrated corporate quality system was tested in accordance with Corporate Standard Procedure STK-7-2006 “Organization and Conduct of Audits”.

GRI G3.1: 4.9

The system covers the entire cycle of design, development, production, storage, supply and scientific and technical support in handling the TVS and components of reactor cores, as well as the materials and components for them.

GRI G3.1: PR1

TVEL JSC is fully aware that quality of the supplied products is vital for safe and efficient performance of facilities that use these products. The main strategic goal of TVEL JSC in the sphere of quality is to ensure continuous improvement of quality of its products to maximize satisfaction of the customer, to expand markets, promote sustainable growth of its subsidiaries and attain global leadership.

Excerpt from TVEL JSC Quality Assurance Policy

In 2014, the Company plans to establish Energy Management System in accordance with ISO 50001 and Supply Chain Safety Management System in accordance with ISO 28000:2007.

Project “Zero Failure Level”

TVEL JSC initiated the project in 2012 to enhance reliability and safety of products manufactured by the Fuel Company (TVS for VVER-1000). According to international practices, operational reliability of nuclear fuel is assessed by the number of unsealed fuel elements detected in the course of operation. Over the five years period preceding the commencement of the project (2008-2012) this indicator for NPP operating VVER-1000 was 1.5×10^{-5} 1/year.

By the early 2014, Memorandum on Joint Efforts to Attain Zero Failure Level for Nuclear Fuel was signed with Rosenergoatom Concern JSC. Similar, quadripartite Memorandum was signed with operators: ČEZ a.s. (Czech Republic), SE NNEGC Energoatom (Ukraine), NPP Kozloduy (Bulgaria) and TVEL JSC as the supplier of nuclear fuel. Provisions on operation under the Zero Failure Level Project became effective. The Management Committee and the Working Group Coordination Committee are established. The Company formed working groups to design, manufacture and operate TVS and to process SNF. The working groups were charged with the task of analyzing, detection and classification of factors affecting reliability of nuclear fuel; development and implementation of a package of management and engineering arrangements to eliminate the said factors.

In 2014, the Company plans to execute management and engineering documents with respect to the project in pentilateral form (TVEL JSC, Rosenergoatom Concern JSC, ČEZ A.S., SE NNEGC Energoatom, NPP Kozloduy, make business trips to manufacturers of nuclear fuel and components, and continue the research of tendencies and patterns of the loss of TVS seals and draft recommendations for the achievement of zero failure level.

The project aims to make sure that nuclear fuel inside active zones of NPP running on VVER-1000 is 100% or so safe and fault-free. This can be really done and years of fault-free operation of nuclear fuel at numerous units of Russian and foreign NPPs running on VVER-440 and VVER-1000 only prove it, not to mention positive results of the similar project Driving To Zero implemented at the U.S. nuclear power stations running on PWR and BWR.

TVEL FC conduct annual satisfaction checks of its main customers in accordance with Customer Satisfaction Assessment Procedure based on ISO 9001:2008 requirements.

In 2013, 11 customers participated in the procedure:

- Institute of Nuclear Physics, Uzbekistan;
- National Center for Nuclear Research, Poland;
- NPP Kozloduy, Bulgaria;
- Nuclear Research Institute with the National Academy of Sciences of Ukraine;
- Fortum Power and Heat Oy, Finland;
- Temelin and Dukovany NPP (ČEZ A.S.), Czech Republic;
- Haykakan Atomayin Electrakayan CJSC, Armenia;
- Mochovce NPP (Slovenske Elektrarne a.s.), Slovakia;
- Rosenergoatom Concern JSC;
- Nuclear Research Institute, Vietnam;
- Nuclear Energy Research Center with the Academy of Sciences, Hungary.

GRI G3.1: PR5

According to the survey results, average customer satisfaction index in 2013 was 4.36 out of 5 points. No claims were filed by the customers in 2011-2013.

Fig. 11. Customer Satisfaction Assessment, 2011-2013



Intellectual Capital

Fundamental Scientific Activity

Main purpose of scientific and technological activity of the Company is to promote competitiveness and safety of production.

Scientific and engineering activities of TVEL FC are regulated by the following documents:

- ROSATOM State Corporation Program for Innovative Development and Technological Modernization for the period up to 2020 (in the public part);
- Long-term Program "Nuclear Fuel and Effective Nuclear Cycles at Russian NPP for 2012-2016 and up to 2020".

R&D composition is defined by decisions of management of the ROSATOM State Corporation and by contract obligations and is subject to revision on an annual basis at the meeting of Scientific and engineering Council No. 2 of the ROSATOM State Corporation – "Nuclear Materials and Technologies of Nuclear Fuel".

TVEL FC focuses its scientific and technological activities on:

- improvement of characteristics and technology of nuclear fuel production;
- design and technology development of separation-sublimation complex;
- innovative activities in non-nuclear industry.

In 2013, TVEL FC invested in research and development 3,476 mln RUB (equivalent of 2.64% of the FC proceeds (3,945 mln RUB 2012)). All R&D yielded results.

The share of proceeds from scientific activities of TVEL FC in overall revenues of the company in 2013 was 4.82% or 6,338 mln RUB (3.53% or 4,301 mln RUB in 2012).

Employees of the R&D complex of TVEL FC provide training and advanced training to the highly skilled personnel in the sphere of radiation chemistry, physics of metals, adaptive metallurgy and solid state physics, fissile and structural metals, metallurgy and technology of rare, scattered and radioactive metals. JSC VNIINM serves as the basis for postgraduate center with specialization in Adaptive Metallurgy and Thermal Treatment of Metals and Alloys; Nuclear Power Units, including Design and Decommissioning; Metallurgy of Ferrous-, Non-ferrous- and Rare Metals; Technology of Rare, Scattered and Radioactive Elements. The Institute is expanding cooperation with the leading educational institutions. JSC VNIINM is the basis for the branch of the 9th Department of National Research Nu-

clear University MEPhI, complex branch of the department of Mendeleev University of Chemical Technology of Russia and M.V. Lomonosov Moscow State Academy of Fine Chemical Technology. The Institute also has entered into cooperation agreements with the leading industry-specific higher education institutions. As part of these agreements, students undertake internship and training, and write theses on the promising areas of the institute activities.

TVEL FC employees take part in annual international scientific conferences (e.g., "Zirconium in Nuclear Industry and Top Fuel") and seminars, and organize meetings of scientific and engineering councils of the ROSATOM State Corporation and TVEL JSC.

In 2013, experts of TVEL FC took part in international conference dedicated to VVER fuel (Bulgaria), and in traditional seminars in Ukraine and Czech Republic with participation of representatives of operators and regulatory authorities of the countries involved. The seminars ad-

ressed the experience in manufacturing and operation, as well as prospects for improving the fuel and fuel cycle of NPPs with reactors VVER-440 and VVER-1000.

A seminar-workshop on heat transfer enhancement in the fuel assembly of the upgraded VVER-1000 (c/w spacer grids, debris strainers, etc.) was held in Obninsk.

Since 2008, TVEL FC has been awarding corporate prize to the teams of inventors of subsidiaries and affiliates of TVEL JSC for excellent production and financial performance, outstanding scientific and engineering performance and considerable contribution to development of the Fuel Company. Six categories of Corporate Prize were awarded in 2013: “Top Engineering and Process Solution”, “Top R&D Prototype”, “Top Solution for the Establishment of New Production Facility”/“Top Solution for Reconstruction and Building”, “Excellent Management Performance”, “Top Business Solution for Development of Entrepreneurship within the Closed Administrative Territorial Unit” and, for the first time ever, “Top Solution to Reduce Negative Environmental Impact”. The Prize is due only for the projects that have been implemented over the previous three years and proved to be economically justified. Twenty-two projects and 107 authors thereof were earned the Prize in 2013.

Modernization and Technical Upgrade of Research and Engineering

TVEL FC continues modernization and development of infrastructure of its R&D complex under the projects of technical upgrade of the enterprises that comprise the complex and in accordance with Federal Target Program “New Age Nuclear Energy Technologies for the Period of 2010-2015 and up to 2020” (FTP NANET).

Objectives of modernization and technical upgrade include:

- enhancement of productivity of labor (reduction of the length of calculation and test stages);
- expansion of opportunities provided by the research (study of new physical and chemical properties of materials, expansion of the properties measurement range, enhancement of precision measurements, etc.);
- creation of innovative materials and technologies to manufacture innovative products.

Technical upgrade under the FTP NANET aims to create national wide information structure, a number of stands and experimental areas for development, manufacture, quality research and certification of structural and superconductor materials for the use in:

- new age nuclear reactors to promote practical implementation of the closed fuel cycle technology;
- magnetic systems at controlled thermonuclear fusion installations (DEMO experimental modules, DEMO reactors and commercial fusion power plants).

Technical upgrade, modernization and retrofitting will primarily cover the research departments to promote thorough and comprehensive study of the structure, physical and mechanical properties of materials on every stage of technological conversion, and to enable other vital material science studies (including nano-level).

To this effect, the following measures were taken in 2013 under the Project JSC VNIINM Technical Upgrade:

- provision of laboratory equipment to scientific divisions;
- technical upgrade of beryllium production line;
- technical upgrade of the instrumentation repairs and maintenance department: provision of modern repairs and calibration tools;
- technical upgrade of the nuclear materials storage;
- modernization of equipment used in non-destructive control of metal and welded joints;
- modernization of the auto shop;
- installation of radiation control system while handling tritium with the help of modern equipment;
- technical upgrade of scientific library, etc.

Innovative Activities in Nuclear Industry

Services and products of FE NFC represent the core activity of enterprises comprising the Fuel Company (~80% of revenues at the end of 2013), and that is exactly why innovative activities in nuclear industry are critical for ensuring long-term competitiveness and sustainability of TVEL FC.

In 2013, the Company spent 1,687 mln RUB (1,779 mln RUB in 2012) on research and development for the purpose of design and improvement of nuclear fuel.

Main tasks of innovative activities of TVEL FC in nuclear industry appear to be as follows:

- design and improvement of nuclear fuel and cores of the Russian design (primarily VVER-1000/1200);
- design of nuclear fuel for Western reactors (PWR);
- design of nuclear fuel for low-capacity nuclear power stations (LNPS) and research reactors (RR).

The Fuel Company focuses on innovative activities to improve properties and technologies of nuclear fuel and cores of the Russian reactors. Design of nuclear fuel for Western reactors, LNPS and RR is an integral element of TVEL FC emerging markets strategy.

In its effort at nuclear innovations, the Company seeks to increase the burn up fraction, life cycle of TVS, functional reliability of nuclear fuel, to justify the performance of fuel in maneuver modes, and likewise justify the performance of TVS in conditions of enhanced output of reactors while ensuring unconditional safety.

Increasing the output of active NPP reactors in excess of their 100% rated capacity appears to be a global tendency with the purpose of increasing the electric power output simultaneously ensuring safe and reliable operation.

Increase of capacity of an NPP power unit is justified due to advanced control methods, improved design methods and the use of design stock of the main equipment of a nuclear installation.

Russia is implementing the 2011-2015 Program of ROSATOM State Corporation for the Increase of Electric Power Output from the Active NPP Power Units, wherein enterprises of TVEL FC take part on the stage of design, justification and introduction of nuclear fuel suitable for power units operating at increased capacity.

Results of Activities on Improvement of Nuclear Fuel Properties and Production Technologies in 2013

Design and Improvement of Nuclear Fuel and Cores for Russian Reactors

- Front End Design TVSA-12. This kind of fuel has more uranium dioxide (10.4% more than currently used by the Ukrainian NPP), which extends the fuel cycle up to five years (rated burn up rate increased up to 68 MW*day/kg while reducing the annual supply of TVS from 42 to 36 pcs).
- Front End Design for the secondary source of neutrons.
- Front End Design for second generation fuel assembly with 7.8 mm pellets without a hole in the center (Generation 2+ fuel).
- Working construction documentation for and physical model of TVS with highly-enriched uranium for physical tests in substantiation of the active zone 14-15-1 active zone with highly-enriched intermetallic uranium fuel for universal atomic-powered icebreaker with WP RITM-200.
- Scientific and Technical Council (STC) No. 2 of the ROSATOM State Corporation "Nuclear Materials and Nuclear Fuel Technologies" recommended to introduce Generation 4 TVS designed on the basis of TVSA-PLUS and TVS-2M. Due to changes in the fuel pellet structure and cladding of the fuel element, the uranium dioxide weight in the fuel assembly grows from 525 kg to 568 kg, which increases the length of the fuel campaign by 8% or reduces make-up volume by 10% over the fuel cycle of 18 months.
- Czech State Office for Nuclear Safety (SUJB) issued a license for operation of TVSA-T in conditions of the increased thermal capacity of the reactor up to 3,120 MW (104% of rated capacity) at Temelin NPP Unit 1 and Unit 2. The same units reached the rated capacity of 3,120 MW (Unit 1 in September 2013; Unit 2 in August 2013).
- Technical assignments executed for core 14-15-2 with low-enriched cermet fuel and element base for universal atomic-powered icebreaker with WP RITM-200.
- National Nuclear Security Administration (NNSA) of China issued a license for commissioning and operation of TVS-2M in 18-months fuel cycle at Tianwan NPP Unit 1 and Unit 2. A batch of fuel was shipped to PRC in November 2013.

Design of Nuclear Fuel for Western Reactors

- TVS-KVADRAT production processes qualified.
- Front End Design made for inspection and repair equipment at NPP with PWR, etc.

Design of Nuclear Fuel for LNPS and RR

- Neutronic and thermohydraulic properties of the core were studied; additional mechanical tests run on standard design TVS to substantiate core 14-14-1 project with enhanced power capacity for RU KLT-40S FNPP, etc.

2014 Plans for Nuclear Fuel Design and Improvement

- Complete licensing of TVSA-12PLUS with 12 spacer grids and unit head. Full make-up shipment to Unit 3 of Kalinin NPP.
- Front end TVS-2M project with varying designs: c/w spacer grids and shaped fags. Start production and pilot operation of TVS-2M with spacer grids at Unit 4 of Balakovo NPP.
- Prepare substantiation for introduction of TVS-2M at first load of Unit 3 and Unit 4 of Tianwan NPP (PRC).
- Substantiation for introduction of Generation 2 fuel highly-enriched within 15-months cycle under capacity increased to 1,485 MW at Paks NPP (Hungary). Manufacture and supply 12 assemblies.
- Complete testing of pilot TVS MP with LEU at research reactor Maria (Poland).
- Manufacture and supply pilot batch of TVS-KVADRAT for test operation at PWR.
- Manufacture inspection and repairs installation for NPP where one unit will be used for test operation of pilot TVS-KVADRAT assemblies, etc.

Project "Proryv"

Federal Target Program "New Age Nuclear Energy Technologies for the Period of 2010-2015 and up to 2020" makes provisions for Project "Proryv" that envisages the design of the new age lead-cooled fast reactors running in a closed fuel cycle. The intention is to create an experimental demonstration energy complex ("the EDEC") with reactor BREST-OD-300 at JSC SGChE, followed by development of the startup energy complex based on BN-1200.

To provide fuel for BREST-OD-300 and BN-1200, JSC VNIINM designs fuel assemblies and technologies for the production of high-density and thermal conductivity and low thermal capacity nitride fuel. These properties add up to conversion ratio in the core remarkably close to 1, thereby enabling the core to continue operation without any material reactivity charge, while considerably reducing maximum temperature of the fuel and thermal energy reserve therein. All this contributes to higher safety.

Under the Project "Proryv", the EDEC seeks to create a module that would make fuel (fabrication/refabrication module), an SNF conversion module and RAW conditioning technologies. As far as the conversion module is concerned, JSC VNIINM will handle the hydrometallurgical SNF conversion technology (stage immediately following the pyrochemistry) and preparation of materials for refabrication. For all these technologies, JSC VNIINM is charged with the task of preparing reference data (process description and material flow estimates) necessary for module equipment design.

As far as new age reactors are concerned, the Company intends to design and provide substantiation for the structural materials of fuel elements, absorber elements and fuel assemblies that would ensure economically feasible burn-up rates, and to develop end-to-end technologies for manufacture (from smelting to finished product) and control thereof in pursuance of front-end designs of core elements.

For details about performance in 2013 check online version of the Report.

Innovative Activities in Non-Nuclear Industry

In order to create new and innovative non-nuclear industries aimed at the development of the second core business, there are projects on four programs of innovative development: “New Energy”, “Machine building”, “Metallurgy”, “Chemistry”.

The Company’s enterprises are the basis for industrial centers created as points of growth of innovative non-nuclear production.

Creation of the new knowledge-based innovative industries at the enterprises of the FC will create more jobs and attract young professionals to form the business environment in the cities of presence of TVEL FC enterprises, improve living standards and attractiveness of the territories.

New businesses may develop at the FC enterprises on the basis of:

- basic competencies in each of the innovative development programs;
- competence of the R&D enterprises;
- availability of infrastructure for distribution of new production facilities – buildings, railways, co-generation plants, sewage treatment plants, etc.;
- availability of qualified personnel;
- good manufacturing practice.

Total revenues from sale of innovative projects in non-nuclear sphere in 2013 reached 4,819 mln RUB, which is 19% higher than in 2012 (4,054 mln RUB).

In 2013, TVEL FC invested over 1 bln RUB in innovative projects in non-nuclear sphere.

Fig. 12. TVEL FC Innovative Development Programs

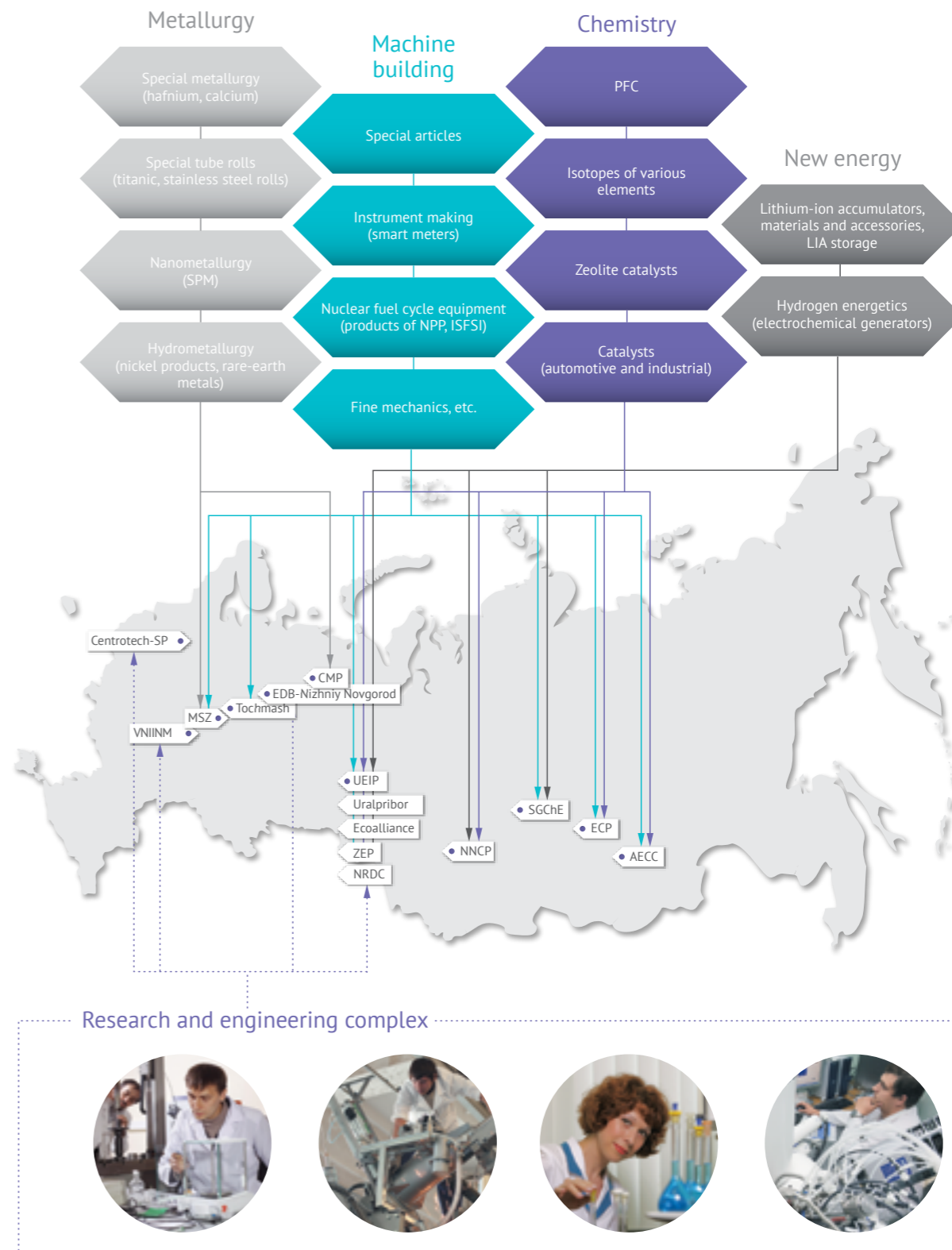


Table 24. Current Products by New Businesses of TVEL FC

New Businesses	Current Products		Basic enterprises
	Products		
New Energy	Lithium and lithium materials	• lithium hydroxide-7, lithium metal, lithium chloride	JSC NNCP
	Materials for Li-Ion cells	• lithium ferrophosphate • lithium cobaltate • anhydrous hydrogen fluoride and high-purity fluorides • graphene, graphite	JSC NNCP JSC SGChE
	Accumulators and generators, fuel elements	special purpose (military and space machinery) electrochemical power sources (alkaline fuel cells)	ZEP Ltd. (SA JSC UEIP)
Metallurgy	Special metallurgy	• zirconium alloys • titanium alloys • calcium metal • columbium alloys • bronze and copper alloys • hafnium	JSC CMP
	Special tube rolling	• ferritic steel short (up to 7 m) tubes rolling • titanium alloys rolling (tubes, rods)	JSC CMP MSZ JSC
	Nanometallurgy	• strands for Project ITER • nickel filtering elements, powders	JSC CMP JSC UEIP
	Hydrometallurgy	• production of polishing powder • production of items of ZrO ₂	JSC CMP
Chemistry	Production of stable isotopes	production of 95 isotopes of 19 chemical elements Ar, W, Ge, Fe, Ir, Cd, Si, Kr, Xe, Mo, Ni, Sn, Os, Pb, Se, S, Te, C, Zn	JSC PA ECP JSC SGChE
	Catalysts	• autocatalysts • zeolite catalysts for petroleum chemistry	Ecoalliance Ltd. (SA JSC UEIP) JSC NNCP
	Fluorine compounds	extra pure fluorine hydrogen	JSC AECC JSC SGChE
Machine building	Instrumentation	• cold and hot water flow meters • high-precision gas meters • car electrical equipment • printed circuit boards	JSC VPA Tochmash

New Businesses	Current Products		Basic enterprises
	Products		
Machine building	Instrumentation	• static frequency converters • dosimeters, radiation meters • LED fixtures • controllers	Uralpribor Ltd.
	Equipment for nuclear fuel cycle	• equipment for storage of spent nuclear fuel (capsules, canisters) • ball- and screw-type plugs • stop valves • servomotors • units and components for gas centrifuges	JSC VPA Tochmash
	Precision mechanics	engineering tools special tools and fixtures vessels and other mechanical products	JSC VPA Tochmash JSC VPA Tochmash SibMZ Ltd.* JSC VPA Tochmash SibMZ Ltd.

Since the Russian Federation participates in the international project ITER, TVEL JSC lead the development of a technology and launched the production of superconductors at JSC CMP. Superconductors have been in commercial production since 2009. In the course of development of the technology, its engineers (employees of JSC “VNIINM”) solved a number of profoundly difficult technical problems. Innovative nature, relevance and practical value of these solutions have been confirmed by 18 patents.

What makes the production of superconductors at JSC CMP unique is that they are made at a single enterprise – from the basic material (columbium, columbium-titanium alloy, niob) and to finished product: superconducting strands – wires with less than 1 mm in diameter and up to 14,500 superconducting fibers.

Moscow. December 18, 2013. Ceremony of governmental awards for accomplishments in science and engineering in 2012. Seven representatives of TVEL FC earned state awards for development of technologies and the launch of production of superconductors for prospective sectors of science and engineering:

- K.M. Abramushin, JSC CMP Project Manager;
- D.S. Anishchuk, Deputy General Director of JSC CMP;
- A.E. Vorobyova, Cand. Sc. (Engineering), Deputy General Director – Department Director of A.A. Bocharova VNIINM JSC;
- S.M. Zernov, TVEL JSC, “Production of Superconducting Materials” Project Manager;
- Y.A. Kudryavtsev, Senior Vice-President of TVEL JSC;

* SA of JSC SGChE, production facilities also available at JSC PA ECP, JSC AECC.

- V.V. Rozhdestvensky, Senior Vice-President of TVEL JSC;
- K.V. Utkin, JSC CMP, Deputy Shop Manager.

In 2014, JSC CMP completes its participation in the international project ITER as the enterprise intends to have completed all of its obligations by the year end. In 2013, for further development of production of superconductive materials, JSC CMP continued development of structures and technologies for manufacture of superconductive wires used in prospective sectors of science and engineering: tomography, magnetic systems for heavy ion accelerators under the international project FAIR and national project NICA.

Intellectual Property of TVEL FC

TVEL FC owns over 1,600 items of intellectual property.

The objects of legal protection are represented by inventions, useful models, production secrets (know-how), software, databases, trademarks and production prototypes.

Intellectual Property Identification and Legal Protection System as it applies to the items created by subsidiaries and affiliates of TVEL FC is implemented in accordance with applicable laws of the Russian Federation, Standard Industry Methodological Recommendations and by local regulations of the entities comprising the Company.

Functions to identify and secure legal protection of the items of intellectual property created by the enterprises of the Fuel Company are assigned to the Department of Patent and Licensing Work of TVEL JSC, as well as to technical departments, development design offices, groups for intellectual property protection and patent-information departments of TVEL FC enterprises.

Table 25. Number of Registered Inventions, Useful models, Production Prototypes and Production Secrets (Know-How)

Items of Intellectual Property	2011	2012	2013
Inventions: Russian, pcs	53	60	65
Inventions: foreign, pcs	5	2	9
Useful models: Russian, pcs	16	12	12
Useful models: foreign, pcs	0	2	0
Production prototypes: Russian, pcs	1	1	0
Production prototypes: Foreign, pcs	0	0	0
Production secrets (know-how), pcs	67	93	97

In 2013, TVEL FC improved its performance indicators against 2012 by the number of registered items of intellectual property. The Fuel Company acquired intellectual property rights to 183 items: 74 inventions, 12 useful models and 97 production secrets (know-how); filed 69 applications for invention, 14 applications for useful models, 19 applications with respect to software and databases, and 60 applications with respect to production secrets.

Table 26. Number of Items of Intellectual Property the Rights to which were Granted to TVEL FC Enterprises in 2013

Companies of TVEL FC	Inventions, pcs		Useful models, pcs		Trade secrets (know-how) Russian, pcs
	Russian	foreign	Russian	foreign	
TVEL JSC	2	2	–	–	–
JSC VNIINM	5	–	2	–	41
MSZ JSC	7	3	1	–	7
JSC PA ECP	8	–	1	–	–
JSC NNCP	5	4	–	–	–
JSC UEIP	3	–	3	–	5
JSC CMP	2	–	–	–	–
JSC SGChE	20	–	–	–	–
JSC AECC	1	–	–	–	–
Centrotech-SPb	5	–	–	–	44
EDB-Nizhniy Novgorod	5	–	3	–	–
NRDC LLC.	2	–	2	–	–
Total	65	9	12	–	97

Table 27. Number of Russian and Foreign Applications for Inventions, Useful Models, Software and Databases, Production Secrets (Know-How) by TVEL FC in 2013

Application	2011	2012	2013
Applications for inventions: Russian, pcs	43	65	68
Applications for inventions: foreign, pcs	9	1	1
Applications for useful models: Russian, pcs	11	12	13
Applications for useful models: foreign, pcs	2	1	1
Applications for software and DB: Russian, pcs	1	2	19
Applications for software and DB: foreign, pcs	–	–	–
Applications for production secrets (know-how), pcs	29	32	60

Table 28. Number of Russian Applications for Inventions, Useful Models, Software and Databases, Production Secrets (Know-How) by TVEL FC in 2013

Companies of TVEL FC	Applications for inventions (Russian), pcs	Applications for useful models (Russian), pcs	Applications for software and DB (Russian), pcs	Applications for production secrets (know-how), pcs
TVEL JSC	5	1	1	–
JSC VNIINM	6	3	1	41
MSZ JSC	7	1	–	7
JSC PA ECP	5	1	17	–
JSC NNCP	7	–	–	7
JSC UEIP	1	2	–	5

Table 28. Number of Russian Applications for Inventions, Useful Models, Software and Databases, Production Secrets (Know-How) by TVEL FC in 2013

Companies of TVEL FC	Applications for inventions (Russian), pcs	Applications for useful models (Russian), pcs	Applications for software and DB (Russian), pcs	Applications for production secrets (know-how), pcs
JSC CMP	9	–	–	–
JSC SGChE	11	–	–	–
JSC AECC	1	–	–	–
Centrotech-SPb	9	–	–	–
EDB-Nizhniy Novgorod	2	3	–	–
NRDC LLC.	4	2	–	–
Uralpribor Ltd.	1	–	–	–
Total	68	13	19	60

Human Capital

Personnel Management

The TVEL FC Personnel Policy is implemented in accordance with its Development Strategy and serves to promote rational use of the manpower potential that would contribute to the achievement of strategic goals of the Company.

The TVEL FC Personnel Policy serves to promote the balance of interests of its employees and the employer and aims to make employees consent to the efficient development of their professional and managerial potential in accordance with the long-term development strategy of the Fuel Company.

Main long-term goals of the TVEL FC Personnel Policy include:

- increase personnel involvement to promote sustainable growth of the company;
- continuous growth of labor productivity;
- development of common corporate values;
- enhancement of development level of strategically important competencies and skills of the personnel up to compliance with requirements to the personnel common to international global companies;
- involvement of each employee in solving the problems of strategic development and application of the "collective mind";
- promotion of social acceptability of the changes.

All personnel management activities serve to accomplish the objectives and are focused on the long-term personnel stability of the Fuel Company.

Key indicators

Indicator	2011	2012	2013
Headcount of TVEL FC staff at the year end, persons	36,922	30,964	27,159
Average headcount of TVEL FC staff in the year of report, persons	42,581	34,088	29,238
Employees with the the period in TVEL FC over 5 years, %	78	77.5	75.5
Candidates and doctors of science	308	290	312
Holders of MBA degree	11	11	12

GRI G3.1: 2.8

Steady downsizing in 2011-2013 was caused by restructuring processes, centralization of management functions and personnel outsourcing. The ultimate goal of these processes is to enhance labor productivity at the TVEL FC enterprises to match major international competitors. Average headcount of staff planned for the year of 2014 – 26,430 persons.

Manpower Size and Composition

TVEL FC hires its employees in strict compliance with the Labor Code of the Russian Federation. Top executives are covered by the program that envisages the appointment of candidates who participate in the personnel reserve program. All enterprises (excluding however TVEL JSC) comprising the Fuel Company have collective agreements that cover 100% employees. If any considerable changes are intended in the business, the organizations shall notify their employees at least 2 months prior to the effective date of any such changes. This provision is stipulated by applicable labor laws of the Russian Federation and by the Collective Agreement of each enterprise.

In 2013, the TVEL FC enterprises hired 1,857 persons, including TVEL JSC – 107 persons, 13 of whom were transferred from the enterprises of the Fuel Company and 2 employees got a transfer from the ROSATOM State Corporation.

5,643 persons terminated their employment with the company. At the end of 2013, the retirement rate* by the regions where TVEL FC conducts its business varied from 27% in Sverdlovsk Region and 25.4% in Vladimir Region to 13.6% the Udmurt Republic and 9.5% in Moscow Region. The retirement rates vary by gender as well: men – 12.5%; women – 6.8%. Overall retirement rate for the Fuel Company is 19.3%. Personnel turnover rates** vary by the regions where TVEL FC conducts its business from 6% in Moscow Region and 3.3% in Vladimir Region to 0.5% in the Udmurt Republic and 0.2% in Krasnoyarsk territory. Overall personnel turnover rate for the Fuel Company is 1.6%. The most mobile age group (turnover rate > 4%) comprises of employees up to 35 years old; male employees are more mobile than female (1.8% against 1.1%).

As on December 31, 2013, TVEL FC employed 27,159 persons. Male employees comprise the

GRI G3.1: LA4

GRI G3.1: LA2

* Retirement rate means total dismissals due to any reasons divided by average headcount of staff×100%.

** Turnover rate means total dismissals of one's own accord divided by average headcount of staff×100%.

majority of the staff – 65.5% (and 92.7% of CEOs). Over 98% of employees work under the open-term employment contracts and on normal business hours (40 hours a week).

Table 29. Total Staff by Categories at the Year End

Category	2011	2012	2013	Δ 2013/2012, %
Consolidation contour (total), persons including:	36,922	30,964	27,159	-12.29
Main workers	13,553	11,716	9,743	-16.84
Auxiliary workers	9,062	6,961	5,615	-19.34
Managers	4,600	3,520	2,618	-25.63
including top executives (General Directors and their deputies)	160	132	96	-27.27
Specialists	9,024	8,256	8,839	7.06
Employees	466	395	312	-21.01
Non-industrial group	217	116	32	-72.41

GRI G3.1: LA1

Fig. 13. Total Staff by Age Groups (Payroll), 2013

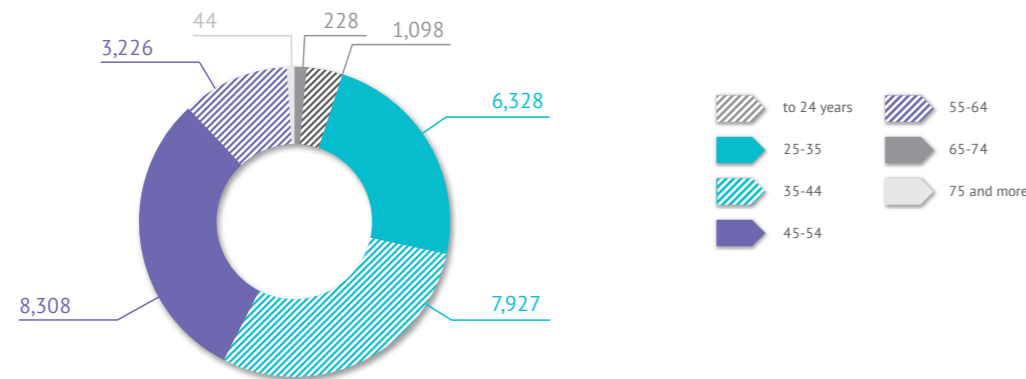
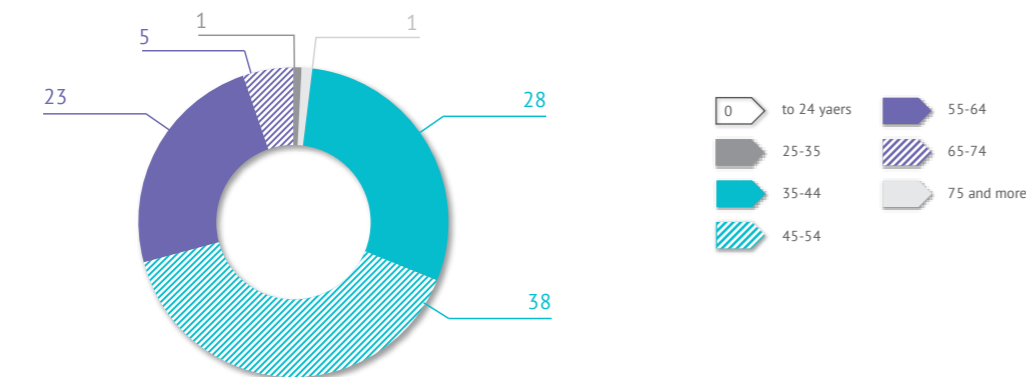


Fig. 14. Top Executives by Age (payroll), 2013



Average age of TVEL FC employees – 43. Employees aged up to 35 comprise 25% of total staff.

Recruitment of prospective young people is one of the top priorities in personnel policy of the Fuel Company. By hiring young specialists, the Company intends to preserve and strengthen its position in the sphere of science and advanced technologies.

As part of its cooperation program with educational institutions engaged in personnel training, the Company signed agreements with sector-specific higher educational institutions (five of which form a consortium of base schools of the ROSATOM State Corporation) and vocational secondary schools: NRNU MEPHI and its branches; UrFU, MISiS, NI TPU, NTK, VIGU, M.V. Lomonosov MSU FCT, D.I. Mendeleev UCTR, MATI – Russian State Technological University, etc.

The cooperation is implemented by way of:

- special career events at the higher educational institutions (career days, vacancy fairs, meetings with Company’s CEOs, contests, qualifications, etc.);
- organizing internship of the students;
- involvement of employees of enterprises comprising TVEL FC in operation of the state examination commission at the educational institutions.

In 2013, enterprises of the Fuel Company provided internship to 969 students of the higher educational institutions and vocational secondary schools. In 2014, the Company expects 850 students to take their internship courses at its enterprises.

Over the period of report, the Company hired 129 graduates of the higher educational institutions and vocational secondary schools, 14 of which took target preparation classes for employment by TVEL FC.

To promote career guidance, school students are taken on regular (twice a year) tours at the enterprises of the Fuel Company where they meet young specialists and take part in a variety of contests (intellectual environmental game “First Step Into a Nuclear Project”, etc.).

To promote the development of the graduates training, recruitment and hiring system, the Company focuses on:

- implementation of talent hunt system;
- development and implementation of the higher and secondary vocational education programs (in cooperation with educational institutions);
- development of requirements profile for the graduates of vocational secondary schools;
- development and implementation of secondary vocational education programs in compliance with requirements of high-tech manufacturers under the dual training model (in cooperation with vocational secondary schools).

In 2013, the Company developed a scout system that covers top graduates of educational institutions and helps recruit talented graduates who qualify under the requirements profile (average score ≥ 4.2; ability test ≥ 35; four competencies rate ≥ 4.5).

The additional criteria include:

- successful completion of internship by the graduate at the enterprise of TVEL FC (formal evaluation required);
- the CV should mention the graduate’s participation in student conferences and contests, prior successful projects, publications in professional mass media (proper documentation required).

For example, JSC SGChE in cooperation with STI NRNU MEPHI implements Joint Program for implementation of cooperation agreement by and among TVEL JSC and NRNU MEPHI in the sphere of education, science and personnel training.

This Program makes provisions for:

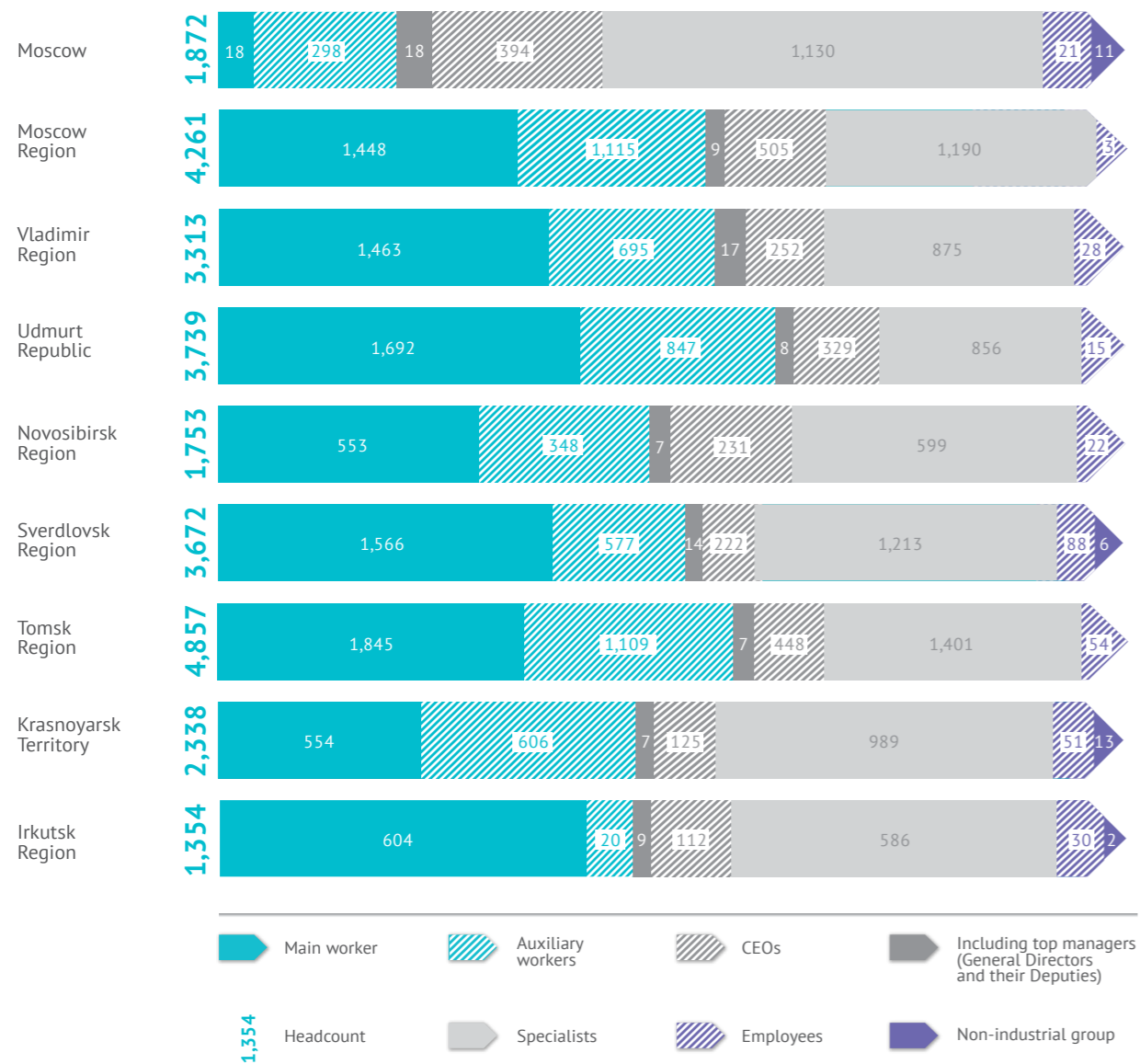
- joint development and implementation of higher vocational training programs to prepare professionals in prospective business of JSC SGChE, specifically – train specialists competent in X-ray diffraction and fluorescence analysis and electronic microscopy;

- open Radiochemistry Department at JSC SGChE to promote practical training of students under the program "Chemical Materials Engineering in Modern Power Industry (specialization: Chemical Materials Engineering of NFC)".

GRI G3.1: LA15

Approx. 1.1% of TVEL FC employees return from maternity leave every year (310 persons in 2013). The highest rate (approx. 2%) is observed at the Fuel Company's enterprises in Vladimir Region and Sverdlovsk Region, whereas the lowest (approx. 0.6%) rate is observed in the City of Moscow, Moscow Region, Tomsk Region and the Udmurt Republic. Over 90% of employees return from maternity leave to continue their work at the enterprises of TVEL FC.

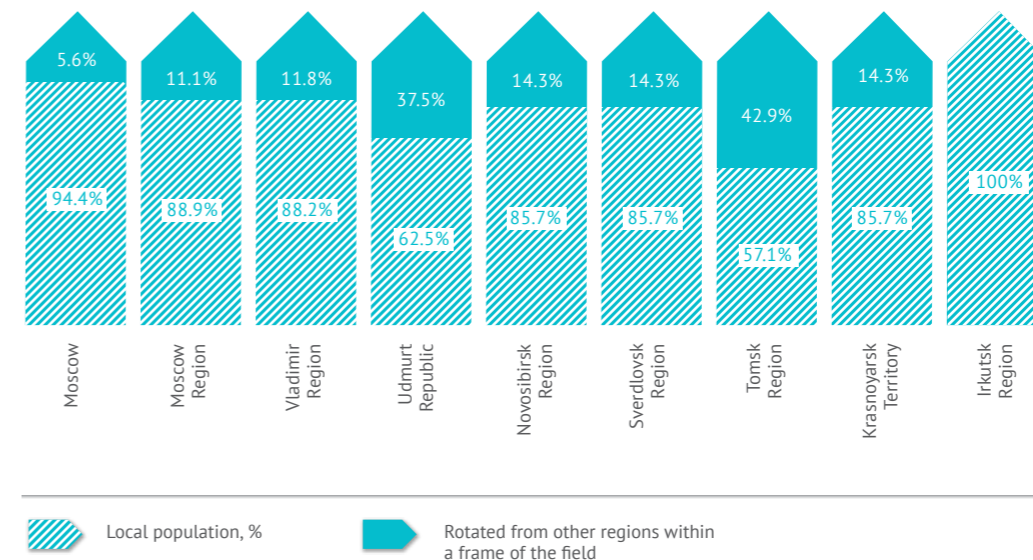
Table 30. Workforce Size by Categories and Regions (persons, 2013)



TVEL FC mostly hires local residents to its enterprises and brings specialists from other regions of presence only if and when no properly qualified candidates to the vacancy are available at the local job market.

GRI G3.1: EC7

Fig. 15. Top Managers of TVEL FC Enterprises by Residence (2013)

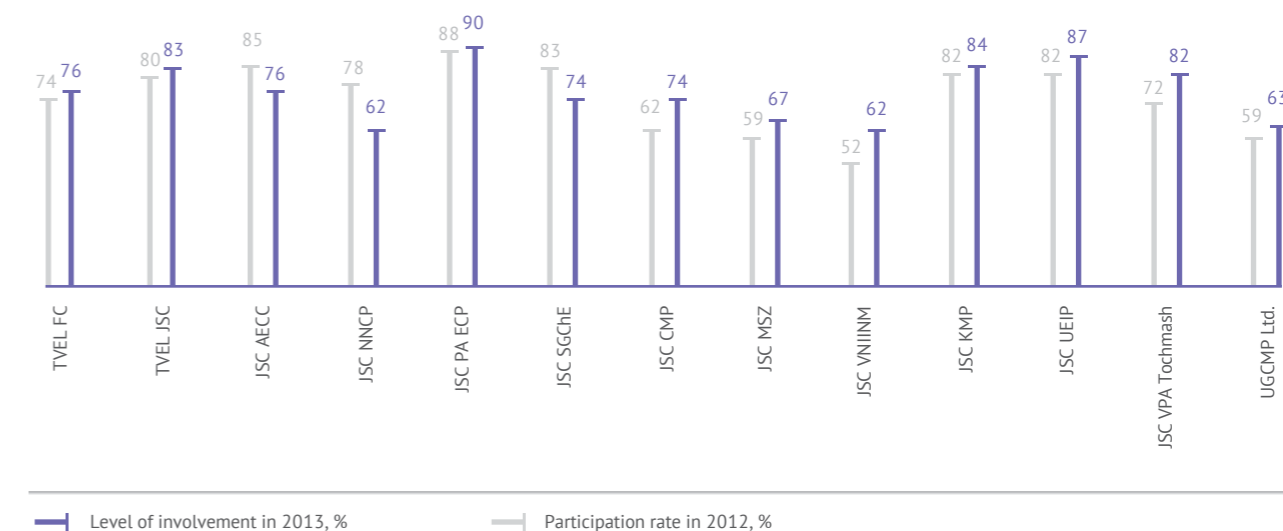


GRI G3.1: LA13

Enhancement of Personnel Involvement

Personnel involvement, meaning the commitment of employees to the business and success of the Company, directly influences the performance and efficiency of business. Personnel Involvement Indicator is included in the KPI of the President of TVEL JSC.

Table 31. Involvement by Enterprises of TVEL FC According to the Studies Held in 2012-2013, %



The Company is actively working on enhancement of personnel involvement, i.e. providing incentive for the workers to grow from simply doing their duties outlined in their job description to improving their performance. To this effect, the Company uses the following tools:

- increasing the efficiency of incentive system (payment of individual bonuses for good team results, remuneration for suggestions regarding the improvements and for innovation proposals);
- annual assessment of workers, managers, specialists and employees under the RECORD methods, thereby ensuring transparency and fair assessment of contribution made by each member of the staff to overall income;
- involvement of workers in management of the enterprise (by making small groups);
- communication events with participation of general directors of the enterprises and managers of TVEL JSC in order to inform workers about key aspects of development of the industry/division/enterprise;
- forming the industry-specific personnel reserve: ROSATOM Capital, ROSATOM Assets, ROSATOM Talents. Training sessions for those who make it to the finals through qualification stages on three levels of the reserve;
- launch of the program of industry-specific nominations (Man of the Year) and printing of photographs of the nominees in the uniform industrial files dedicated to the study of involvement;
- improved organization of work processes, labor conditions, involving workers in improvement of labor conditions and labor safety, introduction (at some enterprises) of automated control system for better management of suggestions for improvements made by the workers;
- focus on development and training of workers, including involvement of the internal coaches;
- cultivation of the leaders of efficiency and changes (holding leadership forums, small group leadership development program, production management development program).

More details about the incentive system and personnel training and development programs, including personnel reserve, are set forth below.

Motivation and Remuneration of Labor

In 2013, the Company continued implementation of the industrial project “Harmonization of the Unified System of Labor Remuneration” (USLR), seeking to:

- balance out the labor productivity and salary growth rates;
- bring the integrated incentive in compliance with the actual professional status;
- conduct annual performance evaluation of at least 95% of employees of TVEL FC, including evaluation of workers in accordance with corporate procedure;
- unify salary structure and types of remuneration of labor with regard for requirements set forth in the industry-specific guidance documents.

Accomplishment of 2013:

- salary growth at the enterprises comprising the Fuel Company by 9% against the previous year thanks to the increase of personnel involvement and to implementation of USLR Harmonization Project;
- great results in unification of salary systems in the course of introduction of the Standard Salary Regulations with respect to workers of all enterprises comprising TVEL FC;
- introduction of a number of tools allowing to increase incentive and promote the environment of team competition, such as organization of small groups, handling the suggestions regarding the improvements and development of the incentive system on the basis of the results obtained.

These tools had considerable economic effect and promoted the personnel involvement in the increase of efficiency: in 2013, workers submitted 40,200 suggestions for improvement, which is 2.5 times more than in 2012 (16,300 suggestions)*.

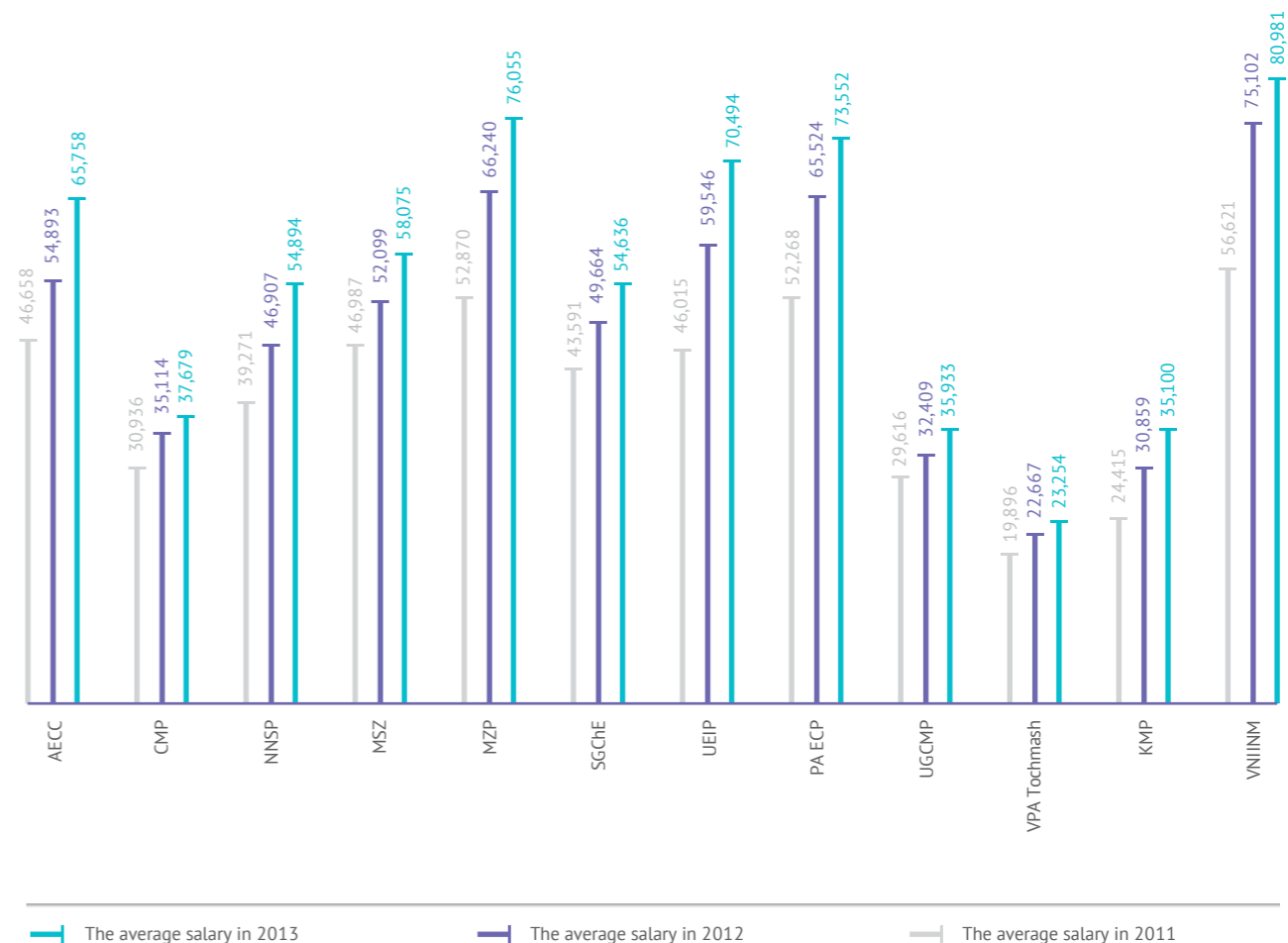
* For details see Chapter 4 Section “Productive Efficiency Management”.

GRI G3.1: LA14

TVEL FC upholds the principle of equality and tolerates no gender discrimination: male and female workers and employees get the same salary, regardless of categories.

In 2013, average monthly salary in the Fuel Company (excluding TVEL JSC) was RUB 54,444 (in scientific institutions – RUB 72,759), which is 9% (19.4%) more than the year before.

Fig. 16. Average Salary by Enterprises of TVEL FC, RUB



Ratio of standard entry level wage of enterprises comprising TVEL FC compared to local minimum wage at significant locations of operations is ~1.5. At the end of 2013, in some regions (Moscow, Sverdlovsk Region, Krasnoyarsk Territory, Irkutsk Region) this ratio varies from 2 to 3. TVEL FC Incentive and Salary Policy aims to maintain the salary at competitive level.

GRI G3.1: EC5

Table 32. Ratio Between the Average Salary in the Company and the Average level on the Job Market*

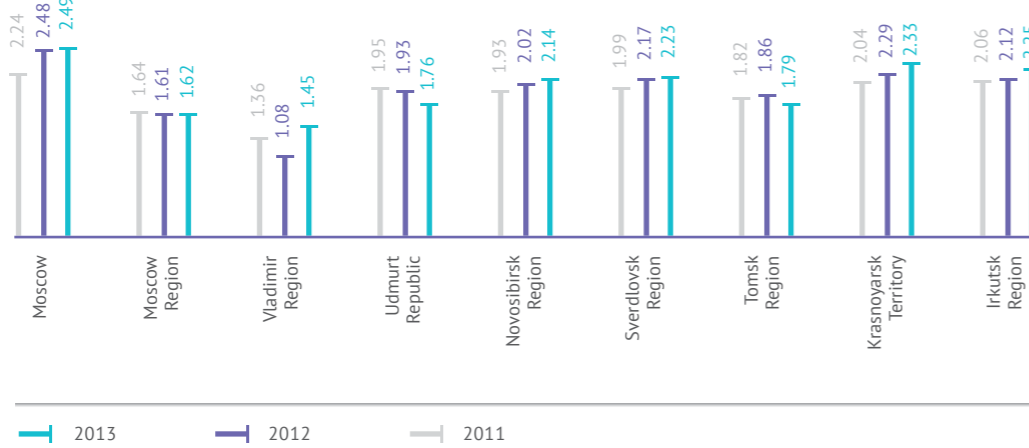


Table 33. Ratio Between the Average Salary of 10% of the Least Paid and 10% of the Most Paid Employees of the Enterprises**



Personnel Efficiency Assessment

All subsidiaries and affiliates of TVEL JSC in 2013 successfully introduced and operated the system of annual personnel efficiency assessment.

* With JSC TVEL being taken into account.

** Data source (Rosstat) changed in 2013. Formerly provided data for the period of 2011-2012 are adjusted to promote relevance of indicators.

Table 34. Components of the TVEL FC Annual Personnel Efficiency Assessment System

Indicator	Target group	Results of the period of report
RECORD assessment	Managers, specialists, employees (MSE)	Passed by 36.1% of the staff on payroll or 97.8% of the MSE (over 6,000 male and approx. 4,500 female), which is consistent with target values. The assessment covered all enterprises of TVEL FC. Following the assessment, the enterprises received recommendations regarding revision of individual incentives, training programs and listing the employees in personnel reserve.
Corporate Workers Assessment System – Skills and Personal Competencies Evaluation	Workers	Passed by 57% of the staff on payroll or 93.1% of the workers. Following the assessment, the enterprises received recommendations regarding revision of individual incentives.

GRI G3.1: LA12

About 6.9% were left beyond the scope of the assessment procedures in 2013. They were female workers on maternity leave, individuals whose work period in TVEL FC was less than 3 months, and workers subject to downsizing in the course of restructuring.

Every year the Fuel Company organizes professional contests where workers of most common trades compete for the title of “Best in Trade”. The contest involves electric and gas welders, turners, I&C mechanics, operators of condensate evaporation units, operators of computer engineering units, chemical studies laboratory assistants, etc.

Personnel Development and Training

Traditionally, personnel development and training is in the focus and one of top priorities of personnel policy of the Fuel Company.

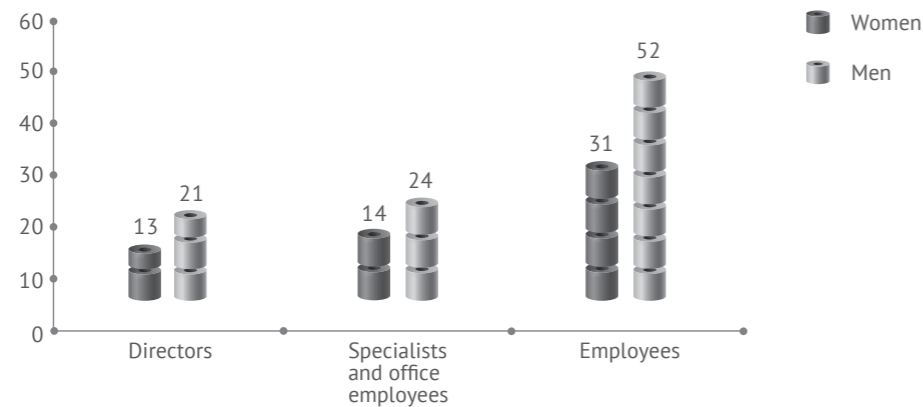
Acting on the basis of Personnel Development and Training Provisions, the enterprises of TVEL FC regularly implement training programs to enhance competencies of their managers and ordinary workers.

In 2013, enterprises of TVEL FC provided training to 19,035 employees.

Average length of training in 2013 for each employee of the Company was 44 hours (33 hours in 2012). Training of workers usually takes the longest (83 hours).

GRI G3.1: LA10
LA11

Fig. 17. Average Length of Training in 2013 for each Employee (by gender)



The Fuel Company has special programs for development of skills and competencies of its managers, including (see table 35).

Total length of classes where the employees are taught policies and procedures related to human rights is 3 hours, during which the employees study:

GRI G3.1: HR3
HR8

- the internal code of conduct;
- provisions on trial period upon hiring;
- Order "On Organization and Conduct of Medical Examination of Employees";
- provisions on salaries and incentives;
- provision on voluntary health insurance;
- labor safety induction program.

This kind of training is mandatory for each employee, which means 100% coverage of the staff.

Development events that contribute to development of skills of the employees are implemented using the resources of internal coaches and the external providers of training services.

TVEL FC founded the Institute of Internal Coaches in 2011. The Internal Coaches are the employees of the Fuel Company who provide hands-on training to their colleagues. To become an Internal Coach, the employee needs to pass the selection procedure, take additional training and be properly certified. By the end of 2013, 46 employees of TVEL FC qualified to be the Internal Coach.

Learning the principles and tools of the ROSATOM Production System is a separate field of training. Over 6,500 persons took this training in 2013 (19,529 in 2012). The smaller number is the result of the extensive training on the subject of RPS Philosophy and Tools provided to many employees on the stage of RPS introduction and improvement at the enterprises of the Fuel Company (2010-2012). In 2013, the training was provided only "upon request" as and when required by implementation of RPS projects.

Table 35. TVEL FC Skills and Competencies Development Programs

Program	Purpose	Trained in 2013
School of Leadership	Development of management competencies necessary for successful performance of managers in the industry	37 managers
Small Group Leadership Development	Strengthening the pool of small group leaders in terms of development of the leaders' competencies in accordance with the new role in organization	1,048 leaders of small groups with the help of 47 properly trained internal coaches
Production Management Development	Development of management skills and expertise necessary for successful performance in new conditions of production engineering resulting from the Project "Transformation of Production Relations"	810 managers of 10 enterprises (KMP OJSC, JSC VPA Tochmash, MSZ JSC, JSC CMP, JSC UEIP, Ural-pribor Ltd., JSC SGChE, JSC NNCP, JSC PA ECP, JSC AECC)
Cost Engineering in Machine-Building and R&D	Master contemporary approaches to planning and implementation of engineering projects by key personnel of the Design and Engineering Department of TVEL FC	31 workers
Project management in Fuel Compan	Promotion of design-specific project approach within the Fuel Company. The Program is based on the model of project manager's skills and expertise that is consistent with the international standard of PMBOK (Project Management Body of Knowledge)	30 project managers. The bulk of training is scheduled for 2014
Leadership forums Ideas that Change the World	Engaging the collective intellectual capital of engineering leaders of the Fuel Company in solving the problems of the enterprises to attain competitive supremacy	First forums took place in 2013 at KMP OJSC, JSC CMP, JSC NNCP. Thereafter, 516 suggestions for process improvements were accepted for execution

Formation and Development of Personnel Reserve and TVEL FC Continuity Plans

TVEL FC pays great attention to development of personnel reserve and its CEOs.

Training in this sphere is built on the following principles:

- ties with business strategy and development of the industry;
- focus on the most advanced international leadership development practices;
- uniform industry management development system.

In 2013, the consolidated industry-specific personnel reserve was created in accordance with the rules unified for all enterprises and companies that comprise the ROSATOM State Corporation.

In addition to the “ROSATOM Asset” program that covers the members of the consolidated industry reserve of management Level 1 and Level 2 (for details see the 2012 TVEL JSC Report), the “ROSATOM Capital” (a program focused on Level 3 and Level 4 managers) and the “ROSATOM Talents” (a program focused on group managers, specialists, engineers, leading experts and small group leaders who have a great potential for development of their managerial skills) started in 2013 when 64 and 77 workers of the Fuel Company joined the programs above respectively.

The consolidated industry-specific personnel reserve was formed on the basis of comprehensive assessment of candidates, including their performance evaluation (RECORD), ability testing and assessment of management potential.

Members of the consolidated industry-specific personnel reserve are covered by corporate development programs that facilitate rapid growth of management competencies that complement the other personnel training and development programs existing in the Fuel Company:

- program “ROSATOM Asset”: training – 2 years (2013 – modules “Leadership and Efficient Management”, “Change Management”, “Corporate Resources Management” and “Involvement of Subordinates”);
- program “ROSATOM Capital”: training – 1.5 years (2013 – module “Change Management”; reservists were engaged in project activities and topical conferences);
- program “ROSATOM Talents”: training – 1 year (the program is scheduled to start in 2014).

World class professors are invited to participate as tutors and experts in the programs of industry-specific personnel reserve development; the programs are practical and envisage application of the latest practices of international leaders by the enterprises of the industry in question, which is an integral part of the role of the future managers.

Project “Harmonization of Management Structures” helped the enterprises of the

Fuel Company profoundly change their organizational structure of management. For example, these enterprises adopted the organization structure comprising of four or five levels (formerly, they had up to nine levels), thereby reducing the executive staff by an average of 30% (1,000 persons). In addition, the number of Level 2 positions (directly reporting to the General Director) was reduced to 12 and the duties were re-distributed among the function-specific managers.

In all, enterprises of the Fuel Company reviewed in 2013 the succession plans with respect to all Level 2 executive positions to factor in the changes in organizational structure, executed the succession plans (short- and long-term) with respect to Level 3 executive positions and drafted individual development plans for the successors. The succession plans are made to promote personnel stability of the management system effective at the enterprises of TVEL

FC and are primarily applicable to production and engineering managers.

Despite the considerable reduction of the number of administrative positions, the Fuel Company generates expert and project career paths to satisfy the need of its employees in professional growth and career development, as well as to maximize the efficient use of the workers’ potential.

Table 36. TVEL FC Personnel Reserve and Succession Plans

Indicator	2011	2012	2013 Consolidated industry-specific personnel reserve*	2013 Succession plans**	2014-plan Consolidated industry-specific personnel reserve	2014 Succession plans
Employees comprising the personnel reserve	322	450	153	1,438	216	1,554
Employees comprising the personnel reserve who aspire for higher positions	322	450	153	215	216	233
Employees comprising the personnel reserve who made it to the higher position	236	238	26	113	34	139

Implementation of Social Programs

In addition to mandatory social guarantees, benefits and privileges envisaged by the labor laws, enterprises of TVEL FC have corporate social programs, such as:

- non-state pension provision;
- voluntary health and industrial injuries insurance;
- housing program;
- sanitary and resort treatment and recreation of employees and their children;
- provision of meals to employees;

* Employees specifically selected for training and further appointment to key positions who have a potential for management activities and sufficient professional expertise. The personnel reserve consists from three levels: ROSATOM Asste, ROSATOM Capital and ROSATOM Talents.

** Document that specifies the position (reserved) to which the employee aspires and the time when the said employee is expected to be ready for the transfer. Following the inclusion in the succession plan, the employee may be assigned a status of the reservist of the Consolidated Industry-Specific Personnel Reserve after the appropriate qualification procedure. The successors are mostly represented by the members of the Consolidated Industry-Specific Personnel Reserve.

- assistance to veterans and pensioners of the industry;
- organization of cultural and sports events, etc.

TVEL FC social programs represent a strong motivating factor. According to the involvement studies, up to 55% of employees find their social package satisfactory.

Total amount spent by TVEL FC on its social programs in 2013 was RUB 1,612.1 mln (RUB 53,700 per worker).

GRI G3.1: HR5

Interaction with Labour Unions

Primary cells of labour unions function at every enterprise of TVEL FC. Each worker of the Fuel Company may join a labour union that would represent its interests during the collective negotiations.

Management of the ROSATOM State Corporation and TVEL FC appreciate it when their workers join labour unions.

Some enterprises have labour unions that unite up to 98% of their workers. The Fuel Company interacts with labour unions under the social partnership program. The CEOs acknowledge the important role of labour union in implementation of corporate social programs and in enhancement of employee awareness. Social stability at the enterprises and the places of presence of the Fuel Company is the result of cooperation between TVEL JSC and Labour Union of Nuclear Energy and Industry of Russia (RPRAEP), enterprises of the Fuel Company and primary labour union organizations, veteran councils and other workers' associations.

Table 37. Implementation of Corporate Social Programs in 2013

Corporate social program	Funds allocated under the program in 2013, mln RUB	Basic facts
Voluntary health insurance (VHI)	188	100% of TVEL FC employees are covered by the VHI policy. Maximum amount under the VHI policy in 2014-2015 is increased by 15%
Personal accident and sickness insurance	11.8	90% of TVEL FC employees are covered by personal accident and sickness insurance

Corporate social program	Funds allocated under the program in 2013, mln RUB	Basic facts
Sanitary and resort treatment, recreation of children	185.8	4,262 employees (2,992 of whom were working in harmful conditions) got vouchers to sanitary and rehabilitation resorts in 2013. Maximum amount of each voucher in 2014 was increased by 10% – to RUB 50,400 for a 21-days leave
Assistance in improvement of housing conditions	59.9	548 employees used the program to improve their housing conditions in 2013. 489 of them were young workers
Benefits	52.2	6,334 workers got their benefits in 2013. Average benefit amount – RUB 8,250. The amount of benefit does not depend on the official position. Types and criteria of benefit provision are unified
Sports and cultural events	141.2	Over 350 corporate competitions took place at the enterprises of TVEL FC in 2013. Total number of participants – over 37,000 workers and members of their families
Assistance to non-working pensioners	618.6	The number of non-working pensioners supported by the Fuel Company – over 42,000 persons. Average amount paid as assistance to a pensioner – RUB 10,000 a year. Vouchers to rehabilitation institutions were provided to 6,610 non-working pensioners. In 2013, the Fuel Company introduced a new corporate program that regulates provision of support to non-working pensioners in accordance with the social policy of the ROSATOM State Corporation. Under the new program, privileges and guarantees are contingent on the status assigned to each veteran (distinguished veteran, honorable veteran and veteran w/o status). The status is assigned on the basis of individual merits and the length of service in the industry. Non-working pensioners of TVEL FC got their status in 2013. The new corporate program helped structure the benefits, including the amount and regularity thereof. The biggest accomplishment of the reform includes the increase of the minimum amount of the benefit, improvement of targeting and provision of assistance to single and low-income non-working pensioners at the times of hardship
Non-state pension ("the NPO")	148.2	By the end of 2013, around 17.9% of TVEL FC workers are involved in the non-state pension program. The highest rates of involvement are achieved at JSC CMP (35.3%), MSZ JSC (29.5%), JSC PA ECP (25.9%) and JSC UEIP (23.3%). The Fuel Company pays pension tax at the rates set by local regulations (up to 1 to 7, but no more than RUB 4,000 a month) in addition to personal deposits of the worker. Pension accruals under the NPO program are accumulated mostly at the Non-state Pension Fund Atomgarant. According to the 2012 Statement, pension accruals accumulated in the above-mentioned fund are covered by the appropriate provisions 1.5+ times. The fund is rated A++ (stable) by the Expert RA Rating Agency

Labor Protection and Industrial Safety

TVEL JSC understands that engineering processes vital for manufacturing of products shall not have negative impact on the health of personnel and shall rather make provisions for keeping the risks at acceptable level with respect to every operation it carries out.

Main strategic goal of TVEL JSC in the sphere of health and labor safety is to minimize negative impact on human health.

Excerpt from the TVEL JSC Health and Labor Protection Policy

One of the biggest tasks of the TVEL JSC Department of Nuclear, Radiation and Industrial Safety and Environment is a package of measures to mitigate frequency of industrial injuries and occupational diseases, and to analyze industrial injuries that occur at the enterprises of the Company.

Labor protection measures are taken at the enterprises of the Fuel Company in accordance with the Industrial Agreement on Nuclear Energy, Industry and Science for 2012-2014 and collective agreements of the enterprises.

For purposes of operating monitoring of labor protection under the Three-Stage Administrative and Public Control System, the enterprises have developed the appropriate schedules for:

- main specialists services to inspect compliance with labor protection, radiation, industrial and fire regulations;
- main specialist commission to hold conferences dedicated to the audit of labor protection, radiation, industrial and fire safety;
- labor protection engineers to inspect the departments.

By taking preventive measures in the sphere of labor protection, in 2013 the Company continued the downward industrial injuries tendency. The number of injured at work went down by 46% (15 in 2012 and 8 in 2013).

At the 17 enterprises of TVEL FC 8 persons were injured in 2013, two of whom happened to be heavily injured. No emergencies at hazardous facilities or mass accidents occurred over the period of report.

Most industrial injuries occur due to organizational faults, such as failure of managers and specialists to perform their duties in the sphere of labor protection and/or failure of the injured persons to observe labor and production discipline, labor protection rules and regulations.

GRI G3.1: LA6
LA9

GRI G3.1: LA7

Fig. 18. Injured Persons at the Enterprises of TVEL FC

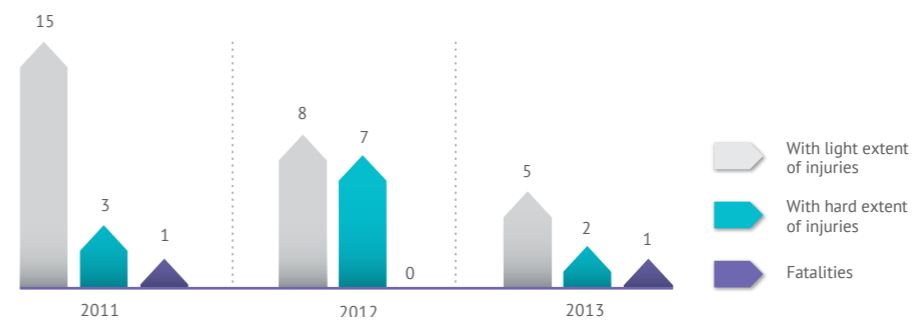


Fig. 19. Number of occupational diseases, FC TVEL*

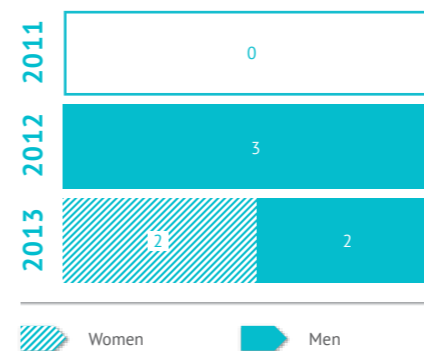


Fig. 20. Industrial Injuries Frequency Rate (IIFR) on the TVEL FC Enterprises**

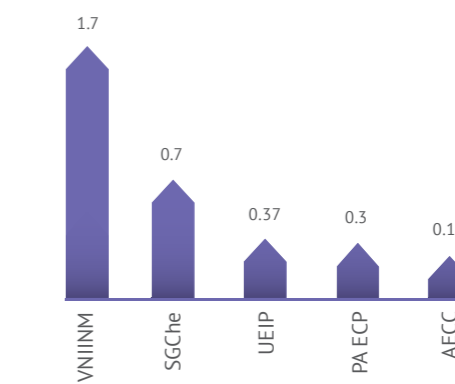


Fig. 21. Average Industrial Injuries Frequency Rate (IIFR), TVEL FC**

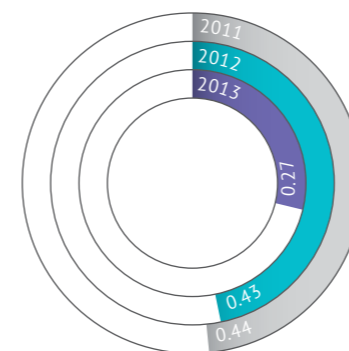
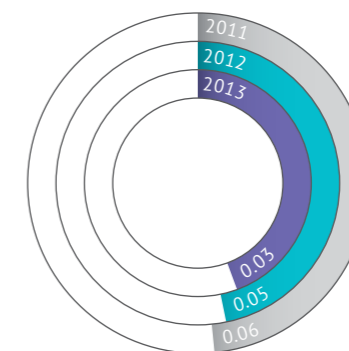


Fig. 22. Injury Rate (IR), TVEL FC***



* Two cases of acute occupational disease were detected among the employees of Fuel Company in 2013: local radiation injuries to hands of NDT inspectors of JSC VPA Tochmash (caused by their single failure to observe safety regulations). Two more former JSC NNCP workers were found to have chronic occupational diseases.

** Accidents per 1,000 employees a year.

*** IR = total number of injuries / total hours worked) x 200,000, where 200,000 – hours worked by 100 employees over a year.

Fig. 23. TVEL FC Enterprises Injury rate (IR) *

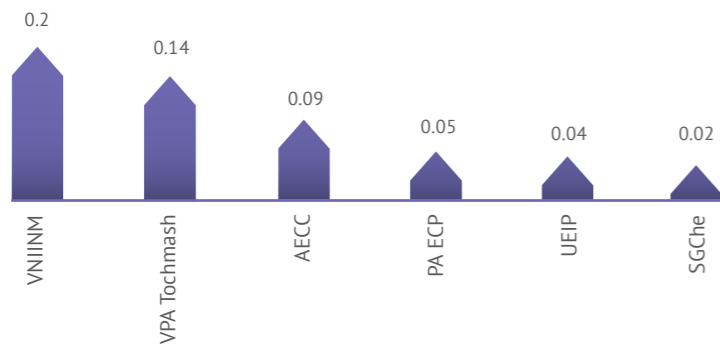


Fig. 24. Occupational diseases rate (ODR), TVEL FC**

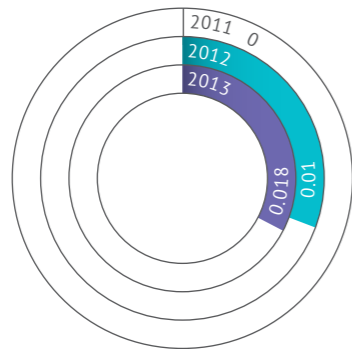


Fig. 25. Lost Day Rate (LDR), TVEL FC***

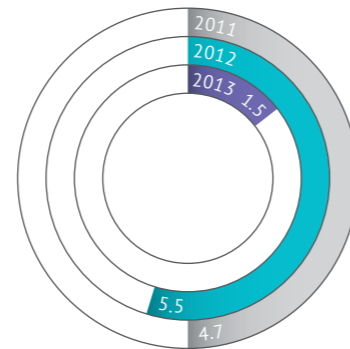


Fig. 26. Rate of Industrial Injuries by Gender

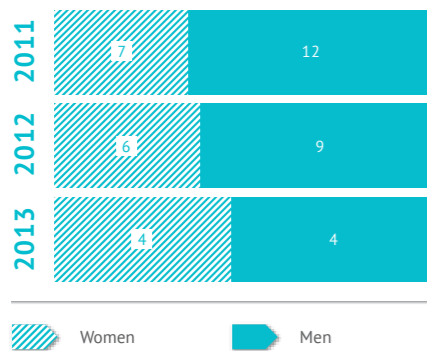
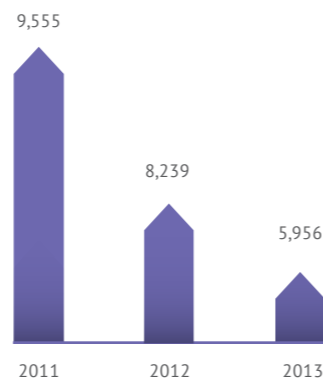


Fig. 27. Absentee Rate (AR), TVEL FC****



* IR = (total number of injuries / total hours worked) x 200,000, where 200,000 – hours worked by 100 employees over a year.

** ODR = (total occupational diseases) / total hours worked over the same period) x200,000.

*** LDR = (total days lost due to injuries / total hours worked over the same period) x200,000. Estimates of "lost days" and "days of absence" are based on the number of business days (as opposed to calendar days). Tally of the "lost days" begins on the date of injury (date of the sick leave certificate). Lost days rate: 0.92 for male and 0.53 for female employees.

**** AR = (total days lost (absence due to disability of any nature) / total days worked over the same period) x 200,000.

Registration of accidents and generation of reports is carried out on the basis of the following regulatory documents:

- Labor Code of the Russian Federation (Article 227-231) (No. 197-FZ dated December 30, 2001);
- Provisions on Specifics of Investigation of Industrial Accidents in Certain Sectors and Organizations (Appendix No. 2 to Decree of the Ministry of Labor and Social Development of the Russian Federation No. 73 dated November 24, 2002).

We would point out an important event that occurred after the date of report – on February 11, 2014, the ROSATOM State Corporation approved the schedule of actions to promote safety and prevent injuries during the construction, repair, reconstruction and modernization of facilities that use nuclear power.

The schedule further outlines requirements to the standard contract form that should contain provisions concerning verification of qualification and training of the workers recently hired by the contractor, prohibiting the contractor to hire personnel under any outstaffing agreements, and making sure that job description of CEOs responsible for organization of capital construction includes control functions of and compliance with labor protection regulations by the contractors. Implementation is scheduled for July 2014.

In the course of restructuring, all major divisions that have technologically advanced production lines with high exposure to injuries and accidents shall remain within the structure of the Fuel Company.

GRI G3.1: PR2

No breach of safety parameters or limits of the effective and equivalent doses set by the nuclear and radiation safety regulations, and no violations that may be construed as accidents and emergencies under the INES were registered at the enterprises of the Company in 2013.

All production enterprises of the Fuel Company operate within the approved effective dose limits applicable to the personnel, no Group A personnel is available (individuals exposed to the effective dose of 100+ mSv over a period of five consecutive years, or effective dose of 50+mSv during any one year.

Maximum dose received in 2013 at: JSC SGChE – 19.0 mSv; JSC CMP – 12.1 mSv; JSC NNCP – 10.98 mSv; MSZJSC – 9.33 mSv.

* The following limits of the efficient dose are set in accordance with Radiation Safety Standards 99/2009: group A personnel - 20 mSv a year (on the average) over any 5 consecutive years, but no more than 50 mSv a year; population – 1 mSv a year (on the average) over any 5 consecutive years, but no more than 5 mSv a year.

Fig. 28. Average Annual Effective Dose, mSv

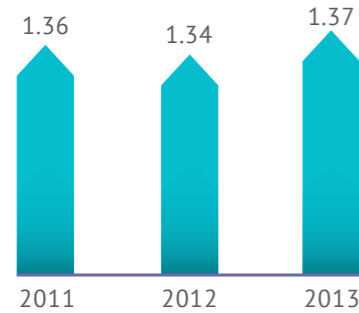


Fig. 29. Maximum Effective Dose for Personnel, mSv

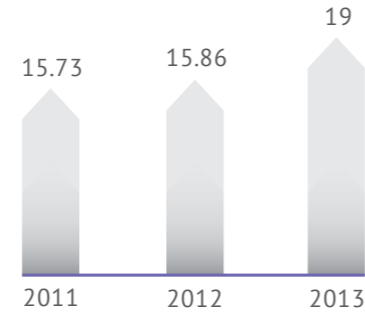
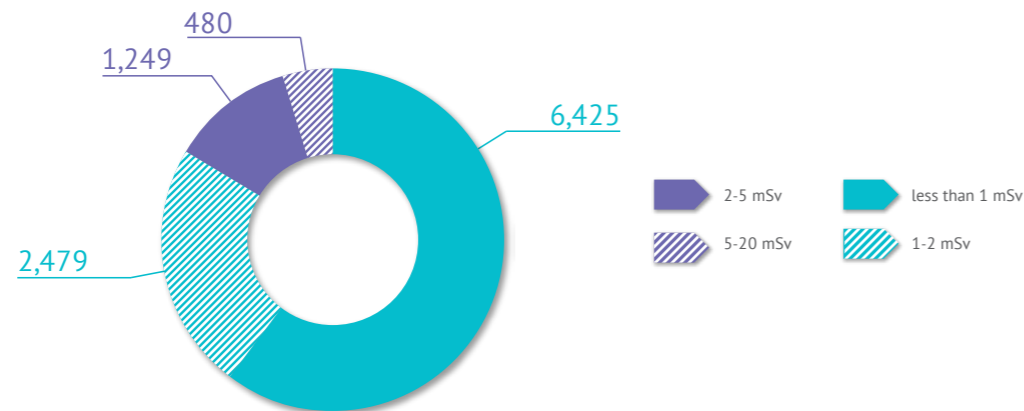


Table 38. Group A Personnel Distribution by Individual Irradiation Dose in 2013, %

Indicator		2011	2012	2013
Group A Personnel Distribution by Individual Dose of Radiation, %	up to 1 mSv	58.11	58.62	60.43
	1-2 mSv	25.18	25.23	23.31
	2-5 mSv	12.65	12.24	11.75
	5-20 mSv	4.06	3.91	4.51

Fig. 30. Group A Personnel Distribution by Individual Irradiation Dose in 2013, persons



In 2013, the Department of Nuclear, Radiation, Industrial and Environmental Safety together with the Inspectorate for Control of Safety of Nuclear- and Radiation Hazard Facilities inspected 17 sites, including 2 unscheduled inspections by the orders of the TVEL JSC management. The inspections detected 549 violations (774 in 2012), 35% of which were

related to labor protection issues; 30% – industrial safety; 13% – radiation safety; 5% – environmental safety; 2% – fire safety; 1% – nuclear safety; and 14% – other violations. For purposes of prevention and mitigation of the impact of hazardous and harmful production factors during the operations in hazardous and harmful conditions, the workers

get special and properly certified clothing, footwear and individual protection means free of charge. Average cost of individual protection means per each worker exposed to hazardous or harmful labor conditions in 2013 was RUB 10,800 (against RUB 9,000 per person in 2012).

In accordance with provisions of federal laws, TVEL FCE organized regular medical examination of its workers who are involved in performance of operations with hazardous and harmful factors. Workers involved in performance of operations in harmful conditions are entitled to privileges and bonuses in accordance with applicable laws of the Russian Federation and the “List of Occupations and Positions of Workers and MSE Entitled to the Early Retirement and Benefits for Working in Unfavorable Labor Conditions”, including: medical and preventive meals, compensations, extra leaves, etc. Enterprises of the Fuel Company implement programs of voluntary health insurance, accidents and sickness insurance, and health resort treatment*.

Industrial sites of the enterprises of company are subject to regular control of the contents of harmful chemicals in waste water, exhaust from ventilation systems, radiation and chemical status monitoring,

organization and performance of all kinds of supervision in accordance with Production Control Programs.

Certification of work places at the enterprises of TVEL FC serves to promote the assessment of conditions and labor safety at the said work places, establish the extent of deviation from parameters of the production environment and work process”, and results thereof serve as the basis for scheduling the arrangements for the improvement of labor conditions.

All enterprises provide regular training to their workers on the topic of labor protection in accordance with GOST 12.0.004-90 and fire safety in accordance with Federal Law No. 69-FZ – “On Fire Safety”, as well as every kind of briefing and knowledge assessment with respect to the abovementioned spheres. The Company takes preventive measures to mitigate industrial injuries and occupational illness.

In 2013, each employee of TVEL FC involved in functioning and maintenance of nuclear and radiation-hazard facilities took, on the average, 54.24 hours of training in standards of nuclear and radiation safety (NRS).

Table 39. Training of Employees Involved in Functioning and Maintenance of Nuclear and Radiation-Hazard Facilities in NRS Standards at the Enterprises of TVEL FC in 2013

Enterprise	Total hours of training	Average hours per employee
TVEL JSC	184	36.8
JSC VNIINM	512	64
KMP OJSC	360	72
JSC SGChE	8,105	67
JSC NNCP	1,816	65
JSC CMP	920	61
JSC PA ECP	6,064	70.5
MSZ JSC	1,848	71.7

* For details see Chapter 4 “Implementation of Social Programs Section Human Capital”.

** Starting from 2014 – special assessment of labor conditions.

Table 39. Training of Employees Involved in Functioning and Maintenance of Nuclear and Radiation-Hazard Facilities in NRS Standards at the Enterprises of TVEL FC in 2013

Enterprise	Total hours of training	Average hours per employee
NRDC LLC	819	41
Centrotech-SPb	1,512	72
JSC AECC	1,328	69.9
JSC UEIP	2,847	23.5
Uralpribor Ltd.	105	5.5
EDB-Nizhniy Novgorod	120	40
Total in TVEL FC	26,540	54.28

The Company spent grand total of RUB 2.05 bln (RUB 68,000 per each employee) on labor protection arrangements in 2013.

Environmental Impact (Natural Capital)

Ecological Policy

TVEL FC in its environmental activities is committed to promotion of environmental, nuclear and radiation safety.

TVEL JSC acknowledges that the package of engineering processes contributing to the production of items, including the use of nuclear, radioactive and other dangerous materials therein, shall not cause negative impact on environment and on human health.

Main strategic goals in the sphere of environment include promotion of environmental safety that is vital to sustainable growth of TVEL JSC and its subsidiaries, and reduction of negative impact of production and the supplied products on environment to the minimum acceptable level. Excerpt from the TVEL JSC Environmental Policy

To improve the efficient environmental management, all enterprises of TVEL FC have organized divisions responsible for performance of operations in the sphere of environment protection.

Environmentally important enterprises of TVEL FC issue annual public reports on environmental safety, to inform the stakeholders, partners, public, citizens and local self-government

* Environmentally important enterprises of TVEL FC include: JSC AECC, JSC SGChE, JSC PA ECP, JSC UEIP, JSC NNCP, JSC CMP and MSZ JSC.

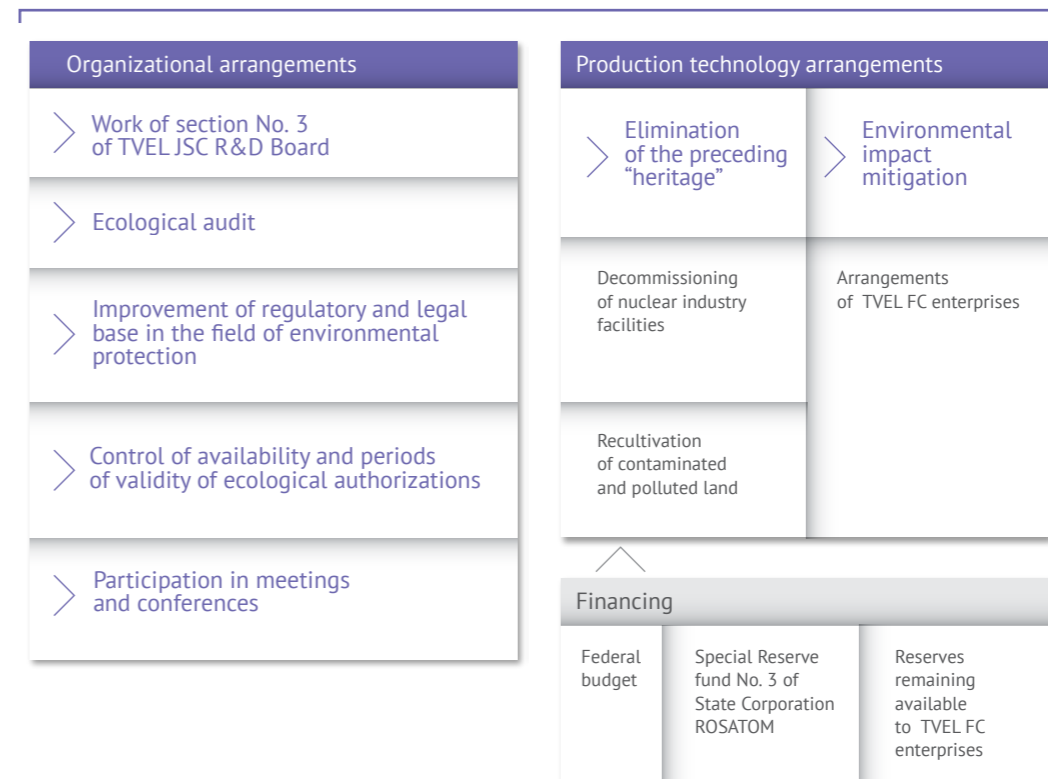
bodies, and publish them on Websites of the enterprises and the ROSATOM State Corporation in Section "Customers and Partners" – "Environmental Management".

TVEL JSC Environmental Policy is the key corporate document that regulates the activities of TVEL FC in the sphere of environment protection and safety. TVEL JSC Environmental Policy is harmonized with the Principles of Environmental Policy of the ROSATOM State Corporation and its organizations.

Policy outlines the principles of Company's activity on the sphere of environment protection and serves as the basis for setting the environmental goals and generating the Environmental Policy of Fuel Company for 2010-2015, including organizational, production and engineering arrangements with respect to environment protection.

Fig. 31. TVEL FC Environmental Policy Implementation in 2013

Plan of TVEL FC Ecological policy implementation for 2010-2015



In response to great attention paid to environment protection within the regions of presence, TVEL FC is continuously interacting with Stakeholders on the matters of environmental impact caused by the enterprises of the Company.

The following public hearings were held in 2013:

- May 16, 2013 – public hearings at JSC SGChE with discussion of the data for substantiation of the license to conduct activities involving the use of nuclear power (including records of the environmental impact assessment study (EIAS) for the establishment of a new conversion plant;
- May 24, 2013 (Angarsk) – public hearings dedicated to decommissioning followed by dismantling of vacant buildings No. 802 and No. 804 on the site of JSC AECC;
- July 17, 2013 – public hearings at JSC SGChE with discussion of the data for substantiation of the license to conduct activities involving the use of nuclear power (including records of the EIAS) for the project "Creation of the Experimental Demonstration Complex Comprising of the Power Unit with Fast Reactor for SNF Conversion, Fabrication and Refabrication of Dense Fuel";
- August 6, 2013 – public hearings at JSC VNIINM with discussion of the data for substantiation of the license to conduct activities involving the use of nuclear power (including records of the EIAS) for decommissioning of the research Unit B.

GRI G3.1: EN26

In 2013, the enterprises of TVEL FC conducted the following operations in order to reduce environmental impact caused by their current production activities:

- JSC CMP completed reconstruction (reinforcement) of the existing tail storages No. 2 and No. 3 for safe storage of radioactive waste;
- JSC NNCP makes preparations for the construction of nuclear waste disposal facility for Shop 6;
- JSC SGChE completed reconstruction of Site 18 and Site 18a for deep storage of liquid radioactive waste;
- JSC AECC installed metering devices at hot water transfer coupling and service and industrial water supply pipelines;
- JSC UEIP optimized water disposal system thereby reducing the amount of waste water by 3 mln m³;
- JSC PA ECP modernized one refrigeration machine, etc.

Environmental Impact

GRI G3.1: EN23

No emergencies and incidents resulting in negative environmental impact occurred in 2013 at the enterprises of the Fuel Company.

Use and Processing of Materials

The quantity of materials necessary for manufacture of products at TVEL FC enterprises is determined by the production program.

Enterprises of separation-sublimation complex are using uranium and synthetic materials. Enterprises of fabrication block are using raw materials represented by enriched uranium product obtained at the enterprises of separation-sublimation complex. Synthetic materials, ferrous and non-ferrous metals are basically used in manufacturing of gas centrifuges.

All raw materials used by the enterprises of TVEL FC are purchased. No renewable materials are used in production. For examples of the used materials see Table 40 below.

Table 40. Use of Materials in Main Production by TVEL FC Enterprises, tons

Material	2011	2012	2013	Enterprises
Sulfuric acid	2,150	1,604	1,092.1	JSC AECC
Nitric acid	1,856	1,308	850	MSZ JSC, JSC NNCP
Hydrochloric acid	326	360	360	JSC NNCP
Ferrous metals	1,082	1,706.5	1,311	Uralpribor Ltd., UGCMP Ltd., EDB-Nizhniy Novgorod;
Non-ferrous metals	747.8	557.3	444.9	Centrotech-SPb

GRI G3.1: EN1

Industrial and Consumer Waste Disposal

In 2013, the enterprises of TVEL FC reduced total amount (297.3 thousand tons) of industrial and consumer waste by 19.2%.

GRI G3.1: EN22

Table 41. Waste Generation and Recycling at the Enterprises of TVEL FC in 2011-2013

Enterprise	Waste generated, tons a year			Waste recycling, tons a year		
	2011	2012	2013	2011	2012	2013
JSC SGChE	310,337.3	296,677.9	235,608	62.4	18	88.3
JSC AECC	12,394	10,012.9	12,820.8	52	188.1	110.9
Uralpribor Ltd.	8,325.1	9,138.3	9,445.1	1.4	1	0.7
JSC PA ECP	4,798.6	15,949.8	9,031.6	28.2	2	0
JSC CMP	20,732.5	10,635	6,501	3,394	2,739.3	3,608.3
MSZ JSC	5,588.3	5,139.2	6,311.6	848.6	1,640.9	1,541.7
JSC UEIP	8,249.1	5,401.5	4,445.2	311.2	556.8	119.1
KMP OJSC	4,644.6	3,867	4,376.1	0	0	0
JSC VPA Tochmash	3,471.1	2,732.6	2,475.2	137.8	83.2	29.5
JSC NNCP	780.6	910.2	1,021.7	0	0	0
UGCMP Ltd.	806.1	1,160.5	901.5	1.1	1.2	0.7
JSC VNIINM	465.7	564.8	528.3	0	0	0.6
JSC MZP	873	867.7	479.9	0	0	0
NRDC LLC	50.5	75.7	83.3	0	0	0
Centrotech-SPb	23.8	38.8	39.1	0	0	0

Table 41. Waste Generation and Recycling at the Enterprises of TVEL FC in 2011-2013

Enterprise	Waste generated, tons a year			Waste recycling, tons a year		
	2011	2012	2013	2011	2012	2013
EDB-Nizhniy Novgorod	26.4	21.9	24.5	0	0	0
Other	2,553	4,866.5	3,201.3	0	0	0
Total	384,119.81	368,060.34	297,294.22	4,836.7	5,230.4	5,499.7

The bulk of waste (86.6%) was represented by Hazard Class 5 (virtually non-hazardous) waste, such as ash slag resulting from solid fuel burning at the TPPs. Ash slag are dumped by the TPP and the bulk of other waste is forwarded to specialized organizations.

Waste reduction was caused by:

- scrapping the JSC PA ECP equipment dismantled in 2012; by the early 2013, all that scrap was forwarded to the third parties;
- fewer amounts of coal burned at the TPP due to the warm winter of 2012-2013, hence the fewer amounts of ash.

Table 42. Waste Generated at the Enterprises of TVEL FC by Hazard Class, thousand tons

Description	2011	2012	2013	Δ 2013/2012. %
Total waste, including:	384.1	368.1	297.3	-19.2
Hazard Class I	0.07	0.07	0.03	-57.1
Hazard Class II	8	8.6	8.9	3.6
Hazard Class III	1.3	0.9	1.1	18.9
Hazard Class IV	31.8	30.3	29.8	-1.5
Hazard Class V	342.9	328.3	257.5	-21.6

In 2013, the volume of generation of wastes that are the most hazardous for the environment and population was decreased at the TVEL FC's enterprises by more than 2 times as compared to previous years.

GRI G3.1: EN2

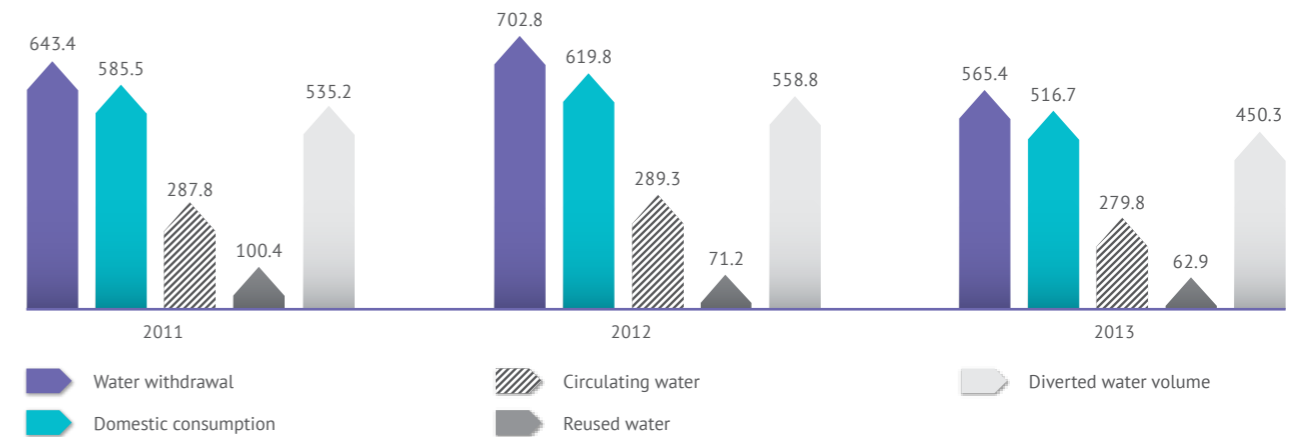
In 2013, 5.5 thousand tons of materials that are recycled or reused wastes (5.2 thousand tons in 2012, 4.8 thousand tons in 2011) were used. The use of wastes is mainly organized at enterprises of JSC CMP, MSZ JSC and JSC UEIP, which in 2013 used in their production 55.5%, 24.4% and 2.7% of their wastes respectively.

Water consumption and water disposal

In 2013, abstraction of by TVEL FC enterprises decreased by 19.5% as compared to the previous year and was 565.4 mln m³. The main source of water abstraction is natural sources from which 533.4 mln m³ were abstracted, 32 mln m³ were abstracted from public and other water supply systems. The organization's water abstraction has no material impact on natural water sources.

GRI G3.1: EN8
EN9

Fig. 32. Water Consumption in 2011-2013, mln m³ & water disposal in 2013, mln m³



The decrease in volumes of water abstraction by the Fuel Company is mainly caused by the following:

- a decrease in water abstraction by JSC AECC, JSC SGChE and JSC CMP due to reduction of the electric supply program of JSC Irkutskenergo, the HPP of JSC SGChE and the HPP of JSC CMP;
- a decrease in water consumption by water consumers of the Fuel Company's enterprises;
- restructurisation of the enterprises relating to the transfer of water abstraction facilities from the balance of the enterprises to the Fuel Company;
- reduction of water consumption for cooling equipment of the HPP of JSC CMP in connection with a reduction of the outside air temperature in quarter 2 and 3, as well as shifting two turbines to cooling condensers with return system water.

In 2013, the standard of water abstraction was set at 831.3 mln m³, the actual volume of abstraction was 68% of the set standard. About 98% of consumed water is used by the TVEL FC's enterprises for cooling the equipment.

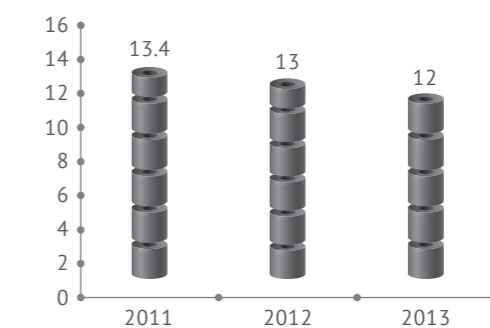
In 2013, the volume of return water was 279.8 mln m³. The share of return water of the total amount of abstracted water was 49.5%, the share of reused water of the total volume of abstracted water was 11.1%.

There have been small fluctuations in water consumption in return water supply systems at the TVEL FC's enterprises over the last few years.

In 2013, 450.3 mln m³ of water were disposed by the TVEL FC's enterprises, while

the standard is 732.5 mln m³. All water was disposed into natural water bodies. The volume of water disposal directly depends on water consumption.

Fig. 33. Disposal of Pollutant Effluents by Enterprises of TVEL FC, mln m³



GRI G3.1: EN10

In 2013, the volume of disposal of polluted wastewater by the TVEL FC's enterprises decreased by 8%.

The change in the volume of wastewater is directly related to reduction of water abstraction by the enterprises of the Fuel Company. In addition, activities aimed at improvement of water resources accounting are carried out at the enterprises, which makes it possible to track parameters of impact on the environment more accurately and plan activities for protection of water bodies more accurately. At present, collection of information on total volumes of planned and unplanned disposals of wastewater, as well as on the quality of wastewater is not carried out.

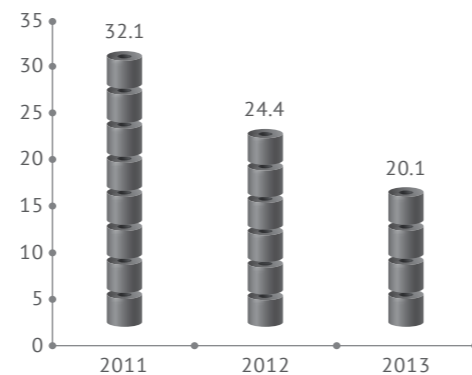
Pollutant emissions

In 2013, total pollutant emissions into the atmosphere by the TVEL FC's enterprises were 20.1 thousand tons (26% of the standard set by the TVEL FC for 2013), which is 18% less than in 2012.

The decrease in emissions was mainly caused by a decrease in the volume of fuel (coal and fuel oil) combusted at the HPPs of JSC SGChE, JSC CMP and JSC UEIP.

The difference between the set standards and actual emissions is explained by the fact that the main volume of permitted emissions is set for the HPPs based on their operation using hard fuel (coal) for the entire heating season. For purposes of minimization of the adverse impact, the TVEL FC resorts to using natural gas taking into account annual quotas of its consumption.

Fig. 34. Total Emission of Pollutants, thousand tons



Emissions of ozone-depleting substances at the TVEL FC's enterprises decreased in 2013 by 4% and amounted to 267.1 tons*. The decrease in emissions was caused by modernization of equipment at the enterprises of the Fuel Company.

* From 2013, the gas Freon-13 has been included in calculation of the indicator. Indicators of past years have been recalculated using the new method.

Table 43. Total pollutant emissions by enterprises of the TVEL FC, thousand tons

Enterprise	2011	2012	2013	The share of emissions of the enterprise of the total volume of the FC's emissions in the reporting year, %
JSC SGChE	27.2888	21.0019	16.7084	83.0356
JSC CMP	3.0608	1.9829	1.9378	9.6302
JSC UEIP	1.0349	1.0158	0.9372	4.6575
JSC VPA Tochmash	0.2216	0.1654	0.1209	0.6006
JSC NNCP	0.0663	0.0666	0.0993	0.4935
JSC PA ECP	0.0408	0.0327	0.0367	0.1824
JSC AECC	0.0748	0.0226	0.0288	0.1434
KMP OJSC	0.0166	0.0205	0.0177	0.0881
MSZ JSC	0.2065	0.015	0.0179	0.0891
JSC VNIINM	0.0158	0.0142	0.0062	0.0307
JSC MZP	0.0031	0.0068	0.0063	0.0311
Uralpribor Ltd.	0.017	0.0563	0.1294	0.643
UGCMP Ltd.	0.0335	0.0276	0.0276	0.137
NRDC LLC	0.0198	0.0457	0.0457	0.2273
EDB-NN	0.0019	0.0019	0.0019	0.0092
Others	0.0003	0.0003	0.0003	0.0013
Total	32.1023	24.476	20.122	100

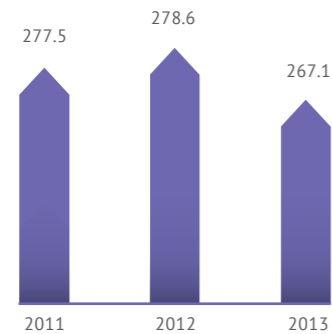
Table 44. Emissions of ozone-depleting substances with a breakdown by the TVEL FC's enterprises and types of substances, tons

Name of the substance	2011	2012	2013	Enterprises
freon-113	0.1	0	0.1	JSC AECC
	0.8	0.8	0	JSC SGChE
	6.9	6.9	4	JSC UEIP
freon-12	6.6	6.6	6.6	JSC SGChE
	3.5	2.7	2.7	JSC PA ECP
	72.2	72.2	72.2	JSC CMP
freon-13	164.2	164.2	164.2	JSC CMP
freon-22	0.9	2.6	2.4	JSC AECC
	4.3	4.3	4.3	JSC SGChE
	17.6	17.6	9.8	JSC UEIP
	0.3	0.5	0.6	JSC PA ECP
	0.1	–	–	MSZ JSC
	–	0	0	UGCMP Ltd.

Table 44. Emissions of ozone-depleting substances with a breakdown by the TVEL FC's enterprises and types of substances, tons

Name of the substance	2011	2012	2013	Enterprises
Total	277,5	278,6	267,1	
In equivalent to CFHC-11	253,9	253,2	249,9	

Fig. 35. Emission of Ozone Depleting Substances, tons



GRI G3.1: EN20

Sulphur dioxide is emitted in great amounts during combustion of hard fuel at the HPPs of the Fuel Company's enterprises.

For the purpose of determining emissions of greenhouse gases, emissions of carbon oxide (CO) were taken into account, since carbon monoxide emitted into the atmosphere from man-made sources oxidizes to carbon dioxide. In 2013, carbon dioxide emissions of the TVEL FC's enterprises were 1,156.1 tons, which is 22% more than in 2012. The decrease in emissions occurred due to a check of systems of the HPPs of the Fuel Company's enterprises related to the use of backup fuel (coal and fuel oil). No accounting of indirect emissions of greenhouse gases is carried out at the TVEL FC's enterprises due to the absence of corresponding statutory requirements.

The bulk of emissions of greenhouse gases is caused by emissions of power production facilities (HPPs, boiler houses) and transport. Transportations related to activities of the TVEL FC's enterprises and workforce transportations have no material impact on the environment.

GRI G3.1: EN16

GRI G3.1: EN18
EN29

Fig. 36. Emission of Specific Pollutants, thousand tons*

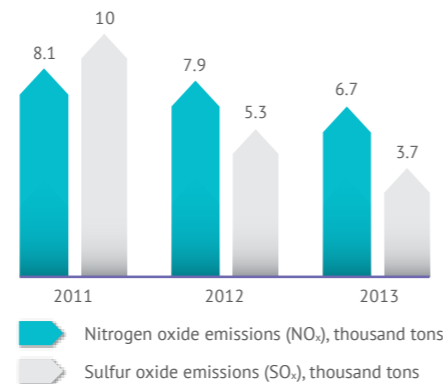
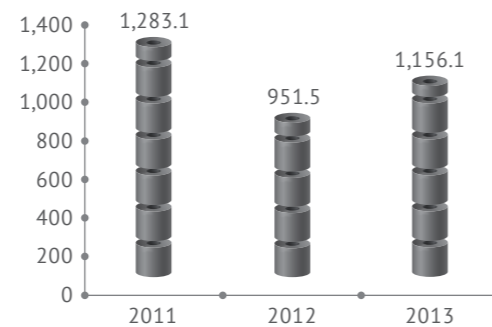


Fig. 37. Carbon Dioxide Emissions, tons**



Transportation of hazardous cargoes and special cargoes is carried out by transport of the enterprises or third parties pursuant to licenses and taking into account requirements to organization of transportations.

For the purpose of reduction of the adverse impact on the environment, measures for scheduled replacement of morally and physically obsolescent motor vehicles with

* Determined using a computational method, concurrently an instrumental verification was performed.

** Determined using an estimative and computational method.

modern ones that meet exhaust toxicity standards, as well as for replacement of motor vehicles that have gas engines with motor vehicles that have diesel engines have been taken.

In the operation of the rolling stock, routes, working hours have been constantly adjust-

ed and optimized, kilometers traveled and the complement of vehicles in the motor vehicle fleet have been cut down, which has resulted in reduction of total kilometers traveled and, therefore, reduction of the total consumption of fuel and adverse impact on the environment.

The relative impact of the Fuel Company's enterprises on the environment in the regions of presence

The TVEL FC's enterprises are located on lands that are owned by the enterprises, as well as on lands that are used on a leasehold basis and are owned by the Russian Federation. Industrial sites of the enterprises and adjacent areas are not areas which biodiversity is of high value, since they are not inhabited by animals and plants included in the IUCN Red List and the national list of protected species. In accordance with the RF Russian Federation nature protection laws, standards of admissible impact on the environment that ensure the quality of the environment are set for the TVEL FC's enterprises.

GRI G3.1: EN11
EN12 EN13 EN14
EN15

Strict compliance by the Fuel Company's enterprises with the standards of admissible impact on the environment ensures the absence of threats to the existence of animals and plants which habitats are in the area adjacent to the TVEL FC's enterprises.

The impact of the enterprises on the environment of regions where they are located is in general less than 5% of the total impact of industry on the environment of corresponding regions. Figures of JSC PA ECP (4.8% of the total disposal of wastewater in Krasnoyarsk Territory), JSC CMP (4.3% of the total disposal in the Udmurt Republic), JSC AECC (3.3% of the total disposal in the Irkutsk Region) are close to the said impact. The 5% level has been exceeded by JSC SGChE (17.3% of total wastes, 65.6% of the total disposal of wastewater in the Tomsk Region). The share of the rest of the TVEL FC's enterprises in the total impact of economic activities on the environment of regions

where they are located is insignificant. The TVEL FC's enterprises have no material impact on water bodies from which water abstraction is carried out. Water bodies that are sources of water supply of the Fuel Company's enterprises have not been recognized to be especially vulnerable and are not included in the Ramsar List*.

In the river Tom, at the water use area of JSC SGChE, there is diverse ichthyofauna: salmon, sturgeon, cisco, cyprinid fish and spiny-finned fish, of which taimen, spotted sculpin, Siberian sculpin are included in the Red Book of the Tomsk Region. The highest category of fishery use has been assigned to the water use area of JSC SGChE by the Tomsk branch of

GRI G3.1: EN25

* The list of wetlands made in accordance with Convention on wetlands of international importance especially as waterfowl habitat (1971).

Verkhneobrybvod Federal State Enterprise. To avoid adverse impact, in accordance with the regulatory and legal framework, the limit of water abstraction from this water body is set for the enterprise. Thus, water abstraction by JSC SGChE from the river Tom is limited and has no material adverse impact on this surface water body.

JSC AECC which is located in the Baikal nat-

ural area and is in the zone of atmospheric influence on the lake Baikal, understanding its responsibility for the preservation of the unique wildlife, monitors component of the natural environment as a part of industrial environmental control. No exceedence of controlled parameters within and beyond the sanitary protection zone has been detected in the reporting year.

GRI G3.1: EN30

Expenses of the TVEL FC related to the impact on the environment

In 2013, operating expenses of the TVEL FC's enterprises for environment protection were 2,213.3 mln RUB. These expenses were used for financing both technical and organizational measures.

Table 45. Expenses of the TVEL FC related to environment protection, mln RUB

Item of expenses	2011	2012	2013
Radiation safety assurance	*	973.1	1,059.2
Collection and purification of wastewater	1,313.8	427.5	335.1
Atmospheric air protection	342.9	209.1	187.7
Waste treatment	542.5	187.5	131.4
Land resources protection	12.5	83.2	28.4
Others	0.01	342.9	471.5
Total	2,211.7	2,223.3	2,213.3

The bulk of expenses are related to carrying out activities for environment radiation safety assurance (RUB 1,059.2 mln). Considerable expenses are also related to protection and rational use of water resources (RUB 335.1 mln) and atmospheric air protection (RUB 187.7 mln).

The bulk of environment protection expenses of the TVEL FC fall on JSC SGChE, JSC UEIP and JSC CMP.

The total amount of payments for the adverse environmental impact decreased in 2013 by 10% as compared with the previous year and was RUB 24.9 mln

* A change in the structure of expenses for environment protection in 2012 as compared to the previous year was caused by implementation of a new expenses accounting methodology.

GRI G3.1: EN28

In 2013, there were no material fines or collections for compensation of damage caused by the environmental impact in respect of enterprises that are within the control circuit of the TVEL FC, no damage was inflicted on the environment.

Fig. 38. TVEL FC Environment Protection Costs Outlay in 2013

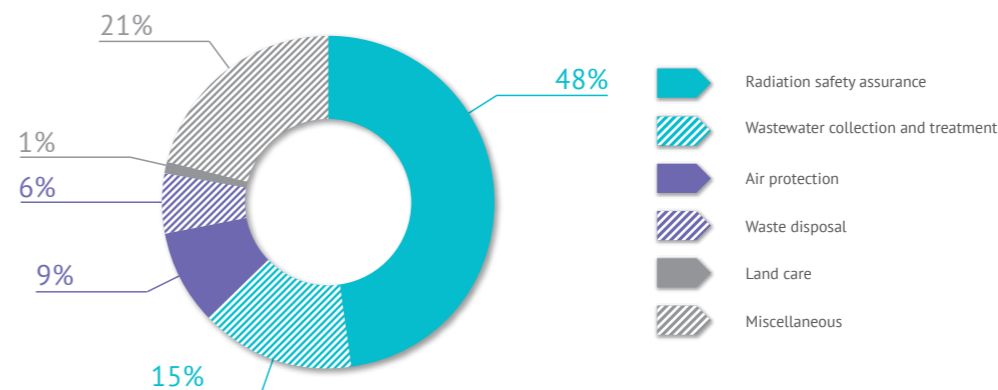


Fig. 39. Structure of Payments for Negative Environmental Impact in 2013

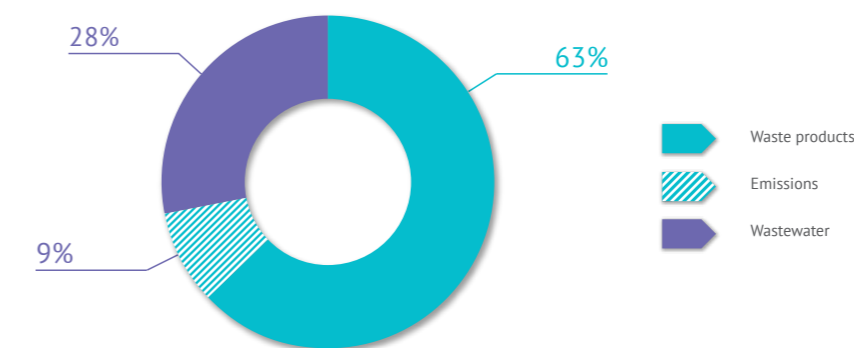


Table 46. Environmental expenses of TVEL FC, mln RUB

Enterprise	2011	2012	2013
JSC SGChE	634.7	665.5	913.5
JSC UEIP	739	751.7	702.8
JSC CMP	199.4	205.4	209
MSZ JSC	174.8	123.8	114.6
JSC NNCP	81.6	204.6	110
JSC AECC	228.1	55.9	43.5
JSC VNIINM	4.9	7.3	39.3
JSC PA ECP	89.2	136.8	26.7

Table 46. Environmental expenses of TVEL FC, mln RUB

Enterprise	2011	2012	2013
JSC VPA Tochmash	27.1	24.5	24
KMP OJSC	14.5	23	23
JSC MZP	1	4.5	2.7
Uralpribor Ltd.	12.8	15.3	0.9
NRDC LLC	0.1	0.1	0.3
UGCMP Ltd.	0.7	1.3	0
EDB-Nizhniy Novgorod	0.6	0	0
Others	3.1	3.8	3
Total	2,211.7	2,223.3	2,213.3

Nuclear and Radiation Safety

GRI G3.1: 1.2
SO9 SO10

Assurance of nuclear and radiation safety (NRS) of facilities of the Fuel Company's enterprises, prevention and exclusion of any possibility of inadmissible exposure of the personnel, population and environment to radiation are one of the priority types of the TVEL FC's activities.

At the Company's enterprises, systematic work for prevention and exclusion of radiation accidents, improvement of the stability of hazardous production facilities, training of personnel and special formations for accidents and emergencies.

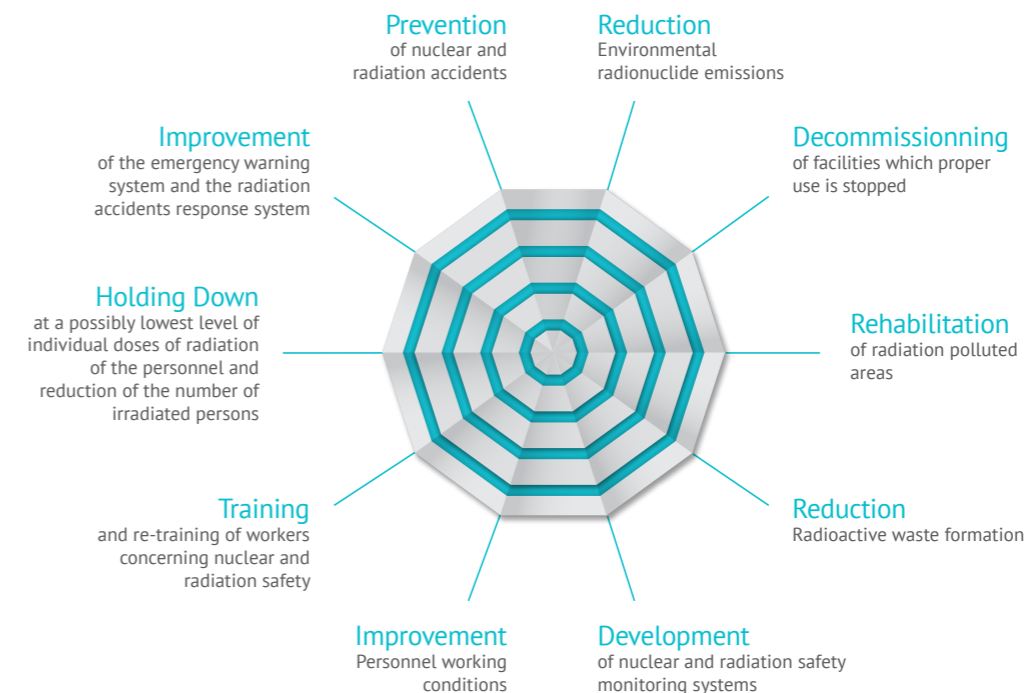
Activities of the TVEL JSC and the Fuel Company's enterprises are carried out in accordance with the laws of the Russian Federation pertaining to the use of nuclear power taking into account IAEA requirements.

The main program documents providing for realization of activities in the area of NRS are the Federal Target Program "Nuclear and Radiation Safety Assurance For 2008 and For the Period Until 2015" (FTP NRS) and "Principles of the state policy in the area of assurance of the nuclear and radiation safety of the Russian Federation for the period until 2025".

In accordance with FTP NRS, carrying out of 38 activities at the Fuel Company's enterprises has been planned for the period until 2015 in the amount of RUB 12.4 bln, including RUB 9.5 bln at the expense of the federal budget and RUB 2.9 bln at the expense of other sources.

Liquidation of 56 nuclear and radiation hazardous sites (NRHS), putting into operation 1.71 thousand m³ of capacities of radioactive wastes (RAW) repositories, putting 4.46 RAW power blocks into an environmentally safe state, as well as rehabilitation of 1,225.4 thousand m² of radiation contaminated areas are planned.

Over the period of 2008-2013, works under 22 activities were accomplished. The total volume of works amounted to RUB 7.0 bln, including RUB 4.6 bln at the expense of the federal budget and RUB 2.6 bln at the expense of other sources. 46 NRHS were liquidated, 1.71 thousand m³ of capacities of RAW repositories were put into operation, 2.74 RAW power blocks were put into an environmentally safe state, and 55,28 thousand m² of radiation contaminated areas were rehabilitated.

Fig. 40. TVEL FC Nuclear and Radiation Safety Principles**Table 47. Accomplishment of activities under the FTP "Nuclear and Radiation Safety Assurance For 2008 and For the Period Until 2015" at the sites of the Fuel Company's enterprises at the expense of the federal budget**

Enterprise	Volume of financing, mln RUB		
	2012	2013	2014 (plan)
JSC SGChE	818.2	783.5	1,171.7
JSC CMP	27.8	11.1	144
JSC NNCP	30	27.2	24.8
JSC VNIINM	0	300	200
Total	876	1,121.8	1,540.5

GRI G3.1: EC4

In 2013, works under the following 3 activities were accomplished:

- s. 32 of the FTP "Reconstruction of sites 18 and 18a in connection with prolongation of the operational lifetime of deep liquid radioactive waste repositories of JSC SGChE";
- s. 157 of the FTP "Deep burial of liquid radioactive wastes with an increased content of the solid phase using the hydraulic fracturing method at JSC SGChE;
- s. 217 of the FTP "Reconstruction (reinforcement) of operational tailing dumps 2 and 3 for safe storage of RAW at JSC CMP".

Works under the rest of the activities are still in progress.

In 2013, at the expense of special reserve fund 3 "Decommissioning and R&D" of the ROSATOM State Corporation for 2011, 2012, 2013, works under 30 activities were accomplished in the amount of RUB 904.7 mln, including under 23 activities that are not included in FTP NRS in the amount of RUB 468.5 mln

In addition, in 2013 works were accomplished under 19 activities in the amount of RUB 70.36 mln at the expense of funds in reserve 3 "Decommissioning and R&D" that remained available to the TVEL FC's enterprises. As a result of accomplishment of works, planned target indicators determined for activities under FTP NRS for 2008-2015 were achieved for year 2013.

In 2014 and subsequent years, works for liquidation of the nuclear "legacy" will be carried on.

Table 48. Pollution of the environment with radionuclides (RN)

Indicator	2011	2012	2013
Emission of alpha-active RN into the atmosphere, Bq	8.32×10 ⁹	7.81×10 ⁹	7.54×10 ⁹
Presence of areas contaminated with RN, thousand m ²	13,205.4	13,601.4	13,600.3
Disposal of wastewater containing RN, Bq	5.64×10 ⁹	4.78×10 ⁹	5.15×10 ⁹

Areas contaminated with radionuclides are within the zone of professional responsibility of enterprises of MSZ JSC, JSC NNCP, JSC CMP and JSC SGChE. No industrial activity is carried out at the said enterprises, access to them is highly restricted.

In 2013, there was no contamination of new areas with radionuclides as a result of activities of the TVEL FC's enterprises. All identified contaminated areas are a consequence of activities of enterprises that were intended for improving the defensive ability of the country during the period of creation of the "nuclear shield".

Table 49. Pollution of the environment with radionuclides as of December 31, 2013, by enterprises of the TVEL FC, thousand m²

Enterprise	Volume of areas contaminated with radionuclides, thousand m ²			
	Total	including:		
		Sanitary protection zone	Professional responsibility zone	Industrial site
MSZ JSC	1,375	0	1,235.5	139.5
JSC NNCP	418.5	0	127.5	291
JSC CMP	1,413.8	0	0	1,413.8
JSC SGChE	10,393	300	0	10,093
Total:	13,600.3	300	1,363	11,937.3

As at the end of 2013, the total area of the TVEL FC's enterprises that was contaminated with radionuclides and was to be rehabilitated was 13,600.3 thousand m².

In 2013, JSC NNCP carried out rehabilitation of 4,365.0 m² of a radiation contaminated area (of which 3,131.0 m² are newly discovered areas of contamination). Financing of these works was carried out at the expense of special reserve fund 3 (Decommissioning and R&D) of the ROSATOM State Corporation.

At the Fuel Company's enterprises, an Automated Radiation Monitoring System (ASKRO) has been successfully functioning and has been constantly improved.

The enterprises' ASKROs are a part of the Industry Radiation Situation Control Automated System (OASKRO) of the ROSATOM State Corporation. OASKRO is linked to the Unified State Radiation Situation Control Automated System (EGASKRO).

ASKRO control station function at all NRHS of the Fuel Company and are located at production sites, sanitary protection zones and monitoring zones (professional responsibility zones) of the enterprises.

The radiation situation is measured in real-time mode, data from monitoring sensors of the enterprises' ASKRO is transmitted to the Situation and Crisis Management Centre of the ROSATOM State Corporation and are reflected at <http://www.russianatom.ru/>.

More information on assurance of the nuclear and radiation safety the TVEL FC's facilities is available in the online version of the 2013 annual report.

In 2013, 73 inspections by state control (oversight) authorities were carried out at the TVEL FC's enterprises, of which 51 inspections were carried out by the Federal Service for Environmental, Technological and Nuclear Oversight of Russia, 10 inspection – by FMBA, and 12 inspections – by the the Ministry for Emergency Situations (with respect to fire safety). It was noted in the opinions of the oversight authorities that, in general, radiation and nuclear safety at the Fuel Company's enterprises complied with the requirements of standards and rules pertaining to the use of nuclear power.

GRI G3.1: PR2

There were no cases of forfeiture from the TVEL FC of licenses in the sphere of the use of nuclear power.

Energy Saving and Efficiency Improvement

The project for power consumption reduction and improvement of the energy efficiency of industrial enterprises of the ROSATOM State Corporation is one of the key projects for the purpose of achieving set targets pertaining to improvement of the industry's competitive ability. The Fuel Company's enterprises are pilot enterprises that are in the process of organization and implementation of an energy saving methodology and accounting in the industry in general, starting from energy studies, development of long-term programs and specific activities.

In 2013, power consumption at the TVEL FC's enterprises was reduced by 20.2% (787 mln kWh or 2.8 mln GJ), heat energy – by 32.7% (1,339 thousand Gcal or 5.6 mln GJ) as compared to the base 2009 under comparable conditions*. The reduction in energy resources consumption (under conditions comparable with 2009) in monetary terms was 24.4% (RUB 1,951 mln), while the target indicator was 20%.

* Adjusted with bringing compared power consumption indicators to the same volume of production and provided services.

GRI G3.1: ENS

Fig. 41. Electric Power Consumption, mln KW*h

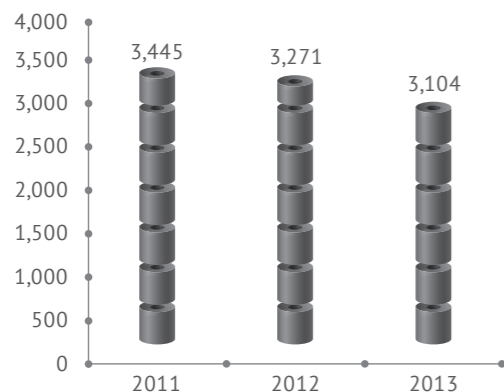
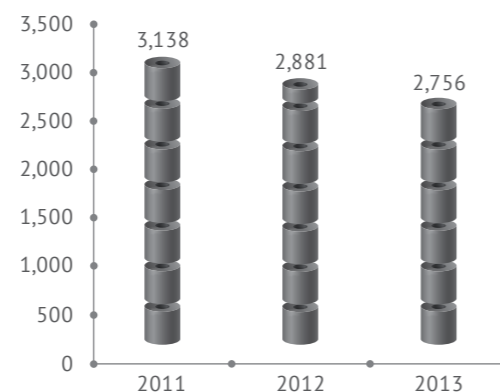


Fig. 42. Thermal Energy Consumption, thousand Gcal



GRI G3.1: EN4

Reduction of energy consumption is not related to reduction of the volume of the TVEL FC's production program and was achieved by way of realization of activities under the Program "Energy Saving and Efficiency Improvement" effective at the TVEL FC's enterprises from 2011. In 2013, the volume of financing under the Program was RUB 1,847.5 mln

GRI G3.1: EN6

The main activities that were conducted by the TVEL FC's enterprises and made it possible to achieve the planned target of reduction of energy resources consumption in 2013 were:

- creation of automated systems of commercial and technical accounting of various energy carriers;
- installation of variable frequency drives in various systems;
- modernization of lighting systems with transition to energy-saving equipment;
- replacement and modernization of energy-intensive technological and power equipment;
- decentralization of the compressor park;
- winterization of enclosure structures of buildings and structures.

Additional activities that were realized over the period of 2012-2013 and made it possible to considerably reduce the consumption of energy resources by the TVEL FC:

- modernization (replacement) of technological and power equipment: transition from gas centrifuges of the eighth generation to gas centrifuges of the ninth generation; replacement of induction casting furnaces with induction casting machines and resistance furnaces; change-over of gas centrifuges power supply to lower voltage by changing the magnetization algorithm in frequency transformers; change-over of cooling machines to a different type of coolant (freon 314A); replacement of thermal insulation in heat supply systems; liquidation of steamlines and other activities made it possible to reduce power consumption by 4%, heat energy consumption – by 5.7%;
- organizational and technical activities: deloading of ventilation and upper (ceiling) lighting during peak hours of power consumption; optimization of operation of the industrial pump plant; optimization of the equipment load; implementation of closed water circulation schemes in sublimate production plants and other activities made it possible to reduce power consumption by 5.1%, consumption of heat energy – by 0.2%;
- optimization (conservation) of production areas made it possible to reduce power consumption by 5.9%, consumption of heat energy – by 2.8%.

In 2013, realization of the project of the ROSATOM State

Corporation for implementation of an automated energy efficiency control system at the TVEL FC's enterprises was completely accomplished, which makes it possible to solve a range of the most important tasks of achieving real economic indicators of reduction of expenses for energy resources and improvement of the efficiency of activities in the medium term.

In 2013, as a part of activities for development and expansion of the Integrated Management System, the TVEL JSC and its enterprises entered into agreements for creation, implementation and certification of an energy management system on the basis of requirements of the international standard ISO 50001, which makes it possible to apply a system approach in the assurance of continuous improvement of energy characteristics, energy efficiency and energy saving.

In 2013, 55.5 mln GJ of primary energy sources were consumed at the TVEL FC's enterprises in total, of which with a breakdown by sources: natural gas – 27.2 mln GJ; coal – 28.0 mln GJ; fuel oil – 0.3 mln GJ.

The TVEL FC's enterprises purchase primary sources of energy from third party suppliers.

In 2013, the volume of consumption of electric power and heat energy by the Company's enterprises in money terms was RUB 3,925 mln and RUB 1,321 mln respectively (under comparable conditions of 2009)*.

Fig. 43. Primary Energy Consumption by the Sources, mln GJ

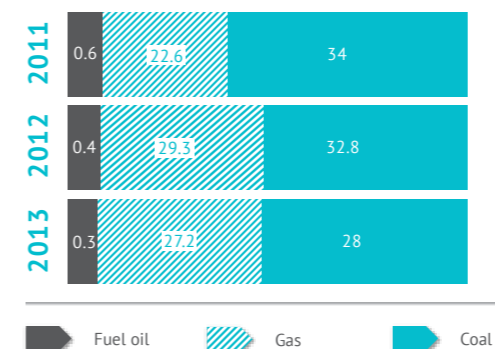
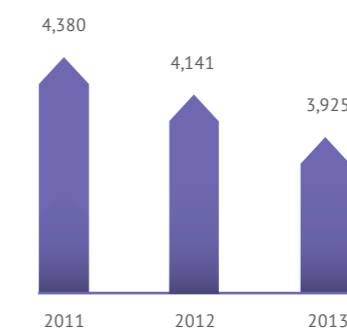


Fig. 44. Electric Power Consumption by TVEL FC Enterprises in Monetary Terms, mln RUB



GRI G3.1: EN3

* No accounting of energy consumption in money terms with a breakdown by primary sources is carried out by the Fuel Company.

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**

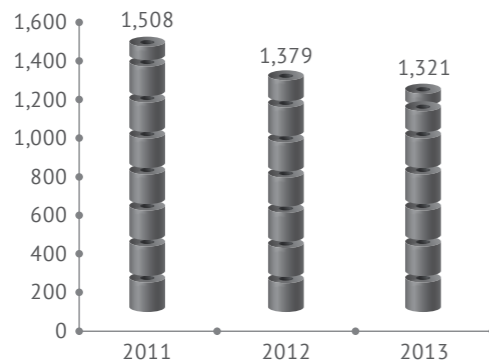
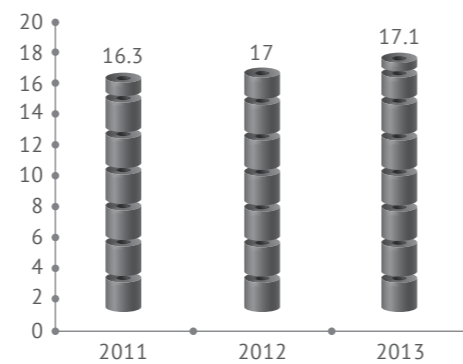


Fig. 46. Indirect Power Consumption by Enterprises of TVEL FC, mln GJ***



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 statements reports 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.

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

GRI G3.1: EC1

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.

GRI G3.1: 1.2
EC9 SO1

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 the the ROSATOM State Corporation and public authorities of Russian Federation

* 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.

constituent 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 the 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 the 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 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. "Results 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 the 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.

GRI G3.1: EC8

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 the 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.

GRI G3.1: 3.5
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

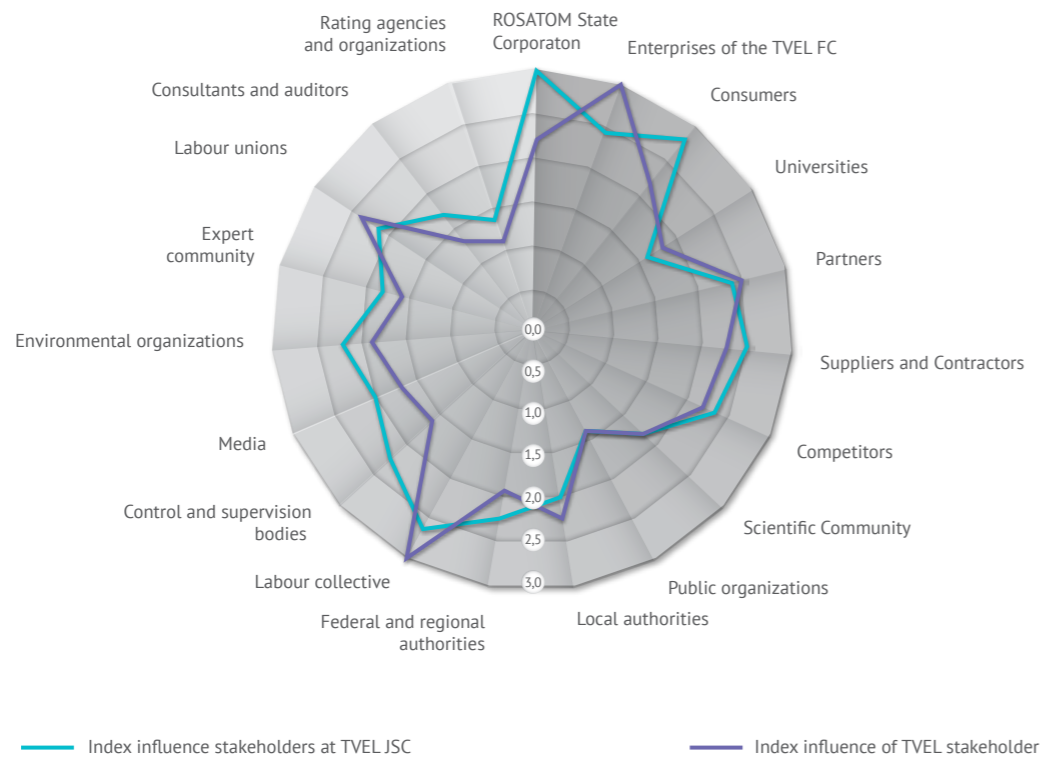
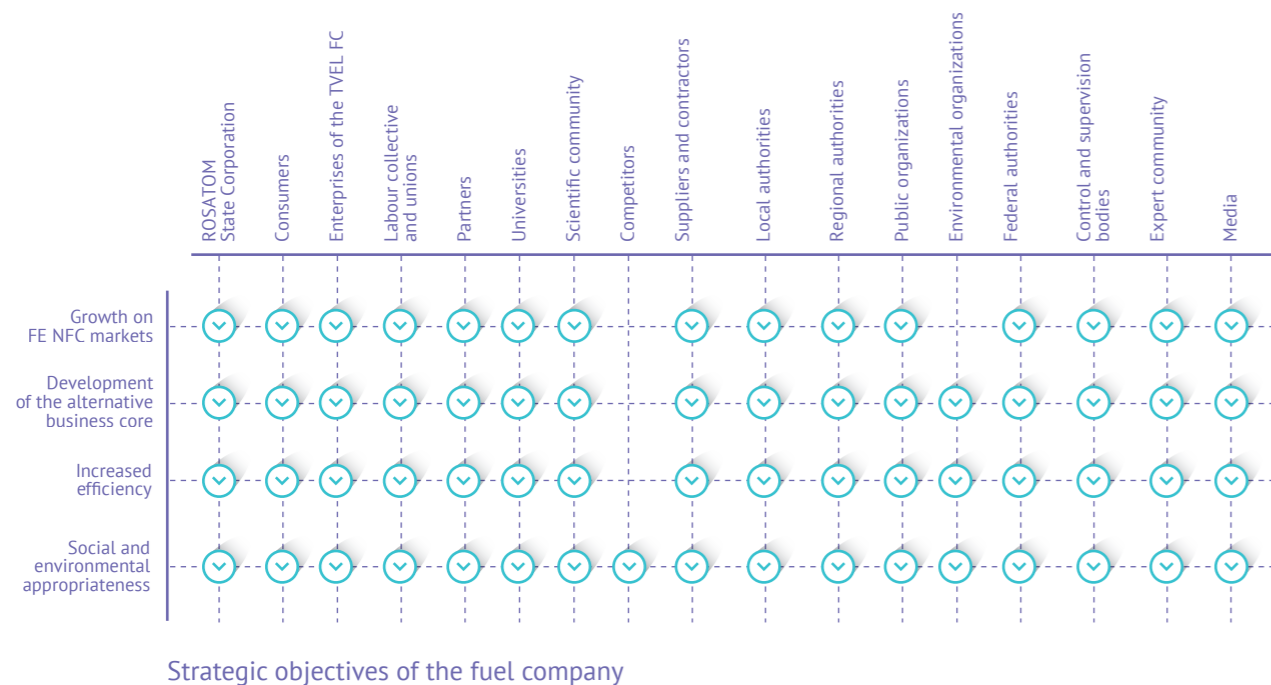


Table 53. The relevance of the strategic targets of TVEL FC to the interests of stakeholders



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	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 measurers for TVEL FC	Institutes and systematic interrelations	Programs and events
	Stakeholder	TVEL FC			
Local and regional authorities, environmental and other public organizations	Social and economic development 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 situation	Agreements with regional authorities. Taxpayers consolidated group agreement. Funds of entrepreneurial development	Social and charity projects jointly with the government bodies. Environmental reports. Meetings. Conferences. Dialogues. Nuclear power information 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 Administrative Territorial Units of nuclear power industry	Making projects on industrial parks (technology parks)
Federal authorities	Taxes Environmental protection. Safety	Funding Improvement of legislative framework	Funding received Gross tax liabilities. FTP performance. Considered proposals on improvement of legislative framework	Federal target programs. Intergovernmental agreements. Laws and regulations	FTP Events. Fulfillment of terms of intergovernmental agreements. Participations in legislative initiatives of the 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		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"	May 2013	Dehli, India
8	International specialized exhibition "Metrology 2013"		Moscow, Russia
9	China international exhibition of nuclear power industry (CIENPI)		Shanghai, China
10	International forum "ATOMEXPO 2013"	June 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		London, UK
14	Forum of suppliers of nuclear power industry "ATOMEX - Europe"	October 2013	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 the 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.**

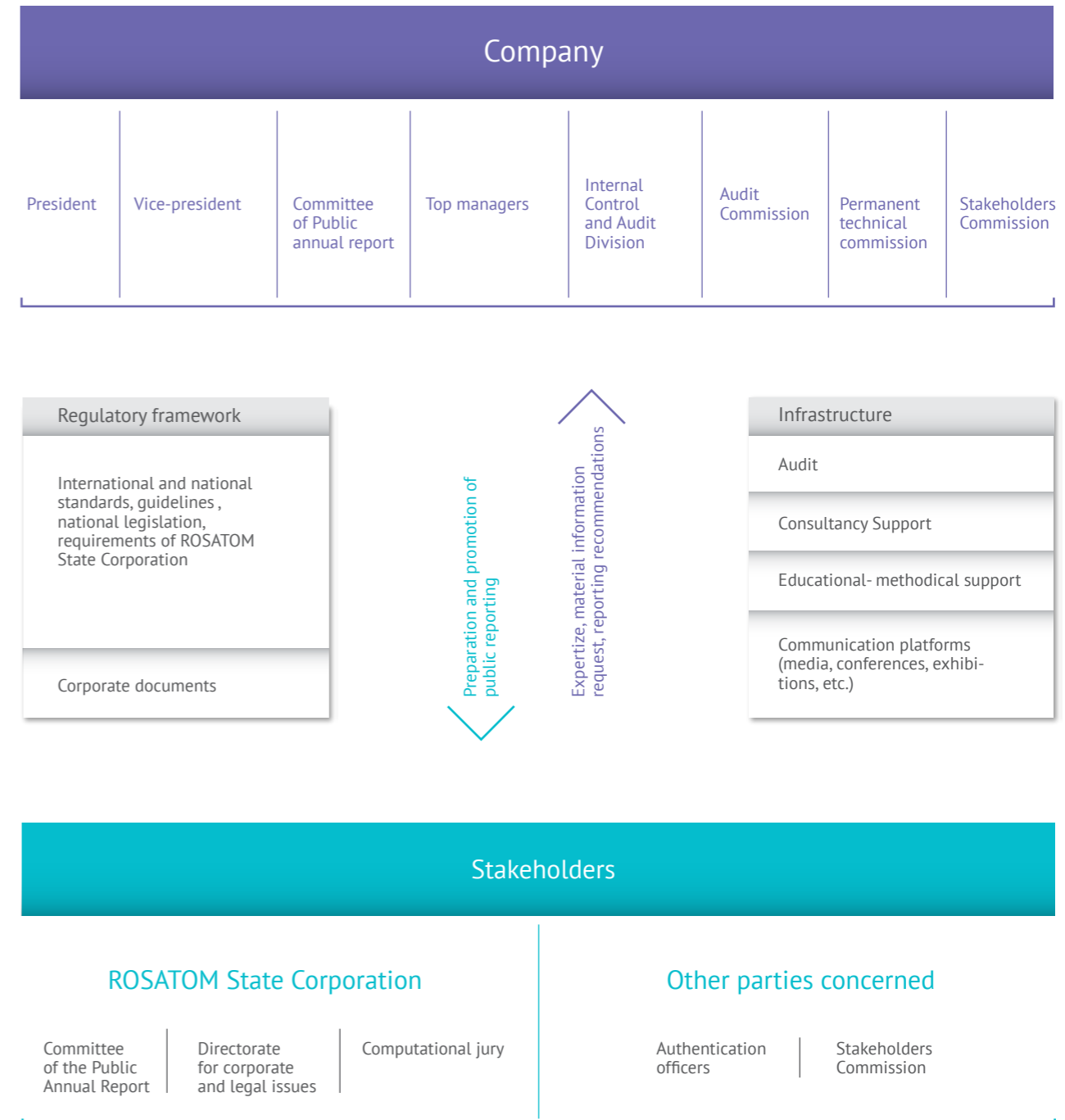
Following the events the proposals were made on improvement of the text content of the Report and the process of interaction.

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 the 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).

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".

GRI G3.1: 2.10

TVEL JSC Annual Report 2012 Awards:

- 2nd place in overall standings of the industry contest of the annual reports of the 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 the 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 the 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

sustainable development. The information that is most essential for proper understanding of the TVEL FC prospects can be found in sections of this Report dedicated to disclosure of information about the development strategy and performance of the Company in terms of conversion of the capitals it uses. In addition to these merits of the Report, we would also specifically mention the description of value creation process at TVEL FC and the relationship between the Company's strategy and its performance results and environmental impact.

Complete and Relevant Information

In our opinion, this Report contains relevant information that is sufficiently complete for proper understanding of the current state and prospects of the Company by the stakeholders.

Company's Response to Comments and Recommendations of Stakeholders

The Company has duly noted recommendations of the stakeholders in the minutes of dialogues and public consultations, and conducted thorough analysis and used them in the final version of the Report and in its activities. Recommendations of stakeholders were used for modification of section "TVEL FC Development Strategy", Section "Environmental Impact (Natural Capital)", Section "Place of TVEL FC on the Global Market", and Section "Innovative Activities in Non-Nuclear Industry".

Hereby we would confirm that all our suggestions are set forth in the Table of Comments of Stakeholders (Appendix No. 3 to the Report).

Therefore, TVEL FC has demonstrated a responsible approach to implementation of requirements set forth in Public Reporting Policy of the ROSATOM State Corporation, and showed constructive attitude to wishes and suggestions of stakeholders.

Noting the traditionally high quality of TVEL FC stakeholders engagement, we hope that the experience accumulated in the course of the dialogue and public consultations will be fully taken into account and applied in the future.

Director of the Institute for Development of
NRNU ME Phi

E.M. Glagovsky

Head of the Federal Service for Environmental,
Technological and Nuclear Supervision

A.I. Kislov

Executive Director of the Association of Closed
Administrative Territorial Unit for Nuclear

A.I. Makarenko

Secretary of the CC RPRAEP

A.G. Vanichkin

Deputy Director for Research and Development,
Vice-President of the Russian Society for
Non-Destructive Testing and Technical Diagnostics
(RONKT)

N.R. Kuzelev

Head of Division of the NEC ROSATOM State Atomic
Energy Corporation

O.I. Linyaev

Deputy Head of Electrostal Urban
Okrug Administration

V.P. Davydov

Member of Public Council of the
ROSATOM State Corporation.
Member of the Board of the Center for
Russian Ecological policy

V.F. Menshikov

Chairman of the All-Russian Public Children's Environ-
mental Movement "Green Planet", member of the
Academy of Medical Sciences

M.V. Medvedeva

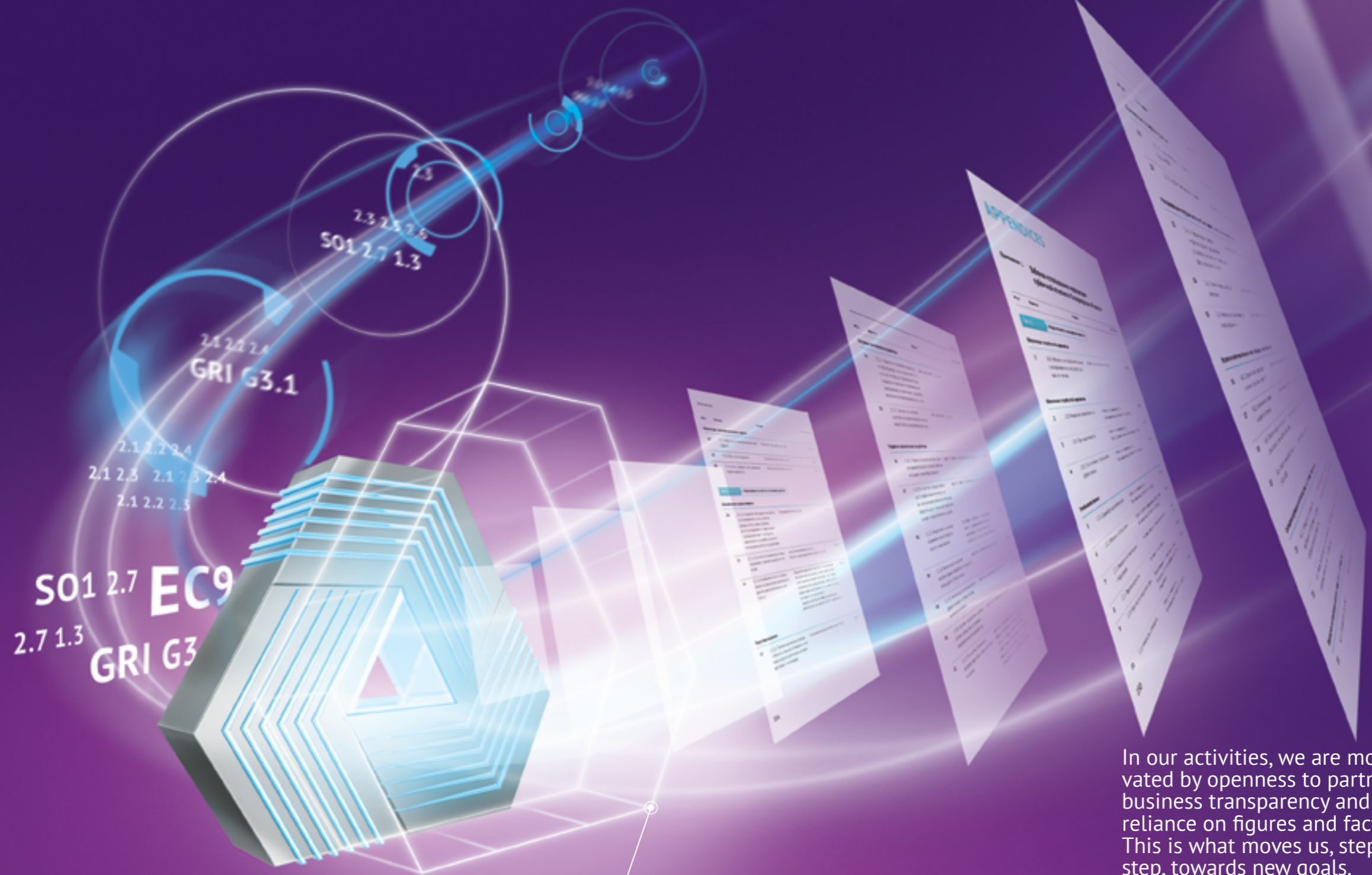
Head of the Center for Corporate Social Responsibility
and Non-financial Reporting of the Russian Union of
Industrialists and Entrepreneurs

E.N. Feoktistova

Executive Director of International Public Ecological
Organization "Greenlight"

O.V. Plyamina

APPENDICES



S01 2.7 EC9
2.7 1.3 GRI G3

GRI G3.1

S01 2.7 1.3

Transforming resources into capital

In our activities, we are motivated by openness to partners, business transparency and reliance on figures and facts. This is what moves us, step by step, towards new goals.

Appendix No. 1 Table of the Used ROSATOM Public Reporting Indicators

No.	Indicator	Disclosure	Extent of disclosure
Part 1. Core Business Performance			
Meeting the Demands of the Power Grids			
1	1.1.1. Meeting the demands of this country for electric energy using Russian nuclear fuel	Basic Characteristics (page 16)	disclosed
Economic Performance			
2	2.1.1. Financial efficiency	Key Results (page 11). Financial Results of Activities (page 62)	disclosed
3	2.1.2. Productivity	Key Results (page 11). Production and Economic Results (page 67)	disclosed
4	2.1.3. Economic and financial efficiency	Key Results (page 11). Financial Results of Activities (page 62)	disclosed
Business Continuity			
5	2.2.1. Diversification of activity	Key Results (page 11). Financial Results of Activities (page 62)	disclosed
6	2.2.2. Supply of orders	Financial Results of Activities (page 62)	disclosed
7	2.2.3. Dependence on suppliers and contractors	Procurement Activities (page 53)	partially disclosed
8	2.2.4. Risk Management	Risk Management (page 45)	disclosed
9	2.2.5. Development of production capacity	Investment Activity Results (page 67). Appendix No.5 Financial Statements for the year 2013	disclosed
10	2.2.6. Financial stability	Key Results (page 11). Financial Results of Activities (page 62)	disclosed

No.	Indicator	Disclosure	Extent of disclosure
Place on Global Markets			
11	2.3.1. Situation on the market of the initial stage of NFC	Place of TVEL FC in the World Market of FE NFC (page 30)	disclosed
12	2.3.2. Volume of exports	Financial Results of Activities page 62)	disclosed
International cooperation in the Sphere of peaceful Use of Nuclear Energy			
13	2.4.1. International legal infrastructure for promotion of Russian companies to global markets of nuclear technologies and services	Place of TVEL FC in the World Market of FE NFC (page 30)	disclosed
14	2.4.2. Development of international cooperation	Place of TVEL FC in the World Market of FE NFC (page 30)	disclosed
15	2.4.3. Strengthening of nuclear non-proliferation regime	Place of TVEL FC in the World Market of FE NFC (page 30)	disclosed
Nuclear and Radiation Safety Systems Management			
16	4.1.1. Provision of training to industry workers on the NRS standards	Labor Protection and Industrial Safety (page 106)	disclosed
17	4.1.2. Emergency response and emergency alertness	Nuclear and Radiation Safety (page 124)	disclosed
18	4.1.3. Physical protection of nuclear facilities	Nuclear and Radiation Safety (page 124)	disclosed
19	4.1.4. Development of technologies for handling RAW and SNF	Nuclear and Radiation Safety (page 124)	disclosed
Compliance with Requirements of Nuclear and Radiation Safety			
20	4.2.1. Compliance with license requirements to promotion of nuclear and radiation safety	In 2013, TVEL FC lost no licenses in the sphere of nuclear energy	disclosed
21	4.2.2. Violations in the course of handling the nuclear and radioactive materials	Nuclear and Radiation Safety (page 124)	disclosed
Decommissioning of Nuclear Facilities			
22	4.3.1. Decommissioning	Nuclear and Radiation Safety (page 124)	disclosed

No.	Indicator	Disclosure	Extent of disclosure
RAW and SNF Handling and Rehabilitation of Contaminated Areas			
23	4.4.1. Rehabilitation of contaminated areas	Nuclear and Radiation Safety (page 124)	disclosed
24	4.4.2. Revision of the RAW accumulation volume	Nuclear and Radiation Safety (page 124)	disclosed
25	4.4.3. Recycling of accumulated RAW	Nuclear and Radiation Safety (page 124)	partially disclosed
Intellectual Capital			
26	5.1.1. Inventive activities	Intellectual Property of TVEL FC (page 88)	disclosed
27	5.1.2. Efficiency of investments in R&D	Fundamental Scientific Activity (page 78)	disclosed
Innovative Activities			
28	5.2.1. Efficiency of innovative activities	Fundamental Scientific Activity (page 78). Innovative Activities in Nuclear Industry (page 81). Innovative Activities in Non-Nuclear Industry (page 84)	partially disclosed
29	5.2.2. Improvement of technologies of the existing process platform	Innovative Activities in Nuclear Industry (page 81)	disclosed
30	5.2.3. Engineering development in related spheres	Innovative Activities in Non-Nuclear Industry (page 84)	partially disclosed
Support of Development of Innovative and Technological Potential			
31	5.3.1. Development of infrastructure of scientific and technological complex	Fundamental Scientific Activity (page 78)	disclosed
32	5.3.2. Participation in implementation of innovative projects	Innovative Activities in Nuclear Industry (page 81). Innovative Activities in Non-Nuclear Industry (page 84)	disclosed
Improvement of Control Mechanisms			
33	6.1.1. Management system improvement projects	TVEL FC Development Strategy (page 36). Procurement Activities (page 53). Productive Efficiency Management (page 73).	disclosed
34	6.1.2. Implementation of projects related to improvement of efficiency performance	Energy Saving and Efficiency Improvement (page 127)	disclosed
35	6.1.3. Reorganization of financial and economic management	Information Technologies (page 56). Financial Policy (page 62)	disclosed

No.	Indicator	Disclosure	Extent of disclosure
36	6.1.4. Introduction of international management standards	Quality Management (page 76)	disclosed
37	6.1.5. Procurement Activities	Procurement Activities (page 53)	disclosed
38	6.1.6. Development of internal communications	Information Technologies (page 56). Corruption Management and Settlement of Conflicts of Interest (page 58). Stakeholders Engagement (page 137)	disclosed
39	6.1.7. Informatization of Management	Information Technologies (page 56)	disclosed
40	6.1.8. Management of financial and economic activities	Internal Control of TVEL FC (page 52). Corruption Management and Settlement of Conflicts of Interest (page 58)	disclosed
Improvement of Information Transparency of Nuclear Industry			
41	7.1.1. Public reporting	About the Report (page 8)	disclosed
42	7.1.2. Information resources of the industry	Stakeholders Engagement (page 137)	disclosed
Public Acceptance of Construction Projects of the Corporation and its Organizations			
43	7.2.1. Expert environmental examination envisaged by the laws of the Russian Federation	For details regarding the number of inspections see "Nuclear and Radiation Safety" (page 124)	partially disclosed
44	7.2.2. Public discussion of the EIAS materials	Ecological Policy (page 112)	disclosed
Improvement of Regulatory Framework in the Sphere of Nuclear Energy			
45	8.1.1. Participation in development of regulatory framework	Legal Scope of Activity of TVEL FC (page 57)	disclosed
Implementation of Certain Functions of the State Administration in the Established Sphere of Activities			
46	Implementation of Certain Functions of the State Administration in the Established Sphere of Activities	Nuclear and Radiation Safety (page 124)	disclosed

No.	Indicator	Disclosure	Extent of disclosure
Provision of Qualified Personnel			
47	9.1.1. Provision of qualified personnel	Personnel Management (page 90)	disclosed
48	9.1.2. Training of personnel	Personnel Management (page 90)	disclosed
49	9.1.3. Organization and use of personnel reserves	Personnel Management (page 90)	disclosed

Part 2. Performance in the Sphere of Sustainable Development

Economic Performance

50	10.1.1. Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments	Social Capital (page 130)	disclosed
51	10.1.2. Significant financial assistance received from government	Ecological Policy (page 112). Nuclear and Radiation Safety (page 124)	disclosed
52	10.1.3. Financial implications and other risks and opportunities for the organization's activities due to climate change	Climatic effect attributed to the enterprises managed by TVEL FC is insignificant compared to the enterprises related to extractive industries and thermal power companies. That's why the management board has not evaluated financial aspects and other risks related to the alteration of the climate. Climate change has no impact on business operations of TVEL FC and its employees	disclosed

Market Presence

53	Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation	Procurement Activities (page 53)	disclosed
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Indirect Economic Impact

54	10.3.1. Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement	Social Capital (page 130)	disclosed
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No.	Indicator	Disclosure	Extent of disclosure
55	10.3.2. Understanding and describing significant indirect economic impacts, including the extent of impacts	Social Capital (page 130)	disclosed
Environmental Impact Management			
56	11.1.1. Energy saved due to conservation and efficiency improvements	Energy Saving and Efficiency Improvement (page 127)	disclosed
57	11.1.2. Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives	Energy Saving and Efficiency Improvement (page 127)	disclosed
58	11.1.3. Initiatives to reduce indirect energy consumption and reductions achieved	At this time, the Company does not have a policy that regulates management of other indirect energy consumption due to the absence of the relevant regulatory requirements	disclosed
59	11.1.4. Initiatives to reduce emission of harmful substances into the air, and the reduction achieved	Environmental Impact (page 114)	disclosed
60	11.1.5. Initiatives to reduce emission of harmful substances into water bodies, and the reduction achieved	Environmental Impact (page 114)	disclosed
61	11.1.6. Strategies, current actions, and future plans for managing impacts on biodiversity	Environmental Impact (page 114)	disclosed
62	11.1.7. Initiatives to reduce greenhouse gas emissions and reductions achieved	Environmental Impact (page 114). The Company does not keep records of the number and impact of the said initiatives to promote the reduction of greenhouse gases emission, because there are no regulatory requirements to any such records and the effect from such information is considerably lower than the cost of its acquisition	disclosed
63	11.1.8. Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation	Ecological Policy (page 112)	disclosed
64	11.1.9. Percentage of products sold and their packaging materials that are reclaimed by category	Environmental Impact (page 114). Specifics of TVEL FC production do not envisage the return of products and packaging materials for recycling	disclosed
65	11.1.10. Total environmental protection expenditures and investments by type	Environmental Impact (page 114)	disclosed

No.	Indicator	Disclosure	Extent of disclosure
66	11.1.11. Introduction of environmental management system in organizations of the Corporation	Ecological Policy (page 112)	disclosed
67	11.1.12. Percentage of materials used that are recycled input materials	Environmental Impact (page 114). No data is available on the percentage of recycled materials in total amount of the used materials	partially disclosed
68	11.1.13. Percentage and total volume of water recycled and reused	Environmental Impact (page 114)	disclosed

Use of Materials, Energy and Water

69	11.2.1. Materials used by weight or volume	Environmental Impact (page 114)	partially disclosed
70	11.2.2. Direct energy consumption by primary energy source	Energy Saving and Efficiency Improvement (page 127)	disclosed
71	11.2.3. Indirect energy consumption by primary source	Energy Saving and Efficiency Improvement (page 127)	partially disclosed
72	11.2.4. Total water withdrawal by source	Environmental Impact (page 114)	disclosed
73	11.2.5. Water consumption (own needs)	Environmental Impact (page 114)	disclosed
74	11.2.6. Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Environmental Impact (page 114)	disclosed

Environmental Impact (Emissions, Effluents and Waste), Radiation Impact Excluded

75	11.3.1. Water sources significantly affected by withdrawal of water	Environmental Impact (page 114)	disclosed
76	11.3.2. Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas	Environmental Impact (page 114)	disclosed
77	11.3.3. Habitats protected or restored	Environmental Impact (page 114)	disclosed
78	11.3.4. Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk	Environmental Impact (page 114)	disclosed

No.	Indicator	Disclosure	Extent of disclosure
79	11.3.5. Total direct and indirect greenhouse gas emissions by weight	Environmental Impact (page 114)	disclosed
80	11.3.6. Other relevant indirect greenhouse gas emissions by weight	Statutory legal acts that regulate interaction between the enterprises of Fuel Company and the contractors make no provision for mandatory connection between the choice of the contractor and its environmental efficiency. Enterprises of TVEL FC do not keep records of emissions of greenhouse gases due to the absence of applicable regulatory requirements.	disclosed
81	11.3.7. Emissions of ozone-depleting substances by weight	Environmental Impact (page 114)	disclosed
82	11.3.8. NO _x , SO _x , and other significant air emissions by type and weight	Environmental Impact (page 114)	disclosed
83	11.3.9. Total water discharge by quality and destination	No data is available about overall amount of scheduled and unscheduled discharge of waste water and quality of the said water.	partially disclosed
84	11.3.10. Total weight of waste by type and disposal method	Environmental Impact (page 114)	disclosed
85	11.3.11. Total number and volume of significant spills	Environmental Impact (page 114)	disclosed
86	11.3.12. Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII, and percentage of transported waste	TVEL FC is not engaged in transboundary movement of hazardous waste.	disclosed
87	11.3.13. Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the reporting organization's discharges of water and runoff	Environmental Impact (page 114)	disclosed
88	11.3.14. Significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and transporting members of the workforce	Environmental Impact (page 114)	disclosed
89	11.3.15. Payments for emission of pollutants into the air by stationary and mobile sources, discharge of pollutants into surface and subsurface water, and disposal of industrial and consumption waste	Environmental Impact (page 114)	disclosed

No.	Indicator	Disclosure	Extent of disclosure
Compliance with Environmental Laws			
90	11.4.1. Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations	Environmental Impact (page 114)	disclosed
Radiation Environmental Impact			
91	11.5.1. Emission of radionuclides into the atmosphere	Environmental Impact (page 114)	disclosed
92	11.5.2. Discharge of waste water containing radionuclides	Environmental Impact (page 114)	disclosed
93	11.5.3. Pollution of territory with radionuclides	Environmental Impact (page 114)	disclosed
94	11.5.4. Financial support of radiation exposure mitigation measures	Environmental Impact (page 114)	disclosed
Employment			
95	12.1.1. Total workforce by employment type, employment contract, and region	Personnel Management (page 90)	disclosed
96	12.1.2. Total number of new employee hires and employee turnover by age group, gender, and region	Personnel Management (page 90)	disclosed
97	12.1.3. Percentage of employees receiving regular performance and career development reviews, by gender	Personnel Management (page 90)	disclosed
98	12.1.4. Share of specialists aged up to 35	Personnel Management (page 90)	disclosed
99	12.1.5. Average age of employees (by category)	Personnel Management (page 90)	disclosed
100	12.1.6. Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation	Personnel Management (page 90)	disclosed
101	12.1.7. Range of ratios of standard entry level wage by gender compared to local minimum wage at significant locations of operation	Personnel Management (page 90)	disclosed

No.	Indicator	Disclosure	Extent of disclosure
102	12.1.8. Average salary in ratio to average level of the labor market	Personnel Management (page 90)	disclosed
103	12.1.9. Jobs created (over a year)	Social Capital (page 130)	not disclosed
Relations between Workers and Management			
104	12.2.1. Percentage of employees covered by collective bargaining agreements	Personnel Management (page 130)	disclosed
105	12.2.2. Minimum notice period(s) regarding significant operational changes, including whether it is specified in collective agreements	Personnel Management (page 130)	disclosed
106	12.2.3. Correlation of average salary between 10% of employees with lowest salary and 10% of employees with highest salary	Personnel Management (page 130)	disclosed
Social Security of Employees			
107	12.3.1. Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations	Payments and benefits to employees of the enterprises of TVEL FC are made or provided in accordance with collective labor agreements and vary from enterprise to enterprise of the Fuel Company. Collective agreement applies to all employees. All payments and benefits are in line with applicable labor laws	disclosed
108	12.3.2. Coverage of the organization's defined benefit plan obligations	Personnel Management (page 130)	disclosed
109	12.3.3. Return to work and retention rates after parental leave, by gender	Personnel Management (page 130)	disclosed
110	12.3.4. Non-state pension scheme	Personnel Management (page 130)	disclosed
111	12.3.5. Total costs related to personnel	Personnel Management (page 130)	disclosed
112	12.3.6. Costs related to social programs for employees	Personnel Management (page 130)	disclosed

No.	Indicator	Disclosure	Extent of disclosure
Health and Safety at Workplace			
113	12.4.1. Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs	Labor Protection and Industrial Safety (page 106). No joint committees and commissions comprising of representatives of employees and employers are created for this purpose	disclosed
114	12.4.2. Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region	Labor Protection and Industrial Safety (page 106)	disclosed
115	12.4.3. Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases	The Fuel Company provides training to its employees with respect to serious diseases resulting from professional activities, including consulting, risk control and treatment. No such programs are envisaged for members of the employees' families and indigenous population	disclosed
116	12.4.4. Health and safety topics covered in formal agreements with trade unions	Labor Protection and Industrial Safety (page 106)	disclosed
117	12.4.5. Staff radiation exposure management	Labor Protection and Industrial Safety (page 106)	disclosed
118	12.4.6. Costs related to health and safety of the employees	Labor Protection and Industrial Safety (page 106)	disclosed

Training and Education

119	12.5.1. Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	Personnel Management (page 90). No programs to assist change of career/lifestyle are envisaged for the retiring or dismissed employees	partially disclosed
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Impact on Social Situation in the Areas of Presence

120	13.1.1. Percentage of operations with implemented local community engagement, impact assessments, and development programs	Social Capital (page 130)	disclosed
121	13.1.2. Procedures for local hiring and proportion of senior management hired from the local community at significant locations of operation	Personnel Management (page 90)	disclosed

No.	Indicator	Disclosure	Extent of disclosure
122	13.1.3. Operations with significant potential or actual negative impacts on local communities	Environmental Impact (page 114). Nuclear and Radiation Safety (page 124)	disclosed
123	13.1.4. Prevention and mitigation measures implemented in operations with significant potential or actual negative impacts on local communities	Environmental Impact (page 114). Nuclear and Radiation Safety (page 124)	disclosed

Stakeholders Engagement in the Sphere of Socially Important Issues of Social and Economic Development of the Area of Presence

124	13.2.1. Making of development programs for the Closed Administrative Territorial Units	Social Capital (page 130)	disclosed
125	13.2.2. Joint projects with non-commercial and non-state organizations related to socially important tasks	Social Capital (page 130)	disclosed

Charity

126	13.3.1. Charitable projects and amounts invested in these projects	Charitable Activity and Support of External Social Programs (page 135)	disclosed
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Corruption Management

127	14.1.1. Percentage and total number of business units analyzed for risks related to corruption	Corruption Management and Settlement of Conflicts of Interest (page 58)	disclosed
128	14.1.2. Percentage of employees trained in organization's anti-corruption policies and procedures	Corruption Management and Settlement of Conflicts of Interest (page 58)	disclosed
129	14.1.3. Actions taken in response to incidents of corruption	Corruption Management and Settlement of Conflicts of Interest (page 58)	disclosed

Compliance with Requirements

130	14.2.1. Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes	No serious violations of applicable laws by TVEL JSC and its enterprises were detected in 2013	disclosed
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No.	Indicator	Disclosure	Extent of disclosure
131	14.2.2. Monetary value of significant fines and total number of non-monetary sanctions for noncompliance with laws and regulations	No serious violations of applicable laws by TVEL JSC and its enterprises were detected in 2013	disclosed
132	14.2.3. Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship by type of outcomes	Not detected in 2013.	disclosed
133	14.2.4. Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	Not applicable due to specifics of products manufactured and services provided by TVEL FC enterprises	not applicable

Product Liability

134	14.3.1. Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures	Quality Management (page 76)	disclosed
135	14.3.2. Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle, by type of outcomes	Nuclear and Radiation Safety (page 124)	disclosed
136	14.3.3. Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements	Not applicable due to specifics of products manufactured and services provided by TVEL FC enterprises	not applicable
137	14.3.4. Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes	Not applicable due to specifics of products manufactured and services provided by TVEL FC enterprises	not applicable
138	14.3.5. Practices related to customer satisfaction, including results of surveys measuring customer satisfaction	Quality Management (page 76)	disclosed
139	14.3.6. Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship	Due to specifics of activities conducted by TVEL FC, no programs related to the provision of correspondence to the legislation, standards, requirements of voluntary certification related to marketing communications, including publicity, product promotion and sponsorship are available	disclosed

No.	Indicator	Disclosure	Extent of disclosure
140	14.3.7. Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services	Not charged in 2013.	disclosed
141	14.3.9. Number of claims and complaints from consumers	None	disclosed

Ethical Practices and Human Rights

142	14.4.1. Institutionalization of ethical practice	Corporate Governance (page 40)	disclosed
143	14.4.2. Percentage and total number of significant investment agreements and contracts that include clauses incorporating human rights concerns, or that have undergone human rights screening	All investment agreements undergo evaluation for conformity to applicable laws of the Russian Federation with respect to human rights. All investment agreements conform to applicable laws of the Russian Federation with respect to human rights	disclosed
144	14.4.3. Percentage of significant suppliers, contractors and other business partners that have undergone human rights screening, and actions taken	Suppliers and contractors are subject to no evaluation for human rights compliance due to the absence of regulatory requirements	disclosed
145	14.4.4. Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained	Personnel Management (page 90)	disclosed
146	14.4.5. Total number of incidents of discrimination and corrective actions taken	No discrimination cases detected in 2013. If any discrimination is detected, each employee of TVEL FC may appeal directly to the CEO of the enterprises or the President of TVEL JSC via e-mail or the boxes of appeals	disclosed
147	14.4.6. Operations and significant suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and actions taken to support these rights	Personnel Management (page 90)	disclosed

No.	Indicator	Disclosure	Extent of disclosure
148	14.4.7. Operations and significant suppliers identified as having significant risk for incidents of child labor, and measures taken to contribute to the effective abolition of child labor	No child labor is possible in this company. Complex engineering of the enterprises implies that the worker should have at least secondary vocational education, therefore, employment of children is out of question	disclosed
149	14.4.8. Operations and significant suppliers identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of all forms of forced or compulsory labor	TVEL FC is conducting its business in accordance with applicable laws of the Russian Federation which expressly forbid any use of forced labor. No cases of forced labor were detected in TVEL FC in 2013	disclosed
150	14.4.9. Percentage of security personnel trained in the organization's policies or procedures concerning aspects of human rights that are relevant to operations	Personnel Management (page 90)	disclosed
151	14.4.10. Total number of incidents of violations involving rights of indigenous people and actions taken	Not detected	disclosed
152	14.4.11. Percentage and total number of operations that have been subject to human rights reviews and/or impact assessments	TVEL FC does not evaluate any processes in the context of human rights or transactions evaluated for impact on human rights, excluding however the rights envisaged by labor laws and personal data laws	disclosed
153	14.4.12. Number of grievances related to human rights filed, addressed and resolved through formal grievance mechanisms	No complaints were filed against TVEL FC in 2013 with respect to violation of human rights	disclosed

Table of the Used GRI G3.1 Standard Disclosures and Performance Indicators



GRI G3.1: 3.12

No.	Indicator	Disclosure	Compliance with GRI G3.1 for Level A
Strategy and Analysis			
1	1.1. Statement from the most senior decisionmaker of the organization (e.g., CEO, chair, or equivalent senior position) about the relevance of sustainability to the organization and its strategy	Message by chief executives (page 6)	Full compliance
2	1.2. Description of key impacts, risks, and opportunities	TVEL FC Development Strategy (page 40). Risk Management (page 50). Place of TVEL FC in the World Market of FE NFC (page 32). Nuclear and Radiation Safety (page 124). Social Capital (page 131)	Full compliance
Organizational Profile			
3	2.1. Name of the organization	Company Background Information (page 16)	Full compliance
4	2.2. Primary brands, products, and/or services	Company Background Information (page 16)	Full compliance
5	2.3. Operational structure of the organization, including main divisions, operating companies, subsidiaries, and joint ventures	Corporate Governance (page 45)	Full compliance
6	2.4. Location of organization's headquarters	Company Background Information (page 16)	Full compliance
7	2.5. Number of countries where the organization operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report	Basic Characteristics (page 16). Place of TVEL FC in the World Market of FE NFC (page 30)	Full compliance
8	2.6. Nature of ownership and legal form	Company Background Information (page 16)	Full compliance
9	2.7. Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries)	Basic Characteristics (page 17). Place of TVEL FC in the World Market of FE NFC (page 30)	Full compliance

No.	Indicator	Disclosure	Compliance with GRI G3.1 for Level A
10	2.8. Scale of the reporting organization, including: <ul style="list-style-type: none"> • number of employees; • number of operations; • net sales (for private sector organizations) or net revenues (for public sector organizations); • total capitalization broken down in terms of debt and equity (for private sector organizations); • quantity of products or services provided 	Key Results (page 11). Company Background Information (page 18). Financial Results of Activities (page 63). Personnel Management (page 91)	Full compliance
11	2.9. Significant changes during the reporting period regarding size, structure, or ownership	Corporate Governance (page 42)	Full compliance
12	2.10. Awards received in the reporting period	Stakeholders Engagement During the Preparation of the Report 2013 (page 144)	Full compliance
Report Parameters			
13	3.1. Reporting period (e.g., fiscal/calendar year) for information provided	About the Report (page 8)	Full compliance
14	3.2. Date of most recent previous report (if any)	About the Report (page 8). General Information (page 16)	Full compliance
15	3.3. Reporting cycle (annual, biennial, etc.)	About the Report (page 8)	Full compliance
16	3.4. Contact point for questions regarding the report or its contents	Contact Information (page 241)	Full compliance
17	3.5. Process for defining report content, including: <ul style="list-style-type: none"> • determining materiality; • prioritizing topics within the report; • identifying stakeholders the organization expects to use the report 	About the Report (page 8). Stakeholders Engagement During the Preparation of the Report 2013 (page 137)	Full compliance
18	3.6. Boundary of the report (e.g., countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers)	Information about the Report (page 8)	Full compliance
19	3.7. State any specific limitations on the scope or boundary of the report	About the Report (page 8)	Full compliance

No.	Indicator	Disclosure	Compliance with GRI G3.1 for Level A
20	3.8. Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organizations	About the Report (page 8)	Full compliance
21	3.9. Data measurement techniques and the bases of calculations, including assumptions and techniques underlying estimations applied to the compilation of the Indicators and other information in the report	About the Report (page 8)	Full compliance
22	3.16. Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement (e.g., mergers/acquisitions, change of base years/periods, nature of business, measurement methods)	No significant alterations have been made	Full compliance
23	3.11. Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report	About the Report (page 8). No alterations occurred to the range, boundaries and evaluation methods	Full compliance
24	3.12. Table identifying the location of the Standard Disclosures in the report	Appendix No.2 Table of the Used GRI G3.1 Standard Elements of Reporting and Performance Indicators (page 166)	Full compliance
25	3.13. Policy and current practice with regard to seeking external assurance for the report. If not included in the assurance report accompanying the sustainability report, explain the scope and basis of any external assurance provided. Also explain the relationship between the reporting organization and the assurance provider(s)	About the Report (page 8)	Full compliance

Governance, Commitments, and Engagement

26	4.1. Governance structure of the organization, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organizational oversight	Corporate Governance (page 41). Organizational Structure of TVEL JSC (page 45)	Full compliance
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No.	Indicator	Disclosure	Compliance with GRI G3.1 for Level A
27	4.2. Indicate whether the Chair of the highest governance body is also an executive officer (and, if so, their function within the organization's management and the reasons for this arrangement)	Corporate Governance (page 42)	Full compliance
28	4.3. For organizations that have a unitary board structure, state the number and gender of members of the highest governance body that are independent and/or non-executive members	Corporate Governance (page 42)	Full compliance
29	4.4. Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body	Stakeholders Engagement During the Preparation of the Report 2013 (page 137)	Full compliance
30	4.5. Linkage between compensation for members of the highest governance body, senior managers, and executives (including departure arrangements), and the organization's performance (including social and environmental performance)	Corporate Governance (page 43)	Full compliance
31	4.6. Processes in place for the highest governance body to ensure conflicts of interest are avoided	The matter of conflict of interests in the top executive body of TVEL JSC is under control of the ROSATOM State Corporation	Full compliance
32	4.7. Process for determining the composition, qualifications, and expertise of the members of the highest governance body and its committees, including any consideration of gender and other indicators of diversity	Corporate Governance (page 42). The sole shareholder represented by Atomenergoprom JSC evaluates the qualification and competence of the member of top executive body of TVEL JSC. The Board of Directors plays the key role in strategic management of the Company and the entire Fuel Company. The sole shareholder appoints the Board of Directors with due account for the ability to handle the abovementioned objectives. The Board of Directors comprises mostly of the external directors, i.e. individuals who are not employed by the Company, and professionals vastly experienced in the industry and thoroughly understanding the specifics of activities conducted by the Company	Full compliance
33	4.8. Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation	Mission, Goals and Values (page 26). Corporate Governance (page 41). Sustainable Development Management (page 40)	Full compliance

No.	Indicator	Disclosure	Compliance with GRI G3.1 for Level A
34	4.9. Procedures of the highest governance body for overseeing the organization's identification and management of economic, environmental, and social performance, including relevant risks and opportunities, and adherence or compliance with internationally agreed standards, codes of conduct, and principles	TVEL FC Development Strategy (page 36). Corporate Governance (page 43). Risk Management (page 45). Quality Management (page 76).	Full compliance
35	4.10. Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance	No processes for evaluation of its own performance by the top executive body are available	Full compliance
36	4.11. Explanation of whether and how the precautionary approach or principle is addressed by the organization	Being guided by the precautionary principle, the Company endeavors to avoid the expected damage to environment even if there is no scientific evidence that any specific activity inflicts this damage	Full compliance
37	4.12. Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses	GRI G3.1 Reporting Guidelines International Integrated Reporting Council, v. 1.0	Full compliance
38	4.13. Memberships in associations (such as industry associations) and/or national/international advocacy organizations in which the organization: <ul style="list-style-type: none"> • has positions in governance bodies; • participates in projects or committees; • provides substantive funding beyond routine membership dues; • views membership as strategic 	TVEL JSC is a member of the Union of Employers of Nuclear Power Industry and Science of Russia (President of the Company is a member of the Board of the Union) and member of the National Association of Procurement Institutes (NAPI)	Full compliance
39	4.14. List of stakeholder groups engaged by the organization	Stakeholders Engagement During the Preparation of the Report 2013 (page 137)	Full compliance
40	4.15. Basis for identification and selection of stakeholders with whom to engage	Stakeholders Engagement During the Preparation of the Report 2013 (page 137)	Full compliance
41	4.16. Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group	Stakeholders Engagement During the Preparation of the Report 2013 (page 137)	Full compliance
42	4.17. Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting	Appendix No. 3 Records of the Proposals Made By Stakeholders of TVEL FC (page 180)	Full compliance

No.	Indicator	Disclosure	Compliance with GRI G3.1 for Level A
Management Approach and Performance Indicators			
43	Disclosure on Management Approach to economic efficiency	Procurement Activities (page 53). Personnel Management (page 90)	Full compliance
44	Disclosure on Management Approach to environmental efficiency	Ecological Policy (page 112). Energy Saving and Efficiency Improvement (page 127)	Full compliance
45	Disclosure on Management Approach to social efficiency	Procurement Activities (page 53). Corruption Management and Settlement of Conflicts of Interest (page 58). Quality Management (page 76). Personnel Management (page 90). Labor Protection and Industrial Safety (page 106). Social Capital (page 130)	Full compliance
Economic Performance Indicators			
1	EC1. Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments	Social Capital (page 131)	Full compliance
2	EC2. Financial implications and other risks and opportunities for the organization's activities due to climate change	Climatic effect attributed to the enterprises managed by the Fuel Company is insignificant compared to the enterprises related to extractive industries and thermal power companies. That is why the management board has not evaluated financial aspects and other risks related to the alteration of the climate. Climate change has no impact on business operations of TVEL FC and its employees	Full compliance
3	EC3. Coverage of the organization's defined benefit plan obligations	Personnel Management (page 105)	Full compliance
4	EC4. Significant financial assistance received from government	Nuclear and Radiation Safety (page 125)	Full compliance
5	EC5. Range of ratios of standard entry level wage by gender compared to local minimum wage at significant locations of operation	Personnel Management (page 97)	Full compliance
6	EC6. Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation	Procurement Activities (page 54)	Full compliance

No.	Indicator	Disclosure	Compliance with GRI G3.1 for Level A
7	EC7. Procedures for local hiring and proportion of senior management hired from the local community at significant locations of operation	Personnel Management (page 95)	Full compliance
8	EC8. Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement	Social Capital (page 135)	Full compliance
9	EC9. Understanding and describing significant indirect economic impacts, including the extent of impacts	Social Capital (page 131)	Full compliance
Environmental Performance Indicators			
10	EN1. Materials used by weight or volume	Environmental Impact (page 115). No information is available on total volume of materials used	Full compliance
11	EN2. Percentage of materials used that are recycled input materials	Environmental Impact (page 116). No information is available on the percentage of recycled materials in total amount of materials used by the Company	Full compliance
12	EN3. Direct energy consumption by primary energy source	Energy Saving and Efficiency Improvement (page 129). Enterprises of TVEL FC do not use energy from renewable sources	Full compliance
13	EN4. Indirect energy consumption by primary source	Energy Saving and Efficiency Improvement (page 128, 130)	Full compliance
14	EN5. Energy saved due to conservation and efficiency improvements	Energy Saving and Efficiency Improvement (page 127)	Full compliance
15	EN6. Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives	Energy Saving and Efficiency Improvement (page 128)	Full compliance
16	EN7. Initiatives to reduce indirect energy consumption and reductions achieved	Currently, the Company has not developed any policy to promote management of other indirect energy consumption, as there are no applicable regulatory requirements	Full compliance

No.	Indicator	Disclosure	Compliance with GRI G3.1 for Level A
17	EN8. Total water withdrawal by source	Environmental Impact (page 117)	Full compliance
18	EN9. Water sources significantly affected by withdrawal of water	Environmental Impact (page 117)	Full compliance
19	EN10. Percentage and total volume of water recycled and reused	Environmental Impact (page 117)	Full compliance
20	EN11. Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Environmental Impact (page 121)	Full compliance
21	EN12. Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas	Environmental Impact (page 121). Information about the impact on biological diversity caused by Atomredmetzoloto JSC and NAC Kazatomprom JSC (major suppliers of uranium processed at the enterprises of TVEL FC) can be found in public annual reports of these companies	Full compliance
22	EN13. Habitats protected or restored	Environmental Impact (page 121)	Full compliance
23	EN14. Strategies, current actions, and future plans for managing impacts on biodiversity	Environmental Impact (page 121)	Full compliance
24	EN15. Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk	Environmental Impact (page 121)	Full compliance
25	EN16. Total direct and indirect greenhouse gas emissions by weight	Environmental Impact (page 120)	Full compliance
26	EN17. Other relevant indirect greenhouse gas emissions by weight	Statutory legal acts regulating the interaction between enterprises of the Fuel Company and the contractors make no provisions for connection between the choice of the contractor and the environmental efficiency of the latter	Full compliance
27	EN18. Initiatives to reduce greenhouse gas emissions and reductions achieved	Environmental Impact (page 120). The Company does not keep records of the number of the said initiatives aiming to reduce emissions of greenhouse gases, as there are no regulatory requirements to keep any such records and the cost of acquisition of any such information will by far exceed the effect from acquisition thereof	Full compliance

No.	Indicator	Disclosure	Compliance with GRI G3.1 for Level A
28	EN19. Emissions of ozone-depleting substances by weight	Environmental Impact (page 118)	Full compliance
29	EN20. NO _x , SO _x , and other significant air emissions by type and weight	Environmental Impact (page 120)	Full compliance
30	EN21. Total water discharge by quality and destination	Environmental Impact (page 118)	Full compliance
31	EN22. Total weight of waste by type and disposal method	Environmental Impact (page 115)	Full compliance
32	EN23. Total number and volume of significant spills	Environmental Impact (page 114)	Full compliance
33	EN24. Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII, and percentage of transported waste	Enterprises of TVEL FC are not engaged in cross-border movement of waste.	Full compliance
34	EN25. Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the reporting organization's discharges of water and runoff	Environmental Impact (page 121)	Full compliance
35	EN26. Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation	Environmental Impact (page 114)	Full compliance
36	EN27. Percentage of products sold and their packaging materials that are reclaimed by category	Specifics of industry wherein TVEL FC conducts its business make no provisions for recycling of products and packaging materials	Full compliance
37	EN28. Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations	Environmental Impact (page 123)	Full compliance
38	EN29. Significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and transporting members of the workforce	Environmental Impact (page 120)	Full compliance
39	EN30. Total environmental protection expenditures and investments by type	Environmental Impact (page 122)	Full compliance

No.	Indicator	Disclosure	Compliance with GRI G3.1 for Level A
Labor Practices and Decent Work Performance Indicators			
40	LA1. Total workforce by employment type, employment contract, and region, broken down by gender	Personnel Management (page 92)	Full compliance
41	LA2. Total number and rate of new employee hires and employee turnover by age group, gender, and region	Personnel Management (page 91)	Full compliance
42	LA3. Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations	Payments and benefits to employees of the enterprises of TVEL FC are made or provided in accordance with collective labor agreements and vary from enterprise to enterprise of the Fuel Company. Collective agreement applies to all employees. All payments and benefits are in line with applicable labor laws	Full compliance
43	LA4. Percentage of employees covered by collective bargaining agreements	Labor Protection and Industrial Safety (page 91)	Full compliance
44	LA5. Minimum notice period(s) regarding significant operational changes, including whether it is specified in collective agreements	In the event of any significant operational changes in or to the business of the Company, the employees are given at least 2-months' prior notice. This provision is envisaged by applicable labor laws of the Russian Federation and included in the Collective Agreement of each enterprise	Full compliance
45	LA6. Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs	Labor Protection and Industrial Safety (page 106). No joint committees and commissions comprising of representatives of employees and employers are created for this purpose	Full compliance
46	LA7. Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region and by gender	Labor Protection and Industrial Safety (page 107)	Full compliance
47	LA8. Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases	The Fuel Company provides training to its employees with respect to serious diseases resulting from professional activities, including consulting, risk control and treatment. No such programs are envisaged for members of the employees' families and indigenous population	Full compliance
48	LA9. Health and safety topics covered in formal agreements with trade unions	Labor Protection and Industrial Safety (page 106)	Full compliance

No.	Indicator	Disclosure	Compliance with GRI G3.1 for Level A
49	LA10. Average hours of training per year per employee by gender, and by employee category	Personnel Management (page 100)	Full compliance
50	LA11. Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	Personnel Management (page 100). No programs to assist change of career/lifestyle are envisaged for the retiring or dismissed employees	Full compliance
51	LA12. Percentage of employees receiving regular performance and career development reviews, by gender	Personnel Management (page 99)	Full compliance
52	LA13. Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity	Personnel Management (page 95)	Full compliance
53	LA14. (GRI G 3.1) Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation	Personnel Management (page 96)	Full compliance
54	LA15. (GRI 3.1) Return to work and retention rates after parental leave, by gender	Personnel Management (page 94)	Full compliance
Performance Indicators – Society			
55	SO1. Percentage of operations with implemented local community engagement, impact assessments, and development programs	Social Capital (page 131)	Full compliance
56	SO2. Percentage and total number of business units analyzed for risks related to corruption	Corruption Management and Settlement of Conflicts of Interest (page 59)	Full compliance
57	SO3. Percentage of employees trained in organization's anti-corruption policies and procedures	Corruption Management and Settlement of Conflicts of Interest (page 59)	Full compliance
58	SO4. Actions taken in response to incidents of corruption	Corruption Management and Settlement of Conflicts of Interest (page 59)	Full compliance

No.	Indicator	Disclosure	Compliance with GRI G3.1 for Level A
59	SO5. Public policy positions and participation in public policy development and lobbying	Legal Scope of Activity of TVEL FC (page 57). ROSATOM State Corporation, TVEL FC does not participate in shaping of public policy and lobbying activities, excluding however development of suggestions related to legislative initiatives	Full compliance
60	SO6. Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country	TVEL FC is not engaged in contributions, whether financial or in kind, to any political parties, politicians and related institutions	Full compliance
61	SO7. Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes	No serious violations of applicable laws by TVEL JSC and its enterprises were detected in 2013	Full compliance
62	SO8. Monetary value of significant fines and total number of non-monetary sanctions for noncompliance with laws and regulations	No serious violations of applicable laws by TVEL JSC and its enterprises were detected in 2013	Full compliance
63	SO9. (GRI G 3.1) Operations with significant potential or actual negative impacts on local communities	Nuclear and Radiation Safety (page 124)	Full compliance
64	SO10. (GRI G 3.1) Prevention and mitigation measures implemented in operations with significant potential or actual negative impacts on local communities Performance Indicators – Product Liability	Nuclear and Radiation Safety (page 124)	Full compliance
Performance Indicators – Product Liability			
65	PR1. Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures	Quality Management (page 77)	Full compliance
66	PR2. Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle, by type of outcomes	Labor Protection and Industrial Safety (page 109). Nuclear and Radiation Safety (page 127)	Full compliance
67	PR3. Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements	Not applicable due to specifics of products manufactured and services provided by TVEL FC enterprises	not applicable

No.	Indicator	Disclosure	Compliance with GRI G3.1 for Level A
68	PR4. Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes	Not applicable due to specifics of products manufactured and services provided by TVEL FC enterprises	not applicable
69	PR5. Practices related to customer satisfaction, including results of surveys measuring customer satisfaction	Quality Management (page 78)	Full compliance
70	PR6. Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship	Due to specifics of activities conducted by TVEL FC, no programs related to the provision of correspondence to the legislation, standards, requirements of voluntary certification related to marketing communications, including publicity, product promotion and sponsorship are available	Full compliance
71	PR7. Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship by type of outcomes	Not detected	Full compliance
72	PR8. Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	Not applicable due to specifics of products manufactured and services provided by TVEL FC enterprises	not applicable
73	PR9. Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services	No fines charged in 2013	Full compliance

Human Rights Performance Indicators

74	HR1. Percentage and total number of significant investment agreements and contracts that include clauses incorporating human rights concerns, or that have undergone human rights screening	Procurement Activities (page 54)	Full compliance
75	HR2. Percentage of significant suppliers, contractors and other business partners that have undergone human rights screening, and actions taken	Procurement Activities (page 54)	Full compliance

No.	Indicator	Disclosure	Compliance with GRI G3.1 for Level A
76	HR3. Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained	Personnel Management (page 100)	Full compliance
77	HR4. Total number of incidents of discrimination and corrective actions taken	No discrimination cases detected in 2013	Full compliance
78	HR5. Operations and significant suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and actions taken to support these rights	Personnel Management (page 104). The Company did not conduct any analysis of the suppliers in 2013 with respect to this indicator due to the absence of applicable regulatory requirements	Full compliance
79	HR6. Operations and significant suppliers identified as having significant risk for incidents of child labor, and measures taken to contribute to the effective abolition of child labor	No child labor is possible in this company. Complex engineering of the enterprises implies that the worker should have at least secondary vocational education, therefore, employment of children is out of question. The Company did not conduct any analysis of the suppliers in 2013 with respect to this indicator due to the absence of applicable regulatory requirements	Full compliance
80	HR7. Operations and significant suppliers identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of all forms of forced or compulsory labor	TVEL FC is conducting its business in accordance with applicable laws of the Russian Federation which expressly forbid any use of forced labor. No cases of forced labor were detected in TVEL FC in 2013. The Company did not conduct any analysis of the suppliers in 2013 with respect to this indicator due to the absence of applicable regulatory requirements	Full compliance
81	HR8. Percentage of security personnel trained in the organization's policies or procedures concerning aspects of human rights that are relevant to operations	Personnel Management (page 100)	Full compliance
82	HR9. Total number of incidents of violations involving rights of indigenous people and actions taken	Not detected	Full compliance
83	HR10. (GRI G 3.1) Percentage and total number of operations that have been subject to human rights reviews and/or impact assessments	TVEL FC does not evaluate any processes in the context of human rights or transactions evaluated for impact on human rights, excluding however the rights envisaged by labor laws and personal data laws	Full compliance
84	HR11. (GRI G 3.1) Number of grievances related to human rights filed, addressed and resolved through formal grievance mechanisms	No complaints were filed against TVEL FC in 2013 with respect to violation of human rights	Full compliance

Appendix No. 3. Records of the Proposals Made by Stakeholders of TVEL FC

Offers made by TVEL FC Stakeholders in prior periods

Description	Implementation of plans and obligations
Try to make the Report reflect the customer's reaction to the "social care" that the Company provides to inhabitants of its region of presence	Noted. Feedback Form is available in printed and interactive versions of the Report for 2012 and 2013
By the end of 2011, the Company should make a consolidated plan of events and projects to promote the development of social and economic environment of the regions of presence of incorporate enterprises and make a section at its corporate Website where information about implementation of the plan will be updated on a regular basis	Noted to the extent applicable to planning the events and projects. Section "Social Capital". Section in the corporate Website that will be updated to provide details concerning the events and implementation of the plan – in perspective
By the end of 2012, make a section on Website dedicated to interaction between stakeholders (obligation pending)	Partially noted. Interactive versions of the 2013 and 2013 Reports have a Feedback Form
In order to improve the environmental management system, audit the appropriate systems at MSZ JSC, JSC CMP, JSC NNCP, JSC MZP and CC JSC, and continue the introduction of corporate and integrated environmental management system	Noted. Section "Quality Management"
Modify Programs of Quality Environment Object Monitoring ("the OMSN") in accordance with Guidelines prepared by Federal State Unitary Geological Enterprise Gidrospeitsgeologia	In 2012, Programs were modified at JSC AECC, JSC VNIINM, MSZ JSC, JSC NNCP and JSC CMP. Final coordination of the Object Monitoring Programs of JSC SGChE and JSC UEIP was planned for 2013. In 2013, modification and coordination of the OMSN of JSC SGChE and the Quality Environment Monitoring Center with the ROSATOM State Corporation (Federal State Unitary Geological Enterprise Gidrospeitsgeologia) detected the need for additional technical measures in order to develop the network of observation wells; the Program can be coordinated only upon completion of the said measures. JSC UEIP in 2013 completed the development of network of observation wells comprising the OMSN System of the enterprise; the Program was modified; currently, the Program is undergoing the final stage of preparations for coordination with the Federal State Unitary Geological Enterprise Gidrospeitsgeologia. Results of the quality environment monitoring by JSC UEIP in conjunction with the Federal State Unitary Geological Enterprise Gidrospeitsgeologia were presented at the Round Table dedicated to Quality Environment Monitoring during the international forum AtomEco-2013

Description	Implementation of plans and obligations
Expand the strategic goal and mission of TVEL FC by adding a point about liquidation of nuclear legacy. Describe the procedures and plans of cooperation with the ROSATOM State Corporation, including its enterprises and organizations, in the sphere of handling RAW	Noted. Section "TVEL FC Development Strategy"
Improve the existing and create new standards for working with veterans of the industry	Noted. In 2013, the Fuel Company introduced a new corporate program for provision of support to non-working pensioners that is consistent with corporate social policy of the ROSATOM State Corporation Section "Social Capital"
Elucidate on the subject Corporate Science in the 2013 TVEL JSC Report	Noted. Section "Intellectual Capital". "Innovative Potential as Development Basis of TVEL FC" is one of the priorities of the 2013 TVEL JSC Report
Detailed description of social and economic impact of TVEL FC within the regions of presence should be provided in each Report of TVEL JSC	Noted. Section "Social Capital"
Do not make a separate chapter for "Sustainable Development" in the next Report but rather integrate this kind of activity in the main sections of the Report	Noted. Chapter "Management System"

Suggestions Received from Stakeholders during the 2013 Reporting Campaign

GRI G3.1: 4.17

Suggestion	Event*	Reaction of the Company
Suggestions regarding the contents of the 2013 public report		
Expand the audience of stakeholders questioned	Dialogue 1	The suggestion will be noted during the preparation of the 2014 Report
Issue abridged version of the annual report by April when forum/dialogue of the ROSATOM State Corporation "Nuclear Energy, Society, Safety-2014" is held	Dialogue 1	Cannot be noted due to the time of the forum
Provide information in the annual report about personnel training and provision of support to veterans	Dialogue 1	Noted during the preparation of the Report, Section "Personnel Management"
Include roadmap for transition to GRI G4, including ranking of the activity aspects that are to be disclosed	Dialogue 1	Will be noted at the time of preparation of the first report under GRI G4
Upon conversion to GRI G4, focus on the basic level of disclosure	Dialogue 1	Will be noted at the time of preparation of the first report under GRI G4

Suggestion	Event*	Reaction of the Company
Present the Annual Report of the FC for the year of 2013 at the site of JSC SGChE and other regions of presence of the Fuel Company	Dialogue 1	We expect this suggestion to be noted, subject to approval the 2014 budget of Public Relations Department
Publish the abridged version of the Annual Report on the Website of the Russian Atomic Community	Dialogue 1	Will be noted by way of publishing of press release about the issue of the public annual report of TVEL JSC
Each section of Chapter 4 of the Annual Report – "Outcomes by Capital" should also have description of the policy of activities and a list of events and plans up to 2030	Dialogue 1	Will be noted in the course of preparation of future reports
Chapter "Outcomes by Capital" in the 2013 Report should start with Section dedicated to innovations	Dialogue 1	Found not feasible
Add Section dedicated to risk management	Dialogue 1	Noted during the preparation of the Report, Section "Risk Management"
The Report should mention that the Fuel Company develops its business in compliance with mandatory safety provision in the broadest sense of word and keeps working on solution to the problem of "nuclear legacy". This kind of information is extremely important	Dialogue 2	Noted during the preparation of the Report, Chapter "Environmental Impact (Natural Capital)"
Description of innovative development should link the innovative projects in progress to corporate strategy of nuclear and non-nuclear spheres. It is important to point out the relationship between the Company's activities and the environment: context and analysis of conditions, potential and opportunities	Dialogue 2	Noted during the preparation of the Report, Section "TVEL FC Development Strategy", Section "Place of TVEL FC in the World Market of FE NFC" and Section "Innovative Activities in Non-Nuclear Industry"
The declared priority topic is beyond the scope of technology. Innovations are also used in organizational development and in social and economic relations. There is one more important component – education of the residents of the regions of presence of the Fuel Company, e.g. supporting programs to promote innovative thinking in schoolchildren, students and young employees of the enterprise. In 2013, JSC SGChE together with Seversk Technological Institute NRNU MEPhI held quite a number of events in this sphere. The primary goal is to build education process so as to encourage the ability to think innovative, develop scientific thinking in children and teach them innovative thinking methods. This is innovative training! We would like the Fuel Company to support these initiatives and include them in its 2013 Report.	Dialogue 2	Noted during the preparation of the Report, Section "Personnel Management"
It would be great, if the Report provided information not only about RPS and work on suggestions for improvement, but also information about the incentives (including pecuniary) that would encourage the personnel to make these suggestions	Dialogue 3	Noted during the preparation of the Report, Section "Productive Efficiency Management"

<i>Suggestion</i>	<i>Event*</i>	<i>Reaction of the Company</i>
The Report should have information about training provided to the young people and students about work with children, i.e. training the next generation of workers of the Fuel Company	Dialogue 3	Noted during the preparation of the Report, Section "Personnel Management"
2014 is the year of culture in the Russian Federation. It would seem reasonable that the 2013 Report should be designed so as to reflect cultural diversity and riches of Russia (Malevich, Lisitsky, etc.)	Dialogue 3	The suggestion will be forwarded to the Company that designs the 2013 Report
Did not find information about contribution of the Fuel Company to big science in connection with prospective tasks	Dialogue 3	Noted during the preparation of the Report, Section "Fundamental Scientific Activity"
Forum-dialogue "Nuclear Energy, Society, Safety-2014" will be held in Moscow on April 10-11. This is the biggest event in the C.I.S. dedicated to this subject. The Fuel Company should think about presenting its draft annual report to the audience	Dialogue 3	Cannot be noted due to the time of the forum
Did not find information about cooperation of the ROSATOM State Corporation with consortium of base universities. Nothing about human resources and engineering	Dialogue 3	Noted during the preparation of the Report, Section "Personnel Management"
Provide information about participation of universities comprising the consortium of base higher education institutions of the ROSATOM State Corporation in scientific and engineering activities of the Fuel Company. Specifically, elucidate on the scientific and engineering areas involving the base universities that comprise the consortium, and on conformity of the amounts paid to the universities for R&D projects to the values set forth in the KPI of the ROSATOM State Corporation Program for Innovative Development and Technological Modernization for the Period Up to 2020 (percentage of funding provided to universities for R&D Projects of total R&D outlays – 4% in 2013, 5% in 2015, etc.)	Dialogue 3	Not noted in 2013 reporting campaign. Will be noted at the time of preparation of the 2014 Statement
Checked the topic of formation of social harmony by the Fuel Company and found nothing about the role of trade unions. Extensive involvement of TVEL FC personnel and maintenance of environment of social harmony is in many ways the result of good relationship between the administration of the enterprises, trade unions, veteran councils and other workers' associations	Dialogue 3	Noted during the preparation of the Report, Section "Personnel Management"
One should understand that the subject of social capital is closely tied to the subject of industrial, human and reputation capital. One should elucidate on the types of capital in the business model and properly structure the information in the Report by each type of capital	Dialogue 3	Noted during the preparation of the Report, Section "Value Creation"
Comparing the salaries at various subsidiaries and affiliates of TVEL JSC and salaries in vital areas of business – this is a GRI. If the comparison is favorable, it must be published in the Report	Dialogue 3	Noted during the preparation of the Report, Section "Personnel Management"

<i>Suggestion</i>	<i>Event*</i>	<i>Reaction of the Company</i>
Comments to the arrangement of information: the ROSATOM Production System is part of production activity, therefore, it does not seem to be correct when it only deals with social capital	Dialogue 3	Noted during the preparation of the Report, Chapter "Productive Efficiency Management", "Personnel Management"
The title "Natural Capital Management" is not proper. There is no legal basis for the term "natural capital". In addition, "Natural Capital" implies quite a bit more than "environment protection" or "Environmental Impact (Ecology)". TVEL FC is a user of natural resources only. Therefore, one should think of a more fitting title for the section that deals with environmental impact	Dialogue 3	Noted during the preparation of the Report, Chapter named "Environmental Impact (Natural Capital)". The Glossary contains definition of capitals in accordance with the IIRS
If you need to use the term "Natural Capital" in the Report pursuant to requirements of the IIRS, you should provide definition thereof in the Glossary	Dialogue 3	
"Zero emissions", "zero failure level" you should avoid using such terms in the Report. Mention the potential loss of containment of TVS, how the Fuel Company looks like in comparison with international practices in this aspect, and how the Company intends to minimize the possibility of any such loss to the values below international standards. Mention the objective to stay within the limits of emission rather than the number of malfunctions and emissions that are zero. It looks like an emotional report made using technically inappropriate language	Dialogue 3	"Zero Failure Level" is the official name of the project. The risk of loss of containment of TVS for NPP using VVER-1000 is addressed in Section "Quality Management"
If the Company intends to mention in its Report average points earned at the meetings dedicated to discussion of the FC strategy, the values should be presented no longer than two digits after the decimal point	Dialogue 3	Noted during the preparation of the Report, Section "Stakeholders engagement"
The diagram describing correlation of strategic goals of the ROSATOM State Corporation and TVEL FC should highlight the point where the goal of the ROSATOM State Corporation to ensure competitiveness of its products and the goals of the Fuel Company with respect to development of the second core business meet	Public consultation	Noted during the preparation of the Report, Section "TVEL FC Development Strategy"
Mitigation of the risks is the key result of corporate risk management system functioning. The Report should reflect this result. If the Company applies the same conceptual approaches to risk management, it would seem reasonable to make a link to the report made the year before, and sections describing the results of the year of report should mention specific events in the sphere of risk management held over the period of report and present the results (risk reduced/increased/unchanged)	Public consultation	Will be noted in the course of preparation of future annual reports
Information about the share on the markets of fabrication and enrichment should provide a link to the dynamics of the same values in previous years	Public consultation	Noted during the preparation of the Report, Section "Place of TVEL FC in the World Market of FE NFC"

<i>Suggestion</i>	<i>Event*</i>	<i>Reaction of the Company</i>
National operator commenced its work in Russia to handle radioactive waste. It already experiences certain communication problems with the Closed Administrative Territorial Unit and with some enterprises. Public Council with the ROSATOM State Corporation organized a working group to handle this matter. The forthcoming Report should provide information about the ways for the Company and its subsidiaries and affiliates to interact with the National Nuclear Waste Operator	Public consultation	Will be noted in the course of preparation of future annual reports
We found the information about cooperation agreements with the regions and we regret to say that information about implementation of these agreements in 2013 (for JSC SGChE – creation of BREST-300, physics and math lyceums, etc.) is scattered all over the Report. The authors should provide links to information about the agreements and description of specific results. This kind of information is important to our stakeholders	Public consultation	Noted during the preparation of the Report, Section “Development of the Regions of Presence”
Modify the table dedicated to the current products by development of new businesses of TVEL FC to present JSC SGChE as the main manufacturer of stable isotopes	Public consultation	Noted during the preparation of the Report, Section “Innovative Activities in Non-Nuclear Industry”
Update the section dedicated to cooperation agreements with the regions by adding information about negotiations held in 2013 and plans for 2014 with respect to signing such agreement between the ROSATOM State Corporation and Irkutsk Region	Public consultation	Preparations were made in 2013 for signing of cooperation agreement between the ROSATOM State Corporation and Irkutsk Region Administration. This work has yielded no specific results so far. Including this kind of information in the Report would be premature, because negotiations go on
The list of vital issues that need to be resolved in connection with drafting of the industrial program of strategic development of the Closed Administrative Territorial Unit mentions “development and synergy in transportation, social and engineering infrastructures of agglomeration Tomsk–Seversk and agglomeration Yekaterinburg-Novouralsk”	Public consultation	Partially noted in the course of preparation of the Report, Section “Development of the Regions of Presence”

<i>Suggestion</i>	<i>Event*</i>	<i>Reaction of the Company</i>
Suggestions with respect to activities of the Fuel Company		
TVEL FC should make inter-generational continuity, including personnel training and support to veterans, a priority task	Dialogue 1	These are already mentioned among other priorities in corporate personnel policy. For details see Section “Personnel Management”
The Fuel Company should participate in Glazov Industrial Park Project. In 2013, the town administration drafted the concept and standard business plan for the local industrial park. Materials are open to public on the official Website of the town administration	Dialogue 2	Funds from TVEL FC are raised through additional taxation mechanisms under the plan of events funded by the consolidated group of taxpayers. The Program of Social and Economic Development of Glazov in 2013-2014 envisages disbursement of RUB 99 mln. at the cost of increased regional taxation for purposes of implementation of investment policy to promote job creation
The demand for nondestructive inspection aids is growing worldwide. This is about instrument engineering where JSC NNCP, JSC CMP, JSC VPA Tochmash, JSC SGChE and JSC VNIINM have sufficient skills and expertise. The Fuel Company should develop a program to get a piece of the action on this market. Among other things, one should engage expertise and innovative solutions of scientific organization beyond the loop of the ROSATOM State Corporation, while using the existing know-how in aerospace, petroleum and other industries and adapting them to specifics of the nuclear sector	Dialogue 2	These projects are implemented by the ROSATOM State Corporation
JSC PA ECP operates a unique automated industrial and environmental monitoring system that allows to get updates about the environment (including radiation) situation online. This ideology and structure should be supported and, probably, used as the basis for building the national monitoring system	Dialogue 3	These systems of industrial and environmental monitoring are operated by all environmentally important subsidiaries and affiliates of TVEL JSC. National monitoring system is within jurisdiction of the government and creation thereof is regulated by documents of the Ministry of Natural Resources and Environment of the Russian Federation
Creation of conditions for development of small and mid-sized businesses should be supported by ideas about the spheres where these businesses may operate within the Closed Administrative Territorial Unit. A lot of higher education institutions, such as the Lomonosov Moscow State University, have some interest projects on this matter	Dialogue 3	Comprehensive planning of business development in 2014 includes mapping of the area for assignment of prospective market niches to the existing and potential small and mid-sized businesses
Information Centers of nuclear industry may provide proper basis for establishment of external communications. You should acquire more projects for our centers	Dialogue 3	Continuous interaction with information center of nuclear industry is already going on for educational purposes. TVEL JSC provides funding every year in support of Autonomous Non-profit Organization Information Center of Nuclear Industry (ANO ICNI), see Section “Charitable Activity and Support of External Social Programs”

<i>Suggestion</i>	<i>Event*</i>	<i>Reaction of the Company</i>
TVEL FC should consider the creation of a vertical structure similar to that of Rosenergoatom Concern JSC where interregional public veterans organization (MOOVK) functions successfully	Dialogue 3	Please keep in mind that all enterprises of the Fuel Company, unlike the NPP of Rosenergoatom Concern JSC, are stand-alone business entities with their own trade unions which usually have veterans organizations. At this time, TVEL FC is not thinking about the establishment of a public organization that would coordinate the activities of veterans organizations at the enterprises. This process may be started under the RPRAEP
Please send presentations to participants in advance, this would make the Dialogue more effective	Dialogue 3	This will be done whenever possible, subject to the terms of revision of the materials by the Permanent Technical Commission
Please note that execution of a collective agreement for each specific enterprise is a unique process, because the said agreement cannot be executed in a standard form that suits everyone. Locally, one often has a better insight into how to proceed with each specific social program. If we want to keep social harmony, put more trust in people locally	Dialogue 3	Draft collective agreements are examined by experts in accordance with recommendations of the ROSATOM State Corporation. Fundamental principles of collective agreements have been repeatedly discussed at the meetings where chairmen of primary trade union cells have been delegated

* Dialogue 1 held on December 12, 2013 was dedicated to the concept of public annual report of TVEL JSC for the year of 2013. Dialogue 2 and Dialogue 3 aimed to discuss with the stakeholders disclosure of priority topics in the public annual report («Innovative Potential as Development Basis of TVEL FC» and « Social Capital Management of TVEL FC»). Dialogue 4 –public consultations on the draft public annual report of TVEL JSC for the year of 2013.

Appendix No. 4. Corporate Governance Code Compliance Report

<i>No.</i>	<i>Provision of the Corporate Governance Code</i>	<i>Observed or not observed</i>
General Meeting of Shareholders		
1.	Notification of shareholders about the General Meeting at least 30 days before the date when it is scheduled to convene regardless of the issues in its agenda, unless a longer term is envisaged by applicable laws	Not applicable because the Company has only the Sole Shareholder
2.	Ability of shareholders to study the list of persons entitled to participate in the General Meeting of Shareholders, starting from the day of notification on its holding and up to the ending of such meeting in person, and in case of an extra-mural General Meeting of Shareholders – and through the date of termination of voting bulletins acceptance term	Not applicable because the Company has only the Sole Shareholder
3.	Ability of shareholders to study the information (materials) that is to be presented in the course of preparation for the General Meeting of Shareholders, using the electronic means of communication, including the Internet	Compliant
4.	Ability of shareholders to suggest an issue to the agenda of the General Meeting of Shareholders or demand that the General Meeting of Shareholders is convened without provision of an excerpt from the Register of Shareholders, if its rights to the shares are recorded in the Register of Shareholders System, and if its rights to the shares are recorded by means of its deposit account, an excerpt from any such account shall be sufficient for exercising of any such rights	Not applicable because the Company has only the Sole Shareholder
5.	Provisions in the Articles of Association or any other internal regulations of the Joint-Stock Company requiring physical presence of the General Director, members of the board, members of the Board of Directors, members of the Audit Commission and the Auditor of the Joint-Stock Company at the general meeting of Shareholders	Not applicable because the Company has only the Sole Shareholder
6.	Mandatory presence of candidates at the General Meeting of Shareholders to consider the issues on the election of the members of the Board of Directors, the General Director, members of the board, members of the Audit Commission and approval of the Auditor of the Joint-Stock Company	Not applicable because the Company has only the Sole Shareholder
7.	Provisions in the internal regulations of the Joint-Stock Company that envisage any registration procedure for the participants of the general Meeting of Shareholders	Not applicable because the Company has only the Sole Shareholder
Board of Directors		
8.	Provision in the Articles of Association of the Joint-Stock Company authorizing the Board of Directors to approve the annual financial and economic plan of the Joint-Stock Company	Compliant
9.	Risk management procedure approved by the Board of Directors of the Joint-Stock Company	Compliant

No.	Provision of the Corporate Governance Code	Observed or not observed
10.	Provision in the Articles of Association of the Joint-Stock Company authorizing the Board of Directors to suspend the authority of the General Director appointed by the general Meeting of Shareholders	Compliant
11.	Provision in the Articles of Association of the Joint-Stock Company authorizing the Board of Directors to outline requirements to qualification of and establish the amount of remuneration due to the general Director, members of the board and managers of the main structural divisions of the Joint-Stock Company	Compliant
12.	Provision in the Articles of Association of the Joint-Stock Company authorizing the Board of Directors to approve terms and conditions of agreements with the General Director and members of the board	Compliant
13.	Provisions in the Articles of Association or any other internal regulations of the Joint-Stock Company stipulating that the votes of members of the Board of Directors represented by the General Director and members of the board are to be disregarded at the time of approval of terms and conditions of the agreements with the General Director (Managing Company, Executive Manager)	Compliant
14.	At least three independent directors in the Board of Directors of the Joint-Stock Company who qualify under the Corporate Code of Conduct	Not compliant
15.	No individuals in the Board of Directors of the Joint-Stock Company who have been found guilty of economic crimes or crimes against the state authorities, interests of public service and service in the bodies of local self-government, or those who have been subject to administrative charges for violations committed in the course of entrepreneurial activities or in the sphere of finance, taxes and charges, or securities market	Compliant
16.	No individuals in the Board of Directors of the Joint-Stock Company who happen to be a participant, General Director (Executive Manager), member of the management body or employee of a legal entity competing with the Joint-Stock Company	Compliant
17.	Provision in the Articles of Association of the Joint-Stock Company about the election of the Board of Directors by cumulative voting	Not applicable because the Company has only the Sole Shareholder
18.	Provision in internal documents of the Joint-Stock Company obliging members of the Board of Directors to eschew activities which will or may cause conflict of interests between any such members and the Joint-Stock Company, and in the event of any such conflict – obligation to disclose any pertinent information to the Board of Directors	Compliant
19.	Provision in internal documents of the Joint-Stock Company obliging members of the Board of Directors to notify the said Council in writing of their intention to perform any transaction that involves securities of the Joint-Stock Company wherein they hold a position of a member of the Council of Director, including its subsidiaries and/or affiliates, and to disclose information about any such transactions involving any such securities	Compliant

No.	Provision of the Corporate Governance Code	Observed or not observed
20.	Provision in internal documents of the Joint-Stock Company about meetings of the Board of Directors to be held at least once every six weeks	Compliant
21.	Meetings of the Board of Directors of the Joint-Stock Company to be held during the year covered in the annual report at least once in every six weeks	Compliant
22.	Provision in internal documents of the Joint-Stock Company outlining the procedure of the meeting of the Board of Directors	Compliant
23.	Provision in internal documents of the Joint-Stock Company about the Board of Directors to approve transactions of the Joint-Stock Company to the amount exceeding 10% of the value of corporate assets, excluding however transactions consummated in a normal course of business	Compliant
24.	Provision in internal documents of the Joint-Stock Company about the right of the Board of Directors to receive information from the executive bodies and managers of key structural divisions of the Joint-Stock Company necessary for performance of their functions and setting liability for failure to provide any such information	Compliant
25.	Availability of a committee of the Board of Directors for strategic planning or assignment of functions of the said committee to another committee (excluding however the committee for audit and committee for human resources and remuneration)	Atomenergoprom JSC performs the functions of the sole shareholder of TVEL JSC. The Sole Shareholder appoints the Board of Directors out of professionals and considering the ability thereof to perform the assignment. The Board of Directors comprises mostly of the external directors who are not employed by the Company and are represented by professionals sufficiently experienced and savvy to the specifics of the industry and business of the Company. Sector-specific divisions of Atomenergoprom JSC perform functions of committees with the Board of Directors of the Company
26.	Availability of a committee of the Board of Directors (committee for audit) that gives recommendations to the Board of Directors regarding auditor of the joint stock company and interacts with the Council and the Audit Commission of the Joint-Stock Company	
27.	The committee for audit comprising of independent and non-executive directors only	
28.	An independent director in charge of the committee for audit	
29.	Provision in internal documents of the Joint-Stock Company that provides to all members of the committee for audit open access to any documents and information of the Joint-Stock Company subject to compliance with confidentiality clause	
30.	Creation of a committee of the Board of Directors (committee for human resources and remuneration), the function of which is to identify the criteria of selection of candidates to members of the Board of Directors and outline the policy of the Joint-Stock Company in the field of remuneration	
31.	An independent director to run the committee for human resources and remuneration	
32.	No executives of the Joint-Stock Company among members of the committee for human resources and remuneration	

No.	Provision of the Corporate Governance Code	Observed or not observed
33.	Creation of a risk management committee with the Board of Directors or assigning the functions of the said committee to another committee (excluding however the committee for audit and the committee for human resources and remuneration)	Atomenergoprom JSC performs the functions of the sole shareholder of TVEL JSC. The Sole Shareholder appoints the Board of Directors out of professionals and considering the ability thereof to perform the assignment. The Board of Directors comprises mostly of the external directors who are not employed by the Company and are represented by professionals sufficiently experienced and savvy to the specifics of the industry and business of the Company. Sector-specific divisions of Atomenergoprom JSC perform functions of committees with the Board of Directors of the Company
34.	Establishment of a committee with the Board of Directors for settlement of corporate conflicts or assigning the functions of the said committee to another committee (excluding however the committee for audit and the committee for human resources and remuneration)	
35.	No executives of the Joint-Stock Company among members of the committee for settlement of corporate conflicts	
36.	An independent director to run the committee for settlement of corporate conflicts	
37.	Internal documents of the Joint-Stock Company approved by the Board of Directors that regulate the formation and functioning of the committees with the Board of Directors	
38.	Provision in the Articles of Association of the Joint-Stock Company outlining the procedure of establishment of a quorum at the Board of Directors that permits mandatory participation of independent directors in the meetings of the Board of Directors	

Executive Bodies

39.	Availability of a collegiate executive body (board) in the Joint-Stock Company	No collegiate executive body is envisaged by the Articles of Association of the Company
40.	Provision in the Articles of Association or internal documents of the Joint-Stock Company that requires the board to approve transactions with immovable property and acquisition of loans, if the aforementioned does not constitute major transactions and the performance thereof is beyond the scope of normal business activity of the Joint-Stock Company	
41.	Provision in internal documents of the Joint-Stock Company concerning the procedure of coordination of transactions beyond the scope of financial and business plan of the Joint-Stock Company	Compliant
42.	No individuals in the executive bodies of the Joint-Stock Company who happen to be a participant, General Director (Executive Manager), member of the management body or employee of a legal entity competing with the Joint-Stock Company	Compliant

No.	Provision of the Corporate Governance Code	Observed or not observed
43.	No individuals in the executive bodies of the Joint-Stock Company who have been found guilty of economic crimes or crimes against the state authorities, interests of public service and service in the bodies of local self-government, or those who have been subject to administrative charges for violations committed in the course of entrepreneurial activities or in the sphere of finance, taxes and charges, or securities market. If an Managing company (Executive Manager) performs functions of the sole executive body – compliance of the General Director and members of the board of the Managing company or the Executive Manager with requirements to the General Director and members of the board of the Joint-Stock Company	Compliant
44.	Provision in the Articles of Association or internal documents of the Joint-Stock Company that prohibits the Managing company (Executive Manager) to perform similar functions at a rival company and have any property relationship with the Joint-Stock Company beyond the scope of provision of services of the Managing Company (Executive Manager)	Atomenergoprom JSC performs the functions of the sole shareholder of TVEL JSC. No provision is made for the transfer of functions of the executive body to the Managing Company (Executive Manager)
45.	Provision in internal documents of the Joint-Stock Company obliging the executive bodies to eschew activities which will or may cause conflict of interests between any such bodies and the Joint-Stock Company, and in the event of any such conflict – obligation to notify the Board of Directors accordingly	No collegiate executive body is envisaged by the Articles of Association of the Company
46.	Provision in the Articles of Association or internal documents of the Joint-Stock Company outlining the criteria for selection of an Managing Company (Executive Manager)	Atomenergoprom JSC performs the functions of the sole shareholder of TVEL JSC. No provision is made for the transfer of functions of the executive body to the Managing Company (Executive Manager)
47.	Executive bodies of the Joint-Stock Company to report on a monthly basis to the Board of Directors	Compliant
48.	Liability for breach of confidentiality and abuse of proprietary information envisaged by agreements entered into by and among the Joint-Stock Company and the General Director (Managing Company, Executive Manager) and members of the Board	Compliant

Secretary of the Company

49.	Availability of a special executive (secretary) whose objective is to ensure compliance with procedures by the bodies and executive officers of the Joint-Stock Company to guarantee the exercise of rights and lawful interests of the shareholders	Secretary of the Board of Directors performs functions of the corporate secretary of the Joint-Stock Company
50.	Provision in the Articles of Association or internal documents of the Joint-Stock Company outlining the procedure of appointment (election) of the secretary and its duties and obligations	Compliant
51.	Provision in the Articles of Association outlining requirements to the secretary of the Company	Compliant

No.	Provision of the Corporate Governance Code	Observed or not observed
Essential Corporate Actions		
52.	Provision in the Articles of Association or internal documents of the Joint-Stock Company outlining requirements to approval of a major transaction before it is consummated	Compliant
53.	Mandatory engagement of an independent professional to estimate market value of property that is the subject matter of a major transaction	Compliant
54.	The Articles of Association prohibiting any actions in the course of acquisition of major minority shareholding (takeover) aiming to protect the interests of executive bodies (members thereof) and members of the Board of Directors of the Joint-Stock Company as well as actions that make the position of shareholders worse (specifically, prohibiting the Board of Directors to approve before the expiry date of the expected purchase of the shares any additional issue of the shares or securities that may be converted into shares, or securities that give the right to purchase the shares of the Company, even if the Board of Directors has any such right under the Articles of Association)	Articles of Association have no provisions prohibiting any actions in the course of acquisition of major minority shareholding (takeover) aiming to protect the interests of executive bodies (members thereof) and members of the Board of Directors of the Joint-Stock Company as well as actions that make the position of shareholders worse
55.	Provision in the Articles of Association that envisages mandatory contracting of an independent appraiser for the establishment of current market value of the shares and potential changes in the said value resulting from takeover	Articles of Association have no provision that envisages mandatory contracting of an independent appraiser for the establishment of current market value of the shares and potential changes in the said value resulting from takeover
56.	No provision in the Articles of Association of the Joint-Stock Company that exempts the buyer from obligation to suggest to the shareholders that they should sell their ordinary shares (equity securities that can be converted into ordinary shares) at the time of takeover	Compliant
57.	Provision in the Articles of Association or internal documents of the joint-stock that envisages mandatory contracting of an independent appraiser to estimate the share conversion rates at the time of reorganization	Articles of Association or internal documents of the joint-stock have no provisions that envisage mandatory contracting of an independent appraiser to estimate the share conversion rates at the time of re-organization
Disclosure of Information		
58.	Availability of internal document approved by the Board of Directors that sets the disclosure rules and procedures for the Joint-Stock Company (Provisions on Information Policy)	Compliant

No.	Provision of the Corporate Governance Code	Observed or not observed
59.	Provision in internal documents of the Joint-Stock Company that requires to disclose information about the purpose of placement of the shares and about the individuals who intend to purchase any such shares, including a big package thereof, and about participation (if any) of chief executive officers of the Joint-Stock Company in the purchase of the said shares	Internal documents of the Joint-Stock Company contain no provision that requires to disclose information about the purpose of placement of the shares and about the individuals who intend to purchase any such shares, including a big package thereof, and about participation (if any) of chief executive officers of the Joint-Stock Company in the purchase of the said shares
60.	Provision in internal documents of the Joint-Stock Company that identifies the list of information, documents and materials that shall be made available to the shareholders for decision-making on the issues considered at the General Meeting of Shareholders	Atomenergoprom JSC performs the functions of the sole shareholder of TVEL JSC. Pursuant to the cooperation Regulations, the Company shall provide to Atomenergoprom JSC any information in addition to the scope envisaged by the federal Law "On Joint-Stock Companies"
61.	Availability of a Website and provision of information about the Joint-Stock Company therein on a regular basis	Compliant
62.	Provision in internal documents of the Joint-Stock Company that requires disclosure of information about transactions between the Joint-Stock Company and individuals who are chief executive officers of the same Joint-Stock Company as defined by the Articles of Association, and about any transactions between the Joint-Stock Company and other companies wherein chief executive officers of the Joint-Stock Company own, directly or otherwise, at least 20% of the authorized capital, or the companies that may be subject to considerable influence of any such individuals	Not applicable.
63.	Provision in internal documents of the Joint-Stock Company that requires disclosure of information about all and any transactions that are capable of affecting the market value of the shares of the Joint-Stock Company	Not applicable because shares of the Company are not floated on equity markets
64.	Availability of internal document approved by the Board of Directors that regulates the use of essential information about the activities of the Joint-Stock Company, its shares and other securities and transactions with the same, which is not public domain and, if disclosed, may considerably affect the market value of the shares and other securities of the Joint-Stock Company	Not applicable because shares of the Company are not floated on equity markets
Control of Financial and Economic Activities		
65.	Availability of procedures approved by the Board of Directors that regulate the internal control of financial and economic activities of the Joint-Stock Company	Compliant
66.	Availability of a special division (supervision and auditing service) that supervises the compliance with the internal control procedures of the Joint-Stock Company	Compliant

No.	Provision of the Corporate Governance Code	Observed or not observed
67.	Provision in internal documents of the Joint-Stock Company that requires the Board of Directors to identify the structure and composition of the supervision and auditing service of the Joint-Stock Company	Compliant
68.	No individuals in the supervision and auditing service of the Joint-Stock Company who have been found guilty of economic crimes or crimes against the state authorities, interests of public service and service in the bodies of local self-government, or those who have been subject to administrative charges for violations committed in the course of entrepreneurial activities or in the sphere of finance, taxes and charges, or securities market	Compliant
69.	No individuals in the supervision and auditing service of the Joint-Stock Company who are members of executive bodies of the Joint-Stock Company and participants, General Director (Executive Manager), members of the management bodies or employees of a legal entity that is rival to the Joint-Stock Company	Compliant
70.	Provision in internal documents of the Joint-Stock Company that sets deadlines for submission of documents and materials to the supervision and auditing service for the assessment of a consummated financial and business transaction, and liability of executives and employees of the Joint-Stock Company for failure to submit the said documents and materials within the established terms	Compliant
71.	Provision in internal documents of the Joint-Stock Company that obliges the supervision and auditing service to report any violations it detects to the committee for audit (and in the absence thereof – to the Board of Directors of the Joint-Stock Company)	Compliant
72.	Provision in the Articles of Association of the Joint-Stock Company that requires the supervision and auditing service to conduct preliminary assessment of feasibility of transactions beyond the scope of the financial and economic plan of the Joint-Stock Company (unconventional transactions)	Articles of Association of the Joint-Stock Company contain no provision that requires the supervision and auditing service to conduct preliminary assessment of feasibility of transactions beyond the scope of the financial and economic plan of the Joint-Stock Company (unconventional transactions). These requirements are set by the internal documents of the Company.
73.	Provision in internal documents of the Joint-Stock Company that sets the procedure of coordination of the unconventional transaction with the Board of Directors	Compliant
74.	Availability of an internal document approved by the Board of Directors that outlines the procedure of audit of financial and business activities of the Joint-Stock Company by the Audit Commission	Compliant

No.	Provision of the Corporate Governance Code	Observed or not observed
75.	The Audit Committee to appraise the audit report prior to presentation thereof to the shareholders at the general meeting	Atomenergoprom JSC performs the functions of the sole shareholder of TVEL JSC. The Sole Shareholder appoints the Board of Directors out of professionals and considering the ability thereof to perform the assignment. The Board of Directors comprises mostly of the external directors who are not employed by the Company and are represented by professionals sufficiently experienced and savvy to the specifics of the industry and business of the Company. Sector-specific divisions of Atomenergoprom JSC perform functions of committees with the Board of Directors of the Company

Dividends

76.	Availability of an internal document approved by the Board of Directors and used by the same upon the approval of recommendations regarding the amount of dividends (Dividends Policy Regulations)	Atomenergoprom JSC regulates the Dividends Policy of the Company on the basis of financial performance, investment plans of the Company and industry
77.	Provision in the Dividends Policy Regulations that outlines the procedure of estimating the minimum share of net profit that the Joint-Stock Company shall use for payment of dividends, as well as terms and conditions when dividends are to be paid out partially or no dividends are payable under the preferred shares, the amount of which is set in the Articles of Association of the Joint-Stock Company	
78.	Publication of information about the Dividends Policy of the Joint-Stock Company and amendments thereto in a periodical edition envisaged by the Articles of Association of the Joint-Stock Company for announcement of General Meetings of Shareholders, and publication of the said data on the official Website of the Joint-Stock Company	

Financial Statements for the year 2013

Balance sheet as at December 31, 2013

Organization TVEL Joint Stock Company

Taxpayer Identification Number

Type of business Production of nuclear fuel

Form of incorporation / form of ownership Joint Stock Company

Measurement unit: in thousand RUB

Location (address) Bld.24, Bolshaya Ordynka st., Moscow, 119017

	Codes
Form under OKUD	0710001
Date (day, month, year)	31 12 2013
under OKPO	45046040
TIN	7706123550
under OKVED	23.30
under OKOPF / OKFS	12247 16
under OKEI	384

Comments	Index description	Code	As on December 31, 2013	As on December 31, 2012	As on December 31, 2011
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Assets

I. Non-current assets

4.1, 4.9	Intangible assets	1110	744,233	418,026	28,685
4.2, 4.9	Results of research and development	1120	1,758,298	1,768,853	1,227,845
4.3	Fixed assets	1150	301,118	264,814	299,510
	Buildings, vehicles, equipment etc.	1151	286,641	213,382	285,025
	Capital investments in progress	1152	13,991	1,092	11,752
4.9	Advances to suppliers	1153	486	50,340	2,733
4.3, 4.9	Income-bearing investments in tangibles	1160	2,488,089	2,823,171	3,194,114
4.6	Financial investments	1170	229,717,502	227,731,322	223,288,158
4.18	Deferred tax assets	1180	–	–	79 459
4.4	Other non-current assets	1190	1,769,667	1,879,439	1,366,983
	Total for section I	1100	236,778,907	234,885,625	229,484,754

II. Current assets

4.5	Stock	1210	85,822,038	70,010,415	55,523,371
	Raw, materials and other similar assets	1211	7,809,561	8,913,840	4,709,306

Comments	Index description	Code	As on December 31, 2012	As on December 31, 2012	As on December 31, 2011
	Work in progress expenditures	1212	62,859,501	49,505,259	37,840,454
	Finished products and goods for resale	1213	15,152,976	11,418,279	12,973,611
	Shipped goods	1214	–	173 037	–
	Prepaid expenses	1215	–	–	–
	Not presented for payment but accrued revenue	1216	–	–	–
	Other stock and expenses	1217	–	–	–
	Value added tax on aquired assets	1220	11,356,957	9,059,577	7,701,108
4.9	Accounts receivable	1230	19,780,606	16,784,840	12,084,951
	Long-term accounts receivable – total	1231	1,106,542	262,814	361,113
	Settlements with buyers and customers	1232	44,424	76,178	107,932
	Advances made	1233	5,105	–	–
	Other debtors	1234	1,057,013	186,636	253,181
	Short-term accounts receivable – total	1235	18,674,064	16,522,026	11,723,838
	Settlements with buyers and customers	1236	6,476,450	11,067,812	6,528,734
	Advances made	1237	3,607,282	2,455,638	2,931,694
	Other debtors	1238	8,590,332	2,998,576	2,263,410
4.6	Financial investments	1240	547,687	3,454,314	2,844,650
4.8	Cash	1250	2,390,128	4,382,332	4,747,646
	Other current assets	1260	200,709	1,101,254	918,068
	Total for section II	1200	120,098,125	104,792,732	83,819,794
	Balance	1600	356,877,032	339,678,357	313,304,548

Liabilities

III. Capital and reserves

Equity capital (pooled capital, collective capital, contribution of partners)	1310	22,962	22,962	22,962
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Comments	Index description	Code	As on December 31, 2013	As on December 31, 2012	As on December 31, 2011
	Own shares redeemed from shareholders	1320	(-)	(-)	(-)
	Revaluation of non-current assets	1340	-	-	-
	Added capital (without revaluation)	1350	181,524,792	181,735,153	181,735,316
	Reserve capital	1360	8,972	26,798	25,538
4.16	Reserves formed in accordance with legislation	1361	7,824	25,650	24,390
	Reserves formed in accordance with founding documents	1362	1,148	1,148	1,148
	Undistributed profit (uncovered loss)	1370	89,864,036	91,676,694	92,083,860
	Total for section III	1300	271,420,762	273,461,607	273,867,676

IV. Long-term liabilities

	Borrowed funds	1410	7,993,031	3,735,233	-
	Deferred tax liabilities	1420	122,375	174,975	-
	Estimated liabilities	1430	-	-	-
	Other liabilities	1450	981,324	586,912	-
	Total for section IV	1400	9,096,730	4,497,120	-

V. Short-term liabilities

4.15	Borrowed funds	1510	33,732,964	27,910,479	11,956,933
4.12	Accounts payable	1520	41,488,165	32,519,968	26,802,261
	Suppliers and contractors	1521	22,100,035	14,441,780	8,055,076
	Advances received	1522	16,663,672	17,820,789	18,702,484
	Accounts payable to employees	1523	191	611	275
	Accounts payable to state non-budget bodies	1524	-	-	-
	Accounts payable in respect of taxes and levies	1525	14,624	70,901	16,572
	Other creditors	1526	2,709,643	185,887	27,854

Comments	Index description	Code	As on December 31, 2012	As on December 31, 2012	As on December 31, 2011
4.11	Deferred income	1530	8,043	8,592	16,997
4.17	Estimated liabilities	1540	817,893	1,224,600	644,847
	Other liabilities	1550	312,475	55,991	15,834
	Total for section V	1500	76,359,540	61,719,630	39,436,872
	Balance	1700	356,877,032	339,678,357	313,304,548

Senior Vice-President,
Finance, Economy and
Corporate Governance

(signature)

N.V. Nikipelova
(name)Chief
accountant

(signature)

O.V. Pechkina
(name)

Profit and Loss Statement for the year 2013

Organization TVEL Joint Stock Company

Taxpayer Identification Number

Type of business Production of nuclear fuel

Form of incorporation / form of ownership Joint Stock Company

Measurement unit: in thousand RUB

Location (address) Bld.24, Bolshaya Ordynka st., Moscow, 119017

Comments	Index description	Code	As on December 31, 2013	As on December 31, 2012
4.19	Proceeds, including	2110	106,701,619	102,758,386
	proceeds from sale of own products		87,398,527	78,394,400
	proceeds from sale of goods		-	-
	proceeds from carrying out work, rendering services		15,870,724	21,233,887
4.19	Prime cost of sales, including	2120	(75,722,527)	(70,515,682)
	prime cost of sales of own products		(57,891,889)	(50,484,780)

Codes

Form under OKUD 0710002

Date (day, month, year) 31 | 12 | 2013

under OKPO 45046040

TIN 7706123550

under OKVED 23.30

under OKOPF / OKFS 12247 | 16

under OKEI 384

Comments	Index description	Code	As on December 31, 2013	As on December 31, 2012
	prime cost of sales of goods		(-)	(-)
	prime cost of carrying out work, rendering services		(14,989,136)	(17,822,826)
	Gross profit (loss)	2100	30,979,092	32,242,704
4.19	Commercial expenses	2210	(1,302,238)	(1,405,774)
4.19	Management expenses	2220	(6,803,476)	(5,228,577)
	Sales profit (loss)	2200	22,873,378	25,608,353
4.20	Income from participation in other entities	2310	4,150,891	515,740
4.20	Interest receivable	2320	457,967	326,448
4.20	Interest payable	2330	(1,697,016)	(979,779)
4.20	Other income, including	2340	867,122	3,769,534
	Income from lease out of fixed assets (net) Long lead equipment		467,550	493,572
	Income from revaluation of securities at market value		-	860,397
	Income from currency differences on liabilities and assets in foreign currency		-	765,174
	Income from property and monetary assets from federal, regional and local budget (financial activities)		-	574,127
	Income from currency purchase and sale transactions		64,090	-
	Income from inventory surplus and other property as a result of inventory check		240,655	239,495
	Other income (net)		-	258,144
4.20	Other expenses, including	2350	(6,295,796)	(5,111,530)
	Expenses associated with lease out of fixed assets		(348,486)	(355,183)
	Expenses for provisions for financial investments impairment		(-)	(2,359,351)
	Expenses from currency differences on liabilities and assets in foreign currency		(1,353,059)	(-)
	Expenses from revaluation of securities at market value		(2,150,397)	(-)

Comments	Index description	Code	As on December 31, 2013	As on December 31, 2012
	Expenses for charity and voluntary contributions		(-)	(395,230)
	Expenses for R&D and design and survey work		(1,242,176)	(918,502)
	Expenses from tax claims		(-)	(471,534)
	Other expenses		(367,743)	(-)
	Income (loss) before tax	2300	20,356,546	24,128,766
	Current profit tax	2410	(3,632,569)	(4,794,844)
4.18	including standing tax liabilities (assets)	2421	(338,492)	(326,016)
4.18	Variation of deferred tax liabilities	2430	1,172	(126,612)
4.18	Variation of deferred tax assets	2450	51,428	(127,822)
	Other	2460	(104,508)	-
	Redistribution of profit tax within consolidated group of taxpayers	2465	452,761	-
	Net profit (loss)	2400	17,124,830	19,079,488

For reference only

	Result of revaluation of non-current assets not to be included in net profit (loss) of the period	2510		
	Result of other operations not to be included in net profit (loss) of the period	2520	(210,361)	(162)
	Cumulative financial result for the period ⁸	2500	16,914,469	19,079,326
4.21	Basic earnings (loss) per share	2900	1	1
	Diluted earnings (loss) per share	2910		

Senior Vice-President,
Finance, Economy and
Corporate Governance

(signature)

N.V. Nikipelova
(name)Chief
accountant

(signature)

O.V. Pechkina
(name)

Capital Statement for the year 2013		Codes
Organization TVEL Joint Stock Company	Form under OKUD	0710003
Taxpayer Identification Number	Date (day, month, year)	31 12 2013
Type of business Production of nuclear fuel	under OKPO	45046040
Form of incorporation / form of ownership Joint Stock Company	TIN	7706123550
Measurement unit: in thousand RUB	under OKVED	23.30
Location (address) Bld.24, Bolshaya Ordynka st., Moscow, 119017	under OKOPF / OKFS	12247 16
	under OKEI	384

I. Flow of capital

Index description	Code	Equity capital	Own shares redeemed from shareholders	Added capital	Reserve capital	Undistributed profit (uncovered loss)	Total
Value of the capital as of December 31, 2011	3100	22962		181,735,316	25,538	92,083,860,	273,867,676
For the year 2012							
Increase of capital – total:	3210			705	2,075,673	19,079,488	21,155,866
including: net profit	3211					19,079,488	19,079,488
revaluation of property	3212						
income charged directly to increase of capital	3213			705	2,075,673		2,076,378
additional emission of shares	3214						
increase in the par value of shares	3215						
reorganization of the legal entity	3216						
use of industry-based reserves for investment purposes	3217						
Reduction of the capital – total:	3220			(868)	(2,074,413)	(19,486,654)	(21,561,935)
including: loss	3221						
revaluation of property	3222						

Index description	Code	Equity capital	Own shares redeemed from shareholders	Added capital	Reserve capital	Undistributed profit (uncovered loss)	Total
expenses charged directly to reduction of the capital	3223			(868)	(2,074,413)		(2,075,281)
decrease in the par value of shares	3224						
decrease in the number of shares	3225						
reorganization of the legal entity	3226						
dividends	3227					(19,486,654)	(19,486,654)
Change in the added capital	3230						
Change in the reserve capital	3240						–
Value of the capital as on December 31, 2012	3200	22,962		181,735,153	26,798	91,676,694	273,461,607

For the year 2013

Increase of the capital – total:	3310	–	–	394,731	3,384,125	17,124,830	20,903,686
including: net profit	3311					17,124,830	17,124,830
revaluation of property	3312						–
income charged directly to increase of capital	3313			394,731	3,384,125		3,778,856
additional emission of shares	3314						–
increase in the par value of shares	3315						–
reorganization of the legal entity	3316						–
use of industry-based reserves for investment purposes	3317						–
Reduction of the capital – total:	3320			(605,092)	(3,401,951)	(18,937,488)	(22,944,531)
including: loss	3321						–
revaluation of property	3322						–

Index description	Code	Equity capital	Own shares redeemed from shareholders	Added capital	Reserve capital	Undistributed profit (uncovered loss)	Total
expenses charged directly to reduction of the capital	2223			(605,092)	(3,401,951)	()	(4,007,043)
decrease in the par value of shares	3324						—
decrease in the number of shares	3325						—
reorganization of the legal entity	3326						—
dividends	3327					(18,937,488)	(18,937,488)
Change in the added capital	3330						—
Change in the reserve capital	3340				()	()	(—)
Value of the capital as on December 31, 2013	3300	22962		181,524,792	8,972	89,864,036	271,420,762

II. Corrections due to change in the accounting policy and elimination of errors

Index description	As of December 31, 2011	Changes in the capital for 2012		As of December 31, 2012
		on account of the net profit (loss)	based on other factors	
Capital – total				
before corrections				—
correction due to: change in the accounting policy	—			—
elimination of errors				
after corrections	—			
including:				
undistributed profit (uncovered loss): before corrections				
correction due to: change in the accounting policy				—
elimination of errors				

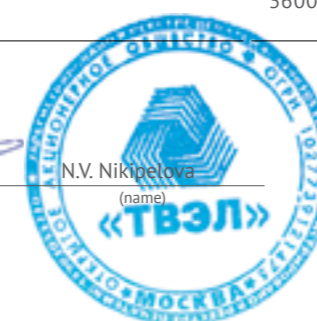
Index description	As of December 31, 2011	Changes in the capital for 2012		As of December 31, 2012
		on account of the net profit (loss)	based on other factors	
after corrections	—			
other capital items, where corrections were made:				
Added capital				
before corrections				
correction due to: change in the accounting policy				
elimination of errors				
after corrections				—
Reserve capital				
before corrections				
correction due to: change in the accounting policy				—
elimination of errors				
after corrections	—	—		—

III. Net assets

Index description	Code	As on December 31, 2012	As on December 31, 2012	As on December 31, 2011
Net assets	3600	271,428,805	273,470,199	273,884,673

Senior Vice-President,
Finance, Economy and
Corporate Governance

(signature)



N.V. Nikipelova
(name)

Chief
accountant

(signature)



O.V. Pechkina
(name)

Cash Flow Statement for the year 2013		Codes	
Organization TVEL Joint Stock Company	Form under OKUD	0710004	
Taxpayer Identification Number	Date (day, month, year)	31	12 2013
Type of business Production of nuclear fuel	under OKPO	45046040	
Form of incorporation / form of ownership Joint Stock Company	TIN	7706123550	
Measurement unit: in thousand RUB	under OKVED	23.30	
Location (address) Bld.24, Bolshaya Ordynka st., Moscow, 119017	under OKOPF / OKFS	12247	16
	under OKEI	384	

Index description	Code	Over 12 months of 2013	Over 12 months of 2012
Cash flow associated with day-to-day operations			
Receipts – total	4110	109,809,008	101,611,222
including:			
to suppliers (contractors) for raw materials, materials, works, services	4111	109,396,513	98,212,987
from lease payments, license payments, royalty and other similar payments	4112	49,582	49,492
from re-sale of financial investments	4113		
other receipts	4119	362,913	3,348,743
Payments – total	4120	(100,191,433)	(93,117,115)
including:			
to suppliers (contractors) for raw materials, materials, works, services	4121	(87,292,384)	(80,370,719)
associated with remuneration of employees labour	4122	(1,707,353)	(1,580,452)
interest on debt obligations	4123	(1,768,983)	(922,066)
corporate profit tax	4124	(4,474,476)	(4,576,032)
other payments	4129	(4,948,237)	(5,667,846)
Balance of cash flow associated with day-to-day operations	4100	9,617,575	8,494,107

Cash flow associated with investment activities

Receipts – total	4210	38,013,383	9,532,236
including:			
from sale of non-current assets (except for financial investments)	4211	91,046	88,588

Index description	Code	Over 12 months of 2013	Over 12 months of 2012
from sale of shares (participation shares) in other organizations	4212		95,334
from return of loans granted, from sale of debt securities (rights of funds claim from third parties)	4213	33,387,077	8,562,630
Dividends, interest from long-term financial investments and similar revenues from share interests in other companies	4214	4,515,309	758,222
other receipts	4219	19,951	27,462
Payments – total	4220	(39,446,025)	(19,229,335)
including:			
associated with acquisition, creation, modernization, reconstruction and preparation for current assets operation	4221	(3,377,339)	(4,030,995)
associated with acquisition of shares (participation shares) in other organizations	4222	(5,581,706)	(5,991,798)
associated with acquisition of debt securities (rights of funds claim from third parties), loans provision to third parties	4223	(30,480,200)	(9,170,982)
interest on debt obligations included in the value of investment asset	4224	()	()
other payments	4229	(6,780)	(35,560)
Balance of cash flow associated with investment activities	4200	(1,432,642)	(9,697,099)

Cash flow associated with financial activities

Receipts – total	4310	71,791,214	46,950,074
including:			
getting credits and loans	4311	71,791,214	46,950,074
owners' (participants') money deposits	4312		
from issue of shares, increase in participation shares	4313		
from issue of bonds, promissory notes and other debt securities and etc.	4314		
budgetary provisions and other target financing	4315		
other receipts	4319		
Payments – total	4320	(82,327,879)	(45,954,648)
including:			
to owners (participants) due to repurchase their shares or their resignation	4321	()	

Index description	Code	Over 12 months of 2013	Over 12 months of 2012
for payment of dividends and other payments under distribution of profit in favour of owners (participats)	4322	(18,937,488)	(19,486,653)
associated with payment (repurchase) of promissory notes and other debt securities, repayment of credits and loans	4323	(63,390,391)	(26,467,995)
other payments	4329	()	()
Balance of cash flow associated with financial operations	4300	(10,536,665)	995,426
Balance of cash flow for the reporting period	4400	(2,351,732)	(207,566)
Balance of cash and cash equivalents as of reporting period beginning	4450	4,382,333	4,747,646
Balance of cash and cash equivalents as of reporting period end	4500	2,390,128	4,382,333
Effect of exchange rate changes to ruble	4490	359,528	(157,747)

Senior Vice-President,
Finance, Economy and
Corporate Governance

(signature)

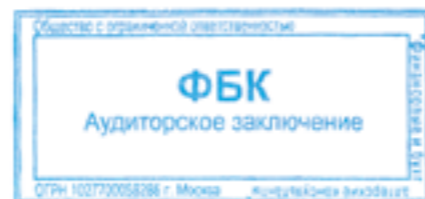


N.V. Nikipelova
(name)

Chief
accountant

(signature)

O.V. Pechkina
(name)



Auditors' Report concerning the Financial Statements

Auditors' report concerning the financial statements
for the period from January 1 through to December 31, 2013

Auditors' report

To the shareholders of Joint
Stock Company TVEL

Audited party

Name:
Joint Stock Company TVEL (hereinafter TVEL JSC)

Location:
Bld.24, Bolshaya Ordynka st., Moscow, the Russian Federation, 119017

State registration:
Registered by Moscow Registration Chamber on September 12, 1996, Certificate No.061.775. Entered in the Unified State Register of Legal Entities under the principal number 1027739121475.

Auditor

Name:
Financial and Accounting Consultant Limited Liability Company (FBK LLC)

Location:
2AB, bld.44/1, Myasnitskaya st., Moscow, 101990

State registration:
Registered by Moscow Registration Chamber on November 15, 1993, Certificate Series Ю3 3 No.484.583. Entered in the Unified State Register of Legal Entities on July 24, 2002 under the principal number 1027700058286.

Membership in self-regulated audit organization:
Non-profit partnership Russian Audit Chamber

Number in the register of audit organizations of self-regulated audit organization
Certificate of membership in non-profit partnership Russian Audit Chamber No.5353, Principal Number of Registration Entry – 10201039470.

We have audited the attached accounting (financial) statements of TVEL JSC consisting of Balance Sheet as of December 31, 2013, Profit and Loss Statement, Capital Statement, Cash Flow Statement for 2013 and notes being a part of accounting (financial) statements.

Liability of the Audited Party for its Financial Statements

The management personnel of the audited party is liable for preparation and accuracy of the abovementioned accounting (financial) statements in compliance with the Russian rules of preparation of accounting (financial) statement and for the internal control system necessary for preparation of accounting (financial) statements free of any material errors and omissions resulting from mala fide actions or errors.

Liability of the Auditor

We are liable for expressing opinion on the accuracy of the accounting (financial) statements on the basis of the conducted audit. We conducted the audit in accordance with the Federal Auditing Standards. These Standards require us to comply with the relevant ethical norms, and to plan and conduct the audit in such a manner, as to obtain reasonable assurance that the accounting (financial) statements are free of material errors and omissions.

The audit involved performing audit procedures to obtain audit evidence, proving the numbers in the accounting (financial) statements and disclosure of information therein. The choice of audit procedures is subject to our judgment, which is based on assessment of risks of material misstatements resulted due to fraud or error. Within the process of risk assessment, we reviewed the internal control system, ensuring preparation and truthfulness of accounting (financial) statements in order to choose appropriate audit procedures, but not to express opinion on the effectiveness of internal control system. The audit also included evaluation of the appropriateness of used accounting policies and justification of estimates, obtained by the management personnel of the audited party, as well as assessment of the overall presentation of the financial (accounting) statements.

We believe that the audit evidence, obtained in the course of the audit, provide a reasonable basis for expressing opinion on the accuracy of financial (accounting) statements.

Opinion

In our opinion, the accounting (financial) statements present accurate, in all material aspects, the financial position of the entity TVEL JSC as of December 31, 2013, the results of its financial and business operations and its cash flows over 2013 in compliance with the Russian Accounting (financial) principles.

Vice President FBK LLC Attorney

A.V. Tikhonovskiy
On the basis of Power of
of January 15, 2013 No.4/13
Auditor qualification certificate
No.01-000005, Principal Number
of Registration Entry 29401041892

Date of Auditors' report
February 27, 2014

Report of the Audit Committee on the results of the audit of financial and economic activity of 2013

Moscow, March 25, 2014

General Provisions

The Audit Committee of the Company with the following membership:

- Chairman of the Audit Committee – Oleg Ivanovich Linyaev – Head of the Department of NFC Life Cycle Projects of the ROSATOM State Corporation,
- member of the Audit Committee – Vladimir Vladimirovich Vaskovsky – Head of the Department of option modeling of transaction flows and prices for main products of the ROSATOM State Corporation,
- member of the Audit Committee – Irina Mikhailovna Leonova – Head of the Department of Economics and Controlling of the ROSATOM State Corporation.

guided by the authority provided to it by the Federal law "On joint stock companies", the Company's Charter, the Statement on the Audit Committee of the Company, performed the examination of the financial and economic activity of the Company from January 1, 2013 through December 31, 2013. The examination was held from 20 through 25 of March, 2014.

During the examination the Company's chief executive was the President Yury Aleksandrovich Olenin.

The person responsible for preparation of accounting and financial (accounting) statements – from January 1, 2013 through December 31, 2013 was the chief accountant Marina Nikolaevna Guseva.

The founding documents, accounting registers, accounting (financial) statements, analytical materials, matters concerning compliance with corporate procedures and other documents, presented to the Audit Committee, were studied selectively.

General Information about the Company

The Company's Charter was approved by the general meeting of shareholders (Minutes No.4 of June 26, 2002). Last changes and amendment to the Company's Charter were approved by the decision of Atomenergoprom JSC – the sole shareholder of TVEL JSC (decision from February 1, 2013).

Company's share capital consists of ordinary shares with a total nominal value of 22,962 thousand rubles. During 2013 the value of the share capital was not changed.

Ownership of the Company as of December 31, 2013

<i>Item number</i>	<i>Name of the holder</i>	<i>Shareholding, (%)</i>
1	Atomic Energy Power Corporation JSC	100

In 2013 the Company did not pay the remuneration to the members of the Board of Directors and to the members of the Audit Committee.

Organization of corporate governance (implementation of the decisions of the general meeting of shareholders and the Board of Directors)

Meetings of the Board of Directors was held in accordance with the requirements of the Law "On joint stock companies", the Company's Charter, Regulation of Board of Directors.

Decisions adopted by the Board of Directors were implemented in full and within the established time limit.

In 2013, major transactions requiring reconciliation in accordance with the law, were not carried out by the Company.

Transactions with related parties were carried out in accordance with the requirements of the legislation to the order of making of such transactions.

Transactions with related parties on grounds of Article 81 paragraph 2 of the Federal Law "On joint stock companies" dated December 26, 1995 No. 208-FZ were not carried out in 2012.

The Sole shareholder of TVEL JSC (decision dated June 28, 2013 No. 21) made a decision to direct the net profit for the year 2012 in the amount of 19,079,488 thousand rubles for payment of dividends in the amount of 15,347,488 thousand rubles, on investments – 3,732,000 thousand rubles.

Data on the open operating accounts

Name of the Bank	Account type	Account number	Amount of funds in the currency as of December 31, 2013	Amount of funds on the accounts in rubles at the exchange
Funds on accounts in rubles				
SBERBANK OF RUSSIA JSC	Operating	40702810800020106097	253,850,318.81	253,850,318.81
SBERBANK OF RUSSIA JSC	Operating	40702810238060050775	3,724,880.67	3,724,880.67
SBERBANK OF RUSSIA JSC	Operating	40702810940020002543	1,975,973.06	1,975,973.06
BS of SBERBANK OF RUSSIA/U PJSC	Operating	26007010000157	3,160,000.00	3,160,000.00
VTB BANK JSC	Operating	40702810800000005139	99,798.59	99,798.59
JSC VTB BANK JSC	Operating	40702810200030004386	-	-
Gazprombank JSC	Operating	40702810500000007452	32,628,039.13	32,628,039.13
Gazprombank JSC	Operating	40702810600000017452	-	-
Gazprombank JSC	Operating	40702810700000027452	4,187.76	4,187.76
Gazprombank JSC	Operating	40702810900001017452	15,271,931.33	15,271,931.33
Alfa Bank	Operating	40702810500000017721	64,179.54	64,179.54
VNESHECONOMBANK	Operating	40702810645178030518	13,083.11	13,083.11
MOSCOW BRANCH OF AB ROSSIA JSC	Operating	40702810700100000123	722,013.69	722,013.69
Nordea Bank JSC	Operating	40702810102000082922	19,314,479.68	19,314,479.68
Deutsche Bank LLC	Operating	40702810300000001082	23,560.27	23,560.27

Name of the Bank	Account type	Account number	Amount of funds in the currency as of December 31, 2013	Amount of funds on the accounts in rubles at the exchange
INKAROBANK (CJSC) JSCB	Operating	40702810200000000881	4,000.00	4,000.00
Total funds on accounts in Russian rubles			330,856,445.64	330,856,445.64
Funds in accounts in Euro				
SBERBANK OF RUSSIA JSC	Current	40702978700020106097	8,732,422.25	392,696,155.34
SBERBANK OF RUSSIA JSC	Transit	40702978438061050775	-	-
SBERBANK OF RUSSIA JSC	Current	40702978138060050775	6,099.83	274,308.75
SBERBANK OF RUSSIA JSC	Transit	40702978600020206097	-	-
SBERBANK OF RUSSIA JSC	Current	40702978840020002543	-	-
SBERBANK OF RUSSIA JSC	Transit	40702978140021002543	-	-
Gazprombank JSC	Current	40702978400000007452	11,459,454.75	515,330,534.16
Gazprombank JSC	Transit	40702978500007007452	-	-
Alfa Bank	Current	40702978101300000025	68,717.34	3,090,211.91
Alfa Bank	Transit	40702978901300000403	-	-
MOSCOW BRANCH OF AB ROSSIA JSC	Client-transit	40702978300109000123	-	-
MOSCOW BRANCH OF AB ROSSIA JSC	Current	40702978600100000123	-	-
Nordea Bank JSC	Current	40702978002000082922	-	-
Nordea Bank JSC	Transit	40702978302001082922	-	-
Deutsche Bank LLC	Current	40702978400000001358	-	-
Deutsche Bank LLC	Transit	40702978700000001359	-	-
INKAROBANK (CJSC) JSCB	Transit	40702978800001000371	-	-
INKAROBANK (CJSC) JSCB	Current	40702978900002000306	-	-
Total funds on accounts in Euro			20,266,694.17	911,391,210.16

Funds in accounts in US Dollars

SBERBANK OF RUSSIA JSC	Current	40702840100020106097	13,452,479.42	440,288,889.43
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Name of the Bank	Account type	Account number	Amount of funds in the currency as of December 31, 2013	Amount of funds on the accounts in rubles at the exchange
SBERBANK OF RUSSIA JSC	Current	40702840538060050775	15,282.45	500,182.36
SBERBANK OF RUSSIA JSC	Transit	40702840838061050775	-	-
SBERBANK OF RUSSIA JSC	Transit	40702840000020206097	6,071,978.00	198,730,982.36
SBERBANK OF RUSSIA JSC	Transit	40702840540021002543	-	-
SBERBANK OF RUSSIA JSC	Current	40702840240020002543	-	-
VTB BANK JSC	Current	40702840500000005140	7,946.07	260,068.51
VTB BANK JSC	Transit	40702840800000005141	-	-
Gazprombank JSC	Current	40702840800000007452	13,718,235.87	448,986,885.44
Gazprombank JSC	Transit	40702840900007007452	12.00	392.75
Alfa Bank	Current	40702840100000004586	7,982.58	261,263.46
Alfa Bank	Transit	40702840701300000715	-	-
VNESHECONOMBANK	Transit	40702840645178110518	928,000.00	30,372,697.60
VNESHECONOMBANK	Current	40702840945178030518	849,122.08	27,791,086.38
MOSCOW BRANCH OF AB ROSSIA JSC	Transit	40702840700109000123	-	-
MOSCOW BRANCH OF AB ROSSIA JSC	Current	40702840000100000123	-	-
Nordea Bank JSC	Current	40702840402000082922	-	-
Nordea Bank JSC	Transit	40702840702001082922	-	-
Deutsche Bank LLC	Current	40702840300000001133	-	-
Deutsche Bank LLC	Transit	40702840600000001134	-	-
Total funds on accounts in US Dollars			35,051,038.47	1,147,192,448.29
Funds on accounts in hryvnya				
PAT SB Russia	Operating	26007010000157	93,953.26	373,181.41
Total funds on accounts in hryvnya			93,953.26	373,181.41
Total in rubles at the exchange rate of the CBRF				2,389,813,285.50

Financial investments

Long-term financial investments as of December 31, 2013 amounted to 229,717,502 rubles, including securities – 229,717,502 rubles.

Companies	Item number	Issuer	As of January 1, 2013	Received	Disposed	As of December 31, 2013
Subsidiaries	1	MSZ JSC	3,925,184			2,161,905
	2	JSC NNCP	504,770	555,050		1,059,820
	3	NRDC LLC	453,220			453,220
	4	Industrial Innovations CJSC	1,049,970	213,250		1,263,220
	5	CMP JSC	4,833,165			4,833,165
	6	JSC VNIINM	11,086,864			11,086,864
	7	RGC JSC	12,785,960			12,785,960
	8	JSC MZP	3,700,456			3,700,456
	9	IK RSK JSC	153,002,391			153,002,391
	10	SPTI JSC	99,556			99,556
	11	UGCMP Ltd.	3,310,020			3,310,020
	12	KLM LLC	1,000			1,000
	13	KC JSC	225,963			225,963
		TOTAL	194,978,519	768,300		193,983,540
Associated company	1	JSC VPA Tochmash	806,004			806,004
	2	JE UkrTVS CJSC	4,547			4,547
	3	TVEL-Stroy JSC	2,505			2,505
	4	Nf PJSC	308,876			308,876
	5	Uranium Enrichment Center JSC	196,204	2,591,742		2,787,942
	6	ALVEL JSC	1,572			1,572
	7	KMP OJSC	408,700			214,459
		TOTAL	1,728,408	2,591,742		4,125,907

Companies	Item number	Issuer	As of January 1, 2013	Received	Disposed	As of December 31, 2013
Other	1	First NPF Fund	500			500
	2	Elemash -Energ LLC	3,000			3,000
	3	Atomstroyexport JSC	72,359			72,359
	4	PRIARGUNSKY MINING AND CHEMICAL WORKS JSC	277,590			277,590
	5	Atomenergomash JSC	51			51
	6	JSC SGChE	3,641,034			3,641,034
	7	JSC PA ECP	1			1
	8	JSC VPA Tochmash		437,870		437,870
	9	Centrotech-SPb	181			181
	10	OKB – Nizhny Novgorod CJSC	143			143
	11	Atomredmetzoloto JSC	29,418,033			29,418,033
	12	KMP OJSC		410,800		217,925
	13	KLM LLC		138,905		318,907
		TOTAL	33,412,892	987,575		34,207,594
		TOTAL SUM	230,119,819	4,347,620		232,317,041

The value of securities in this table does not include the allowance for impairment of investments in the First NPF Fund in the amount of 500 thousand rubles and RGC JSC in the amount of 2,599,039 rubles.

Short-term financial investments as of December 31, 2013 amounted to 547,687 rubles, including loans issued – 530,000 rubles.

Date of contract	Borrower	Loan amount, thousand rubles	Disbursement date	Maturity date	Justification (objective, requirement for borrowed funds)	Rate, per cent per annum X	Balance as of December 31, 2013, thousand rubles	
							Amount	Past due interest
02.12.13	JSC VPA Tochmash	50,000	05.12.13	04.03.14	Working capital financing	6,69	50,000	0

Date of contract	Borrower	Loan amount, thousand rubles	Disbursement date	Maturity date	Justification (objective, requirement for borrowed funds)	Rate, per cent per annum X	Balance as of December 31, 2013, thousand rubles	
02.12.13	JSC VPA Tochmash	60,000	10.12.13	05.03.14	Working capital financing	6.67	60,000	0
18.12.13	JSC VPA Tochmash	40,000	24.12.13	21.03.04	Working capital financing	6.69	40,000	0
23.12.13	JSC VPA Tochmash	240,000	26.12.13	25.03.14	Working capital financing	6.69	240,000	0
24.07.13	KMP OJSC	70,000	05.08.13	05.12.13	Working capital financing	6.77	70,000	0
21.08.13	SPTI JSC	70,000	26.08.13	26.12.13	Working capital financing	6.77	70,000	0
	TOTAL						530,000	0

Deposits as of December 31, 2012 are missing.

Receivables

In comparison with the beginning of the year, the receivables increased by 2,995,766 thousand rubles or by 15.14%, and as of December 31, 2013 amounted to 19,780,606 thousand rubles, including long-term receivables 1,106,542 thousand rubles, short term – 18,674,064 thousand rubles, in terms of individual adjustments with the liable partner CTG (consolidated taxpayers group) Atomenergoprom JSC under the contract on establishment of a consolidated taxpayers group dated 10.10.2012.

Trade receivables amounted to 6,520,874 thousand rubles or 32.9% of the total receivables, including the long-term receivables. Receivable for advances paid amounted to 3,612,387 thousand rubles (18.26%), other receivables – 9,647,345 thousand rubles (48.8%).

The largest debtors are the following: Techsnabexport JSC, MBM Paks Nuclear Power Plant CJSC, SE NNEG Energoatom, CMP JSC, Nf PJSC.

Past due debts with past the limitation period are missing.

Loans and borrowings

Compared with the beginning of the year 2013, loans and borrowings increased by 10,080,283 thousand rubles and as of December 31, 2013 they amounted to 41,725,995 thousand rubles.

Data on the loans and borrowings received by the Company:

Date of contract	Name of the creditor – lender	Amount of credit (loan)	Maturity date	Rate, per cent per annum as of December	Balance as of December 31, 2013, thousand rubles	
					Amount of the	Post due
26.08.2013	MSZ JSC	500,000	21.01.2014	6.83%	500,000	0
28.08.2013	MSZ JSC	200,000	05.02.2014	6.86%	200,000	0

Date of contract	Name of the creditor – lender	Amount of credit (loan)	Maturity date	Rate, per cent per annum as of December	Balance as of December 31, 2013, thousand rubles	
					Amount of the	Post due
23.10.2013	MSZ JSC	300,000	19.02.2014	6.76%	300,000	0
19.11.2013	MSZ JSC	400,000	05.03.2014	6.88%	400,000	0
26.11.2013	MSZ JSC	400,000	07.04.2014	7.01%	400,000	0
09.12.2013	MSZ JSC	450,000	05.05.2014	7.20%	450,000	0
10.12.2013	MSZ JSC	200,000	19.03.2014	7.10%	200,000	0
16.12.2013	MSZ JSC	300,000	26.05.2014	6.95%	300,000	0
18.12.2013	MSZ JSC	350,000	16.06.2014	6.95%	350,000	0
26.12.2013	MSZ JSC	350,000	25.06.2014	7.00%	350,000	0
01.07.2013	OK RSK JSC	450,000	20.01.2014	6.95%	450,000	0
24.07.2013	OK RSK JSC	500,000	10.02.2014	6.95%	500,000	0
24.07.2013	OK RSK JSC	500,000	20.02.2014	6.97%	500,000	0
24.07.2013	OK RSK JSC	660,000	26.02.2014	6.98%	660,000	0
26.09.2013	OK RSK JSC	2,591,700	16.04.2014	6.75%	2,591,700	0
02.12.2013	OK RSK JSC	200,000	05.03.2014	6.67%	200,000	0
02.12.2013	OK RSK JSC	50,000	12.03.2014	6.70%	50,000	0
18.10.2013	JSC MZP	330,000	29.01.2014	6.72%	330,000	0
24.10.2013	JSC MZP	300,000	24.03.2014	6.76%	300,000	0
28.11.2013	JSC MZP	80,000	13.01.2014	6.30%	80,000	0
20.12.2013	JSC MZP	80,000	29.01.2014	6.44%	80,000	0
18.12.2013	JSC VNIINM	150,000	23.01.2014	6.31%	150,000	0
04.06.2013	JSC AECC	150,000	17.01.2014	6.72%	150,000	0
04.06.2013	JSC AECC	100,000	23.01.2014	6.72%	100,000	0
04.06.2013	JSC AECC	150,000	10.02.2014	6.75%	150,000	0
04.06.2013	JSC AECC	100,000	19.02.2014	6.75%	100,000	0

Date of contract	Name of the creditor – lender	Amount of credit (loan)	Maturity date	Rate, per cent per annum as of December	Balance as of December 31, 2013, thousand rubles	
					Amount of the	Post due
04.06.2013	JSC AECC	100,000	24.02.2014	6.75%	100,000	0
04.06.2013	JSC AECC	120,000	04.03.2014	6.76%	120,000	0
04.06.2013	JSC AECC	140,000	11.03.2014	6.75%	140,000	0
24.09.2013	JSC AECC	100,000	09.01.2014	6.74%	100,000	0
22.11.2013	JSC AECC	90,000	19.03.2014	6.75%	90,000	0
03.12.2013	JSC AECC	150,000	20.03.2014	6.72%	150,000	0
03.12.2013	JSC AECC	150,000	27.03.2014	6.72%	150,000	0
03.12.2013	JSC AECC	100,000	09.04.2014	6.74%	100,000	0
06.12.2013	Promyshlennye Innovatsii	470,000	19.05.2014	6.84%	470,000	0
06.12.2013	Promyshlennye Innovatsii	276,000	19.03.2014	6.70%	276,000	0
20.12.2013	NRDC LLC	100,000	28.01.2014	6.44%	100,000	0
20.12.2013	NRDC LLC	230,000	26.02.2014	6.53%	230,000	0
16.09.2013	RGC JSC	65,000	29.01.2014	6.80%	65,000	0
28.11.2013	Uralpribor Ltd.	50,000	31.01.2014	6.50%	50,000	0
03.09.2013	CC JSC	50,000	12.03.2014	6.71%	50,000	0
03.09.2013	CC JSC	300,000	19.03.2014	6.71%	300,000	0
31.10.2013	Centrotech-SPb	25,000	06.02.2014	6.42%	25,000	0
11.12.2013	Centrotech-SPb	15,000	22.01.2014	6.31%	15,000	0
23.12.2013	Centrotech-SPb	30,000	06.03.2014	6.57%	30,000	0
23.12.2013	Centrotech-SPb	30,000	07.04.2014	6.73%	30,000	0
23.12.2013	Centrotech-SPb	40,000	07.05.2014	6.79%	40,000	0
03.06.2013	JSC SGChE	500,000	29.01.2014	6.74%	500,000	0
03.06.2013	JSC SGChE	800,000	06.03.2014	6.75%	800,000	0
06.06.2013	JSC SGChE	500,000	14.05.2014	6.89%	500,000	0

Date of contract	Name of the creditor – lender	Amount of credit (loan)	Maturity date	Rate, per cent per annum as of December	Balance as of December 31, 2013, thousand rubles	
					Amount of the	Post due
06.06.2013	JSC SGChE	600,000	11.04.2014	6.80%	600,000	0
06.06.2013	JSC SGChE	1,200,000	12.03.2014	6.70%	1,200,000	0
09.12.2013	JSC SGChE	600,000	17.03.2014	6.71%	600,000	0
09.12.2013	JSC SGChE	500,000	20.03.2014	6.72%	500,000	0
21.11.2013	CMP JSC	180,000	10.01.2014	6.18%	180,000	0
21.11.2013	CMP JSC	200,000	23.01.2014	6.28%	200,000	0
21.11.2013	CMP JSC	250,000	12.02.2014	6.54%	250,000	0
25.04.2013	GPB JSC	41,000	25.04.2014	2.69%	1,341,897	593
07.05.2013	GPB JSC	29,400	07.05.2014	2.50%	1,322,115	543
04.06.2013	GPB JSC	70,100	04.06.2014	2.55%	2,294,317	962
11.06.2013	GPB JSC	31,340	13.06.2014	2.20%	1,409,357	510
18.06.2013	GPB JSC	49,630	18.06.2014	2.50%	1,624,350	668
08.10.2013	GPB JSC	45,000	04.07.2014	2.30%	1,472,814	557
21.03.2013	Srednerussky Bank of Sberbank of Russia JSC	38,900	20.03.2014	2.75%	1,273,166	576
17.04.2013	Srednerussky Bank of Sberbank of Russia JSC	30,800	16.04.2014	2.45%	1,385,073	558
24.04.2013	Srednerussky Bank of Sberbank of Russia JSC	59,600	23.04.2014	2.45%	2,680,206	1,079
07.08.2013	Srednerussky Bank of Sberbank of Russia JSC	34,200	06.08.2016	3.10%	1,537,971	784
09.09.2013	Srednerussky Bank of Sberbank of Russia JSC	25,000	08.09.2016	2.90%	818,230	390
05.03.2013	Nordea Bank JSC	24,900	05.03.2014	2.60%	1,119,751	–
16.07.2013	Nordea Bank JSC	30,500	15.07.2016	3.35%	1,371,582	–
22.07.2013	Nordea Bank JSC	67,665	21.07.2016	3.30%	2,214,621	–

Date of contract	Name of the creditor – lender	Amount of credit (loan)	Maturity date	Rate, per cent per annum as of December	Balance as of December 31, 2013, thousand rubles	
					Amount of the	Post due
20.08.2013	Nordea Bank JSC	45,600	20.08.2016	2.95%	2,050,627	–
TOTAL					41,718,777	7,219

Accounts payable

In comparison with the beginning of the year, accounts payable, excluding borrowings, increased by 9,362,609 thousand rubles (22.04%) and as of December 31, 2013 amounted to 42,469,489 thousand rubles, including:

- Suppliers and contractors – 22,112,467 thousand rubles;
- Payables to employees – 191 thousand rubles;
- Taxes and levies payable – 17,632,564 thousand rubles;
- Advances received – 17,632,564 thousand rubles;
- Other creditors – 2,709,643 thousand rubles.

The largest creditors are: Department of Atomic Energy, Government of India, Concern Rosenergoatom JSC, MSZ JSC, UEIP JSC, JSC NNCP, JSC PA ECP, JSC AECC, SE NNEGCEnergoatom.

Accounts payable, together with borrowing exceeds the accounts receivable for 64,413,286 thousand rubles or by 4.2-folds.

Generation of financial results

Total revenues from sales of goods, products, works and activities amounted to 106,701,619 thousand rubles.

Total revenues from sales of goods, products (works, services) including commercial and administrative expenses amounted to 83,828,241 thousand rubles.

Financial result on ordinary activities:

Type of activity	Revenue	Prime cost	Profit (+), loss (-)
Nuclear Fuel Production	69,204,117	42,919,488	26,284,629
Nuclear fuel components production	2,506,046	1,741,590	764,456
Production of product RGC	4,148,190	3,659,694	488,496
Services for uranium conversion and enrichment for third parties	23,078,771	18,630,872	4,447,899
Trade operations	3,411,785	2,903,543	508,242
Production of superconducting materials	1,010,847	977,712	33,135
Engineering services	197,954	222,168	-24,214
Other operations	3,143,909	4,667,460	-1,523,551
TOTAL	106,701,619	75,722,527	30,979,092

In 2013 commercial expenses amounted 1,302,238 thousand rubles, administrative expenses amounted to 6,803,476 thousand rubles.

In 2013, the loss from other revenues and expenses amounted to 2,516,832 thousand rubles.

No Item number	Type of revenue	Amount, thousand rubles
1	Revenues from sales and purchases of foreign currency	64,090
3	Interest receivable	457,967
4	Revenues from interest in a partnership	4,150,891
5	Other revenues	803,032
	TOTAL	5,475,980

Breakdown of other expenses

No Item number	Type of revenue	Amount, thousand rubles
1	Revaluation of securities at market value	2,150,397
2	Expenses in the form of exchange rate differences	1,353,059
3	Interest expenses	1,697,016
4	Research and development and Engineering and Design expenses with a positive result, not accepted asset.	1,242,176
5	Other expenses	1,550,164
	TOTAL	7,992,812

Taking inventory

In accordance with Order No. 4/208-П dated August 17, 2013 the Working Inventory Commission of the Company held the planned inventory.

During the inventory any discrepancies among actual availability of property with accounting data were not revealed.

As of December 31, 2013 there are no real estate objects, which are not publicly registered to the ownership rights and which are registered as a part of the fixed assets.

Information about the property and liabilities on the off balance sheet accounts

- Leased fixed assets 904,061 thousand rubles
- Material assets accepted for safekeeping – 5,753,133 thousand rubles;
- Material assets accepted for processing – 5,542,317 thousand rubles;
- Fixed assets valued within the limit – 62,028 thousand rubles;
- Securities received for obligations and payments – 348,840 thousand rubles;
- Intangible assets acquired for use – 153,558 thousand rubles.

Final provisions

Reliability of the annual financial statements in all material respects, as well as compliance of the accounting with legislation of the Russian Federation were confirmed by the Auditor's report on financial statements by the auditor of Financial and Accounting Consultants LLC (FAC LLC).

For the foregoing reasons and in accordance with the result of the examination of the financial and economic activities of the Company the Audit Committee confirms the information contained in the Annual Report of the Company:

The financial results of the Company's activities in 2013 are reliable.

Accounting statements with the balance value 356,877,032 thousand rubles reliably demonstrate the assets and obligations as of December 31, 2013 and the financial results of the Company's activities in 2013. The net profit available for distribution for the examined period amounted to 17,124,830 thousand rubles.

Chairman of the Audit Committee:



Oleg Ivanovich Linyaev

Members of the Committee:



Vladimir Vladimirovich Vas'kovsky



Irina Mikhailovna Leonova

Report of TVEL JSC Internal Control and Audit Director on the results of “Public Annual Reporting Preparation” process audit

We have audited the process of public annual reporting preparation (hereinafter - PAR) of TVEL JSC over 2013.

We are responsible for expressing the opinion on the effectiveness of the internal control system of the process of PAR preparation and on compliance of the order of PAR preparation with the requirements of the current legislation, standards of ROSATOM State Corporation, internal regulatory documents of TVEL JSC applicable to public reporting.

We conducted the audit in compliance with “The Procedure for planning and conducting internal audits of business processes, carried out by TVEL JSC and companies, included in the control scheme of Fuel Company”, approved by the President’s Order of TVEL JSC dated December 14, 2011 No.271.

The audit comprised executing of the following procedures:

- Review of compliance of the order of PAR preparation with the requirements of the current legislation, standards of ROSATOM State Corporation, internal regulatory documents of TVEL JSC applicable to public reporting;
- Evaluation of efficiency of risk management system, typical for the process;
- Evaluation of quality of formalization and regulation of PAR preparation;
- Analysis of design of key control procedures and testing their operational efficiency.

Furthermore, based on the audit results we have elaborated recommendations, focused on development and enhancement of efficiency of internal controls system of PAR preparation process.

We have not noted any facts of constrains on the audit from the management and personnel of structural units of TVEL JSC.

We believe that the conducted audit provides reasonable basis to express opinion on efficiency of the internal control system.

In our opinion the internal control system of the process is effective and the process of preparation of TVEL JSC annual report complies with the current legislation, Policy of ROSATOM State Corporation applicable to public reporting and requirements of internal regulatory acts of TVEL JSC, specifying the process of PAR preparation.

Internal Control and
Audit Director, CIA

G.I. Bobrova

Independent audit report on assurance of non-financial data of the annual report of TVEL JSC for 2013

Introduction

The subject of assurance is the annual report of Joint Stock Company TVEL (hereinafter referred to as the Report) for 2013.

Our statement is addressed to the working group on the preparation of a public annual report and the management of TVEL JSC.

Responsibilities of the parties

The management of TVEL JSC bears full responsibility for preparation and accuracy of the Report.

We are responsible for the results of independent assurance of the Report only to TVEL JSC within the engagement and do not assume any responsibility to any third party.

Scope, criteria and level of assurance

The subject of assurance is the Report, including information on TVEL JSC and key enterprises of TVEL Fuel Company within the declared consolidation perimeter.

The Report was evaluated according to the following criteria:

- Nature and level of compliance with the principles of the standard AA1000 Accountability Principle Standard 2008 – inclusivity, materiality, responsiveness.
- Compliance of the Report with application level A+ (self-assessment) according to GRI G3.1 Sustainability Reporting Guidelines.
- Compliance of the Report with the Policy of the ROSATOM State Corporation in the sphere of public reporting and Uniform Standard of Public Annual Reporting of the key organizations of the ROSATOM State Corporation

The engagement was planned and performed in accordance with AA1000 Assurance Standard 2008 and International Standard on Assurance Engagements ISAE 3000 “Assurance engagements other than audits or reviews of historical financial information”.

The statement corresponds to type 2, as defined by AA1000AS 2008, in accordance with the limitations specified in section “Limitations of the engagement” of the present statement.

In our statement, we have fulfilled the following requirements on the level of assurance:

- Moderate – in accordance with standard AA1000AS 2008;
- Limited – in accordance with International Standard on Assurance Engagements ISAE 3000 “Assurance engagements other than audits or reviews of historical financial information”.

The selective verification of information in the Report can not pretend to provide a high level of assurance. The work was based on the supporting materials provided by the management of the entity and its employees, publicly available information and analytical methods of confirmation. In relation to the quantitative information contained in the Report the work performed cannot be considered sufficient for identification of all possible deficiencies and misstatements. However, the collected evidence is sufficient for expressing our opinion in accordance with the above levels of assurance.

Methodology of assurance

In our engagement, we have performed the following procedures:

- Study and selective testing of systems and processes implemented by TVEL JSC to ensure and analyze the compliance of the activities with AA1000APS 2008 principles and efficiency management in the field of sustainable development.
- Questionnaires and interviews with the management of TVEL JSC, VPA Tochmash JSC, MZP JSC.
- Collection of evidence confirming practical implementation of system processes in accordance with the principles of AA1000APS 2008.
- Interviews with the personnel of TVEL JSC, VPA Tochmash JSC, MZP JSC, study of documents and statements of the management in order to obtain evidence regarding the compliance of the activities with the principles of AA1000APS 2008.
- Participation in the dialogues and public consultations of TVEL JSC, study of minutes of public dialogues and consultations with stakeholders.
- Study of records on activities of TVEL JSC Stakeholders Commission.
- Study of information on the website of TVEL JSC and its subsidiaries relating to its activities in the context of sustainable development.
- Study of public statements of third parties related to economic, environmental and social aspects of the TVEL JSC operations, in order to check validity of the declarations made in the Report.
- Analysis of non-financial reports of foreign companies working in the similar market segment for benchmarking purposes.
- Analysis of the current system of internal control and audit of TVEL JSC for the verification of compliance of procedures for establishing a public annual report with the current legal requirements, standards of ROSATOM State Corporation, internal regulations of TVEL JSC in the field of public accounting.
- Selective review of documents and data on the efficiency of the management systems of economic, environmental and social aspects of sustainable development in TVEL JSC.
- Study of the existing processes of collection, processing, documenting, verification, analysis and selection of data to be included into the Report.
- Examination of adequacy of the statements and data included into the Report.
- Analysis of information in the Report for compliance with Standard AA1000APS 2008 and GRI G3.1 Sustainability Reporting Guidelines (level A+), the Policy of ROSATOM State Corporation in the field of public reporting and Typical Standard of public annual reporting of the major organizations of ROSATOM State Corporation.

Limitations of the engagement

The assurance is limited to the period from January 01, 2013 to December 31, 2013.

The evaluation of reliability of the information in the Report on performance was conducted only in relation to the compliance with recommendations of GRI G3.1 Sustainability Reporting Guidelines for level A+.

In respect to the quantitative performance indicators the conformity assessment to the audited financial statements and the external and internal reporting documents provided to us in terms of other economic, environmental and social aspects is performed.

Assurance does not apply to forward-looking statements, as well as statements expressing the opinions, beliefs and intentions of TVEL JSC to take any action relating to the future.

The assurance on the statements which are based on expert opinion is not performed.

The statement refers only to the English version of the Report in the MS Word format which includes information to be published in a hard-copy form as well as in electronic form.

We had no chance to verify publication of the Report on the corporate website of TVEL JSC due to the fact that the date of signing this statement preceded the planned date of the Report publication on the Company's website.

Conclusions

The following conclusions are based on the assurance work performed within the engagement indicated above.

- In general, the Report adequately reflects management tools and performance indicators of TVEL JSC concerning economic, social and environmental aspects of sustainable development.
- As a result and within the scope of our work, we did not identify material misstatements in the Report information which discloses the TVEL JSC activity in the field of sustainable development and its results.

Nature and extent of compliance with AA1000APS 2008 principles

As a result and within the scope of our work, we did not identify material non-compliance with criteria of AA1000APS 2008 in respect to adherence to the principles (inclusivity, materiality, and responsiveness).

Compliance of the Report with the level A+ in accordance with GRI G3.1 Guidelines

In order to form an opinion on this issue, we analyzed implementation of GRI G3.1 Guidelines concerning principles and standard elements of the reporting for declared level of application in the process of the Report preparation.

Principles for Defining Report Content

Materiality

- Information included into the Report encompasses the topics and performance indicators that reflect material impact of TVEL JSC on the economy, environment and society and can materially influence the assessments and solutions of stakeholders.
- Priority themes of the report are defined and discussed with stakeholders – Innovative Potential as Development Basis of TVEL FC and Social Capital Management of TVEL FC.
- Report touches on the main issues brought up in the reports of foreign companies working in the similar market segment.

Stakeholder inclusiveness

- TVEL JSC presented in the Report information on stakeholders and mechanisms of incorporation of their interests, when determining the contents of the Report.

Sustainability context

- The Report presents the results of TVEL JSC operations in a wide range of sustainable development issues, including various aspects of economic, social and environmental activities.

Completeness

- Within the claimed boundaries the Report with a sufficient degree of completeness covers information on the activities of TVEL JSC.
- Report boundaries include TVEL FC and its subsidiaries and conform to management accounting profile.

- Some performance indicators are reported partially according to GRI Indicator Protocols (section Standard disclosures, Performance indicators).

Principles for Ensuring Report Quality

Balance

- The Report has a balanced nature, reflecting both the results and the issues that require solution.

Comparability

- The comparability of the Report and non-financial reports of other organizations is achieved by using GRI G3.1 Guidelines as the basis for disclosure of performance indicators for sustainable development.
- The comparability of financial information in relation to the reports of other companies is not fully achieved in connection with the application of the rules of the Federal legislation in Russia and the Regulations of the Russian accounting (not International Financial Reporting Standards) for its disclosure.
- Most of quantitative indicators presented in a three-year dynamics, that allows to analyze development trends in the Company's activities.

Accuracy

- The level of accuracy of actual information in the Report is sufficient for stakeholders to estimate the performance of TVEL JSC in the field of sustainable development.
- The calculations of performance indicators are based on the methods approved in the protocols of the GRI G3.1 indicators, the Standard of public annual reporting of TVEL JSC and the Policy of ROSATOM State Corporation in the field of public reporting.

Timeliness

- The Report is prepared with a view to be submitted to the Annual meeting of shareholders.

Clarity

- In general, the information in the Report is shown clearly and understandably for the key groups of stakeholders.
- The Report has an Annex "Glossary and abbreviations" that facilitates understanding of the information for the users of the Report.

Reliability

- The information in the Report about the performance is based on the internal reporting documents of TVEL JSC and the ROSATOM State Corporation and the statements submitted to regulatory authorities.
- Issues of auditing efficiency of the control and order of preparation of non-financial reports are within competence of the Direction of internal control and audit. Based on the results of audit of the public report preparation process the Statement of the Direction of internal control and audit was prepared.
- We have not identified any facts that would call into question reliability of the information contained in the Report.

Standard disclosures

Strategy and profile

- The Report in general provides information on sustainable development that must be disclosed in accordance with the GRI G3.1 Guidelines to determine the content of the Report.

Management approaches

- The Report contains the approaches in management on material aspects in economic, social and environmental field.

Performance indicators

- All the main performance indicators are disclosed in the Report in accordance with the protocols of the GRI G 3.1 indicators, except performance indicators EN1, EN2, EN4, EN16, EN18, EN21 (are reported partially with the specified reasons for the partial disclosure), EC2, PR3, PR4, PR8 (are not applicable to TVEL JSC).

Overall assessment of the Report

- Our work allows to conclude that the structure and quantity of disclosures required for level A+ are reflected in the Report and are reasonably recorded in GRI content index.

Compliance of the Report with the Policy of the ROSATOM State Corporation in the sphere of public reporting and Uniform Standard of Public Annual Reporting of the key organizations of the ROSATOM State Corporation

The process of public reporting, structure and content of the Report are broadly consistent with the requirements of the Policy of the ROSATOM State Corporation in the sphere of public reporting and the Uniform Standard of Public Annual Reporting of the key organizations of the ROSATOM State Corporation. The following indicators are not included in the Report: 3.1.1, 12.1.9. The following indicators are reported partially 2.2.3, 4.4.3, 5.2.1, 5.2.3, 7.2.1, 11.1.12, 11.2.1, 11.2.3, 11.3.9.

Recommendations

- It is expedient to disclose GRI indicators in relation to target values.
- Increase the extent of disclosure of indicators in relation to which GRI Indicator protocols are not fully taken into account (partial disclosure) or provide in the next report information on the planned period of their full disclosure.
- Ensure stricter adherence to GRI guidance relating to GRI content index (Standard disclosure 3.12).
- In case of significant divergences of quantitative indicators from trends and/or mean values it is advisable to provide explanation of divergences in the text of the report.
- Take into account remarks in the foregoing sections of the statement.

Statement of competence and independence

NP Consult CJSC is an independent audit firm, professionally rendering assurance services. NP Consult CJSC is a member of self-regulated organization Nonprofit Partnership "Institute of Professional Auditors" and acts in accordance with the IFAC Code of Ethics. The Company has a system of quality control of audit services, including control of compliance with ethical norms.

NP Consult CJSC states that the present statement is an independent auditor's assessment. NP Consult CJSC and its staff have no relations with TVEL JSC, its subsidiaries and affiliates, that could result in the conflict of interest related to the assurance of the Report.

NP Consult CJSC is an organizational stakeholder of GRI, licensed provider of assurance services in accordance with AA1000 AS.

The team involved in the assurance of annual report included the employees of NP Consult CJSC with necessary experience in auditing and reporting under GRI G3/3.1, as well as with certificates in this area. The head of the assurance team completed trainings in the assurance of sustainability reports in Accountability training center and has CSAP certificate.

CEO
NP Consult CJSC



V.Yu. Skobarev

Moscow, May 19, 2014

Appendix No. 10. Glossary and Abbreviations

This 2013 TVEL JSC Report uses the following terms and definitions:

<i>Term</i>	<i>Definition</i>
Nuclear power engineering	A sector of power engineering that uses nuclear energy for electrification and heat supply
Becquerel (Bq)	A unit of activity of a nuclide in radioactive source that is equal to activity of the nucleus at the rate of one decay per second
Business model	According to International Integrated Reporting Standard, a business model means a system that describes activity of a company with conversion of capital for achievement of strategic goals and value creation over a short-, mid- and long-term period
Fast neutrons	Neutrons, the kinetic energy of which is higher than a certain definite value. In nuclear reactor physics, neutrons are commonly referred to as fast if their energy is more than 0.1 MeV
PWR	Pressurized water reactor where water is used as both decelerator and heat carrier. The most common types of reactors in Russia: VVER-440 and VVER-1000
Radioactivity discharge	Radionuclide emission into the atmosphere resulting from operation of a nuclear facility
Decommissioning	Decommissioning of a reactor facility and subsequent operations to ensure its safe dismantling, disposal of equipment and further use of the site
Depletion of nuclear fuel	Impoverishment of any nuclide in nuclear fuel due to nuclear transformations of this nuclide during the reactor operation
Highly-enriched uranium	Uranium containing uranium-235 isotope with a mass of 20% or more
Gas centrifuge	Equipment designed for obtaining enriched uranium necessary for ensuring the operation of nuclear reactors of nuclear power plants
Gas diffusion technology	Gas diffusion technology of separation of uranium isotopes based on molecular diffusion through the micropores of membranes (partitions)
Gate approach to investment	Planning and investment approach, in which the investment processes are broken down into phases; the achieved results, plans and risks of the further implementation of the project are reviewed in an integrated manner before each phase, and then the decision to move to the next phase of the project is made
Uranium hexafluoride	Chemical compound of uranium and fluorine (UF ₆). It is the only highly volatile uranium-fluorine compound (when heated to 53°C uranium hexafluoride goes over from solid to gas); it is used as a raw material for the separation of isotopes of uranium-238 and uranium-235 by gas diffusion technology or gas centrifuge technology and the production of enriched uranium (chemical combination of uranium and fluorine (UF ₆))
Global Reporting Initiative (GRI)	Internationally accepted system of reporting on economic, environmental and social performance based on Sustainability Reporting Guidelines, technical protocols and industry-specific applications

<i>Term</i>	<i>Definition</i>
Burnup fraction	Percentage of the initial quantity of number of nuclei of a certain type which have gone through nuclear transformation in the reactor at the neutron influence
Division	A business entity with which the ROSATOM State Corporation set the rules for interaction determining this company as a Division, managing business entities covered by the control loop of the Division
Radiation dose	A sum of individual radiation doses received or planned during the work on operation, maintenance, repair, replacement, or disassembly of a nuclear facility
Background radiation	Ionizing radiation composed of space radiation and ionizing radiation of naturally distributed natural radionuclides (on Earth surface, in the air, foodstuffs, water, human organism, etc.)
Closed nuclear fuel cycle	A nuclear fuel cycle in which nuclear fuel, used and discharged from the reactor, is recycled for extraction of uranium and plutonium for reproduction of nuclear fuel
Ash-slag	Waste generated by burning of solid fuel.
Integrated report	Brief overview of how the strategy, management, performance and prospects of a company in the context of the environment lead to value creation over the short, medium and long-term periods
Intellectual capital	The International Integrated Reporting Standard defines intellectual capital as intangible assets of intellectual nature
Research reactor	A nuclear reactor used as a research object to obtain data on the physics and technology of reactors required for the design and development of this type of reactors or components thereof
Capital	The International Integrated Reporting Standard defines it as resources and relations that serve as the source and the results of value (integrated value) creation processes
Uranium conversion	A chemical technology process of converting uranium-bearing materials into uranium hexafluoride
Radiation control	Acquisition of information on the radiation situation in the organization and environment and on the levels of radiation of humans (including dosimetric control and radiometric surveillance)
Indirect energy use	Use of energy produced outside the organizational limits of the organization preparing the report
Production localization	Organization of production outside the Russian Federation
Neutron	An elementary particle that has no electrical charge and is present in the nucleus of each atom except hydrogen. Single mobile neutrons moving at different speeds arise because of the fission reaction. Slow (heat) neutrons, in their turn, can easily cause fission of nuclei of "fissionable" isotopes, e.g., U-235, Pu-239, U-233; fast neutrons can cause fission of nuclei of a "fertile" isotope, e.g. U-238. Sometimes atomic nuclei just capture neutrons
Low-enriched uranium	Uranium containing U-235 isotope with a mass of fewer than 20%
Nuclide	Type of atom with a definite number of protons and neutrons in the nucleus characterized by an atomic mass and atomic (order) number

<i>Term</i>	<i>Definition</i>
Depleted uranium	Uranium in which the content of U-235 isotope is lower than in natural uranium
Enrichment (by isotope)	a) particular isotope atom content in the mixture of isotopes of the same element, if it exceeds the proportion of the isotope in a mixture of naturally occurring (in %); b) a process resulting in increased content of a particular isotope in a mixture of isotopes
Uranium ore enrichment	Totality of processes of treatment of mineral uranium-containing raw material for the purpose of separation of uranium from other minerals contained in the ore. Meanwhile, there is no change in the composition of minerals, just a mechanical separation of ore concentrate
Enriched nuclear fuel	Nuclear fuel in which the content of fissionable nuclides is higher than in natural raw material
Enriched uranium	Uranium in which the content of U-235 isotope is higher than in natural uranium
Fuel element cans	Reactor quality uranium is usually enriched approximately to 3.5% U-235, and the content of U-235 in weapon-grade uranium is over 90% Metal tubes in the active zone of the reactor containing oxide fuel pellets
Circulating water	Water that has been used in the processing cycle and that is to be used for the same purposes after cooling or purification
Radioactive waste treatment	General term that covers all activities related to the processing, conditioning, transportation, storage and burial of radioactive waste
Ozone-depleting substances	Any substance with an ozone-depleting potential higher than 0, able to deplete the stratospheric ozone layer. Most of ozone-depleting substances, including CFC, halons and methylbromide, fall under the Montreal protocol as amended
Trial performance	Stage of PP commissioning from the beginning of the power launch till the PP acceptance for industrial operation
Depleted uranium	Uranium depleted through extraction of U-235, which is economically unfeasible to use; stored at a disposal site (dump)
Primary energy sources	Source energy form used for satisfying the energy needs of the organization preparing the report. Examples of primary sources include irreplaceable energy sources, e.g. coal, natural gas, oil and nuclear energy. They also include such replaceable sources as biomass, sun and wind energy, geothermal and hydraulic energy
First nuclear project	The USSR's nuclear project aimed at creating weapons of mass destruction with the use of nuclear energy
Fuel recharging	Operation performed by material-handling machines for replacement of the used fuel; the fuel radiation degree at which the recharging is done depends on the fuel composition after radiation, on the allowable work duration and on the reactivity change
Fuel reprocessing	A complex of chemical processes designed to remove fission products from spent nuclear fuel and fissile material recovery for reuse

<i>Term</i>	<i>Definition</i>
Radioactive waste processing	Technological operations aimed at altering the aggregative state and/or physic-chemical properties of radioactive waste and transforming them into forms suitable for transportation, storage and/or disposal
Maximum permissible dose	The maximum value of the individual equivalent radiation dose per year, which does not cause unfavorable changes in the personnel's health after 50 years of uniform exposure
Manufactured capital	The International Integrated Reporting Standard defines it as man-made physical facilities (as opposed to natural objects) which the Company uses to manufacture products and services: - buildings and structures; - equipment; - infrastructure objects
Natural capital	The International Integrated Reporting Standard defines it as renewable and non-renewable natural resources and processes, including air, water, soil, mineral resources and forests; - biological diversity and environmental balance
Fuel production	Nuclear fuel production, generally in the form of ceramic pellets enclosed in metal tubes (fuel elements), which are subsequently assembled in fuel assemblies (TVS)
Radioactive isotopes	Isotopes with unstable nuclei undergoing radioactive decay
Radioactive waste	Nuclear materials and radioactive substances that no longer can be used
Radiation safety	System of measures aimed at limiting the exposure of employees and public to the lowest values of the radiation dose achieved by means acceptable to the society, and preventing the occurrence of early radiation effects and limiting manifestations of the long-term effects of radiation to an acceptable level
Radionuclides	General name for radioactive atoms that pose a great danger to environment
Regenerated uranium	Uranium separated from used nuclear fuel in the process of chemical processing for reuse in nuclear fuel (regenerated fuel)
Rehabilitation of contaminated areas	Reduction of the extent of radioactive contamination to the level ensuring the maximum protection of population and recovery of all elements of the ecosystem (water, soil, air) to the current normative level
Discharge of radioactive substances	Controlled discharge of radionuclides into the water with liquid effluents of a nuclear facility
Social capital	The International Integrated Reporting Standard defines it as a system of relationship established within the Company and between the Company, various groups of stakeholders and other communities that serves to enhance prosperity of all stakeholders
Social partnership	A system of institutes and mechanisms of coordination of the interests of the production process participants (workers, employers, state authorities, local self-government) based on equal cooperation
International Standard on Assurance Engagements (ISAE 3000)	International Standard that regulates audit of non-financial reports

<i>Term</i>	<i>Definition</i>
Sublimation production	Uranium hexafluoride production
Fuel pellet	A pellet made of compacted uranium dioxide that serves as the base of nuclear fuel and is placed inside fuel elements
Fuel assembly	Assembly of fuel elements (rods, bars, plates, etc.), held together by support plates and other structural components all-in-one during transportation and exposure in the reactor. Assemblies are loaded into the core of a nuclear reactor
Heat carrier	Liquid or gas used for heat transfer from the active zone of the reactor to steam generators or directly to the turbines
Production placement topology	Plan of territorial location of production facilities
Uranium-233	Artificial uranium isotope with half-life period of 1.6×10^5 years obtained by transmutation of thorium-232 after neutron capturing; a fissionable nuclide
Uranium-235	Natural uranium isotope with atomic mass 235 and half-life of 7.1×10^8 years; the only fissionable material existing in nature
Uranium-238	Natural uranium isotope with atomic mass 238 and half-life of 4.5×10^9 years; can be used as fertile material to obtain plutonium-239
Financial capital	The International Integrated Reporting Standard defines it as financial resources that are: <ul style="list-style-type: none"> – available to the Company in the course of products manufacturing and provision of services; – received by way of loans, investment made by owners and uncompensated receipts from operating activities and in the form of investments
Backend	An element (part) of fuel assembly
Tail storage	Complex of special structures and equipment designed for storage or burial of radioactive, toxic and other non-utilizable wastes of minerals enrichment called tails
Human capital	The International Integrated Reporting Standard defines it as competencies, abilities, expertise and motivation of the people, including: <ul style="list-style-type: none"> – involvement in corporate management technologies, risk management methods and ethics; – understanding and support of corporate strategy; – loyalty to and motivation for reforms, including the ability to control, manage and cooperate
Power unit	One of the NPP reactors with necessary additional equipment
Nuclear facility	Any installation that generates, processes or handles radioactive or fissionable materials
Nuclear energy	Internal energy of atomic nuclei released by nuclear fission or nuclear reactions
Nuclear fuel	Material containing fissile nuclides capable of starting chain reaction when placed in a nuclear reactor
Nuclear waste	Radioactive materials generated on various stages of the nuclear fuel cycle, including development of uranium deposits, enrichment, fuel production, reactor operation, fuel processing, etc.

<i>Term</i>	<i>Definition</i>
Nuclear reactor	A unit wherein a controlled chain nuclear reaction with energy release takes place. Reactors are classified by purpose, carrier type, design and other characteristics
Nuclear fuel cycle	Sequence of manufacturing processes for nuclear reactor functioning, from uranium mining to the disposal of radioactive waste

Abbreviations

<i>Term</i>	<i>Definition</i>
ASKRO	Automated radiation monitoring system
LNPS	Low-capacity nuclear power station
ACS DEP	Automated Control System for Design Engineering Pre-production
NPP	Nuclear power station, an industrial facility that generates electric power
BN	Fast neutron reactor where sodium is the carrier in the first and second loop and water and vapor in the third loop. In Russia, operated at Beloyarsk NPP
VVER	Water – water energy reactor
HEU	Highly enriched uranium
GC	Gas centrifuge
SA	Subsidiaries and affiliates
DPKR	Department of Legal and Corporate Operations of the ROSATOM State Corporation
UIPS	Uniform Industrial Procurement Standard of the ROSATOM State Corporation
SWU	Separation work unit
USLR	Unified System of Labor Remuneration
LC	Life cycle
CATU	Closed Administrative Territorial Unit
RR	Research reactor
IMS	Integrated Management System for Quality, Environment and Safety
ITER	International Thermonuclear Experimental Reactor built on basis of a tokamak by an international group of scientists under the aegis of IAEA. It is supposed to be a type of the world's first DEMO thermonuclear power plant

<i>Term</i>	<i>Definition</i>
I&C	Instrumentation and controls
KPI	Key performance indicators
CRMS	Corporate Risk Management System
KETVS	Combined experimental fuel assembly
IAEA	International Atomic Energy Agency (IAEA), international controlling body monitoring the observance of nuclear safety and non-proliferation of nuclear weapons in the world
MW	Megawatt – unit of power equaling to 10 ⁶ Watts. MW(e) relates to electric power of a generator; MW(t) relates to thermal power of a reactor or heat source (e.g., the full thermal power of the reactor itself is generally three times higher than the electric power)
MOX-fuel	Mixed Oxide Nuclear Fuel (generally on basis of uranium and plutonium)
CU	Conversion unit
IIRS	International Integrated Reporting Standard
MFR	Fabrication-refabrication module
R&D	Research & Development
LEU	Low-enriched uranium
FE NFC	Front end of nuclear fuel cycle
STC	Scientific and Technical Council
EIAS	Environmental impact assessment study
DUHF	Depleted uranium hexafluoride
EDEC	Experimental demonstration energy complex
EP	Environment protection
SNF	Spent nuclear fuel
FNPP	Floating nuclear power plant
PTC	Permanent technical commission
SFI	Suggestion for Improvement
RPS	ROSATOM Production System
FCC	Fabrication and Refabrication of Close-Packed Fuel Cycle Center

<i>Term</i>	<i>Definition</i>
RAW	Radioactive Waste
RBMK	High-power pressure-tube reactor – a type of single-loop power reactor where water is the heat carrier and graphite is the decelerator
RN	Radionuclides
RPRAEP	Trade Union of Nuclear Energy and Industry of Russia
SSC	Separation-Sublimation Complex
MSE	Managers, specialists, employees
RU	Reactor facility
ICS	Internal Control System
dpa (displacement per atom)	A unit of irradiation that serves as a physical basis for matching the levels of damage within reactors with varying neutron spectra and irradiation by various particles
SDIC	Special Department of Internal Control
JV	Joint Venture
EPLS	Emergency Prevention and Liquidation System (Facility Level)
TVS	Fuel assembly
TVS-KVADRAT	Name of a FA for PWR reactors developed in Russia
TVEL	Fuel element
TVEL FC Fuel Company	TVEL JSC and enterprises controlled by the Company and included in consolidated reports.
HPP	Heat and power plant
CFHC	Chlorofluorohydrocarbons
FMBA	Federal Medical and Biological Agency
FSFM	Federal Service for Financial Markets
FTP	Federal target program
GPR	Superheat pressure tube graphite power reactor (Bilibino NPP)
ETVS	Experimental fuel assembly
NRS	Nuclear and Radiation Safety

Term	Definition
NF	Nuclear fuel
NRHS	Nuclear and radiation hazardous sites
NFC	Nuclear fuel cycle – a complex of measures for ensuring the functioning of nuclear energy engineering including extraction and processing of uranium ore, fuel fabrication, transportation to the NPP, storage and treatment of UNF. In the event of UNF burial, the NFC is called open; if fuel processing and reuse is provided, the cycle is closed
BWR	Boiling water reactor – a reactor that uses boiling water as heat carrier
EBITDA	Earnings before Interest, Taxes, Depreciation and Amortization – an analytical indicator that means the amount of profit before income tax expense, interest and accumulated depreciation
INES	International Nuclear Event Scale
PR, GR	Public relations, Government relations
PWR	Pressurized water reactor – foreign design reactors that use pressurized water – analogue of VVER

Feedback Form

Your opinion is important!

Please fill out the form and mail it to the Public Relations Department, No. 49, Kashirskoe Shosse, Moscow, 115409, Russian Federation.

1. Have you found the important information you were looking for about the problems?

Yes No Just scanned the Report

Please explain what was of particular importance and what is missing in the Report?

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2. Have you learned anything new about the Company from this report?

Yes No

If yes, please explain

.....

.....

3. How would you rate this report in terms of:

Credibility of the provided information 5 4 3 2

Convenient search for the needed information 5 4 3 2

Understandability of terms and facts 5 4 3 2

Design and structure 5 4 3 2

Presentation 5 4 3 2

5 – excellent, 4 – good, 3 – satisfactory, 2 – unsatisfactory

4. Did the fact of certification by an independent audit company help you rate credibility of this report?

Yes No

5. Please specify the section you find the most and the least interesting?

.....

6. Are you looking forward to reading the next annual report?

Yes No

If no, explain

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7. If you have any questions to the management of tvel jsc, state it in the box below. we will try to give you an answer in our next annual report.

.....

8. Please specify the group whose interests you shared while rating?

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|--|---|--|
| <input type="checkbox"/> Employees | <input type="checkbox"/> Foreign partners | <input type="checkbox"/> Suppliers and contractors |
| <input type="checkbox"/> Representatives of trade unions | <input type="checkbox"/> Representatives of federal authorities | <input type="checkbox"/> Representatives of mass media |
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