

**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 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%.

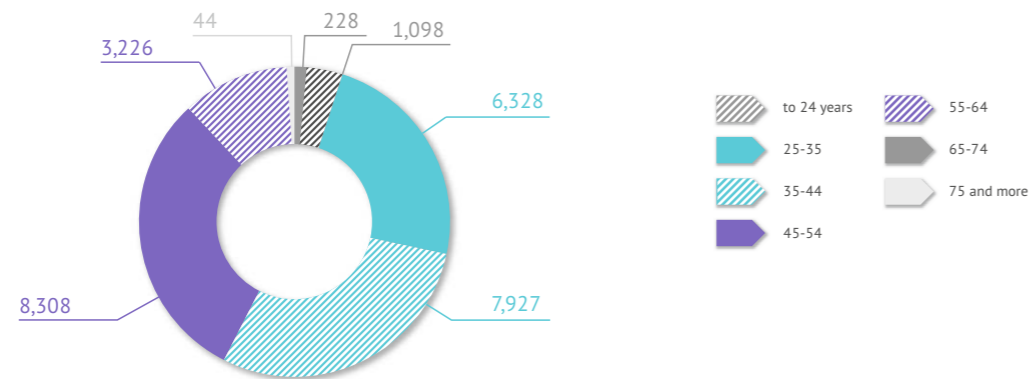
majority of the staff – 65.5% (and 92.7% of CEOs). Over 98% of employees work under the open-term employment contracts and on normal business hours (40 hours a week).

**Table 29. Total Staff by Categories at the Year End**

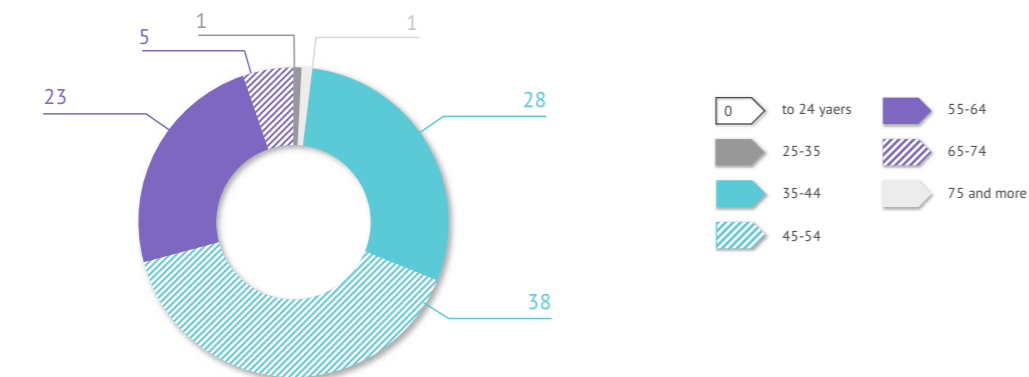
Category	2011	2012	2013	Δ 2013/2012, %
Consolidation contour (total), persons including:	36,922	30,964	27,159	-12.29
Main workers	13,553	11,716	9,743	-16.84
Auxiliary workers	9,062	6,961	5,615	-19.34
Managers	4,600	3,520	2,618	-25.63
including top executives (General Directors and their deputies)	160	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 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:**

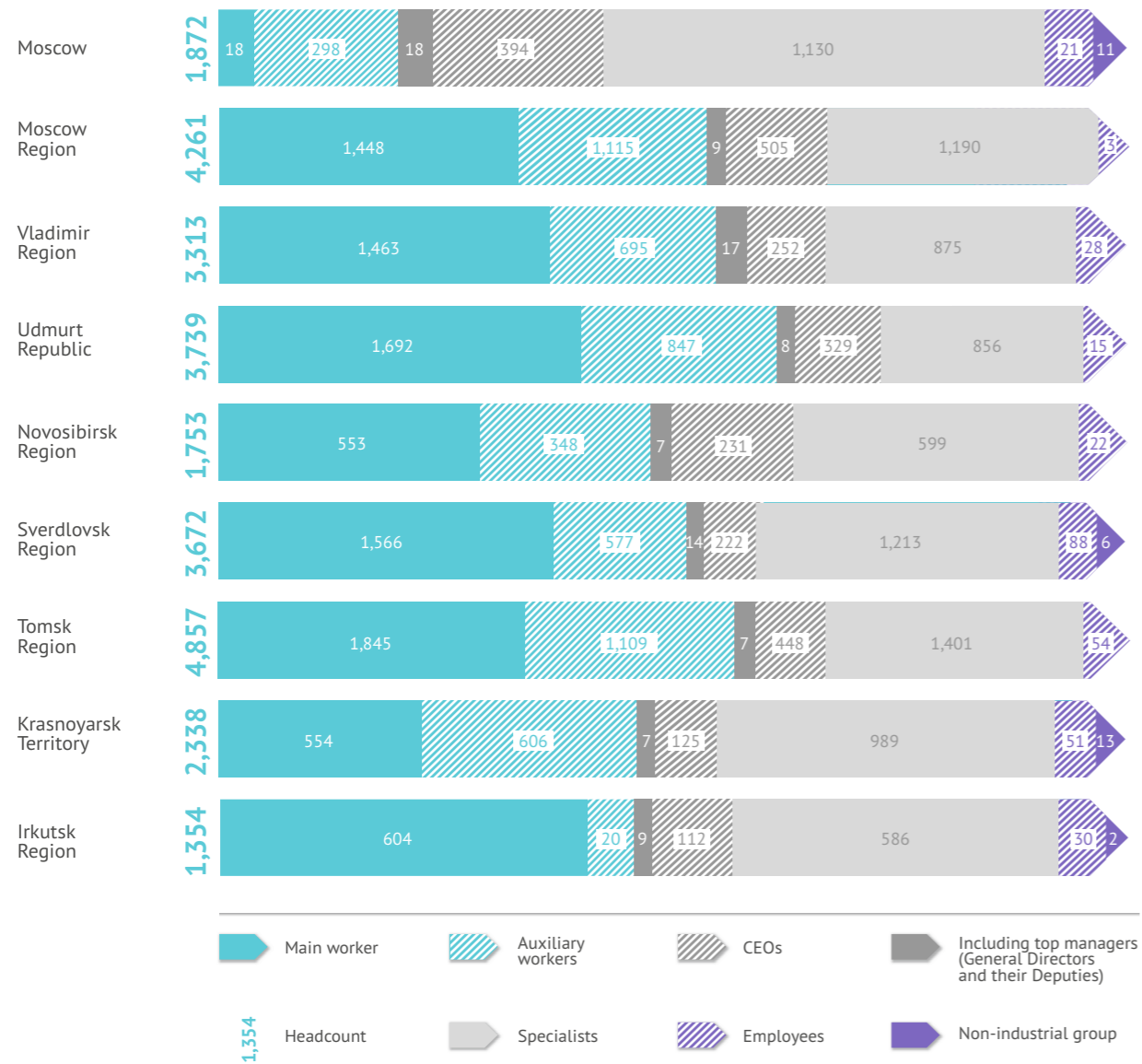
- joint development and implementation of higher vocational training programs to prepare professionals in prospective business of JSC SGChE, specifically – train specialists competent in X-ray diffraction and fluorescence analysis and electronic microscopy;

- 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)

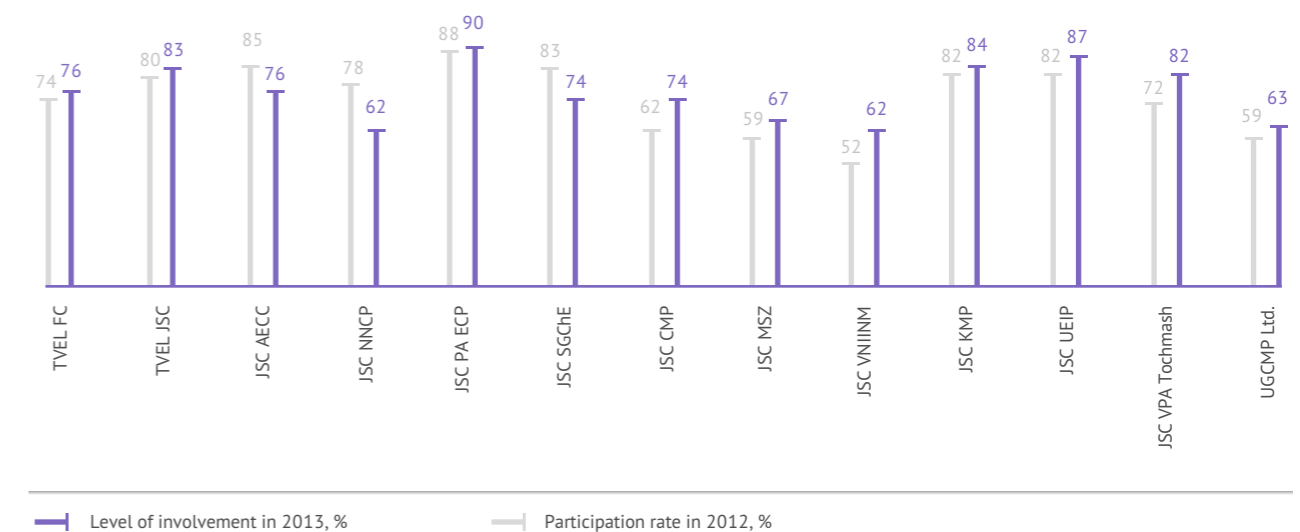


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**Enhancement of Personnel Involvement**

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)\*.

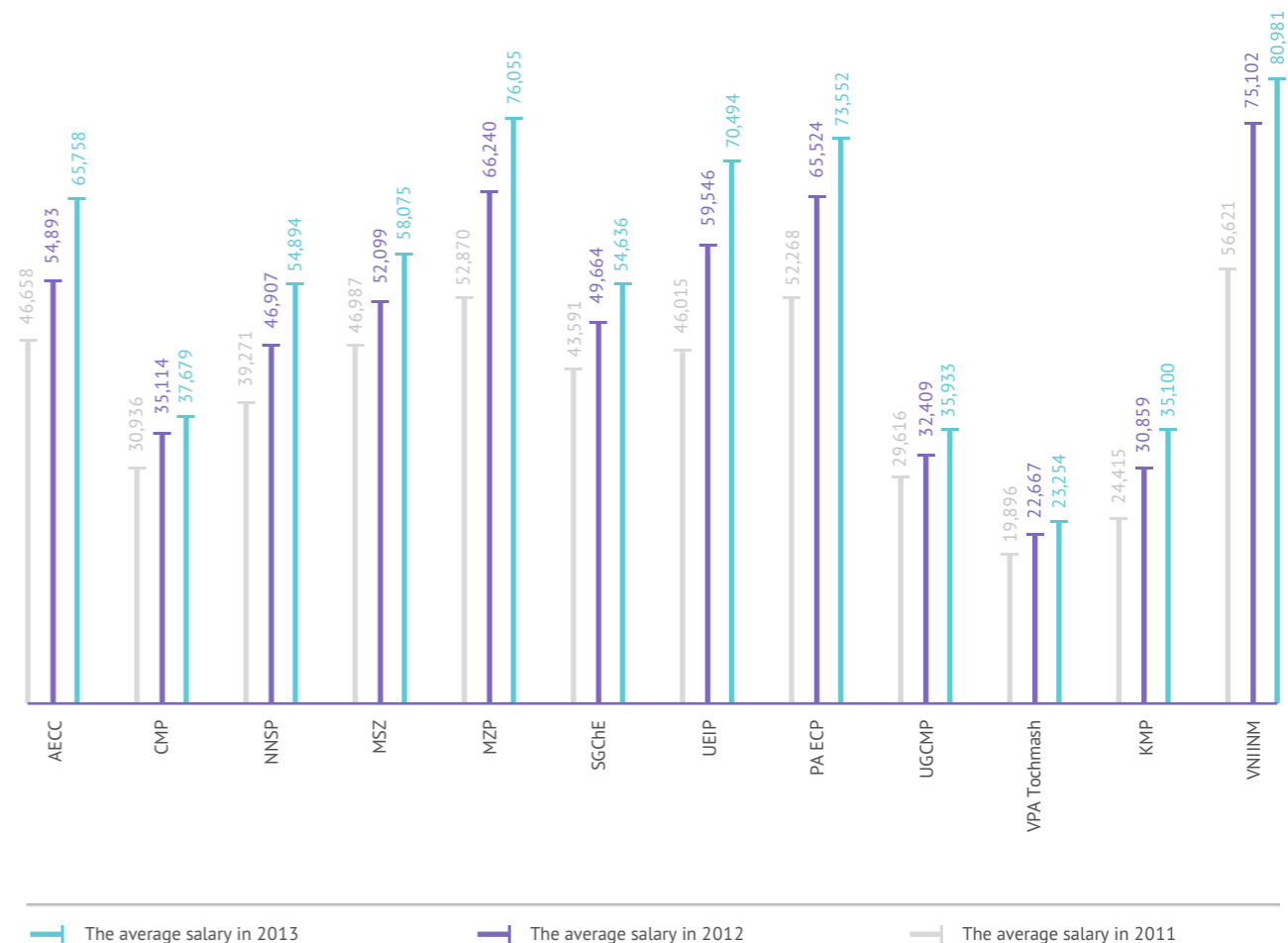
\* For details see Chapter 4 Section “Productive Efficiency Management”.

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.

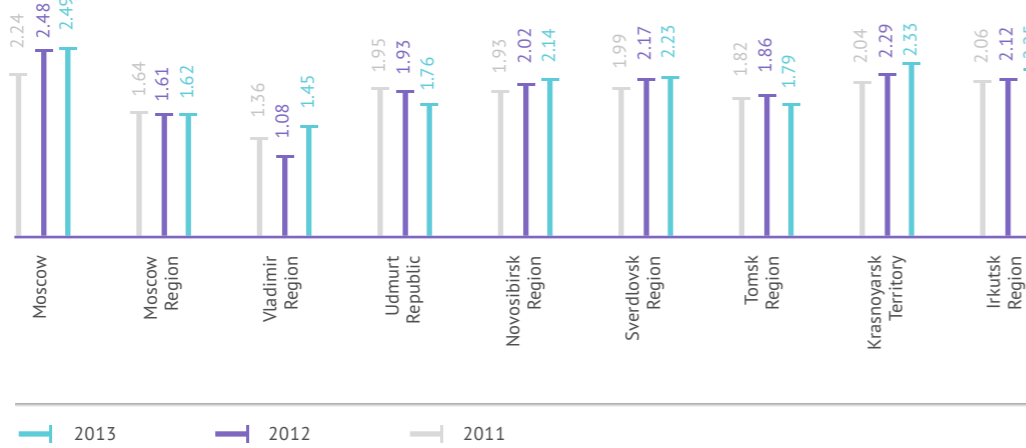
Fig. 16. Average Salary by Enterprises of TVEL FC, RUB



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 TVEL JSC 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.

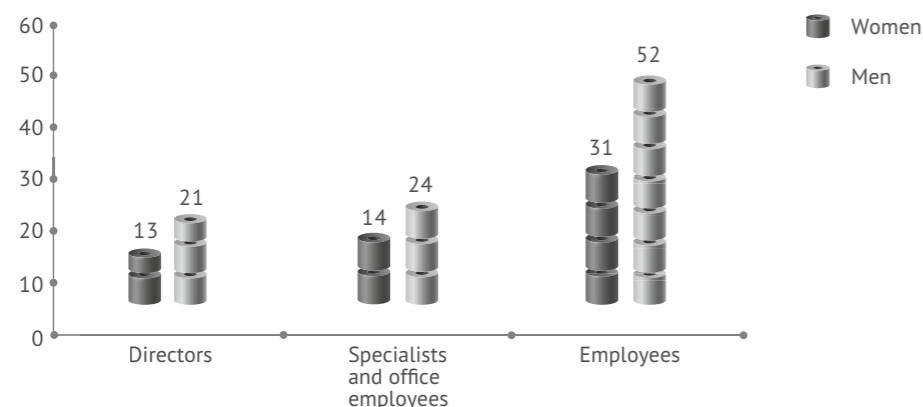
Acting on the basis of Personnel Development and Training Provisions, the enterprises of TVEL FC regularly implement training programs to enhance competencies of their managers and ordinary workers.

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 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 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 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

GRI G3.1: EC3



### 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

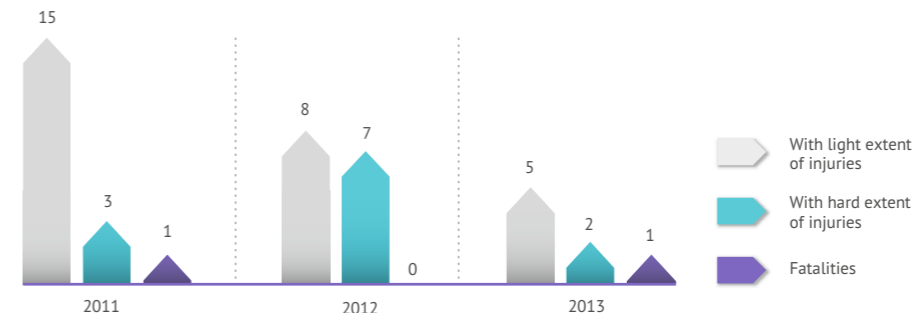


Fig. 19. Number of occupational diseases, FC TVEL\*

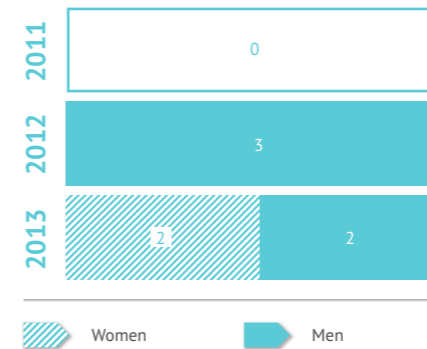


Fig. 20. Industrial Injuries Frequency Rate (IIFR) on the TVEL FC Enterprises\*\*

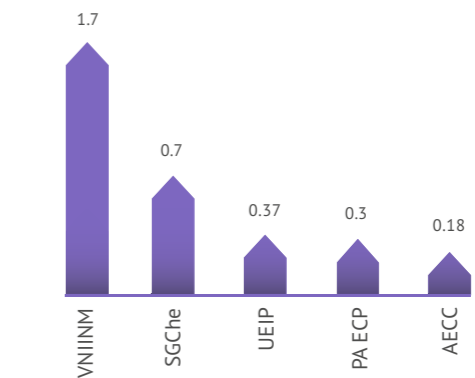


Fig. 21. Average Industrial Injuries Frequency Rate (IIFR), TVEL FC\*\*

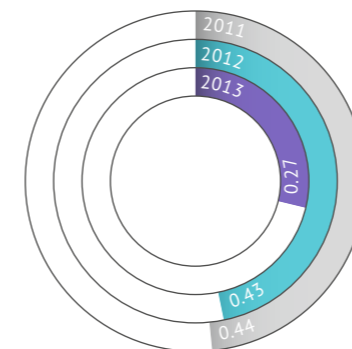
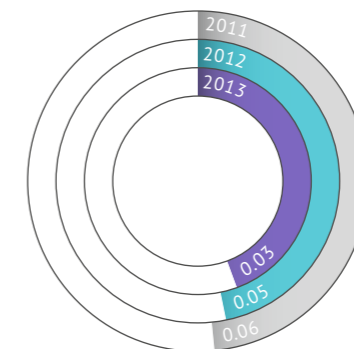


Fig. 22. Injury Rate (IR), TVEL FC\*\*\*



\* 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) \*

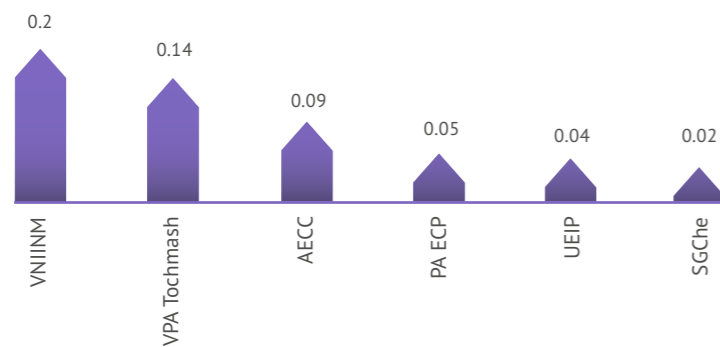


Fig. 24. Occupational diseases rate (ODR), TVEL FC\*\*

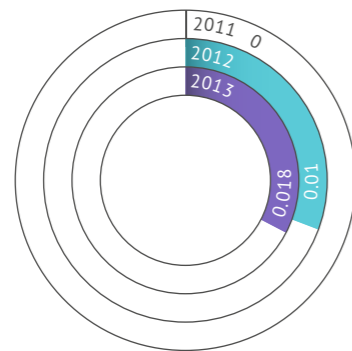


Fig. 25. Lost Day Rate (LDR), TVEL FC\*\*\*

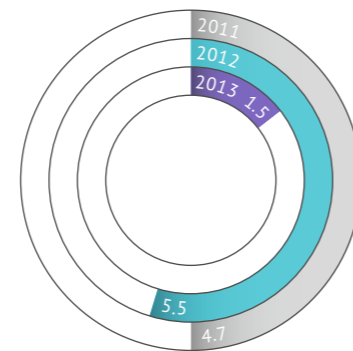


Fig. 26. Rate of Industrial Injuries by Gender

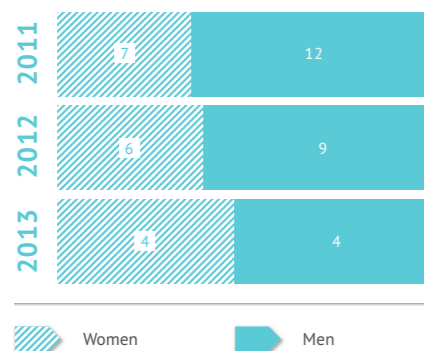
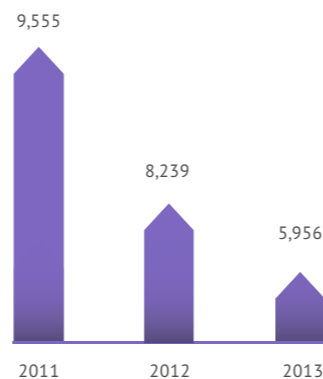


Fig. 27. Absentee Rate (AR), TVEL FC\*\*\*\*



\* 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, 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; MSZ JSC – 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

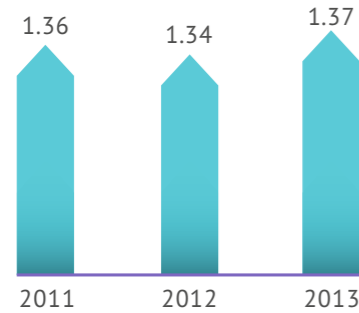


Fig. 29. Maximum Effective Dose for Personnel, mSv

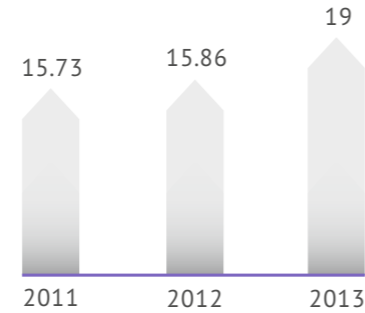
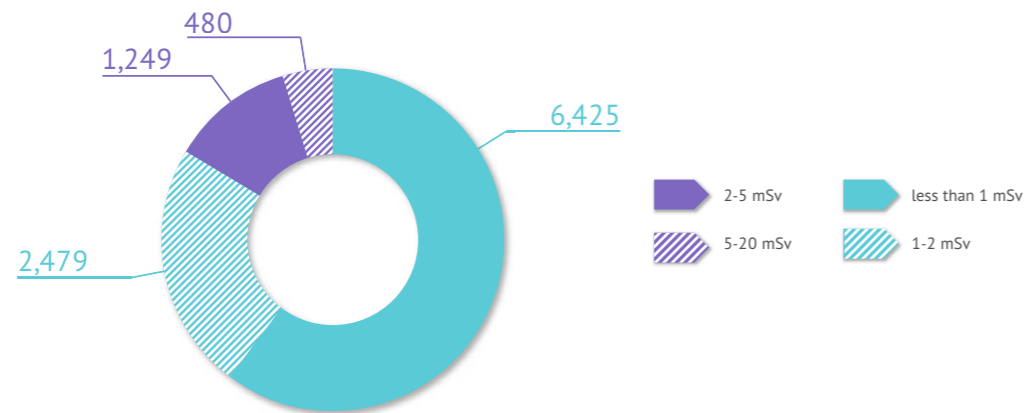


Table 38. Group A Personnel Distribution by Individual Irradiation Dose in 2013, %

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 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 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

