

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.

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This approach is in line with industry-wide standards and is put into effect to implement 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 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:**

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- promotion of implementation of corporate strategy of 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   |