

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). 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 ROSATOM State Corporation for the prevention of corruption and embezzlement in nuclear industry. For details visit the official website of 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.

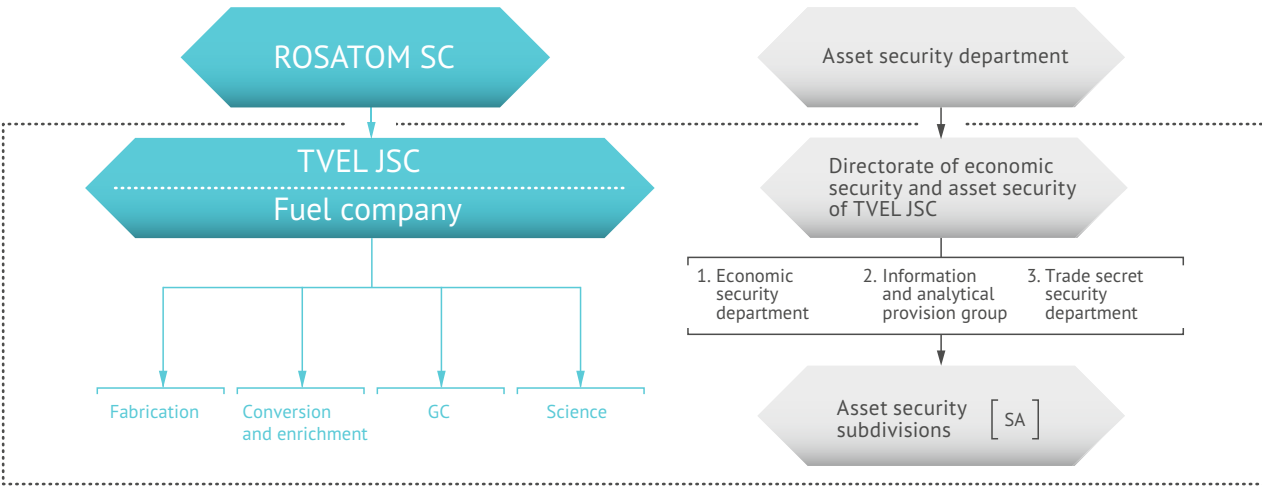
As on December 31, 2013, TVEL FC Assets Protection Divisions employ a total of 60 persons.

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: SO2

GRI G3.1: SO3

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: SO4