

Annual Report of  
JSC Atomenergoprom  
for 2013



ATOM  
ENERGO  
PROM

# ANNUAL REPORT



# 2013

**ANNUAL REPORT OF  
JSC ATOMENERGOPROM  
FOR 2013**

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## Background of JSC Atomenergoprom

- » Primary state registration number: **1077758081664**
- » State registration date: **19 July 2007**
- » Registering authority: **Moscow Inter-district Inspectorate No. 46 of the Federal Tax Service**
- » Location: **24 Bolshaya Ordynka Str., Moscow**
- » Tel: **(495) 969-29-39**
- » Fax: **(495) 969-29-36**
- » Corporate website: **www.atomenergoprom.ru**

## Shareholders of JSC Atomenergoprom

- » As of 31.12.2013, the registered shareholder of JSC Atomenergoprom was: **The State Atomic Energy Corporation ROSATOM**
- » Location: **24 Bolshaya Ordynka Str., Moscow 119017, Russia**
- » Status of registered person: **shareholder**
- » Stake in the Company's authorised capital: **100%**
- » Voting stock held by registered person: **100%**

## Auditor of JSC Atomenergoprom

- » Full name: **Financial and Accounting Consultants, Limited Liability Company**
- » Full title: **44/1 Myasnitskaya Str., Moscow 101990, Russia**
- » TIN: **7701017140**
- » PSRN: **1027700058286**
- » Tel: **+7 (495) 737-53-53**
- » Fax: **+7 (495) 737-53-47**
- » E-mail: **fbk@fbk.ru**

Auditor of the summary consolidated financial standing statement and consolidated financial standing statement is JSC KPMG.

## Registry holder of JSC Atomenergoprom shares

- » The register of the registered holders of JSC Atomenergoprom is kept by **Joint-Stock Company Registrator R.O.S.T.**
- » Abbreviated company name: **JSC Registrator R.O.S.T.**
- » Title: **18-13, Stromynka Str., Moscow 107996, Russia**
- » TIN: **7726030449**
- » PSRN: **1027739216757**
- » Licence: **10-000-1-00264**
- » Issue date: **03.12.2002**
- » Expiry date: **Perpetual**
- » Licensing authority: **Federal Securities Market Commission (Federal Securities Market Service) of Russia**
- » The date from which the registry holder keeps register of the issuer: **28.10.2009.**

JSC Registrator R.O.S.T. also keeps registers of most of JSC Atomenergoprom's subsidiaries, which enables more rapid and reliable transactions of shares in the course of reforming the holding's corporate structure.

## REPORT INFORMATION

- » FFMS order, entitled "On the Approval of the Bylaw on the Information Disclosure by Issuers of Equity Securities, No. 06-117/pz-n, dated 10.10.2006, as revised on 04.10.2011;
- » FSMC instruction, entitled "On Recommendations for the Application of the Corporate Conduct Code", No. 421/r, dated 04.04.2002; and
- » FSMC instruction, entitled "On Procedural Recommendations for the Components and Forms of the Delivery of Information on the Corporate Conduct Code Observance in Annual Reports of Joint-Stock Companies", No. 03-849/r, dated 30.04.2003.

## Verification of reporting information

The authenticity of the reported information has been certified by JSC Atomenergoprom's auditing commission and by an independent auditing organisation that has certified the authenticity of the annual financial statements.

## Predictive data publication disclaimer

The Report contains information on the Company's medium- and short-term plans and initiatives. The plans are of a predictive nature and the feasibility therefore depends on a number of economic, political, and legal factors beyond the Company's control (global financial, economic, and political situations; key market situations; changes to tax, customs, and environmental laws; and others). For this reason, the actual performance data in the future years may differ from the predictive statements published herein.

## Standards and regulatory requirements

The report has been prepared using the following documents:

- » The State Atomic Energy Corporation ROSATOM's public reporting policy;
- » International Integrated Reporting Standard of the International Integrated Reporting Council (the International IR Framework);
- » The Guidelines on Sustainable Development by the Global Reporting Initiative (GRI, version G4). See Annex 1 for the index of the Standard Disclosures;
- » The AA1000 Series of Standards of the Institute of Social and Ethical Accountability;
- » Federal Law "On Joint-Stock Companies" No. 208-FZ, dated 26.12.1995;

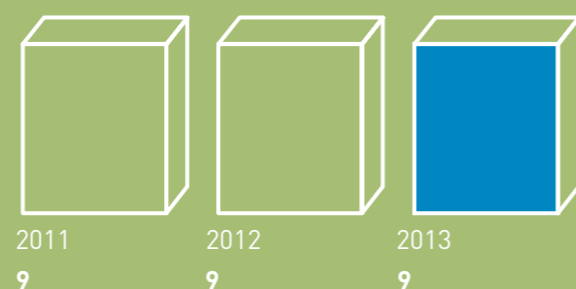
# KEY RESULTS OF 2013<sup>1</sup>

<sup>1</sup> In this table and hereinafter, the 2012 data is taken as the reference level for calculating the indicators in the "2013/2012, %" column.

NUMBER OF NPP UNITS UNDER CONSTRUCTION IN RUSSIA

100 %

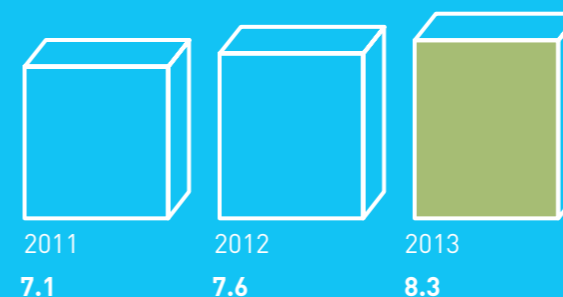
2013/2012



URANIUM PRODUCTION, THOUSAND TONNES

109.2 %

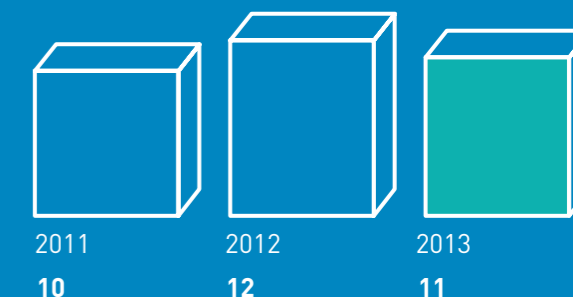
2013/2012



NUMBER OF NPP UNITS UNDER CONSTRUCTION OVERSEAS

91.7 %

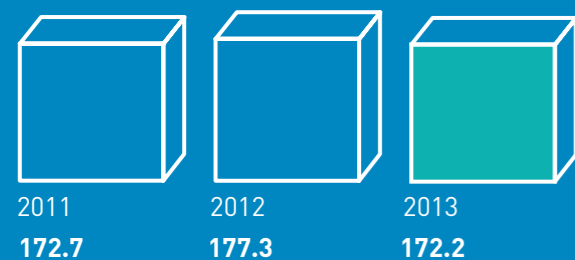
2013/2012



POWER GENERATION BY NPPS, BILLION KWH

97.1 %

2013/2012

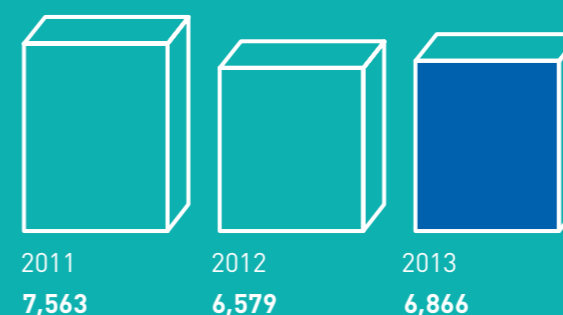


JSC CONCERN ROSENERGOATOM'S INVESTMENT PROGRAMME PERFORMANCE INDEX

NUMBER OF FABRICATED FAs

104.4 %

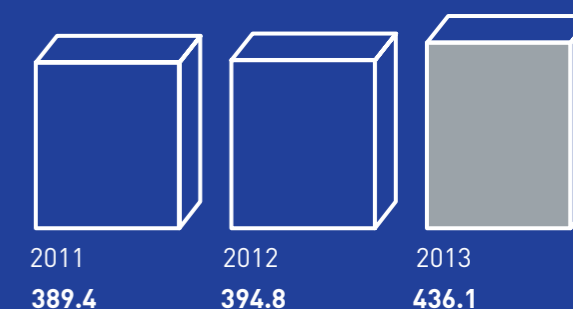
2013/2012



IFRS REVENUES, BILLION ROUBLES

110.5 %

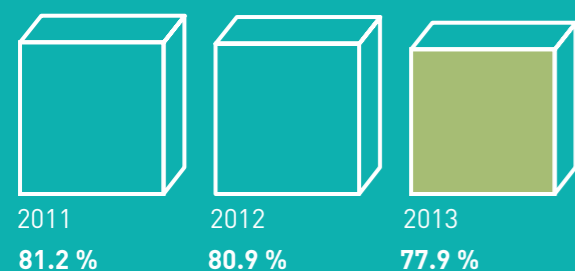
2013/2012



CAPACITY FACTORS OF NPPS, %

96.3 %

2013/2012

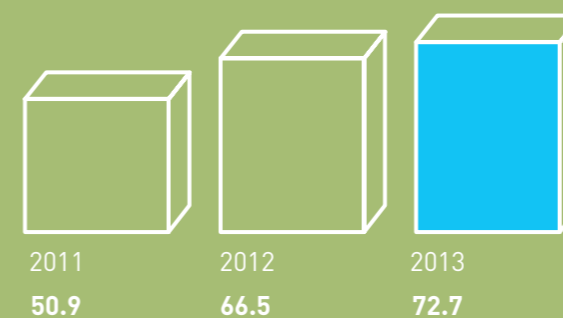


URANIUM RESOURCES BASE (RUSSIAN ASSETS), THOUSAND TONNES

PORTFOLIO OF FOREIGN CONTRACTS OVER 10 YEARS, BILLION USD

109,3 %

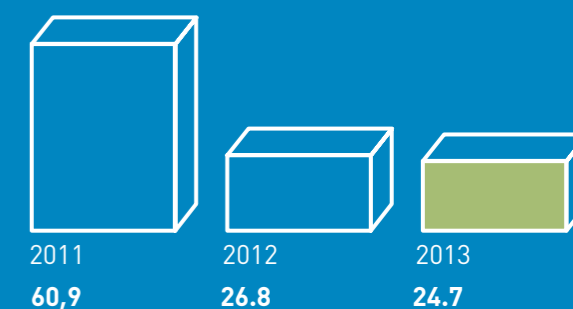
2013/2012



NET PROFIT, BILLION ROUBLES

92.2 %

2013/2012

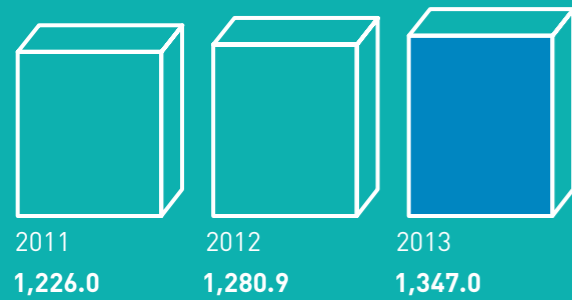


\* The bottom line, marked with +, presents data on the mineral and raw material base of Uranium One Inc. Due to the change of the calculation technique in 2012, the data is given separately for the Russian assets and the mineral and raw material base of Uranium One Inc. The 2013 data is given only for Russian assets.

NET ASSETS (IFRS),  
BILLION ROUBLES

151.6 %

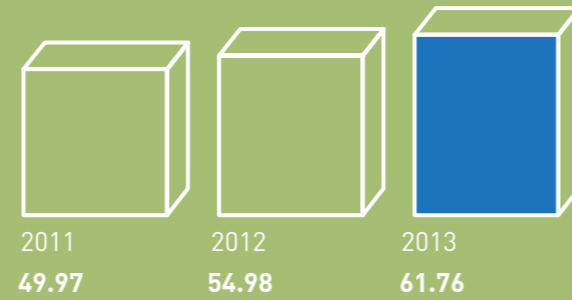
2013/2012



AVERAGE WAGE OF  
JSC ATOMENERGOPROM'S PERSONNEL,  
THOUSAND RUB/MONTH

123.3 %

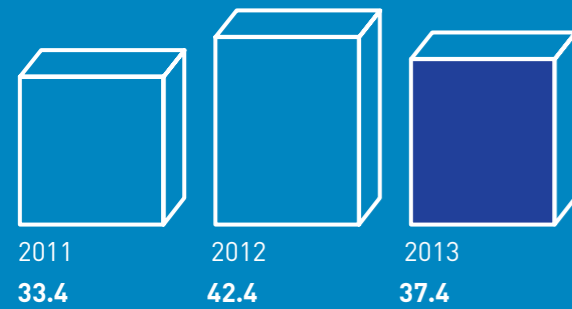
2013/2012



INTANGIBLE ASSETS,  
BILLION ROUBLES

88.2 %

2013/2012



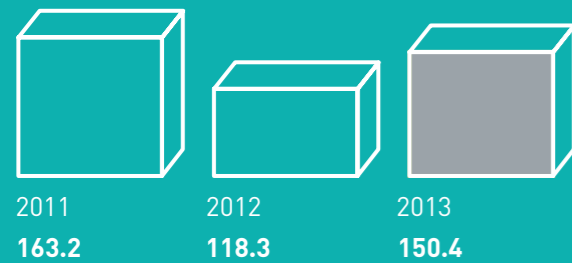
EVENTS THAT QUALIFIED LEVEL-2  
AND ABOVE ON THE INES SCALE



EBITDA\*,  
BILLION ROUBLES

127.1 %

2013/2012



AVERAGE DECREASE IN ENERGY  
CONSUMPTION COST WITHIN DIVISIONS\*

20.3%

2013

\* Mining, Fuel, Machine Engineering, and Power Engineering Divisions.

\* The following formula was used to calculate the EBITDA indicator: Revenues – Operating costs – Administrative costs – Commercial costs + Depreciation.



# KEY EVENTS OF 2013

## FEBRUARY

- » A memorandum of cooperation in the field of nuclear medicine and the production of radioactive medical preparations was signed with the Nuclear Energy and Advanced Technology Agency of the Republic of Cuba's Ministry of Science, Technology, and Environment.

## JUNE

- » An agreement of cooperation in the peaceful use of atomic energy was signed with the Atomic Energy Authority of the Democratic Socialist Republic of Sri Lanka.
- » A memorandum of cooperation was signed with the US Department of Energy and the Atomic Energy Commission of France for the establishment of the International Research Centre based on the MBIR

- » multipurpose fast-neutron research reactor.
- » The IAEA Ministerial Conference on Nuclear Power in the 21st Century and the International Forum ATOMEXPO-2013 were held in St. Petersburg, Russia.

## JULY

- » The musical "We" premiered in Keszthely, Hungary as part of the NucKids-2013 project.

## AUGUST

- » Start of an engineering survey at the site of Smolensk NPP II as part of the investment feasibility study phase.
- » Moody's Investors Service, an international



# 2013

- » A memorandum on economic cooperation in the peaceful use of atomic energy was signed with the Department of energy and Climate Change of Great Britain.
- » Power start-up of Kudankulam NPP's Unit 1 in the Republic of India.

## OCTOBER

- » The 3rd overseas Atomic Energy Information Centre was opened in Dhaka, Bangladesh.
- » First concreting at Unit 1 of Tianwan NPP in the Chinese People's Republic.
- » A long-term contract was signed by JSC TVEL with the People's Republic of China for the supply of nuclear fuel for Units 3 and 4 of Tianwan NPP and accessories for the NPP's Phase 2.
- » A technical contract was signed between the Russian Federation and the Republic of Bangladesh for the construction of Ruppur NPP
- » The 100% stake in Uranium One Inc. was consolidated by JSC Atomredmetzoloto (an organisation within the Mining Division of JSC Atomenergoprom).
- » Standard & Poor's, an international rating agency, confirmed JSC Atomenergoprom's BBB/A-2 long-term and short-term credit ratings (stable outlook), as well as the company's ruAAA national scale rating at the maximum possible sovereign level. Simultaneously, the BBB/ruAAA credit ratings were confirmed with respect to JSC Atomenergoprom's circulating bonds, series No. 6, of the nominal value of 10 billion roubles.

## NOVEMBER

- » Reopening the operations on the Leningrad NPP's Unit 1 after the restoring the RBMK-1000 reactor's service life characteristics.
- » Winning a tender for the NPP construction in Jordan.

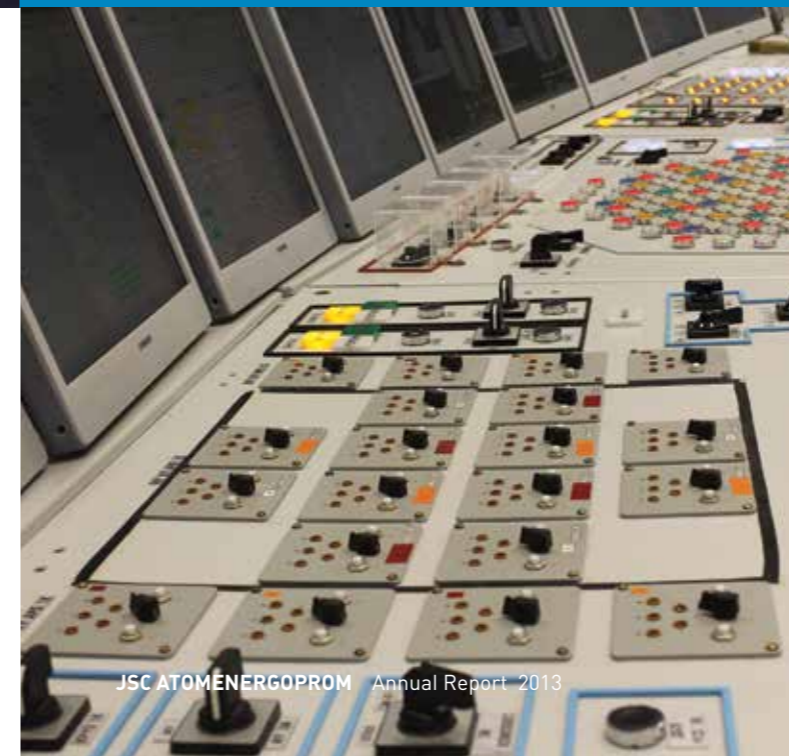
## DECEMBER

- » A memorandum of cooperation in the field of radioactive preparations was signed with the Atomic Energy Commission of the State of Israel as part of the meeting of co-chairpersons of the Russian-Israeli Joint Trade and Economic Cooperation Commission
- » The BN-800 reactor at Beloyarsk NPP was prepared for first criticality.
- » A package of agreements on the construction of Hanhikivi NPP in Finland was signed with the Finnish company Fennovoima.
- » Standard & Poor's, an international rating agency, confirmed the BBB-/A-3 long-term and short-term credit ratings and the ruAAA national scale rating (stable outlook) for JSC TENEX-Service (an organisation within JSC Atomenergoprom).

- » rating agency, assigned JSC Atomenergoprom a Baa2 long-term international scale rating (stable outlook) and an Aaa.ru national scale rating.
- » Fitch Ratings, an international rating agency, assigned JSC Atomenergoprom a BBB long-term international scale rating (stable outlook).

## SEPTEMBER

- » JSC Uranium Enrichment Centre (UEC), a Russian-Kazakh joint venture, completed the transaction of purchasing a 25% stake +1 share in JSC UECC (an organisation within the Fuel Division of JSC Atomenergoprom)
- » An agreement between the governments of Russia and the USA on cooperation in nuclear energy and R&D was signed.



## ADDRESS FROM THE CHAIRPERSON OF THE BOARD OF DIRECTORS



sustainable development of Russia and its regions in 2013. The performance achieved (uranium output, electricity generation, implementation of JSC Concern Rosenergoatom's investment programme) has exceeded the target figures. The Company's key financial performance indicators also showed sustained growth. In the reporting period, the management of JSC Atomenergoprom and its organisations achieved all key efficiency indicators.

In terms of nuclear installed capacity, JSC Atomenergoprom is the world's second largest nuclear generating company after EDF, France. The nuclear electricity generation in 2013 in Russia amounted to 172.2 billion kWh. In 2013, Russian nuclear power plants accounted for 16.8% of the total electricity generated in Russia.

The most important project in 2013 was the creation of a technology for recovering the service life characteristics of the RBMK-1000 reactor graphite stack. The repair activities were successfully completed at Unit 1 of Leningrad NPP and, presently, the technology is being replicated in repair operations at other RBMK-type units at Kursk and Smolensk NPPs. This technology is unique so that it makes it possible to extend the life of the RBMK uranium-graphite reactors until the replacement capacity is put into operation, which is of special importance because the RBMK reactors account for about half of the nuclear power generated domestically.

The Company's 2013 performance allows us to look towards the future with confidence and formulate further challenging tasks as part of our strategic goal – global technological leadership in the international markets of nuclear technologies and services.

Board of Directors, Chairperson  
JSC Atomenergoprom  
**E. V. LYAKHOVA**

Dear Colleagues,

JSC Atomenergoprom is an integrated company that consolidates civilian assets of the Russian nuclear industry. The Company incorporates many leading nuclear organisations and enterprises, combining those assets with its more than 70-year history and unique experience across the spectrum of nuclear fuel cycle and NPP construction technologies. This immense base of experience forms the foundation for the company's leadership in the world market of nuclear technologies.

This annual report discloses the financial performance and production data of JSC Atomenergoprom and its organisations, as well as their respective contributions to the national economy and the

## ADDRESS FROM THE DIRECTOR



event for the industry, as we regard the so-called fast-neutron technology as the future of nuclear power. Fast-neutron reactors allow for practically all natural uranium to be engaged in the nuclear fuel cycle, making it possible to resolve the fuel problem for centuries to come. As a result, efficiency is increased, natural resources are saved, and the quantities of radioactive waste are decreased dozens of times.

The 20-year-long Russian-US cooperation under the HEU-LEU programme ended in the reporting year. As part of the programme, the Company acquired valuable experience concerning operations in the US market and proved itself to be a responsible and reliable supplier under the contracts made.

In 2013, the assets in the uranium mining segment were restructured: Uranium One Holding N.V. was formed to concentrate the overseas nuclear fuel cycle front-end assets; JSC Atomredmetzoloto will focus further on the development of uranium assets in Russia.

Regarding financial performance in the reporting year, it is worth emphasizing that the Company's returns grew by more than 10%, as compared to 2012, to reach 436.1 billion roubles. The Company's net profit amounted to 24.7 billion roubles.

The most important demonstration of JSC Atomenergoprom's solvency and financial stability is that in 2013 the Company was assigned credit ratings from two international rating agencies: Fitch Ratings (at the BBB maximum possible sovereign level) and Moody's Investors Service (at the Baa2 level). Also in 2013, Standard & Poor's, a global rating agency, confirmed the Company's long-term and short-term international scale credit ratings at the BBB/A-2 level.

I would like to express my gratitude to all the employees of JSC Atomenergoprom and its organisations, as well as to our business partners, thanks to whom the Company's impressive performance could be achieved. I am sure that the coming year will be no less successful!

Director,  
JSC Atomenergoprom  
**K. B. KOMAROV**

Dear colleagues and partners,

The Company's performance was very impressive last year. The portfolio of foreign contracts over 10 years grew from US \$66,5 billion to US \$72,7 billion. There was also major growth in the uranium production volume, as compared to 2012, from 7.6 to 8.3 thousand tonnes. In 2013, we carried out construction activities for 9 NPP units in Russia and 11 more units in other countries.

There were also a number of notable events in the reporting year. Unit 1 of Kudankulam NPP in India saw a power start-up, while research activities for the construction of Smolensk NPP II began in Russia. The BN-800 fast-neutron reactor was prepared for first criticality at Beloyarsk NPP, which is an important



# 1

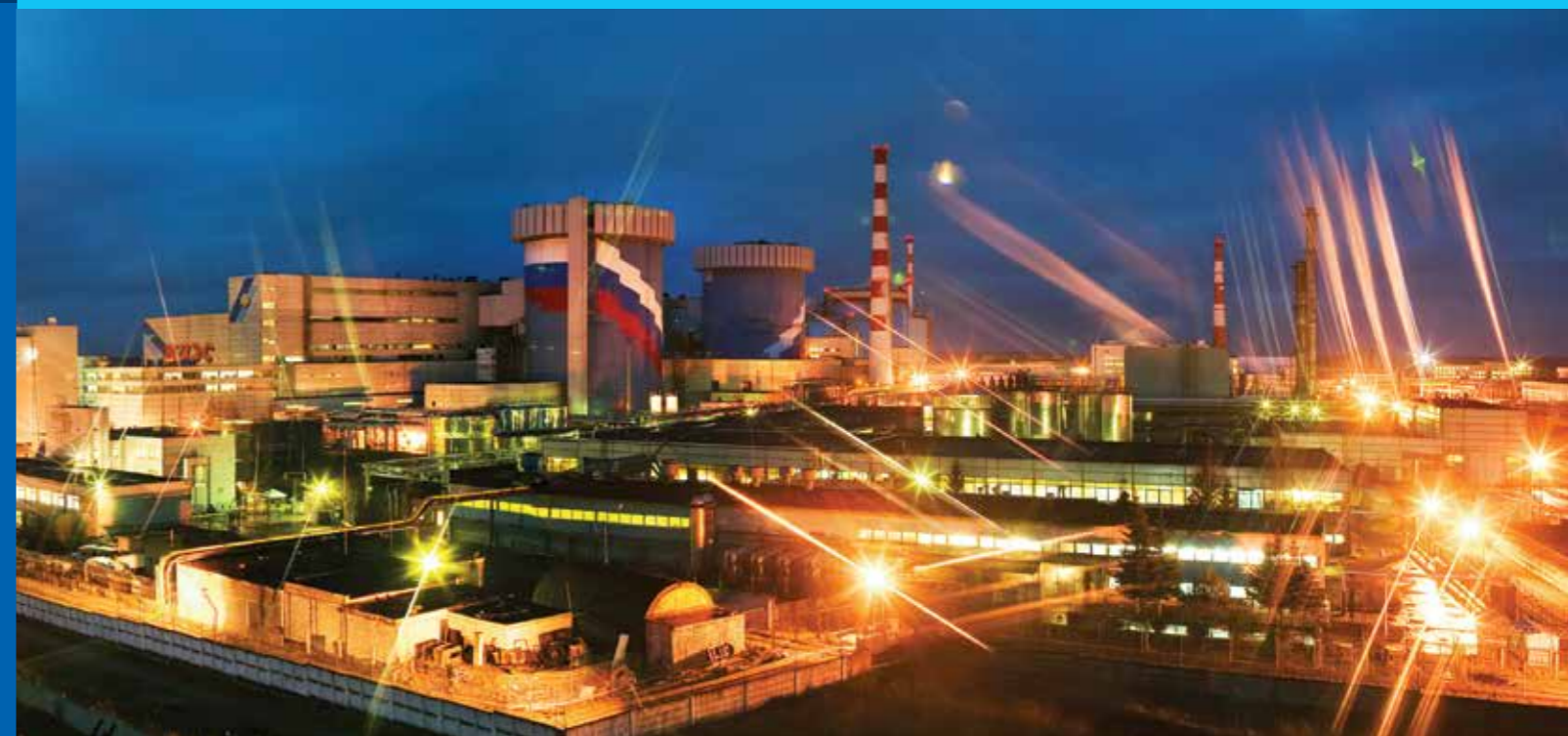
## JSC ATOMENERGOPROM PROFILE

16 1.1. COMPANY BACKGROUND

17 1.2. MANAGEMENT OF SUSTAINABLE DEVELOPMENT

18 1.3. CORPORATE MANAGEMENT

25 1.4. RISK MANAGEMENT



# JSC ATOMENERGOPROM PROFILE

activities, from uranium mining to construction of NPPs and electricity generation, with priority placed on the improvement of production quality, the introduction of innovative technologies, and environmental management.

JSC Atomenergoprom is one of the largest nuclear generation companies in Russia and is a leader in the global market of nuclear services and technologies. The Company is in a position to ensure turnkey NPP design and construction, to provide NPPs with a lifetime of fuel supplies, and to carry out upgrading, after-sales servicing, and personnel training. The Company has integrated many leading organisations and enterprises in the nuclear industry over its approximately 70-year history of operations, and boasts a unique range of experience across the spectrum of nuclear fuel cycle and NPP construction technologies.

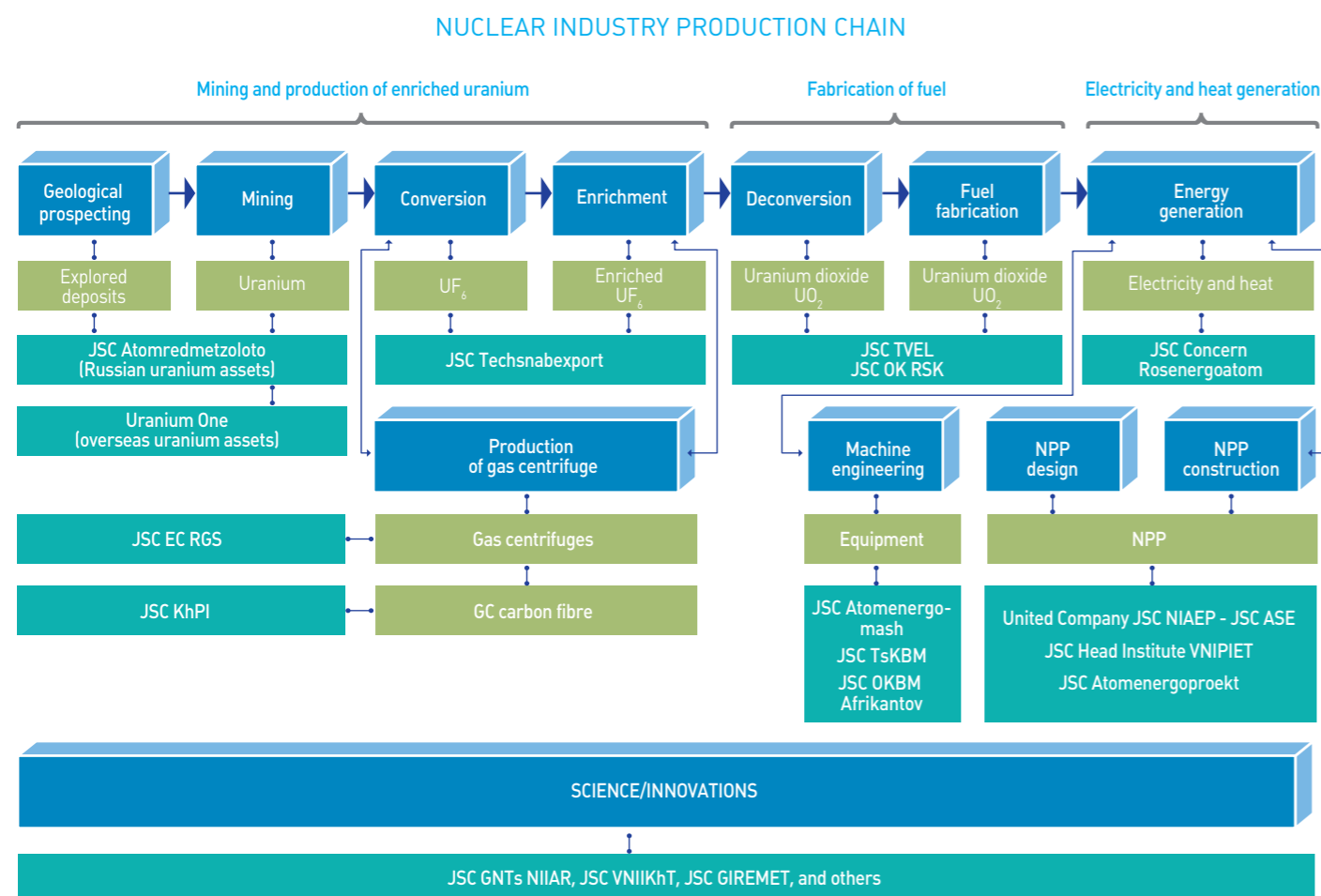
JSC Atomenergoprom is a part of the State Atomic Energy Corporation ROSATOM (named as "Rosatom State Corporation" or "Rosatom" hereinafter). Rosatom State Corporation is responsible for pursuing the governmental policies related to nuclear power and ensuring the unity of management in the field of nuclear power, as well as for the sustained operation of the nuclear power generation complex, the evolution of the Russian nuclear industry's innovative potential, the activities of the nuclear icebreaker fleet, and nuclear and radiation safety. Rosatom is also assigned the task of enforcing Russia's international commitments in the peaceful use of atomic energy and nuclear non-proliferation. The activities of Rosatom are aimed at contributing to the implementation of federal target

## 1.1. Company background

### 1.1.1. Activities

JSC Atomenergoprom (named as "the Company" hereinafter) is an integrated company that consolidates civilian assets of the Russian nuclear industry.

The organisations of JSC Atomenergoprom encompass the entire cycle of nuclear production



programmes, establishing new conditions for the nuclear industry's evolution, and strengthening Russia's competitive advantage in the world market of nuclear technologies.

There is no link between military activities and the civilian operations of Rosatom, including the business operations of JSC Atomenergoprom. Therefore, the activities of JSC Atomenergoprom, as a company that consolidates the civilian assets of the Russian nuclear industry, have nothing to do with military operations.

### 1.1.2. Formation and developmental history of JSC Atomenergoprom

JSC Atomenergoprom was formed in July 2007 as part of the Russian Federation Nuclear Industry Development Programme approved by Russian President V. V. Putin on 8 June 2006 pursuant to Federal Law No. 13-FZ, dated 5 February 2013, "On Peculiarities of the Management and Disposal of the Property and Shares Held by the Organisations Carrying Out Activities in the Field of Nuclear Power and On Making Amendments to Selected Laws of the Russian Federation", by Russian Presidential Decree No. 556, dated 27.04.2007, "On Restructuring the Nuclear Power Generation Complex of the Russian Federation", and by the Russian Government Resolution No. 319, dated 26.05.2007, "On Measures to Form Joint-Stock Company 'Nuclear Power Generation Complex'".

According to respective regulations and laws concerning the formation of JSC Atomenergoprom, it was determined that the Company would integrate 89 enterprises with operations in all nuclear industry and nuclear fuel cycle segments, as well as three federal-level educational establishments. The stakes in 31 federally owned companies served as the government's contributions to the authorised capital of JSC Atomenergoprom at the time of its formation (including the shares in such companies as JSC TVEL, JSC Technobexport, JSC Atomredmetzoloto, and others). The rest of the companies had the status of federal state unitary enterprises (FSUE) and required transformation into joint-stock companies for their integration into the nuclear holding. Within the period of 2008–2011, 55 FSUEs were transformed into joint-stock companies and joined JSC Atomenergoprom. This completed the Company's authorised capital formation procedure.

In 2011, the measures taken made it possible for JSC Atomenergoprom to begin forming a new structure of companies in the civilian part of the nuclear industry, as well as to pursue a uniform policy in the fields of finance, corporate management, personnel management, and the management of marginal assets.

As of 31.12.2013, JSC Atomenergoprom's group of companies had incorporated 111 companies with different organisational and legal statuses.

Rosatom State Corporation is the sole shareholder of JSC Atomenergoprom.

### JSC ATOMENERGOPROM TODAY:

- » the holder of the world's biggest portfolio of foreign NPP construction projects (19 units);
- » the world's second largest installed capacity holder and nuclear electricity generator;
- » the world's second largest holder of uranium reserves and the world's third largest uranium mining company (the joint share of Atomredmetzoloto and Uranium One);
- » holds a 40% share in the market of uranium enrichment services for foreign-designed reactors; and
- » holds a 17% share in the nuclear fuel market.

## 1.2. Management of sustainable development

The approach to the sustained development of JSC Atomenergoprom is based on the traditional concept of sustained development adopted within the international community and relies on a number of guidelines that are specific to nuclear sector activities (e.g. ensuring nuclear and radiation safety). In tandem with the tasks involved in its own sustained development, JSC Atomenergoprom aims to accomplish certain goals related to tackling current problems of global significance, such as environmental pollution, global warming, international terrorism, the depletion of natural resources, the anticipated shortage of energy resources, and others.

JSC Atomenergoprom pays a great deal of attention to minimising its impacts on the environment and preserving the natural ecosystems. Numerous activities are carried out to introduce technologies that enable consistent reductions in harmful emissions/releases and waste formation. Nuclear plants do not release greenhouse gases in the process of electricity generation.

That being said, the absolute top priority in JSC Atomenergoprom's activities has been the safe and reliable operation of nuclear installations. The design and construction of NPPs relies on integrated efforts aimed at ensuring safety, studying natural and human-induced hazards, and performing probabilistic safety analyses. As required by law, the construction phase is mandatorily preceded by assessments of environmental impacts from nuclear installations.

The objective of JSC Atomenergoprom's strategy implementation is global technological leadership in the field of nuclear power. The Company's strategic goals consist of maintaining and strengthening their leadership position, thanks to the development of innovative technologies, and a broader representation in the key nuclear and adjacent markets. To a great extent, this leadership position is strengthened through

activities in the field of safety and value improvement, environmental protection, and the development of designs for adjacent industries.

The key investment project of Rosatom State Corporation and JSC Atomenergoprom is the development and commercialisation of a new technology platform. An innovative project named Proryv (Breakthrough) is being implemented in the nuclear industry, which is intended to establish a nuclear power complex comprised of NPPs with fast-neutron reactors, nuclear fuel regeneration (processing) and re-fabrication facilities, and the ability to prepare all RW types for final elimination from the technological cycle for the purposes of environmental safety and value improvement in the nuclear industry. Another promising field of activity is the creation of a fusion reactor, which is expected to provide mankind, within the next few decades, with a practically inexhaustible source of energy for continued global development.

JSC Atomenergoprom contributes a great deal to the creation and fair division of economic value in Russia, supports domestic manufacturers and service providers, creates new jobs in the nuclear industry, and promotes the creation of jobs in adjacent industries. The Company's designs contribute significantly to the modernisation of the Russian economy.

An important aspect of JSC Atomenergoprom's activities is ensuring the public's acceptance of the nuclear industry. The Company's leaders seek to secure a public consensus on problems of nuclear power

evolution in Russia and worldwide in order to achieve long-term and steady improvement in the standard of living for the Russian people. To this end, the Company, through enlightenment, awareness, and communication projects, carries out various activities to ensure that the essence of JSC Atomenergoprom's goals is understood by all the parties concerned.

### 1.3. Corporate management

The major corporate management goal of JSC Atomenergoprom in 2013 was the high-quality and timely implementation of corporate procedures that were fully in accordance with Russian law.

#### 1.3.1. Management bodies

##### Management bodies of JSC Atomenergoprom

K.B. Komarov was appointed as the Director of JSC Atomenergoprom on 14.04.2010 (minutes of the meeting of JSC Atomenergoprom's Board of Directors No. 27, dated 13 April 2010).

## KOMAROV, KIRILL BORISOVICH



Date of birth: 29.12.1973

Place of birth: Leningrad

Education: Higher

Graduated from:

Law Lyceum under Ural State Law Academy in 1992 (awarded a gold medal) and the Faculty of Judicature and Procuracy at Ural State Law Academy in 1997 (honours degree).  
Candidate of Science (Law).

Positions in recent years:

- » 2000–2005: Legal and Project Management Director (JSC RENOVA), First Deputy Director General (JSC RENOVA), and Director General (JSC RENOVA-Razvitiye);
- » 2005–2006: Deputy Head (Federal Agency for Water Resources of Russian Federation);
- » 2006–2007: Vice President (JSC TVEL);
- » 2007: Director General (JSC Atomenergomash);
- » 2007–2010: Deputy Director (JSC Atomenergoprom) and Executive Director (JSC Atomenergoprom); and
- » 2010–Present: Executive Director (Nuclear Power Complex Directorate, Rosatom State Corporation), Deputy Director General (Development and International Business Unit, Rosatom State Corporation), and Director of JSC Atomenergoprom on a plurality basis.

Does not hold any Company's shares.

## BOARD OF DIRECTORS OF JSC ATOMENERGOPROM

MEMBERS OF THE BOARD OF DIRECTORS OF JSC ATOMENERGOPROM IN THE PERIOD FROM 01.01.2013 TO 31.12.2013 (ELECTED ON 29.06.2012 AND RE-ELECTED ON 28.06.2013):

- » Komarov, Kirill Borisovich;
- » Lyakhova, Ekaterina Viktorovna (Chairman of the Board of Directors);
- » Popov, Andrey Vladimirovich;
- » Rebrov, Ilya Vasiliyevich; and
- » Shpagin, Igor Georgiyevich.

MEMBERS OF THE BOARD OF DIRECTORS OF JSC ATOMENERGOPROM IN THE PERIOD FROM 06.06.2012 TO 31.12.2012 (ELECTED ON 06.06.2012 AND RE-ELECTED ON 29.06.2012):

- » Komarov, Kirill Borisovich;
- » Lyakhova, Ekaterina Viktorovna (Chairman of the Board of Directors);
- » Popov, Andrey Vladimirovich;
- » Rebrov, Ilya Vasiliyevich; and
- » Shpagin, Igor Georgiyevich.

LYAKHOVA,  
EKATERINA  
VIKTOROVNA



Date of birth: 07.06.1975

Place of birth: Yekaterinburg

Education: Higher

Graduated from:

Ural State Law Academy, EMBA Universitet Antwerpen Management School

Positions in recent years:

- » 2008–2010: Director General (JSC Koltsovo-Invest);
- » 2010–2011: Vice President (JSC TVEL); and
- » 2011–Present: Deputy Director (JSC Atomenergoprom) and Investment Management and Operational Efficiency Director (Rosatom State Corporation), Chairman of the Board of Directors at JSC Atomenergoprom on a plurality basis.

Does not hold any Company's shares.

POPOV,  
ANDREY  
VLADIMIROVICH



Date of birth: 03.03.1971

Place of birth: Leningrad

Education: Higher

Graduated from:

St. Petersburg State University

Positions in recent years:

- » 2003–2009: Head of the Legal Department (JSC MCC EuroChim);
- » 2009–2011: Director (Department for Legal Issues and Corporate Governance, Rosatom State Corporation); and
- » 2011–Present: Director for Legal Issues, Corporate Governance, and Property Management / Director (Department for Legal Issues and Corporate Governance, Rosatom State Corporation).

Does not hold any Company's shares.

REBROV,  
ILYA  
VASILIYEVICH



Date of birth: 10.10.1976

Place of birth: Leningrad

Education: Higher

Graduated from:

St. Petersburg State Technical University

Positions in recent years:

- » 2008–2009: Deputy Director for Economics and Controlling (JSC SCEC);
- » 2009–2011: Director (Department for Economics and Investments, Rosatom State Corporation);
- » 2010–2011: Director (Department for Economics and Financial Controlling, Rosatom State Corporation); and
- » 2011–Present: Director for Economics and Finance (Rosatom State Corporation).

Does not hold any Company's shares.

SHPAGIN,  
IGOR  
GEORGIYEVICH



Date of birth: 14.02.1971

Place of birth: Vologda

Education: Higher

Graduated from:

Ural State Law Academy

Positions in recent years:

- » 2007–2010: Deputy Director (Department for Corporate Relations, Rosatom State Corporation);
- » 2010–2014: Deputy Director (Department for Legal Issues and Corporate Governance, Rosatom State Corporation); and
- » 2014–Present: Adviser to the staff of the Deputy Director General for Management of Nuclear Projects (JSC Rusatom Overseas).

Does not hold any Company's shares.

**DETERMINATION CRITERIA AND AMOUNT OF REMUNERATION (REIMBURSEMENT OF CHARGES) FOR THE MEMBERS OF THE BOARD OF DIRECTORS**

No remuneration was paid to the members of the Board of Directors in the reporting period. The Director of JSC Atomenergoprom received remuneration based on the contract of employment, and in accordance with the Unified Branch Labour Payment Scheme established by Rosatom State Corporation for its joint-stock companies and for subsidiaries of JSC Atomenergoprom.

**1.3.2. Board of Directors' 2013 performance statement**

In 2013, 54 meetings of the Board of Directors were held by way of correspondence voting.

Resolutions on the key aspects of JSC Atomenergoprom's activities were adopted at the Board of Directors' meetings, including resolutions on:

- » holding, in due manner, the meeting of the Board of Directors preceding the annual general meeting of JSC Atomenergoprom's shareholders;
- » approving the budget of JSC Atomenergoprom for 2013; and
- » carrying out a number of resolutions to optimise the structure of JSC Atomenergoprom's group of companies, including resolutions concerning:
  - adding the shares in JSC SSMU Lenatomenergostroy, JSC SPb NIII EIZ, JSC Sibirskiy Orgstroyproekt, and JSC VNIPIET to the authorised

capital of JSC Atomenergoprom, in exchange for the additionally issued shares of JSC Atomenergoproekt;

- a 100% stake in the authorised capital of KWINDER HOLDINGS LIMITED to be acquired by JSC Atomenergoprom;
- adding the shares in JSC Atomtekhenergo, JSC Atomtrans, JSC PVO ZAES, and JSC NITs AES to the authorised capital of JSC Concern Rosenergoatom, in exchange for additionally issued shares in JSC Concern Rosenergoatom;
- deciding on the termination of participation in the authorised capital of JSC EFKON by way of holding a public auction;
- terminating the participation of JSC Atomenergoprom in the authorised capital of JSC INTER RAO EES through the sale of its stake in this company to ROSNEFTEGAZ; and
- deciding on forming (founding) a joint-stock company, Rusatom – International Network, with a 100% stake in this to be held by JSC Atomenergoprom.

**1.3.3. Payment of declared (accrued) dividends on the Company's shares**

Subsequent to the result of the 2012 financial year, JSC Atomenergoprom has paid a total of 15.441.804.000 roubles of dividends, as resolved by Rosatom State Corporation as the sole shareholder (Resolution No. 1, dated 28.06.2013).

The declared dividends were paid within the fixed dates and in full.

**1.3.4. Auditing commission of JSC Atomenergoprom**

The auditing commission of JSC Atomenergoprom is in charge of supervising the Company's financial and business activities.

**MEMBERS OF THE AUDITING COMMISSION OF ROSATOM STATE CORPORATION (AS APPROVED ON 28.06.2013)**

Auditing commission member	Position
Kurbatov, G. A.	Deputy Chief Accountant, Rosatom State Corporation (as of the time of election)
Blazhnova, T. V.	Head of the Consolidated Bookkeeping Department, Accounting Office, Rosatom State Corporation (as of the time of election)
Zhukova, Z. A.	Chief Expert, Internal Audit Department, Internal Audit Office, Rosatom State Corporation (as of the time of election)

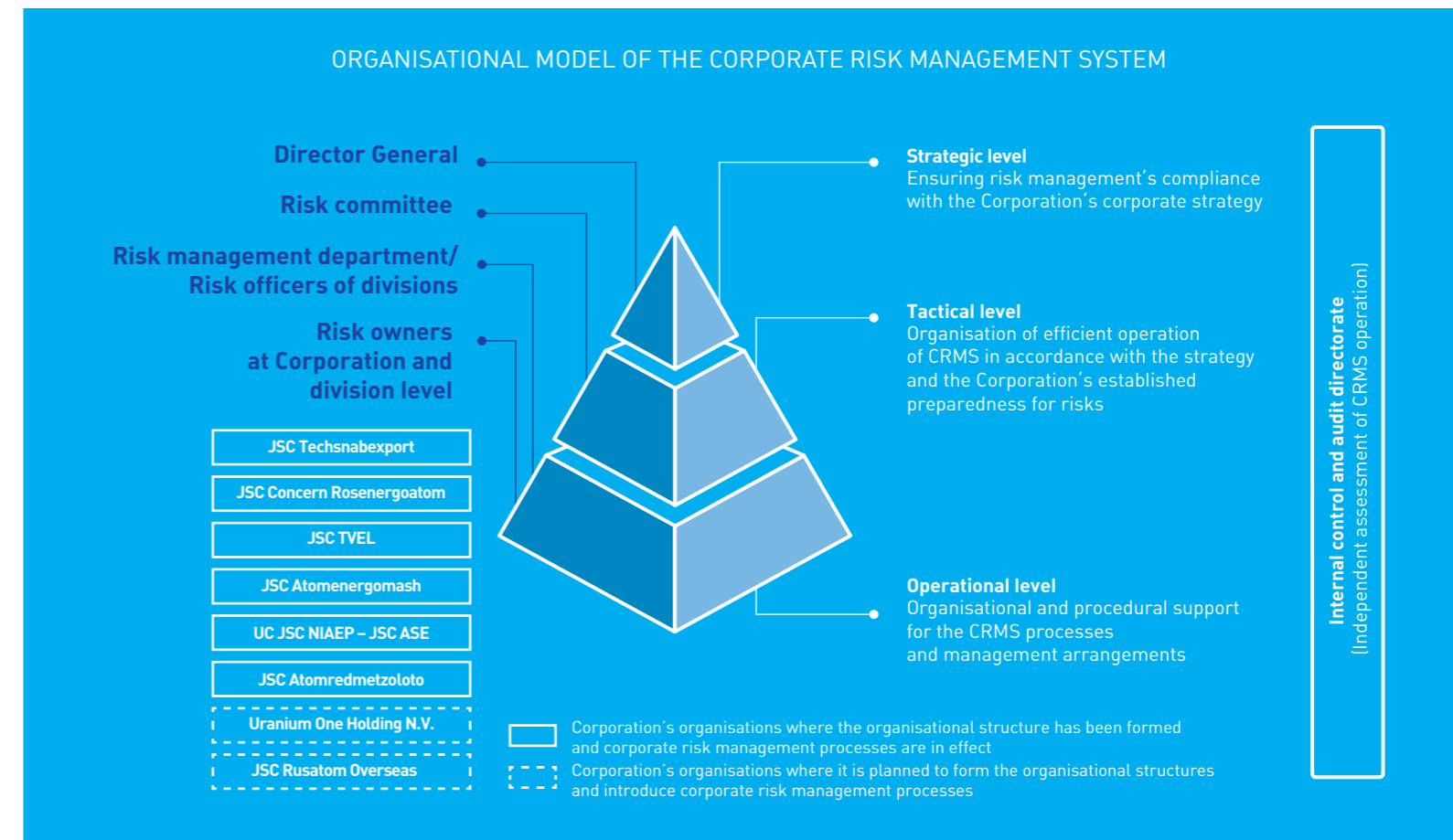
The auditing commission's findings are provided in **Annex 2**.

**1.4. Risk management**

**1.4.1. Corporate risk management system**

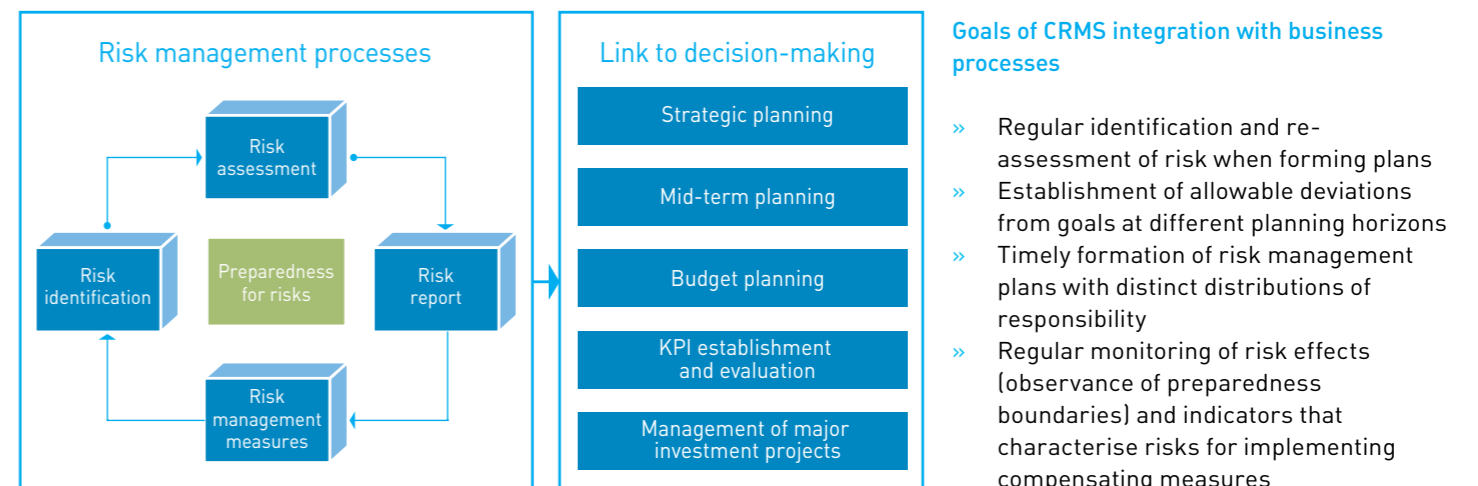
The process of forming the corporate risk management system (CRMS) within Rosatom State Corporation and JSC Atomenergoprom was started in 2010. The major lines of the CRMS evolution, as defined by the Risk Management Policy, are:

- » development of the CRMS organisational structure;
- » integration with business processes;
- » development of the CRMS methodology; and
- » development of the expertise and competencies of those involved in the CRMS operation.



**Integration with business processes**

**INTEGRATION OF THE CRMS WITH PLANNING PROCESSES**



## Evolution of the CRMS methodology

For the purpose of further developing the methodological framework of the CRMS, the following was introduced in 2013:

- » uniform requirements (guidelines) for analysing the risks that affect the attainment of financial and business targets and that are planned in the “Budgeting”, “Mid-term Planning”, and “Strategic Management” processes, including the identification and assessment of risks, identification of risk management measures, and the determination of the level of preparedness for facing risks, streamlining monitoring activities, reviewing the risks of investment projects, and evaluating the effects of risks on the project targets (completion dates, project budgeting, and IRR);
- » criteria for setting the limits on non-resident banks to reduce the credit risks for JSC Atomenergoprom’s organisations engaged in overseas business activities; and
- » requirements to assess the buyer and customer credit risk under contracts for the supply of products and services that suggest a payment delay, as well as the application of credit risk management measures depending on the risk assessment level.

## Development of the expertise and competencies of those involved in the CRMS operation

To improve the awareness of and to enable the exchange of expertise and the development of the competencies of those involved in the CRMS operation, as far as risk management activities are concerned, the CRMS regulatory documents, as well as information on the best practices adopted and the risk management research results, are made available on the corporate website. Workshops are regularly held for the Company’s personnel and organisations concerning the CRMS operational aspects, the management of selected risk types, and the qualitative risk assessment techniques.

### 1.4.2. Management of key risks





Outlined below are the major results obtained from the management of the most significant key risks in 2013.

#### Management risks and results in 2013

The approved parameters of preparedness for risks were observed in 2013 both in terms of quantitative (financial) indicators and in terms of parameters with zero preparedness for failing to observe these, such as ensuring nuclear and radiation safety, as well as the attainment of state-defined targets.

### DYNAMICS OF RISKS COMPARED 2012

(Dynamics of risks:  increase,  decrease,  no major changes)

Risks and risk dynamics	Risk management results
<b>Financial risks</b>	
<b>Currency risk</b> 	The Currency Risk Management Strategy and the Currency Risk Hedging Programme have been approved. The Hedging Programme implementation has made it possible to minimise the risk of loss caused by unfavourable exchange rate fluctuations.
<b>Interest risk</b> 	Against the background of interest rate growth in the reporting year, risk reduction has been the result of the fixed-rate five-year loan rising, with a subsequent increase in the average loan portfolio term. As the result, the due dates for the interests to be received and the interests to be paid have levelled off.
<b>Credit risk</b> 	The risk increase has been the result of a growth in the frequency of licence revocations from problem banks by the Central Bank, the failure to fulfil the obligations towards JSC Concern Rosenergoatom in the electricity and power market (failures to pay for the electricity consumed), and a general decrease in the Russian economy growth rate. To manage the risks to minimise these: <ul style="list-style-type: none"> <li>» limitation of agent banks;</li> <li>» guarantees and limitation of advance payments to external counteragents;</li> <li>» regular monitoring of the status of the debts receivable by the industry’s enterprises (including the functioning of committees that handle the debt receivable);</li> <li>» credit risks assessment under contracts for the supply of products and services with delayed payment;</li> <li>» credit risk management (measures depend on its assessment level)</li> </ul>
<b>Liquidity risk</b> 	This risk reduction has been caused by the fact that in the reporting year, JSC Atomenergoprom was assigned a Moody’s Investors Service rating of Baa2 (outlook stable) and a national-scale rating of Aaa.ru. Also in 2013, JSC Atomenergoprom was assigned a long-term credit rating at the maximum possible sovereign level of BBB from Fitch Ratings, an international rating agency, and a national long-term rating of AAA (rus) (outlook stable). Besides, in accordance with a rating report of S&P, in October 2013, JSC Atomenergoprom received a confirmation of its sovereign rating level of BBB/A-2 (outlook stable).

## Risks and risk dynamics

## Risk management results

### Commodity risks

#### Nuclear cycle products and services market risk



This risk increase has been caused by the current stagnation of demand and a price reduction trend in the markets of NFC products and services, largely as a result of a delay with the resumed NPP operation in Japan, the nuclear phase-out policy, and a reduction in the share of nuclear generation within the total generation in some European countries (primarily in Germany, Switzerland, and Belgium), as well as of the competitive pressures of shale gas supplies on nuclear generation in the USA, increased competition among the NFC market players, and considerable unsold reserves held by uranium product vendors and traders. In 2013, the spot prices for natural uranium declined by 21% and the long-term prices declined by 11%, with the spot- and long-term quotations for enrichment services having declined by 17% and 15%, respectively.

To ensure the risk reduction:

- » agreements are reached with suppliers on pricing mechanisms that are inverse to the pricing mechanisms of contracts involving a high level of commodity risk;
- » volumes of future buyer orders under contracts are jointly studied in advance with buyers, and volumes of future buyer orders are estimated with regard to the history of the customer relationship and the market conditions. Alternatives of replacement/extra contraction are reviewed; and
- » quantitative flexibilities and options leading to the harmonisation of sale and purchase volumes are fixed in contracts with suppliers of U308, conversion services, and SWU.

Actually, in 2013, despite the continued demand and price stagnation in the markets of the NFC products and services, the volume of the ten-year portfolio of foreign orders for NFC products and services was successfully maintained at the level of the previous year.

**See the International Business section and the 2013 annual reports of JSC Technabexport, JSC TVEL, and JSC Atomredmetzoloto for further details.**

#### Electricity market risks



The risk increase has been the result of a slowdown in the economic growth rate in Russia and has been impacted by the expected absence of a growth in the electricity demand, which, in turn, may have an adverse effect on the electricity market price.

The risk management capabilities are limited. Use of derivative financial tools, as a potential management tool, is fairly complicated due to the poor liquidity of trading platforms.

In 2013, the growth in the day-ahead price for electricity sold by JSC Concern Rosenergoatom was 12.5% compared to the level in 2012, which was caused to a great extent by the gas price increase in Russia.

### Operational risks

#### Risk of decrease in electricity generation volumes



In 2013:

- » the service life characteristics of Leningrad NPP’s Unit 1 were restored and
- » the Federal Tariff Service’s balance (the yearly minimum amount of electricity to be generated by JSC Concern Rosenergoatom) was achieved to a level of 101.6%. More specifically, 172.22 billion kWh of electricity were generated.

**See the Power Engineering Division section and JSC Concern Rosenergoatom’s 2013 report for further details.**

#### Risks of industrial safety and ecology



Safe operation of the industry’s enterprises was ensured in 2013 (there were no in-service ICUF deviations related to public and environmental dangers).

**See the Nuclear and Radiation Safety section, Natural Capital Management section, and the annual reports of the Corporation’s organisations for further details.**

#### Investment risk



An optimisation of projects was undertaken in 2013, which resulted in the portfolio’s total return successfully increasing by 1.5%.

**See the Management of Financial Capital section for further details.**

#### Political risks



The major risk factors that hampered the development and extension of international cooperation stemmed from the political instability in some parts of the world, the post-Fukushima syndrome that continued to exist in some countries, unfair competition on the part of some foreign international market players, stove-piping campaigns in foreign mass media aimed at discrediting the Company’s actions and technologies, and attempts to put certain national laws above international law.

In 2013, all of the Company’s key overseas projects were completed or continued as had been planned. Furthermore, a positive indicator of the renewed interest in the development of nuclear power shown by foreign states was seen in the conclusion of 11 intergovernmental agreements and 7 interagency arrangements on cooperation in the peaceful use of atomic energy in the field of nuclear safety, scientific research, developmental activities in nuclear and energy sectors, and others.

**See the International Business and International Cooperation sections for further details.**

## Reputational risks



The risk increase has been caused by:

- » negative outlooks with respect to the economic growth in Russia, which entails a decreased fiscal capacity of Russia's municipal districts and subject territories where nuclear installations are deployed;
- » a steadily negative dynamic of the world's uranium price level, which makes it unprofitable to mine natural uranium at Priargunsky Industrial Mining and Chemical Union (PIMCU) in the Trans-Baykal territory, Russia, as well as at some domestic and overseas mining projects with a high cost of mining, due to which the Company has to undertake operating efficiency improvement programmes, including the optimisation of PIMCU's workforce; and
- » a "background" factor also in the form of the continued instability in the accident response activities at Fukushima Daiichi NPP in Japan (continued radioactive water leakage).

To decrease the risk, integrated activities are under way to shape the public acceptance of nuclear development thanks to greater awareness and open interactions with all parties concerned.

In 2013, as shown by a survey conducted by Levada Centre, a public opinion poll agency, the share of those in favour of the continued use of atomic energy remained at the level of the previous year, amounting to 51.3% of the total number of those polled.

**See the Social Capital and Goodwill Management section for further details.**

## Risk of loss or damage to assets



The Company operates an integral branch anti-corruption and asset security system. In 2013, the effect from preventative and checkout asset security activities was estimated at 5.1 billion roubles.

## Compliance risks



In 2013, a compliance function audit was conducted within the industry, which resulted in compliance risks being identified and prioritised, and their respective owners being appointed. A compliance function development roadmap was approved.

## 1.4.3. Risk insurance

Risk insurance is one of the key risk management approaches.

The Company's enterprises and organisations fully meet the requirements of in-effect laws and the respective bylaws related to carrying out compulsory and imputed insurance types, including nuclear liability insurance, compulsory liability insurance of owners of hazardous production facilities and hydraulic works, compulsory liability insurance of owners of vehicles, liability insurance for construction and assembly operations, compulsory passenger injury and property damage carrier public liability insurance, and others. To reduce the risk of financial losses from property damage or loss, as well as personnel life and health risks, property and personnel are insured.

To improve the strength of insurance coverage, the Company, together with the insurance community, carries out continued activities to enable property risk reinsurance of Russian operators in the international pooling system. In 2013, a large portion of the nuclear liability of Russian NPPs was ceded for reinsurance to the international pooling system, which served to confirm that sufficient safety and reliability levels of Russian NPPs have been recognised by the international nuclear insurance community.

International insurance inspections have been conducted at the Bilibino, Kalinin, Kursk, and Kola NPPs (with the participation of international pooling system experts). Risks related to nuclear fuel handling, the management of NPPs, personnel qualification, fire safety, environmental surveillance, and other issues were reviewed as part of the inspections. As a result

of these inspections, a conclusion was reached by the international experts that the level of safety at the inspected NPPs was in compliance with international standards. It was confirmed that Russian operators could be insured against property risks within the international pooling system. At the Kursk and Kola NPPs, the international insurance inspections were conducted repeatedly; as the result of the repeated inspections, an expert conclusion was drawn that a fairly high level of safety had been achieved and that a great deal had been done to implement the recommendations from earlier inspections.

Further insurance inspections are planned to be conducted at major sites within the industry in 2014.

## 1.4.4. CRMS evolution tasks for 2014

As part of further CRMS evolution, it is planned that in 2014:

- » formation of the organisational structure and implementation of corporate risk management processes in Uranium One Holding N.V. and JSC Rusatom Overseas;
- » development of the key risks management technology and its implementation in the operating and project activities;
- » integration of the information on risks (reports) into the corporate reporting system;
- » holding of regular workshops for the Company's personnel and its organisations based on Rosatom Corporate Academy.





# 2

## STRATEGY AND IMPLEMENTATION RESULTS IN 2013

32 2.1. ACTIVITIES STRATEGY

33 2.2. FINANCIAL AND ECONOMIC PERFORMANCE

37 2.3. EFFICIENT NUCLEAR ELECTRICITY SUPPLIES FOR RUSSIAN INDUSTRIES

45 2.4. STRENGTHENING OF THE GLOBAL PLAYER POSITION IN THE GLOBAL MARKET  
OF NUCLEAR SERVICES

58 2.5. NUCLEAR AND RADIATION SAFETY



# STRATEGY AND IMPLEMENTATION RESULTS IN 2013

## THE STRATEGY IS BASED ON THE FOLLOWING DOCUMENTS:

- » Concept of the Long-Term Social and Economic Development of the Russian Federation for the Period until 2020 (approved by the Russian government resolution No. 1662-r, dated 17.11.2008);
- » Energy Strategy of Russia for the Period until 2030 (approved by the Russian government resolution No. 1715-r, dated 13.11.2009);
- » Master Plan for Deployment of Electricity Generation Facilities (approved by the Russian government resolution No. 215-r, dated 22.02.2008);
- » Long-Term Program of Activities by Rosatom State Corporation (2009-2015) (approved by the Russian government resolution No. 705, dated 20.09.2008); and
- » Strategy for the Innovative Development of the Russian Federation for the Period until 2020 (approved by the Russian government resolution No. 2227-r, dated 08.12.2011).

## 2.1. Activities strategy

The "Strategy of Activities of the State Atomic Energy Corporation ROSATOM for the Period until 2030" was developed in 2011. The Strategy was approved by the Corporation's Board of Directors on 24.11.2011. The Strategy implementation objective is to attain global technological leadership.

The Strategy of Activities defines the following

strategic goals for the nuclear industry's civilian sector:

- » efficient nuclear electricity supplies for Russian industries;
- » strengthening of the innovative potential for the further evolution of Russian nuclear technologies and for the extension of their application range; and
- » strengthening the global player position in the international market of nuclear technologies and services.

### TARGETS FOR 2030

Target	Target indices for 2030
Technological leadership	Costs of new developments – 4.5% of revenues
	Share of new products – 40%
	Number of international patents – 15 per year by 2020
Global scope	Share of foreign operations – 50%
	Share of foreign assets – 25%
	Brand recognition – World's Top 100
	Share in the international enrichment market (not including HEU-LEU) – ≥ 33%
Scale	Share in the PWR reactor fuel market – 5%
	Share in the NPP servicing market – not less than 10% beginning in 2020
	NPP power – growth by a factor of 2.5 (from 25.2 to 60 GW)
Operational efficiency	Overseas NPP construction – about 30 units
	Procurement cost reduction – by 30% by 2015 (as compared to 2011)
	Labour productivity increase to the level of the world market leaders

The major goals of JSC Atomenergoprom's activities are:

- » implementation of Rosatom's strategy of activities and the overall evolution strategy of the nuclear power industry complex;
- » an improvement in the management efficiency of Russia's nuclear power organisations;
- » preservation and development of the nuclear power industry complex's research and manufacturing

potential;

- » mobilisation and concentration of intellectual, manufacturing and financial resources to implement long-term programmes for increasing the competitiveness of products (works, services);
- » profit earning, including profits in the form of dividends (share of profit) on shares (stock, equities) in subsidiaries and associates owned by JSC Atomenergoprom; and

- » coordination of activities carried out by subsidiaries and associates, and the pursuit of a uniform scientific and technical, investing, manufacturing and technological, financial, pricing, social and staffing policy of subsidiaries and associates in accordance with Russian law and their respective constituent documents.

In long-term perspective JSC Atomenergoprom positions itself as a global technological leader in the nuclear industry and a part of the world top 3 players in major segments. The Company also aspires to obtain the recognition of its leadership in application of nuclear technologies in the adjacent markets.

## 2.2. Financial and economic performance

### 2.2.1. Major financial and economic performance data in 2013

#### KEY FINANCIAL INDICATORS, BILLION ROUBLES

	2013	2012*	2013/2012, %	2011	2012/2011, %
Revenues	436.1	394.8	110.5	389.4	101.4
Cost of sales	(277.8)	(269.2)	103.2	(226.8)	118.7
Gross profit	158.3	125.6	126.1	162.6	77.2
Business and administration expenditures	(78.5)	(72.3)	108.5	(66.0)	109.5
Other incomes and expenditures (net)	(19.0)	(18.1)	105.3	(10.3)	174.9
Financial incomes and expenditures (net)	(9.7)	1.8	(535.8)	(8.2)	(21.9)
Share in the net profit/(loss) of companies at equity	(1.9)	(0.2)	930.9	2.7	(7.6)
Profit tax expenditures	(18.0)	(12.1)	148.0	(19.7)	61.5
(Loss)/profit on discontinued operations (less profit tax)	(6.6)	2.2	(305.3)	–	–
Profit for the year	24.7	26.8	92.1	60.9	44.0
Other integrated income/(loss)	7.1	(20.3)	(35.1)	5.2	(388.3)
Total integrated income for the year	31.8	6.5	487.3	66.2	9.9
Net operating profit after tax (NOPAT)	42.8	23.0	185.9	66.5	34.6

\* The 2012 data has been recalculated in connection with the entry into force of revised IAS 19 Employee Benefits concerning the framework for determination of incomes or costs pertaining to plans with fixed post-employment payments, as well as in connection with the disclosure of the effect from discontinued operations as the result of the loss of control of Uranium One Inc., owing to the deal to sell a share in Uranium One Holding. As specified in IAS, where an operation is classified as discontinued, the comparative data in the profit or loss statement, or in another integrated income statement, is shown as if the operation in question was discontinued from the time the respective comparative period starts.

In 2013, the revenue growth rate (10.5%) was greatly in excess of the cost growth rate (3.2%).

The dynamic shift of revenues (a growth of 10.5%, more specifically of 41.3 billion roubles, as compared to 2012) was predominantly influenced by the following factors:

- » a growth in the revenues from electricity, capacity, and heat sales. This was caused by a favourable pricing environment in the free electricity market, a capacity price growth as the result of the competitive capacity outtake, and the launch of the capacity supplies from Kalinin NPP's Unit 4;
- » a growth in the revenues from the supply of NFC products. These changes were caused by a drop in the market prices for uranium-containing products and enrichment services, but were compensated by an increase in the volume of nuclear fuel supplies to foreign NPPs, including those increases as a result of entry into new sales markets; and
- » a growth in the revenues as a result of an increased volume of design services for foreign NPPs. In 2013, the profit amounted to 24.7 billion roubles, a

decrease of 2.1 billion roubles compared to the previous year's respective figure (the 2012 profit was 26.8 billion roubles).

The following factors had the greatest effect on the 2013 financial performance:

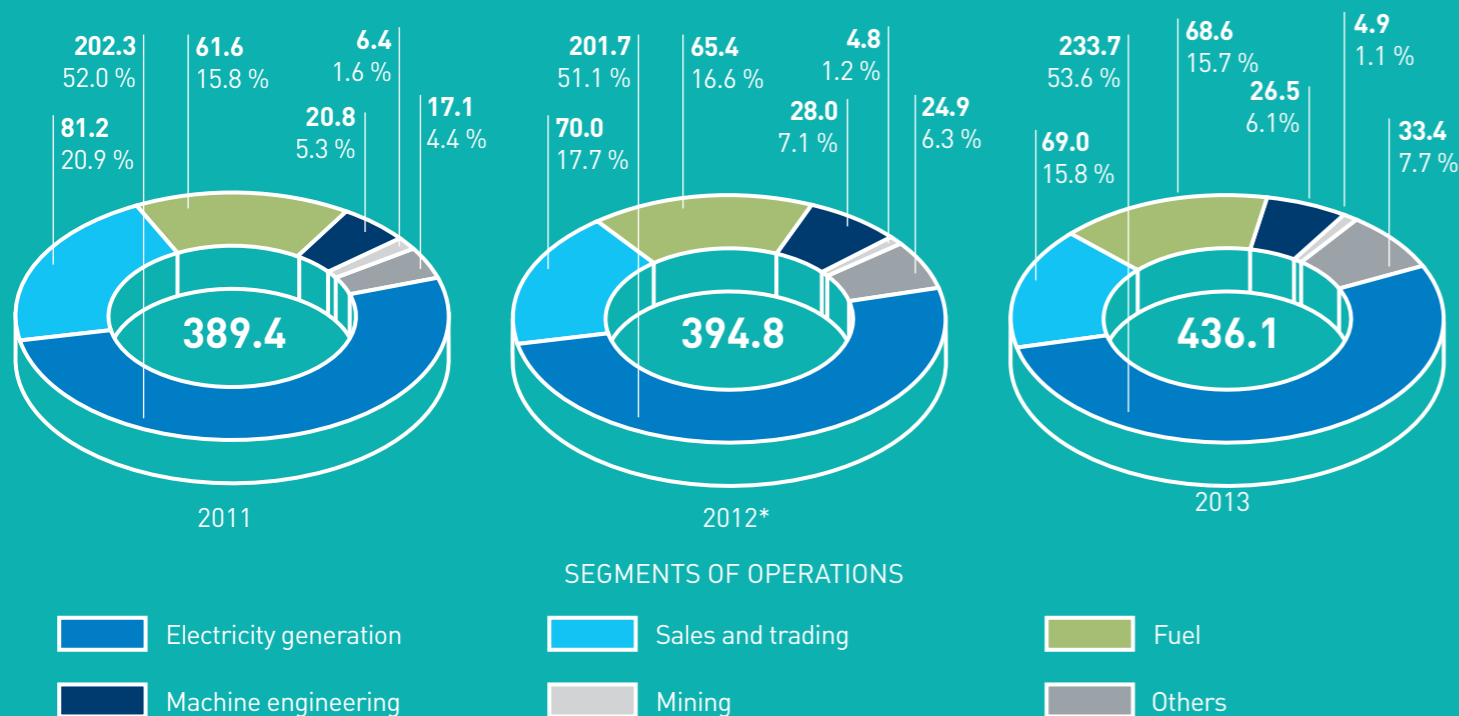
- » an outrunning growth of revenues as compared to the cost growth, which led to a gross profit increase of 32.7 billion roubles;
- » the negative revaluation of shares in Inter RAO UES for 2013 (19.4 billion roubles) was partially made up for by the profit from the sales of said shares in the amount of 5.8 billion roubles, with the total effect (loss) being 13.6 billion roubles (shown as part of financial expenditures);
- » an income from revaluation at fair value of shares in Uranium One Holding and Uranium One Inc. as of the date of the retirement in the amount of 8.9 billion roubles (disclosed as part of the financial income);
- » the disclosure of a loss from the impairment of assets in the amount of 31.4 billion roubles (the respective 2012 figure was 26.3 billion roubles) as part

- of other expenditures, which was largely caused by:
- a reduction in the long-term forecast of uranium prices with a resultant impairment of the mining assets in the Mining operations segment of the Russian Federation (7.6 billion roubles and 14.6 billion roubles, respectively, inside and outside Russia); and
  - a reduced volume of orders and a deteriorating steel market environment with a resultant impairment of the assets in the Machine Engineering operations segment (4.7 billion roubles);

- » the disclosure of the positive effect from the changes in the estimated value of decommissioning, RW, SNF, and other reserves (total amounting to 12.1 billion roubles) as part of other incomes; and
- » the other consolidated income for 2013 amounted to 7.1 billion roubles, the major positive effect having been disclosed as part of the actuarial gain on corporate pension schemes.

Thus, total integrated income for 2013 increased in comparison with 2012 by 25.3 billion roubles and was equal to 31.8 billion roubles

### BREAKDOWN OF REVENUES FROM SALES TO EXTERNAL BUYERS, BILLION ROUBLES



\* The 2012 data has been recalculated in connection with the entry into force of revised IAS 19 Employee Benefits concerning the framework for determination of incomes or costs pertaining to plans with fixed post-employment payments, as well as in connection with the disclosure of the effect from discontinued operations as the result of the loss of control of Uranium One Inc., owing to the deal to sell a share in Uranium One Holding. As specified in IAS, where an operation is classified as discontinued, the comparative data in the profit or loss statement, or in another integrated income statement, is shown as if the operation in question was discontinued from the time the respective comparative period starts.

### 2.2.2. Cost structure

#### COST STRUCTURE, BILLION ROUBLES

Cost of sales	2013	2012*	2013/2012, %	2011	2012/2011, %
Feed, materials, and fuel	66.3	64.2	103.3	55.4	115.9
Personnel expenditures	70.8	64.9	109.1	56.5	114.9
Cost of electricity purchased for resale and auxiliary needs	23.2	21.6	107.4	19.5	110.8
Depreciation	64.8	59.1	109.6	60.8	97.2
Manufacturing and services by outside contractors	24.9	32.5	76.6	22.5	144.4

Cost of sales	2013	2012*	2013/2012, %	2011	2012/2011, %
Property tax charges and other budget payments	11.3	8.7	129.9	7.1	122.5
Other expenditures	31.5	26.7	118.1	26.5	100.7
Changes in finished stock and inventories	(15.0)	(8.4)	178.6	(21.6)	38.9
<b>TOTAL</b>	<b>277.8</b>	<b>269.3</b>	<b>103.2</b>	<b>226.7</b>	<b>118.8</b>

\* The 2012 data has been recalculated in connection with the entry into force of revised IAS 19 Employee Benefits concerning the framework for determination of incomes or costs pertaining to plans with fixed post-employment payments, as well as in connection with the disclosure of the effect from discontinued operations as the result of the loss of control of Uranium One Inc., owing to the deal to sell a share in Uranium One Holding. As specified in IAS, where an operation is classified as discontinued, the comparative data in the profit or loss statement, or in another integrated income statement, is shown as if the operation in question was discontinued from the time the respective comparative period starts.

The dynamics of cost (a growth of 3.2% or 8.6 billion roubles, as compared to 2012) was predominantly influenced by the following factors:

- » a growth in production personnel costs (9.1% or by 5.9 billion roubles), which was primarily caused by the indexation of wages in the second half of 2013 to raise wages to the consumer price index level;
- » a growth in depreciation (9.7% or by 5.7 billion roubles), as well as the property tax charges and other budgetary payments (29.9% or by 2.6 billion roubles) as the result of the commissioning of fixed

- » assets, including Kalinin NPP's Unit 4;
- » a decrease in the volume of manufacturing and services provided by outside contractors (23.3% or by 7.6 billion roubles), achieved due to the optimisation of manufacturing processes, the launch of the energy efficiency programme, and the results of fulfilling the Russian government's order to reduce the cost of purchasing goods (works, services); and
- » an increase in the volume of inventories and the stock in trade (78.4% or by 6.6 billion roubles).

### 2.2.3. Major financial and economic indicators

#### FINANCIAL STABILITY INDICATORS

Indicator	2013	2012
Ratio of borrowed and owned funds	0.35	0.35

#### TURNOVER INDICATORS, DAYS

Indicator	2013	2012
Inventory turnover period	206	194
Accounts receivable turnover period	51	47
Accounts payable turnover period	63	63

#### LIQUIDITY INDICATORS

Indicator	2013	2012
Quick ratio	0.94	1.18
Current ratio	1.50	1.91

#### RETURN INDICATOR, %

Indicator	2013	2012
Return on sales (ROS)	6.6	6.7
Return on assets (ROA)	1.3	1.4
Return on equity (ROE)	1.8	2.1

In the reporting year, the quick ratio decreased by 20% as compared to 2012, predominantly due to a reduction in the cash balance.

A 21% decrease in the current ratio was caused by the outrunning growth in the short-term liabilities as

of the end of the period, as compared to the growth in working assets.

No major changes in the turnover and profitability ratios took place in 2013.

## 2.2.4. Structure of assets

A goodwill decrease by 29 billion roubles was the result of the recognised loss from the goodwill impairment with respect to Mantra Resources Limited and JSC Energomashspetsstal (by 12.4 billion roubles), as well as in connection with the withdrawal of Uranium One Inc. from JSC Atomenergoprom's control through the sale of the controlling stake in Uranium One Holding N.V. to another Rosatom-controlled company.

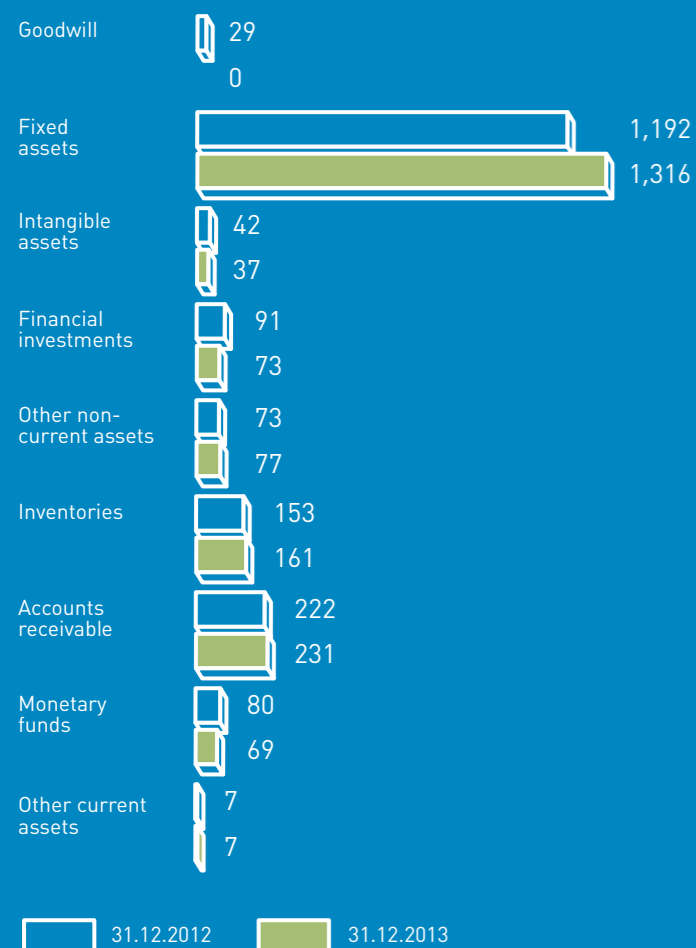
A decrease in intangible assets by 5 billion roubles resulted largely from the 2013 disclosure of the loss from impairment of the intangible assets in the Mining operations segment.

A growth in the balance cost of fixed assets by 124 billion roubles occurred largely due to the capital investments within affiliated companies of JSC Concern Rosenergoatom.

The long-term financial investments decreased by 18 billion roubles (a net effect), primarily as the result of the retirement of equity investments (taking into account the sale of the controlling stake in Uranium One Holding to another Rosatom-controlled company), the sale in 2013 of the stakes in Inter RAO UES, and the purchase of long-term notes from JSC VTB and JSC VTB-Leasing.

No major changes under other asset categories took place in 2013 as compared to 2012.

MAJOR CHANGES IN THE STRUCTURE OF ASSETS, BILLION ROUBLES



## 2.2.5. Capital and liability structure

The increase in the equity capital by 91 billion roubles in 2013 was primarily the result of an increase in the authorised capital due to the placement of JSC Atomenergoprom's additional shares (worth 83 billion roubles).

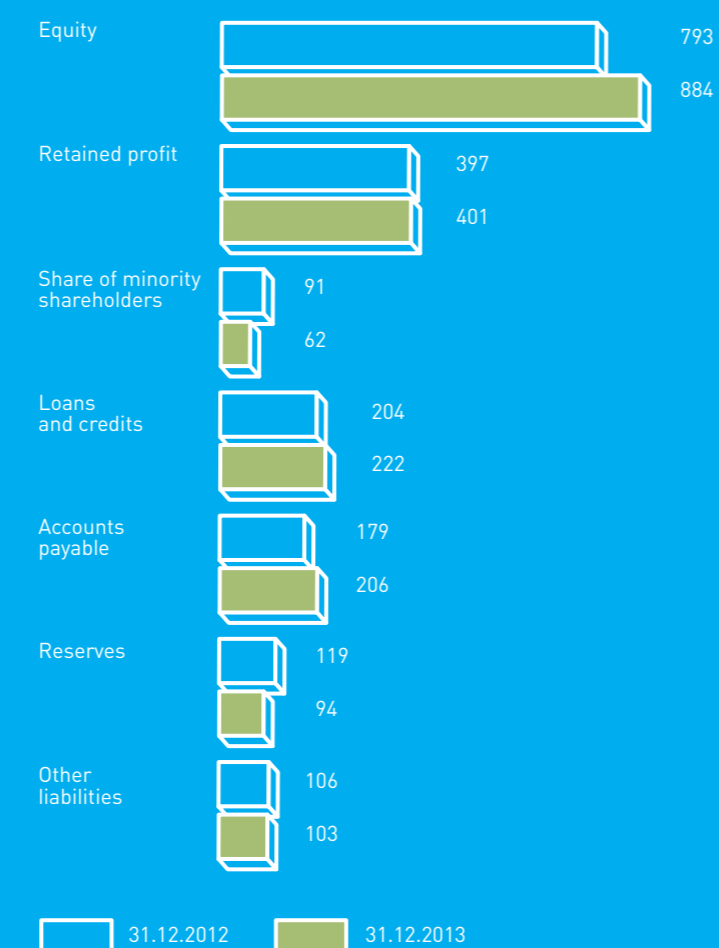
A credit and loan increase by 18 billion roubles (a net effect) was due to the loans received in 2013 from JSC Sberbank of Russia, JSC VTB Bank, and Gazprombank (Joint-Stock Company), as well as due to a reduction, as of the end of 2013, in the liabilities thanks to the withdrawal of Uranium One Inc. from the Group through the sale of the controlling stake in Uranium One Holding N.V. to another Rosatom-controlled company.

A 17 billion-rouble increase in the debts payable was predominantly the result of growth in the liabilities under contracts of commission.

A reduction in the sum of reserves by 25 billion roubles was largely due to a decrease in the reserve on decommissioning of fixed assets (by 8 billion roubles), as well as of the reserve on the spent nuclear fuel handling (by 10 billion roubles).

No major changes took place on other items of liabilities in 2013 as compared to 2012.

CAPITAL AND LIABILITY STRUCTURE, BILLION ROUBLES



## 2.3. Efficient nuclear electricity supplies for Russian industries

### 2.3.1. Mining Division

#### 2.3.1.1. Strategy and activities

The managing company of Rosatom's Mining Division is JSC Atomredmetzoloto (ARMZ Uranium Holding). Prior to 2013, the Mining Division united Russian and foreign uranium mining assets. A decision was made in 2013 to restructure the division, and Uranium One Holding N.V. was formed for the concentration of foreign assets at the nuclear fuel cycle stage's front end. The Mining Division will provide for the further development of assets in the territory of Russia, including new mining projects. Therefore, the 2013 uranium mining data will be disclosed in this section with respect to Russian assets (the data on foreign assets will be given in the International Business section).

The position of the Mining Division in the uranium market is supported by the guaranteed demand for its products from the nuclear enterprises in Russia, a geographically diversified production and feedstock base with the available reserves of an efficient mining cost, and activities undertaken for the sustainable development of ongoing and future projects.

Other contributors to the evolution of the Mining Division's business are adjacent and associated activities (coal mining, heat and electricity generation, production of sulphuric acid and mining equipment, drilling, design, surveying, and engineering services). The consumers of said products and services are

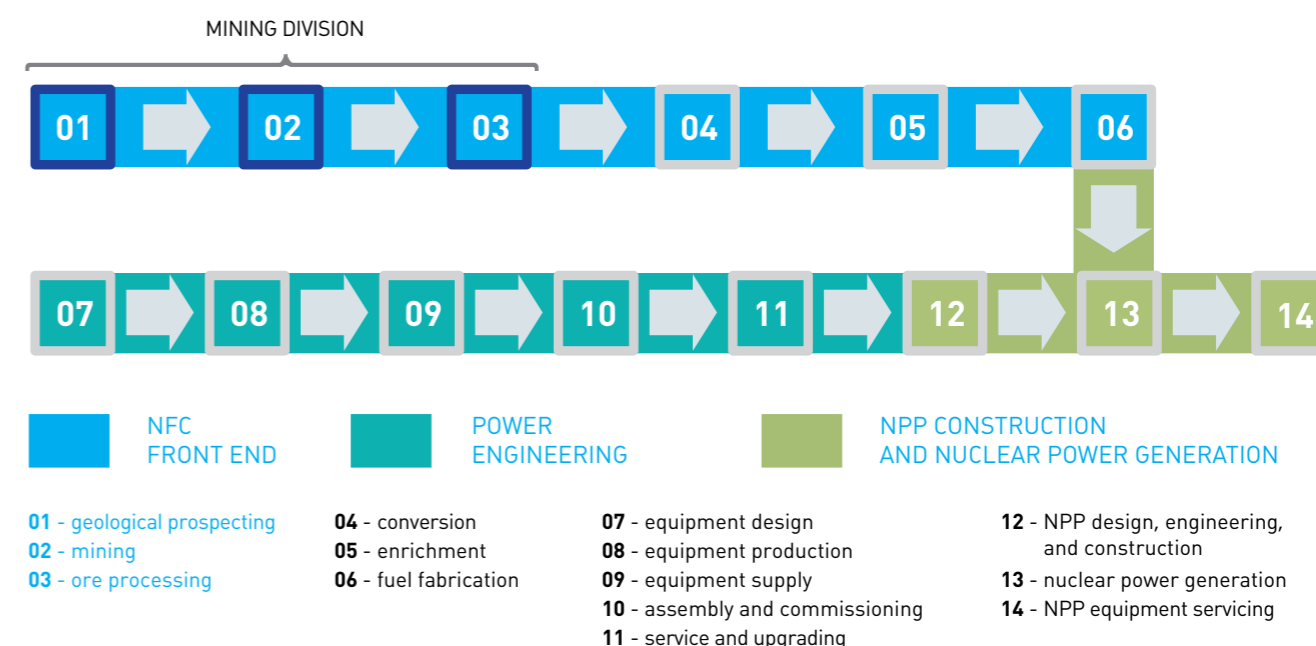
THE PRODUCTIVITY OF LABOUR WITHIN JSC ATOMREDMETZOLOTO IN 2013 WAS **115.1%** COMPARED TO THE REPORTING PERIOD TARGET

the Division's manufacturing enterprises and other organisations controlled by JSC Atomenergoprom, as well as other Russian and foreign organisations and enterprises.

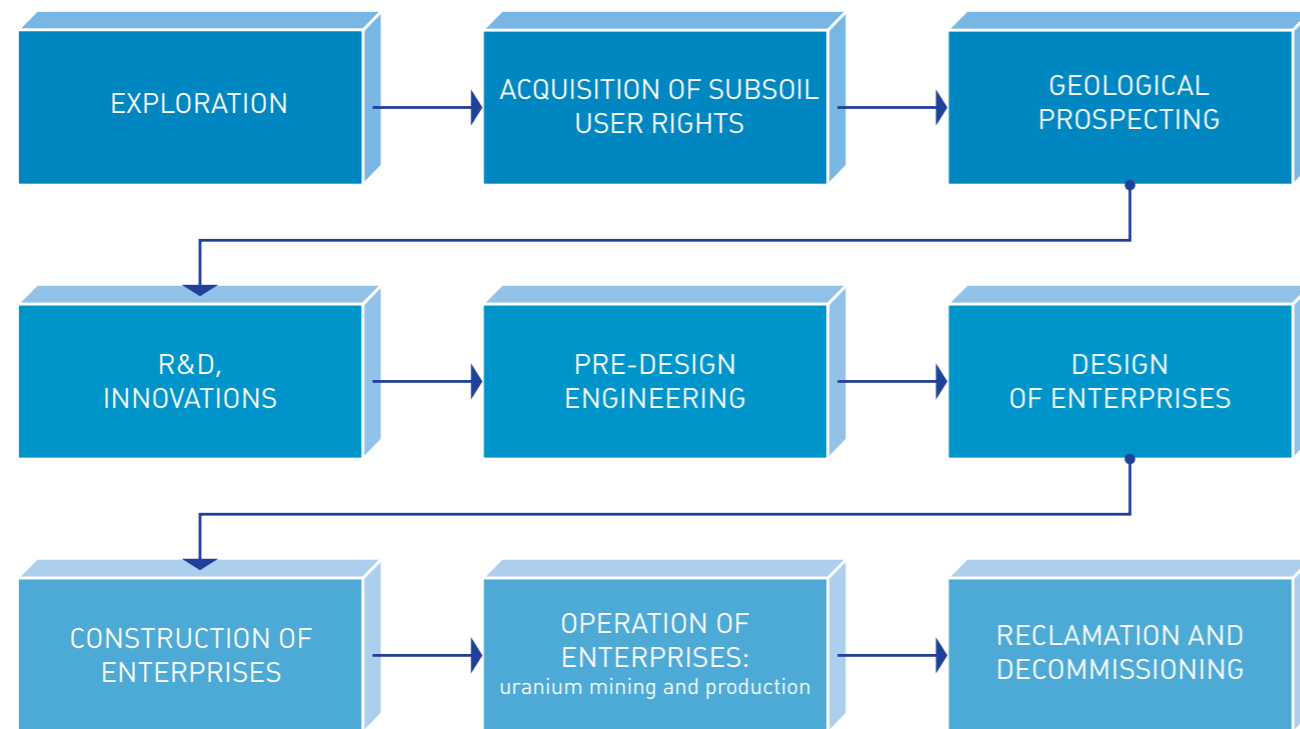
The mission of the Mining Division is to support the development of advanced technologies by providing feedstock resources. Its strategic goal is to maximise the value of business to the shareholders' benefit through ensuring:

- » a high level of uranium mining efficiency and
- » an increase in the scale and diversification of business through the development of new mining projects.

POSITION OF THE MINING DIVISION IN JSC ATOMENERGOPROM'S NFC PRODUCTION CYCLE



### VALUE CHAIN OF THE MINING DIVISION



The Mining Division's value chain is based on a model of the production cycle comprising an integration of interlinked processes.

Labor productivity in JSC Atomredmetzoloto amounted 115,1% compared to the planned figure.

#### 2.3.1.2. 2013 results

##### Key production results

In 2013, Russian enterprises within the Mining Division mined 3.135 tonnes of uranium. JSC PIMCU (Krasnokamensk, Trans-Baykal Territory) mined 2.133 tonnes of uranium, and JSC Dalur (Uksyanskoye, Kurgan Region) and JSC Khiagda (Bagdarin, Republic of Buryatia) mined 562 and 440 tonnes of uranium, respectively.

The 2013 expenditures on innovative projects totalled 253.5 million roubles, 101,9 million roubles of which were allocated for R&D activities.

See JSC Atomredmetzoloto's 2013 annual report for further details.

##### Nuclear safety

As part of JSC Atomenergoprom's programme, entitled Improvement of the Physical Protection of Nuclear Materials, Nuclear Facilities and Nuclear Material Storages for the Period until 2015, a combination of engineered physical protection features (CEPPF) was put into commercial operation at JSC PIMCU's leach plant, while construction, assembly, and

commissioning operations for the CEPPF creation were completed at JSC Khiagda's central production site.

#### 2.3.1.3. Plans for 2014:

- » output of 2.963 tonnes of uranium by the Division's enterprises in Russia
- » further geological prospecting activities and continued pilot operations for uranium mining at the Khokhlovskoye deposit
- » handover of the project of a pilot commercial heap leaching facility at the Berezovoye deposit for the government's expert review of documents
- » field geological prospecting activities at the Pavlovskoye deposit
- » development, together with foreign investors, of the base conditions for the pilot commercial rare-earth facilities at JSC PIMCU's site
- » development of the project to build a pilot commercial scandium concentrate production plant at JSC Dalur

### 2.3.2. Fuel Division

#### 2.3.2.1. Strategy and activities

The Fuel Division comprises nuclear fuel fabrication, uranium conversion/enrichment, and gas centrifuge production facilities, as well as research and design organisations. Structurally, the Fuel Division incorporates 16 subsidiary and affiliated companies based in different constituent regions of Russia. The holding company of the Fuel Division is JSC TVEL.

The Fuel Division supplies nuclear fuel for 76 power reactors in 15 countries, for research reactors in 9 European and Asian countries, and for transport reactors of the Russian nuclear fleet.

The Fuel Division possesses the entire spectrum of characteristics that serve to prove the division's long-term stability in conditions of increasing competition in the international market of the nuclear fuel cycle front-end (NFC FE) products and services. The Fuel Division includes separation/sublimation and fabrication processes, which make it possible for the division to offer the NFC FE products and services in the form of package supplies. This ensures the flexibility of contract price formation and optimised transport logistics. Highly reliable supplies are supported by the existence of several enterprises in each of the NFC FE areas. Furthermore, the Fuel Division has competencies in the supply of fuel for Russian-designed reactors and Western-designed light-water reactors (PWR and BWR), as well as components for foreign heavy-water reactors (PHWR).

Strategically, the division aims to attain global leadership in the NFC front-end market and achieve a competitive global edge in the NFC.

#### The strategic goals of the Fuel Division are to

- » secure growth in the NFC markets;
- » develop the 2nd business core;
- » increase the efficiency of manufacturing processes; and
- » ensure its social and environmental acceptance.

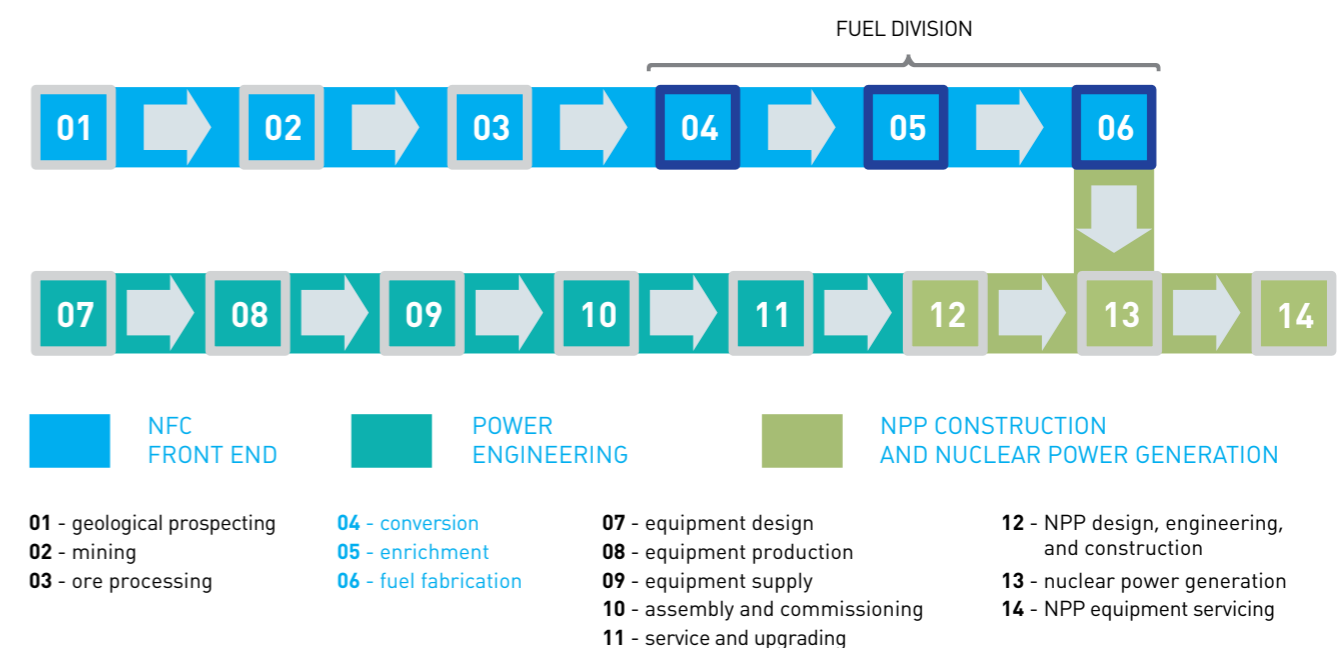
**THE PRODUCTIVITY OF LABOUR  
WITHIN THE FUEL DIVISION  
IN 2013 WAS  
104.9%  
COMPARED TO THE REPORTING  
PERIOD TARGET**

#### 2.3.2.2. 2013 results

##### Key production results:

- » manufacturing of 6.866 fuel assemblies (6,579 FAs were manufactured in 2012)
- » creation of the first batch of experimental fuel assemblies with a dense fuel at JSC SCC as part of the branch industry Proryv
- » supply of the initial fuel batch for the BN-800 reactor under construction at Beloyarsk NPP II
- » manufacturing of the KVADRAT FA cartridges to be loaded into the foreign PWR reactor in 2014

### POSITION OF THE FUEL DIVISION IN JSC ATOMENERGOPROM'S NFC PRODUCTION CYCLE



- » optimisation of the technology and output of experimental fuel assemblies of the BN-1200 and BREST KETVS-2 and KETVS-3 types with a nitride fuel
- » production and shipment of 50 tonnes of a super-conducting strand for the ITER project
- » signing of a memorandum between JSC Techsnabexport and JSC TVEL concerning interactions as part of the project to establish the Centre for Integrated Servicing of Foreign-Made Shipping Casks based on JSC UECC
- » the launch of Phase 2 of a facility for the production of lithium hydroxide, enriched in lithium-7 isotope, at JSC NPCC

See JSC TVEL's 2013 annual report for further details.

#### 2.3.2.3. Plans for 2014 and mid-term:

- » completion of the licensing procedure for the TVSA-12PLUS, an alternative-design fuel assembly
- » supply, within the scope of complete makeup, to Kalinin-3
- » development of the TVS-2M FA detailed design with alternative design solutions: with mixing grids and with profiled gadolinium fuel rods
- » commercialisation and launch into the pilot operation of the 2M fuel assembly batch with pilot operation of the TVS-2M FA batch with mixing grids at Balakovo NPP's Unit 4

### 2.3.3. Machine Building Division

#### 2.3.3.1. Strategy and activities

The holding company of the Machine Building Division is JSC Atomenergomash.

IN 2013, THE CORPORATE INTEGRATED MANAGEMENT SYSTEM (IMS) IN THE FIELDS OF QUALITY, ECOLOGY, HEALTH PROTECTION AND LABOUR SAFETY FOR COMPLIANCE WITH ISO 9001, ISO 14001, OHSAS 18001 REQUIREMENTS WAS SET UP IN THE FUEL DIVISION. THE CORPORATE IMS HAS UNDERGONE AN EXTENDED CERTIFICATE AUDIT INVOLVING SEVERAL SUBSIDIARIES.

JSC Atomenergomash is the supplier of the key equipment needed by JSC Atomenergoprom for the construction of nuclear generating facilities, thus supporting its plans to achieve a leadership position in the global market of nuclear technologies.

In 2013, JSC Atomenergomash actualised its strategy up to the year 2030 that suggests the transformation of the division into a high-tech diversified holding in order to be competitive in the global market and stable over the long-term period.

Structurally, the Machine Building Division incorporates 47 subsidiary and affiliated companies based both inside and outside of Russia. The enterprises within the Machine Building Division supply key components needed by JSC Atomenergoprom for the construction of nuclear generating facilities, thereby

supporting its plans to achieve a leadership position in the global market of nuclear technologies.

To date, the equipment manufactured by the Machine Building Division's enterprises is in operation in over 20 countries of the world. Beyond the traditional markets of presence (Russia, the CIS countries, the Baltic states, and Eastern European countries), the division's top-priority markets include Asian-Pacific countries, as well as African, Middle Eastern, and Latin American countries.

For increased reliability, improved economic performance and a longer specified life of facilities, the division's enterprises carry out continual activities to upgrade the equipment at the NPPs and cogeneration plants in operation. An emphasis on the development of hydraulic power engineering is placed on the construction of small and micro-hydro plants that are expected to offer a perfect alternative to heat and nuclear power stations, as small water courses have practically unlimited resources and are relatively underused.

Due to a great deal of vertical integration, the Machine Building Division is involved in NPP construction projects at all nuclear production process chain stages, from design, installation, and adjustment to after-sales servicing and equipment upgrading.

#### 2.3.3.2. 2013 results

##### Key production results:

- » equipment was supplied to Leningrad NPP II (Units 1 and 2), Belorussian NPP (Unit 1), Rostov NPP (Unit 3), and Novovoronezh NPP II (Units 1 and 2)
- » a decision was made by Alstom-Atomenergomash Co. Ltd. to deploy the production of the turbine room components using a French technology (Arabelle) based on the facilities of Atomash, an affiliated company of JSC AEM-Technologii in Volgodonsk. This is expected to make the Machine Building Division one of the world's few integrated suppliers with the capability to manufacture equipment both for the reactor and turbine NPP islands
- » a unique first-heat ingot weighing 415 tonnes to be used for manufacturing the extended VVER-TOI reactor vessel core shell was produced as part of the VVER-TOI reactor facility project implementation at the site of JSC Energomashspetsstal
- » retrofitting of JSC Energomashspetsstal was completed, which has made it possible to establish a modern, energy-efficient enterprise with the capability to manufacture the complete spectrum of key intermediate products for NPP components
- » retrofitting of JSC Petrozavodskmash was completed, which has resulted in the establishment of a new facility for production of the steam generator vessels (complete cycle) and main circulation pump casings for NPPs. New products were commercialised, including the TUK-146

THE PRODUCTIVITY OF LABOUR WITHIN THE MACHINE ENGINEERING DIVISION IN 2013 WAS 98.3% COMPARED TO THE REPORTING PERIOD TARGET

shipping cask, which is intended for transportation and storage of spent nuclear fuel from reactors of the VVER-1000/1200 type

- » JSC SNIIP won two tenders for the supply of the automated radiation monitoring system components for the retrofit of the Kalinin NPP (Unit 1) and for the construction of the Tianwan NPP in China (Units 3 and 4)
- » technology sections of the design documentation for the nuclear fuel fabrication plant in the Kirovograd Region, Ukraine, were developed
- » activities of the Centre for Modern Automated Welding Technologies were organised at SPA SRIBMT

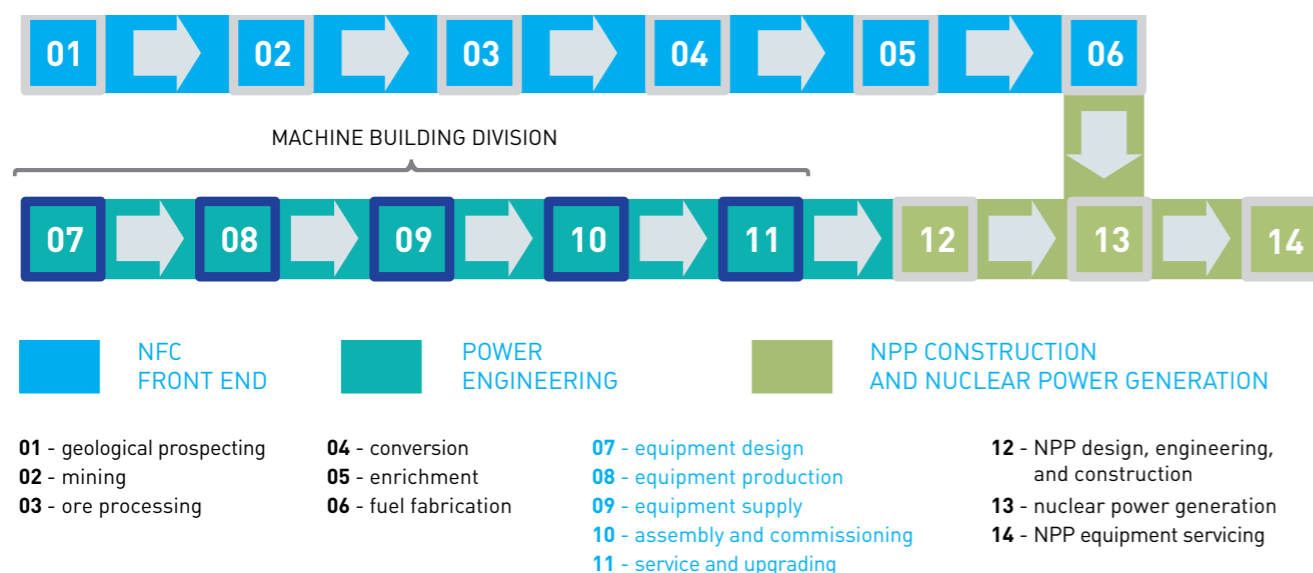
In improving the efficiency of the Company's activities and its global competitive edge, significant emphasis is placed on the implementation of the Integrated Efficiency Improvement Programme and the introduction of Rosatom's Production System (RPS).

See JSC Atomenergomash's 2013 annual report for further details.

#### 2.3.3.3. Plans for 2014 and mid-term:

- » auditing of processes at the Machine Building Division's enterprises in 2014
- » further implementation of the Energy Efficiency Improvement Programme scheduled for 2010–2015
- » repeated energy auditing for the development of the Energy Efficiency Improvement Programme for the Period of 2016–2020 by 2015, at the latest

POSITION OF THE MACHINE BUILDING DIVISION IN JSC ATOMENERGOPROM'S NFC PRODUCTION CYCLE



## 2.3.4. Power Engineering Division

### 2.3.4.1. Strategy and activities

The holding company of the Power Engineering Division is JSC Concern Rosenergoatom. The prime activity of the division is nuclear electricity and heat generation and the operation of nuclear facilities (nuclear plants) and radiation sources, as well as nuclear material and radioactive substance storages in the manner prescribed by Russian law.

The Power Engineering Division is Russia's only operator of all effective Russian NPPs, and is also the prime ordering party for all NPPs under construction in Russia. This division is Russia's largest electricity-generating company, the second largest in terms of the number of units in operation and in installed capacity among the world's leading NPP operators, as well as the world's second largest electricity generator.

As subsidiaries, the Power Engineering Division is comprised of 10 active nuclear power plants and the directorate of the nuclear plants that are under construction. The division also has a representative office in the People's Republic of China.

The division's products are consumed by all enterprises and companies listed in Section 2 (Electricity and Capacity Consumers) of the Register of the Wholesale Electricity and Capacity Market Entities, as well as any company or organisation that has duly joined the WEPM trading system for the purpose of electricity and capacity purchase transactions.

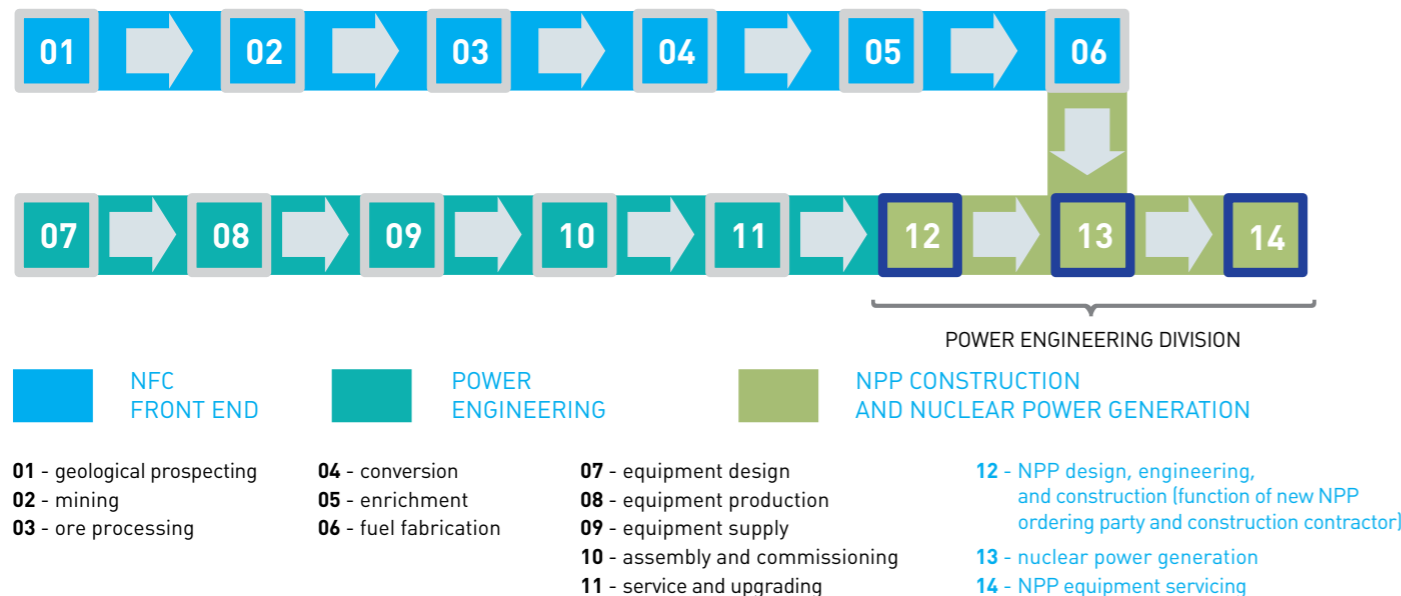
The strategic goals of the Power Engineering Division are to:

- » ensure safe, efficient, and reliable operation of effective NPPs, nuclear and radiation safety of nuclear installations, as well as personnel,

**THE PRODUCTIVITY OF LABOUR  
WITHIN THE ELECTRIC  
POWER DIVISION  
IN 2013 WAS  
101.4%  
COMPARED TO THE REPORTING  
PERIOD TARGET**

- public, and environmental protection;
- » increase electricity generation while ensuring the required level of safety;
- » implement the nuclear fuel cycle closure based on the BN-1200 and VVER-TOI units with MOX-fuel;
- » implement small and medium NPP unit projects;
- » increase the share of nuclear generation due to the growth in the NPP installed capacity and the generation of atomic energy, while ensuring the required level of safety;
- » improve the efficiency of the NPP operation;
- » improve the efficiency of the NPP design and capital construction; and
- » develop international business activities.

### POSITION OF THE POWER ENGINEERING DIVISION IN JSC ATOMENERGOPROM'S NFC PRODUCTION CYCLE



### 2.3.4.2. 2013 results

#### Key production results:

- » the nuclear electricity generation amounted to 16.8% of the total electricity generation in Russia
- » a total of 172.22 billion kWh of electricity was generated. The target volume of the nuclear electricity generation, as set in the balance assignment determined by Russia's Federal Tariff Service, was 169.54 billion kWh. The extra volume of nuclear electricity generation totalled 2.68 billion kWh (1.6%)
- » integrated arrangements were undertaken to cut the overall duration of repairs; the total time of repair operations was reduced by 27 days in 2013
- » integrated arrangements were undertaken to recover the service life characteristics of the RBMK-1000 graphite stack, which made it possible to secure Rostekhnadzor's permit to begin operating Leningrad NPP's Unit 1 from 25.11.2013
- » a programme was implemented for increased power generation at the active NPP units
- » a programme was implemented to retrofit the NPPs in operation. As part of the programme to extend the life of the active NPP units, investment programmes were implemented in 2013 for extending, as planned, the service life of the Balakovo NPP's Units 1 to 3, the Kursk NPP's Unit 4, the Kola NPP's Unit 4, and the Kalinin NPP's Units 1 and 2. The investment project was completed and a Rostekhnadzor licence was obtained for the extended operation of Kursk-3, and sites were selected for the deployment of the VVER-TOI project units
- » funding of 2.8 billion roubles was provided for R&D activities, including those involved in innovative projects with fast-neutron reactors (over 1 billion roubles)

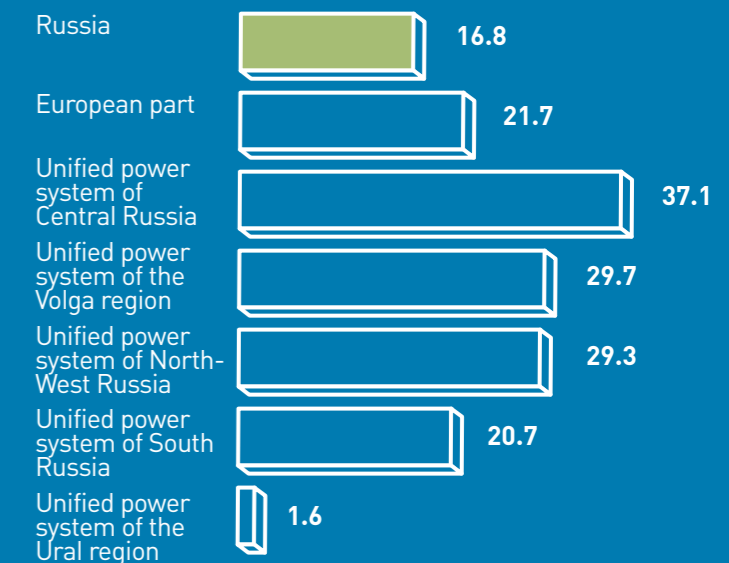
- » 16 intellectual property items were registered as the result of R&D activities in 2013

See JSC Concern Rosenergoatom's 2013 annual report for further details.

#### Contributions to the energy security of the Russian Federation's constituent regions

The share of nuclear electricity generation out of the total volume of electricity generation in Russia amounted to 16.8%. Nuclear generation is a major contributor to power generation by the unified grids in Russia (NPPs account for 21.7% of the generation in the European part of Russia).

### SHARE OF NUCLEAR ELECTRICITY GENERATION OUT OF THE TOTAL GENERATION BY THE UNIFIED GRIDS IN RUSSIA IN 2013, %



### SHARE OF THE NUCLEAR ELECTRICITY GENERATION IN RUSSIA (WITH A REGIONAL BREAKDOWN)

Unified grids	Total electricity generation, million kW-h	Nuclear electricity generation, million kW-h	Share of nuclear generation, %
Russia	1,023,537.3	172,217.441	16.8
European part	791,284.2	172,001.903	21.7
Central Russia	235,807.9	87,432.956	37.1
Middle Volga	113,380.4	33,690.862	29.7
North-West	101,076.3	29,622.068	29.3
South	82,842.0	17,135.723	20.7
Ural	258,177.6	4,120.294	1.6

**Safety of nuclear operations and nuclear material handling**

The system of ensuring the safety of Russian NPPs based on the defence-in-depth concept forms the framework for the Division's technology policy and is regulated by federal NPP safety standards, taking into account the IAEA guidelines. All NPPs are equipped with integrated RW processing facilities: the existing RW storage spaces are retrofitted and new ones are being built at the NPP sites to ensure the environmental safety of nuclear plants throughout the time of operation.

**2.3.4.3. Target KPIs for 2014:**

- » productivity of labour
- » JSC Concern Rosenergoatom's investment programme performance index
- » nuclear electricity generation
- » EBITDA
- » integrated index for new products (with regard to the efficiency of sales, as shown in kWh)
- » specific semi-fixed costs per 1 kW/hour of installed capacity
- » specific levelled cost of the NPP construction
- » LTIFR
- » no malfunctions of level 2 on the INES scale or personnel irradiation incidents within the industry

**2.3.5. Capital construction and engineering**

The engineering and NPP construction activities of JSC Atomenergoprom are intended to achieve the Company's goals of ensuring the energy independence of and guaranteed power supplies to the Russian population and industries, as well as the competitiveness of the NPP unit serial construction projects. The NPP design, construction, and engineering activities are carried out by the following Company organisations: NIAEP – Atomstroyexport, JSC Atomenergoproekt, and JSC VNIPIET Head Institute.

The competitive advantage of Russian engineering is its extension of the best practices to all nuclear design and construction project market players, which manifests itself in the creation of a model contract for the entire cycle of pre-design and design activities, as well as a model Engineering Procurement Construction Management (EPCM) contract for power unit construction. EPCM projects cover engineering, supply, construction, and project management activities.

In Russia, as of the end of 2013, there were nine large power unit projects under construction at five NPP sites, and there was also a floating cogeneration plant (FCP) in the process of being constructed. Over the next five years, JSC Atomenergoprom plans to build and start up nine large units. Up to eight<sup>2</sup> large

<sup>2</sup> Plans for the reactor construction as part of the Proryv project (BREST-OD-300 and BN-120) have not been taken into account; the same is true for the construction of a pilot unit with the SVBR-100 reactor facility.

power units are planned to be completed in the future (2019–2024).

**Implementation of modern information technology in NPP construction.**

**Multi-D technology**

To develop competencies in the construction of nuclear and thermal power installations, a project was launched in 2013 for the adaptation of the Multi-D project management system.

The Multi-D technology makes it possible to simulate in detail the construction and assembly processes based on the project's 3D model, to optimise the NPP construction as early as the preproduction stage, to review various scenarios of using the available resources, and to alter the 3D model for

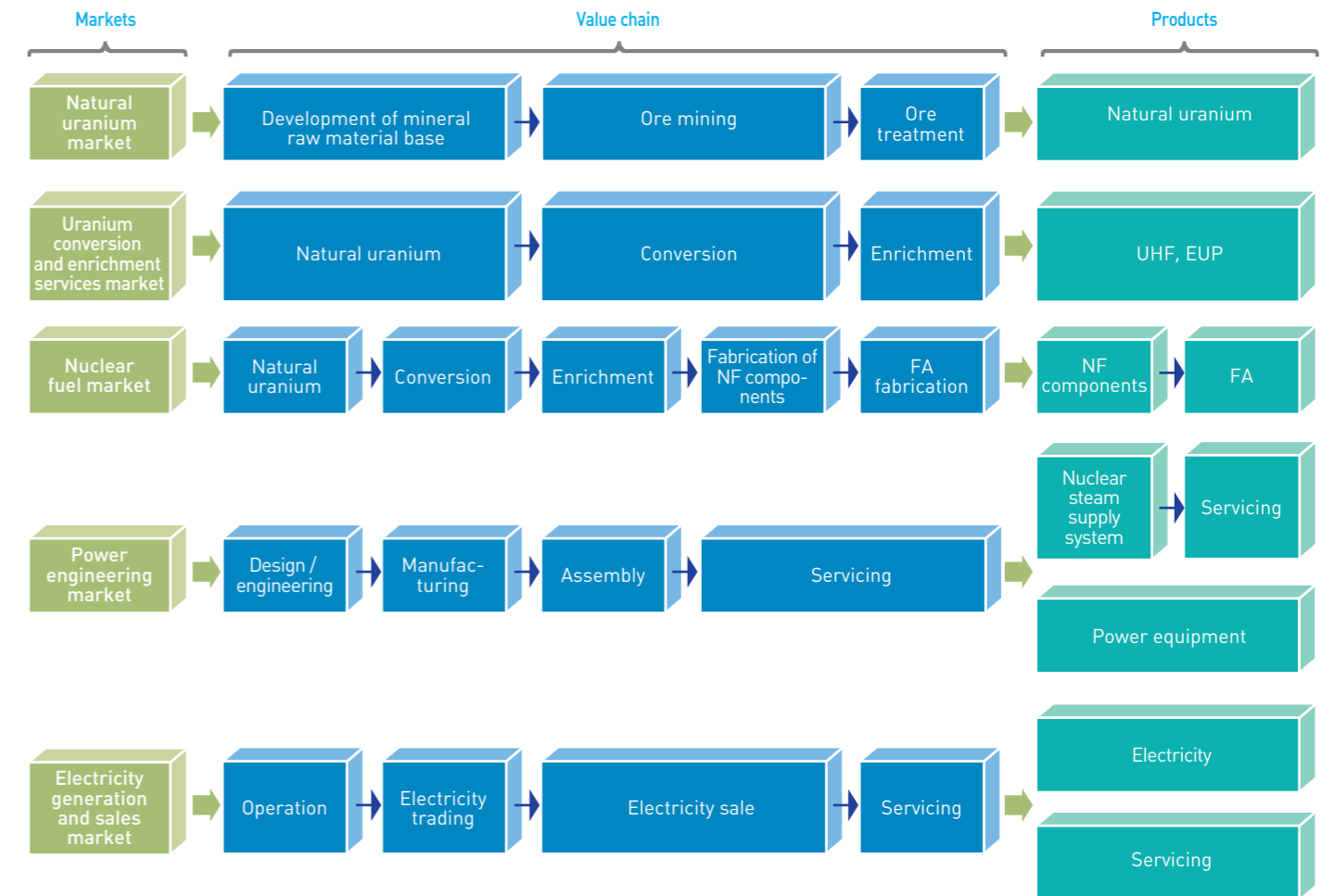


optimising its design. The Multi-D model consists of a spatial intellectual model of the facility, including drawings and 3D visualisations, the work schedule based on performance standards, and information on physical volumes. The Multi-D model detailing limits are in accordance with the Level 4 activity progress charts. The technology of the construction and assembly planning based on such a schedule is applied, in a phased manner, to elevations, rooms, and assembly areas.

**2.4. Strengthening of the global player position in the global market of nuclear services**

**2.4.1. Target markets**

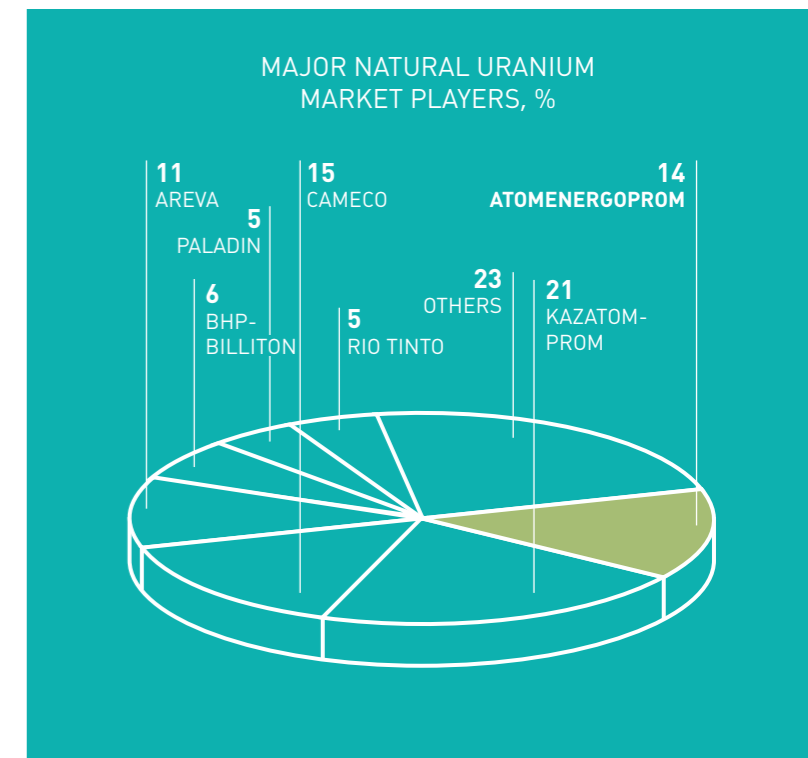
TARGET MARKETS AND PRODUCTS OF JSC ATOMENERGOPROM



**2.4.1.1. The Natural Uranium Market**

The demand for uranium depends directly on the nuclear electricity output. In 2013, the global demand for natural uranium amounted to 64–68 thousand tonnes. By 2030, the global demand for natural uranium is expected to increase to 74–80 thousand tonnes.

In 2013, the natural uranium mining volume worldwide was 59.1 thousand tonnes (a 3% increase from the 2012 level). The remainder of the demand was covered by secondary uranium sources (HEU-LEU, further enrichment of depleted uranium hexafluoride, regenerated uranium, etc.). Within the period until 2030, uranium mining growth will follow the increase in demand, with the overall uranium mining growth potential for the respective time span reaching 95 thousand tonnes. The natural uranium market is dominated by a stable group of leaders, which, as of the end of 2013, was comprised, apart from





JSC Atomenergoprom (accounts for 14% of the world's mining volume), of NAC Kazatomprom (Kazakhstan, ~21%), Cameco (Canada, ~15%), AREVA (France, ~11%), BHP Billiton (Australia/Great Britain, ~ 6%), Paladin Energy (Australia, 5%), and Rio Tinto (Australia/Great Britain, 5%). The seven largest players account for about 78% of the total global uranium mining volume.

In 2013, a number of companies continued the construction of new enterprises and plan, if the conditions are favourable, to launch production facilities in 2014 at full power, equalling an average of 3.046 tonnes per year.

See [Atomredmetzoloto's 2013 annual report for further details.](#)

#### 2.4.1.2. Uranium conversion and enrichment market

Uranium enrichment is a major step at the front end of the nuclear fuel cycle (NFC). The products offered

AT PRESENT, AREVA HAS COMMISSIONED AND IS EXPANDING THE CAPACITY OF A PLANT BASED ON A GAS-CENTRIFUGE TECHNOLOGY, GEORGES BESSE II (GBII), WITH THE RESULTANT CAPACITY EXPECTED TO REACH 7.5 MILLION SWU PER YEAR BY THE END OF 2016.

USEC CLOSED ITS URANIUM ENRICHMENT PLANT WITH THE INSTALLED CAPACITY OF 8 MILLION SWU/YEAR IN JUNE 2013, AND NOW PLANS TO BUILD A GAS-CENTRIFUGE PLANT IN THE USA (AMERICAN CENTRIFUGE PLANT (ACP)) WITH A CAPACITY OF 3.8 MILLION SWU/YEAR (AT THE R&D STAGE AS OF THE END OF 2013).

in the market include enriched uranium products (EUP) and uranium enrichment services measured in separative work units (SWU).

In 2013, the international market for uranium enrichment services had a capacity of about 49 million SWU, with that figure having remained approximately at the same level as in 2012. The demand for the uranium enrichment services is expected to increase to 60–63 million SWU by 2020 and to 75–85 million SWU by 2030.

Apart from JSC Atomenergoprom, the world's major suppliers of uranium enrichment services are URENCO (Great Britain/Germany/the Netherlands), AREVA (France), and USEC (USA), having a combined control of approximately 95% of the market.

In recent years, JSC Atomenergoprom has accounted for over a third of the supplies to cover the demand of foreign-design reactors for uranium enrichment services (40% in 2013). URENCO is the

EXPLORATION COMPANIES CONTINUE THE ACTIVE EXAMINATION OF PERSPECTIVE MID-TERM PROJECTS. ACTIVE WORKS ARE HELD IN CANADA, USA ALONG WITH AUSTRALIA, AFRICAN AND LATIN AMERICAN COUNTRIES. GREENLAND MAY ALSO REJOIN THE GROUP OF PROMISING REGIONS, AS THE BAN ON MINING RADIOACTIVE MATERIALS WAS REVOKED IN OCTOBER 2013.

Company's major rival in the uranium enrichment market. As of the end of 2013, URENCO's total installed capacity was ~15.3 million SWU/year. By 2015, URENCO expects to reach 18 million SWU per year.

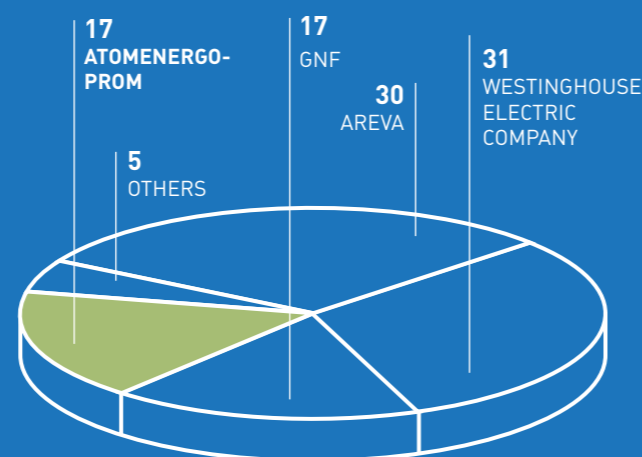
See the [2013 annual reports of JSC TVEL and JSC Techsnaexport for further details.](#)

#### 2.4.1.3. Nuclear fuel fabrication market

In 2013, the global nuclear fuel market had a capacity of approximately 11 thousand tonnes of heavy metal (THM), of which roughly 8 thousand THM is fuel requiring uranium enrichment (with nearly 1 thousand THM being fuel for VVER-type reactors), and 3 thousand THM is fuel for heavy-water reactors. Depending on the reactor fleet growth, the demand for these fuel fabrication services is expected to increase to 13.8 thousand THM by 2020 and to 15.6 thousand THM by 2030.

The group of the global fabrication market suppliers

NUCLEAR FUEL FABRICATION MARKET SUPPLIERS, %  
(in terms of the number of reactor units to which components are supplied)



is comprised of Westinghouse/Toshiba, AREVA, JSC Atomenergoprom, and Global Nuclear Fuel.

Westinghouse fabricates nuclear fuel for practically all types of light-water (LWR) reactors, including PWR, BWR, and VVER. The major markets are the USA and Western European countries.

Global Nuclear Fuel (GNF), a joint venture established by GE, Hitachi, and Toshiba, accounts for 17% of the market share. GNF comprises two enterprises: GNF-J (for the Japanese market operations) and GNF-A (for operations in all other markets). This organisation manufactures fuel for BWR reactors.

See [JSC TVEL's 2013 annual report for further details.](#)

#### 2.4.1.4. Power engineering market

The current global power engineering market is valued at over \$172 billion<sup>3</sup> per year. By 2030, it is



expected to grow to over \$189 billion per year.

Prior to 2013, most of the investments in the equipment for newly built plants were in the heat power sector. In the period until 2030, the percentage of equipment costs in nuclear power, heat power, and gas and petrochemical industries are expected to level off.

#### Trends in Russian power engineering

In the years to come, the Russian power engineering market will be evolving in line with global trends, but the nuclear power engineering market is expected to take the lead in the period lasting until 2020.

The major evolutionary trends of the nuclear power engineering market in Russia stem from the plans to

<sup>3</sup> The volumes of the markets are given here and hereinafter in the fixed prices of 2010.

decommission new generating facilities, as prescribed by the Russian Federation Regional Power Development Plan that was approved by the Russian government resolution No. 2084-r, dated 11.11.2013.

Apart from this, the Russian Unified Energy System Development Plan and Programme for 2013–2019 was approved by Russia's Energy Ministry in 2013.

See [JSC Atomenergomash's 2013 annual report for further details.](#)

#### 2.4.1.5. Electricity generation and sales market

In 2013, according to data from the WNA (World Nuclear Association), nuclear power accounted for about 6% of global energy supplies. As of the end of 2013, there were 437 power reactors in operation worldwide (total power, 373.3 GW) (without considering the interim shutdown of Japanese reactors), and 72 reactors under construction.

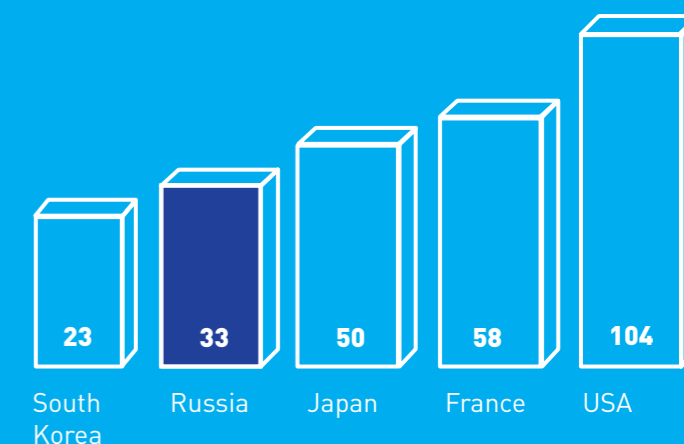
The reporting year saw the launch of the construction of ten new units, including new units in the USA (4 units), Canada (3), South Korea (1), Belarus (1), and the United Arab Emirates (1). According to the WNA's data relevant in the reporting period, the plans for NPP construction worldwide until 2030 were estimated to be 484 units with a total power generation of 544 GW, a 3% decrease against the 2011 estimates. According to WNA's reference scenario published in 2013, the global NPP fleet will consist of 589 units with a total power of 574 GW in 2030. Asian countries had the greatest demand for the construction of new NPPs.

In terms of nuclear installed capacity, JSC Atomenergoprom is the world's second largest nuclear generating company after EDF, France (74 GW).

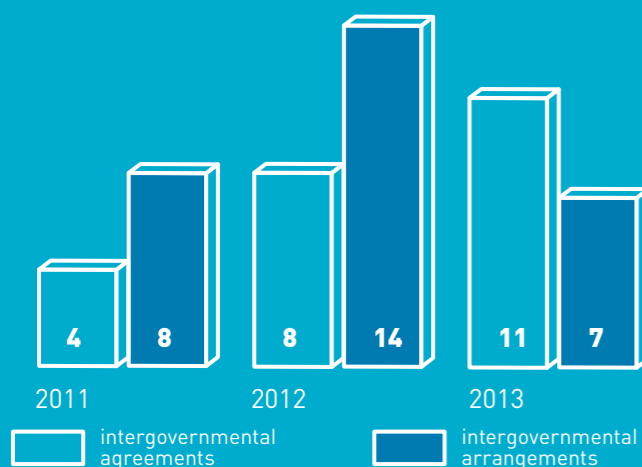
In the period until 2030, AREVA and Toshiba-Westinghouse will remain the major rivals to JSC Atomenergoprom, while competition from Chinese and Korean companies continues to grow.

See [JSC Concern Rosenergoatom's 2013 annual report for further details.](#)

LEADING COUNTRIES IN THE NUMBER OF NPP UNITS IN OPERATION IN 2013



NUMBER OF INTERGOVERNMENTAL AGREEMENTS AND INTERAGENCY ARRANGEMENTS MADE IN 2011–2013, SHOWN IN DYNAMICS



## 2.4.2. International cooperation

In 2013, the international activities of JSC Atomenergoprom were aimed at building a favourable international legal and political environment for the global expansion and establishment of the Company as the leader in the global market of nuclear technologies, strengthening nuclear safety and nuclear proliferation resistance, and promoting the Company's interests with international organisations and forums.

### Intergovernmental and interagency agreements made in the reporting period

Work was continued in 2013 to expand the international legal framework for the promotion of Russian nuclear power technologies around the globe. The number of countries with which intergovernmental agreements in the field of peaceful uses of atomic energy were in effect or signed reached 60.

### COOPERATION WITH MAJOR PARTNERS IN STRENGTHENING THE INTERNATIONAL LEGAL FRAMEWORK IN 2013

Partner countries	Results of activities
Hungary	A draft agreement to build two new Paks NPP units was prepared for signing.
Finland	A draft of a peaceful-atom cooperation agreement was prepared for signing to substitute the framework agreement that expired in 2004.
South Africa	A draft agreement on the strategic partnership in the nuclear power industry was prepared for signing.
Mexico	A framework intergovernmental agreement on cooperation in the peaceful use of atomic energy was signed.
USA	An intergovernmental agreement on cooperation in R&D of the nuclear and energy spheres was signed. It specifies the areas of scientific and technical cooperation that are in keeping with the tasks involved with the innovative development of the Russian economy. For the purpose of the Framework Agreement on a Multilateral Nuclear Environmental Programme in the Russian Federation (MNEPR Framework Agreement), dated 21.05.2003, the Russian-US Intergovernmental Protocol and Agreement to the MNEPR Framework Agreement were signed. The Protocol is subject to ratification and has been delivered to the Russian Government to be submitted to the State Duma of the Russian Federation's Federal Assembly.
Belarus	An intergovernmental agreement was signed concerning the early notification of a nuclear accident and the exchange of nuclear safety information. This was aimed at fulfilling the IAEA recommendations with respect to the conclusion of bilateral or multilateral arrangements related to the Convention on the Early Notification of a Nuclear Accident. An intergovernmental agreement on nuclear safety cooperation was also signed. This is evidence of the emphasis placed by the Russian Federation, as the contractor country for the NPP construction, on nuclear safety issues, and demonstrates the capability and readiness of Russia to provide assistance in the creation of a nuclear safety infrastructure in a country building its first NPP.
Ukraine	An intergovernmental agreement was signed on the early notification of a nuclear accident and the exchange of nuclear safety information, which aimed at fulfilling the IAEA recommendations with respect to the conclusion of bilateral or multilateral arrangements related to the Convention on the Early Notification of a Nuclear Accident.
Armenia	An intergovernmental agreement was signed on nuclear safety cooperation. The successful conclusion of this agreement demonstrates the progress of Russian-Armenian relations in the field of nuclear power, including the strengthening of nuclear safety at Metsamor NPP.
France	During the 18th sitting of the intergovernmental commission, chaired by the heads of state from Russia and France, a Russian-French declaration was adopted on bilateral cooperation in nuclear power.
Sri Lanka	A memorandum of cooperation in the field of peaceful uses of atomic energy was signed.
Israel	A memorandum of cooperation in the field of nuclear medicine was signed.
Cuba	A memorandum of cooperation in the field of nuclear medicine was signed.
Great Britain	A memorandum of understanding on nuclear cooperation was signed with Great Britain's Department of Energy and Climate Change.

In 2013, the Russian Federation also contributed significantly to the activities of such international organisations as the International Atomic Energy Agency (IAEA), the OECD Nuclear Energy Agency (OECD NEA), the Council for the Cooperation in the Field of the Peaceful Use of Atomic Energy under the Integration Committee of the Eurasian Economic Community (EurAsEC), the Commission of the CIS Member States on the Peaceful Use of Atomic Energy, and the Group of Eight.

All financial obligations of the Russian Federation, as part of its international activities, were fulfilled in the reporting year.

### Plans and tasks in the extension of international cooperation and influence for 2014 and the mid-term perspective

Plans for 2014:

- » to finalise the processing of the contract documents with India to enable the commencement of the construction of Kudankulam NPPs Units 3 and 4
- » to sign intergovernmental agreements with Hungary, Finland, and Uzbekistan
- » to continue negotiations with the Republic of South Africa concerning the extension of the contractual legal framework
- » to develop an intergovernmental agreement on NPP construction in Jordan
- » to develop a new intergovernmental peaceful-atom agreement with Argentina

The major mid-term goals of JSC Atomenergoprom in terms of international activities include promoting within foreign countries and international organisations an integrated offer of services in the construction and servicing of NPPs overseas, further evolving the international contract framework of cooperation, adhering to the international commitments of the Russian Federation, and strengthening nuclear proliferation resistance and nuclear safety.

## 2.4.3. International business

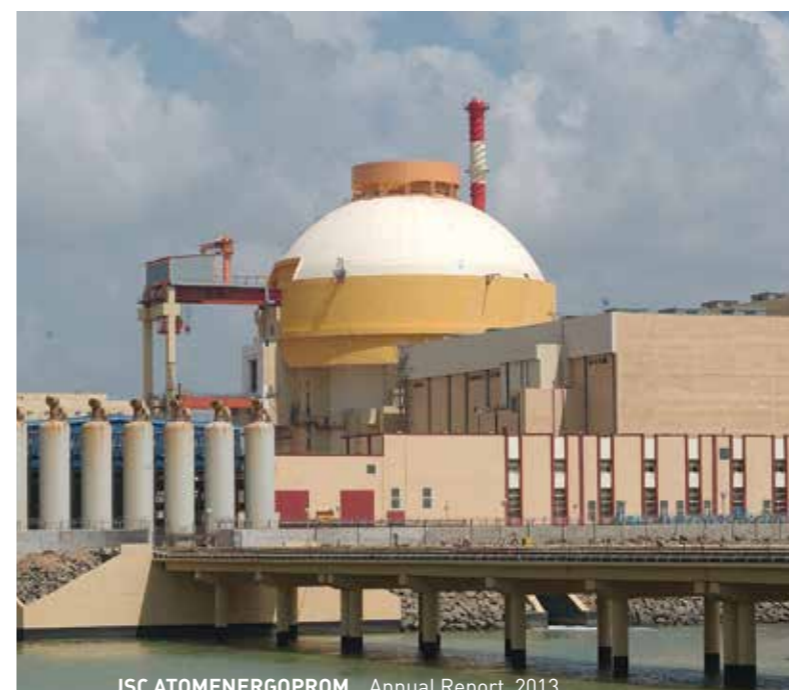
### 2.4.3.1. Transformation of JSC Atomenergoprom into a global nuclear industry leader

Achieving the global technological leadership in nuclear power is the objective of JSC Atomenergoprom's strategy. On a long-term horizon, the plan is to considerably expand the scope of international business activities, as defined by the 2030 targets of the Company and its organisations (see the Strategy of Activities chapter).

### Integrated offer of the NPP construction and maintenance

The Company's key competitive advantage in the global nuclear power market is the integrated

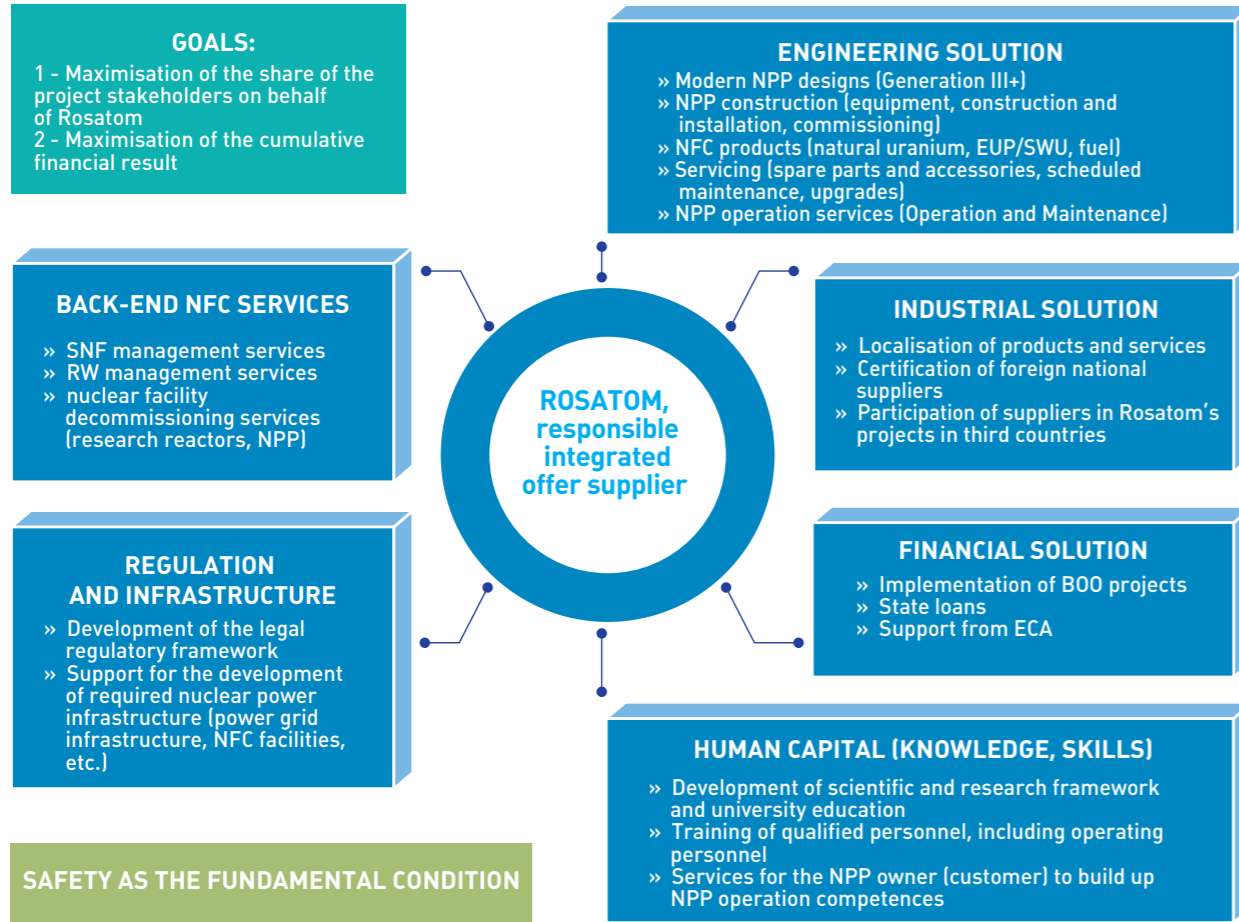
CJSC RUSATOM OVERSEAS IS A SUBSIDIARY OF JSC ATOMENERGOPROM THAT WAS FORMED IN 2011 FOR THE PURPOSE OF PROMOTING RUSSIAN NUCLEAR TECHNOLOGIES IN THE WORLD MARKET. RUSATOM OVERSEAS ACTS AS THE INTEGRATOR OF THE INTEGRATED OFFER IN THE FIELD OF NUCLEAR POWER, AND LEADS THE PROMOTION AND DEVELOPMENT OF RUSSIAN NUCLEAR BUSINESS IN FOREIGN COUNTRIES. FURTHERMORE, THE COMPANY IS THE DEVELOPER OF OVERSEAS BOO (BUILD-OWN-OPERATE) PROJECTS.



offer of overseas NPP construction, operation, and maintenance services. As the executive supplier of nuclear technologies, the Company offers an integrated solution for the implementation of NPP construction projects and actively contributes to the development of nuclear power in countries with no NPPs.

Russian NPP construction projects are of generation III+ and are equipped both with active and passive safety systems. The NPP units under construction use a defence-in-depth concept and fully meet the post-Fukushima safety requirements. The multiple successful operations in foreign markets prove that Russian nuclear technologies are highly competitive.

INTEGRATED NPP CONSTRUCTION AND MAINTENANCE OFFER



2.4.3.2. 2013 results

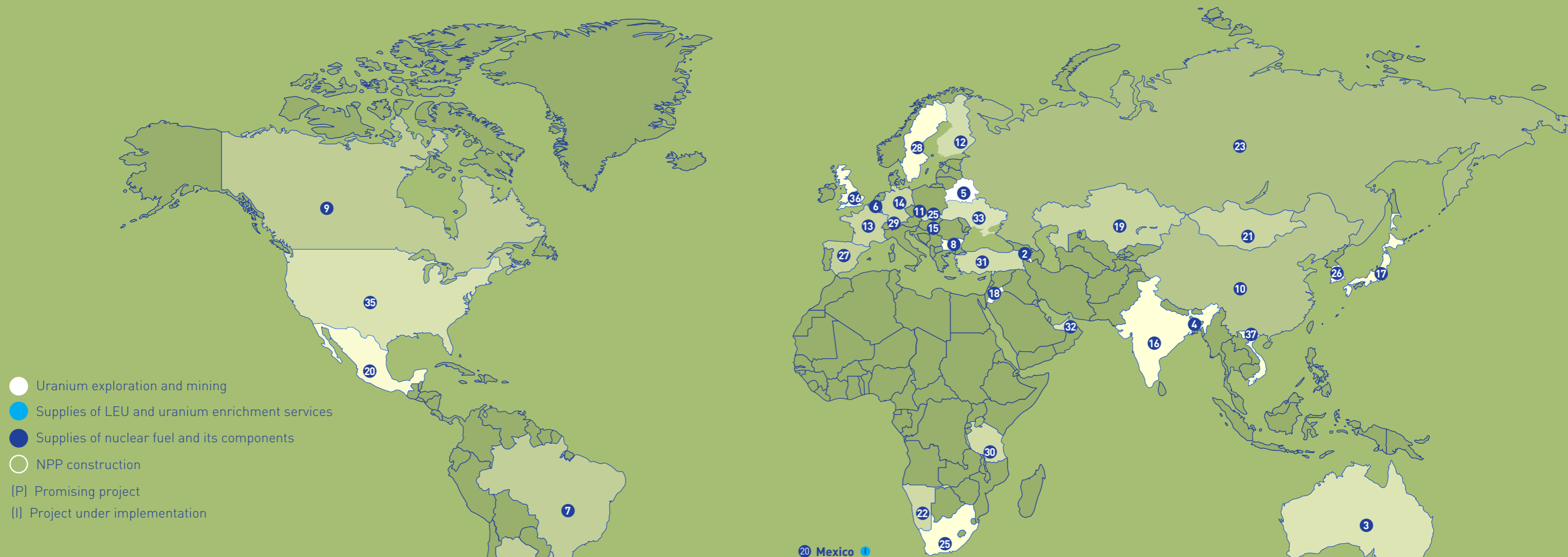
In the reporting year, JSC Atomenergoprom continued to work actively on expanding its ten-year

portfolio of foreign orders. By the end of 2013, those orders had amounted to a total of \$72.7 billion (a 9% increase compared to 2012).

DYNAMICS OF THE FOREIGN ORDER PORTFOLIO



# MAP OF GLOBAL PRESENCE



- Uranium exploration and mining
- Supplies of LEU and uranium enrichment services
- Supplies of nuclear fuel and its components
- NPP construction
- (P) Promising project
- (I) Project under implementation

- |   |  |  |   |   |  |  |
|---|--|--|---|---|--|--|
| <p><b>1 Argentina</b> (P)(I)<br/>Study of the possibilities for implementing Atucha-3 project</p> <p><b>2 Armenia</b> (I)(I)<br/>Nuclear fuel supplies. Preparation of Metzamor-3 construction project for implementation</p> <p><b>3 Australia</b> (I)<br/>Development of Honeymoon Deposit</p> <p><b>4 Bangladesh</b> (P)(I)<br/>Preparation of Ruppur-1,2 project for implementation</p> <p><b>5 Belarus</b> (P)(I)<br/>Pre-construction activities at Ostrovets-1,2</p> | <p><b>6 Belgium</b> (I)<br/>Supply of uranium products</p> <p><b>7 Brazil</b> (P)<br/>Cooperation with Brazilian companies as part of the IGA on cooperation in the peaceful uses of atomic energy</p> <p><b>8 Bulgaria</b> (I)<br/>Nuclear fuel supplies for Kozloduy-5,6</p> <p><b>9 Canada</b> (P)<br/>Operation of Uranium One Inc. Headquarters (Toronto)</p> <p><b>10 China</b> (I)(I)(P)(I)<br/>Supply of 6 TVS-2M reloads for Tianwan-1,2. Fuel supplies to the experimental fast neutron reactor. Supply of uranium products. Construction of Tianwan-3,4</p> | <p><b>11 Czech Republic</b> (I)(P)<br/>Nuclear fuel supplies to Dukovany 1-4 and Temelin-1,2.</p> <p><b>12 Finland</b> (I)(P)(I)(I)<br/>Nuclear fuel supplies to Loviisa-1,2. Supply of uranium products</p> <p><b>13 France</b> (I)<br/>Supply of uranium products</p> <p><b>14 Germany</b> (I)(I)<br/>Supply of uranium products</p> <p><b>15 Hungary</b> (I)(P)<br/>Supplies of nuclear fuel for Paks-1,2</p> | <p><b>16 India</b> (I)(P)(I)<br/>Construction of Kudankulam-1,2. Preparations for the construction of Kudankulam-3,4. Nuclear fuel supplies for Kudankulam-1,2</p> <p><b>17 Japan</b> (I)<br/>Supply of uranium products</p> <p><b>18 Jordan</b> (P)<br/>Bidding for NPP construction</p> <p><b>19 Kazakhstan</b> (I)(I)(P)<br/>Development of joint ventures AO JV Zarechnoye, AO JV Akbastau, TOO Karatau, TOO JV Betlak Dala, TOO Kyzyl Kum. Implementation of the project to establish the Uranium Enrichment Centre (Russian-Kazakh JV – JSC UEC) under the Alternative Option</p> | <p><b>20 Mexico</b> (I)<br/>Supply of uranium products</p> <p><b>21 Mongolia</b> (P)<br/>Implementation of the Russian-Mongolian intergovernmental agreement on cooperation in natural uranium mining</p> <p><b>22 Namibia</b> (P)<br/>Uranium exploration and mining, conversion and enrichment of uranium products, fabrication of fuel, design and construction of NPPs, machine engineering, generation of heat and electricity, nuclear facility decommissioning, RW and SNF management</p> <p><b>23 Russia</b> (I)(I)(I)(I)<br/>Uranium exploration and mining, conversion and enrichment of uranium products, fabrication of fuel, design and construction of NPPs, machine engineering, generation of heat and electricity, nuclear facility decommissioning, RW and SNF management</p> <p><b>24 Slovakia</b> (P)(I)(P)<br/>Nuclear fuel supplies to Mohovce-1,2 and Bohunice-3,4</p> | <p><b>25 South Africa</b> (I)<br/>Supply of uranium products</p> <p><b>26 South Korea</b> (I)<br/>Supply of uranium products</p> <p><b>27 Spain</b> (I)<br/>Supply of uranium products</p> <p><b>28 Sweden</b> (I)(I)<br/>Supplies of regenerated uranium fuel to Oskarshamn. Supply of uranium products</p> <p><b>29 Switzerland</b> (I)(I)<br/>Supplies of regenerated uranium fuel to Goesgen and Beznau. Supply of uranium products</p> <p><b>30 Tanzania</b> (I)<br/>Development of Mkuju River project</p> | <p><b>31 Turkey</b> (P)(I)<br/>Pre-construction activities for Akkuyu 1-4</p> <p><b>32 UAE</b> (I)<br/>Supply of uranium products</p> <p><b>33 Ukraine</b> (I)(I)(I)<br/>Nuclear fuel supplies to Rovno 1-4, Khmelnytsky-1,2, Zaporozhe 1-6 and South Ukrainian 1-3. Construction of a nuclear fuel fabrication plant. Supply of uranium products. Preparations for implementation of Khmelnytsky-3,4 construction project</p> <p><b>35 USA</b> (I)(P)(I)<br/>Development of Willow Creek Deposit (Wyoming) Supplies of low enriched uranium under the HEU Agreement. Commercial supply of uranium products</p> <p><b>36 United Kingdom</b> (I)<br/>Supplies of regenerated uranium fuel to Sizewell NPP</p> <p><b>37 Vietnam</b> (P)(I)<br/>Preparation of Ninh Thuan-1 construction project for implementation</p> |
|---|--|--|---|---|--|--|

## Results of overseas NPP construction

The portfolio of the overseas NPP construction projects accounted for most of the growth, primarily due to the new NPP construction contracts that were made. As of the end of the reporting year, the number of NPP units in the Company's portfolio was 19.

As of the end of 2013, operations were under way at construction sites in five countries, with a total of 11 units under construction: the Akkuyu NPP in Turkey (four units), the Ostrovets NPP in Belarus (two units), two Tianwan NPP units in China (Units 3 and 4), the Kudankulam NPP in India (Unit 2 is under construction and Unit 1 is in the process of a power start-up), and the Ruppur NPP in Bangladesh (two units). Apart from this, documents of entitlement were signed as of 31.12.2013 with respect to eight more overseas NPP units, including:

- » Kudankulam NPP (India) – Units 3 and 4;
- » Ninh Thuan NPP I in Vietnam – two units;

- » Khmelnytsky NPP in Ukraine – two units;
- » Hanhikivi NPP in Finland – one unit; and
- » Armenian NPP – one unit.

In the reporting year, JSC Atomenergoprom entered the international Russian-designed NPP servicing market, for which purpose CJSC Rusatom Service, a specialised company, started its operations at the end of 2012. During 2013, CJSC Rusatom Service signed contracts with NPPs in Armenia, Bulgaria, Hungary, China, Slovakia, The Czech Republic, and the Ukraine for activities to be carried out related to maintenance, repair, upgrading, life extension, and power ascension, as well as the supply of components, spare parts, tools, and accessories. CJSC Rusatom Service formed a pool of partners, including Russian and foreign suppliers of equipment and maintenance services (over 50 companies), to make it possible to respond, in an integrated way, to requirements and requests from foreign clients.

## The Company's overseas NPP construction plans

Apart from the current NPP construction activities, the Company's 2014 plans include:

- » power start-up of the Kudankulam NPP's Unit 2 in India;
- » preparation for the implementation of the Hanhikivi NPP construction project in Finland;
- » participation in the preparation for the signing of an intergovernmental agreement (IGA) concerning cooperation for the construction of and the export loaning to fund the construction of the Paks NPP's Units 5 and 6 in Hungary;
- » participation in the preparation for the signing of an IGA regarding cooperation in NPP construction in Jordan;
- » preparatory operations for the project to build the Ruppur NPP's Units 1 and 2 in Bangladesh; and
- » preparation and signing of the contract to develop a detailed design for the Ninh Thuan NPP's Unit 1 in Vietnam.

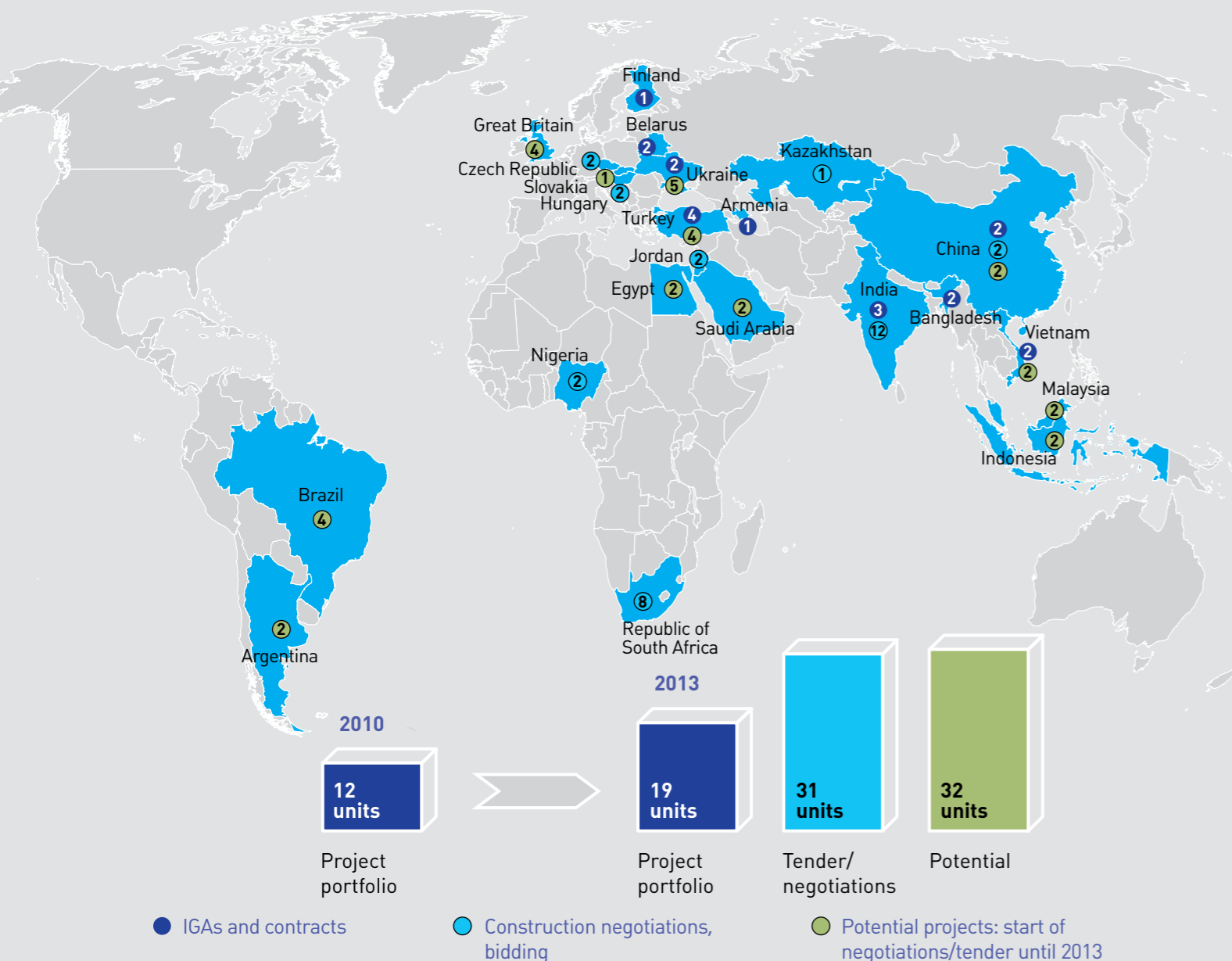
In the mid-term, activities will be continued for entering new markets, including plans for cooperation with Nigeria, Brazil, Saudi Arabia, the Republic of South Africa, Argentina, Indonesia, and Malaysia to promote Russian nuclear technologies in these countries. For the purpose of concentrating the competencies and resources for the evolution of business, the long-term plan is to develop an infrastructure and a network of international representation offices that will also be opened in the regions of the Company's top-priority interests.

## Results of the Company's activities in the NFC front-end markets in 2013

### Foreign natural uranium market activities

In 2013, the assets in the uranium mining segment were restructured: the company Uranium One Holding N.V. was formed to concentrate overseas assets at the NFC front end (JSC Atomredmetzoloto will increasingly focus its activities on the development of uranium assets in Russia). A total of 5.086 tonnes of

POSITIONS OF JSC ATOMENERGOPROM IN THE INTERNATIONAL NPP CONSTRUCTION MARKET, NUMBER OF UNITS



ONE OF THE PROJECTS TO BUILD AN AUXILIARY INFRASTRUCTURE IN THE PARTNER COUNTRIES FOR PROMOTING ITS PRODUCTS AND EXTENDING THE BUSINESS ACTIVITIES IS THE INITIATIVE TO CREATE A NETWORK OF SCIENTIFIC AND TECHNICAL CENTRES. THE CZECH REPUBLIC WAS SELECTED AS THE PILOT COUNTRY FOR ESTABLISHING THESE TYPES OF CENTRES. AS PART OF THE PROJECT, A NUMBER OF CONTRACTS WERE MADE IN 2013 WITH LEADING EUROPEAN OPERATORS OF WESTERN-DESIGNED REACTORS, AND THE COMPANY'S PORTFOLIO OF ORDERS WAS EXPANDED GREATLY, WHICH SERVES AS THE STARTING POINT FOR THE LONG-TERM EVOLUTION OF THE COMPANY.

uranium was mined by Uranium One's facilities in the reporting year.

In 2013, the government of Tanzania granted a special licence for carrying out mining operations as part of the Mkuju River project. Negotiations are still in progress with the Tanzanian government on the terms and conditions of the agreement, on the development of the deposit, and various other issues that require regulatory approval.

In the reporting year, the Yuzhny Inkay mine in Kazakhstan started to operate at full capacity (2.000 tonnes of uranium per year).

As part of the activities to reduce sensitivity to the uranium prices, expenditures were reduced, including by abandoning the Honeymoon pit in Australia and suspending the mining output increase at the Willow Creek pit in the USA.

### Nuclear fuel supplies

The major events in the field of overseas fuel and FA supplies were:

- » the signing of the contract to extend the fuel supplies for the Dukovany NPP;
- » the signing of the contract to supply fuel and accessories for the Tianwan NPP's Units 3 and 4;
- » the signing of the contract to supply fuel for the start-up and further operation of the Hanhikivi NPP;
- » successful completion of the qualification of JSC CMP (a daughter company of JSC TVEL) by the Canadian company Candu Energy Inc. as the supplier of zirconium pressure tubes for CANDU reactors; and
- » the development by JSC Atomenergoprom and the promotion to operators of NPPs with PWR reactors utilising nuclear fuel of a unique design, known as TVS-KVADRAT. Its design relies on a significant level of experience working on the VVER reactor FA development. The solutions used in the design make the fuel highly robust and increase the capacity of the reactors.

ON 18.10.2013, A TRANSACTION WAS CLOSED TO BUY OUT THE 100% STAKE IN URANIUM ONE. AS A RESULT OF THAT DEAL, 89.07% OF THE COMPANY'S SHARES WERE CONSOLIDATED AS THE PROPERTY OF URANIUM ONE HOLDING N.V., WHICH CONTROLS INTERNATIONAL MINING ASSETS AND PROJECTS.

At the present time, restrictions are in effect for supplies of Russian uranium products, including those that are a part of nuclear fuel, to the EU and US markets. The economic basis for imposing the restrictions was the desire of some European countries to support domestic suppliers of nuclear fuel cycle products and services, which could lose their market positions in an open trade environment, primarily in the market of uranium enrichment services. In Russia's opinion, the situation needs to be normalised by reaching arrangements that do not run counter to the principles of free trade.

As required by the AISA, restrictions are in effect in the USA for the supply of uranium products. In 2008, amendments to the AISA were signed that introduced limits for the Russian supply of uranium products to the USA from 2011. The limits will be adjusted in 2016 and 2019 by the US Department of Commerce. Most of the supplying procedures will begin in 2014 after the HEU-LEU agreement is over.

#### Export of uranium products

JSC Atomenergoprom completed its supply agreement with the USA for low-enriched uranium (LEU) obtained by dissolving 500 tonnes of highly enriched uranium (HEU) that was extracted from dismantled nuclear warheads (HEU-LEU Agreement). The LEU shipment schedules and the obligations of supplying the LEU natural component (NC) to consumers were fulfilled in full and on time; the volume of the 2013 supplies amounted to over \$1 billion.

On 18 December 2013, the US Energy Secretary signed a document that guaranteed Russia's complete fulfilment of its obligations under the Agreement between the Government of the Russian Federation and the Government of the United States of America "Concerning the Disposition of Highly Enriched Uranium Extracted from Nuclear Weapons", dated 18 February 1993.

See JSC Techsnabexport's annual report

IN THE USA, A GROUP OF AMERICAN URANIUM MINING COMPANIES INSTIGATED AN ANTIDUMPING INVESTIGATION IN 1991 CONCERNING URANIUM SUPPLIES FROM THE FORMER USSR, INCLUDING THOSE FROM THE RUSSIAN FEDERATION. BASED ON THE RESULTS OF THE INVESTIGATION, A PROVISIONAL ANTIDUMPING DUTY OF 115.82% WAS INTRODUCED FOR ALL URANIUM PRODUCTS SUPPLIED FROM EX-USSR COUNTRIES. THIS ACTUALLY MADE FURTHER EXPORT IMPOSSIBLE. THROUGH NEGOTIATIONS, A TRADE-OFF WAS REACHED, WHICH WAS FINALISED ON 16 OCTOBER 1992, TOGETHER WITH SIX NEW CIS MEMBER COUNTRIES, IN THE FORM OF THE ANTIDUMPING INVESTIGATION SUSPENSION AGREEMENT (AISA). THE AGREEMENT ABOLISHED THE PROVISIONAL DUTY, BUT INTRODUCED A NUMBER OF TOUGH RESTRICTIONS WITH RESPECT TO SUPPLIES OF URANIUM PRODUCTS TO THE USA, INCLUDING PARTS OF FINISHED NUCLEAR FUEL. IN 1994, THE ANTIDUMPING RESTRICTIONS WERE LIFTED FOR RUSSIA'S ENRICHMENT SERVICES UNDER THE HEU-LEU CONTRACT (MEGATONS TO MEGAWATTS). ACCORDING TO THE AMENDMENTS TO THE AISA, 31 DECEMBER 2020 WAS APPOINTED AS THE DATE FOR THE COMPLETE TERMINATION OF THE ANTIDUMPING INVESTIGATION AND THE AISA.

#### The Company's plans in international NFC front-end markets

- Mining of natural uranium:
- » activities to optimise the operations by Uranium One, enhance the efficiency, and cut costs at the company level
  - » increase in the volume of mining at the Akbastau and Kharasan mines in Kazakhstan, as prescribed by production plans
- As of the mid-term, Uranium One will continue working to expand its existing portfolio of assets in Kazakhstan and Africa to ensure mining growth for the next three to five years. Given the capabilities of Uranium One, including a potential increase in the mining volume in Kazakhstan and the implementation of the Mkuju River project in Tanzania, full-scale use of the entire portfolio of assets will make it possible for the Company to increase its mining volume by 50% as compared to the 2013 level.
- Nuclear fuel and FA supplies:
- » signing of contract documents for the fuel supplies of the Slovak NPPs after 2015
  - » supply of the TVS-KVADRAT FA batch for loading

into the PWR reactor

- » approval with the ESA of the contract to supply fuel to the Hanhikivi NPP in Finland

Supply of uranium products:

- » participation in the preparation and organisation of exchange of notifications with the US side, which set the arrangement with respect to the termination of the HEU-LEU Agreement
- » consultations with the US Department of Commerce on preparing a new amendment to the Antidumping Investigation Suspension Agreement (AISA)
- » preparation and exchange of notes with the Japanese side regarding the measures for control of Japanese nuclear materials in Russia

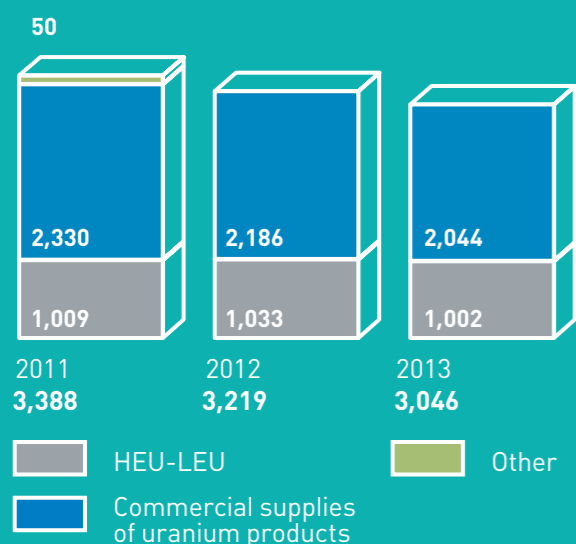
#### 2.4.3.3. Cooperation with international nuclear companies

Throughout 2013, work was actively under way to develop strategic cooperation with major players in the international nuclear sector.

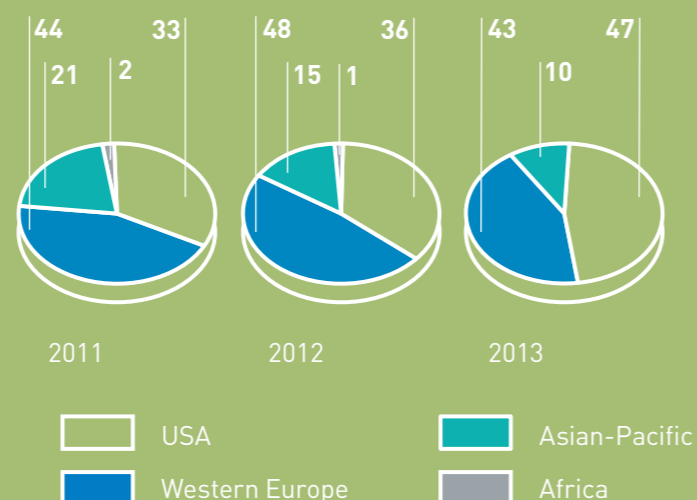
#### COOPERATION WITH INTERNATIONAL NUCLEAR COMPANIES IN 2013

International partner	Result of cooperation
Toshiba, Japan	On 18.04.2013, an additional agreement to the General Framework Agreement on Business Cooperation between JSC Atomenergoprom and Toshiba Corporation, dated 20.03.2008, was signed, which defined the new fields of cooperation.
Fortum, Finland; Rolls-Royce, Great Britain	On 05.09.2013, as part of the development of cooperation with Great Britain (with the Fortum and Rolls-Royce companies), a cooperation agreement was signed, under which the companies will investigate the feasibility of a Russian-designed NPP to be built and operated in Great Britain.
AREVA NP, France	As part of the cooperation between JSC TVEL and AREVA NP, nuclear fuel and components were fabricated at JSC MBP, using regenerated uranium, for the PWR and BWR reactors. In September 2013, also as part of the cooperation, a ceremony of handing over the 3,000th fuel assembly to the consumer was held.
Nuclear Fuel State Concern, Ukraine	In 2013, the development of design documentation was completed, an endorsement was secured as the result of a state expert review, and the practical on-site operations entered the active phase as part of the preparatory period. The project is implemented based on PJSC Nuclear Fuel Fabrication Plant, a joint Ukrainian-Russian venture.
Fennovoima, Finland	A contract was signed with Fennovoima, Finland to supply nuclear fuel for Hanhikivi I, a new nuclear plant, and also provide respective services. The contract stipulates supplying the TVS-2006 cartridges for Hanhikivi's initial fuelling and its ten-year operation, with the potential for that operating time to be extended.
JSC NAK Kazatomprom	In 2013, implementation of the Uranium Enrichment Centre (UEC) project was started as part of the arrangements between the presidents of Russia and Kazakhstan, as specified in the Integrated Programmes of Russian-Kazakh Cooperation in the Field of Peaceful Use of Atomic Energy, including provisions for the acquisition by JSC UEC, a Russian-Kazakh venture, of a 25% + 1 share in the authorised capital of JSC UEIP. As part of the activities, the joint venture will have access to uranium enrichment services of up to 5 million SWU per year.

EXPORT OF URANIUM PRODUCTS BY JSC ATOMENERGOPROM, MILLION USD



REGIONAL BREAKDOWN OF URANIUM PRODUCT SUPPLIES, %



## 2.5. Nuclear and radiation safety

The mid-term and long-term tasks of JSC Atomenergoprom related to ensuring nuclear and radiation safety of nuclear installations, personnel, the public, and the environment are regulated by the Long-Term Programme of Activities by the Rosatom State Corporation (Russian government resolution No. 705, dated 20.09.2008).

### 2.5.1. Nuclear and radiation safety of nuclear installations

In 2013, the Company's management bodies and departments ensured the sustainable and safe operations of the nuclear industry. There were no radiological accidents or overexposure incidents.

In 2013, there were no events of Level 2 or higher (on the INES scale) at the Company's sites. No events classified as accidents or incidents on the INES scale have taken place in the Russian nuclear industry for the past 15 years.

#### Nuclear plants

There were no events classified over a Level 2 on the INES scale at Russian NPPs in 2013.

Altogether, 41 deviations were recorded at Russian NPP units that were in operation in 2013. There were 40 deviations at the "0"/"below-scale" level, and one deviation was classified as Level 1, with no impact on the public or the environment.

As compared to the two previous years, the number of deviations caused by failures of electrical components decreased in the reporting year (12 cases in 2013, 17 cases in 2012, and 20 cases in 2011). This decrease was the result of implementing actualised industry-generic measures to upgrade and replace expired electrical engineering components.

The number of unscheduled reactor trips from a critical state at Russian NPPs that involved the actuation of emergency protection was 10 in 2013.

In 2013, there were no nuclear incidents that involved radiological impacts within the scope of NP-004-08, Provisions for the Investigation and Accounting of Nuclear Plant Malfunctions. Russian NPPs operated safely and reliably, with a general trend maintained towards improving the safety of NPPs.

### 2.5.2. Physical protection of nuclear and radiation-hazardous installations

Security and physical protection of the Company's nuclear and radiation-hazardous installations (NRHIs), and of the nuclear and radiation materials in use or in storage, including those in the process of transportation,

THE SAFETY STATUS OF NUCLEAR INSTALLATIONS IS ASSESSED BASED ON THE NUMBER AND THE SCALE OF THE MALFUNCTIONS RECORDED, AS COMPARED TO THE IAEA-DEVELOPED INTERNATIONAL NUCLEAR EVENTS SCALE (INES). THIS SCALE HAS SEVEN LEVELS OF EVENT CLASSIFICATION: THE UPPER-LEVEL EVENTS (LEVELS 4 TO 7) ARE REFERRED TO AS "ACCIDENTS", WHILE THE LOWER-LEVEL EVENTS ARE REFERRED TO AS "INCIDENTS" (LEVELS 2 AND 3) OR "ANOMALIES" (LEVEL 1). THE EVENTS CONSIDERED TO BE OF MINOR SAFETY SIGNIFICANCE ARE CLASSIFIED AS BELOW-SCALE (LEVEL 0) EVENTS. EVENTS THAT DO NOT RELATE TO SAFETY ARE CONSIDERED TO BE "OUT OF SCALE".

is ensured in accordance with Russian regulatory requirements. The activities aimed at ensuring the reliable physical protection of the Company's NRHIs are carried out in an integrated manner and on a planned basis.

All NRHIs within the industry have valid nuclear licences, which is evidence that the mandatory licensing prerequisite (ensuring the required level of physical protection) is satisfied. No cases of licence cancellation have been recorded to date.

There were no successful cases of nuclear material theft or unauthorised intrusion into the restricted area for acts of sabotage.

### 2.5.3. Readiness for emergency response

To ensure the safe operation of nuclear installations and to protect the personnel, the public, and localities against potential accident (emergency) effects, an emergency prevention and response system is in operation within the industry. This is a functional subsystem of the national emergency prevention and response system.

The readiness level of forces and means, as well as the completeness and realism of the emergency response plans, is assessed as a part of the Company's exercises and drills. In 2013, there were 271 emergency response, special tactical, and command and staff exercises and drills conducted within the industry, including 70 conducted at nuclear plants.

### 2.5.4. Industry automated radiation situation monitoring system (ARMS)

One of the most important components of the system for the state control of radiological conditions in the NRHI deployment areas is the industry automated radiation situation monitoring system (ARMS), which is

operated as part of the Russian Federation Unified State Automated Radiation Situation Monitoring System.

The ARMS is comprised of 26 on-site ARMS systems operated by nuclear enterprises and organisations, including all NPPs, with 355 fixed posts in total. Long-term measurement data indicates that the NPP contribution to the measured background radiation is negligibly small during normal operation, and that the radiological conditions at the measurement locations are within the natural background radiation range.

The ARMS radiation monitoring data is publicly available in real time on the web at <http://www.russianatom.ru/>.

### 2.5.5. Safety of labour

#### Workplace injuries

Extensive work is carried out within JSC Atomenergoprom and its organisations to reduce the number of workplace injuries and the negative effects of harmful production factors on personnel.

In 2013, the occurrence rate of workplace injuries within the nuclear industry (the coefficient Kr reflects the number of workplace injury cases per 1,000 employees) was not in excess of the respective 2012 figure, and was approximately 4 times lower than the national average level.

### 2.5.6. Exposure of the Company's personnel

A production factor specific to JSC Atomenergoprom's facilities is ionising radiation.

The personnel radiation safety criteria are stated and set in effective radiation safety regulations (RSR-99/2009), basic sanitary radiation safety rules (BSRSR-99/2010), and other regulatory documents. Most of the sites meet these requirements.

UNDER THE 2012-1014 INDUSTRY AGREEMENT ON NUCLEAR POWER, INDUSTRY AND SCIENCE, EMPLOYERS WITHIN THE NUCLEAR INDUSTRY FUND ACTIVITIES TO IMPROVE THE CONDITIONS AND THE PROTECTION OF LABOUR AT THEIR RESPECTIVE FACILITIES IN AN AMOUNT OF NO LESS THAN 0.5% OF THE TOTAL MANUFACTURING COSTS.

#### Personnel exposure doses

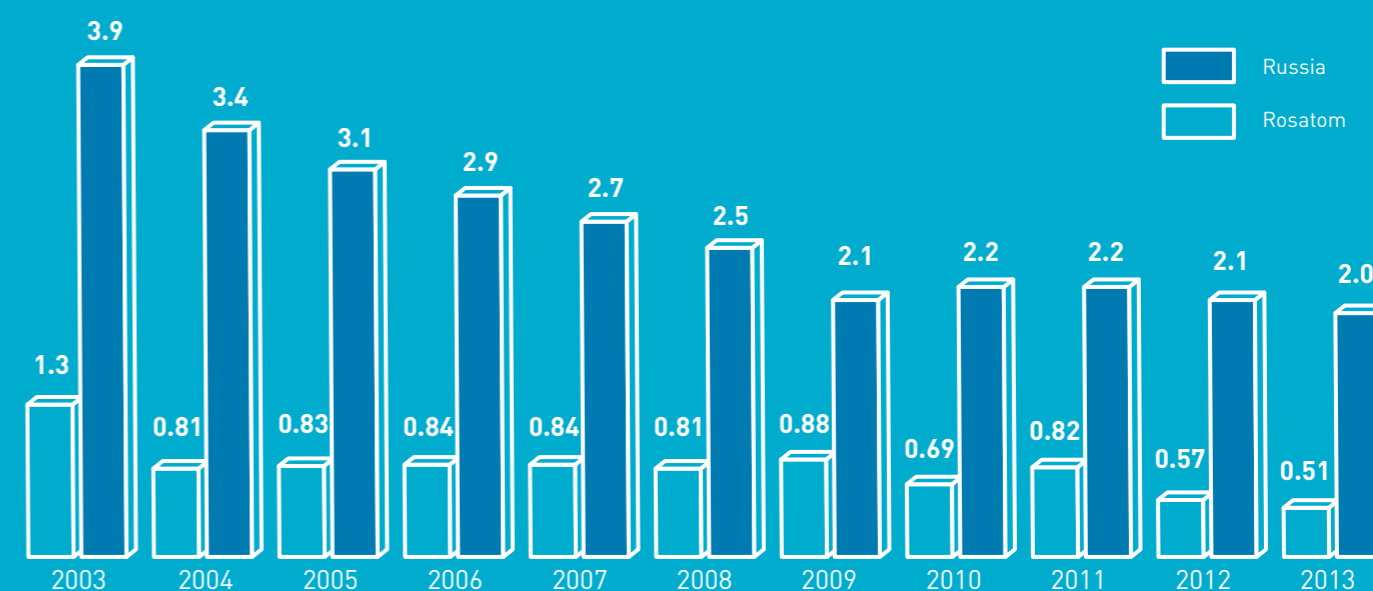
The annual average effective dose (AAED) of the personnel exposure within the industry was 1.67 mSv, with no major AAED variations having taken place over the past five years.

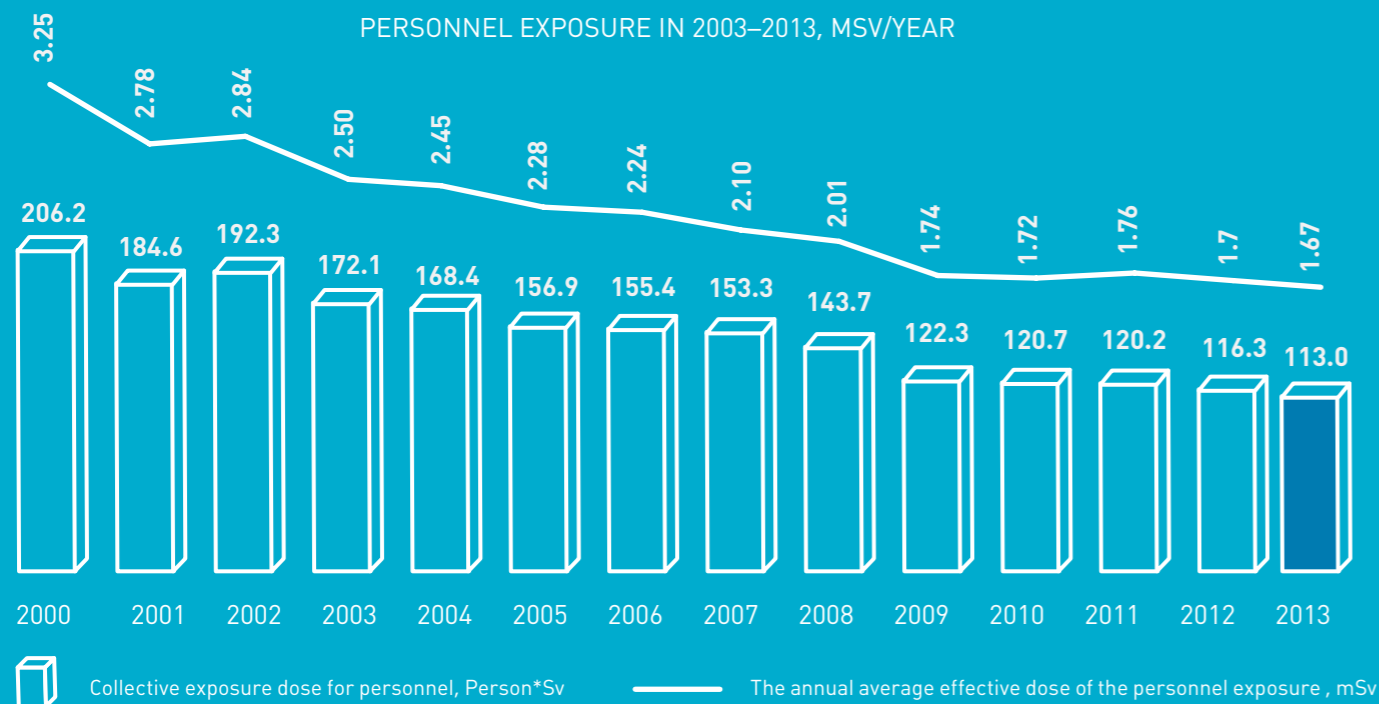
No cases of the specified base dose limits<sup>5</sup> being exceeded were recorded in the industry in 2013. Annual effective doses in the range of 20 to 50 mSv were received by 19 persons.

The personnel do not include people with a cumulative effective dose<sup>4</sup> of over 100 mSv for the past five consecutive years. For approximately half of the

<sup>4</sup> The dose limit for personnel in Group A is 20 mSv per year on average for any five consecutive years, but no more than 50 mSv per year.

COMPARATIVE DATA OF WORKPLACE INJURIES IN RUSSIA AND WITHIN THE NUCLEAR INDUSTRY FROM 2003-2013





personnel in the industry (53%), the exposure was not in excess of the base dose limit specified for the public (1 mSv/year).

#### Estimated individual personnel risk

In 2013, the ARMIR system (Automated system to measure individual radiation risks) was used at nuclear sites to estimate individual radiological risks. This work is aimed at further optimising the radiological protection of personnel and at improving the efficiency of medical insurance to direct it at named assistance to persons in a high-risk group. In 2013, using the ARMIR system, personal data of 91% (91.4% in 2012 and 90.4% in 2011) of the total workforce subjected to personal radiation monitoring was processed. The relative number of people with a high individual risk was 1.25% (1.3% in 2012).

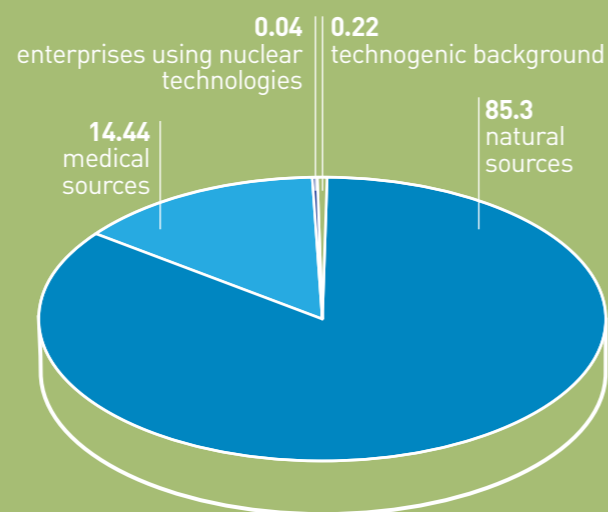
#### 2.5.7. Public exposure

According to data from the radiological and medical certification in Russia in 2012<sup>5</sup>, the extra occupational exposure in the nuclear plant deployment areas (with a total population of 2.3 million) was 0.004 mSv/year per person. The risk of negative stochastic effects (malignant tumours) at such an exposure level was below  $5.7 \cdot 10^{-7}$ . This is 150 times

lower than the acceptable risk level set by effective radiation safety regulations ( $1.0 \cdot 10^{-5}$ ).

In 2012, the average annual effective public dose of exposure from all sources of ionising radiation in Russia amounted to 3.9 mSv/year per person. The key factors of this public exposure in the Russian Federation are natural and medical sources of ionising radiation. The contribution from the enterprises using nuclear technologies is estimated at hundredths of one percent (0.04% or 0.002 mSv/year) of the annual average effective exposure dose from all sources. This level of public exposure dose is representative of all localities where large radiation-hazardous facilities are deployed.

CONTRIBUTION OF DIFFERENT SOURCES TO THE ANNUAL AVERAGE PUBLIC EXPOSURE DOSE IN THE RUSSIAN FEDERATION IN 2012, %



<sup>5</sup> At the time of the report compilation, the results of the 2013 radiological and medical certification were in the process of being prepared for publication. They will be published by Rospotrebnadzor in the autumn of 2014.





# 3

## EFFICIENCY OF CAPITAL MANAGEMENT

64 3.1. MANAGEMENT OF FINANCIAL CAPITAL

67 3.2. MANAGEMENT OF MANUFACTURED CAPITAL

70 3.3. MANAGEMENT OF HUMAN CAPITAL

76 3.4. MANAGEMENT OF SOCIAL AND REPUTATIONAL CAPITAL

84 3.5. MANAGEMENT OF NATURAL CAPITAL, ENVIRONMENTAL SAFETY,  
AND PROTECTION OF THE ENVIRONMENT



# EFFICIENCY OF CAPITAL MANAGEMENT

Corporation Settlement Centre, a treasury information system encompassing 127 nuclear enterprises, was commissioned in 2013. The use of the information system has contributed to greatly reducing the labour input in the formation of treasury management reports, as a result of which the process of collecting and consolidating reports from subordinate organisations was facilitated.

To ensure the liquidity for the timely and overall financing of the investment programme of nuclear organisations under the best possible terms and conditions, work to centralise the treasury operations and develop intra-group financing, which began in 2009–2010, was continued in the reporting period. In 2011–2013, the economic effect from the utilisation of intra-group financing across the industry amounted to approximately 9.8 billion roubles.

To reduce the cost of documentary operations and loans, suretyships continued to be used to secure the return on the advance and the contractual obligations when carrying out procurement operations using internal and extra-budgetary funds, as well as to reduce the cost of fundraising. These suretyships led to ensured savings in 2013 on the commission payments under bank guarantees and on loan interests in the amount of 1.6 billion roubles.

## Financial management plans for 2014 and the mid-term

Given the existing risk of the debt load to grow as a result of external factors, it is planned to:

- » maintain a distinct repayment discipline in terms of intra-group financing;
- » improve the accuracy of mid-term cash flow planning;
- » avoid internal competition between organisations for the loan resources;
- » continue activities for centralising cash flow management;
- » focus on the relationships with the base banks that are the most reliable partners based on the availability of funding, both in terms of amount and cost; and
- » strictly adhere to the obligations, including the fulfilment of covenants, towards existing creditors (including on the Company's co-loan) and rating agencies.

## 3.1.2. Interaction with rating agencies

The ratings of JSC Atomenergoprom mirror the rating agency expectations of a "very high" probability that the holding will receive timely and sufficient state support, if required. Furthermore, the company's solvency is positively influenced by its vertically integrated business model, by the guaranteed monopoly in the civilian nuclear industry in Russia, and by its firm positions in the NPP construction, uranium mining/conversion/enrichment, and fuel assembly fabrication markets.

## 3.1. Management of financial capital

The management of the financial capital includes implementation of the financial strategy, management of investment operations, and performance of activities to improve the efficiency of financial and economic operations.

### 3.1.1. Management of financial activities

The prime objective of the financial strategy is to ensure the financial stability of the Company and its organisations in the changing conditions of the environment, as well as to organise financing and the management of financial risks as efficiently as possible.

To improve the efficiency of treasury functions, the following activities were continued in 2013:

- » concentration of temporarily redundant cash on the accounts of the pool leaders;
- » improving the accuracy of payment planning (rolling prediction of liquidity);
- » ensuring the cost of the consolidated debt portfolio servicing at a competitive level; and
- » centralising the treasury operations (fulfilment of the financial policy requirements).

### Key results of 2013

The top-priority tasks in 2013 were those involved in raising the efficiency of cash management within JSC Atomenergoprom's organisations due to:

- » the accuracy of managerial decisions;
- » increasing the rate of managerial decision-making; and
- » reducing the labour input in the delivery of information.

## LIST OF JSC ATOMENERGOPROM'S CREDIT RATINGS AS OF 31.12.2013

Rating agency	Rating level
Standard & Poor's	<ul style="list-style-type: none"> <li>» Long-term international rating – <b>BBB</b></li> <li>» Short-term international rating – <b>A-2</b></li> <li>» National rating – <b>ruAAA</b></li> <li>» Rating outlook – <b>Stable</b></li> </ul>
<b>Rating confirmation date: 21.10.2013.</b>	
Fitch Ratings	<ul style="list-style-type: none"> <li>» Long-term issuer default foreign-currency rating – <b>BBB</b></li> <li>» Long-term issuer default local-currency rating – <b>BBB</b></li> <li>» Short-term issuer default foreign-currency rating – <b>F3</b></li> <li>» National long-term rating – <b>AAA (rus)</b></li> <li>» Short-term issuer default local-currency rating – <b>F3</b></li> <li>» Rating outlook – <b>Stable</b></li> </ul>
<b>Rating assignment date: 20.08.2013</b>	
Moody's Investors Service /JSC Moody's Interfax	<ul style="list-style-type: none"> <li>» Long-term international rating – <b>Baa2</b></li> <li>» National rating – <b>Aaa.ru</b></li> <li>» Rating outlook – <b>Stable</b></li> </ul>
<b>Rating assignment date: 02.08.2013</b>	

Given the capacity of the industry's investment programme, high ratings are essential for loans to be acquired for longer terms and at lower market rates. In 2011–2013, the savings on the free credit portfolio rate amounted to 270–350 million roubles annually.

### 3.1.3. Management of investment activities

#### Approach to investment management:

- » collegial decision-making on investments by Rosatom's Investment Committee and by the investment committees of the divisions (the level of the investment decision-making depends on the project's strategic importance);
- » formation of the yearly and mid-term Project Portfolio as a package of nuclear projects, and its annual actualisation;
- » supervision, at the level of JSC Atomenergoprom, of the project progress within nuclear organisations;
- » decision-making on the milestones for major projects, and the supervision of project implementation at the level of JSC Atomenergoprom;
- » use of a "gating" approach for the implementation and supervision of projects; and
- » collection of expert opinions for improving the quality of investment decision-making as a part of major projects.

### Key results of 2013:

- » the Project Portfolio was actualised for the industry's organisations for a period lasting until 2018
- » the efficiency of the Project Portfolio was assessed, which has made it possible to set the level of required profitability from projects and to make investment decision-making more transparent
- » a motivation system was developed to promote the improvement of the Project Portfolio efficiency indicators, with target key efficiency indicators of investment activities set for the industry's top officials
- » a mechanism was defined for the integrated auditing of projects, which makes it possible to form recommendations on improving project planning and implementation; a field feasibility study was also conducted regarding project implementation and post-investment supervision
- » a unified industry investment system was introduced
- » a unified industry project decision-making interaction procedure was put into operation for governing, among other things, the procedures for and the duration of functional expert reviews, as well as for making it mandatory to take into account the opinions of functional experts and of the parties taking interest in the given product.

## MAJOR AREAS OF INVESTMENTS IN 2013

Major areas of investments	
Mining Division	<ul style="list-style-type: none"> <li>» development of the raw material base and natural uranium mining in Russia</li> <li>» leadership in uranium mining and processing technologies</li> <li>» diversification into strategic and innovative materials</li> </ul>
Uranium One Holding	<ul style="list-style-type: none"> <li>» development of the global raw material base and natural uranium mining based on a global growth platform</li> </ul>

### Major areas of investments

Fuel Division	<ul style="list-style-type: none"> <li>» support and optimisation of the nuclear fuel fabrication</li> <li>» support and optimisation of the separation and sublimation activities</li> <li>» R&amp;D in development of new nuclear fuel types and the fuel cycle</li> <li>» R&amp;D in development and perfection of gas centrifuges and new auxiliary equipment models for separation facilities</li> <li>» development of non-nuclear production activities</li> </ul>
Sales and trading	<ul style="list-style-type: none"> <li>» development of an industry transport infrastructure, including the purchase of 30V-type casks for the transportation of uranium products as a part of forming a corporate transport equipment fleet</li> <li>» safety of transshipment and transportation of uranium products</li> <li>» perfection of the information protection software and hardware package</li> <li>» organisation of a remote backup system</li> </ul>
Machine Building Division	<ul style="list-style-type: none"> <li>» improving the competitiveness of nuclear enterprises based on an integrated efficiency improvement programme</li> <li>» development of manufacturing competencies in the heat power, gas, and petroleum chemistry sectors</li> <li>» implementation of retrofit programmes</li> </ul>
Power Engineering Division	<ul style="list-style-type: none"> <li>» construction of NPP units and the construction of floating nuclear cogeneration plants</li> <li>» implementation of projects and activities at effective NPP units for extending the life of generation I and II units, the programme entitled "Ensuring Safe and Steady-State Operation of Effective Units"</li> <li>» implementation of spent nuclear fuel and RW handling projects</li> <li>» implementation of other investment projects and activities, including R&amp;D, planning, and surveying activities for new NPP sites, among others</li> </ul>
Overseas construction	<ul style="list-style-type: none"> <li>» providing construction sites with required high-capacity mechanisms, as well as with building and assembly implements and tools</li> <li>» formation and development of affiliated infrastructures at new NPP construction sites and at the company headquarters</li> <li>» purchase of equipment and technology for surveying operations, monitoring of construction, and operation of the project at the construction site</li> <li>» development of the telecommunication and IT infrastructure, purchase of advanced software for developing key design and engineering competencies</li> <li>» extension of competencies in the construction of complex engineering projects by purchasing interests in building companies</li> </ul>
Construction in Russia	<ul style="list-style-type: none"> <li>» construction site equipment for conducting construction and assembly operations</li> <li>» formation of affiliated infrastructures of new NPP construction sites</li> <li>» replacement of fixed assets for increasing the rate of construction</li> <li>» development of the IT infrastructure and software, R&amp;D for improving the quality of products, and a phased transition to industrial construction practices</li> <li>» completion of socially important facilities regionally</li> <li>» extension of production competencies and observance of federal safety laws</li> </ul>

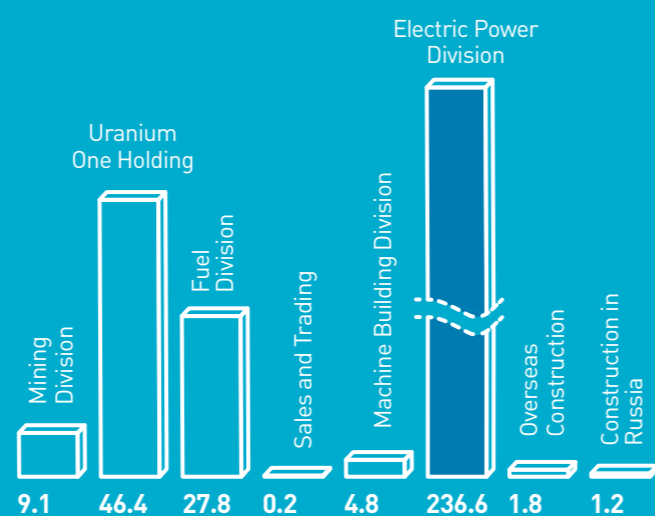
### Plans for 2014 and the mid-term

The short- and mid-term plans provide for the undertaking of measures aimed at improving the efficiency of the Project Portfolio through the development of the design documentation quality management and improvement system, including:

- » development (detailing and more accurate definition) of regulatory and procedural documentation on design management processes, along with the formalisation of responsibilities in design activities;
- » standardisation of the investment decision-making process for projects at different project stages and for different project types;
- » perfection of the system for control of the targeted investments, particularly in terms of efficient use of said investments in the project scope;
- » replication of the decision on automating the investment reporting system;
- » establishment of a single investment and design management knowledge store;

### FUNDING VOLUMES FOR INVESTMENT ACTIVITIES WITHIN THE COMPANY'S ORGANISATIONS IN 2013

Actual volume of project funding\*, billion roubles, VAT included



\* Out of all the sources of funding, not including intra-group turnovers within Rosatom's organisations, for the consolidated organisations in accordance with the effective budgeting scope as of 31 December, as reduced to comparable conditions.

- » improvement of the competencies of the investment and design stakeholders; and
- » adjustment of the current processes and the completion of the current base of regulatory and procedural documents related to the above adjustments.

## 3.2. Management of manufactured capital

### 3.2.1. Improvement of energy efficiency

Energy saving and the improvement of energy efficiency is a top-priority activity that contributes to increased competitiveness of nuclear organisations in the target markets through a reduction in the cost of products and services.

To streamline the activities intended to reduce the expenditures on energy resources and improve the energy efficiency of nuclear organisations, a number of regulatory documents were developed to provide enterprises with a single procedural framework, given the requirement for defining the mechanisms and algorithms to calculate the amount of the energy resource cost reduction. As part of the activities to build a systematic approach to improving the energy efficiency of organisations, unified target values were developed for a five-year period (2010–2015) and mechanisms were identified to achieve the preset parameters.

#### Approaches to improving energy efficiency within the industry

To identify the potential key areas of energy efficiency, with regard to the requirements of Russian Federal Law No. 261-FZ, energy surveys were conducted in 2010–2013 within all nuclear organisations. The result of the surveying activities was that the Programme for Energy Saving and Energy Efficiency Improvement within Nuclear Organisations for the Period of 2012–2016 was developed.

To improve the reliability of the data obtained from organisations concerning the saving of energy resources, monitoring of the energy-saving programme progress, and the assessment of the efficiency of the measures taken, an automated energy efficiency management system (referred to as AEEMS hereinafter) has been introduced within JSC Atomenergoprom's organisations, which, among its other key functions, provides for the integration of data with the Energy Efficiency State Information Programme.

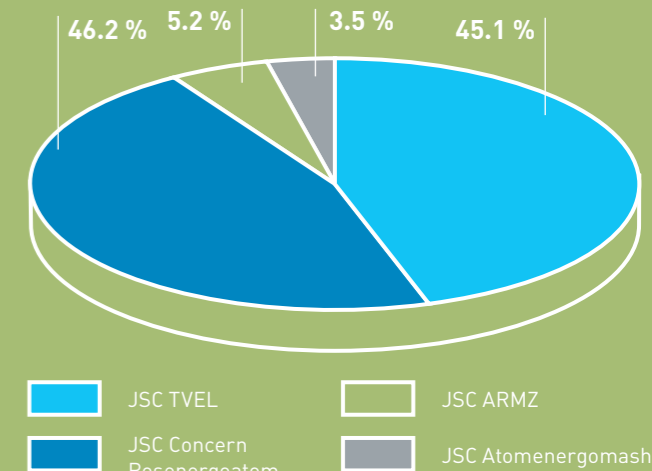
In 2013, the AEEMS was put into pilot operation at 38 sites of JSC Atomenergoprom, including:

- » the Power Engineering Division – 10 sites (all NPPs);
- » the Fuel Division – 11 sites;
- » the Machine Building Division – 7 sites;
- » overseas construction – 1 site; and
- » construction in Russia – 2 sites.

A 22.2% reduction in the cost of energy resource

### MAJOR CONSUMERS OF ENERGY RESOURCES WITH A BREAKDOWN BY THE COMPANY'S MAJOR DIVISIONS, 2013

% of overall energy consumption costs



consumption in 2013, as compared to 2009, the base year, was achieved as a result of investment activities. The total savings in 2010–2013 amounted to 13.9 billion roubles, while the investments made in the implementation of measures by nuclear organisations for the purpose of energy saving and energy efficiency improvement totalled 9.2 billion roubles.

#### Introduction of the energy management system within organisations

To improve the quality of energy cost reduction and energy efficiency improvement management, an energy management system has been in place since mid-2012 within JSC Atomenergoprom's organisations based on the requirements of ISO 50001:2001, a new international standard. As a result, in 2013, Rosenergoatom underwent a certification procedure with DQS, an international certifier. Work is also under way to restructure the energy management system at JSC TVEL according to the requirements of the above standards.

#### Plans for 2014 and the mid-term

The first energy audit was conducted in 2010–2013 and encompassed 113 nuclear organisations. Another energy audit is expected to be conducted in 2015–2016 for the purpose of accomplishing the following tasks:

- » developing a new energy certificate for fuel and energy consumers;
- » acquiring objective data on the amount of energy resources used by conducting an assessment of the fuel and energy consumption dynamics;
- » supervising the measures taken and updating the existing energy saving and energy efficiency improvement programme, taking into account the reorganisation of enterprises, as well as the reconstruction of the main process equipment;
- » determining variations in the indicators for the period following the previous energy survey, as

- well as an assessment of the fuel and energy cost reduction for the given period;
- » an in-depth audit of selected processes and energy consumers, and the introduction of new technologies and solutions in the field of energy efficiency improvement;
- » determining the energy saving and energy efficiency improvement potential;
- » developing individual five-year energy efficiency targets for each enterprise;
- » developing a list of the energy saving and energy efficiency improvement measures, a cost estimation for these, and the calculation of the payback periods for the said measures; and
- » determining the correctness of the physical data entry in the AEEMS, and reviewing the target achievement calculation techniques approved by organisations.

### 3.2.2. Management of the NFC and NPP lifecycle

The purpose of the NFC and NPP lifecycle project management is to provide support for the achievement of JSC Atomenergoprom's goals by implementing the Company's policy that enables decisions to be made based on the income and cost estimation for the whole of the lifecycle, the management of the NFC and NPP lifecycle projects, and the organisation of interactions among all NFC and NPP lifecycle stakeholders.

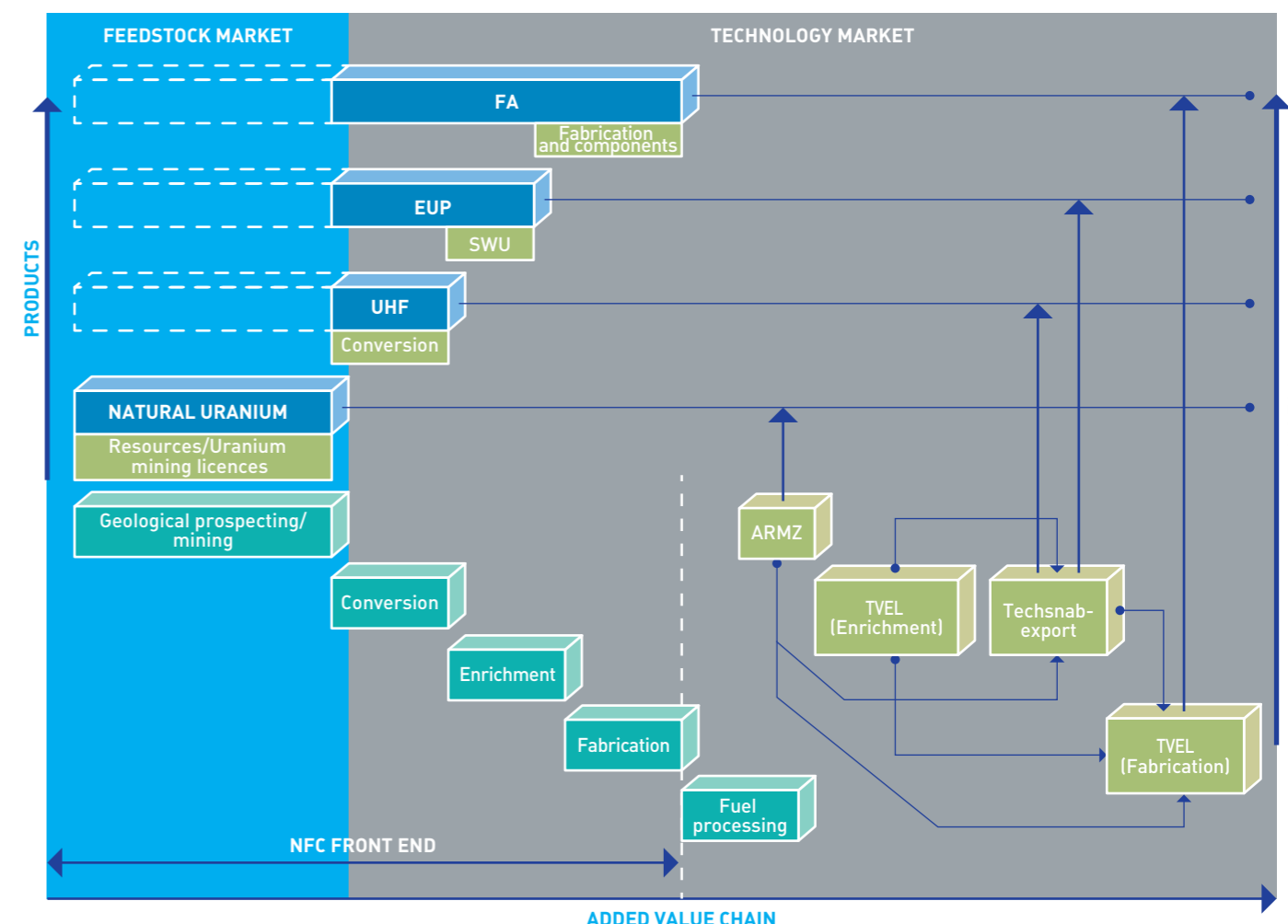
In 2013, the launch of the Lifecycle Management System (LMS) required:

- » the major fields of activities to be identified;
- » the pilot project selection criteria for the LMS introduction to be specified;
- » the pilot project objectives, tasks, performance requirements, and completion dates to be determined;
- » proposals concerning the system for managing the introduction of lifecycle approaches to be developed; and
- » proposals on IT solutions to be developed in order to support and ensure project implementation.

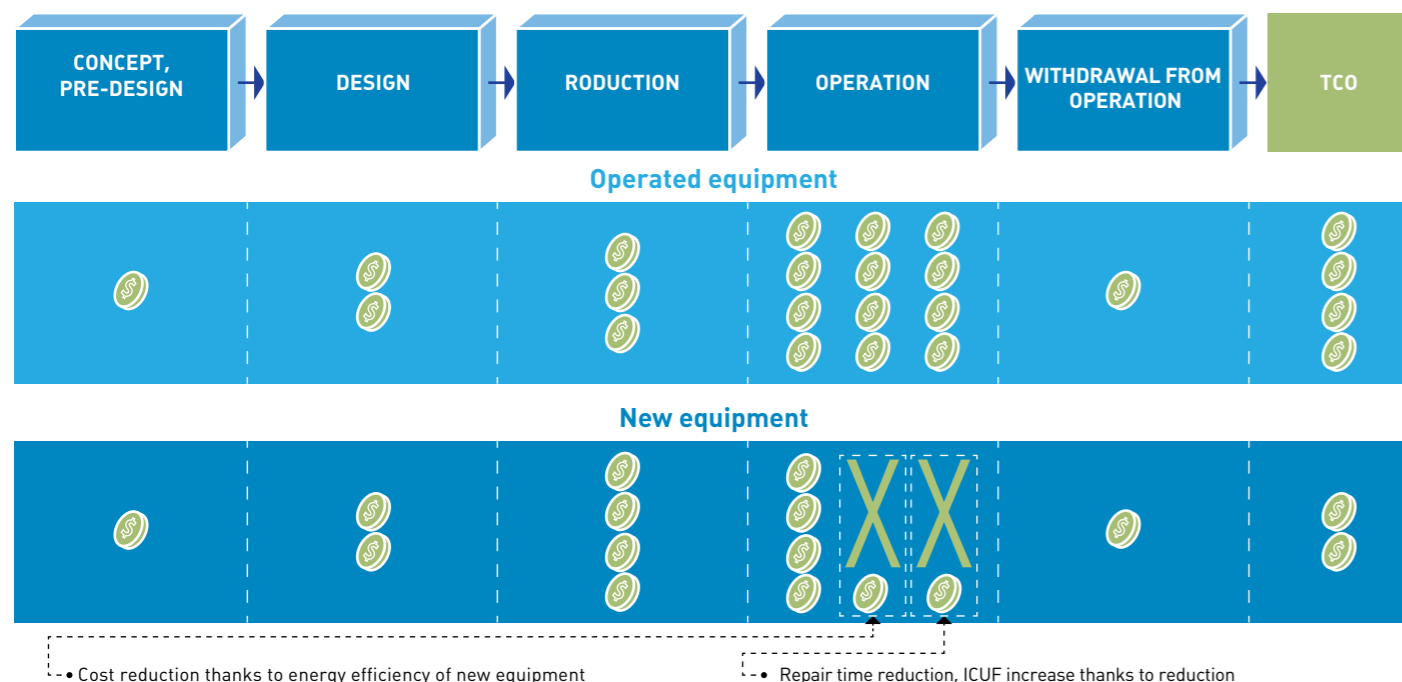
The selection of pilot projects was based on the principles of maximum readiness, actuality, potential economic efficiency, and replication capability (incorporation into the decision-making and information interaction organisation system). As part of this selection, the technological and economic frameworks for the pilot projects were elaborated, including the product lifecycle management (PLM) and the minimisation of the total cost of ownership (TCO).

The introduction of the lifecycle project management system is based on analysing the global experience, proceeding from the identified "gaps" in the existing organisational and business models, as well as from the requirement for adjusting the existing rules and procedures, building a system of motivation, defining the requirements of change in the system of interactions among the Company's divisions and functions, shaping competencies, and replicating the results of pilot projects.

### VALUE CHAIN FOR THE NUCLEAR FUEL LIFECYCLE



### MODEL FOR MANAGING THE TOTAL COST OF OWNERSHIP OF DURABLE EQUIPMENT IN THE NFC AND NPP LIFECYCLE



**PRINCIPLE:** REDUCTION IN THE TOTAL COST OF OWNERSHIP (TCO) OF THE FACILITY'S EQUIPMENT (SUBSYSTEMS) AND THE FACILITY AS A WHOLE;  
**TOOL:** SYSTEM OF DECISION-MAKING FOR INCREASING THE COMPETITIVENESS OF FACILITIES (ICUF INCREASE, CONSTRUCTION COST REDUCTION, PROFITABILITY INCREASE, AND RELIABILITY AND SAFETY IMPROVEMENT);  
**EFFECT:** THE COMPANY'S VALUE INCREASES THANKS TO THE TCO REDUCTION AND THE GROWTH OF COMPETITIVENESS.

### Major results of the NFC and NPP lifecycle management activities in 2013

In the reporting year, the results of implementing measures as part of the following pilot projects were selected and approved:

- » Pilot Project 1 - "Management of the Equipment TCO. Introduction of MCP 1753 and the Contract for Its Supply, Assembly and Maintenance for Kursk NPP II";
- » Pilot Project 2 - "Optimisation of the VVER Fuel TCO" comprising two subprojects:
  - "Validation of the Optimised Isotope Composition, Fuel Cycles and Burn-up of VVER Nuclear Fuel";
  - "Validation of the VVER Fuel REMIX Application"; and
- » Pilot Project 3 - "Selection of NPP Subsystems for Improving the Competitiveness through the Use of the NPP Lifecycle Cost Management Tool".

For the introduction of the nuclear industry lifecycle management system, the decision was made to establish an NPP lifecycle information support competency centre based on one of the industry's organisations.

### NFC and NPP lifecycle management plans for 2014 and the mid-term:

- » completion in 2014 of Pilot Project 2 "Optimisation of the VVER Fuel TCO": assessment of optional uses for the SNF processing products in thermal-

neutron nuclear generation, and the integration of the nuclear fuel cost management model into a dynamic nuclear plant cost model

- » finalisation of the dynamic nuclear plant cost model, which makes it possible to estimate the total cost of NPP ownership, the efficiency parameters depending on the operating cycle electricity rate, and the cost of funding
- » finalisation and scaling within the industry of a standardised decision-making process based on the estimated total cost of ownership and the specific expenditures per unit of product in the overall lifecycle

### 3.2.3. Management of procurement

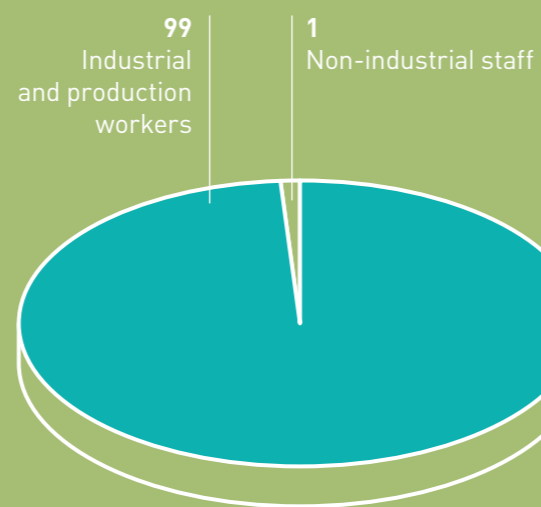
To ensure the openness and information transparency of the procurement activities, the Company's techniques include:

- » unified rules, including those for the calculation of initial (maximum) prices, the review of bids, and calculation of the extent to which the procurement stakeholders are provided with financial resources, as well as model procurement documentations (all documents are publicly available);
- » an increase in the share of competitive procedures in an electronic form;
- » application of the re-auction procedure in tendering formalities;

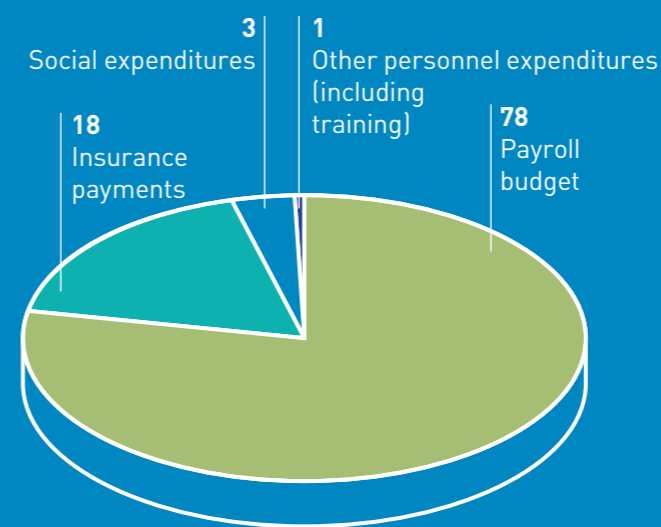
- » possibility of alternative bids;
- » determination of the initial (maximum) price in the current year at the actual prior year's price level;
- » classification of draft contract types;
- » classification of bid document form types;
- » classification of procurement documentation types for order placement procedures and documentations;
- » classification of procurement procedure protocol types;
- » uniform selection and assessment criteria that is applicable to each stakeholder; and
- » conclusion of long-term contracts with a fixed cost for the entirety of the contract validity period.

The basic document that regulates the procurement activities of a nuclear organisation is the Unified Industry Procurement Standard (Procurement Bylaw), which was approved by a decision of Rosatom's supervisory board.

SHARE OF JSC ATOMENERGOPROM'S INDUSTRIAL AND PRODUCTION WORKFORCE IN 2013, %



STRUCTURE OF JSC ATOMENERGOPROM'S PERSONNEL EXPENDITURES IN 2013, %



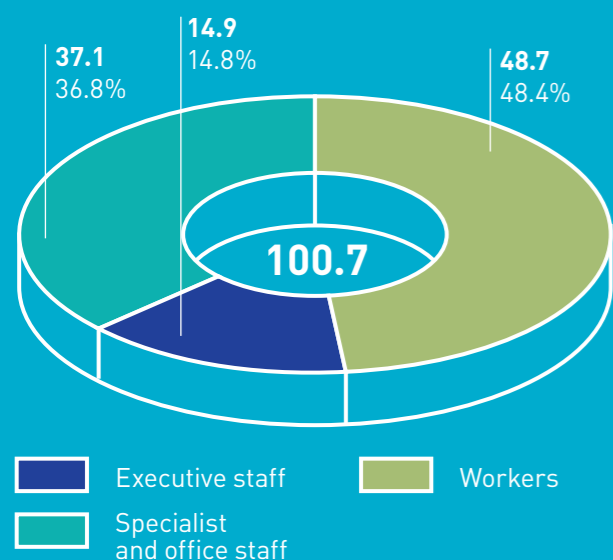
- » the recruitment and retention of young professionals and highly skilled staff;
- » increasing personnel involvement; and
- » improving the efficiency of expenditures.

The social package for employed and retired staff members is based on the Single Industry Social Policy (SISP) guidelines based on standardised corporate social programmes (referred to as CSP hereinafter). Each CSP is implemented with regard to the staffing objectives of each organisation, as well as their financial capabilities.

Compensation and benefits are only provided as part of CSPs to full-time personnel. The personnel remuneration and benefit standards suggest equal conditions for all staff members employed through a contract of employment with the industry's organisations, notwithstanding the employment terms and conditions.

The total sum of social expenditures for personnel amounted to 4.2 million roubles in 2013.

AVERAGE NUMBER OF JSC ATOMENERGOPROM'S PERSONNEL IN 2013, THOUSAND PERSONS



termination of the key performance indicators for personnel management service leaders, unification of the personnel management service organisational structures, and control of the personnel management transaction processes within a shared servicing centre (SSC). These processes will contribute to a more than 20% increase in the personnel service staff performance by 2015.

The average number of JSC Atomenergoprom's personnel in 2013 was 100.7 thousand.

The average age of the company's industrial and production personnel is 42.8, and the average age of executive staff members is 46.7.

In the reporting year, the share of personnel under 35 years of age was 30.7%.

The number of personnel dismissed in the reporting period was approximately 19,600, including 5,000 dismissals as the result of optimisation activities.

The personnel turnover, excluding those dismissed as a result of the optimisation activities, was 19.42% in 2013.

### 3.3.1. Remuneration system and social policy,

including social security of personnel

In 2013, the personnel expenditures totalled 99.6 billion roubles, and the average expenditures per employee amounted to 988,800 roubles per year.

#### Single standardised remuneration system

The corporate (industry) remuneration system covers:

- » performance remuneration: strengthening the dependence between the material remuneration of personnel and their performance and consequent meeting of key performance indicators. The KPIs for the executive staff members are developed with a focus on achieving the company's strategic goals and the KPIs set by Rosatom State Corporation's supervisory board. The strategic tasks, to which organisations and enterprises are assigned, are

transformed into KPI charts for particular executive staff members and are disseminated to the level of departments and individual employees. Individual KPI charts, based on a unified corporate standard, have been developed for about 11 company executives; and

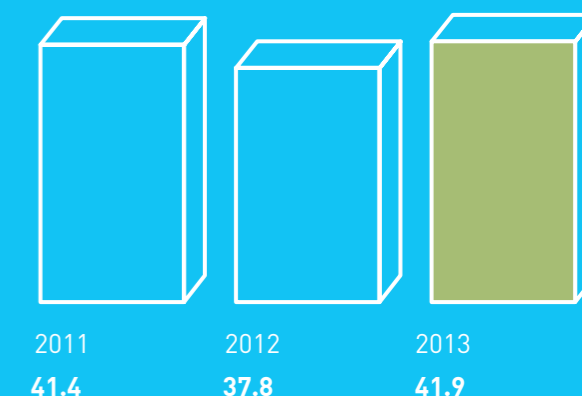
- » a decent level of remuneration for labour: in 2013, the monthly average wage per one employee at JSC Atomenergoprom was 61,760 roubles per month. The average wage within the Company is 55.6% higher than the average wage across Russia (according to data from the Federal State Statistics Service, the average payable wage in December 2013 in the Russian Federation was 39,700 roubles per month).

#### Implementation of social policy

The Company's social policy is aimed at achieving the following goals:

- » increasing the attractiveness of the Company as an employer;

AMOUNT OF SOCIAL EXPENDITURES PER EMPLOYEE OF JSC ATOMENERGOPROM, THOUSAND ROUBLES



## 3.3. Management of human capital

The major goals of JSC Atomenergoprom in the management of human capital are:

- » to raise the Company's attractiveness as the employer, both to university graduates and to experienced specialists and executive staff;
- » implement, at the industry level, uniform corporate policies for efficiency management, carrier management, and executive staff training;
- » train the staff reserve for executive posts at different levels, and
- » increase the personnel's involvement level.

The major processes aimed at increasing the efficiency of nuclear personnel management services are: automation of staffing processes, de-

MAJOR CORPORATE SOCIAL PROGRAMMES OF JSC ATOMENERGOPROM, MILLION ROUBLES

Corporate social programmes	2011	2012	2013 results	
			2013	Comments
Voluntary health insurance, million roubles	626.2	531.4	545.4	The voluntary health insurance system covers 79.4 thousand personnel (78.8% of the personnel employed)
Accident and health insurance, million roubles	0.0	31.0	27.0	Accident and health insurance provided for 64.4 thousand personnel (64% of the personnel employed)
Health resort treatment services for personnel and their children, including:	200.2	264.9	406.4	-
health resort and rehabilitation treatment, million roubles	152.9	202.9	337.3	8.8 thousand personnel provided with health resort treatment and rehabilitation services, including: - 7.0 thousand personnel provided with health resort services and - 1.8 thousand personnel provided with corporate rest home services.
children's health resort treatment and recreation, million roubles	47.3	62.0	69.1	Health treatment and health-improving rest services provided to 3.5 thousand children of personnel.

Corporate social programmes	2011	2012	2013 results	
			2013	Comments
Personnel housing, billion roubles	92.3	126.5	190.8	Today, 9.7 thousand personnel are covered by the programme, of which 2.481 had their housing conditions improved in 2013, including 50.3% of young professionals (as compared to 37.6% in 2012).
Non-state pension payments, million roubles	201.0	233.0	275.4	A total of 43.8 thousand persons (43.5% of employed staff) are covered by the non-state pension payment programme, including 17.4 thousand who had joined the scheme on a co-funding basis by the beginning of 2014.
Support of retirees, million roubles	1,032.3	951.8	1,113.0	There are over 60 thousand pensioners registered within the industry's organisations. Health resort treatment services were provided to 1.5 thousand pensioners. 0.6 thousand pensioners were provided with corporate rest home services. 1.536 pensioners were provided with one-time retirement payments. The average amount of payments per pensioner exceeded 138.5 thousand roubles. 28.5 thousand pensioners are paid monthly state pension supplements. The monthly pension supplement amounts to an average of 1.2 thousand roubles. 48 thousand pensioners were provided with welfare assistance.
Personnel catering, million roubles	328.2	157.6	20.4	Over 3.2 thousand personnel are provided with meal allowances. A sharp decrease in expenditures has been caused by the withdrawal of catering services from the corporate balance.
Organisation of sport and cultural events, million roubles	459.7	377.1	377.3	Every year, some 1.3 thousand personnel take part in corporate and international competitions. Over 11.3 thousand personnel (11.2% of those employed) are involved in athletic programmes on a regular basis.
Personnel relief, million roubles	518.4	321.5	846.1	In 2013, over 19.3 thousand personnel were provided with relief payments, a decrease of 6.7 thousand from the 2012 figure (due to the introduction of transparent relief criteria). At the same time, the expenditures increased by a factor of 2.6, which was the result of the minimum relief sum having been introduced and of an increase in the relief payment amount added to the base payments in the case of childbirth, the death of close relatives, death of personnel, or severe diseases.
Other, million roubles	643.8	760.5	416.4	Includes a wide range of social benefits (medical services under direct contracts, compensation of the health resort treatment package cost to the employee's relatives, inducements in connection with awarding, etc.), as well as the expenditures for maintaining the social infrastructure facilities and tax payments.
<b>Total:</b>	<b>4,102.1</b>	<b>3,755.3</b>	<b>4,218.2</b>	

In 2013, to ensure the unity of the nuclear industry management, the Unified Industry Procedural Guidelines were developed and put into operation for the expert assessment of drafts of the union contracts. Union contracts cover 81.4% of those employed within nuclear organisations.

The minimum term for notifying JSC Atomenergoprom's personnel on any major changes to the Company's activities is defined by Article 74 of the Russian Federation Labour Code. According to the law, the notification term is two months prior to the date that the given change takes place. No other personnel notification term is defined in the nuclear power, industry, and science branch agreement for 2012–2014; however, paragraph 1.3 stipulates that any union and labour contract terms and conditions that make the situation worse for personnel, as compared to Russian law and the industry agreement, are invalid.

### 3.3.2. Improvement of personnel management efficiency

Implementation of the key KPIs in the field of nuclear personnel management for 2013 included:

- » an increase in the share of the appointments of people from the staff reserve from 20.2% to 28.5%;
- » introduction of a standard for the formation of organisational structures within the industry's organisations;

- » simplification of the organisational structures:
  - a reduction in the management level, depending on the organisation's activity and staff number, from seven to four management levels; and
  - an increase in the efficiency of administrative work (the span of control extended from 5.4 subordinate staff per 1 leader to 7.75);
- » establishment of functional verticals and improvement in the efficiency of interactions between the management levels within the industry;
- » switchover of 9 enterprises with a workforce of 23 thousand to a target IT system (SAP HR). The overall workforce transferred to the industry IT system is over 50 thousand. The processes being computerised include: personnel and time-keeping records, payroll preparation, organisational management, and performance management (KPIs and competency assessment);
- » transfer of 18 enterprises with a total workforce of 23.5 thousand to the personnel management SSC in charge of transaction staffing processes;
- » successful optimisation of the personnel management costs by a sum of 200 million roubles in 2013, thanks to the automation and the transfer to the SSC;
- » formation of individual KPIs for 19 thousand executive staff in 2013;
- » training of approximately 3.000 employees as part of standard managerial competency development programmes in 2013 (as compared to 2.000 in 2012);

## NUMBER OF EXECUTIVE STAFF RESERVE

Levels of executive staff reserve	Development programme	Number of people involved as of the end of 2013
Senior	Patrimony of Rosatom	65
Middle	Capital of Rosatom	139
First-line	Talents of Rosatom	165
<b>Total</b>		<b>369</b>

and  
» a reduction in the operating costs for the personnel management function by 200 million roubles in 2013 thanks to the automation, standardisation and centralisation of personnel management processes and the transfer of transaction processes to the SSC.

### Personnel incentive system. Carrier management

#### Formation and development of the executive staff reserve

The formation of the executive staff reserve is one of the top priorities in the nuclear industry's staff development system.

The staff reserve provides for the continuity of the industry values and expertise, and the evolution of the management system, while also contributing to greater staff loyalty within JSC Atomenergoprom.

As of the end of 2013, the total pool of the executive staff reserve was 369 (0.37% of the average executive, specialist, and office staff amount).

Integrated executive staff reserve development programmes are implemented based on the Corporate Academy of Rosatom, an autonomous nonprofit organisation. In 2013, 15.7% of those involved in the staff reserve programmes received new appointments.

#### Non-financial incentives

The unified industry award policy is one of the most important components in the non-financial incentive system. In 2013, 30 staff members of JSC Atomenergoprom had state and government awards conferred upon them for their respective contributions to the evolution of the nuclear industry, nuclear and radiation safety improvements, increased nuclear electricity generation, and global technological leadership.

In 2013, 5.157 Russian nuclear industry staff members were awarded for professional excellence, great individual contributions to the achievement of the nuclear industry's top-priority objectives, and a long history of dedicated service.

### 3.3.3. Personnel training

#### Training and advanced training

The personnel competencies within JSC Atomenergoprom and its organisations are developed as part of integrated managerial staff reserve development and multiple-level executive training programmes, functional

training, and advanced training programmes; mentoring schemes; and a range of industry workshops and training courses conducted by outside training suppliers.

The training and development programmes have been developed for different management levels and activities carried out by nuclear industry personnel.

The personnel receive training in a variety of forms that are based on efficient development techniques, including classroom training, participation in projects, on-the-job training, self-training, mentoring, coaching, and other strategies.

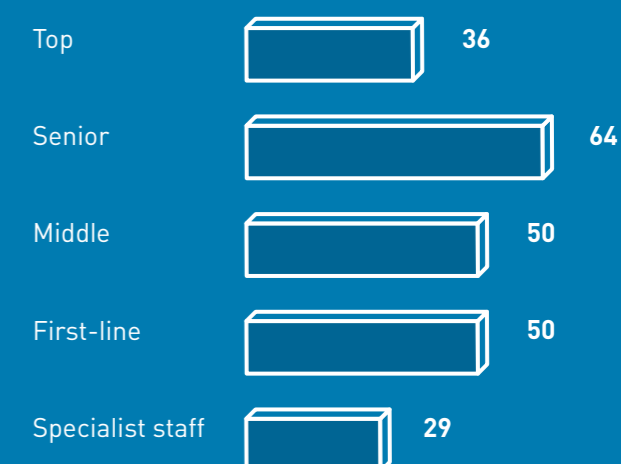
Classroom training is provided by the industry's educational establishments, such as the Corporate Academy of Rosatom, the Central Institute for Advanced Training, and the National Research Nuclear University MEPhI (Moscow Engineering Physics Institute), as well as by leading consulting and training companies in Russia. In 2013, 26.410 industry personnel received training at the industry's educational establishments.

The average level of expenditures for training one employee in the nuclear industry was 3.260 roubles in 2013. On average, an employee within the industry receives 29 to 64 hours of training per year, depending on the individual's management level.

Mentoring is a special component of the nuclear staff development system. It is used in the student and probationer career guidance process, at the newcomer adaptation stage, in executive staff appointments within a higher management level, and in the development of potential successors. The total number of mentors within the industry was over 200 in 2013.

Industry development programmes suggest intermodular support and training, including participation

NUMBER OF TRAINING HOURS PER EMPLOYEE WITH A BREAKDOWN BY MANAGEMENT LEVELS, 2013



in cross-divisional projects and self-training. In 2013, in a partnership with Russian publishers, a corporate e-library, known as "Rosatom Leader Library", was formed; it contains over 100 e-books and business editions. Since September 2013, articles on management issues have been published for industry personnel in partnership with a leading business magazine.

#### Interaction with universities

In the reporting year, an educational association, the Consortium of Base Universities for Rosatom State Corporation, continued its activities. It unites 14 job-oriented higher vocational educational establishments training personnel for the nuclear industry. The base universities cover over 49% (42% in 2012) of the industry's demand for young professionals. Together with the Corporation, the association's member universities considered the problems involved in the industry order

of specialist staff with higher and secondary vocational degrees. A tool was built to model the development dynamics of the young professional labour market. The most sought-after professions in which specialists are trained were listed. Offering on-the-job training within the organisations of JSC Atomenergoprom to students of job-oriented universities was continued in the reporting year. In 2013, 3,217 university students received on-the-job training (3,180 in 2012). Probation training within the enterprises of JSC Atomenergoprom was also received by 152 postgraduate students and university faculty members (87 in 2012).

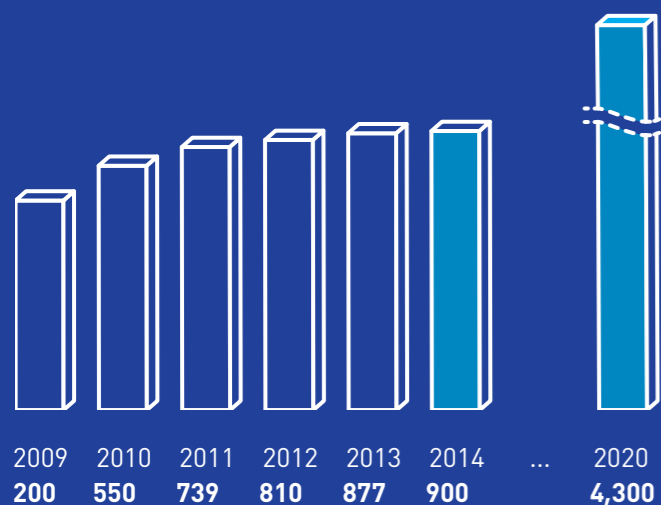
Given the existing demand for professional training within the organisations of JSC Atomenergoprom, 459 people enrolled in 76 universities in 2013 (443 in 2012). The total number of students who were receiving university training in 2013 as part of target orders from the organisations of JSC Atomenergoprom amounted to 761 (779 in 2012). There were 340 people who received training that was paid for by various organisations (214 in 2012). The amount of in-house funds spent by organisations for the target university training of students amounted to 31.86 million roubles in 2013 (23.05 million roubles in 2012).

The organisations of JSC Atomenergoprom actively use the opportunities offered by the extra vocational university training system. In 2013, 3,302 employees of JSC Atomenergoprom's enterprises underwent professional retraining or advanced training at a university level (2,110 in 2012) and approximately 72,98 million roubles were spent for the training services (103,16 million roubles in 2012).

The recruitment and retention of gifted young people within the nuclear industry, as well as the improvement and promotion of job-oriented education, are significantly aided by initiatives on annual tenders for awarding 150 scholarships (each one of 5,000 roubles per month) to university students trained in the professions that are most in demand within the nuclear industry, as well as for awarding 100 prizes (of 100,000 roubles each) to talented and promising young scientists employed within nuclear organisations.

In 2013, a forecast was made regarding the evolution of the young professional market within the industry for

EXPENDITURES FOR R&D WITH UNIVERSITIES, MILLION ROUBLES



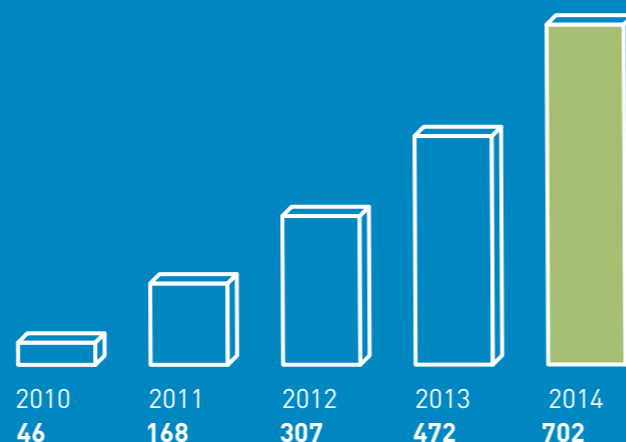
placement for the training of nuclear specialist staff.

The industry's innovative development programme suggests a major scaling of joint research activities with the job-oriented universities. By 2020, the share of the R&D order funding for universities is expected to amount to 10% of Rosatom's total R&D funding, which is equivalent to 4.3 billion roubles. Since 2009, a positive growth trend has been observed in the dynamics of Rosatom's portfolio of R&D orders for job-oriented universities.

#### Staffing of organisations with young professionals

The employment of university graduates within the nuclear industry's organisations was monitored in 2013. In 2013, 907 people were employed with JSC Atomenergoprom's organisations (795 in 2012). A forecast for the period until 2012 was also made in terms of the demand of organisations for the recruitment

DYNAMICS OF CHANGES IN THE NUMBER OF FOREIGN STUDENTS RECEIVING NUCLEAR TRAINING IN THE RUSSIAN FEDERATION (THROUGH ROSATOM STATE CORPORATION/ JSC ATOMENERGOPROM), PEOPLE



the period until 2015, and a tool was built for modelling the developmental dynamics of the young professional labour market. The level of the specialist staff employment in the industry-specific job areas is expected to increase to 75% by 2020 (as compared to 35% in 2011).

A study on the demand for the training of young specialist staff members in the most sought-after (target) professions, under industry evolution conditions, shows fourfold growth in the demand for personnel training in the period of 2010–2015, including 2,500 highly skilled staff to be trained during that five-year span for the R&D sector of Rosatom and JSC Atomenergoprom.

### International cooperation in education

The system of exporting Russian nuclear education to potentially interesting markets for JSC Atomenergoprom continues to be formed. Russian universities provide nuclear training to foreign students, such as at the National Research Nuclear University MEPhI, as well as its branch department in Obninsk (387 persons), and its partner universities. In 2013, 472 Vietnamese, Turkish, Mongolian, and Jordanian students were studying at Russian universities.

## 3.4. Management of social and relationship capital

Management of social and relationship capital suggests the establishment of structural interactions with stakeholders, raising the personnel involvement

level, contributing to shaping public acceptance of nuclear technology evolution, brand management, and the development of JSC Atomenergoprom's operational areas.

### 3.4.1. Interactions with stakeholders

#### 3.4.1.1. Approaches to interactions with stakeholders

Due to the scale and diverse nature of its activities, JSC Atomenergoprom has a broad range of stakeholders both inside and outside Russia. Focused relations with stakeholders are primarily aimed at achieving the company's strategic goals and at contributing to the public acceptance of nuclear power evolution.

The philosophy of interactions is based on respecting and taking into account the stakeholder interests, open prolific cooperation, timely and full disclosure of information concerning the Company's activities, the desire to ensure particular benefits for all stakeholders, and the fulfilment of one's obligations.

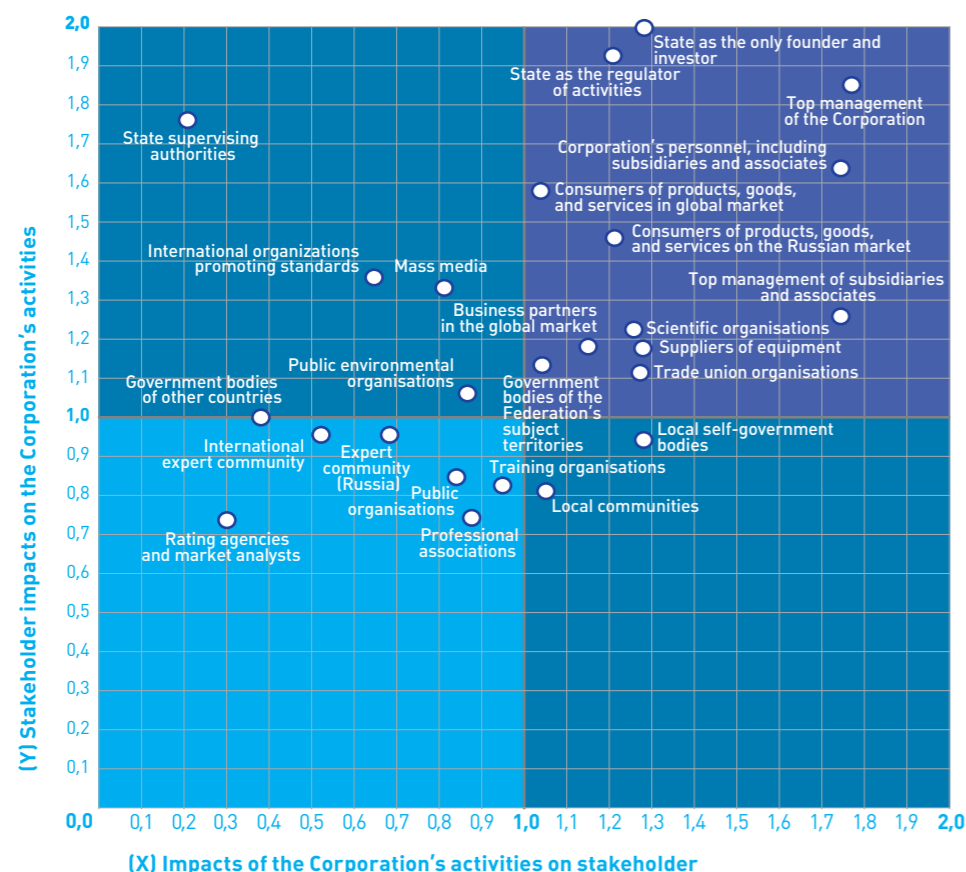
Due to the wide variety of major activities (uranium mining, NPP construction, electricity generation, fabrication of fuel, power engineering, and others), as well as of auxiliary activities (international legal cooperation, legislative activities, etc.), each activity has its own stakeholders; therefore, JSC Atomenergoprom establishes systemic and planned interactions with them. Meanwhile, some of JSC Atomenergoprom's activities are aimed at collaborating with all stakeholders and the public at large.

### INTERACTIONS WITH STAKEHOLDER ENGAGEMENT

Government bodies of the Russian Federation	1	–	15	B	C	E	F	G											
State supervising authorities	1	2	4	6	7	10	B	C	N										
Regional government bodies	2	6	10	14	B	C	E	F	G										
Local self-government bodies in the operating areas	2	14	C	E	F	G	K												
International organisations, including in the nuclear sector	1	2	6	7	10	A	K												
Rosatom's organisations	3	5	8	12	15	D	K												
Producers and suppliers of equipment and services	5	7	10	K	L														
Consumers of technologies, products, and services	3	5	6	7	8	9	11	K	H										
Business partners	5	6	7	8	10	12	K	M											
Professional associations	6	13	15	F	D	K	O												
Public, including environmental organisations	2	10	14	C	E	G	K	O											
Employees of the Corporation and its organisations, as well as organisations representing their services	6	10	13	15	F	D	I	E	O										
Local communities in the operating areas	14	C	E	F	G	H	K	O											
Training organisations	3	13	15	D	J														
Financial institutions	3	5	8	10	K														
Rating agencies, market analysts, and experts	5	10	12	K															
Citizens of the Russian Federation	1	2	4	6	10	11	14	H	O										
Scientific organisations	3	K	O																

P Q

STAKEHOLDER RANKING MATRIX



#### Stakeholder interests

- 1 Non-proliferation of nuclear materials and technologies
- 2 Nuclear, radiation, and environmental safety
- 3 Upgrading of nuclear industry
- 4 Efficiency of budget spending
- 5 Economic efficiency of Rosatom's organisations
- 6 Adherence to international and Russian law
- 7 Fair competition and responsible market behaviour
- 8 Competitiveness in world markets
- 9 Improvement in the quality of products and services
- 10 Transparency of Atomenergoprom's activities, including transparency of procurement
- 11 Reliable electricity supplies
- 12 Introduction of international regulations and standards
- 13 Decent remuneration for personnel and professional growth of employees. Safe labour conditions
- 14 Improvement of living standards in the operating areas
- 15 Development of Atomenergoprom's staffing potential

#### Types of interactions with stakeholders

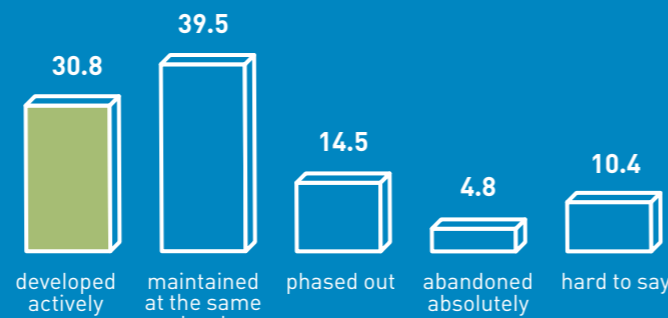
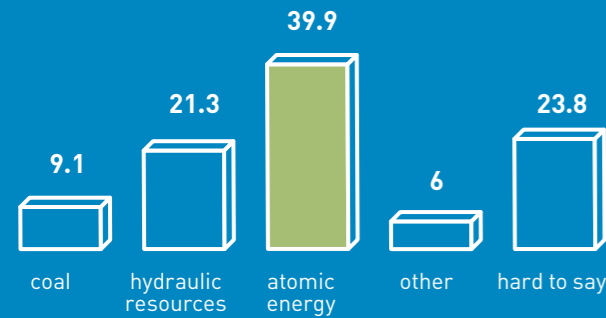
- A Cooperation with designated international organisations, participation in international programmes and projects
- B Participation in legislative activities
- C Public hearings and public environmental expert reviews for NPP construction projects
- D Personnel training and advanced training programmes
- E Social programmes and projects
- F Participation in the development of operating areas
- G Charitable activities
- H Public surveys, user satisfaction studies
- I Hotlines
- J Programmes of cooperation with job-oriented universities
- K Dialogues, presentations, forums, and conferences
- L Public and competitive tender procedures
- M Programmes of cooperation with other companies
- N Programmes of cooperation with government supervising authorities and law enforcement bodies
- O Public management and supervising bodies
- P Awareness and communication
- Q Public reporting



PUBLIC OPINION SURVEYS  
PUBLIC OPINION ON THE EVOLUTION OF NUCLEAR POWER IN RUSSIA

They say that Russia will have exhausted its oil and gas resources in 20 years. What do you think might substitute these as energy sources? (% of respondents)

How do you think nuclear power should be treated: developed actively, maintained at the same level, phased out, or abandoned absolutely? (% of respondents)



The survey was conducted by the Levada Centre, a Russian non-governmental public opinion poll agency; it is based on a representative selection of Russia's population (1,601 people aged 18 years or older) and was conducted in September 2013.

3.4.1.2. Communications and awareness

In 2013, communication and awareness activities were carried out with respect to two objectives:

- » improving the public acceptance of nuclear power evolution in Russia and other countries; and
- » explaining the strategy of the Company as a global technological leader that offers innovative solutions not only in nuclear power, but also in nuclear medicine, material technology, space explorations, energy savings, and safety improvement.

Direct external communications

Public Council

The Public Council of Rosatom State Corporation was formed in 2006 for the stated purpose of having Russian public and professional associations, scientific organisations, and local self-government bodies involved in the development of nuclear decision-making guidelines.

In 2013, the Public Council continued to actively carry out numerous activities concerned with the safe uses of atomic energy. The following events were staged in the reporting year

- » the 8th International Public Forum Dialogue, entitled Atomic Energy, Society, Safety, Moscow (200 delegates, 9 countries, and 22 public organisations);
- » the 6th Regional Public Forum Dialogue, entitled Nuclear Generation, Society, Safety, St. Petersburg, (150 delegates and 15 public organisations);
- » three technical tours, including members of the public, to Russian nuclear sites;
- » five scientific and practical conferences and round tables for education and health workers, as well as for the public in nuclear installation deployment localities;
- » two research paper contests involving scientists and university/school students (Energy of Future

Generations, International Contest of Research Papers on the Environmental Problems of Nuclear Power);

- » an open public competition among nonprofit organisations related to the development and implementation of socially significant projects for nuclear installation deployment localities (in 2013, over 193 projects from 29 regions were submitted for the competition, of which 127 were accepted by the Public Council); and
- » the publication of six reference and popular-science books and booklets as part of the project, entitled Library of the Public Council, including IAEA's booklet, Communication with Public in a Nuclear or Radiological Emergency.

Atomic energy information centres

Since 2008, a project has been under way within the industry to set up atomic energy information centres (AEIC) in the operating areas of the Company's organisations (www.myatom.ru).

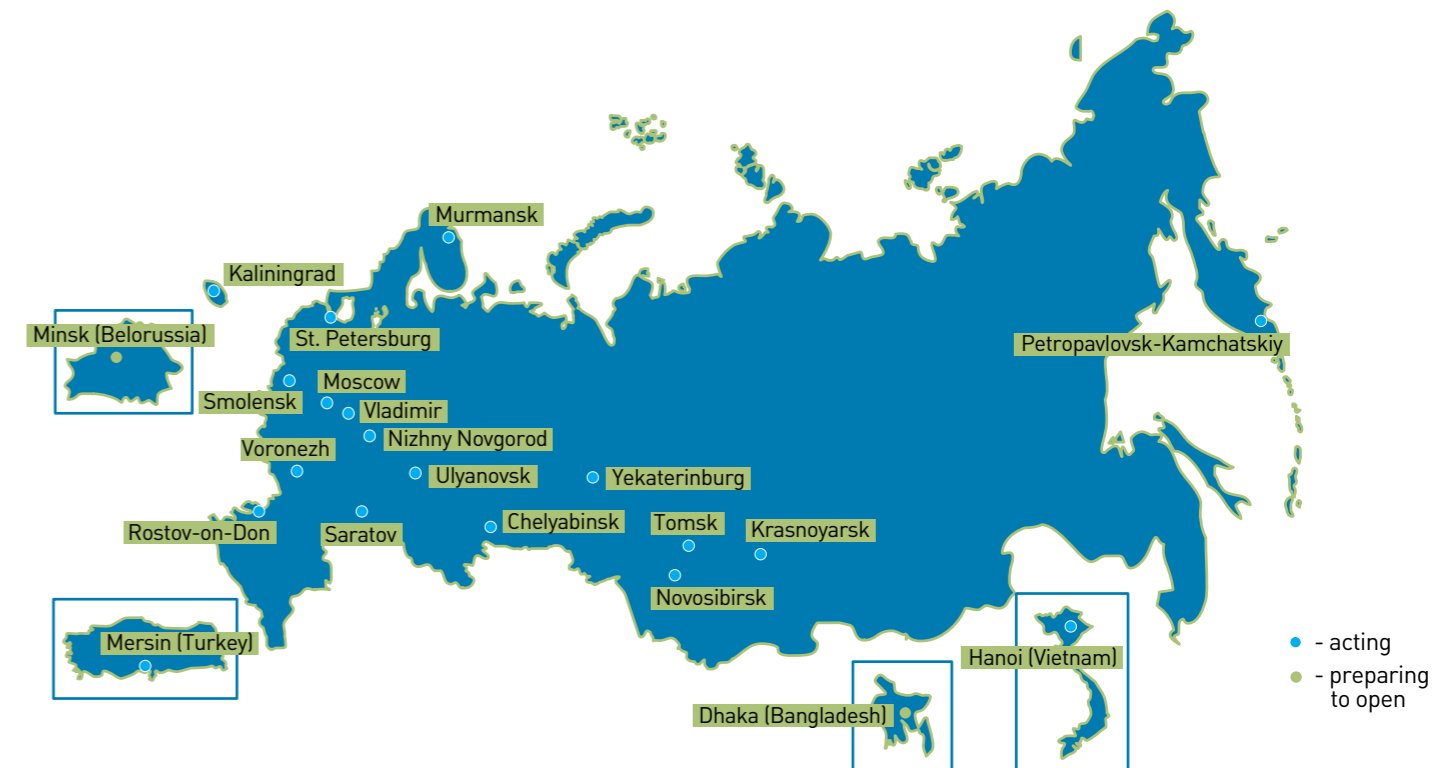
The primary tasks of the centres are the dissemination of basic knowledge about the nuclear industry, public awareness activities, and the promotion of science, innovative technologies, and technical education to secondary school students.

The first of these centres was opened in Tomsk. Today, this information network in Russia incorporates 17 information centres.

In December 2012, the first foreign centres began operations in Hanoi, Vietnam and in Mersin, Turkey. In 2013, an information centre was opened in Dhaka, Bangladesh.

Over the course of five years, the centres have received over one million visitors, including more than 344,000 in 2013. Visitors to the centres are able to watch multimedia programmes on nuclear power, astronomy, and regional geography, and can also take part in artistic, educational, and awareness projects.

ATOMIC ENERGY INFORMATION CENTRES



AEIC-based nuclear education projects

In 2013, a number of AEIC-based traditional educational projects were successfully implemented. In the reporting year, the federal awareness projects, entitled Energy of Science and Science and Sports: Full Contact, were implemented for the first time by the AEICs. As part of Energy of Science, over 700 residents of Chelyabinsk, Vladimir, Smolensk, Ulyanovsk, Tomsk, and Rostov-on-Don could take part in the events conducted by Russian science promoters.

Over five thousand school and university students took part in the AEIC-based federal awareness project, Science and Sports: Full Contact, which was sponsored by the Russian sports ministry and JSC Atomenergoprom. The participants in the project attended the AEIC-based Olympic classes, which involved both scientists and athletes, and met with the legendary ice-hockey player Vladislav Tretyak, as well as renowned athletes Olesya Vladykina, Ulyana Donskova, and Gleb Galperin.

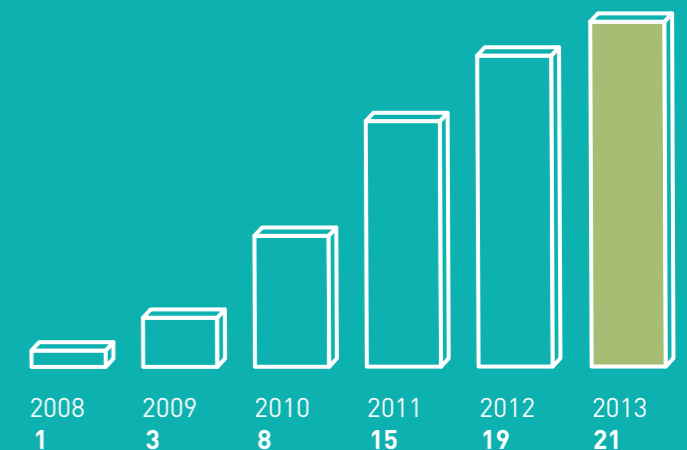
In 2013, as is tradition, the AEICs held the 8th All-Russian Research Paper and Abstract Contest for School and University Students, entitled Nuclear Science and Technology.

In the reporting year, it was the first time that the information centres acted as partners for the All-Russian Festival of Science. In St. Petersburg's AEIC alone, the festival's events (public lectures, cinema clubs, scientific shows, and artistic contests) were attended by over 2,500 school students.

Forsazh-2013 forum

The 3rd Young Generation Innovative Forum, Forsazh-2013, was held in the Kaluga Region from 30 June to 6 July 2013. The total number of participants and visitors exceeded 700. Young employees of nuclear enterprises were in high attendance at the forum. The programme was divided into the Innovative, Global, Energopolis, and Information sectors. For a week, young professionals of JSC Atomenergoprom's organisations and partner companies attended numerous master classes and business games, took

DYNAMICS OF THE AEIC OPENING



part in case studies, and defended projects before the leaders and representatives of leading Russian and foreign companies, competent experts, analysts, and scientists.

### Innovations Train

The year 2013 saw the continuation of Innovations Train, an information and enlightenment project implemented jointly with JSC "Russian Railways". This is a unique mobile exhibition and lecture complex that receives visitors across Russia while travelling on the country's railways. Of particular interest were NPP safety improvement designs developed by Russian scientists and engineers, including a melt trap, reactor control and protection rods, and the containment area. The operation of these strategies was demonstrated with the aid of interactive teaching modules. After the tour of the exhibition, every visitor could measure his/her radioactivity using a multipurpose radiation detector.

In 2013, the Innovations Train covered a total of nearly 72,000 kilometres, visiting 123 towns and cities; the exposition was seen or visited by over 148,000 people.

### Forums and exhibitions

В 2013 году ОАО «Атомэnergy» took an active part in awareness and display activities both inside and outside Russia.

A very special event was the 5th International Exhibition ATOMEXPO-2013, which was held 26–28 June 2013 in St. Petersburg, in tandem with the IAEA Ministerial Conference. This defined ATOMEXPO's major topic Nuclear Power in the 21st Century: Responsible Partnership for Sustainable Development. The forum was attended by delegations of 42 countries and representatives from 153 corporate exhibitors. The forum's business programme attracted 791 delegates from 275 organisations. A number of international agreements were signed as part of the forum to demonstrate and prove the efficiency of international cooperation.

The major topic of the 7th International Forum AtomExpo-2013 (30–31 October 2013, Moscow) was Nuclear Power as a Zero-Damage Strategy, which defined the agenda of the business programme discussions. The forum was attended by about 1,000 representatives from 18 countries. As part of the business programme, reports were delivered by 296 Russian and foreign leaders and experts. Accomplishments by 31 companies were displayed as part of the exhibition and the forum's business programme was also comprised of 10 breakout sessions.

The international forum of nuclear suppliers, ATOMEX-2013, (2–4 December 2013, Moscow) was marked by a highly topical business programme, including thanks to small and medium businesses being involved in the procurement activities, and thanks to the improvement in the efficiency of procurement; extension of the number of suppliers, including messages of thanks to the small and medium businesses involved in the procurement activities; and the improvement in

the efficiency of procurement. A great deal of interest was shown by the delegates in the customer-supplier business meetings (in a B2B format), which had been organised for the first time as part of the forum. The forum was attended by over 630 representatives from 322 companies throughout Russia, Belarus, Germany, Spain, Ukraine, Finland, France, Czech Republic, and Japan.

### Internal communications

#### Involvement level studies

A series of involvement studies have been conducted within the nuclear industry for three years (2011–2013). Since 2011, the number of the participating organisations has grown from 45 to 57, thanks to a greater interest in the industry's enterprises and divisions in the given tool (including 32 enterprises of JSC Atomenergoprom). These enterprises have a workforce of 200,000 people,

including the installation of information terminals, the training of production leaders, wage indexation, corporate parties, the development of mentoring programmes, on-the-job training, repairs, children's camps (enterprises of JSC Atomenergomash), a children's festival in Snezhinsk, and many more; and

- » regular visits made by the industry's top leaders to key sites.
- The key events and projects in 2013 were:
  - » visits made by the nuclear industry's leaders to the industry's key sites (over 170 visits to 50 sites); and
  - » auditing of the labour payment system (Unified Standardised Remuneration System) at some of JSC Atomenergoprom's enterprises.

The prime long-term objective of the involvement project within the nuclear industry is to achieve the same personnel involvement level of the world leaders

nominations (47). The applicants were aged between 23 (the Rising Star nomination) and 83 years (the Mentor of the Year nomination).

The course of the contest was highlighted by all corporate media. In 2013, there were 177 shortlisted participants who represented 65 enterprises (including 29 JSC Atomenergoprom's organisations). The award ceremony, which involved the participation of the industry's leaders, was held on 27 February in Moscow. The ceremony's level of organisation and format were highly praised by the participants in general, as well as by the contest winners and the industry leaders.

### Public communications, mass media, and Internet

#### What? Where? When? TV game show

One of the most important projects in the field of public communications in 2013 was the cooperation with What? Where? When?, a Russian television game show. The placement of image-building clips about the Corporation of Knowledge in the most intellectual TV game offered by the Russian TV network has been a successful example of accessing and dealing with the target audience. Furthermore, a number of the Company's employees joined the Rosatom Team for participation in the game as the result of internal selection. The young team of nuclear specialists became the discovery of the season and, at the same time, the embodiment of the nuclear industry's staffing and intellectual potential in the eyes of Russian TV viewers. By qualifying for the game's final stage, the Rosatom Team positioned the Russian nuclear industry as an activity and business sphere based on human knowledge, innovation, and high technologies.

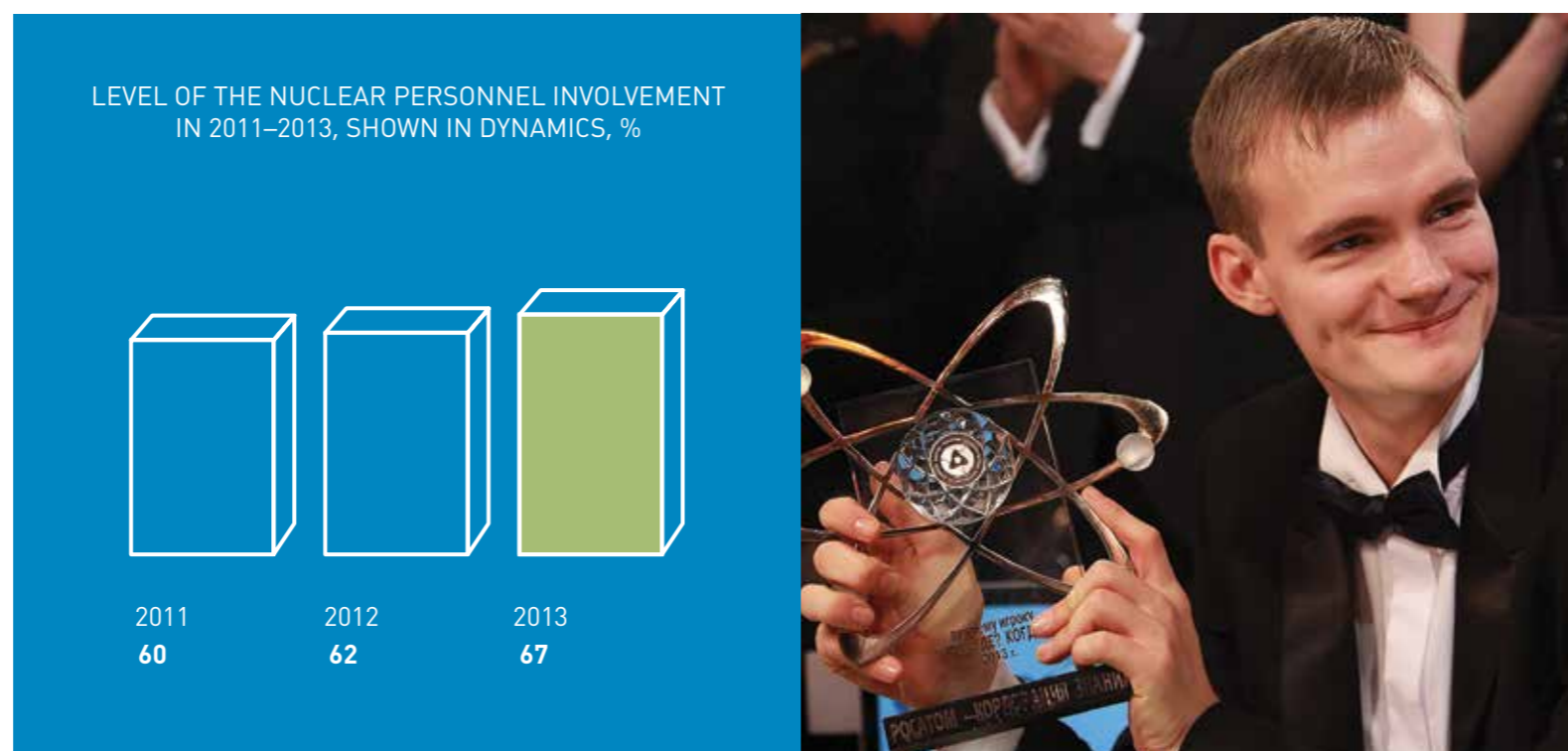
#### Horizons of Atom

In collaboration with Rossiya television channel, JSC Atomenergoprom is a producer of a TV programme, Horizons of Atom, which highlights various aspects of the nuclear industry's activities and innovative design development. The purpose of the programme is to publicise the industry's plans and activities, provide for the psychological perception by the public at large of the safety of the peaceful uses of atomic energy, and contribute to the inflow of young people into the industry.

The programme is broadcast on the Rossiya-24 channel on a regular basis. Altogether, there were 23 programme editions broadcast in 2013. In December 2013, a documentary, entitled Encyclopedia of Atom. Volume 11. Deal of the Century: Megatons to Megawatts, was also shown on television.

#### Industry press

The publication of Strana Rosatom ("Rosatom Land"), the industry newspaper with a circulation of 55,000 copies, was continued in 2013. Annually, as part of the involvement level studies, the newspaper's current confidence index, as a source of information about the activities of the company and the industry as the whole, is measured. In 2013, Strana Rosatom's



of which over 42,000 take part in the surveys each year. The following activities were undertaken during the three-year period:

- » eight awareness days were conducted at 216 nuclear organisations (of which 67 are JSC Atomenergoprom's) with a total of 90,000 to 187,000 people covered;
- » a public feedback mechanism was established and has been regularly used to handle personnel's questions to industry leaders and provide answers to these questions;
- » over 300 articles were published in the industry's periodicals, including answers to the personnel's questions concerning social package, wage, career, and other issues;
- » over 2,400 events were conducted for improving personnel involvement within nuclear organisations,

in technological industries (70% or higher) within three to five years.

#### Industry personnel recognition programme

An industry nomination programme, Rosatom's Man of the Year, was developed and introduced in 2013 for the purpose of recognising the personnel services. The nomination list consists of 53 nominations, including 35 divisional nominations, 13 corporate-level nominations, and 5 Director General's special nominations.

For three weeks, during which the new contest was announced within the industry, 768 personnel applications for participation in the contest were received, of which 378 were for divisional nominations, 243 for corporate-level nominations and 147 for special nominations. JSC Concern Rosenergoatom accounted for the largest number of the applications for special

confidence index grew by 14% to reach 64%.

Vestnik Atomproma ("Atomprom Herald"), the industry journal with a circulation of 3.600 copies, continued to be published in the reporting year. The journal is primarily a periodical for nuclear specialists. It publishes content on the most urgent problems of the industry's evolution.

Atomny ekspert ("Nuclear Expert") is a supplement to the scientific edition Atomnaya Energiya ("Atomic Energy") that has been issued since 2011. This journal is an information and analytical project for nuclear professional staff and is circulated on a targeted basis. Its current circulation is 1.500 copies. In 2013, ten issues were published.

There are 27 additional industry periodicals, the majority of which are such newspapers as Novoye vremya ("New Time") (publisher: Siberian Chemical Combine, Seversk; circulation: 15.700 copies) and Impuls ("Pulse") (publisher: Electrochemical Plant, Zelenogorsk; circulation: 10.000 copies), which have the status of municipal editions.

#### A Ring of Websites project

In 2013, JSC Atomenergoprom continued to consistently extend its presence in the Internet network to keep the public at large informed on its activities and the events taking place in the industry. Work was continued to upgrade the existing websites of the Company's organisations.

As part of the project A Ring of Rosatom Websites, which was launched in 2009 to invigorate the web coverage of JSC Atomenergoprom's activities, information was also extensively posted on the websites of the Company's major subsidiary enterprises. In particular, JSC Atomenergoprom's website posted investor-related information required to be disclosed by applicable Russian law. In 2013, in terms of information disclosure, the Company's major divisions were highly active, specifically the Machine Building Division (JSC Atomenergomash) and the Fuel Division (JSC TVEL). These corporate websites and portals are based on the industry-generic IT Platform (IBM Websphere) and have an identical design, which contributes to the increased recognisability of the Company's corporate design.



#### 3.4.2. Activities in operating areas

Management of social and economic capital in the Company's operating areas includes the management of social and socio-economic programmes in the operating areas, including investments in social infrastructures and the establishment of constructive interactions with stakeholders.

The economic impact of JSC Atomenergoprom on the development of the operating areas is integrated. The Company contributes significantly to ensuring the energy security of the whole range of regions, and takes an active part in the creation and fair division of value. JSC Atomenergoprom is a major taxpayer in the operating areas, making tax payments into the budgets at all levels. The great economic effects from the Company's operations show themselves in a large number of qualified jobs being created in the nuclear industry and in the adjacent sectors, while providing not only for a great deal of employment capabilities, but also for decent labour conditions and payment level.

#### CREATION AND DIVISION OF VALUE, MILLION ROUBLES

Description	2013	2012
<b>Crated value</b>	<b>437,435</b>	<b>399,601</b>
incomes (sales proceeds, as well as income from financial investments and sale of assets)	437,435	399,601
<b>Divided value</b>	<b>302,676</b>	<b>291,545</b>
operating costs (payments to suppliers and contractors, material procurement costs)	(162,220)	(170,471)
wages and other payments and allowances to personnel	(83,400)	(77,154)
payments to capital suppliers	(17,283)	(9,082)
gross tax payments (less personal income tax and VAT)	(33,478)	(28,805)
investments in communities, including donations	(6,295)	(6,033)
<b>Undivided value</b>	<b>134,759</b>	<b>108,056</b>

#### 3.4.2.1. Contribution to creation and division of value

The overall economic performance of JSC Atomenergoprom is disclosed in the table giving data on the creation of value and its division among the stakeholders. The created value is divided among the suppliers and the contractors (as part of operating costs), the capital suppliers (as interest payments to creditors), the personnel of the Company and its organisations (labour payments and social expenditures), the state (in the form of tax payments), local communities, and the regional and municipal authorities (as social investments, charity expenditures, and tax payments). A part of the value created is retained by the Company in the form of undivided value, including the funds earmarked for business development.

#### 3.4.2.2. Creation of new jobs and contracting

Traditionally, for the nuclear industry, the activities of JSC Atomenergoprom and its organisations have been governed by responsible business principles. The Company takes into account the significance of business responsibility principles and gives them precedence, while having this as its prime objective: the social and economic development of Russia, along with its regions and cities. A number of industry-wide social programmes were embarked upon and have been consistently implemented by the Company.

#### 3.4.2.3. Implementation of social and charity programmes in operating areas

Traditionally, for the nuclear industry, the activities of JSC Atomenergoprom and its organisations have been governed by responsible business principles. The Company takes into account the significance of business responsibility principles and gives them precedence, while having this as its prime objective: the social and economic development of Russia, along with its regions and cities. A number of industry-wide social programmes were embarked upon and have been consistently implemented by the Company.

#### Charity activities

#### The Concept of Charity Activities and Interactions with Local Communities

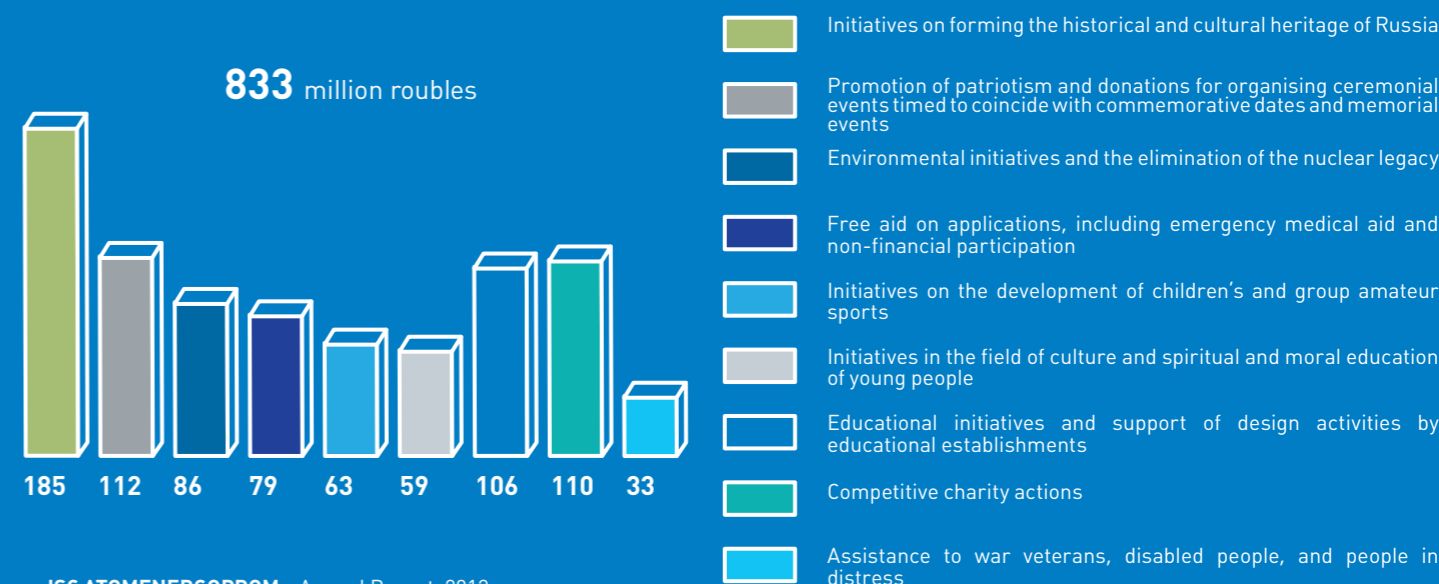
Pursuant to the Concept of Charity Activities and Interactions with Local Communities adopted in 2010, JSC Atomenergoprom and its organisations have the following as their top priorities in terms of charity activities:

- » implementation of local initiatives aimed at improving the standards of living and maintaining favourable environmental conditions;
- » implementation of initiatives aimed at protecting people's life and health (including disabled and elderly people, orphaned children, people in distress);
- » support of educational initiatives, including contests, grant support to educational projects and programmes, advanced training of teachers;
- » maintenance of high social and cultural standards in the operating areas of the Company's organisations:
  - support of cultural and enlightenment initiatives, advanced training of cultural, social, and medical workers, and
  - participation in the promotion of patriotism, dissemination of spiritual values, and the promotion of group sports and healthy ways of living; and
- » assistance in forming professional management traditions for ensuring the social and economic development of the nuclear site deployment areas.

In 2013, over 570 charity initiatives were implemented inside and outside the operating areas of the Company's organisations. The funding for the charity actions amounted to 833 million roubles.

In 2013, the industry's organisations successfully conducted more than 30 contests of local-level charity initiatives. The total funds distributed on a competitive basis amounted to about 110 million roubles and covered 32 cities in Russia.

#### FUNDS SPENT FOR CHARITY ACTIONS IN THE NUCLEAR INDUSTRY IN 2013



## 3.5. Management of natural capital, ecological safety, and environmental protection

### 3.5.1. Implementation of the Environmental Policy

Environmental safety is an absolute top priority in the activities of JSC Atomenergoprom's enterprises. Since 2008, the Environmental Policy has been implemented within the Russian nuclear industry. Its objective is to ensure the environmentally friendly and sustainable evolution of nuclear organisations in the process of atomic energy generation and utilisation.

One of the key organisational activities in 2013 was the actualisation of the Environmental Policy pursuant to the approved Fundamentals of the State Policy in the Field of the Environmental Development of the Russian Federation for the Period until 2030, as dictated by the need for improving the environmental safety of nuclear sites.

The systematic activities for the implementation of the Environmental Policy may be carried out only as part of the existing annual planning and reporting system. In 2013, 55 nuclear organisations were listed as environmentally significant and they include facilities with potential sources of impact on people's health and the environment. In the reporting year, environmental safety reports were issued by the environmentally significant organisations for the purpose of disclosing information on activities in the field of environmental protection and environmental safety; a number of organisational, manufacturing, and technological

arrangements were also undertaken for the protection of the environment and the rational use of natural resources.

As part of the nuclear industry's Environmental Policy, organisations are monitored for having valid environmental permits (with respect to emissions and the release of harmful chemical and radioactive substances and the handling of waste, including radioactive waste, water management, and so on). In 2013, 159 nuclear organisations (over 200 with individual sites taken into account) delivered their statistical environmental protection statements.

In 2013, as part of the Environmental Policy implementation, JSC Concern Rosenergoatom received positive state environmental expert review opinions with respect to the operation of the Rostov NPP's Unit 1 and the Balakovo NPP's Unit 3 at a power level of 104% of the rated value. Activities were also undertaken to upgrade the production waste handling facilities at the Kalinin, Kursk and Smolensk NPPs.

In 2013, the following was done at JSC TVEL as part of the environmental policy implementation:

- » gas cleaning equipment for the ammonia emission entrapment was commissioned (JSC CMP);
- » work was completed to replace low-efficiency dust catchers on boiler Units 2 and 6 for high-efficiency wet dust-collecting plants (JSC SCC); and
- » a mobile plant was put into operation for recovering the integrity of the uranium hexafluoride tanks in the depleted uranium hexafluoride storage area, making it possible to greatly reduce the emergency radionuclide and hydrogen fluoride emissions going into the environment (JSC PA ECP).

In 2013, as part of the environmental policy implementation, a full-scale domestic sewage biological treatment station with a 100 m<sup>3</sup>/day capacity was commissioned within JSC Atomenergoprom (at JSC Khiagda).

By a Russian presidential decree, 2013 was declared the Conservation Year throughout the Russian Federation. The main objective of the Conservation Year, conducted by JSC Atomenergoprom, was to promote the shaping of the public's ecological thinking in the nuclear site deployment areas, the preservation of favourable environmental conditions, and the adherence to environmental safety principles.

In the reporting year, major organisational, production, technological, information, scientific, public awareness, and regional events, as provided by the Plan of Activities for the Year of Environmental Protection, were conducted by the industry's environmentally significant organisations (altogether, 1,135 events were conducted within the industry). One of the key organisational events in 2013 was a contest, entitled Environmentally Perfect Nuclear Organisation, in which 51 environmentally significant nuclear organisations took part. The three prizewinners were the Kursk NPP, the Balakovo NPP, and JSC SCC.



# Annex 1. General and specific GRI (G4) standard disclosures and compliance with the RSPP basic performance indicators

## Use of general standard disclosures

General standard reporting disclosure	Report chapter/section/comment
<b>Strategy and Analysis</b>	
G4-1. Statement by the most senior decision-maker of the organisation (e.g. CEO, chair, or equivalent senior position) about the relevance of sustainability to the organisation and its strategy	Address from the Chairperson of the Board of Directors Address from the Director
<b>Organisational Profile</b>	
G4-3. Name of the organisation	Company background
G4-4. Primary brands, products, and services	Company background
G4-5. Location of the organisation's headquarters	JSC Atomenergoprom profile
G4-6. Number of countries where the organisation operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report	International business
G4-7. Nature of ownership and legal form	Company background
G4-8. Markets served (including geographic breakdown, sectors served, and types of customers and beneficiaries) (partially disclosed)	Efficient nuclear electricity supplies for Russian industries Strengthening of the global player position in the global market of nuclear services
G4-9. Scale of the reporting organisation (partially disclosed)	Company background Financial and economic performance Management of human capital
G4-10. Number of employees	Management of human capital
G4-11. Percentage of total employees covered by collective bargaining agreements	Management of human capital
G4-13. Significant changes during the reporting period regarding the organisation's size, structure, ownership, or its supply chain	Corporate management
G4-14. How precautionary principle is addressed	Nuclear and radiation safety
G4-15. Economic, environmental, and social charters, principles, or other initiatives to which the organisation subscribes or which it endorses	International cooperation
G4-16. Membership of associations and international/national advocacy organisations	International cooperation
<b>Identified Material Aspects and Boundaries</b>	
G4-22. Explanation of the effect of any restatements of information provided in earlier reports, and the reasons for such restatements	There were no restatements
G4-23. Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report	There were no significant changes from the previous reporting periods in the reporting year
<b>Stakeholder Engagement</b>	
G4-24. List of stakeholder groups engaged by the organisation	Interactions with stakeholders
G4-26. Approach to stakeholder engagement (partially disclosed)	Interactions with stakeholders
<b>Report Profile</b>	
G4-28. Reporting period (e.g. fiscal/calendar year) for information provided	Report background
G4-29. Date of most recent previous report (if any)	Report background
G4-30. Reporting cycle (annual, biennial, etc.)	Report background
G4-31. Contact point for questions regarding the report or its contents	Contact details

G4-32. GRI content index	Annex 1. General and specific GRI (G4) standard disclosures and compliance with the RUIE'S key performance indicators This report contains standard disclosures from the GRI Sustainability Reporting Guidance
G4-33. External assurance	The report has not been externally assured
<b>Governance</b>	
G4-34. Governance structure	Corporate management
<b>Ethics and Integrity</b>	
G4-56. Values, principles, standards, and norms of behaviour, such as codes of conduct and ethical codes	Annex 3. Observance of the Corporate Conduct Code by JSC Atomenergoprom

## General and specific GRI (G4) standard disclosures and compliance with the RSPP basic performance indicators

Indicator	Compliance with the RUIE's base indicator number	Section of Report
<b>Economic performance indicators</b>		
G4- EC1. Direct economic value generated and distributed	1.2.–1.7.	Management of social and relationship capital
G4- EC3. Coverage of the organization's defined benefit plan obligations	1.8.	Management of human capital
G4- EC7. Development and impact of infrastructure investments and services supported		Management of social and reputational capital
G4- EC8. Significant indirect economic impacts, including the extent of impacts		Management of social and reputational capital
<b>Labour practices and decent work performance indicators</b>		
G4- LA2. Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operation		Management of human capital
G4- LA4. Minimum notice periods regarding operational changes, including whether these are specified in collective agreements		Management of human capital
G4- LA6. Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and by gender	3.1.5–3.1.8.	Nuclear and radiation safety
<b>Product responsibility performance indicators</b>		
G4- PR1. Percentage of significant product and service categories for which health and safety impacts are assessed for improvement		Risk management Nuclear and radiation safety

## Annex 2. Audit Commission's report on the audit findings with respect to the financial and business activities of JSC Atomenergoprom in 2013

### Auditing Commission's report on the audit findings with respect to the financial and business activities of JSC Atomenergoprom in 2013

Moscow

16 May 2014

In accordance with the Federal Law "On Joint-Stock Companies" and the Articles of Association of Joint-Stock Company Nuclear Power Generation Complex (named as "the Company" hereinafter), the financial and business activities of the Company in 2013 were audited by the Company's Auditing Commission in the period of 5 May 2014 through 16 May 2014.

The Company's Auditing Commission was approved by a resolution of the Sole Shareholder of Joint-Stock Company Nuclear Power Generation Complex (No. 1, dated 28.06.2013). The Auditing Commission's members:

- Kurbatov, Grigoriy Aleksandrovich, Deputy Chief Accountant, Rosatom State Corporation (as of the election time);
- Blazhnova, Tatyana Viktorovna, Head, Consolidated Reporting Department, Accounting Office, Rosatom State Corporation (as of the election time); and
- Zhukova, Zoya Aleksandrovna, Chief Specialist, Internal Audit Department, Internal Audit Office, Rosatom State Corporation (as of the election time).

No shareholder or director demands for extraordinary audits or inspections to be conducted were received by the Auditing Commission in the reporting year.

In the course of the audit, the Auditing Commission examined, on a random basis, the constituent documents, accounting registers, accounting (financial) statements, analytical materials, corporate procedure observance issues, and other documents that disclose the material aspects of the Company's activities.

In the course of the audit, the Auditing Commission relied on, among other things, the Company Auditor's report, a report by FBK Company Limited from 31 March 2014.

As the result of the audit, the Auditing Commission:

1. Certifies that the data contained in the Company's financial (accounting) statements is true, and that the financial results of the Company's activities for 2013 are credible.
2. Has not revealed any breaches of procedures, as specified in Russian legal acts for accounting and financial statement submission in the course of financial and business activities, nor in Russian legal acts that might materially affect the credibility of the Company's reporting data.

Chair of the Auditing Commission



T. V. Blazhnova

Members of the Auditing Commission



Z. A. Zhukova

## Annex 3. Observance of the Corporate Code of Conduct by JSC Atomenergoprom

No.	CCC regulation	Applicable / Not applicable	Note
<b>General meeting of shareholders</b>			
1.	Notification of the shareholders on the general meeting of shareholders at least 30 days prior to the date of the meeting, notwithstanding the issues on the agenda thereof, unless a longer term is provided by law	Not applicable	For most of the reporting period, the company had one shareholder by which resolutions are passed as specified in par. 3, Art. 47, of Federal Law No. 208-FZ (On Joint-Stock Companies), dated 26.12.1995
2.	Access of the shareholders to the list of people who are entitled to attend the general meeting of shareholders, starting from the date of the notice of the general meeting of shareholders until the closure of the general meeting of shareholders that is held in person, and, in the event of a general meeting of shareholders held remotely, until the date when the voting ballots stop being collected	Not applicable	For most of the reporting period, the company had one shareholder by which resolutions are passed as specified in par. 3, Art. 47, of Federal Law No. 208-FZ (On Joint-Stock Companies), dated 26.12.1995
3.	Access of the shareholders to the information (materials) to be made available in the preparations for the general meeting of shareholders, by means of electronic communications, including the Internet	Not applicable	For most of the reporting period, the company had one shareholder by which resolutions are passed as specified in par. 3, Art. 47, of Federal Law No. 208-FZ (On Joint-Stock Companies), dated 26.12.1995
4.	Possibility for a shareholder to put an issue on the agenda of the general meeting of shareholders or require a general meeting of shareholders to be called without presenting an extract from the shareholders' register, where the shareholder's rights to shares are recorded, where the shareholder's rights to shares are recorded in the deposit account, presenting a statement from the deposit account will be enough for exercising the above rights	Not applicable	For most of the reporting period, the company had one shareholder by which resolutions are passed as specified in par. 3, Art. 47, of Federal Law No. 208-FZ (On Joint-Stock Companies), dated 26.12.1995
5.	Availability in the joint-stock company's articles of association or bylaws of the requirement regarding the mandatory attendance of the general meeting of shareholders by the Director General, the members of the Board of Directors, the members of the management board, the members of the auditing commission and the auditor of the joint-stock company	Not applicable	For most of the reporting period, the company had one shareholder by which resolutions are passed as specified in par. 3, Art. 47, of Federal Law No. 208-FZ (On Joint-Stock Companies), dated 26.12.1995
6.	Mandatory presence of nominees for the positions of members of the Board of Directors, the Director General, members of the management board, and members of the auditing commission, during the discussion by the general meeting of shareholders regarding their potential election, as well as of the appointment of the joint-stock company's auditor	Not applicable	For most of the reporting period, the company had one shareholder by which resolutions are passed as specified in par. 3, Art. 47, of Federal Law No. 208-FZ (On Joint-Stock Companies), dated 26.12.1995
7.	Availability in the joint-stock company's bylaws of the registration procedure for participation in the general meeting of shareholders	Not applicable	For most of the reporting period, the company had one shareholder by which resolutions are passed as specified in par. 3, Art. 47, of Federal Law No. 208-FZ (On Joint-Stock Companies), dated 26.12.1995
<b>Board of Directors</b>			
8.	Provision by the joint-stock company's articles of association of the Board of Directors' authority to annually approve the financial and economic plan of the joint-stock company	Applicable	Par. 56, subpar. 3, 20 of the Articles of Association
9.	Availability in the joint-stock company of a risk management procedure approved by the Board of Directors	Not applicable	
10.	Provision by the joint-stock company's articles of association of the right of the Board of Directors to suspend the powers of the Director General appointed by the general meeting of shareholders	Not applicable	
11.	Provision by the joint-stock company's articles of association of the right of the Board of Directors to establish requirements regarding the qualification of and the size of the remuneration payable to the Director General, the members of the Board of Directors, and the heads of the joint-stock company's major divisions	Applicable	Par. 56, subpar. 12 of the Articles of Association

12.	Provision by the joint-stock company's articles of association of the right of the Board of Directors to approve the terms and conditions of contracts with the Director General and the management board members	Applicable	Par. 56, subpar. 12 of the Articles of Association
13.	Availability in the joint-stock company's articles of association or bylaws of the requirement that the votes of the members of the Board of Directors who act as the Director General and the management board members shall be taken into account when the terms and conditions of the contracts for the Director General (the managing organisation, the managing director) are approved	Not applicable	
14.	Presence on the joint-stock company's Board of Directors of at least 3 independent directors that meet the CCC requirements	Not applicable	
15.	Absence on the joint-stock company's Board of Directors of anyone who has been found guilty of committing crimes in the field of business, crimes against the public order, the public service interests, or the local self-government service interests, or those who have been administratively punished for business, financial, tax, duty, or securities market offences	Applicable	
16.	Absence on the joint-stock company's Board of Directors of any person who acts as a member, the Director General (managing director), member of a management body, or an employee of any competitor to the joint-stock company	Applicable	
17.	Availability in the joint-stock company's articles of association of the requirement that the Board of Directors shall be elected by cumulative voting	Not applicable	For most of the reporting period, the company had one shareholder by which resolutions are passed as specified in par. 3, Art. 47, of Federal Law No. 208-FZ (On Joint-Stock Companies), dated 26.12.1995
18.	Provision by the joint-stock company's bylaws of the obligation of the members of the Board of Directors to refrain from any actions as will or may potentially lead to a conflict between their interests and the interests of the joint-stock company, and, where such conflict arises, of the obligation to disclose information on such a conflict to the Board of Directors	Not applicable	
19.	Provision by the joint-stock company's bylaws of the obligation of a member of the Board of Directors to notify the Board of Directors in writing of the intent to make transactions with securities of the joint-stock company of which he or she is a member of the Board of Directors, or of its daughter (dependent) companies, as well as to disclose information on such transactions with securities that are made	Applicable	JSC Atomenergoprom's order No. 5/65-P, dated 29.12.2011
20.	Provision by the joint-stock company's bylaws of the requirement that the meetings of the Board of Directors shall be held at least once every six weeks	Not applicable	
21.	Holding of meetings of the Board of Directors with a frequency of at least once every six weeks in the year for which the joint-stock company's annual report is prepared	Applicable	There were 97 meetings of the Board of Directors in the reporting period
22.	Availability in the joint-stock company's bylaws of the procedures for holding the meetings of the Board of Directors	Applicable	Bylaw of the Board of Directors
23.	Provision by the joint-stock company's bylaws of the requirement regarding securing the Board of Directors' approval for any company transactions for a sum of 5% or more of the cost of the company's assets, excluding the transactions made in the regular course of business	Applicable	Par. 56, subpar. 29 of the Articles of Association
24.	Availability in the joint-stock company's bylaws of the right of the members of the Board of Directors to receive from the joint-stock company's executive bodies and the heads of the company's major divisions the information required by them to perform their respective functions, as well as the liability of those members for the failure to make such information available	Applicable	Bylaw of the Board of Directors
25.	Existence of the Board of Directors' committee on strategic planning or delegation of the said committee's functions to another committee (excluding the audit committee and the personnel and remuneration committee)	Not applicable	No Board of Directors committee was formed

26.	Existence of the Board of Director's committee (the audit committee) that recommends the joint-stock company's auditor to the Board of Directors and communicates with him/her and the joint-stock company's auditing commission	Not applicable	No Board of Directors committee was formed
27.	Presence on the audit committee of only independent and non-Executive Directors	Not applicable	No Board of Directors committee was formed
28.	Leadership of the audit committee by an independent director	Not applicable	No Board of Directors committee was formed
29.	Provision by the joint-stock company's bylaws of the right of access of all members of the audit committee to any documents and information of the joint-stock company, provided that no confidential information is disclosed by them	Not applicable	No Board of Directors committee was formed
30.	Formation of the Board of Directors committee (personnel and remuneration committee), the function of which is to determine the criteria for the selection of nominees for the positions of the members of the Board of Directors and develop the joint-stock company's remuneration policy	Not applicable	No Board of Directors committee was formed
31.	Leadership of the personnel and remuneration committee by an independent director	Not applicable	No Board of Directors committee was formed
32.	Absence of the joint-stock company's officials on the personnel and remuneration committee	Not applicable	No Board of Directors committee was formed
33.	Formation of the Board of Directors' risk committee or delegation of the said committee's functions to another committee (excluding the audit committee and the personnel and remuneration committee)	Not applicable	No Board of Directors committee was formed
34.	Formation of the Board of Directors' corporate dispute settlement committee or delegation of the said committee's functions to another committee (excluding the audit committee and the personnel and remuneration committee)	Not applicable	No Board of Directors committee was formed
35.	Absence of the joint-stock company's officials on the Board of Directors' corporate dispute settlement committee	Not applicable	No Board of Directors committee was formed
36.	Leadership of the Board of Directors' corporate dispute settlement committee by an independent director	Not applicable	No Board of Directors committee was formed
37.	Existence of the joint-stock company's bylaws, as approved by the Board of Directors, which establish the procedures for the formation and operation of the Board of Directors' committees	Applicable	Bylaw of the Board of Directors
38.	Availability in the joint-stock company's articles of association of the procedures for determining the quorum of the Board of Directors that makes it possible to ensure the mandatory presence of independent directors at the meetings of the Board of Directors	Not applicable	
<b>Executive bodies</b>			
39.	Existence of a collective executive body (management board) of the joint-stock company	Not applicable	
40.	Availability in the joint-stock company's bylaws of the requirement that the management board shall approve real estate and loan-raising transactions of the joint-stock company unless these are major deals and are beyond the scope of the joint-stock company's regular business	Not applicable	No formation of a collective executive body is provided, and real estate transactions are subject to the approval from the Board of Directors
41.	Availability in the joint-stock company's bylaws of the procedure for the approval of operations that are beyond the scope of the joint-stock company's financial and economic plan	Not applicable	
42.	Absence of any people who act as members, the Director General (managing director), a member of a management body, or an employee of a competitor to the joint-stock company on the company's executive bodies	Applicable	

43.	Absence of any people on the joint-stock company's executive bodies who have been found guilty of committing crimes in the field of business or crimes against the public order, the public service interests, and the local self-government service interests, or who have been administratively punished for business, financial, tax, duty, or securities market offences. Where the functions of the sole executive body are performed by the managing organisation or the Managing Director, compliance of the managing organisation's Director General and management board members or the Managing Director with the requirements to the joint-stock company's Director General and management board members	Applicable	
44.	Provision by the joint-stock company's articles of association or bylaws of a prohibition with respect to the performance by the managing organisation (Managing Director) of similar functions within a competitor company, and with respect to being in any property relations with the joint-stock company, except the rendering of services as the managing organisation (Managing Director)	Not applicable	
45.	Provision by the joint-stock company's bylaws of the obligation of the executive bodies to refrain from any actions that will or potentially may lead to a conflict between their interests and the joint-stock company's interests, and, in the event of such a conflict, to inform the Board of Directors of such a conflict	Not applicable	
46.	Availability in the joint-stock company's articles of association or bylaws of the criteria for the selection of the managing organisation (Managing Director)	Not applicable	
47.	Submission by the joint-stock company's executive bodies of monthly reports on its activities to the Board of Directors	Not applicable	
48.	Provision in the contracts made by the joint-stock company with the Director General (managing organisation, Managing Director) and the members of the management board of the liability for a breach of the confidential and insider information bylaw	Applicable	
<b>Company secretary</b>			
49.	Existence within the joint-stock company of a special official (company secretary) whose function is to ensure the observance by the joint-stock company's bodies and officials of the procedural requirements that guarantee that the rights and lawful interests of the company's shareholders are exercised	Applicable	
50.	Availability in the joint-stock company's articles of association or bylaws of the procedures for appointing (electing) the company secretary and of the responsibilities of the company secretary	Applicable	Bylaw of the Board of Directors
51.	Availability in the joint-stock company's articles of association of requirements for the nominee company secretary	Not applicable	
<b>Significant corporate actions</b>			
52.	Availability in the joint-stock company's articles of association or bylaws of the requirement that any major transaction shall be approved prior to being made	Not applicable	
53.	Mandatory engagement of an independent appraiser for the appraisal of the market value of the property that is the subject of a major transaction	Not applicable	
54.	Availability in the joint-stock company's articles of association of the prohibition as to the undertaking, when acquiring major blocks of shares in the joint-stock company (absorption), of any actions seeking to protect the interests of the executive bodies (the members of these bodies) and the members of the Board of Directors of the joint-stock company, and/or making the situation worse for shareholders, as compared to the existing situation, (specifically, of the prohibition for the Board of Directors to resolve, prior to the expiry of the expected stock acquisition period, on additional convertible securities or the securities entitling to the acquisition of shares in the company to be issued, even if the right of resolving so is provided by the articles of association)	Not applicable	

55.	Availability in the joint-stock company's articles of association of the requirement for the mandatory engagement of an independent appraiser for appraising the current market value of shares and the potential changes in the market value thereof as the result of the absorption	Not applicable	An independent appraiser is engaged only in such cases as stipulated by the Federal Law on Joint-Stock Companies
56.	Absence in the joint-stock company's articles of association of a provision that the acquirer shall be relieved of the obligation to propose that the shareholders should sell the shares in the company they hold (issuance securities convertible to ordinary shares) during the absorption	Applicable	
57.	Availability in the joint-stock company's articles of association or bylaws of the requirement that an independent appraiser shall be mandatorily engaged for determining the stock conversion ratio during reorganisation	Not applicable	An independent appraiser is engaged only in such cases as stipulated by the Federal Law on Joint-Stock Companies
<b>Disclosure of information</b>			
58.	Existence of a bylaw, as approved by the Board of Directors, that defines the joint-stock company's information disclosure rules and approaches (Information Policy Bylaw)	Not applicable	Respective documents have been approved by the director
59.	Availability in the joint-stock company's bylaws of the requirement regarding the disclosure of information on the goals of the share placement, on the people who are going to acquire the shares placed, including a major block of shares, as well as the requirement if the joint-stock company's top officials will take part in the acquisition of the joint-stock company's shares placed	Not applicable	Under effective law, the Company's shares may be held only by Rosatom State Corporation and/or by the Russian Federation
60.	Availability in the joint-stock company's bylaws of a list of the information, documents, and materials to be made available to the shareholders for deciding on issues brought before the general meeting of shareholders	Not applicable	For most of the reporting period, the company had one shareholder by which resolutions are passed as specified in par. 3, Art. 47, of Federal Law No. 208-FZ (On Joint-Stock Companies), dated 26.12.1995
61.	Existence of the joint-stock company's website and regular disclosure of information on the joint-stock company thereon	Applicable	Information is disclosed on the website at <a href="http://www.atomenergoprom.ru">http://www.atomenergoprom.ru</a>
62.	Availability in the joint-stock company's bylaws of the requirement regarding the disclosure of information on the joint-stock company's transactions with people who, for the purpose of the articles of association, act as top officials of the joint-stock company, as well as on the joint-stock company's transactions with organisations in which the joint-stock company's top officials hold directly or indirectly 20% or more of the joint-stock company's authorised capital, or which may be in any way materially influenced by such people	Not applicable	
63.	Availability in the joint-stock company's bylaws of the requirements for the disclosure of information on all transactions as may affect the market value of the joint-stock company's shares	Not applicable	
64.	Existence of a bylaw approved by the Board of Directors concerning the use of material information on the joint-stock company's activities, the shares and other securities of the company, and the transactions therewith, which is not publicly available and the disclosure of which may have a major effect on the market value of the joint-stock company's shares and other securities	Not applicable	Approved by the director's order
<b>Control of financial and economic activities</b>			
65.	Existence of the procedures, as approved by the Board of Directors, for internal control of the joint-stock company's financial and economic activities	Not applicable	
66.	Existence within the joint-stock company of a special division to enforce the internal control procedures (control and auditing service)	Not applicable	
67.	Availability in the joint-stock company's bylaws of the requirement for the determination by the Board of Directors of the structure and composition of the joint-stock company's control and auditing service	Not applicable	



68.	Absence of people in the control and auditing service who have been found guilty of committing crimes in the field of business or crimes against the public order, the public service interests and the local self-government service interests, or who have been administratively punished for business, financial, tax, duty, or securities market offences	Not applicable	
69.	Absence of people in the control and auditing service who act as members of the joint-stock company's executive bodies, as well as of the persons who act as members, the Director General (managing director), members of a management body, or an employee of a competitor to the joint-stock company	Not applicable	
70.	Provision in the joint-stock company's bylaws of the term for the documents and materials required for the appraisal of the financial or business transaction to be made available to the control and auditing service, and of the liability of the joint-stock company's officials or employees for the failure to make these available within the said term	Not applicable	
71.	Provision in the joint-stock company's bylaws of the control and auditing service's obligations to report the breaches revealed to the audit committee or, where such a committee has not been formed, to the joint-stock company's Board of Directors	Not applicable	
72.	Availability in the joint-stock company's bylaws of the requirement for the preliminary assessment by the control and auditing service of the practicality of transactions, other than envisaged by the joint-stock company's financial and economic plan (nonstandard operations), to be made	Not applicable	
73.	Availability in the joint-stock company's bylaws of the procedures for a nonstandard transaction to be authorised by the Board of Directors	Not applicable	
74.	Existence of a bylaw, approved by the Board of Directors, that defines the procedures for the joint-stock company's financial and economic activities to be audited by the auditing commission	Not applicable	
75.	Assessment by the audit committee of the auditors' report prior to its submission to the shareholders at the general meeting of shareholders	Not applicable	
<b>Dividends</b>			
76.	Existence of a bylaw, approved by the Board of Directors, by which the Board of Directors is guided when making recommendations on the dividend size (Dividend Policy Bylaw)	Not applicable	
77.	Availability in the Dividend Policy Bylaw of the procedures for determining a minimum share of the joint-stock company's net profit to be paid as dividends, and the conditions under which no dividends are paid or paid in full on the privileged shares, the dividend size for which is specified by the joint-stock company's articles of association	Not applicable	No Dividend Policy Bylaw has been approved
78.	Publication of information on the joint-stock company's dividend policy and the changes to the same in a periodical issued as per the joint-stock company's articles of association for the publication of notices of the general meetings of shareholders, and the posting of such information on the joint-stock company's website	Not applicable	No Dividend Policy Bylaw has been approved

## Annex 4. Summary consolidated financial statements prepared on the basis of consolidated financial statements for the year ended 31 December 2013 and Auditors' report



### OAO Atomenergoprom

#### Summary consolidated financial statements prepared on the basis of consolidated financial statements for the year ended 31 December 2013 and Auditors' Report



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## Auditors' Report

To the Shareholder and Board of Directors

OAO Atomenergoprom

The accompanying summary consolidated financial statements, which comprise the summary consolidated statement of financial position as at 31 December 2013, the summary consolidated statements of profit and loss, comprehensive income, changes in equity and cash flows for 2013, and the related note, are derived from the audited consolidated financial statements of OAO Atomenergoprom (the "Company") and its subsidiaries (the "Group") as at and for the year ended 31 December 2013. We expressed an unmodified audit opinion on those consolidated financial statements in our report dated 25 April 2014.

The summary consolidated financial statements do not contain all the disclosures required by International Financial Reporting Standards. Reading the summary consolidated financial statements, therefore, is not a substitute for reading the audited consolidated financial statements of the Group.

### Management's Responsibility for the Summary Consolidated Financial Statements

Management is responsible for the preparation of a summary of the audited consolidated financial statements on the basis described in Note 1.

### Auditors' Responsibility

Our responsibility is to express an opinion on the summary consolidated financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing (ISA) 810 Engagements to Report on Summary Financial Statements.

Audited entity: OAO Atomic Energy Power Corporation (OAO Atomenergoprom)

Registered by the Moscow Inter-Regional Tax Inspectorate No.46 on 19 July 2007. Certificate series 77 No. 006571073.

Entered in the Unified State Register of Legal Entities on 19 July 2007. Registration No. 1077758081664

24, Bolshaya Ordynka street, Moscow, 119017

Independent auditor: ZAO KPMG, a company incorporated under the Laws of the Russian Federation, a part of the KPMG Europe LLP group, and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

Registered by the Moscow Registration Chamber on 25 May 1992. Registration No. 011.565.

Entered in the Unified State Register of Legal Entities on 13 August 2002 by the Moscow Inter-Regional Tax Inspectorate No.39 of the Ministry for Taxes and Duties of the Russian Federation, Registration No. 1027700125626, Certificate series 77 No. 005721432.

Member of the Non-commercial Partnership "Chamber of Auditors of Russia". The Principal Registration Number of the Entry in the State Register of Auditors and Audit Organisations: No.10301000804.



## Opinion

In our opinion, the summary consolidated financial statements derived from the audited consolidated financial statements of the Group as at and for the year ended 31 December 2013 are consistent, in all material respects, with those consolidated financial statements, on the basis described in Note 1.

  
Kim A.A. Director  
(power of attorney dated 1 October 2013 No. 72/13)  
ZAO KPMG

25 April 2014

Moscow, Russian Federation



OAO Atomenergoprom

Summary consolidated statement of financial position as at 31 December 2013

(in million Russian roubles)

	31 December 2013	31 December 2012 (restated)
<b>ASSETS</b>		
<b>Non-current assets</b>		
Goodwill	-	29 258
Property, plant and equipment	1 316 378	1 191 872
Intangible assets	37 364	42 389
Investments in equity accounted investees	31 243	57 303
Available-for-sale financial assets	42 130	33 631
Trade and other receivables	26 820	42 781
Deferred tax assets	57 883	50 861
Other non-current assets	18 828	22 187
<b>Total non-current assets</b>	<b>1 530 646</b>	<b>1 470 282</b>
<b>Current assets</b>		
Inventories	160 928	152 722
Income tax receivable	1 296	2 871
Other taxes receivable	310	116
Bank deposits	5 549	2 150
Trade and other receivables	202 689	176 261
Cash and cash equivalents	68 977	80 336
Other current assets	1 851	4 709
<b>Total current assets</b>	<b>441 600</b>	<b>419 165</b>
<b>Total assets</b>	<b>1 972 246</b>	<b>1 889 447</b>

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OAO Atomenergoprom

Summary consolidated statement of financial position as at 31 December 2013

(in million Russian roubles)

	31 December 2013	2012 (restated)
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Share capital	880 222	796 913
Share premium	361	361
Reserves	2 960	(4 320)
Retained earnings	401 278	396 575
<b>Total equity attributable to owners of the Company</b>	<b>1 284 821</b>	<b>1 189 529</b>
Non-controlling interests	62 228	91 392
<b>Total equity</b>	<b>1 347 049</b>	<b>1 280 921</b>
<b>Non-current liabilities</b>		
Loans and borrowings	109 375	126 422
Trade and other payables	34 850	43 138
Grants and other financing	8 230	8 032
Employee benefits	14 942	23 844
Provisions	93 710	119 333
Deferred tax liabilities	69 248	66 813
Other non-current liabilities	755	862
<b>Total non-current liabilities</b>	<b>331 110</b>	<b>388 444</b>
<b>Current liabilities</b>		
Loans and borrowings	112 422	77 824
Income tax payable	3 734	3 759
Other taxes payable	15 982	11 004
Trade and other payables	150 998	121 237
Other current liabilities	10 951	6 258
<b>Total current liabilities</b>	<b>294 087</b>	<b>220 082</b>
<b>Total liabilities</b>	<b>625 197</b>	<b>608 526</b>
<b>Total equity and liabilities</b>	<b>1 972 246</b>	<b>1 889 447</b>

Director

Chief Accountant

«25» April 2014



K.B. Komarov

V.A. Andrienko

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ОАО Atomenergoprom

Summary consolidated statement of profit and loss for the year ended 31 December 2013

(in million Russian roubles)

	2013	2012 (restated)
<b>Continuing operations</b>		
Revenue	436 135	394 815
Cost of sales	(277 821)	(269 234)
<b>Gross profit</b>	<b>158 314</b>	<b>125 581</b>
Distribution expenses	(16 769)	(13 074)
Administrative expenses	(61 714)	(59 254)
Other income	21 957	15 808
Other expense	(41 007)	(33 893)
<b>Results from operating activities</b>	<b>60 781</b>	<b>35 168</b>
Finance income	20 437	15 817
Finance costs	(30 087)	(14 016)
Share of loss of equity accounted investees	(1 899)	(204)
<b>Profit before income tax</b>	<b>49 232</b>	<b>36 765</b>
Income tax expense	(17 955)	(12 131)
<b>Profit for the year from continuing operations</b>	<b>31 277</b>	<b>24 634</b>
<b>Discontinued operation</b>		
(Loss)/Profit from discontinued operation (net of income tax)	(6 589)	2 158
<b>(Loss) / Profit from discontinued operation (net of income tax) attributable to:</b>		
Owner of the Company	(5 270)	2 297
Non-controlling interests	(1 319)	(139)
<b>Profit for the year</b>	<b>24 688</b>	<b>26 792</b>
<b>Profit for the year attributable to:</b>		
Owner of the Company	25 518	26 894
Non-controlling interests	(830)	(102)

Director

Chief Accountant

«25» April 2014



K.B. Komarov

V.A. Andrienko

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ОАО Atomenergoprom

Summary consolidated financial standing statement for the year ended 31 December 2013

(in million Russian roubles)

	2013	2012 (restated)
<b>Profit for the year from continuing operations</b>	<b>31 277</b>	<b>24 634</b>
<b>(Loss)/profit from discontinued operation</b>	<b>(6 589)</b>	<b>2 158</b>
<b>Profit for the year</b>	<b>24 688</b>	<b>26 792</b>
<b>Other comprehensive income from continuing operations</b>		
<b>Items that will never be reclassified to profit or loss</b>		
Gain/(loss) on remeasurements of defined benefit liability	4 302	(1 629)
Income tax on other comprehensive income	(860)	326
<b>Total</b>	<b>3 442</b>	<b>(1 303)</b>
<b>Items that later may be reclassified to profit or loss</b>		
Net change in fair value of available-for-sale financial assets transferred to profit or loss	-	(4 545)
Net change in fair value of available-for-sale financial assets	(2 349)	(6 621)
Hedging reserve	(210)	-
Foreign currency translation differences	(1 244)	(2 515)
Income tax on other comprehensive income	512	2 233
<b>Total</b>	<b>(3 291)</b>	<b>(11 448)</b>
<b>Total other comprehensive income/(loss) from continuing operations</b>	<b>151</b>	<b>(12 751)</b>
<b>Other comprehensive income/(loss) from discontinued operation</b>	<b>6 962</b>	<b>(7 515)</b>
<b>Total other comprehensive income/(loss)</b>	<b>7 113</b>	<b>(20 266)</b>
<b>Total comprehensive income/(loss) from continuing operations</b>	<b>31 428</b>	<b>11 883</b>
<b>Total comprehensive income/(loss) from discontinued operation</b>	<b>373</b>	<b>(5 357)</b>
<b>Total comprehensive income for the year</b>	<b>31 801</b>	<b>6 526</b>
<b>Total comprehensive income for the year attributable to:</b>		
Owner of the Company	31 247	9 378
Non-controlling interests	554	(2 852)

Director

Chief Accountant

«25» April 2014



K.B. Komarov

V.A. Andrienko

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ОАО Атомэнергпром

Summary consolidated statement of changes in equity for the year ended 31 December 2013

(in million Russian roubles)

	Attributable to equity holders of the Company								
	Share capital	Share premium	Fair value reserve for available-for-sale financial assets	Foreign currency translation reserve	Other reserves	Retained earnings	Total	Non-controlling interests	Total equity
Balance at 1 January 2012	734 743	361	9 667	3 476	(105)	382 393	1 130 535	95 499	1 226 034
Impact of change in accounting policy	-	-	-	-	158	2 368	2 526	-	2 526
Balance at 1 January 2012 (restated)	734 743	361	9 667	3 476	53	384 761	1 133 061	95 499	1 228 560
<b>Total comprehensive income for the year</b>									
Profit for the year	-	-	-	-	-	26 894	26 894	(102)	26 792
<b>Other comprehensive income</b>									
Defined benefit plan actuarial loss	-	-	-	-	(1 629)	-	(1 629)	-	(1 629)
Foreign currency translation differences	-	-	-	(7 280)	-	-	(7 280)	(2 750)	(10 030)
Revaluation of available-for-sale investments	-	-	(6 621)	-	-	-	(6 621)	-	(6 621)
Net change in fair value of available-for-sale financial assets transferred to profit or loss	-	-	(4 545)	-	-	-	(4 545)	-	(4 545)
Income tax on other comprehensive income	-	-	2 233	-	326	-	2 559	-	2 559
Other comprehensive loss	-	-	(8 933)	(7 280)	(1 303)	-	(17 516)	(2 750)	(20 266)
<b>Total comprehensive income/(loss) for the year</b>	-	-	(8 933)	(7 280)	(1 303)	26 894	9 378	(2 852)	6 526

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ОАО Атомэнергпром

Summary consolidated statement of changes for the year ended 31 December 2013

(in million Russian roubles)

	Attributable to equity holders of the Company								
	Share capital	Share premium	Fair value reserve for available-for-sale financial assets	Foreign currency translation reserve	Other reserves	Retained earnings	Total	Non-controlling interests	Total equity
Balance at 1 January 2013	796 913	361	734	(3 804)	(1 250)	396 575	1 189 529	91 392	1 280 921
<b>Total comprehensive income for the year</b>									
Profit for the year	-	-	-	-	-	25 518	25 518	(830)	24 688
<b>Other comprehensive income</b>									
Foreign currency translation differences	-	-	-	4 334	-	-	4 334	1 384	5 718
Revaluation of available-for-sale investments	-	-	(2 349)	-	-	-	(2 349)	-	(2 349)
Defined benefit plan actuarial gain	-	-	-	-	4 302	-	4 302	-	4 302
Hedging reserve	-	-	-	-	(210)	-	(210)	-	(210)
Income tax on other comprehensive income	-	-	470	-	(818)	-	(348)	-	(348)
Other comprehensive income/(loss)	-	-	(1 879)	4 334	3 274	-	5 729	1 384	7 113
<b>Total comprehensive income/(loss) for the year</b>	-	-	(1 879)	4 334	3 274	25 518	31 247	554	31 801

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ОАО Атомэнергпром

Summary consolidated statement of changes in equity for the year ended 31 December 2013

(in million Russian roubles)

	Attributable to equity holders of the Company								
	Share capital	Share premium	Fair value reserve for available-for-sale financial assets	Foreign currency translation reserve	Other reserves	Retained earnings	Total	Non-controlling interests	Total equity
<b>Contributions by and distributions to owners</b>									
Dividends to equity holders	-	-	-	-	-	(9 013)	(9 013)	(46)	(9 059)
Shares issued	62 170	-	-	-	-	-	62 170	-	62 170
<b>Total contributions by and distributions to owners</b>	62 170	-	-	-	-	(9 013)	53 157	(46)	53 111
<b>Changes in ownership interests in subsidiaries</b>									
Effect of the transaction under common control	-	-	-	-	-	(8 373)	(8 373)	-	(8 373)
<b>Total transactions with owners</b>	62 170	-	-	-	-	(15 080)	47 090	(1 255)	45 835
Balance at 31 December 2012 (restated)	796 913	361	734	(3 804)	(1 250)	396 575	1 189 529	91 392	1 280 921

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ОАО Атомэнергпром

Summary consolidated statement of changes in equity for the year ending 31 December 2013

(in million Russian roubles)

	Attributable to equity holders of the Company								
	Share capital	Share premium	Fair value reserve for available-for-sale financial assets	Foreign currency translation reserve	Other reserves	Retained earnings	Total	Non-controlling interests	Total equity
<b>Contributions by and distributions to owners</b>									
Dividends to equity holders	-	-	-	-	-	(15 442)	(15 442)	(203)	(15 645)
Shares issued	83 309	-	-	-	-	-	83 309	-	83 309
<b>Total contributions by and distributions to owners</b>	83 309	-	-	-	-	(15 442)	67 867	(203)	67 664
<b>Changes in ownership interests in subsidiaries</b>									
Effect of the transaction under common control	-	-	-	1 551	-	(1 769)	(218)	(29 515)	(29 733)
<b>Total transactions with owners</b>	83 309	-	-	1 551	-	(3 604)	64 045	(29 718)	34 327
Balance at 31 December 2013	880 222	361	(1 145)	2 081	2 024	401 278	1 284 821	62 228	1 347 049

Director

Chief Accountant

«25» April 2014



K.B. Komarov

V.A. Andrienko

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ОАО Atomenergoprom

Summary consolidated statement of cash flows for the year ended 31 December 2013

(in million Russian roubles)

	2013	2012
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before income tax	42 321	40 388
<i>Adjustments for:</i>		
Depreciation and amortisation	72 956	66 553
Impairment losses on goodwill	12 352	10 630
Impairment losses on property, plant and equipment and intangible assets	21 219	15 667
Loss on disposal of property, plant and equipment, intangible assets and other assets	5 289	2 975
Share of (profit)/loss of equity accounted investees (net of income tax)	2 558	(3 592)
Net finance costs/(income)	12 547	(2 227)
Change and accrual of provisions	(17 630)	12 694
Other	1 768	2 048
<b>Cash from operating activities before changes in working capital</b>	<b>153 380</b>	<b>145 136</b>
Change in inventories	(11 513)	(18 001)
Change in trade and other receivables	(24 069)	(11 434)
Change in other taxes receivable	(194)	78
Change in trade and other payables	54 710	(1 231)
Change in other taxes payable	4 964	(8 081)
<b>Cash flows from operations before income tax and interest paid</b>	<b>177 278</b>	<b>106 467</b>
Income tax paid	(20 403)	(23 155)
Interest paid	(16 080)	(14 439)
<b>Net cash from operating activities</b>	<b>140 795</b>	<b>68 873</b>

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ОАО Atomenergoprom

Summary consolidated statement of cash flows for the year ended 31 December 2013

(in million Russian roubles)

	2013	2012
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest received	9 305	9 242
Dividends received from equity accounted investees	5 408	-
Acquisition of property, plant and equipment	(246 756)	(207 929)
Acquisition of intangible assets	(14 455)	(13 394)
Acquisition of investments	(48 821)	-
Proceeds from sale of investments	15 896	32 440
New deposits	(34 374)	(10 367)
Redemption of deposits	32 945	19 683
Acquisition of subsidiaries, net of cash acquired	(22 506)	-
Loans given to other entities	(47 143)	(70 880)
Proceeds from loans given to other entities	111 748	61 034
Proceeds from sale of property, plant and equipment and intangible assets	12 504	16 430
Proceeds from grants and other financing	1 853	2 340
<b>Net cash used in investing activities</b>	<b>(224 396)</b>	<b>(161 401)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from issue of share capital	79 187	58 207
Proceeds from borrowings	375 510	212 083
Repayment of borrowings	(344 481)	(215 472)
Dividends paid	(15 442)	(9 013)
Acquisition of non-controlling interest	(42 828)	-
Proceeds from sale of non-controlling interest	17 278	-
<b>Net cash from financing activities</b>	<b>69 224</b>	<b>45 805</b>
<b>Net (decrease) in cash and cash equivalents</b>	<b>(14 377)</b>	<b>(46 723)</b>
Cash and cash equivalents at the beginning of the period	80 332	129 040
Effect of movements in foreign exchange rates on cash and cash equivalents	2 866	(1 985)
<b>Cash and cash equivalents at the end of the period</b>	<b>68 821</b>	<b>80 332</b>

Director

K.B. Komarov

Chief Accountant

V.A. Andrienko

«25» April 2014



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ОАО Atomenergoprom

Note to the Summary consolidated financial statements for the year ended 31 December 2013

(in million Russian roubles)

### The criteria for the preparation of summary consolidated financial statements

These summary consolidated financial statements, which comprise the summary consolidated statement of financial position as at 31 December 2013, the summary consolidated statements of comprehensive income, the summary consolidated statement of profit and loss, the summary consolidated statement of changes in equity and the summary consolidated statement of cash flows for 2013 have been prepared by extraction, without any modification, the relevant statements from included in the consolidated financial statements of ОАО Atomenergoprom and its subsidiaries prepared in accordance with International Financial Reporting Standards for the year ended 31 December 2013 (hereinafter "consolidated financial statements"). All notes to the consolidated financial statements were not included in these summary consolidated financial statements.

Accordingly, these summary consolidated financial statements are consistent with those consolidated financial statements, which are available on the official website of ОАО Atomenergoprom.



## Annex 5. List of transactions made by JSC Atomenergoprom in the reporting period, and recognised as major transactions, to which the procedure for approvals of major transactions apply as specified in the Articles of Association

There were no transactions made by JSC Atomenergoprom in 2013 that could be recognised as major transactions in accordance with Russian law and required approvals from the Company' authorised management body.

## Annex 6. List of interested party transactions by JSC Atomenergoprom in the reporting year

No.	Date of the resolution by the Board of Directors of JSC Atomenergoprom	Material terms and conditions of the interested party transactions, and the requirement for the approval by the Board of Directors of JSC Atomenergoprom
1.	11.01.2013	<p>1) Acquisition of consulting services, between JSC Atomenergoprom and JSC Atomenergomash, on the following terms and conditions: Parties to the transaction: JSC Atomenergoprom (Agent), JSC Atomenergomash (Principal). Subject of the transaction: the Principal commissions the Agent with making an agreement with the award winner for the rendering of consulting services on the transfer pricing issues on such terms and conditions as specified in the additional agreement. Price of the transaction: no more than 1.400.000.00 roubles, VAT included, plus the Agent's commission of 1% of the Agent's expenditures. Transaction term: from the time of the signing of the additional agreement until 30.04.2013.</p> <p>2) Acquisition of consulting services, between JSC Atomenergoprom and JSC Grinatom, on the following terms and conditions: Parties to the transaction: JSC Atomenergoprom (Agent), JSC Grinatom (Principal). Subject of the transaction: the Principal commissions the Agent with making an agreement with the award winner for the rendering of consulting services on the transfer pricing issues on such terms and conditions as specified in the additional agreement. Price of the transaction: no more than 560.000.00 roubles, VAT included, plus the Agent's commission of 1% of the Agent's expenditures. Transaction term: from the time of the signing of the additional agreement until 30.04.2013.</p> <p>3) Acquisition of consulting services, between JSC Atomenergoprom and JSC Atomredmetzoloto, on the following terms and conditions: Parties to the transaction: JSC Atomredmetzoloto (Principal), JSC Atomenergoprom (Agent). Subject of the transaction: the Principal commissions the Agent with making an agreement with the award winner for the rendering of consulting services; Price of the transaction: no more than 2.240.000.00 roubles, plus the Agent's commission of 1%. Transaction term: from the time of the signing of the additional agreement until 30.04.2013.</p> <p>4) Acquisition of consulting services, between JSC Atomenergoprom and JSC Techsnabexport, on the following terms and conditions: Parties to the transaction: JSC Atomredmetzoloto (Principal), JSC Atomenergoprom (Agent). Subject of the transaction: the Principal commissions the Agent with making an agreement with the award winner for the rendering of consulting services. Price of the transaction: no more than 1.820.000.00 roubles, plus the Agent's commission of 1%. Transaction term: from the time of the signing of the additional agreement until 30.04.2013.</p> <p>5) On granting the right of use of the unified industry enterprise resource management system based on the software product "1C: Manufacturing Enterprise Management 8" – 1C ERP: Rosatom ("the System" hereinafter), made between JSC Atomenergoprom and JSC OZTMiTS on the following terms and conditions: Parties to the transaction: Licensor – JSC Atomenergoprom; Licensee – JSC OZTMiTS. Subject of the transaction: the Licensor, being the holder of the exclusive rights on the unified industry enterprise resource management system based on the software product "1C: Manufacturing Enterprise Management 8" – 1C ERP: Rosatom ("the System" hereinafter), undertakes to grant to the Licensee the right of use of (an ordinary [nonexclusive] licence for) the System, and the Licensee undertakes to remunerate the Licensor for the granting of the right of use of the System in such amount and on such terms and conditions as specified in the Agreement. Price of the transaction: the remuneration sum is 6.169.629 (six million, one hundred and sixty-nine thousand, six hundred and twenty-nine) roubles and 78 kopecks. The remuneration is VAT-exempt, as per Art. 149, par. 2, subpar. 26 of the Russian Federation Tax Code. Term: the right of use of the System is granted by the Licensor to the Licensee for a term of 3 (three) years.</p> <p>6) Agreements on granting the right of use of a system (Corporation Settlement Centre Information System, CSC IS) between JSC Atomenergoprom and the industry's enterprises, as listed in the table below, on the following terms and conditions:</p>



No.	Date of the resolution by the Board of Directors of JSC Atomenergoprom	Material terms and conditions of the interested party transactions, and the requirement for the approval by the Board of Directors of JSC Atomenergoprom			
		<b>Parties</b>	<b>Subject</b>	<b>Price of transactions (roubles)</b>	<b>Term</b>
		Licensee – JSC Atomenergoprom Sublicensee – JSC UECC	Granting of the right of use of the CSC IS	909.607.20	4 years from the time of conclusion
		Licensee – JSC Atomenergoprom Sublicensee – JSC NIKIMT Atomstroy	Granting of the right of use of the CSC IS	181.921.44	4 years from the time of conclusion
		Licensee – JSC Atomenergoprom Sublicensee – JSC Baltic NPP	Granting of the right of use of the CSC IS	181.921.44	4 years from the time of conclusion
		Licensee – JSC Atomenergoprom Sublicensee – JSC NPCC	Granting of the right of use of the CSC IS	545.764.32	4 years from the time of conclusion
		7) On granting the right of use of intellectual property (CONTENT SERVER ST, WEBTOP CLIENT ST) between JSC Atomenergoprom and the industry's enterprises, as listed in the table below, on the following terms and conditions:			
		<b>Parties</b>	<b>Subject</b>	<b>Price of transactions (roubles)</b>	<b>Term</b>
		Licensee – JSC Atomenergoprom Sublicensee – JSC Rusatom Service	Agreement on granting the right of use of intellectual property (CONTENT SERVER ST, WEBTOP CLIENT ST)	206.901.60	4 years from the time of conclusion
		Licensee – JSC Atomenergoprom Sublicensee – JSC ASE	Agreement on granting the right of use of intellectual property (CONTENT SERVER ST, WEBTOP CLIENT ST)	594.842.10	4 years from the time of conclusion
		Licensee – JSC Atomenergoprom Sublicensee – JSC Science and Innovations	Agreement on granting the right of use of intellectual property (CONTENT SERVER ST, WEBTOP CLIENT ST)	217.246.68	4 years from the time of conclusion
2.	14.01.2013	On rendering consulting services, between JSC Grinatom and JSC Atomenergoprom, on the following terms and conditions: Parties to the agreement: JSC Atomenergoprom (Customer), JSC Grinatom (Contractor). Subject of the agreement: The Contractor undertakes to render to the Customer fixed asset accounting services as per international financial accountability standards using such procedures and on such terms and conditions as specified in the Agreement. Price of the agreement: 66.511.286 (sixty-six million, five hundred and eleven thousand, two hundred and eighty-six) roubles and 88 kopecks, including an 18% VAT of 10.145.789 (ten million, one hundred and forty-five thousand, seven hundred and eighty-nine) roubles and 52 kopecks. Term of the agreement: from the time of conclusion until complete fulfilment of obligations by the parties.			
		The Loan Agreement between JSC Atomenergoprom and JSC ATA on the following terms and conditions: Parties to the transaction: JSC ATA (Lender), JSC Atomenergoprom (Borrower). Subject of the transaction: the Lender provides money on the loan terms and conditions in whole or in part, the total debt sum on which at all times during the Loan Agreement validity period does not exceed 100.000.000.00 (one hundred million) roubles, and on such terms and conditions as specified in the Loan Agreement, and the Borrower undertakes to repay the received money and pay an interest on the same within such dates and using such procedures as specified in the Loan Agreement. Interest rate: no less than 3% (three percent) per annum. Term of the Loan Agreement: until 31 December 2015, inclusively. Loaning procedure: The Lender grants the loan in kind by transferring the loan in whole or in part to the Borrower's account shown in the Borrower's Applications, as specified in the Borrower's written Application.			

No.	Date of the resolution by the Board of Directors of JSC Atomenergoprom	Material terms and conditions of the interested party transactions, and the requirement for the approval by the Board of Directors of JSC Atomenergoprom			
3.	18.01.2013	1) The surety agreement between JSC Atomenergoprom, JSC NIAEP and JSC Concern Rosenergoatom in regard to the obligations arising from work and services agreement No.5885, dated 15.11.2012, made between JSC NIAEP and JSC Concern Rosenergoatom, on the following terms and conditions: Parties to the transaction: JSC Atomenergoprom (Guarantor), JSC NIAEP (Debtor), JSC Concern Rosenergoatom (Creditor). Subject of the transaction: JSC Atomenergoprom undertakes to be liable to JSC Concern Rosenergoatom for the proper fulfilment of work and services agreement No. 5885, "Rendering of Services to the Operator for the Development and Handover of Documentation Required and Sufficient for Securing the Permits to Build Power Units 1 and 2 of Kursk NPP II", dated 15.11.2012. Term of the agreement: The term of the surety agreement is from the signing time until 15.07.2016.			
		2) The surety agreement between JSC Atomenergoprom, JSC NIAEP and JSC Concern Rosenergoatom in regard to the obligations arising from work and services agreement No. 5810, dated 30.10.2012, made between JSC NIAEP and JSC Concern Rosenergoatom, on the following terms and conditions: Parties to the transaction: JSC Atomenergoprom (Guarantor), JSC NIAEP (Debtor), JSC Concern Rosenergoatom (Creditor). Subject of the transaction: JSC Atomenergoprom undertakes to be liable to JSC Concern Rosenergoatom for the proper fulfilment of work and services agreement No. 5810 "Development of Design Documentation for the Construction of Power Units 1 and 2 of Nizhny Novgorod NPP in the Amount Required and Sufficient for Securing the Construction Licences while Ensuring the Improvement in the NPP Design Safety based on the Reference to the VVER-TOI Base Design", dated 30.10.2012.			
		3) The surety agreement between JSC Atomenergoprom, JSC SPbAEP and JSC Atomstroyexport in regard to the obligations arising from work and services agreement No. 3087/LYG2-7765/11575, dated 02.04.2012, made between JSC SPbAEP and JSC Atomstroyexport, on the following terms and conditions: Parties to the transaction: JSC Atomenergoprom (Guarantor), JSC SPbAEP (Debtor), JSC Atomstroyexport (Creditor).			
4.	21.01.2013	On rendering consulting services, made between JSC Grinatom and JSC Atomenergoprom, based on the following terms and conditions:			
		<b>Parties to the agreement</b>	<b>Subject of the agreement</b>	<b>Price of transactions (roubles)</b>	<b>Term of the agreement</b>
		JSC Atomenergoprom, JSC Grinatom	Rendering of services regarding the calculation of wages for the personnel of JSC Atomenergoprom under the agreement, and preparation of reports to be submitted to a specialised organisation	259.883.16	From the time of conclusion until the complete fulfilment of obligations by the parties.
		JSC Atomenergoprom, JSC Grinatom	Rendering of services in bookkeeping and tax accounting of property, liability, and business transactions, and the preparation of reports	22.292.955.00	From the time of conclusion until the complete fulfilment of obligations by the parties.
5.	22.01.2013	1) On rendering services for the preparation of consolidated taxpayer group reports, between JSC Atomenergoprom and JSC Grinatom, on the following terms and conditions: Parties to the transaction: JSC Atomenergoprom (Customer), JSC Grinatom (Contractor). Subject of the transaction: the Contractor undertakes to render, on a permanent basis and on such terms and conditions as specified in the Agreement, services for preparing the reports of a consolidated taxpayer group (the CTG hereinafter), as specified in Annex 1 to the Agreement, to the Customer being a Responsible Member of the CTG. The list of the CTG member organisations is given in Annex 2 of the Agreement. The list and the scope of the Services is subject to modification or update, whereby the Parties make amendments to Annexes Nos. 1, 2 and 3 of the Agreement by signing an additional agreement. Price of the transaction: 26.917.611 (twenty-six million, nine hundred and seventeen thousand, six hundred and eleven) roubles and 00 kopecks including an 18% VAT of 4.106.076.24 (four million, one hundred and six thousand, seventy-six) roubles and 24 kopecks. Transaction term: from the time of the conclusion until the complete fulfilment of obligations by the parties.			

No.	Date of the resolution by the Board of Directors of JSC Atomenergoprom	Material terms and conditions of the interested party transactions, and the requirement for the approval by the Board of Directors of JSC Atomenergoprom
		<p>2) The Loan Agreement made between JSC Atomenergoprom and JSC Machine-Building Plant: Parties to the transaction: JSC Atomenergoprom (Borrower), JSC Machine-Building Plant (Lender). Subject of the transaction: under the Agreement, the Lender transfers to the Borrower's ownership the money in the amount of 200.000.000 (two hundred million) roubles, and the Borrower undertakes to repay the received loan sum and pay an interest for using the loan within such dates and using such procedures as specified in the Agreement. Loan granting term: until 31.01.2013. Interest rate: 8.95% (eight point ninety-five percent) per annum. Term of the agreement: until 06.11.2013.</p> <p>3) The Loan Agreement made between JSC Atomenergoprom and JSC Machine-Building Plant: Parties to the transaction: JSC Atomenergoprom (Borrower), JSC Machine-Building Plant (Lender). Subject of the transaction: under the Agreement, the Lender transfers to the Borrower's ownership the money in the amount of 400.000.000 (four hundred million) roubles, and the Borrower undertakes to repay the received loan sum and pay an interest for using the loan within such dates and using such procedures as specified in the Agreement. Loan granting term: until 31.01.2013. Interest rate: 9.1% (nine point one percent) per annum. Term of the agreement: until 18.11.2013.</p>
6.	26.10.2012	<p>The interested party transaction, – Additional Agreement No.1 to the Loan Agreement, dated 20.03.2012, between JSC Atomenergoprom and JSC NPK Khimpromengineering, on the following terms and conditions: Parties to the transaction: JSC Atomenergoprom (Lender), JSC NPK Khimpromengineering (Borrower). Subject of the transaction: the Lender provides the money on the loan terms and conditions in whole or in part, the total debt amount on which at all times during the Loan Agreement validity period does not exceed 1.095.400.000 (one billion, ninety-five million, four hundred thousand) roubles, and on such terms and conditions as specified in the Loan Agreement, and the Borrower undertakes to repay the received loan sum and pay an interest for using the loan within such dates and using such procedures as specified in the Loan Agreement. Interest rate: no more than 11% (eleven percent) per annum. Term of the agreement: until 31.12.2015.</p>
7.	23.01.2013	<p>1) Loan Agreement made between JSC Atomenergoprom and LLC United Investing Corporation on the following terms and conditions: Parties to the transaction: JSC Atomenergoprom (Lender) and LLC United Investing Corporation (Borrower). Subject of the transaction: the Lender provides the money on the loan terms and conditions in whole or in part, the total debt amount on which at all times during the Loan Agreement validity period does not exceed 52.000.000 (fifty-two million) roubles, and on such terms and conditions as specified in the Agreement, and the Borrower undertakes to repay the received loan sum and pay an interest for using the loan within such dates and using such procedures as specified in the Loan Agreement. Loan granting term: 31.12.2015. Interest rate: the loan is granted on an interest rate of no less than 3% (three percent) of the loan sum per annum. Term of the agreement: until 31.15.2015. Source of financing: own and loan money of JSC Atomenergoprom.</p> <p>2) The surety agreement made between JSC Atomenergoprom, LLC ESK ARMZ and JSC Khiagda with respect to the obligations arising from the sulphuric acid supply agreement planned for the conclusion between the Creditor and the Debtor as the result of conducted tender No.121026/0619/819, on the following terms and conditions: Parties to the transaction: JSC Atomenergoprom (Guarantor), LLC ESK ARMZ (Debtor), JSC Khiagda (Creditor). Subject of the transaction: JSC Atomenergoprom undertakes to be liable to JSC Khiagda for the improper fulfilment by LLC ESK ARMZ of its obligations arising from the sulphuric acid supply agreement, in accordance with the name, technical documentation, quality, quantity, and dates and for such price as shown in the specification enclosed with the supply agreement. Term of the agreement: Term of the surety agreement: from the time of the signing until 31.12.2013.</p>
8.	24.01.2013	<p>1) The surety agreement made between JSC Atomenergoprom, FSUE NITI named after A. P. Aleksandrov, and JSC VNIIAES with respect to the obligations arising from equipment supply agreement No. 7000/54-17, dated 15.10.2012, made between FSUE NITI named after A. P. Aleksandrov and JSC VNIIAES, on the following terms and conditions: Parties to the transaction: JSC Atomenergoprom (Guarantor), FSUE NITI named after A. P. Aleksandrov (Debtor), JSC VNIIAES (Creditor). Subject of the transaction: JSC Atomenergoprom undertakes to be liable to JSC VNIIAES for the improper fulfilment by the Debtor of its obligations arising from equipment supply agreement No.7000/54-17, dated 15.10.2012. Term of the agreement: the term of the surety agreement is from the time of signing until 25.12.2013.</p>

No.	Date of the resolution by the Board of Directors of JSC Atomenergoprom	Material terms and conditions of the interested party transactions, and the requirement for the approval by the Board of Directors of JSC Atomenergoprom
8.	24.01.2013	<p>2) The surety agreement made between JSC Atomenergoprom, FSUE NITI named after A. P. Aleksandrov, and JSC VNIIAES with respect to the obligations arising from equipment supply agreement No.7000/54-17, dated 15.10.2012, made between FSUE NITI named after A. P. Aleksandrov and JSC VNIIAES, on the following terms and conditions: Parties to the transaction: JSC Atomenergoprom (Guarantor), FSUE NITI named after A. P. Aleksandrov (Debtor), JSC VNIIAES (Creditor). Subject of the transaction: JSC Atomenergoprom undertakes to be liable to JSC VNIIAES for the repayment of the advance money transferred as per par. 7.1 of equipment supply agreement No.7000/54-17, dated 15.10.2012. Term of the agreement: The term of the surety agreement is from the time of signing until 25.12.2013.</p>
9.	29.01.2013	<p>The Loan Agreement made between JSC Atomenergoprom and JSC PO MZ Molniya on the following terms and conditions: Parties to the transaction: JSC PO MZ Molniya (Lender), JSC Atomenergoprom (Borrower). Subject of the transaction: the Lender provides money on the loan terms and conditions in whole or in part, the total debt amount on which at all times during the Loan Agreement validity period does not exceed 15.000.000 (fifteen million) roubles, and on such terms and conditions as specified in the Loan Agreement, and the Borrower undertakes to repay the received loan sum and pay an interest for using the loan within such dates and using such procedures as specified in the Loan Agreement. Interest rate: no less than 3% (three percent) per annum. Term of the Loan Agreement: up to 31 December 2013 inclusively. Loan granting procedure: the Lender grants the loan by transferring the loan money to the Borrower's account in whole or in part in accordance with the Borrower's written Applications.</p>
10.	30.01.2013	<p>1) The Agency Agreement made between JSC Atomenergoprom and LLC United Investing Corporation on the following terms and conditions: Parties to the transaction: JSC Atomenergoprom (Agent) and LLC United Investing Corporation (Principal). Subject of the transaction: Under the Agreement, the Principal commissions the Agent in writing, and the Agent undertakes, on its own behalf but for the Principal's account, to perform activities for searching for organisations that render services in the sourcing and selection of managerial staff, and make agreements with said organisations for the rendering of sourcing and selection services to the Principal. Agent's commission: the Agent's commission is 1% (one percent) of the price of the services. Term of the agreement: until 31.12.2013.</p> <p>2) On the rendering of project management services with respect to project No. 111-01050 "Completion of the Automated Budgeting System (ABS) subject to the Requirements of the Updated EPS" between JSC Grinatom and JSC Atomenergoprom, on the following terms and conditions: Parties: JSC Atomenergoprom – Customer, JSC Grinatom – Contractor. Subject of the transaction: on the Customer's commission, the Contractor undertakes to render the services for the management of project No. 111-01050 "Completion of the Automated Budgeting System (ABS) subject to the Requirements of the Updated EPS" (referred to as "the Project" hereinafter), as per Annexes No. 1 and 2 to this Agreement ("the Services" hereinafter), and the Customer undertakes to accept and pay for the services rendered within such dates and using such procedures as specified in the Agreement. Price of the agreement: 2.400.903 (two million, four hundred thousand, nine hundred and three) roubles and 00 kopecks, including an 18% VAT of 366.239 (three hundred and sixty-six thousand, two hundred and thirty-nine) roubles and 45 kopecks. Term of the agreement: from the time of the conclusion until the complete fulfilment of the obligations by the parties.</p>
11.	01.02.2013	<p>Additional agreement No.2 to agency agreement No. 1/2259-D/5/1432-D, dated 22 February 2012, as made between Rosatom State Corporation and JSC Atomenergoprom on the following terms and conditions: Parties to the transaction: Rosatom State Corporation (Agent), JSC Atomenergoprom (Principal). Subject of the transaction: the Principal commissions the Agent in writing and the Agent commits itself, on its own behalf but for the Principal's account, to perform activities for the voluntary health insurance of the personnel of JSC Atomenergoprom and their family members. Price of the transaction: – the price of the service is 807.976 (eight hundred and seven thousand, nine hundred and seventy-six) roubles and 75 kopecks, – the Agent's commission is 1% (one percent) of the price of the services, including an 18% VAT. Term of the agreement: until 31 December 2013.</p>

No.	Date of the resolution by the Board of Directors of JSC Atomenergoprom	Material terms and conditions of the interested party transactions, and the requirement for the approval by the Board of Directors of JSC Atomenergoprom
12.	04.02.2014	<p>1) The surety agreement between JSC Atomenergoprom, JSC OKBM Afrikantov, and JSC Concern Rosenergoatom concerning the obligations arising from work agreement No. 9/1713-D, dated 28.08.2012, made between JSC OKBM Afrikantov and JSC Concern Rosenergoatom, on the following terms and conditions: Parties to the transaction: JSC Atomenergoprom (Guarantor), JSC OKBM Afrikantov (Debtor), JSC Concern Rosenergoatom (Creditor). Subject of the transaction: JSC Atomenergoprom undertakes to be liable to JSC Concern Rosenergoatom for the repayment of the advance money transferred as per par. 2.3 of agreement No. 9/1713-D, dated 28.08.2012, for the research and development effort entitled "R&amp;D for the Feasibility Study of the BN-1200 Reactor Core". Price: 37.500.000.00 (thirty-seven million, five hundred thousand) roubles. Term of the agreement: the term of the surety agreement is from the time of the signing until 05.12.2016.</p> <p>2) The surety agreement made between JSC Atomenergoprom, JSC OKBM Afrikantov, and JSC Concern Rosenergoatom with respect to the obligations arising from work agreement No. 9/1713-D, dated as of 28.08.2012, made between JSC OKBM Afrikantov and JSC Concern Rosenergoatom, on the following terms and conditions: Parties to the transaction: JSC Atomenergoprom (Guarantor), JSC OKBM Afrikantov (Debtor), JSC Concern Rosenergoatom (Creditor). Subject of the transaction: JSC Atomenergoprom undertakes to be liable to JSC Concern Rosenergoatom for the proper fulfilment of contract No. 9/1713-D, dated 28.08.2012, for the research and development effort entitled "R&amp;D for the Feasibility Study of the BN-1200 Reactor Core". Price: 6.250.000.00 (six million, two hundred and fifty thousand) roubles. Term of the agreement: The term of the surety agreement is from the time of the signing until 05.12.2016.</p> <p>3) The surety agreement made between JSC Atomenergoprom, JSC SPbAEP, and JSC Concern Rosenergoatom concerning the obligations arising from work agreement No. 3115/BN/5611, dated 07.06.2012, as amended by Additional Agreement No.1, dated 14.12.2012, made between JSC SPbAEP and JSC Concern Rosenergoatom, on the following terms and conditions: Parties to the transaction: JSC Atomenergoprom (Guarantor), JSC SPbAEP (Debtor), JSC Concern Rosenergoatom (Creditor). Subject of the transaction: JSC Atomenergoprom undertakes to be liable to JSC Concern Rosenergoatom for the proper fulfilment of agreement No. 3115/BN/5611, dated 07.06.2012 (as amended by Additional Agreement No.1, dated 14.12.2012), for the effort entitled "R&amp;D for the Feasibility Study of the BN-1200 NPP Design". Price: 22.600.000 (twenty-two million, six hundred thousand) roubles. Term of the agreement: The term of the surety agreement is from the time of the signing until 05.12.2016.</p> <p>4) The surety agreement made between JSC Atomenergoprom, JSC Industrial Innovations, and JSC OKBM Afrikantov concerning the obligations arising from agreement No. 25/35/382, dated 09.10.2012, as made between JSC Industrial Innovations and JSC OKBM Afrikantov, on the following terms and conditions: Parties to the transaction: JSC Atomenergoprom (Guarantor), JSC Industrial Innovations (Debtor), JSC OKBM Afrikantov (Creditor). Subject of the transaction: JSC Atomenergoprom undertakes to be liable to JSC OKBM Afrikantov for the repayment of the advance money transferred as per subpar. 2.4 of contract No. 25/35/382, dated 9 October 2012. Price: 18.974.500.00 (eighteen million, nine hundred and seventy-four thousand, five hundred) roubles. Term of the agreement: The term of the surety agreement is from the time of the signing until the actual date of the equipment supply to the consignee as per par. 1.2 of agreement No. 25/35/382, dated 09.10.2012, plus 365 (three hundred and sixty-five) calendar days.</p>
13.	07.02.2013	<p>1) The surety agreement made between JSC Atomenergoprom and Nomos-Bank (Joint-Stock Company) on the following terms and conditions: Parties to the transaction: JSC Atomenergoprom (Guarantor), Nomos-Bank (Joint-Stock Company) (Creditor), JSC VNIAM (Debtor). Subject of the transaction: JSC Atomenergoprom undertakes to be liable to Nomos-Bank (Joint-Stock Company) for the fulfilment by JSC VNIAM of all its obligations to the Creditor, as arising from bank guarantee agreement No. 1808-12/DBG, in favour of Joint-Stock Company Directorate of the Integrated Order for the NPP Equipment (JSC DIO). Price: to be determined based on the following indicators: – overall scope of liability under the guarantee – 63.679.933 (sixty-three million, six hundred and seventy-nine thousand, nine hundred and thirty-three) roubles and 84 kopecks; – commission for granting the guarantee - 0.3% (naught point three tenths percent) per annum of the Guarantee sum; – the one-time commission is 10.000.00 (ten thousand) roubles; – bank guarantee validity period: from the time of the granting until 30 April 2014; – in the event of the Debtor's failure to fulfil or properly fulfil its obligations to the Creditor, the Debtor will pay to the Creditor a penalty of 5.000.00 (five thousand) roubles; and – in the event of the Debtor's failure to fulfil or properly fulfil the surety-secured obligation, the Guarantor and the Debtor shall be solidary liable to the Creditor. Term of the agreement: The term of the surety agreement is from the time of the signing until 30.07.2016.</p>

No.	Date of the resolution by the Board of Directors of JSC Atomenergoprom	Material terms and conditions of the interested party transactions, and the requirement for the approval by the Board of Directors of JSC Atomenergoprom
		<p>2) On providing a security in the form of surety No. 5/2319-D made between JSC Atomenergoprom and JSC VNIAM, on the following terms and conditions: Parties to the transaction: JSC Atomenergoprom (Guarantor), JSC VNIAM (Debtor). Subject of the transaction: JSC Atomenergoprom undertakes to make a surety agreement with Nomos-Bank (Joint-Stock Company) as a security with respect to the proper fulfilment by JSC VNIAM of all its obligations arising from bank guarantee agreement No. 1808-12/DBG. Price of the transaction: 1.180.00 (one thousand one hundred and eighty) roubles, including an 18% VAT of 180.00 (one hundred and eighty) roubles. Term of the agreement: The term of the agreement of security in the form of surety is from the time of the signing until 30.07.2016. Other material terms and conditions of the transaction: the Guarantor's obligations shall be deemed to have been fulfilled at the time of the conclusion of the surety agreement.</p> <p>3) The surety agreement made between JSC Atomenergoprom and Nomos-Bank (Joint-Stock Company) on the following terms and conditions: Parties to the transaction: JSC Atomenergoprom (Guarantor), Nomos-Bank (Open Joint-Stock Company) (Creditor), JSC VNIAM (Debtor). Subject of the transaction: JSC Atomenergoprom undertakes to be liable to Nomos-Bank (Joint-Stock Company) for the fulfilment by JSC VNIAM of all its obligations to the Creditor, arising from bank guarantee agreement No. 1810-12/DBG in favour of Joint-Stock Company Directorate of the Integrated Order for the NPP Equipment (JSC DIO). Price: to be determined based on the following indicators: – overall scope of liability under the guarantee – 7.959.991 (seven million, nine hundred and fifty-nine thousand, nine hundred and ninety-nine) roubles and 73 kopecks; – commission for granting the guarantee - 0.3% (naught point three percent) per annum of the Guarantee sum; – the one-time commission is 10.000.00 (ten thousand) roubles; – bank guarantee validity period: from the time of the granting until May 30, 2014; – in the event of the Debtor's failure to fulfil or properly fulfil its obligations to the Creditor, the Debtor will pay to the Creditor a penalty of 5.000.00 (five thousand) roubles; and – in the event of the Debtor's failure to fulfil or properly fulfil the surety-secured obligation, the Guarantor and the Debtor shall be solidary liable to the Creditor. Term of the agreement: The term of the surety agreement is from the time of the signing until 30.08.2016.</p> <p>4) On providing a security in the form of surety No. 5/2318-D made between JSC Atomenergoprom and JSC VNIAM on the following terms and conditions: Parties to the transaction: JSC Atomenergoprom (Guarantor), JSC VNIAM (Debtor). Subject of the transaction: JSC Atomenergoprom undertakes to make a surety agreement with Nomos-Bank (Open Joint-Stock Company) as a security for the proper fulfilment by JSC VNIAM of all its obligations arising from bank guarantee agreement No. 1810-12/DBG. Price of the transaction: 1.180.00 (one thousand, one hundred and eighty) roubles, including an 18% VAT of 180.00 (one hundred and eighty) roubles. Term of the agreement: The term of the agreement on providing a security in the form of surety is from the time of the signing until 30.08.2016. Other material terms and conditions of the transaction: the Guarantor's obligations shall be deemed to have been fulfilled at the time of the conclusion of the surety agreement.</p> <p>5) The surety agreement made between JSC Atomenergoprom and Nomos-Bank (Open Joint-Stock Company) on the following terms and conditions: Parties to the transaction: JSC Atomenergoprom (Guarantor), Nomos-Bank (Open Joint-Stock Company) (Creditor), JSC VNIAM (Debtor). Subject of the transaction: JSC Atomenergoprom undertakes to be liable to Nomos-Bank (Joint-Stock Company) for the fulfilment by JSC VNIAM of all its obligations to the Creditor, arising from bank guarantee agreement No. 3245-12/DBG, in favour of Joint-Stock Company Gruppya E4 (location: 12 Krasnopresnenskaya naberezhnaya, entrance 9, Moscow 12123610, TIN 7720554943, RRC 774501001). Price: to be determined based on the following indications: – overall scope of liability under the guarantee – 5.070.600 (five million, seventy thousand, and six hundred) roubles; – commission for granting a guarantee - 0.3% (naught point three percent) per annum of the guarantee sum; – the one-time commission is 10.000.00 (ten thousand) roubles; – bank guarantee validity period: from the time of the granting until 14 July 2013; – in the event of the Debtor's failure to fulfil or properly fulfil its obligations to the Creditor, the Debtor will pay the Creditor a penalty of 5.000.00 (five thousand) roubles; and – in the event of the Debtor's failure to fulfil or properly fulfil the surety-secured obligation, the Guarantor and the Debtor shall be jointly liable to the Creditor. Term of the agreement: The term of the surety agreement is from the time of the signing until 14.10.2015.</p>

No.	Date of the resolution by the Board of Directors of JSC Atomenergoprom	Material terms and conditions of the interested party transactions, and the requirement for the approval by the Board of Directors of JSC Atomenergoprom
		<p>6) On providing a security in the form of surety No. 5/2320-D made between JSC Atomenergoprom and JSC VNIIAM, on the following terms and conditions:  Parties to the transaction:  Guarantor – JSC Atomenergoprom,  Debtor – JSC VNIIAM.  Subject of the transaction:  JSC Atomenergoprom undertakes to make a surety agreement with Nomos-Bank (Open Joint-Stock Company) as a security with respect to the proper fulfilment by JSC VNIIAM of all its obligations arising from bank guarantee agreement No. 3245-12/DBG.  Price of the transaction: 1.180.00 (one thousand, one hundred and eighty) roubles, including an 18% VAT of 180.00 (one hundred and eighty) roubles.  Term of the agreement:  The term of the agreement on providing a security in the form of surety is from the time of the signing until 14.10.2015.  Other material terms and conditions of the transaction: the Guarantor's obligations shall be deemed to have been fulfilled at the time of the conclusion of the surety agreement.</p> <p>7) The surety agreement between JSC Atomenergoprom, JSC Atomenergoproekt, and JSC Atomstroyexport with respect to the obligations arising from work and services agreement No. 7717/12073/12120/222, dated 25.12.2012, made between JSC Atomstroyexport and JSC Atomenergoproekt, on the following terms and conditions:  Parties to the transaction: JSC Atomenergoprom (Guarantor), JSC Atomenergoproekt (Debtor), JSC Atomstroyexport (Creditor).  Subject of the transaction:  JSC Atomenergoprom undertakes to be liable to JSC Atomstroyexport for the improper fulfilment by JSC Atomenergoproekt of its obligations arising from agreement No. 7717/12073/12120/222, dated 25.12.2012, for the effort entitled "Development of Engineering Survey Materials for the Akkuyu NPP Site in the Turkish Republic, Design Documentation Phase".  Price: 5.000.000.00 (five million) roubles and 00 kopecks.  Term of the agreement:  The term of the surety agreement is from the time of the signing until 04.03.2014.</p>
14.	08.02.2013	<p>1) The surety agreement between JSC Atomenergoprom, JSC Industrial Innovations, and JSC OKBM Afrikantov concerning the obligations arising from agreement No. 25/35/467, dated 28 December 2012, made between JSC Industrial Innovations and JSC OKBM Afrikantov, on the following terms and conditions:  Parties to the transaction: JSC Atomenergoprom (Guarantor), JSC Industrial Innovations (Debtor), JSC OKBM Afrikantov (Creditor).  Subject of the transaction:  JSC Atomenergoprom undertakes to be liable to JSC OKBM Afrikantov for the timely fulfilment by the Debtor of its obligations arising from agreement No. 25/35/467, dated 28 December 2012.  Price: 9.975.000.00 (nine million, nine hundred and seventy-five thousand) roubles.  Term of the agreement:  The term of the surety agreement is from the time of the signing until the actual date of the equipment supply to the consignee as per par. 1.2 of agreement No. 25/35/467, dated 28 December 2012, plus 365 (three hundred and sixty-five) calendar days.</p> <p>2) The surety agreement between JSC Atomenergoprom, JSC VNIIPromtekhnologii, and JSC Dalur with respect to the obligations arising from agreement No. 099/2012/12-03/321-2246, dated 6 November 2012, made between JSC VNIIPromtekhnologii and JSC Dalur on the following terms and conditions:  Parties to the transaction: JSC Atomenergoprom (Guarantor), JSC VNIIPromtekhnologii (Debtor), JSC Dalur (Creditor).  Subject of the transaction:  JSC Atomenergoprom undertakes to be liable to JSC Dalur for the improper fulfilment by the Debtor of its obligations arising from agreement No. 099/2012/12-03/321-2246, dated 6 November 2012 made with the Creditor.  Price: 959.353.80 (nine hundred and fifty-nine thousand, three hundred and fifty-three) roubles and 80 kopecks.  Term of the agreement:  The term of the surety agreement is until 28.04.2013.</p> <p>3) The surety agreement made between JSC Atomenergoprom, JSC VNIIPromtekhnologii, and JSC PPMCA with respect to the obligations arising from contractor agreement No.100-10-05/18312, dated 04.12.2012, made between the Creditor and the Debtor, on the following terms and conditions:  Parties to the transaction: JSC Atomenergoprom (Guarantor), JSC VNIIPromtekhnologii (Debtor), JSC PPMCA (Creditor).  Subject of the transaction:  JSC Atomenergoprom undertakes to be liable to JSC PPMCA for the improper fulfilment by JSC VNIIPromtekhnologii of its obligations arising from the contractor agreement.  Price: 5.000.000.00 (five million) roubles and 00 kopecks.  Term of the agreement:  The term of the surety agreement is from the time of the signing until 15.12.2014.</p>

No.	Date of the resolution by the Board of Directors of JSC Atomenergoprom	Material terms and conditions of the interested party transactions, and the requirement for the approval by the Board of Directors of JSC Atomenergoprom																																								
		<p>4) On granting the right of use of a system (Unified Industry Electronic Document Management System, UIEDMS) between JSC Atomenergoprom and the industry's enterprises, as listed in the table below, on the following terms and conditions:</p> <table border="1"> <thead> <tr> <th>Parties</th> <th>Subject</th> <th>Price of transactions (roubles)</th> <th>Term</th> </tr> </thead> <tbody> <tr> <td>Licensors – JSC Atomenergoprom Licensees – JSC Leading Research Institute of Chemical Technology (VNIKhT)</td> <td>Granting of the right of use of the UIEDMS</td> <td>468.714.80</td> <td>4 years from the time of conclusion</td> </tr> <tr> <td>Licensors – JSC Atomenergoprom Licensees – JSC Science and Innovations</td> <td>Granting of the right of use of the UIEDMS</td> <td>492.150.54</td> <td>4 years from the time of conclusion</td> </tr> <tr> <td>Licensors – JSC Atomenergoprom Licensees – JSC Pilot Design Bureau of Machine-Building named after I. I. Afrikantov (JSC OKBM Afrikantov)</td> <td>Granting of the right of use of the UIEDMS</td> <td>24.701.269.96</td> <td>4 years from the time of conclusion</td> </tr> <tr> <td>Licensors – JSC Atomenergoprom Licensees – JSC Atomkomplekt</td> <td>Granting of the right of use of the UIEDMS</td> <td>468.714.80</td> <td>4 years from the time of conclusion</td> </tr> <tr> <td>Licensors – JSC Atomenergoprom Licensees – JSC Kovrov Mechanical Plant</td> <td>Granting of the right of use of the UIEDMS</td> <td>7.616.615.50</td> <td>4 years from the time of conclusion</td> </tr> <tr> <td>Licensors – JSC Atomenergoprom Licensees – JSC Novosibirsk Plant of Chemical Concentrates</td> <td>Granting of the right of use of the UIEDMS</td> <td>4.335.611.90</td> <td>4 years from the time of conclusion</td> </tr> <tr> <td>Licensors – JSC Atomenergoprom Licensees – JSC Angarsk Electrolysis Chemical Combine</td> <td>Granting of the right of use of the UIEDMS</td> <td>5.858.935.00</td> <td>4 years from the time of conclusion</td> </tr> <tr> <td>Licensors – JSC Atomenergoprom Licensees – JSC TENEX-Komplekt</td> <td>Granting of the right of use of the UIEDMS</td> <td>152.332.31</td> <td>4 years from the time of conclusion</td> </tr> <tr> <td>Licensors – JSC Atomenergoprom Licensees – JSC Kraun</td> <td>Granting of the right of use of the UIEDMS</td> <td>363.253.97</td> <td>4 years from the time of conclusion</td> </tr> </tbody> </table>	Parties	Subject	Price of transactions (roubles)	Term	Licensors – JSC Atomenergoprom Licensees – JSC Leading Research Institute of Chemical Technology (VNIKhT)	Granting of the right of use of the UIEDMS	468.714.80	4 years from the time of conclusion	Licensors – JSC Atomenergoprom Licensees – JSC Science and Innovations	Granting of the right of use of the UIEDMS	492.150.54	4 years from the time of conclusion	Licensors – JSC Atomenergoprom Licensees – JSC Pilot Design Bureau of Machine-Building named after I. I. Afrikantov (JSC OKBM Afrikantov)	Granting of the right of use of the UIEDMS	24.701.269.96	4 years from the time of conclusion	Licensors – JSC Atomenergoprom Licensees – JSC Atomkomplekt	Granting of the right of use of the UIEDMS	468.714.80	4 years from the time of conclusion	Licensors – JSC Atomenergoprom Licensees – JSC Kovrov Mechanical Plant	Granting of the right of use of the UIEDMS	7.616.615.50	4 years from the time of conclusion	Licensors – JSC Atomenergoprom Licensees – JSC Novosibirsk Plant of Chemical Concentrates	Granting of the right of use of the UIEDMS	4.335.611.90	4 years from the time of conclusion	Licensors – JSC Atomenergoprom Licensees – JSC Angarsk Electrolysis Chemical Combine	Granting of the right of use of the UIEDMS	5.858.935.00	4 years from the time of conclusion	Licensors – JSC Atomenergoprom Licensees – JSC TENEX-Komplekt	Granting of the right of use of the UIEDMS	152.332.31	4 years from the time of conclusion	Licensors – JSC Atomenergoprom Licensees – JSC Kraun	Granting of the right of use of the UIEDMS	363.253.97	4 years from the time of conclusion
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## List of Abbreviations

<b>AAED</b>	annual average effective dose
<b>AEIC</b>	atomic energy information centres
<b>ARSMS</b>	automated radiation situation monitoring system
<b>BOO</b>	build-own-operate
<b>CATF</b>	closed administrative and territorial formation
<b>CNFC</b>	closed nuclear fuel cycle
<b>CIS</b>	Commonwealth of Independent States
<b>CRMS</b>	corporate risk management system
<b>EBIDTA</b>	Earnings Before Interest Depreciation Tax and Amortisation
<b>ESS</b>	examination and search system
<b>EUP</b>	enriched uranium product
<b>EurAsEC</b>	Eurasian Economic Community
<b>FA</b>	fuel assembly
<b>FFMS</b>	Federal Financial Markets Service
<b>FSMC</b>	Federal Securities Market Commission
<b>FTP</b>	federal target programme
<b>FTS</b>	Federal Tariff Service
<b>HEU</b>	highly enriched uranium
<b>HLW</b>	high-level waste
<b>IAEA</b>	International Atomic Energy Agency
<b>ICUF</b>	installed capacity utilisation factor
<b>IFRS</b>	International Financial Reporting Standards
<b>IGA</b>	intergovernmental agreement
<b>INES</b>	International Nuclear Event Scale
<b>IP</b>	intellectual property
<b>IRAW</b>	individual risk assessment workstation
<b>IRG</b>	inert radioactive gas
<b>ITER</b>	International Thermonuclear Experimental Reactor
<b>IUEC</b>	International Uranium Enrichment Centre
<b>JSC</b>	joint-stock company

<b>JV</b>	joint venture
<b>KPI</b>	key performance indicator
<b>LC</b>	lifecycle
<b>LEU</b>	low-enriched uranium
<b>LRW</b>	liquid radioactive waste
<b>LWR</b>	light-water reactors
<b>MSSC</b>	multifunctional shared servicing centre
<b>NFC</b>	nuclear fuel cycle
<b>NFC FE</b>	nuclear fuel cycle front-end
<b>NPP</b>	nuclear power plant
<b>NRHI</b>	nuclear- and radiation-hazardous installation
<b>NRS</b>	nuclear and radiation safety
<b>OECD NEA</b>	Organisation for Economic Cooperation and Development Nuclear Energy Agency
<b>PSRN</b>	primary state registration number
<b>R&amp;D</b>	research and development
<b>ROSATOM</b>	the State Atomic Energy Corporation "Rosatom"
<b>RBMK</b>	high-power channel-type reactor
<b>RF</b>	Russian Federation
<b>Rostekhnadzor</b>	Federal Environmental, Technological and Nuclear Supervision Service
<b>RUIE</b>	Russian Union of Industrialists and Entrepreneurs
<b>RW</b>	radioactive waste
<b>SNF</b>	spent nuclear fuel
<b>SWU</b>	separative work unit
<b>TIN</b>	taxpayer identification number
<b>UIDMS</b>	unified industry document management system
<b>UNO</b>	United Nations Organisation
<b>USRS</b>	unified standardised remuneration system
<b>VVER</b>	water-cooled water-moderated power reactor

## Glossary

<b>BOO (Build – Own – Operate) contract</b>	a contract that provides for the obligation of the construction, ownership, and operation of a facility.
<b>Closed nuclear fuel cycle</b>	a nuclear fuel cycle, in which spent nuclear fuel is processed for uranium and plutonium extraction for nuclear fuel re-fabrication.
<b>Corporate social accountability</b>	a concept based on which an organisation takes account of the stakeholder requests. This is a package of obligations generated, on a voluntary basis, by the organisation's executives with regard to the interests of personnel, shareholders, local communities in the operating areas, state, and municipal power bodies, and other stakeholders. These obligations are largely fulfilled at the expense of the organisation's funds and are aimed at the implementation of significant internal and external social (in the broad sense of the word) programmes, the results of which contribute to the development of the organisation and to its improved reputation and image, as well as to constructive stakeholder engagement.
<b>Depleted uranium</b>	uranium that contains less isotopes of U-235 than natural uranium (for example, uranium in the spent fuel of reactors fuelled by natural uranium).
<b>Dialogue with STAKEHOLDERS (as part of the annual report preparation)</b>	an arrangement undertaken under the AA100 international standards for the engagement of representatives of the stakeholders during the report preparation to enhance the organisation's transparency and accountability.
<b>Dump of radioactive material</b>	controlled entry of radionuclides into water bodies with liquid waste of a nuclear facility (e.g. a nuclear plant).
<b>Enrichment (isotopic)</b>	a) the content of atoms of a certain isotope in the isotopic mixture of the same element if this exceeds the share of the given isotope in a naturally occurring mixture (expressed as a percentage); b) a process resulting in an increased content of a certain isotope in the isotopic mixture.
<b>EPC (Engineering – Procurement - Construction) contract</b>	a contract that provides for the obligation of the turnkey construction of a facility, including the facility engineering, supply, and construction obligations. Unlike a BOO Contract, it does not provide for the ownership of the facility to be built.
<b>EPCM (Engineering – Procurement – Construction - Management) contract</b>	a contract that provides for the obligation of the turnkey construction (including engineering, supply, and construction) and management of a facility. Unlike a BOO Contract, it does not provide for the ownership of the facility to be built.
<b>Fast neutrons</b>	neutrons, the kinetic energy of which exceeds a particular given magnitude. This magnitude is variable in a broad range and depends on the application (reactor physics, protection, or radiation monitoring). In reactor physics, this magnitude is mostly selected as equalling 0.1 MeV.
<b>First criticality</b>	a stage in the nuclear plant commissioning, including the reactor fuelling, first criticality, and required physical experiments conducted at the power level at which heat is removed from the reactor thanks to natural heat losses.
<b>Fuel assembly</b>	a package of fuel elements (rods, bars, plates, and others) held together with the aid of spacer grids and other structural members, which are integral during transportation and in-pile irradiation. Assemblies are loaded into the nuclear reactor core.
<b>Global Reporting Initiative (GRI)</b>	an international reporting system concerning the economic, environmental and social performance, based on the Sustainability Reporting Guidelines, Technical Protocols, and industry applications.
<b>HEU-LEU Agreement</b>	the Agreement between the Government of the Russian Federation and the Government of the United States of America Concerning the Disposition of Highly-Enriched Uranium Extracted from Nuclear Weapons, under which Russia had committed itself to supplying to the USA during 20 years (until the end of 2013) low-enriched uranium (LEU) obtained from 500 tonnes of highly enriched uranium (HEU) extracted from nuclear warheads and found by the Russian side to be excessive for defensive applications.
<b>Installed capacity utilisation factor (ICUF)</b>	the relation of the actual electricity generation by a reactor facility during the period of operation to the electricity generation during rated-power operations with no shutdowns.

<b>Integrated report</b>	a report that consolidates all material data on the organisation's strategy, corporate management, performance indicators, and prospects such that it would "show" in an integrated way the organisation's economic, social, and environmental status. The report gives a clear and distinct idea about how the organisation carries out reasonable control, as well as how it creates its value at the present time or will create it in future.
<b>International Integrated Reporting Council (IIRC)</b>	an international organisation engaged in the development of a globally integrated reporting standard to allow for managerial, financial, social, environmental, and other information to be provided in an understandable, concise, self-consistent, and comparable reporting document. The IIRC objective is to develop versatile approaches to the delivery of corporate reports in order to contribute to the sustainable development of global economy.
<b>Key performance indicators (KPI)</b>	key efficiency indicators meeting the goals of Rosatom State Corporation, which disclose the efficiency and performance of organisations (and of the activities by divisions) and the individual efficiency of employees.
<b>Non-financial reporting</b>	reporting provided by an organisation regarding its performance outside the scope of manufacturing and financial activities (and the management of this performance). Non-financial reporting includes sustainable development reports, corporate social accountability reports, environmental reports, charity reports, and others.
<b>Nuclear fuel</b>	a material containing fissionable nuclides, which, being placed in the nuclear reactor, makes it possible to run a nuclear chain reaction.
<b>Nuclear fuel cycle</b>	the sequence of manufacturing processes for ensuring the operation of nuclear reactors, ranging from uranium production to the disposal of radioactive waste.
<b>Nuclear plant safety</b>	the property of a nuclear power plant to ensure, within the specified limits, the radiological safety of the personnel, the public, and the environment during normal operation and in the event of an accident.
<b>Nuclear power</b>	a branch of power engineering that uses atomic energy for electricity and heat generation.
<b>Nuclear safety</b>	a general term that describes the properties of a nuclear facility to keep the radiological impact on the personnel, the public, and the environment within permissible limits during normal operation and in the event of an accident.
<b>Operator</b>	an organisation that possesses the regulator permit to operate a nuclear plant or another nuclear facility.
<b>Organisational business model</b>	a model including the key business processes and the resources (capitals) employed, through the use of which the organisation creates and maintains its value over the long term.
<b>Phase Gate</b>	the Phase Gate approach to carrying out investment activities, a principle of planning and carrying out investment activities that suggests, when applied, that investment projects are broken down into phases, of which each is preceded by a Gate Review of the results achieved and the further project implementation plans and risk, and a decision is then made on the further project implementation phase to be proceeded to.
<b>Power start-up</b>	a stage in the nuclear plant commissioning during which the nuclear plant starts to generate energy and the nuclear plant operation is checked at different power-up levels to that specified for commercial operations.
<b>Radiation exposure</b>	a total of individual exposure doses received or planned in the operations to decommission, maintain, repair, replace, or dismantle components of a nuclear facility, e.g. of a nuclear plant.
<b>Radiation safety</b>	a set of arrangements seeking to limit the exposure of personnel and the public to the lowest possible radiation dose values in a socially acceptable way, as well as to avoid early effects of exposure and keep the delayed radiation effects within the tolerable limits.
<b>Radioactive release</b>	atmospheric emission of radionuclides as the result of nuclear plant operation.
<b>Radioactive waste</b>	nuclear materials and radioactive wastes not subject to further use.

<b>Recommendations of the Russian Union of Industrialists and Entrepreneurs (RUIE) for Use in the Practice of Management and Corporate Non-financial Reporting (key performance indicators)</b>	a system of economic, social and environmental performance indicators for non-financial reports, as developed by the RUIE for the purpose of contributing to the introduction of responsible business principles. It is based on a number of underlying documents developed by the UN structures (including the UN Global Compact), the Global Reporting Initiative, as well as methodological and procedural recommendations of the Russian Federation's Federal State Statistics Service and guidance of the RUIE (Social Charter of Russian Business, Recommendations on the Preparation of Non-financial Reports "Five Steps Towards the Social Sustainability of Companies" and others).
<b>Research reactor</b>	a nuclear reactor designed for use as a subject of research for the purpose of obtaining data on reactor physics and technology, which is required for the design and development of a reactor of the same type or of components thereof.
<b>Separative work unit (SWU)</b>	a measure of the efforts applied to separate the given quantity of a material of a certain isotopic composition into two fractions with different isotopic compositions; it does not depend on the separation process used; a kilogram is a separative work unit, and the enrichment and energy consumption cost is calculated per kilo of the separative work performed.
<b>Stakeholders</b>	physical and/or legal persons, as well as groups of persons, which have an effect on the organisation's activities through their actions and/or are subjected to effects from the organisation. An organisation may have different stakeholders (public and international supervising authorities, shareholders, consumers of goods and services, business partners, suppliers and contractors, civil society organisations, local communities, trade unions, and others) with both mutually remote and conflicting interests.
<b>Sustainability Reporting Guidelines (Global Reporting Initiative, GRI)</b>	The Sustainability Reporting Guidelines containing the guidelines that define the content and ensure the quality of reporting information, standard disclosures comprising the performance indicators of the organisation's economic, environmental and social impacts, approaches to the management of said impacts, and other characteristics, as well as recommendations on specific technical aspects of reporting.
<b>Sustainable development</b>	the development that covers the present-day needs, while not endangering the capability of future generations to cover their own needs. In this connection, the organisation's transparency and accountability, with respect to its economic, environmental, and social impacts, are the fundamental requirements applicable to every economic entity.
<b>Uranium conversion</b>	a chemical engineering process of transforming uranium-containing materials into uranium hexafluoride.
<b>Uranium hexafluoride</b>	a chemical compound of uranium and fluorine (UF <sub>6</sub> ). This is the only highly volatile uranium compound (when heated to 53°C, uranium hexafluoride passes directly from solid into gas) and is used as feedstock for the separation of uranium-238 and uranium-235 isotopes using a gas-diffusion technology or a gas-centrifuge technology, and for the production of enriched uranium.
<b>Uranium ore enrichment</b>	a combination of processes for the primary treatment of uranium-bearing mineral raw material to separate uranium from other minerals contained in the ore. This does not involve any changes in the content of minerals, but rather only a mechanical separation thereof with the resultant production of an ore concentrate.
<b>VVER</b>	a water-cooled water-moderated power reactor, in which water is used both as the coolant and the moderator. The most common type of Russian NPP reactors has two modifications: VVER-440 and VVER-1000.

## Feedback form

Dear readers!

You have read the public annual report of JSC Atomenergoprom, which is intended for a broad range of stakeholders. The opinion of the readers, for whom the report was prepared, is very important to us. We will be very grateful if you can make a contribution to improve the quality of the Company's reports in the future by answering the questions below.

The completed form may be mailed to the Communications Department or to the Treasury at: 24 Bolshaya Ordynka Str., Moscow 119017, Russia, or emailed to Mamiy, Ekaterina Abrekovna, Executive Secretary, Public Reporting Committee, at (EAMamy@grosatom.ru).

1. Rate the report using the following criteria:

Confidence and objectivity level			
<input checked="" type="checkbox"/> Excellent	<input checked="" type="checkbox"/> Good	<input checked="" type="checkbox"/> Satisfactory	<input checked="" type="checkbox"/> Unsatisfactory
Completeness and relevance of information			
<input checked="" type="checkbox"/> Excellent	<input checked="" type="checkbox"/> Good	<input checked="" type="checkbox"/> Satisfactory	<input checked="" type="checkbox"/> Unsatisfactory
Structure of the report, ease of reference of the information needed, wording			
<input checked="" type="checkbox"/> Excellent	<input checked="" type="checkbox"/> Good	<input checked="" type="checkbox"/> Satisfactory	<input checked="" type="checkbox"/> Unsatisfactory

2. Indicate the report section(s) that you have found to be significant or useful in the space below:

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3. What subjects do you think need to be covered in the next report?

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4. Your recommendations or additional comments:

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5. Indicate which stakeholder category you belong to:

<input checked="" type="checkbox"/> Employee of JSC Atomenergoprom or Rosatom State Corporation	<input checked="" type="checkbox"/> Representative of a client/ consumer of goods and services
<input checked="" type="checkbox"/> Employee of an organisation within JSC Atomenergoprom or Rosatom State Corporation	<input checked="" type="checkbox"/> Business representative
<input checked="" type="checkbox"/> Representative of federal power bodies	<input checked="" type="checkbox"/> Representative of a public organisation
<input checked="" type="checkbox"/> Representative of regional power bodies	<input checked="" type="checkbox"/> Representative of mass media
<input checked="" type="checkbox"/> Representative of local self-government bodies	<input checked="" type="checkbox"/> Representative of expert community
<input checked="" type="checkbox"/> Representative of contractor/supplier organisation	<input checked="" type="checkbox"/> Other (state)
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