

2014

UNBREAKABLE
SPIRIT.
OPEN TO
EVERYONE

Annual Report
of JSC "TVEL"



FUEL COMPANY OF ROSATOM

TVEL

Annual Report of JSC “TVEL”
2014

**UNBREAKABLE SPIRIT.
OPEN TO EVERYONE**

Every day brings changes to the world: new events,
ideas, interests, priorities

It is important to stay true to yourself, to adhere to your
principles and values. TVEL — the open company with
unbreakable spirit — upholds this position
in its Annual Report.

*Interactive version
of the Report*



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➤ Message from JSC "TVEL" Chairman of the Board of Directors A. M. Lokshin

Dear Colleagues,

The year 2014 showed us once again that enterprises of ROSATOM State Corporation and Fuel Division have successfully coped with the assigned tasks. We have a lot to be proud of, despite complicated foreign policy situation, we managed to expand our presence in international markets, and the orders portfolio of ROSATOM State Corporation for the first time exceeded USD 100 bln.

TVEL Fuel Company made important contribution to these achievements. On results of the year 2014, scope of new contracts of JSC "TVEL" with foreign partners exceeded USD 3 bln, while a 10 year portfolio exceeded USD 10 bln. Last year for the first time in national nuclear history the European reactor was charged with TVS-KVADRAT. Another important achievement of ROSATOM State Corporation was the entry to the fuel market of western research reactors.

Throughout the year the Company assured uninterrupted delivery of nuclear fuel to all foreign consumers. This is the outcome of the synergy of four cornerstones of TVEL Fuel Company — separation-sublimation, nuclear fuel fabrication, gas centrifuge and scientific divisions.

Furthermore, the enterprises of the Fuel company actively developed production infrastructure, which enables to face the future with confidence. The following can be referred to the milestones of the year: commencement of construction of the dense fuel fabrication module, i.e. facilities of fuel production for fast neutron reactors, creation of experimental fuel assemblies with dense fuel, and expansion of non-nuclear production.

The year 2014 showed us that human, industrial and R&D potential of TVEL Fuel Company allows carrying out the whole scope of projects required to create new products, including non-nuclear ones, that meet all prospective needs of the day.

I believe that in 2015 the progressive movement towards the stated objectives will continue.

Chairman
of the Board of Directors
of JSC "TVEL"

A. M. Lokshin



➤ Message from the President of JSC "TVEL" Yu.A. Olenin

Dear friends and colleagues,

In 2014, TVEL Fuel Company continued its rapid growth.

The Company fulfilled the plan for production and supply of nuclear fuel despite the acute competition and complicated international situation. The fuel was delivered to the consumers within the time limits provided by the contracts, in compliance with all quality and safety regulations. TVEL FC proved once again its business reputation of the reliable supplier.

The Company continued implementation of its strategy aimed at strengthening of positions in international market of nuclear fuel cycle. The breakaway contract with NPP operator in Western Europe for the delivery of prototype TVS-KVADRAT assemblies was made operational. We ensured the entrance of ROSATOM into the international market of nuclear fuel for western research reactors. The Company signed the contracts to supply fuel for NPP in Hungary, Slovakia, Finland, and for research reactors in the Netherlands, Uzbekistan and the Czech Republic.

Particular focus was placed on sectoral research in order to retain leadership in a highly competitive market, and to ensure the future success of the Company. Zero

failure technology, extended operation cycle, capability of reactors capacity extension are just some of the outcomes of research and development activity of the Fuel Division. Successful implementation of "Proryv" Project, testing of experimental fuel assembly for reactor BREST-300 are also of relevance.

Manufacturing of zirconium production moved to a new orbit, which is confirmed by the independent international commission. The Company discharged its contractual obligation within the international project ITER, supplying its European customer with the unique superconductive products. Titanium and calcium wire production was expanded. All of this reflects how the reporting year contributed to the implementation of the Company's plans to promote non-nuclear production, and to reach tenfold increase of the revenue from non-nuclear production by 2030.

In 2014, the values of State Atomic Energy Corporation "Rosatom" were integrated into the Fuel Company management and corporate culture. Much was done to improve performance of the management and the staff using the value paradigm, enabling to modify the quality of labor commitments, and to achieve tangible performance results.

All enterprises showed steady growth in labor efficiency and salaries. To improve social welfare in 2015 we plan to adjust the income index for at least inflation level.

Governed by the world's best practices of corporate governance and standards, we are committed to adhering to principles of sustainable development, interacting with every worker and the labor groups, the local authorities, applying creative managerial

decisions, introducing economically sound innovations, improving technological base, and expanding foreign economic activity to promote continued success of the Fuel Company and the Russian nuclear industry.

I would like to express my gratitude to all employees for effective and highly professional work, for their responsible approach and genuine concern.

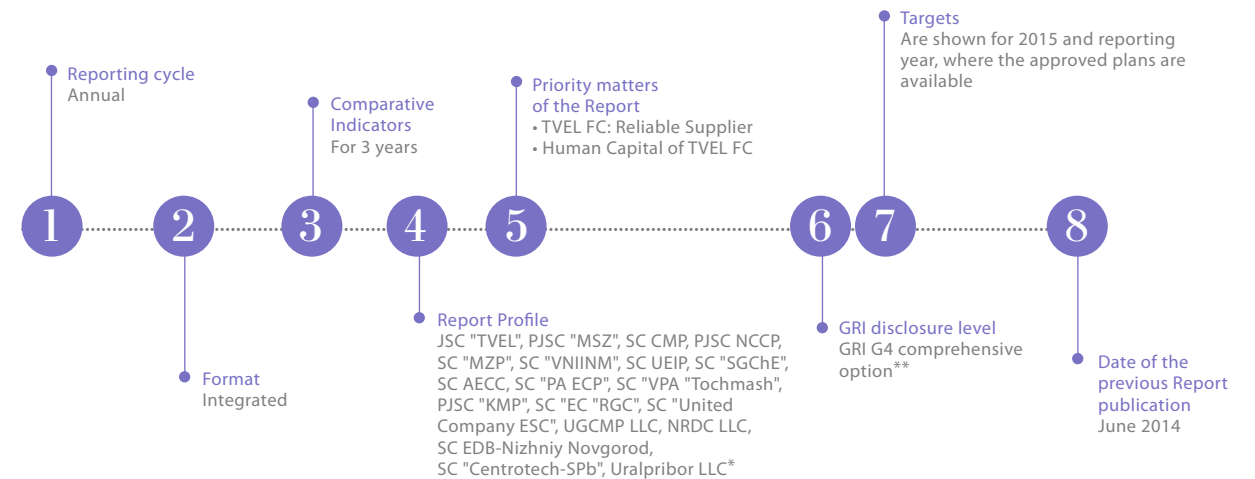


President
of JSC "TVEL"

Yu. A. Olenin

> About the Report

This Annual Report (hereinafter referred to as "the Report") covers performance of JSC "TVEL" and its subsidiary companies (hereinafter together referred to as the Fuel Company, TVEL FC, the Company) in 2014.



The purpose of this Report is to present comprehensive account of:

- TVEL FC performance over the reporting year;
- strategic directions and development potential;
- the inherent risks and risk mitigation procedures;
- management philosophy.

This Report is prepared in compliance with the following regulatory documents:

- Federal Law No. 208-FZ d/d December 26, 1995 "On Joint-Stock Companies";
- Federal Law No. 402-FZ d/d December 6, 2012 "On Accounting";
- The Policy of ROSATOM State Corporation applicable to public reporting and Public Annual Reporting Standard of the Key

* Conforms to management accounting profile.

** Performance indicators and standard elements are generated and presented in the Report in accordance with the Russian Accounting Standards. Financial report data as per the International Financial Reporting Standards (IFRS) are not presented due to later terms of generation thereof. The list of public reporting indicators disclosed in the Report in accordance with GRI Guidelines is given in the interactive version of the Report.

- Organizations comprising ROSATOM State Corporation;
- Provision of the Bank of Russia No. 454-P d/d December 30, 2014 "On Disclosure of Information by the Issuers of Equity Securities";
 - Corporate Governance Code (recommended by the letter of the Central Bank of the Russian Federation d/d April 10, 2014 No. 06-52/2463);
 - Sustainability Reporting Guidelines of The Global Reporting Initiative, version G4;
 - AA1000 Accountability Principle Standard 2008;
 - International Integrated Reporting Framework, version 1.0.

The **integrated** format of the Report provides detailed description of the Company's performance in the context of the environment and shows the impact it makes on the stakeholders.

The Report discloses the **essential information** which is important to those who use this Report to assess the performance of the Company. Survey of internal and external stakeholders was conducted, the map of material matters was drawn up while preparing this Report (for details refer to the Appendices to interaction version of the Report at www.tvel.ru the Section "Finance", "Annual Report"*).

Aspect **boundaries** and content of the Report were determined by the Committee on Public Annual Reporting involving the Committee of Stakeholders, and agreed on

by JSC "TVEL" subdivisions. Disclosed matters (aspects) are material for all subsidiary companies (SC) from the Report profile, unless otherwise is specified herein.

The scope of matters (aspects) has changed as compared to the previous periods, some matters are not covered due to their immateriality. The wording of the indicators given in previous reports has remained. "Occupational Health and Safety" is important not only to the Company, but also to contractor organizations rendering capital construction services at TVEL FC facilities.

Rationale for choosing priority matters of the Report:

The Fuel Company and its subsidiaries have impeccable business reputation in international and Russian markets. The Company benefits from available technological advantages despite the increasing competition at international markets of fuel fabrication and enrichment, implements number of breakaway projects aimed at retention and expansion of the Company's presence in traditional nuclear fuel markets and entry to new ones, that's why the idea — **"TVEL FC: Reliable Supplier"** is one of priority matters.

Realization of the Fuel Company's strategic objective for global dominance in the market of front end nuclear fuel cycle and in related spheres is impossible without permanent improvement of performance efficiency. The Company employees are key agents of changes, their involvement determines realization of the Company objectives. That is

why "Human Capital of TVEL FC" is yet another priority matter herein.

Stakeholders engagement is an integral element of public reports preparation and day-to-day activity of the Fuel Company. The Stakeholders Commission was established by TVEL FC in 2013 to promote regular feedback on the matters pertaining to the activity of the Company and its public position on specific matters.

Stakeholders' suggestions were taken into account while preparing the Report, as well as analysis of the best Russian and international practices of disclosure in annual reports*.

Following the reporting campaign 2014 **43 suggestions** of stakeholders were received; 24 of them have been taken into account while preparing the Report, 4 — partially considered, 13 — will be taken into account at preparation of the subsequent reports. 2 suggestions are planned to consider at development of the brief version of the Report**.

Reliability of information contained in the Report was confirmed by:

- The Report of the Director for Internal Control and Audit of JSC "TVEL" (with respect to efficiency of internal control system applicable to generation of the Report and compliance of generation procedures with requirements of law, internal regulations of ROSATOM State Corporation and JSC "TVEL" in the sphere of public reporting);

- The Statement of the audit organization FBK LLC, confirming reliability of 2014 Financial Statement of JSC "TVEL";
- The Statement of the audit organization NP Consult CJSC confirming reliability of non-financial data published in the Report.

Organization that renders services of independent assurance of non-financial data of the Report was engaged through competitive procurement practices.

Top Executive Management of the Company was involved in independent assurance procedure through survey and interview. **The Report was approved by JSC "TVEL" Board of Directors.**

This Report covers the year of 2014. All prior and future periods are mentioned herein in description of corporate strategy, collation of performance indicators and results, forecasts and risk assessments. In addition to factual information, this Report describes and assesses potential and probable events. Any statements herein other than statements of facts shall be construed as forecasts. Forecasts of this kind are relevant only at the time of publishing. JSC "TVEL" (unless otherwise specifically provided for by applicable legislation) is not obliged to review or update the said forecasts or factors in any new pieces of information. Actual performance results may differ from the forecasted ones.

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Suggestions of stakeholders were received following the results of the reporting campaign.

* Interactive version of the Report contains Appendices hereto: the Table of Public Accounting Indicators of ROSATOM State Corporation, the Table of Standard Disclosures and Performance Indicators under GRI G4, the Report on compliance with provisions of the Corporate Governance Code, and Feedback Form.

* Section "Stakeholders Engagement Events During the Preparation of the Report 2014" Chapter 4.
** Appendix "Table of Considerations of Proposals made by TVEL FC Stakeholders" in the interactive version of the Report.

Our working team is open to your feedback and suggestions on the matters and issues that you would like to see in the next annual

report. Please refer to Feedback form in interactive version of the Report at www.tvel.ru



The Company appreciates the employees who took part in preparation of this Report, and all participants of public consultations and dialogues. We hope you will find this Report interesting and informative.

Major Performance Indicators of TVEL FC*, RUB mln

Indicators	2012	2013	2014
Revenue (net) from sales of products (excluding V.A.T. and excise duties, similar mandatory payments)	121,958	131,436	137,962
Gross profit	39,289	39,628	44,663
Net profit	19,642	23,866	20,870
Net assets	566,907	579,708	590,006
EBITDA (earnings before interest, taxes, depreciation and amortization)	42,668	51,163	48,959
Gross tax allowances to federal, regional and local budgets**	23,419	27,695	25,774
Current (operating) environmental expenses	2,224	2,213	2,371

* Financial and economic indicators are given in accordance with consolidated management statements of TVEL FC.
** Excluding V.A.T. to be compensated from the budget.

> Major Performance Results 2014

Labor efficiency

5.49 RUB mln/person

Dividends paid in 2014

16,291 RUB mln

EBITDA margin

35.5%

Total savings resulting from procurement procedures

2,601 RUB mln

Average salary growth in 2014 as compared to 2013

11.3%

Export orders portfolio for products and services of FE NFC for a 10 year period

10.4 USD bln

Average staff number

25,169 persons

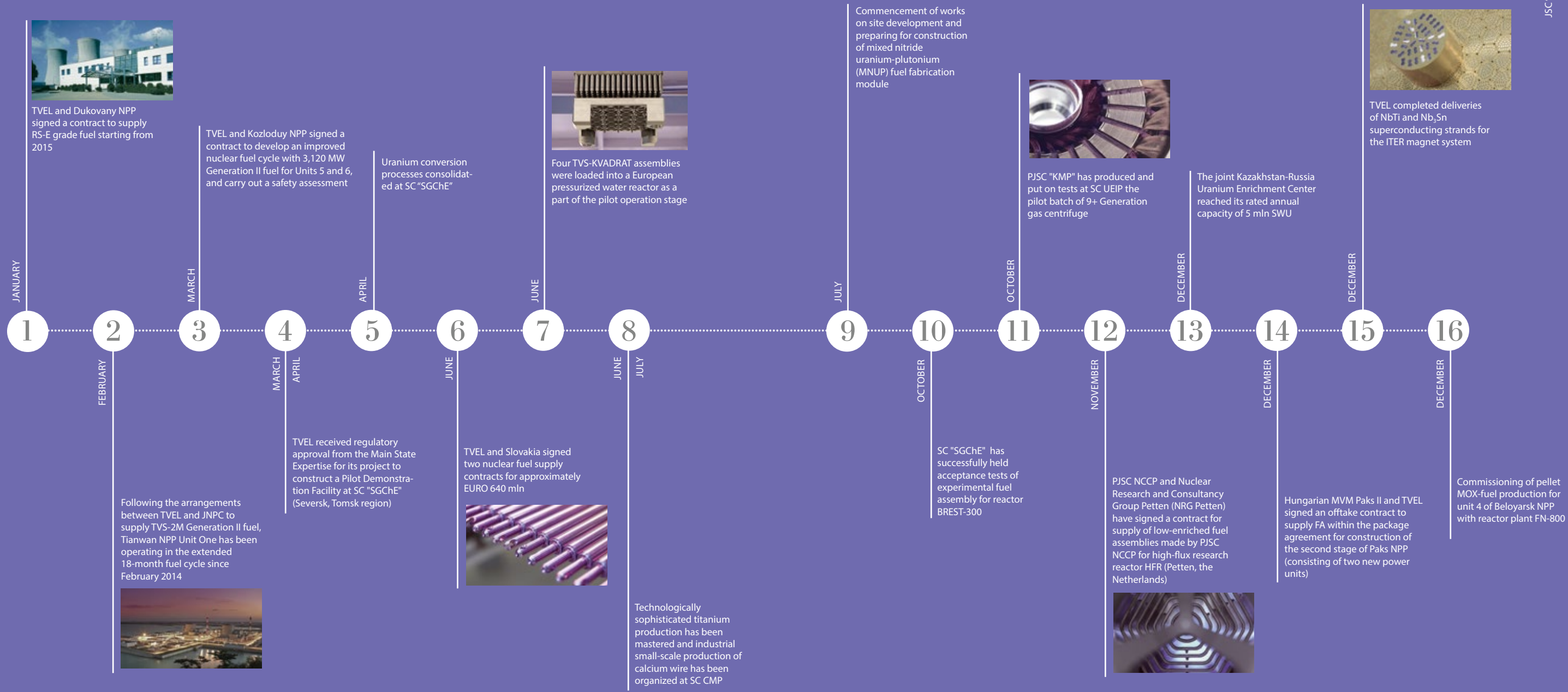
Revenue (net) from the sale of products

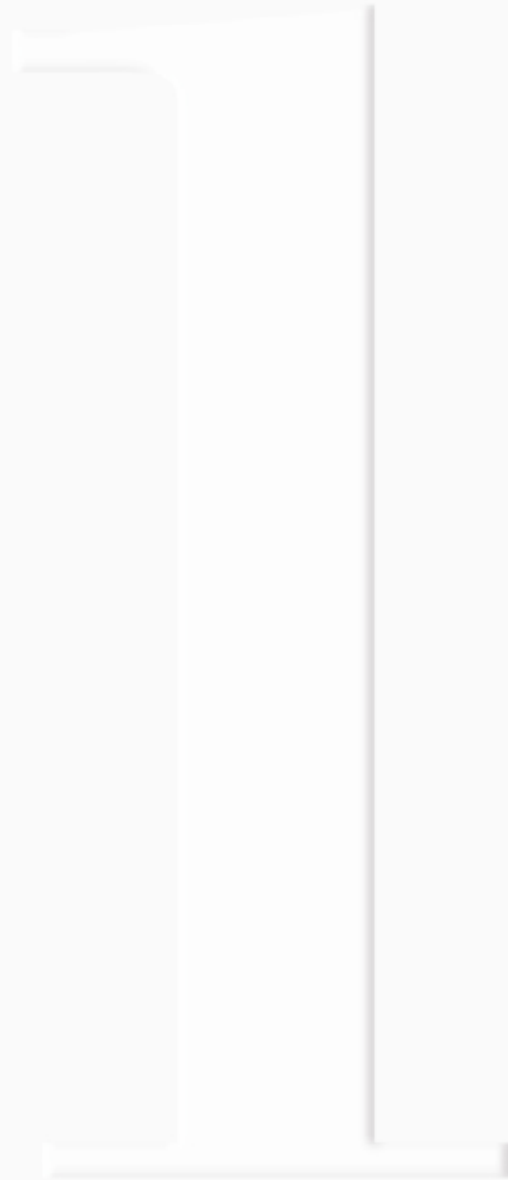
137,962 RUB mln

Net profit

20,870 RUB mln

> Milestones 2014





**TRANSPARENT
CORPORATE STRATEGY
CONTRIBUTES TO OPEN
BUSINESS RELATIONSHIPS**





» Chapter 1. General


» General Information Concerning TVEL Fuel Company


Fuel company comprises subsidiaries for fabrication of nuclear fuel, uranium conversion and enrichment, production of gas centrifuges, as well as research, design and development organizations.


 JSC "TVEL" is a parent company of the Fuel Company of ROSATOM State Atomic Energy Corporation.

 Full company name: Joint Stock Company "TVEL".

 Abbreviated company name: JSC "TVEL".

 The Company is registered by Moscow Registration Chamber on September 12, 1996.

 Location: 24 Bolshaya Ordynka St, Moscow 119017, Russian Federation

 Mailing address: 49, Kashirskoe Highway, Moscow 115409, Russian Federation

 History of the Company: see official website www.tvel.ru.

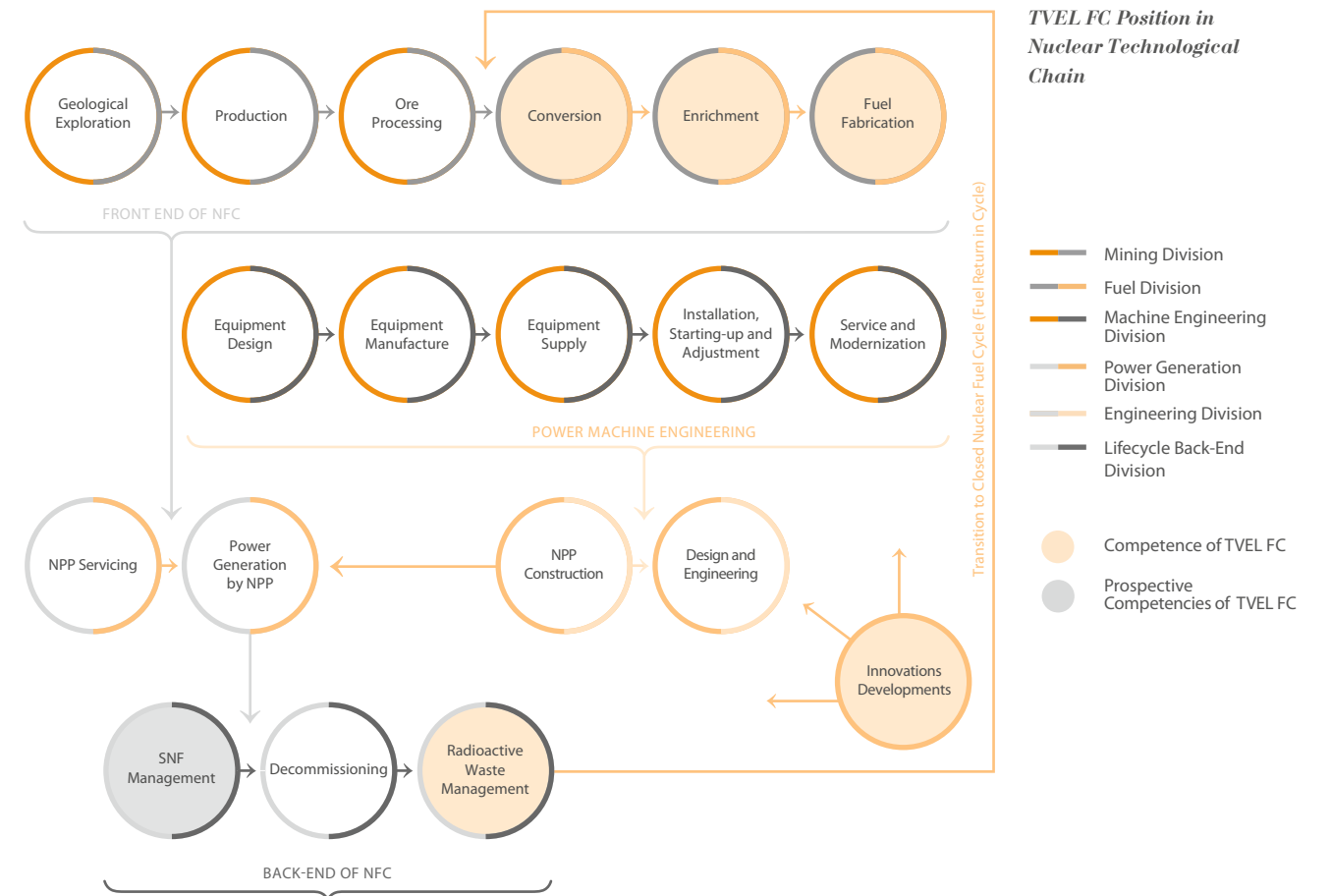
 Electronic versions of TVEL FC 2014 Report and prior reports are available at: <http://www.tvel.ru>.

» Basic Characteristics

The core activity of TVEL FC is development, production and sale of nuclear fuel for power and research reactors in Russia and abroad, as well as of associated nuclear and non-nuclear products. All activities comply with safety requirements: nuclear, radiation, industrial, fire, environmental, labor safety,

physical protection of nuclear facilities and emergency preparedness.

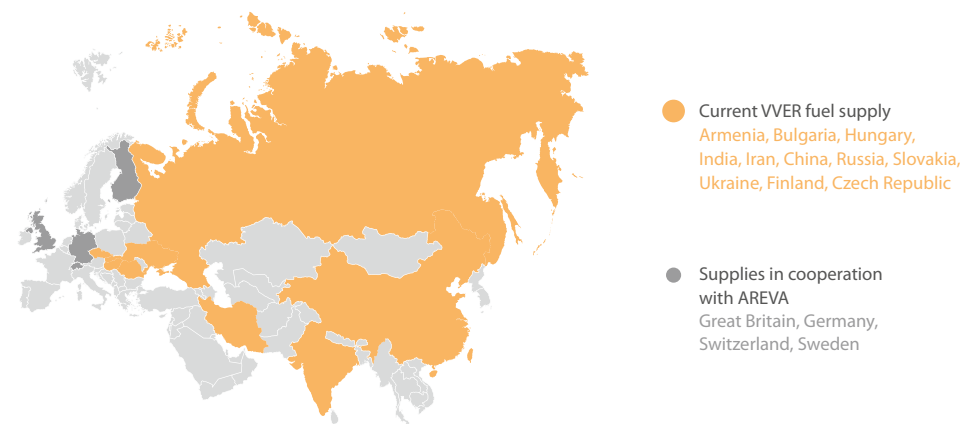
TVEL FC takes a central place in the structure of ROSATOM State Corporation at the front end nuclear fuel cycle.



TVEL Fuel Company is the only supplier of nuclear fuel to Russian nuclear power plants. It provides with nuclear fuel 78 power reactors in 15 countries all over the world, research reactors in 9 countries worldwide and transportation reactors of the Russian Nuclear Powered Fleet.

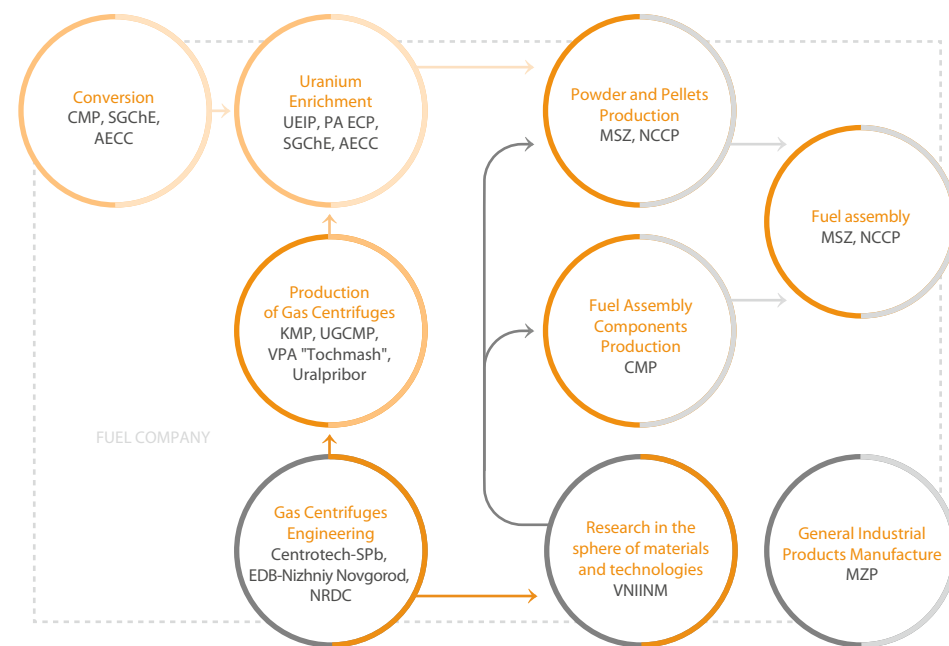
One out of every six power reactors in the world operates with fuel manufactured by TVEL FC*.

TVEL FC in the Global Market of Nuclear Fuel



Specialization of TVEL FC Subsidiary Enterprises in Nuclear Products Manufacture

- Research and Engineering Complex
- Gas Centrifuge Complex
- Nuclear Fuel Fabrication Complex
- Separation-Sublimation Complex



* Section "Position of TVEL FC in the Global Market of FE NFC", Chapter 1.

Regions of presence of JSC "TVEL" enterprises



JSC "TVEL" is the management center of the Fuel Company.

Subsidiaries of the Fuel Company are located in 11 regions of the Russian Federation.

Social environment of TVEL FC operation is characterized by the fact that three enterprises of the Company are located within Closed Administrative Territorial Units* (Seversk, Novouralsk, Zelenogorsk), and one is located within a mono-town (Glazov). Those enterprises are town-forming organizations and major taxpayers**.

Core business of the Company involves production of nuclear fuel, besides TVEL FC

supplies the Russian and international market with the wide range of non-nuclear products:

- zirconium
- lithium
- calcium
- magnets
- thin-walled pipes
- polishing powders
- pinch rolls, zeolite catalysts
- superconductor materials

Hydrometallurgical, metalworking, machine-building and rolling facilities operate successfully at TVEL FC enterprises supported by research and development subdivisions.

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The Fuel Company subsidiaries are located in 11 regions of the Russian Federation

* CATU.

** The detailed information concerning contribution of TVEL FC into the development of regions of presence is presented in Section "Development of Regions of Presence", Chapter 4.

The Fuel Company consists of four complexes for type-specific production of the front end of nuclear fuel cycle (FE NFC).



Separation-Sublimation Complex comprises of a group of integrated plants for enrichment and conversion of uranium

Enterprises of the Separation-Sublimation Complex



Stock Company Angarsk Electrolysis Chemical Complex (SC AECC), Angarsk, the Irkutsk Region.
www.aecc.ru



Stock Company "Production Association "Electrochemical Plant" (SC "PA ECP"), Closed Administrative Territorial Unit Zelenogorsk (the Krasnoyarsk Territory).
www.ecp.ru



Stock Company SIBERIAN GROUP OF CHEMICAL ENTERPRISES (SC "SGChE"), Seversk, the Tomsk Region.
www.atomsib.ru



Stock Company Ural Electrochemical Integrated Plant (SC UEIP), Novouralsk, the Sverdlovsk Region.
www.ueip.ru

Key Performance Indicators of the Subsidiaries

Indicator, unit of measurement	SC "AECC"	SC "PA ECP"	SC "SGChE"	SC "UEIP"
Revenue (net) from sales, RUB mln	4,405	12,134	14,722	20,543
Gross profit, RUB mln	2,141	3,448	3,532	9,022
Profit tax, RUB mln	182	556	247	1,533
Net profit, RUB mln	581	444	316	6,114
Net assets, RUB mln	15,327	33,543	29,659	57,676
Labor efficiency, RUB mln/person*	3.5	5.6	3.4	7.8
Environment expenses of TVEL FC subsidiaries, RUB mln	57.9	59.2	892.2	775.8
Average headcount, persons**	1,253	2,181	4,400	2,640

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

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



Nuclear Fuel Fabrication Complex comprises of industrial enterprises that manufacture nuclear fuel for various reactors

Key Performance Indicators of the Enterprises comprising the Complex

Indicator, unit of measurement	MSZ	NCCP	CHMZ	MZP
Revenue (net) from sales, RUB mln	19,844	5,453	11,925	661
Gross profit, RUB mln	7,228	1,955	3,250	28
Profit tax, RUB mln	1,144	307	426	15
Net profit, RUB mln	5,105	655	1,222	2
Net assets, RUB mln	32,929	15,788	14,507	3,009
Labor efficiency, RUB mln/person.	4.5	3.2	3.34	3.2
Environment expenses of TVEL FC subsidiaries, RUB mln	105.2	155.5	217.8	0.1
Average headcount, persons	4,226	1,674	3,543	205

Enterprises of the Nuclear Fuel Fabrication Complex

Public Joint stock company "MASHINOSTROITELNY ZAVOD" (PJSC "MSZ"), Elektrostal, the Moscow Region.
www.elemash.ru



Public joint stock company "NOVOSIBIRSK CHEMICAL CONCENTRATES PLANT" (PJSC NCCP), Novosibirsk, the Novosibirsk Region.
www.nccp.ru



Stock company "Chepetsky Mechanical Plant" (SC CMP), Glazov, the Udmurt Republic
www.chmz.net



Stock Company "Moscow polymetal plant" (SC "MZP"), Moscow
www.mzp.ru



SC VNIINM is a leading organization of ROSATOM State Corporation on the issues related to material engineering and fuel cycle technologies, fissile and nuclear materials processing.



Gas Centrifuge Complex is a group of enterprises producing gas centrifuges and accessories for enterprises of the separation-sublimation complex

Enterprises of the Gas Centrifuge Complex

Key Performance Indicators of the Subsidiaries

Indicator, unit of measurement	PJSC "KMP"	VPA "Tochmash"	UGCMP LLC
Revenue (net) from sales, RUB mln	3,388	2,390	1,583
Gross profit, RUB mln	643	372	252
Profit tax, RUB mln	10	33	2
Net profit, RUB mln	39	130	6
Net assets, RUB mln	3,542	3,509	4,551
Labor efficiency, RUB mln/person.	2.4	1.5	3.5
Environment expenses of TVEL FC subsidiaries, RUB mln	20.3	24.2	0
Average headcount, persons	1,402	1,588	455



Public Joint Stock Company "Kovrov Mechanical Plant" (PJSC "KMP"), Kovrov, the Vladimir Region.
www.kvmz.ru



Stock Company "Vladimir Production Amalgamation "Tochmash" (SC "VPA "Tochmash"), Vladimir, the Vladimir Region.
www.vpotochmash.ru



Limited Liability Company Ural Gas Centrifuge Manufacturing Plant (UGCMP LLC), Novouralsk, the Sverdlovsk Region.
www.ecrgc.ru

Research and Engineering Complex



Key Performance Indicators

Indicator, unit of measurement	2012	2013	2014
Revenue (net) from sales, RUB mln	3,200	4,379	3,996
Gross profit, RUB mln	771	829	375
Profit tax, RUB mln	108	94	16
Net profit, RUB mln	415	306	-21
Net assets, RUB mln	5,602	5,968	5,372
Labor efficiency, RUB mln/person.	2.7	4.2	1.9
Environment expenses of TVEL FC subsidiaries, RUB mln	7.3	39.3	57.8
Average headcount, persons	1,179	1,158	1,125

Enterprises of the Research and Engineering Complex

Novouralsk Research Design Center LLC (NRDC LLC), Novouralsk, the Sverdlovsk Region.
www.nrdc.ru



SC EDB-Nizhniy Novgorod, Nizhny Novgorod.
www.okb-nn.ru



SC "Centrotech-SPb", Saint Petersburg.
www.ecrgc.ru



Uralpribor LLC, Novouralsk, the Sverdlovsk Region.
www.uralpribor.com



Stock Company "A.A. Bochvar High-technology Research Institute of Inorganic Materials" (SC "VNIINM"), Moscow.
www.bochvar.ru





➤ Business Model and Value Creation*

Value (integrated value) generated by the Fuel Company involves both obtaining of marketable product and increase of profitability of TVEL FC enterprises, and

also a great variety of economic, social and environmental effects of activities. TVEL FC seeks to enhance positive effects of its activity.

* The terms "value creation", "outputs", "outcomes", "business model", "capitals", "inputs" shall be used in this section according to the International Integrated Reporting Framework (www.theiirc.org). The section was prepared following TVEL FC performance analysis in compliance with the Framework requirements.

The Fuel Company holds an important place in the national economy and has a considerable impact on the regions of its presence.

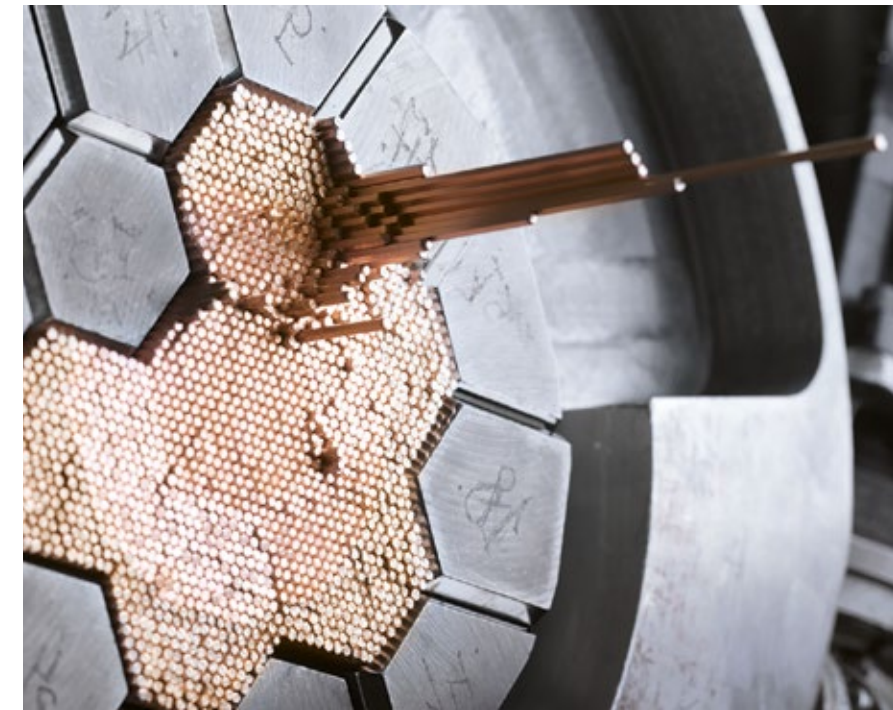
The Company activity is marked with a specific uncontaminating environmental impact of its production facilities and indirect environmental impact of its key products, in particular, at the back end of the nuclear fuel cycle.

The Company activity depends on a great number of external and internal factors, it provides for close cooperation with stakeholders*.

This cooperation is characterized by the fact that tangible and intangible resources (financial, environmental, production, human, social and intellectual capitals) used by the Company, are controlled by TVEL FC and its stakeholders**. Therefore, conversion of capital in the course of activities is of great importance to the Company and its team.

Business model describes the activity for integrated value creating as a system to the capital employed, production process, products and results obtained. The purpose of the system is to achieve strategic goals through implementation of competitive advantages.

The business model considers activity-specific risks, possibilities and risk management capabilities of the Company.



* For details refer to the section "Respect", Chapter 4.

** According to the International Integrated Reporting Framework, "capitals" mean resources and relations being the sources and the results of value (integrated value) creation processes.

TVEL FC
Operational Resources

Capitals	Internal Resources of TVEL FC	External Resources
Financial	<ul style="list-style-type: none"> Undistributed profits and monetary assets Accumulated reserves of TVEL FC 	<ul style="list-style-type: none"> Consolidated investment resources Sectoral reserves Means of the Federal target programs Loans, credits, subsidies
Natural	<ul style="list-style-type: none"> Proprietary and leasable land resources 	<ul style="list-style-type: none"> Environment Natural raw materials
Industrial	<ul style="list-style-type: none"> High technology production base, materials (including regenerated and waste uranium) 	<ul style="list-style-type: none"> Public infrastructure (roads, communication facilities, etc.)
Human	<ul style="list-style-type: none"> Staff Subsidiaries personnel 	<ul style="list-style-type: none"> Potential workers Youth Experts, consultants Long-service employees, retirees
Social	<ul style="list-style-type: none"> Reputation of the Fuel Company and its enterprises Position in the Global Market of FE NFC Established relations with domestic and foreign customers and suppliers Competitive and high quality outputs Recognisable and reputable brand name Internal relations of TVEL FC 	<ul style="list-style-type: none"> Public image of the country and nuclear industry Interrelations in supply chain Initiatives of the state, ROSATOM State Corporation
Intellectual	<ul style="list-style-type: none"> Intellectual property assets of TVEL FC 	<ul style="list-style-type: none"> Global achievements in science and engineering Domestic projects National intellectual resources

Business model presents: capitals (resources and relations) of the Fuel Company, performance results ensuring changes of capitals,

including increment of resources and consolidation of relations with stakeholders.

Capital	Results 2014
Financial	<ul style="list-style-type: none"> Net income: RUB 20,870 mln Increase in labor efficiency in 2014/2013: 22.2% Dividends paid in 2014: RUB 16,291 mln EBITDA margin: 35.5% General savings in procurement: RUB 2,601 mln
Natural	<ul style="list-style-type: none"> Radionuclide contamination of new territories: none INES-rated events: 0 Environmental expenses: RUB 2,371.2 mln Water consumption: decrease by 3.5% Power and heat consumption: decrease by 4.6% Total primary energy consumption: decrease by 2.9%
Industrial	<ul style="list-style-type: none"> Production plan: 100% Net assets gain in 2014/2013: 2% Investment program financing volume: RUB 29,466 mln
Human	<ul style="list-style-type: none"> Average salary rate growth in 2014/2013: 11.3% Number of submitted/implemented suggestions for improvement: 68,488/55,373 Growth of submitted and implemented suggestions for improvement in 2013/2014: 70% Social programs expenditures per 1 employee: RUB 56.0 thous. Labor safety expenditures per 1 employee: RUB 79 thous. Trained: 11,227 employees Twofold LTIFR* reduction in 2014/2013 Growth of personnel involvement in 2014/2013 by 5%: from 76% to 81%
Social	<ul style="list-style-type: none"> Gross tax allowances to Federal, regional and local budgets: RUB 25,774 mln Financing of charity and social initiatives: RUB 245.3 mln Reclamations from the products consumers: 0 Internship at TVEL FC enterprises: 746 students Employed graduates of secondary specialized colleges and universities: 81
Intellectual	<ul style="list-style-type: none"> Number of intellectual property objects registered in 2014: 83

Results 2014 affecting changes of the Company capitals

The main target of the business is profit earning for sustainable development of the Company and its stakeholders.

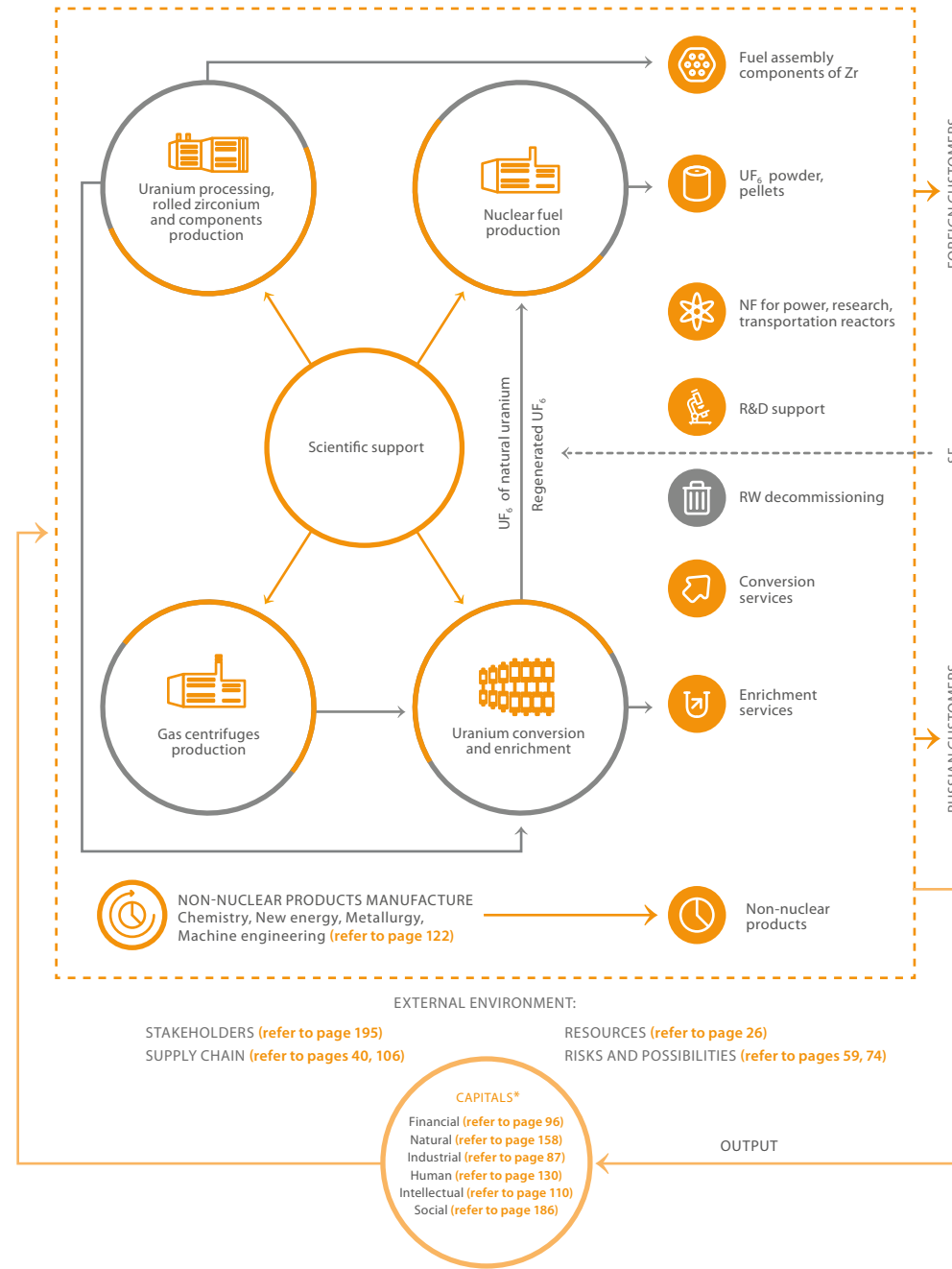
* Lost time injury frequency rate — number of lost time incidents divided by total hours worked for the reporting year and rated as 1 mln man hours

Business Model of TVEL FC

Fuel Company:

- management system (refer to page 56)
- strategic goals (refer to page 50)
- values (refer to page 31)
- competitiveness (refer to pages 34, 46)

- Main products and services
- Additional products and services



* Refer to the tables "TVEL FC Operational Resource" and "Results 2014 affecting changes of the Company capitals" of this Chapter.

Financial Capital is most vital to TVEL FC. Capital gains ensure current operations and promote investments thereby generating growth of other capitals used by the Fuel Company.

Natural Capital is transformed in the course of productive activities of the Fuel Company. There are two core businesses of the Company, i.e. nuclear and non-nuclear products manufacture. The business model scheme represents detailed nuclear production chain from uranium concentrate processing to nuclear fuel assemblies and customers servicing. Emphasis is placed on the Company's competence in the use of both natural, and regenerated, waste uranium.

One of the most important factors ensuring efficient business is availability of high technology base, modern equipment, machinery and materials (Production Capital) that enable timely and full implementation of production plans.

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

Priorities for the nuclear industry involve development and enhancement of personnel qualification (Human Capital). It is impossible to overestimate the degree of business

dependence on competent staff and impact of human capital on the Company.

The relationship between TVEL FC and its stakeholders determines the Social Capital which has a considerable impact on the business. The most important elements of social capital are relationships in supply chain, interaction with authorities and local population in terms of development of regions of presence, and finally, relations with the Customers. TVEL FC is a reliable supplier notwithstanding the political environment, ready to offer a flexible and sustainable solution to its partners.

TVEL FC is a responsible company that interacts with the environment and generates both intrinsic value and value to its stakeholders.

The positive effects of TVEL FC activities on the stakeholders:

- dividends;
- taxes and deductions;
- promotion of nuclear and radiation safety;
- development of sectoral research and fundamental science;
- development of personnel within the regions of presence;
- promotion of social accord and business activity in the regions of presence (for more detailed information refer to "Respect" Section).

2
core businesses

Management system and Corporate Values are the central elements of business model of TVEL FC, since they contribute to effective use of resources by the Company and generate positive effects of the Company's activity.

Values of TVEL FC

> Mission, Goals, Values of TVEL FC

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

Strategic vision of TVEL FC is focused on global leadership in FE NFC and achievement of global competitiveness in NFC in an atmosphere of social cohesion.

Workers of the Fuel Company are governed by the **Values** shared by all organizations and enterprises of ROSATOM State Corporation. These core values were formed throughout the course of history of nuclear sector in Russia and conform with global approach to determination of fundamental principles of sector performance. In 2014, TVEL FC has implemented a pilot project of ROSATOM State Corporation for translation and strengthening of ROSATOM State Corporation's values in corporate culture of the Fuel Company (for details about the project please refer to Corporate Culture Section)*.



For more detailed information about the Values of the Fuel Company refer to:

Responsibility for the Result
88 page

Efficiency
101 page

One step ahead
112 page

One Team
132 page

Safety
153 page

Respect
188 page

* Mission as a part of Development Strategy of the Fuel Company has been approved by Strategic Board of ROSATOM State Corporation on December 9, 2014.



**STRONG POSITION
IN THE WORLD MARKET
PROVIDES NEW DIRECTIONS
FOR COOPERATION WITH
FOREIGN PARTNERS**



» Chapter 2. Global Presence

» Reliable Supplies by TVEL FC

Reliability of supplies by the Fuel Company is confirmed by long-term cooperation with partners throughout the world. TVEL FC meets its contractual commitments consistently and to the full extent, confirming its readiness to consider the Customers' requests in a constructive way.

Reliability of supplies is based on full compliance with applicable legislation (Russian, international, that of the country concerned) in the sphere of peaceful use of nuclear energy, provision of nuclear and radiation safety (NRS), as well as other issues related to FA life cycle, components of reactor core, nuclear grade products and component parts.

Reliability of supplies depends largely on industrial and human capital of the Company, management system that allows to coordinate operation of subsidiary enterprises of the Fuel Company and its subcontractors for proper and complete performance of contractual obligations.

» Feedback from Consumers

“Construction of ITER complex in Cadarache research center in the south of France (60 km from Marseilles) is on fast forward, the foundation was laid and tokamak area was prepared. Commissioning schedule and final date of first plasma obtaining will be approved in June 2015. Superconductor material production at Chepetsky Mechanical Plant is under constant control and by the end of 2014 all the results shall be definitely obtained”.

Arnaud Devre

Official representative of ITER (International Thermonuclear Experimental Reactor) project (France)

Istvan Hamvas

Director General, Paks NPP CJSC (MVM, Hungary)

“TVEL FC has supplied nuclear fuel to Paks NPP from the moment of the first unit commissioning in 1982. Long-term running on nuclear fuel produced by Public Joint stock company “MASHINOSTROITELNY ZAVOD” (PJSC “MSZ”) gives us good reasons to declare: quality and safety of Russian fuel meets the most strict requirements.

Paks NPP through MVM is an important member of electric power market and is interested in permanent power performance

enhancement with due regard to new challenges. JSC “TVEL”, is both reliable supplier of top quality nuclear fuel and proven partner in its further improvement. Plant energy extension by 500 MW may serve a good, yet not the only, example.

Existing cooperation between MVM CJSC Paks NPP and JSC “TVEL” makes it possible to settle arising problems as soon as possible. Scopes and schedules of supplies are agreed within the set time frames; and JSC “TVEL” fulfills its contractual obligations. We may represent and warrant that TVEL always strives to meet the expectations of its partners. Even in



conditions unfavourable for transit supplies. NPP in proper time received new FA for test operations during transition to a 15-month fuel cycle. This was preceded by significant work of specialists of Paks NPP and JSC "TVEL" on development and implementation of new alternative route of fuel delivery to the plant. In a similar timely manner specialists of Paks NPP, JSC "TVEL" and PJSC "MSZ" settle all technical issues.

In October 2014 transition of Paks NPP 3rd unit to a 15-month fuel cycle has begun. In conformity with requirements of the Hungarian Nuclear Regulator, 12 new second generation fuel pellets with 4.7% enrichment were loaded in power reactor core of the third unit. Measurements made in the course

of their operation showed good compliance with design values both in general load characteristics, and in new-type fuel cartridges. After achievement of the rated power the unit with new-type cartridges is operated without any problems".

Movses Vardanyan

Acting Director General of CJSC "Aykakan Atomayin Electrakayan" (Republic of Armenia)

"Close and mutually beneficial economic relations were always intrinsic to Russian and Armenian nuclear experts. Russian Federation rendered invaluable assistance in recommissioning of power unit No. 2, and assurance of its safe, reliable and efficient

operation. During all years of its operation, Armenian NPP has been using Russian nuclear fuel, and it proved to be the best. I hope we will operate the same top quality fuel in future.

Armenian NPP was to operate till 2016, but Russia and Armenia had come to an agreement on implementation of a project on current NPP unit life extension for 10 years, till 2026. Besides, construction of a new Armenian NPP unit is at the planning stage. Such projects create favourable prospects for enhancing cooperation between CJSC AAEK and JSC "TVEL". First of all, it is nuclear fuel supply for existing unit to the end of its life-cycle, and fuel supply of a new power unit."

Radek Škoda

Director of the Energy Research Center of Department of Mechanical Engineering, the Czech Technical University

"Currently six Czech power and three research reactors run on fuel produced by JSC "TVEL". The Company renders services in all segments of nuclear fuel cycle and has the world's biggest separative powers.

Czech Republic has a 60-year long experience of cooperation with Soviet and Russian nuclear technologies. Many projects in the sphere of nuclear power engineering and R&D, that were implemented in the Czech Republic, are based on Russian technologies. The Czech government has not yet approved construction of new nuclear reactors, that's why it is difficult to forecast whether the

scope of such projects would increase or reduce, but it is a matter of fact that they won't terminate."

Ivan Stoyanov

Representative of Kozloduy Nuclear Power Plant (Bulgaria), Chief Expert of Nuclear Fuel Cycle

"Zero failure" project exists since 2012. Memorandum on united actions to reach zero level of nuclear fuel failure has been signed in a five-party format. Project participants are JSC ČEZ (Czech Republic), State Enterprise National Nuclear Energy Generating Company "Energoatom", Kozloduy Nuclear Power Plant (Bulgaria), Rosenergoatom and JSC "TVEL".

As a party to this project, we consider it effective, since manufacturer and operating company indices of fuel failure trend to zero. Our plant has 2 units VVER-1000 and for the period from 2003 to 2013 only one failure of nearly 800 assemblies, made by JSC NCCP, was registered. That's why we can safely say that we have reached practically zero level of failure. The plant manufactures top quality products, on a regular basis we conduct audit, accept fuel. We strongly believe that we should strive to avoid any defects of fuel. For our part, we do our best to better use the fuel."

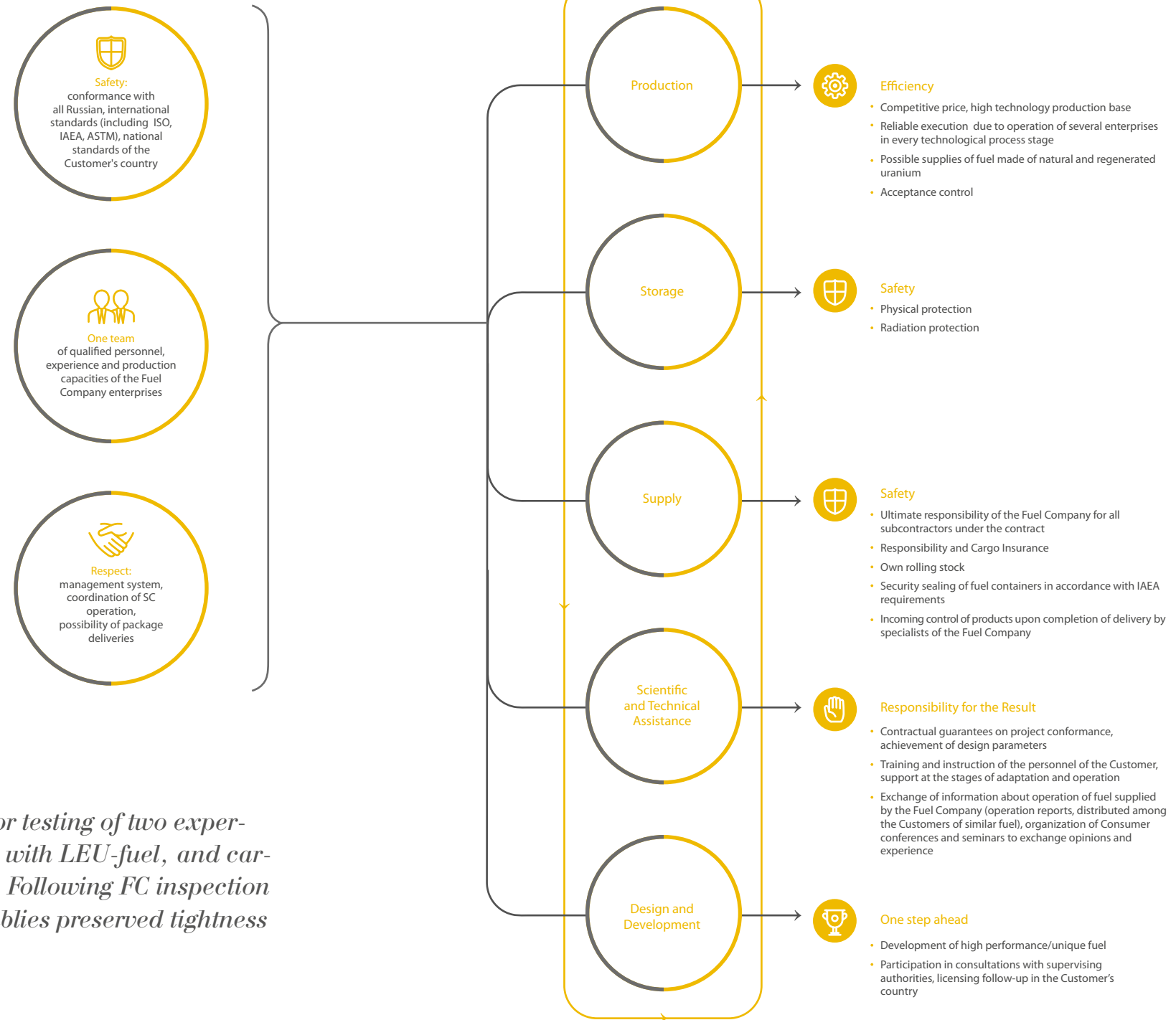
Grzegosh Krzyshtoshek
National Center for Nuclear Research, Poland

"Our cooperation with Russia has been lasting for more than 50 years. First fuel supplies for research reactors were made the early 1960s for the first Polish reactor "Eva".

The only working research reactor in Poland, Maria, which was put into operation in 1974, was named after distinguished Polish scientist, two-time Nobel prize winner Marie Skłodowska-Curie.

Our Russian colleagues developed design, and we loaded in the reactor core two experimental FA in January, 2013. They work fine. I would like to note, that Russian technologies assure top quality of produced fuel."

In 2014, the Center completed reactor testing of two experimental reactor fuel assemblies FA MR with LEU-fuel, and carried out first post-irradiation studies. Following FC inspection the parties stated that Russian assemblies preserved tightness and had no external deformation.



Main constituents of TVEL FC reliable supplies

> Responsibility in Supply Chain

78

power reactors in 15 countries all over the world are supplied with fuel produced by TVEL FC

According to the Contracts, the Fuel Company is ultimately responsible to the Customer for all subcontractors engaged. In this connection the Company has built a system of preliminary assessment of suppliers and subcontractors of design services, fuel fabrication, transportation, financial services, etc. Analysis is carried out on availability of international and Russian licences and permits for activity, experience and qualification, quality management system. Every subcontractor shall develop the Quality Assurance Programs and the Procedure of Interaction under every contract to guarantee compliance with the contractual terms.

To assure reliable supplies, the Company shall develop, and if necessary, implement alternative routes of nuclear fuel delivery. For instance, in 2014 nuclear fuel supplies to Slovakia and Hungary for the first time were performed by air, escaping the territory of Ukraine.

In 2015 the Company plans to start preparation for certification of supply chain security management system according to requirements of ISO 28000:2007.

The main mechanisms of customer adaptation at the stage of contractual obligations conclusion and discharge:

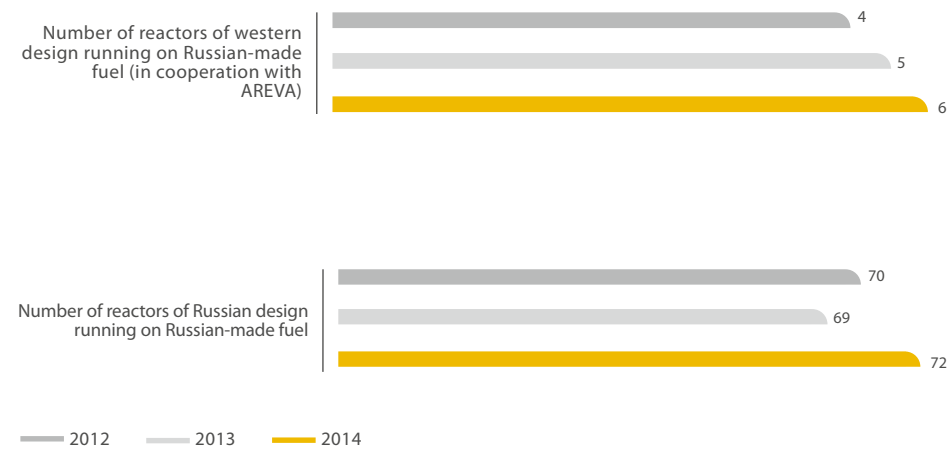
- on-time and competent answers to the Customers' requests;

- audits conducted by the Customers or their representatives in the process of design, production, storage, product supply by the Fuel Company, including the possibility of continuous presence at the Company's objects;
- possibility of approval by the Customer of the Fuel Company's servicing subcontractors;
- incoming control of products at nuclear power station on the part of the Customer;
- Customers' requests to the Fuel Company for engineering services aimed at improvement of nuclear fuel performance parameters;
- annual reports on fuel operation at the Customer's objects addressed to the Fuel Company;
- annual survey of customer satisfaction in conformity with ISO 9000.

This systematic customer-oriented work of the Company results in no-claim and persistently high customer satisfaction index (for more details please refer to Section "Quality Management").

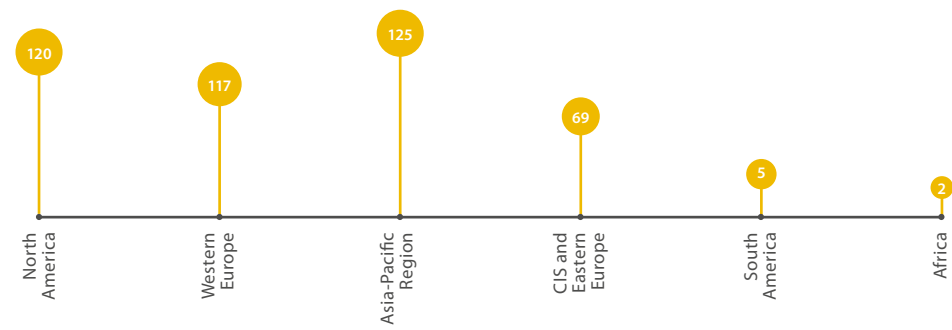
TVEL FC annually sums up the experience of all power units of Russian reactors, built in Russia and abroad, and submits technical reports to the consumers of its products. Partners also share their experience of fuel operation at regular technical seminars held by TVEL FC, WANO, IAEA.

> Position of TVEL FC in the World Market of the Front End of Nuclear Fuel Cycle



Provision of Foreign Design NPP with Nuclear Fuel and FA

Provision of Russian Design NPP with Nuclear Fuel and FA



NPP Units in Operation at the End of the Reporting Year

TVEL FC is a global leader in nuclear fuel production and uranium enrichment.

Fabrication market share

17%

NPP power units in operation, worldwide/Russian Federation, as of December 31, 2014

438/34

Export proceeds of TVEL FC in 2014

1.5 USD bln

Number of reactors running on Russian-made fuel

78 ea

Enrichment market share (jointly with TENEX)

36%

NPP power units under construction, worldwide/Russian Federation, as of December 31, 2014*

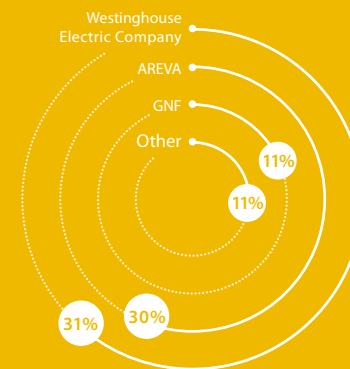
70/9

Export orders portfolio for products and services of FE NFC for a 10 year period

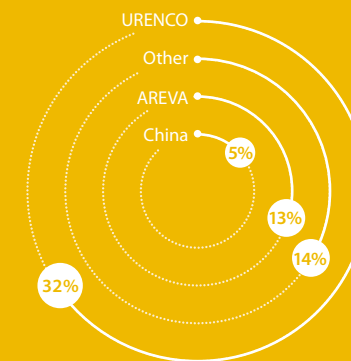
10.4 USD bln

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

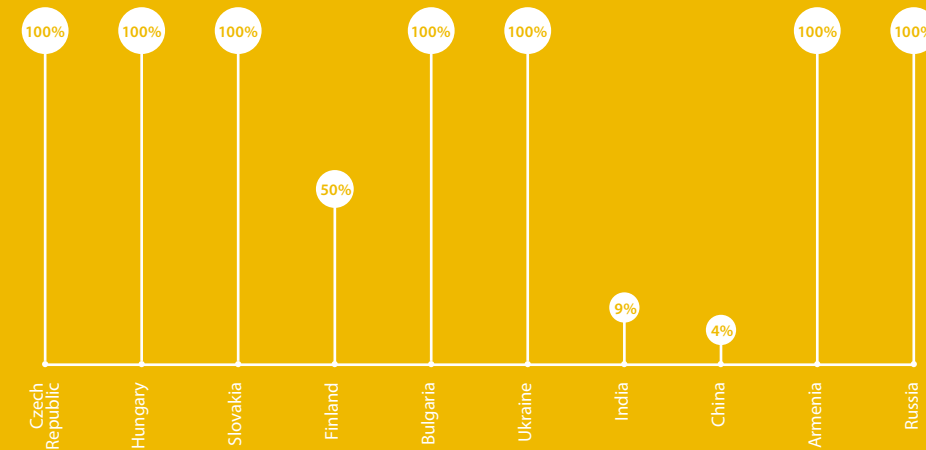
Fabrication



Enrichment



Key competitors market share, %



Share of NPP running on Russian fuel, %

➤ Review of FE NFC World Market from TVEL FC Perspective

State and trends in development of the global fleet of nuclear power reactors represent basic factors that effect the international market of products and services of the front end nuclear fuel cycle.

Despite the Fukushima meltdown in 2011 that had affected the plans of a number of countries for commissioning of new nuclear power-generating facilities, nuclear industry is still an integral part of the global power sector.

The international market of nuclear power generation is expected to grow with China, India, South-East Asia (Vietnam), Middle East (Saudi Arabia, the United Arab Emirates) and Africa (the Republic of South Africa). The European market will remain stable mainly by replacing the outdated decommissioned facilities with the new ones. The U.S. market is now being flooded by affordable shale gas energy carriers, causing the active expansion of the share of gas-fired power plants. According to optimistic scenario, the U.S. nuclear power sector will retain its share, or will start shrinking under the opposite scenario.

According to the forecasts, the capacity of nuclear power market will approach 400 GW by 2016.

Uranium conversion and enrichment markets

Highlights on the global uranium conversion and enrichment markets in 2014:

- **Cameco early terminated the contract with conversion plant Springfields (Great Britain), managed by Westinghouse;** In 2005 Canadian company and British plant had signed Uranium Reprocessing Contract for a 10-year period. According to the contract, Canada sent annually to Great Britain up to 5,000 tons of uranium trioxide from its complex in Blind River, which was processed into uranium hexafluoride. Canadian part initiated early termination of the contract and agreed to pay to Westinghouse compensation at the rate of USD 18 mln. Cameco is ready to meet its customers' requirements by efforts of its plant in Port Hope.

This situation continues tendency towards weakening of conversion service market.

- **Warranty period operation of the 4th stage of Gas Centrifuge plant in China has been completed;** TENEX has fulfilled to the full extent its contractual obligations to China Nuclear Energy Industry Corporation. Russian party designed main production unit, delivered main technological and ancillary equipment, rendered consulting services in the course of assembling and start-up, trained Chinese specialists in Russia.
- **USEC after the bankruptcy proceeding and reorganisation changed its name to Centrus Energy Corp. According to an agreement with UT-Battelle LLC (managing company of Oak Ridge National Laboratory), implementation of the American Centrifuge project shall continue, providing for further operation of centrifuge cascade at Centrus site, Ohio, as well as research activities at Centrus sites in Tennessee;** Shutdown of gaseous diffusion plant, which economically less efficient in comparison to the dominant gas centrifuge technology, caused the drop in global average price on enrichment services.
- **AREVA (France) and URENCO (U.S.) increased the output at Georges Besse II and URENCO USA enrichment plants, accordingly.** Performance of scheduled 7.5 mln SWU/year at AREVA enterprise is planned for 2016. Second stage of URENCO plant in New Mexico, USA, reached the designed capacity in 2014. Upon completion of the third stage the plant will reach its designed capacity — 5.7 mln SWU/year. Commissioning of new facilities will boost competition on the global market of uranium enrichment.

The price for SWU commenced its decline in 2011 and continued in 2014. By the end of the reporting period it dropped to USD 88 per SWU under the long-term contracts. According to the updated estimates the price will stop falling by the year 2016 and start growing slowly again.

Nuclear fuel fabrication market

Highlights on the market of nuclear fuel fabrication in 2014:

- **Loading of the lot of 4 fuel assemblies TVS-KVADRAT made by TVEL Fuel Company for pilot production at European PWR reactor;**
- **Formation of technical board for introduction of GAIA fuel made by AREVA (France) for PWR reactors by six US operating companies.** First lots of GAIA assemblies were loaded in France and in Sweden in 2012. A pilot lot of 8 GAIA cartridges will be loaded under introduction program in spring 2015 at one of US units.

Pilot-production operation of new TVS-KVADRAT and GAIA assemblies demonstrates the NPP world operators' strive for optimization of fuel performance characteristics.

> Foreign Economic Activities of TVEL Fuel Company

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

Availability of subsidiaries engaged in separation-sublimation and fabrication processing stages makes it possible to offer complete delivery of products and services. This contributes to flexible contract pricing and optimized transport logistics. With a number of enterprises in each FE NFC cycle, the Company is able to make highly reliable supplies*.

The Fuel Company is sufficiently competent to supply fuel for reactors designed in Russia, light-water western-design reactors (PWR and BWR), and components for PHWR abroad.

The Company successfully manufactures nuclear fuel from reprocessed uranium in compliance with European regulators requirements concerning manufacture technology and the products.

In 2014, JSC "TVEL" continued active participation in preparation and coordination of draft international agreements on cooperation in

the sphere of peaceful uses of nuclear energy. To promote JSC "TVEL" interests within frameworks of international cooperation, core-business departments participated in drafting of a number of intergovernmental and interdepartmental agreements, with Hungary, Finland, Argentine, South African Republic:

- Russia-Hungary intergovernmental agreement on cooperation in the sphere of peaceful uses of nuclear energy was signed on January 14, 2014 on construction of new power units at Paks NPP and delivery of Russian fuel thereto;
- intergovernmental agreement between the Russian Federation and the Republic of Finland was signed on February 25, 2014 on cooperation in the sphere of peaceful uses of nuclear energy. The importance of the agreement is stipulated by covenants with Fennovoima company concerning Hanhikivi NPP project;
- intergovernmental agreement between the Russian Federation and Argentine Republic was signed on July 12, 2014 on cooperation in the sphere of peaceful uses of nuclear energy. Prospective spheres of bilateral cooperation provide

for collaboration in the sphere of nuclear fuel cycle for NPP and research nuclear reactors.

In 2014, the Company continued cooperation with CNEIC (China), JSC NAC "Kazatomprom" (Kazakhstan), ČEZ, a.s. (Czech Republic), AREVA (France), State Enterprise National Nuclear Energy Generating Company "Energoatom" (Ukraine), Tractebel (Belgium) and many other international partners, established legal and contractual basis for the development of international cooperation with the USA. The Company actively cooperates with its international partners in "TVS-KVADRAT" project.

At the present time the legal base is provided for interaction with all international partners.



Main Foreign Economic Events of TVEL FC in 2014:

- following tender procedure, signing of contractual documents for nuclear fuel supply to NPP in Slovakia for the period of 2016–2021;
- signing of long-term fuel supply contracts for 5th and 6th power units under construction of Paks NPP in Hungary;
- Euratom Supply Agency (ESA) approval of supplies and commencement of long-term fuel delivery contract for Hanhikivi NPP (Finland);
- signature of contractual documents for complete delivery of nuclear fuel made of feed material RS-E for Dukovany NPP starting from 2015;
- signing of fuel supply contracts for research reactors in Czech Republic, Uzbekistan and Kazakhstan;
- signing of western design fuel supply contract for research reactors in the Netherlands;
- loading of the first TVS-KVADRAT in PWR reactor in one West-European country for pilot production;
- development of new logistics schemes, transportation of fuel to Slovakia and Hungary by air;
- signing of contract for supply of boron carbide fuel columns for Škoda, Czech Republic.



* For more details please refer to Section "TVEL FC: Reliable Supplier".

Foreign Economic Performance in 2014 — International Cooperation in the Sphere of FE NFC

Project	2014 Results
Cooperation with AREVA	JSC "TVEL" continues its cooperation with AREVA concerning production by PJSC "MSZ" of nuclear fuel and components from regenerated uranium using AREVA technologies for European NPP with PWR and BWR reactors. During the operation of FA made by PJSC "MSZ" under the contract with AREVA NP, no loss of containment has ever been registered
Promotion of nuclear fuel cycle components in the world markets	Memorandum of Understanding was signed with European partner within the context of JSC "TVEL" expansion to international markets of nuclear fuel cycle components in 2014, specific directions of cooperation were determined, and further actions of JSC "TVEL" were agreed with the companies from some European, Asian and Latin American countries
Center for Technology Services ALVEL a.s. JSC Joint Venture	Signing of the Contract between JSC "TVEL" and ALVEL a.s., delivery of zirconium produce to Czech Republic
Uranium Enrichment Center Project	Implementation of Russia-Kazakhstan Project "Uranium Enrichment Center" (UEC). Joint venture completed discharge of its delivery obligations of 5 mln SWU, thus having reached its designed capacity
Project "Fabrication Plant in Ukraine"	<p>Implementation of the project for the establishment of nuclear fuel production facilities in Ukraine based on Russian technologies. JSC "TVEL" performed its financial obligations in a timely and proper manner. Subsidiary companies of the Fuel Company manufactured technological equipment for Stage 1 of facility, preliminary acceptance was held with participation of the customer — Ukrainian-Russian joint venture.</p> <p>Nearly 80% of preparatory works were completed at construction site in Kirovograd region, project participants came close to the choice of principal contractor and main construction work commencement.</p> <p>The Cabinet of Ukraine did not considered and did not approved design and estimate documentation, the Ukrainian party failed to finance the project. The above factors actually resulted in freezing of the project.</p> <p>Nevertheless, JSC "TVEL" is ready to complete the project and still considers it strategically important for both parties.</p> <p>Presently, JSC "TVEL" looks forward for action-oriented proposals from its Ukrainian partners on further steps to be made for implementation of the project.</p>

The Fuel Company follows all applicable international obligations and legal requirements in the sphere of export control.



International Objectives 2015 and Mid-term Strategic Plans:

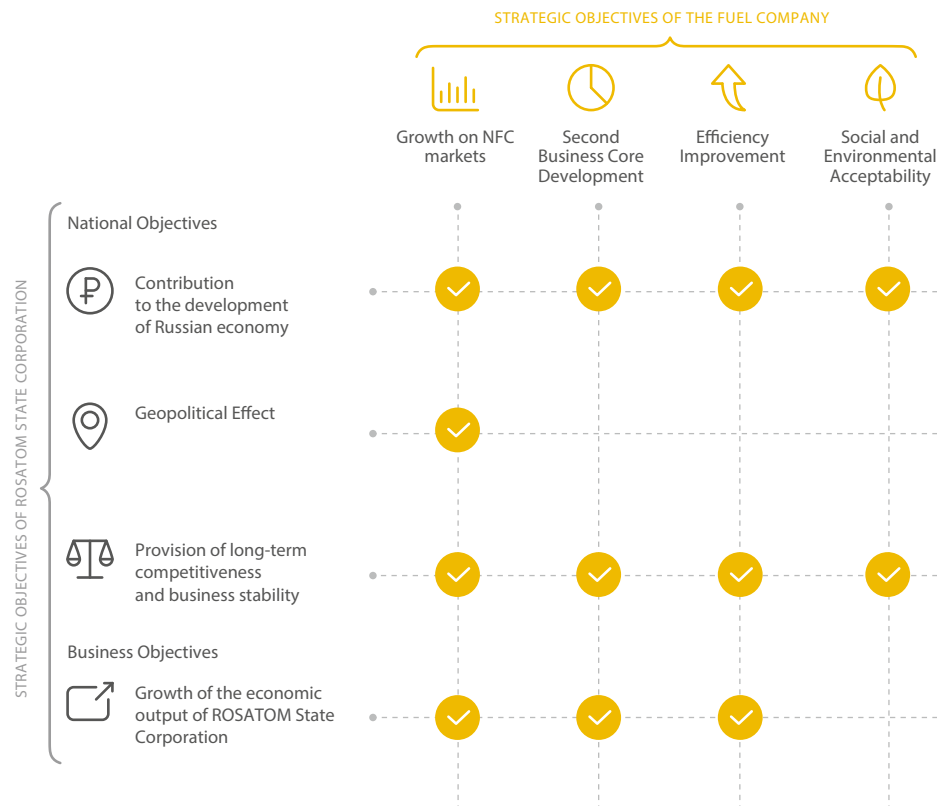
- Development and strengthening of cooperation with companies and organizations interested in TVS-KVADRAT promotion on all target markets.
- Further expansion of JSC "TVEL" positions on international markets of NFC through promotion of fuel components produced under Russian or foreign technologies.
- Further extension of collaboration with AREVA on questions of nuclear fuel and components production of regenerated uranium.
- Seeking optimal decision on further implementation of project "Fabrication Plant in Ukraine".
- Activities aimed at ESA approval of Hungarian fuel contract for the 5th and 6th power units of Paks NPP and its entry into force.
- Signing of contractual documents for supply of fuel initial loading and first refueling for Belorussian NPP.
- Signing of the contract with the Nuclear Power Department of the Government of India for fuel pellets supply for Tarapur NPP.



> TVEL FC Development Strategy

Fuel Company Development Strategy and Business Plan of the Fuel Company for 2015–2019 were approved by the Strategic Board of ROSATOM State Corporation on December 9, 2014. Fuel Company Development Strategy sets core performance indicators for mid-term and long-term periods till 2030.

Correlation of ROSATOM State Corporation and TVEL FC goals



Within the strategic objective aimed at growth in the markets of front end of NFC, there are provided both retention of current position owing to unconditional performance of contractual obligations, and development of relations with new consumers. The Company implements a number of projects for long-term development of nuclear technologies, including project of NFC closure on the basis of MNUP-fuel fabrication modules development and spent nuclear fuel reprocessing (SNF) for reactor facility BREST-OD-300.

To meet objectives of Second Core Business Development in terms of new market challenges, the Company organizes production in related spheres, successfully using its competences in design and production of high-quality prospective products with unique consumer properties. Human capital of the Fuel Company enterprises is a key resource for preservation of global competitiveness in the world market. The projects of the Second Core that are provided by the Fuel Company strategy shall guarantee exponential growth of the Company earnings in 2030 perspective with consistently high labor output*.

In the context of the declared course for global efficiency improvement of Russian companies, TVEL FC successfully implements proposals from the employees on improvements in industry and in offices based on ROSATOM production system principles**.

To assure social and environmental acceptability, TVEL FC strategy stipulates:

- strict observance of liabilities of handling “nuclear heritage” problems;
- establishment of substituting high-tech enterprises for qualified personnel discharged during restructuring***;
- funds assignment to charity and social projects.

FC strategy is oriented at achievements of the following indicators by the year 2030:

- Enrichment market share gain to 42% (including 20% supply through TENEX), nuclear fuel fabrication — to 22% owing to manufacture of traditional products having good consumer properties, and entry into new nuclear markets.
- Twofold growth of the Fuel Company revenue in comparable terms of 2014.
- Tenfold growth of revenue in non-nuclear directions (including established businesses) in comparable terms of 2014.
- Threefold growth of labor efficiency in comparable terms of 2014.

42%
of the world market services on uranium enrichment is the real target of TVEL FC 2030

* Section “One Step Ahead”, Chapter 4.
** Section “Responsibility for the result” Chapter 4.
*** Sections “Safety” and “Respect”, Chapter 4.

Mid-term Strategic Objectives of the Fuel Company

	Project	Goals/Indicators	2014 Results	Effect
Growth on NFC markets	Creation of conceptually new fuels	Nuclear fuel for reactor facility BREST-OD-300, reactor facility BN-800, REMIX	SC "SGChE" successfully performed acceptance tests of experimental fuel assembly for reactor BREST-300	Development Prospects
	Creation of pilot-demonstration energy complex	Construction of reactor facility BREST-OD-300, modules of MNUP-fuel fabrication and SNF reprocessing	Design documentation for the fabrication module and start-up complex of MNUP-fuel refabrication was successfully reviewed by regulating authorities	
	MOX-fuel production	MOX-fuel production design by FSUE MCP for reactor facility BN-800	Participation in commissioning of MOX-fuel production	
	TVS-KVADRAT	Entry into the market of nuclear fuel for western design reactors	Supply and commencement of fuel pilot lot test operation in PWR reactor in the territory of a European country	Market Development
	Creation of fuel with new consumer properties	VVER-1000: TVSA-12, TVS-4A, TVS-4M VVER-440: RK-3 RBMK: TVS-C	Signing of the contract on development and operation of improved nuclear fuel; Start of production and commencement of operation of nuclear fuel with new consumer properties on Russian and foreign NPP	Market Retention
Second Business Core Development	New Energy	Entry into the market of energy storage systems and fuel elements	Electrochemical Converter Plant fulfilled the order for multipurpose power source design; ZEP LLC manufactured and assembled for test operation at gas transportation infrastructure facility a test model of independent current source; PJSC NCCP built a line for lithium-7 hydroxide monohydrate production	Entry into new markets
	New businesses	Expansion at Russian metallurgy market and entry into international markets; Expansion at chemical machinery and products market; Anchoring at precision engineering market	Manufacture and supply of superconducting strands for ITER Project; SC CMP mastered technologically sophisticated titanium production, and organized industrial small-scale production of calcium wire	

	Project	Goals/Indicators	2014 Results	Effect
Efficiency improvement	ROSATOM production system, efficiency improvement projects	Lead time decline, increase in labor efficiency, manufacture cost reduction, achievement of optimal scale and topology	Gaining economic effect from implementation of ROSATOM Production System and implementation of employees' suggestions for process improvement; Concentration of conversion process stage at SC "SGChE"; PJSC "MSZ" — organization of production on pull system principles; PJSC "KMP" — gas centrifuge components manufacture cost reduction; PJSC "KMP" — production flow forming in conformity with standard line criteria with 100% coverage; PJSC NCCP — TVS-KVADRAT manufacture cost reduction; Optimization of supply process of fluorohydrogen acid produced by SC "PA ECP", at SC CMP	Efficiency improvement
	Efficiency Energy	Optimization of power resources consumption by FC enterprises	Heat and electrical power consumption reduction Commissioning of ROSATOM State Corporation project on implementation of automated energy-saving control system at enterprises of TVEL FC	
Social and environmental acceptability	Liquidation of "nuclear heritage"	Activities at the sites of TVEL FC devoted to nuclear radiation safety (NRS)	Activities at the sites of TVEL FC included in the list of FTP NRS 2008–2015 and in companies' own lists	Maintenance of environmental security and social acceptability in the cities of TVEL FC presence
	Formation and preservation of social cohesion environment in the regions of presence of TVEL FC	Attraction of private investments; Growth of business support projects; Growth of tax proceeds to budget system; Social infrastructure development in the cities of TVEL FC presence	Formulation of CATU Integrated Development Planning (IDP); Entrepreneurship support and development funds in CATU; Sport objects and social infrastructure facilities were built in the cities of FC presence	



**CONFIDENT LEADERSHIP
PROVIDES OPPORTUNITIES
FOR SUSTAINABLE
DEVELOPMENT
IN A COMPETITIVE
ENVIRONMENT**



» Chapter 3. Management

> Quality Management

JSC "TVEL" recognizes that the quality of the supplied product affects safety and efficiency of operation of the objects that use these products.

The main strategic objective of JSC "TVEL" is a permanent increase of the product quality level, aimed at maximum satisfaction of the customer; this is an essential condition for market expansion, sustainable development of subsidiaries, and attainment of global leadership.

Excerpt from the JSC "TVEL" Quality Policy

The Company's Quality Management is based on the principles specified in the international ISO standards series 9000 of General Quality Management. TVEL FC has implemented and applies the Integrated Quality Management System (QMS), certified in accordance with the requirements of the international standard ISO 9001:2008, ISO 14001:2004 and BS OHSAS 18001:2007 in TUV International Certification. The System covers the complete

course of design, development, production, storage, delivery and scientific-technical maintenance of the Fuel Assembly and the components of nuclear reactor cores, and of materials and accessories thereto. In 2014, TUV International Certification LLC confirmed compliance of the integrated management system of JSC "TVEL" and its subsidiaries with the international standards. The repeated certification is scheduled for 2015.

— 2012 — 2013 — 2014



Customers' Satisfaction Assessment, 2012–2014

The following customers reviewed JSC "TVEL" and its subsidiary companies: Fortum (Finland), Slovenské elektrárne, a.s. (Slovakia), Fennovoima (Finland), ČEZ, a.s., ALTA (Czech Republic). According to the results of the reviews there were given recommendations for improvement of the integrated management system.

In 2014, JSC "TVEL" successfully completed the project on creation and implementation of the system of power management according to ISO 50001:2011, which is confirmed by the certificate issued in November 2014. In 2015 it is planned to create and certify Product Supply Safety Management System according to ISO 28000:2007.



TVEL FC annually performs assessment of satisfaction of its main customers in accordance with the procedure of the Customers' Satisfaction Assessment developed on the

basis of the requirements of ISO 9001:2008 standard.

In 2014, 11 customers participated in assessment, including:

- Paks NPP, Hungary;
- NPP Department of the Nuclear Energy Organization of Iran;
- Kozloduy NPP, Bulgaria;
- Fortum Power and Heat Oy, Finland
- Temelin and Dukovany NPP (ČEZ, a.s.), Czech Republic;
- Aykakan Atomayin Electrakayan CJSC, Armenia;
- Slovenské elektrárne, a.s., Slovakia.

According to the results of the assessment the average index of the customers' satisfaction level in 2014 amounted to 4.45 rated on a five-point scale. No claims and reclamations have been received.

4.45

the average index of the customers' satisfaction level in 2014

> Sustainability Activities

Sustainable development is “development that meets the needs of the present without compromising the ability of future generations to meet their own needs.”

Definition made in 1987 by the UN World Commission on Environment and Development

Being a business company TVEL FC strives to business sustainability with maximum possible consideration of the sustainable development objectives.

Strict compliance with safety regulations and social accountability refer to integral characteristics and traditions of the nuclear field. Sustainable development of TVEL FC implies both achievement of high financial and production indexes and business social and environmental efficiency.

Despite all objective restrictions of nuclear power engineering the latter is the power engineering of the future that can make a substantial contribution to long-term solution of the problem of depletion of the world's supplies of power resources, and climate change.

The Fuel Company strives to comply with the following principles that are significant from the sustainability point of view:

- unconditioned promotion of nuclear and radiation safety;

- reduction of negative impact of the Company on ecology and the environment due to development and introduction of innovative technologies;
- securing financial stability of the Company and increase of its competitiveness;
- production activity efficiency increase;
- development of scientific and technical potential of TVEL FC and nuclear sector in general;
- social and economic development of the regions of business presence;
- respect for human rights;
- protection of life and health;
- creation of favourable conditions of labor and development of employees;
- anti-corruption.

For more information about activity of TVEL FC on the basis of the above mentioned principles refer to sections “Safety”, “Responsibility for the Results”, “Efficiency”, “One Step Ahead”, “One Team”, “Respect”, Chapter 4.

Detailed public stance of TVEL FC on sustainable development is disclosed in the annual reports 2011 and 2012.

> Corporate Culture

70%

part of the employees who are well aware of the values

2014 has become a year of translation and strengthening of values in corporate culture of the Fuel Company. Corporate values have a unifying and motivating function, being one of the tools of strategic objective implementation. The implemented project was named Translation and Strengthening of ROSATOM values in the corporate culture of TVEL Fuel Company through integrated communications. Purpose of the project is to implement the ROSATOM values to corporate culture and to consolidate them in the current activity of the Fuel Company.

Information campaign within the framework of the project was aimed both at the Fuel Company's employees and the external stakeholders. Publications were posted in different mass media: foreign, federal, regional, municipal, sectoral, corporate both in print and in electronic forms. Internal (Notification days, workshops, trainings, professional efficiency contests) and external (exhibitions) events were also held within the framework of this campaign.

“Ambitious objectives can be achieved only with the team cohesion. And still we need high involvement of the employees. An involved man is easy to work with, his work becomes more efficient. Not involved — means not ready for task performance. Involvement in our industry is based on values. It is our responsibility as the leaders to set the correct motion vector. No growth, no victory — it is the leader to blame: he failed to inspire, motivate. The values unite, they forward a single-direction movement. We should learn how to capitalise our experience and success. Though we should not rest on laurels. Constant motivation is required to achieve great result.”

Yu. A. Olenin, the President of JSC "TVEL"



Managers, PR service and HR Department specialists were engaged under the project. The percent of employees engaged in information campaign by December 2014 has reached 90%, the part of employees who are aware of the values has amounted to 70%.

The number of publications regarding the Fuel Company's values in mass media has increased. The number of references to the materials about TVEL FC by December 2014 has increased more than twice as compared to June of the same year.

For knowledge exchange and better experience promotion a Value Library was established, that is an online base located

on the internal corporate portal of the Fuel Company, it includes more than 300 stories of behaviour of the employees of the Company's subsidiaries told in the spirit of the values.

Reference of the production task solution with a consideration of a value factor was developed. Subsidiaries of the Fuel Company implemented about 80 energy-saving projects, involving the corporate values.

In 2015 systematic activities aimed at values strengthening in corporate culture of the Fuel Company will be continued, including in the framework of the Unified Information Policy of TVEL FC.

> Corporate Governance

In corporate governance JSC "TVEL" adheres to the policy of compliance with Russian and international standards, and with ROSATOM State Corporation corporate governance practice.

Improvement of the corporate governance system is aimed at increase of efficiency, reliability, transparency of the Company activities and management.

Implementation of the corporate policy implies coordination and supervision over scientific and research, investment, financial, selling, social and HR activities and pricing policy of the subsidiaries. Legal relations between JSC "TVEL" and subsidiary companies in decision making procedures in the process of production economic activity are based on the approved regulations on interaction of the ROSATOM State Corporation with JSC "TVEL", and of JSC "TVEL" with its subsidiaries.

In its activities JSC "TVEL" and subsidiaries adhere to requirements and principles of the Corporate Governance Code recommended for use by the letter of the Central Bank of the Russian Federation No. 06-52/2463 dated April 10, 2014.

In accordance with the Regulation of the Bank of Russia No. 454-P dated December 30, 2014 "Concerning Disclosure of Information by Issuer of Emission Securities" the Company discloses

all the required information at the website <http://www.e-disclosure.ru/portal/company.aspx?id=400> namely:

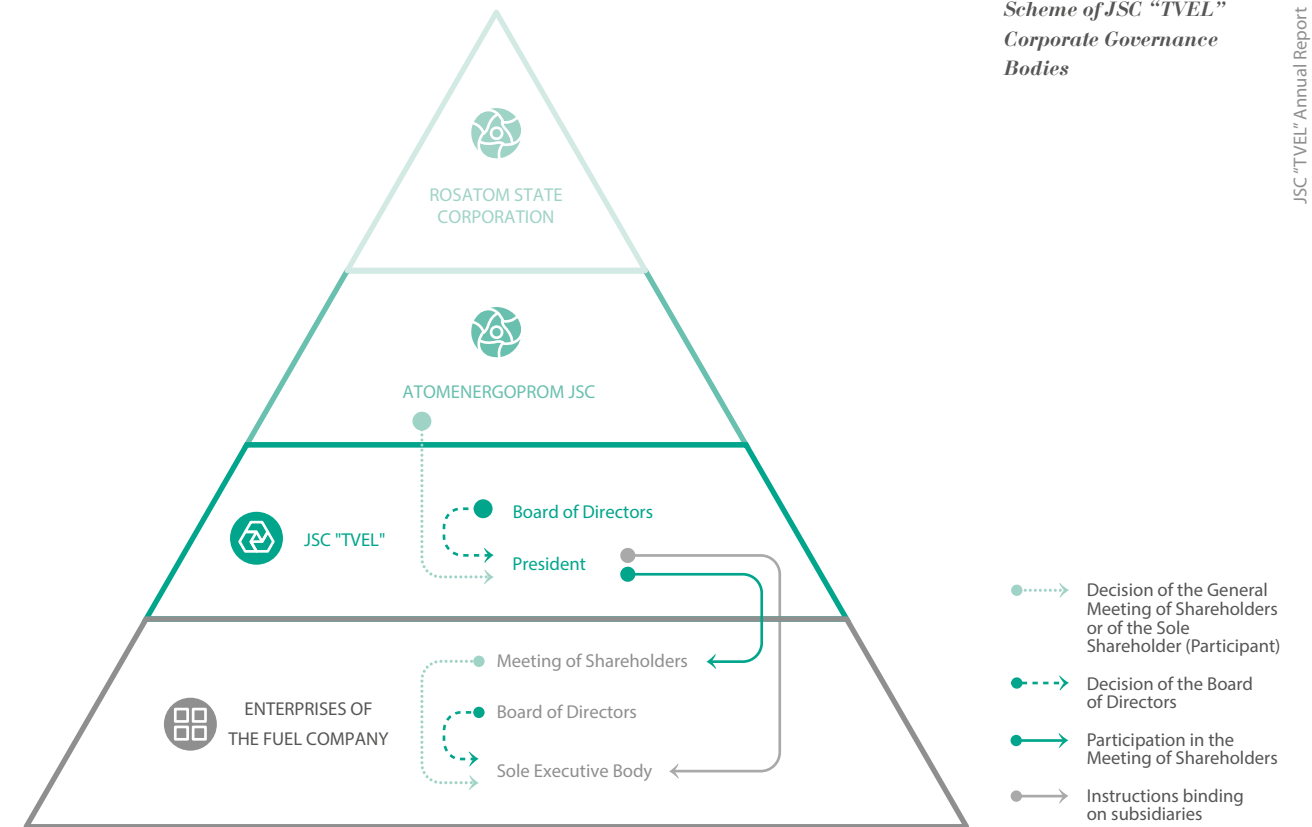
- Articles of Association, amendments and supplements thereto;
- Annual reports;
- Annual financial statements, notices of approval of the annual financial statements, explanatory notes to the annual financial statements;
- Audit reports;
- List of affiliates, changes made to the list of affiliates, notices of disclosure of the list of affiliates, and other information stipulated by the Regulation Concerning Disclosure of Information by Issuer of Emission Securities.

JSC "TVEL" governance bodies are formed in accordance with the Articles of Association of the Company.

The Sole Shareholder takes decision on approval and update of the Company goals, values* and mission, strategy and objectives regarding production-economic, environmental and social impact.

*The Company's values are the Values of ROSATOM State Corporation approved by the decision of Strategic Board of ROSATOM State Corporation d/d July 3, 2014.

Scheme of JSC "TVEL" Corporate Governance Bodies



Executive Board approves the Company's policies and activity programs.

The Board of Directors within the framework of approval of the Company's budgets and activity plans takes decisions on main production-economic, environmental and social issues, including risk management. Prior to making relevant decisions the issues must be agreed between functional responsible subdivisions of JSC "TVEL" and profile subdivisions of ROSATOM State Corporation. The

decisions are binding on JSC "TVEL" governance bodies.

Functional subdivisions of the Company within their capacity manage different aspects of financial economic activity including product output, issues of nuclear, radiation and environmental safety, personnel management and social policy implementation, development of the regions of business presence, and others.

The employees are engaged in performance of objectives set by the supreme body of corporate governance in accordance with their duty instructions, orders and decrees made by JSC "TVEL" governance bodies.

In 2014, JSC "AEP" — the Sole Shareholder of JSC "TVEL" — took nine decisions including on:

- approval of the Annual Report 2013;
- approval of the Annual Financial Statement 2013;
- auditor's approval of the Financial statements 2013;
- election of members to the Board of Directors, the auditing committee;
- distribution of income for 2013 and dividend payment following results of half-year and nine-months periods of 2014 financial year.

➤ Share Capital Structure

The Company's authorized capital is formed from nominal value of the Company's shares owned by the Sole Shareholder — JSC "AEP".

The Company's authorized capital amounts to Twenty-two million nine hundred sixty-one thousand six hundred seventy (22,961,670) rubles.

The Company distributed registered common shares with nominal value of one (1) ruble per each in the amount of Twenty-two

The supreme executive bodies of subsidiaries-participants of TVEL FC are General Meetings of Shareholders (Members). The decision-making procedure is determined by internal regulations on these bodies.

JSC "TVEL" and TVEL FC governance bodies include the Boards of Directors and Sole Executive Bodies acting on the ground of relevant regulations approved by the General Meetings of Shareholders (Members).

Control bodies are auditing committees acting in accordance with regulations approved by the Meetings of the Shareholders (Members).

million nine hundred sixty-one thousand six hundred seventy (22,961,670) pieces.

All shares of the Company are issued in non-documentary form.

No changes have been made in the share capital structure and corporate governance system during the reporting year.

➤ Board of Directors

The Board of Directors plays a key role in strategic management of the JSC "TVEL" and the Fuel Company in general.

The Board of Directors is formed by the Sole Shareholder with account to the ability to solve the specified tasks. The Board of Directors consists mainly of outside directors (not the employees of the Company), professionals who have wide experience in the industry, and understand the specifics of the nuclear industry and the Company activities.

By the decision of the Sole Shareholder of JSC "TVEL" No. 25 dated June 30, 2014 the following six members were elected to the Board of Directors:

- Zalimskaya Lyudmila Mikhaylovna, Director General of TENEX;
- Komarov Kirill Borisovich, Deputy Director General for Development and International Business of ROSATOM State Corporation;
- Korogodin Vladislav Igorevich, Director for NFC and NPP Lifecycle Management of ROSATOM State Corporation;
- Lokshin Aleksandr Markovich, First Deputy Director General for Operational Management of ROSATOM State Corporation;
- Solomon Nikolay Iosifovich, First Deputy Director General for Corporate Affairs — Senior Finance Director of ROSATOM State Corporation;
- Olenin Yuri Alexandrovich, President of JSC "TVEL".

Members of the Board of Directors are not shareholders of JSC "TVEL" and its SC.

Information on JSC "TVEL" shareholding is to be disclosed by the candidates to the position of the member of the Board of Directors at the time of filling the consent form for election.

There are no independent members in the Board of Directors in accordance with the Corporate Governance Code recommended for use by the letter of the Central Bank of the Russian Federation No. 06-52/2463 dated April 10, 2014.

In accordance with the Articles of Association of JSC "TVEL" decision on payment of remuneration to the members of the Board of Directors of the Company falls within the competence of the General Meeting of Shareholders (decision of the Sole Shareholder of JSC "TVEL" — JSC "AEP"). No remuneration and compensation of the expenses related to performance of obligations were provided for the members of the Board of Directors of JSC "TVEL" in 2014. All members of the Board of Directors of the Company get salary according to the place of their primary business. No assessment (including self-assessment) of the activity of the Board of Directors was performed.

No committees and commissions operated within the Board of Directors of the Company during the reporting period.



> Sole Executive Body

In accordance with the Articles of Association of JSC "TVEL" by the Resolution of the Sole Shareholder of the Company (No. 17 dated June 28, 2012), and on the ground of the Contract executed with the Company the functions of the Sole Executive Body are performed by the President of JSC "TVEL" — Olenin Yuri Alexandrovich.

Yu.A. Olenin does not hold any shares of JSC "TVEL" and its SC.

In accordance with the contract concluded between the Company and the President, the amount of his remuneration following the year results shall be determined by the resolution of the Board of Directors according to financial-economic performance of the Company.

Key Performance Indicator (KPI) Card of the President of JSC "TVEL" includes:

1. AFCF* of State Corporation (taking into consideration Fuel Division free cash flow), RUB bln;

2. Investment activity integrating efficiency indicator**, %;
3. Proceeds from sales of enriched uranium product (including within FA, pellets) for NFC in whole, RUB bln;
4. Labor efficiency, RUB mln/person;
5. Foreign orders portfolio for traditional products for 10 years, USD bln;
6. Integral Indicator for new products***, %;
7. Milestones in new businesses, %;
8. Semi-fixed costs, RUB mln;
9. Process reduction time****;
10. LTIFR****, %;
11. No INES events at level 2 and above, with personnel radiation exposure exceeding 50 mSv annually;
12. No INES events of level 2 and above.

For more information about yearly income of the President of JSC "TVEL" Yuri Alexandrovich Olenin in 2014 visit the website of ROSATOM State Corporation.*****

* Adjusted free cash flow — free cash flow with adjustments.

** Shall be determined on the ground of the following indicators of investment projects implemented by the Fuel Company as: net present value, internal rate of return, adjusted in accordance with their weight and other calculation factors.

*** The indicator includes income and order portfolio for 10 years for new products. List of goods and services classified as new products shall be annually agreed with ROSATOM State Corporation. 100% target value is set in planning, this means complete performance of the target values at every stage of the product manufacturing.

**** Shows reduction of the level of incomplete performance at every stage of the product manufacturing.

***** Lost time injury frequency rate — number of lost time incidents divided by total hours worked for the reporting year and rated as 1 mln man hours.

***** http://www.rosatom.ru/aboutcorporation/anti_corruption/income.



> Subsidiaries Management

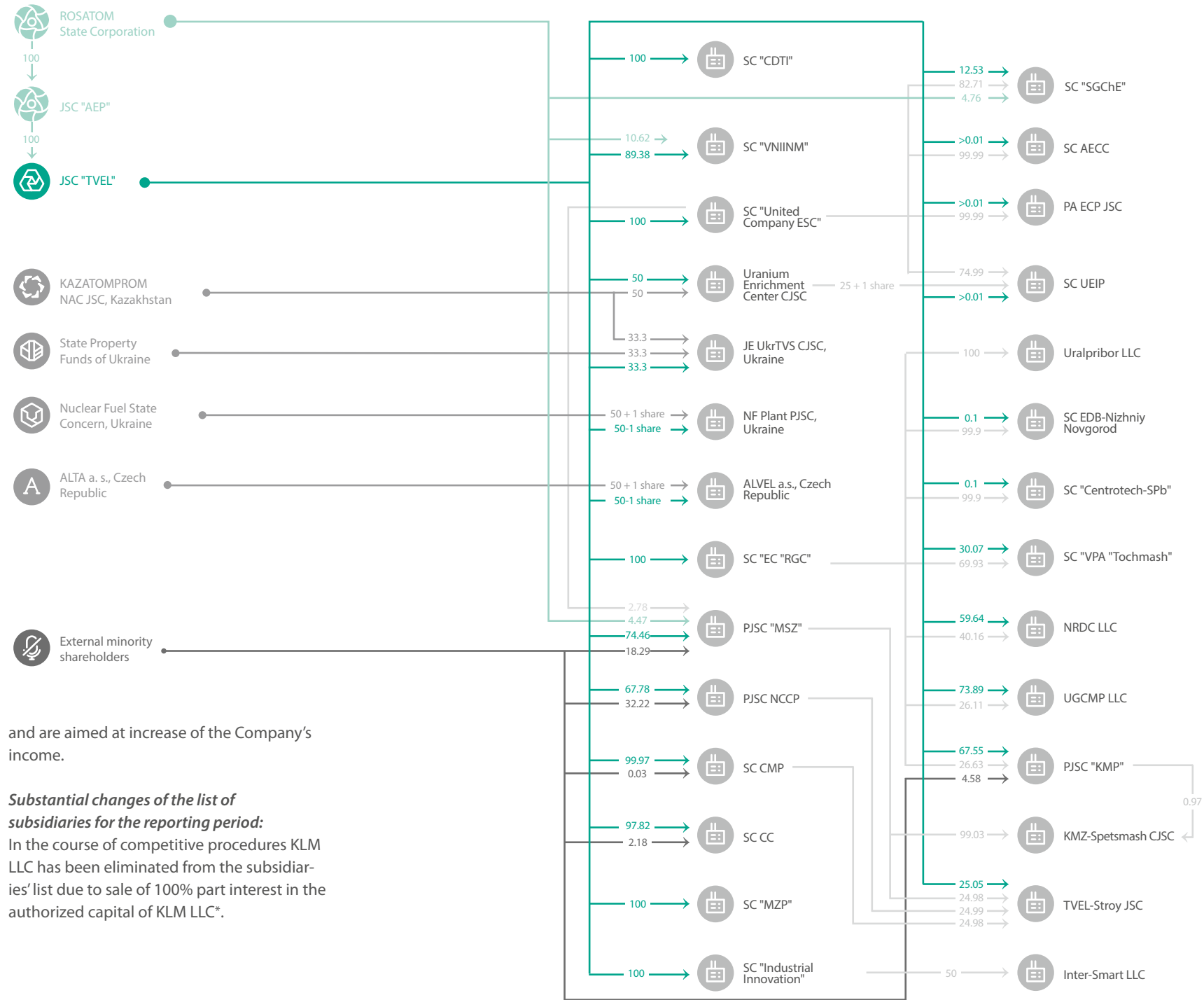
The important role in subsidiaries management is given to the Boards of Directors, their competence extends to the most important issues of activity. Preparation of the meetings of the Board of Directors of SC is performed with engagement of structural subdivisions of JSC "TVEL" in order to elaborate the materials of the agenda and development of draft decisions.

Asset management in JSC "TVEL" is aimed at structure improvement and increase of efficiency of non-current assets that include shareholding of subsidiaries and other business companies, and main assets, in particular the real estate units.

Management of shareholding of the business companies is based on the mechanism of corporate relations and on internal documents determining the procedure of interaction between JSC "TVEL" and its SC in different fields. The most important decisions on non-current assets management are made by the General Meeting of the Shareholders (the Sole Shareholder) and the Board of Directors of JSC "TVEL" within their competence.

Management of the Company's non-current assets is performed through the unified database on main assets including non-private federal facilities used by JSC "TVEL" subsidiary companies.

Target indicators of strategic growth and complex programs of efficiency increase approved by the governance bodies of the Fuel Company's subsidiaries are based on optimization of production functional structure and costs reduction due to introduction of new and modernization of current production units, technological process improvement, implementation of efficient system of labor motivation, restructuring of non-profile assets and production units.



Acquisition and disposal of the SC real estate property regardless of its cost is performed subject to approval of the transactions by the Board of Directors of these companies. Real estate is sold on a competitive basis at a market price.

Asset management procedures ensure efficiency and transparency of the decisions made on non-current assets transactions,

* KLM LLC is not included in the Report profile.

and are aimed at increase of the Company's income.

Substantial changes of the list of subsidiaries for the reporting period:

In the course of competitive procedures KLM LLC has been eliminated from the subsidiaries' list due to sale of 100% part interest in the authorized capital of KLM LLC*.

Corporate Ownership Structure of JSC "TVEL" (at the level of subsidiaries) as of December 31, 2014

➤ Report of the Board of Directors of JSC "TVEL" on the Results of the Company's Development in the Priority Fields

In 2014, the Board of Directors held 14 meetings (with attendance exceeding 90%) and made decisions on the most important issues of TVEL FC activity, including:

- approval of the budget and scheduled financial-economical indicators of activity of JSC "TVEL";
- approval of target organizational structure;
- approval of a number of transactions with share capital of the subsidiaries of TVEL Fuel Company, including acquisition of extra shares of PJSC "KMP", SC "VPA "Tochmash", SC CMP, sale of shares of JSC Atomstroyexport and 100% part interest in the authorized capital of KLM LLC through competitive procedures;

- recommendations to the Sole Shareholder concerning the decision on participation of JSC "TVEL" in the National Nuclear Innovation Consortium;
- approval of recommendations to the Sole Shareholder for net income distribution following the results of 2013;
- approval of recommendations to the Sole Shareholder for dividend payment following the results of the half-year and nine-months periods of 2014 financial year.

In 2014, JSC "TVEL" made no transactions classified by law as major transactions, and interested party transactions, subject to preliminary approval by the Company's Governance Bodies.

In 2014, the Board of Directors held 14 meetings (with attendance exceeding 90%) and made decisions on the most important issues of TVEL FC activity.

➤ Organizational Structure of JSC "TVEL"

Functional subdivisions of the Company and its subsidiaries within their competence manage different aspects of financial-economic activity, including issues of nuclear, radiation and environmental safety, personnel and social policy, development of the regions of presence.

A series of changes were made to JSC "TVEL" organizational structure in 2014.

These changes are stipulated by organizational structure arrangement in accordance with target programs, objectives and the strategy of the Fuel Company. This approach

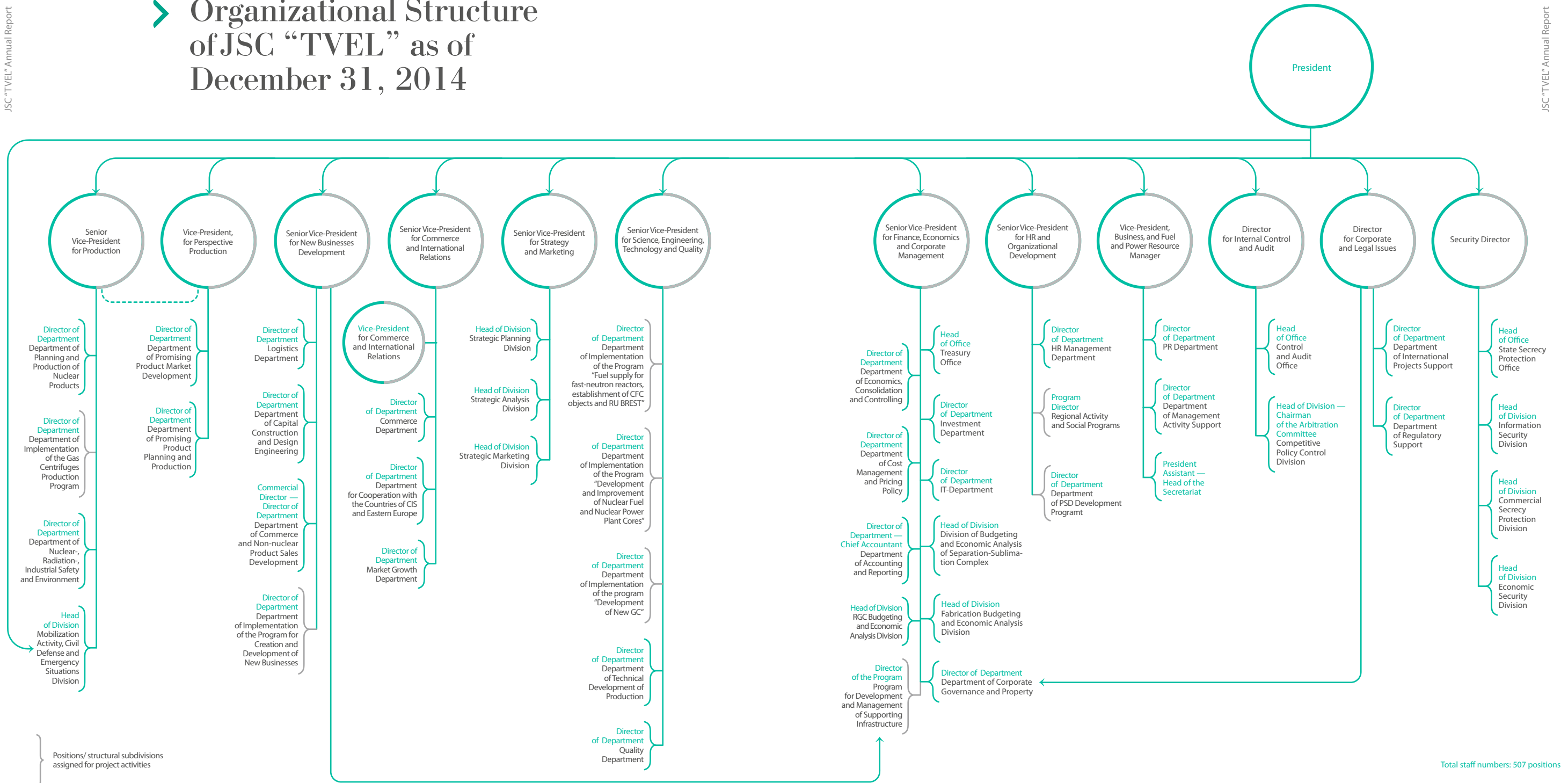
is in line with the industry-wide standards, and is adopted within implementation of the project of ROSATOM State Corporation for harmonization of the organizational structure of companies comprising the industry. The ultimate goal of these transformations is to establish functional chains of ROSATOM State Corporation — JSC "TVEL" — SC, to enhance the efficient interaction between the management levels within the Fuel Company, and to cut the red tape.

In 2014, subsidiaries of TVEL FC have adopted the target four-level organizational structures taking into account production-specific and special terms for ensuring safety with detailed analysis and function delegation.

Organizational Structure of JSC "TVEL" as of December 31, 2014

JSC "TVEL" Annual Report

JSC "TVEL" Annual Report



Positions/ structural subdivisions assigned for project activities

Total staff numbers: 507 positions

> Risk Management

Risk Management of TVEL FC is based on continuous monitoring of its external and internal environment, complex analysis of threats and opportunities affecting achievement of both economic and social goals of the Company.

Main goals and objectives of JSC "TVEL" Corporate Risk Management System (CRMS):

- implementation of ROSATOM Corporate Strategy through corporate-wide risk management process;
- continuity (stability) of all business-processes through identification, assessment and minimization of threats that may affect the results of activities of JSC "TVEL", as well as development and introduction of risk monitoring and reporting procedures;
- integration of risk management process to managerial decision-making processes.

Risk and opportunity identification is performed at the level of the Company's Executive Board. The Sole Shareholder — JSC "AEP" — affects elaboration of risk

management methods by the Company through making relevant decisions by the Board of Directors.

Risk management processes are implemented by JSC "TVEL" employees (Risk Management Officers) in subdivisions exposed to relevant risk. Risk Officer evaluates an aggregate risk of the Company, forms the unified complex program for risk management (on the basis of risk management measures developed by the subdivisions), controls its implementation and analyzes the efficiency.

Analysis of the efficiency of risk management methods implemented by the Company is performed during review and approval by the Board of Directors of annual budget and annual report of JSC "TVEL".

The enterprises of the Fuel Company comply completely with the requirements of the applicable law and subordinate acts with regard to compulsory and prescribed insurance.

Participants of TVEL FC Risk Management Processes and Their Roles

Members of JSC "TVEL" CRMS	Functions of CRMS members during risk management procedures
President of JSC "TVEL"	Approval of JSC "TVEL" risk management policy, risk tolerance level, CRMS development plan. Control over implementation of CRMS development plan
Risk holders	Support of risk management process implementation
Risk Management Officers	Risk management process implementation
JSC "TVEL" Risk Officer	Methodological support of risk management processes, monitoring of implementation and control over the results

TVEL FC Key Risks Management

Nº	Risk	Risk factors	Risk management mechanisms*	Risk management results**
1	Risk of NFC product/service sale volumes reduction	<ul style="list-style-type: none"> • Delays in commissioning of power units; • Transition to production of Nuclear fuels with increased long-term performance; • Appearance of new players on the world service market for Uranium enrichment 	<ul style="list-style-type: none"> • Improvement of fuel technical characteristics and introduction of new types of fuel, improvement of economic characteristics of fuel; • Execution of long-term contracts in order to prevent exclusion of the Fuel Company from the European nuclear fuel market; • KPI determination for "Foreign orders portfolio for 10 years" 	↑
2	Exchange risk	<ul style="list-style-type: none"> • Mismatch in assets and liabilities denominated in the same currency; • Growth of volatility courses of the main world currencies (Euro, dollar) 	<ul style="list-style-type: none"> • Hedging (including natural) 	↓
3	Risk of failure on the part of counterparty (suppliers, customers) to fulfil obligations in full and on time	<ul style="list-style-type: none"> • Decreased financial-economic stability of customers/ suppliers; • Increased aggregate advance payments made to suppliers; • Increased total accounts receivable on the part of the customers and/or increased terms of accounts receivable 	<ul style="list-style-type: none"> • Regular monitoring of the accounts receivable of the Fuel Company's subsidiaries; • Activity of the Committee for accounts receivable; • Reduced share of advance payments in settlements with external suppliers 	↑
4	Risk of growth of expenses for NFC services and products	<ul style="list-style-type: none"> • Change of public utility service tariffs; • Unforeseen week points in production chain; • Delivery failure, emergencies; • Incorrect information on resource state; • Reduced production load level, etc. 	Implementation of programs for: <ul style="list-style-type: none"> • new technologies introduction; • production area optimization; • headcount optimization; • energy conservation; • procurement optimization 	↑
5	Risk of nuclear, radiation and environmental safety, labor and industrial safety	<ul style="list-style-type: none"> • Violation of requirements in environment protection and NRS; • Insufficient level of emergency preparedness; • Lack of resources for safety measures, etc. 	<ul style="list-style-type: none"> • Modernization of hazardous objects; • Deactivation (liquidation) of sources of hazard; • Professional development of personnel; • Constant monitoring of nuclear, radiation, industrial and fire safety 	○
6	Reputation risk	<ul style="list-style-type: none"> • Social strain growth in areas of business presence, CATU; • Large-scale accidents in nuclear sector; • Distribution of negative information about State Corporation, its enterprises; • Mass protests against nuclear power engineering, etc. 	Measures aimed at formation of positive public attitude to nuclear technology development, increase of information transparency and stakeholder engagement	↑
7	Risk of change of regulatory and political climate in target countries	<ul style="list-style-type: none"> • Lack of political and economic stability at target markets; • Political and economic sanctions and limitations against Russia, unfair competition 	Constant monitoring of risk factors, introduction of the issues at the level of ROSATOM State Corporation	↑

* For more information on risk management measures in the reporting period refer to the relevant sections of Chapters 2, 4 of the Report.
 ** Reduced, increased, remained the same.



Regulatory documents aimed at CRMS development of the Fuel Company, approved in 2014:

- Methodical guidelines for risk analysis at formation of and control over performance of budgets and medium-term plans of JSC “TVEL” and companies included in the management system of the Fuel Company;
- List of compliance risks and their holders at the level of JSC “TVEL”.

The mentioned key risk management measures are aimed to neutralize (minimize) the key risk impact on implementation of strategic goals of TVEL FC, and to achieve target values of the main performance indicators within the acceptable deviations set by ROSATOM State Corporation for 2015–2019.

TVEL FC Internal Control System

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

Special department of internal control (SDIC) is a subdivision of the Fuel Company’s organization, that is solely engaged in internal control activities with respect to various spheres of business. SDIC covers 6 organizations included into the Fuel Company’s management system: SC AECC, SC CMP, SC “SGChE”, SC UEIP, PJSC “MSZ”, PJSC “KMP”.

SDIC of JSC “TVEL” (a unit of the Director for Internal Control and Audit) consists of the Control and Audit Office, Internal Audit

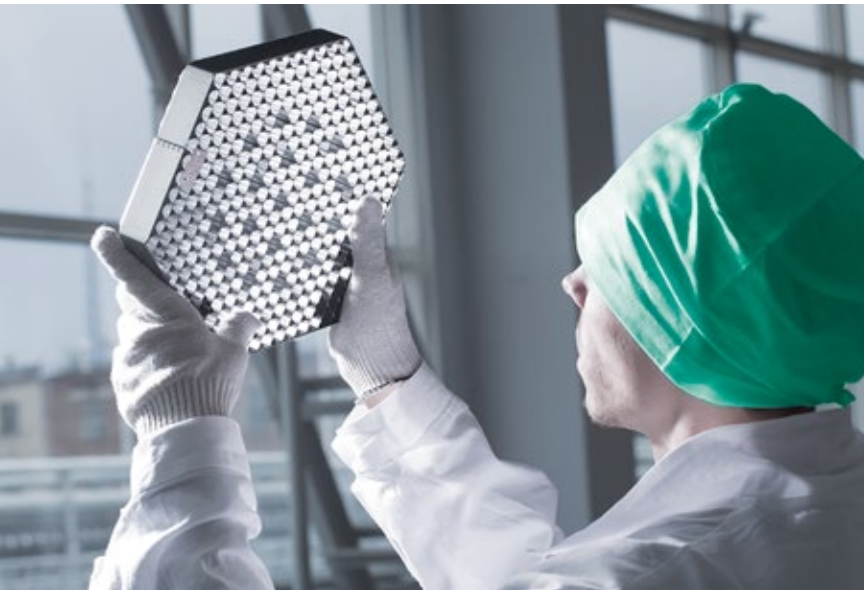
Group, Control Analytical Group, Competitive Policy Control Division. It operates in accordance with regulatory legal acts of the Russian Federation, local regulations of ROSATOM State Corporation and JSC “TVEL”, and Provisions on these structural subdivisions.

Purpose of ICS in accordance with ROSATOM State Corporation Internal Control Development Concept — is to promote the achievement of the Fuel Company’s strategic goals, contribute to corporate governance improvement in JSC “TVEL” and companies included to management system of the Fuel Company, in accordance with the requirements of the Russian Federation law, regulatory state authorities and international standards.

52
control activities
in 2014

Indicator	Units of measurement	2012	2013	2014	Δ 2014/2013 %	
Number of control activities under the plan, including:	ea	38	51	52	2%	↑
with Audit Committees	ea	25	27	25	-7%	↓
audit of financial and economic activities including procurement and personnel record management	ea	8	16	21	31%	↑
internal audit	ea	5	8	6	-25%	↓

Number of Control Activities Conducted by the Specialists of the Director’s Unit for Internal Control and Audit of JSC “TVEL” in 2012–2014



Priority objective of the Director's Unit for Internal Control and Audit — is to maintain governance of ICS functioning and development processes.

Main subjects of the internal control system in the Fuel Company are: the President of JSC "TVEL", the Board of Directors of JSC "TVEL", JSC "TVEL" Management, the Director's Unit

The purpose of ICS development — is to maintain corporate governance mechanisms, primarily the regulatory ones, consistent with changes of external and internal conditions.

for Internal Control and Audit, and the Executive Bodies and SDIC of JSC "TVEL" subsidiary companies.

Objects of control are: JSC "TVEL", subsidiary companies, and their structural subdivisions.

Future Objectives

By the end of 2015 the following key actions for internal control system development will be taken in accordance with the Internal Control Policy of ROSATOM State Corporation and its organizations:

- integration of adequate control procedures in the processes, and assignment of responsibilities to the participants of the processes for the efficiency of internal control;
- ICS reliability and efficiency monitoring development by introduction of various methods to promote continuous and regular assessment of ICS state;
- SDIC competence and potential development.

> Legal Framework of TVEL FC Activities

JSC "TVEL" regularly participates in legislative initiatives of ROSATOM State Corporation in accordance with the plan for legislative drafting activities and within its own competence.

Activities of the working groups include analysis of draft documents of the federal executive authorities, drafting bills. The suggestions reviewed by working groups involve regulation of the activities both of the enterprises of the Fuel Company and of other organizations of nuclear power industry.

In 2014, specialists of JSC "TVEL" participated:

- In Preparation of the draft of the Federal Law "Concerning Amendments to Separate Legal Acts of the Russian Federation in Order to Control Decommissioning of Nuclear Installations", and rehabilitation of areas polluted in the result of their use, in accordance with the mandate of the Government of the Russian Federation concerning the plan of high priority measures for implementation of state policy principles in nuclear and radiation safety of the Russian Federation;
- In working group of ROSATOM State Corporation for preparation of the draft decree of the Government of the Russian Federation "Concerning approval of the rules on coordination by the state customer of the capability of liquidation or re-profiling of the production facilities, ensuring product supply under the state defense order, in

case of termination of such supplies for the following year and target period, and reimbursement for damages inflicted to the head executor due to non-use of the said production facilities upon the decision of the state customer";

- In preparation of the draft decree of the Government of the Russian Federation "Concerning the Requirements to Participants of State Defense Order Allocation", prepared by the Ministry of Defense of Russia;
- In the working group of ROSATOM State Corporation for preparation of the draft federal law "Concerning Industrial Policy in the Russian Federation", prepared by the Ministry of Industry and Commerce of Russia;
- In preparation of the draft federal law "Concerning the Amendments to article 251 of the Federal Law" Concerning Customs Control in the Russian Federation", elaborated in execution of the paragraph 1.2. of the section II of the activity schedule (road map) "Foreign Market Access and Export Support", approved by the decree of the Government of the Russian Federation No. 1128-p dated July 29, 2012.

TVEL FC has not made any financial and in-kind donations to political parties, politicians and organizations related.

➤ Anti-corruption and Settlement of Competing Interests

The management of TVEL FC fully shares the anti-corruption policy implemented by the government of the country. In order to create conditions for reduction of corruption and embezzlement, the enterprises of the Fuel Company adopted a local regulatory document "Concerning implementation of complex program for anti-corruption and anti-embezzlement in JSC "TVEL" and companies included in management system of the Fuel Company". The document is based on "the Complex program for anti-corruption and anti-embezzlement in the nuclear industry for 2014–2015" approved by ROSATOM State Corporation.

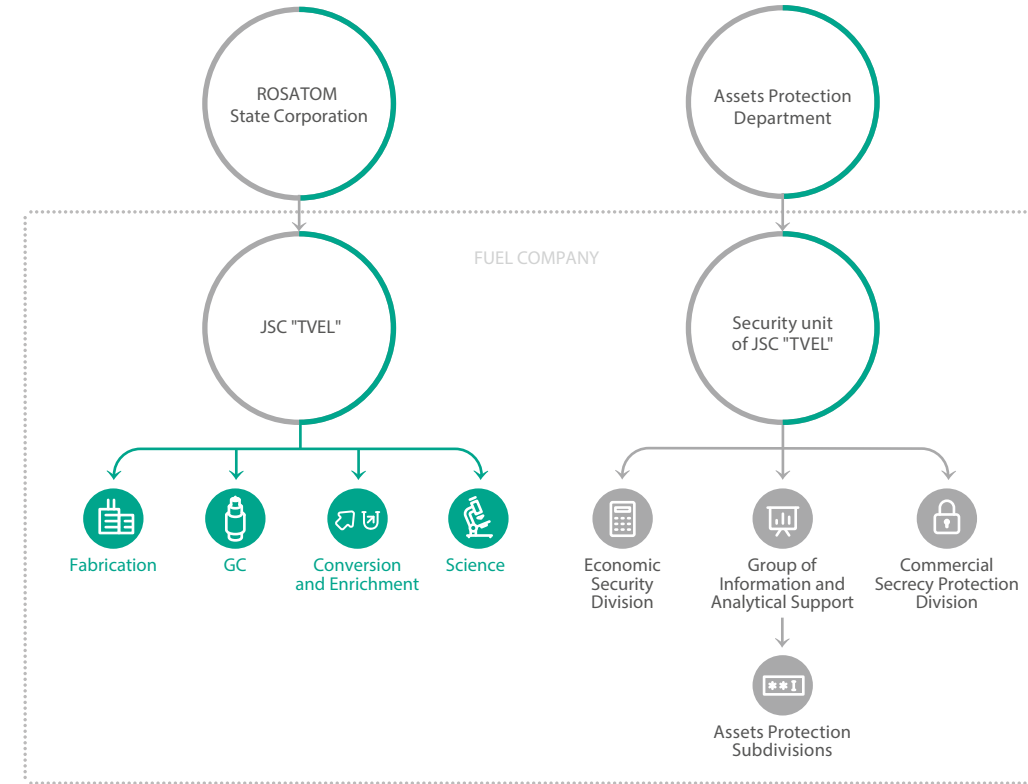
TVEL FC anti-corruption orders:

- Concerning anti-corruption plan of JSC "TVEL" for 2014–2015;

- Concerning arrangement of annual insight into the regulatory acts on corruption prevention and management;
- Concerning approval of the reporting procedure on the fact of inducement to corruption offences, verification of this information and notification registration;
- Concerning approval of the Provision on gifts, invitations and business hospitality of JSC "TVEL";
- Concerning approval of JSC "TVEL" Policy in economic security and assets protection;
- Concerning determination in JSC "TVEL" of subdivisions for prevention of corruption and other offences.

8-800-100-07-07, 0707@rosatom.ru – are coordinates of the corporate hot line of ROSATOM State Corporation for anti-corruption and anti-embezzlement in nuclear sector. For details visit ROSATOM website www.rosatom.ru section About Us, and Anti-corruption Policy at the Fuel Company's website www.tvel.ru section TVEL Fuel Company.

System for Prevention of Illegal Behavior in TVEL FC



To arrange a system for prevention of illegal behavior the following subdivisions were established in TVEL FC:

- Security Unit (at the level of JSC "TVEL"), including department of economic security, commercial secrecy safety department and Group of information and analytical support;
- Assets Protection Subdivisions (at the SC level); formation of such subdivisions in all subsidiaries was completed in 2013.

Actual number of employees of Assets Protection Subdivisions of TVEL FC as of December 31, 2014 amounted to 64 persons.

Activity of subdivisions for prevention of illegal behavior, namely: their functions, work structure and arrangement both inside TVEL FC and in interaction with external organizations, is determined by regulations on relevant subdivisions.

Main fields of structural subdivisions' activity:

- Economic security and protection of assets of JSC "TVEL" and its subsidiaries in the course of production and financial economic activity;
- Revealing, prevention and localization of threats (risks) to economic interests and

business reputation of JSC "TVEL" and its subsidiaries;

- Information-analytical support of the President of the Company and structural subdivisions of the Company in economic security;
- Maintenance of commercial and business secrecy system in the Company and its subsidiaries;
- Arrangement of personnel security of the Company and its SC.

The Fuel Company holds activities aimed at employees training in the rules of business ethics, anti-corruption and anti-embezzlement, and implementation of these rules.

Structural subdivisions of TVEL FC for prevention of illegal behavior perform continuous monitoring of assets flow, analysis of factors and terms that contribute to external and internal threats (risks) to assets and economic interests of JSC "TVEL" and SC, implement measures for prevention, fight and neutralization of their negative consequences. The analysis covered all subsidiaries of TVEL FC in 2014.

All employees of TVEL FC must study provisions and regulations on anti-corruption and anti-embezzlement. This information is communicated to 100% of employees. In addition, the external providers hold special briefings for employees of the relevant divisions on actual issues in anti-corruption policy. Thus, in 2014 7 employees of assets protection subdivision took advance training courses.



4



**THE INVOLVED TEAM
AND CLEAR OBJECTIVES –
ARE THE KEY TO TRANSPARENT
RELATIONS AND TRUST
IN THE COMPANY**



» Chapter 4. Values and Results

The present chapter covers main results of the Fuel Company activities in the context of implementation of the basic values of State Corporation.

» Responsibility for the Result

“Each of us bears personal responsibility for his/her work result to the State, Sector, colleagues and customers. In our work, we set for ourselves the most stringent requirements. It is not the spent effort that is evaluated, but the achieved results. The successful results are the basis for our new achievements.”

Excerpt from the Decision of the Strategic Council of ROSATOM State Corporation d/d July 03, 2014

Production and Economic Results

In 2014, the subsidiaries of TVEL FC fulfilled the plans on the products and services to the full extent, which enables compliance with all contractual commitments of the Company to Russian and foreign customers.

Considerable increase in labor efficiency in TVEL FC over a period from 2012 to 2014 speaks for production efficiency, that is success in addressing the major business task; this has been achieved primarily through implementation of ROSATOM Production System* and increase in the Company revenue, and owing to headcount optimization during the Fuel Company restructuring.

For the forthcoming years the management of the subsidiaries of JSC "TVEL" set a task on further transformation of production relations in the subsidiaries, formation of smaller groups** with dynamic form of production

management covering 100% of regular workers, man-loading increase, development of system of interaction between all management levels through monitored performance indicators, development of the internal communications system***.

Stable long-term relations with the end-product consumers allow development of long-term production and scientific plans, leading to reliable provision of subsidiaries and research establishments of the Fuel Company with the orders. The foreign orders portfolio is formed amounting to USD 10,391 mln up to the year 2024, and comprises commitments on supplies of nuclear fuel and its components for foreign reactors of Russian design, as well as the commitments on supplies for European reactors BWR, PWR in production cooperation with AREVA NP, for reactors PHWR and BWR in the context of cooperation with Nuclear Power Department of the Government of India.

Following the results 2014 the Fuel Company became the leader in labor efficiency in the nuclear industry.

* The Section "Performance Assurance", Chapter 4.

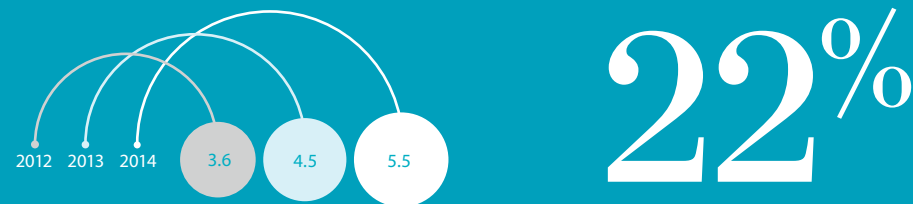
** A small group — is a limited (from 6 to 10 people) association of regular workers.

*** The Section "Stakeholder Engagement", Chapter 4.

> Production and Economic Results

Labor efficiency, RUB mln/person

Δ 2014/ 2013



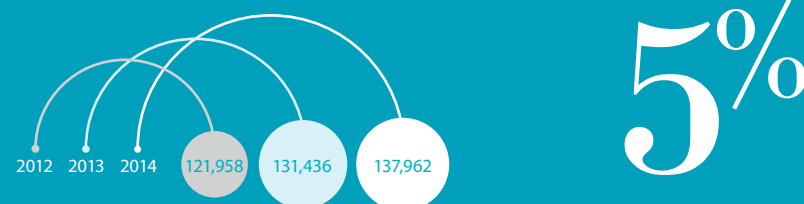
Headcount, persons

Δ 2014/ 2013 — 14%



Revenue, RUB mln

Δ 2014/ 2013



Separation-Sublimation Complex

In all subsidiary companies of separation-sublimation complex the increase in production efficiency has resulted in considerable excess of level of labor efficiency as compared to the previous years.



Major production event 2014:

Concentration of sublimation production at SC "SGChE".

This project enables reduction in TVEL FC conversion expenses, and substantial increase in capacity load of conversion (sublimation) production facilities.



Main objectives of the separation-sublimation complex of TVEL FC for the year 2015 and in the midterm:

launching of works intended to remove depleted uranium from the site of SC AECC, its transportation to SC "PA ECP", and processing into the safe form for long-term storage.

Subsidiary companies	2012	2013	2014	Δ2014/ 2013
SC "SGChE"	2.6	2.9	3.41	18%
SC AECC	3.3	4.45	3.52	-21%
SC "PA ECP"	3.9	4.8	5.57	16%
SC UEIP	4.6	5.9	7.78	32%

Labor efficiency dynamics of the separation-sublimation complex, RUB mln/person

Nuclear Fuel Fabrication Complex

The main activity of TVEL FC is production and sales of fuel assemblies for power and research reactors.*

In 2014, share of revenue received by TVEL FC from FA sales made 58.8% in total consolidated revenue.

Over the period from 2012 to 2014 revenue from FA sales increased by RUB 13,505 mln (by 20%), including all categories of consumers.

Products consumption structure of the subsidiaries of the given complex has not been changed materially, main consumers are Russian and European NPP (42.7% and 52.3% of the complex revenue in 2014, respectively).

In 2014, the plan of TVEL FC on nuclear fuel production was adjusted in accordance with the customers' orders, and was fulfilled to the full extent.

The planned volume of the produced fuel products is determined in accordance with preliminary orders made by consumers based on the plans of fuel charging and recharging.



Major production events 2014:

- Four assemblies TVS-KVADRAT were produced and supplied to the foreign customer for pilot operation in PWR reactor;
- Production of priming fuel sets for new units of Beloyarsk NPP (FN-800), Rostov NPP (VVER-1000) and Leningrad NPP-2 (VVER-1200);
- Production of fuel set for research fast neutron reactor CEFR (China);
- Adoption of the process of evaporation of uranium hexafluoride from Western design horizontal containers 30V;
- Volume of non-nuclear products production. Development of the Industrial metallurgy center at the premises of SC CMP.



Main objective of the nuclear fuel fabrication complex of TVEL FC for the year 2015:

Fuel assemblies production and supply for Tianwan NPP (China), and execution of current orders.

*The Section "Business Model and Value Creation", Chapter 1.

Subsidiary companies	2012	2013	2014	Δ2014/ 2013
PJSC "MSZ"	3	3.56	4.49	26%
PJSC NCCP	2.6	3.85	3.18	-17%
SC CMP	2.6	2.94	3.34	14%
SC "MZP"	4.4	7.44	3.21	-57%

Labor Efficiency Dynamics of the Fabrication Complex, RUB mln/person

Indicator	2012	2013	2014
Revenue from FA sales, RUB mln	67,550	73,595	81,055

Revenue from FA Sales, RUB mln

Category of consumers	2012	2013	2014
Russian consumers	31,022 (45.9%)	31,973 (43.4%)	34,650 (42.7%)
European consumers	36,528 (54.1%)	39,689 (53.9%)	42,390 (52.3%)
Asian consumers	0 (0%)	1,933 (2.6%)	4,015 (5%)
Total	67,550 (100%)	73,595 (100%)	81,055 (100%)

Distribution of Revenue From Nuclear Fuel Sales by Consumers Geography, RUB mln (%)


Product	2012	2013	2014	2015 (plan)
FA VVER-1000	1,119	1,222	1,339	1,271
FA VVER-440	1,806	1,750	1,487	1,750
FA RBMK-1000	2,690	2,680	3,221	3,300
FA FN-600, FN-800	437	485	291	286
FA EGR-6	96	144	144	144
FA for research reactors	227	79	0	96
FA PWR, BWR	204	337	352	164
TOTAL FA	6,579	6,697	6,834	7,011
Ceramic fuel pellets, tU	1,534	1,392	1,508	1,482


Production Volume of Subsidiaries of the Fabrication Complex, ea

Gas Centrifuge Complex

Subsidiaries of the separation-sublimation complex are main consumers of the products of the gas centrifuge complex.

In 2014, the share of revenue received by subsidiary companies of the gas centrifuge complex in external market outside the Fuel Company made 0.02% from consolidated revenue of TVEL FC. The plans for production of gas centrifuges were fulfilled to the full extent.

 **Major production event 2014:**
PJSC "KMP" produced and put on tests the pilot batch of 9+ Generation gas centrifuge.


 **Main objective 2015:**
Preparation to serial production of 9+ Generation gas centrifuge at the subsidiaries PJSC "KMP" and UGCMP LLC.

Labor Efficiency Dynamics of the Gas Centrifuge Complex, RUB mln/person


Subsidiary companies	2012	2013	2014	Δ2014/ 2013, %
PJSC "KMP"	2	2.64	2.42	-8%
SC "VPA "Tochmash"	1.1	1.05	1.5	43%
UGCMP LLC	2.5	2.28	3.48	53%

Non-nuclear Products Manufacturing

Development of general industrial activities in TVEL Fuel Company is stipulated both by the necessity to strengthen positions on conventional markets, and the expansion into new markets outside NFC, creation of substitute high-technology productions, and solution of the import substitution tasks.

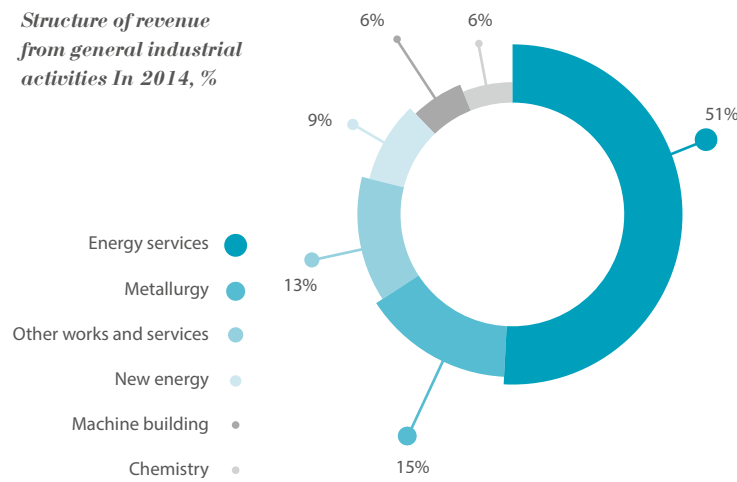
 **Major production event 2014:**
In 2014, TVEL FC continued its forward motion within the directions that are considered promising and new both for the industry and for Russia, such as "Lithium-ion energy storage" and "Electrochemical generators on the basis of hydrogen fuel cells":

- UEIP JSC implemented its pilot project and proved economic efficiency of intra-factory electric transport re-equipment to rechargeable lithium-ion cells; now it prepares the initiative proposals referring to the relevant program for the industry.
- ZEP LLC (UEIP JSC subsidiary) In 2014, started implementation of the important public order for creation of energy sources based on electrochemical generator for special-purpose equipment. Electrochemical generators that were developed by ZEP LLC In 2014, were put on tests on the gas transmission infrastructure objects.

 **Main objective 2015:**
The year 2015 will be even more intense as regards the objectives set by the Company. Efforts should be made to accelerate the achieved rates of growth, to leverage the accumulated scientific engineering potential of the industry through creation and launching of new science- and technology-intensive sophisticated non-nuclear products.

Following the results 2014 volume of sales from general industrial activities reached RUB 12,135.60 mln, which is equal to 8.8% from the consolidated revenue of the Fuel Company.

Structure of revenue from general industrial activities In 2014, %



Change in the volume of revenue from sales of non-nuclear products In 2014, is stipulated by reduction of the volume of energy services sales and completion of deliveries under ITER project.

Despite negative factors the Fuel Company exceeded the goals set for production and sales, works and services by 4% due to increase in sales of calcium core wire, titanium alloys rolling, lithium and isotope products.

Dynamics of revenue from general industrial activities in 2012–2014

Indicator, RUB mln	2012	2013	2014	Δ2014/ 2013, %	2015, plan
Revenue from general industrial activities	13,466.78	11,669.4	12,135.6	4%	12,648.65
including energy services and outgoing services (superconductor, etc.)	8,373.39	7,094.18	6,507.03	-8%	6,411.69

Financial Results

Financial management is maintained in accordance with the approved Financial policy of the enterprises of the Fuel Company, agreed upon with ROSATOM State Corporation.

Budgeting in the subsidiaries of TVEL FC is set in accordance with the Unified budgeting procedure and standards of ROSATOM State Corporation.

Budgets of the subsidiaries of the Fuel Company are approved at the meetings of

the Board of Directors of SC based on the results of consideration of the consolidated budget of the Company by the budget committees of JSC "TVEL" and ROSATOM State Corporation.

In 2014, all KPI and target production indicators applied to evaluate the Company performance were achieved.

In 2014, the export products were sold to the total amount of USD 1,523 mln. Sales of nuclear fuel and its components amount to 95.3% — the largest share in the export revenue.



Indicator	Unit of measurement	Target	Actual value	Deviation
AFCF FC**	RUB bln	21.90	33.33	52.19%
Labor efficiency	RUB mln/person	4.91	5.49	11.89%
Foreign orders portfolio	USD bln	10.33	10.39	0.63%
Semi-fixed costs	RUB mln	43,600	39,963	-8.34%
LTIFR***		Preservation of base period level within 0.30	0.07	—
No INES events of level 2 and above		No events	No events	—
Proceeds from sales of enriched uranium products (including within FA, pellets) for NFC in whole.	RUB bln	50.40	69.3	37.5%

Achievement of Major KPI and Production Indicators of TVEL FC In 2014,*

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

** Adjusted free cash flow — free cash flow with adjustments.

*** Lost time injury frequency rate — number of lost time incidents divided by total hours worked for the reporting year and rated as 1 mln man hours.

➤ Main Financial and Economic Indicators of TVEL FC

Indicator	2012	2013	2014	Δ 2014/ 2013, %
Revenue (net) from sales, RUB mln	121,958	131,436	137,962	5%
Gross profit, RUB mln	39,289	39,628	44,663	13%
Ratio of gross profit to sales revenue, %	32.22%	30.15%	32.37%	
Share of general and administration costs in revenue, %	2.29%	2.27%	2.28%	
Business expenses	2,400	2,224	2,267	2%
Administrative expenses	2,799	2,989	3,144	5%
EBITDA, RUB mln	42,668	51,163	48,959	-4%
Net profit, RUB mln	19,642	23,866	20,870	-13%
Free cash flow, RUB mln	-470	1,801	4,202	133%
Net assets, RUB mln	566,427	579,708	590,006	2%
Return on sales, %	16.11%	18.16%	15.13%	
Return on equity %	0.035%	0.042%	0.036%	
EBITDA margin, %	34.99%	38.93%	35.49%	
Ratio of borrowed and own funds	0.11	0.13	0.14	8%
Current liquidity ratio	2.52	2.42	2.76	14%
Labor efficiency, RUB mln/person	3.6	4.5	5.49	22%
Gross tax liabilities, RUB mln	23,419	27,695	25,774	-7%
Dividend payout, RUB mln	19,500	18,937	16,291	-14%

Types of products	Volume of sales		
	2012	2013	2014
Nuclear fuel and components	75,017.3	79,603	89,055.6
Services on conversion and enrichment	18,403.2	23,505.1	23,154.7
Gas centrifuge products	2,916.7	4,214.3	25.1
R&D	4,301.4	6,338.5	5,577.3
Other products	2,1319.4	1,7775.1	20,149.4
Total	121,958	131,436	137,962.1

Consolidated Revenue Distribution by Directions, RUB mln

Types of products	Volume of sales		
	2012	2013	2014
Nuclear fuel and components	1,353.5	1,437.1	1,451.9
Engineering services	7.2	6.3	11.9
Lithium products	16.3	13.3	12.5
Calcium, titanium, zirconium	12.4	12.3	14.8
Isotope products	9.9	10.1	9.9
Other products	29.7	26	22.1
Total	1,429	1,505	1,523.2

Distribution of Export Revenue by Types of Products, USD mln

Total increase of revenue of the Fuel Company In 2014, made RUB 6,526 mln as compared to 2013.

The revenue was influenced both by negative and positive factors.

The following can be referred to the negative factors:

- completion in 2013 of works within the program HEU-LEU (RUB -3,352 mln);

- changes in contraction schemes with regard to gas centrifuge products and services on enrichment (RUB -5,783 mln);

- reduction in volume of the orders related to superconductive material within the international project ITER (RUB -758 mln);

- lack of the orders for foreign research reactors fuel (RUB -320 mln).

The above stated negative factors were offset by:

- increase in sales:
 - of nuclear fuel and its components for Russian and foreign NPP (RUB +4,357 mln, in particular In 2014, there was delivered nuclear fuel for CEFR reactor (China) and FA of new type FA-K (TVS-K) in total volume RUB 2,210 mln);
 - of nuclear fuel for transportation reactors, and special products (RUB +2,708 mln).
- growth of:
 - orders on conversion and enrichment services (RUB +498 mln);
 - energy services (heat and electric power) (RUB +605 mln);

- increase in sales volume of other products, and other factors (RUB +1,300 mln).

Changes in contract prices and tariffs as compared to 2013 — RUB 1,406 mln, and change of exchange rates — RUB 5,866 mln had positive impact on the results of the year 2014.

In spite of growth in income from main activities, In 2014, there was decline in net profit, stipulated mainly by losses on exchange commitments reassessment. Volume of export revenue allowed to minimize losses at repayment of obligations in compliance with payment schedule.

Dividend policy of JSC "TVEL" with regard to subsidiary companies is set with account of need for investment in production, its reconstruction and improvement of technical facilities.

Dividend Payout, RUB mln

Indicator	2012	2013	2014
Dividends paid to JSC "AEP"	19,486.7	18,937.5	16,291.2
Dividends paid to JSC "TVEL" from SC	515.8	4,150.9	3,036.1

> Efficiency

“We always find the best solutions to problems. We are efficient in all we do; when achieving the set targets, we make efficient use of the Company’s resources and are continuously improving our working processes. There are no obstacles that can hinder our finding out the most efficient solutions.”

Excerpt from the Decision of the Strategic Council of ROSATOM State Corporation d/d July 03, 2014

Based on the results of 2014 the Fuel Company was acknowledged as the most efficient division of ROSATOM State Corporation.

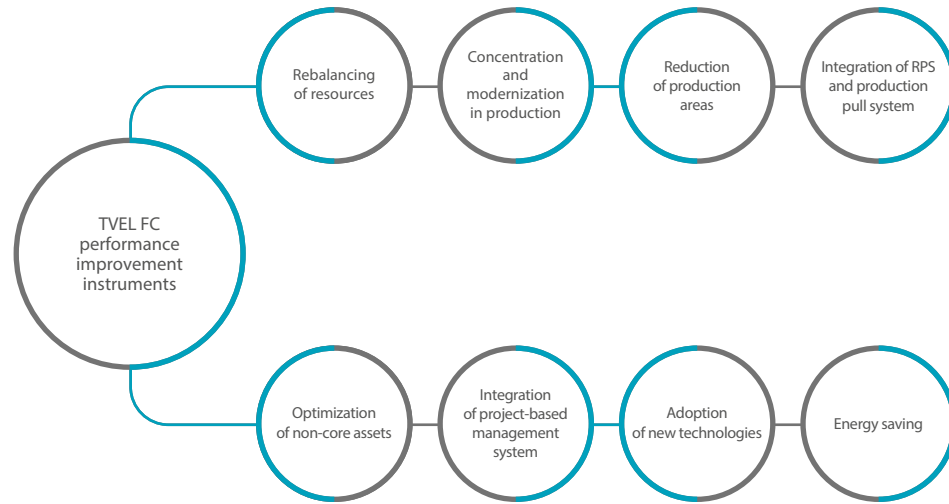
Performance Assurance

The need to expand the order portfolio with a view to achieve strategic objectives, and severe and ever-growing competition in global markets always required special approaches to production and management processes and the development of performance efficiency management system.

In 2008 the companies of the nuclear industry, including the subsidiary companies from the Fuel Company’s management system started the integration of RPS (ROSATOM Production System).

RPS (ROSATOM Production System) is a large-scale industrial project intended not only to increase the performance up to the level of foreign competitors of ROSATOM State Corporation and reduce the costs, but also to increase salaries and to form new rules for career advancement.

RPS is based on the system of scientific organization of labor, production and management as formulated by the Ministry of Medium Machine-Building Industry of the USSR. Furthermore, RPS included and adjusted the best developments and instruments from other modern systems, in particular the principles used in Toyota Production System by Toyota Motor Corporation. The key principle of RPS, the same as in Toyota production system, lies in meeting the requirements of consumers within shortest possible time limits at the lowest possible resources spent and with the required level of quality.



60

suggestions for improvement were made in 2014,

The aim of RPS introduction is to create based on the best national and foreign experience the universal methodology for complex optimization of production and management procedures, its practical approval within the facilities of ROSATOM State Corporation.

- division project unites several subsidiary companies of the division and requires adoption of decisions by the Management company;
- enterprise project implies optimization of the internal processes within the Company.

In 2014, the Fuel Company accomplished projects of three levels: industrial (20 projects), division (7 projects) and projects of enterprises (212 projects).

The basic indicators for the project monitoring are as follows: flow rate, labor productivity, occupied space, and production cost. The goal is transformation of local projects focused on competitiveness increase into a complex program for efficiency enhancement and creation of a team of like minded managers with leadership practices.

Criteria for the project dividing are the following:

- industrial project is a pilot one for the specific branch of the industry. The problem is solved for the first time and serves the example;

The top performer in terms of the adopted SFI among the subsidiary companies of ROSATOM at the end of 2014 was SC AECC, and the most active worker on SFI adoption — production engineer of workshop No.51 of sublimation factory SC “SGChE”, Mikhail Miasnikov (57 personal suggestions for improvement adopted). A year earlier the most active worker for improvements adoption in nuclear industry also was the employee of SC “SGChE” — Boris Zabelin, electrician, who filed 47 suggestions.

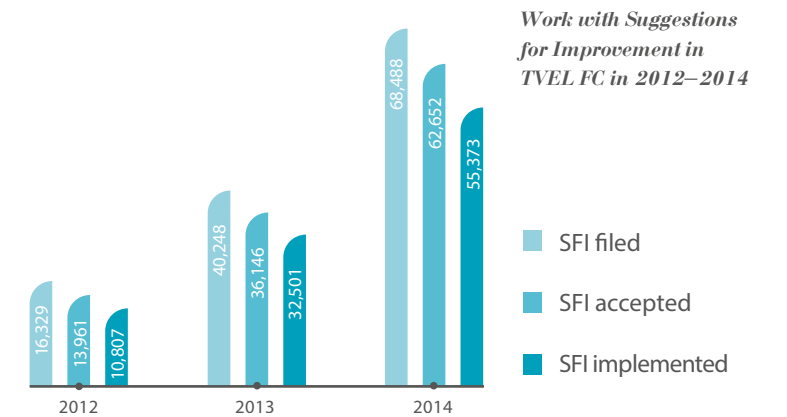
2014 was marked by an increase in number of suggestions for improvement (SFI) filed per employee: in 2013 it was equal at average to 1.6 SFI/person, and in 2014, — 3.0 SFI/person*.

In 2014, SC AECC was acknowledged as the winner of sectoral competition of RPS (ROSATOM Production System) in nomination “The most active branch company in terms of filing and implementation of suggestions for improvement”.

In 2014, there were filed more than 60 thous. SFI, accepted for implementation — 91.5% and adopted — 88.4% (in 2013 — 80%). The result achieved is also due to the automated filing system for SFI and to the enhancement of implementation process control.

Examples of 2014 projects and their outcomes:

- PJSC “MSZ” — “Application of the pull system principles for fuel production for RBMK and VVER-440 reactors”:
 - increase in labor efficiency — 17% on RBMK;
 - increase in labor efficiency — 10% on VVER-440.
- PJSC “KMP” — “Cost reduction of gas centrifuge components manufacture in conditions of slump in production volume”.



* The number of employees at the end of the period: SC AECC, SC UEIP, SC “SGChE”, SC “PA ECP”, PJSC “KMP”, SC “VPA “Tochmash”, UGCMP LLC, Uralpribor LLC, PJSC “MSZ”, SC CMP, PJSC NCCP, NRDC LLC.



The result: manufacture cost reduction at average for 15 parts by 12.8%.

- PJSC NCCP — “TVS-KVADRAT manufacture cost reduction”. Target value of manufacture cost is not more than RUB 2,352 thous., actually — RUB 2,195 thous.
- JSC “KMP” — “Production flow forming in conformity with standard line criteria with 100% coverage”:
 - process reduction time for parts manufacturing in the critical flow from 350 hours to 269 hours;
 - reduction of incomplete production in the flow from 2,670 parts to 1,450 parts.

- SC “PA ECP” — “Optimization of supply process of fluohydric acid produced by SC “PA ECP” in SC CMP”. The result: reduction of cistern turnover time by 59%.

Plans for 2015

Further development of RPS is planned in the form of program solutions focused on productive efficiency of the key products, and on integration of RPS expertise from other companies into TVEL FC operation.

Investment Activities

TVEL FC carries out its investment activities in line with the Uniform Industry-Specific Policy of ROSATOM State Corporation and its organizations. Investments management system of the Fuel Company is based on the principle of efficiency.

Results 2014:

In 2014, the Investment Committee of JSC “TVEL” convened 28 meetings. The amount of investment projects financing reached RUB 29,466 mln (RUB 36,920 mln in 2013). TVEL FC implements over 250 investment projects simultaneously, and the amount of funding tends to vary year after year, depending on combination of various stages of their life cycles.

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



Direction	2012	2013	2014	Share in total amount of investments In 2014,
Nuclear industry	22,373.0	17,582.0	17,295.0	58.7%
Development of general industrial activities	1,088.0	931.0	536.0	1.8%
Development of infrastructure	5,255.0	3,585.0	1,244.0	4.2%
Safety and encumbrances	5,221.0	4,128.0	2,645.0	9.0%
Others	7,391.0	10,694.0	7,745.0	26.3%
Total for TVEL FC:	41,328.0	36,920.0	29,466.0	100.0%

Amount of Financing of TVEL FC Investment Projects by Directions, RUB mln

Direction	2012	2013	2014	Share in total amount of investments In 2014,
JSC “TVEL”	10,422	9,253	2,049	7.0%
SC UEIP	6,251	5,798	8,040	27.3%
SC “SGChE”	5,930	3,471	3,542	12.0%
SC “PA ECP”	7,184	3,118	2,957	10.0%
UGCMP LLC	151	120	10	0.0%
SC CMP	2,436	1,921	1,311	4.4%
PJSC “MSZ”	2,514	2,843	2,566	8.7%
SC AECC	1,164	825	424	1.4%
SC “VNIINM”	1,264	902	815	2.8%
PJSC NCCP	1,449	1,215	762	2.6%
SC “VPA “Tochmash”	645	388	77	0.3%
PJSC “KMP”	1,333	914	189	0.6%
SC “MZP”	585	317	30	0.1%
SC “United Company ESC”		5,524	6,681	22.7%
SC “EC “RGC”		311	13	0.0%
Total for TVEL FC:	41,328	36,920	29,466	100.0%

Amount of Financing of TVEL FC Investment Projects by Subsidiaries, RUB mln



Based on the results of 2014 JSC "TVEL" was given the Purchaser of the Year Award by Fabrikant.ru trading portal as organizer and trader in good faith.

Procurement Activities

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

- Federal Law No. 223-FZ "On Procurement of Goods and Services by Certain Legal Entities";
- Uniform Industrial Procurement Standard of ROSATOM State Corporation (UIPS);
- JSC "TVEL" Corporate Standard Procurement Process.

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

UIPS prohibits introduction of any requirements other than stipulated by law to the admission criteria for suppliers and contractors participating in the procurement procedure. Suppliers and contractors are evaluated using the criteria of labor practices, impact on society and environment only subject to availability of all permits and licenses set by the law. Such criteria also include availability of management system certificates as evaluative ones i.e. forming the final evaluation for a member of procurement procedure. The Company performs no evaluation study of actual and potential impacts in the supply chain, all concluded contracts are checked for compliance with the Russian legislation.

Procurement procedures are implemented using the following electronic platforms: "UEMP" JSC, Fabrikant LLC and A-K-D LLC.

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

This approach to procurement management promotes its openness and transparency and saves labor and financial resources.

Total amount saved by the subsidiaries of TVEL FC In 2014, through the procurement procedures made RUB 2,601.1 mln.

More than 90% of competitive procurement procedures are carried out through on-line sales platforms.

Division of suppliers and contractors according to cost criterion:

- up to RUB 500 thous. — 2,254;
- from RUB 500 thous. to RUB 10 mln — 1,906;
- from RUB 10 mln to RUB 100 mln — 424;
- from RUB 100 mln to RUB 1 bln — 77;
- over RUB 1 bln — 15.

The largest procurement groups are the following: the products and services purchased from the companies of nuclear industry, power supply, natural gas supply. These are the largest categories in procurement from sole supplier.

Basic groups of competitive procedures:

- construction and installation works;
- transport services;
- manufacture of components;
- repair and maintenance of equipment;
- insurance services.

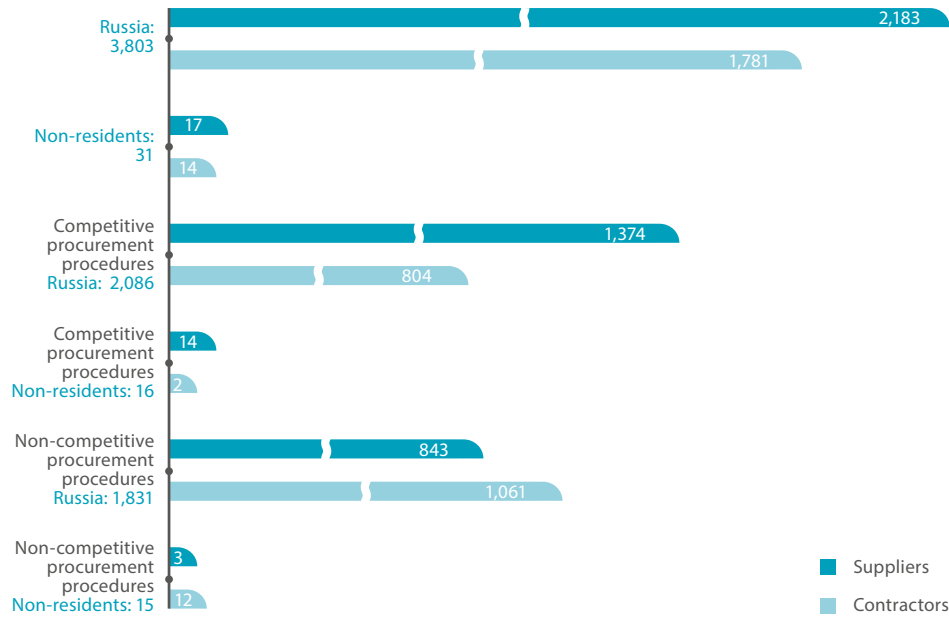
Pursuant to provisions of the Uniform Industrial Procurement Standard of ROSATOM State Corporation the Company may not provide any preferences to the suppliers on a territorial basis. The exception is only envisaged for outsourcing companies founded during the restructuring of the Fuel Company. UIPS guarantees to such companies certain volumes of orders over a period of five years from the date of incorporation in the following way: for the first year — 90%, the second year — 75%, the third year — 60%, the fourth year — 40%, the fifth year 25% of total annual demand of the client.

Local suppliers participate in competitive procedures on a common basis, specific approaches to local suppliers are not applied. The Company maintains no special records for such suppliers.

Structure of TVEL FC Procurement

Indicator	Unit of measurement	2012	2013	2014	2015 (plan)
Share of procurement through public competitive procedures under the UIPS	%	96.20	95.22	95.46	94.00
Total amount of procurement of TVEL FC	RUB mln	133,386.70	161,199.80	168,962.30	133,895.50
Total amount saved by TVEL FC from procurement through public competitive procedures	RUB mln	2,051.00	2,534.20	2,601.10	—

Structure of Suppliers and Contractors of TVEL FC, ea



Total number of suppliers

3,834

Some of the key suppliers and contractors of TVEL FC enjoy monopolist position on the market*. Under the provisions of UIPS (Uniform Industrial Procurement Standard of ROSATOM State Corporation) no tender is provided for such contractors (natural monopoly entities), only the "Procurement from Sole Supplier" procedure.

In September 2012 JSC "TVEL" appointed an arbitration committee vested with authority to consider complaints against actions (or omission thereof) of any customer,

competent authority, procurement manager and/or procurement commission during the implementation of procurement procedures on behalf of organizations of TVEL FC management system.

Over the reporting period 158 complaints were submitted to the arbitration committee with respect to procurement procedures, amounting to RUB 3,500.37 mln, where: 52.1% were found to be unjustified; 7.5% — justified; 4.7% — partially justified; 15.5% — revoked by the lodger; and 20.2% dismissed

*The accounting system has no analytical options to calculate the amount.

due to wrong jurisdiction and other technicalities, such as wrong procedure, form and terms of filing.

In furtherance of the plan* aimed to admit small and mid-sized businesses to procurements of infrastructural monopolies and government-linked companies, JSC "TVEL" approved the order d/d March 25, 2014 specifying the list of goods, works, services which can be purchased from small and mid-sized businesses.

In 2014, the works within the frameworks of the Project "The Fuel Company Logistics Management System Optimization" were continued; this project is planned for implementation till 2016.

Purpose of the project:

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

* Approved by Decree of the Government of the Russian Federation No. 867-r d/d May 29, 2013.

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

*** Hereinafter calculation of saving is carried out in accordance with the order approved by ROSATOM State Corporation on October 17, 2010, the Methods for calculation of cost saving gained from reducing the energy consumption, as well the own methods for subsidiary companies of JSC "TVEL" approved by it and coordinated with ROSATOM State Corporation.

Energy Efficiency

The project on energy consumption reduction and energy efficiency improvement in industrial companies of ROSATOM State Corporation is one of the major projects aimed to improve competitiveness in the specific industry. The subsidiaries of the Fuel Company are considered to be pilot ones in the process of organization and implementation of methods and accounting system of energy saving in the specific industry in general, starting from energy inspections, long-term programs and specific measures for energy conservation.

In 2014, energy consumption by the subsidiary companies of TVEL FC (PJSC "MSZ", SC CMP, PJSC NCCP, SC "MZP", SC "VNIINM", SC AECC, SC UEIP, SC "PA ECP", SC "SGChE", SC "VPA "Tochmash", PJSC "KMP", UGCMP LLC, Uralpribor LLC, NRDC LLC, EDB-Nizhny Novgorod JSC, SC "Centrotech-SPb") was reduced by 22.6%*** (880 mln kWh), heat energy — by 36.9% (1,511 thous. Gcal) as compared to the basic figures of 2009 under comparable conditions. The reduction in energy resources consumption (under conditions comparable with 2009) in monetary terms was 27.4% (RUB 2,191 mln) with the target indicator — 23%. Reduction of energy consumption is not related to reduction of the volume of the Fuel Company's

22.6%

reduction of energy consumption by subsidiaries of TVEL FC In 2014,

production program, it was achieved through realization of activities under the Program "Energy Saving and Efficiency Improvement" effective in the subsidiaries of TVEL FC since 2011. In 2014, the amount of financing under the Program was equal to RUB 573.72 mln

The main activities that were carried out by the companies of TVEL FC and made it possible to achieve the planned target of reduction in energy resources consumption In 2014, were:

- installation of additional capacitor units for compensation of reactive power on the side 0.4 and 6 kV;
 - installation of variable frequency drives in various systems;
 - installation of Computerized Process Control System for the equipment in boiler stations;
 - replacement and modernization of energy-intensive technological and power equipment;
 - decentralization of air supply system with replacement of compressors with modern ones;
 - Winterization of enclosure structures of buildings and structures.
- In 2014, the consumption of electric power and heat energy by the subsidiary companies in monetary terms was RUB 3,819 mln and RUB 1,237 mln respectively.
- In 2015 as a part of activities for improvement of energy efficiency the following is planned:**
- Reduction of energy resources consumption by the subsidiaries of TVEL FC (under comparable conditions 2009) no less than by 25%;
 - Implementation of the Program "Energy Saving and Efficiency Improvement" at the subsidiaries of TVEL FC;
 - Repeated energy inspection in accordance with the requirements of article 16 of Federal Law dated November 23, 2009 No. 261-FZ "On energy saving and improvement of energy efficiency and on amendments made to certain enactments of the Russian Federation".



PJSC "MSZ" became the winner of All-Russian contest "Russian Business Leaders: Dynamics and Responsibility — 2014" in the category "For High Energy Efficiency" held by the Russian Union of Industrialists and Entrepreneurs.

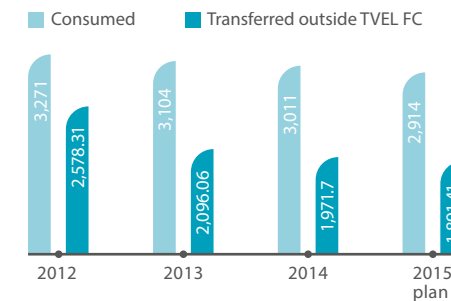


Fig. 1

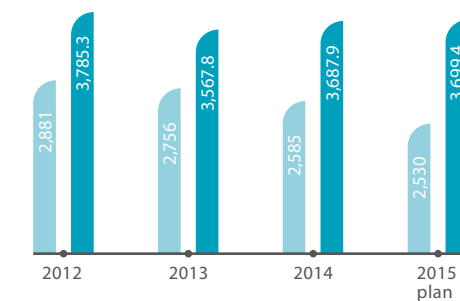


Fig. 2

1. Electric Energy Consumption and Transfer to Outside Organizations*, mln kWh

2. Heat Energy Consumption and Transfer to Outside Organizations**, thous. Gcal

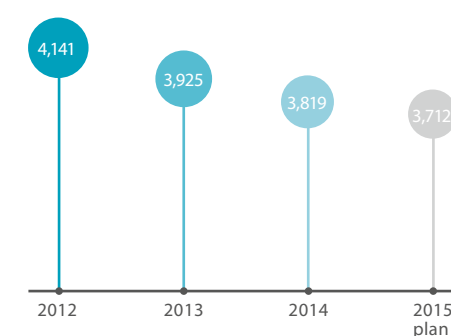


Fig. 3

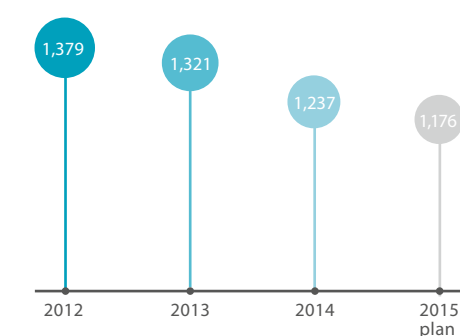


Fig. 4

*under comparable conditions 2009

3. Electric Energy Consumption by the Subsidiaries of TVEL FC in Monetary Terms, RUB mln

4. Heat Energy Consumption by the Subsidiaries of TVEL FC in Monetary Terms, RUB mln

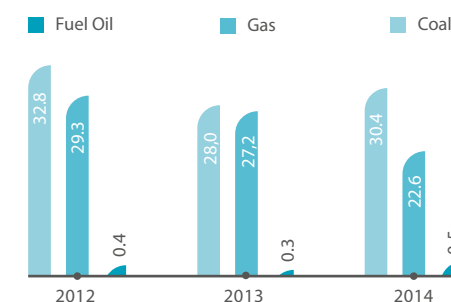


Fig. 5

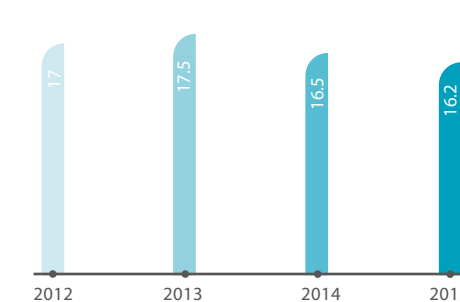


Fig. 6

5. Primary Energy Sources Consumption***, mln GJ

6. Indirect Energy Consumption by the Subsidiaries** of TVEL FC**, mln GJ.

* According to the information of the Automated Information and Measuring System of Electric Energy Commercial Accounting under conditions comparable to 2009.
 ** According to the information of the Automated Information and Measuring System of Electric Energy Technical Accounting under conditions comparable to 2009.
 *** The companies of TVEL FC purchase primary sources of energy from third party suppliers. The Fuel Company maintains no records of primary energy sources consumption in monetary terms as specified by the sources.
 **** Indirect energy consumption indicates the amount of energy required for production by the reporting company of the consumed or purchased externally (i.e. produced outside the Company) electric energy, steam, heat energy and other types of intermediate energy.

> One Step Ahead

“We strive to be the leader in the global market. We are always one step ahead in technology, knowledge and the professional strength of our employees. We foresee what will be tomorrow and are ready to be it today. We continuously advance and learn. Every day we try to work better than yesterday.”

Excerpt from the Decision of the Strategic Council of ROSATOM State Corporation d/d July 03, 2014

Scientific and Technological Activities

Main purpose of scientific and technological activity of the Company is to promote competitiveness and safety of production. The main activities are regulated by the following documents:

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

The research and development scope is defined by the decisions of the management of ROSATOM State Corporation, contractual obligations, and is subject to revision on an annual basis at the meetings of the Scientific and Technical Council No. 2 of ROSATOM State Corporation — “Nuclear Materials and

Technologies of Nuclear Fuel”, the STC of JSC “TVEL” and its sections.

Scientific and technological activities of TVEL FC are focused on:

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

Employees of the R&D complex of TVEL FC provide training and advanced training to the highly skilled personnel in the sphere of radiation chemistry, physics of metals, adaptive metallurgy and solid-state physics, fissile and structural materials, metallurgy and technology of rare, scattered and radioactive metals.

SC “VNIINM” serves as the basis for the Postgraduate School with specialization in Adaptive Metallurgy and Thermal Treatment

of Metals and Alloys; Nuclear Power Units, including Design and Decommissioning; Metallurgy of Ferrous, Non-ferrous and Rare Metals; Technology of Rare, Scattered and Radioactive Elements.

The Institute has two Dissertation Councils that admit for examination doctoral and candidate dissertations. The Institute expands its cooperation with the leading educational institutions. The branch of the 9th Department of MEPhI NRNU, complex branch of the Department of D. I. Mendeleev University of Chemical Technology of Russia and M. V. Lomonosov Moscow State University of Fine Chemical Technologies operate based on SC “VNIIM”. The Institute also has entered into cooperation agreements with the leading industry-specific higher education institutions, for example, with Tomsk Polytechnic University (TPU). As part of these agreements, students take practice and training, and write theses on the promising areas of the Institute activities.

TVEL FC subsidiary employees take part in the annual international scientific conferences (e.g., “Zirconium in the Nuclear Industry”, “Top Fuel”) and seminars, conduct meetings of the Scientific and Technical Councils of ROSATOM State Corporation and JSC “TVEL”.

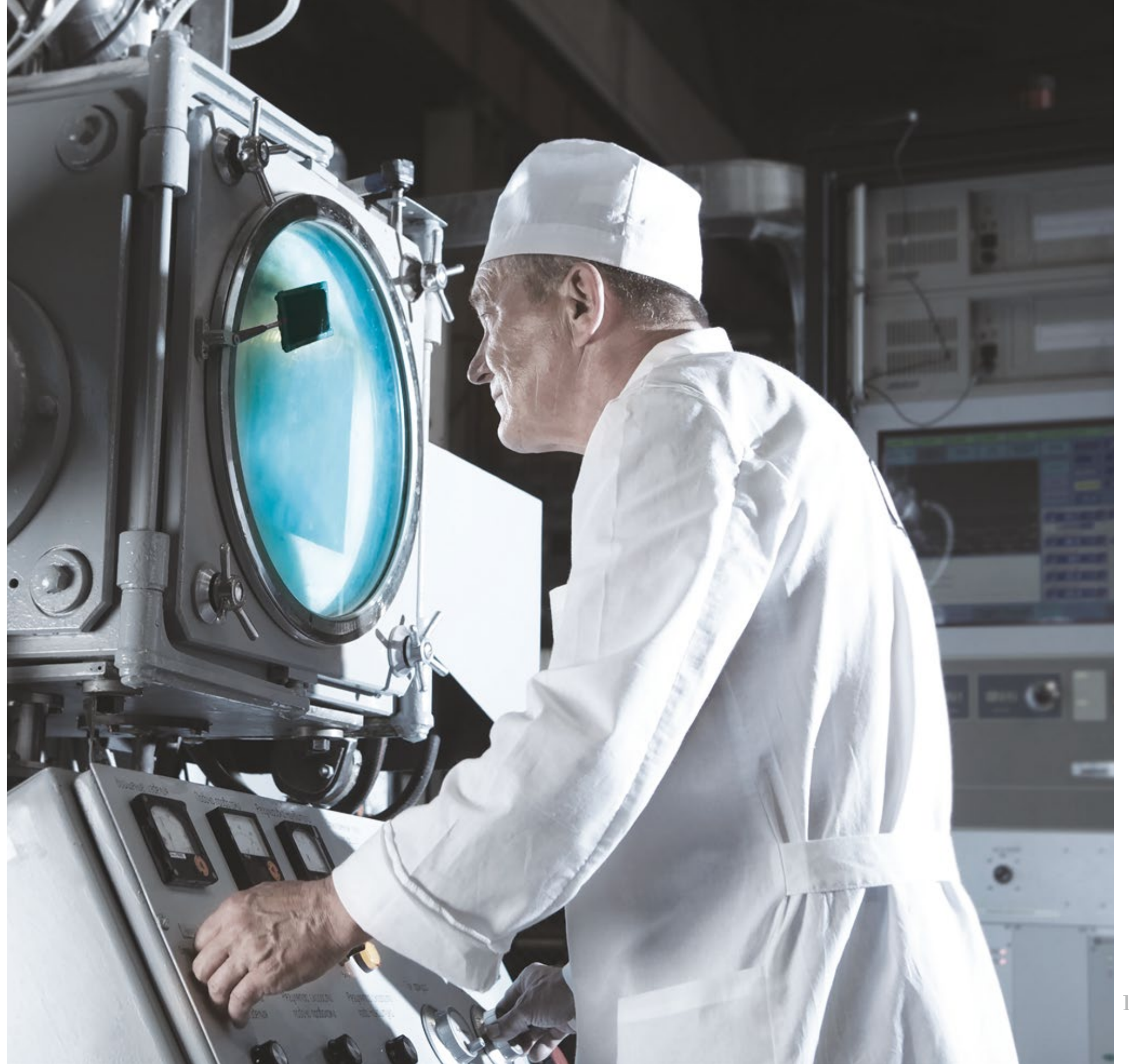
In 2014, the Scientific and Technical Conference of TVEL FC was held, the specialists of TVEL FC took part in the 9th International Scientific and Technical Conference “Safety, Efficiency and Economics of the Nuclear Power”, the symposium of the International Association for Physics and Safety of VVER reactors, the Conference “Half-Century Safety Assurance of NPP with Pressurised Water Reactors in Russia and Abroad”, the Conference “Zirconium in the XXI century”,



the traditional workshops carried out in Finland and Russia with participation of representatives of operators, supervision authorities of the countries. Within these workshops the discussion was held of the experience of manufacturing, operation and prospects of improvement of fuel and fuel cycles of nuclear power plants with reactors VVER-440, VVER-1000. The problems of reactor material science were discussed at the conferences in Research Institute of Atomic Reactors SRC JSC, at the Institute of Power Engineering (in the framework of the Halden Reactor Project). The workshop, held in Obninsk, was devoted to the issues of intensification of heat transfer in fuel assemblies of VVER-100 of new design, there were also discussed the arguments to support increase of the power unit capacity to 107% of nominal value.



The research activities carried out by the subsidiaries of the Fuel Company are of applied nature, some of them address the issues of fundamental science. Such research includes, for example, works on the study of the properties of mixed uranium-plutonium nitride fuel carried out in 2014, determination of the behavior mechanism of structural steels (ferritic-martensitic, dispersion hardened by oxides) under conditions of irradiation in the fast fission reactor, determination of the properties of composite claddings (silicon carbide) for the purpose of their application instead of zirconium, determination of the properties of superconductors made of magnesium diboride and pnictides. The development of computer simulation models of technological conversions for fabrication and reprocessing of nuclear fuel should be also referred to fundamental research activities. Such works include mathematical description of physical and chemical processes in the specific conditions of a process equipment with subsequent verification of the model.



1.5

bln annually — amount of investment to R&D of TVEL FC in 2012–2014

Involvement of Universities in Implementation of the Investment Projects

In 2012–2014, MEPhI NRNU was involved in the frameworks of implementation of the investment projects on development of new types of fuel for nuclear power plants, research reactors (RR), low-capacity nuclear power stations (LNPS). The fields of works of MEPhI NRNU are as follows:

- establishment of regularities of texture variations in the products of zirconium alloys induced by a neutron irradiation;
- development of a modified oxide nuclear fuel for high fuel burn-ups;
- development of a method for improving the corrosion resistance of fuel-element claddings made of zirconium alloys by multicomponent alloying at ion mixing.

Moscow Institute of Steel and Alloys (MISA), branch of MEPhI NRNU in Seversk, N.I.Lo-bachevsky State University of Nizhni Novgorod, Ural State University were also involved by sub-contracting with branch organizations (SC "VNIINM", SC CMP) in the development of mathematical models of processes, investigations of the properties of different materials, etc.:

- a number of fundamental and applied researches were carried out with the assistance of MISA and Tomsk Polytechnic University on subjects connected with the development of criteria taking into account the concentration of hydrogen in the material of the claddings, for use in engineering design of the fuel elements of water-cooled reactors in justifying their safe working capacity in normal and transient operation;
- in conjunction with Tomsk State University there were carried out the works on

- modelling of cold rolling of tubes on roll mills to provide the structure and mechanical properties of fuel-element claddings;
- verification experiments, defining properties of a moulding powder and compressed tablets in relation to the pressing load application and removal pattern, and modes of pressing-out, and adaptation of the developed 3D model of press operation for industrial rotary presses, were carried out in Seversky Institute of Technology of MEPhI NRNU;
- development in non-nuclear industry in collaboration with Moscow State University — technology of superconducting wire of iron arsenide — superconducting material with great potential in industrial application.

In the period 2012 to 2014, R&D funding in universities averaged to RUB 85.18 mln per annum.

Innovative Activities in the Nuclear Industry

Services and products of FE NFC form the basis of subsidiaries comprising the Fuel Company (more than 80% of revenue following the results 2014), and that is why innovative activities in nuclear industry are critical for ensuring long-term competitiveness and sustainability of TVEL FC.

In 2012–2014, investments of JSC "TVEL" in research and development amounted to more than RUB 1.5 bln annually.

Main R&D projects are as follows:

- design and improvement of nuclear fuel and reactor cores of Russian design (primarily VVER-1000/1200/1300);
- design of nuclear fuel for Western reactors (PWR);

- design of nuclear fuel for low-capacity nuclear power stations, research reactors and nuclear-powered icebreaker (NPIB).

As for the operating and new power units of NPP, the works are aimed to increase the discharge burn-up range, increase service life of FA, improve operational reliability of nuclear fuel, prove the working efficiency of FA in terms of increased capacity of power units (104–107% of nominal) with unconditional security. Works on optimizing the design of TVS-KVADRAT assemblies (for PWR), new fuels for the RR, floating power unit, new cores for NPIB offer many innovations and ensure the strategy of entering new markets.

Results of activities on improvement of nuclear fuel properties and production technologies In 2014,:

Design and adaptation of nuclear fuel and cores for Russian reactors

- TVS-2M nuclear fuel is put into operation in 18-month fuel cycle on Power Units 1 and 2 of Tianwan NPP (in makeup volumes);
- Development of the Front End Design of TVS-2M with mixing grids (to increase the capacity of the power unit to 107% of nominal) is completed; production was launched; Power Unit 4 of Balakovo NPP started operation of new fuel;
- TVSA-12PLUS (makeup volume) was put into operation without blank zones, with 13 spacer grids, 3 mixing grids and a unit head at Power Unit 3 of Kalinin NPP;
- Addendum to the Front End Design of TVSA-T for the Temelin NPP was elaborated in connection with the introduction of modernized version of the fuel assembly — TVSA-T.mod.1 (optimization of



spring cartridge, support grid and first spacer grid);

- Technical appendices were updated and long-term (10 years) contract to supply nuclear fuel for VVER-1200 for Units 5 and 6 of Paks NPP was signed;
- Licensing of the fuel of VVER-440 (assemblies — RK of 2+ Generation) with a high uranium feed for Dukovany NPP was completed; the fuel is put into production; Unit 1 started its operation on a new fuel (with full makeup);
- Licensing of the second generation fuel with high enrichment in 15-month fuel cycle under conditions of the increased capacity (to 1,485 MW) of PAKS NPP power units was completed; a set of cartridges (12 RK) was produced, put into operation.



Design of nuclear fuel for western reactors

- Acceptance tests of TVS-KVADRAT were carried out;
- A pilot lot of TVS-KVADRAT has been manufactured, delivered, loaded, and since June 2014 has been operated by the reactor of the European company.

Design of nuclear fuel for LNPS, RR, NPIB

- Post-irradiation studies of reirradiated fuel elements from experimental TWS 14-14 were completed to substantiate an improved core 14-14-1 with an energy source enhanced by 50% for floating

nuclear thermoelectric plants (FNTF) with RU KLT-40S;

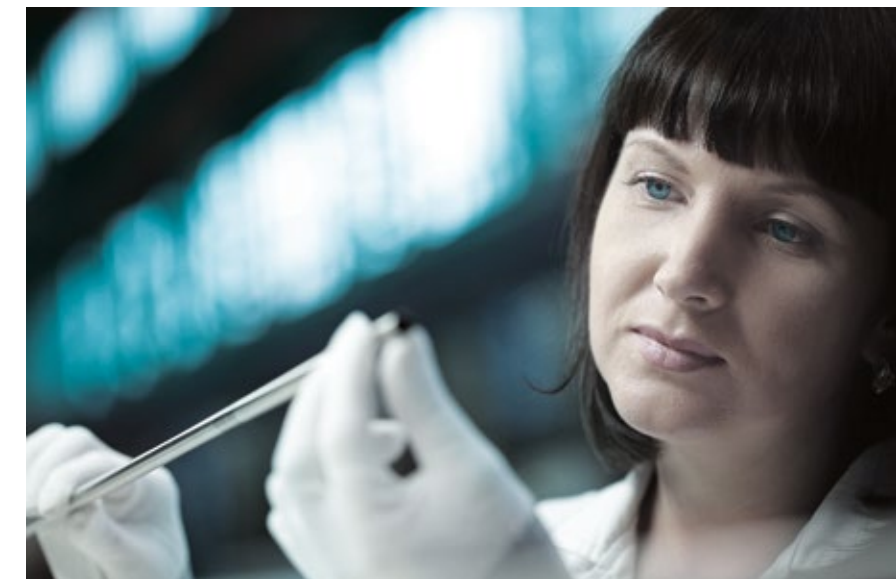
- Addendum to the Front End Design of VVR-KN fuel assembly for VVR-K research reactor in Kazakhstan was developed;
- Reactor tests of experimental FA (EFA) MR with LEU-fuel at Maria research reactor in Poland were completed with the achievement of burn-up of 61%, post-irradiation studies of two EFA were conducted;
- Front End Designs of a burnable absorber rod, start-up neutron source, absorbing element, emergency shutdown rod of the core 14-15-1 for nuclear-powered

icebreaker with RU RITM-200 were developed.

2015 plans for nuclear fuel design and improvement

- Completion of licensing of TVSA-12 in Bulgaria. Start of production. Full make-up shipment to Kozloduy NPP;
- Completion of licensing of TVS-2M with profiled fuel elements with gadolinium in order to reach the capacity 107% of the nominal value. Start of production. Full make-up shipment to Unit 2 of Balakovo NPP;
- Start of operation of the first core of NPP-2006 Project (Power Unit 1 of Novovoronezh NPP-2);
- Development, start of production and delivery of secondary neutron source units to Temelin NPP;
- Start of production of TVSA-T.mod.1;
- Development of supporting materials for the implementation of TVS-2M from the first charges of Power Units 3 and 4 of Tianwan NPP;
- Development of materials for preliminary substantiation of safe operation of Hanhikivi NPP;
- Start of operation of the second generation fuel with high enrichment in 15-month fuel cycle under conditions of the increased capacity (to 1,485 MW) on one of the Units of Paks NPP;

- Manufacture of equipment for the inspection and repair bench of the European country, where a pilot lot of TVS-KVADRAT is operated;
- Acceptance tests of two experimental fuel assemblies IRT-3M with low-enriched uranium-molybdenum fuel for research reactors;
- Issue of Front End Designs of a fuel element and core 14-15-1 with highly enriched intermetallic fuel for a nuclear-powered icebreaker with RU RITM-200;
- Start of production of FE, AE, BPR, start-up neutron sources and emergency shutdown rods for the core 14-15-1;
- Continuation of reactor testing of an experimental fuel assembly with low-enriched cermet fuel for the core 14-15-2 of nuclear-powered icebreaker with RU RITM-200.





“One Step Ahead” Award

*Dolgov Aleksey Borisovich,
Director of Department
of JSC “TVEL”*

*Goncharov Yuri Valerievich,
Deputy Director General for
Development and Innovations
of JSC “NCCP”*

*Enin Anatoly Alekseevich,
Chief Design Manager
of JSC “NCCP”*

*Samoylov Oleg Borisovich,
Chief Design Manager
of JSC “Afrikantov OKMB”*

*Novikov Vladimir
Vladimirovich,
Deputy Director General
of SC “VNIINM”*

*Troegubov Aleksey
Vladimirovich, Process
Engineer of the Rolling Plant
of SC CMP*

“TVS-KVADRAT” Project

“TVS-KVADRAT” design is based on long experience in manufacturing and operation of nuclear fuel in VVER-1000 reactors. In particular, “TVS-KVADRAT” design employs frame and spacer grid design solutions tested and approved in fuel assemblies for VVER-1000, which allows to increase the operational reliability of nuclear fuel in PWR reactors. Advanced Russian alloys based on zirconium are used as structural materials. Russian design of fuel for PWR reactor has a stable geometry, is not prone to damage and has higher degree of fuel burn-up.

In 2014, a pilot lot of TVS-KVADRAT was manufactured, delivered and, on obtaining permission from the State supervisory authority of the European country, fed into reactor of the European company for operation.

By the end of 2014, specialists of JSC “TVEL”, PJSC NCCP, SC CMP, SC “VNIINM”, and JSC “Afrikantov OKBM”, responsible for the implementation of “TVS-KVADRAT” Project, were recognized as the winners in the special category “One step ahead” of the annual industry competition “ROSATOM’s Person of the Year”.

“Proryv” Project

“Proryv” Project of ROSATOM Nuclear Energy State Corporation is implemented in the framework of the Federal Target Program “New Age Nuclear Energy Technologies for the Period 2010–2015 and up to 2020”. The purpose of the project is to develop fast neutron reactors with closed nuclear fuel cycle, and to arrive at the solution of safe nuclear energy sector creation and irradiated fuel disposal problems. The project includes the construction of an Experimental Demonstration Energy Complex on the basis of SC “SGChE” with the reactor BREST-OD-300, the irradiated fuel radiochemical processing module and module of fuel production from derivatives. In the framework of the Project the works are ongoing on development of new reactor and industrial technologies, including a new mixed nitride uranium

plutonium fuel characterized by high density and thermal conductivity.

Research of reactor plant goes in two directions: BREST type reactor with lead coolant, and FN-1200 reactor with sodium coolant. Despite very similar solutions and operation parameters, the type of coolant provides for some significant differences in core design and new structural materials used.

Participants of “Proryv” Project are JSC “TVEL” and its subsidiaries: SC “VNIINM”, SC “SGChE”, PJSC NCCP, PJSC “MSZ”, Elemash-STP LLC, NCCP-Engineering LLC, etc.

In 2013, by the order of ROSATOM State Corporation No. 1/200-П, SC “SGChE” was designated as the operator of fuel fabrication/refabrication and spent nuclear fuel

reprocessing modules, and the working group was established under the leadership of P. I. Lavrenyuk, senior Vice-President of JSC “TVEL”, to organize interaction and coordination of the project participants for construction of nuclear fuel cycle facilities of EDEC. To implement “Proryv” Project there was established the directorate at SC “SGChE”.

In 2014, the following results were achieved in the implementation of “Proryv” Project:

- Main State Expertise of Russia approved the design documentation for the fabrication module and start-up complex of MNUP-fuel refabrication;
- SC “SGChE” received a license for EDEC setting;
- Construction works on the first stage of EDEC at SC “SGChE” have been started;
- The methods of production of MNUP-fuel by carbothermic synthesis of (U-Pu)N powders from initial oxide powders, production of nitride fuel pellets and fuel elements for the fitting of experimental fuel assemblies with MNUP-fuel of the FN-600 reactor of Beloyarsk NPP were applied in test production at SC “SGChE”;
- Six experimental fuel assemblies with MNUP-fuel were manufactured at SC “SGChE” and put on test in FN-600 reactor. Test of one fuel assembly in FN-600 reactor with a burn-up of about 6% was successfully completed, irradiation of the remaining FA continues, including two new EFA, which have been manufactured since 2014;
- Work design documents and technical documents (PJSC NCCP) for the manufacture of the full-scale model of FA RU BREST-OD-300 were developed. The model of new design with new construction material was manufactured and successfully passed vibration tests at PJSC “MSZ” and lead stand tests at JSC “NIKIET”;
- Production (PJSC “MSZ”, Elemash-STP LLC) of necessary for new projects assortment of semi-finished products and components of special steels, including fuel-element cladding of EK-164 and EP823 steels in four sizes, hexagonal shroud tube of EP450 and EP823 steels, extremely thin-walled tubes of EP823 steels for the manufacture of spacer grid cells was set up, production of fuel element “tube assembly”, etc., started;
- Working out of Front End Designs of pre-production models of equipment for the manufacturing complex of fuel elements and fuel assemblies of fuel fabrication module for fast neutron reactors (JSC SverdNIIHimmash” together with SC “VNIINM” and JSC “TVEL”);
- Technological optimization and improvement of experimental MNUP-fuel manufacturing method (SC “VNIINM”);
- Issue of Front End Designs for BREST-OD-300 and FN-1200 reactor unit fuel elements, and for fuel elements of all experimental fuel assemblies put on irradiation in FN-600.

Innovative Activities in the Non-nuclear Industry

In order to create new and innovative industries aimed at the development of the second core business of the Fuel Company, there are implemented projects on four programs: "New Energy", "Machine building", "Metallurgy", "Chemistry".

The subsidiaries of the Company establish industrial centers (clusters) for development of innovative non-nuclear production. Creation of the new knowledge-based innovative industries at the subsidiaries of the TVEL FC will create more jobs, give employment to highly qualified staff released due to restructuring, and attract young professionals, form the business environment in the cities of presence of TVEL FC subsidiaries, improve living standards and attractiveness of the territories.

Grounds for development of the second core business of the Fuel Company:

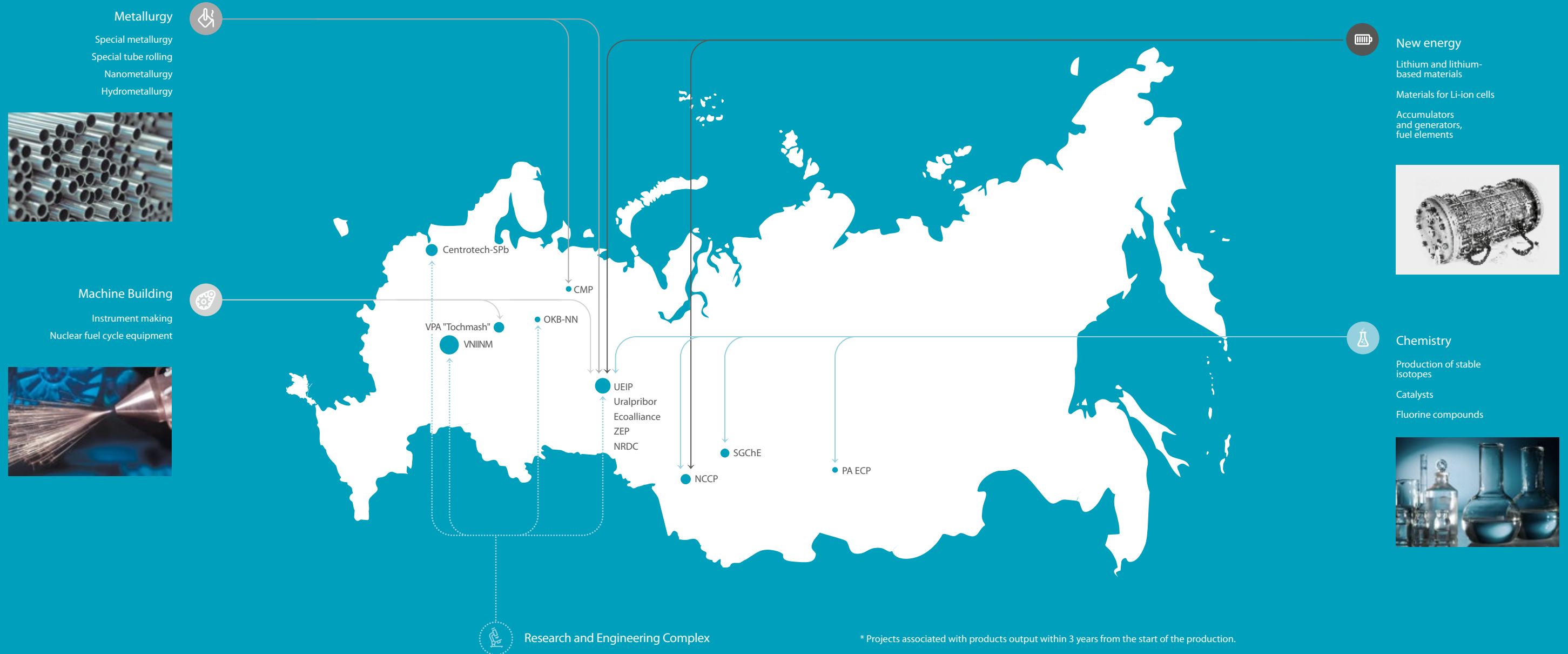
- competencies in each of the innovative development programs;
- availability of infrastructure for distribution of new production facilities — buildings, railways, co-generation plants, sewage treatment plants, etc.;
- availability of qualified personnel;
- good manufacturing practice.



➤ Main Lines of New Businesses Development in TVEL FC

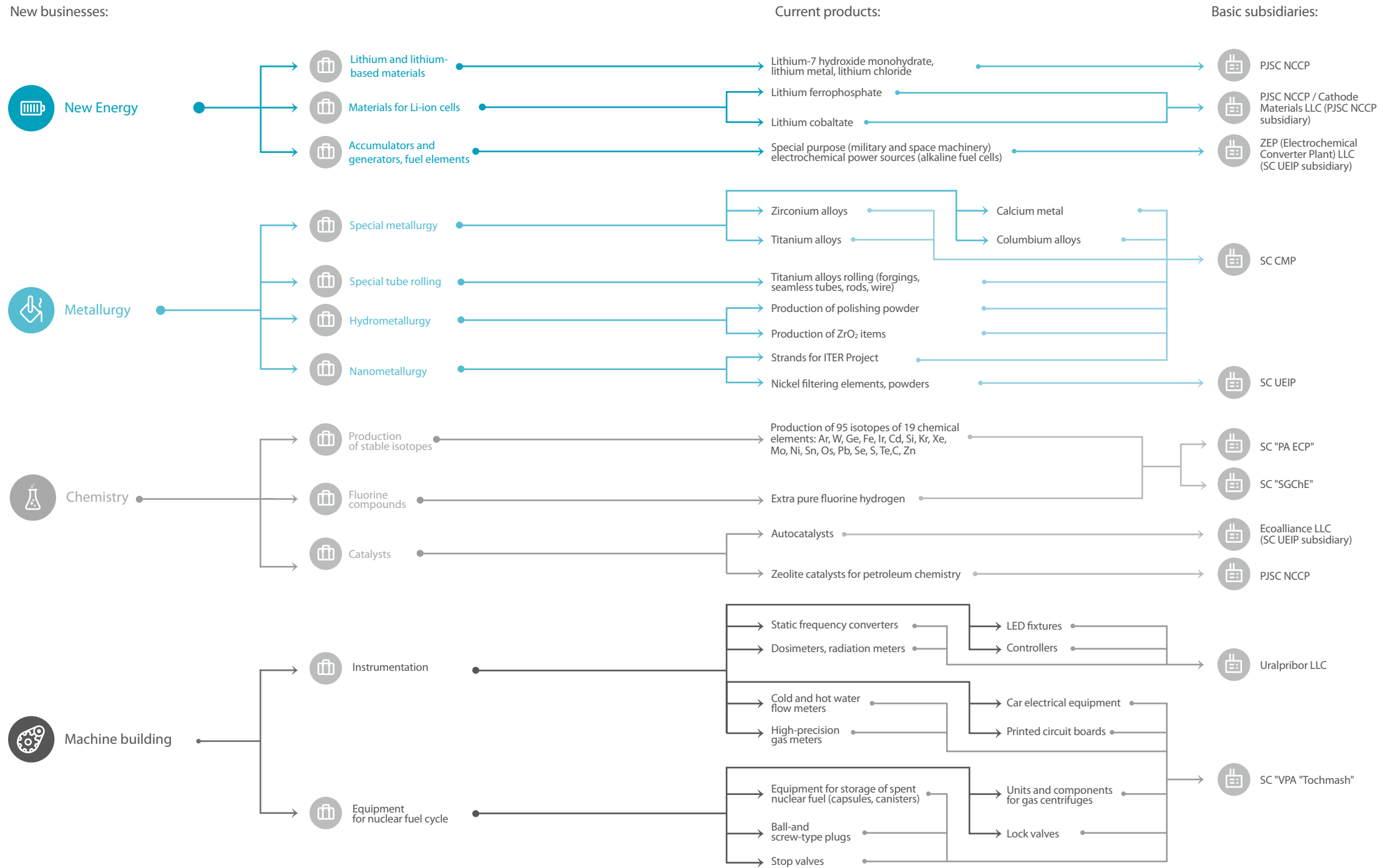
Total revenue from the sale of innovative projects* in non-nuclear sphere in 2014, reached RUB 6,059 mln, which is 26% higher than in 2013 (RUB 4,819 mln in 2013, RUB 4,054 mln in 2012).

In 2012–2014, TVEL FC invested annually more than RUB 1 bln of own and borrowed funds in the implementation of innovative projects in non-nuclear sphere.



* Projects associated with products output within 3 years from the start of the production.

Current Products by New Businesses of TVEL FC



Intellectual Property of TVEL FC

TVEL FC owns more than 1,600 items of intellectual property.

Among the objects protected by law there are inventions, utility models, production secrets (know-how), software for electronic computing machines, databases (DB), trademarks and industrial designs.

Intellectual Property Identification and Legal Protection System as it applies to the items created by subsidiaries and affiliates of

TVEL FC is implemented in accordance with applicable laws of the Russian Federation, Standard Industry Methodological Recommendations, and by local regulations of the entities comprising the Company.

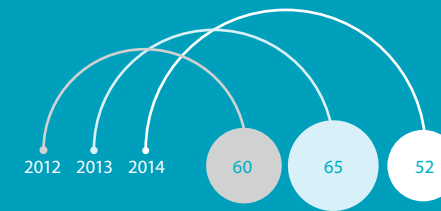
Functions to identify and secure legal protection of the items of intellectual property created by the subsidiaries of the Fuel Company are assigned to the Patent and Licensing Department of JSC "TVEL", as well as to technical departments, development design offices, intellectual property protection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

Intellectual Property Items registered by TVEL FC Subsidiaries In 2014, ea

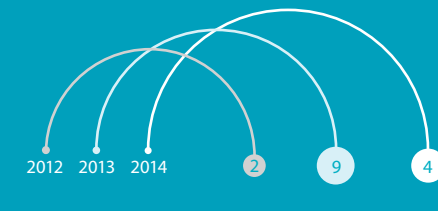
Companies of TVEL FC	Inventions, ea		Utility models, ea		Russian Production secrets (know-how), Russian, ea
	Russian	foreign	Russian	foreign	
JSC "TVEL"	5	1	2	—	7
SC "VNIINM"	5	3	4	—	41
PJSC "MSZ"	7	1	1	—	28
SC "PA ECP"	1	—	1	—	—
PJSC NCCP	3	1	—	—	7
SC UEIP	5	—	1	—	—
SC CMP	12	—	—	—	—
SC "SGChE"	7	—	—	—	—
SC "Centrotech-SPb"	6	—	—	—	—
EDB-Nizhny Novgorod JSC	1	—	3	—	—
NRDC LLC	2	—	2	—	—
Total	54	6	9	—	83

> Intellectual Property of TVEL FC

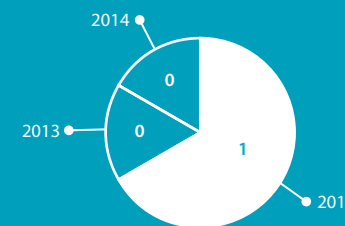
Russian inventions



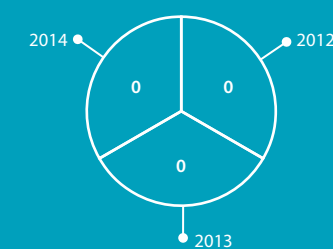
Foreign inventions



Russian designs



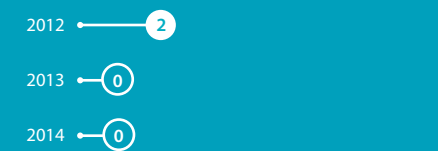
Foreign designs



Russian utility models



Foreign utility models



Production secrets (know-how)





Application	2012	2013	2014
Applications for inventions: Russian	65	68	54
Applications for inventions: foreign	1	1	3
Applications for utility models: Russian	12	13	7
Applications for utility models: foreign	1	1	—
Applications for software and DB: Russian	2	19	57
Applications for software and DB: foreign	—	—	—
Applications for production secrets (know-how)	32	60	76

Number of applications for inventions, utility models, software and databases, production secrets (know-how)

Companies of TVEL FC	Applications for inventions (Russian)	Applications for utility models (Russian)	Applications for software and DB (Russian)	Applications for production secrets (know-how)
JSC "TVEL"	11	2	1	—
SC "VNIINM"	7	4	3	41
PJSC "MSZ"	3	1	—	28
SC "PA ECP"	5	—	22	—
PJSC NCCP	3	—	1	7
SC UEIP	—	—	23	—
SC CMP	9	—	—	—
SC "SGChE"	6	—	7	—
SC AECC	2	—	—	—
SC "Centrotech-SPb"	3	—	—	—
EDB-Nizhny Novgorod JSC	4	—	—	—
Uralpribor LLC	1	—	—	—
Total	54	7	57	76

Number of Applications for Inventions, Utility Models, Software and Databases, Know-how filed by TVEL FC Subsidiaries In 2014,

> One Team

“We all are ROSATOM. We have common goals. Working in a team of like-minded fellows allows for unique results. Together we are stronger and can achieve most ambitious goals. The successes of our employees are the successes of the team.”

Excerpt from the Decision of the Strategic Council of ROSATOM State Corporation d/d July 03, 2014

Human Resources

HR Policy of TVEL FC is implemented in accordance with TVEL FC Development Strategy, and is intended to ensure efficient use of human resources contributing to the achievement of the Company’s strategic goals.

HR Policy of TVEL FC is focused on achieving balance between the interests of its employees and the employer, and it is aimed

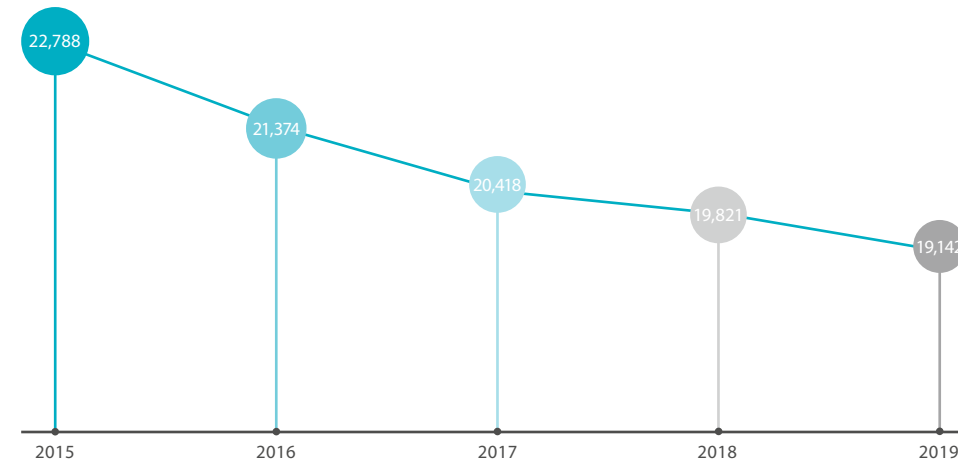
at making the employees to consent to the efficient development of their professional and management capabilities in accordance with the long-term development strategy of the Fuel Company.

Main long-term goals of TVEL FC HR policy:

- increase of personnel engagement to promote the Company’s sustainability;
- sustained growth of labor efficiency;
- adhering of personnel to corporate values;

Key Indicators

Indicator	2012	2013	2014
TVEL FC headcount at the year-end, persons	30,964	27,159	23,717
TVEL FC average headcount in the fiscal year, persons	34,088	29,238	25,169
Employees being employed by TVEL FC more than 5 years ago, %	78	76	81
Candidates and Doctors of Science, persons	290	312	281
Holders of MBA degree, persons	11	12	16



Estimated Average Headcount in 2015–2019, persons

- development of strategically important personnel competencies and skills in order to comply with requirements to the personnel stated by international global companies;
- engagement of each employee in solving the problems of strategic development and appealing to “collective intelligence”;
- ensuring of social acceptability of the changes made.

All HR management activities, which are undertaken to achieve the goals set, are focused on the long-term personnel stability of the Fuel Company.

Steady decrease in headcount in 2011–2014 was caused by restructuring processes, centralization of management functions and personnel outsourcing. The ultimate goal of these processes with regard to HR management is to enhance labor efficiency in TVEL FC subsidiaries to match major foreign competitors.

Headcount, staff structure and composition

TVEL FC subsidiaries hire its employees in strict compliance with the Labor Code of the Russian Federation. The top managers are sorted out of the members of succession pool program.

All Fuel Company subsidiaries (except for JSC “TVEL”) have collective agreements that cover 100% of these subsidiaries’ employees (98% of average headcount in the Fuel Company). If any considerable changes are intended in the business, the Company shall notify their employees at least 2 months prior to the effective date of any such changes. This provision is stipulated by labor laws of the Russian Federation and by the Collective Agreement of each subsidiary. Payments and benefits provided to temporary or part-time employees are stipulated by the collective agreements and vary from one subsidiary to another. All payments and benefits comply with requirements of the labor laws.



In 2014, TVEL FC subsidiaries hired 1,892 persons, including JSC "TVEL" — 63 persons, whereof 10 persons were transferred from the Fuel Company subsidiaries and 2 persons — from ROSATOM State Corporation. About 60% of hired employees are men, around 70% — persons under 45 years old. Among the hired employees the highest per cent of new employees is in the Moscow Region and the city of Moscow (44.6%), the Vladimir Region (17%), the lowest per cent — in the Krasnoyarsk Territory and the Irkutsk Region (1.6% each).

5,225 persons terminated their employment with the Company. At the end of 2014, the retirement rate* by the business regions of TVEL FC varied from 42.3% in the Sverdlovsk Region and 35.6% in the Vladimir Region to 10.4% in the Moscow Region and 11.9% in the Novosibirsk Region. The retirement rates vary by gender as well: men — 21%; women — 24%. Overall retirement rate for the Fuel Company is 22%.

Personnel turnover rates** vary by the business regions of TVEL FC from 5.1%

* Retirement rate means total dismissals due to any reasons by an employee category/for the whole Company divided by headcount by category/for the whole Company as of the period end $\times 100$.

** Turnover rate means voluntary dismissals due an employee category/for the whole Company divided by headcount by category/for the whole Company as of the period end $\times 100$.

Category	2012	2013	2014	$\Delta 2014/2013, \%$	<i>Total Staff by Categories at the Year-end</i>
As per consolidation circuit (total), persons	30,964.0	27,159.0	23,717.0	-12.7%	
including:					
Key staff	11,716.0	9,743.0	8,608.0	-11.6%	
Supporting staff	6,961.0	5,615.0	4,144.0	-26.2%	
Managers	3,520.0	2,618.0	1,964.0	-25%	
including top management (General Directors, their Deputies)	132.0	96.0	97.0	+1%	
Specialists	8,256.0	8,839.0	8,717.0	-1.4%	
Employees	395.0	312.0	256.0	-17.9%	
Indirect labor group	116.0	32.0	28.0	-12.5%	

in the Vladimir Region and 4.5% in the Moscow Region to 1.0% in the Udmurt Republic and 0.1% in the Krasnoyarsk Territory. Overall personnel turnover rate for the Fuel Company is 3.2%. The most mobile age group (turnover rate is 8%) is comprised of employees up to 24 years old; male employees are more mobile than female (turnover rate is 3.4% and 3% respectively).

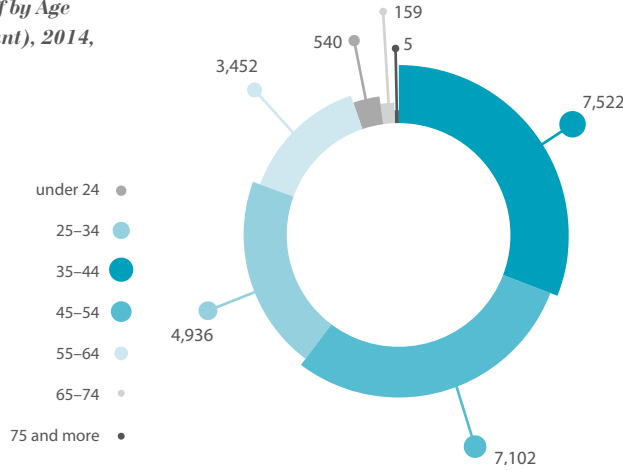
As of December 31, 2014, TVEL FC headcount was 23,717 persons. Overall majority of subsidiaries' employees (over 98%) work under the open-term labor contracts and during normal business hours (40 hours a week). As of the end of 2014 the headcount of employees under civil law contracts, external

part-timers and women on maternity and childcare leave was 673 persons.

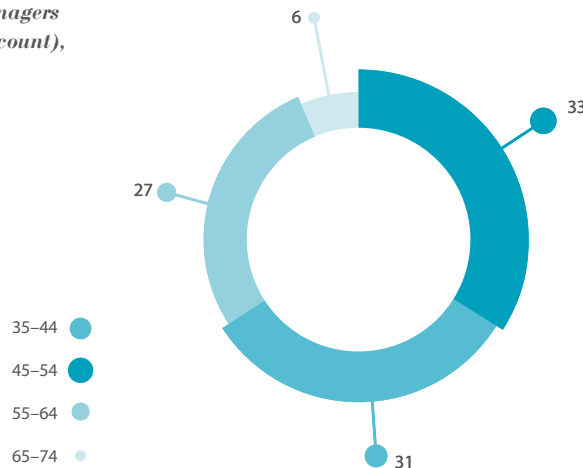
TVEL FC upholds the principle of equality and tolerates no gender discrimination: male and female employees working in the Company get the same salary, regardless of categories.

The highest per cent of employees are men (64.7% of all employees, 90.7% of top managers). The highest per cent of employees at the age of 45–54 are women (43%); the lowest per cent of employees under 24 are women (18%).

Total Staff by Age (Headcount), 2014, persons



Total Top Managers by Age (Headcount), 2014, persons



The Company cooperates with educational establishments under the divisional program of arrangements aimed at employer brand building, training, recruitment and employment of educational establishment graduates subject to annual updating.

To promote career guidance, school students are taken on tours at the enterprises of the Fuel Company where they meet young specialists and take part in informational and educational events (intellectual environmental game "First Step Into a Nuclear Project", Science Festival "Energy of Intelligence", etc.).

The major areas of cooperation with educational establishments of higher and secondary education:

- long-term planning of demand for specialists in terms of industry-specific training (for 2014–2021);
- creation of awareness among students and graduates on possibilities of professional growth in subsidiaries of the Fuel Company; TVEL FC and ROSATOM State Corporation brand building;
- arrangement of educational and on-the-job trainings at the premises of TVEL FC subsidiaries;
- implementation of joint educational programs, special courses within the sphere of main departments:
 - branch of the 9th Department of MEPHI NRNU and complex branch of the Department of D.I. Mendeleev University of Chemical Technology of Russia and M.V. Lomonosov Moscow State University of Fine Chemical Technologies at SC "VNIINM";
 - main Department of "Design and Engineering Support of Mechanical Facilities" of Stoletovy Vladimir State University at SC "VPA "Tochmash" (opened In 2014,);
 - main Department of Seversky Institute of Technology of MEPHI NRNU "Radiochemistry" at SC "SGChE" (opened In 2014,);

In 2014, 746 students of higher and vocational educational institutions undertook internship with the Fuel Company subsidiaries. In 2015, the Company expects 687 students to take their practical training.

- running of special competitions for recruiting young specialists with advanced capabilities (Young Professionals Tournament "TeMP", Career Days).

Over the reporting period the Company employed 81 graduates of the higher educational institutions and vocational secondary schools, 6 of them took target preparation classes for employment by TVEL FC.

Criteria for efficiency of interaction with educational institutions

- Recruiting of university graduates to the nuclear industry companies in 2014. Target: university graduates recruiting plan is fulfilled. Allowable deviation is +/- 10%. Diploma grade point average of the employed graduates is over 4.3. Percent of graduates from core universities of ROSATOM State Corporation is over 20%.
- Recruiting and retention of university graduates with high potential in the nuclear industry companies in 2014. Target: 10% of total number of recruited university graduates should correspond to the set criteria.

Number of university graduates with high potential, who were employed in 2013 and who left the Company voluntarily In 2014, is at most 20%.

About 1.2% of TVEL FC average headcount take parental leave annually. The majority of them are women (over 99%). This indicator is the highest (about 2%) for the Fuel Company subsidiaries in the city of Moscow and the Sverdlovsk Region, and the lowest one (about 0.8%) — in the Tomsk Region and the Irkutsk Region. Over 90% of employees who took parental leave, return to the Company later on, and 80% keep working in the Company after 12 months.

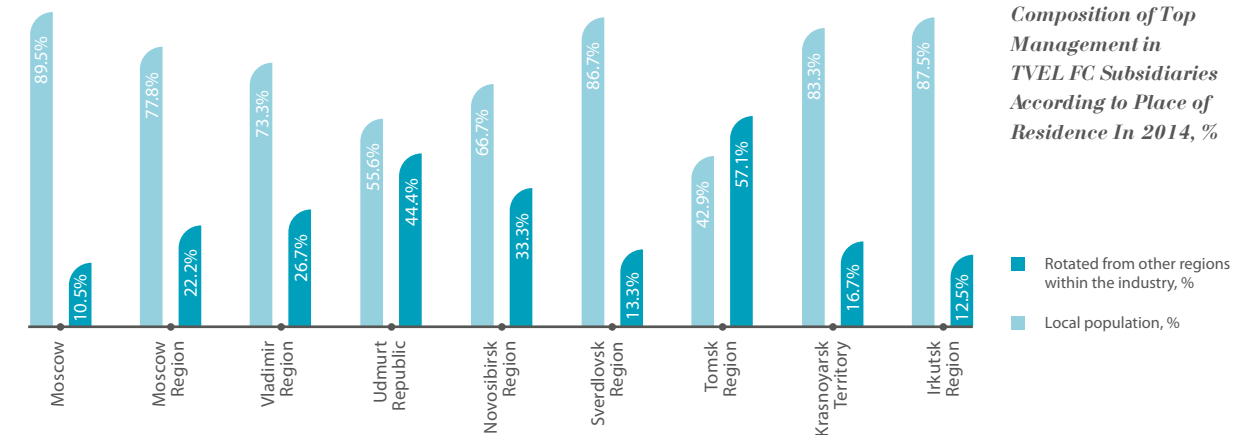
TVEL FC mostly hires the local residents, and attracts specialists from other regions only if and when no properly qualified candidates to the vacancy are available at the local labor market.

81

graduates from higher and vocational educational institutions were employed by the Company In 2014,.

Workforce by Categories and Regions (persons, 2014)

Region	Headcount	Key staff	Supporting staff	Managers/senior management (General Directors, their Deputies)	Specialists	Office workers	Indirect labor group
Moscow	1,767	37	253	245/19	1,206	17	9
Moscow Region	4,290	1,483	1,153	444/9	1,206	4	—
Vladimir Region	2,681	1,031	574	202/15	841	20	13
Udmurt Republic	3,331	1,572	664	277/9	804	14	—
Novosibirsk Region	1,627	601	213	156/9	640	17	—
Sverdlovsk Region	2,723	1,101	282	174/15	1,083	78	5
Tomsk Region	3,959	1,797	431	237/7	1,452	42	—
Krasnoyarsk Territory	2,122	472	557	121/6	942	30	—
Irkutsk Region	1,217	514	17	108/8	543	34	1
Total In 2014,	23,717	7,608	4,144	1,964/97	8,717	256	28
Total plan for 2015	22,788	8,487	3,933	2,325/90	7,805	220	18



Increase of Personnel Engagement

Personnel engagement, personal interest in business and success of the Company have direct effect on business performance and efficiency. The Company implements a set of arrangements aimed at increase of personnel engagement, encourages the employees to progress towards professional improvement.

Engagement study is conducted under the unified industrial slogan: "ROSATOM cares about your opinion". Arrangement plans, aimed at increase and retention of personnel engagement, are approved and implemented at the annual management meetings on study findings analysis in 12 subsidiaries of the Fuel Company. In general, annual surveys allow to estimate comprehensive efforts within the project according to 19 job satisfaction factors, and this determines per cent of employees, who:

- recommend their company as a good employer to their relatives and friends;

- attempt to make the most of their opportunities fulfilling their obligations, improve enterprise processes and come up with suggestions for improvement;
- intend to keep being employed by the Company in future.

Comprehensive efforts within the project are made both through arrangement plans implemented by the subsidiaries, and through execution of the unified divisional projects. Thus, In 2014, the Fuel Company executed the projects in the following key directions:

- career development and employee involvement in enterprise management and development;
- the Fuel Company applies the unified rating system of employee behaviour, skills and work complexity group; this system allows to ensure the transparency of personal additional incentive (PAI); the current training programs provide the employee with the opportunity to acquire additional skills, to learn related

Engagement by TVEL FC Subsidiaries Based on Survey Findings in 2012–2014, %

Engagement rate	TVEL FC	JSC "TVEL"	SC AECC	PJSC NCCP	SC "PA ECP"	SC CMP	PJSC "MSZ"	SC "VNIINM"	PJSC "KMP"	SC UEIP	SC "VPA "Tochmash"	UGCMP LLC
2014	81	82	74	75	93	84	77	75	89	74	84	88
2013	76	83	76	62	90	74	67	62	84	87	82	63
2012	74	80	85	78	88	62	59	52	82	82	72	59

trades and operations; small group leader and direct manager* training program is implemented;

- remuneration depending on personal contribution to the enterprise economic growth;
- in 2014, there were removed premium rate restrictions for submission of suggestions for improvement (the greater effect — the higher personal remuneration); unified transparent system of submission, implementation and remuneration of suggestions for improvement within RPS activities and innovation is active;
- Remuneration for team progress;
- In the reporting year internal competition between the small groups was held in TVEL FC subsidiaries: small groups that show rapid results get a higher rating and are

remunerated; up to 50% of savings made owing to solutions on labor efficiency growth implemented by small groups shall be advanced to the team remuneration fund of this group.

Motivation and Reward

Arrangements 2014:

- salary indexation in all subsidiaries, except for JSC "TVEL" (indexation % — over 6.7%, in certain subsidiaries selectively for several lower grades — up to 15%);
- increase of annual premium rate in certain subsidiaries (increase by per cent corresponding to salary indexation per cent);
- selective reconsideration of the employees' personal additional incentive subject to the results of the annual assessment;
- review of remuneration system and benefits efficiency in TVEL FC; collection, of the employees' proposals for alteration of salary disclosure documents.

* Small group means primary industrial formation, staff completing a task aimed at products manufacturing and works execution within its subdivision. The staff is managed by the small group leader elected by voting from among its members.



21.4%

increase of the average wage In 2014,

Arrangements planned for 2015:

- payment of up to 50% of annual premium in advance (in order to increase the employees' social security level due to volatile economic environment and rise in inflation);
- salary indexation in all TVEL FC subsidiaries, except for JSC "TVEL" (scheduled indexation % — not less than consumer price index, scheduled indexation term — September 1, 2015);
- there might be increase of annual premium rate in certain subsidiaries (increase by per cent corresponding to salary indexation per cent);
- selective reconsideration of the employees' PAI following the results of the annual assessment;
- updating of local salary and benefits disclosure documents to improve efficiency (reconsideration of annual premium calculation, approaches to PAI identification following the results of the assessment, etc.);
- elaboration and implementation of measures aimed at increase of variable part of total remuneration depending on personal and collective labor efficiency;
- development of the approach to payment of indemnities for harmful/hazardous labor conditions common for all TVEL FC subsidiaries.

In 2014, the average salary in the Fuel Company, except for JSC "TVEL" amounted to RUB 66.077 thous. (including in scientific institutions — RUB 83.477 thous), that is higher by 21.4% than in the preceding year.

KPI System for Top Executive Management and Junior Management

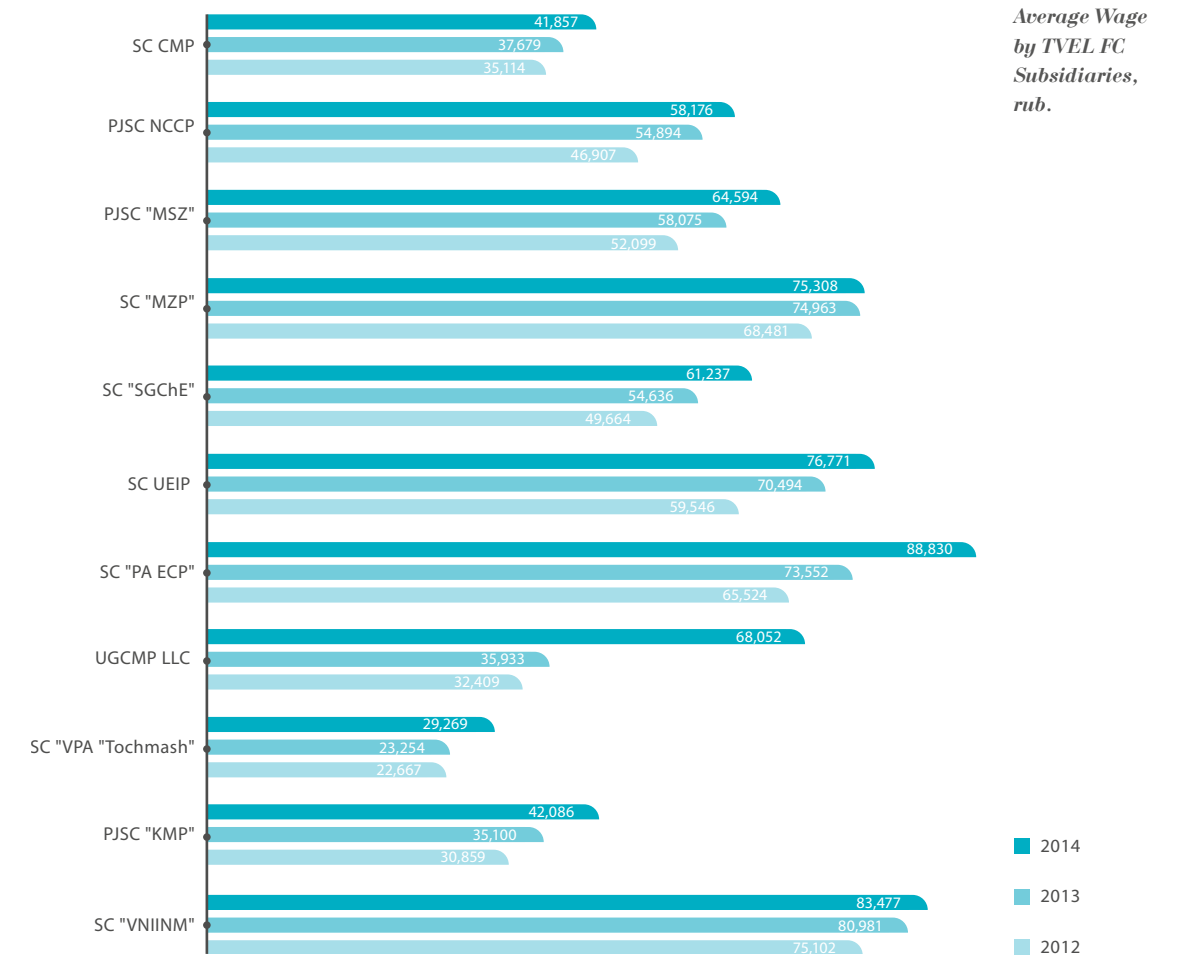
Business performance management system applied by the Fuel Company is based on generating of KPI list ensuring comprehensive development of division for company's top management. Maximum preference is given to such spheres as nuclear, radiation, industrial safety and ecology; social security in regions of presence; gain of operational efficiency; nuclear products and industrial operation markets share, where TVEL FC improves its performance by introduction of new products.

Remuneration scheme for President, Vice Presidents of JSC "TVEL", Directors General of companies included into the management system of the Fuel Company:

- Fixed salary;
- Personal additional incentive;
- Supplemental payments for dealing with information classified as state secret;
- Regional benefits and margins (where applicable);
- Annual remuneration in accordance with KPI.

KPI for directors of subsidiaries:

- Integrated performance indicator of investment activity;
- Adjusted free cash flow of the Company, RUB bln;
- Proceeds from sale of products and services, RUB bln;
- Labor efficiency, RUB mln/person;
- Foreign orders portfolio for 10 years, USD bln (for PJSC "MSZ" only);
- Lost time injury frequency rate;
- Government contracts, investment projects;
- Full cost of unit sold.



Remuneration consultants are not engaged in determining of remuneration rate. Remuneration rate must be approved by ROSATOM State Corporation.

In 2014, the ratio of total annual remuneration of the President of JSC "TVEL" to average annual remuneration of all TVEL FC employees (except for remuneration of the President) was 60.7.

In 2014, increase in total annual remuneration of the President of JSC "TVEL" as compared to average annual increase in remuneration of all employees (except for remuneration of the President) was 10%*.

* Average annual remuneration of all TVEL FC employees was calculated including JSC "TVEL".

Ratio of Average Wage in the Subsidiaries of the Fuel Company Compared to Average Wage in Regions of Operations*

Region	2012	2013	2014
Moscow	2.48	2.49	2.60
Moscow Region	1.61	1.62	1.66
Vladimir Region	1.08	1.45	1.55
Udmurt Republic	1.93	1.76	1.78
Novosibirsk Region	2.02	2.14	2.14
Sverdlovsk Region	2.17	2.23	2.44
Tomsk Region	1.86	1.79	1.89
Krasnoyarsk Territory	2.29	2.33	2.62
Irkutsk Region	2.12	2.25	2.35

Ratio Between the Average Pay of the Lowest 10% and the Highest 10% Employees of the Subsidiaries of the Fuel Company, by Regions**

Region	2012	2013	2014
Moscow	6.4	6.5	4.1
Moscow Region	3.6	3.5	3.5
Vladimir Region	4.0	4.1	6.8
Udmurt Republic	4.7	4.7	6.0
Novosibirsk Region	5.4	5.1	5.0
Sverdlovsk Region	5.4	5.3	4.4
Tomsk Region	4.1	3.8	3.7
Krasnoyarsk Territory	3.6	4.0	4.9
Irkutsk Region	4.7	4.1	4.0

* Including JSC "TVEL".

** Average annual remuneration of all TVEL FC employees was calculated including JSC "TVEL".

Assessment type	Target group	Results of the reporting period
"RECORD" assessment	Managers, specialists, employees (MSE)	98% of MSE headcount were assessed; this figure corresponds to target indicators. All TVEL FC subsidiaries took part in the assessment. Following the results of assessment there were made recommendations concerning alteration of personal additional incentives, choice of training program and recruitment of employees to succession pool.
Corporate employee assessment system by professional and personal competences	Staff	95.9% of staff headcount were assessed. Following the results of assessment there were made recommendations concerning reconsideration of personal additional incentives. The average grade for professional competences grew by 2–5% as compared to the previous year. In 2014, 4.13% of employees were not covered by the assessment. These are women, who were on parental leave, the employees, who worked at the Company for less than 3 months, the employees, who were to be withdrawn from subsidiaries under the restructuring processes.

TVEL FC motivation and reward policy is aimed at maintenance of salary competitiveness.

Ratio of standard entry level wage of TVEL FC subsidiaries to minimum wage varies from 1 to 1.5 (Moscow and the Moscow Region, the Vladimir Region, the Sverdlovsk Region, the Udmurt Republic), from 2.5 to 3 (the Krasnoyarsk territory, the Irkutsk Region and the Novosibirsk Region).

Personnel Efficiency Assessment

In 2014, annual personnel efficiency assessment system was successfully implemented and applied in all Fuel Company subsidiaries.

About 14,500 men and 8,000 women were involved in the assessment.

Elements of Annual Personnel Efficiency Assessment System Applied in TVEL FC

Every year the Fuel Company organizes professional contests where workers of most common trades compete for “The Best in Trade” Award. 51 authoring teams took part in the contest. Following the results of the applications, 20 authoring teams were marked out with corporate rewards (92 laureates).

In October 2014 the following occupational competitions took place:

- Electrician for electrical equipment maintenance and repair (PJSC NCCP);
- Operator of gas-separating production (SC “PA ECP”);
- Assembly fitter (SC “VPA “Tochmash”);
- Dosimetrist (SC “SGChE”).

78 workers from 19 enterprises of TVEL FC took part in competitions.

On November 13–14, 2014 at PJSC “MSZ” there was held the XVIII branch professional efficiency contest for the best “maintenance fitter” and “machining and fitting inspector”. 54 workers of the nuclear industry participated in the branch contest, including 15 participants from the Fuel Company enterprises, who have won 6 prizes out of 12.

In the period from July to December 2014 the contest was held for the Best solution/development in 6 categories:

- The best engineering and process solution;
- The best design project;

- The best development of new production/ the best solution for reconstruction and building;
- The best work in the sphere of management;
- The best business solution for development of entrepreneurial activity in CATU;
- The best solution for environmental safety.

There were nominated the works on creation and application of innovative technologies, design projects, environmental activity, financial-economical and HR management, business efficiency enhancement.

System of non-material benefits for the employees of TVEL Fuel Company is aimed to encourage professional growth, increase in efficiency and performance, attainment of the goals and the best final results of activities, enhancement of the work quality and arrangement of conditions for creative activity.

Achievements of the employees of TVEL FC were marked with state awards, awards of ROSATOM State Corporation and JSC “TVEL” in accordance with the Uniform Industry-specific Award Policy.

During the year 2014 in celebration of commemorative days and anniversaries more than 2.5 thous. workers and veterans of TVEL FC received rewards and bonuses for work achievements, contribution to development of enterprises, the Fuel Company and the nuclear industry, in particular:

- national awards — 7 employees;
- awards of ROSATOM State Corporation — more than 1.8 thous. persons, including merit badges — 149 employees, labor merit badges “Veteran of Nuclear Power and Industry” — 1,093 workers and veterans;
- awards of JSC “TVEL” — more than 700 persons.

HR Development and Training

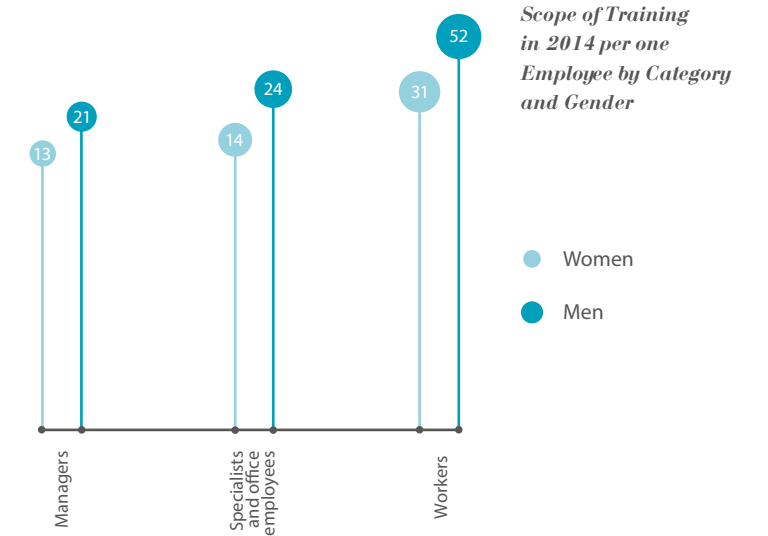
Traditionally, HR development and training is in the focus, and it is one of the top priorities of HR policy of the Fuel Company.

According to HR Development and Training Provisions, TVEL FC subsidiaries regularly implement training programs to enhance competencies of their managers, as well as ordinary workers.

Total number of TVEL FC employees, who underwent training in at least one program, was 11,227 persons.

Average length of training In 2014, per one employee of the Company was 43 hours (44 hours in 2013)

Total scope of training in policies and procedures related to human rights amounted to three hours and included familiarization with:



- corporate code of conduct;
- provision on trial period upon hiring;
- Order “On Organization and Conduct of Medical Examination of Employees”;
- provision on salaries and benefits;
- provision on voluntary health insurance;
- labor safety induction program.

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

Educational events, that contribute to development of skills, are implemented by efforts of the internal coaches, as well as the external providers of training services.



Formation and Development of TVEL FC Succession Pool and Succession Plans

TVEL FC pays great attention to development of succession pool and training of managers.

Training in this sphere is based on the following principles:

- Correlation with business strategy and industry development;
- Focus on the most advanced international leadership development practices;
- Analysis of the uniform industry-specific development system for managers.

2014 was the year of implementation of the mandatory integrated development program "Leadership School" intended for the key

industry managers. For managers there are provided training programs on development of value-based indicators. In 2015 the training of the managers at management and industrial HR school is scheduled.

Priority development programs in the subsidiaries of TVEL FC:

- Succession Pool Development Program "ROSATOM Assets", "ROSATOM Capital" and "ROSATOM Talents";
- Development of management skills;
- Training in the application of the tools of "ROSATOM" Production System;
- Training program for internal coaches.

TVEL FC founded the Institute of Internal Coaches in 2011. The Internal Coaches are the employees of the Fuel Company who provide on-the-job training to their colleagues. To become an Internal Coach, the employee needs to pass the selection procedure, take additional training and be properly certified. By the end of 2014, 73 employees of TVEL FC were qualified as the Internal Coaches (in 2013 — 46 employees).

HR training and development policy is focused on maximizing of internal potential of the industry. Educational events that contribute to development of skills are implemented with involvement of the internal coaches of the Company, the trainers.

Key Priorities for 2015 in the Sphere of HR Training and Development:

- Development of results-oriented corporate culture capable of self-improvement and innovations;
- Compliance of human resources with strategic goals of the industry;
- Safety culture development.

Indicator	2015*	2013 Uniform industry-spe- cific succession pool**	2014 Uniform industry-spe- cific succession pool	2015 Uniform industry-spe- cific succession pool (plan)	<i>TVEL FC Succession Pool and Succession Plans</i>
Number of employees included to succession pool	450	153	151	197	
Number of employees included to succession pool and running for major posts	450	153	151	197	
Number of employees included to succession pool and transferred to major posts	238	26	40	79	

* Succession pool of 1 and 2 management levels (Directors General, Deputies) of the Fuel Company enterprises.
 ** These are employees, who were deliberately selected for training and further assignment to key positions, who have management capabilities and professional expertise of the required level. The succession pool involves three levels: "ROSATOM Commons", "ROSATOM Capital" and "ROSATOM Talents".



TVEL FC Social Policy

Social Programs Implementation

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

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

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

TVEL FC social programs represent a strong motivating factor. According to personnel engagement surveys, up to 65% of employees find their social package satisfactory.

Total amount spent by TVEL FC on its social programs in 2014, is RUB 1,471.1 mln, or RUB 56 thous. per worker; this indicator exceeds the indicator of 2013 (RUB 53 thous.) by 5.6%.

Corporate social program	Funds allocated under the program in 2014, RUB mln	Basic facts
Voluntary health insurance (VHI)	162.36	99% of TVEL FC employees are insured under VHI policy. Maximum amount under the VHI policy in 2015 is increased by 15%
Accident and health insurance	11.43	80% of TVEL FC employees are covered by accident and health insurance
Sanitary and resort treatment, children recreation programs	169.30	4,756 employees got vouchers to sanitary and rehabilitation resorts in 2014, where 2,995 are persons working in harmful conditions. Maximum amount of each voucher in 2014, was increased by 10% — to RUB 50.4 thous. for a 21-days leave
Assistance in improvement of housing conditions	68.39	852 employees have improved their housing conditions under the program, and 479 of them are young specialists*
Benefits	48.68	4,571 workers of the Company got their benefits in 2014. Average benefit amount was RUB 10,650. The amount of benefit does not depend on the official position. Types and criteria of benefit provision are unified
Sports and cultural events	259.15	The subsidiaries of TVEL FC held more than 936 corporate and sports competitions in 2014. Total number of participants — over 37 thous. of workers and members of their families
Assistance to non-working pensioners	525.39	Assistance to non-working pensioners is provided in accordance with the Uniform Industry-Specific Public Policy of ROSATOM State Corporation and ROSATOM enterprises. The main target of corporate social programs of assistance to non-working pensioners is to provide social assistance to non-working pensioners, who made significant contribution to the industry development. In 2014, corporate social program of assistance to non-working pensioners was implemented to the full extent in accordance with the approved budget. There are over 40,000 non-working pensioners in the Fuel Company. 1,607 of 40 thous. pensioners got vouchers to sanitary resorts. Total amount spent for assistance to pensioners was RUB 525,39 mln, which amounts to RUB 13 thous. per pensioner annually
Non-state pension provision (NPO)	226.44	By the end of 2014, 25% of TVEL FC workers were involved in the non-state pension program; the highest rate was achieved at SC CMP (36.1%), SC "PA ECP" (28.9%), SC UEIP (26.7%) and PJSC "MSZ" (23.9%). Pension accruals under** the NPO program were accumulated mostly at the Non-State Pension Fund Atomgarant

* Young specialists are employees under 35 years old (35 years inclusive).

** Subject to the terms of IFRS the pension accruals mean defined benefit plans.

Implementation of Major Corporate Social Programs in 2014,



Interaction with Trade Unions

Primary trade unions function in all TVEL FC subsidiaries. Each employee of the Fuel Company may join a trade union that represents the interests of the workers. Management of ROSATOM State Corporation and TVEL FC supports self-organization of the employees. Share of employees being the members of trade unions reaches 98% in some subsidiaries. The Fuel Company interacts with trade unions under the social partnership program. The management acknowledges the important role of trade union in implementation of corporate social

programs and in awareness rising. Social stability at the enterprises and in the cities of presence of the Fuel Company is the result of cooperation between JSC “TVEL” and Russian Union of Nuclear Power and Industry Workers (RUNPIW), subsidiaries of the Fuel Company and primary trade unions, veteran councils and other workers’ associations.

On December 17, 2014 in the city of Moscow the Industrial Agreement on Nuclear Energy, Industry and Science for 2015–2017 was signed between ROSATOM State Corporation, All-Russian Industrial Association of Employers “Employers’ Association for Nuclear Energy, Industry and Science of Russia” and RUNPIW; this agreement stipulates general concept of social and labor relations regulation in the nuclear industry, including mutual commitments concerning reward, labor conditions and safety, work and rest schedules, employment, social guarantees, benefits and privileges for employees. Subject to the Industrial Agreement and Collective Agreements the social programs are applicable to all subsidiary employees, whether the employee is a member of a trade union or not.

Association of primary trade union organizations of the Company subsidiaries operates in TVEL FC. JSC “TVEL” and RUNPIW hold regular meetings with participation of the chairmen of primary trade union organizations and HR directors (3 meetings were held In 2014,), and the meetings of the working group of experts of the Fuel Company and the trade union (5 meetings were held In 2014,).

> Safety

“Safety is the highest priority. In our work, we ensure absolute safety of people and the environment first. There are no minutiae in safety; we know safety rules and follow them, while putting a stop to violations.”

Excerpt from the JSC “TVEL” Health and Labor Protection Policy

Occupational Health and Industrial Safety

The main directions, directives and commitments in the sphere of safety and health of the Fuel Company workers are recorded in the JSC “TVEL” Health and Labor Protection Policy.

System-based application of the guiding principles of the Policy — the uniform methodology for the identification and assessment of occupational risks — allows the Company to reduce the impact of harmful and hazardous production factors in the workplace, to allocate targeted funds to solve the most important labor protection problems. Priority goals and objectives aimed at reducing occupational risks are an integral part of the planning process; they are included in Occupational Safety and Health Objective Achievement Program. Goals are updated annually and assume the special assessment and the improvement of working conditions, reduction of injuries, rising of awareness and competence to perform job tasks in a safe manner. In 2014, these positions were also a priority.

In the Fuel Company subsidiaries, where collective bargaining agreements are concluded, Occupational Safety and Security Tripartite Committees comprised of representatives of management, workers and unions have been established and are functioning. The number of employees of the Fuel Company subsidiaries, which have such committees, is 97% of the total number of employees of the Fuel Company.

Owing to preventive measures in the sphere of labor protection, In 2014, the Company continued the downward industrial injuries tendency. As compared to 2013 the number of injured at work went down by 50% (from 6 to 3 persons).

At 17 subsidiaries of TVEL FC 3 persons were injured In 2014, (2 persons at SC “VNIINM”, and 1 at SC UEIP).

No emergencies at hazardous facilities or mass accidents occurred.

1. Industrial Injuries at TVEL FC Enterprises, persons

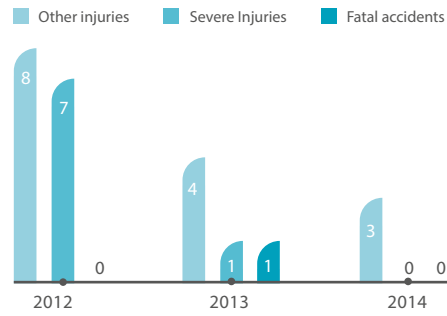


Fig. 1

2. Rates of Injury by Gender, persons

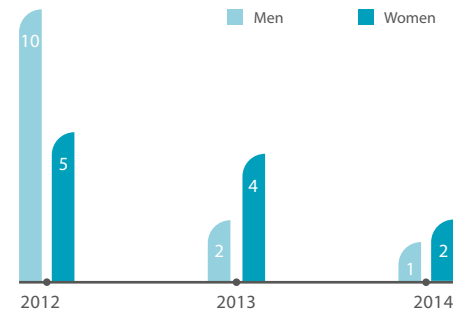


Fig. 2

3. Injury Rate (IR) in TVEL FC Subsidiaries*

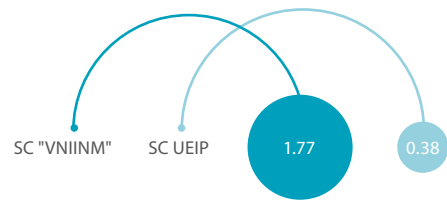


Fig. 3

4. Absentee Rate (AR) in TVEL FC**

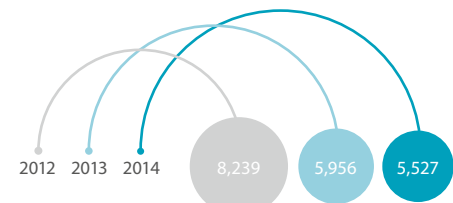


Fig. 4

5. Average Industrial Injuries Frequency Rate (IIFR) in TVEL FC***

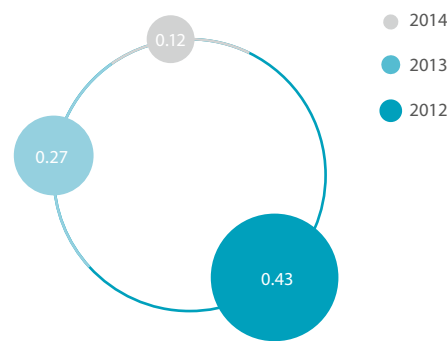


Fig. 5

6. Average Injury Rate (IR) in TVEL FC*

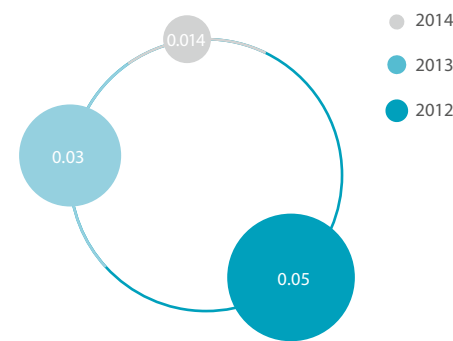


Fig. 6

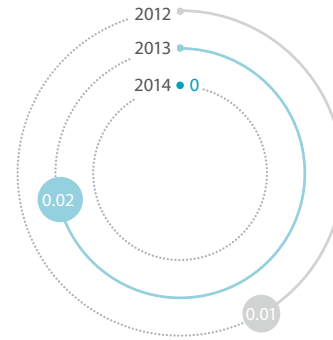


Fig. 1

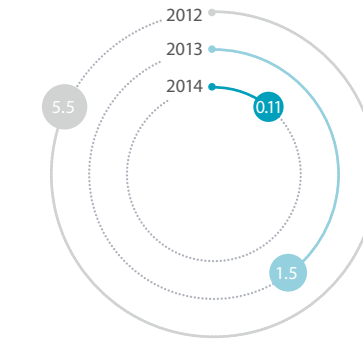


Fig. 2

1. Average Occupational Diseases Rate (ODR) in TVEL FC*

2. Average Lost Days Rate (LDR) in TVEL FC**

3. Number of Occupational Diseases in TVEL FC

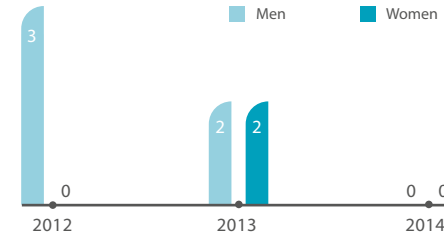


Fig. 3

“JSC “TVEL” understands that engineering processes vital for manufacturing of products shall not have negative impact on the health of personnel, and shall rather make provisions for keeping the risks at acceptable level with respect to every operation. Main strategic goal of JSC “TVEL” in the sphere of health and labor safety is to minimize negative impact on human health.”

Excerpt from the JSC “TVEL” Health and Labor Protection Policy

* Accidents per 1,000 employees a year.
 ** IR – total number of injuries / total hours worked x 200000, where 200000 – hours worked by 100 employees for the year.
 *** AR = (total days lost (absence due to disability of any nature) / total days worked over the same period) x 200000.

* ODR = (total occupational diseases) / total hours worked over the same period) x 200,000.
 ** LDR = (total days lost due to injuries / total hours worked over the same period) x 200,000. Estimates of “lost days” and “days of absence” are based on the number of business days (as opposed to calendar days). Count of “lost days” begins on the date of injury (date of the sick leave certificate). In 2014, lost days rate was 0.036 for male and 0.074 for female employees.

Following the restructurisation, all major units, having technologically sophisticated production with a high risk of injuries and accidents, remain a part of the Fuel Company.

Most industrial injuries occurred due to organizational faults, such as failure of managers and specialists to ensure labor safety, as well as failure of the injured persons to observe labor and production discipline, labor protection rules and regulations.

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

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

In the reporting period, ROSATOM State Corporation undertook the following measures: "Plan of additional measures to ensure safety and prevent injuries in the construction,

repair, reconstruction and modernization of nuclear facilities"; "Plan of measures to prevent contracting personnel injuries during construction and assembly works at ROSATOM State Corporation facilities".

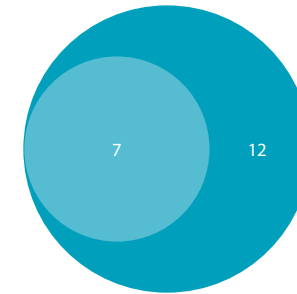
In 2014, the Company launched the Corporate register of injuries of contracting personnel employed on the Company facilities and in subsidiaries of TVEL FC.

No violations of safety parameters or limits of the effective and equivalent doses set by the nuclear and radiation safety regulations were registered at the subsidiaries of the Company In 2014,.

All production enterprises of the Fuel Company operated within the approved effective dose limits applicable to the personnel, there is no Group A personnel (individuals exposed to the effective dose of 100+ mSv* over a period of five successive years, or effective dose of 50+mSv during a year).

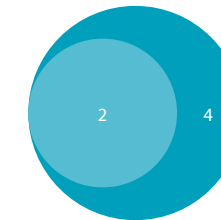
*The following limits of the efficient dose are set in accordance with the Radiation Safety Standards 99/2009: Group A personnel — 20 mSv a year (on the average) over any 5 successive years, but not more than 50 mSv a year; population — 1 mSv a year (on the average) over any 5 successive years, but not more than 5 mSv a year.

Subsidiaries of TVEL FC enterprises



● Total number of injuries registered

Contracting organizations



● Must be registered as industrial injuries

Fig. 1

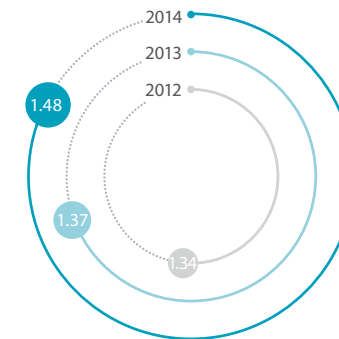


Fig. 2

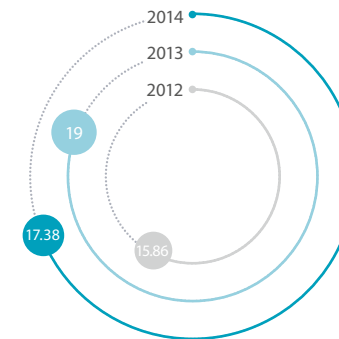


Fig. 3

1. Records of injuries suffered by personnel of the contracting organizations and subsidiaries of TVEL FC

2. Average Annual Effective Dose, mSv

3. Maximum Effective Dose for Personnel, mSv

In 2014, the Department of Nuclear, Radiation, Industrial and Environmental Safety of JSC "TVEL" together with the Inspectorate for Control over Safety of Nuclear and Radiation Hazard Facilities of JSC "TVEL" carried out 17 inspections, including 2 unscheduled inspections by the orders of the JSC "TVEL" management. The inspections revealed 497 violations (549 in 2013): 72 of which were related to labor protection issues; 151 — industrial

safety; 87 — radiation safety; 44 — environmental safety; 10 — fire safety; 12 — nuclear safety; and 121 — other violations.

For the purposes of prevention and mitigation of the impact of hazardous and harmful production factors during the operations in hazardous and harmful conditions, the workers are provided with special and properly certified clothing, footwear and individual

**Group A Personnel
Distribution by Individual Irradiation Dose In 2014, %**

Indicator	2012	2013	2014
less than 1 mSv	58.60 (6,830 persons)	61.05 (6,301 persons)	60.63 (5,854 persons)
1–2 mSv	25.25 (2,943 persons)	23.70 (2,446 persons)	21.08 (2,035 persons)
2–5 mSv	12.24 (1,426 persons)	11.60 (1,197 persons)	12.86 (1,242 persons)
5–20 mSv	3.91 (456 persons)	3.65 (377 persons)	5.43 (524 persons)

protection means for free. Average cost of individual protection equipment per each worker exposed to hazardous or harmful labor conditions In 2014, amounted to RUB 11.39 thous. (10.8 thousand rubles per person in 2013).

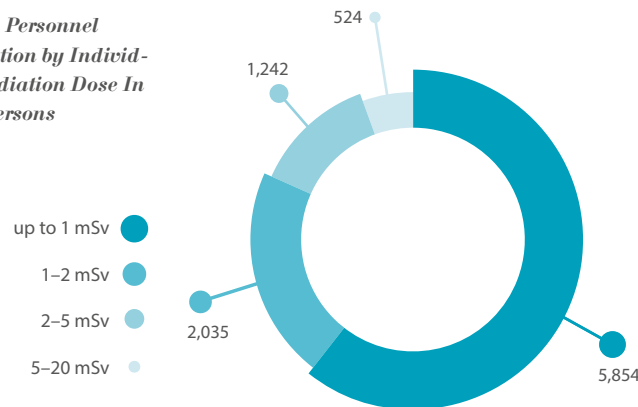
In accordance with provisions of federal laws, TVEL FC organizes regular medical examination of its workers involved in operations with hazardous and harmful factors. Workers involved in operations in harmful conditions

are entitled to privileges and bonuses in accordance with applicable laws of the Russian Federation and the "List of Occupations and Positions of Workers and MSE Entitled to the Early Retirement and Benefits for Working in Unfavorable Labor Conditions", in particular, medical and preventive meals, compensations, extra leaves, etc. Subsidiaries of the Fuel Company implement programs of voluntary health insurance, accidents and sickness insurance, and health resort treatment*.

Industrial sites of the Company's subsidiaries are subject to regular control over the contents of harmful chemicals in waste water, exhaust from ventilation systems, radiation and chemical status monitoring, organization and performance of all kinds of supervision in accordance with the Production Control Programs.

Certification of work places at the subsidiaries of TVEL FC serves to carry out the assessment of conditions and labor safety at the said work places, establish the extent of deviation from the parameters of the production environment and work process**, following

**Group A Personnel
Distribution by Individual Irradiation Dose In 2014, persons**



* For details refer to the Section "Human resources".
** Special assessment of work conditions is used since 2014.

Information about Training of TVEL FC Employees Involved in Functioning and Maintenance of Nuclear and Radiation-hazard Facilities in NRS Standards In 2014, persons

Entity	Total hours of training	Average training hours per employee
JSC "TVEL"	193	37.12
SC "VNIINM"	538	64.66
PJSC "KMP"	378	72.73
SC "SGChE"	8,510	67.63
PJSC NCCP	1,901	65.28
SC CMP	966	61.92
SC "PA ECP"	6,367	71.19
PJSC "MSZ"	1,940	71.75
NRDC LLC	860	41.35
SC "Centrotech-SPb"	1,588	72.71
SC AECC	1,394	70.55
SC UEIP	2,989	23.75
Uralpribor LLC	110	5.57
EDB-Nizhny Novgorod JSC	126	40.38
Total for TVEL FC	27,860	54.78

the results of certification the arrangements are scheduled for improvement of the labor conditions.

All subsidiaries provide regular labor safety training to their workers in accordance with GOST 12.0.004-90 and fire safety training in accordance with the Federal Law No. 69-FZ "On Fire Safety", as well as all types of briefings and tests with respect to the above-mentioned spheres. The Company takes preventive measures to mitigate industrial injuries and occupational illness.

In 2014, each employee of TVEL FC involved in functioning and maintenance of nuclear and radiation-hazard facilities took on the average 54.78 hours of training in standards of nuclear and radiation safety.

The Company spent grand total of RUB 2.2 bln (RUB 79 thous. per each employee) on labor protection arrangements In 2014,.

Environmental Impact Mitigation

Environmental Policy

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

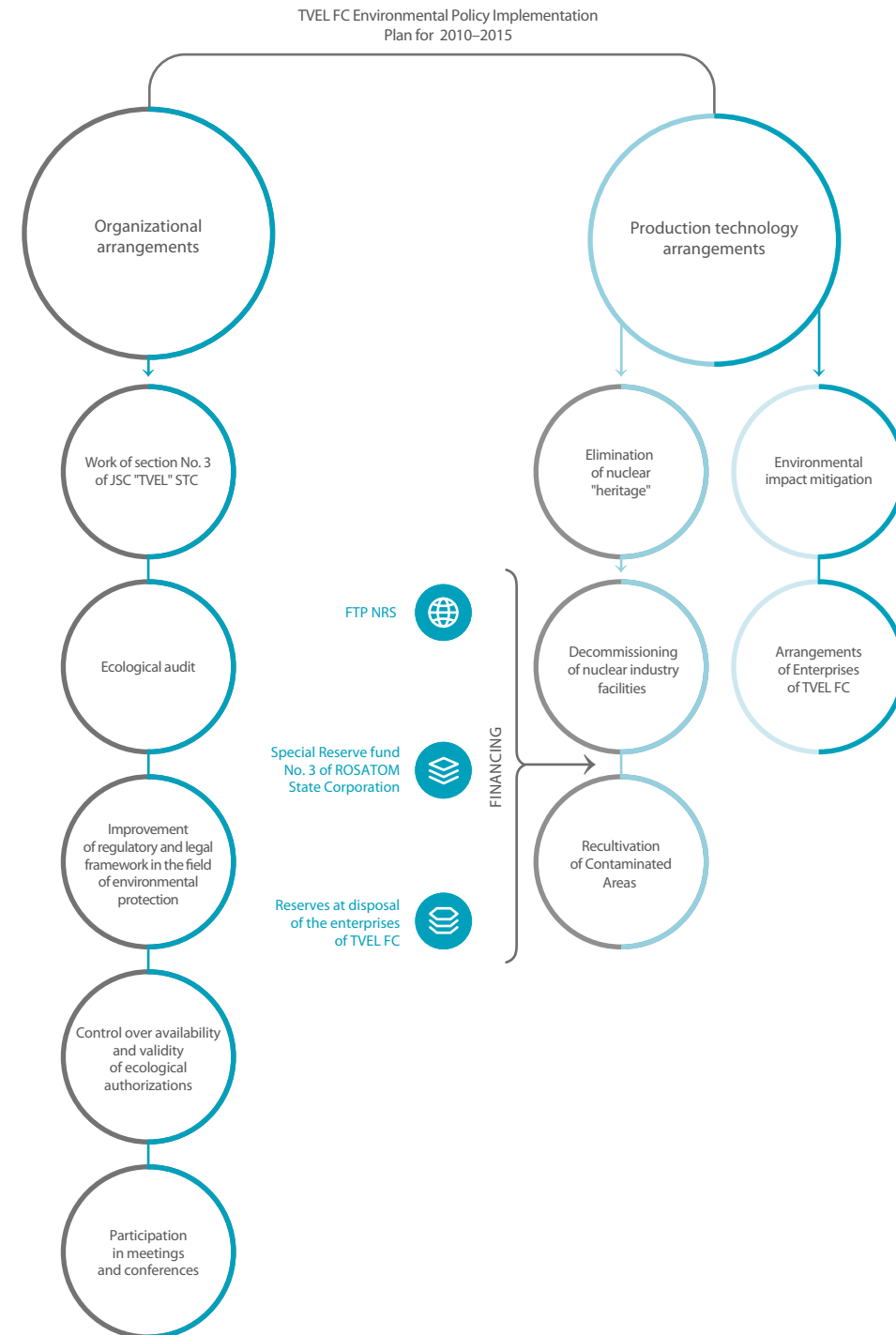
One of the priority directions of the Fuel Company in the field of environmental protection and ecological safety is involvement in the functioning of the Integrated Management System, where a Corporate Environmental Management System is a constituent.

The main objective of the corporate IMS is to identify the environmental aspects and potential environmental risks that affect the environment, safety and health of employees, and to set tasks for improvement of these activities and development of programs to address these tasks subject to constant monitoring.

“JSC “TVEL” acknowledges that the engineering processes contributing to the production of items, including the use of nuclear, radioactive and other hazardous materials, shall not cause negative impact on environment and on human health. Main strategic goals in the sphere of environment include promotion of environmental safety that is vital to sustainable growth of JSC “TVEL” and its subsidiaries, and reduction of negative impact of production and the supplied products on environment to the minimum acceptable level”.

Excerpt from the JSC “TVEL” Environmental Policy

TVEL FC Environmental Policy Implementation Scheme 2014



TVEL FC pays great attention to environmental protection within the regions of presence, and continuously interacts with stakeholders on the matters of environmental impact. In 2014, there was held a public hearing on decommissioning of the storage facility 310 of SC AECC.

System-based application of guiding principles of the Policy — the unified methodology of environmental aspect identification and environmental risk evaluation — allows to allocate funds to solve the most important problems, which leads to improved performance in the field of ecology. Priority goals and objectives aimed at reducing environmental risks are an integral part of the planning process; they are included in the Fuel Company's Environmental Objective Achievement Program and Environmental Policy Implementation Plan.

Ecologically significant subsidiaries of TVEL FC* issue annual public reports on environmental safety to inform the stakeholders, partners, local government bodies, public at large, and publish them on websites of the enterprises.

In 2014, in the course of the implementation of the Environmental Policy by the companies included in the Fuel Company's management system, there were implemented

the production and technical activities aimed at environmental protection and ecological safety, in particular:

- at SC CMP: completion of the works on construction of the system of rehabilitation of the upper waters of aquifers polluted with radioactive wastes accumulated in the tailing dumps No. 2 and No. 3;
- at PJSC "MSZ": development and implementation of the local system of air purification from radioactive dust, adoption of low-waste and energy-saving technologies in the production of fuel assembly components;
- at PJSC NCCP: construction of the pilot plant for demercurization of wastes generated during the decommissioning of production 600, process development;
- at SC "SGChE": continuation of the works on preservation of B-1 and B-25 basin and construction of additional safety barrier;
- at SC AECC: disposal of previously accumulated wastes of triflate production. The works complied with the requirements

of environmental and sanitary laws of the Russian Federation. 150 tons of wastes were delivered to a specialized organization;

- at SC UEIP: completion of the works on technical upgrade of the non-ferrous metal remelting section;
- at SC "PA ECP": modernization of the separation plant refrigeration supply system and uranium enrichment plant conditioning system, and general and gas-cleaning ventilation systems in the building No. 3.

Environmental Impact

No emergencies and incidents resulting in negative environmental impact occurred. In 2014, at the subsidiaries of the Fuel Company.

Use and processing of materials

The quantity of materials necessary for the manufacture of products at TVEL FC

enterprises is determined by the production program.

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

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

Material	Enterprises	2012	2013	2014*
Sulfuric acid	SC AECC, PJSC "MSZ"	1,604.0	1,092.1	378.5
Nitric acid	PJSC "MSZ", PJSC NCCP	1,308.0	850.0	1,814.4
Hydrochloric acid	PJSC NCCP PJSC "MSZ"	360.0	360.0	360.5
Ferrous metals	PJSC "MSZ", PJSC NCCP,	1,706.5	1,311.0	1,185.5
Non-ferrous metals	Uralpribor LLC, UGCMP LLC, EDB-Nizhny Novgorod JSC, SC "Centrotech-SPb"	557.3	444.9	476.0

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

* Ecologically significant organizations of the nuclear industry include entities that meet criteria set out in the Uniform Industry Guidance on the implementation of the Environmental Policy of ROSATOM State Corporation. Ecologically significant subsidiaries of TVEL FC are: SC AECC, SC "SGChE", SC "PA ECP", SC UEIP, PJSC NCCP, SC CMP, PJSC "MSZ". The list is updated annually.

* Data for 2014 for nitric acid and hydrochloric acid are given with regard to PJSC "MSZ", for non-ferrous and ferrous metals with regard to PJSC "MSZ" and PJSC NCCP. The information for these companies is presented for the first time.



Industrial and Consumer Waste Disposal

In 2014, total amount of industrial and consumer waste of TVEL FC Enterprises was increased by 3.1% and made 306.4 thous. tons.

Waste increase In 2014, was caused by:

- increase of the amount of ashes and slag waste of Hazard Class 5 (slightly hazardous)

The Company is guided by the precautionary principles, and strives to minimize the impact on the environment, even if there is no rigorous scientific evidence proving any harmful impact of any activity.

in connection with the increase in the coal burning at SC "SGChE" and SC CMP HPPs due to the increase in the generation of electricity and thermal energy for the population of nearby settlements;

- optimization of production and the production site of PJSC NCCP, which resulted in debris and dismantled equipment to be removed from the territory.

The bulk of waste (91%) was represented by Hazard Class 5 (slightly hazardous) waste, such as ash slag resulting from solid fuel burning at the HPPs. Ash slags are dumped by the HPP and the bulk of other waste is delivered to specialized organizations.

In 2014, there were processed 3.6 thous. tons of materials representing recycled or reused wastes (5.5 thous. tons in 2013, 5.2 thous. tons in 2012) generated at TVEL FC subsidiary enterprises. The use of wastes is mainly organized at PJSC "MSZ", SC CMP and PJSC NCCP; In 2014, these subsidiaries used in their production 31.3%, 16% and 6.1% of their waste, respectively.

TVEL FC subsidiary companies are not engaged in waste transportation across international borders.

Enterprise	Waste generated, tons a year			Waste recycled, tons a year		
	2012	2013	2014	2012	2013	2014
SC "SGChE"	296,677.9	235,608.0	255,811.6	18.0	88.3	0
SC AECC	10,012.9	12,820.8	3,431.7	188.1	110.9	16.3
Uralpribor LLC	9,138.3	9,445.1	6,088.8	1.0	0.7	0.7
SC "PA ECP"	15,949.8	9,031.6	8,547.5	2.0	0.0	0.0
SC CMP	10,635.0	6,501.0	12,084.1	2,739.3	3,608.3	1,933.0
PJSC "MSZ"	5,139.2	6,311.6	4,828.7	1,640.9	1,541.7	1,513.3
SC UEIP	5,401.5	4,445.2	4,066.9	556.8	119.1	46.0
PJSC "KMP"	3,867.0	4,376.1	2,746.2	0.0	0.0	0.0
SC "VPA "Tochmash"	2,732.6	2,475.2	1,778.7	83.2	29.5	9.8
PJSC NCCP	910.2	1,021.7	1,396.8	0.0	0.0	85.5
UGCMP LLC	1,160.5	901.5	417.1	1.2	0.7	0.2
SC "VNIINM"	564.8	528.3	513.2	0.0	0.6	0.5
SC "MZP"	867.7	479.9	630.6	0.0	0.0	0
NRDC LLC	75.7	83.3	38.2	0.0	0.0	0
SC "Centrotech-SPb"	38.8	39.1	29.4	0.0	0.0	0
EDB-Nizhny Novgorod JSC	21.9	24.5	28.1	0.0	0.0	0
Other	4,866.5	3,201.34	3,977.8	0.0	0.0	0
Total	368,060.3	297,294.2	306,415.3	5,230.4	5,499.7	3,605.3

Indicator	2012	2013	2014	Δ2014/ 2015, %
Total waste, including:	368.10	297.30	306.42	3%
Hazard Class I	0.07	0.03	0.05	77%
Hazard Class II	8.57	8.88	5.86	-34%
Hazard Class III	0.90	1.07	1.05	-2%
Hazard Class IV	30.25	29.81	20.74	-30%
Hazard Class V	328.27	257.50	278.72	8%

Waste Generation and Recycling at TVEL FC Enterprises in 2012–2014

Waste Generated at TVEL FC Enterprises, by Hazard Classes, thous. tons

Water Consumption and Water Disposal

In 2013, withdrawal of water by TVEL FC enterprises decreased by 3.5% as compared to the previous year, and was 545.4 mln m³. The main sources of water withdrawal are natural sources from which 515.8 mln m³ were withdrawn. 29.7 mln m³ were withdrawn from public and other water supply systems. Water withdrawal by TVEL FC enterprises has no material impact on natural water sources.

The enterprises of the Fuel Company apply the actual consumption method in calculation of water consumption and water disposal.

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

- decrease in water withdrawal by SC AECC, SC "SGChE" and SC CMP due to reduction of the electric supply program of Irkutskenergo JSC, the HPP of SC "SGChE" and SC CMP;

- decrease in the volume of circulating water for equipment cooling at SC CMP HPP due to lower outdoor temperatures in Q3 2014, as compared to the same period in 2013.

In 2014, the standard of water withdrawal was set at 670 mln m³, the actual volume of withdrawal was 81% of the set standard.

About 98% of consumed water is used by the TVEL FC enterprises for the equipment cooling.

In 2014, the volume of return water was 263.8 mln m³. The share of return water of the total amount of withdrawn water was 48%, the share of reused water of the total volume of withdrawn water was 10%.

There are slight fluctuations in water consumption in return water supply systems at the TVEL FC enterprises over the last few years.

In 2014, 440.8 mln m³ of water were disposed by the TVEL FC enterprises, while the standard is 692 mln m³. All water was disposed

Water Consumption in 2012–2014, mln m³

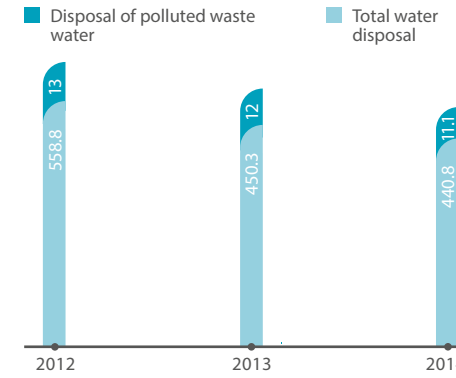
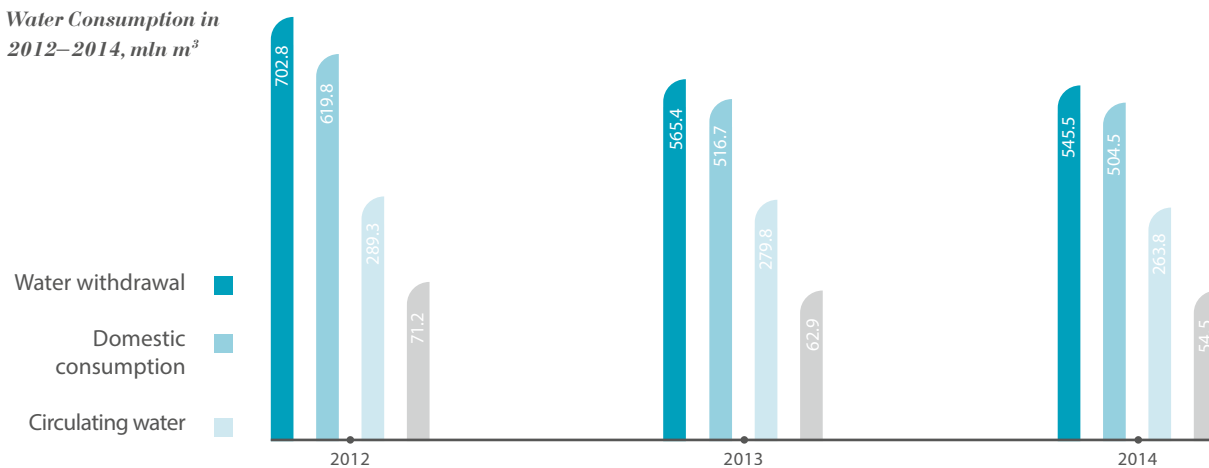


Fig. 1

into natural water bodies. The volume of water disposal directly depends on the water consumption.

In 2014, the volume of disposal of polluted waste water by TVEL FC enterprises decreased by 7%. The change in the volume of waste water is directly related to reduction of water withdrawal by the enterprises of the Fuel Company.

Pollutant Emissions

In 2014, total pollutant emissions into the atmosphere by TVEL FC enterprises were 20.7 thous. tons (30.5% of the standard set by TVEL FC for 2014), which is 3.0% less than in 2013.

The largest volumes of emissions were reported at the enterprises of the Fuel Company (SC "SGChE", SC CMP) that are directly

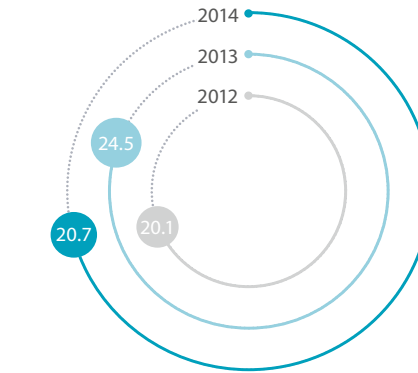


Fig. 2

related to the emissions generated in the production of electricity and heat power, at SC "SGChE" and SC CMP HPPs. It should be noted that these HPPs supply heat and electricity to the settlements located in areas of location of the enterprises.

Emissions of ozone-depleting substances at TVEL FC enterprises decreased in 2014, by 1.8% and amounted to 262.4 tons. The decrease in emissions was caused by modernization of equipment at the enterprises of the Fuel Company.

The enterprises of the Fuel Company apply computational method for calculation of emissions of ozone-depleting substances.

Reduction of nitrogen oxide emissions was caused by decrease in the proportion of gas burned by HPPs being a part of the Fuel Company (SC "SGChE", SC CMP). The increase

1. Water Disposal by Enterprises of TVEL FC in 2012–2014, mln m³

2. Total Emission of Pollutants*, thous. tons

* Determined by computational method, along with instrumental verification

Total Pollutant Emissions by Enterprises of the TVEL FC, thous. tons

Enterprise	The share of emissions of the enterprise of the total volume of the TVEL FC's emissions in the reporting year, %	2012	2013	2014
SC "SGChE"	82	21.0	16.7	16.9
SC CMP	12	1.9	1.9	2.6
SC UEIP	3	1.0	0.9	0.6
Other	3	0.6	0.6	0.6
Total	100	20.1	20.1	20.7

in sulphur oxide emissions was caused by the higher proportion of coal burned by the HPP of SC "SGChE" and SC CMP.

Carbon monoxide emitted into the atmosphere from anthropogenic sources is oxidized to carbon dioxide. In 2014, carbon dioxide emissions of TVEL FC enterprises amounted to 1,010.4 tons, which is 12.6% less than in 2013.

The bulk of greenhouse gas emissions was caused by emission of the energy facilities (HPP, boiler houses) and transport.

The impact of the subsidiaries of the Fuel Company on the climate is negligible in comparison with organizations of mining industry and thermal power companies. Climate change has no impact on the activities of the subsidiaries of TVEL FC and their employees. The issue related to assessment of the

1. Emission of Ozone-depleting Substances, thous. tons

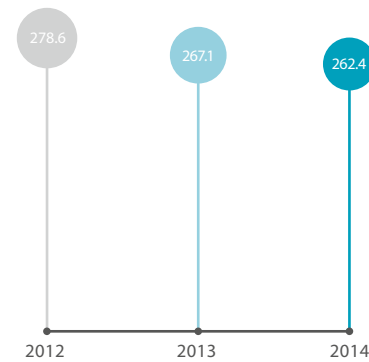


Fig. 1

2. Carbon Dioxide Emissions, tons*

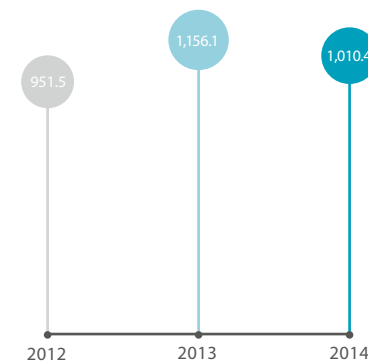


Fig. 2

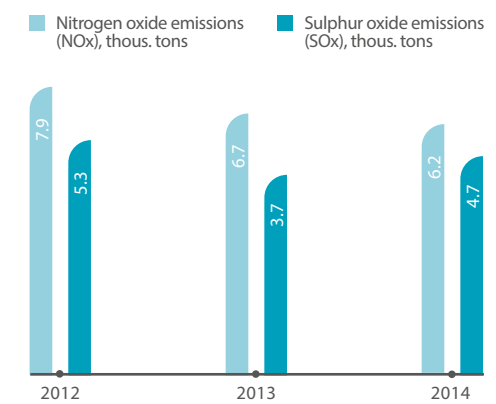
* Determined by estimating and computational method. Subsidiary companies of TVEL FC do not maintain records of emissions of greenhouse gases due to the absence of relevant legislative requirements.

Substance name	Enterprises	2012	2013	2014
freon-113	SC AECC	0.00	0.10	—
	SC "SGChE"	0.80	0.00	—
	SC UEIP	6.90	4.00	4.02
freon-12	SC "SGChE"	6.60	6.60	2.87
	SC "PA ECP"	2.70	2.70	2.60
	SC CMP	72.20	72.20	72.24
freon-13	SC CMP	164.20	164.20	164.21
freon-22	SC AECC	2.60	2.40	1.89
	SC "SGChE"	4.30	4.30	2.15
	SC UEIP	17.60	9.80	9.83
	SC "PA ECP"	0.50	0.60	2.60
	PJSC "MSZ"	—	—	—
UGCMP LLC	0.00	0.00	0.00	
Total		278.60	267.10	262
In terms of equivalent CFC-11*		253.20	249.90	253.37

Emissions of Ozone-depleting Substances, by TVEL FC Enterprises, and Types of Substances, tons

financial aspects and other risks and opportunities associated with climate change was not considered in the reporting period.

Greenhouse gas emission intensity is 7.32 kg/RUB mln of revenue.



Emissions of Specific Pollutants, thous. tons**

* Coefficients provided in the Montreal Protocol on Substances that Deplete the Ozone Layer were used for the conversion http://www.un.org/ru/documents/decl_conv/conventions/montreal_prot.shtml.

** Determined by computational method, along with instrumental verification.



The relative impact of the Fuel Company subsidiaries on the environment in the regions of presence

The TVEL FC enterprises are located on lands that are owned by the enterprises, as well as on lands that are used on a leasehold basis and are owned by the Russian Federation. Industrial sites of the subsidiaries and adjacent areas are not classified as the areas with high valued biodiversity, they are not inhabited by animals and plants included in the IUCN (International Union for Conservation of Nature and Natural Resources) Red List and the national list of protected species. In accordance with the Russian Federation nature protection laws TVEL FC enterprises set the standards of admissible impact on

the environment that ensure the quality of the environment. Strict compliance with the standards of admissible impact on the environment by the Fuel Company enterprises ensures the absence of threats to animals and plants inhabiting the areas adjacent to TVEL FC enterprises.

The impact of the subsidiaries on the environment of the regions of presence is in general less than 5% of the total impact of the industry on the environment of the corresponding regions. Figures of SC "PA ECP" (5.4% of the total discharge of waste water in the Krasnoyarsk Territory), SC CMP (5.7% of the total discharge in the Udmurt Republic), SC AECC (3.9% of the total discharge in the Irkutsk Region) are close to

In 2014, operating expenses of TVEL FC enterprises for environment protection amounted to RUB 2,371.17 mln.

the said impact. The 5% level was exceeded by SC "SGChE" (25.2% of total wastes, 79.5% of the total discharge of waste water in the Tomsk Region). The proportion of the rest of TVEL FC enterprises in the total impact of economic activities on the environment of the regions of presence is low.

TVEL FC enterprises have no material impact on water bodies that are used for withdrawal of water. Water bodies serving as sources of water supply of the Fuel Company enterprises are not classified as vulnerable and are not included in the Ramsar List*.

The Tom River, at the water use area of SC "SGChE", is a home to diverse ichthyofauna: salmon, sturgeon, cisco, cyprinid fishes and spiny-finned fishes, whereof taimen, spotted sculpin, Siberian sculpin are included in the Red List of the Tomsk Region. The Tomsk branch of Verkhneobrybvod Federal State Enterprise has assigned the highest category of fishery use to this area. To avoid adverse impact, in accordance with the regulatory and legal framework, the limit of water withdrawal from this water body is set for the enterprise. Thus, withdrawal by SC "SGChE" of water from the Tom River is limited and has no material adverse impact on this surface water body.

SC AECC, which is located in the Baikal natural area and in the zone of atmospheric influence on the lake Baikal, being conscious of its responsibility for the preservation of the unique wildlife performs monitoring of the components of the natural environment within the framework of its industrial environmental control. No excess of controlled parameters within and beyond the sanitary protection zone has been detected in the reporting year.

Expenses of TVEL FC related to minimization of the environmental impact

In 2014, operating expenses of TVEL FC enterprises for environment protection amounted to RUB 2,371.17 mln. Target funds allocated in the framework of the investment and project activities of TVEL Fuel Company and ROSATOM State Corporation, were used to finance both technical and organizational measures.

Planning of production and technical measures aimed at ensuring of environment protection by the subsidiaries included in the management system of the Fuel Company is carried out in the framework of the investment and project activities of TVEL Fuel Company and ROSATOM State Corporation.

* The list of wetlands compiled in accordance with the International Convention on the Wetlands of International Importance Especially as Wildlife Habitat (1971).

Expenses of TVEL FC Related to Environment Protection, RUB mln

Expense item	2012	2013	2014	2015 (plan)
Radiation safety assurance	973.1	1,059.2	1,123.1	1,000.0
Wastewater collection and treatment	427.5	335.1	374.4	400.0
Atmosphere air protection	209.1	187.7	178.2	190.0
Waste disposal	187.5	131.4	153.2	160.0
Land conservation	83.2	28.4	59.7	50.0
Other	342.9	471.5	482.5	460.0
Total	22,23.3	2,213.3	2,371.2	2,260.0

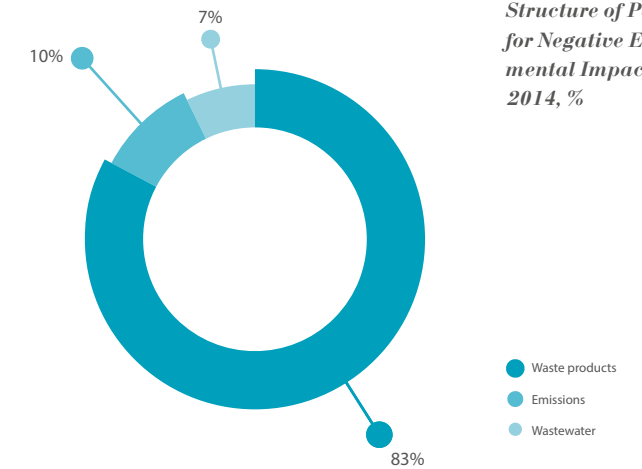
Expenses of the Subsidiaries of TVEL FC Related to Environment Protection, RUB mln

Subsidiary	2012	2013	2014
SC "SGChE"	665.5	13.5	892.2
SC UEIP	751.7	702.8	775.8
SC CMP	205.4	209.0	217.8
PJSC "MSZ"	123.8	114.6	105.2
PJSC NCCP	204.6	110.0	155.5
SC AECC	55.9	43.5	57.9
SC "VNIINM"	7.3	39.3	57.8
SC "PA ECP"	136.8	26.7	59.2
SC "VPA "Tochmash"	24.5	24.0	24.2
PJSC "KMP"	23.0	23.0	20.3
SC "MZP"	4.5	2.7	0.1
Uralpribor LLC	15.3	0.9	0.8
NRDC LLC	0.1	0.3	0.0
UGCMP LLC	1.3	0.0	0.0
EDB-Nizhny Novgorod JSC	0.0	0.0	0.0
Other	3.8	3.0	4.4
Total	2,223.3	2,213.3	2,371.2

Prior to its inclusion in investment projects, each action is subject to justification and assessment from the view point of the final result effectiveness at the meeting of the Investment Committee of JSC "TVEL".

The bulk of expenses is related to activities for environment radiation safety assurance (RUB 1,123.1 mln). Considerable expenses are also related to collection and treatment of waste water (RUB 374.4 mln), and to other activities in the sphere of environment protection (RUB 482.5 mln).

The bulk of environment protection expenses of TVEL FC falls on SC "SGChE", SC UEIP and SC CMP.

**Structure of Payments for Negative Environmental Impact In 2014, %**

Radiation safety assurance

47%

Air protection and climate change prevention

8%

Protection and rehabilitation of lands surface and ground waters

3%

Wastewater collection and treatment

16%

Waste disposal

6%

Other environment protection activities

20%

TVEL FC Environment Protection Costs Outlay In 2014, %

In 2014, total amount of payments for negative impact on the environment decreased by 22.3% as compared to the previous year, and amounted to RUB 19.34 mln.

In 2014, there were no substantial fines and penalties for the impact on the environment in respect of subsidiaries included in the management system of TVEL FC, no damage was caused to the environment.

Nuclear and Radiation Safety

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

In 2014, TVEL FC subsidiaries registered no violations which can be assigned to category 2 or higher on the INES scale, no excess of the limits of the annual effective radiation doses of the personnel, no Group A personnel

exposed to the effective dose of 100+ mSv over a period of five successive years.

Prevention of radiation accidents requires the constant monitoring of compliance with the rules, regulations, instructions, observance of technological discipline.

General management of work to guarantee NRS in TVEL FC subsidiaries, responsibility for compliance with the Federal laws, the regulatory, requirements of Rostekhnadzor concerning NRS are imposed on Technical Directors (Chief Engineers).

Lists of nuclear hazardous sections are elaborated for all nuclear-hazardous facilities and approved by the Director of the Department for Nuclear and Radiation Safety of ROSATOM State Corporation. Design documentation and the conclusions on the nuclear safety issued by the Department of Nuclear Safety of IPPE RF SSC FSUE are provided for all nuclear hazardous sections. All nuclear hazardous sections are equipped with emergency alarm systems in the case of self-sustaining fission chain reaction.

The Company subsidiaries undertake systematic efforts for prevention and exclusion of radiation accidents, improvement of the stability of hazardous production facilities, training of personnel and special formations in conditions of accidents and emergency situations.



TVEL FC Nuclear and Radiation Safety Principles

Radiation safety in TVEL FC subsidiaries is ensured by regulatory radiation safety requirements, development of necessary documentation justifying radiation safety activities, personnel training, compliance with rules, regulations, instructions on radiation safety, and radiation control in the units, buffer areas, and the area of professional responsibility of enterprises.

Units of the enterprises for processing, storage, production involving nuclear materials and radioactive substances, radioactive wastes treatment have

sanitary-epidemiological statements of conformance stating that the work with radiation sources is in compliance with sanitary rules.

Activities of JSC "TVEL" and the Fuel Company subsidiaries are carried out in accordance with the laws of the Russian Federation pertaining to the use of nuclear power with due account to IAEA requirements.

The main program documents providing for realization of activities in the area of NRS are the Federal Target Program "Nuclear and Radiation Safety Assurance for 2008 and up

In 2015 it is planned to continue detailed elaboration of the identified areas of local and areal anomalies on the territory of PJSC “MSZ” industrial site.

to 2015” (FTP NRS) and draft Federal Target Program “Nuclear and Radiation Safety Assurance for 2016–2020 and up to 2030”.

In accordance with FTP NRS, the Fuel Company subsidiaries scheduled 38 events by 2015, amounting to RUB 10.1 bln, including RUB 7.6 bln from the federal budget, and RUB 2.5 bln from other sources. It is planned to liquidate 55 Nuclear and Radiation Hazardous Facilities (NRHF), to put into operation 1.71 thous. m³ of facilities of radioactive wastes (RW) repositories, to put 2.74 RW power blocks into an environmentally safe state, and to rehabilitate 155.9 thous. m² of radiation-contaminated areas.

Over the period 2008–2014, works on 22 events were accomplished. The total volume of works amounted to RUB 8 bln, including

RUB 5.6 bln from the federal budget, and RUB 2.4 bln from other sources. 51 NRHF were liquidated, 1.71 thous. m³ of RW repository facilities were put into operation, 2.74 RW power blocks were set into an environmentally safe state, and 143.28 thous. m² of radiation-contaminated areas were rehabilitated.

In 2014, the total volume of FTP NRS activities 2008–2015 amounted to RUB 1.2 bln, including RUB 0.9 bln from the federal budget, and RUB 0.3 bln from other sources. 6.5 NRHF were liquidated.

SC AECC received approval from state ecological expertise of a license justification documents in the framework of preparatory work for decommissioning of casing 2, building 802, and casing 4, building 804, as part

Activities Under the FTP “Nuclear and Radiation Safety Assurance for 2008 and up to 2015” at the Sites of the Fuel Company Subsidiaries at the Expense of the Federal Budget

Subsidiary	Scope of finance, RUB mln		
	2013	2014	2015 (plan)
SC "SGChE"	958.0	430.0	250.0
SC CMP	11.1	135.3	134.0
PJSC NCCP	27.2	24.8	346.9
SC "VNIINM"	150.0	350.0	770.0
Total	1,146.3	940.1	1,500.9

Indicator	2012	2013	2014
Emission of RN into the atmosphere, Bq	7.81*10 ⁹	7.54*10 ⁹	9.49*10 ⁹
Areas contaminated with RN, thous. m ²	13,601.4	15,444.6	16,081.4
Discharge of waste water containing RN, Bq	4.78*10 ⁹	5.15*10 ⁹	1.56*10 ⁹

Pollution of the Environment with Radionuclides (RN)

of the Nuclear Facility for uranium isotope separation.

Radiation hazardous facility was decommissioned, and test station No. 2 of shop No. 14 of SC “VPA “Tochmash” was released from the regulatory supervision. This work was financed by own funds of the subsidiary.

In 2013–2014, Urangeoologorazvedka Russian Geoecological Center conducted radiological survey of the entire area of PJSC “MSZ” under the agreement with PJSC “MSZ”. The survey revealed localized areas of radioactive contamination, areal anomalies and zones of local anomalies. PJSC “MSZ” made a decision to eliminate small areas of radioactive contamination using own resources. In 2014, PJSC “MSZ” began the works — a part of the

identified contaminants with a total area of ~ 5 m² was eliminated.

In 2014, there were implemented 16 activities amounting to RUB 716.95 mln at the expense of the special reserve fund No. 3 “Decommissioning and R&D” of ROSATOM State Corporation, including 12 events that are not included in the FTP NRS 2008–2015 amounting to RUB 437.35 mln.

In 2015 and subsequent years works for liquidation of the nuclear “heritage” will be continued.

1.2

RUB bln — total volume of FTP NRS activities 2008–2015

In 2015 and subsequent years works for liquidation of the nuclear “heritage” will be continued.

51

nuclear and radiation hazardous facilities were liquidated by the subsidiaries of the Fuel Company under FTP NRS

In 2014, RN emissions into the atmosphere were increased as compared to 2012 and 2013 due to increased scope of work at SC "SGChE" and SC CMP, as well as the commissioning of a new site at SC CMP. The emissions of all subsidiaries of the Fuel Company are within the permissible limits.

The area of lands contaminated with RN has increased due to newly discovered territories that were contaminated with RN during the construction of the first nuclear project, and also owing to additional complex engineering and radiation survey of previously identified areas.

Areas contaminated with radionuclides are within the area of professional responsibility of PJSC "MSZ", NCCP JSC, SC CMP and SC "SGChE". No industrial activity is carried out at the said areas, access is highly restricted.

All identified contaminated areas are consequence of activities of enterprises that were intended for improving the defensive ability of the country in the period of the "nuclear shield" creation.

In 2014, no contamination of new areas occurred caused by activities of TVEL FC subsidiaries.

As of the end of 2014, the total area of territory contaminated with radionuclides subject to rehabilitation amounted to 16,081.4 thous. m².

According to the conclusions of regulatory authorities on the results of inspections, it was noted that the radiation and nuclear safety in the Fuel Company subsidiaries, in general, conforms with the regulations and rules in the field of use of nuclear power. TVEL FC registered no cases of cancellation of any license related to nuclear energy application.

A large portion of RW located at the sites of JSC "TVEL" subsidiaries is placed in long-term RW storage facilities (39.6% of the total volume in m³) and RW special disposal sites (60.3%). In the reporting year, 270 thous. m³ of RW were delivered to specialized organization for disposal.

Subsidiary	Areas contaminated with radionuclides			
	Total	Buffer areas	Area of professional responsibility	Industrial site
PJSC "MSZ"	894.9	0.0	740.1	154.8
PJSC NCCP	372.3	0.0	210.0	162.3
SC CMP	210.0	0.0	0.0	210.0
SC "SGChE"	14,604.2	333.0	0.0	14,271.2
Total:	16,081.4	333.0	950.1	14,798.3

Pollution of the Environment with Radionuclides as of December 31, 2014, by Subsidiaries of TVEL FC, thous. m²

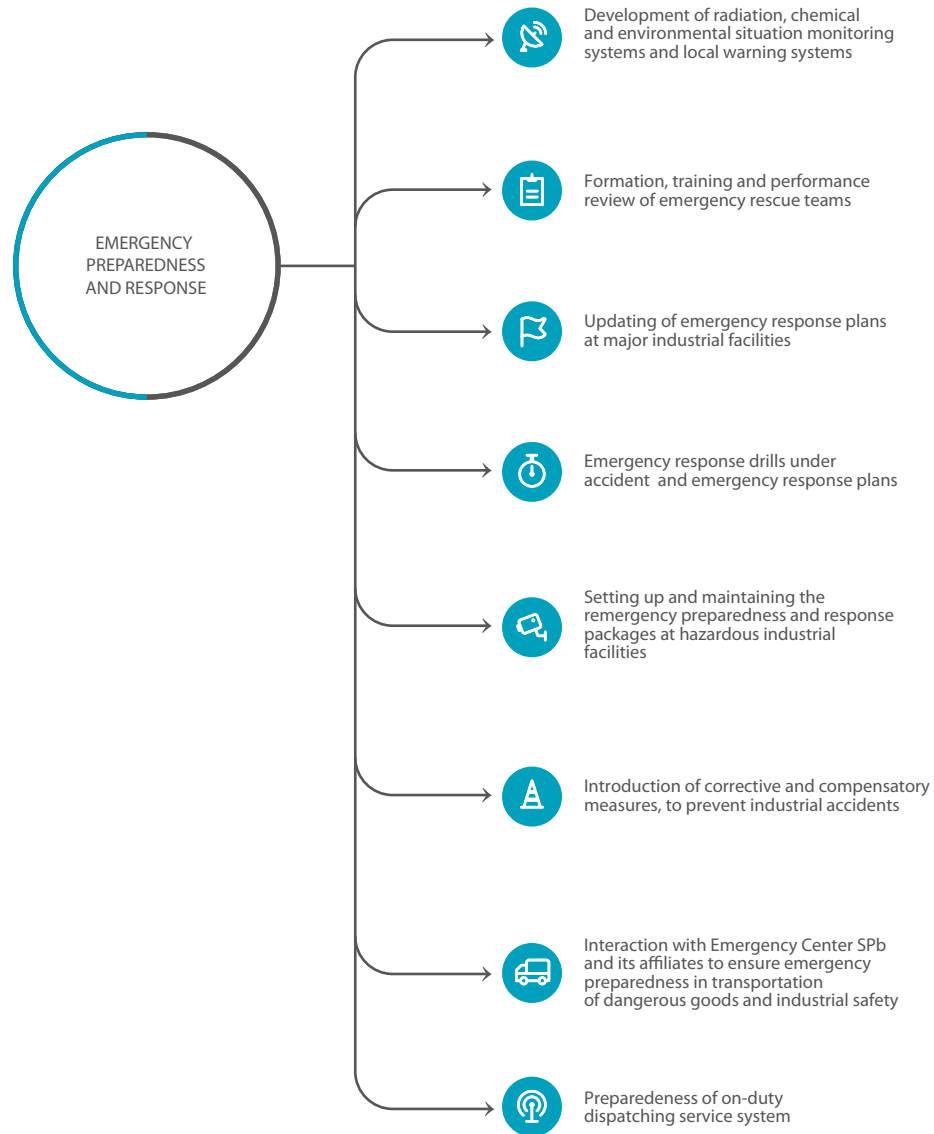
Indicator	Unit	Level of radioactivity			
		high	medium	low	very low
RW on the sites of the Fuel Company subsidiaries at the year end, total	m ³	13,110	292,766.6	5,573,321.9	5,678,217.2
	Bq	851.00*10 ¹⁴	20,002.80*10 ¹⁴	17.53*10 ¹⁴	1.27*10 ¹⁴
Accumulated before July 15, 2011 ("heritage")*	m ³	13,000	291,262	4,073,130.60	5,659,049
	Bq	850.00*10 ¹⁴	20,000.00*10 ¹⁴	7.53*10 ¹⁴	1.26*10 ¹⁴
Produced after July 15, 2011, total	m ³	110	1,504.6	1,500,191.3	19,171.2
	Bq	1.00*10 ¹⁴	2.80*10 ¹⁴	10.00*10 ¹⁴	0.01*10 ¹⁴
Produced in the reporting year	m ³	30	106.6	400,120.6	6,163.4
	Bq	2.40*10 ¹²	2.70*10 ¹²	2.24*10 ¹²	0.30*10 ¹²

RW on the Sites of the Fuel Company Subsidiaries

* The Federal Law of the Russian Federation No. 190-FZ "On radioactive waste treatment and on amendments to a number of legislative acts of the Russian Federation" d/d July 11, 2011. In accordance with this Law, there was a distinction of ownership between the Russian Federation and the companies that produce new radioactive waste.

Emergency Preparedness and Response

Work to ensure emergency preparedness and response of the Fuel Company subsidiaries is carried out in the following key areas:



1. Development of radiation, chemical and environmental situation monitoring systems and local warning systems

To reduce the impact of production activity of the Fuel Company enterprises on the environment the following is developed:

- **automated system of radiation situation monitoring** for real-time control of the radiation situation at industrial sites and in adjacent settlements;
- **automated measuring system of industrial and ecological monitoring** for continuous monitoring of maximum allowable concentration of hazardous chemical and radioactive substances in the workplace, in ventilation units, on the industrial site of the enterprise, in the buffer areas and the control area;
- **system of on-site subsoil monitoring**, which controls changes of indicators of subsoil and surface hydrosphere conditions caused by the activity of the enterprises having NRHF; assessment and prediction of these changes in time and space; their management;
- **local warning systems (LWS)**, which are created in areas of potentially dangerous

facilities with a circular area of employees and population alerting with a radius of 2.5 km (for chemically hazardous facilities), 5 km (for radiation hazardous facilities). In recent years the express modernization of LWS is performed in order to replace the hardware with modern equipment. LWS component elements are maintained in technically sound state. The efficiency of the electric sirens, customer devices and loudspeakers is inspected within the established period.

2. Formation, training and performance review of outside emergency response teams

At the enterprises involved in transportation of dangerous goods, special **emergency teams** are formed and supported.

At the enterprises with potentially dangerous facilities **outside emergency response teams** are kept ready.

In the reporting year, special attention was paid to the quality of recruitment, training and performance review of outside rescue workers in special educational institutions. In 2014, to improve the readiness of such units,

In the reporting year, special attention was paid to the quality of recruitment, training and performance review of outside rescue workers in special educational institutions.

Divisional Personnel Review Board was established at JSC "TVEL", and On-site Personnel Review Boards headed by Technical Managers of the companies were established at the enterprises included in the management system of the Fuel Company. The structure of On-site Personnel Review Boards was reviewed and approved by the decision of the Personnel Review Board of JSC "TVEL".

These Boards carried out periodical review of four emergency response teams, initial performance review of citizens, holding the status of a rescuer (72 persons), periodical review of rescuers with confirmed qualification of 1st class rescuer (49 persons), 3rd class rescuer (108 persons), 2nd class rescuer (12 persons). Emergency response teams confirmed the high level of emergency preparedness.

3. Updating of emergency response plans at major industrial facilities

In accordance with the current legislation, **accident prevention and response plans** developed at all potentially hazardous facilities of the Fuel Company must be updated every two years (for hazard Class I facilities), every three years (for hazard Class II facilities), and every five years (for hazard Class III facilities). The plans must be reviewed at least fifteen days prior to the expiration of the previous plan. The plans must provide for possible accidents scenarios at the facility, composition, organization and interaction of material and human resources, their disposition, activities aimed at ensuring the safety of the population.

4. Emergency response drills under the accident and emergency response plans

Preparedness and response of the subsidiaries to accidents (emergency situations), is controlled by the State Supervisory Authorities, and is checked by commissions of JSC "TVEL" structural subdivisions responsible for security issues.

Sudden drills are used to control the readiness of management bodies, material and human resources of the subsidiaries to prompt response in cases of emergency.

In 2014, the enterprises of the Fuel Company held eleven sudden emergency response drills (SC "VNIINM", PJSC NCCP, PJSC "MSZ", SC "SGChE", SC CMP).

Emergency response drills include interaction between emergency response teams of the Fuel Company enterprises and Departmental Services of ROSATOM State Corporation and the Russian Federation (EMERCOM of Russia, FMBA of Russia, etc.).

Subsidiaries that have passed the tests, have worked out the plans on corrective actions, organized control of correction.

5. Setting up and maintenance of emergency response packages at hazardous industrial facilities

Plans **of accident prevention and response at hazardous production facilities** provide for logistics, engineering and financial **support**. Subsidiaries, included in the

management system of the Fuel Company annually form stock of **means for accident response** at hazardous production facilities. Availability of the required resources is monitored in the course of comprehensive and targeted inspections conducted by the Supervisory Authorities, Department of Mobilization Work, CD and ES, and the Department of nuclear, radiation, industrial safety and ecology of JSC "TVEL".

6. Introduction of corrective and compensatory measures to prevent industrial accidents

In accordance with legislative requirements and procedures stipulated by the internal standards of the integrated management system, emergency preparedness of subsidiaries is ensured by the following:

- identification of accident (emergency) situations at each production site (laboratory) with regard to the risk of an accident (nuclear, radiological, chemical, industrial), explosive or flammable situations, leaks, uncontrolled emissions, emissions of hazardous chemicals, infections, situations involving significant deviations from efficient energy characteristics, etc., including the analysis of:
 - used (stored) materials, semi-finished products, chemicals;
 - manufactured (stored) products;
 - location of production equipment and communications;
 - produced emissions, discharges, wastes, and places of their accumulation;

- types of production activity associated with the significant energy use/application.

- inventory of potentially hazardous facilities (including production facilities) that require the preparation of emergency response plans.

Annual drills allow to determine requirements **to the sufficiency of the measures taken** for incident and emergency prevention and response.

7. Interaction with Emergency Center SPb and its affiliates to ensure emergency preparedness in transportation of dangerous goods and industrial safety

JSC "TVEL" takes steps to prevent traffic accidents, emergencies, and eliminate their consequences with the assistance of regional emergency teams of the Emergency Center SPb FSUE. JSC "TVEL" annually pays for services rendered by the Emergency Center SPb using the special-purpose reserve funds. The Contract between JSC "TVEL" and the Emergency Center SPb FSUE stipulates targeted funding to keep in **constant readiness the professional emergency response team**, fitted with the necessary equipment, devices and means of communication, which must implement the action plans for protection of workers and population in the event of an accident.

JSC "TVEL" subsidiaries developed documents defining the procedure of interaction with the Emergency Center SPb FSUE and its

11

sudden emergency response drills were performed by the Fuel Company In 2014,

Subsidiaries establish procedure and practical methods of personnel training in possible emergency situations and accidents.

affiliates to ensure emergency preparedness in the transportation of dangerous goods and industrial safety.

8. Preparedness of on-duty dispatching service system

The established On-Duty Dispatching Service system (ODDS) performs everyday control over the functional subsystem of emergency response of JSC "TVEL" and companies included in the management system of the Fuel Company.

ODDS ensures receipt, processing and transmission of information on current activities, emergency situations at the Fuel Company enterprises and drills under emergency response plans.

To maintain the sustainable management of the ODDS, JSC "TVEL" updates data on the organization of information exchange with FC enterprises on a monthly basis.

Every day the Duty Dispatcher of JSC "TVEL" prepares a report based on the data from subsidiaries' ODDSs about the situation in the Fuel Company, which reflects the results of the monitoring of radiation, chemical, fire, natural environment, transportation of

special cargo and major events in the current activities of the subsidiaries.

On a quarterly basis, ODDS checks the communication with of the officials of JSC "TVEL" and the heads of FC subsidiaries in order to maintain readiness to alert in case of emergency (accident).

In 2014, a training seminar of the heads of the Fuel Company ODDSs was held in JSC "TVEL" to improve the work of ODDSs and develop a unified algorithm and methods of actions in case of emergency situations.

Physical Protection of Nuclear Facilities

In general, the state of physical protection in subsidiaries of the Fuel Company is assessed as complying with the rules and departmental normative documents. In 2014, no stealing and sabotages in relation to the objects of physical protection were registered; there were no cases of failure to prevent unauthorized actions; the deficiencies identified by departmental and technical inspections were eliminated completely and promptly; performance of technical equipment and preparedness of personnel and security teams were at acceptable level.



Physical protection systems were improved in accordance with the approved plans. Works were financed mainly at the expense of the funds of reserve No. 2 of ROSATOM State Corporation and own funds of the subsidiaries of TVEL FC. All activities were performed in a timely manner.

In terms of nuclear terrorism threat countermeasures, anti-terrorism security certificates were developed at all nuclear hazardous facilities and approved in the prescribed manner. The facilities are subject to departmental inspections and inspections by the State Regulatory Authorities.

Fire and Disaster Prevention

In 2014, the Fuel Company continued to improve emergency prevention, and response and fire safety systems.

The second phase of the "Concept of the complex threat and emergency warning system" approved by the Government Commission on emergency prevention and response and fire safety in 2013, was implemented.

JSC "TVEL" drafted and presented a summary of the Fuel Company's offers for the Project of "Guidelines on the development of action

plans on suppression of fires and other emergency situations of natural and technogenic character in the territories of restricted administrative and territorial entities of the nuclear industry" prepared by EMERCOM of Russia.

In pursuance of the instructions of the Government of the Russian Federation and ROSATOM State Corporation, control over the response to emergency (accident) announcing was made a part of the compulsory audit of the Fuel Company subsidiaries.

In order to improve the emergency preparedness of the Fuel Company subsidiaries there were carried out training exercises and drills with the deployment of material and human resources of the Fuel Company subsidiaries and the interacting structures of the Unified State System of Emergency Prevention and Response (EMERCOM of Russia, FMBA of Russia, Internal Troops of the Ministry of Internal Affairs of the Russian Federation, Atom-Okhrana FSUE, etc.). More than 500 trainings and drill were carried out In 2014.

To control the preparedness of the Fuel Company to floods and natural fires, divisional drill with the deployment of material and human resources of subsidiaries and interactive structures of the Unified State System of Emergency Prevention and Response was

More than 500 drills and trainings were held In 2014.



conducted under the leadership of JSC “TVEL” on April 25, 2014. It revealed sufficient readiness of the subsidiaries to address potential natural threats, and good cooperation of all material and human resources.

From 4th to 7th October, 2014, the Fuel Company took part in the nationwide civil defence drill intended to control interaction with local government bodies and territorial

bodies of EMERCOM of Russia in dealing with possible emergency response. The Fuel Company subsidiaries were positively appraised by the drill staff.

To enhance motivation of proper solution of emergency prevention and fire safety problems, a competition for “The Best enterprise of the Fuel Company in civil protection”

Owing to the ongoing purposeful work in the Fuel Company, there were no emergency situations of natural and technogenic character registered in the reporting period.

award was held In 2014,; the winner was SC “PA ECP”.

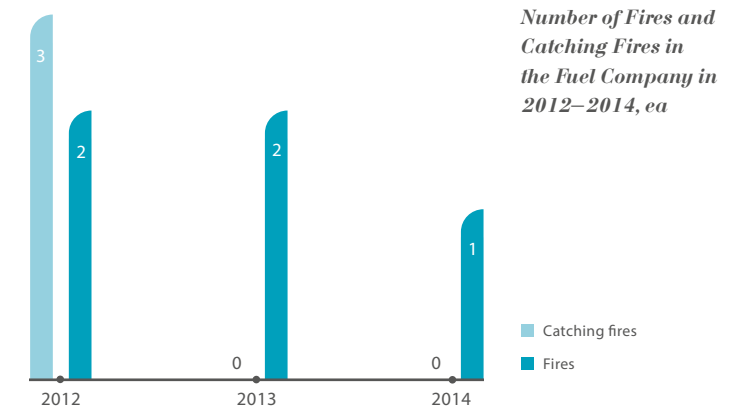
In 2014, the Fuel Company made considerable efforts to improve fire safety by carrying out organizational and technical measures, which allowed:

- to reduce the number of violations identified by the State Fire Supervision bodies of the EMERCOM of Russia by 19% in comparison with 2013;
- to improve the timeliness of compliance with the proposed instructions up to 94%;
- to bring the equipping of the facilities with automatic fire fighting systems to 84%;
- to organize in 2015 the implementation of investment projects aimed at re-equipment of facilities with automatic fire fighting systems to 100%;
- to improve the quality of training of managers and specialists responsible for fire safety in specialized training centers, and to upgrade the system of fire safety briefing of employees;
- to ensure continuous monitoring of the fire situation in forests, on industrial sites

and surrounding areas, and the complex of preventive measures that would prevent wildfires;

- to ensure the further development of the volunteer fire-fighter movement with engaging them in contests and competitions.

Effective organizational and technical fire protection activities allowed for the first time ever to prevent fires at industrial sites of the subsidiaries and to continue the positive trend of reducing their number.



> Respect

“We always treat our customers, partners and suppliers with respect. We always attentively listen to and hear each other, regardless of positions and places of work. We respect the history and traditions of the nuclear industry. The achievements of the past inspire us for new victories.”

Excerpt from the Decision of the Strategic Council of ROSATOM State Corporation d/d July 03, 2014

Development of the Regions of Presence

Opinion of the heads of municipal units

Andrey Aleksandrovich Sukhanov

Head of Elektrostal urban district administration (the Moscow Region):

“PJSC “MSZ” is one of Elektrostals’ major city-forming enterprises. Its contribution into social, economic, cultural, educational and sport development of the city can hardly be overestimated.

Besides major tax payments to the local budget, the enterprise renders material and other assistance to the Moscow regional polytechnical college under MEPhi NRNU, practices charity activities. Charitable donations of PJSC “MSZ” to municipal needs In 2014, made RUB 1,617 mln.

The enterprise actively develops vocational-oriented education: TVEL FC and Elektrostal Department for Education jointly hold annually educational contest for schoolchildren “First Step into the Nuclear Project”. Besides, information center of PJSC “MSZ” holds year-round lectures for all upper-formers of the city.

Much attention is paid to environment safety. Besides obligatory execution of actions aimed at monitoring, provision and maintenance of favourable ecological situation in the region of presence, employees every year organize various ecological events and volunteer clean-up. PJSC “MSZ” is a permanent participant and winner of land improvement contest “City flowers”. This interaction is permanent and fruitful in all spheres.”

> The generated, distributed and direct economic value*, RUB mln

Indicator	2012	2013	2014
The direct generated economic value	137,913.8	162,788.6	159,538.6
Distributed economic value Including:	124,772	142,265.1	142,158.1
— operational costs	63,875.2	84,316.4	89,714.0
— salaries and other benefits provided to employees	24,727.3	21,957.5	20,155.7
— payments to capital providers	20,054.2	19,710.7	17,035.5
— investments into associations and charities	560.5	170.3	245.3
— gross tax payments**	15,554.8	16,110.2	15,007.5
Undistributed economic value	13,141.8	20,523.5	17,380.6

* The data from the Consolidated financial statement of the Fuel Company prepared under the Russian Accounting Standards were used for estimations. IFRS reporting shall be prepared later.

** Amount of main tax liabilities due and payable to the budgets of different levels for the reporting period, including: taxes included in expenses; payments to extra-budgetary funds; corporate profit tax.

In order to implement its projects for development of regions of presence, TVEL FC continuously interacts with all stakeholders, first of all, public and local authorities.

Pavel Evgenievich Korchashkin

Mayor of Zelenogorsk of the Krasnoyarsk Territory:

“According to ROSATOM State Corporation, today city-forming enterprise of Zelenogorsk, SC “PA ECP” has good prospects. It overcame the period of restructuring, a measure necessitated by and implemented under the market conditions. Zelenogorsk is in the list of “Industrial development cities” group. Mainly these are flagships of the nuclear industry, having good prospects for the development. State Corporation considers it desirable and necessary to establish another core enterprise in the Closed Administrative Territorial Units, so that the city could develop as an industrial cluster. It is practicable, but the process of business search and attraction of investments is not a matter of one day. We have submitted our proposals to ROSATOM State Corporation, to the Governor and the government of the Krasnoyarsk Territory. Project support by the constituent of the Russian Federation is guaranteed.”

Achievement of strategic objectives of TVEL FC is impossible without social accord or in terms of non-compliance with social and environmental acceptability requirements. Social strain in regions and on territories may cause irreparable damage to the reputation of the Fuel Company in the world market in the

part of supplies reliability, and therefore may cause foreign partners’ re-orientation towards the Company’s competitors.

In this connection, while determining its strategic development objectives, JSC “TVEL” has taken into account the potential social and economic consequences of taken decisions and has worked out projects for development of regions of presence and assurance of their social stability.

To implement projects for the development of regions of the enterprises’ presence, TVEL FC has elaborated and approved the Program “Formation and preservation of social accord environment in regions of the Fuel Company’s presence” which is oriented at all subsidiaries of the JSC “TVEL”, systemizes the Company’s experience in this area and includes three groups of projects:

- cooperation with local and regional public authorities with respect to the concept of the territories’ development, the growth of regional taxes and maintenance of social and economic stability for the years 2016–2018;
- social programs at the enterprises and in the cities of presence, development of social partnership with RUNPIW;
- building multi-level internal and external communications.

City	Scope of finance, RUB mln	Events
CATU Novouralsk	878.0 including	
	780.0	Dealing with the debts of city’s energy sales organizations
	98.0	Power use meters installation in town apartments
Glazov	387.4	Construction of an ice hall, a gym hall of Physics and Mathematics Lyceum, major repair of sport facilities, city improvement, city sport teams supporting
CATU Seversk	37.0	Construction of a gym hall of Physics and Mathematics Lyceum
CATU Zelenogorsk	58.5	Activities provided under the agreements shall be implemented within regional programs of CATU Zelenogorsk social and economic development
Total	1,360.9	

Program for Social and Economic Development of the Cities of FC Subsidiaries Presence, 2014

Agreements on cooperation with the regions

In 2012, JSC “TVEL” initiated the drawing up and signing of Agreements on cooperation between ROSATOM State Corporation and public authorities of the constituents of the Russian Federation.

Now there are agreements with the Sverdlovsk Region, the Tomsk Region, the Krasnoyarsk Territory and the Udmurt Republic.

The key point of each of the Agreements is the understanding on the return of regional taxes surplus from operation of enterprises of ROSATOM State Corporation in the territory of a constituent entity of the

Russian Federation to the municipal budget for activities aimed at social and economic development of nuclear power cities. Moreover, the agreements determine the terms of co-funding of Entrepreneurial Development and Supporting Fund and establishment of Physical and Mathematical Lyceums.

In pursuance of Agreements, in 2013 the Entrepreneurial Development and Supporting Fund was organized and Physical-Mathematical Lyceum was opened in CATU Zelenogorsk with the aid of TVEL FC, local and regional authorities. The Entrepreneurial Development and Supporting Funds and Physical and Mathematical Lyceums also operate in CATU Seversk and Glazov.

Working-age Population Employed by Subsidiaries of TVEL FC

City	Region	% of working-age population employed by subsidiaries of TVEL FC
Angarsk (SC AECC)	Irkutsk Region	0.8
Vladimir (SC "VPA "Tochmash")	Vladimir Region	0.7
Kovrov (PJSC "KMP")		1.5
Glazov (SC CMP)	Udmurt Republic	6.1
Zelenogorsk (SC "PA ECP")	Krasnoyarsk Territory	6.0
Novouralsk (SC UEIP)	Sverdlovsk Region	5.2
Seversk (SC "SGChE")	Tomsk Region	5.9
Elektrostal (PJSC "MSZ")	Moscow Region	4.5

CATU Development Programs

Following the results of the working meeting of the Director General of ROSATOM State Corporation S.V. Kirienko and the President of the Russian Federation V.V. Putin, the commissions of the Russian Federation President and of the Government of the Russian Federation No. PR-335 d/d December 17, 2014 and No. DM-P16-1257 were given on the issues of CATU development.

To carry out the said commissions there were:

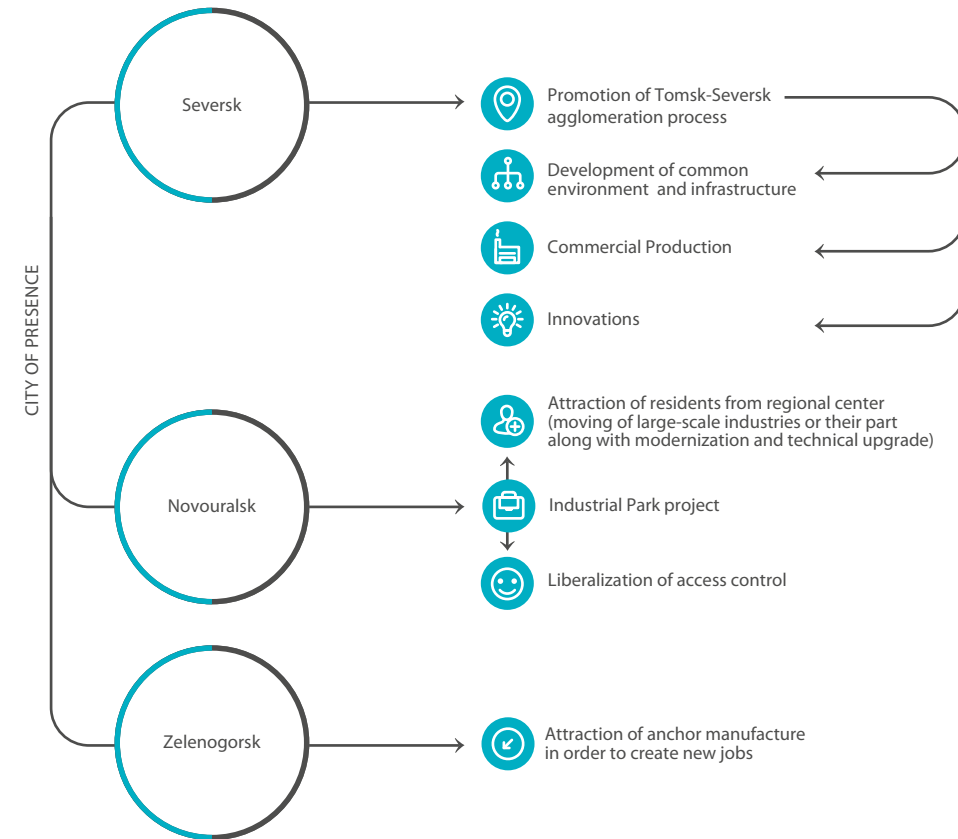
- established working teams in subsidiaries of the Fuel Company and JSC "TVEL";
- drawn up CATU passports for CATU Integrated Development Planning;
- worked out CATU Integrated Development Programs (IDP).

IDP were approved by local and regional authorities, and submitted for inspection and approval to the Government of the Russian Federation.

IDP are aimed at consistent, staged sustainable development of CATU economics and social sphere, removal of existing disparity in functioning of territories with special status based on the rational use of city-forming enterprises' production and technological potential, social and economic natural-resources potential of cities, detection and rationale of CATU development goals and objectives for a mid-term period, and include a package of policy measures to reach those objectives.

For IDP projects the following has been determined:

- assessment of target scenario of CATU development;
- assessment of current state of city economy and social sphere;
- problems and priorities of development;
- assessment of possible directions of CATU economy development with due account for corporate development plans, provisions of federal and regional documents, strategic documents of CATU;



Basic Scenarios and Vectors of CATU Development

- target indicators of IDP implementation;
- assessment of social and economic effect and IDP operational results.

Goals and objectives of IDP are centered around the following:

- economic development;
 - social development;
 - urban environment development;
 - municipal administration improvement.
- On December 29, 2014 Federal law No. 473-FZ "About the territories of advanced social and economic development in the Russian

Federation" was adopted. IDPs underlie the concept of the territory of advanced social and economic development of nuclear industry in CATU.

Charitable Activity and Support of External Social Programs

The contribution of the Fuel Company to the social and economic development of the regions of presence means not just the participation in the formation of the regional

and local budgets income base, but also the implementation of the whole body of social and charity programs.

The principles of charitable activity of the Fuel Company:

- support for charitable programs and projects in the cities of TVEL FC subsidiaries presence;
- backing-up common values (promotion of business environment, creation of new jobs, development of the educational, health-care, culture and sports infrastructure);
- co-funding of charitable programs jointly with the local authorities and central government bodies of the Russian constituent entities.

Since 2012, the Charity Council has been working within JSC "TVEL"; its functions include the determining of purposes and priority areas of charitable activity, approval of the budget and charity events, efficiency assessment of the charitable activity of TVEL FC, etc.

Charity Council comprises of managers of TVEL FC in charge of economics, finance, HR, regional and social work, public relations. Scheduled meetings of the Charity Council are held on a monthly basis to consider appeals on financial assistance from individuals and organizations.

The Fuel Company sponsors annual city contests "Businessman of the year", contests of social projects in the regions of TVEL FC subsidiaries presence. The Fuel Company supports socially important projects in

cultural, educational and sports spheres in the cities of the Fuel Company presence.

One of the primary areas of the Fuel Company charitable activity is the creation and development of Physics and Mathematics Lyceums for training of future skilled specialists for the nuclear industry.

This project is designed to create conditions for children's self-expression, to reveal and support talented schoolchildren, bring up of the prospective scientists.

Presently the project is implemented in three cities: CATU Seversk, CATU Zelenogorsk and Glazov under the terms of co-funding with the local authorities and government bodies of the Russian constituent entities.

Coordination Board for Physics and Mathematics Lyceums development coordinates their work and serves a site where teaching stuff and managers of the Fuel Company can exchange ideas. All-Russian training conference for Physics and Mathematics Lyceums is held on a quarterly basis; the teachers discuss essential problems of education in the sphere of physics and mathematics and possible ways to solve them in an actual teaching practice.

In September 2014 Physics and Mathematics Lyceum sport complex was opened in CATU Seversk (jointly with the Tomsk regional administration and local authorities of CATU Seversk).

No.	Events (Projects)	Funding In 2014, RUB mln
1	Participation and holding of a contest "Businessman of the year" (in Elektrostal, Novouralsk, Zelenogorsk, Seversk)	1.20
2	Support to public and ecological initiatives in the regions of TVEL FC subsidiaries presence	1.45
3	Aid to Russian Orthodox Church parishes	2.93
4	Corporate assistance to military units, combat veterans	3.13
5	Support to Atom-classes activities in the cities of presence of TVEL FC subsidiaries	4.00
6	Holding of contests in the framework of social and charitable events in the regions of TVEL FC subsidiaries presence	4.40
7	Support to the Russian Sports Society "Atom-Sport"	4.59
8	Support to health care institutions (CATU Zelenogorsk)	4.75
9	Support to public organizations, charity funds, orphan asylums, boarding schools, disabled persons and people in need	6.00
10	Support to educational institutions in the regions of TVEL FC subsidiaries presence	14.24
11	Expenses for maintenance of city's social facilities (CATU Seversk)	20.80
12	Support to the activities of the nuclear industry information centers in the regions of TVEL FC subsidiaries presence (ANO "Data Center of Nuclear Field")	30.46
13	"Mercy" program of support to retirees of TVEL FC subsidiaries (Angarsk)	34.00
14	Support to social and cultural events in the regions of TVEL FC subsidiaries presence.	34.17
15	Participation in ROSATOM State Corporation social projects.	36.25
16	Support to the sports activities in the cities of presence of TVEL FC subsidiaries.	40.87
	Total	245.32

Funding of Charity and Social Initiatives of TVEL FC In 2014,

29

social indicators

There are atom-classes that operate in the cities of FC presence (Angarsk, Glazov, Zelenogorsk, Kovrov, Nizhny Novgorod, Novouralsk, Seversk, Elektrostal). Atom-classes are specialized classes in the best schools of each of the cities with advanced studying of physics and mathematics. The specific feature of such classes is the profound study of nuclear physics and nuclear technologies. The important part of the project is procurement of advanced laboratory equipment for teachers to demonstrate innovative physical presentations, and for students to have their training laboratory courses and carry out research. Such advanced training will help the students to succeed at academic competitions, contests, school children's academic achievements festivals. Further on Atom-classes graduates will be able to continue their education in relevant technical universities.

In accordance with the instruction of ROSATOM State Corporation from December 1, 2014 there was introduced a weekly monitoring* of social and political situation in CATU (Zelenogorsk, Seversk, Novouralsk) and Glazov providing for 29 scenarios of

social and political crises and their relevant indicators:

- inter-elite conflicts;
- emergency situations;
- growth of social strain.

Monitoring purpose: reduction of social strain risks and possible impact of protest moods. The findings help to develop and to correct plans of preservation of social cohesion environment in regions of presence of the Fuel Company subsidiaries.

Indicators of social and political monitoring in the cities of the Fuel Company subsidiaries presence:

- social sphere (recorded unemployment level, events held by employment center, acute social problems of city, hazards related with the Fuel Company strategy),
- political sphere: (influential figures in city and in region; situation in city; possible scenarios; major decisions taken at local and regional levels);
- mass media monitoring (character and availability of publications about ROSATOM State Corporation).

By decision of "ROSATOM Territory of Culture" program Fund, "ROSATOM Theatre Capital" award was established In 2014. In 2014, this award was given to Seversk CATU.

* It is held monthly in JSC "TVEL" from 2011.

Stakeholders Engagement

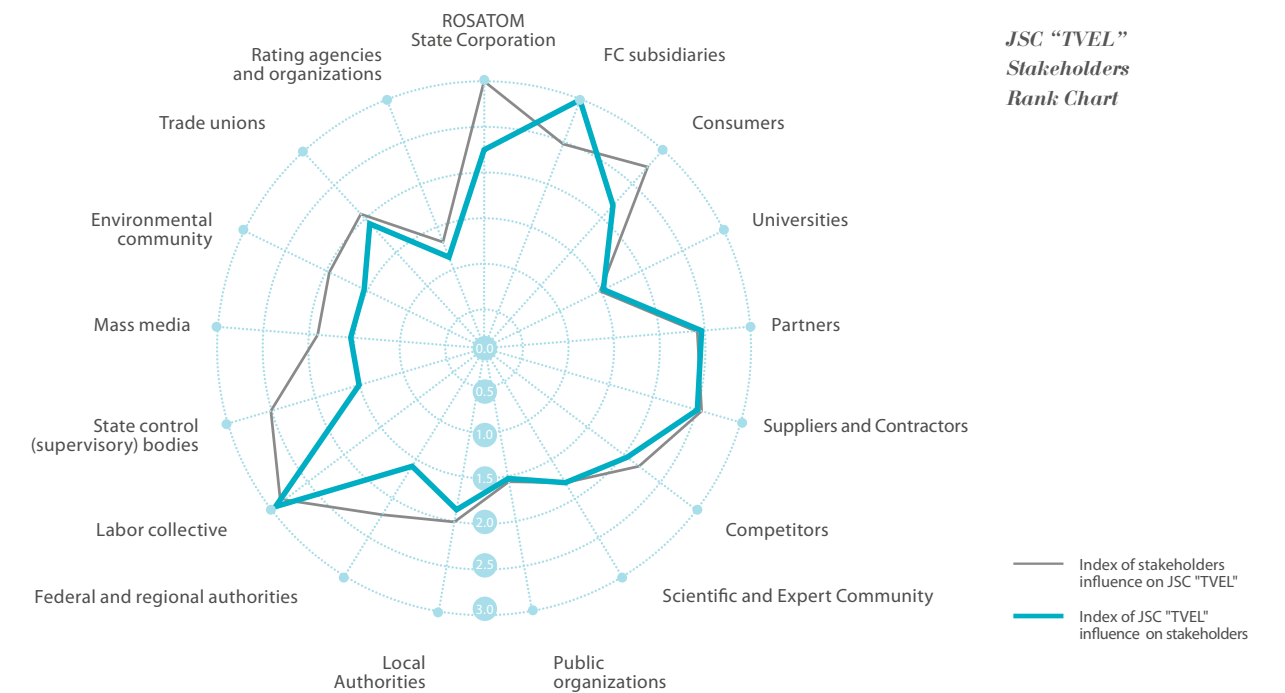
TVEL FC always applies the principles of transparency, and constantly interacts with stakeholders, systematizes, analyzes and takes into consideration their requests. This approach allows to respond quickly to potential risks connected with stakeholders relations, in particular with those of social and reputational nature.

In 2014, on the base of the Fuel Company top managers survey, the rank chart of stakeholders was updated, reflecting their interaction with the Company.

System of relationships with each group of stakeholders influences and will influence

operation of TVEL FC, that's why due consideration of their interests in planning and in the course of daily operations is the most important condition of sustainable development. Analysis of key events, major financial and production outcomes and the Company's performance in the sphere of sustainable development demonstrates that social capital is among major sources of business stability.

JSC "TVEL" is a member of all-Russian industrial association of employers "Association of the Employers of the Nuclear Industry, Energy and Science of Russia" (President of the Company is a member of the Board), and National Association of Procurement Institutes (NAPI).



JSC "TVEL" Stakeholders Rank Chart

Stakeholder Engagement

Target group of stakeholders	Key interests		Performance indicators for TVEL FC	Institutes and system-based interaction	Programs and events
	Stakeholder	TVEL FC			
ROSATOM State Corporation	Better manageability. Efficiency. Quality	Implementation of advanced management technologies. Efficiency	Labor efficiency increase. Resource saving. Positive dynamics of financial, economic and production indicators	ROSATOM production system. Project management application. Management system (HR, production, finance, innovations, etc.)	Organizational chart transformation. RPS introduction plans. Replication of information solutions for all TVEL FC subsidiaries
Consumers	Stability of supplies, price, quality and reliability of supplies, products and services	Orders stability. Market development. Growth of income	Market share. Orders portfolio. Rise of income. Fuel failure probability decrease	Long-term contracts. Satisfaction appraisal	Feedback system. Quality appraisal. Expectation analysis. "Zero Failure" project
Subsidiary companies	Assistance to operating business and development of new ones. Debureaucratization. Expansion of areas of responsibility on individual managerial decisions-making	Management efficiency. Completion of production tasks. Earnings growth	Dividend growth. Percentage of completion of production tasks. Non-nuclear products sales result	Centralized management. Decomposition of business processes and information decisions	Intercorporate communications: <ul style="list-style-type: none"> • Informing days; • Industry-specific paper "STRANA ROSATOM"; • Corporate papers of JSC "TVEL" subsidiaries**
Labor collective and trade unions	Stable wage and payment. Socially responsible employer. Professional growth	Effective work. Qualified personnel. Employee loyalty	Labor efficiency increase. Staff turnover reduction. Earnings growth. Salary growth. Rate of average salaries in subsidiaries and in regions of their operation	Collective agreement. HR policy. Values system. Intercommunication buildup design	Staff development programs. Involvement assessment. Informing days. Social programs. Value strengthening project
Industry partners	Mutually beneficial cooperation. Competitiveness enhancement		Growth of income. Client and resource base expansion	Joint ventures. Joint projects and contracts	ALVEL joint venture. UEC TVS-KVADRAT. "Proryv" Project. Nuclear fuel production facility in Ukraine

* Circulation: 55 thous. copies

** Papers with total circulation over 50 thous. copies: "Vperyod" (Forward) of PJSC NCCP, "Energy" of PJSC "MSZ", "Belova, 7" of SC CMP, "Dialogue" of SC UEIP, "Novoye vremya" (New time) of SC "SGChE", "Impulse-ECP" of SC "PA ECP", "Segodnya" (Today) of PJSC "KMP", "Mayak" of SC "VPA "Tochmash" (the oldest corporate paper of the Fuel Company, since 1939)

Target group of stakeholders	Key interests		Performance indicators for TVEL FC	Institutes and system-based interaction	Programs and events
	Stakeholder	TVEL FC			
Suppliers	Procurement system transparency. Financial solvency. Orders stability	Quality, stability and reliability of supplies. Favourable price	Cost saving. Compliance with contractual terms of delivery, compliance with time, quality and quantity	Uniform Industrial Procurement Standard	E-Procurement with feedback. Uniform Industrial Procurement Standard enforcement
Local authorities, regional authorities	Social and economic development of regions. New investors attraction. Formation of business environment. Employment of population. Favourable environment	Stability in regions of presence. Staff density	Unemployment level. Average salary. Tax allowances. Ecological situation. Number of new jobs	Agreements with regional authorities. Agreement on consolidated taxpayer group formation. Entrepreneurship promotion funds. Upcoming: Strategic development program for nuclear industry in CATU	Joint social and charitable projects with authorities. Territory development programs (industrial parks, technoparks). Ecological reports. Meetings. Conferences. Dialogues. Nuclear Power Information Centers
Federal authorities	Taxes. Ecology. Safety	Financing. Legal framework perfection	Scope of funding. Gross tax allowances. FTP indicators execution. Considered proposals on legal framework improvement	Federal target programs Intergovernmental agreements. Statutory legal acts	FTP events. Compliance with terms of intergovernmental agreements. Participation in ROSATOM State Corporation legislative initiatives
Public and environmental organizations	Compliance with legal requirements and international standards. Charity support	Social stability in regions of presence	Charity donations. Number of comments and suggestions. Share of positive and neutral publications in mass media	Committee of stakeholders. Public dialogues. Charity council	Public hearings on the Fuel Company projects. Activities held in Information center of nuclear industry
Scientific and expert community	Order, funding and commercialization of prospective developments	Breakaway developments	R&D outcome	Scientific and technical councils. Stakeholder commission. Public dialogues	Programs for implementation of cooperation agreements between JSC "TVEL" and core universities of ROSATOM State Corporation

Complaints and Appeals Handling

Indicator	Requests	Disclosure
Complaints concerning environmental impact	a. received <i>including BREST-OD-300 project</i> b. resolved c. received in previous period and resolved in the reporting year	a. 15 12 b. 15 c. 0
Complaints concerning social impact	a. received b. resolved c. received in previous period and resolved in the reporting year	a. 27 b. 28 c. 1
Labor practices complaints	a. received b. resolved c. received in previous period and resolved in the reporting year	a. 19 b. 19 c. 0
Other appeals (proposals for technical improvement, appeals for material and charitable support, etc.)	a. received <i>including proposals for technical improvement</i> b. resolved c. received in previous period and resolved in the reporting year	a. 53 22 b. 54 c. 1

Complaints and Appeals Handling

Complaints and appeals handling in JSC "TVEL" is performed in conformity with the Federal law "On procedure for handling the appeals from citizens of the Russian Federation" No. 59-FZ d/d February 2, 2006. Feedback is compulsory: every appeal shall be registered, as well as every answer.

To establish direct communication "employee/President of JSC "TVEL", "post boxes" are installed in all subsidiaries of the Company, and any employee may address top management of TVEL FC confidentially.

Awards of Subsidiaries of the Fuel Company

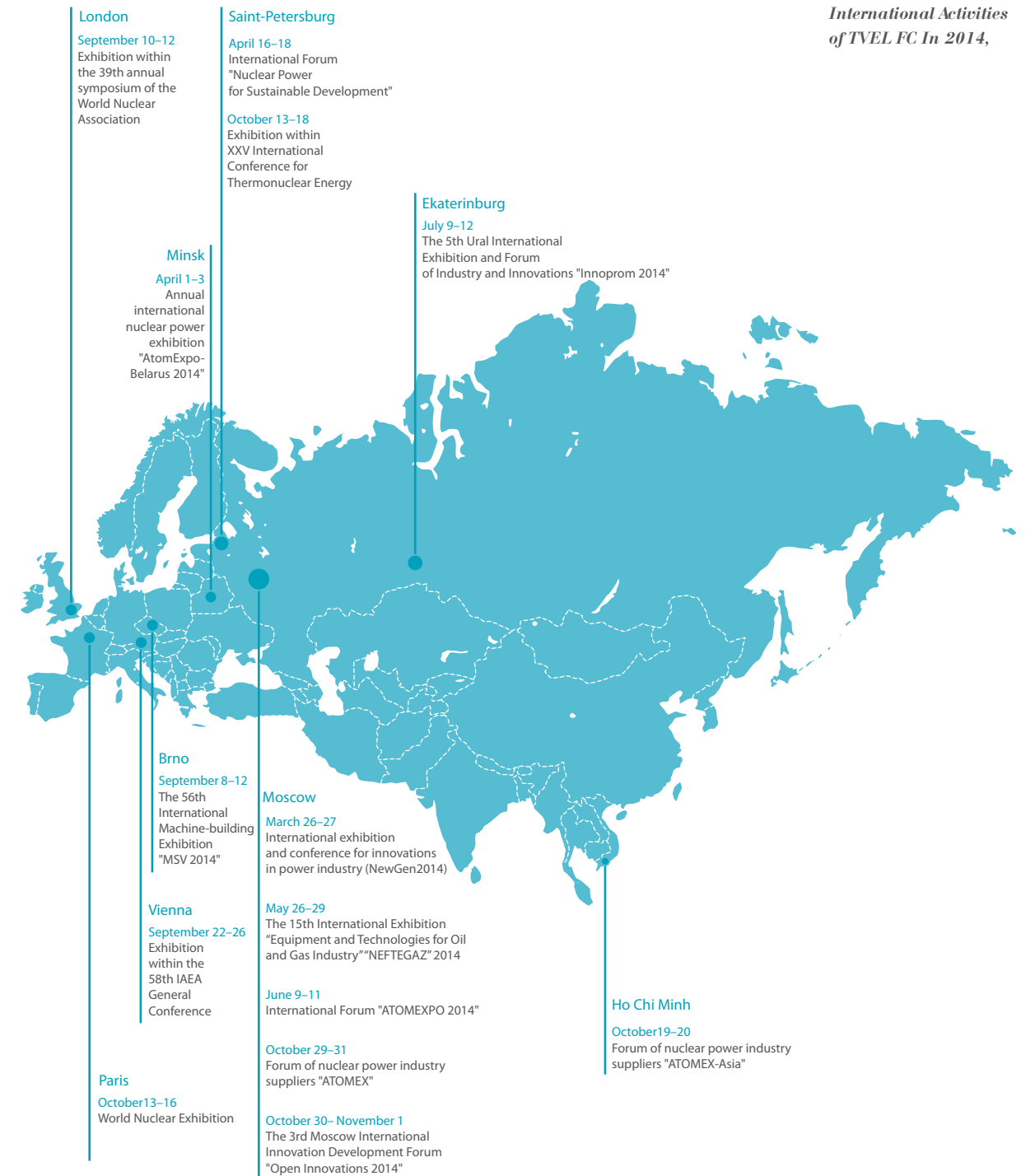
Numerous awards and letters of appreciation granted to subsidiaries In 2014, prove public

recognition of the Fuel Company's active position. These are awards for environmental safety, occupational culture and labor safety, charitable activity and social programs in regions of presence, work with young generation and participation in exhibitions. Within the reporting period subsidiaries of TVEL FC won more than 50 different awards.

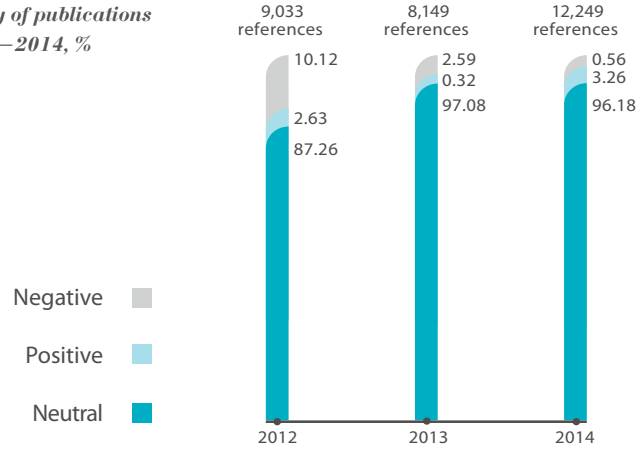
Cooperation of the Fuel Company with ANO "Nuclear Power Information Centers"

JSC "TVEL" and its subsidiaries have been cooperating with ANO "Nuclear Power Information Centers" since 2010.

International Activities of TVEL FC In 2014,



Tonality of publications in 2012–2014, %



Negative
Positive
Neutral

A closing ceremony of TVEL FC information and training program "First Step to the Nuclear Project" took place in December 2014 in the museum of history of SC "SGChE". The program overgrew the frames of municipal educational program and became interregional, intended for schoolchildren from the biggest cities of the Siberian Federal District. Nine teams participated in the game, winners of municipal stages from three cities of presence of TVEL FC subsidiaries — Novosibirsk, Seversk (the Tomsk Region), Zelenogorsk (the Krasnoyarsk Territory). Contest was held online within the framework of the regional Nuclear Power Information Centers, in a teleconference bridge format.

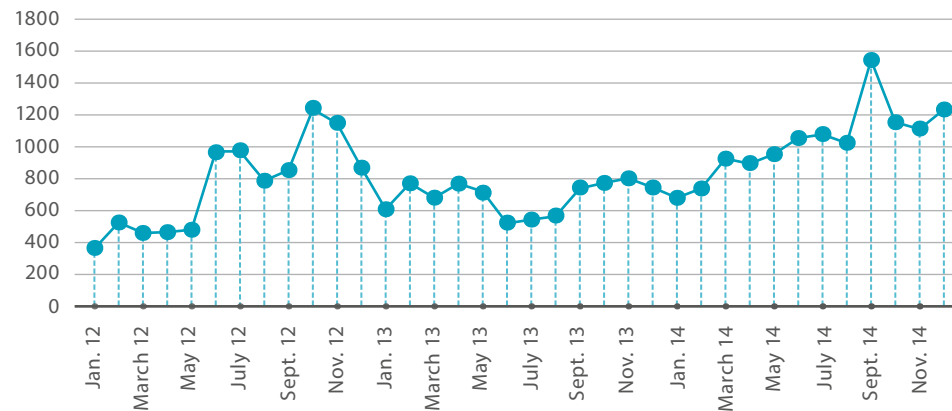
One of the main directions of the cooperation is an information and training program "First Step to the Nuclear Project" carried out in regions of presence of the Fuel Company subsidiaries. Program organizers and participants: JSC "TVEL", SC, educational and public agencies in regions of presence of the Fuel Company subsidiaries, Nuclear Power Information Centers, community.

Besides, under cooperation with ANO "Nuclear Power Information Centers" the photo exhibitions "Art of TVEL" were held in Russian regions, telling about products and services of the Fuel Company by means of comprehensive creative means.

Stakeholders Engagement Events During the Preparation of the Report 2014



References to the Fuel Company in the Media in 2012–2014



While preparing the Report the principles of Standard AA1000APS were adhered to, in particular, there was ensured the compliance of the published information with the requests of the involved stakeholders. Three on-site dialogues were held for the implementation of this principle while preparing this Report.

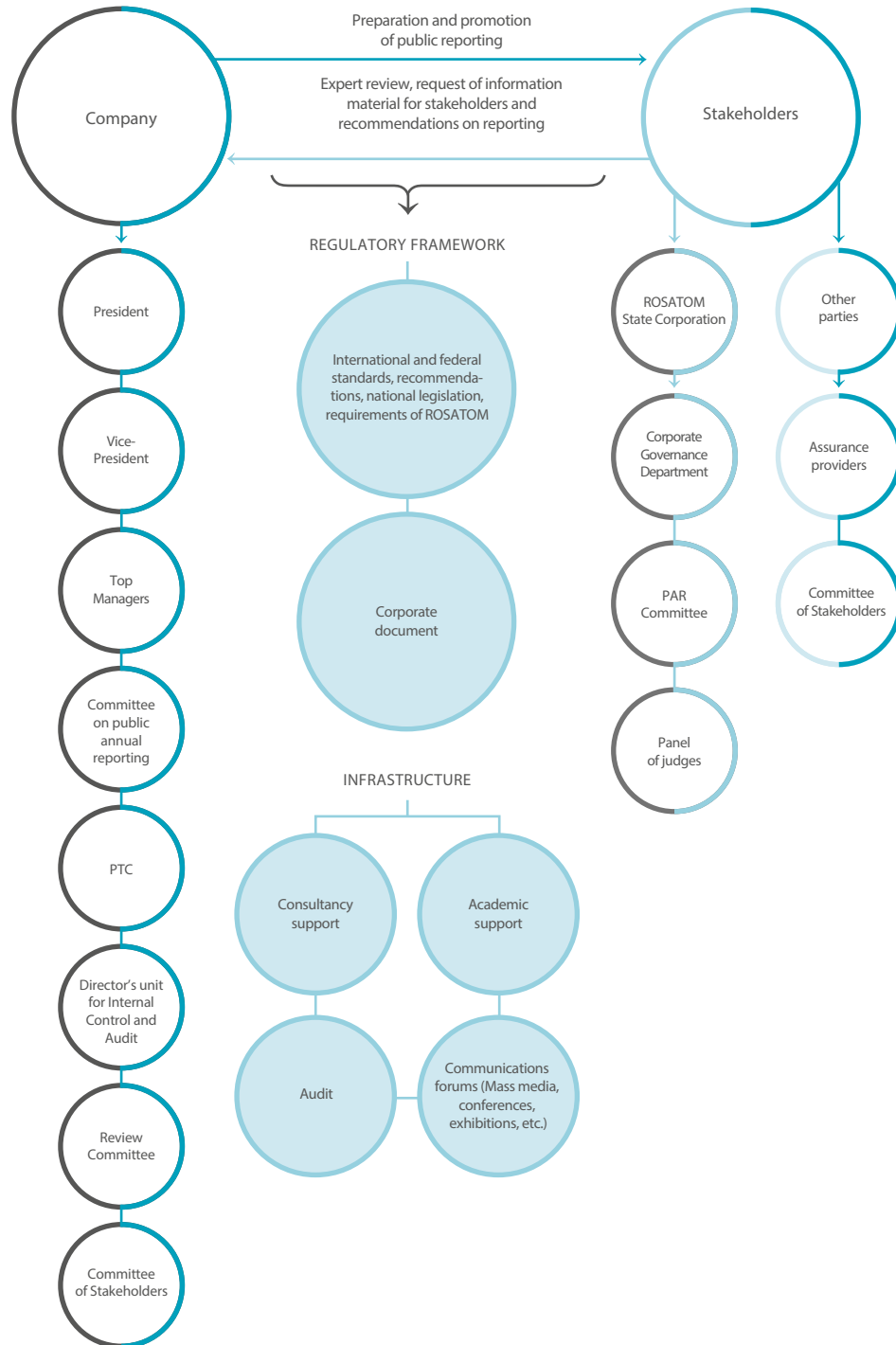
Participants of dialogues were the representatives of ROSATOM State Corporation, industry partner organizations, subsidiaries, environmental, public, trade union organizations, higher educational institutions, local governmental authorities, mass media, consultants and auditors.

In December 2014 the TVEL FC held the dialogue on the concept of the Annual Report 2014.

The Report concept developed by the Company with account of the proposals of stakeholders committee was presented; the participants advanced recommendations which allowed finalizing and specifying the concept of the Report.

Results of the reporting campaign 2013 were summed up during the public dialogues held on February 19, 2015. The participants of the dialogue discussed the matters of preparation of TVEL FC Public Annual Report

Public Reporting System Diagram



2014, summarized some outcomes of the reporting year, marked the priority issues to be disclosed in the Report:

- TVEL FC: Reliable Supplier
- Human Capital as the Main Value of the Fuel Company.

The draft annual report of JSC "TVEL" for the year 2014 prepared subject to the comments of the stakeholders in the course of the dialogues was presented during the public consultations on April 29, 2015.

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

Public Reporting System of TVEL FC

Due to the specific nature and scale of its activities TVEL FC is in the area of interests of the great number of stakeholders; it influences on and it is influenced significantly by its environment. The business success of the Company depends on the development of the constructive and trust-based relations both inside the Company and with the society. With the purpose to ensure the openness, TVEL FC in 2011 elaborated its public position in the area of sustainable development (see details in the annual reports 2011–2012).

In accordance with the Policy of ROSATOM State Corporation applicable to public reporting, JSC "TVEL" generated the system of public accountability which represents the combination of elements, processes and

connections between them ensuring the activity with regard to public accountability and its development.

The primary elements of the public reporting system are the following: the operational center of responsibility, regulatory framework, the representatives of stakeholders (participating in preparation of the reporting data), and infrastructure support (consultative and instructional support, audit, etc.).

Regulatory Framework

Documents governing the public reporting of JSC "TVEL":

- The Standard of Public Annual Reporting of JSC "TVEL";
- The Rules of Public Annual Reporting of JSC "TVEL";
- Charter of the Committee of Stakeholders of JSC "TVEL";
- Charter of the Committee on Public Annual Reporting of JSC "TVEL".

Data Collection System for Public Annual Report

The Company has developed and successfully operates data collection system for Public Annual Report, covering Russian regulations for annual reports of open joint-stock companies, Public Annual Reporting Standard of JSC "TVEL" and Sustainability Reporting Guidelines GRI G4. Every indicator is controlled by responsible subdivision and employee.



Operational Center of Responsibility

The operation of the public reporting system of JSC "TVEL" is based on the work of variety of subunits. The main functions are divided between the Vice-Presidents of JSC "TVEL", the Committee on public annual reporting of JSC "TVEL", and the Public Relations Department (see details in the Report 2011–2012).

For the purpose of development of awareness about the Company's activities the annual reports of JSC "TVEL" participate in

federal, sectoral and other contests; the KPI card of the Head of PR Department includes the index "Awards in Federal Contests".

Development of the Public Reporting System In 2014:

- Updating of internal normative base of the Public Reporting System (Standard of Public Annual Reporting, Rules of Public Annual Reporting, Charter of the Committee of Stakeholders, Charter of the Committee on Public Annual Reporting) due to adoption of a new version of GRI G4 Guidelines;

- Processing of internal forms of information collection for Public Annual Report;
- Drawing up a chart of priority matters (aspects) of the Fuel Company operation;
- Increased access to the dialogues with stakeholders in the course of preparing Public Reporting.

JSC "TVEL" Integrated Annual Report 2013 was highly estimated by independent experts:

- The report won contest of "Expert RA" agency (RAEX) in nomination "For proper disclosure of information about supplier relationship";
- The report is in the Top 10 in information disclosure amongst 140 major companies in Russia, Kazakhstan, Latvia and Ukraine; Novolipetsk steel mill, FGC UES, Severstal, Atomredmetzoloto, Gazprom neft, ROSATOM State Corporation, RZD, Transkonteiner, Bashneft are also among the Top 10*;
- The report was second in rating of corporate transparency of major Russian state companies made by Russian regional network for integrated reporting;
- "Social Capital. Responsibility and Transparency" special supplement of Kommersant newspaper on June 3, 2014** named JSC "TVEL" amongst 20 of 100 biggest Russian companies providing the most full disclosure of information on social activity and environmental responsibility in a public report.

Following the results of industry-specific contest of public reporting of ROSATOM State Corporation for the year 2013, the Annual Report of TVEL JSC was the third in nominations "Best information disclosure level in

annual report"; "Best stakeholder engagement practice" and "Best practice of annual report promotion". In the overall rating the report ranked fourth.

The Annual report of SC "PA ECP" subsidiary was named among the best reports in public reports contest of ROSATOM State Corporation organizations.

Public Reporting System Improvement Plans 2015

- To improve quality of Public Reporting System in subsidiaries of the Fuel Company, a Hot Line shall be organized and a series of seminars shall be held on issues of preparation of public reports by subsidiary companies, in particular, on applied issues of using new version of GRI G4 Sustainability Reporting Guidelines.
- To hold a series of presentations of the Annual Report 2014 at subsidiaries, and, to underline the priority issue of the Annual Report 2014 "TVEL FC: Reliable Supplier" during a meeting with partners within frameworks of "ATOMEXPO 2015".
- Advanced training of company's staff engaged in preparation of Public Reporting at certified management training GRI G4, specialized seminars and round-table conferences.
- Follow-up of corporate data-collection forms for Public Reporting.

* www.annual-report.ru

** www.kommersant.ru/doc/2485000



Message from the Chairman of the Committee on Public Reporting of JSC "TVEL" K.K. Sokolov

The 2014 Annual Report of JSC "TVEL" is the sixth public report, prepared in conformity with the International Integrated Reporting Framework and the Sustainability Reporting Guidelines GRI G4. This time we effected a quantum jump, having applied a new comprehensive version of GRI G4 Standard to describe performance of the Company and its subsidiaries.

The Report complies with the requirements of the International Integrated Reporting Framework: it contains all compulsory elements, was prepared in conformity with the principles and fundamental concepts of the Framework. As compared to the past year report, there should be noted essential development of the Business model, improved disclosure of information concerning contribution of the reporting year to implementation of the Fuel Company strategic objectives.

To keep the balance between universality of the report and its laconicism, for the first time the information was arranged into the printed and interactive (electronic) versions. The printed report contains thesis information, describing operation of the Fuel Company. More details you'll find in interactive (e-version) of the report. At www.tvel.ru, you will find online version of the report in section "Finance" — subsection "Annual Report".

I highly appreciate assistance of our stakeholders who participated in surveys and meetings, traditionally held in the course of preparing of the public reports. They made the report more information-intensive, analytical, conclusive and interesting. In response to stakeholders' suggestions, in the Report 2014 we paid more attention to the issues of supplies reliability and research-technical cooperation with universities, the influence of ROSATOM State Corporation corporate values and the Company culture on business results. I would like to note the motivated and responsible attitude of the functional subdivisions of the Fuel Company to preparation of the Report; in recent years this contributed to the information transparency and became significant condition for ensuring high business reputation.

Chairman of the Committee
on Public Reporting

K. K. Sokolov

Statement on Public Assurance of the Report

Introduction

JSC "TVEL" management contacted us with an offer to assure the Annual Report 2014 of the Fuel Company (hereinafter "the Report") in terms of completeness and relevance of information disclosed therein, and to assess the performance of management in response to recommendations and comments of stakeholders.

Draft Report Evaluation Procedure

We are sufficiently competent and skilled in the sphere of corporate social liability, sustainable development and non-financial reporting.

We hereby confirm that we are acting independently and commit ourselves to providing objective assessment, thereby expressing our personal expert opinion rather than the opinion of companies we represent. No remuneration has been received from TVEL FC for our efforts and time invested in this project.

Our conclusion is based on the study of the Report and the analysis of information obtained in the course of dialogues and public consultations, where we and our representatives were allowed to participate and freely express our opinion on the matters under discussion.

We are not aware of any facts that compromise reliability of data set forth in this Report. However, checking of the data collection system and verification of reliability and completeness of information is not the subject matter of public assurance.

The results of our work are formalized in this Statement of public assurance containing the agreed opinions.

Estimates, Comments and Recommendations

We all share positive opinion about the Report and note the endeavours of TVEL FC management to apply advanced international standards. Another characteristic feature of the Report 2014 is disclosure of all key performance indicators under the GRI G4 Sustainability Reporting Guidelines (comprehensive option), public reporting indicators of ROSATOM State Corporation and TVEL FC, and compliance with IIRF recommendations.

TVEL FC prepared an informative and well-structured document that meets our expectations. It is our opinion that the issues prioritized by the management and stakeholders of the Company, such as: "TVEL FC: Reliable Supplier" and "Human Capital as the Main Value of the Fuel Company" are fully disclosed.

The Report sums up the results 2014 and demonstrates the dynamics over the period of three years. Detailed description of the value creation process, business model, disclosure of information about contribution of the reporting year into strategy implementation definitely contribute to the merit of this Report. Another obvious advantage hereof is performance disclosure through the prism of the values of TVEL FC. We would like to point out the constructive approach to stakeholders' engagement demonstrated by the management in the course of preparation hereof and during the dialogues and public consultations, as well as top quality organization of these events.

Complete and relevant information

In our opinion, the Report covers all spheres of core activity of the Company, and social, environmental and economic aspects of its sustainable development, essential for stakeholders. The Report contains relevant information that is sufficiently complete for proper understanding of the current state and prospects of the Company by the stakeholders

Company's response to comments and recommendations of stakeholders

The Company noted the recommendations of the stakeholders in the minutes of dialogues and public consultations, and

conducted thorough analysis and used them in the Report and in the Company activities. Hereby we confirm that all our suggestions and comments are set forth in the Table of Comments of Stakeholders (Appendix No. 3 to the Report).



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

We are confident that traditionally high quality of interaction of TVEL FC and stakeholders will be preserved and applied in the future.

Director of the Institute for Industrial Nuclear Technologies of National Research Nuclear University MEPhI

E.M. Glagovsky

Leading Expert of the Federal Service for Environmental, Technological and Nuclear Supervision

A.I. Kislov

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

A.I. Makarenko

Secretary of the Central Committee of RUNPIW

A.G. Vanichkin

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

N.R. Kuzelev

Head of Project Department of the Nuclear Fuel Life Cycle ROSATOM State Corporation

O.I. Linyaev

Deputy Head of Electrostal Urban District Administration

V.P. Davydov

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

V.F. Menshikov

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

M.D. Medvedeva

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

E.N. Feoktistova

Executive Director of Interregional Public Ecological Organization "GREENLIGHT"

O.V. Plyamina

Deputy Head of Kovrov Municipal Administration, Head of Department for Economics, Property and Land Regulations

S.R. Khapalov

Director General of the Institute of Natural Monopolies Issues

Yu. Z. Saakyan

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**EXPERT PERFORMANCE
ASSESSMENT OFFERS NEW
AVENUES TO ATTAIN
THE GOALS**



Appendix 1.

Table of Public Accounting Indicators of ROSATOM State Corporation

No.	Indicator	Disclosure	Completeness
PART 1. CORE BUSINESS PERFORMANCE			
Meeting the demands of the Power Grids			
1	1.1.1 Meeting the demands of the state in electric power using Russian nuclear fuel	Basic Characteristics (page 19)	disclosed
Economic Performance			
2	2.1.1. Financial performance	Main results (page 13). Financial results (page 97)	partially disclosed
3	2.1.2. Productivity	Main results (page 13). Production and economic results (page 89)	disclosed
4	2.1.3. Economic and financial efficiency	Main results (page 13). Financial results (page 97)	disclosed
Business Continuity			
5	2.2.1. Diversification of activities	Main results (page 13). Financial results (page 97)	disclosed
6	2.2.2. Provision of orders	Position of TVEL FC in the Global Market of FE NFC (page 43). Financial results (page 97)	disclosed
7	2.2.3. Dependence on suppliers and contractors	Procurement (page 106)	partially disclosed
8	2.2.4. Risk Management	Risk management (page 76)	disclosed
9	2.2.5. Production facilities development	Investment (page 104). Appendix 5. Financial statements for the year 2014 (page 247)	disclosed
10	2.2.6. Financial stability	Main results (page 13). Financial results (page 97)	disclosed
Position in the world market			
11	2.3.1. Position in the market of front end of NFC	Position of TVEL FC in the Global Market of FE NFC (page 43)	disclosed
12	2.3.2. Export volume	Financial results (page 97)	disclosed
International cooperation in the field of peaceful use of nuclear energy			
13	2.4.1. International legal infrastructure for promotion of Russian companies in world markets of nuclear technologies and services	Position of TVEL FC in the Global Market of FE NFC (page 43)	disclosed
14	2.4.2. International cooperation development	Position of TVEL FC in the Global Market of FE NFC (page 43)	disclosed
15	2.4.3. Enhancement of nuclear non-proliferation regime	Position of TVEL FC in the Global Market of FE NFC (page 43)	disclosed
Nuclear and radiation safety systems management			
16	4.1.1. Training of industry workers in NRS safety norms	Occupational health and industrial safety (page 153)	disclosed
17	4.1.2. Emergency preparedness and response	Nuclear radiation safety (page 174)	disclosed
18	4.1.3. Physical protection of nuclear facilities	Nuclear radiation safety (page 174)	disclosed
19	4.1.4. Development of technologies of RW and SNF treatment	Nuclear radiation safety (page 174)	disclosed
Compliance with Requirements of Nuclear and Radiation Safety			
20	4.2.1. Compliance with the license requirements related to nuclear and radiation safety	In 2014 TVEL FC registered no cases of cancellation of any license related to nuclear energy application	disclosed
21	4.2.2. Violations in handling of nuclear and radiation hazardous materials	Nuclear radiation safety (page 174)	disclosed

TABLE OF PUBLIC ACCOUNTING INDICATORS OF ROSATOM STATE CORPORATION (CONTINUE)




No.	Indicator	Disclosure	Completeness
Decommissioning of nuclear facilities			
22	4.3.1. Decommissioning	Nuclear radiation safety (page 174)	disclosed
RW and SNF treatment, rehabilitation of contaminated areas			
23	4.4.1. Rehabilitation of Contaminated Areas	Nuclear radiation safety (page 174)	disclosed
24	4.4.2. RW formation and accumulation	Nuclear radiation safety (page 174)	disclosed
25	4.4.3. RW burial	Nuclear radiation safety (page 174)	disclosed
Intellectual capital			
26	5.1.1. Inventive activities	TVEL FC intellectual property (page 128)	partially disclosed
27	5.1.2. R&D contributions efficiency	Scientific and technological activities (page 112)	partially disclosed
Innovative activities			
28	5.2.1. Innovative activities efficiency	Scientific and technological activities (page 112). Innovative activities in nuclear sector (page 116). Innovative activities in non-nuclear sector (page 122)	partially disclosed
29	5.2.2. Technological improvements of applicable technology platform	Innovative activities in nuclear sector (page 116)	disclosed
30	5.2.3. Technological developments in related sectors	Innovative activities in non-nuclear sector (page 122)	partially disclosed
Support for innovative and technological potential development			
31	5.3.1. Formation of science and technology complex infrastructure	Scientific and technological activities (page 112)	disclosed
32	5.3.2. Participation in innovative projects implementation	Innovative activities in nuclear sector (page 116). Innovative activities in non-nuclear sector (page 122)	disclosed
Improvement of control mechanisms			
33	6.1.1. Projects on management system improvement	TVEL FC Development Strategy (page 52). Procurement (page 106).	disclosed
34	6.1.2. Implementation of projects on performance improvement	Performance assurance (page 101). Energy efficiency (page 109)	disclosed
35	6.1.3. Financial and economic management reorganization	IT adoption.  Financial results (page 97)	disclosed
36	6.1.4. Implementation of international management standards	Quality management (page 58)	disclosed
37	6.1.5. Procurement management	Procurement (page 106)	disclosed
38	6.1.6. Internal communications development	IT adoption.  Anti-corruption and settlement of competing interests (page 82) Stakeholder engagement (page 197)	disclosed
39	6.1.7. Informatization of management	IT adoption 	disclosed
40	6.1.8. Control over financial and economic activities	Internal control system of TVEL FC (page 79). Anti-corruption and settlement of competing interests (page 82)	disclosed
Enhancement of information transparency of nuclear industry			
41	7.1.1. Public Accounting	About the Report (page 9)	disclosed
42	7.1.2. Information resources of the sector	Stakeholder engagement (page 197)	disclosed

TABLE OF PUBLIC ACCOUNTING INDICATORS OF ROSATOM STATE CORPORATION (CONTINUE)

No.	Indicator	Disclosure	Completeness
Public acceptance of construction projects of ROSATOM State Corporation and its organizations			
43	7.2.1. Environmental assessment provided by RF legislation	Nuclear radiation safety (page 174)	disclosed
44	7.2.2. Public consultation on EIAS materials	Environmental impact mitigation (page 160)	disclosed
Improvement of regulatory framework in the sphere of nuclear power			
45	8.1.1. Participation in regulatory framework improvement	Legal framework of TVEL FC activity (page 81)	disclosed
Implementation of certain functions of the state administration within specified activities			
46	8.2.1. State control in the sphere of radiation environment, nuclear material treatment, radioactive substances and radioactive waste management	Nuclear radiation safety (page 174)	disclosed
Provision of qualified personnel			
47	9.1.1. Provision of qualified personnel	Human resources (page 132)	partially disclosed
48	9.1.2. Workers training	Human resources (page 132)	disclosed
49	9.1.3. Formation and use of personnel reserve	Human resources (page 132)	disclosed
PART 2. SUSTAINABILITY EFFICIENCY			
Economic Performance			
50	10.1.1. Direct economic value generated and distributed, including revenue, operating costs, employee compensation, donations and other community investments, retained earnings, payments to capital providers and government	Respect (page 188)	disclosed
51	10.1.2. Significant financial assistance received from government	Nuclear radiation safety (page 174)	disclosed
52	10.1.3. Financial aspects and other risks and opportunities for the organization's activities due to climate change	Environmental impact mitigation (page 160)	disclosed
Market Presence			
53	10.2.1. Policy, practices, and proportion of spending on locally-based suppliers at significant operational locations	Procurement (page 106)	partially disclosed
Indirect Economic Impact			
54	10.3.1. Impact of investment into infrastructure and services provided primarily for public benefit (not related directly to production activities) through commercial, in-kind, or pro bono engagement	Respect (page 188)	disclosed
55	10.3.2. Understanding and description of material indirect economic impacts, including the extent of impacts	Respect (page 188)	disclosed
Environmental impact management			
56	11.1.1. Energy saved due to conservation and efficiency improvements	Energy efficiency (page 109)	disclosed
57	11.1.2. Initiatives to provide energy-efficient or renewable energy-based products and services, and reductions in energy requirements as a result of these initiatives		non applicable
58	11.1.3. Initiatives to reduce indirect energy consumption and reductions achieved	At present time the Company has not developed any policy aimed at consumption of other indirect energy due to the lack of corresponding legal requirements	disclosed

TABLE OF PUBLIC ACCOUNTING INDICATORS OF ROSATOM STATE CORPORATION (CONTINUE)

No.	Indicator	Disclosure	Completeness
59	11.1.4. Initiatives to reduce emission of harmful substances in the air, and the reduction achieved	Environmental impact mitigation (page 160)	disclosed
60	11.1.5. Initiatives to reduce emission of harmful substances in the water bodies, and the reduction achieved	Environmental impact mitigation (page 160)	partially disclosed
61	11.1.6. Strategies, current actions, and future plans for biodiversity impacts management	Environmental impact mitigation (page 160)	disclosed
62	11.1.7. Initiatives to reduce greenhouse gas emissions, and reductions achieved	Environmental impact mitigation (page 160). The Company does not maintain quantitative assessment of specified initiatives on reduction of greenhouse gas emissions because there are no regulatory requirements to any such assessment and the effect from such information is considerably lower than the cost of its acquisition	disclosed
63	11.1.8. Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation		non applicable
64	11.1.9. Percentage of products sold and their packaging materials that are reclaimed by categories	Specific character of TVEL FC production does not envisage the return of products and packaging materials for recycling	disclosed
65	11.1.10. Total environmental protection expenditures and investments by type	Environmental impact mitigation (page 160)	partially disclosed
66	11.1.11. Introduction of environmental management system in organizations of the Corporation	Environmental impact mitigation (page 160)	disclosed
67	11.1.12. Percentage of materials used that are recycled input materials	Environmental impact mitigation (page 160). No data is available on the percentage of recycled materials in total amount of the used materials	partially disclosed
68	11.1.13. Percentage and total volume of water recycled and reused	Environmental impact mitigation (page 160)	disclosed
Use of materials, energy and water			
69	11.2.1. Materials used by weight or volume	Environmental impact mitigation (page 160)	partially disclosed
70	11.2.2. Direct energy consumption by primary energy source	Energy efficiency (page 109)	disclosed
71	11.2.3. Indirect energy consumption by primary source	Energy efficiency (page 109)	disclosed
72	11.2.4. Total water withdrawal by source	Environmental impact mitigation (page 160)	disclosed
73	11.2.5. Water consumption (own needs)	Environmental impact mitigation (page 160)	disclosed
74	11.2.6. Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Environmental impact mitigation (page 160)	disclosed
75	11.2.7 Energy consumption outside the organization	No accounting	disclosed
76	11.2.8 Energy intensity		not disclosed

TABLE OF PUBLIC ACCOUNTING INDICATORS OF ROSATOM STATE CORPORATION (CONTINUE)

No.	Indicator	Disclosure	Completeness
Environmental impact (emissions, effluents, and waste), except for radiation impact			
77	11.3.1. Water sources significantly affected by withdrawal of water	Environmental impact mitigation (page 160)	disclosed
78	11.3.2. Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas	Environmental impact mitigation (page 160)	disclosed
79	11.3.3. Habitats protected or restored	Environmental impact mitigation (page 160)	disclosed
80	11.3.4. Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk	Environmental impact mitigation (page 160)	disclosed
81	11.3.5. Total direct and indirect greenhouse gas emissions by weight	Environmental impact mitigation (page 160)	partially disclosed
82	11.3.6. Other relevant indirect greenhouse gas emissions by weight	Statutory legal acts that regulate interaction between the subsidiary companies of the Fuel Company and the contractors make no provision for mandatory connection between the choice of the contractor and its environmental efficiency. Subsidiary companies of TVEL FC do not maintain records of emissions of greenhouse gases due to the absence of applicable regulatory requirements	disclosed
83	11.3.7. Emissions of ozone-depleting substances by weight	Environmental impact mitigation (page 160)	disclosed
84	11.3.8. NOX, SOX and other significant air emissions by type and weight	Environmental impact mitigation (page 160)	disclosed
85	11.3.9. Total water discharge by quality and destination	Environmental impact mitigation (page 160). Information on total water discharge, both planned and unplanned, and on quality of water discharge is not available	disclosed
86	11.3.10. Total weight of waste by type and disposal method	Environmental impact mitigation (page 160)	disclosed
87	11.3.11. Total number and volume of significant spills	Environmental impact mitigation (page 160)	disclosed
88	11.3.12. Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII, and percentage of transported waste shipped internationally	Subsidiary Companies of TVEL FC are not engaged in waste transportation across international borders	partially disclosed
89	11.3.13. Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the reporting organization's discharges of water and runoff	Environmental impact mitigation (page 160)	disclosed
90	11.3.14. Significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and transporting members of the workforce	Environmental impact mitigation (page 160)	disclosed
91	11.3.15. Payments for emission of pollutants into the air by stationary and mobile sources, discharge of pollutants into surface and subsurface water, and disposal of industrial and consumption waste	Environmental impact mitigation (page 160)	disclosed
Compliance with environmental law			
92	11.4.1. Monetary value of significant fines and total number of non-monetary sanctions for noncompliance with environmental laws and regulations	Environmental impact mitigation (page 160)	disclosed
Radiation environmental impact			
93	11.5.1. Emission of radionuclides into the atmosphere	Environmental impact mitigation (page 160)	disclosed
94	11.5.2. Discharge of waste water containing radionuclides	Environmental impact mitigation (page 160)	disclosed

TABLE OF PUBLIC ACCOUNTING INDICATORS OF ROSATOM STATE CORPORATION (CONTINUE)

No.	Indicator	Disclosure	Completeness
95	11.5.3. Pollution of territory with radionuclides	Environmental impact mitigation (page 160)	disclosed
96	11.5.4. Financial support of measure on radiation exposure mitigation	Environmental impact mitigation (page 160)	disclosed
Supplier Environmental Assessment			
97	11.6.1 Percentage of new suppliers that were screened using environmental criteria	Procurement (page 106)	partially disclosed
98	11.6.2 Significant actual and potential negative environmental impacts in the supply chain and actions taken	Procurement (page 106)	disclosed
Employment			
99	12.1.1. Total workforce by employment type, employment contract, and region	Human resources (page 132)	disclosed
100	2.1. 2. Total number and rate of new employee hires and employee turnover by age group, gender, and region	Human resources (page 132)	disclosed
101	12.1.3. Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity	Human resources (page 132)	disclosed
102	12.1.4. Percentage of specialists under 35 years old	Human resources (page 132)	disclosed
103	12.1.5. Average age of employees (by categories)	Human resources (page 132)	partially disclosed
104	12.1.6. Ratio of basic salary and remuneration of women to men by employee category (in significant locations of operation)	Human resources (page 132)	disclosed
105	12.1.7. Ratios of standard entry level wage compared to local minimum wage at significant locations of operation (by gender)	Human resources (page 132)	disclosed
106	12.1.8. Average wage as compared to average level in labor market	Human resources (page 132)	disclosed
107	12.1.9. Number of created new jobs (for the year)	Respect (page 188)	not disclosed
Labor/Management Relations			
108	12.2.1. Percentage of employees covered by collective bargaining agreements	Human resources (page 132)	disclosed
109	12.2.2. Minimum notice period(s) regarding significant operational changes, including whether it is specified in collective agreements	Human resources (page 132)	disclosed
110	12.2.3. Ratio between the average pay of the lowest 10% and the highest 10% of employees of Corporation	Human resources (page 132)	disclosed
Социальное обеспечение работников			
111	12.3.1. Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operation	Human resources (page 132)	disclosed
112	12.3.2. Coverage of the organization's defined benefit plan obligations	Human resources (page 132). Defined benefit plans	disclosed
113	12.3.3. Return to work and retention rates after parental leave, by gender	Human resources (page 132)	partially disclosed
114	12.3.4. Non-state pension provision	Human resources (page 132)	disclosed
115	12.3.5. Total costs related to personnel	Human resources (page 132)	disclosed

TABLE OF PUBLIC ACCOUNTING INDICATORS OF ROSATOM STATE CORPORATION (CONTINUE)

No.	Indicator	Disclosure	Completeness
116	12.3.6. Costs related to social programs for employees	Human resources (page 132). Occupational Health and Safety	disclosed
Occupational Health and Safety			
117	12.4.1. Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs	Occupational health and industrial safety (page 153)	disclosed
118	12.4.2. Rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and by gender	Occupational health and industrial safety (page 153)	disclosed
119	12.4.3. Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases	The Fuel Company implements training, counseling, risk-control and medical programs to its employees with respect to serious diseases resulting from professional activities. No such programs are provided for members of the employees' families and community members	disclosed
120	12.4.4. Health and safety topics covered in formal agreements with trade unions	Occupational health and industrial safety (page 153)	disclosed
121	12.4.5. Personnel exposure rate control	Occupational health and industrial safety (page 153)	partially disclosed
122	12.4.6. Costs related to health and safety of personnel	Occupational health and industrial safety (page 153)	disclosed
Training and education			
123	12.5.1. Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	Human resources (page 132). There is no program for assistance on transitioning to new work/new mode of living for the retired or dismissed employees	disclosed
Supplier Assessment for Labor Practices			
124	Percentage of new suppliers that were screened using labor practices criteria	Procurement (page 106)	partially disclosed
125	Significant actual and potential negative impacts for labor practices in the supply chain and actions taken	Procurement (page 106)	disclosed
Impact on social situation on the regions of presence			
126	13.1.1. Percentage of operations with implemented local community engagement, impact assessments, and development programs	Respect (page 188)	partially disclosed
127	13.1.2. Procedures for local hiring and proportion of senior management hired from the local community at significant locations of operation	Human resources (page 132)	disclosed
128	13.1.3. Operations with significant actual and potential negative impacts on local communities	Environmental impact mitigation (page 160). Nuclear radiation safety (page 174)	disclosed
129	13.1.4. Prevention and mitigation of significant potential or actual negative impacts on local communities	Environmental impact mitigation (page 160). Nuclear radiation safety (page 174)	disclosed
Stakeholder engagement in the sphere of socially important issues of social and economic development of the regions of presence			
130	13.1.2. Work CATU development programs	Respect (page 188)	disclosed
131	13.2.2. Joint projects with non-commercial and non-governmental organizations in the sphere of socially important issues	Respect (page 188)	disclosed
Charities			
132	13.3.1. Charitable projects and amounts invested thereto	Charitable Activity and Support of External Social Programs (page 193)	disclosed

TABLE OF PUBLIC ACCOUNTING INDICATORS OF ROSATOM STATE CORPORATION (CONTINUE)

No.	Indicator	Disclosure	Completeness
Anti-corruption			
133	14.1.1. Total number and percentage of operations assessed for risks related to corruption	Anti-corruption and settlement of competing interests (page 82)	partially disclosed
134	14.1.2. Percentage of employees trained in organization's anti-corruption policies and procedures	Anti-corruption and settlement of competing interests (page 82)	disclosed
135	14.1.3. Actions taken in response to incidents of corruption	Anti-corruption and settlement of competing interests (page 82)	disclosed
Compliance			
136	14.2.1. Total number of decisions (legal actions) made to take steps to stop violation of the competitions law and ensure accountability for such violations with regard to the reporting organization, and practical approaches towards preventions of monopoly practices and the results thereof	No material violations on the part of JSC "TVEL" and its subsidiaries in 2014	disclosed
137	14.2.2. Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations	In 2014 there have not been registered any material breaches of legislation on the part of JSC "TVEL" and its subsidiary companies; no penalties and non-financial sanctions have been applied to the Company	disclosed
138	14.2.3. Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship, by type of outcomes	No such cases have been registered in 2014	disclosed
139	14.2.4. Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	The indicator is not applicable due to specific products and services of TVEL FC	non applicable
Product Responsibility			
140	14.3.1. Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures	Quality management (page 58)	disclosed
141	14.3.2. Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services, by type of outcomes	Nuclear radiation safety (page 174)	disclosed
142	14.3.3. Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements	The indicator is not applicable due to specific products and services of TVEL FC	non applicable
143	14.3.4. Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes	The indicator is not applicable due to specific products and services of TVEL FC	non applicable
144	14.3.5. Practices related to customer satisfaction, including results of surveys measuring customer satisfaction	Quality management (page 58)	disclosed
145	14.3.6. Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship		non applicable
146	14.3.7. Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services	In 2014 there have not been registered any material breaches of legislation on the part of JSC "TVEL" and its subsidiary companies; no penalties and non-financial sanctions have been applied to the Company	disclosed
147	14.3.9. Number of claims and complaints from the products customers	No claims and complaints	disclosed
Ethical practices and human rights			
148	14.4.1. Institutionalization of ethical practice	No Code of Corporate Ethics have been approved	disclosed

TABLE OF PUBLIC ACCOUNTING INDICATORS OF ROSATOM STATE CORPORATION (CONTINUE)

No.	Indicator	Disclosure	Completeness
149	14.4.2. Total number and percentage of significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	All investment agreements and contracts undergo evaluation for conformity to applicable laws of the Russian Federation with respect to human rights. All investment agreements conform to applicable laws of the Russian Federation	disclosed
150	14.4.3. Percentage of significant suppliers and contractors that underwent human rights screening, and actions taken	Suppliers and contractors are not subject to human rights screening due to the absence of regulatory requirements	disclosed
151	14.4.4. Total hours of employee training on human rights policies or procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained	Human resources (page 132)	disclosed
152	14.4.5. Total number of incidents of discrimination and corrective actions taken	In 2014 no incidents of discrimination have been revealed. If any discrimination is detected, each employee of TVEL FC may appeal directly to the CEO of the subsidiary company or the President of JSC "TVEL" via e-mail or the boxes of appeals	disclosed
153	14.4.6. Operations identified in which the right to exercise freedom of association and collective bargaining may be at significant risk, and measures taken to support these rights	Human resources (page 132)	disclosed
154	14.4.7. Operations identified as having significant risk for incidents of child labor, and measures taken to contribute to the effective abolition of child labor	No child labor Technological sophistication requires at least the level of secondary vocational education, excluding thereby child labor	disclosed
155	14.4.8. Operations identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of all forms of forced or compulsory labor	TVEL FC operates according to legislation of the Russian Federation, that prohibits compulsory labor. In 2014 no incidents of compulsory labor have been revealed in TVEL FC	disclosed
156	14.4.9. Percentage of security personnel trained in the organization's human rights policies or procedures that are relevant to operations	Human resources (page 132)	disclosed
157	14.4.10. Number of incidents of violations involving rights of indigenous peoples and actions taken	No such cases have been registered	disclosed
158	14.4.11. Percentage and total number of operations that have been subject to human rights reviews and/or impact assessments	TVEL FC does not perform assessment of processes from a human right perspective, except for the rights secured by the labor legislation and legislation on personal data	disclosed
159	14.4.12. Number of grievances related to human rights filed, addressed, and resolved through formal grievance mechanisms	No complaints were filed against TVEL FC with respect to violation of human rights	disclosed
160	14.4.13 Significant actual and potential negative human rights impacts in the supply chain and actions taken	Procurement (page 106)	disclosed
Supplier Assessment for Impacts on Society			
161	14.5.1. Percentage of new suppliers that were screened using criteria for impacts on society	Procurement (page 106)	partially disclosed
162	14.5.2. Significant actual and potential negative impacts on society in the supply chain and actions taken	Procurement (page 106)	disclosed
Grievance Mechanisms for Impacts on Society			
163	14.6.1. Number of grievances about impacts on society filed, addressed, and resolved through formal grievance mechanisms	Stakeholder engagement (page 197)	disclosed
Public Policy			
164	15.100.1. Public policy positions and participation in public policy development and lobbying	Legal framework (page 81)	disclosed
165	15.100.2. Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country	No contributions	disclosed

Appendix 2. Table of Standard Disclosures and Performance Indicators Under GRI G4.0

GENERAL STANDARD DISCLOSURES

General Standard Disclosures	Page	Omissions	External assurance
STRATEGY AND ANALYSIS			
G4-1 Statement from the most senior decision-maker presenting the overall vision and strategy	5		+
G4-2 Description of key impacts, risks, and opportunities	46, 52, 61, 76, 153, 160, 174		+
ORGANIZATIONAL PROFILE			
G4-3 Name of the organization	18		+
G4-4 Products and services	19		+
G4-5 The location of the organization's headquarters	18		+
G4-6 The number of countries where the organization operates, and names of countries where the organization has substantial divisions	20		+
G4-7 The nature of ownership and legal form	18, 20		+
G4-8 The markets (by geography, including sectors served, and types of customers and beneficiaries)	44		+
G4-9 The scale of the organization	13, 29		+
G4-10 The number of employees	13, 138, 132		+
G4-11 The percentage of total employees covered by collective bargaining agreements	133		+
G4-12 The organization's supply chain	106		+
G4-13 Changes regarding the organization's size, structure, ownership, or its supply chain	71		+
G4-14 Precautionary principle application	164		+
G4-15 Economic, environmental and social charters, principles, or other initiatives to which the organization subscribes or which it endorses	10,41,58		+
G4-16 Memberships of associations	197		+
IDENTIFIED MATERIAL ASPECTS AND BOUNDARIES			
G4-17 Entities included in the organization's consolidated financial statements	9, 70		+

GENERAL STANDARD DISCLOSURES (CONTINUE)

General Standard Disclosures	Page	Omissions	External assurance
G4-18 The process for defining the report content and the Aspect Boundaries	10, 267		+
G4-19 All the material Aspects	10, 267		+
G4-20 The material Aspects within the organization	10		+
G4-21 The material Aspects outside the organization	10		+
G4-22 The effect of all restatements of information provided in previous reports, and the reasons for such restatements	10		+
G4-23 The significant changes from previous reporting periods in the Scope and Aspect Boundaries	10		+
STAKEHOLDER ENGAGEMENT			
G4-24 List of stakeholders	197		+
G4-25 The basis for identification and selection of stakeholders with whom to engage	197		+
G4-26 The organization's approach to stakeholder engagement	197		+
G4-27 Key topics and concerns that have been raised through stakeholder engagement	236		+
REPORT PROFILE			
G4-28 Reporting period	9		+
G4-29 Date of most recent previous sustainability report	9		+
G4-30 Reporting cycle	9		+
G4-31 The contact point for questions regarding the report	276		+
G4-32 GRI G4 Content Index	225		+
G4-33 The organization's policy and current practice with regard to seeking external assurance for the sustainability report	11		+
GOVERNANCE			
G4-34 The governance structure	65		+
G4-35 The process for delegating authority for economic, environmental and social topics from the highest governance body to other employees	65		+
G4-36 The executive-level position/positions with responsibility for economic, environmental and social topics	74		+
G4-37 The processes for consultation between stakeholders and the highest governance body on economic, environmental and social topics	67		+

GENERAL STANDARD DISCLOSURES (CONTINUE)

General Standard Disclosures	Page	Omissions	External assurance
G4-38 The composition of the highest governance body and its committees	67		+
G4-39 The position of the Chair of the highest governance body (reasons for this arrangement)			+
G4-40 The nomination and selection processes for the highest governance body and its committees, applied selection criteria	67		+
G4-41 Processes for the highest governance body to ensure conflicts of interest are avoided and managed	67		+
G4-42 The highest governance body's and senior executives' roles in the development, approval, and updating of the organization's purpose, value or mission statements, policies, and goals	64		+
G4-43 The measures taken to develop and enhance the highest governance body's collective knowledge of economic, environmental and social topics	67		+
G4-44 Evaluation of the highest governance body's performance	67		+
G4-45 The highest governance body's role in the identification and management of impacts, risks, and opportunities	52, 76		+
G4-46 The highest governance body's role in reviewing the effectiveness of the organization's risk management processes	76		+
G4-47 The frequency of the highest governance body's review of economic, environmental and social impacts, risks, and opportunities.	76		+
G4-48 The position that formally reviews and approves the organization's report and ensures that all material Aspects are covered	11		+
G4-49 The process for communicating critical concerns to the highest governance body	64		+
G4-50 The nature and total number of critical concerns that were communicated to the highest governance body and the mechanism(s) used to address and resolve them	65, 72		+
G4-51 The remuneration policies for the highest governance body and senior executives	67, 68, 143		+
G4-52 The process for determining remuneration	67, 68, 143		+
G4-53 How stakeholders' views are sought and taken into account regarding remuneration	67		+
G4-54 The ratio of the annual total compensation for the organization's highest-paid individual to the median annual total compensation for all employees	145		+
G4-55 The ratio of percentage increase in annual total compensation for the organization's highest-paid individual to the median percentage increase in annual total compensation for all employees	145		+

GENERAL STANDARD DISCLOSURES (CONTINUE)

General Standard Disclosures	Page	Omissions	External assurance
ETHICS AND INTEGRITY			
G4-56 The organization's values, principles, standards and norms of behavior such as codes of conduct and codes of ethics	32, 64, 61		+
G4-57 The internal and external mechanisms for seeking advice on ethical and lawful behavior, and matters related to unfair practices, such as helplines or advice lines	82		+
G4-58 The internal and external mechanisms for reporting concerns about unethical or unlawful behavior/unfair practices	82		+

SPECIFIC STANDARD DISCLOSURES

GRI G4 Material Aspects	DMA and Indicators	Omissions, notes	External assurance
CATEGORY: ECONOMIC			
Economic Performance			
DMA Disclosures on Management Approach	97		+
G4-EC1 The direct economic value generated and distributed	189		+
G4-EC2 Financial aspects and other risks and opportunities for the organization's activities due to climate change	168		+
G4-EC3 Coverage of the organization's defined benefit plan obligations	151		+
G4-EC4 Financial assistance received by from government	176		+
Market Presence			
DMA Disclosures on Management Approach	137		+
G4-EC5 Ratios of standard entry level wage by gender compared to local minimum wage at significant locations of operation	145		+
G4-EC6 Proportion of senior management hired from the local community at significant locations of operation	139		+
Indirect Economic Impacts			
DMA Disclosures on Management Approach	188		+
G4-EC7 Impact of investments into infrastructure and pro bono services	195		+
G4-EC8 Significant indirect economic impacts, including the extent of impacts	188		+

SPECIFIC STANDARD DISCLOSURES (CONTINUE)

GRI G4 Material Aspects	DMA and Indicators	Omissions, notes	External assurance
Procurement Practices			
DMA Disclosures on Management Approach	107		+
G4-EC9 Proportion of spending on local suppliers at significant locations of operation	107	Partial disclosure Proportion of spending on local suppliers is not reported, analytical potential of the accounting system provides no such information	+
CATEGORY: ENVIRONMENTAL			
Energy			
DMA Disclosures on Management Approach	109		+
G4-EN3 Energy consumption within the organization	109, 111	Partial disclosure. The accounting systems do not allow to breakdown the volume of the consumed energy into energy purchased outside the Company and the energy produced by the Company HPP. Total energy intensity indicator has not been calculated under GRI G4 recommended methods	+
G4-EN4 Energy consumption outside of the organization		The Company maintains no records regarding to such energy consumption	+
G4-EN5 Energy intensity		The accounting systems do not allow to breakdown the volume of the consumed energy into energy purchased outside the Company and the energy produced by the Company HPP. Total energy intensity indicator has not been calculated under GRI G4 recommended methods	+
G4-EN6 Reduction of energy consumption	109		+
G4-EN7 Reductions in energy requirements of products and services	Not applicable		+
Water			
DMA Disclosures on Management Approach	166		+
G4-EN8 Total water withdrawal by source	166		+
G4-EN9 Water sources significantly affected by withdrawal of water	170		+
G4-EN10 Percentage and total volume of water recycled and reused	166		+
Biodiversity			
DMA Disclosures on Management Approach	170		+
G4-EN11 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	170		+

SPECIFIC STANDARD DISCLOSURES (CONTINUE)

GRI G4 Material Aspects	DMA and Indicators	Omissions, notes	External assurance
G4-EN12 Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas	170		+
G4-EN13 Habitats protected or restored	170		+
G4-EN14 Total number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk	170		+
Emissions			
DMA Disclosures on Management Approach	167		+
G4-EN15 Direct greenhouse gas emissions (Scope 1)	168		+
G4-EN16 Energy indirect greenhouse gas emissions (Scope 2)		No accounting	+
G4-EN17 Other indirect greenhouse gas emissions (Scope 3)		No accounting	+
G4-EN18 Greenhouse gas emissions intensity	169		+
G4-EN19 Reduction of greenhouse gas emissions	168		+
G4-EN20 Emissions of ozone-depleting substances	168		+
G4-EN21 NOx SOx, and other significant air emissions	169		+
Effluents and Waste			
DMA Disclosures on Management Approach	164, 167		+
G4-EN22 Total water discharge by quality and destination	167		+
G4-EN23 Total weight of waste by type and disposal method	164		+
G4-EN24 Total number and volume of significant spills	Not applicable		+
G4-EN25 Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII, and percentage of transported waste shipped internationally	219	Partial disclosure Total weight of transported hazardous substances is not reported	+
G4-EN26 Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the reporting organization's discharges of water and runoff	170		+

SPECIFIC STANDARD DISCLOSURES (CONTINUE)

GRI G4 Material Aspects	DMA and Indicators	Omissions, notes	External assurance
Products and Services			
DMA Disclosures on Management Approach	58		+
G4-EN27 Extent of impact mitigation of environmental impacts of products and services	Not applicable		+
G4-EN28 Percentage of products sold and their packaging materials that are reclaimed by categories	Not applicable		+
Compliance			
DMA Disclosures on Management Approach	174		+
G4-EN29 Monetary value of significant fines and total number of non-monetary sanctions for noncompliance with environmental laws and regulations	174	Partial disclosure Costs related to environmental management system development are not specified	+
General Information			
DMA Disclosures on Management Approach	171		+
G4-EN31 Total environmental protection expenditures and investments by type	172		+
Supplier Environmental Assessment			
DMA Disclosures on Management Approach	106		+
G4-EN32 Percentage of new suppliers that were screened using environmental criteria	106	Partial disclosure Percentage of suppliers that were screened using this criteria is not specified	+
G4-EN33 Significant actual and potential negative environmental impacts in the supply chain and actions taken	106		+
Environmental Grievance Mechanisms			
DMA Disclosures on Management Approach	200		+
G4-EN34 Number of grievances about environmental impacts filed, addressed, and resolved through formal grievance mechanisms	200		+
CATEGORY: SOCIAL			
Labor Practices and Decent Work			
Employment			
DMA Disclosures on Management Approach	153		+


SPECIFIC STANDARD DISCLOSURES (CONTINUE)

GRI G4 Material Aspects	DMA and Indicators	Omissions, notes	External assurance
G4-LA1 Total number and rates of new employee hires and employee turnover by age group, gender and region	134		+
G4-LA2 Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operation	134		+
G4-LA3 Return to work and retention rates after parental leave, by gender	137	Partial disclosure Number of employees that were entitled to parental leave in the reporting period, number of employees that took parental leave are not specified	+
Labor/Management Relations			
DMA Disclosures on Management Approach	132		+
G4-LA4 Minimum notice period(s) regarding significant operational changes, including whether it is specified in collective agreements	133		+
Occupational Health and Safety			
DMA Disclosures on Management Approach	153		+
G4-LA5 Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs	153		+
G4-LA6 Types and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and by gender	154		+
G4-LA7 Workers with high rate of incidence or high risk of diseases related to their occupation	158		+
G4-LA8 Health and safety topics covered in formal agreements with trade unions	133		+
Training and Education			
DMA Disclosures on Management Approach	132, 137, 147		+
G4-LA9 Average hours of training per year per employee by gender, and by employee category	147		+
G4-LA10 Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	147	There is no program for assistance on transitioning to new work/new mode of living for the retired or dismissed employees	+
G4-LA11 Percentage of employees receiving regular performance and career development reviews, by gender and by employee category	132, 145		+

SPECIFIC STANDARD DISCLOSURES (CONTINUE)

GRI G4 Material Aspects	DMA and Indicators	Omissions, notes	External assurance
Supplier Assessment for Labor Practices			
DMA Disclosures on Management Approach	106		+
G4-LA14 Percentage of new suppliers that were screened using labor practices criteria	106	Partial disclosure Percentage of suppliers that were screened using this criteria is not specified	+
G4-LA15 Significant actual and potential negative impacts for labor practices in the supply chain and actions taken	106		+
Labor Practices Grievance Mechanisms			
DMA Disclosures on Management Approach	200		+
G4-LA16 Number of grievances about labor practices filed, addressed, and resolved through formal grievance mechanisms	200		+
HUMAN RIGHTS			
Freedom of Association and Collective Bargaining			
DMA Disclosures on Management Approach	152		+
G4-HR4 Operations and suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and measures taken to support these rights	152	No such operations in the Company; no analysis for the supplies was performed	+
Security Practices			
DMA Disclosures on Management Approach	147		+
G4-HR7 Percentage of security personnel trained in the organization's human rights policies or procedures that are relevant to operations	147		+
SOCIETY			
Local Communities			
DMA Disclosures on Management Approach	160, 188, 197		+
G4-SO1 Percentage of operations with implemented local community engagement, impact assessments, and development programs	188, 197		+
G4-SO2 Operations with significant actual and potential negative impacts on local communities	170, 191		+
Anti-corruption			
DMA Disclosures on Management Approach	82		+
G4-SO3 Total number and percentage of operations assessed for risks related to corruption and the significant risks identified	84		+

SPECIFIC STANDARD DISCLOSURES (CONTINUE)

GRI G4 Material Aspects	DMA and Indicators	Omissions, notes	External assurance
G4-S04 Communication and training on anti-corruption policies and procedures	84	All suppliers and contractors are being informed through procurement documentation and contract terms	+
G4-S05 Confirmed incidents of corruption and actions taken			
Public Policy			
DMA Disclosures on Management Approach	82		+
S06 Total value of political contributions by country and recipient/beneficiary	82, 224		+
Anti-competitive Behavior			
DMA Disclosures on Management Approach	222		+
G4-S07 Total number of legal actions for anti-competitive behaviour, anti-trust, and monopoly practices and their outcomes	222		+
Compliance			
DMA Disclosures on Management Approach	82		+
G4-S08 Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations	223		+
Supplier Assessment for Impacts on Society			
DMA Disclosures on Management Approach	106		+
G4-S09 Percentage of new suppliers that were screened using criteria for impacts on society	106	Partial disclosure Percentage of suppliers that were screened using this criteria is not specified	+

SPECIFIC STANDARD DISCLOSURES (CONTINUE)

GRI G4 Material Aspects	DMA and Indicators	Omissions, notes	External assurance
G4-S010 Significant actual and potential negative impacts on society in the supply chain and actions taken	106		+
Grievance Mechanisms for Impacts on Society			
DMA Disclosures on Management Approach	200		+
G4-S011 Number of grievances about impacts on society filed, addressed, and resolved through formal grievance mechanisms	200		+
PRODUCT RESPONSIBILITY			
Customer Health and Safety			
DMA Disclosures on Management Approach	58, 178		+
G4-PR1 Percentage of significant product and service categories for which health and safety impacts are assessed for improvement	58		+
G4-PR2 Total number of incidents of non-compliance with regulations and voluntary codes concerning the health and safety impacts of products and services during their life cycle, by type of outcomes	178		+
Compliance			
DMA Disclosures on Management Approach	223		+
G4-PR9 Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services	223		+

Appendix 3. Table of Considerations of Proposals Made by TVEL FC Stakeholders

PROPOSALS MADE BY STAKEHOLDERS IN THE REPORTING PERIOD 2013

Proposal	Arrangement	Company response
PROPOSALS MADE BY STAKEHOLDERS IN THE REPORTING PERIOD 2013		
To extend participation of stakeholders in the survey	Dialogue 1	Taken into account
To include in the GRI G4 version transition roadmap the rating of the activity aspects to be disclosed	Dialogue 1	Taken into account
To focus on a basic disclosure level at transition to GRI G4 version	Dialogue 1	Taken into account Transfer to G4 from the year 2014. Comprehensive level
To hold a presentation of JSC "TVEL" Annual Report 2013 at SC "SGChE" and in other regions of presence of the Fuel Company	Dialogue 1	Taken into account
Information should be provided concerning participation of universities comprising the Consortium of ROSATOM Core Universities in scientific and technological activities of the Fuel Company. In particular, there should be disclosed information regarding direction of scientific and technological activity for engagement of the Universities from the Consortium, as well as information regarding compliance of scope of R&D orders financing in Universities with figures included in KPI of the Program for Innovative Development and Technological Modernization of ROSATOM State Corporation up to the year 2020 (scope of R&D orders financing in the Universities as compared to total scope of R&D financing: 4% in 2013, 5% in 2015, etc.)	Dialogue 3	Taken into account
The National Operator for Radioactive Waste Treatment has started its operation in Russia. And now there are some problems related with communications of this organization with CATU, with certain enterprises. The Public Council of ROSATOM State Corporation has established the working group on this issue. Suggestion to the future report - to disclose information regarding the approach to interaction of the Company and SC with the National Operator for Radioactive Waste Management	Public consultations	Will be taken into account at preparation of the next annual reports

PROPOSALS MADE BY STAKEHOLDERS IN THE REPORTING PERIOD 2014

No.	Proposal (stakeholder that has made it)	Arrangement	Company response
1.	In the Table "System of relationships with key stakeholders" the list of key interests of subsidiaries should be supplemented with the following positions: "debureaucratization" and "expansion of areas of responsibility on individual managerial decisions-making" (subsidiary companies)	Dialogue 1	Taken into account

* Dialogue 1 was concerned with discussion of JSC «TVEL» Public Annual Report 2013 concept. Dialogues 2 and 3 were aimed at discussion with stakeholders of priority issues disclosure in the Public Annual Report (Innovative Potential - Basis of TVEL FC Development and TVEL FC Social Capital Management). Dialogue 4 - public consultations on the draft public annual report 2013 of JSC «TVEL».

PROPOSALS MADE BY STAKEHOLDERS IN THE REPORTING PERIOD 2014 (CONTINUE)

No.	Proposal (stakeholder that has made it)	Arrangement	Company response
2.	<ul style="list-style-type: none"> To consider among the priority issues of the annual report the «human capital» along with the «public acceptability» of TVEL FC activity being the most important factor influencing the Company image formation. In my opinion, this activity direction should be disclosed in details in «Respect» subsection; herewith I suggest replacing the word «external» with the word «territorial» in the text «support for external social programs». On consideration of the stated report issues, I believe it appropriate to provide information concerning the work done and the results achieved as compared to those parameters that were stated within the development goals in the previous reports; this may increase credibility and weight of the achieved results (scientific and expert community) 	Dialogue 1	Partially taken into account «Public acceptability» is not included in the priority issues of the Report, however it is considered to be among the priority directions of activity. Respect» Section With regards to recommendations to the name of the sections - will be considered in the next period
3.	Our proposals made at discussions of the Annual Report 2013 have been considered in the concept of the Report 2014 (scientific and expert community)	Dialogue 1	Taken into account
4.	In the concept of the Annual Report 2014 I recommend to exclude the subsection "Fundamental Scientific Activities", since the Fuel Company develops only application-oriented scientific activities, and the fundamental activities fall within field of responsibility of the Russian Academy of Sciences (employees)	Dialogue 1	Taken into account
5.	To add information concerning adjustments in the Company activities made in 2014 with due consideration of political, social, technological, and economic factors (scientific and expert community)	Dialogue 1	Taken into account
6.	We request to add the list of the most significant events of the year 2014 with the information on implementation of the project of fuel promotion for western-design reactors: "The lot of 4 fuel assemblies TVS-KVADRAT has been loaded for pilot production at European PWR reactor"	Dialogue 1	Taken into account
7.	<ul style="list-style-type: none"> The term «granddaughter» (second-tier subsidiary) of JSC «TVEL» should be replaced with the term (notion) provided by legislation, for instance: subsidiaries to the companies that are the subsidiary companies of JSC «TVEL». The contents of sub-themes of the key issue «Human Capital» should be made more concrete; or the goals of priority issues disclosure should be specified (employees) 	Dialogue 1	Taken into account
8.	We suggest inclusion of information on IT projects implementation in the Annual Report (sections "Efficiency" of the chapter 4 "Values and Results") (employees)	Dialogue 1	Taken into account
9.	Explain interrelation of the planned preparation of the Report according to GRI-4 base version that requires disclosure of material aspects, with preservation of the priority issues (business-partners)	Dialogue 1	According to GRI G4 methods the report must disclose the most material aspects (issues) connected with the Company activities. These aspects have been selected based on the survey result, there are 49 of them. Priority issues serve as main accents in the total amount of material information, that is consistent with GRI Guidelines
10.	We suggest including the issue "Safety Culture" into the number of the disclosed aspects, and adding the chapter "Values and Results" with the respective subsection (scientific and expert community)	Dialogue 1	Safety issue is disclosed in the section "Activities in the sphere of nuclear and radiation safety", including management approaches and work with personnel on this matter

* Dialogue 1 was dedicated to discussion of JSC «TVEL» Public Annual Report 2013 concept. Dialogues 2 and 3 were aimed at discussion with stakeholders of priority issues disclosure in the Public Annual Report (TVEL FC: Reliable Supplier, Human Capital of TVEL FC). Dialogue 4 - public consultations on the draft public annual report 2014 of JSC «TVEL».

**PROPOSALS MADE BY STAKEHOLDERS
IN THE REPORTING PERIOD 2014 (CONTINUE)**

No.	Proposal (stakeholder that has made it)	Arrangement	Company response
11.	Under the current economic conditions it would be appropriate to indicate the "bonuses" applied by the Fuel Company within the work with the countries-members of the Economic Unions with Russia (scientific and expert community)	Dialogue 1	Economic Unions with participation of Russia (the Customs Union, BRICS, APEC, etc.) have no additional impact directly on nuclear fuel supplies, otherwise this would be contrary to provisions of the World Trade Organization, where the Russian Federation is a member. JSC "TVEL" operates in all markets in accordance with international practice of delivery terms formation, including with regard to price formation. On the other hand, the Government of the Russian Federation, on signing intergovernmental agreements on behalf of the state, has right to set preferences, for instance, in form of government credit for NPP construction and/or fuel supplies. The Fuel Company remains reliable supplier regardless of such preferences in intergovernmental agreements
12.	<ul style="list-style-type: none"> The section «Fundamental Scientific Activities» should be renamed to «Scientific and Technological Activities». Zero Failure» project should not be referred to «institutions and system-wide relations» with customers, but to «programs and arrangements»; please note this in completion of the Table «System of relationships with key stakeholders». We suggest reconsidering the indicators of relationship performance for TVEL FC with scientific and expert community (employees) 	Dialogue 1	Taken into account
13.	<ul style="list-style-type: none"> Disclosure of the item «Values Impact on Human Capital» should be made more concrete. On preparation of the address from the Chairman of the Board of Directors and the President of JSC «TVEL» the GRI G4 requirements should be considered (scientific and expert community) 	Dialogue 1	Taken into account
14.	In the brief version of the Report there should be used more infographics, tables, descriptive materials than the text, with the view to stimulate interest of the users to the full version of the Report (scientific and expert community)	Dialogue 2	Will be taken into account
15.	The brief version of the Report should reflect assessment of environmental impact. In the last year report this information was disclosed with several declarative statements (scientific and expert community)	Dialogue 2	Will be taken into account
16.	Information on scientific activities should be reflected both in the Report 2014, and in subsequent reports (scientific and expert community)	Dialogue 2	Has been taken into account with regard to information in the Annual Report 2014, will be taken into account with regard to information in the next reports
17.	There should be disclosed information on the work with different levels educational institutions (scientific and expert community)	Dialogue 2	Taken into account

**PROPOSALS MADE BY STAKEHOLDERS
IN THE REPORTING PERIOD 2014 (CONTINUE)**

No.	Proposal (stakeholder that has made it)	Arrangement	Company response
18.	The report ideology should reflect new opportunities and prospects for JSC "TVEL", new markets, including disclosure of import substitution issue (scientific and expert community)	Dialogue 2	Taken into account
19.	It is advisable to provide information on number of claims for products, reduction schedule for the last 10 years. Attention should be focused on the issue of information security (scientific and expert community)	Dialogue 2	Partially taken into account Detailed disclosure of the information security issue is planned for the next year
20.	Describe contribution of TVEL FC into development of regions of presence (local communities)	Dialogue 3	Taken into account
21.	Expand on the issue of arrangements aimed at increase of personnel involvement (subsidiary companies)	Dialogue 3	Taken into account
22.	In the long term, one of Dialogues with stakeholders should be held in subsidiary company or any other industrial facility of JSC "TVEL" (local authorities)	Dialogue 3	Will be taken into account at preparation of the next annual reports
23.	It is advisable that the President of JSC "TVEL" Olenin Yu.A. is present during final dialogue with stakeholders regarding the Annual Report 2014 (scientific and expert community)	Dialogue 3	Will be taken into account at preparation of the next annual reports
24.	The subsequent public dialogues should be held with maximum PR-resources engagement, mass media participation, including industrial and national channels	Dialogue 3	Will be taken into account at preparation of the next annual reports
25.	It is considered essential to disclose the issue "Production Efficiency and Involvement of JSC "TVEL" personnel", including employee turnover, number of proposals for technical improvement, period of service, qualification structure, workers' and engineers' dynasties, levels of salary by categories of workers, system of penalties and bonuses, participation of employees in anti-corruption efforts, etc. (scientific and expert community)	Dialogue 3	Partially taken into account
26.	Qualitative indicators should be disclosed: efficiency of capital, labor, investments, wage/labor productivity increase ratio. Herewith efficiency should be calculated as ratio of newly created value (proceeds less outsourced services and procurements) to personnel capacity. In this connection, there should be considered issues of outsourcing and engagement of contractors to production programs implementation (scientific and expert community)	Dialogue 3	Partially taken into account
27.	Reflect in the report the indicators of return on assets and employment of industrial capacity (scientific and expert community)	Dialogue 3	Will be taken into account at preparation of the next annual reports
28.	Disclose implementation by the Company of the principle of the best available technologies with minimal negative environmental impact, prudent use of natural resources (scientific and expert community)	Dialogue 3	Will be taken into account at preparation of the next annual reports
29.	In the report JSC "TVEL" should identify itself as "green" production integrator, including in the field of separate waste collection and processing, water recycling, incoming material and equipment control, production waste disposal, reduction of emissions from boilers, etc. (scientific and expert community)	Dialogue 3	Partially taken into account

**PROPOSALS MADE BY STAKEHOLDERS
IN THE REPORTING PERIOD 2014 (CONTINUE)**

No.	Proposal (stakeholder that has made it)	Arrangement	Company response
30.	In the long term there should be held annual voluntary environment audit with engagement of Oka Ecology Movement, as independent assessment of the Company compliance with environmental requirements (scientific and expert community)	Dialogue 3	Will be considered by specialized departments of JSC "TVEL"
31.	To ensure the clarity principle it is important to explain the content of the key performance indicators (of ROSATOM State Corporation)	Dialogue 4	Taken into account
32.	To hold presentation of the Annual Report of JSC "TVEL" in the territory of SC "SGChE", SC "PA ECP"	Dialogue 4	Will be taken in account at promition of the Report 2014
33.	The products transportation safety is one of the components of the Company activities in NRS sphere; it is important to disclose this issue in the report (state control authorities)	Dialogue 4	Taken into account
34.	It is important to place emphasis in the report, that release of radionuclide into the atmosphere are within the permissible levels during the reporting year (state control authorities)	Dialogue 4	Taken into account
35.	Based on the results of the year 2014 PJSC "MSZ" was awarded by International Environmental Organization "GREENLIGHT" for its efforts aimed at implementation of the action plan for environmental culture development and safety improving; this fact must be noted in the report (non-governmental organizations)	Dialogue 4	Will be taken into account at preparation of the next annual reports
36.	The report should briefly inform on implementation of the corporate social program for non-working retirees (non-governmental organizations)	Dialogue 4	Taken into account
37.	Please consider the possibility of creation in JSC "TVEL" of vertically-integrated veterans organization	Dialogue 4	Will be considered by specialized departments of JSC "TVEL"
38.	It is advisable that the report reveals information on the results of CATU development programs implementation	Dialogue 4	Will be taken into account at preparation of the next annual reports
39.	Please consider the possibility of inclusion into the report of brief comments by the experts in environment protection and NRS	Dialogue 4	Will be taken into account at preparation of the next annual reports
40.	Recommendation to the future report: the environmental issue must pervade the whole Report, it is of great importance for new markets (scientific and expert community)	Dialogue 4	Will be taken into account at preparation of the next annual reports
41.	How difficult the transition to GRI G4 turned to be? In the Report there should be noted the actions made to implement new version of the Guidelines (subsidiary companies)	Dialogue 4	Will be taken into account within the statements of the Committee on Public Reporting
42.	It is advisable that the Report reveals the information concerning TVS-KVADRAT (scientific and expert community)	Dialogue 4	Taken into account
43.	I suggest disclosure of information concerning unique system of radiation and chemical situation in Zelenogorsk (scientific and expert community)	Dialogue 4	Will be taken into account at preparation of the next annual reports

Appendix 4. Report on Compliance with Provisions of the Corporate Governance Code Recommended by Letter of the Central Bank of the Russian Federation d/d April 10, 2014 No. 06-52/2463

Provisions of the Corporate Governance Code

Compliance or non-compliance

I. SHAREHOLDER RIGHTS AND EQUALITY OF CONDITIONS FOR SHAREHOLDERS EXERCISING THEIR RIGHTS	
1.1. The company should ensure equal and fair treatment of all its shareholders in the course of exercise by them of their rights to participate in the management of the company	
1.1.1. The company should create most favourable conditions for its shareholders enabling them to participate in the general meeting and develop informed positions on issues on its agenda, as well as provide them with the opportunity to coordinate their actions and express their opinions on issues being discussed	Not applicable, because the Company has the sole shareholder
1.1.2. Procedures for notification of the general meeting and provision of materials for it should enable the shareholders to get properly prepared for participation therein	Not applicable, because the Company has the sole shareholder
1.1.3. During the preparation for and holding of the general meeting, the shareholders should be able to freely and timely receive information about the meeting and its materials, to pose questions to members of the company's executive bodies and board of directors, and to communicate with each other	Not applicable, because the Company has the sole shareholder
1.1.4. There should be no unjustified difficulties preventing shareholders from exercising their right to demand that a general meeting be convened, nominate candidates to the company's governing bodies, and to place proposals on its agenda	Not applicable, because the Company has the sole shareholder
1.1.5. Each shareholder should be able to freely exercise his right to vote in a straightforward and most convenient way	Not applicable, because the Company has the sole shareholder
1.1.6. Procedures for holding a general meeting set by the company should provide equal opportunity to all persons present at the general meeting to express their opinions and ask questions that might be of interest to them	Not applicable, because the Company has the sole shareholder
1.2. Shareholders should have equal and fair opportunities to participate in the profits of the company by means of receiving dividends	
1.2.1. The company should develop and put in place a transparent and clear mechanism for determining the amount of dividends and their payment	Dividend policy of the Company is determined by ROSATOM State Corporation based on financial results, investment plans of the Company, TVEL Fuel Company, and the industry
1.2.2. The company should not make a decision on the payment of dividends, if such decision, without formally violating limits set by law, is unjustified from the economic point of view and might lead to the formation of false assumptions about the company's activity	
1.2.3. The company should not allow deterioration of dividend rights of its existing shareholders	
1.2.4. The company should strive to rule out any ways through which its shareholders can obtain any profit or gain at the company's expense other than dividends and distributions of its liquidation value	
1.3. The system and practices of corporate governance should ensure equal terms and conditions for all shareholders owning shares of the same class (category) in a company, including minority and foreign shareholders, as well as their equal treatment by the company	Not applicable, because the Company has the sole shareholder
1.3.1. The company should create conditions which would enable its governing bodies and controlling persons to treat each shareholder fairly, in particular, which would rule out the possibility of any abuse of minority shareholders by major shareholders	Not applicable, because the Company has the sole shareholder
1.3.2. The company should not perform any acts which will or might result in artificial reallocation of corporate control therein	Not applicable, because the Company has the sole shareholder
1.4. The shareholders should be provided with reliable and efficient means of recording their rights in shares, as well as with the opportunity to freely dispose of such shares in a non-onerous manner	Not applicable, because the Company has the sole shareholder

REPORT ON COMPLIANCE WITH PROVISIONS OF THE CORPORATE GOVERNANCE CODE RECOMMENDED BY LETTER OF THE CENTRAL BANK OF THE RUSSIAN FEDERATION D/D APRIL 10, 2014 NO. 06-52/2463 (CONTINUE)

Provisions of the Corporate Governance Code	Compliance or non-compliance
II. BOARD OF DIRECTORS OF THE COMPANY	
2.1. The board of directors shall be in charge of strategic management of the company, determine major principles of and approaches to creation of a risk management and internal control system within the company, monitor the activity of the company's executive bodies, and carry out other key functions	
2.1.1. The board of directors should be responsible for decisions to appoint and remove [members] of executive bodies, including in connection with their failure to properly perform their duties. The board of directors should also procure that the company's executive bodies act in accordance with an approved development strategy and main business goals of the company	Compliance
2.1.2. The board of directors should establish basic long-term targets of the company's activity, evaluate and approve its key performance indicators and principal business goals, as well as evaluate and approve its strategy and business plans in respect of its principal areas of operations	Compliance
2.1.3. The board of directors should determine principles of and approaches to creation of the risk management and internal control system in the company	Compliance
2.1.4. The board of directors should determine the company's policy on remuneration due to and/or reimbursement of costs incurred by its board members, members of its executive bodies and other key managers	Compliance
2.1.5. The board of directors should play a key role in prevention, detection and resolution of internal conflicts between the company's bodies, shareholders and employees	Compliance
2.1.6. The board of directors should play a key role in procuring that the company is transparent, discloses information in full and in due time, and provides its shareholders with unhindered access to its documents	Compliance
2.1.7. The board of directors should monitor the company's corporate governance practices and play a key role in its material corporate events	Compliance
2.2. The board of directors should be accountable to the company's shareholders	
2.2.1. Information about the board of directors' work should be disclosed and provided to the shareholders	Compliance
2.2.2. The chairman of the board of directors must be available for communication with the company's shareholders	Compliance
2.3. The board of directors should be an efficient and professional governing body of the company which is able to make objective and independent judgements and pass resolutions in the best interests of the company and its shareholders	
2.3.1. Only persons with impeccable business and personal reputation should be elected to the board of directors; such persons should also have knowledge, skills, and experience necessary to make decisions that fall within the jurisdiction of the board of directors and to perform its functions efficiently	Compliance
2.3.2. The board members should be elected pursuant to a transparent procedure enabling the shareholders to obtain information about respective candidates sufficient for them to get an idea of the candidates' personal and professional qualities	Compliance
2.3.3. The composition of the board of directors should be balanced, in particular, in terms of qualifications, expertise, and business skills of its members. The board of directors should enjoy the confidence of the shareholders	Compliance
2.3.4. The membership of the board of directors of the company must enable the board to organize its activities in a most efficient way, in particular, to create committees of the board of directors, as well as to enable substantial minority shareholders of the company to elect a candidate to the board of directors for whom they would vote	Not applicable, because the Company has the sole shareholder

REPORT ON COMPLIANCE WITH PROVISIONS OF THE CORPORATE GOVERNANCE CODE RECOMMENDED BY LETTER OF THE CENTRAL BANK OF THE RUSSIAN FEDERATION D/D APRIL 10, 2014 NO. 06-52/2463 (CONTINUE)

Provisions of the Corporate Governance Code	Compliance or non-compliance
2.4. The board of directors should consist of sufficient number of independent directors	
2.4.1. An independent director should mean any person who possesses required professional skills and expertise and is sufficiently able to have his/her own position and make objective and bona fide judgements, free from the influence of the company's executive bodies, any individual group of its shareholders or other stakeholders. It should be noted that under normal circumstances, a candidate (or a member of board of directors) may not be considered as independent if he/she is associated with the company, any of its substantial shareholders, material trading partners or competitors, or the government	Compliance
2.4.2. It is recommended to evaluate compliance of the candidates nominated to the board of directors with the independence criteria as well as to review on a regular basis compliance of independent board members with the independence criteria. During such evaluation substance should take precedence over form	Non compliance
2.4.3. It is recommended that independent directors form at least one-third of all directors elected to the board of directors	Non compliance
2.4.4. Independent directors should play a key role in prevention of internal conflicts in the company, and in performance by the latter of material corporate actions	Non compliance
2.5. The chairman of the board of directors should contribute to the most efficient performance of functions imposed on the board of directors	
2.5.1. It is recommended to either elect an independent director to the position of the chairman of the board of directors or identify the senior independent director from among the company's independent directors who would coordinate work of the independent directors and cooperate with the chairman of the board of directors	Non compliance
2.5.2. The board chairman should ensure that board meetings are held in a constructive atmosphere and that any items on the meeting agenda are discussed freely. The chairman should also monitor fulfilment of decisions made by the board of directors	Compliance
2.5.3. The chairman of the board of directors should take any and all measures as may be required to provide the board members in a timely fashion with information required to make decisions on issues on the agenda	Compliance
2.6. Board members must act reasonably and in good faith in the best interests of the company and its shareholders, being sufficiently informed, with due care and diligence	
2.6.1. Acting reasonably and in good faith means that board members should make decisions considering all available information, in the absence of a conflict of interest, treating shareholders of the company equally, and assuming normal business risks	Compliance
2.6.2. Rights and duties of the board members should be clearly stated and documented in the company's internal documents	Compliance
2.6.3. Board members should have sufficient time to perform their duties	Compliance
2.6.4. All board members should have equal opportunity to access the company's documents and information. Newly elected board members should be provided with sufficient information about the company and the work of its board of directors as soon as practicable	Compliance
2.7. Meetings of the board of directors, preparation for them, and participation of board members therein should ensure efficient work of the board	
2.7.1. It is recommended to hold meetings of the board of directors as and when necessary, with due account of the company's scope of activities and its then current goals	Compliance

REPORT ON COMPLIANCE WITH PROVISIONS OF THE CORPORATE GOVERNANCE CODE RECOMMENDED BY LETTER OF THE CENTRAL BANK OF THE RUSSIAN FEDERATION D/D APRIL 10, 2014 NO. 06-52/2463 (CONTINUE)

Provisions of the Corporate Governance Code	Compliance or non-compliance
2.7.2. It is recommended to develop a procedure for preparing for and holding meetings of the board of directors and set it out in the company's internal documents. The above procedure should enable the shareholders to get prepared properly for such meetings	Compliance
2.7.3. The form of a meeting of the board of directors should be determined with due account of importance of issues on the agenda of the meeting. Most important issues should be decided at the meetings held in presentia	Compliance
2.7.4. Decisions on most important issues relating to the company's business should be made at a meeting of the board of directors by a qualified majority vote or by a majority vote of all elected board members	Compliance
2.8. The board of directors should form committees for preliminary consideration of most important issues of the company's business	JSC "AEP" performs the functions of the sole shareholder of JSC "TVEL". Professional composition of the Board of Directors is formed by the sole shareholders with due account of the ability to complete the allotted tasks. The Board of Directors consists mainly of outside directors (that are not the company's employees), professionals who have wide experience in the industry and understand the specifics of the nuclear industry and the company activities. The relevant divisions of ROSATOM State Corporation perform the functions of the Board committees
2.8.1. For the purpose of preliminary consideration of any matters of control over the company's financial and business activities, it is recommended to form an audit committee comprised of independent directors	
2.8.2. For the purpose of preliminary consideration of any matters of development of efficient and transparent remuneration practices, it is recommended to form a remuneration committee comprised of independent directors and chaired by an independent director who should not concurrently be the board chairman	
2.8.3. For the purpose of preliminary consideration of any matters relating to human resources planning (making plans regarding successor directors), professional composition and efficiency of the board of directors, it is recommended to form a nominating committee (a committee on nominations, appointments and human resources) with a majority of its members being independent directors	
2.8.4. Taking account of its scope of activities and levels of related risks, the company should form other committees of its board of directors, in particular, a strategy committee, a corporate governance committee, an ethics committee, a risk management committee, a budget committee or a committee on health, security and environment, etc	
2.8.5. The composition of the committees should be determined in such a way that it would allow a comprehensive discussion of issues being considered on a preliminary basis with due account of differing opinions	
2.8.6. The chairmen of the committees should inform the board of directors and its chairman of the work of their committees on a regular basis	
2.9. The board of directors should procure evaluation of quality of its work and that of its committees and board members	
2.9.1. Evaluation of quality of the board of directors' work should be aimed at determining how efficiently the board of directors, its committees and board members work, and whether their work meets the company's needs, as well as at making their work more intensive, and identifying areas of improvement	
2.9.2. Quality of work of the board of directors, its committees and board members should be evaluated on a regular basis, at least once a year. To carry out an independent evaluation of the quality of the board of directors' work, it is recommended to engage a third party entity (consultant) on a regular basis, at least once every three years	
III. CORPORATE SECRETARY OF THE COMPANY	
3.1. The company's corporate secretary shall be responsible for efficient interaction with its shareholders, coordination of the company's actions aimed to protect the rights and interests of its shareholders, and support of efficient work of its board of directors	
3.1.1. The corporate secretary should have knowledge, experience, and qualifications sufficient for performance of his/her duties, as well as an impeccable reputation, and should enjoy the trust of the shareholders	The Secretary of the Board of Directors perform the functions of the corporate secretary. Compliance

REPORT ON COMPLIANCE WITH PROVISIONS OF THE CORPORATE GOVERNANCE CODE RECOMMENDED BY LETTER OF THE CENTRAL BANK OF THE RUSSIAN FEDERATION D/D APRIL 10, 2014 NO. 06-52/2463 (CONTINUE)

Provisions of the Corporate Governance Code	Compliance or non-compliance
3.1.2. The corporate secretary should be sufficiently independent of the company's executive bodies, and be vested with powers and resources required to perform his/her tasks	Compliance
IV. SYSTEM OF REMUNERATION OF MEMBERS OF THE BOARD OF DIRECTORS, THE EXECUTIVE BODIES, AND OTHER KEY MANAGERS OF THE COMPANY.	
4.1. The level of remuneration paid by the company should be sufficient to enable it to attract, motivate, and retain persons having required skills and qualifications. Remuneration of to board members, the executive bodies, and other key managers of the company should be paid in accordance with a remuneration policy approved by the company	
4.1.1. It is recommended that the level of remuneration paid by the company to its board members, executive bodies, and other key managers should be sufficient to motivate them to work efficiently and enable the company to attract and retain knowledgeable, skilled, and duly qualified persons. The company should avoid setting the level of remuneration higher than necessary, as well as an excessively large gap between the level of remuneration of any of the above persons and that of the company's employees	Compliance
4.1.2. The company's remuneration policy should be developed by its remuneration committee and approved by the board of directors. With the help of its remuneration committee, the board of directors should monitor implementation of and compliance with the remuneration policy by the company and, should this be necessary, review and amend the same	Non compliance, because in the Board of Directors there are no committees and commissions, including a remuneration committee. Documents that determine the company's policy on remuneration of the executive heads and the personnel are developed and approved by Directors General of the enterprises of the Fuel Company based on Standard provision for labor remuneration approved by the President of JSC "TVEL". Standard provision for labor remuneration is developed based on the Guidelines for the Unified standard remuneration system of ROSATOM State Corporation. Terms of remuneration of the President of JSC "TVEL" are specified in the labor contract, approved by the Board of Directors of JSC "TVEL"
4.1.3. The company's remuneration policy should provide for transparent mechanisms to be used to determine the amount of remuneration due to members of the board of directors, the executive bodies, and other key managers of the company, as well as to regulate any and all types of payments, benefits, and privileges provided to any of the above persons	Compliance
4.1.4. The company is recommended to develop a policy on reimbursement of expenses (compensations) which would contain a list of reimbursable expenses, and specify service levels provided to members of the board of directors, the executive bodies, and other key managers of the company. Such policy can form part of the company's remuneration policy	Compliance
4.2. The system of remuneration of the board members should ensure rapprochement of financial interests of the directors with long-term financial interests of the shareholders	
4.2.1. A fixed annual fee shall be a preferred form of monetary remuneration of the board members. It is not advisable to pay a fee for participation in individual meetings of the board of directors or its committees. It is not advisable to use any form of short-term incentives or additional financial incentives in respect of the board members	Compliance

REPORT ON COMPLIANCE WITH PROVISIONS OF THE CORPORATE GOVERNANCE CODE RECOMMENDED BY LETTER OF THE CENTRAL BANK OF THE RUSSIAN FEDERATION D/D APRIL 10, 2014 NO. 06-52/2463 (CONTINUE)

Provisions of the Corporate Governance Code	Compliance or non-compliance
4.2.2. Long-term ownership of shares in the company contributes most to aligning financial interests of the board members with long-term interests of the company's shareholders. However, it is not recommended to condition the right to dispose of shares in terms of achievement by the company of certain performance results; nor should board members take part in the company's option plans	Compliance
4.2.3. It is not recommended to provide for any additional allowance or compensation in the event of early dismissal of the board members in connection with a change of control over the company or other circumstances	Compliance
4.3. The system of remuneration of the executive bodies and other key managers of the company should provide that their remuneration is dependent on the company's performance results and their personal contributions to the achievement thereof	
4.3.1. Remuneration of the executive bodies and other key managers of the company should be set in such a way as to procure a reasonable and justified ratio between its fixed portion and its variable portion that is dependent on the company's performance results and employees' personal (individual) contributions to the achievement thereof	Compliance
4.3.2. Companies whose shares are admitted to trade are recommended to implement a long-term incentive program for the company's executive bodies and other key managers involving the company's shares (or options or other derivative financial instruments the underlying assets for which are the company's shares)	Not applicable, because the shares of the Company are not traded on securities exchanges
4.3.3. The amount of severance pay (so-called "golden parachute") payable by the company in the event of early dismissal of an executive body or other key manager at the initiative of the company, provided that there have been no bad faith actions on the part of such person, should not exceed two times the fixed portion of his/her annual remuneration	Compliance

V. RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM

5.1. The company should develop an efficient risk management and internal control system aimed to provide reasonable confidence in achievement of the company's goals	
5.1.1. The board of directors should determine the principles of and approaches to creation of the risk management and internal control system in the company	Compliance
5.1.2. The company's executive bodies should ensure the establishment and continuing operation of the efficient risk management and internal control system in the company	Compliance
5.1.3. The company's risk management and internal control system should enable one to obtain an objective, fair and clear view of the current condition and prospects of the company, integrity and transparency of its accounts and reports, and reasonableness and acceptability of risks being assumed by the company	Compliance
5.1.4. The board of directors is recommended to take required and sufficient measures to procure that the existing risk management and internal control system of the company is consistent with the principles of and approaches to its creation as set forth by the board of directors, and that it operates efficiently	Compliance
5.2. For independent evaluation, on a regular basis, reliability and efficiency of the risk management and internal control system and corporate governance practices, the company should arrange for internal audits	

REPORT ON COMPLIANCE WITH PROVISIONS OF THE CORPORATE GOVERNANCE CODE RECOMMENDED BY LETTER OF THE CENTRAL BANK OF THE RUSSIAN FEDERATION D/D APRIL 10, 2014 NO. 06-52/2463 (CONTINUE)

Provisions of the Corporate Governance Code	Compliance or non-compliance
5.2.1. It is recommended that internal audits be carried out by a separate structural division (internal audit department) to be created by the company or through engagement of an independent third-party entity. To ensure the independence of the internal audit department, it should have separate lines of functional and administrative reporting. Functionally, the internal audit department should report to the board of directors, while from the administrative standpoint, it should report directly to the company's sole executive body	Compliance
5.2.2. When carrying out an internal audit, it is recommended to evaluate efficiency of the internal control system and the risk management system, as well as to evaluate corporate governance, and apply generally accepted standards of internal auditing	Compliance

VI. DISCLOSURE OF INFORMATION ABOUT THE COMPANY AND ITS INFORMATION POLICY

6.1. The company and its activities should be transparent to its shareholders, investors, and other stakeholders	
6.1.1. The company should develop and implement an information policy enabling the company to efficiently exchange information with its shareholders, investors, and other stakeholders	Compliance
6.1.2. The company should disclose information on its corporate governance system and practices, including detailed information on compliance with the principles and recommendations of this Code	Compliance
6.2. The company should disclose, on a timely basis, full, updated and reliable information about itself so as to enable its shareholders and investors to make informed decisions	
6.2.1. The company should disclose information in accordance with the principles of regularity, consistency and timeliness, as well as accessibility, reliability, completeness and comparability of disclosed data	Compliance
6.2.2. The company is advised against using a formalistic approach to information disclosure; it should disclose material information on its activities, even if disclosure of such information is not required by law	Compliance
6.2.3. The company's annual report, as one of the most important tools of its information exchange with its shareholders and other stakeholders, should contain information enabling one to evaluate the company's performance results for the year	Compliance
6.3. The company should provide information and documents requested by its shareholders in accordance with the principle of equal and unhindered accessibility	
6.3.1. Exercise by the shareholders of their right to access the company's documents and information should not be unreasonably burdensome	Compliance
6.3.2. When providing information to its shareholders, the company should maintain a reasonable balance between the interests of individual shareholders and its own interests related to the fact that the company is interested in keeping confidential sensitive business information that might have a material impact on its competitiveness	Compliance

VII. MATERIAL CORPORATE ACTIONS

7.1. Any actions which will or may materially affect the company's share capital structure and its financial position and, accordingly, the position of its shareholders ("material corporate actions") should be taken on fair terms and conditions ensuring that the rights and interests of the shareholders as well as other stakeholders are observed

REPORT ON COMPLIANCE WITH PROVISIONS OF THE CORPORATE GOVERNANCE CODE RECOMMENDED BY LETTER OF THE CENTRAL BANK OF THE RUSSIAN FEDERATION D/D APRIL 10, 2014 NO. 06-52/2463 (CONTINUE)

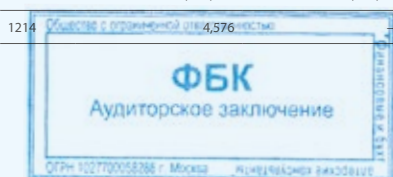
Provisions of the Corporate Governance Code	Compliance or non-compliance
7.1.1. Material corporate actions shall be deemed to include reorganisation of the company, acquisition of 30 or more percent of its voting shares (takeover), entering by the company into any material transactions, increasing or decreasing its share capital, listing and delisting of its shares, as well as other actions which might result in material changes in rights of shareholders or violation of their interests. It is recommended to include in the company's articles of association a list of (criteria for identifying) transactions or other actions falling within the category of material corporate actions and provide therein that decisions on any such actions should fall within the jurisdiction of the company's board of directors	Compliance
7.1.2. The board of directors should play a key role in passing resolutions or making recommendations relating to material corporate actions; for that purpose it should rely on opinions of the company's independent directors	Compliance
7.1.3. When taking any material corporate actions which would affect rights or legitimate interests of the company's shareholders, equal terms and conditions should be ensured for all of the shareholders; if statutory mechanisms designed to protect the shareholder rights prove to be insufficient for that purpose, additional measures should be taken with a view to protecting the rights and legitimate interests of the company's shareholders. In such instances, the company should not only seek to comply with the formal requirements of law but should also be guided by the principles of corporate governance set out in the present Code	Compliance
7.2. The company should develop such a procedure for taking any material corporate actions that would enable its shareholders to receive full information about such actions in due time and influence them, and that would also guarantee that the shareholder rights are observed and duly protected in the course of taking such actions	
7.2.1. When disclosing information about material corporate actions, it is recommended to give explanations concerning reasons for, conditions and consequences of such actions	Compliance
7.2.2. Rules and procedures in relation to material corporate actions taken by the company should be set out in its internal documents	Compliance

Appendix 5. Financial Statements for the year 2014

BALANCE SHEET AS OF DECEMBER 31, 2014

		Codes
Organization	Joint Stock Company "TVEL"	Form under OKUD 0710001
Taxpayer Identification Number	7706123550	Date (day, month, year) 31.12.2014
Type of business	Production of nuclear fuel	under OKPO 45046040
Form of incorporation / form of ownership	Joint Stock Company	under OKVED 23.30
Measurement unit	thous. RUB	under OKOPF / OKFS 12200/16
Location (address)	24, Bolshaya Ordynka St, Moscow, 119017	under OKEI 384 (385)

Index description	Code	As of December 31, 2014	As of December 31, 2013	As of December 31, 2012
ASSETS				
I. Non-current assets				
Intangible assets	1110	1,230,846	744,233	418,026
Results of research and development	1120	740,754	1,758,298	1,768,853
Intangible development assets	1130	—	—	—
Tangible development assets	1140	—	—	—
Fixed assets	1150	274,047	301,118	264,814
Buildings, vehicles, equipment, etc.	1151	273,996	286,641	213,382
Capital investments in progress	1152	51	13,991	1,092
Advances to suppliers	1153	—	486	50,340
Income-bearing investments in tangibles	1160	485,646	2,488,089	2,823,171
Financial investments	1170	227,032,338	229,717,502	227,731,322
Deferred tax assets	1180	805,569	—	—
Other non-current assets	1190	3,621,900	2,876,209	2,142,253
Total I	1100	234,191,100	237,885,449	235,148,439
II. Current assets				
Stock	1210	93,806,971	85,822,038	70,010,415
Raw, materials and other similar assets	1211	6,884,676	7,809,561	8,913,840
Work in progress expenditures	1212	70,817,625	62,859,501	49,505,259
Finished products and goods for resale	1213	16,100,094	15,152,976	11,418,279
Shipped goods	1214	4,576	—	173,037



**BALANCE SHEET
AS OF DECEMBER 31, 2014 (CONTINUED)**

Index description	Code	As of December 31, 2014	As of December 31, 2013	As of December 31, 2012
Other stock and expenses	1219	—	—	—
Value added tax on purchased assets	1220	12,250,848	11,356,957	9,059,577
Accounts receivable	1230	19,644,302	18,674,064	16,522,026
Settlements with buyers and customers	1231	8,435,864	6,476,450	11,067,812
Advances made	1232	4,596,807	3,607,282	2,455,638
Other debtors	1233	6,611,631	8,590,332	2,998,576
Unclaimed accrued revenue	1234	—	—	—
Financial investments (excluding cash)	1240	1,437,730	547,687	3,454,314
Cash	1250	5,651,930	2,390,128	4,382,332
Other current assets	1260	327,915	200,709	1,101,254
Total II	1200	133,119,696	118,991,583	104,529,918
BALANCE	1600	367,310,796	356,877,032	339,678,357
LIABILITIES				
III. Capital and reserves				
Equity capital (pooled capital, collective capital, contribution of partners)	1310	22,962	22,962	22,962
Own shares redeemed from shareholders	1320	(—)	(—)	(—)
Revaluation of non-current assets	1340	—	—	—
Additional capital (without revaluation)	1350	181,734,382	181,524,792	181,735,153
Reserve capital	1360	103,393	8,972	26,798
Reserves formed in accordance with legislation	1361	102,245	7,824	25,650
Reserves formed in accordance with founding documents	1362	1,148	1,148	1,148
Undistributed profit (uncovered loss)	1370	82,458,042	89,864,036	91,676,694
Total III	1300	264,318,779	271,420,762	273,461,607
IV. Long-term liabilities				
Borrowed funds	1410	12,751,384	7,993,031	3,735,233
Deferred tax liabilities	1420	—	122,375	174,975
Estimated liabilities	1430	—	—	—
Other liabilities	1450	901,345	981,324	586,912
Total IV	1400	13,652,729	9,096,730	4,497,120
V. Short-term liabilities				
Borrowed funds	1510	48,464,746	33,732,964	27,910,479
Accounts payable	1520	40,025,246	41,488,165	32,519,968
Suppliers and contractors	1521	22,127,329	22,100,035	14,441,780
Advances received	1522	15,487,422	16,663,672	17,820,789
Accounts payable to employees	1523	1,369	191	611
Accounts payable to state non-budget bodies	1524	68	—	—
Accounts payable in respect of taxes and levies	1525	7,440	14,624	70,901
Other creditors	1526	2,401,618	2,709,643	185,887

**BALANCE SHEET
AS AT DECEMBER 31, 2014 (CONTINUED)**

Index description	Code	As of December 31, 2014	As of December 31, 2013	As of December 31, 2012
Deferred income	1530	863	1,082	1,631
Estimated liabilities	1540	817,560	817,893	1,224,600
Settlements with founding parties under share capital payments	1545	—	—	—
Target financing	1546	4,758	6,961	6,961
Accounts payable to customers	1547	—	—	—
Other liabilities	1550	26,115	312,475	55,991
Total V	1500	89,339,288	76,359,540	61,719,630
BALANCE	1700	367,310,796	356,877,032	339,678,357

Director

(signature)

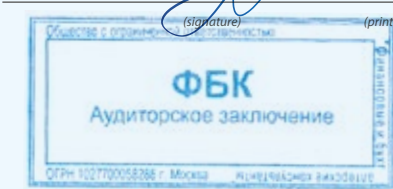


N.V. Nikipelova
(printed name)

"10" March 2015

Chief accountant

(signature)



M.N. Guseva
(printed name)

**PROFIT AND LOSS STATEMENT
FOR THE YEAR 2014**

		Codes	
Organization	Joint Stock Company "TVEL"	Form under OKUD	0710002
Taxpayer Identification Number	7706123550	Date (day, month, year)	31.12.2014
Type of business	Production of nuclear fuel	under OKPO	45046040
Form of incorporation / form of ownership	Joint Stock Company	under OKVED	23.30
Measurement unit	thous. RUB	under OKOPF / OKFS	12200/16
Location (address)	24, Bolshaya Ordynka st., Moscow, 119017	under OKEI	384

Comments	Index description	Code	Over 12 months of 2014	Over 12 months of 2013
4.18	Proceeds, including	2110	104,744,083	106,701,619
	proceeds from sale of own products		91,926,890	87,398,527
	proceeds from sale of goods		4,408,433	3,432,368
	proceeds from carrying out work, rendering services		8,408,760	15,870,724
4.18	Prime cost of sales, including	2120	(73,468,125)	(75,722,527)
	prime cost of sales of own products		(60,241,196)	(57,891,889)
	prime cost of sales of goods		(3,862,952)	(2,841,502)
	prime cost of carried out work, rendered services		(9,363,977)	(14,989,136)
	Gross profit (loss)	2100	31,275,958	30,979,092
4.18	Commercial expenses	2210	(1,434,863)	(1,302,238)
4.18	Management expenses	2220	(6,667,305)	(6,803,476)
	Sales profit (loss)	2200	23,173,790	22,873,378
4.19	Income from participation in other entities	2310	3,045,811	4,150,891
4.19	Interest receivable	2320	249,288	457,967
4.19	Interest payable	2330	(2,571,955)	(1,697,016)
6.19	Other income, including	2340	2,413,092	867,122
	Income from sales of fixed assets (net)		1,676,010	467,550
	Income from leased out of fixed assets, lease (net) of long lead equipment		369,519	2,784
	Income from currency purchase and sale transactions		—	64,090
	Income from inventory surplus and other property as a result of inventory check		130,634	240,655
4.19	Other expenses, including	2350	(16,325,201)	(6,295,796)
	Depreciated value of fixed assets for sale		(1,662,643)	(348,486)
	Expenses for provisions for financial investments impairment		(3,353,130)	(250,567)
	Expenses from currency differences on liabilities and assets in foreign currency		(8,709,612)	(1,353,059)

**PROFIT AND LOSS STATEMENT
FOR THE YEAR 2014 (CONTINUED)**

Comments	Index description	Code	Over 12 months of 2014	Over 12 months of 2013
	Expenses for derivative financial instrument		(851,675)	(2,150,397)
	Expenses for R&D and design and survey work with positive but not recognized as assets deliverables		(—)	(1,242,176)
	Other expenses		(—)	(367,743)
	Income (loss) before tax	2300	9,984,825	20,356,546
	Current profit tax	2410	(2,421,195)	(3,632,569)
4.17	including permanent tax liabilities (assets)	2421	(105,318)	(338,492)
4.17	Changes in deferred tax liabilities	2430	203,194	1,172
4.17	Changes in deferred tax assets	2450	724,643	51,428
	Other	2460	20,344	(104,508)
	Redistribution of profit tax within consolidated group of taxpayers	2465	339,026	452,761
	Net profit (loss)	2400	8,850,837	17,124,830

FOR REFERENCE ONLY				
	Result of revaluation of non-current assets not included in net profit (loss) of the period	2510	—	—
	Result of other operations not included in net profit (loss) of the period	2520	209,589	(210,361)
	Cumulative financial result for the period	2500	9,060,426	16,914,469
4.20	Basic earnings (loss) per share	2900	0.4	1
	Diluted earnings (loss) per share	2910	—	—

Director

(signature)



"10" March 2015

Chief accountant

(signature)



M.N. Guseva

CAPITAL STATEMENT FOR THE YEAR 2014

		Codes
Organization	Joint Stock Company "TVEL"	Form under OKUD 0710003
Taxpayer Identification Number	7706123550	Date (day, month, year) 31.12.2014
Type of business	Production of nuclear fuel	under OKPO 45046040
Form of incorporation / form of ownership	Joint Stock Company	under OKVED 23.30
Measurement unit	thous. RUB	under OKOPF / OKFS 12200/16
Location (address)	24, Bolshaya Ordynka St, Moscow, 119017	under OKEI 384

1. Flow of capital

Index description	Code	Equity capital	Own shares redeemed from shareholders	Additional capital	Reserve capital	Retained earnings (uncovered loss)	Total
Value of the capital as of December 31, 2012	3100	22,962	—	181,735,153	26,798	91,676,694	273,461,607
FOR THE YEAR 2013							
Increase of the capital - total:	3210	—	—	394,731	3,384,125	17,124,830	20,903,686
including:							
net profit	3211	x	x	x	x	17,124,830	17,124,830
revaluation of property	3212	x	x	—	x	x	—
income charged directly to increase of capital	3213	x	x	394,731	3,384,125	—	3,778,856
additional emission of shares	3214	—	x	—	x	x	—
increase in the par value of shares	3215	—	x	—	x	—	x
reorganization of the legal entity	3216	—	—	—	—	—	—
use of industry-based reserves for investment purposes	3217	—	x	x	x	—	—
Reduction of the capital - total:	3220	—	—	(605,092)	(3,401,951)	(18,937,488)	(22,944,531)
including:							
loss	3221	—	x	—	x	—	—
revaluation of property	3222	x	x	—	x	x	—
expenses charged directly to reduction of the capital	3223	x	x	(605,092)	(3,401,951)	x	(4,007,043)
decrease in the par value of shares	3224	—	x	x	x	x	—
decrease in the number of shares	3225	—	—	x	x	x	—
reorganization of the legal entity	3226	—	—	—	—	—	—
dividends	3227	x	x	x	x	(18,937,488)	(18,937,488)
Change in the additional capital	3230	x	x	—	x	—	x
Change in the reserve capital	3240	x	x	x	(17,826)	x	x
Value of the capital as of December 31, 2013	3200	22,962	—	181,524,792	8,972	89,864,036	271,420,762

1. Flow of capital (continued)

Index description	Code	Equity capital	Own shares redeemed from shareholders	Additional capital	Reserve capital	Retained earnings (uncovered loss)	Total
FOR THE YEAR 2014							
Increase of the capital - total:	3310	—	—	869,075	3,105,874	8,850,836	12,825,785
including:							
net profit	3311	x	x	x	x	8,850,836	8,850,836
revaluation of property	3312	x	x	—	x	x	—
income charged directly to increase of capital	3313	x	x	869,075	3,105,874	—	3,974,949
additional emission of shares	3314	—	x	—	x	x	—
increase in the par value of shares	3315	—	x	—	x	—	x
reorganization of the legal entity	3316	—	—	—	—	—	—
use of industry-based reserves for investment purposes	3317	—	x	x	x	—	—
Reduction of the capital - total:	3320	—	—	(659,485)	(3,011,453)	(16,256,830)	(19,927,768)
including:							
loss	3321	—	x	—	x	—	—
revaluation of property	3322	x	x	—	x	x	—
expenses charged directly to reduction of the capital	3323	x	x	(659,485)	(3,011,453)	x	(3,670,938)
decrease in the par value of shares	3324	—	x	x	x	x	—
decrease in the number of shares	3325	—	—	x	x	x	—
reorganization of the legal entity	3326	—	—	—	—	—	—
dividends	3327	x	x	x	x	(16,256,830)	(16,256,830)
Change in the additional capital	3330	x	x	—	x	—	x
Change in the reserve capital	3340	x	x	x	94,421	x	x
Value of the capital as of December 31, 2014	3300	22,962	—	181,734,382	103,393	82,458,042	264,318,779

2. Adjustments for the changes in the accounting policy and correction of errors

Index description	Code	As of December 31, 2012	Changes in the capital for 2013		As of December 31, 2013
			on account of the net profit (loss)	based on other factors	
CAPITAL — TOTAL					
before adjustment	3400	—	(-)	—	—
adjustment due to:					
change in the accounting policy	3410	—	—	—	—
correction of errors	3420	—	—	—	—

2. Adjustments for the changes in the accounting policy and correction of errors (continued)

Index description	Code	As of December 31, 2012	Changes in the capital for 2013		As of December 31, 2013
			on account of the net profit (loss)	based on other factors	
after adjustments	3500	—	(-)	—	—
including:					
undistributed profit (uncovered loss):					
before adjustment	3401	—	—	—	—
adjustment for:					
change in the accounting policy	3411	—	—	—	—
correction of errors	3421	—	—	—	—
after adjustment	3501	—	—	—	—
other capital items, where adjustments were made:					
before adjustment	3402	—	—	—	—
adjustment for:	3412	—	—	—	—
change in the accounting policy					
correction of errors	3422	—	—	—	—
after adjustment	3502	—	—	—	—

3. Net assets

Index description	Code	As of December 31, 2014	As of December 31, 2013	As of December 31, 2012
Net assets	3600	264,318,779	271,420,762	273,461,607

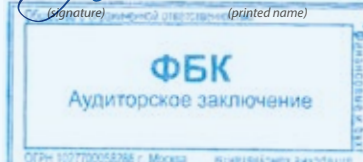
Director


(signature)

N.V. Nikipelova
(printed name)

10 марта 2015 г.

Chief accountant


(signature)
M.N. Guseva
(printed name)

ФБК
Аудиторское заключение
ОГРН 5027700058286 г. Москва

CASH FLOW STATEMENT FOR THE YEAR 2014

		Codes
Organization	Joint Stock Company "TVEL"	Form under OKUD 0710004
Taxpayer Identification Number	7706123550	Date (day, month, year) 31.12.2014
Type of business	Production of nuclear fuel	under OKPO 45046040
Form of incorporation / form of ownership	Joint Stock Company	under OKVED 23.30
Measurement unit	thous. RUB	under OKOPF / OKFS 12200/16
Location (address)	24, Bolshaya Ordynka st., Moscow, 119017	under OKEI 384 (385)

Index description	Code	Over 12 months of 2014	Over 12 months of 2013
CASH FLOW ASSOCIATED WITH DAY-TO-DAY OPERATIONS			
Receipts — total	4110	107,583,521	109,809,008
including:			
from sale of products, goods, works and services	4111	100,905,929	109,396,513
from lease payments, license payments, royalty and other similar payments	4112	86,101	49,582
from re-sale of financial investments	4113	—	—
other receipts	4119	6,591,491	362,913
Payments — total	4120	(97,451,892)	(100,191,433)
including:			
to suppliers (contractors) for raw materials, materials, works, services	4121	(83,765,626)	(87,292,384)
associated with remuneration of employees labour	4122	(1,815,626)	(1,707,353)
interest on debt obligations	4123	(2,561,785)	(1,768,983)
corporate profit tax	4124	(3,483,360)	(4,474,476)
other payments	4129	(5,825,495)	(4,948,237)
Balance of cash flow associated with day-to-day operations	4100	10,131,629	9,617,575
CASH FLOW ASSOCIATED WITH INVESTMENT ACTIVITIES			
Receipts — total	4210	21,545,465	38,013,383
including:			
from sale of non-current assets (except for financial investments)	4211	16,786	91,046
from sale of shares (participation shares) in other organizations	4212	—	—
from return of loans granted, from sale of debt securities (claims to other persons)	4213	18,295,938	33,387,077
Dividends, interest from long-term financial investments and similar revenues from share interests in other companies	4214	3,214,837	4,515,309
other receipts	4219	17,902	19,951
Payments - total	4220	(20,953,265)	(39,446,025)
including:			
associated with acquisition, creation, modernization, reconstruction and preparation for current assets operation	4221	(1,374,386)	(3,377,339)
associated with acquisition of shares (participation shares) in other organizations	4222	(805,683)	(5,581,706)

**CASH FLOW STATEMENT FOR THE YEAR 2014
(CONTINUED)**

Index description	Code	Over 12 months of 2014	Over 12 months of 2013
associated with acquisition of debt securities (claims to other persons), loans provision to third parties	4223	(18,773,196)	(30,480,200)
interest on debt obligations included in the value of investment asset	4224	(-)	(-)
other payments	4229	(-)	(6,780)
Balance of cash flow associated with investment activities	4200	582,198	(1,432,642)
CASH FLOW ASSOCIATED WITH FINANCIAL ACTIVITIES			
Receipts — total	4310	57,096,558	71,791,214
including:			
obtainment of credits and loans	4311	57,096,558	71,791,214
owners' (participants') money deposits	4312	—	—
from issue of shares, increase in participation shares	4313	—	—
from issue of bonds, promissory notes and other debt securities, etc.	4314	—	—
budgetary provisions and other target financing	4315	—	—
other receipts	4319	—	—
Payments — total	4320	(67,187,345)	(82,327,879)
including:			
to owners (participants) due to repurchase of shares or withdrawal	4321	(-)	(-)
for payment of dividends and other payments under distribution of profit in favour of owners (participats)	4322	(16,256,830)	(18,937,488)
associated with payment (repurchase) of promissory notes and other debt securities, repayment of credits and loans	4323	(50,930,515)	(63,390,391)
other payments	4329	(-)	(-)
Balance of cash flow associated with financial operations	4300	10,090,787	(10,536,665)
Balance of cash flow for the reporting period	4400	633,040	(2,351,732)
Balance of cash and cash equivalents at the beginning of the reporting period	4450	2,390,129	4,382,333
Balance of cash and cash equivalents at the end of the reporting period	4500	5,651,930	2,390,129
Effect of exchange rate changes to ruble	4490	2,628,760	359,528

Director

(signature)

N.V. Nikipelova
(расшифровка подписи)


"10" March 2015

Chief accountant

(signature)

M.N. Guseva
(расшифровка подписи)


Appendix 6. Auditor's Report on Financial Statements

for the period from January 1 to December 31, 2014

The Audited Entity

Name:
 Joint Stock Company "TVEL" (hereinafter referred to as JSC "TVEL"). By decision of the sole shareholder d/d February 11, 2015, on February 28, 2015 form of incorporation has been changed from open joint stock company (TVEL Open Joint Stock Company, TVEL OJSC) to joint stock company.
Location:
 24 Bolshaya Ordynka St, Moscow 119017, Russian Federation
State registration:
 Registered by Moscow Registration Chamber on September 12, 1996, certificate No. 061.775. Registered in the Unified State Register of Legal Entities under Unified State Number 1027739121475.

The Auditor

Name:
 Financial and Accounting Consultants Limited Liability Company (FBK LLC)
Location:
 44/1 Myasnitskaya St, Building 2A5, Moscow 101990
State registration:
 Registered by Moscow Registration Chamber on November 15, 1993, certificate: series IO3 3 No 484.583 PFI. Registered in the Unified State Register of Legal Entities on July 24, 2002 under Unified State Number 1027700058286.
Membership in Self-Regulating Organization of Auditors:
 Audit Chamber of Russia Non-profit Partnership.
Number in the audit organizations register of the self-regulating organization of auditors:
 Certificate of membership in Audit Chamber of Russia Non-profit Partnership No. 5353, PRNE - 10201039470.

We conducted the audit of the attached financial statements of JSC "TVEL" consisting of the Balance sheet as of December 31, 2014, Profit and Loss Statement, Capital Statement and Cash Flow Statement for the year 2014, other appendices to the Balance sheet and Profit and Loss Statement.

LIABILITY OF THE AUDITED ENTITY FOR FINANCIAL STATEMENTS

The Management of the Audited Entity shall be liable for execution and reliability of the mentioned financial statements in accordance with the Russian regulations on preparation of the financial statements, as well as for internal control system required for preparation of the financial statements free from material misstatements due to unfair practices or errors.

AUDITOR'S RESPONSIBILITY

Our liability lies in expression of opinion on reliability of financial statements on the basis of the conducted audit. We conducted audit in accordance with the Federal Auditing Standards. These standards require compliance with applicable ethical practices, as well as planning and conducting the audit in such a way to get reasonable assurance that financial statements contain no material misstatements.

The audit included auditing procedures aimed at obtaining of audit evidence to confirm index numbers in financial statements and disclosure of information therein. Choice of audit procedures is the subject of our judgement which is based on assessment of risk of material misstatements due to unfair actions or errors. In the course of this risk assessment we considered internal control system ensuring execution and reliability of financial statements with the view to select appropriate audit procedures, but with no view to express opinion on efficiency of internal control system. The audit also included assessment of appropriate applicable accounting policies and validity of estimated figures obtained by management of the Audited Entity, as well as assessment of reporting in whole.

We believe that audit evidence obtained in the course of the audit provides reasons enough to offer an opinion on reliability of the financial statements.

OPINION

In our opinion the financial statements give true and fair to all intents view of the financial situation of JSC "TVEL" as of December 31, 2014; its business and financial performance and cash flow for the year 2014 are in accordance with Russian regulations on financial reporting.

MATERIAL FACTS

Without changing the opinion about the reliability of the financial statements, we draw attention to the following information, stated in the notes to the financial statements: On February 28, 2015 form of incorporation changed from open joint stock company (TVEL Open Joint Stock Company, TVEL OJSC) to joint stock company. The Auditor's Report d/d March 2, 2015 did not contained the specified information, whereby a new audit report was prepared.

President of FAC LLC



Shapiguzov S. M.

On the grounds of the Articles of Association

Auditor qualification certificate

01-001230, PRNE 29501041926

Date of the auditor's report

March 24, 2015

Appendix 7. Report of the Director for Internal Control and Audit of JSC "TVEL" on the results of "Public Annual Reporting Preparation" audit process

REPORT

OF THE INTERNAL CONTROL AND AUDIT DEPARTMENT OF JSC "TVEL" ON THE RESULTS OF "PUBLIC ANNUAL REPORTING PREPARATION" AUDIT PROCESS

We have audited the process of public annual reporting preparation (hereinafter - PAR) of JSC "TVEL" for the year 2014.

Our responsibility is to express an opinion on the effectiveness of the system of internal control over the process of PAR preparation and on compliance of the procedure of PAR preparation with the requirements of the applicable legislation, State Atomic Energy Corporation "Rosatom" standards, internal regulatory documents of JSC "TVEL" applicable to public reporting.

We conducted the audit in compliance with "The Procedure for planning and conducting internal audits of business processes carried out by JSC "TVEL" and companies, included in the management system of the Fuel Company", approved by the Order No.271 of the President of JSC "TVEL" dated December 14, 2011.

The audit covered the following procedures:

- Review of compliance of PAR preparation procedure with the requirements of the current legislation, State Atomic Energy Corporation "Rosatom" standards, internal regulatory documents of JSC "TVEL" applicable to public reporting;
- Evaluation of efficiency of risk management system specific for the process;
- Evaluation of quality of formalization and regulation of PAR preparation;
- Analysis of key control procedures design and testing of their operational efficiency.

We have not noted any facts of the audit scope limitations on the part of management and personnel of structural units of JSC "TVEL". We believe that the conducted audit provides reasonable basis to express opinion on efficiency of the internal control system

In our opinion the internal control system of the process is efficient and the process of annual report preparation by JSC "TVEL" complies with the current legislation, the Policy of State Atomic Energy Corporation "Rosatom" applicable to public reporting, and requirements of internal regulatory acts of JSC "TVEL" governing the process of PAR preparation.

Director for Internal
Control and Audit, CIA



Bobrova G.I.

Appendix 8.

Statement on the Results of Independent Assurance of JSC "TVEL" Public Annual Report 2014

INTRODUCTION

The subject of assurance is the Public annual report of Joint-Stock Company "TVEL" (hereinafter referred to as the Report) for the period from January 1 to December 31, 2014.

Our statement is addressed to the management of JSC "TVEL".

RESPONSIBILITIES OF THE PARTIES

The management of JSC "TVEL" bears full responsibility for preparation and accuracy of the Report.

We are responsible for the results of independent assurance of the Report only to JSC "TVEL" within the engagement and do not assume any responsibility to any third party.

SCOPE, CRITERIA AND LEVEL OF ASSURANCE

The subject of assurance is the Report, including information on JSC "TVEL" and key enterprises of TVEL Fuel Company within the declared consolidation perimeter.

The Report was evaluated considering the following criteria:

- Nature and level of compliance with the principles of the AA1000 Accountability Principle Standard 2008 – inclusivity, materiality, responsiveness.
- Compliance of the Report with the GRI Sustainability Reporting Guidelines G4 (Comprehensive option).
- Compliance of the Report with the requirements of the International Integrated Reporting Framework.
- Compliance of the Report with the Policy of the State Atomic Energy Corporation "Rosatom" in the sphere of public reporting and Uniform Standard of Public Annual Reporting of the key organizations of the State Atomic Energy Corporation "Rosatom".

The engagement was planned and performed in accordance with AA1000 Assurance Standard 2008 and International Standard on Assurance Engagements ISAE 3000 "Assurance engagements other than audits or reviews of historical financial information".

The statement corresponds to type 2, as defined by AA1000AS 2008, in accordance with the limitations specified in section "Limitations of the engagement" of the present statement.

In our statement, we have fulfilled the following requirements on the level of assurance:

- Moderate – in accordance with standard AA1000 AS 2008,
- Limited – in accordance with International Standard on Assurance Engagements ISAE 3000 "Assurance engagements other than audits or reviews of historical financial information".

The selective verification of information in the Report performed under aforementioned levels of assurance does not claim to provide a high level of assurance. The work was based on the supporting materials provided by the management of the entity and its employees, publicly available information and analytical methods of confirmation. In relation to the quantitative information contained in the Report the work performed cannot be considered sufficient for identification of all possible deficiencies and misstatements. However, the collected evidence is sufficient for expressing our conclusion in accordance with the above levels of assurance.

METHODOLOGY OF ASSURANCE

In our engagement, we have performed the following procedures:

- Study and selective testing of systems and processes implemented by JSC "TVEL" to ensure and analyze the compliance of the activities with AA1000 APS principles and efficiency management in the field of sustainable development.
- Interviews with the management of JSC "TVEL" and its subsidiary company SC CMP.
- Collection of evidence confirming practical implementation of system processes in accordance with the principles of AA1000 APS.
- Interviews with the personnel of JSC "TVEL" and its subsidiary company SC CMP, study of documents and statements of the management in order to obtain evidence regarding the compliance of the activities with the principles of AA1000 APS.
- Participation in the dialogues and public consultations of JSC "TVEL", study of minutes of public dialogues and reports on results of public assurance of the Report.
- Study of information available on the websites of JSC "TVEL" and its subsidiaries concerning its activities in the context of sustainable development.
- Study of public statements of third parties concerning economic, environmental and social aspects of the JSC "TVEL" operations, in order to check validity of the declarations made in the Report.
- Analysis of non-financial reports of national and foreign companies working in the similar market segment for benchmarking purposes.
- Analysis of the current system of internal control and audit of JSC "TVEL" in terms of verification of compliance of procedures for preparing a public annual report with the current legal requirements, standards of State Atomic Energy Corporation "Rosatom", internal regulations of JSC "TVEL" in the field of public accounting;
- Selective review of documents and data on the efficiency of the management systems of economic, environmental and social aspects of sustainable development in JSC "TVEL".
- Study of the existing processes of collection, processing, documenting, verification, analysis and selection of data to be included into the Report.
- Examination of adequacy of the statements and data included into the Report.
- Analysis of the Report for compliance with the aforementioned criteria.

LIMITATIONS OF THE ENGAGEMENT

The assurance is limited to the reporting period (January 01 to December 31, 2014).

In respect to the quantitative performance indicators, the conformity assessment to the audited financial statements and other provided to us external and internal reporting documents related to economic, environmental and social aspects is performed.

Assurance does not apply to forward-looking statements, as well as statements expressing the opinions, beliefs and intentions of JSC "TVEL" to take any action relating to the future.

The assurance on the statements which are based on expert opinion is not performed.

The statement refers only to the English version of the Report in the MS Word format which includes information to be published in a hard-copy form as well as in digital form.

We had no chance to verify publication of the Report on the corporate website of JSC "TVEL" due to the fact that the date of signing of, this statement preceded the planned date of the Report publication on the Company's website. We had no chance to verify disclosure of information referred to in the Report on State Atomic Energy Corporation "Rosatom" website due to the fact that the date of signing of, this statement preceded the planned date of information disclosure.

CONCLUSIONS

The following conclusions are based on the assurance work performed within the scope and limitations of engagement indicated above.

1. In general, the Report adequately reflects management tools and performance indicators of JSC "TVEL" concerning economic, social and environmental aspects of sustainable development.
2. As a result and within the scope of our work, we did not identify material misstatements in the Report information which discloses the JSC "TVEL" activity in the field of sustainable development and its results.

Nature and extent of compliance with AA1000 APS 2008 principles

As a result and within the scope of our work, we did not identify material non-compliance with criteria of AA1000APS 2008 in respect to adherence to the principles (Inclusivity, Materiality, and Responsiveness).

Compliance of the Report with the requirements of GRI Sustainability Reporting Guidelines G4 (Comprehensive option)

In order to express our conclusion on this issue, we analyzed implementation of GRI G4 Guidelines concerning principles and standard disclosures for the chosen option of preparation a report 'in accordance' with the Guidelines.

Principles for Defining Report Content

Materiality

- Materiality assessment is conducted through the survey involving internal and external stakeholders of JSC "TVEL"
- Information included in the Report covers the topics and performance indicators that reflect significant impact of JSC "TVEL" on the economy, environment and society or can substantively influence the assessments and solutions of stakeholders.
- Report touches on the main issues brought up in the reports of foreign companies working in the similar market segment

Stakeholder inclusiveness

- JSC "TVEL" engages a wide range of stakeholders. During preparation of the Report JSC "TVEL" has conducted three dialogues (including one dialogue by correspondence) with a wide range of stakeholders, as well as public consultation on the draft report.
- The report demonstrates the commitment of JSC "TVEL" to accounting the material interests of the stakeholders in its activities. The Report contains detailed information on the stakeholders' suggestions made as part of the public dialogues and consultations on the Reports. The Company provided the feedback in the report concerning all comments and suggestions.

Sustainability context

- The Report presents the results of JSC "TVEL" operations in a wide range of sustainable development issues, including various aspects of economic, social and environmental activities.

Completeness

- Within the stated boundaries the Report with a sufficient degree of completeness covers information on the activities of JSC "TVEL".
- Report boundaries include JSC "TVEL" and its subsidiaries and conform to management accounting profile of TVEL Fuel Company.
- Some indicators are reported with omissions which is explained in the GRI Content Index

Principles for Defining Report Quality

Balance

- The Report has a balanced nature, reflecting both the results and the issues that require solution.

Comparability

- The comparability of the Report with the non-financial reports of other organizations is ensured through the use of GRI G4 Guidelines as the basis for disclosure of performance indicators for sustainable development.
- The comparability of financial information in relation to the reports of other companies is not fully achieved due to the application of the rules of the Federal legislation in Russia and the Regulations of the Russian accounting (rather than International Financial Reporting Standards) for its disclosure.
- Most of quantitative indicators are presented in a three-year dynamics, making it possible to analyze relevant development trends in the Company's activities.

Accuracy

- The level of accuracy of actual information in the Report is sufficient for stakeholders to estimate the performance of JSC "TVEL" in the field of sustainable development.
- The calculations of performance indicators are based on the methods approved in the protocols of the GRI G4 indicators, the Standard of public annual reporting of JSC "TVEL" and the Policy of State Atomic Energy Corporation "Rosatom" in the field of public reporting

Timeliness

- The Report is prepared to be submitted at the Annual meeting of shareholders.

Clarity

- In general, the information in the Report is shown clearly and intelligibly for the key groups of stakeholders.
- The Report contains the Annex "Glossary and abbreviations" that facilitates understanding of the provided information by the Report users.

Reliability

- The information in the Report about the performance is based on the internal reporting documents of JSC "TVEL" and the State Atomic Energy Corporation "Rosatom", as well as the statements submitted to regulatory authorities.
- Issues of auditing efficiency of the control and the procedure of preparation of non-financial reports fall within competence of the Internal Control and Audit Department. The Report of the Director for Internal Control and Audit of JSC "TVEL" was prepared based on the results of the audit of the public reporting process.
- We have not identified any facts that would call into question reliability of the information contained in the Report.

General Standard Disclosures

- General standard disclosures are reported mainly in compliance with the requirements of GRI G4 for the chosen 'in accordance' option.

Specific Standard Disclosures

Disclosures on management approach

- In general the Report contains the disclosures on management approach on material aspects in economic, social and environmental field

Indicators

- All indicators required for the Comprehensive option are reported in accordance with guidance contained in GRI G4, including disclosures with omissions which are indicated in the GRI Content Index.

Overall assessment of the Report

- As a result and within the scope of our work, we did not identify material non-compliance with requirements to the report prepared 'in accordance' with the Comprehensive option of the G4 Guidelines.

Compliance of the Report with the Policy of the State Atomic Energy Corporation "Rosatom" applicable to public reporting and the Public Annual Reporting Standard of the key organizations of the State Atomic Energy Corporation "Rosatom"

Based on the procedures performed and evidence obtained, we did not identify material non-compliance with the requirements of the Policy of the State Atomic Energy Corporation "Rosatom" in the sphere of public reporting and the Uniform Standard of Public Annual Reporting of the key organizations of the State Atomic Energy Corporation "Rosatom". The following indicators are not disclosed in the Report: 3.1.1, 12.1.9. Some indicators are reported partially which is indicated in the Table of Public Accounting indicators of State Atomic Energy Corporation "Rosatom".

Compliance of the Report with the requirements of the International Integrated Reporting Framework

Based on the procedures performed and evidence obtained, we did not identify material non-compliance with the guiding principles of the International Integrated Reporting Framework and with requirements to the structure of content of elements of integrated reports.

Recommendations

- It is expedient to disclose GRI indicators in relation to target values.
- Increase the completeness of material aspects disclosure by reducing the share of disclosures with omissions
- In case of disclosure with omissions explain the reasons why the information has been omitted in accordance with GRI recommendations

Statement of competence and independence

NP Consult JSC is an independent audit firm, that professionally renders assurance services. NP Consult JSC is a member of self-regulated organization Nonprofit Partnership "Institute of Professional Auditors"; NP Consult JSC acts in accordance with the IFAC Code of Ethics. The company has a system of quality control of audit services, including control of compliance with ethical norms.

NP Consult JSC states that the present statement is an independent auditor's assessment. NP Consult JSC and its employees have no relations with JSC "TVEL", its subsidiaries and affiliates, that could result in the conflict of interest related to the independent assurance of the Report.

NP Consult JSC is the organizational stakeholder of GRI and the licensed provider of assurance services in accordance with AA1000 AS.

The team involved in the assurance of the annual report included the employees of NP Consult JSC with necessary experience in auditing and reporting under GRI Guidelines, as well as with certificates in this area. The head of the assurance team completed trainings in the assurance of sustainability reports at Accountability training center and has LCSAP certificate.

CEO
NP Consult JSC

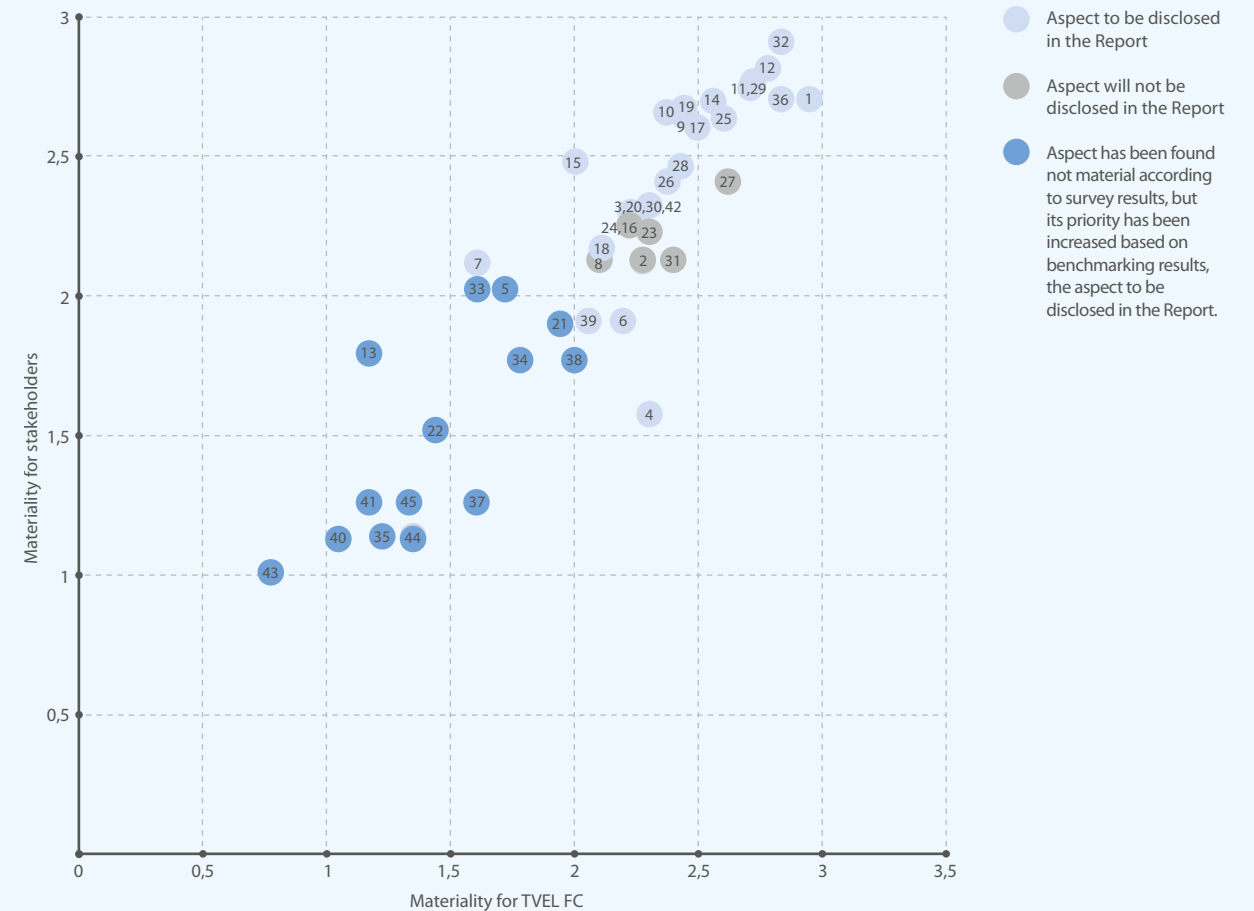
Moscow
May 14, 2015



V. Yu. Skobarev

Appendix 9. Material Aspects

Taking into account the surveys in March and November, 2014 among representatives of internal and external stakeholders of TVEL FC, the map of significant aspects (issues) under GRI G4 Guidelines has been prepared. The map has been prepared in axes of «materiality for TVEL FC» (average assessment made by managers of the Fuel Company, who took part in survey) and «materiality for stakeholders» (external stakeholders' assessments). Materiality threshold at which an aspect becomes sufficiently important to be disclosed in Annual Report 2014 is «above-average». The rating scale proposed to the stakeholder included «high», «average», «low» (materiality), «not meaningful» rates. In figures these stand for «3», «2», «1», «0». «Above-average» stands for «above 2».



GRI aspects to be disclosed in the Report:

1. Economic Performance
2. Market Presence
3. Indirect Economic Impacts
4. Procurement Practices
6. Energy
7. Water
8. Biodiversity
9. Emissions
10. Effluents and Waste
11. Products and Services
- 12, 29, 36 Compliance
14. Environmental protection expenditures and investments
15. Supplier and Contractor Environmental Assessment
16. Environmental Grievance Mechanisms
17. Employment
18. Labor/Management Relations
19. Occupational Health and Safety**
20. Training and Education
23. Supplier and Contractor Assessment for Labor Practices
24. Labor Practices Grievance Mechanisms
25. Local Communities
26. Anti-corruption
27. Public Policy (Political Contributions)
28. Anti-competitive Behavior
30. Supplier Assessment for Impacts on Society
31. Grievance Mechanisms for Impacts on Society
32. Customer Health and Safety
39. Freedom of Association and Collective Bargaining for Employees
42. Security Practices

GRI aspects not planned for disclosure in the Report:

5. Materials
13. Transport
21. Diversity and Equal Opportunity for Employees
22. Equal Remuneration for Women and Men
33. Product and Service Labeling
34. Marketing Communications (compliance with product labeling regulations)
35. Customer Privacy
37. Investment (observance of human right at investment agreements conclusion)

38. Non-discrimination
40. Child Labor
41. Forced and Compulsory Labor
43. Indigenous Rights
44. Supplier Human Rights Assessment
45. Human Rights Grievance Mechanisms

Specific aspects (specific for activity of subsidiary companies of the Fuel Company) according to the Public Annual Reporting Standard of JSC «TVEL» (information on these aspects has been included in the report along with GRI G4 material aspects):

- Meeting the demand of power grids of the Russian Federation
- Business Continuity
- Position in the World Market
- International Cooperation in the Field of Peaceful Use of Nuclear Energy
- Nuclear and Radiation Safety Systems Management
- Compliance with Requirements of Nuclear and Radiation Safety
- Decommissioning of Nuclear Facilities
- RW and SNF Treatment, Rehabilitation of Contaminated Areas
- intellectual Capital
- Innovative Activities
- Support for Innovative and Technological Potential Development
- Improvement of Control Mechanisms
- Enhancement of Information Transparency of Nuclear Industry
- Public Acceptance of Construction Projects of ROSATOM State Corporation and its Organizations
- Improvement of Regulatory Framework in the Sphere of Nuclear Power
- Implementation of Certain Functions of the State Administration within Specified Activities
- Provision of Qualified Personnel
- Social Welfare of Workers
- Radiation Exposure of Population and Environment

Appendix 10. Glossary and Abbreviations

TERMS

Ash and Slag — Waste generated from solid fuel burning.

Background Radiation — Ionizing radiation, involving space radiation and ionizing radiation of naturally distributed natural radionuclides (on Earth surface, in the air, foodstuffs, water, human organism, etc.)

Becquerel (Bq) — A unit of radionuclide activity in the radiation source, equal to nuclide activity where one nucleus decays per second.

Burnup Fraction — Fraction of initial quantity of a given nuclide that has undergone burnup in reactor under the neutrons influence.

Business Model — According to the International Integrated Reporting Framework, a business model is a system of transforming inputs through business activity aiming to fulfil strategic purposes and create value over the short-, medium- and long term.

Capital — According to the International Integrated Reporting Framework, resources and relations being the source and the results of value (integrated value) creation processes.

Circulating Water — Water that was used in the processing cycle, and after cooling or purification it is used for the same purposes.

Closed Nuclear Fuel Cycle — A nuclear fuel cycle where spent nuclear fuel is processed for uranium and plutonium extraction for nuclear fuel remanufacturing.

Decommissioning — Decommissioning of a reactor facility and follow-up activity to ensure its safe dismantling, equipment disposal and further use of the site.

Demercurization — Removal of mercury and its compounds by physical-chemical means or physically with the purpose to avoid mercurial poisoning of people, animals, and to prevent negative environmental impact.

Depleted Uranium — Uranium that contains less isotopes U-235 than natural uranium.

Waste Uranium — Uranium depleted through extraction of U-235, which is economically unfeasible to use; stored at a disposal site (dump).

Division — A business entity with the rules set out with ROSATOM State Corporation where this entity is defined as Division maintaining control over business entities referred to the management system of the Division.

Dump of Radioactive Material — Controlled entry of radionuclides into water bodies with liquid waste of a nuclear facility.

Enriched Nuclear Fuel — Nuclear fuel where the content of fissionable nuclides is higher than in natural raw material.

Enriched Uranium — Uranium which contains more U-235 isotope than natural uranium. Reactor quality uranium is usually enriched approximately to 3.5% U-235, and the content of U-235 in weapon-grade uranium is over 90%.

Enrichment (isotopic) — 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) process resulting in an increased content of a certain isotope in the isotopic mixture.

Fast Neutrons — Neutrons with kinetic energy higher than certain definite value. In Nuclear Reactor Physics fast neutrons are those with energies above 0.1 MeV.

Financial Capital — According to the International Integrated Reporting Framework, the pool of funds that is:

- available to an organization for use in the production of goods or the provision of services;
- obtained through borrowings, equity or grants, or generated through operations or investments.

First Nuclear Project — The nuclear project of the USSR aimed at creating weapons of mass destruction with the use of nuclear energy.

Fuel Assembly — A package of fuel elements (rods, bars, plates and others) held together with the aid of spacer grids and other structural elements, which are integral during transportation and in-pile irradiation. Assemblies are loaded into the nuclear reactor core.

Fuel Pellet — A pellet of compacted uranium dioxide is the basis of nuclear fuel and is located inside fuel elements.

Fuel Production — Nuclear fuel production, generally in the form of ceramic pellets enclosed in metal tubes (fuel elements), which are subsequently assembled in fuel assemblies (FA).

** There has been revealed the demand of stakeholders in information on policies with respect to contracting organizations.

Fuel Recharging — Operations by material-handling machines to replace the spent fuel; the fuel exposure degree required for recharging depends on the fuel composition after exposure, allowable work duration and on the reactivity change.

Fuel-Element Cladding — Metal tubes in the reactor core containing oxide fuel pellets.

Gas Centrifuge — Equipment intended to obtaining enriched uranium required for operation of nuclear reactors of nuclear power plants.

Gas Diffusion Technology — Gas-diffusion method for separating uranium isotopes, based on phenomenon of molecular diffusion through the micropores in a membrane (barrier).

Global Reporting Initiative, GRI — An international reporting system concerning economic, environmental and social performance, based on the Sustainability Reporting Guidelines.

Heat Carrier — Liquid or gas used for heat transfer from the active zone of the reactor to steam generators or directly to the turbines.

Highly-Enriched Uranium — Uranium with uranium-235 isotope equal or higher than 20%.

Human Capital — According to the International Integrated Reporting Framework, people's competencies, capabilities and experience, and their motivations, including:

- alignment with and support for an organization's governance framework, risk management approach, and ethical values;
- ability to understand, develop and implement an organization's strategy;
- loyalties and motivations for improving processes, including their ability to lead, manage and collaborate.

Indirect Energy Use (Consumption) — Indirect energy use (consumption) indicates the amount of energy required for production by the reporting company of the consumed or purchased externally (i.e. produced outside the company) electric energy, steam, heat energy and other types of intermediate energy.

Integrated Report — Integrated report represents brief overview that reveals how strategy, corporate management, activities and prospects in the context of the environment lead to value creation over the short, medium and long-term periods.

Intellectual Capital — According to the International Integrated Reporting Framework, organizational knowledge-based intangibles.

ISAE 3000 International Standard on Assurance Engagements — The Standard of the International Federation of Accountants "The performance of assurance engagements

other than audits and reviews of historical financial information".

Low-Enriched Uranium — Uranium that contains the isotope U-235 in a concentration of less than 20%.

Manufactured Capital — According to the International Integrated Reporting Framework, manufactured physical objects (as distinct from natural physical objects) that are available to an organization for use in the production of goods or the provision of services, including:

- buildings and structures;
- equipment;
- infrastructure.

Maximum Permissible Dose — The maximum value of the individual equivalent radiation dose per year, which does not cause unfavorable changes in health after 50 years of uniform exposure.

Natural Capital — According to the International Integrated Reporting Framework, these are:

- renewable and non-renewable environmental resources and processes, including - air, water, land, minerals and forests,
- biodiversity and eco-system health.

Neutron — An elementary particle with no net electric charge; can be found in each atomic nucleus except for hydrogen. Single neutrons moving with different speeds are released during the fission reaction. Slow (thermal) neutrons, in their turn, can easily cause fission of nuclei of "fissionable" isotopes, e.g., U-235, Pu-239, U-233; fast neutrons can cause fission of "fertile" isotope nuclei, e.g. U-238. Sometimes atomic nuclei can capture neutrons.

Nuclear Energy — Internal energy of atomic nuclei released by nuclear fission or nuclear reactions.

Nuclear Facility — Any facility that generates, processes or handles radioactive or fissionable materials.

Nuclear Fuel — A material containing fissionable nuclides which, being placed in the nuclear reactor, makes it possible to sustain a nuclear chain reaction.

Nuclear Fuel Cycle — The sequence of manufacturing processes for ensuring the operation of nuclear reactors from uranium production to the disposal of radioactive waste.

Nuclear Fuel Depletion — Reduction of any nuclide concentration in nuclear fuel due to nuclear transformations of this nuclide during the reactor operation.

Nuclear Power — A branch of power engineering that uses nuclear energy for electricity and heat supply purposes.

Nuclear Reactor — A unit where in a controlled chain nuclear reaction with energy release takes place. Reactors are classified according to their purpose, carrier type, design and other characteristics.

Nuclear Waste — Radioactive materials generated on various stages of the nuclear fuel cycle, including development of uranium deposits, enrichment, fuel production, reactor operation, fuel processing, etc.

Nuclide — Type of atom with a definite number of protons and neutrons in the nucleus characterized by an atomic mass and atomic (order) number.

Ozone-Depleting Substances — Any substance with an ozone-depleting potential higher than 0, that can deplete the stratospheric ozone layer. Most of ozone-depleting substances, including chlorofluorocarbons, halons and methylbromide, fall under the Montreal protocol as amended.

Phase Gate Approach to Investment — A principle of planning and carrying out investment activities applied to divide investment processes into phases, where each phase is preceded by Gate Review of the results achieved and the further project implementation plans and risk, and a decision is made on the further project implementation phase.

Pilot Production — A stage in the nuclear plant commissioning from the power start-up to the plant's acceptance for commercial operation.

Power Unit — One of the NPP reactors with necessary additional equipment.

Primary Energy Sources — Initial form of energy used to satisfy energy requirements of the reporting organization. Examples of primary sources include non-renewable energy sources, e.g. coal, natural gas, oil and nuclear energy.

They also include such renewable sources as biomass, sun and wind energy, geothermal and hydraulic energy.

Production Localization — Organization of production outside the Russian Federation.

Production placement topology — Plan of territorial location of production facilities.

Radiation Exposure — The total of individual exposure doses received or planned in the operations on decommissioning, maintenance, repair, replacement or dismantling of nuclear facility components.

Radiation Monitoring — Acquisition of information on the radiological conditions in the organisation and in the environment, and on human exposure levels (includes dose control and radiometric monitoring).

Radiation Safety — 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 the early effects of exposure and keep the delayed radiation effects within tolerable limits.

Radioactive Discharge — Radionuclide emission into the atmosphere resulting from operation of a nuclear facility.

Radioactive Isotopes — Isotopes with unstable nuclei undergoing radioactive decay.

Radioactive Waste — Nuclear materials and radioactive substances that no longer can be used.

Radioactive Waste Processing — Technological operations aimed at altering the aggregative state and/or physico-chemical properties of radioactive waste and their transformation into forms suitable for transportation, storage and/or disposal.

Radioactive Waste Treatment — General term that covers all activities related to the processing, conditioning, transportation, storage and burial of radioactive waste.

Radionuclides — General name for radioactive atoms. They pose a great danger to the environment.

Regenerated Uranium — Uranium separated from spent nuclear fuel in the process of radio-chemical reprocessing for repeated use in nuclear fuel (regenerated fuel).

Rehabilitation of Contaminated Areas — Reduction of the extent of radioactive contamination to the level ensuring the maximum protection of population and recovery of all elements of the ecosystem (water, soil, air) to the applicable normative level.

Research Reactor — A nuclear reactor designed to be used as research object with a view to obtain data on reactor physics and technology required for design and development of a reactor of the same type or its components.

Social and Relationship Capital — According to the International Integrated Reporting Framework, – the institutions and the relationships within the Company and between the Company and different groups of stakeholders and other communities aimed to enhance collective well-being.

Social Partnership — A system of institutes and mechanisms of coordination of the interests of the production process participants (workers, employers, state authorities, local self-government) based on equal cooperation.

Spent Nuclear Fuel Reprocessing — A complex of chemical processes intended to remove fission products from spent nuclear fuel, and fissile material recovery for reuse.

Sublimation Production — Uranium hexafluoride production.

Tailing Dump — Complex of special structures and equipment intended for storage or burial of radioactive, toxic and other tailing materials called tails.

Top Management — Directors General, Deputies of Director General.

Triflate production waste — Waste of salts of hazard class III (precipitated sulphate and barium fluoride).

Uranium Conversion — Chemical engineering process of uranium-containing materials transformation into uranium hexafluoride.

Uranium Hexafluoride — A chemical compound of uranium and fluorine (UF₆). This is the only highly volatile uranium-fluorine compound (when heated to 53°C, uranium hexafluoride passes from solid into gas); it is used as raw material for separation of uranium-238 and uranium-235 isotopes using a gas-diffusion technology or a gas-centrifuge technology, and for production of enriched uranium.

Uranium Ore Enrichment — 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 only mechanical separation thereof with production of an ore concentrate.

Uranium-233 — Artificial uranium isotope with half-life period of 1.6 x 10⁵ years obtained by transmutation of thorium-232 after neutron capturing; is classified as a fissionable nuclide.

Uranium-235 — Natural uranium isotope with atomic mass 235 and half-life of 7.1 x 10⁸ years; the only existing fissionable material.

Uranium-238 — Natural uranium isotope with atomic mass 238 and half-life of 4.5 x 10⁹ years; can be used as fertile material to obtain plutonium-239.

VVER — Water-water energetic reactor with water used as heat carrier and decelerator. The most common type of Russian NPP reactors has two modifications: VVER-440 and VVER-1000.

ABBREVIATIONS

ACS DEP — Automated Control System for Design Engineering Pre-production.

AE — Absorber element.

AFCF — Adjusted free cash flow.

ARMS — Automated radiation monitoring system.

ASTM — American Society for Testing and Materials.

BPR — Burnable poison rod.

BWR — Boiling water reactor – a reactor that uses boiling water as heat carrier.

CATU — Closed administrative and territorial unit.

CD and ES — Civil defence and emergency situations.

CFC objects — On-site unit for spent nuclear fuel reprocessing, fabrication and refabrication of dense fuel.

CRMS — Corporate risk management system.

DB — Database.

DMA — Disclosures on management approach.

EBITDA — Earnings before interest, taxes, depreciation and amortization - an analytical indicator used to define a company's profit, before interest expenses, taxes, depreciation and amortization are subtracted.

EDEC — Experimental demonstration energy complex.

EFA — Experimental fuel assembly.

EGR — Energy channel-type graphite reactor with steam overheat, used on Bilibino NPP.

EIAS — Environmental impact assessment study.

EMERCOM — The Ministry of the Russian Federation for Affairs of Civil Defence, Emergencies and Elimination of Consequences of Natural Disasters.

Emergency Centre SPb FSUE — Federal State Unitary Enterprise "Emergency Centre of the Ministry of Nuclear Energy of Russia" (Saint Petersburg).

ESA — Euratom Supply Agency.

FA — Fuel assembly.

FAI — Federal Autonomous Institution.

FE NFC — Front end of nuclear fuel cycle.

FE, FEG — Fuel element.

FMBA — Federal Medical and Biological Agency.

FN — Fast neutron reactor where the heat carrier within the first and second loop consists of sodium, while the third loop carries water and steam. In Russia is applied at Beloyarsk NPP.

FNTP — Floating nuclear thermoelectric plant.

FSUE — Federal State Unitary Enterprise.

FTP — Federal target program.

GC — Gas Centrifuge.

GOST — State Standard.

HEU — Highly-Enriched Uranium.

HPP — Heat and power plant.

HR — Human resources.

IAEA — International Atomic Energy Agency - international regulatory body that monitors nuclear safety performance and non-proliferation of nuclear weapons in the world.

ICS — Internal control system.

IDP — Integrated Development Planning.

IFRS — International Financial Reporting Standards.

IIRF — International Integrated Reporting Framework.

INES — International Nuclear Event Scale.

ISFSI — Independent spent fuel storage installation.

IT — Information technologies.

ITER — International Thermonuclear Experimental Reactor built on basis of tokamak by international group of scientists under the aegis of IAEA. It is supposed to be a pilot version of the world's first DEMO thermonuclear power plant.

IUCN — International Union for Conservation of Nature and Natural Resources.

JSC — Joint -stock companies.

JV — Joint venture.

KPI — Key performance indicators.

LEU — Low-Enriched Uranium.

LLC — Limited Liability Company.

LNPS — Low-capacity nuclear power station.

LTIFR — Lost time injury frequency rate - number of lost time incidents divided by total hours worked for the reporting year and rated as 1 mln man hours.

LWS — Local warning systems.

MNUP — Mixed nitride uranium-plutonium.

MOX-fuel — Mixed Oxide Nuclear Fuel (generally on basis of uranium and plutonium).

MSE — Managers, specialists, employees.

MW — Megawatt - unit of power equal to 10⁶ watts. MW(e) relates to electric power of a generator; MW(t) relates to thermal power of a reactor or heat source (e.g., full thermal power of the reactor itself is generally three times higher than the electric power).

NF — Nuclear fuel.

NFC — Nuclear fuel cycle, set of arrangements aimed at operation of nuclear power industry, including production and processing of uranium ore, fuel production, its transportation to NPP, storage and treatment of SNF. In case of SNF burial NFC is called opened, if fuel reprocessing and repeated use is provided - it is called closed.

NPIB — Nuclear-powered icebreaker.

NPO — Non-profit organization.

NPP — Nuclear power plant, industrial facility for electric power production.

NRHF — Nuclear and radiation hazardous facilities.

NRS — Nuclear radiation safety.

ODDS — On-duty dispatching service system.

PHWR — Pressurised heavy water reactor – type of foreign reactors with heavy water (D₂O) as reactor coolant.

PJSC — Public joint stock company.

PN — Radionuclide.

PR — Public relations.

PTC — Permanent technical commission.

PWR — Pressurized water reactor – type of foreign reactors with pressurized water, analogue of VVER reactor.

R&D — Research and development.

RBMK — High-power channel-type reactor - type of single-cycle energetic reactor with water as heat carrier, and graphite as decelerator.

RPS — ROSATOM production system.

RR — Research Reactor.

RUNPIW — Russian Union of Nuclear Power and Industry Workers.

RW — Radioactive waste.

SARMS — Sector Automated Radiation Monitoring System.

SC — Subsidiary companies.

SDIC — Special department for internal control.

SFI — Suggestions for improvement.

SNF — Spent nuclear fuel.

STC — Scientific and Technical Council.

SWU — Separative work unit.

TVEL FC Fuel Company — JSC "TVEL" and subsidiary companies included into the corporate management system and consolidation perimeter used for the reporting.

TVS-KVADRAT — Name of fuel assembly for PWR reactors developed in Russia.

UEC — Russian-Kazakhstan project "Uranium enrichment centre".

UIPS — Uniform Industrial Procurement Standard of ROSATOM State Corporation.

USARMS — Unified State Automated Radiation Monitoring System.

VAT — Value added tax.

VVER — Water-water energetic reactor.

WANO — World Association of Nuclear Operators.

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