

INFORMATION ABOUT REPORT AND DETERMINING PROCESS OF THE REPORT CONTENT

1.

APPENDIX

Annual Public Report of the State Atomic Energy Corporation "Rosatom" for 2014 is the sixth report prepared by the Corporation on a voluntary basis and addressed to a wide range of stakeholders.

The report was prepared in the integrated format and comprehensive manner reflects:

- implementation of the strategy of ROSATOM, including contribution to the sustainability of the reporting year of the Corporation's business, and plans for short, medium and long term;
- significant financial, economic and operational results of the main activities;
- results in the field of nuclear and radiation safety, environmental protection, contributions to development of the regions, the implementation of social policies and other aspects of sustainable development;
- economic and ecological and social impact on the environment;
- management approaches of ROSATOM to manage the various operation aspects.

The priority theme of the report, specified by top management and representatives of the major stakeholders, is "Strengthening of positions of the State Atomic Energy Corporation 'Rosatom' on the world market of nuclear technologies and services". Information about the choice of material themes for disclosure in the report is presented below in the sections "Process for determining the materiality of the information disclosed in the Report" and "Ranking map of material aspects (matters) to be disclosed in the Report".

Annual reporting cycle is set in ROSATOM according to the internal regulations. The previous annual report was published in 2014. The report covers the activities of the Corporation for the period from 01.01.2014 to 31.12.2014.

Standards and regulations

The report is prepared according to:

- Policy in the field of public reporting and standard of annual public reports of ROSATOM,
- <IR> International Framework,
- G4 Sustainability Reporting Guidelines (Core 'in accordance' option)
- AA1000 AccountAbility standards,
- the RSPF Recommendations for use in the practice of management and corporate non-financial reporting (key performance indicators).

Interaction with stakeholders

Preparation of the report took place in cooperation with stakeholders in accordance with the international standard AA1000SES in order to improve transparency, accountability and determining of materiality of disclosed information. A study and two dialogues with stakeholders, including the public consultation on the draft report were made to determine the material aspects to be disclosed in the report. The report takes into account the main requests of stakeholders made during the dialogue (see. Section "[Taking into account stakeholder proposals](#)").

Information verification

The reliability of reporting information is confirmed by conclusions:

- Audit Commission of ROSATOM (see. [Appendix 3](#));
- an independent auditor, confirming the accuracy of the annual financial statements,
- an independent auditor, confirming the accuracy of the non-financial statements in accordance

with the standards of GRI G4 ("Core 'in accordance' option") and the AA1000 APS (see. [Appendix 5](#)).

Internal Control and Audit Department of ROSATOM conducted an internal audit of formation processes compliance to the public reporting requirements of ROSATOM Policy in the field of public reporting, and local regulations of the Corporation in the field of public reporting (see. [Appendix 4](#)).

Representatives of key stakeholders conducted procedure of report public certification in accordance with standard AA1000SES proving materiality and completeness of the information disclosed, and the Corporation's response to requests from stakeholders in the preparation of the Report (see. Section "[Report's Stakeholder Assurance Statement](#)").

Boundaries

The boundary of the report includes the activities of ROSATOM and its organisations in the Russian Federation and other countries. Information on the current activities of the Nuclear Weapons Division is not fully revealed due to the nature of activities of ROSATOM and the need to comply with state secret.

Several consolidation perimeters were used in the report (list of organisations included in different consolidation perimeters is revealed [in the online version of the report](#)). Integral performance indicators, as well as EBITDA are disclosed in accordance with the Corporation's fiscal consolidation perimeter as of 31.12.2014 (151 organisations)*. Indicators GRI, related to social category, are disclosed regarding all essential Russian organisations under the perimeter of fiscal consolidation (145 companies), GRI Indicators related to environmental category are disclosed regarding all significant organisations under the perimeter of the organisations of ROSATOM, providing information on the state of protection of the environment by reporting forms (130 organisations and 13 nuclear power plants in operation and under construction). Financial and economic performance indicators, including the value created and distributed economic value, are given in accordance with the perimeter

of the consolidated IFRS financial statements of ROSATOM (174 companies). Financial and economic performance indicators in the "Financial and economic results" are given in accordance with the perimeter of the consolidated IFRS financial statements of JSC "Atomenergoprom" (114 organisations, summarised consolidated financial statements under IFRS, as well as the Independent Auditors conclusion shown in the [report of "Atomenergoprom"](#)).

A material aspect outside the organisation is a product liability, management approaches are explained in section 2.1 "International Business". The individual elements of the Report content and related performance indicators (international cooperation, the activities of ROSATOM in the regions, environmental protection and so on) include information on the activities of key partners, suppliers and stakeholders of ROSATOM in accordance with the international standards.

Process for determining the materiality of the information disclosed in the Report

Traditionally, ROSATOM places a great emphasis on the process of determining the materiality of the information disclosed in its reports. The 2014 Report was prepared in accordance with the requirements of the international reporting standards: the GRI (G4) Guidelines and <IR> Framework. Determination of material aspects (topics) to be disclosed in the Report is material to both standards.

The Corporation used the following phased procedure for determining the materiality of information:

- preparation by the task team of a list of significant aspects of ROSATOM's activities;
- prioritisation of significant aspects (questioning for the purpose of assessing the relevance of each of the aspects proposed) by the Corporation's top management, including the Public Reporting Committee, and representatives of the major stakeholder groups;
- formation, based on results of 'double filtering';

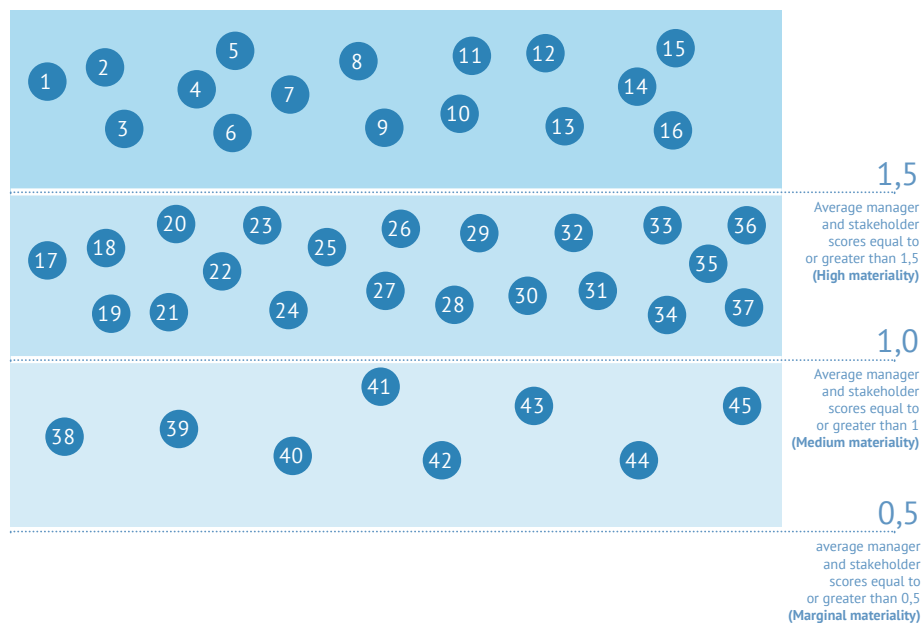
* Hereinafter not including ROSATOM.

of the final list of material aspects to be disclosed in the Report.

As the result, the ranking map of material aspects to be disclosed in the Report was prepared. The decision on which performance indicators under

the GRI (G4) Guidelines and ROSATOM's Annual Public Reporting standard should be included in the Report was made with regard for the materiality of the aspects to which these indicators applied. The aspect boundaries were determined by the workgroup.

Ranking map of material aspects (themes) to be disclosed in the Report*



High materiality

- 1. The presence of ROSATOM in the markets of natural uranium, conversion and enrichment of uranium, nuclear fuel, NPP facilities, and prospects of development of these markets
- 2. The forward looking information on the needs of

- 3. The presence of ROSATOM in new markets (nuclear medicine, the environment, the inspection system and centres of radiation; non-nuclear engineering, services

- 4. Financial and economic results of ROSATOM*
- 5. The investment programme of ROSATOM.

- 6. Radiation effects on the environment (including biodiversity)
- 7. Provision of nuclear and radiation safety when working at nuclear facilities (including international cooperation in this field)
- 8. Emergency Preparedness

Aspects marked with () are recognised insignificant by decision of the head of the working group. The theme "compliance of ROSATOM activities to the government regulations" is relevant to the GRI aspect "Compliance" (Ecology).

- 9. Solving the problem of "nuclear legacy".
- 10. Implementation of environmental policy of ROSATOM, including activities and expenditures (investments) on environmental protection.
- 11. Use of natural resources (water, energy, materials); emissions and discharges, the treatment of disturbed and polluted lands).
- 12. Implementation of the state functions by ROSATOM. Use of natural resources (water, energy, materials, emissions and discharges, the treatment of disturbed and polluted lands).
- 13. RAW and SNF handling (including UNS RAW)
- 14. Product safety and consumer's health
- 15. Conformity of the organisations of ROSATOM with national and international environmental and technical standards
- 16. Contribution to the economic development of the regions of presence and development of closed administrative and territorial formations (CATF) and areas of NPP
- 17. Participation of ROSATOM in international organisations
- 18. Mechanisms for cooperation and development of relations with suppliers and customers, and business partners
- 19. Mechanisms for cooperation and development of relations with other stakeholders (environmental groups, residents of regions where are existing and planned facilities)
- 20. Ensuring the creditworthiness of JSC "Atomenergoprom" in the medium and long term
- 21. Improvement of the corporate governance mechanisms
- 22. Development of organisation
- 23. Implementation of the project "Corporate Risk Management System" (CRMS) and its results
- 24. Opposition to the unfair competition
- 25. Procurement practices
- 26. The mechanisms for filing complaints on environmental issues and issues of ensuring Nuclear Radiation Safety *
- 27. Employees' social security
- 28. Cooperation with universities
- 29. Occupational health and safety
- 30. Conformity with the legislation of ROSATOM activities
- 31. Anti-corruption
- 32. Requirements for the quality of products of ROSATOM
- 33. Impact of the activities of ROSATOM on local communities (social programs, charity)
- 34. Implementation of the Programme of innovative development and technological upgrading, and the activity within the Presidential Council for Modernisation and Technological Development of Russia's Economy
- 35. The implementation of projects related to the creation of a new technological platform (CNFC and fast neutron reactors)
- 36. Developments in the field of radiation technology
- 37. International projects in the field of science and innovation
- 38. Implementation of the project "Production system of Rosatom" (PSR) and its results
- 39. Implementation of the project "Energy Efficiency" and its results
- 40. The remuneration system
- 41. Career and staff efficiency management (training, personnel reserve, system evaluation)
- 42. Relations between staff and management (including the ability of the staff to influence on management decisions, to ensure the legitimate rights of employees)
- 43. Information security of ROSATOM
- 44. Knowledge Management System of ROSATOM
- 45. Protection of Intellectual Property of ROSATOM

The aspect "State policy" was recognised of high materiality and one that need to be disclosed in the report by decision of the head of the working group.

Disclaimer for the publication of forecast data

The report contains information about the plans and intentions of the Corporation for the medium and long term.

The plans are forward-looking in nature and their feasibility depends on a number of economic, political and legal factors which are outside the

influence of the Corporation (the global financial-economic and political situation, the situation on key markets, changes in tax, customs and environmental legislation and so forth.). For this reason, the actual performance indicators in future years may differ from the forward-looking statements, published in a report.