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SAFETY STANDARDS. BUSINESS OPPORTUNITIES

ANNUAL REPORT
The average salary in the Concern grew 4 times over a decade, having exceeded Russia’s average salary growth rate (3.7 times over a decade).

Starting from 2012, agreements were made between Rosatom State Corporation and the governments of the Concern presence regions. According to these agreements, municipal entities receive additional tax deductions for implementation of socioeconomic development plans.

During two years, 2.8 bln rubles were routed for events in municipal entities.

At present, nuclear power generation in the national energy balance reached 19.5% (15.8% in 2005).

At present, Russian NPPs capacity factor is comparable to state-of-the-art power units of foreign NPPs.

At present, nuclear power units of foreign operators were subject to theoretical studies in mid-2000s. The first (main) floating thermal nuclear power plant (FTNPP) rated at 70 MW on the basis of a floating power unit with two KLT-40S reactors. Commissioning year – 2019. R&D activities are carried out for substantiation of a power unit with the BN-1200 fast breeder reactor.

The Concern implements innovative projects for nuclear power units that were subject to theoretical studies in mid-2000s. The first plant floating thermal nuclear power plant of Rosenergoatom rated at 180 MW on the basis of a floating power unit with two KLT-40S reactors. Commissioning year – 2018. R&D activities are conducted for substantiation of a power unit with the BN-1200 fast breeder reactor.

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**MAIN RESULTS**

263,757
mln rubles – revenue in 2015

**REVENUE, MLN RUBLES**

<table>
<thead>
<tr>
<th>Year</th>
<th>Revenue</th>
<th>Net exports revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>232,857</td>
<td>492</td>
</tr>
<tr>
<td>2014</td>
<td>253,125</td>
<td>686</td>
</tr>
<tr>
<td>2015</td>
<td>263,757</td>
<td>362</td>
</tr>
</tbody>
</table>

**TAXES PAID, MLN RUBLES**

<table>
<thead>
<tr>
<th>Year</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net profit</td>
<td>671,517</td>
<td>105,607</td>
<td>13,922</td>
</tr>
</tbody>
</table>

**POWER GENERATION, BLN KWH**

<table>
<thead>
<tr>
<th>Year</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>172.2</td>
<td>180.5</td>
<td>195.2</td>
<td></td>
</tr>
</tbody>
</table>

**EBITDA MARGIN, %**

<table>
<thead>
<tr>
<th>Year</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>51.25</td>
<td>48.96</td>
<td>47.16</td>
<td></td>
</tr>
</tbody>
</table>

**CAPACITY FACTOR, %**

<table>
<thead>
<tr>
<th>Year</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>86</td>
<td>81.6</td>
<td>77.9</td>
<td></td>
</tr>
</tbody>
</table>

**ANNUAL REPORT**

**Investments in Equity, Mln Rubles**

<table>
<thead>
<tr>
<th>Year</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>172,720.3</td>
<td>154,191.0</td>
<td>121,932.6</td>
<td></td>
</tr>
</tbody>
</table>

**Assets, Mln Rubles**

<table>
<thead>
<tr>
<th>Year</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>1,240,961</td>
<td>1,355,827</td>
<td>1,470,670</td>
<td></td>
</tr>
</tbody>
</table>

**Gross profit**

<table>
<thead>
<tr>
<th>Year</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>96,309</td>
<td>109,607</td>
<td>103,616</td>
<td></td>
</tr>
</tbody>
</table>

**Profit, Mln Rubles**

<table>
<thead>
<tr>
<th>Year</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>13,922</td>
<td>13,922</td>
<td>13,920</td>
<td></td>
</tr>
</tbody>
</table>

**Charitable Contributions, Mln Rubles**

<table>
<thead>
<tr>
<th>Year</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>37,179</td>
<td>37,179</td>
<td>37,179</td>
<td></td>
</tr>
</tbody>
</table>

1. The reason for a decrease in the indicator value is the transfer in 2015 to Rusatom Service JSC of the contracts made by the Concern earlier for provision of engineering services, supply of equipment and spare parts for NPPs, conclusion of contracts for a new scope of services and supplies according to the resolution by Rosatom State Corporation.

2. A decrease in the amount of tax payable to the federal budget was caused by greater VAT offset in relation to commissioning of fixed assets.

3. Revenue increased by 10,541.2 mln rubles versus the previous period, prime cost — by 12,507.2 mln rubles, therefore gross profit for the current period increased by 2,000 mln rubles if compared to the previous period.

4. Revenues increased by 10,541.2 mln rubles versus the previous period, prime cost — by 12,507.2 mln rubles, therefore gross profit for the current period increased by 2,000 mln rubles if compared to the previous period.

5. The investment program for 2015 was sequestered according to the financial and economic conditions having an adverse effect on funding of NPPs.

6. Changed due to return of the previously overpaid profit tax amount of 3,139 mln rubles.

7. The headcount reduction by 313 persons was reasoned by implementation of the labor productivity improvement program: transfer of repair personnel to Atomenergoremont JSC according to the Program for Optimal Distribution of Repair Personnel; optimization of the administrative and managerial personnel headcount; transfer of supporting personnel to outsourcing companies, organizational changes and adjustment of manpower plans for power units under construction, organizational changes in Moscow branches of the Concern (unification and optimization of headcount of the Construction Management Directorate, and the Design and Engineering Branch).

8. The headcount reduction by 313 persons was reasoned by implementation of the labor productivity improvement program: transfer of repair personnel to Atomenergoremont JSC according to the Program for Optimal Distribution of Repair Personnel; optimization of the administrative and managerial personnel headcount; transfer of supporting personnel to outsourcing companies, organizational changes and adjustment of manpower plans for power units under construction, organizational changes in Moscow branches of the Concern (unification and optimization of headcount of the Construction Management Directorate, and the Design and Engineering Branch).
DEAR COLLEAGUES,

Russia's energy policy envisages further intensive development of the nuclear power industry. It is one of the fastest growing industries in the national economy. The facilities being constructed by Rosatom State Corporation represent the highest level of complexity. And we successfully meet this challenge today. This is proven not only by the nuclear power units built in Russia recently and being placed into operation at the moment, but the number of orders we have received from abroad.

Taking into consideration the Russian Federation Government pursued policy of keeping down electricity tariffs and the uneven economic environment conditioned by sanctions and foreign currency exchange rate volatility, it becomes most relevant and important to work for enhancement of the Concern’s operations efficiency and competitiveness, by means of Rosatom Production System introduction, inter alia.

Competition in the wholesale market is getting stronger. We feel the pressure exerted by the conventional power industry. Due to a drop in the natural gas price (and consequentially decreased electricity price in the spot market), the difference in production prime costs between nuclear power plants and combined heat and power plants is not that big any more. If we don’t increase efficiency of operations, don’t take active efforts in the evolving market, then we may be taken over by competitors. The market situation makes us cut expenditures, work in a more efficient way in order for nuclear power to be competitive.

2015 was a year of great achievements and at the same time uneven results for the Concern. We hit another record in power generation, started commercial operation of the power unit No. 3 at the Rostov NPP. Meanwhile, we are behind schedule for commissioning of the power unit No. 4 at the Beloyarsk NPP and the power unit No. 6 at the Novovoronezh NPP.

Today, Rosenergoatom Concern JSC is not just an operator company — it is a power engineering division of Rosatom State Corporation, which is active in penetrating the global market and developing new lines of business in Russia and abroad. One of the nuclear power industry activity priorities is enhancement of competitiveness, by means of Rosatom Production System introduction, inter alia.

We face the objective of developing power unit decommissioning services, distribution activities, infrastructure solutions.

Retaining current positions in traditional markets requires constant improvement of processes and technologies in all sectors of the nuclear power industry, and development of new business lines. Therefore, the Concern defined the tasks and objectives corresponding to the goals of Rosatom State Corporation set forth in 2016–2018 business plan and strategy for the period up to 2030.

Among the key thrusts aimed at achievement of the set goals are increasing competitiveness of new and operational power units of the Concern’s NPPs and developing new business lines, by means of foreign operations enhancement, inter alia. We are planning to increase the scale of operations in traditional markets by commissioning of new power units according to the road map and enhancing the existing NPPs operation efficiency while unconditionally maintaining failsafe and secure operation of NPP power units.

As for new prospects, the Concern is planning to develop new businesses and, together with specialized structural units of Rosatom State Corporation, it has recently developed and is implementing product strategies related to distribution activities, NPP services abroad, etc.

I hope that despite all hardships Rosenergoatom Concern JSC will successfully continue to perform a demanding task of ensuring energy security of Russia.

Today, Rosenergoatom Concern JSC is not just an operator company — it is a power engineering division of Rosatom State Corporation, which is active in penetrating the global market and developing new lines of business in Russia and abroad. 
ADDRESS BY CEO

"At the same time, Rosenergoatom faces a strategic objective of remaining a secure, fail-safe and cost-efficient Russian generating company that supplies a customer with power at the lowest price possible."

DEAR PARTNERS,

I am pleased to present you the eighth integrated Rosenergoatom Concern Annual Report prepared in compliance with the best and most recent Russian and international practices, as well as GRI G4 Sustainability Reporting Guidelines and the International Integrated Reporting Framework. The Report describes key operation results achieved by Rosenergoatom Concern in 2015, covers financial, production, social, environmental aspects of activities and sustainable development. The Concern management confess their responsibility for ensuring consistency of the integrated report compiled by a large team of specialists and managers.

We may be proud of the fact that in 2015 Russia’s nuclear plants achieved a record high power output of 195.2 bln kWh, which amounts to 108.2% of the production level of 2014. The Federal Tariff Service balance was fulfilled by 103.2%.

It is an undoubted success that the power unit No. 3 at Rostov NPP was put into commercial operation (let me remind its power start-up was in late 2014 ahead of schedule). The Rostov plant team showed the unprecedented results in ensuring the safety of start-up and all commissioning operations at low power testing stages.

The power unit No. 4 at Beloyarsk NPP with a fast neutron reactor was powered up in December 2015.

In the reporting year the Concern obtained licenses for extension of the power units operation period at Smolensk, Balakovo and Kursk NPPs. We deployed the Rosatom Production System (RPS). The Balakovo and Smolensk NPPs are successfully implementing a project for transformation into the industry’s RPS benchmark companies. The said plants won the RPS Safety Culture nomination.

However, despite the achieved results, the Concern is in a troublesome environment today. On one hand — record high output, on the other — extremely tough competition in the power generation market. Due to a drop in the natural gas price, the competition is becoming stronger with combined heat and power generation as well. Therefore, prices in the power market are not growing, and payments for the capacity actually decrease. These factors have adverse effects on the Concern’s revenues.

Meanwhile, the power unit No. 4 at the Baloyarsk NPP and the power unit No. 6 at the Novovoronezh NPP have been commissioned behind schedule. As a result, the funds, the Concern was planning to receive under capacity supply agreement in 2015–2016, would only be received starting from January 1, 2017 as in 2016 these power units will be in the low power testing mode.

The Concern’s financial and economic situation will be strained at the output level of 199 bln kWh slated for 2016. This is due to the fact, among others, that the second cycle of graphite stack repair and maintenance at the first generation RBMK power units will be started in 2016, which will accordingly affect power generation.

At the same time, the Concern faces a strategic objective of remaining a secure, fail-safe and cost-efficient Russian generating company that supplies a customer with power at the lowest price possible.

In order to achieve the stated objectives, the Concern, like other divisions of Rosatom, has to implement a large-scale project known as 30 Up — 30 Down during a three year period. This means we need to increase the output, revenues and labor efficiency by 30% meanwhile decreasing costs, including prime cost and inventory, by 30%. The following tools will be used: growth of the aggregate free cash flow, 100% completion of the investment program, enhancement of the output and labor efficiency, and reduction of the semi-fixed costs.

We are taking large-scale efforts not only to improve the efficiency in the traditional business — power generation, but to penetrate new markets. Revenues from new products totaled 5.9 bln rubles in 2015, which is 1.5 times higher than the target value (3.9 bln rubles). Of course, the Concern will endeavor to expand its presence and increase the number of orders abroad.

In each and every activity the Concern will focus on boosting safety and quality, speeding up the processes (primarily, shortening the periods of new power units construction), cutting inventory and costs in 2016. This year will be challenging for the Concern. In addition to important production objectives, we will meet organizational and qualitative transformations. However, as you all know, a difficult situation in the economy and crisis developments are not only a challenge for every company, but a real window of possibilities allowing to bring the Concern to a higher level of efficiency.

I believe we are well placed to do that.
CONCERN’S AWARDS

Winner of the SILVER THREADS National Contest of Corporate Video and Television in the Best Corporate Video — Personnel nomination for its occupational safety video.

Leader in the industry level HR nomination of Rosatom State Corporation — Growth Point (promotion from managerial talent pool).

Prize winner in the ConTEKst-2015 contest, Best Social Project nomination for its PR project of a Photo Exhibition titled “When Destruction Creates Currents of New Forces”.

2015 Corporate Transparency Rating Among Largest Russian Companies prepared by the Russian Regional Network for Integrated Reporting: The third place in the final rating, the Leader in Corporate Transparency Among State Companies title awarded.


2014 Annual Reports Contest by RAEX (RA Expert rating agency): a prize for high quality of sustainable development information disclosure.

PUBLIC REPORTING AWARDS

TOP-10 Among top 10 companies in Report Information Assurance, Usability of Report and Channels of Operational Communication with Stakeholders, Strategic Management, and Public Reporting System (Corporate Transparency of Major Russian Companies 2015 rating).

1st PLACE in the Generating Companies: Market Efficiency rating compiled by Market Council Non-Commercial Partnership.

Winners of the SILVER THREADS National Contest of Corporate Video and Television in the Best Corporate Video — Personnel nomination for its occupational safety video.

Leader in the industry level HR nomination of Rosatom State Corporation — Growth Point (promotion from managerial talent pool).

Prize winner in the ConTEKst-2015 contest, Best Social Project nomination for its PR project of a Photo Exhibition titled “When Destruction Creates Currents of New Forces”.

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## CALENDAR OF KEY EVENTS

### FEBRUARY
- 6.02 Pilot operation of the power unit No. 4 at Kalinin NPP started at 104% capacity level
- 7.04 Functions of the Concern’s Directorate of Leningrad NPP-2 under Construction were transferred to Leningrad Nuclear Plant branch

### MARCH
- 25.03.2016 Fuel loading into the core zone of VVER-1200 reactor began as part of the program for physical start-up of the Novovoronezh NPP power unit No. 6

### APRIL
- 10.11 Power start-up began at the Beloyarsk NPP power unit No. 4 with BN-800 reactor

### MAY
- 7.07 Best Russian NPP 2014 corporate contest was held. The Balakovo NPP took the first place, the Rostov and Smolensk NPPs shared the second, the Kola and Kursk NPPs — the third
- 19.05 The Concern staff conference in Kurchatov. Three-year collective agreement was approved
- 22.05 Ivan Sidorov was appointed Director of the Beloyarsk NPP

### JUNE
- 7.09 Andrey Petrov, Director of the Smolensk NPP was appointed CEO of the Concern. Alexander Vasilyev, Chief Engineer of the plant became Director of the Smolensk NPP
- 16.09 The power unit No. 3 of Rostov NPP was commissioned

### JUIN
- 7.02 Three employees of the Concern: Konstantin Kudryavtsev, Chief Engineer, Leningrad NPP, Igor Lozhnikov, Deputy Chief Engineer, and Sergey Kharakhin, Head of Reactor Shop were awarded the Sci-Tech Prize by the Russian Federation Government for their work on recovery of resource characteristics of RBMK-type reactors

### JULY
- 7.04 Pilot operation of the power unit No. 4 at Kalinin NPP started at 104% capacity level

### AUGUST
- 7.07 Best Russian NPP 2014 corporate contest was held. The Balakovo NPP took the first place, the Rostov and Smolensk NPPs shared the second, the Kola and Kursk NPPs — the third

### SEPTEMBER
- 7.09 Andrey Petrov, Director of the Smolensk NPP was appointed CEO of the Concern. Alexander Vasilyev, Chief Engineer of the plant became Director of the Smolensk NPP
- 16.09 The power unit No. 3 of Rostov NPP was commissioned

### OCTOBER
- 27.10 Rostekhnadzor resolution was received on termination of the licenses for operation of the power units No. 1 and No. 2 at Novovoronezh NPP starting from October 12, 2015

### NOVEMBER
- 10–27.11 Operational safety was audited at the Novovoronezh NPP power unit No. 5 — IAEA OSART mission
- 10.11 Power start-up began at the Beloyarsk NPP power unit No. 4 with BN-800 reactor
- 7.04 Functions of the Concern’s Directorate of Leningrad NPP-2 under Construction were transferred to Leningrad Nuclear Plant branch

### DECEMBER
- 1.12 At 9:21 PM local time (7:21 PM Moscow time) the Beloyarsk NPP power unit No. 4 was powered up
- 10.12 The Balakovo and Smolensk plants became best Russian NPPs in terms of safety culture according to the results of 2015
- 5.12 The Concern’s Articles of Association were amended to rename Rosenergoatom Concern OJSC into Rosenergoatom Concern JSC
1.1. GENERAL INFORMATION

Rosenergoatom Concern JSC is one of the largest power generation companies in Russia and Russia’s only operator of nuclear plants.

The Concern has integrated, as branch companies, active nuclear plants, directorates of nuclear plants under construction, and the Capital Projects Implementation Branch Office, Science-Research Center for Emergency Response at NPPs, Science and Engineering Center, Pilot and Demonstration Engineering Center for Decommissioning, Engineering Design Branch Office, Technology Branch Office, Resource-Bulgaria Historical Perspective Fund, Directorate for Construction and Operation of Floating Thermal Nuclear Power Plants (see Section 1.3).

The Concern’s core businesses are generation of power and heat by its nuclear plants and operation of nuclear plants, sources of radiation, nuclear material and radioactive substance storage sites pursuant to the procedure set forth by legislation of the Russian Federation.

The stockholders of Rosenergoatom Concern JSC are Atomenergoprom JSC (91.6059%) and Rosatom State Corporation (8.3941%).

Pursuant to the resolution of the general meeting of the Concern dated July 17, 2014 (Minutes No. 8), the Concern jointly with TVEL JSC, Science and Innovations CJSC, Russian Nuclear Society Non-Governmental Organization, and Consortium of Supportive Institutions of Higher Education of Rosatom State Corporation (Association of Institutions of Higher Education) took part in setting up the National Nuclear Innovation Consortium association. The association is aimed at promoting expert community of the organizations which form part of Rosatom State Corporation and specialized institutions of higher education, accreditation of educational programs, setting up a final quality inspection of educated young professionals prior to their employment in the industry (qualification approval), and monitoring by industry organizations of the quality of education of young professionals.

In 2015 the Concern joined the Anti-Corruption Charter of Russian Business in an initiative manner.
POWER REACTORS

WATER-COOLED WATER-MODERATED REACTORS

1ST GENERATION

1964

VVER-210
Novovoronezh NPP-1

1965

VVER-70
German Democratic Republic

1966

VVER-365
Novovoronezh NPP-2

1969

VVER-440
Novovoronezh NPP-3

1971

VVER-1000
Novovoronezh NPP-5

1980

FAST BREEDER REACTORS

1972

AMB-100
Beloyarsk NPP-1

1973

AMB-200
Beloyarsk NPP-2

1977

A1
Czech Republic

(heavy water reactor)

1980

VVER-1000
Novovoronezh NPP-5

2013

VVER-1000
South Ukraine NPP-1

2016

VVER-1000
Zaporozhye NPP-3

2015

VVER-1000
Novovoronezh NPP-3

VVER-1000
Leningrad NPP-1

VVER-1000
Ingalina NPP-1

BOILING-WATER GRAPHITE-MODERATED CHANNEL-TYPE REACTORS

1963

AMB-100
Beloyarsk NPP-1

1964

AMB-200
Beloyarsk NPP-2

1964

BN-300
Stroetchnos kity (Kazakhstan)

1980

BN-800
Beloyarsk NPP-3

2016

BN-1200
Beloyarsk NPP-4

VVER-700 (project)

WORLD'S FIRST NPP — 1964

YEARS OF RUSSIAN NUCLEAR INDUSTRY

95 70

REACTORS CREATED

REACTORS OPERATIONAL

70

95

1964

1970

1971

1972

1973

1974

1975

1976

1977

1978

1979

1980

1981

1982

1983

1984

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2098

2099

2100
1.2. HISTORY

On September 7, 1992, State-Owned Enterprise “Russian State Concern for Production of Electric and Thermal Energy at Nuclear Power Plants” was established (Rosenergoatom Concern State-Owned Enterprise (SOE)).

The Decree ruled that Rosenergoatom Concern SOE was a state-owned enterprise that independently and through outsourcing is engaged in all stages of the life cycle of nuclear plants, as regards selection of construction sites, project design, construction, commissioning, operation, decommissioning, and other functions of an operator company.

The assets of nuclear plants currently in operation, under construction, in project design phase, or abandoned, are owned by the Federal Government and assigned to Rosenergoatom Concern SOE that is fully in charge and control of them.

The idea was to use Rosenergoatom Concern SOE as a platform to integrate all nuclear plants, which under the Decree had received the exclusive rights of self-governed business units — industrial enterprises.

During the 1990s, one of the main tasks facing Rosenergoatom Concern SOE was to overcome the transition difficulties and, first and foremost, to resolve the problem of non-payments for the energy supplied by NPPs.

Starting on April 1, 2002, with the intention to improve operating efficiency at nuclear plants, Rosenergoatom Concern SOE was reorganized into a generating company (Rosenergoatom Concern FSUE) by merging with all nuclear plants, both in operation and under construction.

Apart from its functions as an operator, the Concern became capable to act independently on the power market, and sell power generated by the nuclear plants to solvent users.

In July 2007, Atomenergoprom JSC was incorporated with Rosatom State Corporation being the sole stockholder and the owner of all voting stocks.

On August 11, 2008, Rosenergoatom Concern FSUE was reorganized into Energoatom Concern JSC, which surrendered 100% of its stock to Atomenergoprom.

On September 14, 2009, the Concern became entitled to use the word “Russian” in its corporate name according to the Russian Federation Government Resolution No. 1307-1.

In November 2009, the sole stockholder of Energoatom Concern OJSC decided to add modifications into the Concern’s Articles of Association, related to its new name: Russian Concern for Production of Electric and Thermal Energy at Nuclear Power Plants (Rosenergoatom Concern OJSC).

In November 2009, the sole stockholder of Energoatom Concern OJSC decided to add modifications into the Concern’s Articles of Association, related to its new name: Russian Concern for Production of Electric and Thermal Energy at Nuclear Power Plants (Rosenergoatom Concern OJSC).

In 2011, Rosatom State Corporation became another stockholder of Rosenergoatom Concern OJSC, together with Atomenergoprom JSC.

On December 5, 2015, the Articles of Association were amended to change the company name into Rosenergoatom Concern JSC.

1.3. CORPORATE STRUCTURE*

- Balakovo NPP
- Bilibino NPP
- Beloyarsk NPP
- Rostov NPP
- Kalinin NPP
- Kola NPP
- Kursk NPP
- Leningrad NPP
- Novovoronezh NPP
- Smolensk NPP
- Science-Research Center for Emergency Response at NPPs
- Directorate for Construction and Operation of Floating Thermal Nuclear Power Plants
- Technology Branch Office
- Science and Engineering Center
- Pilot and Demonstration Engineering Center for Decommissioning
- Capital Projects Implementation Branch Office
- Directorate of Baltic NPP (under construction)
- Directorate of Kursk NPP-2 (under construction)
- Directorate of Nizhny Novgorod NPP (under construction)
- Directorate of Voronezh NPP (under construction)
- Directorate of Kostroma NPP (under construction)
- Russian Representative Office in Lianyungang (People’s Republic of China)**

* As of December 31, 2015
** Under liquidation
2.1. MISSION AND VALUES

Rosenergoatom Concern JSC sees its mission as supplying consumers with power and heat produced by the Concern NPPs, with guaranteed safety as its top business priority.

The Concern’s activities are aligned with the corporate values common for the whole nuclear power industry.

The Concern’s main values are energy security and economic development of Russia, protection and safety of people, and environmental protection.

The Concern implements the following principles during performance of its main activity on operation of NPPs:

- Ensuring nuclear, radiation, technical, fire and environmental safety, as well as labor protection;

- Unconditional compliance with legislation of the Russian Federation, compliance with requirements of federal standards and rules for security, compliance with institutional standards;

- Economic efficiency of production of power and heat at NPPs;

- Safety culture improvement.

As an operator company, the Concern is fully responsible for ensuring nuclear and radiation safety at all stages of the NPPs life cycle: location, design, construction, operation, and decommissioning of NPPs.
**CAPITALS**

**External resources**
- HUMAN
  - 27,326 men
  - 9,849 women

**Internal resources**
- INTELECTUAL
  - 1.12 bln rubles intangible assets value

**PRODUCTION**
- 8* power units under construction as of December 31, 2015
- 25.2 GW installed capacity as of January 1, 2015
- 33 operating power units as of January 1, 2015

**SOCIAL**
- 72% nuclear power industry support level

**FINANCIAL**
- 42.8 bln rubles asset contribution by Rosatom State Corporation
- 1.181 bln rubles net assets as of December 31, 2014

**NATURAL**
- 31.2 bln rubles/ha – area
- 20,867 ha – area

**PROCESSES**
- 58% appointments from succession pool to top management level positions
- 325.9 min rubles training costs
- 110.3 hours of training per employee
- 1.3 bln rubles financing of R&D
- 0.31 bln rubles including 0.31 bln rubles – for BN reactor projects

**SALES CHANNELS**
- Atomsenergosbyt JSC
- WECM
- Rusatom Service CJSC
- Regional Heat Energy Market

**CONSUMERS:**
- Major enterprises
- Suppliers of last resort
- Energy supply companies
- End consumers

**FINANCE**
- 13 bln rubles additional tax payments in regions
- 0.6 bln rubles investments in communities
- 264 bln rubles revenue
- 13.9 bln rubles net profit
- 135.2 bln rubles EBITDA

**VALUE CREATION**
- 195 bln kWh power generation
- 34 operating power units
- 2.6 GW Heat production

**Section 3.8**
- 5% labor productivity growth

**Section 3.9**
- 315 items of intellectual property

**Section 3.10**
- 75% nuclear power industry support level

**Section 3.11**
- +3% nuclear power industry support level

**Section 3.12**
- 1.2 trillion rubles net assets

**Section 3.13**
- +117 bln rubles net asset gain

**Section 3.14**
- 3.4 bln rubles environmental costs

**Section 3.15**
- +1 GW installed capacity gain

* Including Beloyarsk NPP power unit No. 4 (pilot operation)
** Excluding Beloyarsk NPP power unit No. 4 (pilot operation)
The value chain of Rosenergoatom Concern JSC (hereinafter — the Concern) forms part of common industry chains of Rosatom State Corporation organized in accordance with fuel and equipment life cycles.

The business model contains general description of the Concern’s activities within the industry, and is provided as transformation of input resources to tangible and marketable results (value for stockholders, products, and services). The business model reflects capitals, resources, and processes participating in the value chain.

**KEY PROCESSES**

Operation of existing NPPs — management of equipment, nuclear fuel, and the process of power and heat production for subsequent marketing.

Construction management of new NPP power units — formation of the Concern’s fixed productive assets and infrastructure, from the investment plan to delivery of a finished asset for operation.

Power and heat sale — embraces power sale in the wholesale electricity and capacity market (WECM) and interaction with end consumers of power and heat, including execution of a contract with the end consumer.

**DEVELOPMENT PROCESSES**

Organization/performace of R&D initiated by the Concern aimed at resolving long-term tasks of the Concern’s production and technical research activity to the extent of modernization of NPP power unit design and construction processes, increase of service life of main equipment, implementation of new materials and processes, and development of new reactor units.

Modernization of existing NPPs includes all activities aimed at increasing operating performance of NPPs, subject to unconditional safety at all stages of their life cycle.

Development of international activity consists of five main blocks:

- **Marketing** — collection and analysis of information to determine parameters of effective demand, desired commodity (consumer) properties, target markets and consumers, and promotional channels.
- **Service development** — the Concern’s activity on forming a line of services with required consumer properties, approaches to pricing and interaction with target customers.
- **Sales and contracting** — corresponds to activity on service promotion, consumer search, and interaction with consumers up to conclusion of a contract.
- **Production (provision) of services** — contains processes of contractual obligations discharge up to acceptance of services provided, and receipt of payments.
- **After-sale service** — includes reclamation processing, provision of paid and free additional services to ensure competitive performance as part of long-term interaction with consumers.
2.3. STRATEGIC GOALS AND OBJECTIVES

The activities of Rosenergoatom Concern JSC, being a state-owned company, are primarily focused on meeting the state objectives of ensuring nuclear and radiation safety, solving the problems of heritage when supplying the national economy with electricity.

In meeting these objectives the Concern is guided by the following tasks and their implementation conditions:

• Ensuring safe, efficient, and reliable operation of existing NPPs, nuclear and radiation safety of facilities which use nuclear power, protection of personnel, population, and environment (a set of measures on safe and sustainable work of operating NPP power units (modernization of NPP systems and equipment aimed at safe, reliable, and sustainable work of NPPs, Program for Recovery of Resource Characteristics of RBMK power units) (see Section 3.3).

• Increasing power generation while ensuring a necessary safety level (generating power while ensuring a necessary safety level. Generation totaled +8.2 % vs 2014).

The strategy of Concern as a power engineering division of Rosatom is part and parcel of the business strategy of Rosatom State Corporation and is based on provisions of the Russian Energy Strategy until 2030. Efficiency improvement of nuclear generation in the Russian Federation, closure of the nuclear fuel cycle, international expansion, including VVER power units servicing abroad, comprise the main areas of the Concern’s development.
MAJOR GOALS AND OBJECTIVES FOR 2016–2018

Retaining current positions in traditional markets requires constant improvement of processes and technologies in all sectors of the nuclear power industry, and development of new business lines. Therefore, the Concern defined the tasks and objectives corresponding to the goals of Rosatom State Corporation set forth in 2016–2018 business plan and strategy for the period up to 2030 while ensuring safety.

KEY INITIATIVES AIMED AT IMPLEMENTING STRATEGIC GOALS:

- Improving the competitive ability of the Concern’s new and existing NPP power units. We are planning to increase the scale of operations in traditional markets by commissioning of new power units according to the road map and enhancing the existing NPPs operation efficiency while unconditionally maintaining safety and secure operation of NPP power units.
- Developing new business lines, by means of increasing foreign presence, inter alia. As for new prospects, the Concern is planning to develop new businesses and, together with specialized structural units of Rosatom State Corporation, it has recently developed and is implementing product strategies related to distribution activities, NPP services abroad, and DPC.
- Enhancing efficiency of operations. Taking into consideration the Russian Federation Government pursued policy of keeping down electricity tariffs and the uneven economic environment conditioned by sanctions and foreign currency exchange rate volatility, it becomes most relevant and important to work for enhancement of operations efficiency.

The main drivers of expenditures optimization and reduction of specific semi-fixed costs accounted for by the Concern in the business plan for 2016–2018 include:
- Reduction of expenditures on personnel as part of the Headcount Optimization Program;
- Reduction of costs for fixed assets repair as a result of transition to 18-month fuel cycle;
- Directive task to reduce costs associated with administrative and maintenance activity;
- Optimization of other costs, including wage indexation blocking.

STRAATEGIC GOALS OF ROSATOM STATE CORPORATION

STRATEGIC GOALS OF THE CONCERN

STRAATEGIC OBJECTIVES OF THE CONCERN

CONTRIBUTION IN 2015

Increasing the share in international markets

- Increasing the share of nuclear generation due to NPP installed capacity growth, and generation of nuclear power while ensuring a necessary safety level
- Implementation of projects on NPP construction (8 NPP power units and 1 floating power unit are currently under construction)
- Location and design of new NPPs

The power unit No. 3 of Novovoronezh NPP was commissioned in 2015

The power unit No. 4 at Beloyarsk NPP was started up

Increasing the share in international markets

- Construction of NPPs abroad according to the BOC rule (Build – Own – Operate)
- Servicing of Russian design NPPs abroad, including: maintenance, repair, modernization, documentation development and personnel training

See Section 3.2

Reducing the products prime cost and speeding up the processes

- Increasing NPP operating efficiency

See Section 3.5

Increasing efficiency of design and capital construction of NPPs

- Improving the capacity factor
- Increasing VVER-1000 power units capacity to 106% of name
- Switching VVER-1000 power units to 18-month fuel cycle
- Extending the service life of currently operating NPP power units which exhausted their design service life
- Increasing the efficiency of repair campaigns
- Increasing the efficiency of fuel use
- Reducing the expenditures on operating activity and cost management
- Preparing for NPP construction on the basis of the VVER-TDI project

See Section 3.5

Increasing the share in international markets

- Commissioning of 19 new power units by 2030, and extension of the operating period of nine existing power units
- Increasing the power generation from 180.5 bln kWh in 2014 to 205 bln kWh in 2018, and 229 bln kWh by 2030
- Extending the service life of currently operating NPP power units which exhausted their design service life
- Improving the capacity factor calculated for the existing VVER units to 91% in 2019.
- Development of Russian design NPPs servicing abroad
- Start-up of servicing of foreign design NPPs
3.1. SITUATION IN POWER INDUSTRY

The Rosenergoatom is one of the largest power industry companies worldwide and the only operator of Russian NPPs. Producing more power than other largest power generating companies in Russia, it is second largest in terms of installed capacity worldwide.

MAJOR TRENDS IN GLOBAL ECONOMY AND MACRO-ECONOMIC SITUATION IN RUSSIA

The global economy grew 3.1% in 2015, which is 0.3 percentage points lower than in 2014. At the same time, it is expected to grow 3.4% in 2016 and 3.6% in 2017. The anticipated growth acceleration in the coming two years (despite the ongoing deceleration in China) is primarily stipulated by the forecast gradual rise in the countries that currently encounter economic difficulties, particularly in Russia, Brazil and some Middle Eastern countries.

Growth in the volume of global trade decreased from 3.4% in 2014 to 2.6% in 2015. It is forecast to return to the level of 2014 in 2016 and further grow to 4.1% in 2017.

The economic situation in Russia in 2015 was shaped under the influence of deteriorating external economic conditions, basically the drop in oil prices, preserved economic sanctions imposed by the EU and USA, continued downside trend in investment activities, and large-scale capital outflow. The GDP index was negative and decreased by 3.7% versus 2014. Consumer and investment demand continued to drop.

The industrial production index in 2015 decreased by 3.4% versus 2014. Meanwhile in 2016, according to the calculations by the Russian Economic Development Ministry the production of main types of primary fuel and energy sources increased versus 2014 by 0.8% due to a considerable upsurge in coal production (104.5% versus 2014), and NPP generated power (108.2% versus 2014) under a continued downside trend of natural gas production and power generation by hydropower plants.

According to various forecasts, the Russian GDP may decrease from 0.8 to 2.1% in 2016. Moreover, it is expected that the Russian GDP may increase by more than 0.9% in 2017. Such a forecast is reasoned by low oil prices and pressure on the Russian currency, rather high level of inflation. The economic recovery will be slow.

Slow down of the Russian economic growth enhances the urgency of new business lines development in the Russian Federation and abroad.

The main risk for economic prospects of the Concern is related to higher geopolitical tension. For additional information refer to Section 4.3 — Risk Management.
**TOP 5 COMPANIES: NUMBER OF REACTORS, INSTALLED CAPACITY AS OF END OF 2015**

<table>
<thead>
<tr>
<th>№</th>
<th>OPERATOR COMPANY</th>
<th>举办的</th>
<th>COUNTRY</th>
<th>NUMBER OF UNITS</th>
<th>NUMBER OF SITES</th>
<th>INSTALLED CAPACITY, NET MW(E)</th>
<th>INSTALLED CAPACITY, GROSS MW(E)</th>
<th>GENERATION IN 2014 GWh (SUPPLY)</th>
<th>GENERATION IN 2013 GWh (SUPPLY)</th>
<th>GENERATION IN 2012 GWh (SUPPLY)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Electricite de France</td>
<td>France</td>
<td>EDF</td>
<td>58</td>
<td>19</td>
<td>4,289</td>
<td>4,387</td>
<td>418,001.40</td>
<td>405,898.51</td>
<td>407,437.88</td>
</tr>
<tr>
<td>2</td>
<td>Rosenergoatom Concern JSC</td>
<td>Russia</td>
<td>REA</td>
<td>54*</td>
<td>10</td>
<td>25,443</td>
<td>27,206</td>
<td>168,523.82</td>
<td>161,067.30</td>
<td>169,775.95</td>
</tr>
<tr>
<td>3</td>
<td>Korea Hydro and Nuclear Power Corporation</td>
<td>South Korea</td>
<td>KHNP</td>
<td>24**</td>
<td>6</td>
<td>21,074</td>
<td>22,059</td>
<td>165,916.23</td>
<td>132,465.24</td>
<td>143,549.92</td>
</tr>
<tr>
<td>4</td>
<td>Elcogen Corporation</td>
<td>USA</td>
<td>Exelon</td>
<td>27**</td>
<td>13</td>
<td>9,452</td>
<td>9,452</td>
<td>81,222.78</td>
<td>76,366.36</td>
<td>84,985.59</td>
</tr>
<tr>
<td>5</td>
<td>NNEGC Energoatom</td>
<td>Ukraine</td>
<td></td>
<td>15</td>
<td>4</td>
<td>9,452</td>
<td>6,235</td>
<td>76,366.36</td>
<td>74,085.02</td>
<td>74,085.02</td>
</tr>
</tbody>
</table>

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**FORECASTS AND DEVELOPMENT PLANS**

Forecasts show that in case the specified objectives are met in the nuclear power industry and nuclear fuel cycle between 2015 and 2035, the share of NPPs in power generation will be increased by 2 to 4 percentage points (from 17 to 19–21%), and the installed capacity will grow 1.4 to 1.7 times with the respective dismantling of the power units built in the Soviet times. The share of nuclear generation in the total volume of primary energy production will grow from 3.0% to 3.5–3.9% between 2015 and 2035.4

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**ACTUAL POWER BALANCE INDICATORS OF RUSSIAN UES IN 2015**

<table>
<thead>
<tr>
<th>INDICATOR</th>
<th>RUSSIA</th>
<th>UOM</th>
<th>EUROPEAN PART*</th>
<th>CENTRAL UES</th>
<th>VOLGA UES</th>
<th>NORTH-WEST UES</th>
<th>SOUTH UES</th>
<th>URALS UES</th>
<th>EAST UES*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Power Generation at Concern's NPPs</td>
<td>195.21</td>
<td>Mln kWh</td>
<td>195.00</td>
<td>100.17</td>
<td>61.75</td>
<td>16.99</td>
<td>72.71</td>
<td>18.07</td>
<td>0.22</td>
</tr>
<tr>
<td>Power generation share of Concern's NPPs</td>
<td>16.6%</td>
<td>%</td>
<td>42.7</td>
<td>35.1</td>
<td>15.0</td>
<td>6.5</td>
<td>22.7</td>
<td>18.0</td>
<td>0.5</td>
</tr>
<tr>
<td>Power generation in Russia**</td>
<td>1,049.9</td>
<td>Mln kWh</td>
<td>795.55</td>
<td>258.97</td>
<td>155.37</td>
<td>101.28</td>
<td>90.2</td>
<td>259.73</td>
<td>477</td>
</tr>
</tbody>
</table>

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1 Without the Beloyarsk NPP power unit No. 4, which is in pilot operation.
3 With the Bibowis NPP.

---

1 Without the Beloyarsk NPP power unit No. 4, which is in pilot operation.
3 With the Bibowis NPP.

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**PERFORMANCE RESULTS**

Key Performance Results: Management Efficiency, Interactions with Stakeholders

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**OPENING STATEMENT**

The share of NPP generated power in Russia increased from 17 to 18.6% in 2015. In 2015 power generation in Russia totalled 1,049.9 bln kWh which is 0.2% more than in 2014. Russian UES power plants generated 1,028.6 bln kWh or 0.2% more than in 2014.4

The main load in terms of satisfying demand for power in Russia UES in 2015 was on thermal power plants (TPPs) with the output of 614.1 bln kWh or 1.1% less than in 2014. Hydropower plants output in 2015 equalled 160.2 bln kWh (4.1% less than in 2014). NPPs generated 195.2 bln kWh in 2015, which is 8.2% more than the amount of power produced in 2014. Power plants of industrial enterprises generated 57.5 bln kWh in 2015 (3.9% more than in 2014).*

The share of electricity produced by thermal power plants in the total power output of Russian UES (without isolated systems) decreased from 62.7% in 2014 to 59.8% in 2015, hydropower plants — from 16.6 to 15.6%. Power consumption by Russian UES decreased by 0.5% in 2015 versus 2014, which was reasoned by the temperature factor: in all three winter months of the same year (January, February, December) the outside air temperature was considerably higher if compared to the similar indicators of the same months in 2014.*

Over many years the Concern consistently keeps the leading position among Russian generating companies in terms of installed capacity and power generation.

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**MARKET**

The total installed capacity of the Concern’s nuclear power plants is 26.242 GWe comprising 11.5% of the total capacity of Russian UES in 2015. For additional information refer to Section 3.3 — Generating Capacities. Developing Generating Potential. In terms of installed capacity of NPPs and the number of operating power units the Concern holds the second place in the world among leading global companies operating NPPs (1st place — EDF, France).
SHARE OF NPPS IN ELECTRICITY GENERATION BY REGIONS IN 2015

18.6%

The share of Russian NPPs in the electricity generated in Russia in 2015 totaled 18.6%

ELECTRICITY GENERATION, BLN KWH

SALES MARKET AND PRODUCT CONSUMERS

The Concern’s products (electricity and capacity) are sold in the Wholesale Electricity and Capacity Market (WECM) which is a sphere of circulation of special goods of electric power and capacity within the UES of Russia.

The Concern’s products (electricity and capacity) are sold in the Wholesale Electricity and Capacity Market (WECM) which is a sphere of circulation of special goods of electric power and capacity within the UES of Russia.

The Concern’s product consumers are all enterprises and companies specified in Section 2 — Buyers of Power and Capacity of the Wholesale Electricity and Capacity Market Entities Register, and any company or organization, which is connected to the WECM trading system according to the established procedure with a view to make transactions for the purchase of electricity and capacity.

The Concern does not influence the composition and number of electricity and capacity buyers. The number, composition and structure of consumers is defined by the commercial operator of WECM (Trading System Administrator JSC) on an annual basis during the centralized WECM contracting campaign. In order to ensure compliance with the principles of proportionality and fair distribution of contracting agents under the contracts supporting sale of electricity and capacity at regulated prices, the distribution projects undergo an approval procedure among market participants during preparation for the contractual campaign. During this approval procedure the projects are optimized taking into account the interests of the market participants. Demand for electricity and power capacity supplied by the Concern in the WECM is generally steady with some deviations due to seasonal changes in electricity consumption and water content conditions with the appropriate change in hydrogeneration in the volume of electricity production on a scale of the Unified Energy System of Russia.

The actual amount of electricity produced by NPPs in 2015 equaled to 195.2 bln kWh, 195.0 bln kWh (99.89%) out of that amount was supplied to WECM and 0.22 bln kWh (0.11%) — to the retail market (Bilibino NPP output).

The planned NPP power output specified in the balance target is 189.15 bln kWh. The additional NPP power output totaled 6.06 bln kWh, or 3.2%.

DEVELOPMENT OF POWER SALES

Sales channels:

• WECM;
• AtomEnergoproSbyt JSC;
• Regional heat market;
• Rusatom Service JSC.

Detailed information about AtomEnergoproSbyt JSC and Atomenergoprom byt JSC activities in 2015 is given in Section 3.2 — International Activities.

**3.2. INTERNATIONAL ACTIVITIES**

As the development of new business lines and international activities is part of the general strategy, they play an important role and become the Concern’s activity priorities. As before, the international activity is mainly aimed at operational safety and reliability of NPPs built abroad under Russian designs, as well as at extension of equipment service life.

In furtherance of collaboration with leading international organizations and companies, we work on a bilateral basis seeking to share our experiences. We also hold conferences, subject-oriented workshops, and mutual on-the-job trainings.

**NEW BUSINESS LINES DEVELOPMENT**

One of the Concern’s priorities is development of new business lines: creation and introduction of new products both in the Russian and international markets.

Currently, the Division’s New Business Lines Portfolio contains four major areas surrounding mainly the Division’s core activities and several new businesses focused on diversification and supporting core activities.

NPPs servicing abroad is one of the Power Engineering Division’s strategic initiatives. It is executed by the Concern and the Division’s organizations featuring the required competence and reference experience in implementing foreign projects at all stages of the NPP life cycle.

**NEW BUSINESS LINES DEVELOPMENT AREAS**

- **NPP SERVICING ABROAD**
  - New market penetration with a new product
- **SERVICES FOR ADJACENT MARKETS**
  - Penetration of new markets with an existing product
- **ELECTRICITY DISTRIBUTION**
  - Penetration of new markets with an existing product
- **DATA PROCESSING CENTER**
  - New market penetration with a new product

**CONCERN’S ELECTRICITY SUPPLY STRUCTURE IN WECM BETWEEN 2011 AND 2015, BLN KWH**

<table>
<thead>
<tr>
<th>Year</th>
<th>Nuclear</th>
<th>Non-nuclear</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>1.36</td>
<td>37.01</td>
</tr>
<tr>
<td>2014</td>
<td>1.29</td>
<td>30.43</td>
</tr>
<tr>
<td>2013</td>
<td>1.12</td>
<td>29.85</td>
</tr>
<tr>
<td>2012</td>
<td>1.43</td>
<td>29.55</td>
</tr>
<tr>
<td>2011</td>
<td>1.45</td>
<td>29.05</td>
</tr>
</tbody>
</table>
In 2015, we developed a list approved by Rosatom State Corporation for complementary, yet standalone, products within the area of NPP servicing abroad:

- Nuclear infrastructure
- Technical customer
- Personnel education / training
- Commissioning
- Operation
- Servicing
- Isotope business
- Simulators and automated process control systems

The Products are currently at different stages of maturity and lifecycle. Long-term development strategies have been developed for the whole range of products. Consideration was given to all possibilities of the intra- and cross-divisional business.

NUCLEAR INFRASTRUCTURE

The Concern is responsible for implementation of Rosatom State Corporation Project for Assistance in Creation or Enhancement of National Infrastructures of Nuclear Power Industry in Countries Building or Planning to Build Nuclear Facilities under Russian Designs (hereinafter — “nuclear infrastructure” — NI).

As part of the Project, assistance is provided to partner countries (Bangladesh, Belarus, Jordan, Nigeria, Turkey, and Vietnam) for establishment of national NI. Joint Working Groups for NI were created with partner countries. At the first meetings held, we developed, coordinated, and subsequently approved during the meetings of Joint Coordinating Committees according to international agreements the bilateral cooperation plans for NI development. A package proposal was prepared for provision of services in the NI area, including a service contract mechanism for assistance in NI establishment, and draft contracts for services rendering. In addition, we completed development of core training courses for NI, created a model and a ‘prototype’ of the nuclear industry NI in a newcomer country. Cooperation is being established in the NI area with other partners planning to construct NPPs and research reactors according to Russian projects (Bolivia, Egypt, Ghana, RSA).

Interaction with IAEA is established in relation to NI matters; NI operations are being coordinated with Rostekhnadzor.

ROSENERGOATOM POWER ENGINEERING DIVISION OF ROSATOM

INTERNATIONAL BUSINESS AND DEVELOPMENT DEPARTMENT

INTERNATIONAL SCIENCE-TECHNOLOGY COOPERATION DEPARTMENT

ROSENERGOATOM POWER ENGINEERING DIVISION OF ROSATOM

INTERNATIONAL BUSINESS AND DEVELOPMENT DEPARTMENT

INTERNATIONAL SCIENCE-TECHNOLOGY COOPERATION DEPARTMENT

DIVISION PARTICIPATION IN NPP LIFE CYCLE

PHASE 1 CONSTRUCTION

OPERATION

GREEN FIELD

ROSENERGOATOM

• Services related to creation and development of national nuclear infrastructures

ATOMTEKHIMPORT

• APCS and Simulators
• Personnel Training
• Commissioning
• Technical Supervision Services Rendering

ROSENERGOATOM

• Owner’s Engineer services
• Personnel training

ATOMTEKHIMPORT

• Commissioning
• Operational documents development
• Start-up and commissioning operations

ATOMTEKHENERGO

• Development of documentation
• APCS
• Full-scale simulators

VNIAES

RUSATOM SERVICE

• Single service window
• Modernization
• Service life extension
• Maintenance and repair
• Supply of equipment and spare parts

ATOMENERGOREMONT

• Maintenance and repair

VPO ZAES

• Equipment and nuclear fuel quality control

Preparations for nuclear facilities decommissioning
• Decommissioning of nuclear facilities
• Units liquidation as nuclear hazardous facilities

Organizations involved in Concern’s International Business

Affiliates and Subsidiaries

Rusatom Service JSC
Atomtekhhexport JSC
VNIAES JSC
Atomenergoremont JSC
All-Russian Production Association Zarubezhatomenergostroy JSC
Electrogorsk Research and Engineering Center on Nuclear Power Plants Safety JSC
Science and Engineering Center Leningrad NPP

Russian Representative Office of Rosenergoatom Concern JSC in Lianyungang (People’s Republic of China)

Branches

1. Representative Office

Russian Representative Office of Rosenergoatom Concern JSC in Lianyungang (People’s Republic of China)

7. Affiliates and Subsidiaries

ROSENERGOATOM

ITSIK

Deutschland GmbH

RUSATOM SERVICE

PROFESSIONAL TRAINING CENTER OF NPPS

RUSATOM SERVICE

VPO ZAES

Rusatom Service JSC
Atomtekhhexport JSC
VNIAES JSC
Atomenergoremont JSC
All-Russian Production Association Zarubezhatomenergostroy JSC
Electrogorsk Research and Engineering Center on Nuclear Power Plants Safety JSC
Science and Engineering Center Leningrad NPP

Russian Representative Office of Rosenergoatom Concern JSC in Lianyungang (People’s Republic of China)
Servicing, Commissioning, and Operation are key products for the whole sector and at the present stage represent the bulk of the orders portfolio for a decade.

One of the Division’s objectives for the coming three-year period is to bring all products of the NPP Servicing Abroad category to a single steady stage of development with robust financial results and guaranteed portfolio of orders for the medium term.

It was decided to spin off RASU JSC as a separate legal entity in order for the automated process control system business to be out of the Division’s supervision as a result of in-depth analysis of the market prospects and internal competencies of the Concern on the level of Rosatom State Corporation.

Besides stepping up the presence in the international nuclear industry service market, one of the business prospects is developing the operations in adjacent markets — utilization of available competences in markets that are new to the Division.

Services for Adjacent Markets will allow to diversify the product range and open a window of possibilities for application of long-term experience of the Concern’s professionals in other sectors and in a wider range of markets.

In 2015, AtomEnergoSbyt JSC, a subsidiary of Rosenergoatom Concern JSC, continued operations under the status of the ‘last resort supplier’ of power in the Kursk, Tver, Smolensk, and Murmansk Oblasts through established branches and standalone structural units. Service supply of electricity in 2015 is nearly two times higher versus 2014 (7.93 bln kWh); meanwhile, a considerable growth is shown among non-industrial consumers (41% up versus 2014) and population (56% up versus 2014).

In 2015, Atomenergopromsbyt JSC1 as an Independent Supplier focused on ensuring secure energy supply to industrial consumers and implementing projects for consumers access to wholesale electricity market. Net supply of electricity by Atomenergopromsbyt JSC in 2015 totaled 3.58 bln kWh.

In 2015, all branches of AtomEnergoSbyt JSC started selling goods and services as part of Additional Products (B2B and B2C) development. First revenues were generated in the following sectors:

- Sales and replacement of electricity metering devices;
- Sales of electrical products;
- Accomplishment of integrated energy surveys;
- Provision of electrical laboratory services;
- Sales of financial insurance services.

As part of implementation of Rosatom State Corporation strategy aimed at penetrating international power markets abroad in 2015, several memoranda of understanding and agreements on power sales by the Baltic NPP under construction were signed with major European energy holdings.

The project for construction of the Data Processing Center with the total capacity of 80 MW ensured the entrance to a high added value segment while reducing costs for computing power of the nuclear industry enterprises. There will be 8 000 racks in total. Most of them will be supplied by Rostelecom PJSC under a long-term contract made. This allowed to reduce risk load on the project and ensure a stable portfolio of orders in the long run.
INTERNATIONAL ACTIVITIES

The main increase in revenues and portfolio is caused by successful implementation of the following projects abroad and in the Russian Federation:

REVENUE BREAKDOWN BY REGION IN 2015, %

<table>
<thead>
<tr>
<th>Region</th>
<th>Operation</th>
<th>Servicing</th>
<th>Commissioning</th>
<th>APCS</th>
<th>Technical supervision</th>
<th>Adjacent markets</th>
<th>Miscellaneous</th>
</tr>
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<tr>
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<tr>
<td>Other countries</td>
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</table>

PORTFOLIO BREAKDOWN BY REGION IN 2015, %

<table>
<thead>
<tr>
<th>Region</th>
<th>Operation</th>
<th>Servicing</th>
<th>Commissioning</th>
<th>APCS</th>
<th>Technical supervision</th>
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<tbody>
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<tr>
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<td>Iran</td>
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<td>Bulgaria</td>
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REVENUE BREAKDOWN BY PRODUCT IN 2015, %

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<th>Operation</th>
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<th>Commissioning</th>
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</tbody>
</table>

KEY PROJECTS OF 2015

- Service life extension at power units No. 5 and No. 6
- Upgrade of generators for higher capacity
- Service life extension
- Generators repair
- Organization and performance of two medium repairs, and one overhaul
- Provision of engineering and technical support in operation
- Technical support of repairs
- Supply of equipment, spare parts, tools, and accessories
- Upgrade of instrumentation and control systems, and power ascension

OBJECTIVES FOR 2016 AND MEDIUM TERM

The Division’s main managerial objectives for development of New Business Lines: NPP Servicing Abroad, and Services in Adjacent Markets are as follows:

- Optimizing the product portfolio;
- Bringing all products to a single steady stage of development with robust financial results and guaranteed portfolio of orders for the medium term.

In the medium term, the Concern will continue penetrating new markets and building up the portfolio of orders for a 10 year period.

The Division faces ambitious goals for 2016 in new business lines. In order to achieve these goals, it will need to use broad professional, operational, and managerial experience.
Many of those who came to visit Atomexpo 2015 Forum are not only colleagues, but friends of mine. This does not mean our views are the same; we may have hard disputes, and advocate interests of our companies and countries but, in general, globally, we are partners and allies in the worldwide nuclear industry development.

Sergey Kirienko, 
CEO of Rosatom State Corporation

IAEA 1

In 2015, the Concern assumed the responsibility to prepare the next (seventh) national report of the Russian Federation on discharge of obligations under the Convention on Nuclear Safety.

As part of the long-term program of IAEA Ope- rational Safety Review Team (OSART) missions, an OSART mission was conducted in November 2015 at the Novovoronezh NPP. The results were among the highest throughout OSART history (one recommendation, nine proposals, seven examples of good practice in Training and Qualifications, Technical Support, Radiation Protection, Chemistry, and Severe Accident Management).

As part of preparations for the next OSART mission planned for 2017 at the Leningrad NPP, a non-budgetary project was organized to provide advisory support to the Leningrad NPP in operational safety matters.

In pursuance of the IAEA Action Plan for nuclear security, the Concern assumed the obligation to conduct the IAEA Corporate OSART Mission 2 in Q4 2018. The IAEA officially approved its readiness to conduct such a mission at the Concern.

WANO 3

The Concern is the largest WANO member organization in the Moscow Center (MC).

In 2015, Andrey Petrow, CEO of the Concern, was elected member of the WANO Governing Board. Vasily Aksenov, First Deputy CEO — Chief Engineer of Atomenergomost JSC became new director of the WANO Moscow Center.

In 2015, top management of the Concern took part in all major events of WANO, including the 13th General Assembly of WANO (Canada).

Russian NPPs hosted five peer audits. One of them was a pre-start peer audit at the Novovoronezh NPP.

Key initiatives in 2015:
- Conducting design information inspections (inspections taking account of the information on the design of the inspected NPP);
- Introducing the identification process for the plants requiring closer attention.

The first design information inspection of a Russian plant will be held at the Kola NPP in 2017.

In 2015, the Concern continued operation of the Regional Crisis Center for nuclear power plants with VVER-type reactors, which was established on the basis of the Concern’s Crisis Center (six international emergency drills were held with participation of the Regional Crisis Center for VVER-reactor NPPs). In addition, activities of the WANO MC representatives were supported at the Concern’s NPP facilities.

EUR 4

In 2015 the European Utility Requirements (EUR), Steering Committee adopted a resolution to perform assessment of VVER-T01 project compliance with European operator companies’ requirements. One of the technical leaders of assessment is EDF.

REGIONAL SCALE

STRATEGIC PARTNERS

ELECTRICITÉ DE FRANCE (FRANCE)

The Concern has been cooperating with EDF for over 20 years now. Following exchange in operational experience with EDF, the Concern adjusts work plans, amends and adjusts policies and other regulatory work plans and practices.

EDF experience in installation hydrogen recombiners at the Concern’s NPPs was used.

The concern experts took part in a safety inspection at the Flamanville NPP as observers. Positive EDF practice in inspection activities during NPP commissioning was tested and approved at the Concern’s NPPs, and the inspection plan for 2016 was amended as required.

As part of the Concern’s agreement with the EDF Materials Aging Institute (hereinafter — MAI), Russian experts and employees of MAI member companies exchange experimental data and knowledge. The R&D results achieved by the Concern in cooperation with MAI are used by Russian companies in comparative analysis of methods and approaches for extension of Russian NPP operation periods. Joint work with global leaders in this sector enables developing Russian technologies in the area of NPP equipment durability and lifespan, and conducting joint international research, comparative analysis of methods and approaches for ensuring reliability of obtained results.

In 2015, implementation of a series of projects with MAI member companies began:
- Reactor Vessel Ageing Assessment (Kurchatov Institute National Research Center);
- Deformation of Elements of Reactor Vessel Components (IKB Gidropress JSC).

1 International Atomic Energy Agency (hereinafter — IAEA).
2 Corporate OSART Mission is a rather new service of IAEA. So far, two Corporate OSART Missions have been held (CEZ and EDF). The purpose is to review centralized functions of corporate organization in the energy company having several nuclear power plant sites that influence operational safety.
3 WANO is the World Association of Nuclear Operators.
4 EUR is the European Utility Requirements shaping a frame to develop designs of new nuclear power plants.
**KEY INTERNATIONAL EVENTS OF 2015**

1. 1ST WORLD NUCLEAR EXHIBITION IN LE BOURGET (attended by the Concern CEO)
2. International Conference of the French Nuclear Energy Society (attended by the Concern CEO)
3. Peer audits by WANO MC at the Balakove and Bilibino NPPs
4. Follow-up peer audits by WANO MC at the Rostov, Smolensk, and Kursk NPPs
5. IAEA TECHNICAL MEETING on Topical Issues of Severe Accident Analysis and Management at Nuclear Power Plants (60 participants, 25 out of them — foreign representatives)
6. EMERGENCY DRILL COMPLEX at the Leningrad NPP (attended by 23 foreign observers)
7. PRE-START PEER AUDIT by WANO MC at the Novovoronezh NPP
8. Presentation of the IAEA report on the Fukushima accident (attended by 140 industry representatives)
9. Workshops with EDF on hydrogen safety evaluation
10. International Conference of Technicians Managers of Operators and Chief Engineers of NPPs under the auspices of WANO
11. Meetings of coordinating committees with major partners: WANO, EDF, Iberdrola, Nordic countries

**3.3. GENERATING CAPACITIES. DEVELOPING GENERATING POTENTIAL**

"Like other divisions of Rosatom, we have to implement a large-scale project known as 30 Up — 30 Down during a three year period. This means we have to ensure a 30% increase in the output, revenues, and labor productivity. Meanwhile, our costs, including prime cost and inventory, have to be decreased by 30%.”

Andrey Petrov, CEO

**ELECTRICITY PRODUCTION BY RUSSIAN NPPS, BLN KWH**

![Graph showing electricity production from 2006 to 2015]

- **154.7** bln kWh in 2006
- **195.2** bln kWh in 2015

**30% more power generated by Russian NPPs over a decade**

**Balance target for 2015 fulfilled**

**Record high power output generated in the entire history of the Concern in 2015**

- **189.15** bln kWh
- **103.2%** target fulfilled
- **195.21** bln kWh
- **108.2%** versus 2014 output

Andrey Petrov, CEO

**Results**

- **Key Performance Indicators**
- **Efficiency**
- **Generation Capacity Development**

**Interaction with Stakeholders**

- **Partnerships and Agreements**
- **Business Forum**
- **Russian-Spanish Infrastructure project.**

**Overview**

- **Record high power generation**
- **History of the Concern**

**Strategy and Outlook**

- **Future Directions**
- **Nuclear Infrastructure**

**Key Performance Results**

- **Financial Performance**
- **Safety and Security**

**Management Efficiency**

- **Operational Efficiency**
- **Sustainability**

**ANNUAL REPORT**
### ACHIEVEMENT OF BALANCE TARGET FOR 2015 IN TERMS OF POWER GENERATION

<table>
<thead>
<tr>
<th>ITEM NO.</th>
<th>POWER PLANT NAME</th>
<th>BALANCE TARGET, MLN KWH</th>
<th>ACTUAL POWER OUTPUT, MLN KWH</th>
<th>DEVIATION, %</th>
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</thead>
<tbody>
<tr>
<td>1</td>
<td>Kalinin NPP</td>
<td>32,890.0</td>
<td>33,441.9</td>
<td>101.7</td>
</tr>
<tr>
<td>2</td>
<td>Kursk NPP</td>
<td>26,202.0</td>
<td>29,709.8</td>
<td>113.4</td>
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<tr>
<td>3</td>
<td>Novovoronezh NPP</td>
<td>12,998.0</td>
<td>12,837.4</td>
<td>98.8</td>
</tr>
<tr>
<td>4</td>
<td>Smolensk NPP</td>
<td>23,232.0</td>
<td>24,182.2</td>
<td>104.1</td>
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<tr>
<td>5</td>
<td>Kola NPP</td>
<td>10,556.0</td>
<td>9,501.6</td>
<td>90.0</td>
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<tr>
<td>6</td>
<td>Leningrad NPP</td>
<td>26,600.0</td>
<td>27,489.8</td>
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<td>18,069.8</td>
<td>20,509.4</td>
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<tr>
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<td>10</td>
<td>Bilibino NPP</td>
<td>223.0</td>
<td>215.9</td>
<td>96.8</td>
</tr>
</tbody>
</table>

*Reasons for deviations: the Beloyarsk NPP — right shift (to December 2015) of the power unit No. 4 start-up, the Bilibino NPP — dispatching limits of the isolated energy system, the Kola NPP — energy system limits, the Novovoronezh NPP — shift to 2016 of the power unit No. 6 start-up.*

### MAIN FACTORS OF OUTPUT INCREASE IN 2015/2014:
- Decreased aggregate duration of scheduled repairs at NPP power units (1,832 days in 2015, 2051 days in 2014);
- Power produced by the Rostov NPP power unit No. 3 (power start-up on December 27, 2014, commissioning on September 16, 2015);
- Increased power generation due to less unscheduled shutdowns and unit unloading (at the Balakovo, Kursk, and Smolensk NPP power units).

12.6 time higher capacity factor at Russian NPPs over a decade

### ACTUAL LOAD GRAPH AND BALANCE TARGET FOR 2015, MW

- **Target level**: Blue line
- **Balance target**: Green line
- **Actual**: Red line

### Key Performance Results
- **Overview**: decreased aggregate duration of scheduled repairs at NPP power units (1,832 days in 2015, 2051 days in 2014);
- **Strategy and Outlook**: increased power generation due to less unscheduled shutdowns and unit unloading (at the Balakovo, Kursk, and Smolensk NPP power units).

### Efficiency
- Decreased aggregate duration of scheduled repairs at NPP power units (1,832 days in 2015, 2051 days in 2014);
- Power produced by the Rostov NPP power unit No. 3 (power start-up on December 27, 2014, commissioning on September 16, 2015);
- Increased power generation due to less unscheduled shutdowns and unit unloading (at the Balakovo, Kursk, and Smolensk NPP power units).

### Interaction with Stakeholders

### Capacity Factor, %

<table>
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<tr>
<th>Year</th>
<th>Capacity Factor</th>
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<td>79.5</td>
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<td>2014</td>
<td>81.6</td>
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<tr>
<td>2015</td>
<td>85.95</td>
</tr>
</tbody>
</table>
GENERATING CAPACITIES

BALAKOVO NPP

Year 2015 is the 30th anniversary of the first power unit start-up.

Being an acknowledged leader of the Russian nuclear industry, the Balakovo NPP was named as Leader of Environmental Protection Activity in Russia, and in June 2015 it was given a diploma and a memorable sign by V.I. Vernadsky Non-Government Environmental Fund for particular contribution to environment improvement and environmental public education.

The plant employs over 100 persons holding a prestigious title of the Engineer of Russia.

OPERATING PERFORMANCE IN 2015

32,748

GWh of power generated

16.8%
of the Concern’s total power output produced in 2015

OPERATING POWER UNITS

693.2

GWh produced since the first power unit start-up date

VVER-1000

1,000 MW

28.12.1985

VVER-1000

1,000 MW

08.10.1987

VVER-1000

1,000 MW

24.12.1988

VVER-1000

1,000 MW

11.04.1993

Russian FAS balance target achievement

93.5%

Capacity factor

106.5%

109.8%

Generation vs 2014

INFRATESTRUCTURE FACILITIES CREATED IN BALAKOVO WITH CONCERN’S SUPPORT IN 2015

The plant supports those who urgently need help — veterans, young mothers, children, and persons in dire straights.

A square is improved in one of the urban districts of Balakovo. The square became a clean and well-arranged place for the citizens’ leisure.

Financial support in implementing large social projects (2nd Balakovo Festival of Strawberry, the Green Ivey Open Inter-Municipal Children’s and Youth Ecological Festival, and the International Judo Tournament among Cities of Russia and CIS.)

548

mln rubles channeled for socioeconomic development measures in 2013–2014


The Balakovo NPP became the winner of the 14th International Contest for the European Quality Gold Medal.

VOLGA UES

LOCATED IN SARATOV OBLAST

145 KM TO THE REGIONAL CENTER — CITY OF SARATOV

12.5 KM TO THE BALAKOVO SATELLITE TOWN

50

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ANNUAL REPORT

Overview

Strategy and Outlook

Key Performance Results

Management Efficiency

Interaction with Stakeholders

149.5

mln kWh of power generated

4,000 MW

aggregate installed capacity

28.12.1985

08.10.1987

24.12.1988

11.04.1993

2015

60.2

of the Concern’s total power output produced in 2015

3,600

GWh produced since the first power unit start-up date

VVER-1000

1,000 MW

VVER-1000

1,000 MW

VVER-1000

1,000 MW

VVER-1000

1,000 MW

Overview

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ANNUAL REPORT
**BELOYARSK NPP**

The Beloyarsk NPP named after I.V. Kurchatov is the eldest nuclear plant in the USSR.

The Beloyarsk NPP is Russia’s only power plant with power units of various types. It was awarded the title of Russia’s Best NPP (according to operating result of 1994, 1995, 1997 and 2001).

**OPERATING PERFORMANCE IN 2015**

4,577.8 mln kWh of power generated

2.3% of the Concern’s total power output produced in 2015

BN reactors are fuelled with highly enriched uranium dioxide. Mixed uranium plutonium fuel can also be used.

**OPERATING POWER UNITS**

169.1 bln kWh produced since the first power unit start-up date

**BN-800 Reactor Start-Up**

1,576 mln rubles of additional tax deductions

215 mln rubles channeled for activities implementation

https://youtu.be/D6k-7kZmQ6I

**INFRASTRUCTURE FACILITIES CREATED IN ZARECHNY TOWN WITH CONCERN’S SUPPORT IN 2015**

- Purchase of equipment for power supply network facilities.
- Settlement of accounts payable by the local budget for the road repair and landscaping work.
- Construction of two municipal housing buildings with 27 apartments each.
- Preparation of project documents for a preschool educational institution.
- Development of the youth athletic center infrastructure, participation in competitions.
- Preparation of the heat supply concession for the Zarechny urban district (overhaul of the boiler house in the city).
- Town landscaping.

**URALS UES**

The plant was constructed in three stages: Stage 1 — the power units No. 1 and No. 2 with AMB reactor, Stage 2 — the power unit No. 3 with BN-600 reactor, Stage 3 — the power unit No. 4 with a new BN-800 reactor featuring 885-MW installed capacity. After 17 and 22 years of operation, the power units No. 1 and No. 2 were stopped in 1981 and 1989 respectively. They are now in a long-term conservation mode with the fuel unloaded from the reactor. In terms of international standards, they are at the first stage of NPP decommissioning.

**LOCATED IN SVERDLOVSK OBLAST**

45 KM TO THE REGIONAL CENTER — CITY OF EKATERINBURG

3.5 KM TO THE ZARECHNY SATELLITE TOWN

**BN-800 Reactor**

Start-Up
BILIBINO NPP

The installed capacity of the Bilibino NPP is 48 MW with simultaneous supply of up to 67 Gcal/h of heat to consumers. In case the air temperature drops to -50°C, the NPP operates in the cogeneration mode and reaches the cogeneration capacity of 100 Gcal/h with a decrease in power output to 38 MW.

OPERATING PERFORMANCE IN 2015

215.9

min kWh of power generated

0.11%
of the Concern’s total power output produced in 2015

78%
availability factor

51.3%
Capacity factor

48 MW
aggregate installed capacity

OPERATING POWER UNITS

9.6

billion kWh produced since the first power unit start-up date

The Bilibino NPP is scheduled for shutdown in 2019-2022. The floating Academician Lomonosov NPP being under construction at the moment is going to replace it.

Capacity — 70 MW, based on the floating power unit with two reactor units of HLT-40S type. Commissioning is slated for 2019.

The Bilibino NPP ensures vital activities in the town of Bilibino, ore mining and gold producing companies of the Bilibino district.

In 2009, the Bilibino NPP shared the first place in the Best NPP in Safety Culture contest with the Balakovo NPP.
KALININ NPP

According to the results of the annual contest, the Kalinin NPP became Russia’s Best NPP in 2002. In 2012, the Kalinin NPP shared the second place in the contest for the Best Nuclear Power Plants of the Year with the Smolensk NPP.

OPERATING PERFORMANCE IN 2015

33,441.9 Mln kWh of power generated

17.1% of the Concern’s total power output produced in 2015

33,441.9 Mln kWh produced since the first power unit start-up date

OPERATING POWER UNITS

1,000 MW

1,000 MW

1,000 MW

1,000 MW

09.05.1984

03.12.1986

16.12.2004

25.09.2012

LOCATED IN THE TVER OBLAST

120 KM TO THE REGIONAL CENTER – CITY OF TVER

4 KM TO THE UDOMLYA SATELLITE TOWN

1,506 Mln rubles of additional tax deductions according to the agreement terms and conditions in 2015

273.7 Mln rubles channeled for the agreement execution

INFRASTRUCTURE FACILITIES CREATED IN UDOMLYA TOWN AND UDOMLYA DISTRICT WITH CONCERN’S SUPPORT IN 2015

For the first time in its operation history the Kalinin NPP has overcome the 30 Mln kWh level record of 2013.

Repair and reconstruction of educational and cultural institutions.

Repair and reconstruction of cultural institutions.

Further construction and commissioning of sewage treatment facilities (ETF-3) in the town of Udomlya, development of a water supply and disposal system in Udomlya.

Repair of water and heat supply networks and facilities.

Repair of roads, road facilities construction, development of courtyards in the town of Udomlya, and the Udomlya district, including block courtyards and building surrounding grounds.
KOLA NPP

Kola NPP is the first nuclear power plant of Russia built beyond the Arctic circle.

Power units of the Kola NPP are currently operated in a limited dispatching mode due to consumption decrease and power transit restrictions.

OPERATING PERFORMANCE IN 2015

9,501.6 Mln kWh of power generated

4.9% of the Concern’s total power output produced in 2015

86% availability factor

1,760 MW aggregate installed capacity

OPERATING POWER UNITS

389.3 Mln kWh produced since the first power unit start-up date

VVER-440

29.06.1973

09.12.1974

24.03.1981

11.10.1984

INFRASTRUCTURE FACILITIES CREATED IN POLYARNYE ZORI TOWN WITH CONCERN’S SUPPORT IN 2015

Acquisition and installation of playgrounds and sports grounds for pre-school educational institutions Nos. 3, 4, 5.

Acquisition of theatre chairs for the Cultural Center in the Afrikannda rural locality.

Purchase of clothes for stage, theatre chairs for the Cultural Center in the Afrikannda rural locality.

Purchase of musical instruments, lighting and musical equipment for the Children’s Art School (municipal budgetary institution).

Repair of the sports pavilion rooms at the Children and Youth School (municipal autonomous educational institution of additional education for children).

Acquisition and installation of a sports ground for checking compliance with the GTO (Ready for Labor and Defense) standards.

Viaduct reconstruction.
KURSK NPP

In 2009 the Kursk NPP was awarded Russia’s Best NPP title in the annual industry-level contest of safety culture.

According to an independent auditor, between 2010 and 2011 the Kursk NPP environmental management system met the requirements of the Russian national standard and the regulatory document on the mandatory certification system for environmental requirements.

OPERATING PERFORMANCE IN 2015

29,709.8 mln kWh of power generated

15.2% of the Concern’s total power output produced in 2015

OPERATING POWER UNITS

831.6 bln kWh produced since the first power unit start-up date

4,000 MW aggregate installed capacity

40 km to the regional center — City of Kursk

4 km to the Kurchatov satellite town

LOCATED IN THE KURSK OBLAST

2,515 mln rubles of additional tax deductions in 2015

218 mln rubles allocated for activities implementation, including 108.9 mln rubles — in the town of Kurchatov

Vyacheslav Fedyukin, Director of the Kursk NPP, among other five top managers of Russian enterprises and organizations, was named as Best Manager according to the results of the 18th Russian contest for the Manager of Year 2014.

INFRASTRUCTURE FACILITIES CREATED IN KURSK OBLAST WITH V SUPPORT IN 2015

Vyacheslav Fedyukin, Director of the Kursk NPP, among other five top managers of Russian enterprises and organizations, was named as Best Manager according to the results of the 18th Russian contest for the Manager of Year 2014.

Beginning of the sewage pump station construction.

Activities as part of educational programs.

Overhaul of pre-school educational institutions buildings with creation of additional places at the Kindergarten No. 10.

Construction of the Cultural Center with a library and a movie hall in the building complex of the social and trade center.

Construction of a motorway from the greenhouse to the bakery plant.

Repair of a motorway from the greenhouse to the bakery plant.

Repair of public access roads.

Construction of two wells in the Kurchatov water intake area.

Repair of a motorway from the greenhouse to the bakery plant.

Repair of public access roads.

Construction of two wells in the Kurchatov water intake area.
LENINGRAD NPP

The Leningrad NPP is the first plant in Russia with reactors of RBMK-1000 type.

In 2012 and 2013, the Leningrad NPP took the third place in the annual contest for the Best Nuclear Power Plants of the Year.

OPERATING PERFORMANCE IN 2015

27,489.8 GWh of power generated

14.1% of the Concern’s total power output produced in 2015

OPERATING POWER UNITS

943.3 GWh produced since the first power unit start-up date

NORTHWEST UES

LOCATED IN THE LENINGRAD OBLAST

70 KM TO THE REGIONAL CENTER — CITY OF SAINT PETERSBURG

5 KM TO THE SOSNOVY BOR SATELLITE TOWN

28% of total energy balance of Northwest region

50% of Saint Petersburg and Leningrad Oblast power consumption

The Leningrad NPP supports employees in housing acquisition.

The number of employees who improved their housing conditions in 2015 totaled 347 persons.

The amount of the mortgage interest rate compensations paid in 2015 totaled 30.2 mln rubles.
NOVOVORONEZH NPP

The Novovoronezh NPP is one of the eldest enterprises in the Russian Federation nuclear power industry. Since the start-up of the Novovoronezh NPP power unit No. 1 on September 30, 1964, a history of the nuclear power industry development began not only for Russia, but for several countries of Eastern and Central Europe.

OPERATING PERFORMANCE IN 2015

12,837.4 min kwh of power generated

6.6% of the Concern’s total power output produced in 2015

98.8%

96.9%

97.9%

of the Concern’s total power output produced in 2015

OPERATING POWER UNITS

512.6 bln kwh produced since the first power unit start-up date

VVER-440 12.12.1971
VVER-1000 31.05.1980

Accomplishment of water supply and sewage networks construction in the private housing area.
Construction of the Martial Arts Center in the town of Novovoronezh.
Construction of a versatile sports and entertainment ground at the Kindergarten No. 5 (municipal public preschool educational institution).
Construction of paved roads.
Completion of work related to streets improvement, roads and pathways repair.
Repair of buildings, repair of structures of the Secondary School No. 1, and its premises improvement.
Overhaul of the Kindergarten No. 5 (municipal state-owned educational institution) building.
Acquisition of specialized (municipal) machinery for the organizations with equity stakes owned by municipal entities.

INFRASTRUCTURE FACILITIES CREATED IN NOVOVORONEZH WITH CONCERN’S SUPPORT IN 2015

225.9 mln rubles allocated for activities implementation

1,524 mln rubles of additional tax deductions

https://youtu.be/UCG9NMs57CA

https://youtu.be/UCG9NMs57CA
The Rostov NPP is one of a series of unified NPP projects with VVER-1000 reactors meeting the requirements for flow-line construction.

On March 30, 2001, a turbine generator of the power unit No. 1 was connected to Russia’s Unified Energy System, on March 16, 2010, the power unit No. 2 was commissioned. On September 16, 2015, the power unit No. 3 was put into operation.

The power unit No. 4 is currently under construction.

**Operating Performance in 2015**

20,509.4 mln kWh of power generated

10.5% of the Concern’s total power output produced in 2015

**Operating Power Units**

163.4 bln kWh produced since the first power unit start-up date

- VVER-1000 1,000 MW
  - 30.03.2001
- VVER-1000 1,000 MW
  - 16.03.2010
- VVER-1000 1,000 MW
  - 27.12.2014

In late November, a reactor vessel of the power unit No. 4 was installed in its designated location. Start-up of the fourth power unit at the Rostov NPP will ensure full energy security of southern Russia.

According to the annual contest results, the Rostov NPP was named as Russia’s Best NPP in 2004, 2011, and 2013, it took the second place in 2012, and became the winner of the industry-level contest in safety culture for three times since 2001.

In South UES, located in the Rostov Oblast, 3,209 mln rubles of additional tax deductions were allocated for activities implementation in 2015. An agreement was signed in 2015 for the procedure of additional tax deductions calculation. Acquisition of 10 low floor trolleybuses for the town of Volgodonsk.
The Smolensk NPP has become winner of the industry-level contest for Russia’s Best NPP several times (in 1992, 1993, 2006, and 2010). In 2012, the Smolensk NPP shared the second place in contest for the Best Nuclear Power Plants of the Year with the Kalinin NPP.

**OPERATING PERFORMANCE IN 2015**

24,182.2 GWh of power generated

12.4% of the Concern’s total power output produced in 2015

**OPERATING POWER UNITS**

594.4 GWh produced since the first power unit start-up date

1.000 MW

1.000 MW

1.000 MW

RBMK-1000

09.12.1982

RBMK-1000

31.05.1985

RBMK-1000

17.01.1990

**INFRASTRUCTURE FACILITIES CREATED IN SMOLENSK OBLAST WITH CONCERN’S SUPPORT IN 2015**

- 1,843 mln rubles of additional tax deductions
- 391.7 mln rubles allocated for activities implementation

**Acquisition of equipment for sports and recreation centers in the town of Desnogorsk.**

**Repair of the Desnogorsk Central Library facade.**

**Acquisition of materials for kindergartens and a puppet theater.**

**Construction of kindergartens for 150 and 240 children in the Roslav town.**

**Reconstruction of water supply pipelines to the Dubinin Lug water intake area (Roslavl town).**

**Construction of an inter-settlement gas pipeline from the Koalski village to the Bogdanovo settlement.**

**Maintenance and overhaul of the Roslav Tuberculosis Dispensary (regional-level state financed health institution).**

**Landscaping as part of the celebrations dedicated to the 70th Victory Anniversary.**

**Subsidies for overhaul of buildings for opening of pre-school groups (Roslavl municipal district).**

**Subsidies for motorways repair and maintenance, gasification in rural areas.**
BUILDING NEW NPP POWER UNITS IN 2015

<table>
<thead>
<tr>
<th>NPP</th>
<th>POWER UNIT</th>
<th>POWER UNIT TYPE</th>
<th>MAIN RESULTS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Beloyarsk NPP</td>
<td>No. 4</td>
<td>BN-800</td>
<td>• Physical start-up was completed.</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• Power start-up was initiated.</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• Generator synchronization and hook-up were completed, power generation started.</td>
</tr>
<tr>
<td>Novovoronezh NPP-2</td>
<td>No. 1</td>
<td>VVER-1200</td>
<td>Certificate of systems and equipment readiness for physical start-up of the reactor was submitted to Rosatom.</td>
</tr>
<tr>
<td></td>
<td>No. 2</td>
<td>VVER-1200</td>
<td>• Reactor vessel was assembled.</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• Inside containment dome was concreted (20UJA-Reactor Building).</td>
</tr>
<tr>
<td>Leningrad NPP-2</td>
<td>No. 1</td>
<td>VVER-1200</td>
<td>• Welding operations were completed at main circulation piping in the reactor vessel.</td>
</tr>
<tr>
<td></td>
<td>No. 2</td>
<td>VVER-1200</td>
<td>• The reactor well and the reaction wells for thermal control protective tubes and reactor internals were concreted to the level of +11.270 in the reactor building.</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• Fuel storage pond bottom was concreted in the reactor building.</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• Concreting of level +16.000 in the turbine building was completed.</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• Turbine building fencing structures (sandwich panels) were assembled.</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• Turbine building shell, core, and utilities were completed.</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• Foundation acceptance for the turbine plant assembly in the turbine building was accomplished.</td>
</tr>
<tr>
<td>Rostov NPP</td>
<td>No. 3</td>
<td>VVER-1000</td>
<td>Commissioning was completed.</td>
</tr>
<tr>
<td></td>
<td>No. 4</td>
<td>VVER-1000</td>
<td>• The reactor vessel was installed in its proper location.</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• Auxiliary voltage was supplied.</td>
</tr>
<tr>
<td>Baltic NPP</td>
<td>No. 1</td>
<td>VVER-1200</td>
<td>Rosatom State Corporation has recently updated the concept for the Baltic NPP project implementation and is supplying to supply up to 100% of power outside the Kaliningrad Oblast. As part of ensuring the technical capability to supply power, several options for the power generation pattern of the Baltic NPP are being studied, taking into account future configuration of synchronization zones, and the Kaliningrad Oblast plans to prepare for an isolated mode of operation.</td>
</tr>
<tr>
<td></td>
<td>No. 2</td>
<td>VVER-1200</td>
<td>• As part of ensuring commercial conditions of supplies, the negotiations with potential buyers of electricity in the EU countries are continued. So far, several memoranda of understanding, and electricity purchase and sale agreements have been signed with major European energy holdings.</td>
</tr>
<tr>
<td>Kursk NPP-2</td>
<td>No. 1</td>
<td>VVER-1200</td>
<td>Preparatory operations were performed.</td>
</tr>
<tr>
<td></td>
<td>No. 2</td>
<td>VVER-1200</td>
<td></td>
</tr>
</tbody>
</table>

MAIN INDICATORS OF PHYSICAL SCOPE OF CONSTRUCTION AND ASSEMBLY WORK IN 2015

<table>
<thead>
<tr>
<th>WORK TYPES</th>
<th>UOM</th>
<th>COMPETED IN 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reinforcement</td>
<td>t</td>
<td>12 421</td>
</tr>
<tr>
<td>Concreting</td>
<td>m³</td>
<td>126 619</td>
</tr>
<tr>
<td>Process pipelines</td>
<td>t</td>
<td>5 427</td>
</tr>
<tr>
<td>Metal structures</td>
<td>t</td>
<td>20 855</td>
</tr>
<tr>
<td>Equipment assembly</td>
<td>t</td>
<td>20 379</td>
</tr>
</tbody>
</table>
FINANCIAL AND ECONOMIC INDICATORS FOR 2015

<table>
<thead>
<tr>
<th>INDICATOR</th>
<th>UOM</th>
<th>PLAN</th>
<th>ACTUAL</th>
<th>COMPLIANCE WITH ANNUAL PLAN, %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financing</td>
<td>bln rubles</td>
<td>108.5</td>
<td>135.6</td>
<td>107</td>
</tr>
<tr>
<td>Increments of non-financial assets</td>
<td>bln rubles</td>
<td>120.6</td>
<td>157.4</td>
<td>105</td>
</tr>
<tr>
<td>Assimilation of capital expenses</td>
<td>bln rubles</td>
<td>104.9</td>
<td>151.8</td>
<td>109</td>
</tr>
</tbody>
</table>

CURRENT AND FORECAST NEEDS FOR CONSTRUCTION AND ASSEMBLY STAFF AT NPPs UNDER CONSTRUCTION

<table>
<thead>
<tr>
<th>NUMBER OF MAIN ORGANIZATIONS INVOLVED</th>
<th>TOTAL EMPLOYEES ENGAGED</th>
<th>INCCLUDING:</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>engineers and technical employees</td>
</tr>
<tr>
<td>Requirements for 2016</td>
<td></td>
<td>19,936</td>
</tr>
<tr>
<td>In 2015 (for reference)</td>
<td></td>
<td>176</td>
</tr>
<tr>
<td>In 2016 (for reference)</td>
<td></td>
<td>155</td>
</tr>
</tbody>
</table>

Savings from general optimization of NPP equipment maintenance duration in 2015:

- 2.1 bln rubles saved
- 2.2 bln kWh additionally generated

Current Issues

At the present moment, there is an urgent need for qualified personnel at the power plant construction sites. With a view to replenish the human resources lost during the forced idle period in construction of NPPs, a training school started operation in the town of Novovoronezh in 2015 for scheduled training of blue collar workers, engineers, and technical employees for mid-level construction and assembly jobs. Close contacts were established with industry-specific educational institutions preparing construction and operation personnel.

MAIN GOALS OF MAINTENANCE OPERATIONS

The goal of the maintenance operations strategy adopted by Rosenergoatom Concern JSC is to support the working capacity of NPP systems and equipment in order to ensure safe, reliable and cost-efficient operation of nuclear power plants according to the standards and rules applicable to the nuclear power industry.

Pursuant to the concept endorsed by the operator and the IAEA technical documents, NPP equipment maintenance is based on scheduled (preventive) maintenance and on-condition maintenance.

In order to supply the maintenance operations with material (spare parts, tools, and accessories), labor (qualified personnel), and financial resources, the Concern uses a system of long-term and annual planning.

As part of the said system implementation, an annual schedule of Russian NPPs maintenance for 2016, and a long-term schedule of Russian NPP power units maintenance for 2017-2020 were developed, and approved by the CEO of Rosenergoatom Concern JSC in 2015.

MAINTENANCE CAMPAIGN RESULTS

In terms of power generation and maintenance costs reduction, the maintenance campaign of 2015 was fully completed at a desired quality level.

In 2015, 33 NPP power units underwent 41 maintenance operations with the actual duration of 1,599.5 days. Meanwhile, the total scheduled duration was equal to 1,832 days according to the approved annual schedule of Russian NPP power units maintenance in 2015.

Optimization of maintenance duration by 232.5 days in total became possible due to the following: targeted search for and elimination of downtime during scheduled maintenance periods as part of the Rosatom production system; conservative approach to compilation of power units maintenance schedules providing for slack time to eliminate potential defects; absence of the defects influencing the duration of the critical maintenance path; substantiation of routine maintenance cancellation at power units transferred to 18-month fuel cycle.

With a view to enhance long-term planning of maintenance and repair operations at NPPs, Rosenergoatom Concern JSC made changes in the Rules for Organization of Maintenance and Repair of Nuclear Power Plants Systems and Equipment (STO 11.1.01.0069-2013 standard) related to transition to 10 year long term planning from 2016.

During the maintenance campaign of 2015, the following projects were implemented: an industry-level RPS project for optimization of process operations during major overhauls with recovery of resource characteristics of the reactor assembly at the Leningrad NPP power unit No. 1; four division-level RPS projects and 16 stationary RPS projects for maintenance of NPP power units allowing to optimize the duration of NPP power units and turbine generators maintenance by 164 days.

Maintenance was performed within a tight schedule under unconditional compliance of the operations quality work was accomplished in 80 days, 15 days ahead of schedule. This was possible due to the RPS Project for Optimization of Process Operations when Performing Maintenance Work, Equipment Upgrade, and Service Life Extension.

The process operation was unprecedented for Russian million-kW power units. The experience gained by Balakovo nuclear experts will be used at other nuclear power plants in Russia and abroad.

A key event of the unique maintenance campaign was replacement of the TVV-1000-4UZ generator stator.
The target indicator of cost saving due to reduction of energy consumption in the similar conditions versus 2009 set forth for 2015 by the Order of Rosatom State Corporation was compiled with basically owing to increased energy production. The target indicator amounted to 6.28%. In 2015, the savings in heat in comparable conditions and allocated amount of power totaled 31.3% (5,384,000 GJ) and 21.87% (624,881,88 GJ), accordingly.

The consolidated energy saving program was implemented in the scope scheduled for 2015 — 4.436 bln rubles. NPPs continued implementation of energy resource accounting systems and modernization of lighting systems using LED light sources. Also, we pursue reduction of heat loss in heat supply systems and replace obsolete thermal insulation.

Implementation and verification confirmed the compliance of the Concern’s energy management system with the requirements of the international standard ISO 50001:2011. Automated Energy Management System was put into operation. The system permits collecting, generalizing, and analyzing information about changes in energy resource consumption and provides access to information in all levels of management in the Concern and Rosatom State Corporation.

We are planning to conduct the next energy survey in 2016. The results of the survey will lay the basis for adjustment of energy consumption structure, and the energy passport of the Concern will be compiled. The program for energy saving and energy efficiency enhancement in the coming five years will be updated according to the results of efficiency evaluation of the measures taken.

IMPLEMENTATION OF GENERAL PRIMARY REGULATION OF FREQUENCY (GPRF) IN ENERGY SYSTEM

In 2015, the GPRF implementation was carried out at the following power units: the Balakovo NPP power units No. 1–4, the Kalinin NPP power units No. 1–4, the Novovoronezh NPP power units No. 4 and No. 5, the Rostov NPP power units No. 1–3.

Since January 1, 2016, the GPRF mode was activated at the said NPP power units. According to the Rules of Power and Capacity Spot Market, in case the generating equipment of VVER-type power units at NPPs fail to operate in the GPRF mode on January 1, 2016, Unified Energy System Operator JSC would be fined for short capacity supply in the amount of 0.04 of the installed capacity of generating equipment.

Savings: financial expenses for the GPRF mode implementation at all VVER-type power units of NPPs totaled 1.53 bln rubles, meanwhile starting from 2016 the annual financial losses of the Concern due to failure of NPP power units to implement the GPRF mode in the amount of 2.37 bln rubles (in prices of 2016) are excluded.

According to 2015 results, the project for implementation of the GPRF mode won the Concern’s industry-level contest for the Man of the Year in the Effectiveness nomination.

UPGRADE OF EXISTING NPP POWER UNITS

One of the main areas of the Concern’s activity is upgrade of operating NPP power units which permits maintaining power capacity of NPPs, as well as increasing their safety level and improving operating characteristics of power units.

The Concern’s NPPs upgrade is managed on the basis of industry-level regulatory documents, and implementation of long-term, medium-term, and annual (current) operations planning procedures.

MANAGEMENT ALGORITHM FOR OPERATING NPP POWER UNITS MODERNIZATION

INDUSTRY/ENHANCEMENT LEVEL TECHNICAL PROGRAMS

Solution of NPP operation issue

Expert opinion on economic stability of Solution

Expert opinion on technical feasibility of Solution

Solution of NPP operation issue

Complex long-term (5 years) NPP modernization programs

TARGETED TECHNICAL PROGRAMS

Minutes of Technical Committee meeting related to NPP-operation issue

Targeted technical programs for NPP modernization (5 years)

ARCHIVING

Archiving (in case of solution) or adjustment of operation issues, or programs (streamlining of timeframes, scope of work, financial expenses)

RESULTS OF 2015

INDICATOR

ASPECT

RESULTS OF 2015

Increase of power units heat capacity (in the reporting period and total)

Power units capacity increase

During 2015 the Kola NPP power unit No. 3 was put into pilot operation at increased capacity of 102% of the nominal. The Kalinin NPP power unit No. 4 was put into pilot operation. Capacity was increased by 40 MWe.

During the program implementation, due to higher heat capacity the Concern’s NPP power unit output increased by 463.6 MWe.

Number of upgraded power units (in the reporting period and total)

Power units capacity increase

The number of upgraded power units in the reporting period was as follows: 33 power units underwent the upgrade related to ensuring safe and sustained operation of power units at the designed and increased capacity levels.
SERVICE LIFE EXTENSION FOR EXISTING NPP POWER UNITS

Service life extension for existing NPP power units once they exhaust the determined service life is one of the vital tasks at the current development stage of the Russian nuclear industry, and an efficient financial investment allowing to maintain generating capacities and increase NPP safety.

Economically feasible duration of extended service life for NPP power units is 15 to 30 years, depending on both technical and economic factors on a case by case basis.

We have been working on service life extension for operating power units of Russian NPPs since 1998. Additional information on service life extension may be found in the Concern’s 2013 Annual Report (pages 87-88) and 2014 Annual Report (pages 58-59).

By the end of 2015, the operations on extending service life of 24 NPP power units with an aggregate installed capacity of 16,242 MW were completed. The licenses permitting operation of these power units outside the determined service life were issued by Rosateknadzor.

Investment projects on service life extension are currently implemented at five power units: the Balakovo NPP power units No. 2, No. 3, and No. 4, the Kalinin NPP power unit No. 2, the Smolensk NPP power unit No. 3, as well as three power units subject to implementation of investment projects for repaired service life extension — the Novovoronezh NPP power unit No. 4, and the Kola NPP power units No. 1 and No. 2.

PREPARATION AND DECOMMISSIONING OF NPP POWER UNITS

Decommissioning of NPP power units after the end of the operation period is a final stage of their service life. This work was performed in 2015 in accordance with the Activity Programs for NPP Decommissioning approved by Rosatom State Corporation, as well as within the Federal Special Purpose Program for Ensuring Nuclear and Radiation Safety in 2008 and Until 2015.

RESULTS OF 2015

<table>
<thead>
<tr>
<th>FULL-FILLED</th>
<th>APPROVED</th>
<th>OBTAINED</th>
</tr>
</thead>
<tbody>
<tr>
<td>Program for Preparation of Balakovo NPP Power Unit No. 1 for Extended Service Life (No. BALAES-1PRG-55XJ-062015)</td>
<td>Resolution by Rosatom State Corporation on Further Operation of Balakovo NPP Power Unit No. 1 for 10 years dated December 2, 2015 (No. BALAES-55XJ-062015)</td>
<td>Rosateknadzor license dated December 18, 2015 No. GN-05-101-1114 for the period until December 18, 2045</td>
</tr>
<tr>
<td>Program for Preparation of Kursk NPP Power Unit No. 4 for Extended Service Life (No. KUAES4 PRG-92K(1.34)2009)</td>
<td>Resolution by Rosatom State Corporation on Further Operation of Kursk NPP Power Unit No. 4 for 15 years dated November 17, 2015 (No. KUAES4-92K(1.34)062015)</td>
<td>Rosateknadzor license dated December 21, 2015 No. GN-05-101-3322 for the period until December 21, 2030</td>
</tr>
<tr>
<td>Program for Smolensk NPP Power Unit No. 2 Preparation for Extended Service Life (No. SMOAES2PRG-105K(1.8)2009)</td>
<td>Resolution by Rosatom State Corporation on Further Operation of Smolensk NPP Power Unit No. 2 for 15 years dated May 18, 2009 (No. SMOAES2-105K(1.8)062015)</td>
<td>Rosateknadzor license dated May 29, 2015 No. GN-05-101-3101 for the period until May 29, 2025</td>
</tr>
</tbody>
</table>

INDICATOR | ASPECT | REPORT
--- | --- | ---
Number of power units with operation period extended for over 15 years | Power units operation periods | Number of power units with operation period additionally extended for over 15 years in 2015:
- Balakovo NPP power unit No. 1 — for 30 years;
- Kursk NPP power unit No. 4 — for 10 years;
- Smolensk NPP power unit No. 2 — for 15 years.

Number of NPP power units subject to development of engineering documentation for life cycle extension, upgrade, and reconstruction | Power units operation periods | In 2015, engineering documentation was developed for extension of life cycles at eight power units: Balakovo NPP power units No. 2 — 4; Kholmogorsky NPP power unit No. 2; Novovoronezh NPP power unit No. 4; Smolensk NPP power unit No. 3; Kola NPP power unit No. 1 and No. 2.

PRESERVATION OF NPP GENERATING CAPACITIES RESULTING FROM SERVICE LIFE EXTENSION

<table>
<thead>
<tr>
<th>Year</th>
<th>Capacity, MW</th>
</tr>
</thead>
<tbody>
<tr>
<td>2001</td>
<td>417</td>
</tr>
<tr>
<td>2002</td>
<td>834</td>
</tr>
<tr>
<td>2003</td>
<td>2,274</td>
</tr>
<tr>
<td>2004</td>
<td>2,758</td>
</tr>
<tr>
<td>2005</td>
<td>1,780</td>
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<tr>
<td>2006</td>
<td>4,762</td>
</tr>
<tr>
<td>2007</td>
<td>6,762</td>
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<tr>
<td>2008</td>
<td>8,362</td>
</tr>
<tr>
<td>2009</td>
<td>9,802</td>
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<tr>
<td>2010</td>
<td>10,802</td>
</tr>
<tr>
<td>2011</td>
<td>11,802</td>
</tr>
<tr>
<td>2012</td>
<td>13,242</td>
</tr>
<tr>
<td>2013</td>
<td>16,242</td>
</tr>
<tr>
<td>2014</td>
<td>17,242</td>
</tr>
<tr>
<td>2015</td>
<td>18,659</td>
</tr>
<tr>
<td>2016</td>
<td>20,099</td>
</tr>
<tr>
<td>2017</td>
<td>21,539</td>
</tr>
</tbody>
</table>
According to formalized changes in Rosatomnadzor license application conditions for power units operation, the following actions were taken:
- Disassembly of equipment in the building of gas storage tank for accident containment, extraction and removal of radioactive waste from southwest structure of 90/50-1, partial disassembly of equipment in the turbine hall. Routine operations intended to ensure safe condition of power units No. 1 and No. 2 of the Bilibino NPP were performed.
- Complex study was performed, a package of documents was prepared to obtain a license for operation of the Novovoronezh NPP power unit No. 1 after its shutdown for decommissioning, a resolution and an order were executed for final shutdown in 2016 of the said power unit for decommissioning.
- Measures for Preparation of Bilibino NPP Power Units for Final Shutdown were developed and implemented, execution of the scheduled actions was organized, including those for completion of the diesel fuel depot construction, upgrade of the modular boiler house, construction of the diesel generator plant.
- The PDEC was established at the Novovoronezh NPP, pursuant to the existing Rosatomnadzor license applicability condition and according to the project for decommissioning in 2015, operations were performed to prepare the infrastructure for decommissioning of the Novovoronezh NPP power units No.1 and No. 2.
- An electrochemical decontamination unit was commissioned, operations were performed to test the plasma plant for radioactive waste treatment using ‘clean’ waste. Fragmentation and decontamination were performed of three sections of UTI container, repair container, spent nuclear fuel containers stored at the premises of the Novovoronezh NPP power units No. 1 and No. 2.
- After cancellation of the operation license, a license for decommissioning of the Novovoronezh NPP power units No.1 and No. 2 was enacted. Decommissioning operations started at the Novovoronezh NPP power units No.1 and No. 2.

The volume of loaded material is decreased by 20-44 times at the furnace outlet.

The PDEC was established at the Novovoronezh NPP according to the resolution by the Concern’s Board of Directors on December 29, 2012.

Among the objectives are ensuring serial decommissioning of NPP power units after expiry of their service life or extended service life.

Berel Shemen, Head of the PDEC established at the Novovoronezh NPP, emphasized benefits arising from implementation of the RPS at the Novovoronezh NPP: "Due to the pilot project carried out within the frame of the RPS, the number of improvement projects was increased, the number of projects within the RPS was increased, and the savings were increased as well. This helped to improve the efficiency of the NPP."

The concern’s branch – Pilot and Demonstration Engineering Center (PDEC) established at the Novovoronezh NPP officially started operation of a plasma furnace for solid radioactive waste (RAW) treatment.

The main goals of the RPS are identification and reduction of all kinds of losses in production and business processes.

Over 300 RPS projects were accomplished in 2015. That is a six times growth due to replication of the ‘best practices’, earlier (in 2014) successful implementation of typical projects (5 typical RPS projects at each NPP), and accomplishment of the industry-level program for involvement of managers into the RPS. According to the program, each manager had to implement one personal RPS project in 2015.

The Balakovo and Smolensk NPPs became RPS Leaders according to the results of system-wide deployment of the RPS.

"The priority is system-wide deployment of the RPS in the division. Our objective is to deliver the RPS implementation practices approved at the Smolensk and Balakovo NPPs to the Headquarters, and the remaining NPPs. By 2017, the RPS shall be supplied to major subsidiar-
is and affiliates."

Andrey Petrov, CEO, Rosenergoatom Concern JSC
3.4. ENSURING SAFETY OF RUSSIAN NPPS

Safety is an utmost priority of the Concern as the operator. The Concern branches — nuclear power plants feature failsafe and secure operation in every aspect of activity during the whole life cycle.

Above the Concern's headquarters, eight NPPs adopting experience of Balakovo and Smolensk plants.

POLICY AND BASIC PRINCIPLES OF SAFE NPP OPERATION

Rosenergoatom Concern JSC sees its mission as supplying consumers with power and heat produced by the Concern NPPs with guaranteed safety as its top business priority.

Meanwhile, Rosenergoatom Concern JSC in its activities consistently and purposefully discharges the obligations arising from the Convention on Nuclear Safety, accounts for the recommendations of the IAEA regulations and guidelines for NPP safety, and regulations and principles of the IAEA International Nuclear Safety Group (INSG) formulated in the Basic Safety Principles for Nuclear Power Plants, and the Safety Culture.

The most advanced service out of those provided by the IAEA to its member countries is the Operational Safety Review Team (OSART).

Rosenergoatom Concern JSC has been using the OSART mechanism since 2005.

In response to the IAEA post-Fukushima Action Plan on Nuclear Safety, the operator has developed a long-term OSART plan (until 2023) with a higher frequency of missions (one plant every two years). In-principal agreement has been reached with IAEA to implement this plan. Russia became the country with the most advanced OSART program after that.

Moreover, Rosenergoatom Concern JSC filed an initiative in 2015 to invite the IAEA mission for consideration of corporate functions performed by the operator in support of its NPPs safety (OSART corporate mission). The IAEA consent was received to conduct this mission in 2018.

Between 2005 and 2015, Russian NPPs hosted five OSART missions and three OSART follow-up missions.

RPS DEPLOYMENT STEPS TAKEN BY ROSENERGOATOM

- Goals decomposition
- RPS company / flow
- Training
- Project and change management
- Motivation (reinforcement)

80% of respondents confirmed that RPS deployment continued until the end of 2016.

Andrey Petrov,
CEO, Rosenergoatom Concern JSC

"All activities of the Concern shall be regulated by a system of two utmost priorities. These are safety and lean production."
OSART MISSION AT NOVOVORONEZH NPP

OSART Mission was held at the Novovoronezh NPP in November 2015. Good practices were defined in nine areas. Firstly, organizational changes management, high level of operations organization, engineering support, radiation safety. Experts noted high readiness of NPP personnel for emergency response (which is important due to the Fukushima NPP accident), and good practices in chemical technologies and radioactive waste handling allowing to minimize the environmental impact. The result — one recommendation, nine proposals, seven examples of good practice — is similar to the last year result of the Kola NPP.

ON SAFETY STATUS

Russian NPPs were operating in a failsafe and secure mode, and followed the general trend of enhancing safety at the existing power stations in 2015.

The table gives information on deviations at the operational NPP power units, injuries, unplanned automatic reactor shutdowns, fires (ignitions) in comparison with 2014.

The figure on page 83 visualizes information on the deviations in NPP operation between 2008 and 2015 classified according to the INES scale.

In 2015, the number of the deviations in NPP operation classified as Level 0 (Beyond the INES scale) totaled 31. Three events were on Level 1 of the INES scale: the Beloyarsk NPP power unit No. 3, the Kursk NPP power unit No. 2, the Kalinin NPP power unit No. 2.

In 2014, two events on Level 1 of the INES scale occurred: on March 2 and November 4 — both at the Beloyarsk NPP power unit No. 4 (physical start-up stage).

There were no incidents above Level 1 on the INES scale in 2015 and 2014.

One fire (Rostov NPP) and one ignition (Kaliningrad NPP) occurred at the operating nuclear plants in 2015. There were also one fire and one ignition in 2014.

In 2015, one of Rosenergoatom Concern JSC employees was injured at the Kursk NPP, and two at the Beloyarsk and Kalinin NPPs) in 2014.

As shown in the figure, the average (per 7,000 hours of operation) number of critical reactor scrams (WANO indicator) for Russian NPPs is considerably lower than that for other nuclear power plants worldwide.

<table>
<thead>
<tr>
<th>NPP</th>
<th>DEVIATIONS</th>
<th>UNPLANNED AUTOMATIC SCRAMS CRITICAL</th>
<th>INJURIES (NUMBER)</th>
<th>FIRES/IGNITIONS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bal</td>
<td></td>
<td>0</td>
<td>3</td>
<td>0</td>
</tr>
<tr>
<td>Bel</td>
<td></td>
<td>2</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Bil</td>
<td></td>
<td>1</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>Rkn</td>
<td></td>
<td>8</td>
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<td>1</td>
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<tr>
<td>Kur</td>
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<td>1</td>
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<tr>
<td>Nvo</td>
<td></td>
<td>1</td>
<td>3</td>
<td>0</td>
</tr>
<tr>
<td>Ros</td>
<td></td>
<td>2</td>
<td>4</td>
<td>0</td>
</tr>
<tr>
<td>Smo</td>
<td></td>
<td>4</td>
<td>5</td>
<td>1</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>54</td>
<td>38</td>
<td>5</td>
</tr>
</tbody>
</table>

VARIATION OF DEVIATIONS AT NPPS ON INES SCALE

VARIATION OF UNPLANNED AUTOMATIC SCRAMS BETWEEN 2009 AND 2015

* Incidents at the NPP power units commissioning stage.
UNPLANNED AUTOMATIC SCRAMS PER 7,000 HOURS

<table>
<thead>
<tr>
<th>Year</th>
<th>Global NPPs</th>
<th>Russian NPPs</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>0.61</td>
<td></td>
</tr>
<tr>
<td>2012</td>
<td>0.46</td>
<td></td>
</tr>
<tr>
<td>2013</td>
<td>0.20</td>
<td></td>
</tr>
<tr>
<td>2014</td>
<td>0.50</td>
<td></td>
</tr>
<tr>
<td>2015</td>
<td>0.15</td>
<td></td>
</tr>
</tbody>
</table>

NPP SAFETY ASSURANCE CONTROL

The Concern takes a series of internal and external measures confirming the compliance with Russian and international requirements for nuclear power plant safety. As part of NPP safety assurance control in Rosenergoatom Concern JSC, the operator’s structural units carry out integrated and ad-hoc inspections of the safety status. The main goals of the inspections are as follows:

- Determination of a current status of NPP safety, identification of potential common problems and negative trends in nuclear power plants operation;
- Development and implementation of measures and recommendations by Rosenergoatom Concern JSC management and Rosatom State Corporation General Inspector. Ad-hoc inspections are held to thoroughly investigate the reasons for safety worsening and take the required remedial actions in case of deterioration in NPP operation safety indicators, increase in the number of equipment malfunctions or problems with nuclear power plants operation.

In 2015, the Concern’s supervisory and operational control committees held 34 safety inspections at the nuclear power plants and those under construction.

In order to take the required actions in the problem areas of NPP electric equipment operation in 2015, the operator organized and held unscheduled targeted self-assessment at nuclear power plants on the following subjects: Condition and Quality of Electric Equipment at NPPs, and Efficient Application of Basic Safety Culture Components.

Relevant measures were taken in the problem areas discovered during the inspections in order to improve the operational safety at nuclear power plants, including the operating company level.

On the basis of analysis of the condition and trends of NPP safety in 2015, a list of key projects and problem areas was compiled for supervisory monitoring and performance assessment in 2016:

- Physical start-up and power start-up of the main unit with VVER-1200 (IKO-6) reactor;
- Implementation of measures for enhancement of NPP sustainability (post-Fukushima);
- Execution of long-term programs based on the Concern inspection by Rosatomnadzor committee;
- Implementation of a complex of measures for interaction efficiency enhancement at the power units under construction and existing NPPs in relation to occupational safety and health;
- Operation of electric equipment at the existing NPPs;
- Activities related to process protections and interlocks at the existing NPPs;
- Relocation of heavy equipment at the existing NPPs and those under construction.

The results of safety checkups at the existing nuclear power plants and remedial actions implementation control allow to make a conclusion that the Concern’s NPPs meet the admissible safety level stipulated by the rules and regulations applicable in the Russian Federation to nuclear power use, as well as international requirements and standards.

INCREASING SAFETY AND STABILITY OF NPPS AGAINST EXTREME EXTERNAL IMPACTS

In connection with the events occurred in Japan which caused the accident at the Fukushima NPP, the Concern has developed and implemented an analysis of possible accident development scenarios at Russian nuclear power plants against extreme external impacts, determining activities aimed at mitigating consequences and reducing the impact on population and environment in case of a severe beyond design basis accident (Plan of Activities Intended to Improve Safety of Operating NPPs, and Activities Intended to Reduce Consequences of Severe Beyond Design Accidents at NPPs).

Each year the Concern updates its activities according to the results achieved in the previous time period.

The activities scheduled for 2015 were completed.

The activities intended to improve stability of nuclear power plants against natural and man-made impacts are performed in three phases:

- Activities aimed at reducing man-made risks. All NPPs were supplied with additional mobile emergency response equipment.
- Activities aimed at ensuring NPP survivability. Preparation of design estimates, calculations, analyses and substantiations, supplies of additional equipment and materials related to design specifications.
- Implementation and introduction at NPPs of additional design solutions, adjustment of emergency response documents.
SAFETY CULTURE

Safety culture is where all individuals are trained, skilled, and psychologically prepared, ensuring that NPP safety becomes a priority and inherent need that results in understanding of one's responsibility and self-control during safety-related activities.

Safety culture is a basic principle of NPP safety management. The Concern’s activity in the area of safety culture is aimed at forming a high level of commitment to safety among the employees of the Concern nuclear power plants. Commitment to safety is shown in continuous improvement of activity that affects safety, in self-consciousness of employees who understand their responsibility in the area of safety and in self-control during performance of all operations. All this together guarantees a steadily high level of NPP safety.

Detailed information about implementation of the Procedure for Organization of Work on Developing and Maintaining Safety Culture in Rosenergoatom Concern JSC may be found in 2014 Annual Report of the Concern (pages 69–70).

In 2015, the Concern’s nuclear power plants organized and performed self-evaluation of safety in application of basic safety culture components. Evaluation of the safety culture status allowed to discover the areas related to fail-safe and secure operation, and requiring improvement, namely:

- Enhancement of efficiency is discovering the factors of potential hazards and risks for safety during plant walkthroughs performed by operating and managerial personnel;
- Improvement of a system for personnel involvement in ensuring safety owing to voluntary reports by personnel on identified deficiencies, own mistakes, and events that occurred or did not occur;
- Motivation for creation of a trustworthy and transparent environment that eliminates hiding of important safety related information.

Self-evaluation resulted in development of stationary and corporate events aimed at safety culture improvement.

Rosenergoatom Concern JSC established a Safety Culture Council in 2015. Headed by the CEO, the Council endeavors to create commitment to safety culture in the Concern, and a trustworthy and transparent environment for consideration (discussion) of safety-related issues.

CASE STUDY

BEST RUSSIAN NPPS IN TERMS OF SAFETY CULTURE IN 2015

BALAKOVO NPP

In 2015, the Balakovo NPP tried the Production Objectives and Criteria for Their Accomplishment system for safety culture development by the WHO. The Balakovo NPP passed self-evaluation of the safety culture according to the newly developed criteria. Conclusions were made that there was a consistent trend for further increase and comprehensive development of safety culture at the enterprise.

SMOLENSK NPP

Among the Smolensk NPP’s strong points, the contest committee noted a system for self-evaluation of operational safety, introduction and updating of an integrated management system, development of an information system for operations support, etc.

100% completion of fire preventing measures stipulated by state supervision bodies

FIRE SAFETY

In 2015, the Concern performed activities to ensure fire safety, in particular:

- Participating in inspection of fire safety conditions at the Baltic NPP, Leningrad NPP-2, Novovoronezh NPP-2, Rostov NPP power units No. 3 and No. 4, Beloyarsk NPP power unit No. 4, PTNP (all being under construction);
- Performing organizational and technical activities at all NPPs ensuring preparation for the spring-summer fire hazard period, and the autumn-winter period;
- Reviewing materials and preparation of opinions for the expert committee for capital construction;
- Preparing and implementing the Plan for Enhancing Fire Safety for NPPs under Construction of Rosenergoatom Concern JSC and Improving Efficiency of Control over Fire Safety, approved by the Chief Executive Officer of Rosatom State Corporation;
- Developing and implementing regulatory documents aimed at ensuring fire safety at NPPs;
- Implementing fire safety systems at the Beloyarsk NPP power unit No. 4, Novovoronezh NPP power unit No. 6, Rostov NPP power unit No. 3 being commissioned.

With a view to raise the fire safety level at nuclear power plants and preparedness of firefighters and personnel for fire extinguishing, a fire training facility was delivered to the Leningrad NPP in 2015.

INDUSTRIAL SAFETY

No industrial accidents at hazardous production facilities operated by Rosenergoatom Concern JSC were registered in 2015.

The Concern pays great attention to industrial safety of NPP Hazardous Production Facilities (HPFs).

As of December 31, 2015, 86 HPFs were registered with the departmental (industry-specific) section of the state register of hazardous production facilities according to the Federal Law on Industrial Safety of Hazardous Production Facilities. All these HPFs are insured pursuant to the Federal Law on Compulsory Civil Liability Insurance for Owners of a Hazardous Facility for Causing Harm as a Result of an Accident at the Hazardous Facility.

Industrial Safety Declarations were prepared pursuant to regulatory requirements for hazardous production facilities of 1st and 2nd hazard classes in compliance with regulatory documents. The Concern employees involved in operation of HPFs undergo training and certification on the matters of industrial safety in the appropriate committees of Rostechnadzor, the Concern Headquarters, and NPPs.

The Concern has the industrial safety management system in place in order to prevent industrial accidents and incidents, as well as in order to plan and implement priority and long-term measures aimed at increasing industrial safety of hazardous production facilities and at providing due training for the Concern’s personnel making them ready to contain and elimination of consequences of accidents and incidents at HPFs.

NONPROLIFERATION OF NUCLEAR MATERIALS

For the entire term of operation of the Concern’s NPPs, there were no losses, theft, or unauthorized use of nuclear materials.

Nonproliferation of nuclear materials is ensured through the Concern’s system of state accounting and control of nuclear materials. This system functions in full compliance with the requirements of international and Russian regulations and is under control of Rosatom State Corporation and Rostechnadzor.

The system for nonproliferation of nuclear materials is described in detail in 2014 Annual Report (pages 74–75). Each year a physical inventory of nuclear materials takes place in order to comply with the procedure for accounting and control of nuclear fuel at the places of storage and use of fuel assemblies.

1 No. 116-FZ dated July 21, 1997 HPFs are registered with the departmental (industry-specific) section of state register of hazardous production facilities.
EMERGENCY RESPONSE SYSTEM AT RUSSIAN NPPs

The Concern has created and currently operates the Emergency Prevention and Response System (EPRS). The system is used to plan, ensure preparedness, and conduct activities aimed at protecting personnel and nuclear power plant premises against emergency situations, both natural and man-made.

In structural terms, the Concern's EPRS is a sub-system of the Industry-Specific Emergency Prevention and Response System of Rosatom State Corporation and is operated in liaison with regional and municipal subsystems of the Unified State System for Emergency Prevention and Response, according to the location of nuclear power plants.

The particularity of the Concern's emergency response system operation consists in a very efficient mechanism of cooperation in case of emergency. Appropriate resources and centralized reserves of funds and materials have been created at each NPP for containment and elimination of accidents and emergencies. Following the accident at the Fukushima NPP, all nuclear power plants were additionally equipped with mobile emergency units, newest systems were created for communication, public announcement, and information support.

The availability of communication and public announcement systems is provided (24/7) by duty shift of the Crisis Center and operations control duty services (duty operators) of operating NPPs.

The important place in the emergency response system belongs to the group for emergency assistance to nuclear power plants (EANPP), and coordinating bodies (committees on emergency prevention and elimination, and fire safety) at operating NPPs. In the face of an emergency, the EANPP group closely cooperates with technical support centers (TSC) created on the basis of the organizations which are general design contractors, chief designers, research advisors, as well as leading Russian institutions involved in matters of the nuclear power industry.

14 TSCs are currently in operation. Each TSC has a 24/7 duty in place, and interaction with the Concern's Crisis Center is also organized.

RESULTS OF 2015

• In September 2015, a comprehensive emergency drill was held on Radioactive Accident at Leningrad NPP. Representatives of 19 ministries and agencies, the total of 1,700 persons, took part in the drill, including 150 units of specialized machinery and equipment. Representatives of eight foreign countries and IAEA representatives observed the drill process.

At the same time, as part of the drill, INEX-5 exercises were held under the auspices of the Nuclear Energy Agency within the Organization for Economic Cooperation and Development. Information exchange with the IAEA was underway.

The results of the drill showed capability of the operator’s system for emergency planning and emergency response to act in non-routine and emergency situations, and improved the international image of Rosenergoatom Concern JSC.
NUCLEAR POWER PLANT STABILITY ENHANCEMENT

ACTIVITIES IN 2015

INCLUDED:

• Preparedness checks were conducted at the Kursk and Rostov NPPs to make sure they are prepared to containment and elimination of emergency situations, both natural and man-made. These NPPs confirmed their readiness to perform tasks in the area of civil defense and emergency situations.

• For the first time ever the Kursk NPP hosted a competition of emergency rescue teams of Russian nuclear power plants.

• The Regional Crisis Center (RCC) continued its operation. It was established on the basis of the Concern’s Crisis Center (CC) following recommendation of the Post-Fukushima Committee and resolutions of the WANO (Moscow Center) workshop devoted to meeting the requirements of the Rules for Information Exchange between Participants of RCC and VVER NPPs of the WANO Moscow Center.

• International trainings were held as part of the RCC with the Paks NPP (Hungary), Tianwan NPP (China), and Dukovany NPP (Czech Republic).

The Concern’s emergency prevention and elimination system is a well-coordinated and interconnected system operating 24/7 and receiving information from NPPs in real time. The Crisis Center monitors main process, radiation, environmental, and fire protection parameters 24 hours a day 7 days a week, which are also submitted to Technical Support Centers thus creating a unified information space for all participants of emergency response.

The Concern’s emergency prevention and elimination system currently in place meets all requirements set for the participants of the Unified State System for Emergency Prevention and Response, is one of its most sophisticated links and corresponds to the best global practice.

PHYSICAL PROTECTION

The Concern, as the operator, is responsible for providing physical protection, including anti-terrorist stability of nuclear power plants on all stages of their life cycles (design, construction, operation, decommissioning) as nuclear hazardous facilities; protecting state, proprietary, and trade secrets; and ensuring economic security of the enterprise while maintaining the Concern’s legitimacy and corporate interests.

High priority of safe operation of the physical protection system in the Concern’s branches — nuclear power plants was stipulated by discharging the obligations related to main components of safe nuclear power use, building up the capabilities of the national system for non-proliferation of nuclear materials aimed at avoidance of nuclear materials theft, and prevention of the subversive activities related to nuclear materials, nuclear plants and nuclear materials storage sites.

CORE OPERATIONS IN 2015:

• Ensuring physical protection of nuclear plants, nuclear materials at all stages of the NPP life cycle;

• Participating in anti-terrorist measures;

• Improving the management system of ensuring physical protection of nuclear power plants at all levels;

• Equipping NPPs with physical protection systems, their upgrade and reconstruction;

• Supporting cooperation with involved federal executive authorities;

• Creating physical protection systems at power units under construction and placing those systems under armed guard.

In 2015, there were no unauthorized actions related to the Concern’s branches — nuclear power plants, including trespassing into restricted areas. No cases were reviewed for administrative sanctions, license suspension and/or termination by Rostekhnadzor inspectors (in relation to physical protection).

RADIATION IMPACT ON PERSONNEL AND POPULATION

In its activities the Concern’s endeavors to ensure the highest possible radiation safety level for the personnel of nuclear power plants and the population in their location areas, and to prevent radioactive contamination of the environment above the admissible levels set forth by the radiation safety regulations.

RESULTS OF 2015

OVER THE RECENT DECade, THE COLLECTIVE DOse WAS REDUCed BY MORE THAN THREE TIMES

The basic thresholds of NPP personnel exposure WERE NOT EXCEEDED

Unauthorized release of radionuclides were NOT TAKEN TO INDIVIDUALS OR POPULATION

OVER 70% of NPP personnel do not exceed the basic threshold of individual dose load on population of 1 mSv per year

THERE WERE NO CASES OF UNAUTHORIZED RELEASES OF RADIONUCLIDES INTO THE ENVIRONMENT

RADIATION IMPACT ON PERSONNEL AND POPULATION

Based on the radiation safety principles adopted by global community, the Concern consistently conducts the policy on implementation and further development of methodology on radiation protection optimization at NPPs. The methodology consists in maintaining individual exposure doses and number of exposed persons on the lowest possible levels taking into account economic and social factors. Owing to focused organizational and technical efforts at NPPs, the radiation doses of personnel are steadily decreasing. The values of average individual dose of personnel and average collective dose per power unit among all NPPs in 2015 are comparable with similar indicators of the previous year, and are primarily defined by the amount of radiation hazardous maintenance work performed at nuclear power plants.

Current radiation exposure of personnel at nuclear power plants with VVER and BN type reactors almost reached the optimal level comparable to similar indicators of foreign NPPs.

The radiation environment in the areas of NPPs shows natural background levels, which are typical for Russia — gamma-radiation intensity varied between 0.06 and 0.2 μSv/h.
SLIDING (OVER THREE YEARS) COLLECTIVE DOSES AT NPPs BY TYPES OF REACTOR UNITS (PERSON-SV/UNIT)

COLLECTIVE DOSES AT NPPs IN 2014-2015, PERSON-SV/UNIT

AUTOMATED SYSTEM OF INDIVIDUAL DOSIMETER CONTROL

RADIATION CONTROL

Constant control of the population and environment exposure to radiation is exercised by NPP radiation safety departments and supervised by state sanitary and epidemiological centers of the Russian Federal Medical-Biological Agency (FMBA) at the Concern’s NPPs and in their location areas.

For efficient control of safety barriers integrity on a regular and uninterrupted basis, the NPP design provides for a radiation control system (RCS).

The Concern uses an automated system of individual dosimeter control (ASIDC) for collection and storage of information related to current, operational, and emergency exposure doses of NPP personnel, as well as for analysis and planning of a collective dose.

The ASIDC keeps record of an employee’s individual dose:
• During a year;
• During five years;
• During the whole period of labor activity.

The ASIDC ensures creation of a control system for dose loads on NPP personnel according to ALARA (As Low As Reasonably Achievable) principle. The ASIDC is created in the form of a distributed system consisting of local ASIDC at nuclear power plants, and an industry center for control and accounting of individual doses of nuclear power plants personnel.

RESULTS OF 2015

MAIN AREAS OF OPTIMIZING CONCERN’S RADIATION PROTECTION

For optimizing the personnel doses → an Optimization Program for Personnel Radiation Safety at NPPs was enacted.

For improvement of personnel dose planning → a software module for the automated workstation calculating individual radiation risk (ARMIR AES, version 6.1) was commissioned. The software module is based on evaluation of ratios of individual radiation risk for NPP personnel.

• improvement of organization of radiation hazardous work;
• enhancement of radiation environment of NPP equipment and premises;
• reduction of the time of personnel exposure to ionizing radiation fields;
• improvement of instrumentation and methodological support of the radiation control.

For the year 2015:

• improvement of organization of radiation hazardous work;
• enhancement of radiation environment of NPP equipment and premises;
• reduction of the time of personnel exposure to ionizing radiation fields;
• improvement of instrumentation and methodological support of the radiation control.
The specified NPP emissions and discharges create negligibly small population doses in the areas of nuclear power plants.

Of the standard value

Maximum emission of inert radioactive gases per year

Maximum emissions of iodine compounds

Maximum aggregate discharge index

≥ 30% ≥ 6% ≥ 0.6

There are automated radiation control systems (ARCS) in the areas of all Russian NPPs operation. The systems are united into an industry level sub-system with the central control panel located in the Concern’s Crisis Center.

Major requirements for organization, controlled parameter range, frequency, techniques, and methods of radiation control of the environment in the areas of the Concern’s NPPs location are defined by Procedural Guidelines 1.3.2.06.027.0045-2009 – Organization of Radiation Control in Nuclear Power Plants Location Areas, coordinated with the Russian FMBA. Radiation control of the environment at the location of NPPs is exercised according to the rules for radiation control taking into account the type of reactor units and particulars of their locations.

The equipment used for establishing the ARCS for nuclear power plants was mainly produced domestically (Atlant systems are installed at all NPPs except for Kola and Leningrad). In addition to Atlant systems, the Balakovo, Kalinin, and Kursk NPPs feature SkyLink systems (Germany). The Kola and Leningrad NPPs use the systems manufactured by Finnish RadosTechnology. ARCS stands located in populated areas within the NPP supervised zone are equipped with information panels displaying data about dose intensity at the location. The radiation environment related information is available at the Concern’s website, and at: http://www.russianatom.ru.

Regular measurement of radioactive substances concentration in the atmosphere and heat sinks, measurement of soil and plant activity, and food stuff at the control points located at a distance of 50 km from NPP confirm the absence of a detectable impact of NPP operation on the condition of objects of outside environment.

The Concern takes a conservative approach to accounting of gas-aerosol emissions and liquid discharges. The approach consists

in the presumption of radioactive substances presence in emissions and discharges (even if they are not observed by the existing instruments and methods) at the level of 0.5 of the minimum scale value.

The picture in page 94 shows IRG emissions in percentage of the standards for allowable emissions.

No unauthorized discharge of radioactive nuclides into the environment took place in 2015. Like in the previous years, the actual gas-aerosol emissions and liquid discharges were significant lower than the standards established by Rosatom.

The analysis of data on NPP emissions and discharges confirms the stable and reliable operating level of NPP power units and the efficiency of protective barriers created to prevent dissipation of radioactive substances.

HANDLING RADIOACTIVE WASTE AND SPENT NUCLEAR FUEL

Radioactive waste (RAW) handling is primarily focused on gradual decrease in the volume of their production, and conversion of RAW to a conditioned state ensuring safe temporary storage of radioactive waste at NPPs, and their further transfer to disposal facilities of the National Operator for Radioactive Waste Management FSUE.

EMISSIONS OF INERT RADIOACTIVE GASES AND IODINE-131 INTO ATMOSPHERE IN 2015

<table>
<thead>
<tr>
<th>NPP</th>
<th>IRG</th>
<th>% of allowable emissions</th>
<th>131I</th>
<th>% of allowable emissions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balakovo</td>
<td>34.7</td>
<td>5.0</td>
<td>105.9</td>
<td>0.6</td>
</tr>
<tr>
<td>Beloyarsk</td>
<td>5.1</td>
<td>1.4</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Bildno</td>
<td>510.9</td>
<td>28.5</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Kalinin</td>
<td>22.7</td>
<td>3.3</td>
<td>440.0</td>
<td>2.4</td>
</tr>
<tr>
<td>Kola</td>
<td>72.7</td>
<td>10.5</td>
<td>1020.0</td>
<td>5.7</td>
</tr>
<tr>
<td>Kursk</td>
<td>441.9</td>
<td>11.9</td>
<td>1500.0</td>
<td>1.7</td>
</tr>
<tr>
<td>Leningrad</td>
<td>388.0</td>
<td>15.1</td>
<td>514.0</td>
<td>0.9</td>
</tr>
<tr>
<td>Novovoronezh</td>
<td>16.3</td>
<td>2.4</td>
<td>600.0</td>
<td>3.1</td>
</tr>
<tr>
<td>Rothen</td>
<td>81.1</td>
<td>15.7</td>
<td>101.0</td>
<td>0.6</td>
</tr>
<tr>
<td>Smolensk</td>
<td>125.9</td>
<td>0.1</td>
<td>128.0</td>
<td>0.01</td>
</tr>
</tbody>
</table>

The Concern equips NPPs with RAW treatment facilities, reconstructs the existing and creates new storages for RAW at NPPs which provide for environmental safety of nuclear power plants throughout the entire period of their operation and during decommissioning. All operations related to RAW are carried out in compliance with the applicable federal laws.

RAW management and conditioning techniques used at NPPs:
- Deep evaporation,
- Cementation,
- Ion-selective treatment of liquid RAW,
- Fragmentation,
- Decontamination,
- Burning,
- Compaction,
- Melting of solid RAW.
RESULTS OF 2015: SAFETY WAS ENSURED DURING SPENT NUCLEAR FUEL (SNF) AND RAW MANAGEMENT

• The volume of liquid and solid RAW decreased by 1% in 2015 versus 2014.
• The volume of SNF removed from NPP sites corresponds to the level planned for 2015.
• The Concern funded construction of a facility for radioactive waste treatment at the Smolensk NPP and a complex platform for RAW treatment at the Novovoronezh NPP.
• 1,990 t of metal waste contaminated with radioactive substances were removed from the Balakovo, Beloyarsk, Kalinin, Kola, Novovoronezh, Kursk, Leningrad, Smolensk NPP sites.

In 2015, on the order of the Concern, VNIIAES JSC experts studied the current status and safety of SNF management systems at NPPs. The study found out that: “Safety assurance during SNF management at Russian NPPs is at a sufficient level and is a subject of close attention of the experts.” According to the analysis results, proposals and a list of measures were compiled for a new revision of the SNF handling program for the period until 2020.

<table>
<thead>
<tr>
<th>2015</th>
<th>NUMBER OF SPENT FAS SEGMENTED IN 2015</th>
<th>TOTAL NUMBER OF FAS SEGMENTED SINCE BEGINNING OF OPERATION</th>
<th>FAS REMOVED BY GKhK FSUE IN 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kursk NPP</td>
<td>1,978</td>
<td>5,212</td>
<td>2,504</td>
</tr>
<tr>
<td>Leningrad NPP</td>
<td>2,562</td>
<td>8,276</td>
<td>2,880</td>
</tr>
</tbody>
</table>

Environmental protection and rational use of natural resources are top priority objectives of Rosenergoatom Concern JSC.

The purpose of the Concern’s environmental policy is to provide the level of NPP safety when the impact on the environment, personnel, and population would be minimal in the short and medium terms, thus conserving natural systems and supporting their integrity and life-supporting functions. The Concern’s system of industrial environmental control is developing and advancing every year, which is evidenced by annual improvement of the company’s environmental impact indicators.

MAIN GOALS AND OBJECTIVES OF ENVIRONMENTAL POLICY

The Concern’s environmental policy ensures implementation of the basic provisions of the Russian Federation Constitution and laws, definition of main principles and obligations in the area of environmental protection, assurance of environmental safety, and sustainable development of the company.


The basic principles of the Concern’s EP are as follows:

• Compliance of production activities with legal and other regulatory requirements and standards, including international, in the environmental protection area;
• Decrease of the NPP impact on the environment as low as reasonably possible;
• Rational use of natural resources;
• Environmental information transparency and availability;
• Environmental management system improvement.

CASE STUDY

RPS PROJECT FOR SNF STORAGE AT LENINGRAD NPP


The volume of SNF from ‘wet’ storage (in storage ponds) to ‘dry’ storage allowed to transfer the world’s first technology introduced at RBMK-reactor type of SNF storage was successfully approved at the Leningrad NPP and introduced at the Kursk NPP. It will also be used at the Smolensk NPP.

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The world’s first technology introduced at RBMK reactors for SNF – “spent fuel assemblies” – was transferred to SNF from ‘wet’ storage (in storage ponds) to ‘dry’ storage. This technology was successfully approved at the Leningrad NPP and introduced at the Kursk NPP. It will also be used at the Smolensk NPP.

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ENSURING ENVIRONMENTAL SAFETY AT ALL STAGES OF LIFE CYCLE OF NUCLEAR INDUSTRY FACILITIES

DESIGN
- Planned impact
- Measures for prevention and minimization of the adverse impact
- Preparation of the EIA at all stages of design development
- Obtaining of permits and licenses

CONSTRUCTION
- Impact
- Activities for prevention and mitigation of the adverse impact
- Environmental policy development
- Obtaining of permits and licenses
- Environmental policy implementation plans
- Actual implementation of plans

OPERATION
- Impact
- Activities for prevention and minimization of the adverse impact
- Monitoring, industrial radiation control, environmental audit
- Monitoring of annual environmental protection plans
- Obtaining of permits and licenses
- Environmental policy implementation plans

DECOMMISSIONING
- Decommissioning project development
- Activities for prevention and minimization of the adverse impact
- Implementation of the decommissioning project

ENVIRONMENTAL SAFETY
- Rational use of natural resources;
- Environmental information transparency and availability;
- Environmental management system improvement;
- Compliance of production activities with legal and other regulatory requirements and standards, including international, in the environmental protection area;
- Decrease of the NPP impact on the environment as low as reasonably possible;

BASIC PRINCIPLES OF CONCERN’S EP:

ENVIRONMENTAL POLICY IMPLEMENTATION SYSTEM OF ROSATOM STATE CORPORATION

PLANNING
- The Environmental Policy and the Comprehensive Plan for Implementation of the Environmental Policy of Rosatom State Corporation, including plans for implementation of the Environmental Policy of environmentally significant organizations, structural units, and management companies

IMPLEMENTATION
- Accomplishment of the Environmental Policy implementation plans of environmentally significant organizations, structural units, and management companies
- • Reports on the Environmental Policy implementation plans accomplishment
- • Public annual report of Rosatom State Corporation
- • Public reports on environmental safety of environmentally significant organizations
- • Statistics reporting on environmental protection

REPORTING
- • Control of accomplishment of the Environmental Policy implementation plans
- • Analysis of indicator values compliance with the applicable standards
- • Monitoring of documents availability (allowable discharge rates, maximum permissible emissions, temporarily approved discharge and emission limits, licenses, etc.)
- • Monitoring of information analysis based on statistics reporting in relation to environmental protection in nuclear industry organizations

INFORMATION ANALYSIS
- Identification of efficiency indicators for the Environmental Policy implementation
- • Participation in public readings of public annual reports in the nuclear industry
- • Participation in public discussions of state environmental expert review objects

MANAGEMENT
- Making of managerial decisions according to the results of supervision of the economic policy system implementation
- • Control of accomplishment of the Environmental Policy implementation plans
- • Analysis of indicator values compliance with the applicable standards
- • Monitoring of documents availability (allowable discharge rates, maximum permissible emissions, temporarily approved discharge and emission limits, licenses, etc.)
- • Monitoring of information analysis based on statistics reporting in relation to environmental protection in nuclear industry organizations

PUBLIC ACCEPTANCE
- • Public environmental expert review
- • Participation in the activities of the Public Council of Rosatom State Corporation
- • Evaluation of quality of public annual reports of the nuclear industry organizations

EXTERNAL SUPERVISION
- • Participation in public readings of public annual reports in the nuclear industry
- • Participation in the environmental impact assessment processes
- • Participation in public discussions of state environmental expert review objects
MAIN RESULTS

3,406

mln rubles spent by NPPs for environmental protection

>0.01 %

of the pollutants emitted into the atmosphere by all Russian enterprises is accounted for NPPs

RESULTS OF 2015

NPP production activities in 2015 were carried out in unconditional compliance with standards and rules of the applicable environmental laws. NPPs were operating in a safe and reliable manner, making as low environmental impact as possible.

• Changes in the environmental legislation related to production and consumption waste management were analyzed. The Procedure for Production Control of Waste Management in Rosenergoatom Concern JSC and the Operator Company’s Guidelines for Organization of Work during Production and Consumption Waste Management in Rosenergoatom Concern JSC were updated;

• Inspection and/or recertification audits of certified environmental management systems of the Concern’s headquarters and operating NPPs were organized and conducted in order to ensure compliance with the requirements of ISO 14001:2004 international standard and GOST R ISO 14001-2007 national standard. The environmental certificates validity was confirmed;

• A favorable opinion of the state environmental expertise was obtained on the basis of justification materials to the licenses for operation of the Kalinin NPP power unit No. 1 at 104% capacity and approved by the order of the Rosproiruddozor Department for Central Federal Okrug;

• An Automated Information System for NPP Environmental Safety was commissioned by Rosenergoatom Concern JSC;

• Rosenergoatom Concern JSC and its branches – operational nuclear power plants performed the activities envisaged by the Comprehensive Plan for Implementation of the Environmental Policy of Rosatom State Corporation for 2012 and until 2015, and scheduled for 2015. As part of the Concern’s Environmental Policy implementation, the following major activities were performed:

  • New state-of-the-art sorbing materials for water purifying filters were purchased at the Beloyarsk NPP. As a result, lower content of contaminants was observed in the water released through discharge outlet No. 7;

  • Treatment facilities of the storm water sewage system (stage 1) were upgraded;

  • Construction and assembly, start-up and commissioning operations were completed for local treatment facilities for discharged drain and storm water at the discharge outlet No. 4 of the main production site of the Leningrad NPP;

  • As part of compensatory measures taken by the Novovoronezh NPP for artificial reproduction of aquatic biological resources, with a view to improve water quality and preservation of fisheries, young herbivorous fish (silver carp) was released into the water pond of the fifth power unit and into the Don River;

  • Biological treatment facilities were upgraded at the Smolensk NPP;

  • Treatment facilities efficiency was assessed at the Kola NPP, and a Report of Assessment of Treatment Facilities Efficiency at Kola Nuclear Plant was prepared;

3,913

• No fines were imposed for violation of environmental laws in 2015

1,602

1,514

1,314

VOLUME OF POLLUTANT EMISSIONS INTO ATMOSPHERE BY NUCLEAR POWER PLANTS IN 2013–2015

According to the results of the annual contest for the Nuclear Industry Organization of Environmental Excellence held by Rosatom, the Balakovo NPP was first among the Concern’s organizations. The Kursk and Kola NPPs shared the second place.

MAIN INDICATORS OF ENVIRONMENTAL IMPACT

Contribution of the nuclear power plants in atmospheric pollution, if compared to all sectors of the national economy, is negligibly low.

The amount of atmospheric pollutants emission by the nuclear power plants does not exceed the permitted values and is considerably lower than the limits set by the environmental authorities. The bulk of pollutant emissions at the nuclear power plants are attributed to boiler houses, boiler facilities of health and recreation resorts, and standby diesel generator plants started on an occasional basis for scheduled test runs.

At all nuclear power plants gross atmospheric emissions of pollutants did not exceed the standard values.

IN 2015:

• 1,314 t of air pollutants (30.6% of the amount allowed in the reporting year) were emitted;

• Amount of solid pollutants — 45 t, gaseous and liquid pollutants — 1,269 t;

• Gas cleaning and dust capturing units received 206 t of pollutants. 201 t out of them were collected and decontaminated (some 98% collecting efficiency).
EMISSIONS OF NO₂, SO₂, AND OTHER SIGNIFICANT POLLUTANTS INTO ATMOSPHERE, INDICATING THEIR TYPE AND MASS, T

<table>
<thead>
<tr>
<th>INDICATOR</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sulfur oxide</td>
<td>851.6</td>
<td>723.5</td>
<td>613.6</td>
</tr>
<tr>
<td>Carbon oxides</td>
<td>156.5</td>
<td>143.0</td>
<td>143.5</td>
</tr>
<tr>
<td>Nitrogen oxides (in NO₂ equivalent)</td>
<td>208.9</td>
<td>229.9</td>
<td>222.9</td>
</tr>
<tr>
<td>Hydrocarbons (excl. volatile organic compounds)</td>
<td>205.0 (including 201.0 t of methane)</td>
<td>199.0 (including 230.1 t of methane)</td>
<td>162.4 (including 161.9 t of methane)</td>
</tr>
<tr>
<td>Volatile organic compounds</td>
<td>68.4</td>
<td>90.9</td>
<td>102.9</td>
</tr>
<tr>
<td>Other gaseous and liquid substances</td>
<td>21.2</td>
<td>25.5</td>
<td>25.8</td>
</tr>
<tr>
<td>Total</td>
<td>1,521.6</td>
<td>1,450.6</td>
<td>1,268.8</td>
</tr>
</tbody>
</table>

EMISSION OF OZONE-DESTROYING SUBSTANCES (ODS) IN 2014-2015

<table>
<thead>
<tr>
<th>NAME OF ODS</th>
<th>ODS Emitted, T</th>
<th>2014</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>HCFC-22</td>
<td>0.945</td>
<td>244</td>
<td></td>
</tr>
<tr>
<td>Total, including ODP</td>
<td>6,945±0.05±6.382</td>
<td>7,446±0.05±6.410</td>
<td></td>
</tr>
<tr>
<td>HCFC-141b</td>
<td>0.170</td>
<td>1.679</td>
<td></td>
</tr>
<tr>
<td>Total, including ODP</td>
<td>0.170±0.11±0.019</td>
<td>1.679±0.11±0.184</td>
<td></td>
</tr>
<tr>
<td>HCFC-142b</td>
<td>0.405</td>
<td>0.805</td>
<td></td>
</tr>
<tr>
<td>Total, including ODP</td>
<td>0.405±0.05±0.030</td>
<td>0.805±0.05±0.055</td>
<td></td>
</tr>
</tbody>
</table>

Nuclear power plants strive to further reduce harmful effect on the atmosphere: we are improving the technology used for increasing efficiency of fuel combustion, use fuel of higher quality (with a lower sulfur content), improve technologies used in painting, put into operation efficient gas cleaning and dust capturing units.

DISCHARGE OF POLLUTANTS INTO WATER BODIES

Nuclear power plants are large water consumers, therefore the issues of water consumption and water disposal play an important role in environmental activities. Almost all water extracted from water bodies (over 99%) was used at NPPs as industrial water (cooling of process media in turbine condensers and heat exchange equipment) and returned to water bodies.

Sea water is extracted from the Baltic Sea (Koporye Bay in the Gulf of Finland).

Fresh water is taken from the following sources:

- Heat sink, Saratov Reservoir (Balakovo NPP);
- Beloyarsk Reservoir (Beloyarsk NPP);
- Reservoir on Bolshoi Ponneurgen Stream (Bilibino NPP);
- Lake Udomlya (Kalinin NPP);
- Lake Imandra (Kola NPP);
- Saym River (Kursk NPP);
- Sista River, Kovashi River, Lake Kopanskoye (Leningrad NPP);
- Don River (Novovoronezh NPP);
- Tsimlyansk Reservoir (Rostov NPP);
- Desnogorsk Reservoir on Desna River (Smolensk NPP).

Nuclear power plants do not make a considerable impact on water sources. The water sources used by nuclear power plants do not belong to protected areas. Nuclear power plants have no effect on the wetlands included in the Ramsar List.

Waste waters of household sewage and storm water drainage were treated before their discharge into surface waters at all NPPs. Control of the content of pollutants entering surface water with waste waters from NPPs was effected in accordance with duly agreed and approved rules.

All water reservoirs used for process and recycling water supply at nuclear power plants (except for the Leningrad and Bilibino NPP) are included in the List of Water Reservoirs (including Water Reservoirs with Capacity Exceeding 10 mln m³), subject to development of the rules of use for each water reservoir (several reservoirs, reservoirs cascade, or water-tents in case their utilization modes eliminated the possibility of separate operation). Operation of waterworks at federal water bodies imposes additional responsibility on nuclear power plants for preservation and rational use of water resources, cleanliness of water protection areas, etc.

In 2015, the total of 6,401 mln m³ were removed, and the share of contaminated waste water was equal to 0.07%.
As of the beginning of 2015, there were 17,156 t of waste, and 19,463 t of waste were disposed of as the year end. Following waste handling activities at NPPs in 2015, 4,61 t of waste were decontaminated (including class 1 waste (extremely hazardous) — 4.1 t, class 2 waste (highly hazardous) — 0.4 t; 579 t of classes 3 to 5 waste (moderately hazardous, low hazardous, and virtually non-hazardous) reused); 40,971 t were handed over to other enterprises; and 1,795 t of classes 3 to 5 waste were dumped at own facilities.

Waste is sourced from auxiliary structural units and units supporting nuclear power plants operation (maintenance and repair of structures, equipment, NPP personnel servicing, waste water treatment, metal and wood processing).

ENVIRONMENTAL COSTS

As far as handling production and consumption waste (hereinafter — waste) is concerned, NPPs effect their environmental protection activities in accordance with legislation of the Russian Federation in the area of environmental protection and based on the license and approved draft standards for waste generation and limits on waste placement.

Like any other enterprises, nuclear power plants generate waste of five hazard classes, resulting from their production activities. In 2015, nuclear power plants produced 45,256 t of waste, which is 11,126 t more than in 2014 (34,130 t). The amount of waste increased mainly due to production of class 5 waste at the Leningrad NPP (virtually non-hazardous) — waste (residue) of water treatment in the process of mechanical purification of natural waters that were provided for use to an independent organization.

The main volume (95.4%) of waste generated in 2015 consists of class 4 waste (low hazardous waste) and class 5 waste (virtually non-hazardous waste).

### PRODUCTION AND CONSUMPTION WASTE BY CLASSES, T

<table>
<thead>
<tr>
<th>INDICATORS</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Class 1</td>
<td>59</td>
<td>56</td>
<td>47</td>
</tr>
<tr>
<td>Class 2</td>
<td>57</td>
<td>295</td>
<td>131</td>
</tr>
<tr>
<td>Class 3</td>
<td>2,311</td>
<td>1,369</td>
<td>2,795</td>
</tr>
<tr>
<td>Class 4</td>
<td>15,544</td>
<td>15,406</td>
<td>12,792</td>
</tr>
<tr>
<td>Class 5</td>
<td>19,994</td>
<td>17,043</td>
<td>29,501</td>
</tr>
</tbody>
</table>

The discharge volumes of polluted waste waters are steadily reduced owing to consistent modernization and reconstruction of waste water treatment facilities at nuclear power plants.

HANDLING PRODUCTION AND CONSUMPTION WASTE

As far as handling production and consumption waste (hereinafter — waste) is concerned, NPPs effect their environmental protection activities in accordance with legislation of the Russian Federation in the area of environmental protection and based on the license and approved draft standards for waste generation and limits on waste placement.

Like any other enterprises, nuclear power plants generate waste of five hazard classes, resulting from their production activities. In 2015, nuclear power plants produced 45,256 t of waste, which is 11,126 t more than in 2014 (34,130 t). The amount of waste increased mainly due to production of class 5 waste at the Leningrad NPP (virtually non-hazardous) — waste (residue) of water treatment in the process of mechanical purification of natural waters that were provided for use to an independent organization.

The main volume (95.4%) of waste generated in 2015 consists of class 4 waste (low hazardous waste) and class 5 waste (virtually non-hazardous waste).
The environmental costs incurred by NPPs totaled 3,406 mlrubles in 2015 (3,141 mlrubles in 2014), including:

<table>
<thead>
<tr>
<th>NAME</th>
<th>CURRENT (OPERATING) ENVIRONMENTAL COSTS</th>
<th>PAYMENT FOR ENVIRONMENTAL SERVICES</th>
</tr>
</thead>
<tbody>
<tr>
<td>Protection of atmospheric air and prevention of climate change</td>
<td>182</td>
<td>10</td>
</tr>
<tr>
<td>Collection and treatment of waste waters</td>
<td>472</td>
<td>130</td>
</tr>
<tr>
<td>Waste handling</td>
<td>139</td>
<td>208</td>
</tr>
<tr>
<td>Protection and rehabilitation of lands, surface and ground waters</td>
<td>259</td>
<td>192</td>
</tr>
<tr>
<td>Protection of environment against noise, vibration, and other types of physical impact</td>
<td>0</td>
<td>8</td>
</tr>
<tr>
<td>Preservation of biodiversity and protection of natural areas</td>
<td>2</td>
<td>43</td>
</tr>
<tr>
<td>Ensuring environmental radiation safety</td>
<td>1,225</td>
<td>326</td>
</tr>
<tr>
<td>Research activities aimed at reducing adverse human-induced impact on environment</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Other areas of environmental protection activities</td>
<td>175</td>
<td>33</td>
</tr>
</tbody>
</table>

The fee for adverse impact on the environment, thousand rubles:

<table>
<thead>
<tr>
<th>NAME</th>
<th>ACTUALLY PAID DURING THE YEAR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fee for allowable and excessive emission (discharge) of pollutants (replacement of production and consumption waste)</td>
<td>11,064 15,705 13,715</td>
</tr>
<tr>
<td>Funds (charged) and fines recovered in compensation for damage caused by breach of environmental legislation</td>
<td>0 140 0</td>
</tr>
</tbody>
</table>

ENVIRONMENTAL RISK MANAGEMENT

The most efficient scientific approach, allowing for quantitative assessment of the impact made by various human-induced factors on the environment and human health, is a risk analysis methodology. Since the late 1980s, this methodology was successfully applied in all economically developed countries as one of the top priority and most efficient tools of scientific substantiation of managerial solutions in the area of environmental and health protection.

In the recent years, the Nuclear Safety Institute under the Russian Academy of Sciences completed a series of scientific projects that allowed to perform comparative analysis of radiation risks imposed by Russian NPPs operation, and chemical risks related to coal-fired combined heat and power plants, other industrial facilities and human-induced factors for the health of the Russian population. This kind of research in evaluation of radiation and chemical risks for human health in local communities situated close to NPP locations were carried out in the Sverdlovsk and Voronezh Oblasts where the Beloyarsk and Novovoronezh NPPs are located, accordingly, and where it was decided to construct new units.

The results were taken into account in preparation of the Concern’s environmental policy and development of the Concern’s Environmental Management System (EMS).

A high level of nuclear power plants safety has been achieved recently. NPP radiation impact on the environment through actual emission and discharge of radioactive substances into the atmospheric air and water bodies is significantly below allowable values and does not exceed the minimum significant dose equal to 10 μSv per year. With such a volume of radionuclides emission to the environment, the radiation risk for the population is guaranteed to be unconditionally acceptable (less than 10⁻⁶). It permits us to consider the actual level of emissions and discharges of NPPs as optimized.
ECOLOGICAL ACCEPTABILITY

The Concern developed program activities in key areas, including environmental, along with corporate standards which reflect short-term goals and comply with the Concern’s strategic concept on EMS improvement.

The following organization standards were developed and enacted to harmonize the environmental activities of nuclear power plants with the requirements of Russian laws and regulatory acts of various levels:

- Major Rules of Ensuring Environmental Protection at Nuclear Power Plants;
- Methodic Guidelines for Organization of Industrial Ecological Monitoring at Nuclear Power Plants;
- Guidelines for Organization of Work during Production and Consumption Waste Handling;
- Procedure of Industrial Control of Waste Handling in Rosenergoatom Concern JSC, etc.

ENVIRONMENTAL AUDIT AND EMS CERTIFICATION

With a view to achieve its goal and implement the basic principles of the Environmental Policy, the Concern assumed the obligation to introduce and support best practices of environmental management according to international and national standards in the area of environmental management.

The Concern ensures environmentally safe production of power and heat at nuclear power plants, improves the EMS and certifies it according to the requirements of ISO 14001:2004 international standard and GOST R ISO 14001-2007 national standard, which is an efficient way of confirming the Concern’s commitment to ideas of environmental protection, as well as an opportunity to increase competitive power and to improve interaction with stakeholders and general public.

Inspection audits of the Concern’s headquarters EMS were held, as well as recertification audits of the certified EMS at the Bilibino, Kalinin, Kola, Kursk, Leningrad, Novovoronezh, Rostov, and Smolensk NPPs in 2015. According to the audit results, certificates of compliance with the standard requirements were issued for the EMS.

Inspection and/or recertification audits were performed by highly qualified experts holding national and international accreditation, who appraised a high level of work organization in the area of shaping and development of the Concern’s EMS and each operational nuclear power plant.

3.7. FINANCIAL RESULTS

The main factor of growth in net profit by 4,683.4 mln rubles is achievement of the record power generation for the entire history of the Russian nuclear industry.

KEY FINANCIAL AND ECONOMIC INDICATORS CHARACTERIZING ROSENERGOATOM CONCERN JSC FINANCIAL STATUS, EFFICIENCY AND PERFORMANCE, MLN RUBLES

<table>
<thead>
<tr>
<th>INDICATOR</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>∆2015/2014, %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>252,857</td>
<td>255,215</td>
<td>265,757</td>
<td>4%</td>
</tr>
<tr>
<td>Gross profit</td>
<td>96,309</td>
<td>105,607</td>
<td>103,616</td>
<td>-2%</td>
</tr>
<tr>
<td>Business expenses</td>
<td>15</td>
<td>21</td>
<td>44%</td>
<td></td>
</tr>
<tr>
<td>Management expenses</td>
<td>10,637</td>
<td>11,325</td>
<td>10,964</td>
<td>-8%</td>
</tr>
<tr>
<td>EBITDA</td>
<td>104,606</td>
<td>123,499</td>
<td>125,177</td>
<td>9%</td>
</tr>
<tr>
<td>Net profit</td>
<td>2,211</td>
<td>9,238</td>
<td>13,922</td>
<td>51%</td>
</tr>
<tr>
<td>Net cash flow</td>
<td>8,902</td>
<td>-4,605</td>
<td>12,071</td>
<td>-362%</td>
</tr>
<tr>
<td>Net assets</td>
<td>1,059,013</td>
<td>1,181,245</td>
<td>1,298,091</td>
<td>10%</td>
</tr>
<tr>
<td>Return on sales (by net profit)</td>
<td>0.95%</td>
<td>3.65%</td>
<td>5.28%</td>
<td>45%</td>
</tr>
<tr>
<td>Return on assets</td>
<td>20.0%</td>
<td>19.7%</td>
<td>18.7%</td>
<td>-4%</td>
</tr>
<tr>
<td>Return on equity</td>
<td>0.12%</td>
<td>0.13%</td>
<td>1.12%</td>
<td>36%</td>
</tr>
<tr>
<td>EBITDA margin (EBITDA/revenue)</td>
<td>47.16%</td>
<td>48.96%</td>
<td>51.25%</td>
<td>5%</td>
</tr>
<tr>
<td>Debt/equity ratio</td>
<td>0.10</td>
<td>0.08</td>
<td>0.07</td>
<td>-13%</td>
</tr>
<tr>
<td>Current liquidity ratio</td>
<td>1.19</td>
<td>1.28</td>
<td>1.10</td>
<td>-14%</td>
</tr>
<tr>
<td>Equity</td>
<td>1,053,723</td>
<td>1,180,017</td>
<td>1,206,820</td>
<td>10%</td>
</tr>
<tr>
<td>Borrowed funds</td>
<td>104,326</td>
<td>94,450</td>
<td>87,932</td>
<td>-7%</td>
</tr>
</tbody>
</table>

*Management expenses are shown excluding accrued industry-specific provisions (allocated to prime cost)
KEY FACTORS INFLUENCING ACTUAL REVENUE INCREASE:

**PRICE FACTORS**
- Actual capacity price under capacity supply agreements of Kalinin NPP power unit No. 4 by 6,389.7 rubles/MW per month
- Actual capacity price under capacity supply agreements of Rostov NPP power unit No. 2 by 31,365.0 rubles/MW per month

**VOLUME FACTORS**
- Actual volumes of electricity supply in day-ahead market by 9,022.0 mln kWh
- Actual capacity supply volume under regulated agreements by 197 MW
- Actual electricity supply under regulated agreements by 6,479.0 mln kWh

**PHYSICAL REVENUE STRUCTURE IN 2015, MLN RUBLES**

<table>
<thead>
<tr>
<th>TOTAL REVENUE FROM SALES OF ELECTRICITY (CAPACITY) ACCORDING TO ACCOUNTING STATEMENTS</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Including</td>
<td>261,297.5</td>
</tr>
<tr>
<td>- Revenue from sales of own products</td>
<td>259,444.4</td>
</tr>
<tr>
<td>- Day-ahead market</td>
<td>168,023.5</td>
</tr>
<tr>
<td>- Capacity according to deregulated capacity supply agreements</td>
<td>38,537.9</td>
</tr>
<tr>
<td>- Regulated agreements (capacity)</td>
<td>23,007.1</td>
</tr>
<tr>
<td>- Capacity supply agreements</td>
<td>18,470.2</td>
</tr>
<tr>
<td>- Regulated agreements (electricity)</td>
<td>8,325.1</td>
</tr>
<tr>
<td>- Bilibino NPP</td>
<td>2,095.5</td>
</tr>
<tr>
<td>- Balancing market</td>
<td>979.1</td>
</tr>
<tr>
<td>- Revenue from sales of purchased products</td>
<td>1,813.1</td>
</tr>
</tbody>
</table>

**REVENUE ANALYSIS**
The increase in actual revenue from electricity and capacity sales over 12 months of 2015 compared to 12 months of 2014 equaled 11,000.8 mln rubles.

Over 12 months of 2015, electricity and capacity sold by Rosenergoatom Concern JSC totaled 303,590,328 mln rubles (VAT included). The actual amount of electricity sold by Rosenergoatom Concern JSC at the WECM, including the Bilibino NPP, totaled 196,983 mln kWh during 12 months of 2015.

**PROFIT ANALYSIS**
The net profit according to the results of business activities in 2015 totaled 13,921.6 mln rubles versus 9,238.2 mln rubles in the similar period of the previous year.

The main factor of growth in net profit by 4,683.4 mln rubles is achievement of the record power generation for the entire history of the Russian nuclear industry.

**ASSETS ANALYSIS**
According to the balance sheet, net assets amounted to 1,298,091 mln rubles as of December 31, 2015, having increased over 2015 by 116,846 mln rubles due to implementation of investment projects for extension of the NPP power units life cycles and a program for ensuring safe and sustainable operation of the existing power units.

The net assets of Rosenergoatom Concern JSC as of December 31, 2015 exceeded the registered capital by 49%, which is fully compatible with the requirements of the regulatory acts. Taking into account that net assets both exceeded registered capital and increased during the reporting period, we may say that, based on this indicator, the financial status of Rosenergoatom Concern JSC is quite healthy.

The amount of assets of Rosenergoatom Concern JSC increased by 8% (13,921.6 mln rubles) in 2015. The growth was caused by an increase in the value of current assets by 27% (25,837 mln rubles) and non-current assets — by 7% (9,022 mln rubles).

An increase in the value of non-current assets is caused by growth in the fixed capital by 7% (79,592 mln rubles) due to commissioning of the Rostov NPP power unit No. 3, and increment of in-progress fixed capital investments, which evidences considerable investment into fixed capital by the Concern.

**EVALUATION OF NET ASSETS OF ROSENERGOATOM CONCERN JSC**

<table>
<thead>
<tr>
<th>INDICATOR</th>
<th>ACTUAL VALUE OF THE INDICATOR</th>
<th>CHANGES OVER THE TIME PERIOD</th>
</tr>
</thead>
<tbody>
<tr>
<td>As of December 31, 2014</td>
<td>As of December 31, 2015</td>
<td>thousand rubles</td>
</tr>
<tr>
<td>1</td>
<td>2</td>
<td>3</td>
</tr>
<tr>
<td>Net assets</td>
<td>1,298,091,597</td>
<td>87%</td>
</tr>
<tr>
<td>Registered capital</td>
<td>671,516,563</td>
<td>50%</td>
</tr>
<tr>
<td>Net assets over registered capital</td>
<td>506,575,034</td>
<td>38%</td>
</tr>
</tbody>
</table>
As of December 31, 2015, non-current assets totaled 1,348,290 ml rubles, or 92% of the total asset value.

Current assets of Rosenergoatom Concern JSC increased by 25,837 ml rubles, or 27% in 2015. As part of the current assets, the amount of cash and cash equivalents grew considerably (by 12,120 ml rubles), short-term financial investments increased (9,720 ml rubles allocated for Atomenergoprom JSC according to the financial policy of Rosatom State Corporation), and trade receivables augmented by 6,015 ml rubles due to a boost in electricity and capacity sales in the WECM owing to the Rostov NPP power unit commissioning.

The cost of property of Rosenergoatom Concern JSC as of the end of the reporting period totaled 1,470,670 ml rubles. The biggest share in the Concern's economic assets is taken by equity (88%).

The equity increased by 116,802 mln rubles as a result of financing of fixed capital and construction work in progress through depreciation deductions and provisions, according to the Russian Federation Government Regulation dated January 30, 2002 No. 68 on Approval of Rules for Funds Allocation by Operating Companies for Provisions Aimed at Ensuring Nuclear Power Plants Safety at All Stages of Their Life Cycle and Development.

In order to achieve the target for 2015, the following measures were taken:

- Reduction of labor costs with a respective reduction in insurance contributions due to optimization of indexation periods and application of a differentiated approach to indexation according to grades;
- Decrease of the volume of consultation services;
- Optimization of IT support;
- Refusal of outstaffing contracts;
- Reduction of advertising costs;
- Decrease of transportation costs due to reduction of specific semi-variable costs from 360.4 to 329.3 rubles per MWh, or 8.6%, if compared to 2014.
### AMOUNT OF REMUNERATION BY EMPLOYEE CATEGORY, THOUSAND RUBLES PER YEAR

<table>
<thead>
<tr>
<th>EMPLOYEE CATEGORY</th>
<th>BASE SALARY</th>
<th>KPI ACHIEVEMENT BONUS</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Managers</td>
<td>413.3 up</td>
<td>144.6 up</td>
</tr>
<tr>
<td>Specialists</td>
<td>214.4 up</td>
<td>42.8 up</td>
</tr>
<tr>
<td>Blue collar workers</td>
<td>93.5 up</td>
<td>9.4 up</td>
</tr>
<tr>
<td>2014</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Managers</td>
<td>426.4 up</td>
<td>149.4 up</td>
</tr>
<tr>
<td>Specialists</td>
<td>226.4 up</td>
<td>44.3 up</td>
</tr>
<tr>
<td>Blue collar workers</td>
<td>98.8 up</td>
<td>9.9 up</td>
</tr>
<tr>
<td>2015</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Managers</td>
<td>456.5 up</td>
<td>149.4 up</td>
</tr>
<tr>
<td>Specialists</td>
<td>218.5 up</td>
<td>44.3 up</td>
</tr>
<tr>
<td>Blue collar workers</td>
<td>105.2 up</td>
<td>10.3 up</td>
</tr>
</tbody>
</table>

110.3 hours of training

On average, every employee of the Concern passed 110.3 hours of training in 2015.

112.3

Overview

Strategy and Outlook

Key Performance Results

Management Efficiency

Interaction with Stakeholders

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#### 3.8. HR POLICY, OCCUPATIONAL SAFETY AND HEALTH

**HR POLICY**

Safety, increase in economic efficiency in the domestic and foreign markets, stability, and technology leadership remained the main objectives pursuant to the Concern’s development strategy in 2015. Implementation of these objectives defines the priorities in HR management.

The goal of the Concern’s HR policy consists in providing the company with competent and qualified employees, which is possible only if there is a personnel management system capable of responding to changing market requirements quickly and properly.

**PERSONNEL REMUNERATION. KPI SYSTEM**

In order to achieve the planned results, the Division implemented a system for operational efficiency management and personnel motivation in 2010.

The system is based on the use of key performance indicators (KPIs) that permit measuring the efficiency and define performance criteria of each individual employee. The remuneration process and its relation to personnel performance and development became open and transparent.

**KPI DEVELOPMENT PRINCIPLES:**

- Compliance with SMART criteria;
- Goals ambitiousness;
- KPI decomposition;
- Focus;
- Balance;
- Frequency;
- KPI achievement justification.

KPI target values for the current and subsequent years are set up based on the out-performance on the main indicators that characterize the target status — implementation of the Concern’s strategic goals.

The SAP-based automated performance management system is currently implemented in order to enhance convenience, and increase performance and control over fulfillment of KPIs.

The procedure to remunerate the Concern’s employees is set forth in the following regulations:

- Standard Procedure for Remuneration of Branch Employees;
- Procedure for Remuneration of Labor of Employees of Headquarters.

The amount of remuneration depends on the position level (with differentiation factors), type of job functions, and the level of fulfillment of assigned key performance indicators (KPIs).

In 2015, the minimum salary of a branch employee totaled 8,600.0 rubles before November 1, 2015, and 9,930.0 rubles from November 1, 2015 (with the federally regulated minimum wage of 5,965.0 rubles).

The evaluation system used to assess managers’ performance is based on the annual evaluation system (which, among other things, is based on key performance indicators achievement).

The system of incentives is based on bonuses for achieved KPIs, where each indicator has a weighted value assigned against the total sum of bonuses. The total amount of bonuses is determined on the basis of the annual total of base salaries for each position, adjusted by a specific coefficient; the top limit depends on the position level, and can be as high as 26% if the target KPI level is achieved. Bonuses are only paid upon achievement of KPI threshold values that are also specified in the individual KPI matrix. If achievements significantly exceed the target, the bonus can be increased.

**PERSONNEL TRAINING**

Safe, secure, and efficient operation of nuclear power plants, and achievement of long-term goals set for the Concern are ensured by successful operation of the systems training that are also specified in the individual KPI matrix. If achievements significantly exceed the target, the bonus can be increased.

The Concern operates training and apprentice units (hereinafter — TAU) having training facilities and resources that allow to successfully perform activities for training and skill sustain-ment among the nuclear power plants personnel. TAU are equipped with lecture halls for theoretical education of personnel, study rooms for specialized training, laboratories, and workshops. Study rooms are equipped with up-to-date training facilities: full-scale and analytical simulators, simulator training systems, educational stands. Computer training systems, multimedia information systems, versatile interactive and automat-ed complexes are used at TAU in order to train nuclear power plant personnel, and assess their knowledge. Teaching and learning guidelines were developed and implemented.

In 2015, the Concern took successful efforts for personnel assessment and development, including:

- Corporate program for English language studying, efficient operational management trainings;
- Mentoring trainings;
- Programs for managerial competence development;
- Divisional modules for succession pool programs were developed and implemented.

Practical solution of complex tasks for enhance-ment and maintenance of the desired level of the human factor reliability, including psychological and pedagogical support of training processes, and other educational systems.

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According to the operator’s standards, TAU undergo an accreditation procedure. So far, TAU of all nuclear power plants are accredited. TAU accreditation was held at the Biblino, Kalinin, Kola NPPs, and FTNPP in 2015. A full-scale simulator of the Balakovsky NPP admitted to training. Over 40 training facilities were commissioned. 3,218 teaching and learning guidelines were developed and enacted.

In 2015, the Concern took successful efforts for personnel assessment and development, including:

- Corporate program for English language studying, efficient operational management trainings;
- Mentoring trainings;
- Programs for managerial competence development;
- Divisional modules for succession pool programs were developed and implemented.

Practical solution of complex tasks for enhance-ment and maintenance of the desired level of the human factor reliability, including psychological and pedagogical support of training processes, and other educational systems.
employees of nuclear power plants passed the course. Qualification maintenance among other NPP employees is carried out, both in structural units and NPP TAUs.

The Concern’s employees advanced training is performed on a continuous and as-needed basis but at least once every five years during the whole career of employees.

Advanced training is provided:

• For the Concern’s managers and experts at educational institutions;

• For NPP employees, not included in the manager and expert categories, in structural units or NPP TAUs.

The Concern’s personnel pass advanced training in two areas:

• Vocational competence.

• Managerial competence.

Over 100 trainings were held as part of managerial competences development in 2015.

Among the traditional providers of external educational services for the Concern are: Rosatom CICE&T, Atomenergotekhno JSC, VNIIAES JSC.

The Concern’s employees advanced training is carried out by educational institutions.

The operator developed programs for all jobs included in the Standard List of NPP job positions for which NPP TAUs ensure preparation and proficiency maintenance. 70 training programs were developed and updated in 2015, including those for NPP managers.

Proficiency maintenance is performed on an annual basis among all employees of nuclear power plants. For each group of NPP employees, annual curricula were developed according to the proficiency maintenance programs. For operating personnel of NPP main control rooms, the curriculum is at least 96 hours long, including 40 hours of practical training at simulators. For other personnel categories at NPPs, the curriculum is at least 20 hours long.

Qualification maintenance among the operative personnel, who have to obtain Rosatom Nord authorization to conduct the processes, is carried out by NPP TAUs. Each year managers and specialists of nuclear power plants — holders of permits issued by Rosatom Nord — undergo refresher training at educational institutions.

The employee of an existing NPP passed 4,064,148 hours of training in total in 2015, including 3,106,682 hours of internal training and 977,466 hours of external training. On average, each employee of existing NPPs received 1,174 hours of training, including 89.7 hours of internal training and 27.7 hours of external training.

The costs of external training of the Concern’s employees in 2015 totaled 329,903 thousand rubles (8.7 thousand rubles per person a year on average).

In order to provide qualified personnel for the infrastructure of the nuclear industry in the countries that had decided to construct NPPs under Russian designs, a Consortium of contractors for preparation of the Foreign Customer and Supplier’s personnel was established under the auspices of the Concern. The Consortium consists of: Rosenergoatom Concern JSC, Rosatom CICE&T, Rosenergoatomkhino JSC, VNIIAES JSC.

The Consortium allows to provide a full package of services for training of Russian and foreign NPPs personnel, including:

• Creation of a single training base for preparation in the Russian Federation of the foreign customer and supplier’s personnel for nuclear power plants;

• Preparation of proposals to make contracts (agreements) on provision of turnkey services for creation of the personnel training system, and the foreign customer knowledge management and implementation system;

• Personnel training on a turnkey basis of the foreign customer and the supplier of nuclear power plants constructed abroad under Russian designs;
HUMAN RESOURCE DEVELOPMENT SYSTEM

Due to specifics of the nuclear power industry, the issue of highly qualified personnel availability is one of the most important for the Concern to achieve its strategic goals and ensure its economic stability. The Concern has a multi-level human resource development system in place, starting from professional orientation work with secondary school and university students, and completing with preparation of personnel for critically important top management positions.

SCHOOL — UNIVERSITY — DIVISION

The Concern is interested in attracting the best students and graduates for work at NPPs and other organizations forming part of the management circuit. Professional orientation starts at school. In the cities where NPPs are located ‘nuclear classes’ are created to provide a deeper study of physics and to serve as a basis for holding specialized academic competitions in physics and mathematics for secondary school students.

The Future of Russia, multi-profile engineering academic competition, was held with the Concern’s support in 2015. Over 800 secondary school students from the cities where NPPs are located took part in this academic competition. Winning the academic competition gives high school graduates advantages and benefits when entering leading Russian technical universities, as well as additional points when entering the program of employer-sponsored education on NPP related subjects for professional orientation specialties. 152 persons entered universities, as well as additional points when entering the program of employer-sponsored education on NPP related subjects for professional orientation specialties. 152 persons entered universities in 2015 under the Concern sponsored education agreements. If such employer-sponsored students are successful in their studies, they receive additional financial support in addition to their study allowance, attend practical training at NPPs, and obtain an employment offer upon graduation from the university. The leading universities preparing personnel for the Concern are traditionally as follows: National Research Nuclear University MEPhI with branches (Volgodonsk, Obninsk, Seversk), Ivanovo State Power University (Ivanovo), National Research Tomsk Polytechnic University (Tomsk), Ural Federal University (Ekaterinburg).

Each year the Concern participates in professional orientation activities for students of technical universities. In 2015, in addition to traditional industry-level events — Rosatom Career Days in Tomsk, Ekaterinburg, and Moscow, the Concern held first Concern Knowledge Days at Ivanovo State Power University (Ivanovo), and National Research Nuclear University MEPhI (Obninsk). The Concern organized intellectual business games for students at all sites. The winners and runners-up were awarded certificates for business trainings at Rosatom Corporate Academy (61 winners and runners-up of the games).

In 2015, the Concern took part in the industry-specific TEMP contest of young professionals, which is a large-scale event organized in order to select the best students studying engineering specialties at Russian universities. In the final round of the contest, the Novovoronezh NPP team presented to the industry top managers a students’ project on Process Solutions for Use of Local Sources of Waste Waters in NPP Circulating Water System. The project took the third place in the contest, and the Concern was awarded by Sergey Kirienko for best organization of the contest.

In 2015, a contest was announced for awarding of corporate student scholarships, and university teacher grants on the basis of the results of 2015. According to the contest results, 15 teachers of the subjects demanded by the Concern, and 40 students (National Research Nuclear University MEPhI with branches in Volgodonsk and Obninsk, Ural Federal University, National Research Tomsk Polytechnic University, and Ivanovo State Power University) will receive grants in the amount of 200,000 rubles, and scholarships in the amount of 100,000 rubles for an academic year.

The graduate students, who aspire to work at nuclear power plants, have to meet demand requirements; the mandatory prerequisite to the average grade point of at least 4.2 and successful attendance of practical training at a nuclear power plant.

NUMBER OF GRADUATES EMPLOYED IN 2015, PERS., %

<table>
<thead>
<tr>
<th>Supportive university</th>
<th>22%</th>
<th>47%</th>
<th>24%</th>
<th>7%</th>
</tr>
</thead>
<tbody>
<tr>
<td>MEPhI branch (3 branches)</td>
<td>45</td>
<td>63</td>
<td>17</td>
<td>9</td>
</tr>
<tr>
<td>Oblinsk Institute for Nuclear Power Engineering</td>
<td>102</td>
<td>70</td>
<td>51</td>
<td>47</td>
</tr>
<tr>
<td>Moscow Power Engineering Institute</td>
<td>50</td>
<td>70</td>
<td>67</td>
<td>51</td>
</tr>
<tr>
<td>Saratov State Technical University</td>
<td>21</td>
<td>19</td>
<td>25</td>
<td>11</td>
</tr>
<tr>
<td>National Research Nuclear University MEPhI</td>
<td>11</td>
<td>6</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Others (34 universities)</td>
<td>6</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

NUMBER OF GRADUATES EMPLOYED OVER 3 YEARS, PERSONS

| MEPhI branch (3 branches) | 64 | 138 | 70 | 19 |
| Oblinsk Institute for Nuclear Power Engineering | 50 | 70 | 67 | 51 |
| Moscow Power Engineering Institute | 51 |
| Saratov State Technical University | 21 | 19 | 25 | 11 |
| National Research Nuclear University MEPhI | 11 | 6 |
| Others (34 universities) | 6 |
CAREER AND SUCCESSION MANAGEMENT. DEVELOPMENT OF SUCCESSION POOL

Career and Succession Management is a process intended to provide the availability of prepared successors for the company’s management positions, as well as to manage career expectations of employees increasing their level of involvement.

Development of the succession pool is one of the links of career and succession management. The Concern successfully implements the unified industry-specific system for development of the succession pool for various position levels: Rosatom’s Talents for initial management level, Rosatom’s Capital for medium management level, and Rosatom’s Legacy for top management level.

Each year employees are selected to the succession pool. As of late 2015, 473 employees of the Concern who completed training on the development program were included into the pool.

PERSONNEL INVOLVEMENT

A survey held in late 2015 among personnel showed that the Concern in terms of its working environment and team spirit is close to the level of the best employers in Russia: 81% of employees consider the Concern the best place for work, make every effort to achieve goals, and take pride in their work (in the level of personnel involvement in the companies considered the best employers in Russia equals 81%).

ROSATOM’S PERSON OF THE YEAR

Rosatom’s Person of the Year is an industry-wide competition of professional achievements of employees who work for companies of Rosatom State Corporation. Among the winners representing the Concern and its subsidiaries in 2015 were the employees of:

- Kola NPP — Alexander Khrenov in the Dosimeterman nomination;
- Bilibino NPP — Oleg Ivanyushin in the Turbine Equipment Inspection Engineer nomination;
- Leningrad NPP — Alexander Yuryev in the Maintenance Engineer nomination, Natalya Gorbatyuk in the Procurement Activities Management nomination, and Dmitry Razbash who took the third place in a special nomination for the Mentor of the Year;
- Rostovnatomtepenergo (Atomtepenergo JSC branch) — Denis Muzlov took the third place in the Step Ahead special nomination;
- Rosatomtekhenergo (Atomtekhenergo JSC) — Alexander Zaryvakhin in the Reactor Compartment Operator nomination;
- Rosatom’s Person of the Year is an industry-wide competition of professional achievements of employees who work for companies of Rosatom State Corporation.

Among the winners representing the Concern and its subsidiaries in 2015 were the employees of:

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- Bilibino NPP — Oleg Ivanyushin in the Turbine Equipment Inspection Engineer nomination;
- Leningrad NPP — Alexander Yuryev in the Maintenance Engineer nomination, Natalya Gorbatyuk in the Procurement Activities Management nomination, and Dmitry Razbash who took the third place in a special nomination for the Mentor of the Year;
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Each year employees are selected to the succession pool. As of late 2015, 473 employees of the Concern who completed training on the development program were included into the pool.

SPEAKS

Involved employees always speak positively of the organization

STAYS

Involved employees really want to be employed by the organization. Protection of NPP personnel, population, and environment from radiation hazards owing to creation and maintenance of efficient protection measures (risk mitigation)

INTENDS

Involved employees take additional efforts to promote the organization’s success

INJURY RATE

In the reporting period, the Concern continued taking regular efforts to enhance the safety level, including implementation of a package of measures aimed at elimination of occupational injuries and reduction of harmful production factors influence on the personnel. In 2015, the Concern’s employees suffered one accident at the Kursk NPP classified as a minor industrial accident.

LABOR PROTECTION

Ensuring safe working conditions for nuclear power plant employees and contractor personnel is the Concern’s top priority and one of the key operating principles in labor protection. The matters of safety and health are included in the Industry-Wide Agreement on Nuclear Power, Industry, and Science for 2015-2017 made between the employees and employers with participation of Rosatom State Corporation.

CHANGES IN NUMBER OF INJURIES AT CONCERN’S OPERATING NPPS IN 1992-2015

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<th>Year</th>
<th>Fatal</th>
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<td>2007</td>
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<td>6</td>
<td>9</td>
</tr>
<tr>
<td>2012</td>
<td>6</td>
<td>3</td>
<td>1</td>
</tr>
<tr>
<td>2015</td>
<td>1</td>
<td>2</td>
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</table>

* All injuries happened to men.
NUMBER OF INJURIES AT OPERATING NPPS IN 2007–2015

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<thead>
<tr>
<th></th>
<th></th>
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<th></th>
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<td>0</td>
<td>0</td>
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<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Beloyarsk</td>
<td>0</td>
<td>0</td>
<td>1 f</td>
<td>1 f</td>
<td>0</td>
<td>0</td>
<td>1 s</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Bilibino</td>
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<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
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<td>0</td>
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<td>0</td>
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<td>Kursk</td>
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<td>1 f</td>
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<tr>
<td>Leningrad</td>
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<td>1</td>
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<td>0</td>
</tr>
<tr>
<td>Novovoronezh</td>
<td>0</td>
<td>1</td>
<td>1 s</td>
<td>1</td>
<td>0</td>
<td>1</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Rostov</td>
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<td>0</td>
<td>0</td>
<td>0</td>
<td>1 s</td>
<td>0</td>
<td>0</td>
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<td>0</td>
</tr>
<tr>
<td>Smolensk</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>1 s</td>
<td>0</td>
<td>0</td>
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</tr>
<tr>
<td>Total</td>
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<td>1 s</td>
<td>2 (1 s)</td>
<td>6 (2 f, 3 s)</td>
<td>2 (1 s)</td>
<td>0</td>
<td>2 s</td>
<td>1</td>
</tr>
</tbody>
</table>

WORK WITH CONTRACTORS

In 2015, the employees of contractors performing operations at NPPs under construction suffered five incidents, including three fatalities (Novovoronezh NPP-2, and Rostov NPP-1). All three fatalities were caused by falling from height. According to the results of investigation, on-the-spot checks of the circumstances and reasons for the incidents, the Concern’s General Inspectorate developed and enacted remedial action programs.

The number of incidents with contractors reduced in 2015 if compared to 2014 (from 11 to 5) due to implementation of typical approaches to organization of the labor safety management system at NPPs, including:

• Implementation of the Action Plan for prevention of contractors’ personnel injury when performing construction and assembly work at the facilities of Rosatom State Corporation organizations;
• Introduction of the Typical Regulations on Labor Safety Management System at NPP Construction Sites at operational NPPs and those under construction;
• Execution of measures stipulated by the Comprehensive Action Plan for improvement of the labor safety management system efficiency during construction of NPP power units of Rosenergoatom Concern JSC.

ECONOMIC INDICATORS OF LABOR PROTECTION EXPENSES

Labor safety expenses in 2015 totaled 3.4 billion rubles. These funds were spent on the following:

• Labor protection activities according to collective agreements;
• Ensuring normal working environment;
• Improvement of labor conditions and protection;
• Acquisition of personal protective equipment;
• Therapeutic and preventive nutrition;
• Purchase of washing agents and detergents.

CHANGES IN INJURY RATE AMONG CONTRACTORS’ PERSONNEL

<table>
<thead>
<tr>
<th>NPP</th>
<th>INJURIES, TOTAL:</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>At the Concern’s operational NPPs</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Balakovo</td>
<td></td>
<td>3 (1 f)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Kalinin</td>
<td></td>
<td>1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Kursk</td>
<td></td>
<td>2 f</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Leningrad</td>
<td></td>
<td>1 f</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Smolensk</td>
<td></td>
<td>2 (2 s)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sub-total</td>
<td></td>
<td>6 (3 s)</td>
<td>5 (2 f)</td>
<td>0</td>
</tr>
<tr>
<td>At construction facilities of the Concern’s NPPs under construction</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Baltic</td>
<td></td>
<td>1 (1 f)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Beloyarsk, power unit No. 4</td>
<td></td>
<td>3 (1 s)</td>
<td>2 (1 f, 1 s)</td>
<td>1</td>
</tr>
<tr>
<td>Leningrad NPP-2</td>
<td></td>
<td>6 (1 s, 1 f)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Novovoronezh NPP-2</td>
<td></td>
<td>3 (1 s)</td>
<td>2 (1 f)</td>
<td>2 f</td>
</tr>
<tr>
<td>Rostov, power units No. 3 and No. 4</td>
<td></td>
<td>2 (2 s)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sub-total</td>
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<td>16 (4 f, 10 s)</td>
<td>6 (4 f, 2 s)</td>
<td>5 (3 s, 1 s)</td>
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<tr>
<td>Total</td>
<td></td>
<td>22 (5 f, 13 s)</td>
<td>11 (8 f, 1 s)</td>
<td>5 (3 f, 1 s)</td>
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</table>

LABOR PROTECTION EXPENSES IN 2015

<table>
<thead>
<tr>
<th>NPP</th>
<th>AMOUNT OF EXPENSES (RUBLES)</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balakovo</td>
<td>121,287,000</td>
<td></td>
<td></td>
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<tr>
<td>Beloyarsk</td>
<td>92,687,987</td>
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<tr>
<td>Bilibino</td>
<td>61,504,000</td>
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<tr>
<td>Kalinin</td>
<td>1,128,205,400</td>
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<td></td>
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<tr>
<td>Kola</td>
<td>225,043,000</td>
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</tr>
<tr>
<td>Kursk</td>
<td>372,088,825</td>
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<tr>
<td>Leningrad</td>
<td>409,654,045</td>
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<tr>
<td>Novovoronezh</td>
<td>449,783,080</td>
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<tr>
<td>Rostov</td>
<td>208,304,408</td>
<td></td>
<td></td>
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<tr>
<td>Smolensk</td>
<td>353,090,036</td>
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</table>

INJURIES AMONG CONTRACTORS’ PERSONNEL

<table>
<thead>
<tr>
<th>NPP</th>
<th>AMOUNT OF EXPENSES (RUBLES)</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balakovo</td>
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</tr>
<tr>
<td>Smolensk</td>
<td>353,090,036</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

opinion. There are no such committees in the Headquarters.

Committees are an integral part of the labor protection management system, as well as one of the forms of employees’ participation in labor protection management. Committees operate pursuant to the principles of social partnership.

WORK WITH CONTRACTORS

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<th>2015</th>
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</thead>
<tbody>
<tr>
<td>At the Concern’s operational NPPs</td>
<td></td>
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<tr>
<td>Balakovo</td>
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<td>3 (1 f)</td>
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<td></td>
</tr>
<tr>
<td>Kalinin</td>
<td></td>
<td>1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Kursk</td>
<td></td>
<td>2 f</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Leningrad</td>
<td></td>
<td>1 f</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Smolensk</td>
<td></td>
<td>2 (2 s)</td>
<td></td>
<td></td>
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<tr>
<td>Sub-total</td>
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<td>At construction facilities of the Concern’s NPPs under construction</td>
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<tr>
<td>Baltic</td>
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<td>1 (1 f)</td>
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<td></td>
</tr>
<tr>
<td>Beloyarsk, power unit No. 4</td>
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<td>3 (1 s)</td>
<td>2 (1 f, 1 s)</td>
<td>1</td>
</tr>
<tr>
<td>Leningrad NPP-2</td>
<td></td>
<td>6 (1 s, 1 f)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Novovoronezh NPP-2</td>
<td></td>
<td>3 (1 s)</td>
<td>2 (1 f)</td>
<td>2 f</td>
</tr>
<tr>
<td>Rostov, power units No. 3 and No. 4</td>
<td></td>
<td>2 (2 s)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sub-total</td>
<td></td>
<td>16 (4 f, 10 s)</td>
<td>6 (4 f, 2 s)</td>
<td>5 (3 s, 1 s)</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>22 (5 f, 13 s)</td>
<td>11 (8 f, 1 s)</td>
<td>5 (3 f, 1 s)</td>
</tr>
</tbody>
</table>
3.9. INNOVATION MANAGEMENT. KNOWLEDGE PRESERVATION AND TRANSFER

Innovation management is the Concern’s prioritized activity aimed at implementing the industry-specific strategy for technology development according to the Program for Innovative Development and Technology Upgrade of Rosatom State Corporation until 2020.

Technology audit data and proposals for top-priority areas of technology development in the Concern were prepared in 2015 as part of the Program for Innovative Development and Technology Upgrade of Rosatom State Corporation until 2030 being developed at the moment.

R&D AND INNOVATIONS MANAGEMENT. R&D FUNDING MECHANISM. R&D INVESTMENTS PRODUCTIVITY

In 2015, the following changes occurred in the corporate structure: Valery Bezzubtsev, Deputy CEO of the Concern — Director for Technology Development was appointed as the person responsible for the nuclear power industry Innovations Management function. Responsibility for the industry-wide function was submitted to the Concern’s innovative development directorate.

Moreover, a division for R&D programs and innovative projects implementation, and a division for intellectual property were established in the Technology Branch Office. The divisions are subordinate to the Director for Technology Development.

Sci-Tech Council is the Concern’s chief expert body for innovative development. Sci-Tech Council Section No. 1 was created in order to speed up consideration of scheduled R&D activities and their results.
Changes in Corporate Structure in 2015

Innovative Development Management

- Management of innovative projects for the benefit of the Concern
- Intellectual property management
- Coordination of R&D activities with Rosatom State Corporation
- Substantiation of safety and extension of service life of the existing power units

New Platform Project Office

- Coordination of R&D for the existing and future sodium-cooled fast reactors
- Issues of plutonium use in such reactors
- Issues of nuclear fuel cycle closure

R&D Priorities in 2015

<table>
<thead>
<tr>
<th>R&amp;D Areas</th>
<th>Funding, bln rubles</th>
</tr>
</thead>
<tbody>
<tr>
<td>Service life extension at the existing VVER-440, VVER-1000, RBMK power units for 15-30 years, and increase of the electricity and heat output of the existing NPP power units</td>
<td>0.23</td>
</tr>
<tr>
<td>Missing substantiation of VVER-TDI project solutions, preparation for construction of the Kursk NPP-2 on the basis of VVER-TDI project</td>
<td>0.58</td>
</tr>
<tr>
<td>Substantiation of design solutions for the Beloyarsk NPP power unit No. 4 with BN-800 reactor</td>
<td>0.21</td>
</tr>
<tr>
<td>Completion of the engineering design development for BN-1200 high-capacity fast breeder reactor</td>
<td>0.1</td>
</tr>
</tbody>
</table>

Rosenergoatom’s Innovative Development Prospects

- **Short term**
  - Upgrade of the existing nuclear industry platform.

- **Medium and long term**
  - Creation of a new technology portfolio corresponding to the needs of the evolving global energy system, and based on novel technologies, firstly, sodium-cooled fast breeder reactors being a key element of the closed nuclear fuel cycle.
GENERAL CHARACTERISTICS OF VVER-TOI PROJECT

- Application of reference engineering solutions
- Use of unified equipment which is approbated in production processes
- Licensing of the fixed ‘typical’ part of the design
- Application of advanced information technologies for designing and engineering
- Creation of a single information space for all participants of the Project
- Full transfer of data without losses and repeated entry at all stages of the NPP life cycle

VVER-TOI

According to the Division Strategy until 2030, it is planned to reduce prime cost per kWh (LCOE). The goal may be achieved owing to fulfillment of tasks to shorten construction times, increase the capacity factor, decrease specific operational expenditures, and capital expenditures. The said parameters may be reached owing to implementation of the VVER-TOI innovative project, which successfully stands competition with its major international peers, stipulates NPP operation in a load following mode, and allows for MOX fuel use.

KEY RESULTS OF 2015 AS PART OF BASIC PROJECT COMPLETION FOR DOUBLE VVER-TOI POWER UNIT NPP

- Expert examination of the basic project was performed by Rostechnadzor; IAEA;
- Project materials were submitted to European Utility Requirements, and the VVER-TOI project was certified on a point of order;
- Licensing procedures at the Kursk NPP-2 power units No. 1 and No. 2 (main site of the NPP with VVER-TOI) were performed;
- Work was completed to compile the fixed and variable parts of the preliminary safety analysis report for the Kursk NPP-2 power units No. 1 and No. 2, materials were submitted to Rostechnadzor for substantiation of nuclear and radiation safety of the Kursk NPP-2 power unit No. 1 with a compiled fixed part for making a decision on their usability as the basic project;
- Follow up revision and development of the IT model of the VVER-TOI project and the IT infrastructure were carried out;
- As part of the automated process control system (APCS) creation for the VVER-TOI power unit, technical requirements were developed for the fixed part of the VVER-TOI APCS with due consideration of the Russian rules and regulations, as well as IAEA, International Electrical Engineering Commission, and EUR standards.

At present, engineering development and pre-construction operations are ongoing at the Kursk NPP-2 site — main site of the NPP based on VVER-TOI project; preparation for NPP design and construction is underway at the Smolensk NPP-2.

In February 2015, a package of documents was submitted to Rostechnadzor to substantiate the safety of power units and obtain licenses for the Kursk NPP-2 power units No. 1 and No. 2 construction.

In March 2015, Rostechnadzor licenses were issued for replacement of the Kursk NPP-2 power units No. 1 and No. 2.

A favorable opinion of Russia’s Glavgeospektzia State Expert Evaluation Department was received in July 2015 in relation to the technological part of the project documentation for the Kursk NPP-2 power units No. 1 and No. 2 construction.

In 2016, it is planned to obtain a license for construction of the Kursk NPP-2 power unit No. 1, a favorable opinion of Russia’s Glavgeospektzia State Expert Evaluation Department on the reliability of cost estimates for construction of the Kursk NPP-2 power units No. 1 and No. 2, as well as to deploy construction and continue substantiation of safety in order to receive the operation license by 2022.

BN-800 AND BN-1200 FAST BREEDER REACTORS

To date, the Russian nuclear industry has accumulated unique practical experience in creation of fast breeder reactors and their successful operation over a long term. They are expected to enable transition of the nuclear power industry to a closed fuel cycle that will ensure more efficient use of uranium resources and a solution of environmental problems associated with handling spent nuclear fuel and radioactive waste. The fast breeder reactor and closed fuel cycle technologies possess a huge innovative potential.

December 10, 2015 was an important date for the entire nuclear industry of Russia — the Beloyarsk NPP power unit No. 4 with BN-800 reactor was connected to the grid, and first power was supplied to the Urals energy system. The new power unit was hooked up at the minimum capacity level of 235 MW.
“It is a really meaningful victory for us. BN-800 was challenging, however, this power unit helped us restore our competence in designing and construction of fast reactors. Today we have made another important step to transfer the Russian nuclear industry to a new technology platform.”

Andrey Petrov, CEO, Rosenergoatom Concern JSC

Building of a two-component nuclear power system (NPS) with a closed fuel cycle (CFC) will increase the natural uranium resource use by dozens of times, and decrease the amount of RAW sent for final isolation by more than five times. It is supposed to close the fuel cycle due to evolutionary technologies for upgrade of the existing units, and development of innovative projects for SNF recycling, and construction of a starting series of BN-1200 sodium-cooled fast reactors.

In 2015, R&D activities continued for substantiation of the BN-1200 fast breeder reactor, the engineering design for the BN-1200 reactor core with MOX fuel and main developments on construction and process components of the BN-1200 power unit were completed. Pow- er unit process parameters, including in case of breaches in normal operation, were reviewed.

The activities results were considered by Rosatom State Corporation Sci-Tech Council and approved as prioritized areas of the nuclear power industry. The Council meeting was attended by customers and developer of the so- dium-cooled fast reactor — representatives of two task forces: No. 1 — Nuclear Power Units and Nuclear Power Plants, and No. 8 — New Technology Platform of Nuclear Power Indus- try. The expert committee headed by Nikolay Ponomarev-Stępnow, Academician of the Russian Academy of Sciences, was comprised of renowned Russian specialists in energy tech- nologies.

FLOATING THERMAL NUCLEAR POWER PLANT (FTNPP)

In 2015, the Concern continued construction of the first (main) 70 MW floating thermal nuclear- power plant (FTNPP) based on the floating power unit (FPU) equipped with two KLT-40S reactors. Pevek, Chukotka Autonomous Okrug was selected as the FTNPP base. The FTNPP is to be put into operation in 2019.

Completion of the floating power unit is car- ried out under a contract made between Rosenergoatom Concern JSC and Baltiysky Zavod — Sudostroyenie LLC in 2012. A hull and superstructures were completed in 2015, equipment and process systems are being as- sembled.

Preparation is underway for the next stage of the floating power unit construction and its efficient testing, programs and methods for delivery and acceptance testing have been developed.

The Concern is hiring and training the FTNPP operating personnel. The general engineering contractor Atommash JSC completed design and survey work and finalized the preparation of design documents for the FTNPP onshore and hydraulic facilities in Pevek, Chukotka Au- tonomous Okrug. According to the design documents examination results, a favorable conclusion of Glavgesotskhizhspetsia State Expert Evaluation Department was obtained in April 2015.

The Concern’s KMS is based on a full life cycle knowledge management system (KMS). Instruments are created to collect, store, and share knowledge, both formalized (through data- tabases, information storages, etc.) and non- formalized (through expert communities, directors, mentoring systems, professional net- work communities, etc.).

The Concern’s KMS is based on a full life cycle of knowledge from idea inception to its commer- cialization, thus creating the infrastructure for its innovative development, enhancement of sci- tech activity efficiency and intellectual property management: knowledge elicitation, knowledge formalization, intellectual property identification and protection, technology transfer.

In 2015, the Concern introduced an informa- tion system for intellectual property rights man- agement (ISIPRM). The system creates a single information medium for intellectual property rights management within the nuclear power industry. The ISIPRM integrates all processes and procedures for intellectual property manage- ment, applies in the nuclear power industry, and stipulated by the applicable laws and local regu- lations of Rosatom State Corporation.

In September 2015, pre-construction work start- ed at the FTNPP onshore and hydraulic facilities construction site in Pevek.

Accomplishment of the onshore and hydraulic fa- cilities construction, the floating power unit trans- portation to Pevek, and the FTNPP commission- ing are scheduled for 2019.

The Far East is becoming one of the key develop- ment regions for the Russian nuclear power indus- try. The FTNPP project in Pevek will prove a high potential of such nuclear power plants use in other countries of the world. There is a growing interest to such plants abroad, particularly in China. Shown- casing and certification of mobile nuclear power complexes on the basis of the existing prototype plant are needed in order to promote FTNPPs.

INTELLECTUAL PROPERTY: IN- VENTIONS, KNOW-HOWS, NEW TECHNOLOGIES

Taking into account aggressive expansion of Rosatom State Corporation in the international markets, one of the Concern’s priorities is intro- duction of intellectual property and its efficient use, which is also another condition for efficient spending of the Concern’s own funds intended for R&D, and prevention of R&D redundancy.

With a view to increase the share of intellectual product in the final value of research and de- velopment activity results, it is planned to take measures for the creation and identify poten- tially protectable intellectual property (continu- ous technology audit).

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The Concern’s intellectual property port- folio comprises exclusive rights to 315 items of intellectual property, including 144 invention patents, and 55 utility mod- el patents, 114 items of software for PC and databases, among them 2 items of software for PC have certificates issued by the Federal Service for Intellectual Property (Rospatent), and 4 trademarks.
An international workshop devoted to introduc-
tion of the knowledge management system in the
Power Engineering Division was held at the
Concern’s Headquarters on April 1, 2015. The
knowledge management system project is imple-
mented in pursuance of agreements between the
IAEA and Rosatom State Corporation on coop-
eration in the nuclear knowledge management
sphere.

Initiated in 2011, the Program for Shaping a
Knowledge Management System of Rosatom
State Corporation in 2012–2015 is aimed at the transfer of Rosatom State Corporation and its organizations to modern technologies in corpo-
rate knowledge management. Rosenergoatom Concern JSC was defined as the pioneer organ-
ization to deploy the knowledge management system, and the workshop became the first step towards its implementation. The workshop was attended by key experts responsible for the use of IT tools and practices during implementation of the knowledge management system of Rosatom State Corporation, the Concern’s representa-
tives on the working group developing the KMS in the Power Engineering Division, a represent-
tive of the IAEA Nuclear Knowledge Manage-
ment Section, and authorized representatives of VNIIAES JSC. The status of activities per-
fomed by the Concern for the knowledge man-
germent support and control implementation was provided to the employees of the Concern’s innovative unit. The workshop was intended to kick off fur-
ther discussions.

KMS RESULTS IN 2015:
• Innovative Activity Management column was created on the Concern’s website, KMS section, link for KMS information resources: ISIPRM, Rosatom Corporate Sci-Tech Information Portal, link for IAEA information resource; and
• Two international workshops were held with participation of the IAEA representatives (at the Smolensk NPP; and in the Concern).

Rosenergoatom Concern column was created on the innovative web portal of Rosatom State Corporation www.innov-rosatom.ru (Innovative Vertical / Rosenergoatom Concern JSC).

INFORMATION TECHNOLOGY
In 2015, we worked in three main areas: IT in-
frastructure, information security, and applica-
tion information systems. Close attention was
paid to the IT Transformation Program execu-
tion; introduction of SAP ERP, SRM, Unified Industry-wide Electronic Docu-
ment Management System, etc., deployment of Division-level programs for developing IT
support of industrial processes, capital con-
struction processes, distributed IT infrastruc-
ture, and typical DPCs.

IT INFRASTRUCTURE
In 2015, we upgraded and commissioned nodes of the Corporate Data Transfer Network at eight NPPs, allowing to increase the throughput of main NPP connection channels to 10 MBps. Typ-
ical data processing centers were assembled and commissioned at the Beloyarsk, Kalinin, and Kurk NPPs. The Headquarters and eight NPPs introduced a system for technical support of users on the HP Service Manager platform. Sup-
plies were received, and operations were start-
ed to deploy a system of virtual desktops at the Headquarters.

INFORMATION SECURITY
The Concern continued working on the upgrade
of the integrated system of information security according to the guidelines of the Russian Fed-
eral Service for Technical and Export Control; and the Industry-Level Requirements for Infor-
mation Security. The Concern initiated and ac-
complished development (upgrading) of organiza-
tional and administrative documents, guidelines, and regulations related to information security. The firewall system modernization was continued in order to protect the corporate network from cyber threats. We ensured operation and upgrad-
ing of antivirus tools, and unauthorized access protection tools. The Concern Headquarters and operating NPPs upgraded the system of cryp-
tographic protection of video and conference call channels. Monitoring, analysis, and review of the information security incidents are carried out on a regular (weekly) basis.

APPLIED INFORMATION SYSTEMS
The resource management system functionality (SAP ERP) was improved and put into pilot opera-
tion at the Headquarters, Capital Projects Imple-
mentation Branch Office, Balakovo, Leningrad, Novovoronezh, and Ros托v NPPs. SAP ERP replica-
tion at all branches of the Concern is scheduled for 2016–2017.

The automated personnel information manage-
ment system (APMS) was introduced at the Bala-
kovo NPP, its replication was started at the Novo-
voronezh, RosTot, and Smolensk NPPs. The system replication at all branches of the Concern — operat-
ing NPPs, and Moscow branches (ITTPR Technolo-
gy Branch Office, Sci-Tech Center for Emergencies) is scheduled for 2016.

The information subsystem for supporting qualifica-
tion on labor protection, rules for operation, mainte-
nance, and safety (hereinafter, ISSQ) was improved and put into commercial operation at the Balakovo and Leningrad NPPs. The subsystem is part of the Concern’s personnel management system in ad-
dition to its basic part — industry-level system for personnel management (APMS). The ISSQ func-
tionality development is planned for 2016–2017. The development will include storage and processing of historical personnel data of NPPs, replication of the APMS (integrated with ISSQ) at all remaining NPPs.

Within the Program for Development and Implemen-
tation of Automated System for Technical Docu-
ments Management (ASTDM), the ASTDM was cre-
ated and deployed at the Leningrad NPP. ASTDM functionality is being developed, and the system is being introduced at all branches of the Concern.

Quantitative indicators of the ASTDM: at the Head-
quarters — all employees are using the system,
14,291 documents were created; at the Balakovo NPP — 1,477 users, and 82,820 documents and no-
tifications; at the Leningrad NPP — 1,026 users, and 61,140 documents and notifications.

The basic functionality of the Innovative NPP Ope-
ration Support System was developed and commis-
sioned in 2015 at the Smolensk NPP power units No. 1, No. 2, and No. 3, and the Novovoronezh NPP power unit No. 5.

The Integrated System for Centralized Operation Planning and Production Management was com-
misioned at the Beloyarsk, Smolensk, and Kalinin NPPs, and at the Headquarters (pilot commercial
operation at the RosTok and Kurk NPPs). Imple-
mation of the System is planned for 2016 at another four NPPs of the Concern.

The implemented functionality provides for data col-
collection, storage, transmission, calculation, ana-
lytical functions, and display of information about the current status of NPPs. It facilitates operation with 2,000–2,500 process parameters with their collection and storage at the NPP lev-
el, as well as all these parameters transmission to the Concern’s Crisis Center. In addition to the option of data transmission from the NPP lev-
el to the level of the Headquarters, the system per-
mits organizing data transmission from the Headquarters to NPPs.

A prototype automated system for maintenance and repair management was developed at the Smolensk NPP. The system is planned for imple-
mation at the Smolensk NPP branches and ful-
ly-fledged development at the Balakovo NPP.

WORKING WITH GRADUATES
The Concern employed 291 graduates of universities in 2015, including 221 graduates of supportive universities of Rosatom State Corporation (76% of the total number). Out of them, 83 persons (26%) graduated from National Research Nuclear University MEPhI and its branch-
cess. The measures aimed at employing gradu-
ates of supportive universities give tangible results — their share increased by nearly 10%. If compared to 2014.

Key educational areas in 2015:
• Nuclear power plants: design, operation, en-
  gineering,
• Thermal power and engineering,
• Electrical power and engineering,
• Nuclear physics and technologies.

The demand for ‘nuclear power plants: design, op-
eration, engineering’ grew if compared to 2014. Taking into consideration power units construc-
tion abroad, it is planned to increase the order for education of specialists at Russian universi-
ties by more than two times. According to prelim-
inary estimates, education of over 2,500 specialist-
s will additionally be required by 2026.
MENTORING TYPES

- Mentoring for trainees
- Mentoring for the transfer of critical knowledge
- Mentoring for young specialists
- Mentoring for the succession pool members and managers

GRAMUATES EMPLOYMENT PLAN (EDUCATIONAL ORDER IN 2016–2026), FORECAST

In 2015, a mentoring program was available for the members of the managerial talent pool. Mentoring is applied to high potential employees with a view to create development opportunities and unveil their leadership abilities. Veteran employees play an important role in knowledge transfer. The Concern has an agreement with the Interregional Public Organization of Concern’s Veteran Employees (IPOCVE) on the social protection of veterans (pensioners), which provides, among other things, for transfer of expertise and knowledge to the young generation of employees, and education of the youth in the spirit of patriotism and continuation of the Concern’s glorious labor traditions (detailed information on the veterans movement can be found in Section 3.10).

SPECIAL EDUCATIONAL PROJECTS

As part of education and awareness related activities among the population and general public, special educational projects are implemented, such as the Nuclear Academy for Children (Kola NPP), Kurchatov Public Readings for Children (Beloyarsk NPP), and Today’s Fiction is Tomorrow’s Reality (Kalinin NPP) addressed to schoolchildren and students. These include a unique project called Atom Classes and implemented in the Concern’s areas of presence as part of the civic educational initiative Rosatom’s School. The project provides for complete re-equipment of physics classrooms in schools with advanced equipment and devices, including interactive multimedia and special tool kits for laboratory and science experiments.

Four new Atom Classes were opened in 2015: in Balakovo (Lyceum No. 1, and Lyceum No. 2), Desnogorsk (Secondary School No. 3), Polyarnye Zori (Secondary School No. 4). In 2016, we are planning to open such classes in the towns of Udomlya and Bilibino, develop interaction with specialized universities, organize training for teachers, and upgrade equipment in the opened classes.
3.10. SOCIAL POLICY. DEVELOPING AREAS OF PRESENCE. CHARITY

Development of social capital and areas of presence forms an integral part of the Concern’s Strategy implementation. The Concern’s social policy is implemented in full compliance with the Unified Industry-Level Social Policy of Rosatom State Corporation.

2.66 bln rubles
in total were channeled for the social policy implementation in 2015.

SOCIAL POLICY

The Concern’s social policy is implemented for the purpose of increasing attractiveness in the labor market, attraction and retention of young and highly-professional experts, enhancing the employees’ engagement and efficiency of social expenses.

VOLUNTARY INSURANCE FOR EMPLOYEES

In accordance with current legislation, the Concern employees are entitled to medical services at the respective health care institutions. In addition to local Compulsory Health Insurance (CHI) programs and state guarantee programs, the Concern provides to its employees Voluntary Health Insurance (VHI), and insurance against accidents and diseases.

Employees can insure their family members at their own expense using the corporate discount. Under the VHI program, employees and their family members can receive special information, consulting, and medical assistance, both at health care institutions of their region and at the institutions located in Moscow and Saint Petersburg.

1 The basic provisions of the social policy and trade union relations are disclosed in the Concern’s 2013 Annual Report (pages 203-206).
PERSONNEL REHABILITATION

Each year the Concern conducts activities for personnel rehabilitation in departmental clinics and health resort institutions. For example, 10,206 persons received health rehabilitation and treatment in 2015 at 10 clinics of nuclear power plants under rehabilitation programs to treat cardiovascular, musculoskeletal, nervous system, gastrointestinal, and other conditions. Another 8,349 employees enjoyed health rehabilitation treatment away from home, at rehabilitation institutions and resorts in 20 health centers on the Black Sea, the Mineral Waters area of the Caucasus, and midland Russia.

CULTURE AND SPORTS ACTIVITIES. YOUTH POLICY

As part of its youth policy, the Concern traditionally pays special attention to working with young people increasing their educational level and literacy, promoting academic and research activities among young people.

Over 4,000 employees took part in corporate sports and culture events in 2015. More than 588,000 thousand rubles were allocated for support of sports and physical training.

MOST IMPORTANT CULTURAL AND SPORTS EVENTS OF 2015

8th blinder Spartakiada Games among employees of Rosenergoatom Concern JSC – NPP Sports 2015 (Leningrad Oblast, 270 persons).

9th festival of folk art among employees of Rosenergoatom Concern JSC – Live Spring 2015 (Smolensk NPP, 500 persons).

Contest among creative teams of unemployed pensioners of Rosenergoatom Concern JSC – Life Energy 2015 (Kalinin NPP, 150 persons).

7th Spartakiada Games among employees of the Headquarters and Moscow affiliates of Rosenergoatom Concern JSC (Moscow, 250 persons).

EVENTS AIMED AT YOUTH POLICY IMPLEMENTATION IN 2015

12th international tournament of intellectual games (What? Where? When?, and Brain Ring) took place in Moscow in March among young employees of nuclear and industrial enterprises.

The Coordination Council meeting took place in Moscow in March among authorized representatives of youth organizations of Rosenergoatom Concern JSC.

A joint team of the Scouting Teams Association of Rosenergoatom Concern JSC took part in the Inter-Regional Guard of Memory 2015 in the Kursk Oblast between August 26 and September 6.

The Coordination Council meeting was held among authorized representatives of youth organizations of Rosenergoatom Concern JSC at the Rostov NPP in November.

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CASE STUDY

GUARDS OF MEMORY 2015

Between August 26 and September 6, a joint team of the Scouting Teams Association of Rosenergoatom Concern JSC took part in the Inter-Regional Guard of Memory 2015 to discover and exhum the bodies of soldiers killed in the Great Patriotic War near the village of Pervoye Maya (Ponyri District, Kursk Oblast).

According to historic data, some 2,000 people had died in the battlefields near Pervoye Maya. Representatives of the Concern’s Kursk, Smolensk, Leningrad, Rostov, Kalinin, and Novovoronezh NPPs were the first to hold the Guard of Memory and take joint search efforts in the vicinity.

12 days of work were spent for the Guards of Memory

Experienced instructors train young people in rules and practices of the search work, try to instill high moral values in them, and foster patriotism.

IMPROVING HOUSING CONDITIONS

In 2015, housing construction and assistance to employees in obtaining permanent housing was carried out in accordance with the Concern’s housing program approved in 2012. The Concern helps its employees with purchasing permanent housing and, depending on their needs, employers can request interest-free loans to pay their mortgage downpayment, and/or partial reimbursement of interest on the mortgage loan.

Over 700 employees of the Concern were assisted in housing purchase in 2015. The total housing level among the Concern’s employees equals 95% of NPP headcount.

PRIVATE PENSION INSURANCE

The Concern provides for private pension insurance of employees through industry-based Atogarant Non-Government Pension Fund under the executed pension agreement.

Pension obligations are covered from the Concern’s general resources with the assessed value of 196.7 mln rubles in 2015 (218.7 mln rubles in 2014). The obligations are covered in their entirety according to the pension benefit arrangement. The obligations with respect to the pension plan for 2015 were assessed as of December 31, 2014 on the basis of the actuarial expectation with due regard to the number of employees who participate in the Concern’s pension plan, and an average contribution per pension plan participant employee.

Overview

Strategy and Outlook

Key Performance Results

Management Efficiency

Interaction with Stakeholders

ANNUAL REPORT

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Overview

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Upon retirement of an employee of the Concern, the degree of participation in the pension plan is determined on the basis of the length of service in the nuclear power industry — at least 15 years at the time of achieving the retirement age according to pension legislation of the Russian Federation.1

The expenses on private pension arrangement in 2015 totalled 136.7 mln rubles (218.7 mln rubles in 2014). The total number of the Concern’s retirees receiving non-government pension in Atominformatsiya’s Non-Government Pension Fund is 14,785 persons (15,308 persons in 2014). The average private pension amounts to 2,376 rubles (2,137 rubles in 2014).

The pension funds paid by Atominformatsiya NGPFF as non-government pensions to retirees for 2015 totalled 299.1 mln rubles (284.2 mln rubles in 2014). 6,252 employees participated in the Concern’s programs on co-financing of pension (6,339 persons in 2014).

VETERANS’ MOVEMENT
Taking care of its veteran employees is an important thrust of the social policy. The main objective of the veterans’ movement is to maintain the achieved level of cooperation with veterans, getting them involved in activities of their choice, allowing them to share their experiences with younger specialists, providing skilled medical assistance, and helping them with daily chores.

In 2015, the actual number of retired employees in the Inter-Regional Public Organization of Concern’s Veteran Employees (IPOCVE) totalled 16,232 persons (16,100 persons in 2014), including: 1,109 participants of the emergency response campaign at the Chernobyl NPP and PO Mayak (5,072 participants in 2014), 549 Great Patriotic War, wartime homefront veterans, large families, etc.; restoring and renovating places related to Saint Sergius of Radonezh and Seraphim of Sarov; church building in the towns of NPP presence; support and promotion of sports and a healthy lifestyle, and patriotism; events aimed to improve social and sport infrastructure in communities around NPPs; landscaping; support for cultural projects that promote moral values and responsibility.

Moreover, in 2015, the Concern provided sponsor assistance to organizations for approximately 38.7 mln rubles, including Dynamo Volleyball Club — Leningrad Oblast. 505.55 mln rubles are to be destined to charity in 2016.

DEVELOPING AREAS OF PRESENCE
Agreements between Rosatom State Corporation and regions of nuclear enterprises presence are effective for three years. According to the results of 2015, additional tax payments in regions of the Concern presence were made in the amount exceeding 11.7 bln rubles, including those for municipal entities’ activities — 1.26 bln rubles (0.22 bln rubles in 2014).

Investments in infrastructure form an important aspect of the Concern’s social responsibility. The Concern’s investment programs typically include construction of social facilities and infrastructure.

The expenditures on execution of direct contracts with hospitals to provide medical service to veterans totaled 10.4 mln rubles in 2014.

The expenditure on direct contracts with hospitals to provide medical service to veterans totaled 13.4 mln rubles, on organization of health-improving rest and cultural activities totaled 3.9 mln rubles. Veterans received nursing services and presents on holidays and anniversaries. Counting all expense items, financial aid was provided to retirees in 54,351 cases (23,691 cases in 2014).

CHARITY
Charity is one of the best corporate traditions that had been observed by the Concern since its incorporation. Co-funding is one of the principles laying the basis for relations between the Concern and charity recipients. The Concern partners up with other businesses and organizations in virtually every project. In addition, the Concern’s charity projects have input from individuals, including employees of nuclear plants and the Headquarters.

Traditional areas for charity and sponsorship include: assistance to socially disadvantaged citizens — orphaned children or persons in dire straights, the disabled, Chernobyl disaster liquidators, war and homefront veterans, large families, etc.; restoring and renovating places related to Saint Sergius of Radonezh and Seraphim of Sarov; church building in the towns of NPP presence; support and promotion of sports and a healthy lifestyle, and patriotism; events aimed to improve social and sport infrastructure in communities around NPPs; landscaping; support for cultural projects that promote moral values and responsibility.

Moreover, in 2015, the Concern provided sponsor assistance to organizations for approximately 38.7 mln rubles, including Dynamo Volleyball Club — Leningrad Oblast. 505.55 mln rubles are to be destined to charity in 2016.

In December 2015, employees of the Concern’s Headquarters actively participated in a charitable action titled “Father Frost. All and Every” for children from Sergiyev Posad Foster House, deaf-blind children from monastery orphanages.

In 2015 in total spent for charity in mln rubles were 565

1 Information about the share of salary invest ed by the employee/employer is given in the Concern’s 2014 Annual Report (page 107).
VALUE CREATED AND DISTRIBUTED BY ROSENERGATOM CONCERN JSC ACCORDING TO RUSSIAN ACCOUNTING STANDARDS, BLN RUBLES

<table>
<thead>
<tr>
<th>ITEM NO.</th>
<th>INDICATOR</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Created economic value</td>
<td>229.0</td>
<td>266.5</td>
<td>279.7</td>
</tr>
<tr>
<td>2</td>
<td>Operating income (sales revenue, gains from financial investments, and sold assets)</td>
<td>229.0</td>
<td>266.5</td>
<td>279.7</td>
</tr>
<tr>
<td>3</td>
<td>Distributed economic value</td>
<td>145.4</td>
<td>160.0</td>
<td>169.3</td>
</tr>
<tr>
<td>4</td>
<td>Operating costs (payments to suppliers and contractors, cost of purchased materials)</td>
<td>95.6</td>
<td>108.8</td>
<td>105.6</td>
</tr>
<tr>
<td>5</td>
<td>Salaries and other payments and benefits for employees</td>
<td>27.2</td>
<td>27.6</td>
<td>28.6</td>
</tr>
<tr>
<td>6</td>
<td>Payments to capital providers</td>
<td>1.1</td>
<td>1.4</td>
<td>1.5</td>
</tr>
<tr>
<td>7</td>
<td>Gross tax payments (before individual profit tax and VAT)</td>
<td>19.0</td>
<td>21.8</td>
<td>24.1</td>
</tr>
<tr>
<td>8</td>
<td>Investments in communities, including: Donations</td>
<td>0.5</td>
<td>0.4</td>
<td>0.6</td>
</tr>
<tr>
<td>9</td>
<td>Retained economic value (sum of Items 1 to 3)</td>
<td>95.6</td>
<td>108.5</td>
<td>110.4</td>
</tr>
<tr>
<td>10</td>
<td>Contribution to GDP (sum of Items 5 to 9)</td>
<td>145.4</td>
<td>167.7</td>
<td>174.1</td>
</tr>
</tbody>
</table>

COOPERATION WITH EDUCATIONAL INSTITUTIONS AND PROGRAMS FOR YOUNG EMPLOYEES

Cooperation with educational institutions in the areas of NPP presence includes career consulting for high-school students, and support of target-oriented education of students, organizing of academic competitions and contests. For example, the Concern is involved in annual vacation tires for students of specialized institutions of higher education, offering internships and apprenticeships at nuclear plants. Among the unique projects are educational projects for schoolchildren, such as the Children’s Nuclear Academy at the Kola NPP, Atom Classes, My Profession lecture cycle for high school students at the Leningrad NPP, and others. Programs for young employees of the Concern seek to create conditions for efficient work, and to help developing creative potential. For additional information on youth relations refer to Section 3.9 — Innovation Management. Knowledge Preservation and Transfer.

3.11. INVESTMENT PROGRAM


Long-term, mid-term (three-year), and short-term (annual) investment programs are developed with a view to continuous and most efficient accomplishment of this objective and achievement of the Concern’s strategic goals.

The Concern’s profit amounting to 10,594.7 bln rubles was invested in development according to the resolution by the General Meeting of Stockholders of Rosenergatom Concern JSC (Minutes No. 11 dated June 29, 2015).

The Concern’s investment programs are prepared in full conformity with the strategic goals of the Power Engineering Division of Rosatom State Corporation, aimed at providing consumers with electricity and heat produced at Russian NPPs with guaranteed safety as a top priority of its activities.

The actual level of fulfillment of the Investment Program of Rosenergatom Concern JSC in 2015 totaled 162,475.31 bln rubles according to accounting data.

Furthermore, the funds of Rosatom State Corporation’s asset contribution totaling 42,778.7 bln rubles were channelled to investment projects related to construction of NPP power units.

Investment programs of Rosenergatom Concern JSC subsidiary companies included in the consolidated budget of Rosatom State Corporation.

The projects of subsidiary companies of Rosenergatom Concern JSC were funded in the total amount of 15.67 bln rubles (with VAT), including intracompany balance.
INVESTMENT ACTIVITY (100%)

- Projects and measures at the existing power units: investment projects for extension of service live of generation 1 and 2 power units, ensuring 'safe and steady operation of the existing power units'
- Other investment projects and measures: facilities conservation, research and development, preparation of norms and specifications, and accomplishment of other pre-FEED operations
- Investment projects at spent nuclear fuel and radioactive waste handling facilities

INVESTMENTS BETWEEN 2009 AND 2015

- Fixed capital investment changes, mln rubles
- Asset contribution changes, mln rubles

PROJECTS IMPLEMENTED BY SUBSIDIARY COMPANIES OF ROSENERGOATOM CONCERN JSC

- Projects of suppliers of last resort of AtomEnergoSbyt JSC in the Kursk, Tver, Smolensk, and Murmansk Oblasts – 341.16 mln rubles with VAT
- Atomenergoremont JSC activities (acquisition of jigs, fixtures, and tools, etc.) – 37.18 mln rubles with VAT
- Atomenergoprom JSC activities (acquisition of jigs, fixtures, and tools, etc.) – 37.18 mln rubles with VAT
- Creation of systems of commercial electricity accounting of Atomenergoprom JSC – 11.90 mln rubles with VAT
- Atomtekhenergo JSC activities (acquisition of equipment for start-up operations, etc.) – 64.46 mln rubles with VAT
- Construction and equipment of the laboratory and warehousing complex of VNIIAES JSC – 48.61 mln rubles with VAT
- VPO ZAES JSC activities (establishment of an independent metal testing expert laboratory, etc.) – 6.44 mln rubles including VAT
- Rusatom Service JSC and Atomtekhexport JSC activities (acquisition of IT equipment, etc.) – 6.17 mln rubles with VAT
- Atomenergoremont JSC activities (acquisition of equipment for start-up operations, etc.) – 64.46 mln rubles with VAT
- Construction and equipment of the laboratory and warehousing complex of VNIIAES JSC – 48.61 mln rubles with VAT
- Creation of systems of commercial electricity accounting of Atomenergoprom JSC – 11.90 mln rubles with VAT
- Atomtekhenergo JSC activities (acquisition of equipment for start-up operations, etc.) – 64.46 mln rubles with VAT

The projects of AtomEnergoSbyt JSC, a supplier of last resort, take the largest share in the Power Engineering Division’s portfolio of projects funded from the consolidated investment resource of Rosatom State Corporation. The goals of these projects include ensuring guaranteed sales market for the power produced by organizations of Rosatom State Corporation, and stability of Rosatom State Corporation positions in the energy market, increasing consolidated income and revenue of Rosatom State Corporation from electricity sales.

Revenues of AtomEnergoSbyt JSC from electricity sales within the specified projects in 2015 grew almost twice and totaled 43.6 bln rubles without VAT (22.4 bln rubles in 2014).
4.1. CORPORATE GOVERNANCE

The Concern's corporate governance system is built according to the requirements of the Russian laws and aimed at ensuring the management efficiency, compliance with information transparency and general availability principles, stockholder rights execution, efficient interaction with other stakeholders. The Concern sticks to the core principles of corporate governance recommended by the Corporate Governance Code. 

STRATEGIC PRINCIPLES, GOALS AND AREAS OF CORPORATE GOVERNANCE

- Improving perception of the Concern’s activities through timely and quality disclosure of information
- Augmenting the corporate governance system with the principles of best Russian and international practices in the area of corporate governance, business ethics, transparency and availability principles
- Creating a successful system for protection of funds, received from stockholders, and their efficient use
- Equal and fair attitude towards all stockholders exercising their right to participation in governance
- Recognition of legal rights of stakeholders
- Voluntary information disclosure on the Interfax-TsRKI LLC website, Concern’s news ticker and corporate website
- Implementation of a procedure for execution control of the Board of Directors resolutions (consideration of resolutions execution report by the Board of Directors twice a year) with a view to enhance the efficiency of corporate governance

1 Approved by the Board of Directors of the Bank of Russia on March 21, 2014.
MANAGEMENT AND SUPERVISION BODIES STRUCTURE

The Concern's management bodies are structured according to the governance principles applicable in the parent company — Rosatom State Corporation, and predetermining its functioning as the operator of the corporate Power Engineering Division.

Such an approach ensures efficient interaction on all hierarchy levels of management not only between Rosatom State Corporation and the Concern, but in the Concern itself — among structural units, branches, and organizations which form part of its management circuit.

CURRENT MANAGEMENT OF STRUCTURAL UNITS AND ORGANIZATIONS INCLUDED IN THE CONCERN’S MANAGEMENT CIRCLE


ROSENERGATOM’S CORPORATE GOVERNANCE STRUCTURE

Sole Executive Body

Collegiate Advisory Bodies

Current management of structural units and organizations included in the Concern’s management circle

EQUITY CAPITAL

8.39%

91.61%

Atommenergoprom JSC
Rosatom State Corporation

PLANNED (ASSUMED) ACTIONS AND MEASURES FOR CORPORATE GOVERNANCE SYSTEM STREAMLINING:

• Improvement of the voluntary information disclosure practice;
• Streamlining and improvement of the Board of Directors activities organization, and relations with the Concern’s stockholders;
• Updating of the Articles of Association and internal documents governing the activities of the Concern’s management bodies, and organizations which form part of the management circuit;
• Formalization of the Dividend Policy of the organizations which form part of the management circuit;
• Development of the Road Map for improvement of the existing corporate governance system;
• Upgrading of the subsidiary companies management system (updating of the procedure for management and planning of activities with the organizations);
• Analysis of the structure and competence of the management bodies in the organizations which form part of the management circuit, procedures for interaction with the organizations which form part of the management circuit;
• Optimization of the corporate structure of ownership in the Concern’s organizations which form part of management circuit (including operations with non-core assets, restructuring of individual subsidiary companies);
• Optimization of the system of interaction during the corporate procedures implementation in the Concern’s organizations which form part of its management circuit.

EXERCISING OF STOCKHOLDERS’ RIGHTS

Rosatom State Corporation and Atommenergoprom JSC are the stockholders of the Concern. Atommenergoprom JSC was incorporated in July 2007 according to the Russian Federation Government Resolution No. 319 dated May 26, 2007 to assist in further development of the nuclear power industry and to restructure the nuclear power complex in Russia, as instructed by the Russian Federation President Decree No. 556 dated April 27, 2007 on Restructuring of Nuclear Power Complex in the Russian Federation.

The sole stockholder and the owner of voting shares in Atommenergoprom JSC is Rosatom State Corporation that became a direct holder of shares in Rosenergoatom Concern JSC in 2011.

Information about Registered Capital.

As of December 31, 2015, the Concern’s registered capital totaled 671,516,563,474 rubles. The registered capital is divided into 671,516,563,474 common stocks with a nominal value of 1 (one) ruble each.

1. Registered capital of Rosenergoatom Concern JSC is divided into 671,516,563,474 common stocks with a nominal value of 1 (one) ruble each. The Concern applies certain standards of the Corporate Governance Code recommended in a number of local regulations.

In general, the level of compliance with the recommendations was considered satisfactory. Moreover, taking the Concern’s non-public status into account, rather a high degree of information disclosure about the Concern’s governance systems, and availability of a series of measures ensuring its stockholders’ interests protection were observed. According to the results of self-evaluation, the Concern is planning to continue development of the corporate governance system.

Appendix 11 contains the Report on Compliance with Corporate Governance Code Recommendations®.

As part of preparation of the Report on Compliance with Recommendations of National Code of Corporate Governance, the Concern performed internal self-evaluation of the corporate governance quality.

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REPORT ON DIVIDENDS PAID

According to the strategic approach taken by the Concern’s stockholders, the whole amount of the Concern’s profit is channeled to its own development (investment program funding). Therefore, the Concern’s General Meeting of Stockholders dated June 29, 2015 (Minutes No. 9) approved the resolution to omit dividends on the Concern’s common stock for 2014.

GENERAL MEETING OF STOCKHOLDERS

The General Meeting of Stockholders is the supreme management body.

In its activity the General Meeting of Stockholders is guided by legislation of the Russian Federation, Articles of Association, and Regulation on the Concern’s General Meeting of Stockholders.

The decision to convene the General Meeting of Stockholders is taken by the Board of Directors. The sole executive body — the Concern’s CEO — arranges the General Meeting, including its information and documentary support.

In 2015, four General Meetings of Stockholders were held. In line with the competence of the General Meeting of Stockholders stipulated by the Concern’s Articles of Association, the following issues were considered during the meetings:

• Approval of the Concern’s 2014 Annual Report;
• Approval of the annual accounting statements for 2014;
• Approval of the Concern’s auditor;
• Election of the Board of Directors members;
• Election of the Concern’s sole executive body;
• Approval of the revised Articles of Association of the Concern, developed according to the requirements of Chapter 4, Part 1, Civil Code of the Russian Federation.

All decisions were approved unanimously by holders of the voting stocks.

BOARD OF DIRECTORS COMPOSITION

Members of the Board of Directors are elected through a transparent procedure that permits stockholders to obtain information about candidates sufficient to get an idea about their personal and professional qualities. When selecting candidates, they are required to have professional experience (including at least 15 years of experience in the nuclear power industry), specialized education, excellent professional reputation, particular set of personal qualities and skills.

The Board of Directors operational in 2015 was elected at the general Annual Meetings of the Concern’s Stockholders dated June 24, 2014, and June 29, 2015 in the following composition:

BOARD OF DIRECTORS

The Board of Directors is a collegiate governing body in charge of overall management of the Concern. It is responsible for development of the strategy and controls activity of executive bodies ensuring observance of rights and legitimate interests of the Concern’s stockholders.

Members of the Board of Directors are elected through a transparent procedure that permits stockholders to obtain information about candidates sufficient to get an idea about their personal and professional qualities. The activity of the Board of Directors is regulated by applicable legislation of the Russian Federation, standards of the Concern’s Articles of Association, and Regulation on the Board of Directors approved in its new version by resolution of the General Meeting of Stockholders on July 29, 2014 (Minutes No. 9).

KEY PERFORMANCE INDICATORS

In its activity the General Meeting of Stockholders is conducted in line with the Concern’s strategy and controls activity of executive bodies to ensure observance of rights and legitimate interests of the Concern’s stockholders. The General Meeting of Stockholders approves strategy and key objects of activities of the Concern, develops the Concern’s strategy and controls activity of executive bodies, approves strategy and controls activity of executive bodies to ensure observance of rights and legitimate interests of the Concern’s stockholders.

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• Approval of the revised Articles of Association of the Concern, developed according to the requirements of Chapter 4, Part 1, Civil Code of the Russian Federation.

All decisions were approved unanimously by holders of the voting stocks.
Chairman of the Board of Directors, Rosenergoatom Concern JSC (since 2010); First Deputy CEO for Operations Management, Rosatom State Corporation

Year of birth: 1957
Education: K. Kalinin Leningrad Polytechnic Institute
  • Since 2008 — Member of the Management Committee, Rosatom State Corporation.
  • 2009–2010 — Chairman of the Board of Directors, Atomenergoplant CJSC.
  • Since 2009 — Member of the Board of Directors, Atomenergoplant CJSC.
  • Since 2009 — Member of the Board of Directors, Energoatom CJSC.
  • Since 2008 — Member of the Board of Directors, TENEX-Service CJSC.
  • Since 2008 — Member of the Board of Directors, TENEX-Service CJSC.
  • Since 2009 — Member of the Board of Directors, TENEX-Service CJSC.
  • Since 2008 — Member of the Management Institute.

Mr. LOKSHIN, ALEXANDER MARKOVICH,
NON-EXECUTIVE DIRECTOR

Member of the Board of Directors, Rosenergoatom Concern JSC (since 2010), Chief Inspector, Rosatom State Corporation

Year of birth: 1954
Education: Tomsk Polytechnic Institute
  • From November 2008 to June 2010 — Deputy CEO, Rosatom State Corporation.
  • Since July 2010 — Chief Inspector, Rosatom State Corporation.

Mr. ADAMCHIK, SERGEY ANATOLYEVICh,
NON-EXECUTIVE DIRECTOR

Member of the Board of Directors, Rosenergoatom Concern JSC (since 2010), Executive Director, Rosatom State Corporation

Year of birth: 1973
Education: Urals State Law Academy, Candidate of Law
  • Since 2015 — First Deputy CEO — Director of Development and International Business Unit, Rosatom State Corporation.

Mr. KOMAROV, KIRILL BORISOVICH,
NON-EXECUTIVE DIRECTOR

Chairman of the Board of Directors, Baltic NPP JSC.

In 2011 — elected to WANO Governing Board.

From August 2011 to October 2015 — CEO, Rosenergoatom Concern JSC.

Since 2012 — Chairman of the Board of Directors, Baltic NPP JSC.

Mr. ROMANOV, YEVAgeNY VLADIMIROVICH,
EXECUTIVE DIRECTOR

Member of the Board of Directors, Rosenergoatom Concern JSC (since 2010), CEO, Rosenergoatom Concern JSC (until October 6, 2015)

Year of birth: 1961
Education: Urals Polytechnic Institute
  • 2010–2011 — CEO, Rostekhnologii — Metallurgy JSC.
  • From August 2011 to October 2015 — CEO, Rosenergoatom Concern JSC.
  • In 2011 — elected to WANO Governing Board.
  • Chairman of the Board of Directors, Baltic NPP JSC.

Mr. SILIN, BORIS GEORGevICH,
NON-EXECUTIVE DIRECTOR

Chairman of the Board of Directors, Rosenergoatom Concern JSC (since 2010); Advisor to First Deputy CEO for Operations Management, Rosatom State Corporation.

Year of birth: 1954
Education: Moscow Institute of Chemical Machine Building
  • Since 2012 — Advisor to the First Deputy CEO for Operations Management, Rosatom State Corporation.

* Was member of the Concern’s Board of Directors until February 19, 2016. *
RESOLUTIONS APPROVED BY CONCERN’S BOARD OF DIRECTORS IN 2015

GENERAL
- Convening of the annual general meeting of stockholders
- Convening of the extraordinary general meeting of stockholders
- Preliminary approval of 2014 annual report
- Preliminary approval of 2014 annual accounting statements
- Amendment of the articles of association
- Defining of the auditor’s remuneration
- Approval of changes in the resolution on additional issue of stock
- Inclusion of candidates in the candidate list for election to the Board of Directors at the annual general meeting of stockholders

REVIEW OF THE BOARD OF DIRECTORS’ ACTIVITIES
- Election of the Board of Directors Chairman
- Review of the report on the Board of Directors’ resolutions implementation

FINANCE
- Approval of 2015 budget

PARTICIPATION IN ORGANIZATIONS, CREATION/LIQUIDATION OF BRANCHES
- Participation in the registered capital of organizations
- Establishment and liquidation of branches

MAJOR TRANSACTIONS
- Approval of transactions related to alienation of immovable property

APPROVAL OF LOCAL REGULATORY ACTS
- Approval of regulations on branches

ChANGES IN COMPOSITION OF BOARD OF DIRECTORS
Upon the request of the Concern’s stockholders, in November the Board of Directors approved the resolution to convene an extraordinary General Meeting of Stockholders in February 2016, and on re-election of the Board of Directors (Minutes No. 234 dated November 27, 2015).

On February 19, 2016, the following candidates were elected to the Concern’s Board of Directors as proposed by the stockholder:
1. Sergey Anatolyevich Adamchik (non-executive director);
2. Kirill Borisovich Komarov (non-executive director);
3. Alexander Markovich Lokshin (non-executive director);
4. Andrey Yuvenalyevich Petrov (executive director);
5. Boris Georgievich Silin (non-executive director).

REPORT ON BOARD OF DIRECTORS ACTIVITIES IN 2015
In 2015, the Board of Directors held 42 meetings with 100% attendance.
During the year, the Board considered 61 issues within the competence defined by the Concern’s Articles of Association.

CORPORATE SECRETARY
Tasks and functions of the Concern’s Corporate Secretary are performed by the Board of Directors Secretary whose activities are governed by the Regulation on the Concern’s Board of Directors.

DIVISION MANAGEMENT
One of the main tasks of the current management model is optimization of the horizontal management of Rosatom State Corporation structural units interaction and vertical interaction of Rosatom State Corporation with its organizations in process groups.

Pursuant to Order No. 1/218-P dated March 4, 2013 of Rosatom State Corporation on Approval of Regulations on Management Model of Civil Part of Industry, the Concern is the management company of the Power Engineering Division.

The Concern considers monitoring of the management bodies’ instructions execution as one of the most important aspects of management. Thus, the Board of Directors annually reviews a report on its decisions implementation results. In addition, reports on execution of the decisions made by the Board of Directors and the General Meeting of the Concern’s Stockholders are sent to Rosatom State Corporation on an annual basis.
sctors and lines of business for the organizations which form part of its management circuit. The Division head is included in the decision-making system of the Corporation.

According to the Procedure for Interaction between the Corporation and the Concern, (which is a joint document defining the procedure for interaction between the Corporation and the Concern, a list of the organizations included in the Concern's management circuit was updated in 2015: 51 organizations (including 16 subsidiary companies) whose management mechanisms are implemented in the following way:

• Exercise of all legal rights of the stockholder/participant related to stocks/shares in the Concern;

• Provision of recommendations for the Concern's representatives on the board of directors in the organizations which form part of the Concern's management circuit, while these recommendations contain the Concern's opinion on the agenda items voting options;

• Approval of the interaction procedure being a joint document of the Concern and the organization (15 organizations).

CEO

According to the Articles of Association, tasks and functions of the Concern's operations management are performed by the Chief Executive Officer — a sole executive management body of the Concern.

According to the resolution by the General Meeting of Stockholders dated October 5, 2015 (Minutes No. 13) on early termination of the powers of Yevgeny Vladimirovich Romanov as CEO of Rosenergoatom Concern JSC on October 6, 2015 (last working day), Andrey Yuvanayevich Petrov was elected CEO of Rosenergoatom Concern JSC starting from October 7, 2015.

ANDREY YUVENALYEVICH PETROV

Member of the Board of Directors, Rosenergoatom Concern JSC (since 2016); CEO, Rosenergoatom Concern JSC since October 7, 2015.

Born in 1963.

Education: Ivanovo Power Engineering Institute.

Professional Experience: 2008—2009 — Deputy CEO, Director of Smolensk Nuclear Power Plant (Branch of Rosenergoatom Concern JSC).

2009—2015 — Deputy CEO, Director of Smolensk Nuclear Power Plant (Branch of Rosenergoatom Concern JSC).

Since 2015 — CEO, Rosenergoatom Concern JSC.

COORDINATION COUNCIL

The Coordination Council (before November 2015 — Executive Council) is the Concern’s advisory collegiate body headed by the CEO. The Coordination Council activities are governed by the Russian Federation laws, the Concern’s Articles of Association, the Concern’s organizational and administrative documents as related to the Coordination Council activities, and the Regulation on Coordination Council.

Key Objectives of Concern’s Coordination Council:
• Development of Strategy of the Concern and organizations included in its management circuit;
• Preparation of the mid-term development program for the Concern and organizations;
• Elaboration of the implementation mechanisms for strategic initiatives;
• Arrangement of efficient management of the Concern’s perspective and current activities;
• Consideration of key issues related to reorganization of the Concern and organizations.

The quantitative and personal composition of the Concern’s Coordination Council, including its secretary, and changes in the composition are approved by the CEO’s orders.
CONCERN'S DIRECTORATE AS OF DECEMBER 31, 2015

FEDYUKIN, VYACHESLAV ALEXANDROVICH
DEPUTY CEO — DIRECTOR OF KURSK NUCLEAR POWER PLANT (BRANCH OF ROSENERGOATOM CONCERN JSC)

PAREGUDA, VLADIMIR IVANOVICH
DEPUTY CEO — DIRECTOR OF LENINGRAD NUCLEAR POWER PLANT (BRANCH OF ROSENERGOATOM CONCERN JSC)

POVAROV, VLADIMIR PETROVICH
DEPUTY CEO — DIRECTOR OF NOVOVORONEZH NUCLEAR POWER PLANT (BRANCH OF ROSENERGOATOM CONCERN JSC)

ZHUKOV, ALEXEY GENNADYEVICH
DEPUTY CEO — DIRECTOR FOR PRODUCTION AND NUCLEAR POWER PLANTS OPERATION

IPATOV, PAVEL LEONIDOVICH
DEPUTY CEO — DIRECTOR FOR STRATEGY AND SPECIAL PROJECTS MANAGEMENT

SERVETNIK, VLADIMIR ALEXEEVICH
DEPUTY CEO — DIRECTOR FOR PURCHASES AND LOGISTICS

POVAROV, VLADIMIR PETROVICH
DEPUTY CEO — DIRECTOR OF NOVOVORONEZH NUCLEAR POWER PLANT (BRANCH OF ROSENERGOATOM CONCERN JSC)

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# Key Performance Indicators (KPIs) of the CEO of Rosenergoatom Concern JSC for 2015

<table>
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<th>Indicator</th>
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<td>Integral forecast cost of NPP construction</td>
<td>Taking into account time limits, rubles/kWh</td>
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<td>Integral indicator of investment efficiency, %</td>
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<td>Adjusted free cash flow of the State Corporation (including the adjusted free cash flow of the Division), rubles</td>
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<td>Labor productivity, mln kWh/pers.</td>
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<td>Fulfillment of the Investment Program of Rosenergoatom Concern JSC, %</td>
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<td>Power generation at NPPs, bln kWh</td>
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<tr>
<td>Specific semi-fixed costs, in prices of 2013, rubles/MWh</td>
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<tr>
<td>Foreign order portfolio for 10 years (including Rosatom Services), bln USD</td>
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<td>Integral performance on new products, %</td>
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<td>Revenue from new products sales outside the circuit and inside the circuit on a competitive basis, rubles</td>
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<tr>
<td>New product orders portfolio of the State Corporation for 10 years, mln rubles</td>
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<tr>
<td>LTRFR, %</td>
<td></td>
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<tr>
<td>No incidents above Level 2 on the INES scale in the industry and, no personnel exposure incidents over 50 mSv per year</td>
<td></td>
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<td></td>
</tr>
<tr>
<td>Fulfillment of state objectives, %</td>
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# Potential Conflicts of Interest and Their Settlement Procedure

**Ethical Practice**

The Concern’s activity is based on corporate values which are common for the entire nuclear power industry:
- One step ahead;
- Accountability;
- One team;
- Respect;
- Safety.

Following common corporate values makes it possible for the Concern to achieve strategic goals.

The Concern prepared and approved the following:
- Ethics Code, Ethics Panel Regulation, and Authorized Ethics Officer Regulation.
- The Ethics Code defines the ethical basis of activity of the Concern, its branches, and employees. It covers ethical principles, basic mechanisms of their execution, and the Concern’s commitments in specific areas of activity, including its relationship with Rosatom State Corporation, society, and business partners. Ethics Panels are created, and Authorized Ethics Officers are selected at all NPPs.

The Ethics Panel is a permanent collegiate body on the level of the Headquarters and branches. Its primary objective is to develop and implement the ethics practices: assistance in settlement of ethical dilemmas, prevention of violations in business ethics and business conduct.

The Ethics Panel objectives also include prepa-
ration of a reasoned decision and its delivery for approval to the CEO or another manager. The Authorized Ethics Officer is constantly vested with powers and responsibilities for organization of ethical practices. The Officer is responsible for consideration of employees’ applications and assessment of the Ethics Panel powers applica-
- tion to them. In case an ethical dilemma is not settled on the level of the Ethics Panel, the em-
ployee is entitled to apply to the hotline of the Concern or Rosatom State Corporation.

**Anti-Corruption Practices**

The Order of Rosatom State Corporation dat-
ed July 16, 2014 No. 1/855-P approved and enacted the Concern’s Anti-Corruption Plan for 2014–2015 in order to ensure the Concern’s participation in 2015 in implementing the provisions of the National Anti-Corruption Plan for 2014–2015 approved by the Russian Federation President Decree dated April 11, 2014 No. 226. As of December 31, 2015, all of the planned measures were accomplished.

With a view to implement the action plan for organization of training and legal education of the Concern’s employees in the matters of preventing and countering corruption, the Concern’s Employees Training Program for 2014–2015 was approved and enacted. The Program allowed for 749 employees of the Concern’s Headquarters and branches to pass training (advanced training) at specialized educational institutions in 2015.

No corruption risk assessment was performed in 2015. The guidelines for assessment of cor-
rup
tion risks are developed and being ap-
proved at the moment.
4.2. INTERNAL CONTROL AND AUDITING

Internal control and auditing in Rosenergoatom Concern JSC are targeted at ensuring legitimacy and relevancy of financial discipline, efficiency of production and management activities, as well as enhancing attainability of strategic goals.

INTERNAL AUDITING SYSTEM

On the basis of the requirements applicable to the organizations of Rosatom State Corporation, the Concern shaped a reliable and efficient system for internal auditing aimed at enhancing attainability of the Concern’s activity goals, efficiency of corporate governance, and ensuring integrity of management while unconditionally maintaining compliance with safety requirements, legal standards, and international agreements.

The main objective of internal auditing in 2015 was related to increasing efficiency of the auditing activity.

In particular, timeliness of out-of-court disputes settlement and legitimacy of reviewed procurement procedures were ensured during organization of the competitive policy auditing. This allowed minimizing incidence of arbitration cases, applications to regulatory, supervisory, and law enforcement bodies, as well as duration of investment programs and maintenance campaigns implementation:

• Reduced term of complaints revision by the Arbitration Committee by 22% if compared to the standards defined in the Uniform Industrial Procurement Standard (by four days per each complaint on average);
• Active use of the mechanism of extraordinary in-house audits of purchases when considering complaints;
• Enforcement of all decisions of the Arbitration Committee by organizations of the Power Engineering Division;
• Absence of the Arbitration Committee decisions cancelled (changed) by the instance of appeal, and/or the Federal Antimonopoly Service.

INTERNAL AUDITING SYSTEM COMPONENTS

- Corporate culture and its shaping processes
- Personnel management processes and their results
- Corporate structure and delimitation of powers
- Processes of targets definition and target system (target setting)
- Risk management activity
- Internal auditing activity
- Monitoring activity (independent reviews)
- Information systems and communications
- Changes management activity
- Compliance

INTERNAL AUDITING SYSTEM PRINCIPLES

- General involvement
  - Each employee of the Concern is responsible for internal auditing

- Availability
  - The system is available for stakeholders to exert a controlling effect

- Anticipatory organization
  - Auditing systems in variable processes and structures shall be provided with resources, organized, rebuilt, and adapted in advance

- Risk orientation
  - The Concern’s internal auditing system development processes are based on the results of identification, forecasting and assessment of risks inherent to the Concern and its organizations

- Focusing
  - Conditions are created for focusing of the efforts of all participants of the auditing activity on development of the elements that ensure efficient achievement of targets

- Delimitation of responsibility
  - Auditing functions are distributed among the auditors in such a way that auditing targets are efficiently achieved

- Legitimacy
  - The internal auditing system operation and development are based on the provisions of Russian and international laws

- Hierarchy
  - Each management body and structural unit plays its own role in internal auditing with due account of the general structural hierarchy

- Completeness
  - The Concern’s internal auditing system is complete, comprehensive, and balanced: it encompasses all aspects of the Concern’s activities and takes into account all particularities of the sub-systems

- Development balance
  - The auditing development activity takes into account the risks of unbalancing of its integral parts and ensures timely response

- Sufficiency
  - The scale and scope of auditing functions correspond to the discovered risks and threats, which ensures sustainable and safe development and efficient achievement of targets

- Corporate culture and its shaping processes
- Personnel management processes and their results
- Corporate structure and delimitation of powers
- Processes of targets definition and target system (target setting)
- Risk management activity
- Internal auditing activity
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Each employee of the Concern is responsible for internal auditing

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4.3. RISK MANAGEMENT

PRINCIPLES OF AND APPROACHES TO ORGANIZATION OF RISK MANAGEMENT SYSTEM, INTERNAL REGULATORY DOCUMENTS

Development of the Corporate System for Risk Management (CSRM) by the Concern was performed in 2015 according to the Risk Management Policy.

MAJOR PRINCIPLES OF CSRM:

- Compliance with the Concern's strategy (risk assessment is primarily carried out in view of influence on strategic goals);
- Participation of each and every employee of the Concern in risk management in the area of his/her job duties;
- Periodical reassessment of risks;
- Integration into the key planning processes (strategic planning, mid-term planning, investment planning) for the most complete accounting for risks in the activities;
- Integration of the existing practices for management of certain risk categories;
- Transparency of the risk management process and an open dialog on possible consequenc-
es;
- Accounting for mutual influence of all risk categories in every sphere of the Concern's activities;
- Reliable system of information exchange among structural units;
- Constant development with a view to achieve the targets faced by the Concern.

CSRM GOALS AND OBJECTIVES

The main goals and objectives of the CSRM in the Concern are as follows:

- Timely identification of the emerging risks that influence achievement of the Concern's goals;
- Better understanding of risks and their mutual interrelation;
- Definition of the risk owners and their responsibility;
- Development and introduction of the procedures required for constant monitoring of risks.

INTERNAL AUDIT

The basic functions of internal audit and supervision are vested in the structural unit headed by the Concern’s Chief Controller — Internal Control Department.

The Internal Control Department activities are based on local regulatory acts, and best practices of internal audit and supervision, ensuring unbiased appraisal of the internal auditing system, discovering hidden threats, losses and risks, organizing supervisory operations.

In 2015, the Internal Control Department performed 18 supervisory operations in such important areas as:

- Implementation of investment projects (verification of efficiency of funds use for new power units construction);
- Management of inventory (current status of the inventory operations at NPPs were analyzed; recommendations were prepared);
- Status of financial and economic activities of Energoatominvest LLC subsidiaries (several second-tier subsidiaries of Rosenergatom Concern JSC were checked in NPP satellite towns);
- Procurement and contracting activities (the level of procedural regulation was improved);
- Claim related work (measures are taken to split responsibility for initiation and administration of contracts);
- Acquisition of services (mandatory substantiation was introduced for services purchase from third-party organizations showing signs of redundancy of the core structural units’ functions).

According to the operations results, measures were taken to minimize internal and external risks, including 684 administrative and technical measures were scheduled and accomplished (are being accomplished) for rectification of violations and deficiencies discovered (379 in 2014); 101 local regulatory acts were introduced/amended (33 in 2014).

The following priorities of internal auditing were defined for 2016:

- Identification of economic losses, search for overhead costs, development of proposals and recommendations for their rectification or minimization.
- Absence of decisions by instances of appeal of Rosatom State Corporation, Russian Federal Antimonopoly Service, and courts, for the cancellation (amendment) of the Arbitration Committee conclusions.
- Improvement of the auditing activity efficiency simultaneously with staffing optimization.

EXTERNAL AUDIT

Transparency and reliability of the organization’s financial statements define long-term prospects for the business development and lay the basis for its investment attractiveness. External auditing allows reducing risks for stockholders, on one hand, and broadening the range of potential investors, on the other.

Therefore, in compliance with legal requirements, the Concern is annually subject to external auditing, which is assurance of accounting statements by an external auditor according to international or national standards. Financial and Accounting Advisors Limited Liability Company (FAA LLC) was selected for accomplishment of mandatory auditing of the annual accounting statements in 2015.

Selection of the external auditor was performed on the level of Rosatom State Corporation as part of general centralization of accounting and taxation processes, budget planning, internal control of financial reporting, and risk management. The external auditor selection procedure was carried out according to the provisions of the Unified Industrial Standard (Procurement Regulation) of Rosatom State Corporation. FAA LLC auditors studied the annual financial statements prepared for 2015 according to Russian Accounting Standards by several enterprises of Rosatom State Corporation, including the Concern.
Organization of the risk management system

The Concern’s risk management system corresponds to the existing operation model; all cases of upsets and failures in equipment operation were investigated pursuant to the established procedure. Corrective and preventive measures were developed. They are aimed at removal of the root causes of upsets and prevention of their repetition.

For the purpose of risk management, the system of management is being improved for all stages of NPPs construction, starting from pre-design preparations and ending with power unit commissioning. Requirements for organization of the assembly and construction work monitoring system were developed and introduced at NPP construction sites. The requirements ensure a unified procedure at all sites for collection and analysis of data and information on assembly and construction work quality.

A training school started operations in the town of Novovoronezh for scheduled training of blue collar workers, engineers, and technical employees for mid-level construction and assembly jobs. Close contacts were established with industry-specific educational institutions preparing construction and operation personnel. The RosAtom NPP power unit No. 3 was commissioned. Power start-up of the unit had been performed ahead of schedule.

The Concern continued improving the risk management system and integrating it with all main processes and, first of all, with the investment planning and budgeting processes. As part of the mentioned activities, a list of key risks was updated in a scheduled manner, aggregated influence of risks (including the risks of considerable changes in the global commodity markets) on major financial and economic indicators was assessed, and considerable changes in the global commodity markets were monitored. As a result, maximum synchronization of network equipment repair times, and NPP power unit repairs was achieved, thus reducing the risk of price drop and the risks of limitations on NPP power delivery.

In 2015, the Concern continued improving the risk management system seeking further integration with all main processes and, first of all, with the investment planning and budgeting processes. The Concern’s risk management system responding to the existing operation model; all cases of upsets and failures in equipment operation were investigated pursuant to the established procedure. Corrective and preventive measures were developed. They are aimed at removal of the root causes of upsets and prevention of their repetition.

The function of risk treatment measures, and their execution and efficiency control, are performed by several management bodies of the Concern; Organization of the risk management system includes three management levels: strategic, tactical, and operational.

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4.4. PROPERTY MANAGEMENT

As of the end of the reporting period, the Concern de-facto was using 805 land plots with the total area of 20,867 ha, among them:

- 410 land plots with the total area of 6,254 ha fully owned by the Concern;
- 395 plots with the total area of 14,613 ha are leased by the Concern, including 32 plots under short-term lease.

741 land plots are registered with cadaster, including, by way of declaration, the lands of the forest fund.

5 land plots are currently subject to survey work with subsequent registration with cadaster.

The Concern holds title to 7,166 items of immovable property, including 6,849 items for which the Concern had registered its property rights.

4.5. PURCHASE MANAGEMENT

CASE STUDY PURCHASING PROCEDURES

The share of contracts made by the Concern with small and medium businesses in 2015 was 58.4 %, compared to 18 % in 2014.

In 2015, the Concern and its branches held 11,178 purchasing procedures amounting to 194,136 mln rubles with VAT (11,913 purchasing procedures amounting to 118,319 mln rubles with VAT in 2014).

The savings from the Concern’s purchasing procedures totaled 10,744 mln rubles with VAT, including 6,501 mln rubles with VAT on competitive purchasing procedures (5,811 mln rubles with VAT in 2014).

The Concern’s purchasing activity is governed by the Federal Law No. 223-FZ dated July 18, 2011 on Purchasing of Products, Work, and Services by Specific Corporate Entities, and the Unified Industry-Level Purchasing Standard (Regulations on Purchasing Activities) of Rosatom State Corporation approved by the resolution of Rosatom State Corporation Supervisory Council dated February 7, 2012 No. 37, as amended (the Standard), and other local regulatory acts and administrative documents of Rosatom State Corporation and the Concern related to purchasing activity.

Pursuant to the Federal Law and the Standard, information on goods, work or services to be purchased is published on the official website of the government: www.zakupki.gov.ru, and the official website on purchasing in the nuclear sector: www.zakupki.rosatom.ru; thus, a wide range of bidders may join the procedure, and a competitive environment is created.

The Concern’s purchasing activity regulates the relations arising from purchasing for the needs of Rosatom State Corporation and its organizations with a view to promote fair competition and fair market prices, ensure efficient use of funds, transparency of order placement, and integrity of the economic space.

Among the basic principles are purchasing in information transparency, equality, uniform and cost-efficient spending.

According to the Standard, the Concern developed and enacted the regulatory documents that govern the purchasing activities and the procedure of interaction among the Concern’s Headquarter, branches, and subsidiaries when carrying out purchasing activities.
The Concern’s long-term development instruments include introduction and improvement of the system for logistics support, purchasing of materials and equipment, as well as work and services for the Power Engineering Division headed by Rosenergoatom Concern JSC.

Optimal development is ensured by the logistics support system management—a series of measures aimed at satisfying the demand of order initiators. The logistics support system comprises planning of the demand covering, shaping of the purchasing object, and requirements for contract terms and conditions, execution, and administration of contracts, as well as inventory management.

Long-term development and stability of the processes related to the logistics support system are ensured by the category management introduced in the Division. Category management is an industry-wide group of processes corresponding to Rosatom Process Model.

The key instrument for further development of the logistics support system is a category purchasing strategy—action plan for efficient management of purchases, supplies, inventory, and interaction with suppliers in the categories of materials, resources, equipment, work, and services.

Planned and actual results are achieved through long-term planning of purchases, development of strategies for purchasing procedures, aggregation of orders, automation of business processes within the logistics support system, laying the cornerstones for unified technical policies as part of centralized procurement of materials, equipment, work, and services.

In 2015, 414 category strategies were approved for the amount of 29.3 bln rubles, some 80% of equipment purchases are covered with category management.

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We are constantly streamlining the purchasing procedures in order to increase the efficiency of procurement activities. Respective indicators of efficiency are monitored by heads of the Procurement and Logistics Support Service of the Concern’s Headquarters, as well as Procurement Directorates created in the Concern’s branches.

In terms of legal and economic innovations in the procurement activities, a separate clause on the RPS was included in the agreement with service suppliers. On one hand, the contractor was obliged to take part in RPS projects related to repair and maintenance. On the other hand, the Concern acquired savings from such projects and assumed the obligations to provide financial incentives to the contractor on the conditions stipulated in the agreement.

In 2015, the Concern’s procurement performance indicators were fulfilled in full.

CONCERN’S PURCHASING OBJECTIVES FOR 2016:

• Share of non-competitive purchases — 9%;
• Share of purchases from small and medium businesses — 18%;
• Streamlining of category management of the logistics support system, categorized procurement of materials, equipment, work, and services.

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The Project for Office workplaces Organization According to 5S System became another step towards the RPS implementation. The Project was targeted at optimization and decrease of various losses (time, space, unnecessary inventory).

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96.2% — 21.6 bln rubles, actual savings from category purchasing — 1.27 bln rubles.

In 2015, 414 category strategies were approved for the amount of 29.3 bln rubles, some 80% of equipment purchases are covered with category management.

EXAMPLES OF ORDERS AGGREGATION IN 2015:

• Purchasing of spare parts for main process equipment for several NPPs in 2016-2018:
  • spare parts and accessories for steam turbines,
  • spare parts and accessories for reactor equipment,
  • spare parts and accessories for RBMK reactors,
  • spare parts and accessories for turbine generators,
  • spare parts and accessories for RBMK and VVER reactor coolant pumps.

204 procedures were planned, seven procedures were accomplished (orders aggregation, divisional purchases organization).

DURATION OF ONE COMPETITIVE PURCHASING PROCEDURE

42.8

hours, which is 28 working days on average.

Back in 2011, the Smolensk NPP got acquainted with such RPS instruments as improving proposals and process mapping owing to the Goods, Work, and Services Purchasing Project. The Project resulted in deeper understanding of purchasing processes, and time saving per competitive purchasing procedure.

The Smolensk NPP Procurement Directorate initiated a RPS project for optimization of purchasing processes, a detailed schedule of target indicators achievement is being developed.
4.6. QUALITY ASSURANCE

At all life cycle stages of the nuclear industry facilities the Concern defines its quality assurance policy on the basis of the main goals of its activity — cost-efficient generation and reliable supply of electricity and heat to consumers while assuring the safety priority.

QUALITY POLICY

The Concern’s integrated quality system is based on the ISO 9000 standards, federal standards and rules NP-090-11 — Requirements for Quality Assurance Programs for Nuclear Facilities, and IAEA manuals on safety of nuclear units of GS-R series (General Safety Requirements).

The Concern is implementing the Quality Policy Statement with its basic provision concerning cost-effective power generation and reliable supply of electricity and heat to consumers, while maintaining unconditional compliance with safety requirements.

QUALITY POLICY IMPLEMENTATION

All activities regarding the Concern’s quality system development scheduled for 2015 by administrative orders of the Concern were performed in full. The Concern achieved the quality targets set for 2015 by Rosatom State Corporation (as confirmed by monitoring of the existing system of quality management in the civil segment of Rosenergoatom Concern JSC division) in the following areas: coordination of engineering documentation, manufacturing inspection, acceptance control, assembly and construction work inspection, commissioning control, maintenance and operation activities.
PLANS FOR 2015
RESULTS OF 2015
PLANS FOR 2016

Development of the integrated quality system towards forming and implementing a unified technical policy in the area of quality, updating of statutory base of the Concern’s quality system, including quality assurance of the products supplied to operating NPPs and NPPs under construction

Operations started to shape the Concern’s Integrated Management System according to GS-R-3 requirements

Development of the integrated quality system towards forming and implementing a unified technical policy in the area of quality, updating of statutory base of the Concern’s quality system, including quality assurance of the products supplied to operating NPPs and NPPs under construction

Quality requirements included in typical supply agreements of Rosatom State Corporation, and the Concern;
Regulatory documents and operator’s stand-ards developed, updated and introduced to assure quality of products supplied to operating NPPs and NPPs under construction, specification of NP-090-11 requirements for the Concern’s RPSAP; development of the quality system according to GOST ISO 9001-2011 requirements

PLANS FOR 2015
RESULTS OF 2015
PLANS FOR 2016

Confirmation of validity of the Concern’s quality system conformity certificate in TÜV Thuringen e. V. certification agency

The Concern’s quality system approved for conformance with the requirements of ISO 9001:2008 – Quality Management Systems. Requirements by TÜV Thuringen e. V. (Germany) certificate No. TIC 10 100 123008 in the following area: Management of Design and Construction of Facilities of Peaceful Use of Nuclear Power, Electric Power Production and Supply. The Concern was provided with a certificate updated according to changes in the Concern’s corporate structure (creation of a branch in charge for capital projects implementation). The validity term of the conformity certificate: from May 23, 2015 to May 22, 2018

Confirmation of validity of the Concern’s conformity certificate in TÜV Thuringen e. V. certification agency

PLANS FOR 2015
RESULTS OF 2015
PLANS FOR 2016

Creation in the organizational and functional structure of the Concern’s branches - operating NPPs and NPPs under construction — of the Division for Organization of On-Receipt Control and Evaluation of Conformance, as a structural unit

The Division for Organization of On-Receipt Control and Evaluation of Conformance introduced in the corporate and functional structure of the Concern’s structural units — nuclear power plants

Analysis of performance results of Division for Organization of On-Receipt Control and Evaluation of Conformance at nuclear power plants in order to assess their operational efficiency

Inspections of compliance with quality assurance programs and GOST ISO 9001:2011 by the Concern’s branches and organizations performing work and services, including: quality assurance programs for development and manufacturing of equipment by manufacturers of equipment important for NPP safety

Inspections of compliance with NP-090-11, GOST ISO 9001:2011, GS-R-3, organization of acceptance control of the Concern’s NPP equipment

Inspections of compliance with NP-090-11, GOST ISO 9001:2011, GS-R-3 at Balakovo, Smolensk, Leningrad, Kalinin, Kola NPPs;
Inspections of compliance with NP-090-11, GOST ISO 9001:2011 at the organizations performing work and services, including: quality assurance programs for development and manufacturing of equipment by manufacturers of equipment important for NPP safety

PLANS FOR 2015
RESULTS OF 2015
PLANS FOR 2016

Introduction of the Certification System for Production Sites of Manufacturers of Equipment for the Concern’s NPPs

Implementation of RPS projects to the extent of ensuring quality of the products delivered to operating NPPs and NPPs under construction, and monitoring of progress towards goals in the area of quality

Joint Resolution of Rosatom State Corporation and Rossetkhnadzor developed and approved on the Procedure for Formalization of Resolution Regarding Application of Multiple Use Imported Products at Russian Federation Nuclear Plants of No. АС-08-НРЗП-20-2015 dated November 16, 2015 (in order to optimize the approval by Rosatom State Corporation of the Resolutions on Application of Imported Goods (equipment, spare parts, semi-finished products, and materials) Supplied to Concern’s NPPs)

Performance and scaling of results of RPS projects in the area of quality assurance of the products supplied to operating NPPs and NPPs under construction

Performance and scaling of results of RPS projects in the area of quality assurance of the products supplied to operating NPPs and NPPs under construction

Monitoring of products quality for NPPs by means of continuous collection, processing, storage, and analysis of data with the use of software, hardware, and methodological complex (equipment quality data base) allowing to make managerial decisions, set the requirements in local regulatory acts of the Concern and Rosatom State Corporation (industrial regulations, guidelines, etc.)

Maintenance of use of the analysis data from the supplied equipment quality data base

Volumes and procedures defined for additional inspection of the products of safety classes 3, 2, and 3, according to DPR 9/97 Safety Regulations, manufactured in the Ukraine, pursuant to joint Resolution of Rosatom State Corporation and Rossetkhnadzor dated March 10, 2015 No. 1/12-ПЧ on Additional Assessment (to be Performed at Manufacturing Plants in Ukraine) of Products Conformity for Russian Federation Nuclear Power Plants

Development of the Certification System for Production Sites of Manufacturers of Equipment for the Concern’s NPPs

Development of the Certification System for Production Sites of Manufacturers of Equipment for the Concern’s NPPs

Interaction with Stakeholders

Management Efficiency

Key Performance Results

Strategy and Outlook

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ANNUAL REPORT

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INTERACTION WITH STAKEHOLDERS

5.1. INTERACTION WITH STAKEHOLDERS IN REPORTING PERIOD

Rosenergoatom Concern JSC strives for ensuring the highest level of availability and transparency of its activity by implementing the principle of active dialog with stakeholders. The Concern supports active communications with all stakeholders, timely providing significant information on all aspects of its activity and responding to requests and suggestions of stakeholders.

The approach to interaction with stakeholders is based on the principles of regular and constructive dialog, partnership, mutually beneficial cooperation, trust and sincerity, public availability and transparency, fulfillment of assumed obligations.

Due to a wider scope of the Concern’s business in 2015, the stakeholders ranking map was updated following the discussion of the top managers and representatives of key stakeholders during the Report preparation.

1. Authorities of the federal level, and the level of federal constituents, municipalities
2. Supervisory bodies
3. Stockholders (Atomenergoprom JSC, Rosatom State Corporation)
4. Employees, trade union
5. Population, local communities
6. Environmental and non-governmental organizations
7. Business partners and potential investors
8. Mass media
9. Analysts, expert community
In strict compliance with legislation of the Russian Federation, when planning its activities that can have considerable impact on the environment and local communities, the Concern initiates public discussions. Among the participants are experts representing R&D organizations and designers, supervisory agencies, federal, regional, and local government agencies, NGOs, environmentalists, the press, and the broader public.

Overall, in 2015, 14 public discussions were held in the Concern’s areas of presence. More than 3,000 persons took part in them. The case of each public discussion includes 100 or more activities involving communities, regulatory agencies and mass media, and involves explaining of planned activity and its safety principles for human and environment.

1 Public discussions are a set of activities forming part of evaluation of environmental impact of prospective economic and other activity held with a view to inform the public about planned activities and its possible impact on the environment, to identify public preferences and consider them for impact assessment, and to protect the rights, liberty, and legitimate interests of citizens within areas targeted for specific business operations of significance.

AAP NP FUND

The Fund for Promotion of Development of Municipalities “Association of Areas of Presence of Nuclear Plants” (AAP NP Fund) was created in 2013. Their founders are Rosenergoatom Concern JSC and municipal entities where nuclear plants are located. At present, the Fund unites 13 municipal entities and territories of nuclear plants presence and 11 Russian NPPs.

The Fund pays close attention to international cooperation.

• April 2015 — a Twin City Memorandum was signed between Novovoronezh (Voronezh Oblast) and Paks (Hungary).

• September 2015 — a Memorandum between the cities of Desnogorsk (Smolensk Oblast) and Gerjen (Hungary).
CASE STUDY
ENVIRONMENTAL MONITORING

According to the Oka Movement data, the gamma-ray monitoring of the Kursk NPP, Kursk NPP-2 construction site, and the town of Kurchatov. Activities were held as part of the long-term Program for Public Control in Nuclear Industry implemented since 2010.

In September and October 2015, the Oka Inter-Regional Environmentalist Movement, together with two environmental expeditions to the Kursk NPP, Kursk NPP-2 construction site, and the town of Kurchatov. Activities were held as part of the long-term Program for Public Control in Nuclear Industry implemented since 2010.

In Order to support the development of education, culture, and sports in the municipal entities, the APP NP Fund annually holds an open contest of social projects among NGOs in the areas of NPP presence since 2013 under the sponsorship of the Concern.

The Concern is active in partnering with Non-Governmental and Environmental Organizations. The Concern’s committee of stakeholders comprises representatives of various environmental organizations and movements, including Belfiore Ecology and Law Center, Oka Inter-Regional Environmentalist Movement, Nongovernmental Ecological Fund named after V.I. Vernadsky, Green Cross Inter-Regional Public Environmental Organization.

• November 2015 — a Memorandum of Cooperation between the Voronezh Oblast Government and the Tolna County Administration (Hungary).

• In 2015, the Concern supported the Fund in publishing the album of Balint Vincze, Hungarian nature photographer — Impressions from Danube to Chukotka, devoted to natural diversity of Hungarian Nature photographer — Impressions from Danube to Chukotka, devoted to natural diversity of Russian NPP locations. During 2015 the photographer visited 10 operational NPPs in Russia with master classes and took photos of the nature in vicinity of power plants for the album. The photo exhibitions were successfully held in Budapest and Paks, the IEA office in Vienna, in London as part of the 40th annual IEA Symposium, in Astana (Kazakhstan) as part of the 10th annual KazEnergy Eurasian Forum, in Rosatom State Corporation, and Kremlin State Palace as part of celebrations devoted to the 70th anniversary of the nuclear power industry, as well as in other cities and regional centers where Russian NPPs are located.

In December 2015, the Information Center at the Balakovo NPP welcomed its 250,000th visitor.

In December 2015, the exhibition was presented in the Russian Federation State Duma building on the eve of the 70th anniversary of the nuclear power industry. In order to support the development of education, culture, and sports in the municipal entities, the APP NP Fund annually holds an open contest of social projects among NGOs in the areas of NPP presence since 2013 under the sponsorship of the Concern.

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5.2. INTERACTION AS THIS ANNUAL REPORT WAS PREPARED

PUBLIC CONSULTATIONS ON DRAFT ANNUAL REPORT

Public consultations on the draft Annual Report took place in the Concern’s Headquarters on April 22, 2016. Some 70 people participated in the consultations — representatives of state and local authorities from the regions of NPPs’ presence, APP NP Fund, WANO Moscow Center, public and environmental organizations, mass media, the Concern’s branches — nuclear power plants, and subsidiaries. In general, a high level of information disclosure and reflection of opinions and suggestions of stakeholders expressed during the reporting campaign was recognized.

STAKEHOLDERS COMMISSION

In order to improve the Concern’s public reporting system and to ensure acceptance of the Concern’s activity by communities through involving stakeholders in the dialog, the Stakeholders Commission was created at the Concern’s initiative in 2013. The Commission included representatives of key groups of stakeholders: state and local authorities, public and environmental organizations, scientific institutions, NGOs, mass media, business partners, etc.

The Commission’s activities are aimed at:
- Ensuring public acceptance of the nuclear power industry development in Russia;
- Providing collective recommendations for decision making in the area of sustainable development of the Concern and the nuclear industry in general;
- Communicating with population and NGOs on the matters related to nuclear power use.

The Commission members take an active part in dialogues and community consultations, discussing annual reports and current issues of the Concern’s activities, as well as in the procedure of public affirmation of the Concern’s annual reports.

5.3. PUBLIC REPORTING SYSTEM

PUBLIC REPORTING SYSTEM

Information about the Concern’s public reporting system is given in the 2014 Annual Report (page 35).

The following regulatory documents were used in preparation of the Concern’s Annual Report:
- Federal Law dated December 26, 1995 No. 208-FZ on Joint Stock Companies;
- Federal Law dated December 6, 2011 No. 402-FZ on Corporate Accounting;
- Regulation on Information Disclosure by Issuers of Securities (approved by Order of the Central Bank of the Russian Federation dated December 30, 2014 No. 454-P);
- G4 Sustainability Reporting Guidelines issued by the Global Reporting Initiative (GRI);
- AA1000 series of standards published by the International Institute of Social and Ethical Accountability;
- Integrated Reporting Standard of the International Integrated Reporting Council (IIRC);
- Key Performance Indicators. Recommendations of the Russian Union of Industrialists and Entrepreneurs (RSPP) on their use within managerial practices and corporate non-financial reports;
- Rosatom State Corporation’s Public Reporting Policy;
- Public Annual Reporting Standard of Rosenergoatom Concern JSC (revised in 2015);
- Rosenergoatom Concern JSC Ethics Code.

The Concern’s report is prepared on the basis of the guidelines approved by administrative orders of the Concern’s CEO:
- Public Reporting Policy (approved by the Concern’s order in 2015 due to revision of the Key Performance Policy of Rosatom State Corporation and its Organizations);
- Procedure for Preparation of Concern’s Annual Report (revised in 2015);
- List of Standard Elements of Concern’s Public Annual Reporting;
- Regulations on Concern’s Stakeholders Commission.
When preparing the Annual Report concept under the GRI G4 Sustainability Reporting Guidelines, representatives of stakeholders and top management of the Concern took part in a survey in December 2014, as part of the first dialogue with stakeholders, to update and select material aspects of the Concern’s activity, for subsequent disclosure of these aspects in the Annual Report.

Following the survey, and with due regard to the reporting principles used to determine the content of the Report, and in accordance with the public reporting standard, as well as with the Rules of Preparing Concern’s Public Annual Report, the concept of the Concern’s Annual Report was developed and approved determining the content and material aspects of activity subject to disclosure in the Report.

The ranking map was updated on the basis of the survey results. The methodology is as follows: the horizontal axis reflects the aspect significance for the company according to the survey among top managers. The vertical axis reflects the aspect significance for stakeholders according to the survey among them. Indicator values on each axis were determined as a ratio between the number of positive answers to the total number of respondents. The threshold value was determined to be equal to 0.5 on either axis. The aspects entering the said zone, taking into account the working group’s opinion, were considered material. They are marked in blue and purple.

The description of impact boundaries for the aspects provided in the Concern’s 2013 Annual Report (pages 56-37). All material aspects are important for the organization within the report perimeter. There are no specific limits regarding aspect boundaries within the organization. The issue of on-the-job injuries in supplying companies is considered material outside the organization.

There is no redefinition of the indicators provided in the previous reports. All data provided is correlated with the previous reports. The material aspect has been deemed immaterial because NPP emission values are situated close to the low limit of indicator measurement.

### PUBLIC REPORTING SYSTEM IMPROVEMENT AREAS

**ACTION**

- Revision of the Concern’s Public Reporting Policy, its distribution among all major stakeholders of the Concern
- Update of the Concern’s Public Reporting Standard according to the specialization of the Concern
- Participation in workshops of Rosatom State Corporation, meetings of the Russian Regional Network for Integrated Reporting, training sessions
- Survey of the Concern’s top managers and stakeholders for selection of material aspects of activity, and compilation of the stakeholders ranking map in the Report, identification of priority subjects of the Report
- Consideration of suggestions through the online version of the Report (feedback form)

**RESULTS OF 2015**

- Participation in workshops of Rosatom State Corporation, meetings of the Russian Regional Network for Integrated Reporting, training sessions
- Participation in workshops, study of best reporting practices, including the international ones
- Polling of stakeholders in the areas of presence
- Collection and consideration of suggestions through the online version of the Report (feedback form)
- Holding of dialog at NNPIs
- Participation in Russian and international contexts of reporting
- Promotion in social networks
- Report presentation
- Promotion in the areas of presence, at forums and exhibitions
- Publication in mass media

**PLANS FOR 2016**

- Expansion of the Stakeholders’ Commission composition and competences
- Unification of the reporting information collection and processing procedures
- Participation in workshops, study of best reporting practices, including the international ones
- Evaluation of suppliers, respecting human rights
- Procedures for submitting complaints (ecology)
- Procedures for submitting complaints on labor relation practices
- Evaluation of suppliers’ labor relation practices
- Procedures for submitting complaints on violation of human rights
- Evaluation of suppliers respect for human rights
- Procedures for submitting complaints on violation of human rights
- Consumer privacy
- Conformance to requirements
- Safe operation of nuclear power plants
- Reliability of electricity supplies to consumers
- Public acceptance
- Interaction with state supervision agencies and non-governmental organizations
- Company transparency
- Non-conformance and scope of specific aspects are marked with asterisks

### RANKING MAP OF MATERIAL ASPECTS OF ACTIVITY (GRI G4 GUIDELINES AND IIRC FRAMEWORK)

![Ranking Map of Material Aspects of Activity](image-url)
APPENDICES

APPENDIX 1. ABOUT ANNUAL REPORT

DESCRIPTION OF REPORT

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<th>Reporting cycle</th>
<th>Annual</th>
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<tr>
<td>Report format</td>
<td>Integrated, as seven previous ones</td>
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</table>
| Prioritized Report subjects | • Safety of the Russian nuclear power industry  
• Development of new business lines |
| GRI disclosure level | Comprehensive option under GRI G4 Sustainability Reporting Guidelines |
| Date of previous Report publication | June 2015 |
| Report cover | Rosenergoatom Concern JSC, including branches — operating nuclear power plants, and those under construction |
| Forms of reporting information assurance | • Auditor’s report certifying annual financial statements  
• Non-financial audit report  
• Report of the Internal Control Department on auditing of the public report building process  
• GRI Materiality Disclosure Service  
• Public assurance by RSPP |

The Concern’s integrated report combines a traditional annual report of a public joint stock company, and a sustainability report. The Report is subject to approval by the General Meeting of Stockholders.

REPORT BUILDING PROCESS

During the Annual Report building process, the context of the Concern’s operations in 2015 was subject to analysis. Just as before, safety of NPPs’ operation remained one of the Concern’s focuses. Therefore, Safety of Russian Nuclear Power Industry was traditionally selected as a priority subject of this Report. Due to increased competition in the energy market and special importance of boosting operational efficiency for the entire nuclear industry, the Development of New Business Lines became another priority subject for the Concern, which showed the subject influence on various aspects of the Concern’s activities in the reporting year, and in the medium term.

The principles of highlighting material aspects and interacting with stakeholders were implemented to ensure that the selected priority subjects were relevant and significant for preparation of the Annual Report according to the Global Reporting Initiative G4 Sustainability Reporting Guidelines. Stakeholder representatives were invited to discuss the report through dialogue, public consultations, and public affirmation. Interaction with stakeholders was arranged as recommended by the Stakeholder Interaction Standard AAS0005ES.

The Concern’s top executive management was involved in preparation and assurance of the Report through questionnaire surveying and selection of material aspects of activity.

This Annual Report discloses key performance indicators of business operations for the period between January 1 and December 31, 2015, and describes the Concern’s outlooks for growth, information on the strategic goals and activities aimed at laying the basis for long-term sustainability.

LEVEL OF COMPLIANCE OF THIS ANNUAL REPORT WITH GRI G4 GUIDELINES: COMPREHENSIVE

Disclosure of information in the Annual Report: the Comprehensive option under the GRI G4 Sustainability Reporting Guidelines as proven by an independent third-party audit. To conduct an independent third-party audit, the Concern annually hires an independent auditor as determined during the relevant tender.

DIFFERENCES FROM 2014 ANNUAL REPORT

In preparing the Annual Report, closer attention was paid to the materiality principle that allowed selection of relevant areas of the Concern’s activities, and focus on the disclosure of information that is most relevant for stakeholders. Following the results of the questionnaire survey among stakeholders and top managers of the Concern, a list of material aspects reflected in the Annual Report was updated.

DISCLAIMER

Information included in the Annual Report contains, among other things, estimates and other forecasts as an attempt to describe future events or future financial activities of the Concern. Such estimates and forecasts are speculative by their nature, and may ultimately differ from actual results. Forecast information is declared before the respective reporting period began. Many of the existing factors may cause actual results to significantly depart from those stated in our assumptions or estimates. This includes general economic conditions, competitive environment, risks related to the operations inside and outside Russia, changes in technologies and the market situation in the nuclear power industry, and other factors relevant to the Concern’s business.

For additional updates on the Concern’s activities, please visit http://www.rosenergoatom.ru.
APPENDIX 2. CORPORATE AND CONTACT DETAILS

Full Name: Russian Concern for Production of Electric and Thermal Energy at Nuclear Power Plants (Joint Stock Company)
Abbreviated Name: Rosenergoatom Concern JSC
Location: 109507, Moscow, ul. Ferganskaya, d. 25
Contact phone: +7 (495) 647-41-89
Fax: +7 (495) 647-46-03
Email: info@rosenergoatom.ru
Website: http://www.rosenergoatom.ru

Auditor Details: Accountants & Business Advisers (Limited Liability Company)
Location: 101990, Moscow, ul. Myasnitskaya, 44/1, str. 18
Details of license for share register management:
License number: 10-000-1-00264;
Issue date: December 3, 2002;
Licensing authority: Federal Commission for Securities Market;
License period: without restriction of the validity period.

Registrar Details: Registrar R.O.S.T. (Joint Stock Company)
Registrar Address: 107996, Moscow, ul. Stromynka, d. 18
Details of license for share register management:
Primary State Registration Number: 1027700058286
Taxpayer Identification Number/Taxpayer Classification Code: 7701017140/770101001

Stockholders Details: Rosatom State Corporation — 8.3941%

Subsidiary Companies:

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<th>STAKE, %</th>
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<td>2. EREC JSC</td>
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<tr>
<td>3. Batk NPP JSC</td>
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</tr>
<tr>
<td>4. IAPO JSC</td>
<td>100</td>
</tr>
<tr>
<td>5. Atomenergoatom JSC</td>
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<tr>
<td>6. Atomenergoremont JSC</td>
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<td>7. NPP ETC JSC</td>
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APPENDIX 3. GRI CONTENT INDEX

FOR COMPREHENSIVE REPORT PREPARED ACCORDING TO GLOBAL REPORTING INITIATIVE G4 SUSTAINABILITY REPORTING GUIDELINES, RSPR

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EU1 Not applicable as the Concern is not responsible for sales activity
EU2 Not applicable as the Concern is not responsible for power transmission
EU3 Not applicable as emissions of CO2 and equivalents are negligible
### SPECIFIC STANDARD DISCLOSURES

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**Aspect: Labour**

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</tr>
<tr>
<td>G4–LA4</td>
<td>07</td>
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<tr>
<td>G4–LA5</td>
<td>07</td>
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</table>

**Aspect: Efficiency and waste**

<table>
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<td>G4–EN3</td>
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**Aspect: Compliance**

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<tr>
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<td>G4–LA11</td>
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**Aspect: Overall**

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<tr>
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**SPECIFIC CONTENT INDEX**

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<tbody>
<tr>
<td>EU15</td>
<td></td>
<td>The data collection system used by the Concern does not permit to provide consolidated information on this indicator for 2014. The Concern intends to present EU15 disclosures in full in subsequent reports.</td>
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**Aspect: Labor/Management Relations**

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**Aspect: Occupational Health and Safety**

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**Aspect: Training and Education**

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<tr>
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**Subcategory: Human Rights**

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**Aspect: Financial Statements**

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**Aspect: Security Practices**

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**Aspect: Indigenous Rights**

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**Aspect: Assessment**

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<td>G4–HR10</td>
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</tbody>
</table>

**Human rights compliance or impact in connection with human rights were not evaluated.**
NPPs do not transport, import, or export hazardous waste.

Standard duty regulations for all of the Concern’s employees provides for knowledge of and compliance with legislation of the Russian Federation.

Ensuring Safety of Russian NPPs

The Concern builds up its activity in strict compliance with the applicable legislation of the Russian Federation. In the reporting period, the system of obligatory training of employees adopted in Rosenergoatom Concern JSC provides for enhancing knowledge in the area of labor safety, and acquisition of first aid skills in case of occupational accidents and in everyday life. Educational and mandatory training programs implemented in the Concern enhance the professional level of employees and their subsequent employment in case of dismissal.

Specific GRI Indicators by Categories/Subcategories

### Economic
- Evaluation of financial implications and other risks and opportunities for the activities of the organization due to climate change was not carried out.
- The government does not participate in the organization as a stockholder.
- Employee balance does not depend on their gender.
- 100% of top managers (deputy CEOs of the Concern — directors of branches — operating NPPs and NPPs under construction) are citizens of the Russian Federation, where the Concern operates. Managers participating in decision-making only within the Concern’s branches. Top managers in regions of the Concern’s core activities (regions where NPPs are located) are not hired from among the local community.

### Environmental
- In 2016/2017 the Concern did not discharge any waste water outside the schedule. The Concern did not discharge hot water from the source water heater for the branch channel system and Cooling.
- There were no significant spills in the reporting period.
- There were no transport, import, or export hazardous waste.

### Social / Labor Practices and Employment
- All employees enjoy benefits irrespective of the number of their working hours.
- Approximately 30% of employees return to work after childbirth.
- 100% of the Concern’s contractor and subcontractor employees attend health and safety training.
- The Concern complies with legislation of the Russian Federation related to labor with respect to minimum notice periods regarding significant operational changes.
- The Concern conducts separate evaluation of conformance with human rights.
- No separate evaluation of conformance with human rights is carried out.
- The Concern builds up its activity in strict compliance with the applicable legislation of the Russian Federation. In the reporting period there were no restrictions on freedom of associations and collective bargaining.
- The Concern complies with legislation of the Russian Federation related to labor according to clauses of labor conditions.
- The system of obligatory training of employees adopted in Rosenergoatom Concern JSC provides for enhancing knowledge in the area of occupational health and safety, and collection of hot air vents in cases of occupational accidents and in everyday life. Educational and mandatory training programs implemented in the Concern enhance the professional level of employees and their subsequent employment in case of dismissal.
- No incidents of violation involving rights of indigenous and small peoples were identified in the reporting period.
In the reporting period, no incidents of non-compliance with legal or statutory requirements were identified (G4-PR7 and G4-PR9).

There was no need to change the source of income due to the activity of the Concern in the reporting period.

The Concern did not perform any activity requiring displacement of people.

No incidents of non-compliance with regulations and voluntary codes concerning the impact on health and safety of products and services were identified in the reporting period.

No incidents of non-compliance with legal and statutory requirements were identified in the reporting period (G4-PR7 and G4-PR9).

The business model section quotes the amount of emissions compared to other Russian enterprises. In addition, information is provided in the Environmental Impact section.

The subject will be considered as a priority for the 2016 report.

The subsection about purchases and quality in Section 4 shall be relocated to production capital, and (7) — to intellectual capital. Personnel remuneration shall be moved to the HR section.

Information on selection of natural assets shall be relocated to the section on interaction with stakeholders during the report preparation.

The Concern presents generalized data regarding each nuclear power plant in the report, the same section will be accounted for in the future.

The subsections about purchases and quality in Section 4 shall be relocated to production capital, and (7) — to intellectual capital. Personnel remuneration shall be moved to the HR section.

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Appendix 5. System of Public Reporting Indicators at Rosenergoatom Concern JSC

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<th>INDICATOR</th>
<th>ITEM</th>
<th>REPORT SECTION / CHAPTER</th>
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<tbody>
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<td>MAINLINE ACTIVITY EFFICIENCY</td>
<td>Electricity Supply to National Economy</td>
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</tr>
<tr>
<td>1.1.1.</td>
<td>Electricity generation by NPPs</td>
<td>1.1.1. Share of electricity produced by NPPs in the total power output of the Russian Federation</td>
</tr>
<tr>
<td>1.1.4.</td>
<td>Use of installed capacity of NPPs</td>
<td>1.1.2. NPP capacity factor</td>
</tr>
<tr>
<td>1.2.</td>
<td>Power units capacity increase</td>
<td>1.2.1. Target for increase of equivalent capacity</td>
</tr>
<tr>
<td>1.2.3.</td>
<td>Number of retrofitted VVER-1000 units (in reporting period and total)</td>
<td>1.2.8. Number of retrofitted RBMK units (in reporting period and total)</td>
</tr>
<tr>
<td>2.2.</td>
<td>Service life of power units</td>
<td>2.2.3. Number of power units with service life extended to 15 years (in the reporting period)</td>
</tr>
<tr>
<td>2.3.</td>
<td>Power units operation mode</td>
<td>2.3.1. Total reduced time of planned repairs, after rescheduling, including through: reducing repair time periods; rescheduled repair start without changing its total duration; 3.3. Generating Capacities, Developing Generating Potential</td>
</tr>
<tr>
<td>3.1.1.1.</td>
<td>Power units built and commissioned in the Russian Federation</td>
<td>3.1.1. Number of power units under construction in the Russian Federation</td>
</tr>
<tr>
<td>3.1.2.</td>
<td>Developing Generating Potential</td>
<td>3.3. Generating Capacities, Developing Generating Potential</td>
</tr>
<tr>
<td>3.1.5.</td>
<td>Securing Leadership for Russian Companies in Global Market</td>
<td>3.1.5. Total spending under the investment policy (indicating the share of funds used to retrofit plants and technology)</td>
</tr>
<tr>
<td>3.1.8.</td>
<td>Significant funds obtained from the government</td>
<td>3.3. Financial stability</td>
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<tr>
<td>2.2.1.</td>
<td>Positions of Russian engineering and Rosenergoatom Concern JSC in world ranking</td>
<td>2.2.1.1. Total reduced time of planned repairs, after rescheduling, including through: reducing repair time periods; rescheduled repair start without changing its total duration</td>
</tr>
<tr>
<td>3.1.9.</td>
<td>Developing Generating Potential</td>
<td>3.3. Generating Capacities, Developing Generating Potential</td>
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<td>3.1.10.</td>
<td>Standardization of Russian companies in the Russian Federation</td>
<td>3.3. Generating Capacities, Developing Generating Potential</td>
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<tr>
<td>3.2.</td>
<td>Investments in equity in the reporting period</td>
<td>3.3. Generating Capacities, Developing Generating Potential</td>
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<tr>
<td>3.3.</td>
<td>Investments in equity in the reporting period</td>
<td>3.3. Generating Capacities, Developing Generating Potential</td>
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<td>3.4.</td>
<td>Assurance of Nuclear and Radiation Safety</td>
<td>3.4. Assurance of Nuclear and Radiation Safety</td>
</tr>
<tr>
<td>4.1.5.1.1.</td>
<td>Description of up-to-date engineering and technological systems for RAW and SPF handling</td>
<td>4.1.5.1.1. Description of up-to-date engineering and technological systems for RAW and SPF handling were adopted</td>
</tr>
<tr>
<td>4.1.6.</td>
<td>Assurance of Nuclear and Radiation Safety</td>
<td>4.1.6.1. Description of successful experience in creating and implementing the Russian Federation development strategy 4.1.6.2. Description of the emergency response system, including improvement of safety control monitoring systems at nuclear power facilities, organization of professional rescue teams</td>
</tr>
<tr>
<td>4.1.7.</td>
<td>Assurance of Nuclear and Radiation Safety</td>
<td>4.1.7.2. Description of public alert and communication systems</td>
</tr>
<tr>
<td>4.1.8.</td>
<td>Description of protection system for employees, population and areas in radiation emergencies</td>
<td>3.4. Assurance of Nuclear and Radiation Safety</td>
</tr>
<tr>
<td>4.1.9.</td>
<td>Description of protection system for employees, population and areas in radiation emergencies</td>
<td>3.4. Assurance of Nuclear and Radiation Safety</td>
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<tr>
<td>4.1.10.</td>
<td>Assurance of Nuclear and Radiation Safety</td>
<td>3.4. Assurance of Nuclear and Radiation Safety</td>
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Rosenergoatom Concern JSC

The physical startup of up-to-date power unit at the Novovoronezh NPP that happened after the reporting period shall be disclosed in this report as it is important in terms of international activities development. As a design concept, the plant may be placed in one of the first spreads with a reference to physical startup and entry into the reporting period describing its safety.

Accounted for in Section 3.9 — Innovation Management.

Accounted for in Section 3.10 — Developing Areas of Presence.

Accounted for in Section 3.3 — Ensuring Safety of Russian NPPs

Accounted for in Section 3.4 — Ensuring Safety of Russian NPPs

Accounted for in Section 3.8 — HR Policy, Occupational Safety

Accounted for in Section 3.8 — HR Policy, Occupational Safety

Accounted for in Section 3.9 — Innovation Management.

Accounted for in Section 3.1 — Situation in Power Industry

Accounted for in Section 3.2 — International Activities

Accounted for in Section 3.2 — International Activities

Accounted for in Section 3.3 — Generating Capacities, Developing Generating Potential

Accounted for in Section 3.3 — Generating Capacities, Developing Generating Potential

Accounted for in Section 3.9 — Innovation Management.

Accounted for in Section 3.1 — Situation in Power Industry

Accounted for in Section 3.5 — Nuclear Safety Indicators

Accounted for in Section 3.5 — Nuclear Safety Indicators

Accounted for in Section 3.9 — Innovation Management.

Accounted for in Section 3.10 — Developing Areas of Presence.

The report shall disclose the Concern’s vision of itself in implementing the Russian Federation development strategy, what indicators of this strategy are achieved with due consideration of decomposition of strategic directions.

The concerns shall be disclosed in the public annual report according to the following subject: Rosatom Production System (RPS) Implementation (the RPS is the major company strategy, what indicators of this strategy are achieved with due consideration of decomposition of strategies).

The report should disclose the Concern’s vision of itself in implementing the Russian Federation development strategy, what indicators of this strategy are achieved with due consideration of decomposition of strategic directions.

The amount of disclosed information on forecast indicators shall be increased, particularly revenues, income and other indicators of the key business.”
APPENDIX 6. PUBLIC ASSURANCE STATEMENT

STATEMENT OF PUBLIC ASSURANCE OF ROSENERGOATOM CONCERN JSC ANNUAL REPORT

Preamble

Rosenergoatom Concern JSC (hereinafter — the Concern) requested that we assess its 2015 Annual Report, the completeness and relevance of information disclosed therein, and the way the Concern responds to and takes into account stakeholders’ suggestions and inquiries.

We have the required knowledge and competencies in corporate responsibility, sustainable growth, and non-financial reporting. While we comply with ethical requirements of independent and unbiased judgment, we express our personal opinion as experts, but not that of the corporate entities we represent.

We were offered an opportunity to participate in public consultations that discussed the draft Report held on April 22, 2016, and in dialogues with stakeholders. On November 19, 2015, an awareness dialogue was held in Moscow where the concept of the 2015 Annual Report was discussed by over 20 representatives of stakeholders. On February 28, 2016, a dialogue meeting was held with stakeholders in the city of Novovoronezh, Voronezh Oblast, at the Novovoronezh Nuclear Power Plant (branch of Rosenergoatom Concern JSC) to address the priority subjects of the 2015 public annual report of Rosenergoatom Concern JSC. Over 30 representatives of stakeholders took part in the dialogue meeting in person and via videoconferencing. In the course of these activities, all participants and stakeholder representatives were able to ask questions and state their opinions without any restrictions. The following materials were given to us to draft and the final version of the 2015 Annual Report, and minutes of dialogues and hearings, including the table on consideration of suggestions made by stakeholders.

As a merit of the 2015 Report we should note that the international standards (Global Reporting Initiative G4 Sustainability Reporting Guidelines, Institute of Social and Ethical Accountability SASB Series Standards) were applied during the procedure of preparation and public affirmation of the Report; however, this statement is not intended to evaluate the conformance of the Report with the international reporting systems.

We are unaware of any facts that would make us question any information contained in the Report. However, this public affirmation is not intended to confirm the authenticity of the actual data contained in the Report. We have not received any reward or remuneration from Rosenergoatom Concern JSC for our participation in the public affirmation.

The text of this statement has been approved by all signatories. Rosenergoatom Concern JSC may use it for internal purposes and for communications with stakeholders, and publish it without any changes.

Evaluations, Comments, and Recommendations

Based on all information received and analyzed, including of the Report text, corporate website, and collective discussion, we confirm the following:

+ In the 2015 Report the Concern disclosed all material aspects of its activity significant to stakeholders, including safe operation of nuclear power plants, increase of capacity of power units with VVER-type reactors, impact made by the Concern on the environment, social sphere, and economy in its areas of presence, and the management system efficiency. All material aspects of activities are disclosed with a reasonable level of detail.
+ The Report represents the Concern’s strategic development priorities to a sufficient extent, and describes its approaches to implementation of responsible business practice principles.
+ The Report contains information significant for stakeholders. The priority subjects of the Report were selected taking into account the opinion of stakeholders after the dialogues held with them. We regard the format and scope of information presented in the Report favorably.
+ During preparation of the Annual Report, the Concern’s management enthusiastically responded to opinions, suggestions, and recommendations made by the stakeholders involved in the discussions and dialogues.

Noting the advantages of the 2015 Report, we think that the following suggestions shall be taken into consideration in the subsequent reporting cycles:

+ Work shall be continued to ease the understanding of the Report content, to reduce the number of redundant terms, and to make the description of core processes reader-friendly.
+ Comprehensive description shall be made of the Concern’s contribution to economic development of the areas of presence, including creation and increase of capacity of power units with VVER-type reactors, and the impact made by the Concern on the environment, social sphere, and economy in its areas of presence.
+ Attention shall be paid to comprehensive disclosure of information on managing financial and non-financial risks (environmental, social, etc.).

Most questions raised by representatives of stakeholders were answered in the course of dialogue and public consultation. We would like to make a special note about the use by the Concern of modern communication means (website, blogs, virtual tours, availability of feedback, etc.) to keep the community and stakeholders informed about Concern’s position.

Interaction with Stakeholders, Consideration of Their Comments and Suggestions

During its activities that involved stakeholders in November 2015 through February 2016, the Concern made available an extensive information about its strategic goals, development priorities, and operating performance. We would like to note the wide circle of participants who actually represented key stakeholders, and active role of the Concern’s management in the discussions.

We conclude that during preparation of the final version of the 2015 Annual Report the Concern’s management demonstrated a high level of availability, openness for dialogue, and positive response to problems and suggestions indicated by stakeholders. In view of the above, we favorably evaluate the Concern’s Report, and support the Concern’s commitment to the principles of responsible business practice. We also confirm that the 2015 Report of the Concern has successfully passed public assurance.

Chairman of the Social Policy Committee of the Federation Council of the Federal Assembly of the Russian Federation

V.I. Ryazansky

President of the Green Cross Inter-Regional/Public Environmental Organisation

S.I. Berensteyn

Director of the Nuclear Safety Institute under the Russian Academy of Sciences

L.A. Bobkov

Head of Bellona Ecology and Law Center

A.A. Naidin

President and CEO of the Nongovernmental/Ecological Fund named after V.V. Vernadsky

V.A. Grachev

Chairman of the NPP Presence Areas Association Fund, Head of the Dimitrovgrad Town Administration, Stavropol Oblast

V.G. Sedakov

Chairman of the Subcommittee for Legal Support to Nuclear Power Industry, Plan in Power Industry in the State Duties of the Federal Assembly of the Russian Federation

V.T. Petryakova

Head of Kurchatov Center of Nuclear Technologies, Astrakhan Institute

Yu.M. Sanchenkov

Head of the Center for Corporate Responsibility and Non-Financial Reporting of the Russian Union of Industrialists and Entrepreneurs

E.A. Fedorov

Chairman of the Russian Trade Union of Nuclear Power Industry Employees

I.A. Fortichov

Chairman of the Diia Inter-Regional/Environmentalist Movement

A.Y. Khateie

Director of the MADO Moscow Center

V.I. Lutkevich
APPENDIX 7. NON-FINANCIAL AUDIT REPORT

Introduction

The subject of assurance is the annual report of Joint-Stock Company "Concern for Production of Electric and Thermal Energy at Nuclear Power Plants" (hereinafter referred to as Rosenergoatom).

Responsibilities

The management of Rosenergoatom bears full responsibility for the preparation and accuracy of the Report. We are responsible for the results of independent assurance of the Report only to Rosenergoatom within the engagement and do not assume any responsibility to any third party.

Scope, criteria and level of assurance

The subject of assurance in the Report, including implementation on Rosenergoatom without its involvement.

The Report was evaluated considering the following criteria:

- Nature and level of compliance with the principles of the AA1000 Assurance Standard 2008 – inclusiveness, transparency, responsiveness.
- Compliance of the Report with the GRI Sustainability Reporting Guidelines G4 (Comprehensive version) including requirements of the Electric Utilities Sector Disclosures.
- Compliance of the Report with the requirements of the International Integrated Reporting Framework.
- Compliance of the Report with the Russian law requirements to annual reports of joint-stock companies in terms of disclosure.

The engagement was planned and performed in accordance with AA1000 Assurance Standard 2008 (moderate level of assurance) and International Standard of Assurance Engagement ISAE 3000 "Audit of non-financial information" (limited level of assurance). The document 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.

The substantive 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 Rosenergoatom to ensure and analyze the compliance of the activities with AA1000AS 2008 principles, collection of evidence confirming practical implementation of these principles.
- Interviewing the management of Rosenergoatom and review of the document.
- Participation in the Report public presentation, study of minutes of public dialogues.
- Study of information available in the database of Rosenergoatom related to activities in the context of sustainable development.
- Study of public statements of three parties concerning economic, environmental and social aspects of the Rosenergoatom activities.
- Review of previous reports and other documents referred to in the Report.

in order to check validity of the declarations made in the Report.

- Analysis of non-financial reports of foreign companies working in the similar market segment for benchmarking purposes.
- Analysis of the current system of internal audit of non-financial reporting in Rosenergoatom.
- Selective review of documents and data on the efficiency of the management systems of economic, environmental and social aspects of sustainable development in Rosenergoatom.
- Study of the existing processes of collection, processing, documenting, verification, analysis and selection of data to be included into the Report.

- Analysis of information in the Report for compliance with the aforementioned criteria

Limitations of the engagement

The assurance is limited to the period from January 1, 2015 to December 31, 2015.

The evaluation of reliability of the information on performance in the Report was conducted in relation to compliance with the criteria to be applied to prepare sustainability report (in accordance) with the G4 Guidelines and non-financial information referred to in the GRI Content Index. In respect to the quantitative performance indicators the conformity assessment to external and internal reporting documents provided to us is performed.

Assurance does not apply to forward-looking statements as statements expressing the opinions, beliefs and intentions of Rosenergoatom to take any action relating to the future. The assurance on the statements which are based on expert opinion is not performed.

Assurance is performed only in relation to the Russian 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 on the Rosenergoatom's website.

We had no chance to verify approval of the Report by the Annual Stockholders Meeting due to the fact that the date of signing this statement preceded the planned date of the Report approval. We had no chance to verify that Rosenergoatom obtained confirmation that the Report has undergone successfully. We also successfully completed the GRI Materiality Disclosures Review at the fact that the date of signing this statement preceded the planned date of the procedure completion.

This statement is the translation of the Russian original. The Russian version prevails.

Conclusions

The following conclusions are based on the assurance work performed within the limitations of the engagement specified above.

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 AA1000/APS 2008 in respect to relevance to the principles (Inclusivity, Materiality, and Responsiveness).

Compliance of the Report with the GRI Sustainability Reporting Guidelines G4 (Comprehensive option)

In order to form an opinion on this issue, we have provided an analysis of implementation of GRI G4 Guidelines concerning principles and standard disclosures for the chosen option to prepare a report "in accordance" with the Guidelines.

- General standard disclosures are reported mainly in compliance with the requirements of GRI G4 for the "in accordance" option. General standard disclosures G4-10, G4-11 are not reported in relation to contracts.
- The Report contains the information on impacts that make the aspects material, the company's approach to managing the material aspects, as well as evaluation of the management approach for some material aspects. Sector Disclosures requirements to Disclosures on Management Approach are taken into account for most aspects.
- Indicators required for the Comprehensive option are reported mainly in accordance with guidance contained in the G4 Guidelines. It is not possible to disclose required information the Report identifies the information that has been omitted and explains the reasons for omissions.

As a result and within the scope of our work, we did not identify any material misstatements in the Report information referred to 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 including requirements of the Electric Utilities Sector Disclosures.
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 elements of integrated reports.

Compliance of the Report with the Russian law requirements to annual reports of joint-stock companies in terms of disclosure

Based on the procedures performed and evidence obtained, we did not identify material non-compliance with the Regulation on information disclosure by issuers of securities (Provision of Central Bank of the Russian Federation from 30.12.2014 of No. 454-P) in terms of disclosure in the annual report of joint-stock company.

Recommendations

1. Consider the possibility of increasing the extent of disclosure of information on the material aspects concerning subsidiaries in the next report.
2. To increase comparability of information it is reasonable to disclose GRI indicators in relation to target values.

General Director
JSC “NP Consult”
Moscow, May 19, 2016

V.V. Skobarev

APPENDIX 8. REPORT OF INTERNAL CONTROL DEPARTMENT OF ROSENERGOATOM CONCERN JSC

ON INTERNAL AUDITING OF ROSENERGOATOM CONCERN JSC 2015 ANNUAL REPORT BUILDING PROCESSES COMPLIANCE WITH REQUIREMENTS OF ROSATOM STATE CORPORATION PUBLIC REPORTING POLICY, AND ROSENERGOATOM CONCERN JSC PUBLIC ANNUAL REPORTING STANDARD

The Internal audit of preparation of the public Annual Report of Rosenergoatom Concern JSC (hereinafter — the Concern) is performed in accordance with the Rules for Organization and Performance of Internal Audit as a part of the Internal Audit process carried out by the Internal Audit Department of the Concern approved by order No. 1/200-P dated March 24, 2015 of the Concern taking into account the Public Reporting Policy of Rosatom State Corporation approved by order No. 1/403-P dated May 13, 2011 of Rosatom State Corporation as amended by order No. 1/1069-P dated November 11, 2015, the Standard for Public Annual Reporting of the Concern approved by order No. 1/135-P dated October 26, 2005 on Organization of Work for Preparation of Annual Report of Rosenergoatom Concern JSC for Year 2005 approving the composition of the working group for preparation of the 2005 Annual Report of Rosenergoatom Concern JSC.

The working group headed by D.L. Tkachev, First Deputy CEO was instructed to organize work in accordance with the Regulations on Working Group for Preparation of Annual Report of Rosenergoatom Concern JSC (order No. 1/945-P dated September 1, 2011).

The following are the main stages of the actual procedure of preparation of the Concern's Annual Report:

• Preparation of the concept of the Annual Report;
• Discussion of the concept of the Annual Report with stakeholders;
• Expertise of the draft concept of the Annual Report in Rosatom State Corporation;
• Approval of the concept of the Annual Report by the Concern's CEO;
• Collection of materials for preparation of the Report text;
• Preparation of the draft Annual Report;
• Expertise of the draft Annual Report in Rosatom State Corporation;
• Improvements of the draft Annual Report;
• Report of the Permanent Technical Commission of the Concern;
• Coordination of the Annual Report text with the Concern’s Deputy CEOs and Chief Accountant;
• Signing of the Annual Report by the CEO and Chief Accountant of the Concern;
• Preliminary approval of the Annual Report of the joint stock company by the Board of Directors of the Concern;
• Approval of the Annual Report of the joint stock company by the General Meeting of Stockholders.

In the course of the audit:

• The efficiency of the internal control system with respect to preparation of public reporting (including analysis of regulation and formal description of key processes related to preparation of public reporting) was assessed;
• Compliance with the public report preparation procedure with applicable Russian legislation and corporate standard requirements that regulate the business process of public report preparation was checked;
• Recommendations on steps to improve the internal control system during preparation of public reporting were developed.

Based on the results of the audit we have concluded that the system of internal controls over the process of preparation of public reporting is efficient, and the procedure for preparation of public reporting of the Concern complies with legislation of the Russian Federation, the Public Reporting Policy of Rosatom State Corporation, and the Concern’s corporate standards regulating the business process of public report preparation.

Director for Internal Control and Audit — Chief Controller
V.V. Teranchuk
## APPENDIX 9. ACCOUNTING (FINANCIAL) STATEMENTS

### ACCOUNTING BALANCE SHEET STATEMENT AS OF DECEMBER 31, 2015

<table>
<thead>
<tr>
<th>ORGANIZATION: ROSENERGOATOM CONCERN JSC</th>
<th>CODES</th>
</tr>
</thead>
<tbody>
<tr>
<td>Taxpayer ID: 0127001843</td>
<td>(0127001843)</td>
</tr>
<tr>
<td>Type of economic activity: generation of electricity by nuclear plants</td>
<td>(0127001843)</td>
</tr>
<tr>
<td>Date of incorporation (year-month-day): 01/12/2015</td>
<td>(0127001843)</td>
</tr>
<tr>
<td>Form of incorporation: joint stock company</td>
<td>(0127001843)</td>
</tr>
<tr>
<td>State registration number: 0127001843</td>
<td>(0127001843)</td>
</tr>
<tr>
<td>Address: 198907, Moscow, ul. Fergana, 12, 25</td>
<td>(0127001843)</td>
</tr>
<tr>
<td>PPA: 7750489697</td>
<td>(0127001843)</td>
</tr>
<tr>
<td>INN: 1908866701</td>
<td>(0127001843)</td>
</tr>
<tr>
<td>OKPO: 34427375</td>
<td>(0127001843)</td>
</tr>
<tr>
<td>OKPD: 05443775</td>
<td>(0127001843)</td>
</tr>
<tr>
<td>OKR: 004</td>
<td>(0127001843)</td>
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### LIABILITIES V. EQUITY AND PROVISIONS

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Borrowed funds</td>
<td>4.14</td>
<td>671,516,563</td>
<td>671,516,563</td>
<td>671,516,563</td>
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<tr>
<td>Treasury shares</td>
<td>4.15</td>
<td>99,373,349</td>
<td>97,051,181</td>
<td>-</td>
</tr>
<tr>
<td>Surplus capital (not revalued)</td>
<td>4.16</td>
<td>6,890,246</td>
<td>4,861,846</td>
<td>-</td>
</tr>
<tr>
<td>Reserve capital</td>
<td>4.17</td>
<td>251,840,792</td>
<td>223,617,501</td>
<td>179,840,189</td>
</tr>
<tr>
<td>Proceeds established under legal requirements</td>
<td>4.18</td>
<td>216,123,324</td>
<td>185,334,284</td>
<td>106,176,495</td>
</tr>
<tr>
<td>Proceeds established under incorporation documents</td>
<td>4.19</td>
<td>1,713,223</td>
<td>1,512,183</td>
<td>1,012,889</td>
</tr>
<tr>
<td>Retained profit (unrecognized loss)</td>
<td>4.20</td>
<td>229,534,884</td>
<td>239,359,100</td>
<td>-</td>
</tr>
<tr>
<td>Section of capital</td>
<td>4.21</td>
<td>1,448,591,245</td>
<td>1,307,272,683</td>
<td>-</td>
</tr>
</tbody>
</table>

### ASSETS IV. LONG-TERM LIABILITIES

<table>
<thead>
<tr>
<th></th>
<th></th>
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<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Borrowed funds</td>
<td>4.2.1</td>
<td>57,411,598</td>
<td>57,411,598</td>
<td>57,411,598</td>
</tr>
<tr>
<td>Deferred tax assets</td>
<td>4.2.2</td>
<td>1,152,338,523</td>
<td>61,186,967</td>
<td>46,631</td>
</tr>
<tr>
<td>Miscellaneous non-current assets</td>
<td>4.2.3</td>
<td>126,017,341</td>
<td>3,030,328</td>
<td>9,754,798</td>
</tr>
<tr>
<td>Section subtotal</td>
<td>4.2.4</td>
<td>1,228,242,040</td>
<td>9,474,451</td>
<td>5,607,129</td>
</tr>
</tbody>
</table>

### ACCOUNTS V. SHORT-TERM LIABILITIES

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Deferred tax assets</td>
<td>5.1</td>
<td>1,380,280,154</td>
<td>9,474,451</td>
<td>5,607,129</td>
</tr>
<tr>
<td>Miscellaneous non-current assets</td>
<td>5.2</td>
<td>10,881,639</td>
<td>16,263,351</td>
<td>1,081,940</td>
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<tr>
<td>Section subtotal</td>
<td>5.3</td>
<td>11,290,269,981</td>
<td>32,052,028</td>
<td>6,702,070</td>
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### E. CURRENT ASSETS

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Inventory</td>
<td>6.1</td>
<td>48,967,637</td>
<td>47,662,423</td>
<td>42,448,249</td>
</tr>
<tr>
<td>Materials, stock and similar assets</td>
<td>6.2</td>
<td>48,967,637</td>
<td>47,662,423</td>
<td>42,448,249</td>
</tr>
<tr>
<td>Expenses for work in progress</td>
<td>6.3</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Finished products and raw material stock</td>
<td>6.4</td>
<td>96,580</td>
<td>1,818,458</td>
<td>636,539</td>
</tr>
<tr>
<td>Shipped goods</td>
<td>6.5</td>
<td>175,105</td>
<td>168,757</td>
<td>927</td>
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<tr>
<td>Miscellaneous inventory and costs</td>
<td>6.6</td>
<td>251</td>
<td>251</td>
<td>251</td>
</tr>
<tr>
<td>Value Added Tax on sales purchased</td>
<td>6.7</td>
<td>1,205,454</td>
<td>1,304,915</td>
<td>1,034,072</td>
</tr>
<tr>
<td>Accounts receivable</td>
<td>6.8</td>
<td>32,704,349</td>
<td>26,988,686</td>
<td>31,507,930</td>
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<tr>
<td>Settlements with taxpayers and customers</td>
<td>6.9</td>
<td>17,743,412</td>
<td>15,531,274</td>
<td>17,964,169</td>
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<td>Advanced payments received</td>
<td>6.10</td>
<td>5,632,588</td>
<td>110,405</td>
<td>1,291,088</td>
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<tr>
<td>Miscellaneous debtors</td>
<td>6.11</td>
<td>97,649,790</td>
<td>105,994,790</td>
<td>14,171,965</td>
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<tr>
<td>Undertakings</td>
<td>6.12</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Financial investments (except cash equivalents)</td>
<td>6.13</td>
<td>20,993,655</td>
<td>14,792,764</td>
<td>321,200</td>
</tr>
<tr>
<td>Cash and equivalents</td>
<td>6.14</td>
<td>178,953,980</td>
<td>5,840,855</td>
<td>10,364,734</td>
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<tr>
<td>Miscellaneous current assets</td>
<td>6.15</td>
<td>252,999</td>
<td>168,255</td>
<td>46,631</td>
</tr>
<tr>
<td>Section subtotal</td>
<td>6.16</td>
<td>149,870,745</td>
<td>88,362,061</td>
<td>46,631</td>
</tr>
<tr>
<td>BALANCE</td>
<td>6.17</td>
<td>1,205,454</td>
<td>1,304,915</td>
<td>1,034,072</td>
</tr>
</tbody>
</table>

### COMMENTS

- **June 8, 2017**
  - Borrowed funds
  - Deferred tax liabilities
  - Other liabilities
  - Miscellaneous liabilities
  - Section IV subtotal

### MANAGER

- Chief Accountant
  - **A.V. Petrov**
  - **A.V. Shalimov**

### APPENDIX 9.2

- **February 26, 2016**
  - **A.V. Petrov**
  - **A.V. Shalimov**
### PROFIT AND LOSS STATEMENT FOR YEAR 2015

<table>
<thead>
<tr>
<th>ITEM DESCRIPTION</th>
<th>CODE</th>
<th>2015</th>
<th>SAME PERIOD OF PREVIOUS YEAR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenues</td>
<td>210.71</td>
<td>243,706,645</td>
<td>255,260,356</td>
</tr>
<tr>
<td>Sales costs</td>
<td>211.72</td>
<td>160,349,546</td>
<td>147,507,946</td>
</tr>
<tr>
<td>Gross profit/loss</td>
<td>210.71</td>
<td>155,644,041</td>
<td>165,507,824</td>
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<tr>
<td>Commercial expenses</td>
<td>211.01</td>
<td>31,321,082</td>
<td>23,691,934</td>
</tr>
<tr>
<td>Administration costs</td>
<td>211.00</td>
<td>61,293,246</td>
<td>50,975,754</td>
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<tr>
<td>Gain from interest held in other corporate entities</td>
<td>230.00</td>
<td>1,680,266</td>
<td>1,680,266</td>
</tr>
<tr>
<td>Interest receivable</td>
<td>230.20</td>
<td>6,329,353</td>
<td>6,329,353</td>
</tr>
<tr>
<td>Interest payable</td>
<td>230.21</td>
<td>(1,476,771)</td>
<td>(1,375,242)</td>
</tr>
<tr>
<td>Miscellaneous incomes</td>
<td>210.72</td>
<td>707,162</td>
<td>637,752</td>
</tr>
<tr>
<td>Miscellaneous expenses</td>
<td>211.01</td>
<td>51,965,047</td>
<td>58,153,095</td>
</tr>
<tr>
<td>Profit/loss before tax</td>
<td>210.71</td>
<td>33,120,274</td>
<td>77,449,457</td>
</tr>
<tr>
<td>Current profit/loss</td>
<td>240.00</td>
<td>(3,215,003)</td>
<td>(3,215,003)</td>
</tr>
<tr>
<td>Including fixed tax liability/assets</td>
<td>240.00</td>
<td>(6,995,091)</td>
<td>(6,995,091)</td>
</tr>
<tr>
<td>Change in deferred tax liability</td>
<td>240.00</td>
<td>(1,675,495)</td>
<td>(1,675,495)</td>
</tr>
<tr>
<td>Change in deferred tax assets</td>
<td>240.00</td>
<td>(120,503)</td>
<td>(120,503)</td>
</tr>
<tr>
<td>Other</td>
<td>240.00</td>
<td>(56,493)</td>
<td>75,014</td>
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<tr>
<td>Profit/loss realized within the consolidated taxpayers group</td>
<td>240.00</td>
<td>152,945</td>
<td>1,751,187</td>
</tr>
<tr>
<td>Net profit/loss</td>
<td>240.00</td>
<td>15,930,816</td>
<td>8,218,282</td>
</tr>
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</table>

### EQUITY DYNAMICS STATEMENT FOR YEAR 2015

<table>
<thead>
<tr>
<th>ITEM DESCRIPTION</th>
<th>CODE</th>
<th>2015</th>
<th>SAME PERIOD OF PREVIOUS YEAR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Size of capital as of December 31, 2013</td>
<td>3100</td>
<td>671,516,643</td>
<td>303,616,095</td>
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<td>Gains from interest held in other corporate entities</td>
<td>3310</td>
<td>6,812</td>
<td>187,489,338</td>
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<tr>
<td>For year 2014</td>
<td>3310</td>
<td>103,616,095</td>
<td>160,140,548</td>
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<tr>
<td>Increment in capital, total</td>
<td>3310</td>
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<tr>
<td>Including, net profit</td>
<td>3310</td>
<td>9,238,182</td>
<td>9,975,732</td>
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<tr>
<td>Revaluation of assets</td>
<td>3320</td>
<td>70,594,756</td>
<td>70,594,756</td>
</tr>
<tr>
<td>Additional issue of shares</td>
<td>3330</td>
<td>8,218,282</td>
<td>8,218,282</td>
</tr>
<tr>
<td>Reorganization of corporate entity</td>
<td>3340</td>
<td>103,616,095</td>
<td>160,140,548</td>
</tr>
<tr>
<td>Shareholders' capital contributions</td>
<td>3350</td>
<td>103,616,095</td>
<td>160,140,548</td>
</tr>
<tr>
<td>Increment in capital, total</td>
<td>3350</td>
<td>103,616,095</td>
<td>160,140,548</td>
</tr>
<tr>
<td>Including, net loss</td>
<td>3350</td>
<td>9,238,182</td>
<td>9,238,182</td>
</tr>
<tr>
<td>Revocation of assets</td>
<td>3360</td>
<td>70,594,756</td>
<td>70,594,756</td>
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<tr>
<td>Revaluation of assets</td>
<td>3370</td>
<td>8,218,282</td>
<td>8,218,282</td>
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<tr>
<td>Reorganization of corporate entity</td>
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<td>103,616,095</td>
<td>160,140,548</td>
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<tr>
<td>Shareholders' capital contributions</td>
<td>3390</td>
<td>103,616,095</td>
<td>160,140,548</td>
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<tr>
<td>Increment in capital, total</td>
<td>3390</td>
<td>103,616,095</td>
<td>160,140,548</td>
</tr>
<tr>
<td>Including, net profit</td>
<td>3390</td>
<td>9,238,182</td>
<td>9,238,182</td>
</tr>
<tr>
<td>Revocation of assets</td>
<td>3390</td>
<td>70,594,756</td>
<td>70,594,756</td>
</tr>
<tr>
<td>Revaluation of assets</td>
<td>3390</td>
<td>8,218,282</td>
<td>8,218,282</td>
</tr>
</tbody>
</table>

February 28, 2016

A.V. Shalimov

A.Yu. Petrov

Manager

Chief Accountant

A.Yu. Shalimov

A.V. Petrov

February 28, 2016
### Income recognized directly as capital increment

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>3313</td>
<td>Additional issue of shares</td>
<td>70,933,873</td>
<td>70,933,873</td>
<td>70,933,873</td>
</tr>
</tbody>
</table>

### Additional issue of shares

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>3314</td>
<td>Increase in par value of shares</td>
<td>32,384,067</td>
<td>32,384,067</td>
<td>32,384,067</td>
</tr>
</tbody>
</table>

### Shareholders’ capital contributions before records of constituent documents

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>3318</td>
<td>Shareholders’ capital contributions before records of constituent documents</td>
<td>42,778,667</td>
<td>42,778,667</td>
<td>42,778,667</td>
</tr>
</tbody>
</table>

### Decrease in capital, total

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>3320</td>
<td>Loss due to accounting changes and correction of errors</td>
<td>(18,537)</td>
<td>(43,197,141)</td>
<td>(43,215,678)</td>
</tr>
</tbody>
</table>

### Other equity items adjusted (per item) before adjustments

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>3321</td>
<td>Loss due to accounting changes and correction of errors</td>
<td>(18,537)</td>
<td>(43,197,141)</td>
<td>(43,215,678)</td>
</tr>
</tbody>
</table>

### Shareholders’ capital contributions before records of constituent documents

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>3322</td>
<td>Shareholders’ capital contributions before records of constituent documents</td>
<td>671,516,642</td>
<td>98,075,834</td>
<td>6,959</td>
</tr>
</tbody>
</table>

### Size of capital as of December 31, 2015

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>3300</td>
<td>Size of capital as of December 31, 2015</td>
<td>1,298,091,334</td>
<td>1,181,244,997</td>
<td>1,059,012,708</td>
</tr>
</tbody>
</table>

### 3. Net Assets

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Net assets</td>
<td>GDP</td>
<td>2,998,000</td>
<td>1,984,987</td>
<td>1,059,012,708</td>
</tr>
</tbody>
</table>

### CASH FLOW STATEMENT FOR YEAR OF 2015

#### Organization: ROSENERGOATOM CONCERN JSC

<table>
<thead>
<tr>
<th>Code</th>
<th>Description</th>
<th>2015</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>4210</td>
<td>Cash flow from current operations</td>
<td>263,124,075</td>
<td>260,557,074</td>
<td>251,729,143</td>
</tr>
<tr>
<td>4110</td>
<td>Revenues — total</td>
<td>258,835,931</td>
<td>251,729,143</td>
<td>251,729,143</td>
</tr>
<tr>
<td>4111</td>
<td>Including</td>
<td>258,835,931</td>
<td>251,729,143</td>
<td>251,729,143</td>
</tr>
<tr>
<td>4112</td>
<td>Including</td>
<td>260,022</td>
<td>258,812</td>
<td>258,812</td>
</tr>
<tr>
<td>4113</td>
<td>Including</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>4119</td>
<td>Miscellaneous revenue</td>
<td>4,028,122</td>
<td>8,569,119</td>
<td>8,569,119</td>
</tr>
<tr>
<td>4120</td>
<td>Payments, total</td>
<td>(154,265,288)</td>
<td>(152,638,792)</td>
<td>(152,638,792)</td>
</tr>
<tr>
<td>4121</td>
<td>Including</td>
<td>(96,276,841)</td>
<td>(94,732,480)</td>
<td>(94,732,480)</td>
</tr>
<tr>
<td>4122</td>
<td>Including</td>
<td>(36,101,168)</td>
<td>(34,116,399)</td>
<td>(34,116,399)</td>
</tr>
<tr>
<td>4123</td>
<td>Non-current assets other than financial investments</td>
<td>(1,078,127)</td>
<td>(952,977)</td>
<td>(952,977)</td>
</tr>
<tr>
<td>4124</td>
<td>Taxes (including corporate profit tax)</td>
<td>8,488,139</td>
<td>6,488,139</td>
<td>6,488,139</td>
</tr>
<tr>
<td>4125</td>
<td>Miscellaneous payments</td>
<td>14,906,734</td>
<td>20,018,371</td>
<td>20,018,371</td>
</tr>
<tr>
<td>4200</td>
<td>Balance of cash flow from current operations</td>
<td>346,150,337</td>
<td>1,078,512,626</td>
<td>1,078,512,626</td>
</tr>
<tr>
<td>4220</td>
<td>Cash flow from investments</td>
<td>246,242,122</td>
<td>246,242,122</td>
<td>246,242,122</td>
</tr>
</tbody>
</table>

### February 26, 2016

#### Manager

<table>
<thead>
<tr>
<th>Code</th>
<th>Description</th>
<th>2015</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>A.Yu. Petrov</td>
<td>Chief Accountant</td>
<td>A.V. Shalimov</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
APPENDIX 10. AUDITOR'S REPORT CERTIFYING ANNUAL ACCOUNTING STATEMENTS

AUDITOR'S REPORT FOR STOCKHOLDERS OF RUSSIAN CONCERN FOR PRODUCTION OF ELECTRIC AND THERMAL ENERGY AT NUCLEAR POWER PLANTS (JOINT STOCK COMPANY)

AUDITED ENTITY

Corporate Name: Russian Concern for Production of Electric and Thermal Energy at Nuclear Power Plants (Joint Stock Company), hereinafter — Rosenergoatom Concern JSC

Location: 109507, Moscow, ul. Ferganskaya, d. 25

Statutory Registration:
Registered by Federal Tax Service Interdistrict Tax Inspectorate No. 46 in the city of Moscow, on September 17, 2008; Certificate: series 77 No. 010416448. Record of September 12, 2008 in the Unified State Register of Legal Entities, Primary State Registration Number 1097746310951

AUDITOR

Corporate name: Accountants & Business Advisers Limited Liability Company (FBK LLC)

Location: 109507, Moscow, ul. Myasnitskaya, d. 44/1, str. 2AB

Statutory registration:
Registered by Moscow Chamber of Registration, on November 15, 1993; Certificate: series UZ 3 No. 484.583 RP: Record of July 24, 2002, in the Unified State Register of Legal Entities, Primary State Registration Number 1027700056286

Membership in Self-Regulated Association of Auditors:
Russian Chamber of Auditors Not-for-Profit Partnership

ID Record in Registry of Self-Regulated Association of Auditors:
Certificate of association in Russian Chamber of Auditors Not-for-Profit Partnership, No. 5335, ORINZ (Primary Registration Entry Number) 10201039470

We have reviewed the attached annual accounting statements filed by Rosenergoatom Concern JSC comprising its Accounting Balance Sheet Statement as of December 31, 2015, Profit and Loss Statement, its Equity Dynamics Statement and its Cash Flow Statement for year 2015, and other appendices to the accounting (financial) statements.

AUDITED ENTITY'S RESPONSIBILITY FOR ITS ANNUAL ACCOUNTING STATEMENTS

The audited entity’s management shall assume responsibility for the aforementioned annual accounting statements in compliance with Russian accounting standards, and shall enforce the internal control system as may be required to prepare annual accounting statements free of any material misrepresentation through either fraudulence or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to form and state our judgment as regards reliability of the annual accounting statements based on the review conducted by ourselves. We conducted the audit in conformity with Russian Federal auditing standards, which require that we should adhere to applicable standards of ethics, and that we should plan and conduct our audit in a manner that ensures reasonable certainty that the annual accounting statements are free of any material misrepresentation.
Our review consisted of auditing procedures designed to obtain auditing evidence to confirm numeric values and disclosure of information in the annual accounting statements. Selection of such auditing procedures was based on our judgment, which in turn relied on assessment of the risk of material misrepresentation through either fraudulence or error. As we assessed such risk, we examined the corporate control system used to prepare and verify the annual accounting statements, and the purpose of such examination was to enable selection of auditing procedures, but not to express an opinion about efficiency of the said corporate control system.

We also established compliance of the adopted corporate accounting policy and the grounds underlying the value indicators furnished by the manager of the audited entity, as well as integral assessment of the filed annual accounting statements as a whole.

We hold that the evidence collected in the course of our audit give sufficient grounds for our judgment about the annual accounting statements as true and reliable.

**OPINION**

It is our opinion that the reviewed annual accounting statements reliably represent all relevant aspects of the financial situation in Rosenergostroy Concern JSC as of December 31, 2015, its financial and business performance, and its cash flows during 2015, in conformity with the Russian standards for accounting statements.

S.M. Shagapov
President By virtue of the Articles of Association, Auditor’s Report date: March 2, 2016

**Auditor’s Report Certifying Annual Accounting Statements**

**Corporation’s Compliance with the Corporate Governance Code recommended by Bank of Russia**

<table>
<thead>
<tr>
<th>ITEM</th>
<th>CORPORATE GOVERNANCE PRINCIPLES</th>
<th>CRITERIA FOR ASSESSMENT WITH CORPORATE GOVERNANCE PRINCIPLE</th>
<th>STATUS OF COMPLIANCE WITH CORPORATE GOVERNANCE PRINCIPLE</th>
<th>EXPLANATION OF DEVIATION FROM CRITERIA FOR ASSESSMENT OF COMPLIANCE WITH CORPORATE GOVERNANCE PRINCIPLE</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.1.1</td>
<td>The company creates most favorable conditions for stockholders to participate in the general meeting, take a reasonable stand on the items of the general meeting agenda, to coordinate their efforts, and to express their opinions on the considered issues.</td>
<td>1. The company’s internal document approved by the general meeting of stockholders is publicly available. The document governs the general meeting procedures.</td>
<td>Partially compliant</td>
<td>The principle is partially complied with as regards the publication of the general meeting notice, which was not published at least 10 days before the general meeting as it is not provided for by the articles of association. Taking into account that the Concern has two stockholders, it is managed by a general meeting, headed by the Concern’s executive committee, and they are supplied with the required materials.</td>
</tr>
<tr>
<td>1.1.2</td>
<td>The procedure of general meetings arrangement and general meeting materials provision enables the stockholders to appropriately prepare for taking part in it.</td>
<td>1. A notice of the general meeting of stockholders is posted (published) on the company’s website or distributed to the stockholders in the manner they found most convenient.</td>
<td>Partially compliant</td>
<td>The principle is partially complied with as regards the publication of the general meeting notice, which was not published at least 10 days before the general meeting as it is not provided for by the articles of association. Taking into account that the Concern has two stockholders, it is managed by a general meeting, headed by the Concern’s executive committee, and they are supplied with the required materials.</td>
</tr>
<tr>
<td>1.1.3</td>
<td>The company creates most favorable conditions for the stockholders to appropriate means for admission to the venue and the documents required for participation in the meeting.</td>
<td>2. The general meeting notice specifies the meeting venue and the documents required for admission to the venue.</td>
<td>Partially compliant</td>
<td>The principle is partially complied with as regards the publication of the general meeting notice, which was not published at least 10 days before the general meeting as it is not provided for by the articles of association. Taking into account that the Concern has two stockholders, it is managed by a general meeting, headed by the Concern’s executive committee, and they are supplied with the required materials.</td>
</tr>
<tr>
<td>1.1.4</td>
<td>The company provides available ways of giving questions regarding the agenda items and publicizing the results of the general meeting.</td>
<td>3. The stockholders were provided with access to information on who proposed the agenda items, and the nominees for the board of directors and auditing committees.</td>
<td>Partially compliant</td>
<td>The principle is partially complied with as regards the publication of the general meeting notice, which was not published at least 10 days before the general meeting as it is not provided for by the articles of association. Taking into account that the Concern has two stockholders, it is managed by a general meeting, headed by the Concern’s executive committee, and they are supplied with the required materials.</td>
</tr>
<tr>
<td>1.2.1</td>
<td>In the reporting period the stockholders were given opportunities to ask questions to members of the company’s management bodies and board of directors before the annual general meeting and during it.</td>
<td>1. In the reporting period the stockholders were given opportunities to ask questions to members of the company’s management bodies and board of directors before the annual general meeting and during it.</td>
<td>Partially compliant</td>
<td>The principle is partially complied with as regards the publication of the general meeting notice, which was not published at least 10 days before the general meeting as it is not provided for by the articles of association. Taking into account that the Concern has two stockholders, it is managed by a general meeting, headed by the Concern’s executive committee, and they are supplied with the required materials.</td>
</tr>
<tr>
<td>1.2.2</td>
<td>During preparations for the general meeting and during the meeting itself the stockholders were provided with unhampered and timely delivery of information on the meeting and the related materials; they were capable of asking questions to members of the company’s management bodies and board of directors, and communicating with each other.</td>
<td>2. The position of the board of directors (including individual opinions recorded in the minutes of the meeting) regarding each item on the general meeting agenda was not related to unreasonable complications.</td>
<td>Partially compliant</td>
<td>The principle is partially complied with as regards the publication of the general meeting notice, which was not published at least 10 days before the general meeting as it is not provided for by the articles of association. Taking into account that the Concern has two stockholders, it is managed by a general meeting, headed by the Concern’s executive committee, and they are supplied with the required materials.</td>
</tr>
<tr>
<td>1.2.3</td>
<td>Execution of stockholders’ rights to convene the general meeting, to make nominations for the board of directors and board of directors, and to participate in the general meeting agenda was not related to unreasonable complications.</td>
<td>3. The company’s internal document (internal policy) contains provisions entitling a participant of the general meeting to request a copy of the bulletin filed by the participant and certified by the vote count panel.</td>
<td>Partially compliant</td>
<td>The principle is partially complied with as regards the publication of the general meeting notice, which was not published at least 10 days before the general meeting as it is not provided for by the articles of association. Taking into account that the Concern has two stockholders, it is managed by a general meeting, headed by the Concern’s executive committee, and they are supplied with the required materials.</td>
</tr>
</tbody>
</table>
### CORPORATE GOVERNANCE PRINCIPLES

<table>
<thead>
<tr>
<th>ITEM</th>
<th>CRITERIA FOR ASSESSMENT OF COMPLIANCE WITH CORPORATE GOVERNANCE PRINCIPLE</th>
<th>STATUS OF COMPLIANCE WITH CORPORATE GOVERNANCE PRINCIPLE</th>
<th>EXPLANATION OF DEVIA- TION FROM CRITERIA FOR ASSESSMENT OF COMPLI- ANCE WITH CORPORATE GOVERNANCE PRINCIPLE</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.1.6</td>
<td>The procedure established by the company for the general meeting/management meeting opportunities for all persons attending the meeting to express their opinions and ask questions.</td>
<td>Compliant</td>
<td></td>
</tr>
<tr>
<td>1.1.7</td>
<td>The company’s dividend policy is transparent concerning the dividend payment.</td>
<td>Partially compliant</td>
<td></td>
</tr>
<tr>
<td>1.2.1</td>
<td>The company develops and implements a transparent and clear mechanism for determining the dividend size.</td>
<td>Compliant</td>
<td></td>
</tr>
<tr>
<td>1.2.2</td>
<td>The company’s dividend policy is approved by the board of directors.</td>
<td>Partially compliant</td>
<td></td>
</tr>
<tr>
<td>1.2.3</td>
<td>The board of directors reports to the company’s stockholders.</td>
<td>Partially compliant</td>
<td></td>
</tr>
<tr>
<td>1.2.4</td>
<td>The company does not resolve to pay out dividends, if such a resolution, without violation of legal restrictions, is economically unviable and may lead to recapitalization of the company’s activities.</td>
<td>Compliant</td>
<td></td>
</tr>
<tr>
<td>1.2.5</td>
<td>The board of directors defines the company’s policy for remuneration and (or) reimbursement of expenses (compensation) of the board of directors members, members of the company’s executive bodies and top level executives.</td>
<td>Compliant</td>
<td></td>
</tr>
<tr>
<td>1.2.6</td>
<td>The board of directors approves the approved development strategy and the company’s annual report.</td>
<td>Partially compliant</td>
<td></td>
</tr>
<tr>
<td>1.3.1</td>
<td>The company’s registrar related to maintaining the possibility of free and unhampered transfer of their shares, and a system of measures aimed at settling internal conflicts.</td>
<td>Compliant</td>
<td></td>
</tr>
<tr>
<td>1.3.2</td>
<td>The board of directors contemplated the report (report) of the sole executive body and members of the collegiate executive body on the company’s strategy implementation.</td>
<td>Partially compliant</td>
<td></td>
</tr>
<tr>
<td>1.3.3</td>
<td>The board of directors defines the principles and approaches to organization of the risk management and internal control system of the company.</td>
<td>Compliant</td>
<td></td>
</tr>
<tr>
<td>1.3.4</td>
<td>The board of directors defines the company’s policy for remuneration and (or) reimbursement of expenses (compensation) of the board of directors members, members of the company’s executive bodies and top level executives.</td>
<td>Compliant</td>
<td></td>
</tr>
<tr>
<td>1.3.5</td>
<td>The board of directors approves the company’s annual report.</td>
<td>Partially compliant</td>
<td></td>
</tr>
<tr>
<td>1.3.6</td>
<td>The board of directors defines the principles and approaches to organization of the risk management and internal control system of the company.</td>
<td>Compliant</td>
<td></td>
</tr>
<tr>
<td>1.3.7</td>
<td>The board of directors approved the report (report) of the sole executive body and members of the collegiate executive body on the company’s strategy implementation.</td>
<td>Partially compliant</td>
<td></td>
</tr>
</tbody>
</table>

**Appendix 11**

**Report on Conformity with Corporate Governance Code Recommended by Bank of Russia**

<table>
<thead>
<tr>
<th>ITEM</th>
<th>CORPORATE GOVERNANCE PRINCIPLES</th>
<th>CRITERIA FOR ASSESSMENT OF COMPLIANCE WITH CORPORATE GOVERNANCE PRINCIPLE</th>
<th>STATUS OF COMPLIANCE WITH CORPORATE GOVERNANCE PRINCIPLE</th>
<th>EXPLANATION OF DEVIA- TION FROM CRITERIA FOR ASSESSMENT OF COMPLI- ANCE WITH CORPORATE GOVERNANCE PRINCIPLE</th>
</tr>
</thead>
<tbody>
<tr>
<td>2.1.1</td>
<td>The board of directors performs strategic management of the company, defines basic principles and approaches to organization of the company’s risk management and internal control system, supervises the activities of the company’s executive bodies, and exercises other key functions.</td>
<td>Compliant</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2.1.2</td>
<td>The board of directors is responsible for making decisions related to appointment and removal of managers, the scope and responsibilities of the board, determination of the amount and criteria for payment of managers’ remuneration. The board of directors also ensures that the company’s executive bodies are according to the approved strategy and the company’s core business lines.</td>
<td>Partially compliant</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2.1.3</td>
<td>The board of directors defines the company’s policy for remuneration and (or) reimbursement of expenses (compensation) of the board of directors members, members of the company’s executive bodies and top level executives.</td>
<td>Compliant</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2.1.4</td>
<td>The board of directors approved the report (report) of the sole executive body and members of the collegiate executive body on the company’s strategy implementation.</td>
<td>Partially compliant</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2.1.5</td>
<td>The board of directors defined the principles and approaches to organization of the risk management and internal control system of the company.</td>
<td>Compliant</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2.1.6</td>
<td>The board of directors defined the company’s policy for remuneration and (or) reimbursement of expenses (compensation) of the board of directors members, members of the company’s executive bodies and top level executives.</td>
<td>Compliant</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2.1.7</td>
<td>The board of directors approved the report (report) of the sole executive body and members of the collegiate executive body on the company’s strategy implementation.</td>
<td>Partially compliant</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2.2.1</td>
<td>The board of directors approves the company’s annual report.</td>
<td>Partially compliant</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2.2.2</td>
<td>Chairman of the board of directors is available for communication with the company’s stockholders.</td>
<td>Partially compliant</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
2.3 The board of directors is an efficient and professional corporate governance body capable of making reasonable and independent judgments and decisions that correspond to the interests of the company and its stakeholders.

<table>
<thead>
<tr>
<th>ITEM</th>
<th>CORPORATE GOVERNANCE PRINCIPLES</th>
<th>CRITERIA FOR ASSESSMENT OF COMPLIANCE WITH CORPORATE GOVERNANCE PRINCIPLE</th>
<th>STATUS OF COMPLIANCE WITH CORPORATE GOVERNANCE PRINCIPLE</th>
<th>EXPLANATION OF DEVIATION FROM CRITERIA FOR ASSESSMENT OF COMPLIANCE WITH CORPORATE GOVERNANCE PRINCIPLE</th>
</tr>
</thead>
</table>
| 2.3.1 | Only those persons who have expertise in business management and accounting, along with the ability to understand and experience, are eligible for election as the board of directors. | - Compliant 
- Partially compliant 
- Non-compliant | The regulation on the board of directors contains the requirements for the board of directors and the members of the board of directors. The selection requirements include the absence of economic, social, or public authorities, as well as administrative authorities, professionals in entrepreneurial management, and non-executives. This process ensures that material, non-public information is kept confidential. | The regulation on the board of directors does not contain the requirements for the board of directors and the members of the board of directors. The selection requirements do not include the absence of economic, social, or public authorities, as well as administrative authorities, professionals in entrepreneurial management, and non-executives. |
| 2.3.2 | Members of the Board of Directors are elected through a transparent procedure that permits stakeholders to obtain information about nominees before the election. | - Compliant 
- Partially compliant 
- Non-compliant | The general meeting of the board of directors held at the reporting period elected three members of the board of directors. | The general meeting of the board of directors held at the reporting period did not elect any member of the board of directors. |
| 2.3.3 | The composition of the board of directors is balanced, including the qualification of its members, their experience, and business skills. | - Compliant 
- Partially compliant 
- Non-compliant | The board of directors consists of three independent directors, one director from each independent director, and two directors from the company’s executive bodies. | The board of directors does not consist of three independent directors, one director from each independent director, and two directors from the company’s executive bodies. |
| 2.4 | The board of directors is comprised of a sufficient number of independent directors. | - Compliant 
- Partially compliant 
- Non-compliant | During the reporting period, the board of directors consisted of three independent directors. | During the reporting period, the board of directors did not consist of three independent directors. |
| 2.4.1 | The board of directors is also elected by the shareholders at the annual general meeting. | - Compliant 
- Partially compliant 
- Non-compliant | The board of directors was elected by the shareholders at the annual general meeting. | The board of directors was not elected by the shareholders at the annual general meeting. |
| 2.4.2 | The board of directors ensures consistent and sufficient information provided to the company is available to the members of the board of directors. | - Compliant 
- Partially compliant 
- Non-compliant | The board of directors has access to all the information it needs to fulfill its responsibilities. | The board of directors does not have access to all the information it needs to fulfill its responsibilities. |

2.4.3 Independent directors comprise at least one-third of the elected board of directors.

<table>
<thead>
<tr>
<th>ITEM</th>
<th>CORPORATE GOVERNANCE PRINCIPLES</th>
<th>CRITERIA FOR ASSESSMENT OF COMPLIANCE WITH CORPORATE GOVERNANCE PRINCIPLE</th>
<th>STATUS OF COMPLIANCE WITH CORPORATE GOVERNANCE PRINCIPLE</th>
<th>EXPLANATION OF DEVIATION FROM CRITERIA FOR ASSESSMENT OF COMPLIANCE WITH CORPORATE GOVERNANCE PRINCIPLE</th>
</tr>
</thead>
</table>
| 2.4.3 | Independent directors comprise at least one-third of the elected board of directors. | - Compliant 
- Partially compliant 
- Non-compliant | There are no independent directors on the board of directors. | There are no independent directors on the board of directors. |

2.5 Chairman of the board of directors helps perform the functions vested in the board of directors in the most efficient way.

<table>
<thead>
<tr>
<th>ITEM</th>
<th>CORPORATE GOVERNANCE PRINCIPLES</th>
<th>CRITERIA FOR ASSESSMENT OF COMPLIANCE WITH CORPORATE GOVERNANCE PRINCIPLE</th>
<th>STATUS OF COMPLIANCE WITH CORPORATE GOVERNANCE PRINCIPLE</th>
<th>EXPLANATION OF DEVIATION FROM CRITERIA FOR ASSESSMENT OF COMPLIANCE WITH CORPORATE GOVERNANCE PRINCIPLE</th>
</tr>
</thead>
</table>
| 2.5.1 | The chairman of the board of directors is elected by the board of directors. | - Compliant 
- Partially compliant 
- Non-compliant | There are no independent directors on the board of directors. | There are no independent directors on the board of directors. |
| 2.5.2 | The chairman of the board of directors ensures an efficient and constructive atmosphere during the meetings. | - Compliant 
- Partially compliant 
- Non-compliant | The chairman of the board of directors did not ensure an efficient and constructive atmosphere during the meetings. | The chairman of the board of directors did not ensure an efficient and constructive atmosphere during the meetings. |

2.6 Members of the board of directors act in good faith and reason for the benefit of the company and its stakeholders on the basis of sufficient information, due regard and consideration.

<table>
<thead>
<tr>
<th>ITEM</th>
<th>CORPORATE GOVERNANCE PRINCIPLES</th>
<th>CRITERIA FOR ASSESSMENT OF COMPLIANCE WITH CORPORATE GOVERNANCE PRINCIPLE</th>
<th>STATUS OF COMPLIANCE WITH CORPORATE GOVERNANCE PRINCIPLE</th>
<th>EXPLANATION OF DEVIATION FROM CRITERIA FOR ASSESSMENT OF COMPLIANCE WITH CORPORATE GOVERNANCE PRINCIPLE</th>
</tr>
</thead>
</table>
| 2.6.1 | Members of the board of directors shall inform the board of directors on their conflict of interest. | - Compliant 
- Partially compliant 
- Non-compliant | There is no conflict of interest reported by the members of the board of directors. | There is a conflict of interest reported by the members of the board of directors. |
| 2.6.2 | Rights and obligations of the board of directors as specified in the company’s internal documents. | - Compliant 
- Partially compliant 
- Non-compliant | There is no internal document specifying the rights and obligations of the board of directors. | There is an internal document specifying the rights and obligations of the board of directors. |
| 2.6.3 | Members of the board of directors have enough time for discharge of their obligations. | - Compliant 
- Partially compliant 
- Non-compliant | There is enough time for the discharge of their obligations. | There is not enough time for the discharge of their obligations. |

2.7 Preparation for the meetings of the board of directors and participation in them by the board of directors members ensure efficient activity of the board of directors.

<table>
<thead>
<tr>
<th>ITEM</th>
<th>CORPORATE GOVERNANCE PRINCIPLES</th>
<th>CRITERIA FOR ASSESSMENT OF COMPLIANCE WITH CORPORATE GOVERNANCE PRINCIPLE</th>
<th>STATUS OF COMPLIANCE WITH CORPORATE GOVERNANCE PRINCIPLE</th>
<th>EXPLANATION OF DEVIATION FROM CRITERIA FOR ASSESSMENT OF COMPLIANCE WITH CORPORATE GOVERNANCE PRINCIPLE</th>
</tr>
</thead>
</table>
| 2.7.1 | Meetings of the board of directors are held at least once every six months. | - Compliant 
- Partially compliant 
- Non-compliant | There are meetings of the board of directors held at least once every six months. | There are not meetings of the board of directors held at least once every six months. |
Corporation Governance Principles

2.7. The company's internal documents specify the procedure for preparation of the board of directors' meetings and for their agenda. In any case, the board of directors is capable of getting ready for its meeting in a proper way. The company adopted the internal document defining the procedure for preparation of the board of directors' meetings. The document contains, inter alia, a notice to be sent at least five days before the date of the meeting. 

2.7.3. The format of the board of directors meetings is defined by the board of directors' resolutions. Important matters are discussed at the meetings in person. The company's internal documents specify the format of the board of directors meetings. Special resolutions on at least three voting persons, or majority of votes of elected members of the board of directors are considered in person meetings of the board.

2.8. The board of directors creates committees for preliminary consideration of the most important matters related to the company's activities. A committee for audit is composed of independent directors for preliminary consideration of the matters related to control of the financial and business activities of the company.

2.8.1. A committee for audit is composed of independent directors for preliminary consideration of the matters related to control of the financial and business activities of the company. The company's internal documents define the committee for audit, including the objective contained in recommendation 170 of the code. 

2.8.2. For preliminary consideration of the matters related to sharing of an efficient and transparent remuneration practices, a committee for compensation was composed of independent directors, and headed by an independent director not holding the position of the board of directors chairman. The board of directors composed the committee for remuneration of independent directors only. 

2.8.3. A committee for nominations (appointments, personnel) is established for preliminary consideration of the matters related to management personnel composition and operational efficiency of the board of directors. The majority of the committee members are independent directors. A committee for nominations (appointments, personnel) is created by the board of directors, whose powers and resources required for fulfillment of the tasks are defined. 

2.8.4. Taking into account the scale and level of risk, the company's board of directors must make sure that the structure of its committees fully meets the objectives of the company's activity. All committees have the competence to make respective recommendations to the board of directors. The company's internal documents define the committee's structure in accordance with the objectives contained in recommendation 170 of the code. 

2.8.5. The structure of committees was outlined in each committee's comprehensive disclosure of preliminary considered matters with account for different opinions. The company's board of directors is composed of independent directors. The company's internal documents (policies) contain the provision ensuring that non-members of the committee for audit and non-members of the committee for compensation for nominations, and committee for remuneration may only attend meetings of the committees if duly by the chairman of the respective committees.

2.9. The board of directors ensures quality assessment of the activities of the board of directors, its committees, and members. The company's internal documents ensure that the board of directors, committee members, and independent directors carry out independent quality assessment of the activities of the board of directors, its committees, and members of the board of directors. 

2.9.5. The board of directors, committee members, and independent directors are involved in independent quality assessment of the activities of the board of directors, its committees, and members of the board of directors at least once in the recent three reporting periods. The board of directors and its chairman on the activities of the board of directors, committee members, and independent directors of the board were carried out during the reporting period. 

3.1. The company's policy for remuneration is developed to ensure the directors' activity is aimed at determining the performance of the board of directors, committee members, and independent directors of the board. The company’s policy (policies) for remuneration of members of the board of directors is aimed at determining the performance of the board of directors, committee members, and independent directors of the board. 

3.1.1. The company's policy for remuneration is developed to ensure the directors' activity is aimed at determining the performance of the board of directors, committee members, and independent directors of the board. The company’s policy (policies) for remuneration of members of the board of directors ensures control of deployment of the company's financial resources. The results of the evaluation or self-evaluation of the board of directors performance carried out during the reporting period included the assessment of the board of directors performance at least once in the recent three reporting periods. 

4.1. The level of remuneration paid by the company is sufficient to motivate, and retain the persons possessing the competence and qualification required for the company. Remuneration to the board of directors members, executive bodies, and other key executives of the company is paid according to the company's policy for remuneration. 

4.1.1. The level of remuneration paid by the company is sufficient to motivate, and retain the persons possessing the competence and qualification required for the company. Remuneration to the board of directors members, executive bodies, and other key executives of the company is paid according to the company's policy for remuneration.
4.2 The remuneration system for the board of directors members ensures harmonisation of financial interest of directors with long-term financial interests of the stockholders.

4.2.1 The company pays fixed annual remuneration to the board of directors members. The company does not pay any remuneration for participation in separate meetings of the board of directors or committees of the board of directors. The company does not apply forms of short-term remuneration or additional remuneration incentives for members of the board of directors.

4.2.2 Long-term holding of the company's stock mostly promotes the convergence between financial interests of the board of directors members and long-term interests of stockholders. Meanwhile, the company does not make the stock transfer rights dependent on certain performance indicators, and members of the board of directors do not participate in any stock compensation program.

4.2.3 The company does not ensure any additional payments or compensations in case of early resignation of members of the board of directors, resignation of members of the board of directors from the position due to transfer of control over the company, or other circumstances.

4.2.4 The remuneration system for members of executive bodies, or other key executives of the company envisages dependence of remuneration on the performance results, and their personal contribution to achievement of such results.

4.3.1 Remuneration of members of the executive bodies, and other key executives of the company is defined in a manner such a way that ensures reasonable and substantiated remuneration between the fixed part of remuneration and the variable part of remuneration depending on the company’s performance results, and personal individual contribution of an employee to the final results.

4.3.2 During the most recent assessment of the remuneration system for members of executive bodies, and other key executives of the company, the fixed and variable part of remuneration was used to define the amount of variable remuneration of members of executive bodies, and other key executives of the company.

5.1.1 The company introduced a program for long-term motivation of members of executive bodies, and other key executives of the company, with the use of derivatives with the company's stock as the underlying asset.

5.1.2 The company introduced a program for long-term motivation of members of executive bodies, and other key executives of the company, with the use of financial derivatives with the company's stock as the underlying asset.

5.1.3 The amount of compensation (golden parachute) paid to the company in case of early resignation of members of executive bodies, or key executives of the company is determined with the use of the company's stock as the fixed part of annual remuneration.

5.1.4 The company's board of directors takes the measures required to ensure that the existing risk management and internal control system in the company is in line with the principles and approaches defined by the board of directors for its organization, and operates in an efficient way.

5.1.5 The company's board of directors approved the risk management and internal control system during the reporting period. Information about the key assessment results are included in the company's annual report.

5.2 The company organises internal auditing for regular independent evaluation of the risk management and internal control system, and the corporate governance practices.

5.2.1 A separate internal auditing structural unit was created for internal auditing of the company. The unit is functionally subordinate to the company’s board of directors, or the committee for audit, or independent third-party organization involved in auditing.

5.2.2 Internal auditing assesses the efficiency of the internal control system, the risk management system, and the corporate governance system. The company uses common standards of internal auditing.

5.2.3 The company uses common standards of internal control and risk management.

5.2.4 The company’s board of directors approved the company's Corporate Governance Code and its amendments.

5.2.5 The company developed and introduced the rules for exchange among the company, stockholders, investors, and other stakeholders.

5.2.6 The company disclosed information on the incorporation of the principles and approaches, including detailed information on compliance with the code principles and recommendations. The company disclosed information on the incorporation of the principles and approaches, including the core principles of corporate governance applied to the company, publishing publication on the corporate website of the company.

5.2.7 The company disclosed information on the incorporation of the risk management system, and other corporate governance principles and approaches. The company disclosed information on the incorporation of the risk management system, and other corporate governance principles.

5.2.8 The company timely discloses full, recent, and reliable information about the company to ensure making reasonable decisions by the company’s stockholders and investors. The company timely discloses full, recent, and reliable information about the company to ensure making reasonable decisions by the company’s stockholders and investors.
## Corporate Governance Principles

<table>
<thead>
<tr>
<th>Item</th>
<th>Corporate Governance Principles</th>
<th>Criteria for Assessment of Compliance with Corporate Governance Principle</th>
<th>Status of Compliance with Corporate Governance Principle</th>
<th>Explanation of Deviation from Criteria for Assessment of Compliance with Corporate Governance Principle</th>
</tr>
</thead>
<tbody>
<tr>
<td>4.2.2</td>
<td>The company avoids a formal approach to informing shareholders about the results of its activities.</td>
<td>Significant corporate actions include reorganization, restructuring, and delisting of the company's stocks, as well as other actions that may lead to considerable changes in the company's structure, activities, or financial status.</td>
<td>Compliant</td>
<td>The reporting is compiled according to the Russian accounting standards, and included in the annual report.</td>
</tr>
<tr>
<td>4.2.3</td>
<td>The company disclosed annual and half-year financial statements compiled according to the international financial reporting standards during the reporting period. The company's internal documents envisage a procedure of third-party assessment of the value of assets acquired or disposed of by the company.</td>
<td>Compliant</td>
<td>Partially compliant</td>
<td>Non-compliant</td>
</tr>
<tr>
<td>5.1</td>
<td>The company provides information and documents upon the stockholders' requests according to the principle of equal and unhampered access.</td>
<td>The company's information policy defines the unhampered procedure for providing the stockholders with access to information, including the information about subsidiary legal persons.</td>
<td>Compliant</td>
<td>Partially compliant</td>
</tr>
</tbody>
</table>

### CRITERIA FOR ASSESSMENT OF COMPLIANCE WITH CORPORATE GOVERNANCE PRINCIPLE

- **Compliant**
- **Partially compliant**
- **Non-compliant**

### STATUS OF COMPLIANCE WITH CORPORATE GOVERNANCE PRINCIPLE

- **Compliant**
- **Partially compliant**
- **Non-compliant**

### EXPLANATION OF DEVIATION FROM CRITERIA FOR ASSESSMENT OF COMPLIANCE WITH CORPORATE GOVERNANCE PRINCIPLE

- **Compliant**
- **Partially compliant**
- **Non-compliant**

## Additional Information

- **CRITERIA FOR ASSESSMENT OF COMPLIANCE WITH CORPORATE GOVERNANCE PRINCIPLE**
  - The company's internal documents envisage a procedure for third-party assessment of the value of assets acquired or disposed of by the company.

- **STATUS OF COMPLIANCE WITH CORPORATE GOVERNANCE PRINCIPLE**
  - The company disclosed annual and half-year financial statements compiled according to the international financial reporting standards during the reporting period.

- **EXPLANATION OF DEVIATION FROM CRITERIA FOR ASSESSMENT OF COMPLIANCE WITH CORPORATE GOVERNANCE PRINCIPLE**
  - The company disclosed information about the important transactions, in compliance with the requirements of the Russian accounting standards.
APPENDIX 12. OPERATING NPP POWER UNITS

<table>
<thead>
<tr>
<th>NPP NAME</th>
<th>PU NO.</th>
<th>REACTOR TYPE</th>
<th>CAPACITY (P), MW</th>
<th>Hook-Up Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balakovo NPP</td>
<td>1</td>
<td>VVER-1000</td>
<td>1000</td>
<td>December 26, 1985</td>
</tr>
<tr>
<td></td>
<td>2</td>
<td>VVER-1000</td>
<td>1000</td>
<td>October 8, 1987</td>
</tr>
<tr>
<td></td>
<td>3</td>
<td>VVER-1000</td>
<td>1000</td>
<td>December 24, 1989</td>
</tr>
<tr>
<td></td>
<td>4</td>
<td>VVER-1000</td>
<td>1000</td>
<td>April 11, 1993</td>
</tr>
<tr>
<td>Beloyarsk NPP</td>
<td>1</td>
<td>BN-600</td>
<td>600</td>
<td>April 4, 1980</td>
</tr>
<tr>
<td>Bilibino NPP</td>
<td>1</td>
<td>EGP-6</td>
<td>12</td>
<td>January 12, 1975</td>
</tr>
<tr>
<td></td>
<td>2</td>
<td>EGP-6</td>
<td>12</td>
<td>December 30, 1975</td>
</tr>
<tr>
<td></td>
<td>3</td>
<td>EGP-6</td>
<td>12</td>
<td>December 22, 1975</td>
</tr>
<tr>
<td></td>
<td>4</td>
<td>EGP-6</td>
<td>12</td>
<td>December 23, 1975</td>
</tr>
<tr>
<td>Kalinin NPP</td>
<td>1</td>
<td>VVER-1000</td>
<td>1000</td>
<td>May 9, 1984</td>
</tr>
<tr>
<td></td>
<td>2</td>
<td>VVER-1000</td>
<td>1000</td>
<td>December 3, 1986</td>
</tr>
<tr>
<td></td>
<td>3</td>
<td>VVER-1000</td>
<td>1000</td>
<td>December 16, 2004</td>
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<td></td>
<td>4</td>
<td>VVER-1000</td>
<td>1000</td>
<td>November 22, 2011</td>
</tr>
<tr>
<td>Kola NPP</td>
<td>1</td>
<td>VVER-440</td>
<td>440</td>
<td>June 29, 1973</td>
</tr>
<tr>
<td></td>
<td>2</td>
<td>VVER-440</td>
<td>440</td>
<td>December 9, 1974</td>
</tr>
<tr>
<td></td>
<td>3</td>
<td>VVER-440</td>
<td>440</td>
<td>March 24, 1981</td>
</tr>
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<td></td>
<td>4</td>
<td>VVER-440</td>
<td>440</td>
<td>October 11, 1994</td>
</tr>
<tr>
<td>Kursk NPP</td>
<td>1</td>
<td>RBMK-1000</td>
<td>1000</td>
<td>December 12, 1876</td>
</tr>
<tr>
<td></td>
<td>2</td>
<td>RBMK-1000</td>
<td>1000</td>
<td>January 26, 1979</td>
</tr>
<tr>
<td></td>
<td>3</td>
<td>RBMK-1000</td>
<td>1000</td>
<td>October 17, 1982</td>
</tr>
<tr>
<td></td>
<td>4</td>
<td>RBMK-1000</td>
<td>1000</td>
<td>December 2, 1985</td>
</tr>
<tr>
<td>Leningrad NPP</td>
<td>1</td>
<td>RBMK-1000</td>
<td>1000</td>
<td>December 21, 1873</td>
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<tr>
<td></td>
<td>2</td>
<td>RBMK-1000</td>
<td>1000</td>
<td>July 11, 1975</td>
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<td>December 1, 1979</td>
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<td></td>
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<td>RBMK-1000</td>
<td>1000</td>
<td>February 9, 1981</td>
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<tr>
<td>Novovoronezh NPP</td>
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<td>RBMK-1000</td>
<td>1000</td>
<td>December 12, 1971</td>
</tr>
<tr>
<td></td>
<td>2</td>
<td>RBMK-1000</td>
<td>1000</td>
<td>December 26, 1972</td>
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<td></td>
<td>3</td>
<td>RBMK-1000</td>
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<td>May 31, 1980</td>
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<tr>
<td>Rostov NPP</td>
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<td>VVER-1000</td>
<td>1000</td>
<td>March 30, 2001</td>
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<tr>
<td></td>
<td>2</td>
<td>VVER-1000</td>
<td>1000</td>
<td>March 18, 2010</td>
</tr>
<tr>
<td></td>
<td>3</td>
<td>VVER-1000</td>
<td>1000</td>
<td>December 27, 2014</td>
</tr>
<tr>
<td>Smolensk NPP</td>
<td>1</td>
<td>RBMK-1000</td>
<td>1000</td>
<td>December 9, 1982</td>
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<tr>
<td></td>
<td>2</td>
<td>RBMK-1000</td>
<td>1000</td>
<td>May 31, 1985</td>
</tr>
</tbody>
</table>

APPENDIX 13. INSTALLED CAPACITY, POWER OUTPUT AND CAPACITY FACTOR OF NUCLEAR POWER PLANTS OF ROSENERGOATOM CONCERN JSC IN 2015 BY REGIONS

<table>
<thead>
<tr>
<th>ITEM NO.</th>
<th>NPP NAME</th>
<th>UES</th>
<th>CONSORTIUM ENTITY OF RUSSIAN FEDERATION</th>
<th>NUMBER OF POWER UNITS</th>
<th>POWER UNIT TYPE</th>
<th>INSTALLED CAPACITY, MW</th>
<th>RUSSIAN FAS POWER GENERATION TARGET, MLN KWH</th>
<th>ACTUAL POWER OUTPUT, MLN KWH</th>
<th>CF, %</th>
<th>AR, %</th>
<th>FAS TARGET ACHIEVEMENT, %</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Kalinin NPP</td>
<td>Central</td>
<td>Tver Oblast</td>
<td>4</td>
<td>VVER</td>
<td>4,000</td>
<td>32,890</td>
<td>33,441.9</td>
<td>95.4</td>
<td>96</td>
<td>101.7</td>
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<tr>
<td>2</td>
<td>Kursk NPP</td>
<td>Central</td>
<td>Kursk Oblast</td>
<td>4</td>
<td>RBMK</td>
<td>3000</td>
<td>26,202</td>
<td>29,709.8</td>
<td>84.8</td>
<td>86</td>
<td>113.4</td>
</tr>
<tr>
<td>3</td>
<td>Novovoronezh NPP</td>
<td>Central</td>
<td>Voronezh Oblast</td>
<td>3</td>
<td>VVER</td>
<td>1,656</td>
<td>12,086</td>
<td>13,873.4</td>
<td>79.9</td>
<td>80</td>
<td>98.8</td>
</tr>
<tr>
<td>4</td>
<td>Smolensk NPP</td>
<td>Central</td>
<td>Smolensk Oblast</td>
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<td>RBMK</td>
<td>3000</td>
<td>23,232</td>
<td>24,182.2</td>
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<td>92.1</td>
<td>104.1</td>
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<tr>
<td>5</td>
<td>Kola NPP</td>
<td>Northwest</td>
<td>Murmansk Oblast</td>
<td>4</td>
<td>VVER</td>
<td>1,780</td>
<td>10,556</td>
<td>10,516.4</td>
<td>81.6</td>
<td>86</td>
<td>90</td>
</tr>
<tr>
<td>6</td>
<td>Leningrad NPP</td>
<td>Northwest</td>
<td>Leningrad Oblast</td>
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<td>RBMK</td>
<td>3,000</td>
<td>26,600</td>
<td>27,660.0</td>
<td>76.5</td>
<td>82</td>
<td>103.3</td>
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<tr>
<td>7</td>
<td>Rostov NPP</td>
<td>South</td>
<td>Rostov Oblast</td>
<td>3</td>
<td>VVER</td>
<td>3,000</td>
<td>18,068</td>
<td>21,018.4</td>
<td>71.7</td>
<td>87</td>
<td>113.5</td>
</tr>
<tr>
<td>8</td>
<td>including power unit No. 3</td>
<td>South</td>
<td>Rostov Oblast</td>
<td>1</td>
<td>VVER</td>
<td>1,000</td>
<td>4,094.84</td>
<td>4,094.84</td>
<td>92.0</td>
<td>92.1</td>
<td>104.1</td>
</tr>
<tr>
<td>9</td>
<td>Balakovo NPP</td>
<td>Volga</td>
<td>Saratov Oblast</td>
<td>4</td>
<td>VVER</td>
<td>3,000</td>
<td>18,069.8</td>
<td>20,509.4</td>
<td>87.7</td>
<td>88</td>
<td>113.5</td>
</tr>
<tr>
<td>10</td>
<td>Beloyarsk NPP</td>
<td>Central</td>
<td>Sverdlovsk Oblast</td>
<td>2</td>
<td>RBM-600</td>
<td>800</td>
<td>6,722</td>
<td>4,077.6</td>
<td>88.1</td>
<td>86</td>
<td>90</td>
</tr>
<tr>
<td>11</td>
<td>including power unit No. 4</td>
<td>Sverdlovsk Oblast</td>
<td>1</td>
<td>RBM-600</td>
<td>3,500</td>
<td>3,500</td>
<td>3,500</td>
<td>100</td>
<td>1.5</td>
<td></td>
<td></td>
</tr>
<tr>
<td>12</td>
<td>Bilibino NPP</td>
<td>East</td>
<td>Chukotka Autonomous Okrug</td>
<td>4</td>
<td>EGP-6</td>
<td>48</td>
<td>225.0</td>
<td>210.9</td>
<td>91.3</td>
<td>76</td>
<td>98.8</td>
</tr>
<tr>
<td>13</td>
<td>TOTAL</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>35</td>
<td>26,242</td>
<td>189,150.9</td>
<td>195,213.58</td>
<td>85.8</td>
<td>88.5</td>
</tr>
</tbody>
</table>

1. The Rostov NPP power unit No. 3 with the installed capacity of 1,000 MW was commissioned on September 18, 2015.
2. The Concern's total installed capacity in 2015, without the Beloyarsk NPP power unit No. 4 (low power testing, power started up on December 10, 2015).
APPENDIX 14. MAIN PERSONNEL CHARACTERISTICS

<table>
<thead>
<tr>
<th>HEADQUARTERS</th>
<th>BALAKOVO NPP</th>
<th>LENINGRAD NPP</th>
<th>NOVOVORONEZH NPP</th>
<th>VORONEZH NPP (HEAT ONLY)</th>
<th>DIRECTORATE FOR OPERATION OF FTNPP</th>
<th>DIRECTORATE OF KURSK NPP-2</th>
<th>REFERENCES</th>
</tr>
</thead>
<tbody>
<tr>
<td>Men</td>
<td>577</td>
<td>796</td>
<td>256</td>
<td>1,047</td>
<td>986</td>
<td>796</td>
<td>179</td>
</tr>
<tr>
<td>Women</td>
<td>106</td>
<td>454</td>
<td>78</td>
<td>84</td>
<td>78</td>
<td>179</td>
<td>21</td>
</tr>
<tr>
<td>Total</td>
<td>683</td>
<td>1,350</td>
<td>334</td>
<td>1,121</td>
<td>1,064</td>
<td>975</td>
<td>245</td>
</tr>
</tbody>
</table>

Number of Hired Employees, and Their Share of Headcount

<table>
<thead>
<tr>
<th>Year</th>
<th>Men</th>
<th>Women</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>464</td>
<td>13</td>
<td>477</td>
</tr>
<tr>
<td>2014</td>
<td>493</td>
<td>16</td>
<td>509</td>
</tr>
<tr>
<td>2015</td>
<td>505</td>
<td>16</td>
<td>521</td>
</tr>
</tbody>
</table>

APPENDIX 15. GLOSSARY

BOD (Build-Own-Operate) – a design circuit, where the design company that constructs the facility is regularly a utility and operates this facility. This form of project financing allows the accumulation of necessary financial resources, decreased investment risk, and combines the interests of various parties belonging to the members of the project.

INES – International Nuclear Events Scale, adopted to facilitate communication and understanding between nuclear industry experts, mass media, and the public, as regards the magnitude of events/accidents at nuclear sites in terms of safety. The Scale places all events into one of its seven levels (higher-level events 6-7) are called ‘emergency’/lower-level (events 2-5) are ‘incident’. Events that are negligible in terms of safety are placed at Level D beyond the Scale, and are known to be of ‘off-scale’.

Core zone – part of the reactor that houses nuclear fuel, the moderator, beryllium oxide, heat-medium, nuclear impact devices, and structural elements used to control a nuclear fission chain reaction and transmit the energy to the ambiance.

Automated radiation control system – an automated system including information and measurement systems, and equipment that enable its functioning. This system collects and processes information about controlled parameters that characterize the radiation safety in NPP controlled areas, at industrial sites, in the buffer area and radiation-control area, in all NPP operating modes, including design basis accidents and beyond design basis accidents, as well as the NPP condition during decommissioning of its power units.

Automated radiation background control – an automated system that measures strength of exposure to gamma rays in the background.

Nuclear plant – nuclear equipment used to generate energy in preset operational modes and conditions, installed within project-defined boundaries that use for that purpose one or more nuclear reactors and a set of related systems, devices, equipment, and buildings with people.

Nuclear power industry – section of the power industry that engages in the design, construction, commissioning, operation, and decommissioning.

Radioactive emission – a substance (or mix) as a gas and/or aerosol, released into the environment (air) from emitting sources.

Radiation dose – a measure of impact by ionizing radiation on a biological object, typically a human. Distinction is made among exposures, absorbed, and equivalent doses.

Unified State System for Emergency Prevention and Response – an organizational system that integrates management bodies, forces and means commanded by the Federal Government, the governments of the Russian Federation, local governments, and other organizations, whose functions include addressing the issues regariding the protection of the population. Events mentioned above to safeguard citizens and land against natural, industrial, or other disasters, to provide defense at times of peace for citizens, territories, and the environmental, material, and cultural values of the country.

NPP life cycle – all stages of evolution that a nuclear plant passes through during the existence; this includes design, construction, commissioning, operation, and decommissioning.

Closed nuclear fuel cycle – a nuclear fuel cycle (RFC) where spent nuclear fuel is recycled to recover uranium and plutonium to be reused in nuclear fuel.

Beyond design basis accident – an accident caused by the initiating events that are not considered as such for the design basis accidents, or when a single failure of a design basis accident is accompanied by additional safety system failures, wrong decisions made by personnel.

Nuclear reactor protection shell – a device in a nuclear reactor designed to hold radioactive nuclides within the volume of the shell, in the event of emergency decompression of the reactor equipment.

Safety protections – systems (components) designed to prevent or mitigate damage to nuclear fuel, infrastructure, equipment, and pipelines that contain radioactive substances.

Intelectual capital – organizational intangible assets, including development of potential of already hired personnel and prospective employees (university graduates).

Available factor (AP) – refers to the capability of rated electrical load bearing of the power unit or the group of power units, generated by the unit, and power that wasn't generated by reasons unrelated to the power unit, to be generated during this period under rated (installed) capacity. The standard value for a NPP is AP = 10%.

Capacity factor – a ratio of power unit (power plant) output for a specific time interval to the power unit output at the nominal (installed) capacity for this time interval.

Emergency drill complex – a set of exercise activities the Concern holds to assess the efficiency of personnel, equipment, and the environment within specific limited requirements.

Fast reactor (fast neutron reactor) – a nuclear reactor in which the fission chain reaction is sustained by fast neutrons (with an energy of >10^5 eV).

WANO – World Association of Nuclear Plant Operators, whose mission is to maximize the safety and reliability of nuclear power plants worldwide through exchange of information and encouraging contacts among its members, cooperating on technical and safety issues, and promoting best practices.

Commissioning – a process when the systems and equipment of the power unit or the entire NPP are launched, and their project compliance is checked. The process includes pre-commissioning setup, physical and power startup, pilot operation, and finally commissioning of the NPP.

Water-cooled water moderated power reactor – a shell-protected power reactor using water under pressure as heat medium, moderator, and neutron reflector.
Spent nuclear fuel — nuclear fuel contaminated in the reactor’s core zone and withdrawn from it completely.

Floating thermal nuclear power plant (FTNPP) — a mobile thermal nuclear power plant with small output capacity to be used in remote regions of Russia, and abroad, for the desalination of seawater, inter alia. The plant is a non-propelled craft with a nuclear power unit, transported to the region of operation via waterways.

Radiation safety — condition when the existing and future human generations are protected against health-damaging impacts of ionizing radiation.

Radiation control — collecting information about the radiation situation at NPPs, in the environment, and people exposure.

RBMK (high-power channel reactor) — channel-type, water-cooled graphite-moderated power reactor with the power capacity of 1 GW and above, where water boils in duct channels, and saturated steam is supplied from separators into the turbines.

Reactor unit — a set of NPP systems and components designed to convert nuclear power to heat, including a reactor and directly related systems that support its normal operation, emergency cooling, emergency protections, and safety assurance, and provide compliance with mandatory auxiliary and support functions from other systems of the power plant. The limits for the reactor unit are stated specifically for each NPP in its project pack.

Situation Crisis Center — a center that ensures technical, technological, information exchange, and analytic support to activities of the HQ of Rosatom State Corporation, and involvement in information support to ongoing management of the industry both under routine conditions and in emergencies.

Fuel element — the key structural component in a nuclear reactor’s core zone in which nuclear fuel is encapsulated.

Energy efficiency — efficient (rational) use of energy resources, to achieve economically justified efficiency at the existing level of engineering and technology, given compliance with environmental protection regulations.

ASIDC — automated system of individual dosimeter control
ARCS — automated radiation monitoring system
AER — Atomenergoremont (USC)
PTU — protective tube unit
WANO — World Association of Nuclear Operators
UVER — water-cooled water-moderated power reactor
RCR — resource characteristics recovery (RBMK reactors)
MCP — main circulation pipeline
PD — permissible discharge
LRW — liquid radioactive waste
PS — pollutant substances
IRG — inert radioactive gas
AF — availability factor
CF — capacity factor
EDC — emergency drill complex
R&D — research and development
DEDCC — decommissioning experimental demonstration center (NPP)
EARIPP — group for emergency assistance to nuclear power plants
HP — hazardous production facilities
PO — pilot operation
SFA — spent fuel assembly

UES — unified energy system (Russia)
SNF — spent nuclear fuel
FTNPP — Floating thermal nuclear power plant
QA — quality assurance program
SLE — service life extension
FPU — floating power unit
RAW — radioactive waste
RBMK — high-power channel reactor
EPR — unified state system for emergency prevention and response
SCC — Situation Crisis Center (Rosatom)
SD — system operator
RCS — radiation control system
FE — fuel element
SRW — solid radioactive waste
NPP TAU — training and apprentice units of nuclear power plants
FAS — Federal Antimonopoly Service
LSRWS — liquid and solid radioactive waste storage
SNFS — spent nuclear fuel storage
HQ — headquarters
TSC — technical service center
OO — operating organization
APPENDIX 17. FEEDBACK FORM

DEAR READERS,

We have been pleased to offer for your consideration the 2015 Annual Report of Rosenergoatom Concern JSC. It is important to us to ensure that the dialogue with all of our stakeholders is as transparent and as honest as possible.

Your comments and suggestions will help us to improve the quality of future reports, and make them more informative and relevant.

Please send the completed form to: Rosenergoatom Concern JSC, 109507, Moscow, ul. Ferganskaya, d. 25, or by email to: info@rosenergoatom.ru

Contact person for Report content — Alexander Berenzon, Senior Specialist, Department of Information and Public Relations, tel. +7 (495) 647-48-36, email: berenzon-al@rosenergoatom.ru

TO WHICH GROUP OF STAKEHOLDERS DO YOU BELONG?

☐ Stockholder / investor
☐ Employee of the Concern
☐ Representative of government structures/public organizations
☐ Media representative
☐ Member of the expert community
☐ Other (please specify) ________________________________________________________________________________________________________________________

DID THIS REPORT ANSWER YOUR QUESTIONS?

☐ Yes, all of them
☐ Yes, partly
☐ No

WHAT OTHER INFORMATION WOULD YOU LIKE TO SEE IN THE NEXT ROSENERGOATOM CONCERN JSC ANNUAL REPORT?
___________________________________________________________________________________________________________________________________________________
___________________________________________________________________________________________________________________________________________________

PLEASE ASSESS THIS REPORT USING THE FOLLOWING CRITERIA:

<table>
<thead>
<tr>
<th>CRITERION</th>
<th>EXCELLENT</th>
<th>GOOD</th>
<th>SATISFACTORY</th>
<th>POOR</th>
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<td>Relevance and substance of issues addressed</td>
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THANK YOU FOR TAKING PART!