

2012
PUBLIC
ANNUAL REPORT
JSC ATOMENERGOPROEKT





KEY CORPORATE PERFORMANCE INDICATORS

Item	Unit	2010	2011	2012
Revenues	m rubles	27,039.11	28,382.03	29,790.02
EBITDA	m rubles	980.62	1,266.80	1,445.40
Net profit	m rubles	714.59	923.81	1,944.21
Net asset value	m rubles	3,146.44	3,360.40	4,457.77
Works accomplished without outsourcing	m rubles	5,577.44	7,057.40	7,363.42
Created economic value	m rubles	27,658.54	29,349.95	31,883.38
Number of power units under design and upgrade	units	37	39	42
Training hours per employee	hours	10.7	11.6	12.8
Environmental investments and spending	000 rubles	3,280.0	2,063.9	2,847.6



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About this Report

Reasons and objectives to prepare the Report

This report represents the activities of JSC Atomenergoproekt Public Corporation (the “Company”) in 2012. The Company is one of the key entities within Rosatom State Corp., and as part of the project to create and implement a public reporting system in Rosatom State Corp. and its constituents, it has put together this report to meet the requirements for the State Corp.’s key entities in the context of public accountability.

As this report was prepared, the Company pursued these objectives::

- presenting comprehensive information on the Company’s plans and achievements during 2012 as part of its long-term strategy;
- making the Company’s operations more transparent as expected by the State Corp. and the professional community;
- build confidence on the part of Shareholders, the public, investors, and prospective partners;
- helping to create a friendly environment to implement the Company’s projects;
- continuing the practice of annual public reporting as required by Rosatom State Corp.

Report building requirements and standards used

This 2012 Annual Public Report was prepared to meet the provisions of the “Corporations” RF Federal Act No. 208-FZ as of November 24, 1995, amended and modified; FSFM Exec. Order “Approval of Regulation on Information Disclosure by Issuers of Securities”; FSC Directive “Recommendations on Corporate Conduct Code Enforcement”; and the Rosatom State Corp. Code of Ethics.

The Company was guided by international standards in public reporting: GRI Guidance on International Reports in sustainable development, version G3.1, AA1000SES International Standard, and recommendations issued by the Russian Union of Manufacturers and Entrepreneurs (RUME). GRI Guidance application level meets criteria B+. The reliability of data in the report is confirmed by the Conclusion of the Company’s Audit Commission, Conclusion of the Internal Control and Auditing Office, and report of the Company’s Auditor — Financial and Accounting Consultants. To meet AA1000SES standards, the Company hosted three dialogues with stakeholders, and public consultations

Contents of the 2012 Report

The report filed by JSC Atomenergoproekt for 2012 contains financial and non-financial information that describes the Company's activities. The report describes the Company's directions for strategic development, its main production results, corporate governance, efforts to ensure sustainable development, and plans for future development.

The report includes information about the results of an important stage in the Company's activities: concluded development and acceptance of VVER-TOI design, and directions for its future evolution: outlooks for setting up a managing Company on the basis of JSC Atomenergoproekt, to be further integrated into the management system of construction project operators within Rosatom State Corp.

The report covers the Company's assessment of risks in the light of the Fukushima disaster in Japan, and efforts to improve the safety of nuclear plants, both in operation and under construction

Scope of Report

This report covers the operations results of JSC Atomenergoproekt according to business accounts by Russian Accounting Standards (RAS) for the 2012 Financial Year.

Companies present in the JSC Atomenergoproekt management system at the end of 2012 were beyond the consolidation perimeter in terms of both financial and non-financial information, there being no legal grounds for consolidation of financial reports, and no system of data gathering and consolidation for non-financial reports

Priority issue of the Report

Changing the strategic outline of JSC Atomenergoproekt activities, which includes the following directions:

- outlooks for creating a management Company on the basis of JSC Atomenergoproekt;
- conclusion of development and acceptance of survey project to build optimized and IT-enhanced power unit with VVER technology (VVER-TOI)..

Recommendations of International Council for Integrated Accounting

To prepare this public 2012 Annual Report, the Company adhered as closely as possible to the recommendations issued by the International Council for Integrated Accounting

Available formats of the 2012 Report

This Annual Public Report by JSC Atomenergoproekt is available in Russian and English; an interactive digital version is available at <http://www.aep.ru>

2011 Annual Report

The previous integrated report was prepared for 2011, approved by the annual General Meeting of Shareholders, and published in 2012; it can be accessed at <http://www.aep.ru/>.

Contacts for Report-related questions Disclaimer

Communications Office:
info@aep.ru + 7 (499) 267-61-21

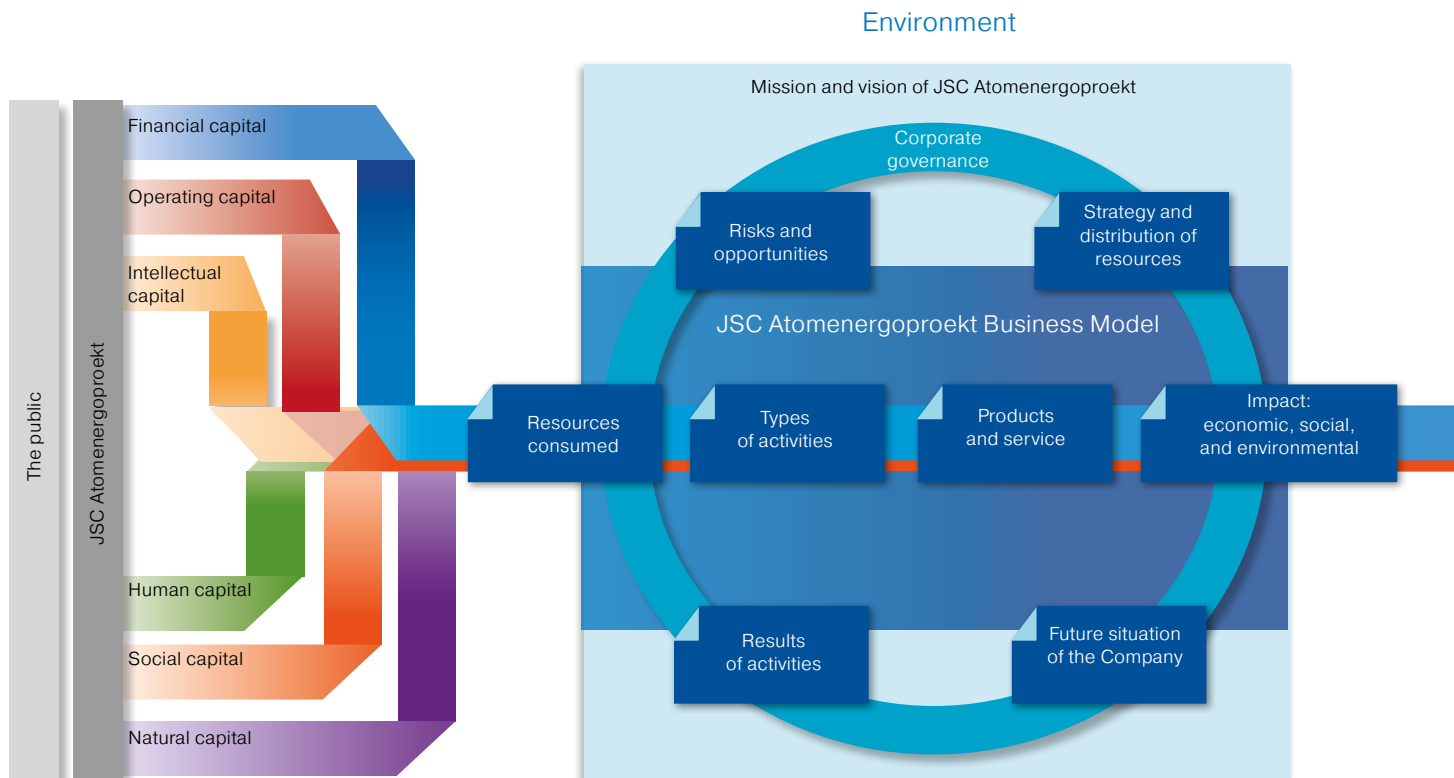
Contacts for Report-related questions Disclaimer

This Annual Report contains estimates and forecasts where the Company's authorized bodies of management describe future events and/or activities, outlooks for growth in the sector where the Company mainly operates, and its performance, including its plans, likelihood of specific events and accomplishments. The reader is advised not to fully rely on the Company's executive estimates and forecasts, since for a number of reasons the Company's actual performance in future may differ from estimates..



Use of Recommendations Issued by the International Council for Integrated Reporting

Report components, and recommendations of the International Council for Integrated Reporting



To prepare this 2012 Annual Public Report, JSC Atomenergoproekt did its best to follow the recommendations issued by the International Council for Integrated Reporting.

In its activities, JSC Atomenergoproekt uses capitals, partly owned by the Company, and partly (such as natural resources) by the government. The Company uses capitals in the form of resources it consumes, and produces modified (typically, increased) capitals ("the capital"). Detailed information on the use of capitals is available in part 2.6 "Capitals".

Analysis of the environment, the Company's situation in the sector, overview of risks and opportunities are offered in part 1.6 "Situation in the Sector", part 2.2 "The Company's Situation in the Sector. Overview of Risks and Opportunities", and part 2.5 "Strategic Risks and Efforts to Reduce Them".

Mission and vision are described in part 2.1 "The Company's Mission and Vision".

Information on corporate governance in JSC Atomenergoproekt is disclosed in part 6.1 "Corporate Governance".

The Company's Strategy is covered in Section 2 "Development Strategy and Priority Activities".

The Company's performance is described in part 3.3 "Concluded Development and Acceptance of VVER-TOI Design", part 3.4 "Main Results of Project Design", part 3.2 "Construction of Novovoronezh NPP-2" (production results), and Section 5 "Financial Management and Raising Operating Efficiency" (financial results).

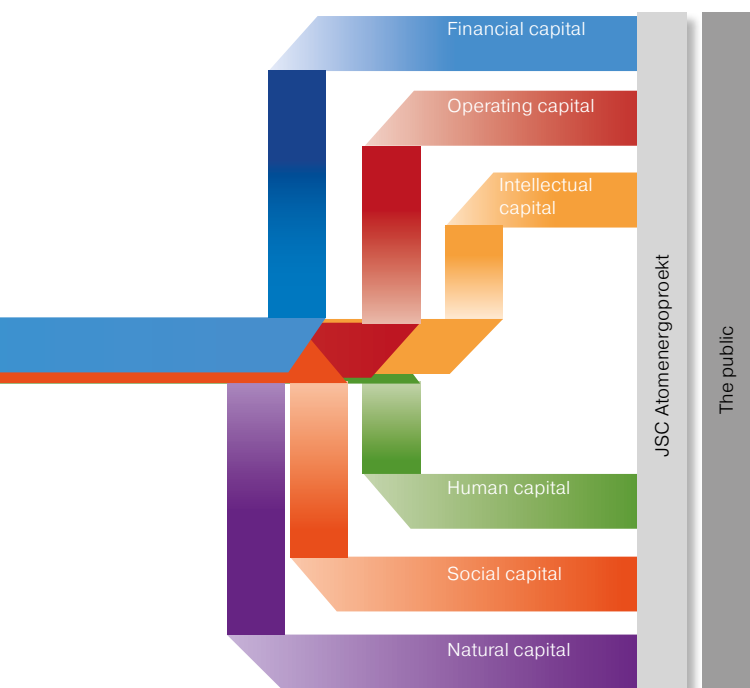
The Situation forecast for the Company is given in part 2.4 "Development Strategy the Company", and part 3.1 "Creation of Managing Company on the Basis of JSC Atomenergoproekt".

The Company's Business Model, and its value creation chain are described in part 2.3 "The Company's Business Model".

A description of resources consumed is part of part 2.6 "Capitals".

Information on the Company's main activities and products is available in part 2.3 "The Company's Business Model", part 1.4 "Main Activities", part 1.5 "Business Geography", part 3.3 "Concluded Development and Acceptance of VVER-TOI Design", part 3.4 "Main Results of Project Design", part 3.2 "Construction of Novovoronezh NPP-2"; auxiliary and support processes are covered in part 3.5 "Ensuring Safety of Implemented Projects", Section 4 "Marketing and Contract Portfolio", Section 5 "Financial Management and Raising Operating Efficiency", and Section 6 "Development of Management System".

A description of impacts from JSC Atomenergoproekt, with triple effects — economic, social, and environmental — is contained in each section of the report, those key to understanding the Company's impacts being part 2.7 "Strategy in Sustainable Development", Section 7 "Sustainable Development", and Section 8 "Interaction with Stakeholders".





Key Events in 2012

January

- ▶ A new method to assemble consolidated reinforcement units was adopted to build the internal protection thermal shell for the reactor building of power unit No. 2 at Novovoronezh NPP-2. Optimization within the Rosatom Production System halved the duration of works but also ensured unconditional enforcement of production standards, requirements to safety, and quality.

February

- ▶ Sergey Kirienko, CEO of Rosatom State Corp., and Aleksey Gordeyev, Voronezh Region Governor, visited Novovoronezh NPP-2 to survey the progress of construction.
- ▶ JSC Atomenergoproekt's Quality Management System was confirmed once again to be compliant under national standard GOST R ISO 9001-2008 by AKADEMIA-CERT, the certification agency for integrated management systems..

March

- ▶ The international certification agency TÜV SÜD Management Service GmbH (Germany) during its annual supervision audit confirmed that the Quality Management System in JSC Atomenergoproekt was compliant with international standard ISO 9001:2008.

May

- ▶ The dome of the internal protection shell for the reactor building of power unit No. 1 at Novovoronezh NPP-2 was installed at its destination. Before it was installed, the components of the dome were pre-assembled in batches.
- ▶ A public hearing of the preliminary report on "Assessing environmental impact decommissioning of power units No. 1 and 2 of Novovoronezh NPP-2" (AEIO), prepared by JSC Atomenergoproekt specialists, was held in the Kashira District of the Voronezh Region, and in the municipality of Novovoronezh. The hearing was attended by more than 300 participants.

June

- ▶ The Federal Service for Environmental, Technological and Nuclear Supervision (Rostekhnadzor) issued a new license to JSC Atomenergoproekt, valid until May 30, 2017, for project design and construction of nuclear plant power units, sources of radiation, storage facilities for nuclear materials, and warehouses for radioactive waste. After the previous license expired, JSC Atomenergoproekt successfully passed the terms of license compliance audit by Rostekhnadzor.
- ▶ JSC Atomenergoproekt specialists concluded the implementation of the main part of activities for VVER-TOI design. An engineering data management system and the project's website, the technical design and digital model of the reactor house for VVER-TOI power unit were finalized and delivered to the client.
- ▶ JSC Atomenergoproekt specialists analyzed safety of the Novovoronezh NPP-2 construction project, considering extreme external impacts. This analysis was done as instructed by Rostekhnadzor to conduct stress testing for nuclear plant construction projects. The report was forwarded to Rosenergoatom Concern (the client of the Novovoronezh NPP-2 construction).

August

- ▶ Busher NPP in Iran with JSC Atomenergoproekt as general designer achieved 100 % capacity.
- ▶ IAEA experts visited the site of Akkuyu NPP, and praised the good organization and high technical level of engineering survey, with special emphasis on compliance with the Agency's guiding documents and requirements.



September

- ▶ Reactor building of power unit No. 1 at Novovoronezh NPP-2 was installed at its destination – a key event of 2012.
- ▶ The management of Rosatom State Corp. outlined plans to hand over nine companies in the nuclear sector to be managed by JSC Atomenergoproekt: JSC NIKIMT-Atomstroy, JSC Energospetsmontazh, JSC VNIPIET, JSC NPK Dedal, JSC SSMU Lenatomenergostroy, JSC SPb NII EIZ, JSC Sibirsky Orgstroyproekt, JSC SMM, JSC Mosspetsatomenergomontazh. (Officially, JSC Atomenergoproekt was vested with control functions after the “Regulation on Interaction between JSC Atomenergoproekt and Rosatom State Corp.” was approved and signed by Exec. Order No. 1/11-П as of January 15, 2013).
- ▶ The exhaust of the cooling tower for the first power unit of Novovoronezh NPP-2 was built to its designed elevation of 171 m. NPP-2006 design project will build one evaporation cooling tower per unit instead of two as done earlier at Russian nuclear plants. JSC Atomenergoproekt is the first company in Russia to implement such a solution.

October

- The first Branch Office of the Training Centre for occupational training for nuclear sector workers opened in Novovoronezh, large enough to train up to two thousand specialists a year. Graduates will be hired to build Novovoronezh NPP-2, and later on other nuclear plant projects.
- ▶ JSC Atomenergoproekt specialists concluded the setup of the IT system to design Akkuyu NPP, and began 3D modeling and development of a digital model for the project.

November

- ▶ Russian Prime Minister Dmitry Medvedev visited the construction site of Novovoronezh NPP-2.
- ▶ JSC Atomenergoproekt was awarded diplomas for implemented RPS projects. At the sector-level forum “Rosatom Production System Leaders: Advanced Experience”, RPS project “Manufacturing, Installation and Concreting of the Internal Protection Shell for Power Unit No. 2 at NV NPP-2” was declared the winner by a vote of the forum. JSC Atomenergoproekt also received a diploma in nomination “Best Practices” for its project “Experience with RPS Used in Construction and Project Design”.
- ▶ JSC Atomenergoproekt specialists conducted an engineering survey to select a priority construction site for Kursk NPP-2. The results were used to prepare documents for the construction investment support pack (CISP) and preliminary report on safety estimate (PRSE) for the nuclear plant.

December

- ▶ JSC Atomenergoproekt was hired as general designer for Smolensk NPP-2.
- ▶ Development of the VVER-TOI design was concluded, and documents submitted to the client (Rosenergoatom Concern) for coordination.
- ▶ Stage one to supply voltage to the own-needs circuit was finished at Novovoronezh NPP-2. Available own-needs voltage is a prerequisite to the pre-commissioning stage.
- ▶ JSC Atomenergoproekt signed agreements with other-sector entities to develop competencies in project design and building, and to improve the construction quality of facilities that use nuclear power.
- ▶ SRO NP Soyuzatomstroy awarded a Diploma of Honour to JSC Atomenergoproekt as “2012 Best Designer”

Address by the Chairman of the Board of Directors



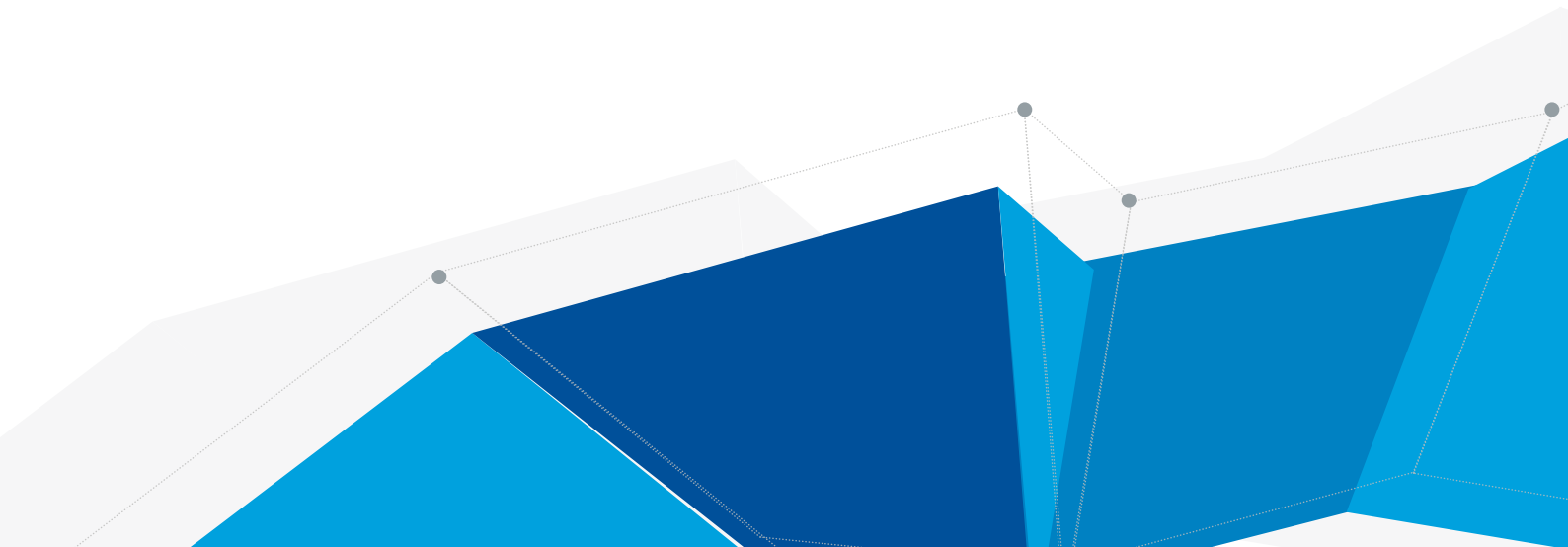
Ladies and Gentlemen,

In 2012 we saw a global trend suggesting that the Fukushima syndrome had been overcome, with confidence restored in the nuclear power industry.

In this respect, the Russian nuclear industry today is confronted with the great task of building generating capacity for the nation, and expanding the adoption of Russian designs on the global marketplace.

These tasks can be addressed only by reducing the time and cost of construction, always in compliance with all requirements for quality and safety of facilities that use nuclear power. This is why in 2012 the construction cluster of Rosatom State Corp. embarked on great change during which the management of the State Corp. decided to expand the management outline of JSC Atomenergoproekt by joining a number of nuclear sector companies that possess vital competencies in project design and construction of nuclear power facilities.

In the past five years, JSC Atomenergoproekt has proved its competency in the construction of advanced nuclear plants. In addition, the Company is a general designer of VVER-TOI – a design of strategic importance for the sector.



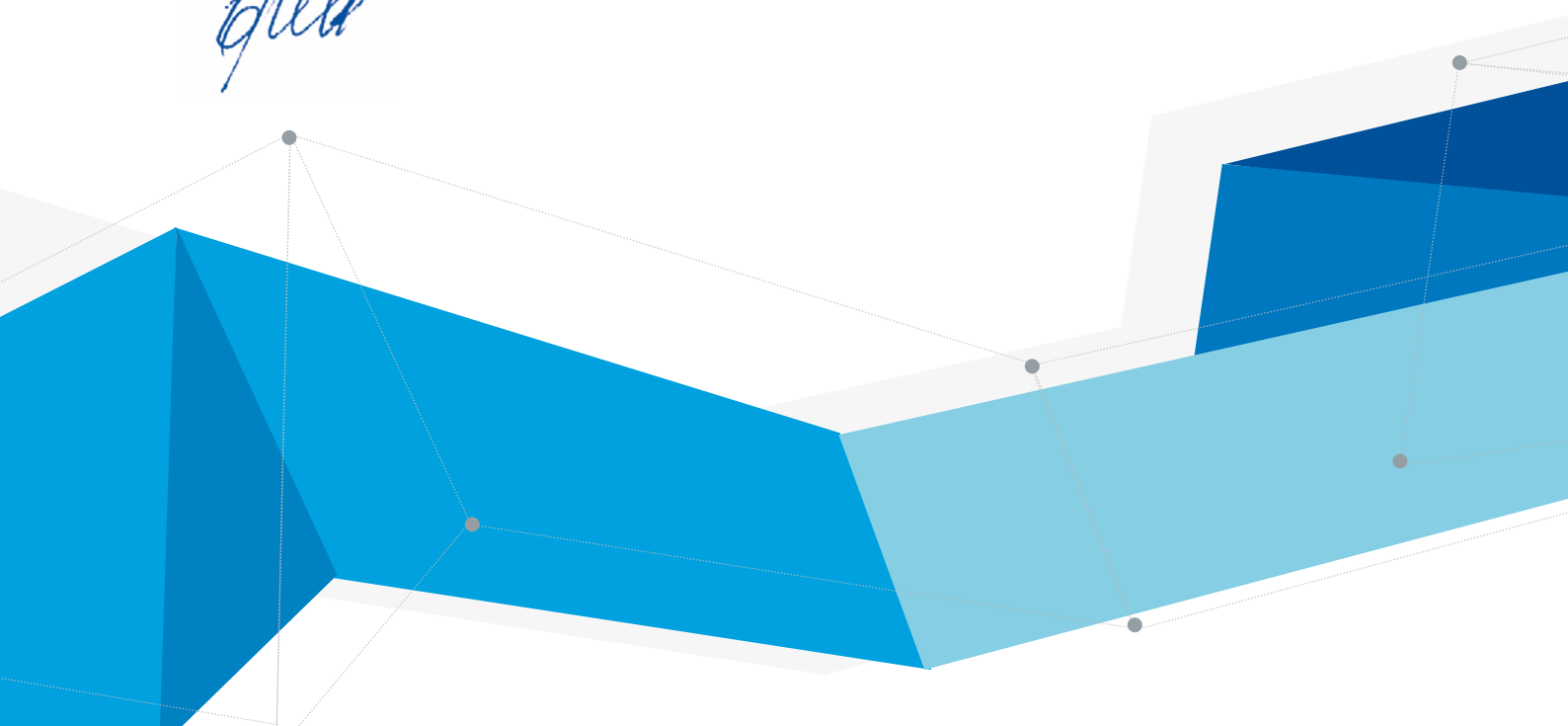
JSC Atomenergoproekt is among organizations building up potential and increasing operational efficiency from year to year. Competent business planning in 2012 helped the Company to achieve high operating and financial indicators. Development of the VVER-TOI design was concluded as planned, and construction of Novovoronezh NPP-2 continued on schedule. JSC Atomenergoproekt increased its revenues by 5 % compared to 2011, largely thanks to growing volumes of construction and installation, and General Contractor services. Higher efficiency of labour is another important indicator.

At the same time, JSC Atomenergoproekt continued with its consistent policy of social responsibility, adhering to high standards in environmental protection, labour protection, and industrial safety, which guarantees the Company's sustainable development.

Speaking on behalf of the Board of Directors, I would like to thank all employees of JSC Atomenergoproekt for their good efforts during the past year. I am confident that the Company will continue to strengthen its leadership in all key directions.

Ye. V. Lyakhova,

Chairperson of the Board of Directors, JSC Atomenergoproekt



Address by the General Director

Dear Colleagues and Partners,



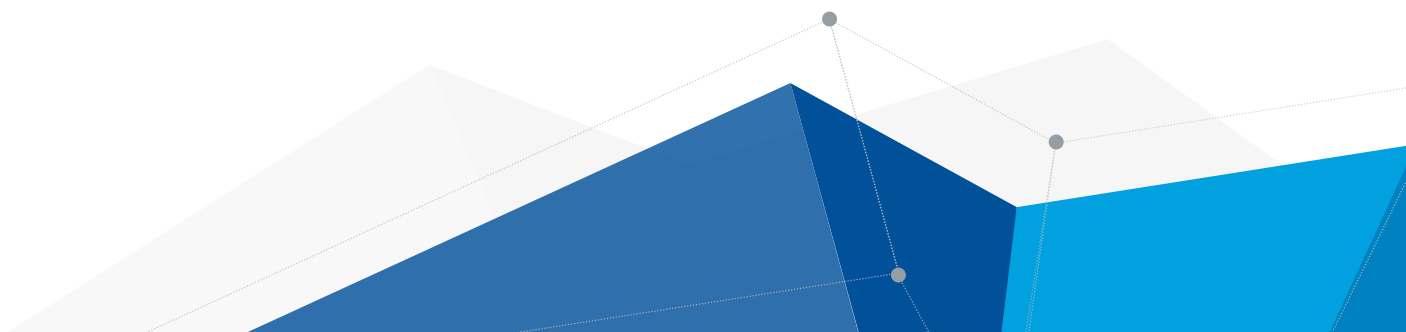
JSC Atomenergoproekt presents for your perusal its integrated 2012 Annual Report. We did our best to ensure that the report contains comprehensive information about our operating results, changes, achievements, the implementation of our long-term strategy, and plans for the future, and to consider as fully as possible the recommendations issued by the International Council for Integrated Reporting. In 2012, JSC Atomenergoproekt had a series of events that are important for the Company's further sustainable development, and the report places special emphasis on them.

First of all, JSC Atomenergoproekt took the strategic decision to expand its management outline. Secondly, at year's end our specialists concluded the development of the VVER-TOI design – a strategic priority for Rosatom State Corp. And finally, increasing consolidation at the level of subdivisions helped the Company as a general designer and General Contractor for Novovoronezh NPP-2, to speed up and improve organization of construction.

In setting priorities for our activities, we assume that the critical factor and indicator of our competencies is that Novovoronezh NPP-2 is built to deadline. In 2012, all employees of JSC Atomenergoproekt did their best to improve efficiency in this direction.

Last September, the construction site of Novovoronezh NPP-2 saw a major event, a milestone toward which the Company had been moving ever since the first concrete casting, by continuously consolidating efforts of all employees. Installation of the reactor building for the first power unit was complete. This important milestone signaled the countdown to the physical start, and to the moment when the power unit will generate its first megawatts of electric power. Another momentous event was when last December the first voltage was supplies to the own-needs circuit – a prerequisite to pre-commissioning.

As major events in 2012 we can also name: installation of the dome for the reactor building of power unit No. 1, commissioning of a polar crane, permanent installation of equipment for the reactor, completed construction of the exhaust stack for the evaporation cooling tower, the tallest in Russia today. Last year, a total of 130 thousand cubic



meters of concrete with 13.5 thousand tons of steel reinforcement was laid, and seven thousand tons of production equipment was installed.

The Company also increased its volume of works done without outsourcing, and improved efficiency considerably thanks to the adopted Rosatom Production System, and optimization of production and control processes.

As a result, completed construction and installation during year 2012 was 109 %, with 100 % of equipment supplies, and 109 % of General Contractor services of the target.

In 2012, the management of Rosatom State Corp. decided to expand the management outline of JSC Atomenergoproekt and integrated it with companies that possess a set of unique competencies in project design, construction, installation, and management. We are confident that the synergetic effect of this amalgamation will make the consolidated engineering entity more efficient in both the short-term and medium-term objectives, of which the most important at present is the timely construction and commissioning of Novovoronezh NPP-2.

2012 was also momentous for us in project design. Last December we finished development of the VVER-TOI design, with our Company as the General Designer. The design will form the basis for organizing serial construction of nuclear plants both inside and outside Russia. Once implemented, it will reduce spending on project design, construction, operation, maintenance, and decommissioning of power units with VVER reactors, ensuring maximum safety for nuclear plants. This project is an important contribution by JSC Atomenergoproekt specialists and their counterparts from major companies within the State Corp., into a solution to make the Russian nuclear sector more competitive on the global market. On the whole, the Company outperformed in R&D, with 106 % of the annual target.

As to social responsibility, JSC Atomenergoproekt continued with its policy of socially oriented business. The Company arranged and conducted an open charitable competition among public not-for-profit organizations and citizens to present their socially significant projects; as a result, some entities resident in Novovoronezh received financial aid.

Another important activity for the Company during 2012 was promoting its programmes for social support of personnel, raising safety, and development of professional and creative potential in its employees - all that is covered in the respective sections of this Annual Report.

Considering the public nature of this document, we did our possible best to ensure that the information it contains is as requested by stakeholders during the dialogues. I would also like to thank all parties who stated their opinions during discussions, who commented and made proposals that helped us improve the quality of disclosed information. For example, as recommended by stakeholder representatives, this year we throw much more light on the Company's strategic plans, JSC Atomenergoproekt's business model, issues of power efficiency, and so on.

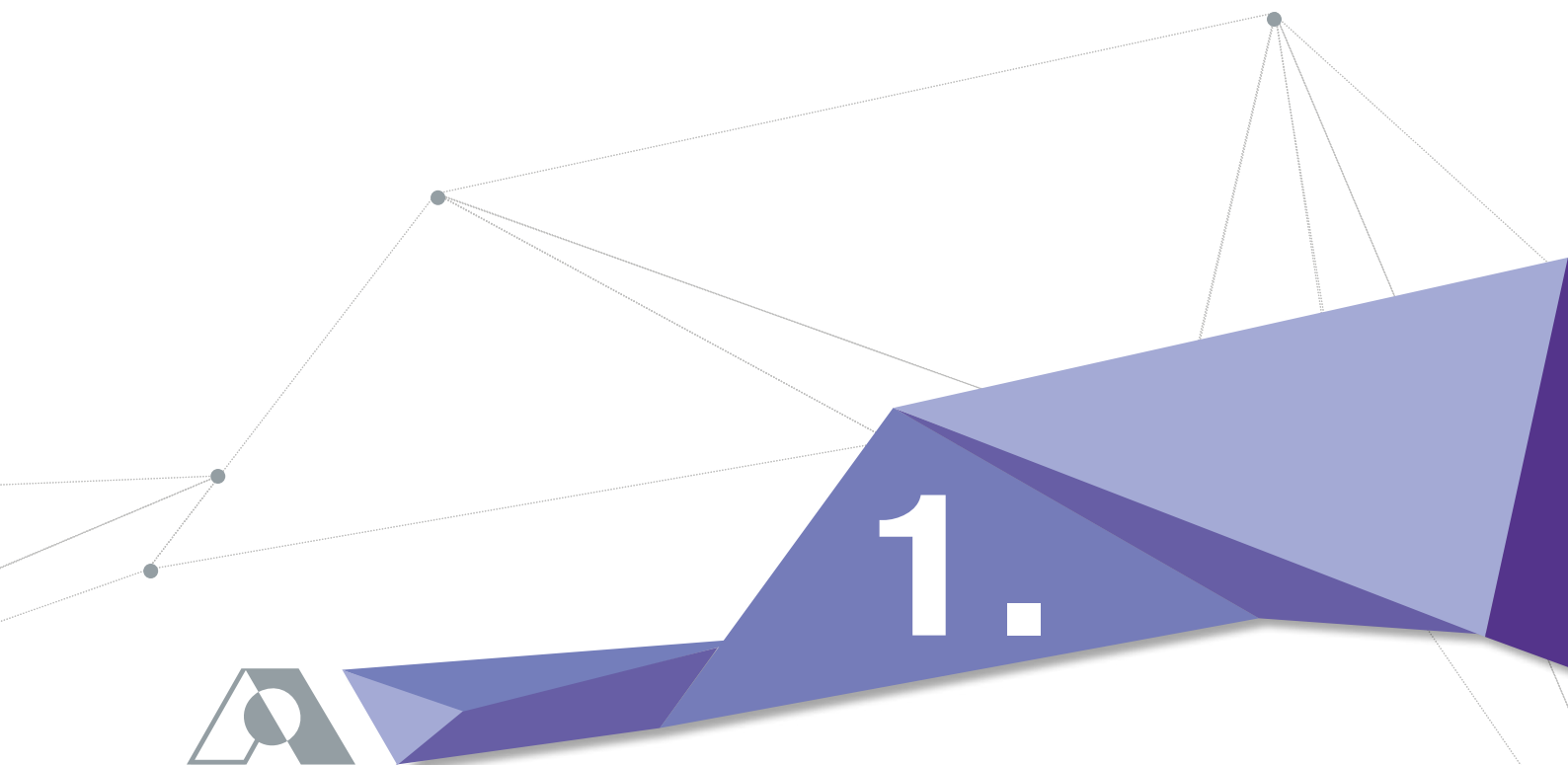
We hope that our cooperation will remain as close and constructive in the future.

In 2012, JSC Atomenergoproekt staff systematically strengthened their key competencies in project design and construction of main units of nuclear plants, building up the Company's intellectual, administrative, and production capital. This year we are going to continue our development in all main activities, moving towards the goal of becoming a powerful project design and construction management business that can work efficiently at the sector level, and reaching out to international markets in the future.

I thank all our employees for their contributions to the Company's development, and let you all continue with your professional success for the benefit of JSC Atomenergoproekt and the nuclear sector as a whole.



M.P. Mustafin,
General Director, JSC Atomenergoproekt



ANNUAL REPORT 2012

1. General Information

- 1.1. Corporate Overview
- 1.2. Branch Offices and Representative Offices
- 1.3. History of the Company
- 1.4. Core Business
- 1.5. Business Geography
- 1.6. Position in the Industry



General Information

1.1. Corporate Overview

Full and Brief Corporate Names

Full corporate name of the Company:

in Russian— Открытое акционерное общество «Атомэнергoproект»;

in English— Joint Stock Company «Atomenergoproekt».

Brief corporate name of the Company:

in Russian— ОАО «Атомэнергoproект»;

in English— JSC «Atomenergoproekt».

Registered Address

7, Bldg. 1, ul. Bakuninskaya, 105005 Moscow, Russian Federation.

Taxpayer ID

INN: 7701796320

Statutory Registration

Main Statutory Registration ID:

1087746998646

Registration date:

August 19, 2008.

Registration agency:

Federal Tax Service Inter-regional Inspectorate No. 46 in Moscow

Registry Keeper

Name:

Registrator R.O.S.T. Public Corp.

Registered address:

18, Bldg. 13, ul. Stromynka, Moscow.

Mailing address:

POB 9, 18, ul. Stromynka, 107996 Moscow.

INN 7726030449

OGRN 1027739216757

Telephone/fax:

(495) 771-73-36

Registry-keeping license No. 10-000-1-00264, issued by the Federal Security Market Committee on December 3, 2002.

Auditor

By Resolution No. 15 as of June 29, 2012, of the Sole Shareholder of JSC Atomenergoproekt, Financial and Accounting Consultants Limited Liability Company (INN 7701017140, OGRN 1027700058286, registered at: 44/1, Bldg. 2 AB, ul. Myasnitskaya, 101990 Moscow) was designated as the auditor for the Company in 2012.

Corporate Structure Chart

As JSC Atomenergoproekt was transformed into the Engineering Division, the Company's corporate structure has gone through the following changes:



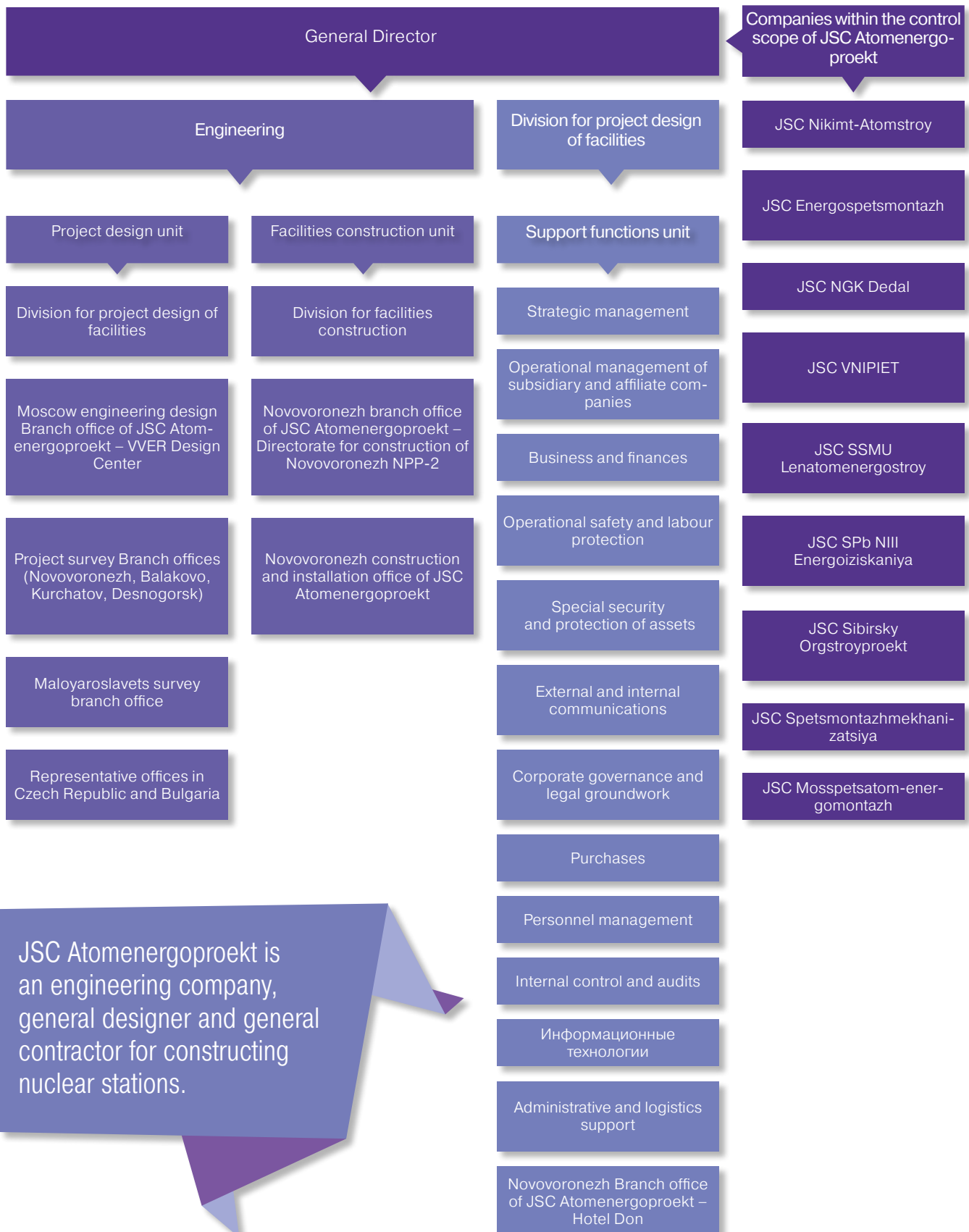
1

The management system of JSC Atomenergoproekt integrated nine companies.



2

New functions were assumed: strategic management, and management of entities that joined the management system.



1.2. Branch Offices and Representative Offices

Information about Branch Offices, Representatives, and Affiliates

Branch Offices:

- | | |
|---|---|
| <p>1 Volgograd Design Branch Office of JSC Atomenergoproekt (VPF)</p> | <p>6 Balakovo Design and Survey Branch Office of JSC Atomenergoproekt (BPIF)</p> |
| <p>2 Maloyaroslavets Survey Branch Office of JSC Atomenergoproekt (MIF)</p> | <p>7 Novovoronezh Branch Office of JSC Atomenergoproekt — Directorate for Construction of NVNPP-2 (NF-DS)</p> |
| <p>3 Novovoronezh Design and Survey Branch Office of JSC Atomenergoproekt (NPIF)</p> | <p>8 Novovoronezh construction and installation Branch Office of JSC Atomenergoproekt (NSMF)</p> |
| <p>4 Desnogorsk Design and Survey Branch Office of JSC Atomenergoproekt (DPIF)</p> | <p>9 Novovoronezh Branch Office of JSC Atomenergoproekt — Don Hotel (NF-Hotel)</p> |
| <p>5 Kurchatov Design and Survey Branch Office of JSC Atomenergoproekt (KPIF)</p> | <p>10 Moscow Engineering Design Branch Office of JSC Atomenergoproekt — VVER Design Centre (MPKF-VVER Design Centre)</p> |

Representative Offices:

Representation of JSC Atomenergoproekt in the Republic of Bulgaria (BP).
Representation of JSC Atomenergoproekt in the Czech Republic (PCZ).

Affiliates:

Nuclearcontrol Private Corporation (Closed Joint-Stock Company).

Detailed information on the Branch Offices, Representative Offices, and Affiliates is available in Appendix No. 9.



1.3. History of the Company

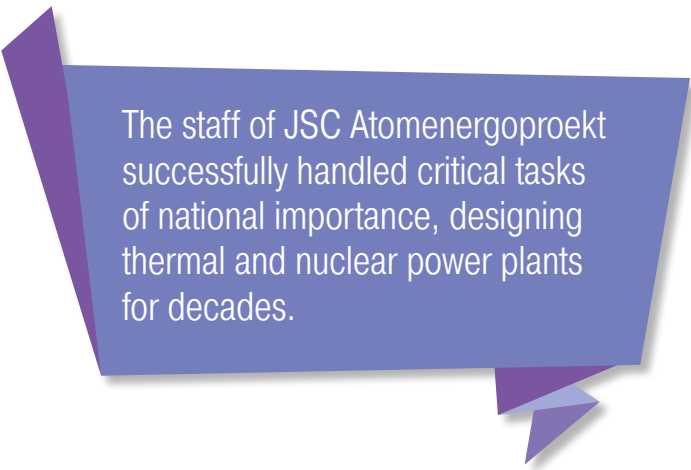
The history of JSC Atomenergoproekt is inseparably link with the establishment and development of the Russian power industry.

The Company's main competencies of project design and power plant construction were shaped as the Science Research and Project Survey Institute of Teploenergoproekt, which since 1932 has honed and expanded its project design activities to meet the needs of the growing national power industry.

The staff of JSC Atomenergoproekt successfully handled critical tasks of national importance, designing thermal and nuclear power plants for decades.

Since 2007, JSC Atomenergoproekt has held the status of an engineering company, but at the same time the general designer and general contractor for Novovoronezh NPP-2. For five years, Company specialists have consistently demonstrated their skills not only in project design but also in construction of main units for nuclear plants, passing on their reference solutions and technologies.

In 2012, the management of Rosatom State Corp. decided to transform JSC Atomenergoproekt into a managing company that united the sector's best resources in project design, production, and construction.



The staff of JSC Atomenergoproekt successfully handled critical tasks of national importance, designing thermal and nuclear power plants for decades.

- [1932 r.](#) On March 31, Teploenergoproekt was established as the Soviet National Trust Co. for project design and survey for thermal electric plants and grids. The Trust Co. had three chapters: Central (Moscow), North West (Leningrad), and Ukraine (Kharkov). In 1934, the Urals Chapter was created.
- [1951 r.](#) Teploenergoproekt Trust Co. renamed to Teploenergoproekt Soviet National Project Design Institute. The Moscow chapter of Teploenergoproekt Institute formed a Comprehensive Design Department No. 7 (OKP No. 7).
- [1956 r.](#) Specialists from the Moscow chapter of Teploenergoproekt Institute embarked on the first design for power unit No. 1 of Novovoronezh NPP. The Comprehensive Design Department (OKP No. 7) joined work with instructions to design a nuclear power plant with water-cooled reactors.
- [1958 r.](#) The national government issued a special decree to designate Teploenergoproekt Institute as General Designer of nuclear plants..
- [1964 r.](#) The world's most powerful nuclear unit of the time was commissioned.
The team that authored the design of the Novovoronezh NPP formed the basis for Teploenergoproekt subdivisions specialized in nuclear power industry
- [1966 r.](#) A special design bureau (SPB) was created for project design of nuclear plants, on the basis of Comprehensive Design Department No. 1 that had worked in the Moscow chapter. SPB assumed the functions of the Institute's head subdivision for nuclear plant project design and comprehensive project design.
- [1982 r.](#) After the USSR disintegrated, the chapters in Kharkov, Kiev, and Armenia were spun off from the Institute. By decision of the RF Ministry for nuclear power, the Leningrad and Gorky chapters left Institute JSC Atomenergoproekt in 1993.
- [1986 r.](#) On December 15, USSR Ministry of Nuclear Energy Exec. Order and USSR Council of Ministers Directive, established JSC Atomenergoproekt as the Soviet National Institute for Science Research, Engineering Design and Survey on the basis of project design and survey subdivisions, Atomteploenergoproekt Institute and Hydroproekt Institute named after S.E. Zhuk.
The Nuclear Energy Department and Technical Office were basis to establish the head Institute in Moscow.
- [1992 r.](#) After the USSR disintegrated, the chapters in Kharkov, Kiev, and Armenia were spun off from the Institute. By decision of the RF Ministry for nuclear power, the Leningrad and Gorky chapters left Institute JSC Atomenergoproekt in 1993.
- [2001 r.](#) On July 20, the JSC Atomenergoproekt National Institute for Science Research, Engineering Design and Survey was reorganized to become the FGUP JSC Atomenergoproekt Institute for Science Research, Engineering Design, and Survey. The Institute's specialists work to improve design and engineering solutions, mainly to raise economic efficiency and safety of power plants.
- [2007 r.](#) The FGUP JSC Atomenergoproekt Institute for Science Research, Engineering Design, and Survey is awarded the status of engineering company.
- [2008 r.](#) On August 19, the FGUP JSC Atomenergoproekt Institute for Science Research, Engineering Design, and Survey was re-organized to JSC Atomenergoproekt. That year, JSC Atomenergoproekt also joined the system of Atomenergoprom — a corporation that merged the Russian nuclear power assets and a wholly-owned subsidiary of Rosatom nuclear power state corporation.
- [2012 r.](#) The management of Rosatom State Corp. approves plans to submit nine nuclear sector companies to control of the JSC Atomenergoproekt: JSC NIKIMT-Atomstroy, JSC Energospetsmontazh, JSC VNIPIET, JSC NPK Dedal, JSC SSMU Lenatomenergostroy, JSC SPb NIII EIZ, JSC Sibirsky Orgstroyproekt, JSC SMM, and JSC Mosspetsatomenergomontazh.

1.4. Core Business

JSC Atomenergoproekt is an engineering company, and general designer of nuclear power plants, providing a full range of works and services in nuclear plant construction, including:

- selection of construction sites;
- development of preliminary, design, and working documentation;
- building digital models of nuclear plants;
- engineering survey;
- environmental monitoring;
- assurance of radiation, nuclear, and environmental safety;
- follow-up supervision of nuclear plant construction and operational support;
- organization, construction and installation, supply of equipment and materials;
- pre-commissioning and commissioning of nuclear power plants;
- extending service life of nuclear plants;
- decommissioning of power units.

JSC Atomenergoproekt is the general designer of the following nuclear plants: Kursk, Smolensk, Balakovo, Bilibino, Novovoronezh, Buser (Iran), Kudankulam (India), Akkuyu (Turkey). The Company's design was used to build the Kozloduy NPP in Bulgaria and the Temelin NPP in the Czech Republic.

Since 2007, JSC Atomenergoproekt has been the General Designer and General Contractor for Novovoronezh NPP-2 construction project (two power units with VVER-1200 reactors of NPP-2006 design), providing a full range of engineering services, including project design, construction, supply of equipment and materials, pre-commissioning and commissioning.

JSC Atomenergoproekt is an engineering company, providing a full range of works and services in nuclear plant construction



1.5. Business Geography

In Russia

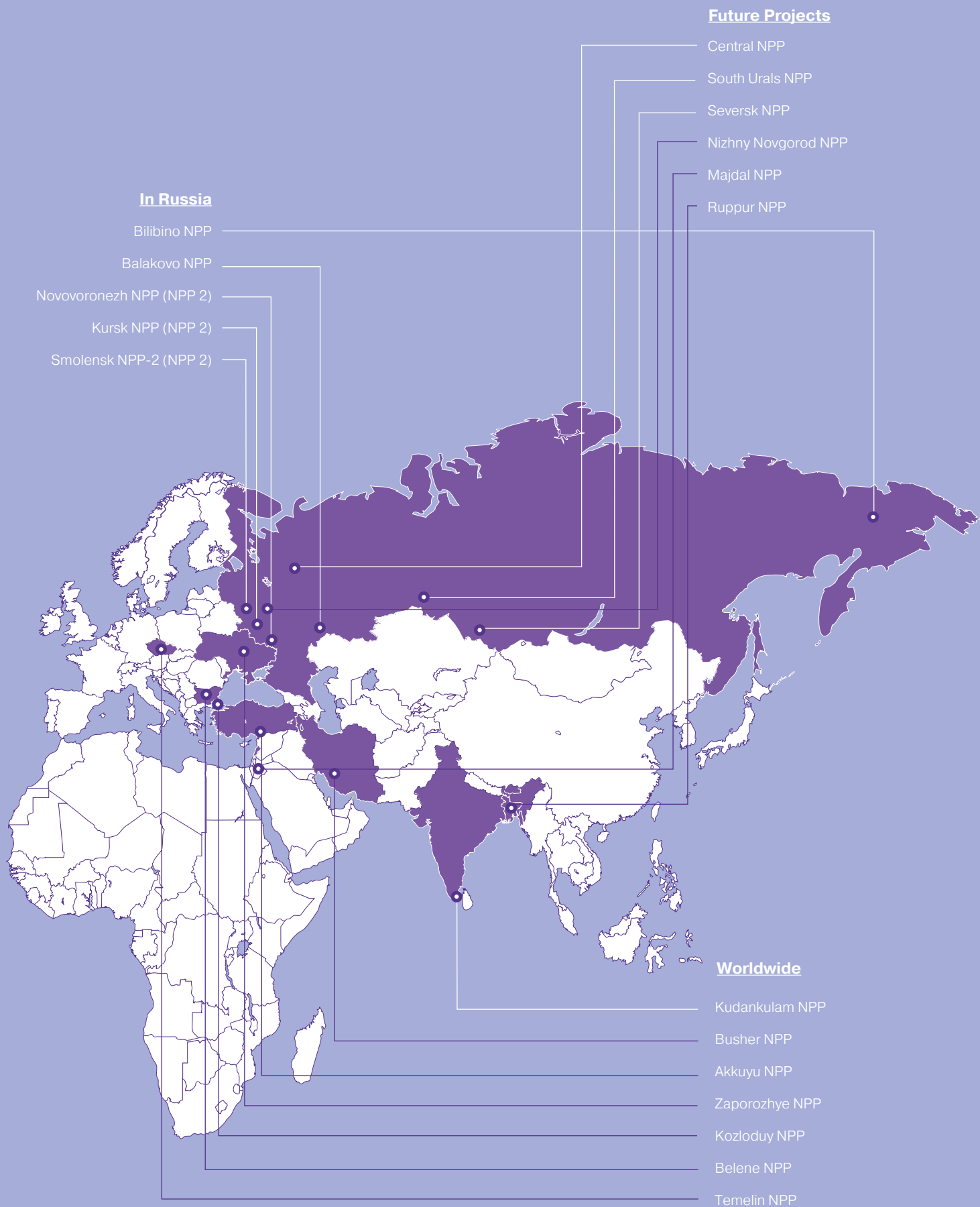
	Reactor type	Number of power units	Total capacity, MW	Year launched	Location
Novovoronezh NPP	VVER (VVER-210, VVER-365, 2 power units VVER-440, VVER-1000)	5 (3 units in operation)	1.834	1964, 1969, 1971, 1972, 1980	Novovoronezh, Voronezh Region
Bilibino NPP	EGP-6	4	48	1974, 1975, 1976	Bilibino, Chukotka Autonomous District
Kursk NPP	RBMK-1000	4	4.000	1976, 1977, 1983, 1985	40 km south-west of Kursk, Kursk Region
Smolensk NPP	RBMK-1000	3	3.000	1982, 1985, 1990	Southern Smolensk Region, 3 km from Desnogorsk
Balakovo NPP	VVER-1000	4	4.000	1985, 1987, 1988, 1993	10 km north-east of Balakovo, Saratov Region
Novovoronezh NPP-2	VVER-1200	2	2.396	2014, 2016	Novovoronezh Voronezh Region
Kursk NPP-2	VVER-TOI	4	5.020	2020, 2022, 2026, 2029	5 km from Kurchatov, Kursk Region
Smolensk NPP-2	VVER-TOI	4	5.020	2022, 2024, 2026, 2028	3 km to Desnogorsk, Smolensk Region

Worldwide

	Reactor type	Number of power units	Total capacity, MW	Year launched	Location
Zaporozhye NPP	VVER-1000	6	6.000	1984, 1985, 1986, 1987, 1989, 1995	Off Energodar, Zaporozhye Region (Ukraine)
Kozloduy NPP	VVER-1000	2	2.000	1988, 1993	5 km from Kozloduy (Bulgaria)
Temelin NPP	VVER-1000	2	2.026	2001, 2002	To replace town of Temelinets (Czech Republic)
Bushar NPP	VVER-1000	1	1.000	2011	Bushar (Iran)
Kudankulam NPP	VVER-1000	2 (plan)	2.000		Kanyakumari, Tamil Nadu State (India)
Akkuyu NPP	VVER-1200	4 (plan)	4.800		Mersin Province (Turkey)
Belene NPP	VVER-1000	2	2.000		Northern Bulgaria

Future Projects

	Reactor type	Location
Seversk NPP	VVER-1200	31 km north-west of Tomsk, 5 km from the town of Samus
South Urals NPP	VVER-1200	District of Ozersk and Snezhinks, Chelyabinsk Region
Central NPP	VVER-1200	Buysk District, Kostroma Region
Nizhny Novgorod NPP	VVER-1200	To be agreed
Majdal NPP	To be agreed	Jordan
Ruppur NPP	To be agreed	Bangladesh



1.6. . Position in the Industry

JSC Atomenergoproekt is part of the consolidation outline within Rosatom Nuclear Power State Corporation, as a wholly-owned subsidiary of Atomenergoprom that holds all civilian assets in the nuclear sector. As its clients, JSC Atomenergoproekt cooperates with Rosenergoatom Concern and Atomstroyexport.

Since 2007, JSC Atomenergoproekt has held the status of an engineering company and provides a full range of works and services in construction of nuclear power plants: from selection of construction sites, project design, and construction, to decommissioning of power units. Together with the integrated NIAEP-ASE, JSC Atomenergoproekt has a key role in shaping the market of engineering services for construction of nuclear power facilities both in Russia and abroad. The management of JSC Atomenergoproekt regards quality control of works and services as the main condition of the Company's success on the market of project design, survey, science research, services of deployment, construction and commissioning of nuclear power plant, and also as a tool to ensure safety of its construction projects.

The Company is the recognized leader in project design of "nuclear island", PPACS, engineering survey, and probability analysis of safety.

Specialists of JSC Atomenergoproekt, alone or in teams, designed about 120 projects for nuclear power units with various reactor types, with many of those as base. At present, 12 % of Russia's total nuclear power plant capacity is created by the nuclear plants built on the Company's designs.

JSC Atomenergoproekt is the general designer of the nuclear plants in Kursk, Smolensk, Balakovo, Bilibino, Novovoronezh, Belene (Bulgaria), Busher (Iran), Kudankulam (India), and Akkuyu (Turkey). The Company's designs were used to build Kozloduy NPP in Bulgaria, Temelin NPP in the Czech Republic, and Zaporozhye NPP in Ukraine. JSC Atomenergoproekt is also engaged in project surveys to upgrade and extend service life of operating nuclear plants of Balakovo, Kursk, Smolensk, Bilibino, Novovoronezh, Kalinin, and Beloyarsk.

Since 2007, JSC Atomenergoproekt has been the general designer and general contractor in Novovoronezh NPP-2 construction project (two power units with VVER-1200 reactors under the NPP-2006 design). The Company has consistently proved that it is able not only to design but also to build main units for power plants, and subsequently pass on reference design solutions and technologies.

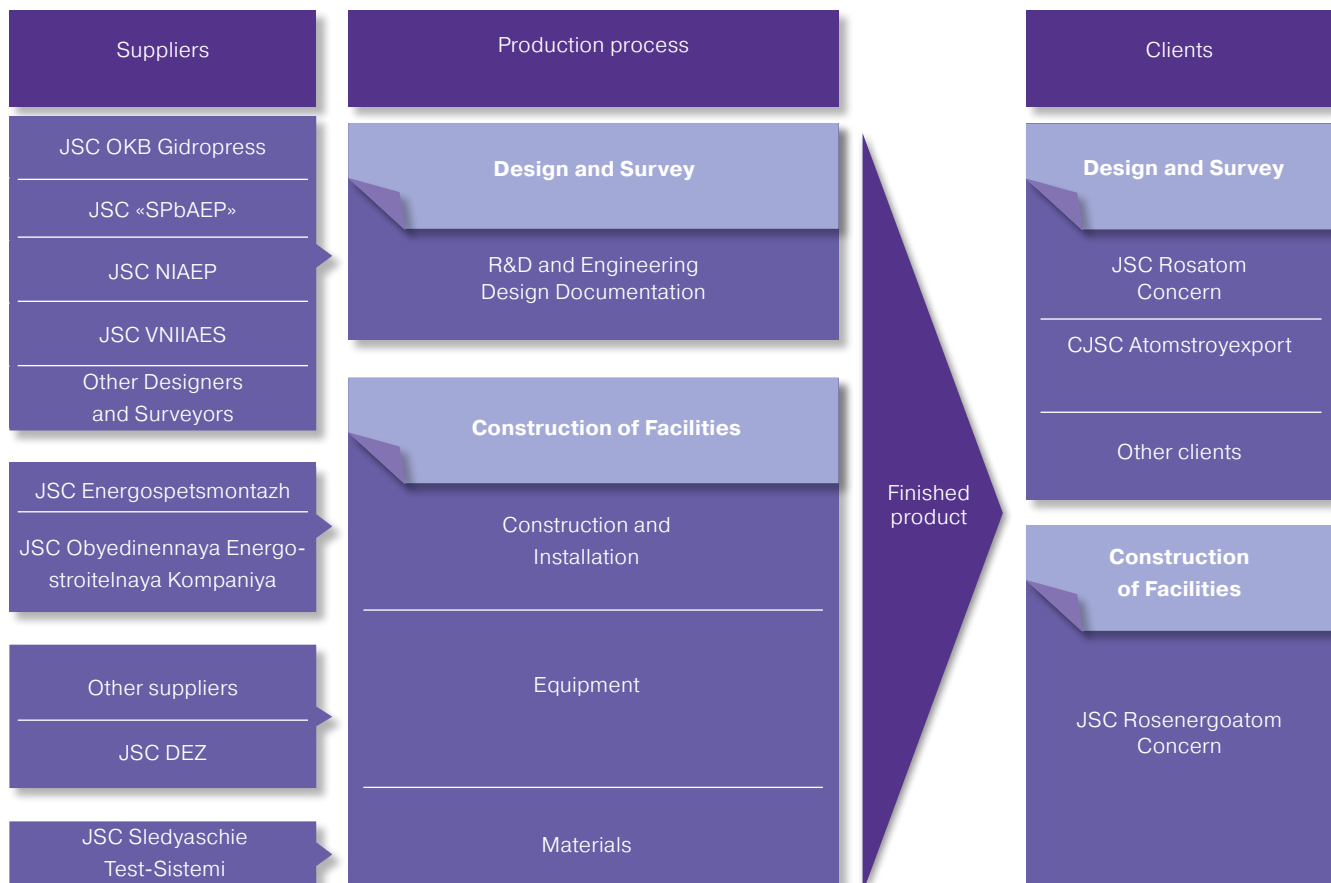
Atomenergoproekt is a major engineering company, bringing together the best design and construction capabilities in the nuclear sector.

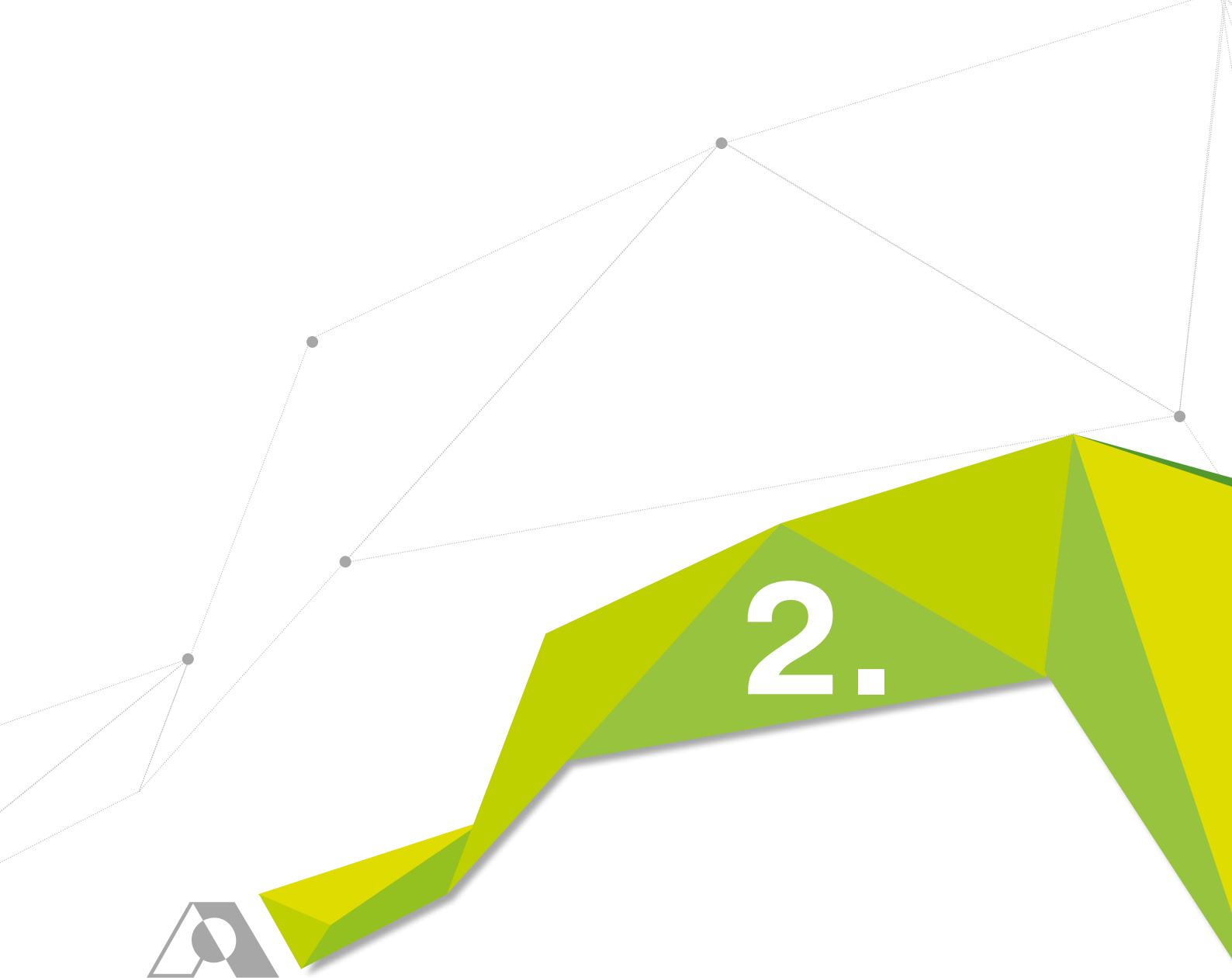
JSC Atomenergoproekt has developed a series of unique nuclear plant designs with VVER reactors that meet all Russian and international safety regulations, and have received certificates from the European Operators Club (EUR). In 2012, JSC Atomenergoproekt specialists (the general designer of VVER-TOI) concluded the development of a survey project for optimized and IT-enhanced power unit based on VVER technology (VVER-TOI). The design is being implemented as a short-term priority to develop nuclear technologies on instructions of the RF Presidential Panel for Retrofitting and Technological Development; its purpose is to improve management of nuclear plant construction in Russia and make Russian offers more competitive on the global market. Once implemented, the project will reduce spending on project design, construction, operation, maintenance, and decommissioning of power units with VVER reactors, ensuring maximum safety of nuclear power plants. The principle of serial production underlying the design has been brought to life: for example, it was decided to use the VVER-TOI to build the nuclear plants of Kursk NPP-2, Smolensk NPP-2, and Nizhny Novgorod. Separate solutions will be used to build Akkuyu NPP in Turkey. JSC Atomenergoproekt has been designated as general designer for Akkuyu NPP, Smol-

ensk NPP-2, and as designer of project base (fixed part of the VVER-TOI design) for Kursk NPP-2.

In 2012, the management of Rosatom State Corp. decided to expand the control outline of JSC Atomenergoproekt by joining some nuclear sector entities that possess unique competencies in engineering, project design, construction, installation, and corporate governance. The synergetic effect of this amalgamation will help the enlarged engineering company become more efficient as it addresses objectives in both the short and long term, of which the most important at present is timely construction and commissioning of Novovoronezh NPP-2.

In the short term, JSC Atomenergoproekt plans to strengthen its leadership in project design and construction of competitive high-tech facilities for power production and infrastructure, both within the sector, and on external markets.





ANNUAL REPORT 2012

2. Development Strategy and Business Priorities

- 2.1 Corporate Mission and Vision
- 2.2 Overview of Risks and Opportunities
- 2.3 The Company's Business Model
- 2.4 The Company's Development Strategy
- 2.5 Strategic Risks and Efforts to Minimize Them
- 2.6. Capital
- 2.7. Strategy for Sustainable Development



Development Strategy and Business Priorities

2.1. Corporate Mission and Vision

Mission of JSC Atomenergoproekt: Ensuring technological leadership in the creation of future nuclear plants and other NEF; supporting Russia's national defense capabilities and restoring industrial potential by creating generating and infrastructure facilities to meet national demand.

Company Vision

JSC Atomenergoproekt is a full-cycle engineering business that is:

- Russia's leader in the creation and life-cycle maintenance of lead units for nuclear plants and other NEF;
- Russia's leader in technologies of project design, construction, and installation of complex engineering projects (nuclear and otherwise) in terms of quality and speed of work;
- A global player in the design of future nuclear plant projects.

Atomenergoproekt is the Russian leader in designing and building nuclear power plants and other nuclear energy facilities.



2.2. Overview of Risks and Opportunities

The strategic goals set by Rosatom State Corp. to achieve global scale and technological leadership require high targets in revenue growth rates (9–10 % annually) and make it necessary to develop evolutionary and revolutionary solutions to be implemented in future nuclear plant projects and other nuclear energy facilities, with huge investments in innovative projects.

After Russia joins the WTO, competition with foreign agents is expected to increase on the Russian market for equipment and services, including in the nuclear power industry. On the global market of nuclear plant design, the Company competes with businesses that strive for technology leadership in nuclear plant building (AREVA, General Electric-Hitachi, Toshiba-Westinghouse), and with new global players in NPP design and construction (KEPCO, CNNC) oriented at market domination by reducing prices of equipment, construction machines, and contract services of construction and installation.

The desire of the nuclear late comers (such as China and India) to become self-sufficient in nuclear plant building, and their national propensity to adopt advanced design solutions offered by global nuclear science and engineering transforms the design of nuclear plants and infrastructure (RW, experimental reactors, standards and regulations) into standalone products on the global market.

The need to retire some nuclear plants with RBMK and VVER reactors means growth in the business of decommissioning, RW and SNF (spend nuclear fuel) in Russia (by 2030, a total of 23 power units will be retired), thus creating premises for retrofitting of VVER sites with new nuclear steam units as an alternative to complete shutdown.

Starting from 2015, government financing for nuclear plant construction programmes in Russia is expected to be cut.

Increasing hydrocarbon production worldwide (mainly with shale oil) creates premises to stabilize the prices of hydrocarbons in the medium term, and this will accordingly make nuclear energy globally less attractive than it currently is, unless the capital cost of nuclear plant construction is reduced

dramatically. Therefore, there is a need to design nuclear plants that can compete with fossil fuel-based energy.

Militarily and geopolitically, the growing role of nuclear missiles as a security shield for the Russian Federation have become factors of priority, stability, potential objectives and programmes to upgrade and build nuclear weapons and infrastructure facilities. The ability to combine competencies of work teams and develop dual-purpose technologies is an important factor for higher efficiency of developments for defense and commerce, and the rational use of resources.

The nation's needs to shape conditions for the dramatic change of the demographic situation, to address the housing problem, ensure secure food supplies, upgrade the system of transportation and develop the regions in the Russian East, secure a presence in the Arctic Circle and support fossil fuel production on the northern continental shelf – these are the conditions in which the Company is involved in major high-tech projects in Russia's infrastructure, such as: mass transit construction, small-scale power generation, processing industry, and radiation-based technologies of the future.

Key technology trends in the construction design business include: increasing capacity of computer equipment that enables better mathematical modeling as a competitive edge, automation of project design processes and adoption of new products and control methods; new materials, composites among them, which allow implementation of new design engineering solutions. Industrial application of construction processes is a way to reduce time and costs of nuclear plant building with higher quality.

As long as it is unresolved worldwide, the SNF problem remains a serious handicap for large-scale development of nuclear power production, and together with our efforts to improve the efficiency of uranium in the open fuel cycle based on thermal reactors, the fast-neutron reactor CFC is our priority. Russia's global leadership in the nuclear power industry will depend on implementation of the Breakthrough Programme and successful creation of research and industrial infrastructure to support full-scale CFC.



2.3. The Company's Business Model

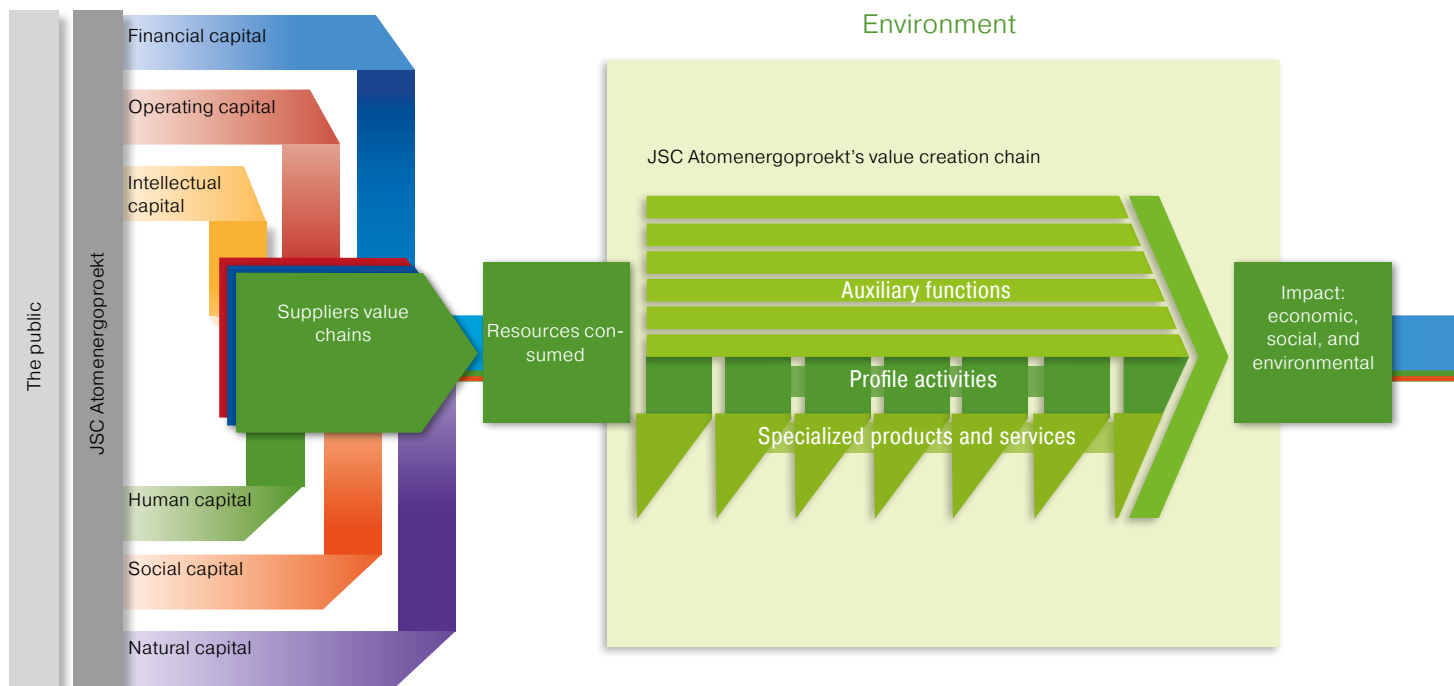
JSC Atomenergoproekt possesses competencies in providing a full cycle of services, from R&D to equipment engineering to decommissioning of NEF. The value chain that represents the Company's main activities, auxiliary functions, products and services is shown in this figure.

JSC Atomenergoproekt forms and implements its development strategy based on the needs and requests of its stakeholders, always aware of the three-fold results of its influences: economic, social, and environmental. The

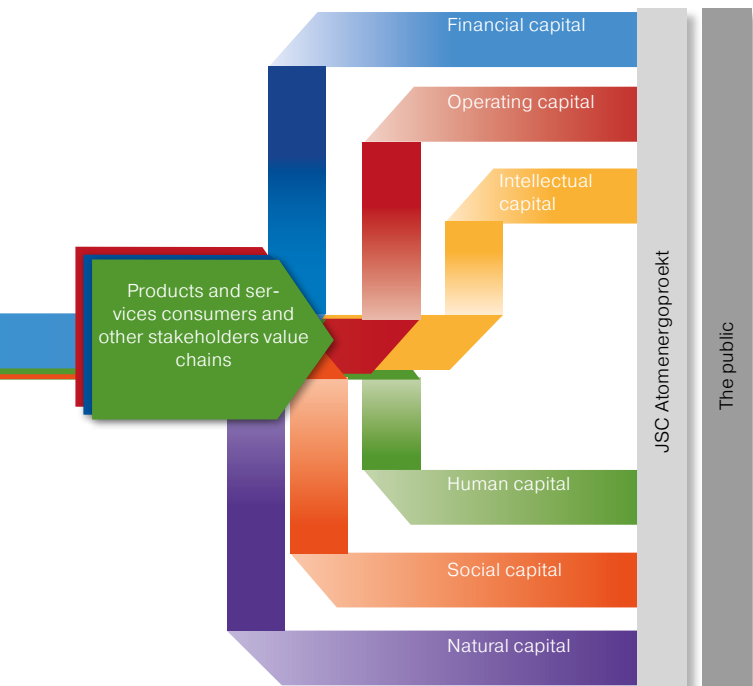
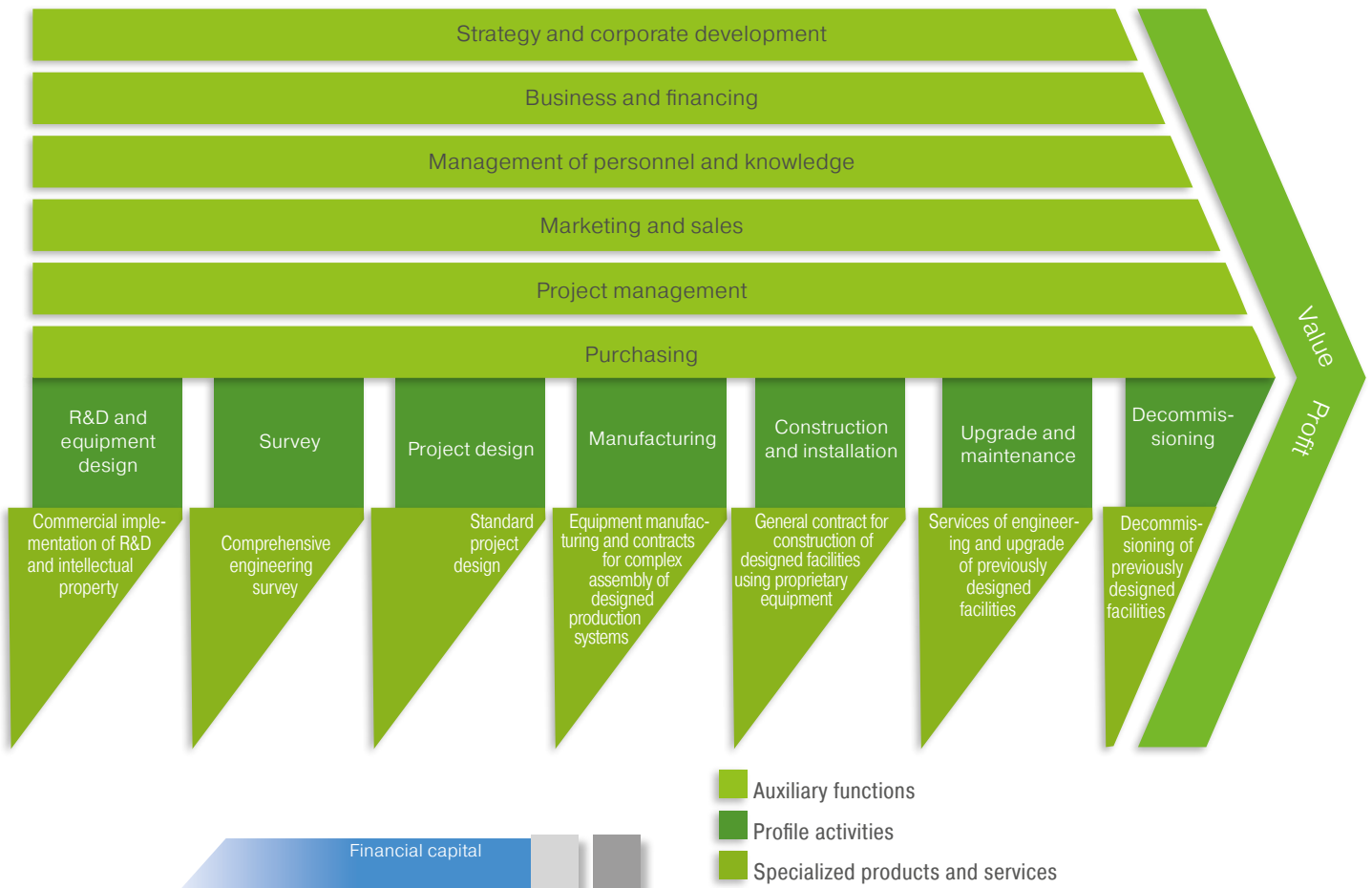
Company's operations cause changes in all types of capital used as inputs - intellectual, human, social, natural, technological, and financial resources.

Apart from seeking profits, JSC Atomenergoproekt aspires to other – non-financial – goals, such as industrial and information safety, and the development of its HR capital. Such goals are represented in the system of key efficiency indicators. This is why the Company's business strategy is so closely integrated with the sustainable development strategy.

JSC Atomenergoproekt Business Model in interaction with key stakeholders



JSC Atomenergoproekt's value creation chain



2.4. The Company's Development Strategy

The role of the Company's Development Strategy in the implementation of Rosatom State Corp.'s strategic initiatives

In its strategy, JSC Atomenergoproekt proceeds from existing trends in technology, politics, and economy, the unique competencies of JSC Atomenergoproekt and its controlled entities; its strategy is oriented towards long- and medium-term goals of Rosatom State Corp. aligned with the global development strategy to increase contribution from the nuclear sector to national generation, global promotion of the VVER-TOI technology platform, leadership in the business of decommissioning, and other strategic initiatives of the State Corp.

As part of the Rosatom State Corp. strategic initiative to increase contribution from the nuclear sector to national generation and promote the VVER-TOI technology platform, including on foreign markets, JSC Atomenergoproekt has consistently strengthened its positions as a sector-level competency centre in nuclear plant design for power units of the VVER technology, and other NEF.

JSC Atomenergoproekt believes that the main strategic line consists in designing and constructing the head units for NPPs equipped with VVER of high capacity.

Taking into account global trends and its own competencies, JSC Atomenergoproekt has set forth the following four lines of strategic development:

- capitalizing current competencies in project design, construction of lead units and unique nuclear energy facilities ('NEF'): lead plants, RW and SNF facilities, and test reactors;
- improving the scale and efficiency of business on the existing markets by increasing the volume of services and merchandizing technology competencies and R&D deliverables (special installation, RW and SNF, unique NPP construction technologies, project design tools and technologies, etc.). Greater volumes by reaching out to

new markets by building up available competencies to shape competitive offers (market of oil-and gas chemical facilities, the Ministry of Defense market, complex infrastructure objects on the Federal and regional level);

- achieving and securing technology leadership in principal activities with priority investments to develop the HR capital, R&D, creation and purchase of new technologies and design solutions, developing the science-engineering potential;
- vertical integration along the value creation chain over the entire life cycle of any NEF – from R&D to decommissioning — as strategy to more profits and operating efficiency.

² Information disclosed in this section will be updated to align with the Company's Development Strategy.

Target Positioning on Sector Markets

The Company's strategic development direction on the sector-level market of nuclear plants is to build upon its product line of high-output NPP VVER (>1,000 MW), which means:

- coordination in development (R&D, engineering, design) as the general designer of promising projects (e.g., VVER-TOI, VVER-S, VVER-SKD, KP RW);
- developing advanced construction and installation technologies, and building experimental-industrial prototypes, nuclear islands, lead and serial units of high-output VVER design;
- transfer of tested designs and technologies to sector-level contractors for serial construction (similar to VVER-1000 NPP built by V-320 design authored by JSC Atomenergoproekt) in Russia, and commercial adoption of developments and technologies on foreign markets through sector-level companies ASE, Rusatom Overseas, and Rusatom Service.

As general designer and coordinator of sector-level and off-sector participants, the Company is going to manage the development of the high-output NPP VVER for:

- NPP VVER-S — an evolutionary solution for more efficient use of uranium and plutonium by using spectral regulation, reduced investment risks by shortening the nuclear plant construction time, and lower operation costs due to higher thermodynamic efficiency;
- NPP VVER-SKD — a revolutionary solution that assumes a dramatic drop in material consumption, higher efficiency and reproduction coefficient due to cooling of the fuel component grating with super-critical water, not only improving economic performance of the nuclear plant, but also facilitating closure of the fuel cycle in fast-neutron reactors.

In the segments of medium and small capacity nuclear plants, and fast reactors plants, the Company has taken a following position as can be seen from its involvement in the projects as a subcontractor for project design and/or construction and installation. By the time the market potential of the medium and small capacity nuclear plants segment, and fast reactors plants segment is clarified, the Company will have built its competencies in construction and installation, production, and project management, and will be able to take a leading position in the new prospective segment.

The Company will lead in the growing segment of decommissioning and RW and SNF handling for civilian and defense facilities in Russia, acting as:

- General Contractor for NPP decommissioning in Russia, and fuel element facilities for AEKHK and SKHK;
- General Contractor and General Designer for SNF storage facilities, processing and storage of RW from Russian nuclear plants;
- contributor to efforts to handle RW and SNF from the nuclear arms complex, RF Ministry of Defense, and science research infrastructure.

The division is positioned as a successor to other sector-level organizations on foreign markets of VE and RW-SNF handling. Work outside of Russia is planned as partnerships with other same-sector organizations to supply special equipment, technologies, and services.

The Company's activities outside of the civilian outline seek to support the corporation's efforts to protect Russia's geopolitical interests and nuclear power status; for this purpose, steps are taken to support processes of production, technology, social-economic processes for sustainable development of the nuclear arms complex, and the national defense programmes.

Target Positioning in Off-sector Markets

In off-sector markets, the Company stands as a business that addresses the nation's global infrastructure problems by contributing advanced technologies and practices. The interconnected problems of geopolitical, economic and social importance include development of:

- Arctic Circle, Siberia and the Russian Far East both for geopolitical reasons, and to support and develop resource and manufacturing bases;
- issues of developing the Arctic Circle, Siberia and Russian Far East, and the processing industry, and increasing living standards;
- processing industry to reduce the economy's dependence on resource exports, increase the proportion of added value in exports, and create well-paid jobs;
- single-employer communities and small towns that will become future centres of industrial growth, but today are frequently sources of social tension;
- import-replacement manufacturing, primarily in machine-building.

The Company's involvement in steps to resolve the above problem is attractive because:

- the importance of geopolitical aspects and the need to switch from the material-based vector of economic development is only second to the task of national defense; therefore, the probability that such national initiatives are seen through is quite high;
- the scale of the problems means a large potential market and long-term perspective;
- building the Company's competencies in creation of a production base and design of solutions needed to implement large-scale projects will be the basis for reducing specific costs of construction and installation by adopting appropriate technologies, and thus giving a competitive edge for subsequent outreach to foreign markets;
- expected growth means that the market is relatively vacant, with weak entry handicaps;
- as projects to upgrade industry and transport are connected with solutions to social problems, this will be helpful to support the projects in the eyes of the public and local governments.

Technologies are something that shared by the Company's both sector-level and off-sector markets. Technologies determine the entry points to off-sector markets, and a chance to join a link of the value creation chain:

- construction management (general contract) to build complex infrastructure facilities;
- creation of digital models for complex objects to control construction and operation;
- engineering survey of complex and dangerous facilities;
- project design for earthquake-proof structures;
- project design and construction of objects protected from external impacts;
- safety analysis for complex and dangerous facilities;
- thermal installation;
- partnership in project co-financing;
- engineering services to optimize operation (higher ICUR, more reliable equipment);
- supply of Company-made structural components;
- supply and installation of Company-assembled enlarged production modules;
- supply and installation of elements and subsystems for PPACS, physical protections, and other feeble-current systems made by the Company.

In off-sector markets, the Company stands as a business that addresses the nation's global infrastructure problems by contributing advanced technologies and practices



Target segments for the Company's development in off-sector markets include:

- Non-nuclear power production
 - thermal power production;
 - small-scale/renewable power (including biogas and hydraulic electric power);
 - tidal electric power production;
 - water accumulation;
 - heating networks in residential communities and manufacturing areas.
- Industrial construction
 - petroleum processing, gas-chemical, coal-chemical and resin plants;
 - project design and installation of production parts of drilling rig platforms in icy waters;
 - facilities to recycle consumer waste;
 - mineral fertilizer production;
 - production of precious metals and rare-earth metals;
 - water desalination plants;
 - networks for water supply, treatment and removal in cities and large industrial zones.
- Engineering services
 - power use auditing and consulting (power saving and power efficiency);
 - survey for complex and dangerous facilities of industry and transport;
 - one-design projects for industry, transport, and electric power generation;
 - upgrading, maintenance, and extending life of power generating plants (nuclear and not);
 - remote training during construction of complex industrial facilities;
 - assessment and analysis of risks and safety of industrial facilities (e.g., hydraulic power industry, petrochemical and gas chemical, and defense);
 - developing software to examine high-tech facilities.

By implementing the initiatives in the off-sector markets, by 2030 the Company will:

- take a leading position in national infrastructure upgrading and development in Siberia and the Russian Far East;
- become actively involved in programmes to develop the processing industry, single-employer cities and small communities, and import replacement;
- raising revenues from operations on non-power markets to 30–40 %, thus meeting the diversification target set by Rosatom State Corp.

Goals and objectives for Implementing the Company's Development Strategy

JSC Atomenergoproekt aligns its long, medium- and short-term goals with the global strategy of the nuclear sector's development. Under the strategic initiative of Rosatom State Corp. to increase the share of nuclear generation in Russia and global promotion of the VVER-TOI platform, including on foreign markets, JSC Atomenergoproekt consistently strengthens its positions as a sector-level centre of competencies in project design of VVER-technology power units and other NEF. Goals of Rosatom State Corp. in terms of global outreach, scale, and leadership in technology determine the need to build up competencies of dual purposes (nuclear and non-nuclear) to ensure business growth in off-sector markets.

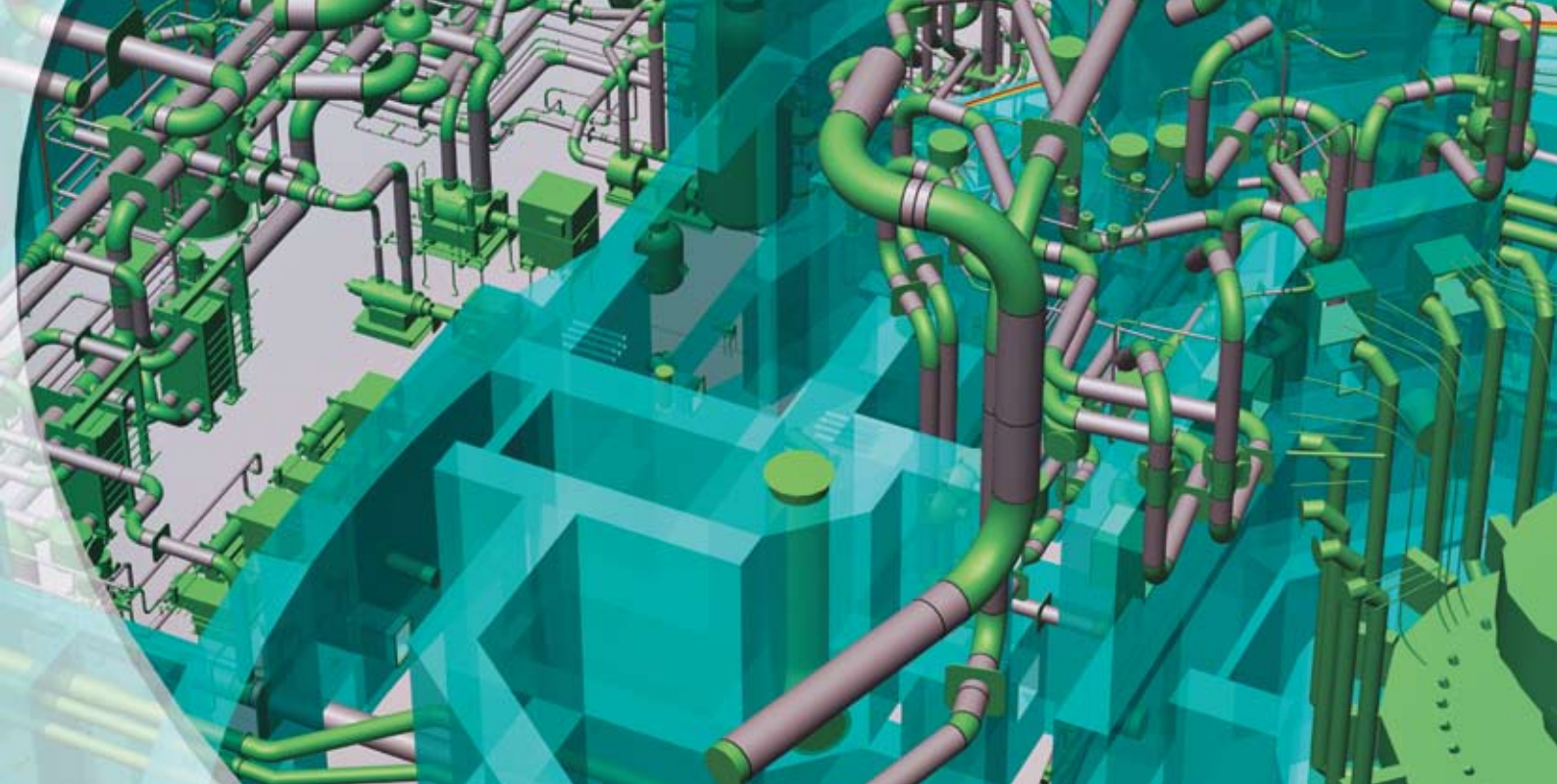
The Company's Long-Term Strategic Goals:

1. Becoming the Russian leader in project design, construction and support (maintenance, life extension, decommissioning) of high-tech competitive facilities for power production and infrastructure. In the sector-level market, this will be achieved through development of high-output VVER-based nuclear plants by completing the VVER-S NPP by early 2020s, and NPP VVER-SKD by 2030, able to compete with advanced NPP of foreign peers.
2. Diversification into the non-energy sphere (30–40 % of business by 2030), with 3–5 fold business growth by 2030.
3. Improving efficiency of labour and profit rates to the global level (8–12 % by 2030).

Goals of Rosatom State Corp. determine the need to build up competencies of dual purposes (nuclear and non-nuclear) to ensure business growth in offsector markets.

Main Goals for the Medium-Term (2013–2017)

- ▼
1 Finishing construction of Novovoronezh NPP-2:
 - physical start of unit No. 1 — 2014;
 - physical start of unit No. 2 — 2015
- ▼
2 Preparing working design pack and doing R&D to support VVER-TOI design based construction of projects at Akkuyu NPP, Kursk NPP-2, and Smolensk NPP-2.
- ▼
3 Restructuring the non-core assets of NIKIMT-Atomstroy (JTEC, STEC) — 2014
- ▼
4 Building ash-and-slag removal facilities at ZHTETS — 2013
- ▼
5 Developing production infrastructure for entities within the control system of JSC Atomenergoproekt.
- ▼
6 Ensuring stable growth of main performance indicators: EBITDA, net profit, significant increase in works not outsourced.



7 Project design and survey
for Akkuyu
NPP — 2013–2017

8 Release of the final project pack (FSAR)
before and after commissioning
of units 1 and 2 at Kudankulam NPP — 2013–2014

9 Project design for units 3 and 4
of Kudankulam
NPP — 2013–2016

10 Project survey for Ruppur NPP
in the Republic of Bangladesh —
2013–2016

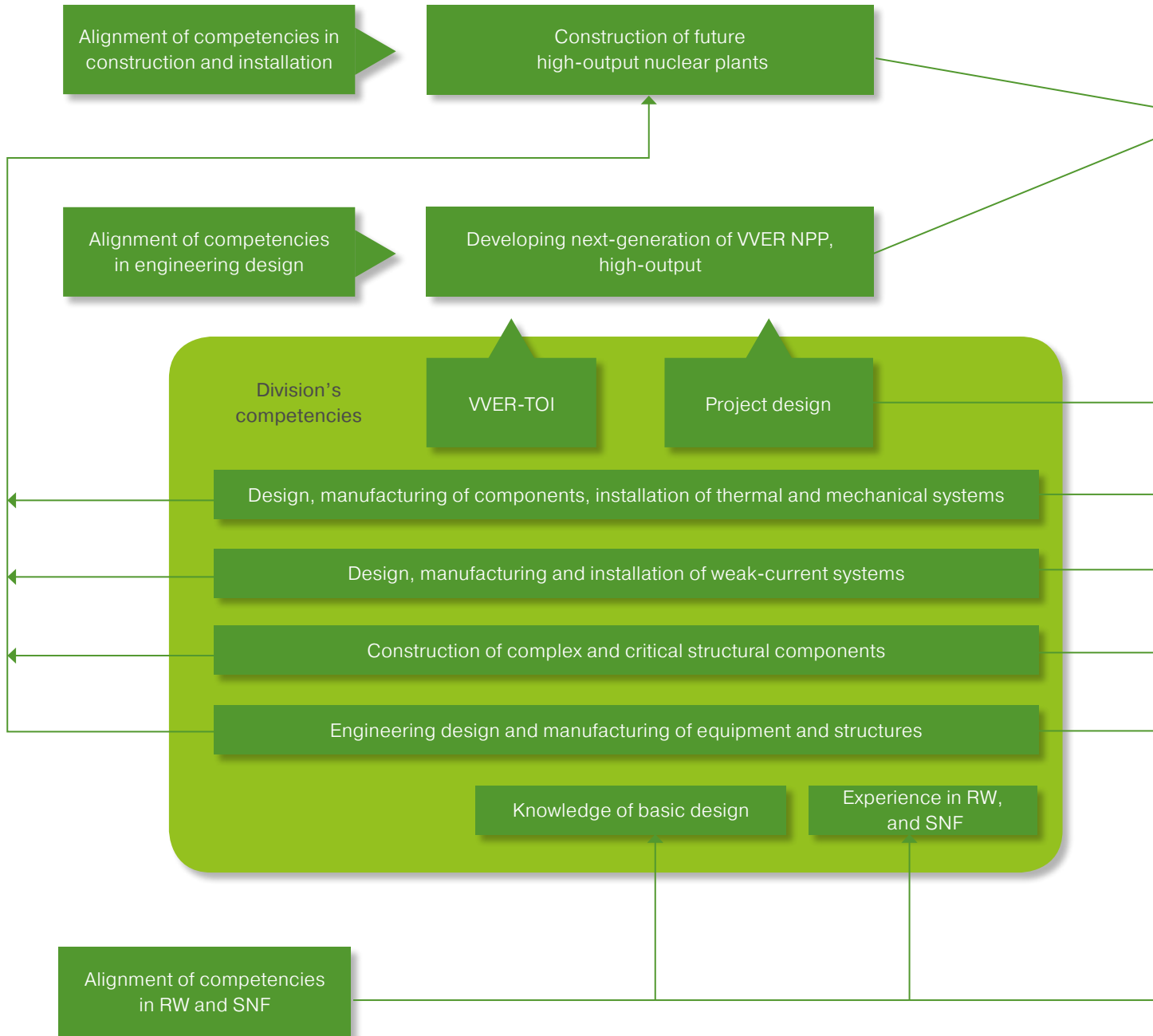
11 Project design for the reactor
room of Khmel'nitsky
NPP — 2014–2015

12 Hiring a contractor to build competencies of construction management for complex projects,
with outreach to off-sector markets (including hydraulic power production, thermal power
production, and grid building).

13 Developing and implementation of a plan to fine-tune competencies complementary
to the Company's main business, ensuring efficient operation on off-sector markets to
create complex engineering facilities.

The Company's target positioning, and diagram of developing competencies

The figure below represents target positioning in sector-level and off-sector markets, and a diagram of developing competencies to support the Company's long-term goals.



- Leader in creation of VVER future high-output nuclear plants
- Successor in:
 - medium and small-output nuclear plants, closed fuel cycle based on the fast-neutron reactor
 - R&D infrastructure facilities

Competencies as entry points leading to market segments

Alignment of competencies in design for production part

Transport, industrial, civilian, high-protection facilities

Petrochemical, gas chemical industries, thermal power generation, heating and water supply

All types of facilities

Transport, seismic resistant construction, high-protection facilities

Petrochemical and gas chemical industry, thermal power production, thermal and water supply systems, transport

- Leader in creation of high-tech facilities for industrial and defense infrastructure in Russia
- Active participant (technological leader) in programs:
 - development of Siberia and Russian Far East
 - development of processing industry
 - development of single-industry communities and small towns
 - replacement of imports
 - power saving

- Leader in PG, RW, and SNF in Russia (civilian and defense)
- Successor in PG, RW, and SNF abroad

2.5. Strategic Risks and Efforts to Minimize Them

JS Atomenergoproekt considers the following risks as being capable of affecting strategic implementation, and plans the following activities to control and mitigate such risks.

Strategic risks, and control and mitigation activities

Risk	Check and prevention activities
Failure to perform the investment programme and on-time schedule to commission construction projects	Personnel training and advancement; improving the project and purchasing management system, including with RPS tools; building up own functions of construction and installation
Rising costs construction, installation and materials above estimates	Signing long-term contract (options) to supply materials and perform works. The Company to handle more construction, installation, component and material manufacturing without outsourcing
Loss of competencies in design, construction and engineering, including through skills migrating to the mining sector and other units of the corporation	Higher personnel commitment, resuming the HTC, improving the system of incentives and motivation, joining project design and construction of advanced complex NEF. Establishing a knowledge management system
Not enough skilled labour to implement off-sector and international projects	Joining the corporation's globalization programme. Monitoring parallel labour markets, proactive planning for HR needs. Using off-sector partnerships to identify high-potential employees.
VVER losing competitive ability on the global market in the long term	Leadership in design of next-generation VVER plants (VVER-S and VVER-SKD). Building up engineering competencies in RU and PPACS
Being unable to achieve the corporation's targets in business scale and degree of diversification	Fine-tuning competencies and building a portfolio with off-sector contracts
Inadequate financing for investment projects and strategic initiatives	Creating an investment fund to finance the division's future developments jointly with off-sector funds and entities (government and private owned)
Reputation risk	Ever higher safety and reliability of nuclear plants. Shaping favorable image of the Division and its constituents.
Risk of asset loss and damage	Part of the large-scale programme to combat theft and fraud. Audits and examinations. Involving personnel in anti-theft/fraud activities.
Loss of science and technology potential, including HR, infrastructure, and R&D processes	Observing principles of efficient processes to market innovative developments, and comparable targets of technological development with market demand. More R&D to be done without outsourcing. Higher involvement of personnel. More intensive HTC, better incentives and motivation. Involvement in project design and construction of advanced и technologically sophisticated NEF. Leadership in design of the next-generation nuclear plants: VVER (VVER-S и VVER-SKD). Building up engineering competencies

2.6. Capital

In its activities, JSC Atomenergoproekt uses capitals, partly owned by the Company, and partly (e.g., natural, human, and other capitals) shared with the public.

JSC Atomenergoproekt's product has a high content of added intellectual value; therefore, underlying the Company's construction are the human, intellectual, and social capital. Information about how these capitals are used, increased and grown for both the Company and the public is available in part 7.1 "Human Resource policy", part 7.2 "Social Policy", part 6.3 "Management of Innovations", part 6.4 "Quality Management", part 6.5 "Rosatom Production System", part 3.3 "Concluded Development and Acceptance of VVER-TOI Design", part 3.4 "Main Results of Project Design", and to a lesser degree also in other Sections of the Report.

During nuclear plant construction, and (to a lesser extent) in the course of project design, the Company uses

and creates added production capital. Related information is available in part 3.2 "Construction of Novovoronezh NPP-2", part 3.3 "Concluded Development and Acceptance of VVER-TOI Design", and part 3.4 "Main Results of Project Design".

JSC Atomenergoproekt's activities also use natural capital. Information about this is disclosed in part 7.5 "Environmental Policy and Protection".

To work, the Company needs financial capital. Information about this is given in Section 5 "Financial Management and Raising Operating Efficiency".

The result of all this capital includes the Company's operations, its products and services, and its achievements: financial and non-financial, including influences (economic, social, and environmental) on the public and on stakeholders. The results of capital consumption and the Company's influences are described in all main Sections of the Annual Report.



2.7. Strategy for Sustainable Development

JSC Atomenergoproekt understands sustainable development to be a system of consecutive economic, environmental and social activities, used to control the entire life cycle of engineering business. These issues are covered not only in this section; they are also included in the description of the development strategy, production activities and other aspects of the Company. The Company places emphasis on efforts to create efficient and safe workplaces, employees' occupational development and social aid, environmental protection, and support for education, culture,

and sports. All activities for sustainable development are done in ongoing interaction with stakeholders and seek to make the Company's operations more open and transparent.

JSC Atomenergoproekt's strategy for sustainable development is based on defining parties interested in the Company's activities, ongoing interaction with them, and considering their interests as the Company plans and pursues its activities. Strategic implementation seeks to harmonize relations with stakeholders, to achieve strategic goals and sustainable corporate growth in the long term.

- Strategy for sustainable development
- Planning and interaction with stakeholders throughout the year
- Analysis of stakeholder groups, their needs; building a ranged chart of stakeholders
- Selecting the priority issue and structure for the Annual Report
- Interaction with stakeholders as the Annual Report is prepared
- Adjusting the sustainable development strategy



The list of parties interested in the Company's activities, and their own interests determine the list and selection of directions and aspects of the JSC Atomenergoproekt sustainable development policy.

The Company builds and updates its stakeholder matrix on a regular basis (for details, see part 8.1 "Stakeholder Interaction Strategy"). Key Company stakeholders include Rosatom State Corp., Rosenergoatom Concern as its key client, the government, and citizens in the regions of presence, employees of the Company, its Branch Offices and companies controlled by JSC Atomenergoproekt, engineering companies of the sector, contractors, science research and training providers, public organizations, and the media.

A comprehensive and integral indicator that describes the Company's activities in sustainable development is the EC1 indicator: the indicator of created and distributed direct economic value, which includes value that the Company creates and distributes over key stakeholder groups, including operating costs (payments to suppliers and contractors), salaries and other amounts paid to the employees, tax amounts, payments to providers of capital, donations and other investments in communities, and retained economic value that the Company keeps as profits. The dynamics of this indicator for the past three years are available in Section 5 "Financial Management and Raising Operating Efficiency".

Further on, the report's sections that cover results of the Company's main activities — project design, deployment of VVER-TOI design, construction of Novovoronezh

NPP-2, creation of a managing company on the basis of JSC Atomenergoproekt, assurance of quality and safety, improving various aspects of management (from corporate governance to financial management to control of innovations), HR and social policy, environmental and industrial safety, and labour protection, — disclose the Company's approaches to interaction with the above key stakeholder groups and give respective indicators to represent results of sustainable development.

The Company considers its stakeholders' opinions as it plans and organizes interaction with them throughout the year (for details, see part 8.2 "Practice of Stakeholder Interaction"), and as the Annual Public Report is prepared, when stakeholder representatives participate to discuss the concept, key issues of the report, and later on join for Public Affirmation of the Report (for details, see part 8.3 "Interaction with Stakeholders during Preparation of the Annual Report", Appendix 17 "Plans and Obligations Following Interaction with Stakeholders as the Report is Prepared", Appendix 20 "Conclusion on the Results of Public Affirmation Annual of the Public Report filed by JSC Atomenergoproekt for 2012").

JSC Atomenergoproekt pays a great deal of attention to its sustainable development strategy. In 2012, the Company created a Strategic Committee in charge of issues related to sustainable development. In 2013, the committee is to be transformed to the Committee for Strategy and Sustainable Development, with corresponding issues placed in the committee's competency, including the strategy for sustainable development.

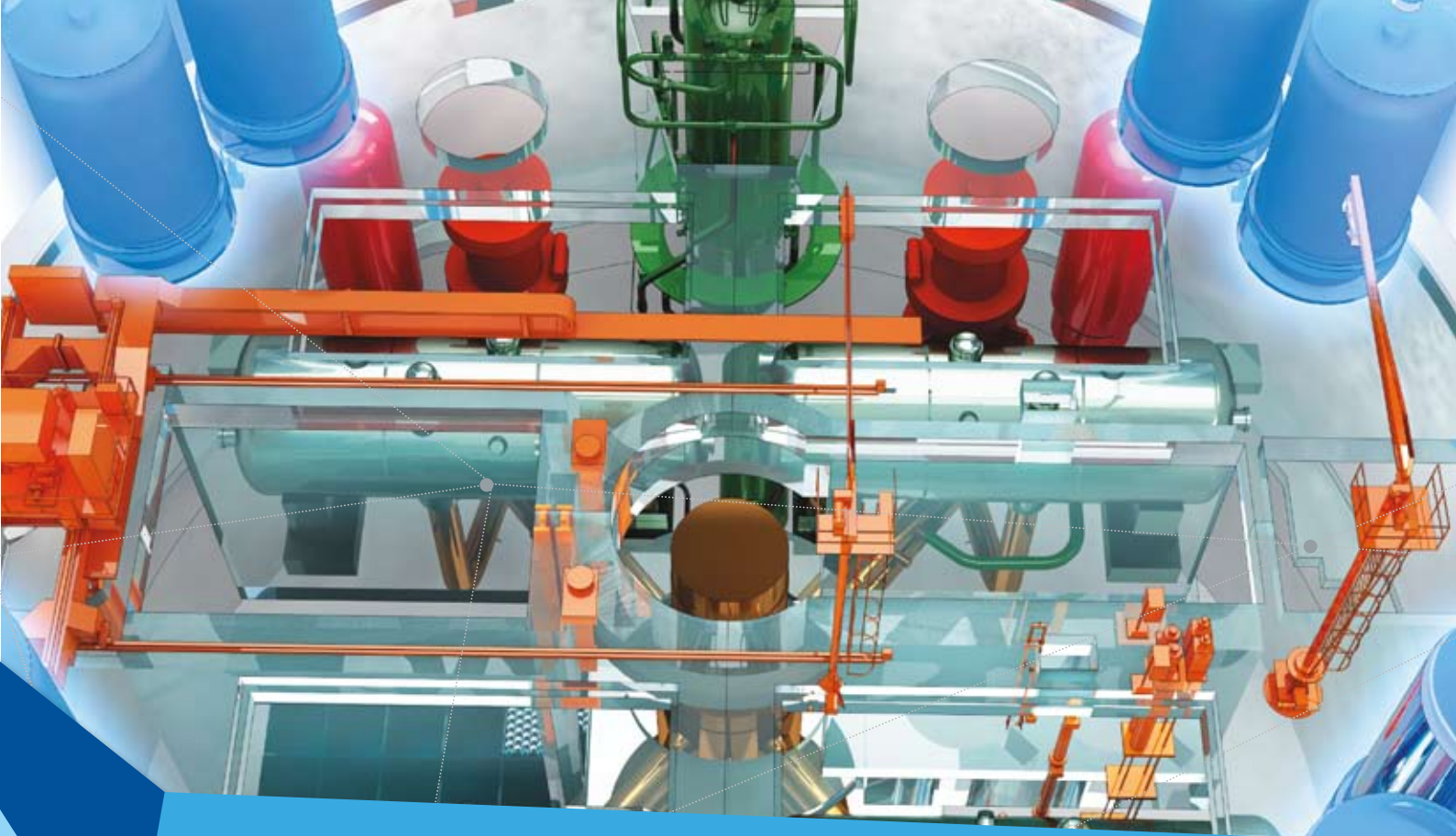


ANNUAL REPORT 2012

3.

3. Main Operations

- 3.1. Managing Company Created on the Basis of JSC Atomenergoproekt
- 3.2. Construction of Novovoronezh NPP-2
- 3.3. Concluding Work and Acceptance of VVER-TOI Design
- 3.4. Main Results of Project Design
- 3.5. Assuring the Safety of Implemented Projects



Main Operations

3.1. Managing Company Created on the Basis of JSC Atomenergoproekt

In August 2012, it was decided to expand the control scope of JSC Atomenergoproekt. Now the control system has united organizations that possess a set of unique and ever improving competencies in engineering, project design, construction and installation, and management. In turn, the synergetic effect of this amalgamation makes the enlarged engineering Company more efficient in both medium-term objectives (the most important of which at present being timely construction and commissioning of Novovoronezh NPP-2), and in efforts to ensure long-term technological leadership of Rosatom State Corp. in project design and construction of next-generation nuclear energy facilities.

Control Scope of JSC Atomenergoproekt



JSC Atomenergoproekt Control System

JSC NIKIMT-Atomstroy	Engineering, project survey, research and development, services of implementing projects on the Russian market, including turn-key services in the nuclear power industry and the defense industry.
JSC Energospetsmontazh	Assembly and installation in the nuclear and thermal power industry, petroleum and gas chemical processing, mining and ore processing facilities, and the defense industry.
JSC NPK Dedal	Design and manufacturing of instruments and systems for physical protection hardware complexes in civilian and military facilities of critical priority and high danger.
JSC VNIPIET	Activities in construction technologies (comprehensive engineering, science research and development, engineering design for industrial facilities) и повышенной опасности
JSC SSMU Lenatomenergostroy	Activities for the construction of nuclear power facilities and industry, manufacturing structures of metal and reinforced concrete, retrofitting and capital repair of electric power units.
JSC SPB NIII EIZ	Comprehensive engineering survey for construction of nuclear power plants and other power generating and industrial facilities in complicated environments.
JSC Sibirsky Ogrstroyproekt	Activities to design high-tech manufacturing facilities and objects (engineering survey, architectural design, construction technology design).

The core business directions for the integrated engineering company will remain project design and construction, with retained functions of marketing and sales. The objective for JSC Atomenergoproekt as a managing company is active management of assets such as structural units and Branch Offices, and thus to optimize costs, promote best practices, simplify in-group settlements, and coordinate activities. It is possible that the business directions can split off as separate corporate entities in the long-term, after the Company exhausts its internal resources for higher

efficiency, and may need to mobilize external financing for further growth.

To develop new directions, the plan is to create a business incubator of legally independent assets, each focused primarily on growth in off-sector markets, including co-financed, in partnership with off-sector organizations. With a view to such incubator businesses, the role of the managing company will be to manage their evolution, shape their strategies, help financial consolidation, and coordinate interaction between such assets.

3.2. Construction of Novovoronezh NPP-2

Construction of Novovoronezh NPP-2 is the first priority for JSC Atomenergoproekt. Seeing the project as a measure of its efficiency, the Company is engaging all its resources — production, financial, and human — to ensure the timely construction and commissioning of the nuclear plant.

Marat Mustafin,
General Director, JSC Atomenergoproekt

Since 2007, JSC Atomenergoproekt has been engaged in Novovoronezh NPP-2 construction, combining the roles of the General Designer and General Contractor on the project.

Rosenergoatom Concern is the client. Construction goes under NPP-2006 design authored by JSC Atomenergoproekt, based on a VVER-1200 reactor unit.

Currently, JSC Atomenergoproekt as General Contractor handles all activities related to construction: development of budget estimates; organization of construction and installation, supplies of equipment and materials. Some of construction and installation is done by the Company, and the volume such work has doubled since 2010. (More details are available in table “Construction and installation done without outsourcing NSMF”.)

Through purchasing procedures, long-cycle manufacturing contracts (equipment for the reactor unit and machine room, steam generators, etc.) were awarded to Russian manufacturers.

The physical start of Novovoronezh NPP-2 unit 1 is scheduled for 2014, and unit 2 for 2015.

The construction of Novovoronezh NPP-2 is the largest investment project in the Central Chernozem Region of Russia. The building site of Novovoronezh NPP-2 in 2012 employed 5,050 persons, including 3,970 workers; of all contractors, 12 were local and 9 regional Branch Offices created especially to build Novovoronezh NPP-2.

In 2012, main operations on the NV NPP-2 building site moved from general construction works to installation. Works involved 217 objects.

3.2.1. Key Events in 2012

The main event in the construction of Novovoronezh NPP-2 in 2012 was the installation of the reactor casing for the first power unit. The VVER-1200 is the most powerful reactor at this time. This reactor type has three main advantages: high output, long life, and safety, with its equipment designed to last for 60 years.

In addition to having the reactor installed, unit one of Novovoronezh NPP-2 also had the following important activities:

1. Concluded installation of the emergency cooling system of the core.
2. Installation of the dome on the internal protection shell for the reactor building.
3. Polar crane commissioned that will be used to install the main equipment (reactor casing, steam generators, etc.).
4. Construction works accomplished on the stack-type evaporation cooling tower. (The exhaust stack's shell raised to the project elevation of 171 m.)
5. Transport lines built to bring heavy cargos to the point of installation.
6. Installation of the equipment for the reactor unit began.
7. The first stage to supply voltage to the own-needs circuit was finished.
8. The Training Centre building commissioned, with utilities connected to supply sources.

Capital investments in Novovoronezh NPP-2, 000 rubles (VAT incl.)

Facilities	2010	2011	2012	Total
Startup complex	22,312,374.71	20,923,820.84	17,164,581.03	60,400,776.58
Power unit No. 2	3,212,004.61	5,172,598.91	10,808,820.67	19,193,424.19
Novovoronezh NPP-2	25,524,379.32	26,096,419.75	27,973,401.70	79,594,200.77



Works done without outsourcing by the Novovoronezh construction and installation Branch of JSC Atomenergoprom at Novovoronezh NPP-2 are illustrated in the Table below.

Construction and installation done without outsourcing NSMF, 000 rubles (VAT incl.)

Activities	2010	2011	2012	Total
Construction and Installation	483,385.55	715,314.93	859,286.55	2,057,987.03

On power unit 2 during 2012:

1. A support girder was installed in the reactor building.
2. Bridge cranes were installed with lifting capacities of 180, 50 and 15 tons.
3. The foundation for the exhaust stack of the cooling tower installed. With the Rosatom Production System in place, construction of the external supporting gallery of cooling tower No. 2 comprised of 44 pillars, and the lower supporting ring (diameter more than 120 m) took 80 days less than to build the supporting structures of cooling tower No. 1.

A total of 10,427,255.803.40 rubles (w/o VAT) worth of equipment was supplied in 2012. Equipment was delivered on schedule. The following was delivered to the building site: steam generators, modular transformers, turbine generators, equipment for the complete distribution device (CDD), elements of the production process automated control system (PPACS) etc.

All in all during 2012, the Company had over 130,000 cubic meters of concrete laid, with 13,500 tons of steel reinforcement, and 7,000 tons of production equipment installed.

3.2.2. Key Events Planned for 2013

On power unit No. 1

1. Finished welding the main circulation pipeline.
2. Finished installation of the turbine.
3. Installation of electrical equipment involved in own-needs voltage supply.
4. The full-scale simulator of the Training Centre was put in temporary operation.

On power unit No. 2

1. The dome of the internal protection shell for the reactor building installed.
2. Polar crane installed.
3. Installation of main production equipment in the turbine building begun.

In addition, key events of 2013 included finished construction of Training Centre with its full-scale simulator put in operation.

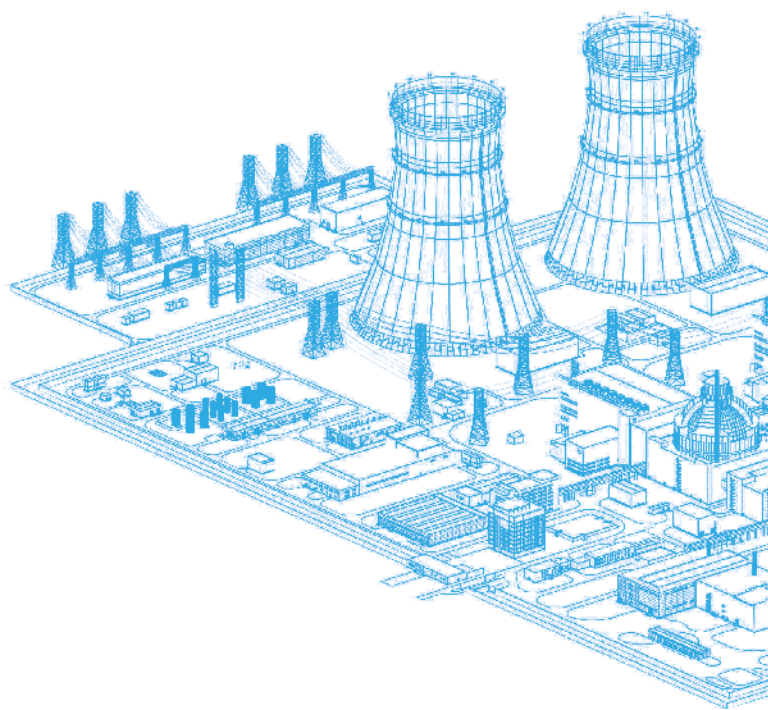
In 2013, equipment worth 10,145,693,561.01 rubles (w/o VAT) is to be supplied. Delivery of large equipment of long manufacturing cycle is expected for power unit No. 2, including the reactor building, main circulation pumps, steam generators, emergency core cooling and emergency core makeup tanks, pressurizer, and the steam-turbine unit.

In 2013, the Novovoronezh NPP-2 building site will boost thermal- electric installation.

3.3. Concluding Work and Acceptance of VVER-TOI Design

In the reporting year, JSC Atomenergoproekt as general designer successfully concluded the deployment of the VVER-TOI design (survey project optimized and IT-enhanced power unit based on the VVER technology).

The joint objective set before the VVER-TOI design was to develop a high-output nuclear power unit able to compete on all parameters with actively growing and recognized leaders in nuclear energy: in terms of engineering solutions, economic performance of the power unit, safety solutions, construction deadlines, and use of advanced information technologies and data management in the object at all stages of its life cycle. As the design was created, hard work helped to successfully achieve the objectives.



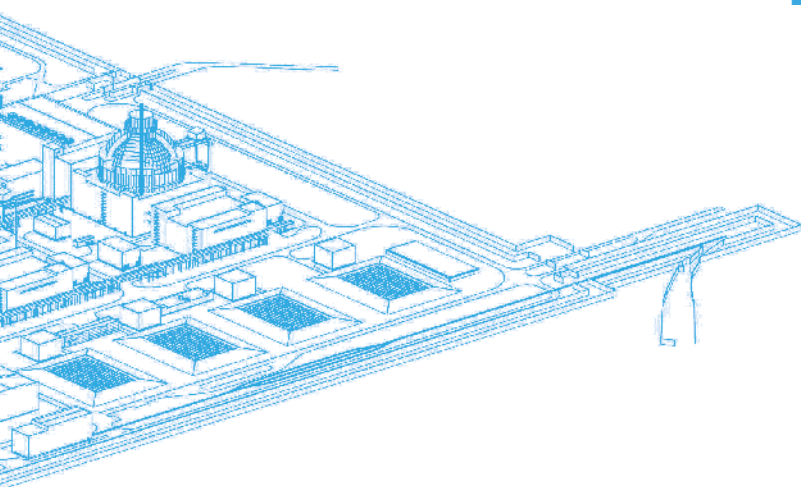
Working jointly with contracted Russian and foreign experts, Rosatom State Corp. identified a list of quality and quantity characteristics able to make the design competitive considering the dynamics of the global market in the next 5-7 years. First of all, this is total safety, value, building deadlines, one-design, and serial construction, and use of advanced computer technologies. A total of 24 competitive criteria were identified as the foundation to decide the main engineering and economic requirements to the one-design NPP.

As the VVER-TOI design is deployed, to meet the engineering and economic requirements and create a product that can compete on the international markets, the Company used large-scale optimization of the design to work out reference points in all directions:

- master plan and transport;
- technological solutions for main buildings and structures at the NPP;
- nuclear plant safety concept considering the experiences of the Fukushima disaster;
- solutions of architecture, construction, and layout;
- solutions for electrical circuits and PPACS.

In the reporting year, main activities of VVER-TOI design were accomplished, including:

- a system was created to control engineering data for engineering and project design, to gather and store all information on the power unit;
- databases built for equipment and materials used in the 3D-VVER-TOI design;
- a shared information space was created for project participants (the project's website);
- complete design engineering document pack on the power unit was prepared and handed over to the client, generated in advanced computer formats (3D and Multi-D projects, and the construction organization project); the mechanism was fine-tuned to retrieve working documents and issue consolidated contract specifications from the power unit's IT model;
- systems for purchasing management and power unit construction were achieved, with a document pack prepared to manage construction of the VVER-TOI power unit, done in an advanced IT format (Multi-D project);
- the RF regulatory and legal framework was updated to delete obsolete and cumbersome provisions and to enable the use of new technologies in project design and construction.



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3.3.1. Key technical solutions of the design

One of the main objectives of the VVER-TOI design was to optimize key technical solutions of the reference design NPP-2006 to a level that would help achieve such engineering and economic performance of a NPP, raising the new design could to a competitive level on the global market of nuclear power facilities construction in terms of both engineering and cost.

With the resulting complex of optimized technical solutions, the VVER-TOI design could achieve the following engineering and economic indicators that bring the design to leading positions on the global market in a whole range of parameters.

Comparative performance indicator of power units NPP-2006 and VVER-TOI

Key indicators	NPP-2006	VVER-TOI
Electric capacity of power unit	1,198 MW	1,255 MW
Thermal capacity of power unit	3,200 MW	3,312 MW
Service life of power unit, RU	50 years	60 years
Efficiency of power unit for average annual conditions, gross	37.4 %	37.9 %
Availability ratio (for 18 months fuel cycle)	91 %	93 %
Switching mode	100 — 75 — 100	100 — 50 — 100
Standalone plant operation in case of UES	24 hours	72 hours
Standard earthquake, magnitude by MSK-64	6 points	7 points
Maximum estimated earthquake, on MSK-64 scale:		
-base design	7 points	8 points
-optional (customized)	—	9 points
Falling aircraft (standard trigger event)	5.7 tons	20 tons
Falling heavy aircraft (off-design trigger event)	—	400 tons
Construction time	54 months	48 / 40 months
Own-needs power consumption	7 %	6.47 %
Quantity of TRO	50 m ³ /year	44.5 m ³ /year
Specific area of land occupied	272 m ² /MW	200 m ² /MW
Specific construction volume of lead and standby reactor buildings	380.89 m ³ /MW	340.8 m ³ /MW
Turbine unit	High-speed	Low-speed
Reactor unit:	High-speed	
-fewer controls		
-new MCP, water-lubricated		
-new casing steel used		
-use of hydrogen-potassium protection for 1st circuit		
Safety systems		Base design uses option with optimized combination of active and passive safety channels
Spend nuclear fuel storage (SNFS)	—	Available as an option
Thermal energy accumulation system (TEAS)	—	Available as an option

In the base option, the area of the premises is 598,000 m² including the circulating water circuits.

Such results were possible mainly thanks to the following master plan solutions:

- railroad tracks are not used to bring cargos to the reactor building's gate;
- the railroad station is beyond the zone of main buildings and structures;
- potentially explosive facilities, treatment plants and capacity exporting equipment have been moved off-premises;
- interlocking of structures in the restricted access zone;
- 500 KV flexible connection lines are replaced with galleries of electric-gas conductors;

■ the waste water decontamination plant shares the building with the desalination plant.

■ In the base option, the area of the premises is 598,000 m² including the circulating water circuits.

The components of buildings and structures, equipment, production pipelines, other utilities and structures of the VVER-TOI based nuclear plant consider possible seismic shock up to magnitude 8 on the MSK-64 scale. To allow nuclear plant deployment on sites exposed to stronger seismic risks, the design can be modified without changing the layout, routing, and other basic solutions to make the design resistant to magnitude 9 on the MSK-64 scale. One of the design's extra advantages is a solution that makes it resistant to



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impact by a falling aircraft, be it a missile or a heavy aircraft weighing up to 400 tons.

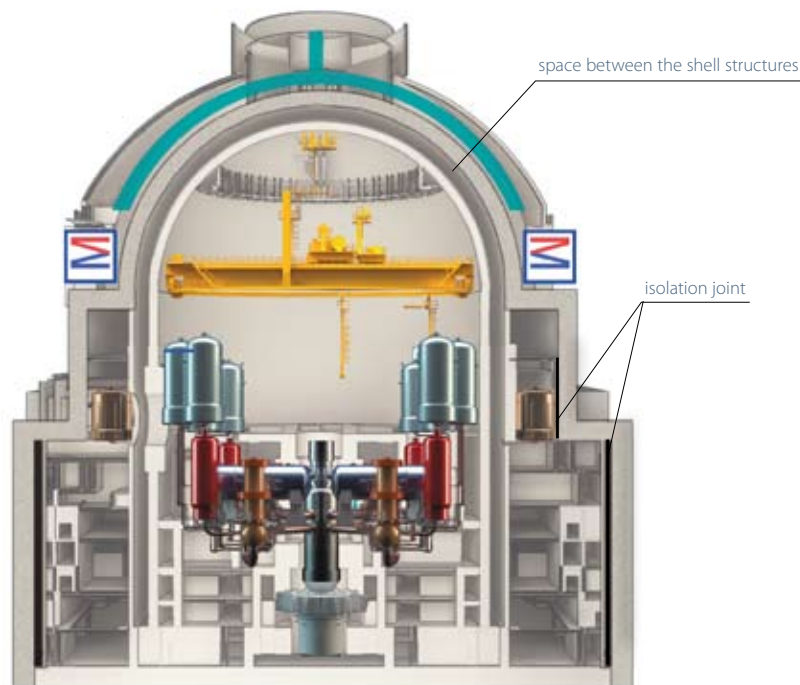
Under the specification for a VVER-TOI nuclear plant, collision with a 20-ton military aircraft of type Phantom RF-4E is treated as a standard emergency event, and the design meets all conservative scenario requirements to withstand the impact.

Under the specification for a VVER-TOI nuclear plant, crashing of a large commercial airliner is an irregular event. For this scenario, configuration solutions ensure reduced dynamic impact on equipment inside the reactor building and guarantee that radioactive substances cannot escape into the environment. For this purpose, a deformation seam and inter-shell space separate external protective structures from the buildings' interior structures to prevent direct impact on interior structures and components of the nuclear plant.

The VVER-TOI design uses a new mirror layout of the RU (reactor unit) that differs from all earlier ones as it has parallel layout of steam generators box-encased loops, to prevent emergency impact on the next loop and make the steam lines to the turbine of equal length.

Such configuration enabled the following steps to optimize layout solutions:

- shorter transit cable runs and air ducts through production rooms;
- reduced unused space in buildings (corridors, vestibules);
- shorter pipeline connections between production equipment;
- fuel systems with similar functionality;
- physical separation of steam chambers (they are organized on the right and left side of the reactor building UJA);
- pipelines that supply live steam have a diameter of 700 mm;
- four emergency core protection tanks at stage one were moved from servicing elevation elsewhere, thus creating room at the servicing elevation for RU layout and repairs;
- a cable level is organized for emergency protection rooms;

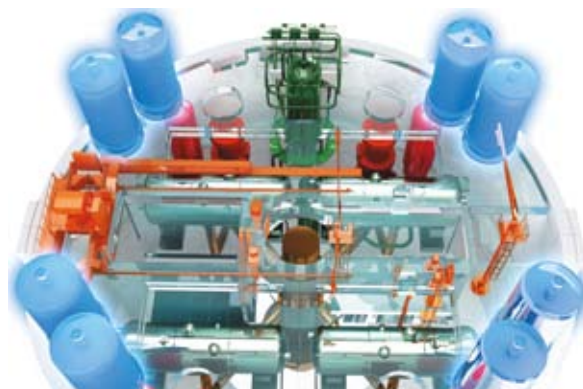
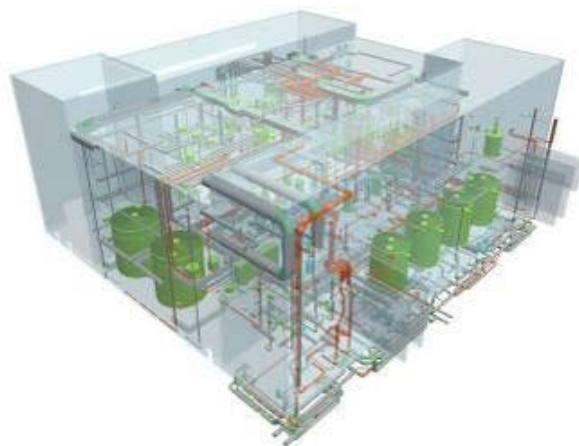


Direct connection is organized to communicate the zone of electric pressure ducts with tunnels and cable levels. Transit laying of electric cables over inter-shell space is ruled out.

For the auxiliary reactor building, the designers used the principle of compact layout of equipment and utilities, also considering such additional aspects as access to equipment that needs regular examination and repair, disassembly, replacement and transportation, and sufficient space to move personnel and materials. The building's configuration allows for the method of line-production construction that maximizes use of pre-cast modular components.

Using uniform solutions proposed by JSC Atomenergoproekt specialists to design 3D-configuration of buildings and structures, the invariant part of the VVER-TOI design allows any modular layout depending on production needs and transportation ability, also ensuring:

- release of the complete working document pack before the main stage of construction begins;
- unique solutions using technologies of large-modular (modular) construction;
- options to use pre-manufactured components with less installation on site (assembly by contractors);
- use of complete modular version of elements in equipment and pipelines (ready to use on delivery);
- optimized organization of construction and installation, use of production line method.

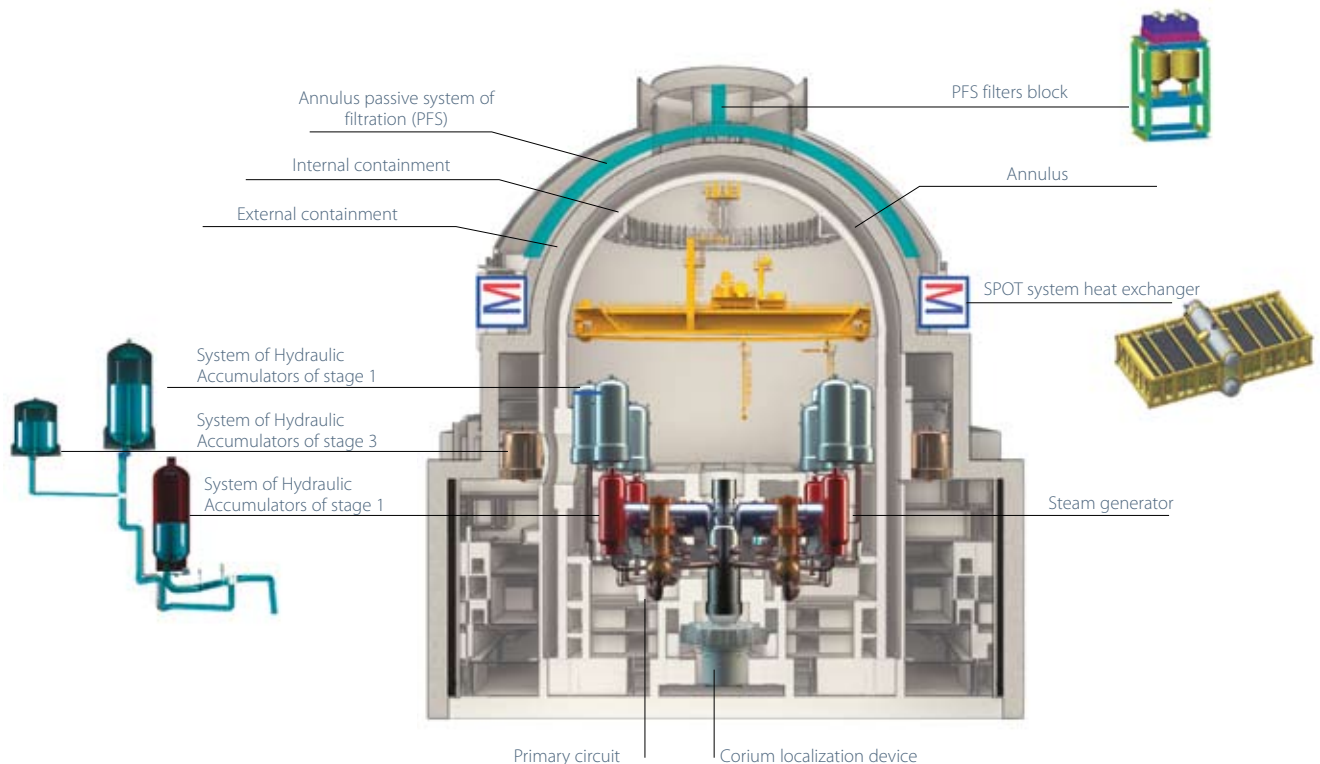


3.3.2. Assuring the Safety of VVER-TOI-Based NPP

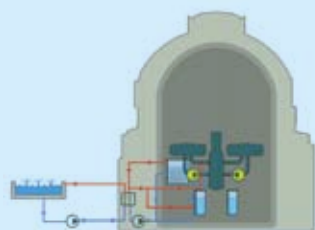
The implementation of the VVER-TOI design places special emphasis on safer power units. The design has realized a full range of solutions to ensure nuclear plant safety and rule out above-standard radioactive escape into the environment caused by external (natural and artificial) impacts aggravated by internal triggers and additional failures.

The safety assurance concept rests on use of safety systems (SS) that are based on different working principles: active (require human interference and access to source of electric power) and passive (none of the above necessary). All safety functions are supported independently by working active and passive safety systems.

Passive safety systems used in the «VVER-TOI» Design



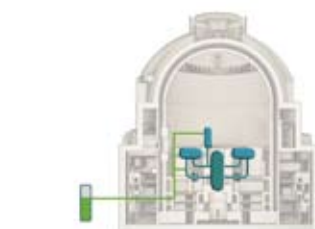
Safety Systems of a VVER-TOI Power Unit



Active part
of high-pressure ECCS

2-channel active system
(2 channels, 100 % each)

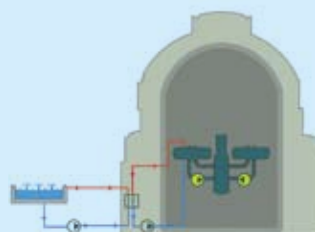
Active part of ECCS is used
to maintain safe level of heat
medium in the reactor core and
to remove residual released
heat in modes with heat
medium leaks from the first
circuit



System of emergency boron
feed

2-channel active system
(2 channels, 100 % each)

Has the function of switching the
reactor unit to subcritical state



System of SG emergency
aftercooling

Closed active 2-channel system
(2 channels, 100 % each)

Designed to remove residual
released heat from the reactor
core and for reactor aftercooling
in emergency



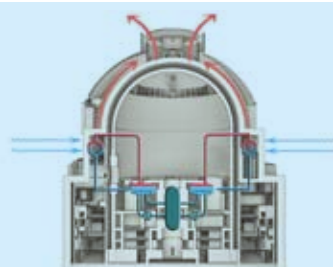
Passive part of ECCS (HT-1)

Passive 4-channel system
(4 channels, 33 % each)

Passive part of ECCS, designed
to maintain reserve of heat
medium in the first circuit, as
needed for reliable heat removal
from the core after pressure
drops to a preset level

Systems of passive core filling
(HT-2, HT-3)

Passive 4-channel system
(4 channels, 33 % each)



Passive heat removal system
(PHRS)

Passive 4-channel system
(4 channels, 33 % each with two
air-cooled heat exchangers in
each channel)

Designed to continuously
remove residual released heat
from the reactor, including
in the absence of all sources
of electric power, including
emergency electric supply

Passive filtering system from
inter-shell space (PFS)

Passive 4-channel system
(4 channels, 33 % each with
filtering unit)

Designed to maintain rarefaction
in the inter-shell space if
ventilation systems fail that need
electric power to operate

Main Operations

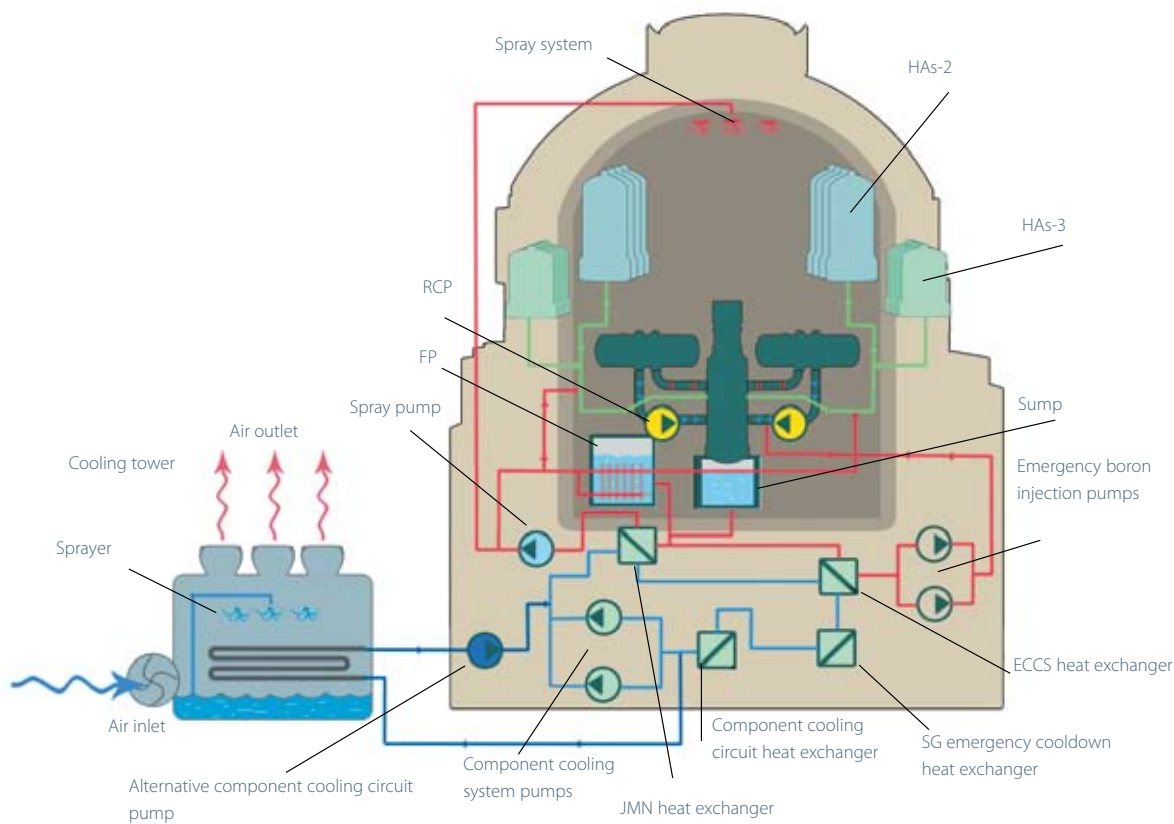
To make nuclear plants more resistant to low-probability hypothetical events, similar to the Fukushima scenario, and to ensure longer autonomous operation in the event of unforeseen emergencies, the VVER-TOI design has implemented a series of additional engineering steps.

Primarily, additional measures to ensure the safety of a nuclear plant with VVER-TOI seek to remove heat from the decay pool, and to check pressure building up inside the containment building (CB), because for most probable trigger events when electric supply is lost and the end absorber without leak from the first circuit, removal of heat from the core can be potentially indefinite in time (thanks to the PHRS in operation), while removal of heat from the decay pool and prevention of re-pressurizing of the CB are limited in time.

To make the nuclear plant's lasting standalone operation for triggers such as loss of tightness of the first circuit, measures have been taken to ensure reactor feed for heat removal from the core when an active alternative circuit is used that removes heat to the environment, using available equipment of safety systems, and additional devices.

In the long term, the system will also control safety parameters and other readings to provide objective information on the condition of the power unit.

To ensure the safety of VVER-TOI power units, probability safety analysis was (PSA) to the extent required by the requirements specification, as recommended in Russian federal standards and regulations, also taking into account instructions issued by the IAEA.



The results of the safety analysis suggested that for the VVER-TOI design, the safety level is higher compared to other designs, especially with a conservative estimate of trigger events in unforeseen emergency scenarios. This result is due to the following solutions:

- efficient combination of active and passive systems that ensure functional reserving, continuous autonomous operation of the unit in emergency (at least 72 hours), protection against general failure (multiple elements failing in one or several systems, as a result of one internal or external impact, equipment failure or human error as systems are being created or are in operation), to mitigate the influence of the human factor;

- use of extra measures within said extended autonomous period to restore critical safety functions, including users connecting to a mobile diesel generator station (on black-out), autonomous heat exchanger connected to heat exchangers of the safety systems (for emergency scenarios with total loss of service water or working circuit).

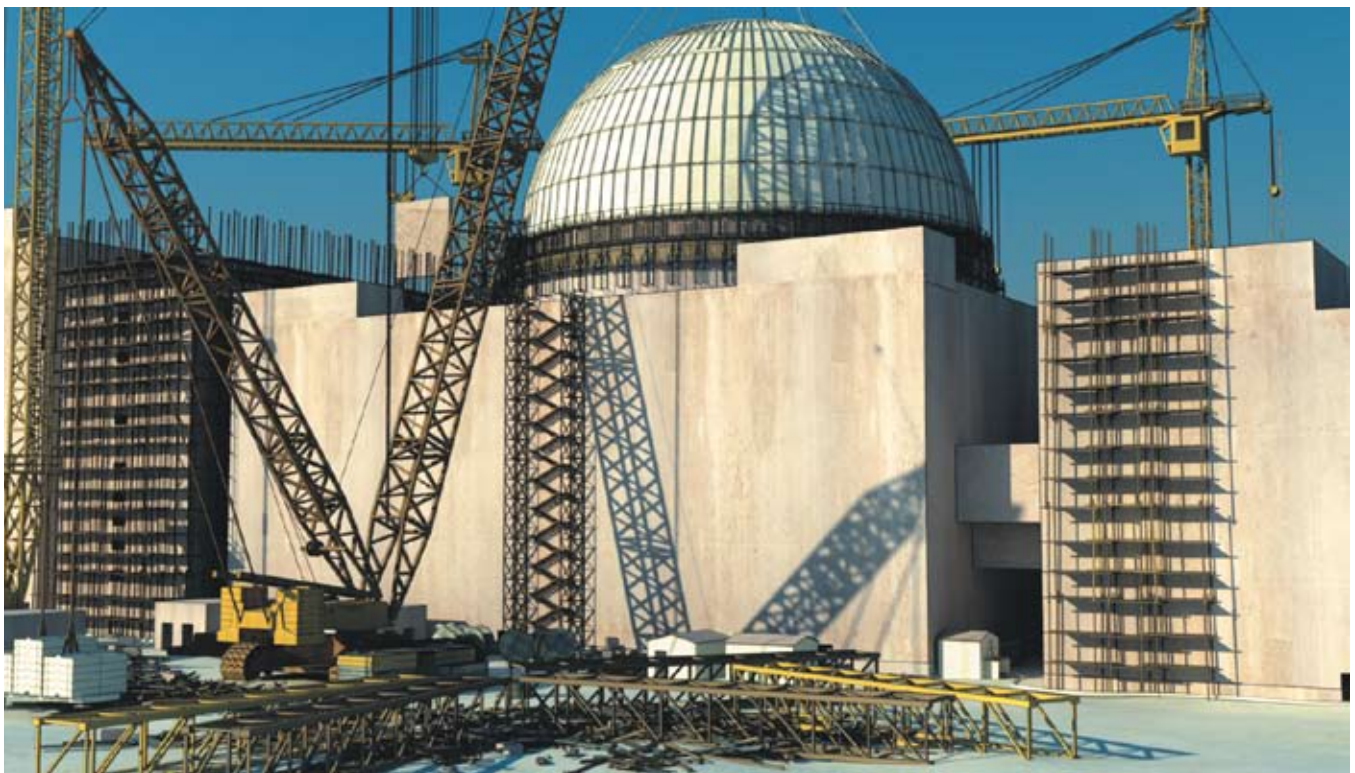
The results of analysis have confirmed that the design adheres to all main engineering principles of the modern multi-tier protections concept.

Moreover, this analysis means that the objectives set in the requirements specification as regards emergency response have been achieved with significant redundancy.

3.3.3. NPP with VVER-TOI Construction Organization Project

Nuclear plant construction projects with VVER-TOI power units seek to speed up progress of works, with the lead power unit built in 48 months, and a serial unit in 40 months. All critical solutions for nuclear plant construction with VVER-TOI power units and the technologies used in the project are designed to reduce labour costs, time of construction, and the number of production staff.

Organization of the construction project determined standard time and labour costs for construction and installation, flow charts and methods for the activities, and the number of needed production personnel.



Main Operations

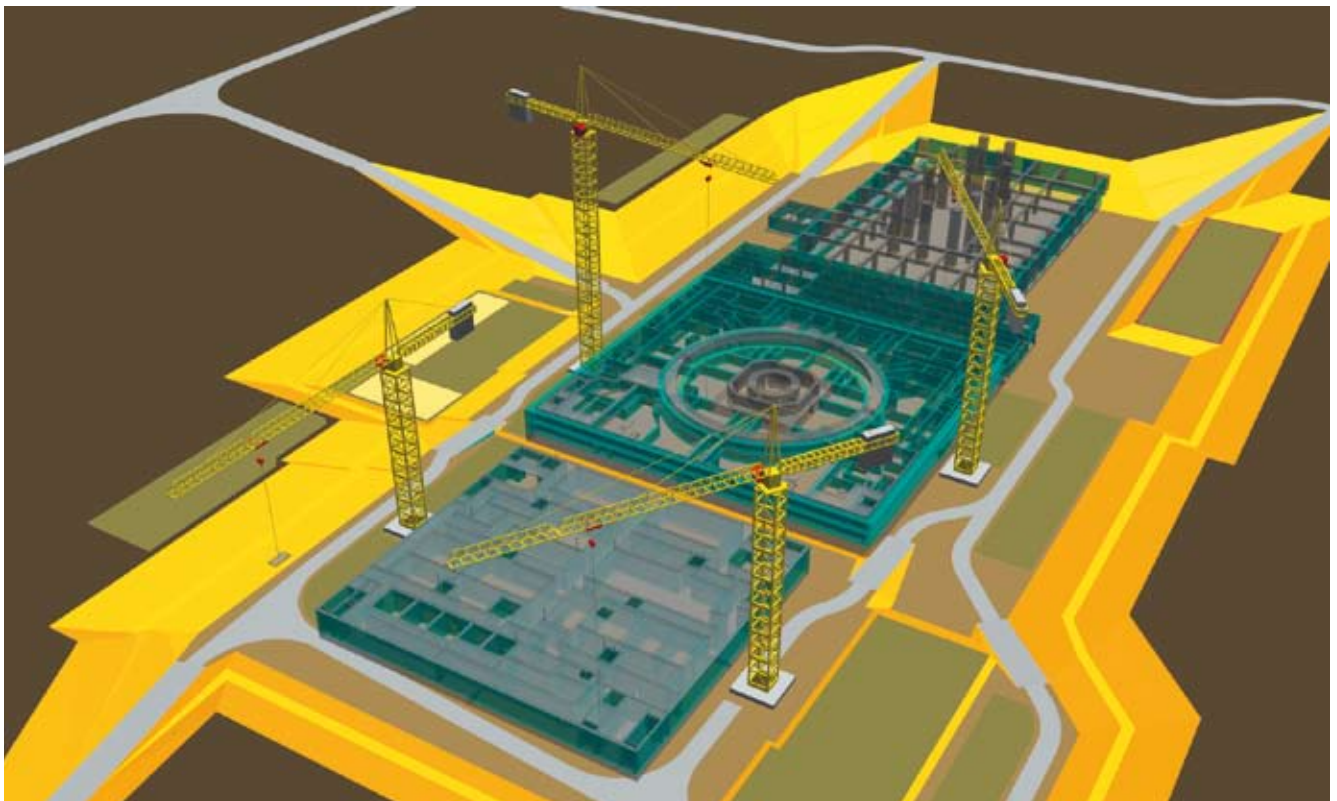
Here are the main principles underlying the standard technology to build nuclear plants with VVER-TOI power units:

- most labour costs to build a nuclear plant are incurred by the manufacturer (as few elements made on site as possible);
- modules and equipment are brought to the construction site ready to use, complete with fixings, embedded parts, rigging, holes and joints needed to install or assemble a unit. a supply module (element) must be installation-ready, i.e. complete with all handling parts (sling eyes and knots, reinforcement, installation catches, etc.);
- all main equipment, except the reactor unit, is installed together by a construction crane;
- use of automatic and robotic welding;
- large reinforcement formwork for walls and floors can be made with fixed casing on coupled joints with preset embedded parts and holes, ready for concreting;
- use of self-consolidating concretes (SCC) that need no labour-intensive vibration;
- use of high-capacity construction cranes and vehicles to carry large and heavy cargos;
- use of pre-assembled and pre-bent pipe lengths to install pipelines;

- timely delivery of materials, structures, and equipment;
- the construction and installation basis is nearly ready six months before concreting of the foundation slab begins: this allows time for construction and installation during year one;
- production-line method of construction;
- the entire working document pack is released even before such works begin;
- highly skilled construction and installation personnel.

Implementation of the VVER-TOI design also included a list of activities to fine-tune the IT system used to prepare the construction organization project; the system helps to visualize construction and installation, and to optimize process control. In addition, simulators and video manuals were developed that will be used to train construction and installation personnel, e.g. a unique IT simulator that operates a tower crane to train crane operators.

Implementation of the VVER-TOI design created tools that visualize activities of construction and installation, and show how processes progress in time during construction.



3.3.4. Advanced Information Technologies in VVER-TOI Design

One of the priority objectives for the VVER-TOI design, and one successfully realized during the reporting year, was to develop innovative technologies that ensure project implementation in the modern IT environment, where information can be controlled for the entire life cycle of the power unit.

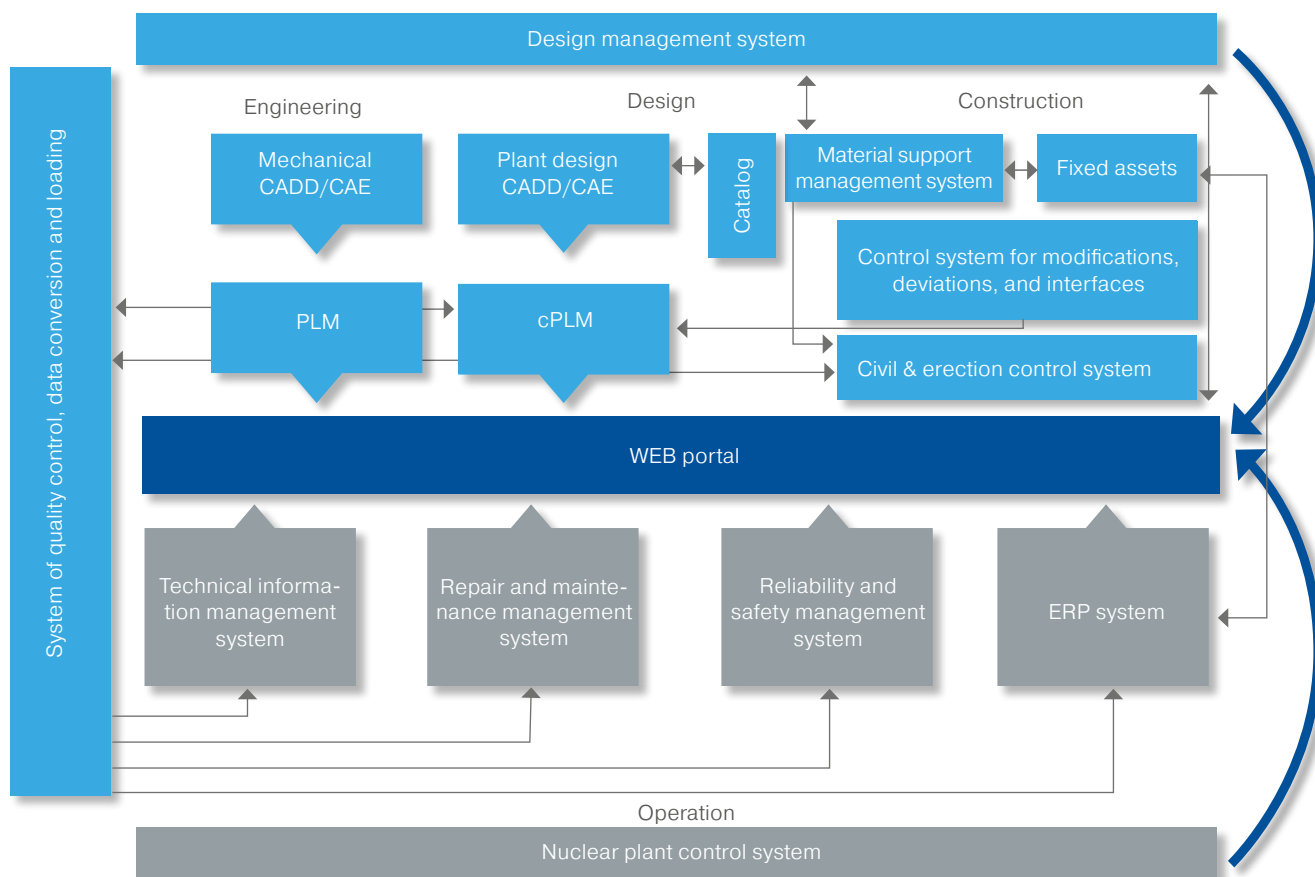
During the project, JSC Atomenergoproekt jointly with other parties developed a unique and unprecedented comprehensive IT system to control information of the power unit. as all project-related information is accumulated in the same environment, this significantly improved the quality of project design, helping develop standard engineering and lay-

out solutions, and build a comprehensive digital model for the design's invariant part, ready for replication on various nuclear plant construction sites.

The IT system not only assists with project design and engineering of the object using advanced technologies, it also ensures comprehensive control of information over all components of the nuclear plant power unit (from 3D design of the power unit, to purchasing and delivery of real-life equipment, to management of time, resources and costs during construction, to data validation and project requirements management).



Main Operations



As the central component of the IT system, the engineering data control system ensures accumulation of all project-related information that is transmitted without losses and without repeated inputs over the power unit's entire life cycle, from the basic project design to decommissioning. In fact, the Company created a shared information centre for the design, which physically remains with JSC Atomenergoproekt as general designer, but all other parties involved can access it over modern communication channels and regulations.

As the engineering data management system was fine-tuned, activities included not only direct customizing, but involved serious administrative and methodological work: the Company prepared a pack with more than 100 documents that describe the procedure to organize and execute project design using the NPP digital model, requirements to formal documents obtained from the model, standards for classification and coding systems adopted on the project, regulations and user manuals on how to set up and operate the system. The Company successfully handled the objective of migration to new technologies and passing best practices down the line to an entry-level specialist; a unique and successful project team was another result of the project.

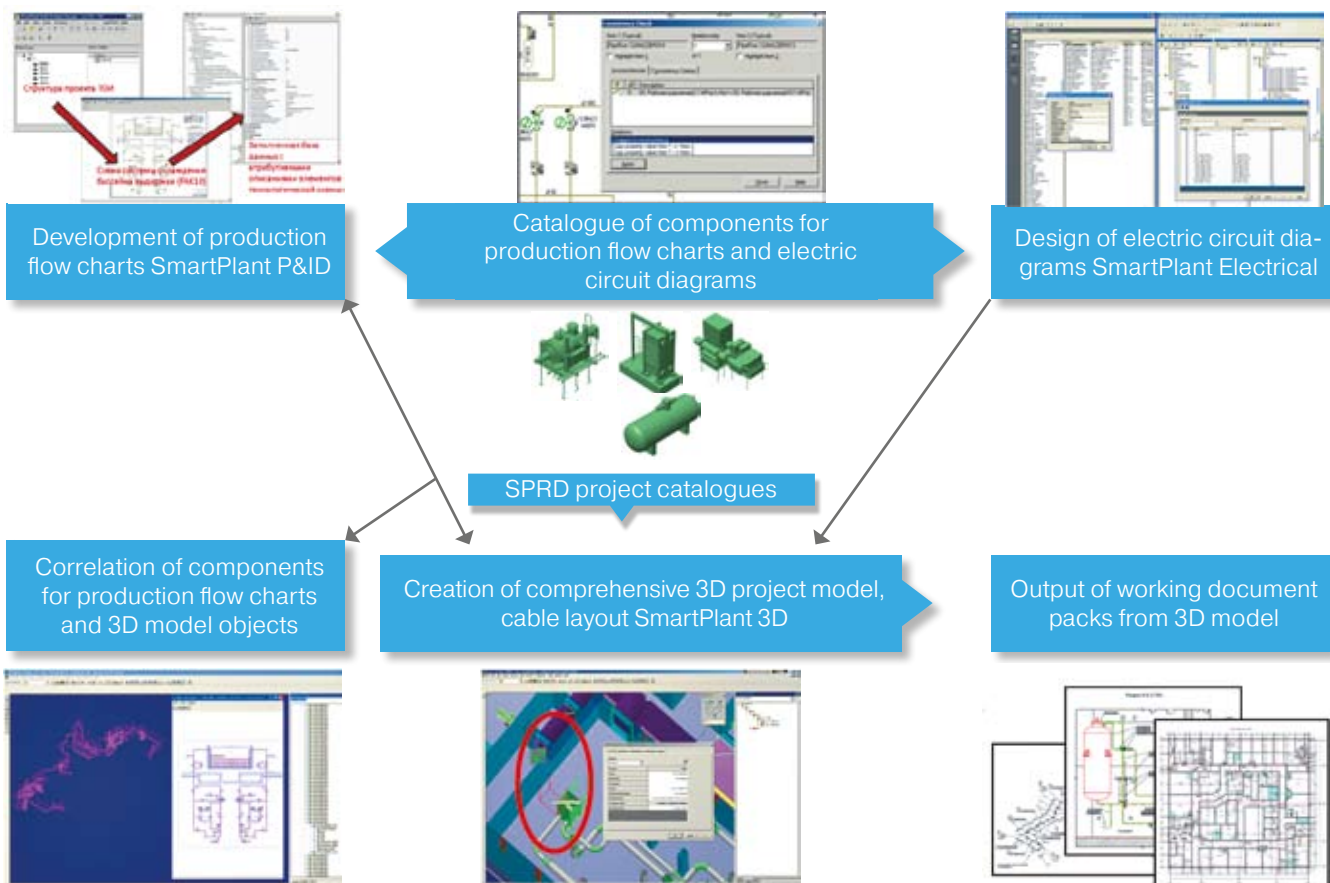
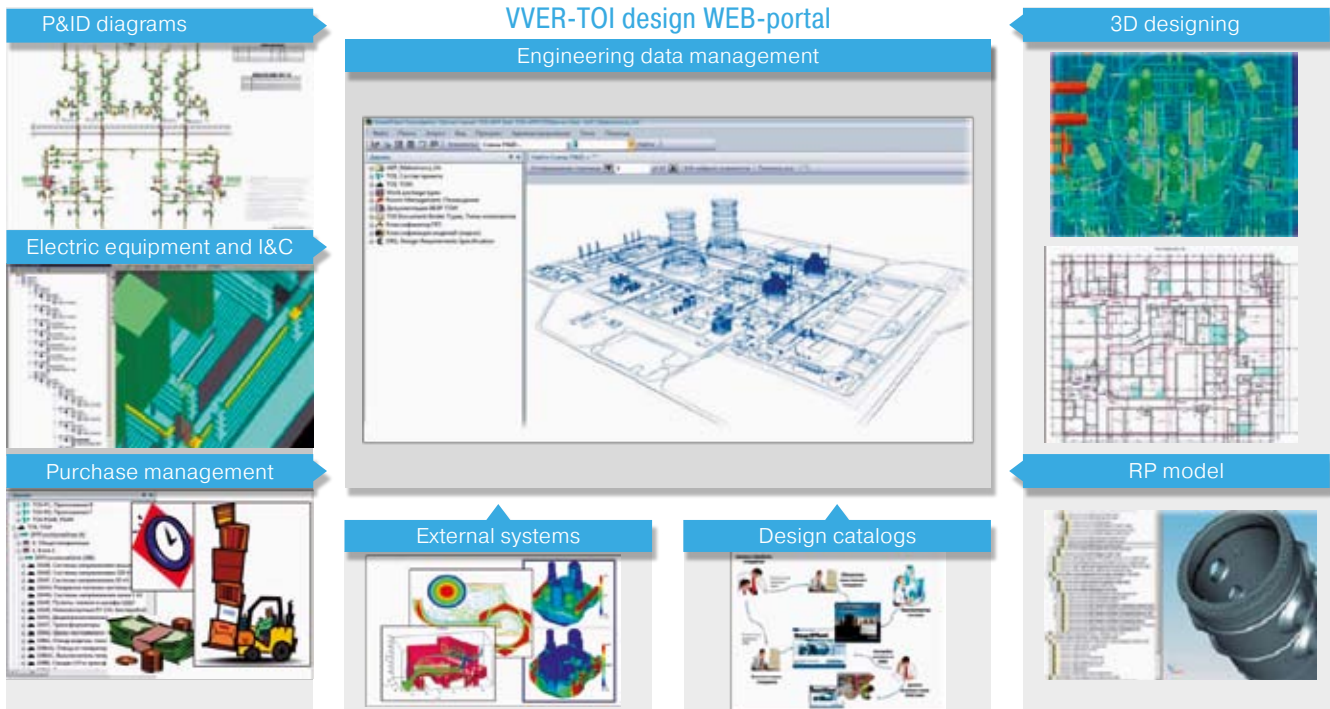
Configuration solutions for the VVER-TOI design were developed with a 3D design module using SmartPlant 3D. In the course of this, the base functionality of the module was significantly expanded and enhanced, resulting in a unique software product that allows comprehensive 3D-project design in all disciplines, to generate working documentation directly from the 3D model.

Activities to build a digital model of VVER-TOI also implemented a system used to manage catalogs and classes of materials, created a central database for equipment, pipelines and related parts, developed an administrative and to technical mechanism to control conflicts within the 3D design, and enabled management of changes and departures on the project.

Implementation of the design produced a series of unique integrating solutions to set up data exchange between modules of the VVER-TOI digital model and external applications.

These problems could not be resolved without creating a shared IT space used by all remote project participants.

The project also developed a central website. Functionality of the site supports data exchange between geographically remote project participants, including support for the project



Main Operations

management processes, access to the digital model of the power unit, and archiving the project's records and reports. The site was particularly efficient as a tool to organize interaction between the client and project participants.

In this way, the work of three years to create a standard optimized design of a nuclear plant with a VVER reactor was successfully accomplished. The design significantly improved main engineering and economic parameters compared to the reference design NPP-2006; it also considered ever stringent safety requirements to a nuclear plant. Now we can confidently say that the VVER-TOI design can compete on the global market (as confirmed with calculations made by the project architect and engineer – VNIIAES).

3.3.5. Objectives for 2013

Implementation of the VVER-TOI design will address the following objectives in 2013:

- support to secure Rostekhnadzor decision on possible use of VVER-TOI for NPP building licenses;
- international certification of the design with the IAEA;
- preparing the design for international certification in the EUR Club in 2014;
- participating in activities to promote the design on international markets of nuclear power facilities construction;
- science research and experimental engineering to support the solutions adopted for the VVER-TOI design;
- managing the configuration of the base VVER-TOI design as it replicated on specific building sites;
- developing invariant parts of the design for Nizhny Novgorod NPP, Kursk NPP-2, construction projects of Smolensk NPP-2 and Akkuyu NPP (Turkey) on the base VVER-TOI design.

In 2012 work was completed on the VVER-TOI project, which is a strategic priority for Rosatom state corporation.



3.4. Main Results of Project Design

Moscow JSC Atomenergoproekt is the chief project design institute in the Russian nuclear sector. The Company must undoubtedly maintain and strengthen this status.

Alexander Lokshin,

First Deputy Director General for Operations Management of Rosatom State Corp.

K Since its incorporation, JSC Atomenergoproekt staff have successfully resolved critical issues in the design of nuclear power plants, and contributed to the development of Russian power production. The Company has a vast amount of experience in project design, science research, engineering, project survey, and environmental research.

Independently or with third-party assistance, JSC Atomenergoproekt specialists have developed about 120 projects for nuclear plant power units with various types of reactors, many of which are leading units. The Company authored such NPP projects as Balakovo, Bilibino, Kursk, Novovoronezh, Smolensk and some others; at present, these plants produce 12 % of the total capacity of all Russian power plants. The JSC Atomenergoproekt brand is also known internationally thanks to the Company's role as the general designer in construction of Kozloduy NPP in Bulgaria, Temelin NPP in the Czech Republic, Buser NPP in Iran, Kudankulam NPP in India, and Akkuyu NPP in Turkey.

In 2012, progress under JSC Atomenergoproekt's annual plan for project survey was 106 % of the target. SRO NP Soyuzatomproekt awarded the currency with a diploma of honour as "2012 Best Designer".

JSC Atomenergoproekt's achievements in 2012 to implement the Rosatom Nuclear Power State Corporation's long-term programme (2009–2015) and performance of its contract obligations assumed before same-sector clients in Russian and foreign projects can be described as follows:

Novovoronezh NPP-2

- all budget estimates were completed to do construction and installation of Novovoronezh NPP-2 in 2013.
- Modification of the technical design of Novovoronezh NPP-2 began to make the nuclear plant safer based on the analysis of the Fukushima plant in Japan.
- Public hearings held to discuss preliminary materials and assess the environmental impact (AEIO) for decommissioning of power units No. 1 and 2 of Novovoronezh NPP-2.
- Public discussions held in the roundtable format to discuss the License Support Materials (LSM) for decommissioning of power units No. 1 and 2 of Novovoronezh NPP-2.
- Development began to make the draft version of final report on safety of power unit No. 1 at Novovoronezh NPP-2, needed to receive the Operation License.

Kudankulam NPP

- Working document pack was adjusted after pre-commissioning of Units No. 1 and 2 of Kudankulam NPP. Individual safety analysis reports were elaborated (FSAR) to receive the fuel loading permit. Field supervision on site Kudankulam NPP continued. On October 21, 2012, reactor unit No. 1 was fully loaded, beginning the countdown to the physical start of Kudankulam NPP.
- Top-priority design for units No. 3 and 4 of Kudankulam NPP continued.

Akkuyu NPP

- Engineering survey done to build project documents.
- Top-priority documents made ready for license and construction organization of Akkuyu NPP.
- Materials prepared for AEIO of Akkuyu NPP.
- Project written to organize the preparatory phase of construction.
- Requirements specifications written for critical equipment of Akkuyu NPP.

Majdal NPP

- Business offer written for project design of Majdal NPP in Jordan.
- The engineering part of the bid in international tender to build a single-module NPP in the Kingdom of Jordan was prepared and handed over to Atomstroyexport.

Khmelnitsky NPP

- Jointly with the client, elaboration and layout selection for reactor rooms of power units No. 3 and 4 of Khmelnitskiy NPP.
- Scope of work for JSC Atomenergoproekt in the project to complete power units No. 3 and 4 of Khmelnitsky NPP was coordinated.

Ruppur NPP

- Jointly with Atomstroyexport, the parties selected and supported the prototype for Ruppur NPP to be built in the People's Republic of Bangladesh.
- Preparatory activities done needed to begin work on the Ruppur NPP project, including gathering of source data on the construction site.

Busher NPP

- Activities arranged to support "Implementation 75 %" stage. Follow-up of capacity testing, test runs of operation modes of the nuclear plant power unit.
- Work to release final pack for the unit's files, and final review of FSAR materials.

VVER-TOI

- In VVER-TOI design, in 2012 the Company accomplished the engineering design documents after review of optimized VVER-based project and IT-enhanced power unit (VVER-TOI), including document sets for international certification of VVER-TOI with the EUR and IAEA, and to request Rostekhnadzor permit to use the base VVER-TOI design in licensing of nuclear plant construction; work accomplished to build a digital model of the power unit, which integrates project data and digital project management system.

Kursk NPP-2

- Preliminary engineering and environmental survey conducted to select the best site for deployment of Kursk NPP-2 of four modules. Field work was done simultaneously on three prospective sites offered for Kursk NPP-2, each of 300 ha. One site is in the Kurchatov District, and the two others are in the Lgov District of the Kursk Region.
- The survey produced the necessary and sufficient inputs on natural and artificial conditions of the sites proposed for construction of Kursk NPP-2; proposals prepared to select the best site: Makarovka, directly next to the existing nuclear plant.

Nizhny Novgorod NPP

- Materials of AEIO were prepared to estimate radiation and environmental impact on the area around the NPP, with forecast estimates of impacts on the environment and citizens from the Nizhny Novgorod NPP construction project.
- Project pack prepared to build power units No. 1 and 2 of Nizhny Novgorod NPP, ensuring higher designed safety of the nuclear plant based on the basic VVER-TOI design as handled by JSC Atomenergoproekt in 2012.

3.4.1. Key results of JSC Atomenergoproekt Activities on operating power units

Here are main results of JSC Atomenergoproekt activities on operating power units:

- Balakovo NPP — Rosatom State Corp. approved the investment project “Activities to Upgrade Balakovo NPP to Extend the Operation Resource of Power Unit No. 3”;
- Novovoronezh NPP — PSA done for power units 2, 3, 4 and 5; working documents are prepared for additional solutions to mitigate consequences of unforeseen emergencies for power units 3, 4, and 5;
- Smolensk NPP — working documents ready for activities to extend service life of power units 1, 2 and 3; additional project solutions worked out to raise resistance to serious unforeseen emergencies for power units 1, 2, 3 and SNFS;
- Bilibino NPP — working documents ready to upgrade systems and replace retired equipment in power units 1, 2, 3 and 4; working documents ready for activities to mitigate consequences of unforeseen emergencies;
- Kursk NPP — project design ready to build an annex to SNFS; main scope of work done to extend service life of power unit No. 3.



3.4.2. Activities planned for 2013 on prospective sites

Nuclear Plants in Russia

Investment programmes of Rosenergoatom Concern plan the following activities:

Kursk NPP-2:

- preparing evidence to support investment in construction (CISP) and assessment of environmental impact (AEIO). Said documents plus safety materials will be submitted for government environmental expert panel to examine the decision to build power units No. 1 and 2 of Kursk NPP-2 on the proposed site;
- having large part of the project pack ready for nuclear plant buildings and structures within the project responsibility scope of JSC Atomenergoproekt;
- preliminary materials to be ready for the physical protection system of the NPP.

Smolensk NPP-2:

- as per the master action plan to prepare for construction of power units No. 1 and 2 of Smolensk NPP-2, approved by Rosenergoatom Concern, in 2013 the Company will do preliminary engineering and environmental survey to select the best site for the NPP. The results of the preliminary survey will become basis to support construction investment (CISP) and environmental impact assessment (AEIO), later to be submitted before the government environmental expert panel as part of the license support materials (LSM).

Nizhny Novgorod NPP:

- document pack for construction of power units No. 1 and 2, with higher level of safety of the nuclear plant NPP using the basic VVER-TOI within the work scope of JSC Atomenergoproekt for 2013.

Seversk and Central NPP:

- operation supervision.

In 2012, progress under JSC Atomenergoproekt's annual plan for project survey was 106 % of the target.

Nuclear Plants Worldwide

Ruppur NPP (Bangladesh):

- top-priority engineering survey.

Majdal NPP (Jordan):

- joining the international tender to build a single-module nuclear plant.

Akkuyu NPP:

- supporting engineering survey on the nuclear plant construction site during the "Working Documents" stage;
- preparing project documents and priority working document pack for the NPP.

Kudankulam NPP

- finishing first-priority project design to build units No. 3 and 4;
- begin activities to release working document pack for units No. 3 and 4.

3.5. Assuring the Safety of Implemented Projects

3.5.1. JSC Atomenergoproekt Position on Safety

The Company's position in safety is represented in the concept of ensuring radiation and nuclear safety, and is based on:

- enforcement of Russian safety standards and regulations on the safety of nuclear energy;
- preventing human errors and inadvertent wrong action;
- preventing radioactive emissions in emergencies;
- supporting safety functions based on the passive action principle without power imports;
- no need to evacuate citizens resident near the NPP in grave emergencies;
- adoption of modern methodology and approaches to develop PSA of levels I and II considering the specifics of water-moderated reactors.

Ensuring radiation safety is organized and enforced to prevent inadmissible impact of sources of ionizing radiation on personnel, citizens and the environment around the NPP. Inadmissible impact from ionizing radiation sources is understood as radiation impact by ionizing radiation on personnel, citizens and environment above the radiation impact level allowed by the laws and regulations.

Between 1992 and 2011 JSC Atomenergoproekt designed projects of water-cooled nuclear plants with enhanced safety parameters. The list includes Kudankulam NPP, Belene NPP, both based on the NPP-92 design certified by the EUR Club; and Novovoronezh NPP-2 project based on the NPP-2006 design with; and finally, the base option of VVER-TOI.

The shared specifics of the above designs is that their safety functions are ensured by a set of instrumentation that includes devices of both active and passive principle. Passive devices ensure indefinitely long emergency cooling of the reactor core even in the absence of all AC power sources (blackout) or ultimate heat absorber, be it the sea, river, cooling pond or sprinkler pool. If such triggers are aggravated by a leak in the first circuit, then passive devices can remove heat for at least 24 hours in NPP-92 and NPP-2006 designs, and at least 72 hours in VVER-TOI based projects. The time depends on the size of the leak. If the leak is not serious, the devices can last 3-4 times longer

The above designs share many features with the following underlying solutions:

- use of safety systems that rest on different principles (active and passive);
- duration of active SS — unlimited (if power supply is available);
- duration of passive SS — at least 24 hours;
- low sensitivity to failures of supporting and control systems;
- use of passive SS creates premises to reduce equipment of active SS;
- core heat removal systems that rely on both active and passive principles must operate regardless whether circuits I and II are tight or depressurized;
- PHRS of circuit II must remove residual heat even in the absence of alternating current and in the event of other triggers at the NPP;
- when the SS is activated, thermal load on structures and equipment must be minimized.

3.5.2. Evolution of Safety Systems in VVER-based Nuclear Plants

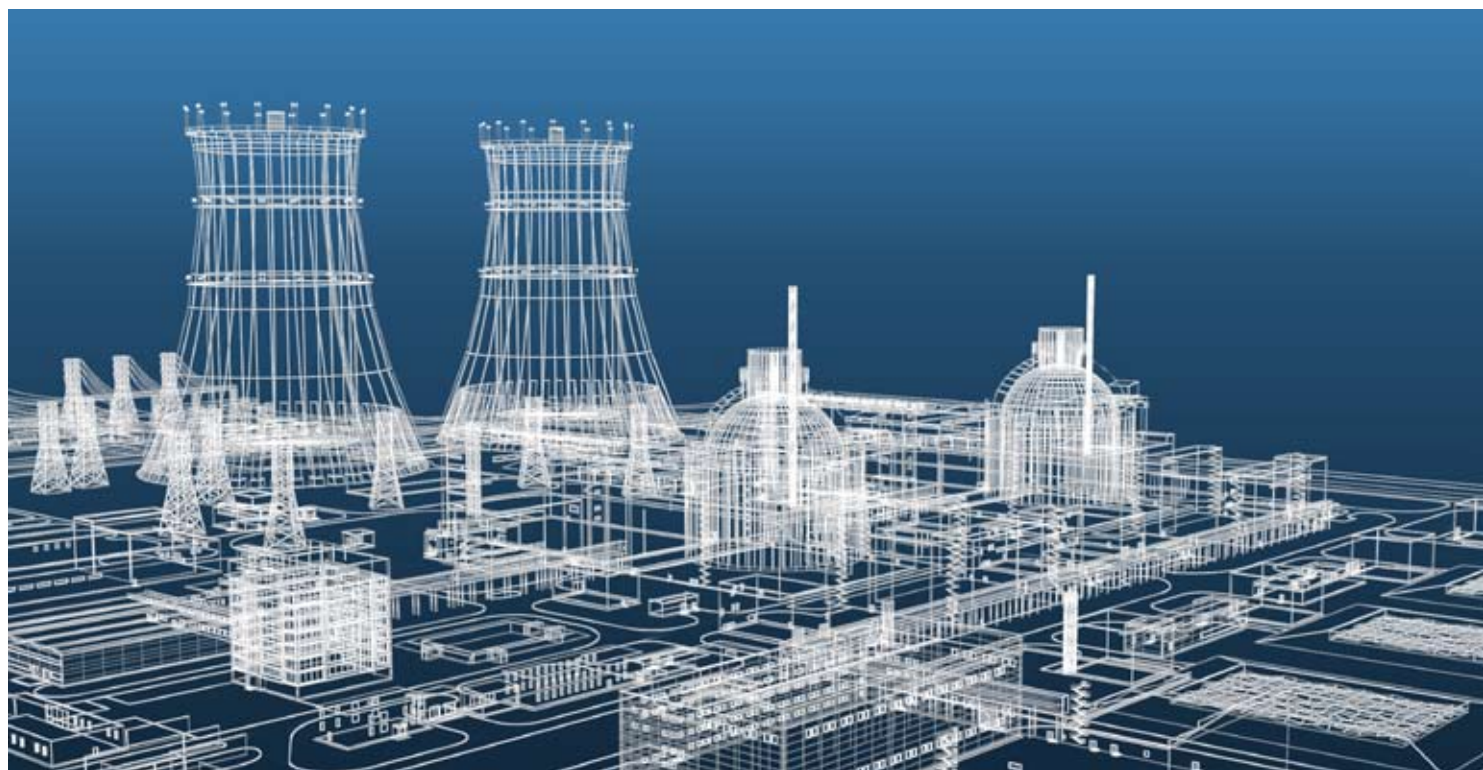
The general trend of designs when the safety systems first evolved was that the number of safety system channels was increased to four channels, and a second shell was added.

Later in the evolution of the SS, JSC Atomenergoproekt specialists adopted an approach that used different principles to support safety functions (combined active and passive safety systems).

In regards to the “Requirements Specification for Base Option Design NPP-2006”, a full range of active and passive safety systems was realized that guaranteed safety functions for all trigger events of both standard and unforeseen emergencies. The number of active SS channels was reduced to two, which while not compromising reliability, makes significant savings.

Future upgrades to safety systems contemplated by JSC Atomenergoproekt envisage the use of the inherent potential of passive technologies to make them last indefinitely. This will produce a power unit that is both reliable safety-wise, and competitive in terms of engineering and economic performance.

In the period from 1992 to 2012 JSC Atomenergoproekt had been developed NPP projects equipped with VVER reactors having improved safety properties



Main Operations

The figure below shows the evolution of the safety systems, and outlooks for their improvements in recent Russian designs authored by JSC Atomenergoproekt.

Evolution of safety systems, and improvement outlooks in modern-day Russian designs



HBAEC

NVNPP, unit 5
Small series
U-87 (V-320)

Federal Government Exec.
Order No. 1026 as of
Dec 28, 1992, and in con-
formity with GNTF "ECHE"

- 3 channels of active SS;
- Passive SS to fill the core on maximum industrial emergency (hydraulic tank for stage 1);
- single-tier protection shell;
- emergency removal of heat through circuit 2 is limited in time by quantity of water stored in emergency tanks;
- damage imminent in 2-3 hours if active SS fails



Kudankulam NPP

NPP-92

- 4 channels of active SS;
- Passive SS for all critical safety functions;
- double-tier protection shell with controlled clearance;
- compliance with EUR requirements;
- emergency removal of heat through circuit 2 is limited in time both in active and in passive modes





Novovoronezh-2 NPP

NPP-2006

- 2 channels of active SS;
- Passive SS for all critical safety functions;
- double-tier protection shell with controlled clearance;
- compliance with EUR requirements;
- emergency removal of heat through circuit 2 is limited in time both in active and in passive modes



АЭС ВВЭР-ТОИ

NPP VVER-TOI

- ensured continuous operation (72 hours and longer) of passive safety systems in case of a serious leak in circuit 1, requires no operator's assistance;
- option without redundancy of active components of the safety system;
- the unit's improved resistance to extreme external impacts is guaranteed

3.5.3. Role of Passive Safety Technologies

The list of passive technologies realized in next-generation projects authored by JSC Atomenergoproekt includes:

- system of passive heat removal via the steam generators (PHRS);
- hydraulic tanks of stages one, two, and three (HT-1, HT-2, HT-3);
- passive filtration system for inter-shell space (PFS);
- hydrogen control and removal system with passive catalysts.

To ensure that in an emergency the SS passive component removes heat from the reactor core, the design envisages a passive heat removal system (PHRS) and a system of hydraulic tanks at stage one and two (HT-1 and HT-2). In a trigger event where the active part of the SS fails, including if caused by loss of all sources of alternating current at the NPP without an emergency leak in the first circuit of heat medium circulation, only the system of passive heat removal needs to be activated. Because air is used as ultimate absorber of heat, the PHRS can operate indefinitely in this mode.

To overcome emergency leaks in the reactor unit's first circuit complicated by failure of active safety systems, the system will need to engage the hydraulic tanks of stage one to fill the reactor casing, and to continuously remove heat from the reactor core, the hydraulic tanks of stage two and three will

join, together with the passive heat removal system (PHRS). In this scenario, the PHRS switches the steam generators (SG) to the mode that condensates steam in the first circuit that enters the SG piping from the reactor. As a result, in addition to water pumped by the hydraulic tank system, the first circuit also receives condensate from the steam generators. To consider the condensing ability of the steam generators, the hydraulic tank system HT-2 has a water volume that if a pipeline breaks in the first circuit of maximum diameter 850 mm, the system can maintain a mass of heat medium in the reactor casing for at least 24 hours as necessary to reliably cool the fuel. The volume of the hydraulic tanks at stage three is enough to extend the reactor core cooling time to 72 hours.

It must be emphasized that energy dissipation with an activated PHRS ensures that the parameters of the steam-and-gas medium in the shell are maintained below the project-required level to support the localizing function of containment. To prevent radioactive escape into the environment with substances that penetrate the inter-shell space (ISS) through leaks of the inner containment, rarefaction is maintained in the ISS, and the air is only released to the environment after it passes air filters through the passive filtration system (PFS). Operation of passive recombiners of hydrogen rules out combustion and explosion of hydrogen inside the inner containment.



3.5.4. Extra Measures for Better NPP Robustness

Following the Fukushima disaster, Russian designs were analyzed with a view to probable abnormal trigger events that could emerge in the area of the nuclear plant, and also to consider the consequences triggered by the events and actual failures that played out in Fukushima-1 NPP.

To make nuclear plants more resistant to low-probability putative events, and to ensure longer autonomy of the plants in a UES (unforeseen emergency scenario), a series of extra steps was proposed.

Such measures will primarily address the need to remove heat from the cooling pond and to limit pressure growth inside the protection shell, because under the most probable trigger events that lose electric supply and ultimate absorber without a leak in the first circuit, heat from the core can be removed in theory for an indefinite period, while the time of heat removal from the cooling pond and preventing over-pressure in the protection shell are limited.

In addition, to give more autonomy to the nuclear plant on trigger events where the first circuit loses tightness, the reactor needs makeup to ensure that heat is removed from the core.

And finally, in the long-term, the plant needs to monitor safety parameters and other parameters that give objective information about the power unit's situation.

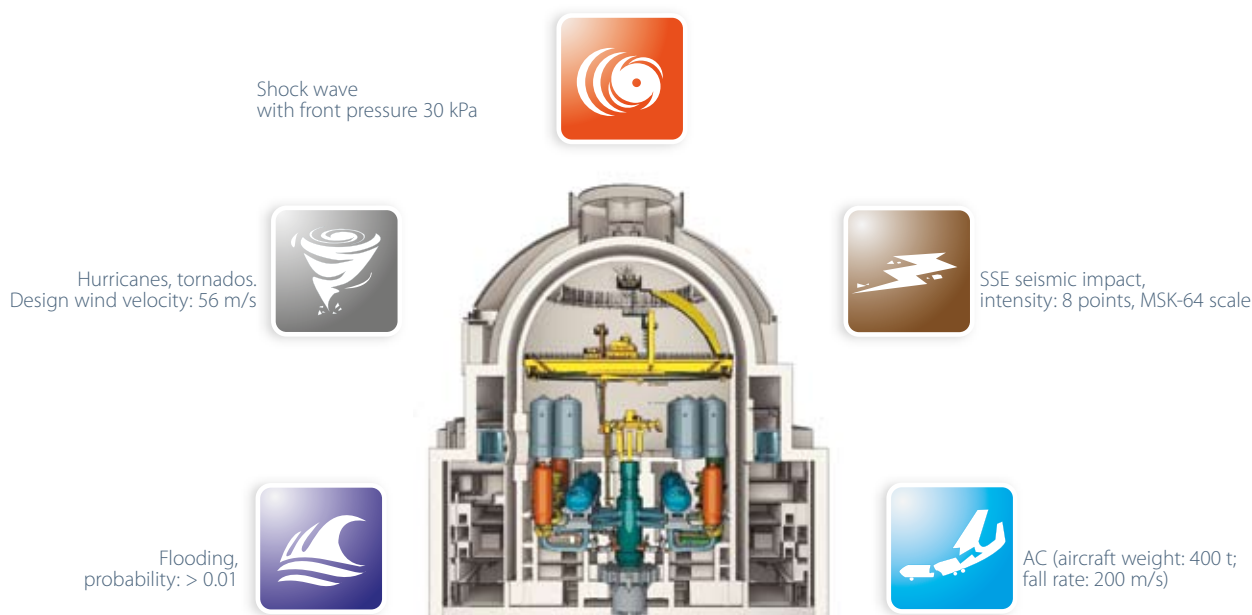
The selected option with heat removal from the cooling pond, checking pressure growth in the shell, and reactor makeup, required the following extras added to the VVER-TOI design:

- an air-cooled standby diesel generator;
- an alternative production circuit with an air-type cooling tower;
- a mobile pumping unit to feed water from external sources;
- cable lines to make quick connections to consumers used to control the UES.

Output parameters for the above extras were found through calculation and analysis of operation modes in the absence of all sources of alternating current, with heat medium leaking from the first circuit.

The purpose of such measures is to have heat removed from the reactor and the spent fuel cooling pond, to prevent water boiling, maintain the fuel on subcritical level in the reactor and CP, and to maintain pressure in the CB within permissible limit continuously.

In addition, JSC Atomenergoproekt pays a great deal of attention to quality assurance at each stage of its activities. For details, please read part 7.4 "Quality Management".





ANNUAL REPORT 2012

4. Marketing and Contract Portfolio

- 4.1. Key success factors / key advantages of the Company
- 4.2. Contract Portfolio



Marketing and Contract Portfolio

4.1. Key success factors / key advantages of the Company

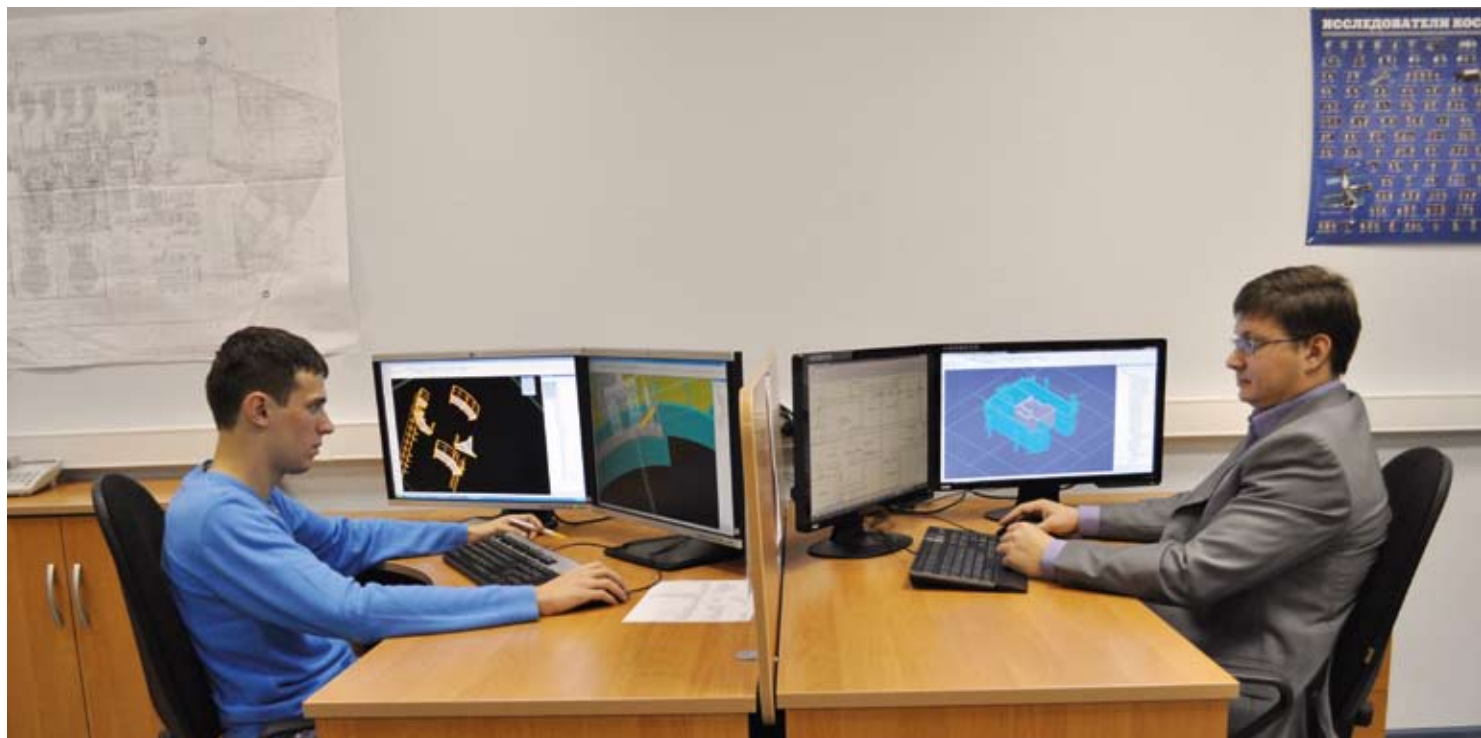
JSC Atomenergoproekt and the companies that joined its scope of control in 2012 possess unique technologies and competencies thanks to which they can expect to successfully utilize current sector trends and market opportunities.

JSC Atomenergoproekt is the only company in the sector that combines the functions of a general designer for the 'nuclear island' (the main technology of nuclear plants), including safety systems, PPACS, and electrical parts, with those of a general contractor, complete with its own construction base, all necessary equipment, machines, and human resources. The Company's designs are the basis for most nuclear plants currently active in Russia and most of those built abroad. The competency in project design and construction of lead units for future nuclear plants is improved successfully through Novovoronezh NPP-2 — a two-module nuclear plant designed and being built by the Company based on its NPP-2006 design, with a capacity of 1,200 MW. In 2012, work was accomplished for further optimization and IT-enablement of the NPP-2006 design as part of the VVER-TOI project that will become the basis for serial construction of VVER-type nuclear plants. In its range of competencies and experiences with nuclear plant design and construction, JSC Atomenergoproekt is comparable to such foreign nuclear plant providers as AREVA, Westinghouse, and Toshiba.

Combining the functions of a general designer and a general contractor for the nuclear island in a nuclear plant, along with the functions of design engineer and manufacturer of installation equipment (in NIKIMT-Atomstroy, now controlled by the Company) creates the ability for optimization of future NPP projects depending on promising construction and installation technologies. Such optimization requires better engineering and design solutions for the main systems of nuclear plants, including safety systems, and this is only possible at the stage of technical design development, and needed to keep the technological platform of VVER competitive on the global market and to create new NEF designs, including as part of the activities to close the fuel cycle.

JSC Atomenergoproekt has consistently demonstrated its ability to not only design but also build lead units for nuclear plants with further transfer of reference design solutions and technologies. The Company has successful experiences with commercial deployment of design solutions by sector-level and foreign contractors through serial construction using one-design projects. The uniform design of Y-320 with VVER-

JSC Atomenergoproekt is the only company in the sector that combines the functions of a general designer for the 'nuclear island' with those of a general contractor, complete with its own construction base



based-1000, was used to build nuclear plants at Balakovo, Zaporozhye, Kalinin and southern Ukraine, Kozloduy in Bulgaria, and Rostov NPP currently under construction. The same principle will form the basis for construction of Akkuyu NPP, Kursk NPP-2 and Smolensk NPP-2 that will use the VVER-TOI design – the optimized design of Novovoronezh NPP-2.

Innovative development by the recently-merged engineering company will rest on the foundation of the intellectual property bank, budget estimates and regulatory documentation, and enormous potential in science and engineering, realized in NEF project design. Key competencies in science and design engineering include: project design and safety assurance in the construction and technological part of the nuclear island, safety systems, PPACS, machine room, etc.; engineering and manufacturing of thermal installation equipment, tools for NEF decommissioning and physical protections, handling of RW and SNF, analysis of risks and reliability of complex engineering facilities; licensing of nuclear and highly dangerous facilities; creation of advanced tools for project design and life cycle control for NEF; and comprehensive engineering survey.

The Company possesses extensive and successful experience with project design for foreign clients, including compliance under international and foreign standards and regulations in the nuclear power industry, and interaction with national supervision agencies and international organizations as regards safety assurance of NEF. In 2007, the NPP-92 design successfully passed all stages of examination for compliance with the EUR international regulations. Recently, projects were accomplished for Buser NPP in Iran and Kudankulam NPP in India. The renowned and recognizable JSC Atomenergoproekt brand on the international market of design services is the basis for further development of the Company's international business.

The Company's potential successful cooperation in infrastructure projects in Russia, including outside of its sector and fast command of resources and optimization costs depend on its well-developed network of branch offices and companies present in most of the nation's regions, and on their access to the necessary equipment, computer hardware, estimate codes, software, and skilled personnel.

4.2. . Contract Portfolio

Contract portfolio of the Company and units it controls features a diversity of products (from the design of future nuclear plants to deployment of physical protection systems at projects of civil construction) and clients (project design and survey done for Russian and foreign clients), but same-sector clients in Russia account form the bulk of its business. The growing volume of off-sector and foreign orders will not change the situation.

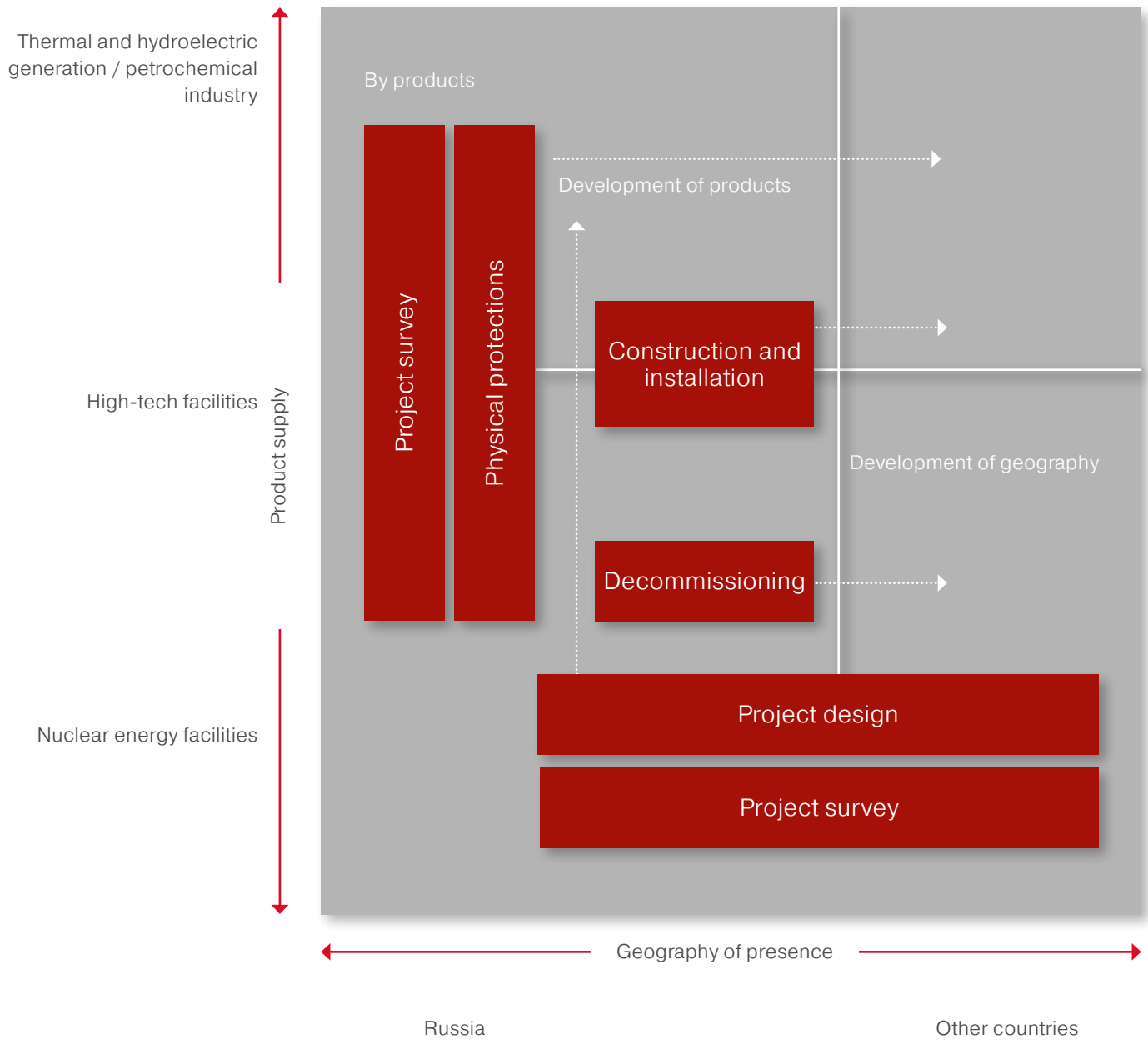
Engineering for existing projects in the medium-term future (2013–2017) includes activities for Busher NPP, Novovoronezh NPP, Rostov NPP, Kalinin NPP, Smolensk NPP, Bilibino NPP, Balakovo NPP, Kursk NPP, RW and SNF facilities of Kursk and Smolensk, facilities of the Siberia Chemical Plant, PO Mayak, JSC Vega Concern Radiostroyeniya, and the United Institute for Nuclear Research.

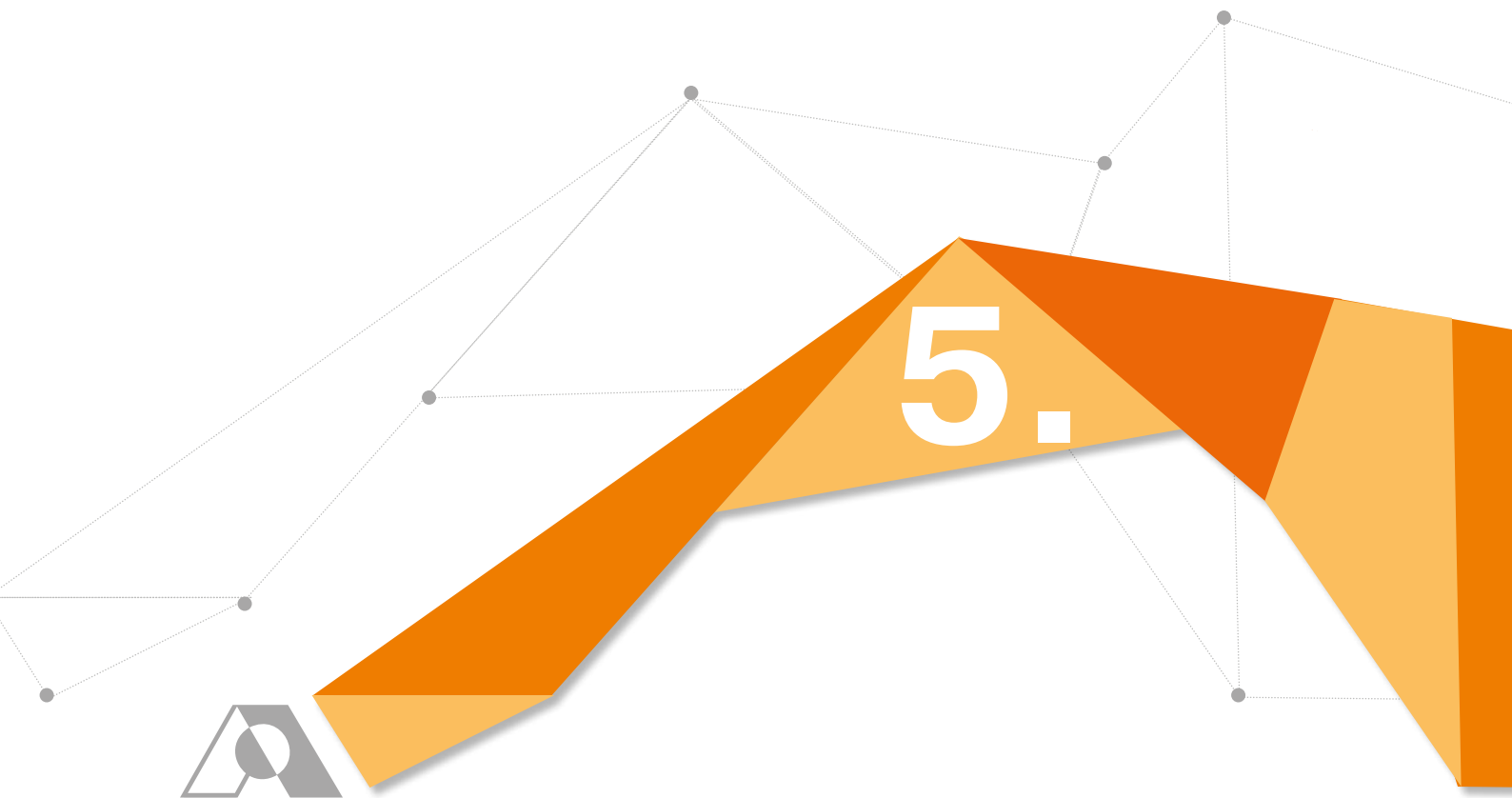
Engineering and project survey in the mid-term future will be done for Novovoronezh NPP-2 — units No. 1 and 2; Kudankulam NPP — units No. 3 and 4; Khmelniysky NPP — nuclear island of units No. 3 and 4; Akkuyu NPP — units No. 1–4; Smolensk NPP-2 — units No. 1 and 2; Seversk NPP, Ruppur NPP — units No. 1 and 2, NOU UCPR, CBI MASKOM, RF Ministry of Interior, FGUP Gorno-Khimichesky Kombinat, Olympstroy SC, Gazprom, RF Ministry of Defense, FosAgro-Cherepovets. The plan is to supply machines and equipment to the Kharkov Institute of Applied Physics, Beloyarsk NPP, Leningrad NPP, Busher NPP, Rostov NPP (units No. 3 and 4), Kudankulam NPP, Atompromresursy, SKVM, Alfa Laval Potok, FGUP PO Mayak, Gidrometallurgichesky Zavod, and TENEX-Service.

The plans include extending the service life of Balakovo NPP (units No. 2, 3 and 4); and Smolensk NPP (units No. 1, 2 and 3). Many of those are scheduled for construction and upgrade after 2017 – this is also part of the long-term programme.

In the long-term future (2018–2030), additionally to the conclusion of medium-term projects, plans include engineering and project survey for decommissioning of nuclear plants with RBMK and VVER, decommissioning of Bilibino NPP, retrofitting of VVER-440 plant sites using low-capacity reactors, Majdal NPP (units No. 1 and 2); engineering and project survey for Metsamor NPP (unit No. 1), Majdal NPP (units No. 1 and 2), Central NPP (units No. 1 and 2), South-Urals NPP (units No. 1, 2, 3 and 4), and extending the service life of Kozloduy NPP.

JSC Atomenergoproekt is a full-cycle engineering business

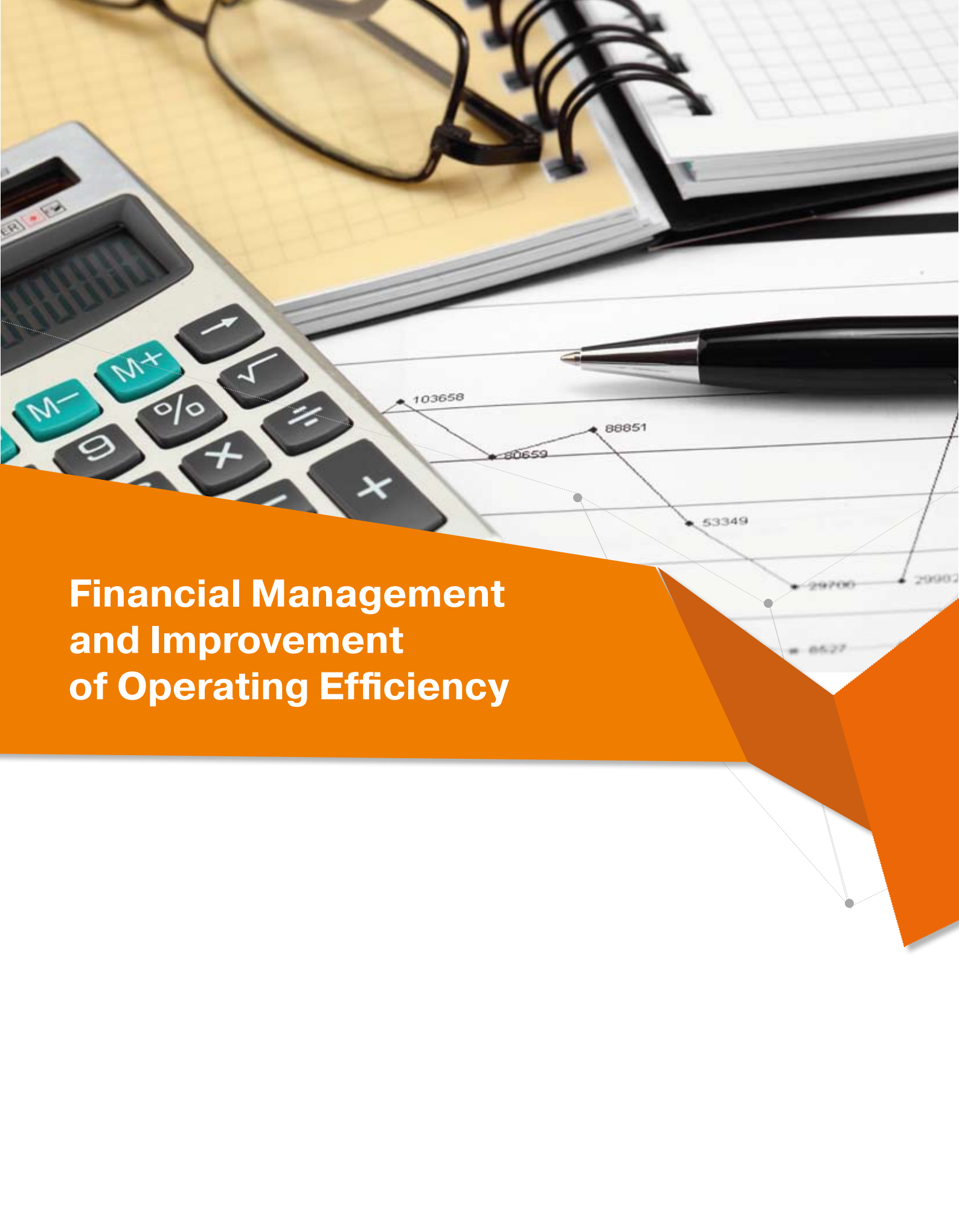




ANNUAL REPORT 2012

5. Financial Management and Improvement of Operating Efficiency

- 5.1. Main Financial Results
- 5.2. Financial Policy and Financial Management
- 5.3. Improvement of Operating Efficiency
- 5.4. Investments

A composite image featuring a calculator, a spiral notebook, a pen, and a line graph with data points. An orange geometric shape is overlaid on the bottom left, containing the text.

Financial Management and Improvement of Operating Efficiency

5.1. Main Financial Results

5.1.1. Main Corporate Performance Indicators

The reporting year for the Company was characterized by growth of key financial and business indicators: revenues grew by 4.96%, EBITDA by 14.10 %, and net profits by 110.46 %. The most important performance figures are given below.

The Company's revenues in 2012 grew compared to 2011 by 1,407.99 million rubles, or by 4.96 %, due to the substantial growth of construction and installation and volume of general contract services provided on the construction site of Novovoronezh NPP-2 (revenues from such activities increased by 34.9 %). In 2012, the Company increased its contract portfolio for nuclear plant project design, with new sites added to it being Akkuyu NPP, Kursk NPP-2, and Nizhny Novgorod NPP; this compensated loss of income from not outsourced activities at NPP sites, where volumes of project design decrease substantially when release of the working document pack is due. These are the sites of Buser NPP and Kudankulam NPP. New design objects for the Company in 2013 will substantially increase activities without outsourcing: growth of 12.8 % is expected.

The Company's revenues in 2012 grew by



4.96%

EBITDA - by



14.10%

Net profit by



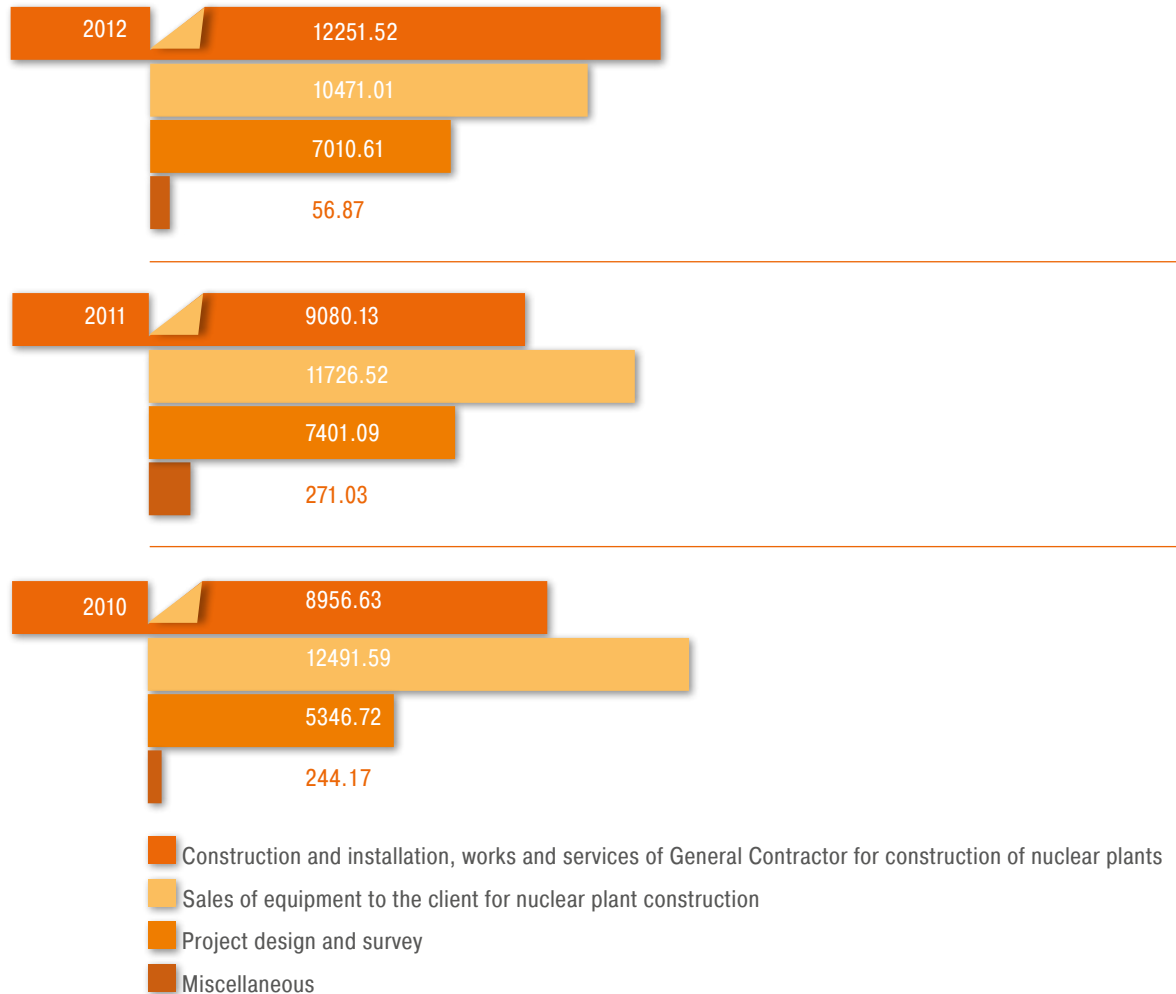
110.46%

The Company's main performance indicators, m rubles

Indicator	2010	2011	Change, %	2012	Change, %
Revenues (total), including:	27,039.11	28,382.03	4.97	29,790.02	4.96
without outsourcing	5,273.51	6,869.58	30.27	7,153.73	4.14
Labour efficiency without outsourcing, per employee annually	1.87	2.24	19.79	2.32	3.57
Sales efficiency	3.69 %	4.91 %	33.93 %	4.52 %	–8.05 %
EBITDA	980.62	1,266.80	29.18	1,445.39	14.10
Net profit	714.59	923.81	29.28	1,944.21	110.46
Dividend to net profit	99.3 %	93.5 %	–5.8 %	–*	–
Efficiency by net profit	2.64 %	3.25 %	23.16 %	6.53 %	100.51 %
Net asset value	3,146.44	3,360.40	6.80%	4,457.77	32.66 %

* Distribution of net profits for 2012, including dividend calculation, is scheduled for the 2nd quarter of 2013

Structure of revenues by source activities



The insignificant decrease in sales efficiency is explained by the increase in managerial personnel after the engineering division was created in 2012 on the basis of JSC Atomenergoproekt, and because the large volume of high-efficiency project design for Akkuyu NPP was postponed from 2012 to 2013 and 2014 as the client chose to reconsider the working schedule.

Growth of EBITDA in 2012 compared to 2011 was 178.60 million rubles; this indicator has shown an upward trend in recent years.

The net asset value describes an organization's financial health and points to its real value. In 2012, net asset value rose by 1,097.37 million rubles to 4,457.77 million rubles, or 2.92 times the worth of the Company's equity. The growing trend of net assets is a positive characteristic of the Company's financial situation.

Substantial growth of net profits mainly came as interest paid by Atomenergoprom for a loan of funds.

Labour efficiency without outsourcing rose by 3.57 % compared to 2011. Meanwhile, the figure increased by 24.2 % compared to 2010

5.1.2. Bottom Line Dynamics and Structure

In 2012 assets decreased, to 62,426,529,000 rubles as of 31.12.2012, or 13.3 % below the 2011 figure.

Current assets accounted for 86.4 % of the total asset structure; most of this was accounts receivable (46.3 %) and financial investments (39.9 %). Shrinking assets on the 2012 balance sheet are explained by the following factors::

- decrease of financial investment by 4,164,000,000 rubles (16.2 %) caused by gradual repayment of amounts advanced by the client, due to there being less available cash;
- decrease of accounts receivable by 5,496,381,000 rubles (18.1 %) caused by purchase of equipment and subcontract works with amounts advanced earlier to suppliers and subcontractors.

Also during 2012, growth of inventory by 2,246,898,000 rubles (73.1 %) was caused by purchase of equipment to be delivered for installation in 2013 for timely commissioning of unit one at NV NPP-2 as scheduled for 2014.

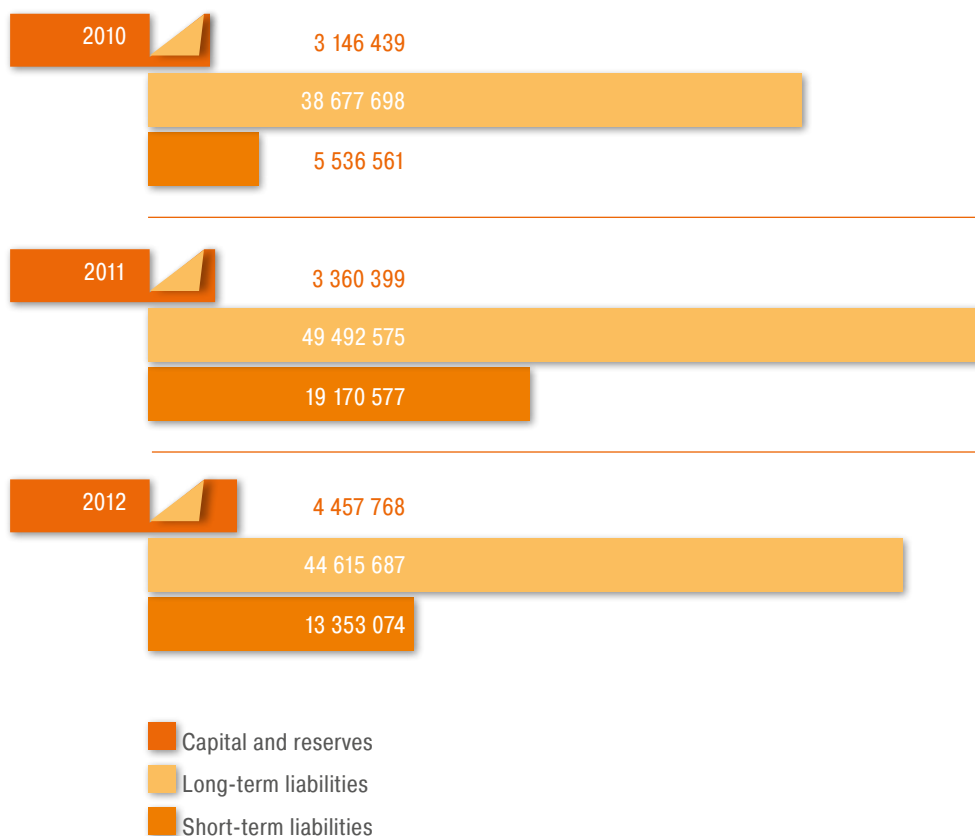
Decrease in the liabilities on the 2012 balance sheet occurred when the Company's long-term and short-term liabilities fell by 9.9 and 30.4 % respectively. This decrease was related to the Company's progress under the production programme when accomplished pre-paid works and services were delivered to the client. A positive trend in the liabilities was observed in the capital and reserves: in 2012, the indicator increased by 1,097,369,000 rubles (32.7 %) thanks to growing retained profits.

In 2012 the Company did not receive any government aid, funds or loans from the federal and other government budget; it was not involved in any joint ventures

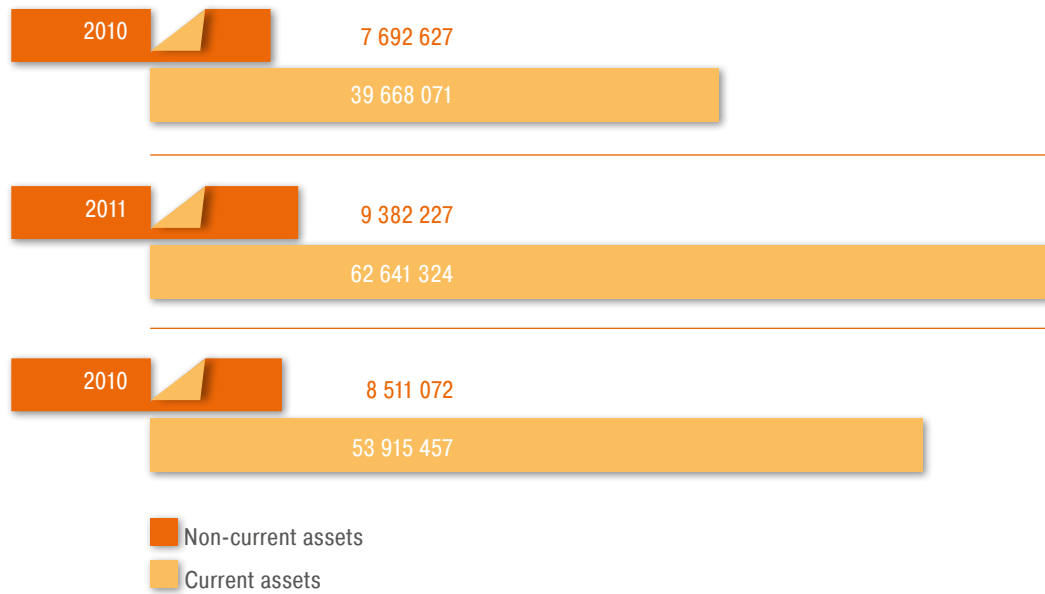


performance indicators in sustainable development (GRI)

Structure of liabilities



Structure of assets



5.1.3. Liquidity, Efficiency, and Inventory Turnover

Liquidity is defined as the extent to which the Company's liabilities are covered by its assets, with the conversion time adequate for period of repayment.

The absolute liquidity ratio indicates the proportion of the Company's current short-term debt that can be repaid immediately with funds and comparable financial investments. This indicator is compliant if the Company can repay at least 20–50 % of its short-term debt. At the end of 2012, this indicator for JSC Atomenergoproekt was 1.80, or above the mandatory figure.

The current liquidity ratio indicates the proportion of the Company's current liabilities in loans and payments that can be repaid if all current assets are mobilized. The required value of this indicator is 1.5. At the end of 2012, this indicator for JSC Atomenergoproekt was 4.22, or above the required figure.

The fixed-term liquidity ratio indicates the proportion of short-term debts that can be repaid immediately with funds and equivalents, short-term receivables and shipped goods.

The coverage ratio represents estimated solvency in relatively remote future. The Company's resources are worth more than double of the current debt, and thus are compliant.

The liquidity ratios are evidence that the Company's financial situation is stable.

The efficiency ratios describe the Company's operational efficiency as a whole, since they show how profitable the business is and how efficiently resources are used.

For 2012, the ratios of efficiency and financial stability showed positive dynamics compared to 2011.

The decrease of the inventory turnover ratio was caused by purchase of equipment to be delivered for installation in 2013 to ensure timely start of unit one at NV NPP-2 in 2014.

The Company works efficiently with its debtors, as evidenced by 4.3 % growth of the receivables turnover ratio against 2011.

Liquidity ratios

Indicator	2011	2012
Absolute liquidity ratio	1.49	1.80
Current liquidity ratio	3.15	4.22
Fixed-term liquidity ratio	1.79	2.14
Coverage ratio	3.37	4.27

Efficiency and financial stability ratios

Indicator	2011	2012
Production (sales) efficiency, %	4.91	4.52
Efficiency of net profits, %	3.25	6.53
Efficiency of equity, %	24.51	42.73
Efficiency of assets, %	1.55	2.89
Financial independence (autonomy) ratio	0.05	0.08
Financial stability ratio	0.74	0.80

Turnover ratios

Indicator	2011	2012
Inventory turnover ratio	9.70	7.09
Receivables turnover ratio	5.78	6.03
Payables turnover ratio	2.40	1.91

5.1.4. Indicator of Created and Distributed Economic Value

An overview of JSC Atomenergoproekt's economic performance and dynamics of 2010–2012 are represented in the Table of economic value created and distributed between suppliers and contractors (as operating costs), suppliers of capital (dividends), the Company's employees (salaries and benefits), and the government (as tax).

Economic value created and distributed

S/No.	Indicator	2010	2011	2012	EC1 GR
1	Economic value created	27,658.54	29,349.95	31,883.38	
1.1	Incomes (sales revenue, and incomes from financial investments and sold assets)	27,658.54	29,349.95	31,883.38	
2	Economic value distributed	27,209.42	29,061.96	30,554.00	
2.1	Operating costs (paid to suppliers and contractors, cost of purchased materials)	23,839.87	24,137.79	24,923.77	
2.2	Salaries, other benefits and payments to employees	2,458.75	3,045.82	3,420.27	
2.3	Payments to owners of capital	360.00	709.85	846.84	
2.4	Gross tax (w/o individual tax, VAT)	524.81	1,127.39	1,329.72	
2.5	Investments in communities, including donations	25.99	41.11	33.39	
3	Retained value	449.12	287.99	1,329.38	



5.2. Financial Policy and Financial Management

The Company uses a financial policy based on the standard sector-level financial policy of Rosatom State Corp., as approved by Exec. Order No. 1/712-П as of August 8, 2012.

JSC Atomenergoproekt's financial policy has the purpose of ensuring financial stability and increasing the efficiency of financial resource management, and setting forth uniform principles underlying financial transactions (mobilization and use of funds, documentary transactions, transactions of conversion and financial derivatives, criteria of bank selection, control of cash services and debenture portfolio).

The key tools in the financial policy include coordination of transactions with the Treasury of Rosatom State Corp., building flexible liquidity forecasts, control procedures, and the accounting system.

In addition, to minimize risks, there are strict requirements for sureties and banks acting as sureties that secure contract obligations.

To generate more revenue and maintain good financing conditions inside the Group, JSC Atomenergoproekt is involved in financing activities within the Group: the Company places its temporarily available funds with Atomenergoprom on good terms.

The main goals of the Company's financial and business management are:

- ensuring paying ability (solvency), including financial performance before business partners, the Federal Government, the Company's employees, and Shareholders;
- ensuring growth of production efficiency.

JSC Atomenergoproekt's Main Objectives for the Short-Term and Medium-Term

- Creating an efficient system to plan the Company's financial and business activities on short- and long-term planning horizons.
- Using SAP BI to improve cost management systems and automating budgeting systems.

5.3. Improvement of Operating Efficiency

JSC Atomenergoproekt pays a great deal of attention to improving efficiency. The key directions for higher operating efficiency include:

- optimization of the administrative control model;
- adopting an advance project management system, including management of value, deadlines, change, risks, resources, content, communications, contracts, quality, purchases, and transition to project management;
- standard regulation of operations, i.e. knowing the real labour cost of production operations;
- improving the system of incentives and motivation to create commitment to the adoption of advanced methods of management, project design, higher labour efficiency, and business growth;
- outsourcing functionality irrelevant for business processes;
- creating a unified IT system within the Company;
- building up the functions of marketing and sales to identify client needs and to secure off-sector orders, also structuring production subdivisions by products, services, and competencies sought by off-sector clients, and according adjustments to the planning system and financial incentives;
- use of RPS tools to:
 - develop personnel and create a culture driven towards continuous improvement of corporate production and business processes, create a shared systemic approach to raising efficiency;
 - create a standardized change management environment which includes:
 - total (100 %) personnel involvement in efforts for efficient processes at each workplace;
 - change management procedures and methodologies, comprising quality-based approaches (analysis of processes used, change triggers) and quantity-based approaches, including statistical methods of quality control, solution search, and change monitoring.

Main objective for 2013

To improve its operational efficiency, in 2013 the Company plans to take the following steps:



- decrease corporate costs through sale and lease of non-core assets;
- harmonize the administrative structure and adopt an efficient system of structural change management;
- deploy training programmes for line managers to build corporate governance competencies.

5.4. Investments

5.4.1. Goals and Objectives of Investment Policy

JSC Atomenergoproekt sees its investment policy as a system that optimizes control of investment processes, designed to develop investment projects and programmes, select and implement most efficient of them, and to continuously replicate investment activities that will address the Company's business objectives through creating and use of financial, material, human and other resources, and generate growing revenues from operations.

The investment policy is determined by long-term goals and current objectives, financial ability, efficiency of investment projects, existing financial and investment risks, realistic deadlines, payback period of invested capitals, adopted financial and business policy, and behavior of major and probable competitors.

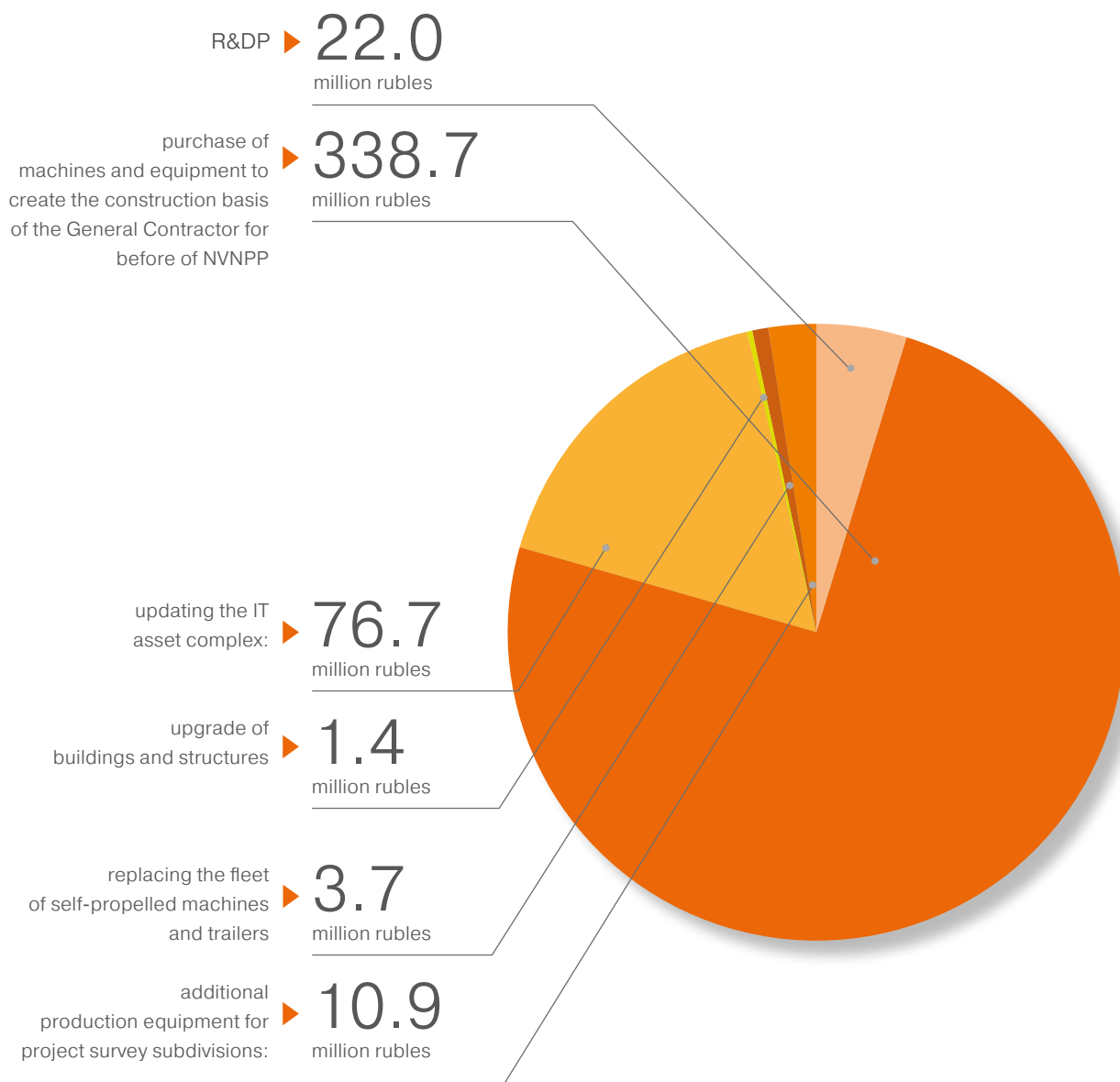
The main directions for JSC Atomenergoproekt's investment policy include:

- making the Company more attractive for investors;
- ensuring adequate adaptive ability of the Company's investment activities to changes in internal and external environments;
- higher transparency and soundness of investment decisions and related processes;
- higher efficiency and better control of processes in investment programmes and projects.



5.4.2. . Results of Investments in 2012

Investments by JSC Atomenergoproekt in 2012 amounted to 453.9 million rubles, including:



5.4.3. Investment Policy Goals and Objectives for 2013

The goals and objectives of JSC Atomenergoproekt's investment policy for 2013 include:

- transition to a project-oriented approach to corporate investment management, including:
 - updating the regulatory and legal framework for investments as instructed by Rosatom State Corp.;
 - designating employees in charge of implementation of the entire investment project and its individual stages; forming project management taskforces;
 - increasing the quality of planning and stream-lining investment processes by adopting investment project certificates and regular standard reports;
 - enforcement of regular inspections to monitor the progress of an investment project both by investment decision milestones, and tied in with medium- and short-term (budgeting) planning cycles;
- forming and developing institutes for investment management in subsidiary and affiliate businesses ('SAB'), including:
 - updating the regulatory and legal framework of the Company and its SAB to ensure adequate control and regulation of investment activities in the SAB;
 - creating and support to efficient functioning of a collegiate body for investment decision making (investment committee) on investments in the SAB;
 - creating premises to implement the project-oriented approach to investment management in the SAB.



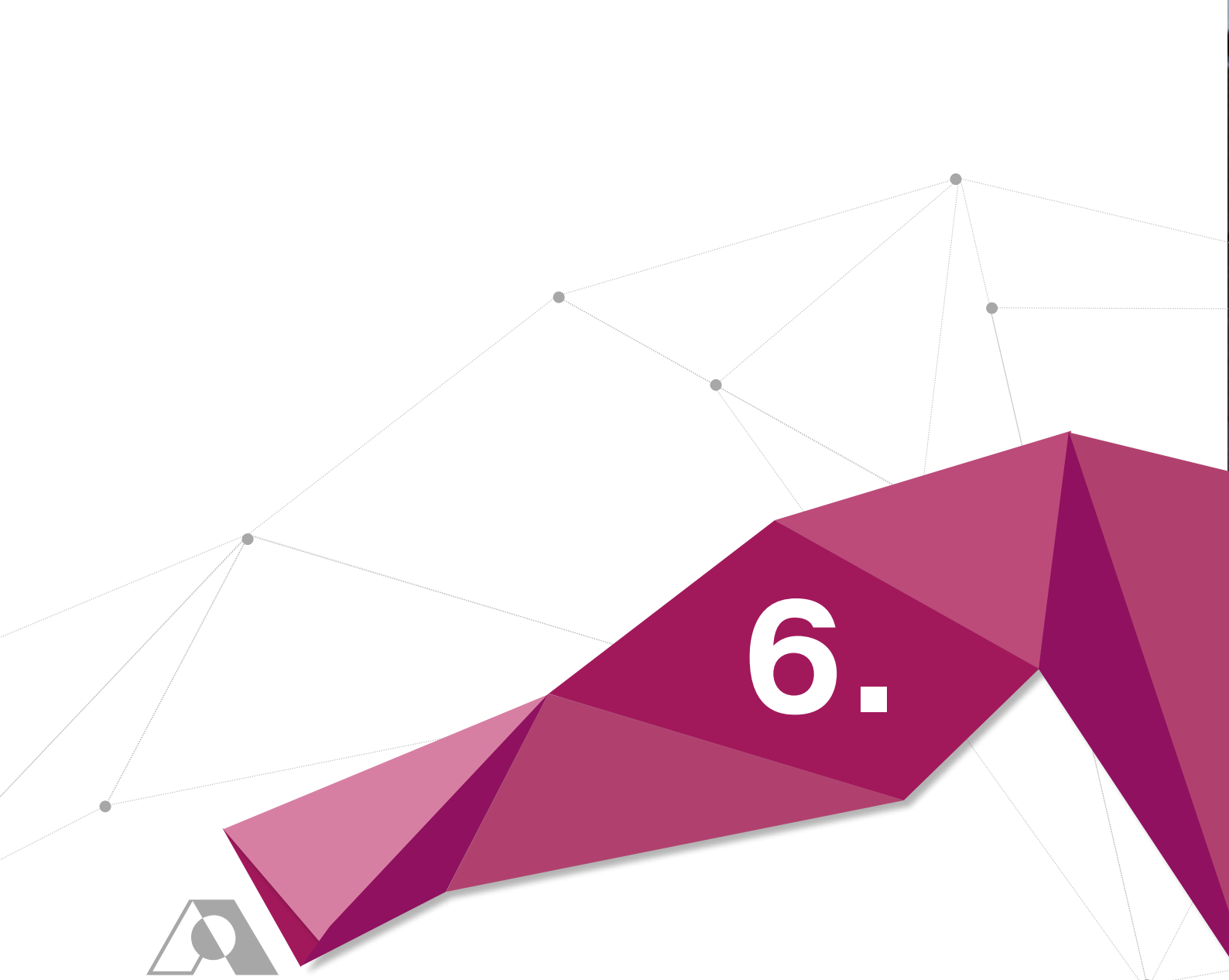
5.4.4. Main Investment Directions for 2013

Main directions for investments in JSC Atomenergoproekt activities for 2013 are:

- science research and experimental engineering (JSC Atomenergoproekt, JSC NPK Dedal);
- ensuring uninterrupted operation and good working conditions for personnel (JSC Atomenergoproekt);
- developing the production base for the project survey unit (JSC Atomenergoproekt);
- developing the production base for the construction unit (JSC Atomenergoproekt);
- developing IT resources (JSC Atomenergoproekt);
- building facilities on premises of Zheleznogorsk TPP (JSC NIKIMT-Atomstroy);
- purchase of motor vehicles, special equipment and machines (JSC Energospetsmontazh);
- optimization of the structure of registered capital JSC (Energospetsmontazh);
- finishing construction of the research testing ground (JSC NPK Dedal);
- creating a production site in Dubna Special Economic Zone (JSC NPK Dedal).

The above activities will help the Company to transform into a diversified business with a high level of production equipment engaging advanced achievements of modern science and able to offer highly profitable products of good quality.





6.



ANNUAL REPORT 2012

6. Development of the Governance System

- 6.1. Corporate Governance
- 6.2. Internal Control and Risk Management
 - 6.2.1. Internal Control and Auditing
 - 6.2.2. Risk Management
 - 6.2.3. Combating Corruption and Theft
- 6.3. Management of Innovations
- 6.4. Quality Management
- 6.5. Rosatom Production System
- 6.6. Management of power efficiency

A person in a dark suit and patterned tie is holding a tablet computer. Their right hand is on the back of the tablet, and their left index finger is touching the screen. The background is a blurred server room with blue server racks. A large, stylized purple arrow graphic points from the bottom left towards the right, partially obscuring the lower part of the image. The text "Development of the Governance System" is written in white on the purple arrow.

Development of the Governance System

6.1. Corporate Governance

6.1.1. Principles of Corporate Governance

JSC Atomenergoproekt understands corporate governance to be the general governance of the Company's activities by the General Meeting of Shareholders and the Board of Directors; this includes a complex of relations with executive bodies, corporate top management, and other stakeholders (employees, clients, partners, contractors, regulatory and supervising agencies, government agencies) as regards:

- setting strategic goals and an efficient management system;
- creating incentives for employees to ensure that executive bodies and officers act as necessary to achieve corporate strategic goals;
- balancing the interests of Shareholders, the Board of Directors, executive management, and other stakeholders;
- enforcement of Russian Federal law, the Articles of Incorporation, corporate regulations, and sector-level standards.

JSC Atomenergoproekt adheres to the main principles of corporate governance as phrased by the Organization for Economic Cooperation and Development, according to which the corporate governance system must ensure: JSC Atomenergoproekt adheres to the main principles of corporate governance as phrased by the Organization for Economic Cooperation and Development, according to which the corporate governance system must ensure:

- equal treatment of all Shareholders;
- protection of the stakeholders' lawful rights;
- timely and accurate disclosure on all relevant issues related to operations, including financial situation, performance, ownership and corporate governance;
- strategic management, efficient control of the Company's management by the General Meeting of Shareholders and the Board of Directors of JSC Atomenergoproekt.

Registered Capital

The Company's registered capital was one billion four hundred and fifty-one million four hundred and one thousand and thirty-three (1,451,401,033) rubles

Information about Each Category (Type) of Stock

As of December 31, 2012, the Company had placed common registered stock, each of face value one (1) ruble, there being one billion four hundred and fifty-one million four hundred and one thousand and thirty-three (1,451,401,033) shares for total face value worth of one billion four hundred and fifty-one million four hundred and one thousand and thirty-three (1,451,401,033) rubles. All stock issued by the Company are non-documentary shares.

Structure of Governance

The Company's bodies of management are:

- General Meeting of Shareholders (Sole Shareholder);
- Board of Directors;
- General Director (Chief Executive Officer).

The structure rests on the principle of vertical subordination:

1. Shareholder — supreme body of management.
2. Board of Directors — body for general management of corporate activities.
3. General Director — body for management of current activities.

Information about Shareholders

Full and brief corporate names:
 Nuclear Energy Industrial Complex Open Joint-Stock Company — JSC Atomenergoprom
 Taxpayer ID: 7706664260
 Location: 24, ul. Bolshaya Ordynka, 119017 Moscow.
 The Shareholder holds 100 % of the Company's registered capital..

Main issues under the jurisdiction of the General Meeting of Shareholders

- Re-organization and liquidation of the Company.
- Election and motion of the Board of Directors Members.
- Election and motion of the Audit Commission.
- Approval of the Company's auditor.
- Establishment and motion of the Company's Chief Executive Officer.
- Approval of the Annual Report, annual accounting reports, including profit and loss statement, distribution of profits, including payment (declaration) of dividend, and losses in the Company.
- Making decisions to approve transactions of concern and major transactions.
- Approval of corporate documents to regulate functions of bodies of management and Audit Commission in the Company.
- Deciding the amount of remunerations and reimbursements to Members of the Board of Directors and the Audit Commission.
- Modifications and amendments to, and enactment of new versions of the Articles of Incorporation.

Main issues under the jurisdiction of the Board of Directors

- Setting priority directions for the Company.
- Pre-approval of the Annual Report, annual accounting statements, including profit and loss statement, recommendations on distribution of profits, including dividend size and payment procedure, and corporate losses after the financial year.
- Approval of year plans, budgets and cost estimates for the Company.
- Establishing target funds and other funds in the Company.
- Approval of the Company's loans and purchasing policies.

- Creation and liquidation of Branch Offices and Representatives of the Company.
- Deciding the Company's position in respect to its SAB.
- Prior approval of real estate deals.
- Calling for extraordinary reviews or extraordinary audits.
- Examination and approval of reports filed by the General Director on the Company's operations, progress with the Company's priority activities, achievement of main year targets in business and financing (including KPI) in the Company, enforcing decisions passed by the General Meeting of Shareholders and the Board of Directors.
- Decisions to suspend the authority of the Chief Executive Officer of the Company.
- Approval of the Company's administrative structure and changes to it, on presentation of the General Director.

Members of the Board of Directors

At the end of the reporting period, the Board of Directors consisted of two non-executive directors (not employed by the Company). There were no independent members on the Board of Directors (to meet the criteria of independence by the Corporate Conduct Code as recommended by the RF FSFM). The Board of Directors has not created any Board Panels.

The structure of the Board of Directors is formed as required under Russian law, considering the need to balance knowledge, skills, and experiences, including competencies in production, the sector, environmental protection, and social issues.

As of December 31, 2012, the Board of Directors consisted of:

1. Lyakhova, Yekaterina Viktorovna — Chairperson of the Board of Directors.
2. Yegorov, Leonid Valentinovich.
3. Yegorov, Sergey Vladimirovich.
4. Oleynikov, Pavel Alexandrovich.
5. Mustafin, Marat Renadovich.



Development of the Governance System

During 2012, the Board of Directors underwent the following changes (Board Members):

June 30, 2011 to June 29, 2012

1. Budylin, Sergey Vasilyevich
2. Yegorov, Leonid Valentinovich
3. Podryadova, Marina Yuryevna
4. Frolov, Alexander Ivanovich
5. Peremysly, Dmitry Gennadyevich

June 29 to July 27, 2012

1. Budylin, Sergey Vasilyevich
2. Podryadova, Marina Yuryevna
3. Mustafin, Marat Renadovich
4. Komissarov, Sergey Gennadyevich
5. Yegorov, Leonid Valentinovich

July 27 to December 20, 2012

1. Mustafin, Marat Renadovich
2. Oleynikov, Pavel Aleksandrovich
3. Peremysly, Dmitry Gennadyevich
4. Sakharov, Gennady Stanislavovich
5. Stepayev, Petr Anatolyevich

December 20, 2012 to date

1. Lyakhova, Yekaterina Viktorovna
2. Yegorov, Leonid Valentinovich
3. Yegorov, Sergey Vladimirovich
4. Oleynikov, Pavel Alexandrovich
5. Mustafin, Marat Renadovich

Information about individuals on the Board of Directors in 2012

Lyakhova, Yekaterina Viktorovna

Year of birth	1975
Place of birth	Yekaterinburg
Education	Urals State Academy of Law

Employment record - past 5 years:

2011 — present time	Rosatom State Corp. Deputy Director, Directorate for nuclear power complex Atomenergoprom. Deputy Director
2010–2011	TVEL. Vice-President for corporate development and management of non-financial risks
2008–2010	Koltsovo-Invest. General Director
2005–2008	Representation of RENOVA CONSULTING SERVICES LTD. (Republic of Cyprus), name changed to RENOVA PROJECT LTD. Director for Legal Issues, Director of Moscow Representation

Mustafin, Marat Renadovich

Year of birth	1974
Place of birth	Moscow
Education	Moscow State University, Natural Resources

Employment record - past 5 years:

2012 — present time	JSC Atomenergoproekt. General Director NPPK. General Director (second office)
2011–2012	NPPK. Deputy Director — director for corporate governance
2007–2011	Montazhenergostroy. Managing Partner

Development of the Governance System

Yegorov, Leonid Valentinovich

Year of birth	1956
Place of birth	Kirov
Education	Kirov Polytechnic Institute

Employment record - past 5 years:

2012 — present time	JSC Atomenergoproekt. First Deputy General Director — Director for Engineering
2012	JSC Atomenergoproekt. Advisor to General Director
2010–2012	JSC Atomenergoproekt. General Director
2008–2010	JSC Atomenergoproekt. Head of Department, Deputy Director for Construction, Head of Construction and Installation Management
2007–2008	JSC Atomenergoproekt. Deputy Manager, Branch Office, Head of Management

Yegorov, Sergey Vladimirovich

Year of birth	1968
Place of birth	Leningrad
Education	Leningrad Order of Lenin Shipbuilding Institute

Employment record - past 5 years:

2011 – present time	Rosenergoatom Concern. Engineering Design Branch Office. Director Branch Office; Rosenergoatom Concern. Akkuyu NPP Branch Office. Director of Branch Office
2010–2011	Rosenergoatom Concern. Engineering Design Branch Office. Branch Office Director, Deputy Director for Project Engineering
2010–2010	SPbAEP. Director, Department for Planning and Organization of Project Design
2009–2010	SPbAEP. Sosnovy Bor Branch Office, Director
2009–2009	SPbAEP. Advisor to Director
2006–2009	FGUP Rosenergoatom Concern. Engineering Design Branch Office. Branch Office Director

Oleynikov, Pavel Alexandrovich

Year of birth	1970
Place of birth	Moscow
Education	Moscow Lomonosov State University Moscow Lomonosov State University

Employment record - past 5 years:

08.2012 – present time	JSC Atomenergoproekt. Director, Department for Legal and Corporate Issues
2011–2012	NPPK. Director, Department for Legal and Corporate Issues
2010–2012	Rosatom State Corp. Head, Department for Legal Support to Engineering
2009–2010	Atomenergoprom. Deputy Director, Legal Department
2005–2008	TGK-6. Deputy General Director for administrative issues

Budylin, Sergey Vasilyevich

Year of birth	1959
Place of birth	Moscow
Education	Moscow Institute of Energy

Employment record - past 5 years:

2011–2012	NPPK. Provisional Chief Executive Officer
2009–2012	Rosatom State Corp. Deputy General Director — Director, Directorate for Capital Construction
2004–2009	DS DEVELOPMENT. General Director

Komissarov, Sergey Gennadyevich

Year of birth	1961
Place of birth	Mary, Republic of Turkmenistan
Education	Moscow Automotive Institute

Employment record - past 5 years:

2011–2012	NPPK. First Deputy General Director — Managing Director
2004–2011	Moscow Representation of Bovis Lend Lease International Ltd., Project Director

Peremysly, Dmitry Gennadyevich

Year of birth	1971
Place of birth	Kirov
Education	Moscow Bauman Engineering University RF Government's Economic Academy

Employment record - past 5 years:

2012 –present time	JSC Atomenergoproekt. Deputy General Director for Business and Finances
2010–2012	Rosatom State Corp. Head, Section for Key Control Indicators of Business and Controlling
2007–2010	Atomenergoprom. Head, Section for Key Indicators of the Department for Economic Forecasting, Pricing and Budgeting

Development of the Governance System

Podryadova, Marina Yuryevna

Year of birth	1960
Place of birth	Moscow
Education	Moscow Financial Institute, 1981

Employment record - past 5 years:

2009–2011	Rosatom State Corp. Deputy Director, Directorate for Capital Construction — Head of Planning and Consolidated Reports Section
2008–2009	DS Development. Deputy Accountant General
2006–2008	Grace Investment and Development. Accountant General

Sakharov, Gennady Stanislavovich

Year of birth	1961
Place of birth	Kaluga
Education	Serpukhov Rocket Engineering Army School; St. Petersburg State University of Architecture and Construction; Moscow Lomonosov State University

Employment record - past 5 years:

2010 — present time	Rosatom State Corp. Director for Capital Investments Rosatom OCKS Private Institution. Director
2009–2010	Atomenergoprom. Director, Department for Investment Programme Management
2009–2009	Atomenergoprom. Deputy Director, Department of Property Atomenergoprom. Deputy Director. Department of Asset management.
2007–2009	Rosenergoatom Concern. Manager, Department for Investment Programme Management

Stepayev, Petr Anatolyevich

Year of birth	1980
Place of birth	Town of Tengushevo, Republic of Mordovia
Education	Moscow Institute of Physics and Engineering, 2002
Employment record - past 5 years:	
2010 — present time	Rosatom State Corp. Deputy Director for capital investments — head of Office for capital investments of the government
2010–2012	Rosatom State Corp. Deputy Head, Office of capital investment programmes — head of section for methodology and investment modeling
2008–2010	Atomenergoprom. Deputy Director, Department for management of investment programmes for capital investments.
2007–2008	Rosatom Federal Nuclear Power Agency. Head of Section for analysis of corporate production and business activities

Frolov, Alexander Ivanovich

Year of birth	1947
Place of birth	Moscow
Education	Moscow Institute of Mining, 1971 State Academy of Foreign Trade, 1986
Employment record - past 5 years:	
2010–2011	Rosatom State Corp. Chief Specialist, Office for Appraisalment of Investment Projects, Directorate for Capital Construction
2008–2010	Atomenergoprom. Chief Specialist, Department for Value Management of Investment Projects
2006–2008	FGUP CNII Atominform. Deputy Head, Section of Engineering and Economic Modeling of Sector Development

None of the individuals on the Board of Directors during the reporting period owned a stake in the Company's registered capital or was engaged during in any transactions to buy or sell Company stock the reporting year.

Development of the Governance System

6.1.10. Criteria to Determine and Pay Remuneration to Board Members

In accordance with part 13.10 of the Articles of Incorporation, if decided by the General Meeting of Shareholders (Sole Shareholder), the Company's Members of the Board of Directors while in office can be entitled to remunerations and/or reimbursement of expenses incurred to perform their functions of the Board of Directors Members. During the reporting year, the General Meeting of Shareholders (Sole Shareholder) passed no resolutions to pay benefits, remunerations or reimbursements to any of the Board of Directors Members.

6.1.11. The Board of Directors' Report on Results of Corporate Development by Priority Activities

The Board of Directors exercises general management of the Company, except issues placed by the Federal law and the Articles in the jurisdiction of the General Meeting of Shareholders.

The Board of Directors' objectives are:

- protecting the Shareholder's rights and lawful interests;
- ensuring that information about the Company is exhaustive, reliable and objective..

According to the Company's Articles of Incorporation, the Board of Directors is elected by the General Meeting of Shareholders and has five Members.

In 2012, the Board of Directors held 47 meetings by absentee vote. At its meetings, the Board of Directors deliberated and voted on 50 issues. The Board of Directors' main decisions involved approval of the Company's budget, approval of and modifications to the annual purchasing programme, changes to the Company's financial policy, approval of transactions placed in the Board of Directors' competency under the Articles of Incorporation, and election of the Company's General Director.

These decisions were instrumental for the steps planned for 2012 in priority activities, such as finishing the VVER-TOI design and progress with construction and installation at Novovoronezh NPP-2 as planned.

Last December, development of the VVER-TOI design was accomplished, with the Company as general designer. The project is to form the basis for organizing serial construction of nuclear plants both in Russia and elsewhere. Once implemented, it will reduce the costs of project design, construction, operation, maintenance, and decommission-

In 2012, the Board of Directors held 47 meetings. the Board of Directors deliberated and voted on 50 issues.

ing of power units with VVER reactors, ensuring maximum safety for nuclear power plants. JSC Atomenergoproekt specialists jointly with their peers in leading organizations of the State Corp. see this project as an important contribution on the road to making the Russian nuclear sector more competitive on the global market. On the whole, the progress of project survey was 106 % of the year's target.

Performance in construction and installation for 2012 was 109 % of the target, with 100 % in equipment deliveries, and 109 % in services of the General Contractor.

6.1.12. Information about the General Director

Mustafin, Marat Renadovich

Year of birth

1974

Place of birth

Moscow

Education

Moscow State University, Natural Resources, 1999

Employment record - past 5 years:

08.2012 — present time

JSC Atomenergoproekt. General Director

NPPK. General Director (second office)

11.2011–07.2012

NPPK. Deputy Director — director for corporate governance

12.2007–10.2011

Montazhenergostroy. Managing Partner

6.1.13. Criteria to Determine and Pay Remuneration to the General Director

Criteria and size of remuneration are regulated in the employment contract signed with the Company's General Director. The pay to the General Director is set under the central uniform labour remuneration system (CULRS) adopted by Rosatom State Corp., and is composed of the basic salary, integrated stimulus, and benefits for achieved key efficiency indicators for the year.

The General Director is entitled to mandatory social security as and how the law requires.

6.1.14. Amounts of remunerations paid in the reporting period

During the reporting, the Company's top management (General Director, Deputies in charge of business directions) received the following types and amounts of remuneration:

- total annual income of executive officers, with premiums for 2012: 68.5 million rubles;
- premium based on achievements in 2012: 29.0 million rubles;
- remunerations on retirement and under non-government pension contracts: not paid.

Executive spending was 2.8 % of the Company's total spending during the reporting period.



Development of the Governance System

6.1.15. Audit Commission

On June 30, 2011, the General Meeting of Shareholders elected the Audit Commission formed of:

1. Kaschavtsev, Roman Alexandrovich.
2. Litvin, Sergey Leonidovich.
3. Rychkov, Ilya Dmitriyevich.

On June 29, 2019, the General Meeting of Shareholders elected the Audit Commission formed of:

1. Kaschavtsev, Roman Alexandrovich.
2. Vorobyev, Alexey Alexandrovich.
3. Savinova, Natalya Nikolayevna.

On April 12, 2013, the Extraordinary General Meeting of Shareholders elected the Audit Commission formed of:

1. Lymar, Valery Valentinovich;
2. Skalich, Yevgeny Yevgenyevich;
3. Kondratenko, Alla Alexeyevna.

6.1.16. Audit Commission – Functions and Authority

The competencies of the Audit Commission include:

- validating the data contained in the Company's annual financial reports, annual accounting statements, and other report and financial documents of the Company;
- audits/reviews of the Company's activities and documents for compliance under Russian law, Articles of Incorporation, and other corporate documents;
- information on facts of accounting and financial reporting non-compliance under regulations and legal acts, discovered during audits/reviews, and violations of regulatory and legal acts, the Articles of Incorporation, and corporate documents in the course of financial and business activities;
- audits/reviews of the Company's financial and business activities based on results of the Company's performance for the year (annual audit);
- random audits/reviews of the Company's financial and business activities (unscheduled audits) initiated by the Panel, or called for the Company's General Meeting, the Board of Directors, or the Sole Shareholder;
- other activities to review the Company's financial and business activities.

6.1.17. List of major transactions

In 2012, the Company did not sign any major transactions or other transactions that qualify as such under the Company's Articles of Incorporation.

6.1.18. List of transactions of concern

The Company did not enter into any transactions of concern in 2012.

6.1.19. Main objective for 2013

JSC Atomenergoproekt's main objective for 2013 is to ensure a uniform approach in corporate governance in all companies that under the Company's scope of control.

6.2. Internal Control and Risk Management

6.2.1. Internal Control and Auditing

A structural subdivision with functions of internal control and auditing — section for internal control and auditing — was created by JSC Atomenergoproekt CEO's Exec. Order No. 16/79/K of January 29, 2010, and later re-organized to become the management for internal audit and control (MIAC) by Exec. Order No. 266 of August 2, 2011. The MIAC acts under the Regulation approved by the General Director on October 19, 2011. Currently, the management consists of two Sections: Section for control and audits, and Section for internal audits. On the principle of independent operation, the Management directly reports to the General Director of JSC Atomenergoproekt.

The objective set before the management for internal control and auditing is to assist the Company's executive bodies in achieving excellent engineering and economic performance, giving reasonable certainty to the Company's management that it can achieve:

- efficient and economy in all activities pursued by the Company and its subsidiaries and affiliates;
- integrity of assets;
- higher efficiency of risk management processes;
- complete and reliable managerial, financial, and statistical accounting;
- legal compliance, enforcement of executive decisions and corporate regulations.

During 2012, the MIAC acted based on half-year plans approved by the General Director in coordination with the Department for internal control and auditing of Rosatom State Corp., and focused on substantial fields of corporate operations. In addition, off-schedule audits to inspect issues of business and financing were initiated by the Company's top management.

In 2012, the management carried out nine scheduled and seven extraordinary audits, after which statements and reports were issued and presented to the General Director of JSC Atomenergoproekt. The audits issued 40 recommendations and instructions to eliminate non-compliance, problems and shortcomings. To enforce them the General Director issued instructions accordingly, and all recommendations were accepted for action. Recommendations and instructions following the 2012 audits sought to improve efficiency of operations in JSC Atomenergoproekt, its subsidiaries and affiliates, and to protect their assets.

Activities planned by the MIAC for 2013 will ensure timely and good implementation of action plans, better occupational training, optimization of used working hours, improvement of adopted control methodologies, information and legal support to audits. Action is taken to deploy a mechanism that will certify the MIAC members through self-assessment exercise done as part of the programme to raise the quality of the "Internal Control and Audits" process group.

Development of the Governance System

6.2.2. Risk Management

In JSC Atomenergoproekt, risk management is built in the general system of controls, and is coordinated by the Company's top management.

In its operations, the Company is confronted with the following key risks, and uses the following measures to forestall and mitigate them.

Risks	Activities, and Sections with detailed information
Public risks	
Negative public perception of the Company	Active policy of interaction with the public and Stakeholders. <i>Section 8</i>
Social risks	
Failure to perform social obligations to personnel	Control by the Unions. Budget control of planned spending by the financial and business unit. Monitoring the Sector-level agreement on nuclear power industry, manufacturing, and science in Rosatom State Corp., Union of Employers, and RPRAEP of the Progress Report
Risks related to labour protection	JSC Atomenergoproekt uses a labour protection management system (LPMS) resting on a comprehensive approach to ensuring safe employment, helpful to manage health risks inherent in the corporate operations. <i>Part 7.4</i>
Operating risks	
Failed construction deadline of Novovoronezh NPP-2 under contract with JSC Rosenergoatom Concern	Work on HQ for nuclear plant construction. Monitoring and control of General Director's key efficiency figures related to NPP Corporation, assignment of indicators to all responsible subdivisions and executives. Efficient use of existing system of calendar-resource planning to develop realistic operating schedules. Building up corporate capacity in construction and installation. Work with reputable contractors within and off the sector. Contract termination and sanctions on failing suppliers and contractors. <i>Part 3.2</i>
Failed deadlines for new nuclear plant designs	Monitoring and control of key efficiency indicators of executives in charge. Weekly meetings of managers in charge of directions, with structural subdivisions on the design. Use of calendar-resource planning systems to develop realistic project schedules. Work with same- sector contractors who performed well on other projects.

Risks of compromised potential in science and technology

Adherence to principles of efficient processes to market innovative development and comparable goals of technological development and market needs. Boosting R&D without outsourcing. Higher commitment of employees. More active science and engineering council. The Company securing rights to its developments. Improved system of financial incentives and motivation. Presence on projects to design and build technologically advanced and complex NEF. Building up competencies in design engineering.

Section 2, items 6.3 and 3.4

Financial and economic risks

Liquidity risks

The Company has two processes related to management of liquidity/ insolvency risks:

- assessment of short-term solvency risks – means regular writing of a “moving” liquidity estimate;
- assessment of long-term solvency risk (year and longer) – writing the cash flow budget, cash flow estimate, and cash flow plan for 5 years as part of annually built medium-term plan for the Company.

Section 5

Credit risks

Analysis of suppliers at entry stage; banker guarantees to refund advanced amounts and performance.

Risks of inaccurate financial reports

Promoting internal control systems, testing control procedures

Political risks

Risks that foreign governments may decide to discontinue works under international agreements that involve building nuclear power facilities (such as: Belene NPP)

Making NPP projects developed by the Company more competitive on international markets (securing approvals for the VVER TOI design from the IAEA and European operators).

Part 3.3

Safety, liability before the government, environmental protection

Risk of non-compliance in nuclear, radiation and physical nuclear safety, level 2 and higher on the INES scale

Implementation of the nuclear radiation safety programme.

Part 3.5 and 3.3

Risk of unauthorized disclosure of state secrets, other restricted use information

Ensuring protection of state secrets, access control for secret documents and classified information, enforced by the Company's specialized structural unit in strict compliance with the “State Secrets” Federal Act, and Instruction No. 3-1-2004

Environmental risks, protection of the environment

Building a Quality Management System, environmental monitoring.

Part 7.5, 6.4, 6.5

Development of the Governance System

Risks Insurance

JSC Atomenergoproekt actively uses insurance as a tool to protect against emerging risks. The Company meets all legal requirements for insurance of its operations (insurance of vehicle owner's liability, insurance of dangerous production facilities, civil liability insurance as member of self-regulating organizations, etc.), and client requirements for corporate activities (insurance of risks of construction and installation etc.). The table below represents the main parameters of the Company's insurance protection in 2012 as regards coverage, premiums paid to insurance providers, and directions of insurance.

In the future, to support and adopt the target model of risk management of Rosatom State Corp., JSC Atomenergoproekt intends to take the following steps:

- creating a full-fledged risk management system;
- creating a structural unit for risk management in the Company;
- identifying and assessing all risks, building a risk chart, and general risk hierarchy;
- designating employees in charge of key risks in the Company, and development of risk management activities;
- building an integrated medium- and short-term planning system aligned with risks (risk-oriented planning).

Direction Insurance type	Insured amount, rubles	Premium, rubles
Liability, including:	130,303,731,015	70,040,228
■ Insurance of third-party liability during construction and installation (C&I)	130,014,031,000	68,871,220
■ Insurance (standard) of civil liability for operators of dangerous production facilities, to compensate for damage to third-party life, health or property through an emergency at the dangerous production facilities (DPF)	23,300,000	78,700
■ Insurance of civil liability for operators —nuclear energy facilities	201,000,000	357,760
■ Mandatory insurance of civil liability for owners of transport vehicles (OSAGO)	56,840,015	717,480
■ Insurance of liability of manufacturers, sellers, contractors and service providers	160,000	2,169
■ Voluntary insurance of civil liability of drivers — DAGO (DSAGO, AGO)	8,400,000	12,900
Property, including:	262,038,718	5,610,022
■ Insurance of corporate and individual property against fire and other perils	1,516,736	72,500
■ Insurance of vehicles and related civil liability (TSiGO) (KASKO)	34,854,329	2,287,892
■ Insurance of production assets	225,667,653	3,249,630
Accidents, including	2,480,466,600	1,574,317
■ Insurance of expenditure by citizens traveling away from their permanent residence (VZR))	526,125,000	258,063
■ Insurance against incidents and disease	1,954,341,600	1,316,254
Voluntary medical insurance	1,415,450,000	54,001,467
Total	134,461,686,333	131,226,035

6.2.3. Combating Corruption and Theft

JSC Atomenergoproekt and entities within its scope of control, on a regular basis implement the action plan designed by Rosatom State Corp. to combat corruption and other offenses.

As an important link in its activities in this direction, the Company implements its comprehensive anti-theft and fraud programme that makes successful use of a “hot line” service as a tool for public control and a way of reporting suspected offenses.

For example, in 2012, 13 executive reviews in the Company resulted in eight employees disciplined, four dismissed from employment, and two cases reported to the police.

As part of activities to ensure HR security, following analysis of contracts, the Company reviewed the list of employment positions with an inherent risk of corruption (203 positions). Of the 33 candidates screened by the comprehensive security management for corruption-risk positions, 30 eventually entered employment.

To prevent theft and corruption, 32 profiling interviews and 58 other preventive activities were used in 2012.

As another measure to combat corruption, theft and fraud, the General Director's Executive Order was enforced to adopt “Confidence Mail” in the Company's units. Any employee can write to “Confidence Mail” and report discovery of bribery, theft, and other unlawful action. The Company guarantees that the whistleblower will receive a written response after investigation.

A comprehensive programme to combat theft and fraud is also underway on the Company's construction sites. For example, analysis of the crime situation on the premises of the Novovoronezh NPP-2 construction project discovered a growing trend. Statistics of registered offenses of theft at construction projects has been growing every year: four cases in 2009, seven in 2010, 13 in 2011, and 45 in 2012. Such offenses, including ones latent by nature, were detected and stopped thanks to organized interaction between the Company and the police as part of the Comprehensive joint action plan to raise efficiency of anti-terror readiness, combating theft and other unlawful activities on the construction site of Novovoronezh NPP-2 in the Voronezh Region.

6.3. Management of Innovations

The management of JSC Atomenergoproekt pays special attention to developing innovative potential and increasing intellectual property, as key factors for the Company's higher potential in science and engineering, and its competitive ability.

The Company has created and regularly keeps a central registry of intangible assets and intellectual property. As of January 1, 2013, the intellectual property list included 181 items, most of which are technological assets used for pro-

duction, such as: 81 inventor's certificates, 52 patents for an invention, one application for patent, 47 software patent, one application for software patent, and one trademark of JSC Atomenergoproekt.

During the reporting year, the Company filed: one application for patent, and five applications for software. The Company was granted: two RF patents for inventions, and thirteen certificates of official registration of computer software. The new patents and software are well used in the Company's products.



Intellectual property items of JSC Atomenergoproekt

Types	Quantity
Inventor's certificate	81
Patent	52
Computer software	47
Trademark	1

Intellectual property items of JSC Atomenergoproekt registered in 2012

Types	Quantity
Inventor's certificate	—
Patent	2
Application for patent	1
Computer software	13
Trademark	—

Dynamics of new inventions registered by JSC Atomenergoproekt, by years

Year	Quantity
2007	43
2008	44
2009	47
2010	49
2011	50
2012	52

6.4. Quality Management

6.4.1. Policy in Quality

The management of JSC Atomenergoproekt sees quality management of the works and services to meet the needs of the consumer market as prerequisite for the Company's successful operation. This approach wins clients' confidence and maintains demand on the market of project survey, science research, services of deployment, construction and commissioning of nuclear energy facilities (NEF), including nuclear power plants (NPP); as a consequence, this ensures stable economic situation for the Company and its employees, and acts as a tool to ensure the safety of nuclear facilities, both active and under construction.

The main objective in quality is to ensure nuclear, radiation and industrial safety at each stage of the life cycle of nuclear

energy facilities; this is achieved through ongoing improvement of the quality management system, and applying it to all of the Company's activities.

To address these objectives, the management of JSC Atomenergoproekt, true to the principles of total quality management, provides support at every level, creates all conditions and takes every measure for administrative and financial support to functioning of the quality system; allocating financing, inventory, equipment, human resources and information to ensure preservation of gained experiences and advanced level of science and technology; to support the safety culture, constructive cooperation based on mutually respected interests with its Stakeholders; implementation of activities to avert collisions at each life cycle stage of the NEF.



Development of the Governance System

6.4.2. Quality Management System

The Company uses an efficient Quality Management System as a means to implement its policy of quality management and ensure that its science and engineering, works and services meet the end consumers' requirements.

Considering the specifics of the Company's activities, and existing international and national quality regulations, the quality management system is a compound of the models offered under the international standard ISO 9001:2008, inter-government standard GOST ISO 9001-2011, Russian Federal standards and regulations on the use of nuclear power, and recommendations issued by the IAEA.

The Company's Quality Management System has held the TÜV (Germany) certificate since in 2001, and since 2002, has been accredited by AKADEMIA-CERT – the Body for Certification of Integrated Management Systems (Russia's Federal Agency for Technical Regulation and Metrology). The system is continuously improved to keep up with the Company's intensive and dynamic development. New processes are developed, and existing ones are updated to secure the Company's performance in the functions of General Contractor for construction of nuclear energy facilities, ensuring adoption of advanced software and technologies, and compliance with recent regulations.

To make Russian nuclear plant designs more competitive and to secure leadership on the market for light-water reactors in the medium-term (as stated in the Exec. Order No. 54 issued by the General Director of Rosatom State Corp. on January 27, 2010 "Organization of Project Activities for "Creation of Standard Optimized IT-Enhanced Design for Power Unit based on the VVER (VVER-TOI) Technology"), JSC Atomenergoproekt has developed the base option of the VVER-TOI design that represents a standard for independent and complete product available as a uniform (one-design) pack of project documents and supporting materials sufficient to obtain a replication certificate to build a series of identical nuclear plant construction projects.

The basic design has standardized the entire range of internal extreme impacts and external artificial impacts for all potential construction sites, and determined the standard list of possible standard and unforeseen emergencies; thus, use of the base design does not cause changes in concept, engineering and layout solutions, nor requires additional safety analysis.

In the field of technical regulation, JSC Atomenergoproekt interacts with national bodies for regulation and supervision, such as Rosstandard (in TK-322 Nuclear Technology Technical Committee), Rostekhnadzor (in taskforces for development and revision of Federal rules and regulations

in the nuclear power industry), sector-level self-regulating organizations such as NP Soyuzatomgeo, Soyuzatomproekt, Soyuzatomstroy (on their respective committees for technical regulation).

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The Company participates in examination of draft regulations and legislation, and third-party corporate bylaws that set requirements to engineering survey, project design, construction, operation, and decommissioning of nuclear plants, from Federal Acts (technical regulations) to corporate standards (for Rosatom State Corp., Rosenergoatom Concern etc.); also (on request from its parent entities or supervisory agencies) it prepares proposals to optimize the regulatory basis for nuclear plants.

JSC Atomenergoproekt enforces internal and external laws and regulations adopted in the Company.

PR2

In 2012, audits, inspections and reviews were conducted by AKADEMIA-CERT – the Body for Certification of Integrated Management Systems, TÜV SÜD Industrie Service GmbH (Germany), AO Akkuyu NPP, Turkish Agency for Nuclear Energy (TAEK), Don Area Inter-regional office for supervision of nuclear and radiation safety (DMTU) of Rostekhnadzor, Rosenergoatom Concern, Rosatom State Corp., SRO NP Soyuzatomstroy, NP Inter-regional Committee for Legal Support to Labour Protection and Safety, Third Regional Supervision Office under the Moscow South District Department of the Federal Ministry for Emergencies.

In 2011, inspections and reviews were conducted by AKADEMIA-CERT – the Body for Certification of Integrated Man-

agement Systems, TÜV SÜD Management Service GmbH (Germany), Federal Service for Environmental, Technological and Nuclear Supervision (Rostekhnadzor), Don Area Inter-regional office for supervision of nuclear and radiation safety (DMTU) of Rostekhnadzor, SRO NP Soyuzatomstroy, Rosenergoatom Concern, and Branch Office for Engineering Design of Rosenergoatom Concern.

In 2010, audits, inspections and reviews were conducted by AKADEMIA-CERT – the Body for Certification of Integrated Management Systems, TÜV SÜD Industrie Service GmbH (Germany), Federal Service for Environmental, Technological and Nuclear Supervision (Rostekhnadzor), Rosenergoatom Concern, SRO NP Soyuzatomstroy, SRO NP Soyuzatomgeo, SRO NP Soyuzatomproekt, and Atomstroyexport.

Responses to non-compliance discovered by the above audits, inspections and reviews, have been developed and implemented. Non-compliance was found such as a failure to meet the requirements of the quality management system, standards and regulations used by structural subdivisions during engineering survey, science research, project design, and construction of NEF. None of the discovered cases of non-compliance qualified as ones that compromised the safety of nuclear plants.

Non-compliance statistics in 2012 increased along with the Company's growing contract portfolio, the number of objects at Novovoronezh NPP-2 with C&I in progress, and more frequent audits, inspections, and reviews in the Company.

	2010		2011		2012	
	Cases of non-compliance	Number of audits, inspections, and reviews	Cases of non-compliance	Number of audits, inspections, and reviews	Cases of non-compliance	Number of audits, inspections, and reviews
Following audits, inspections, and reviews done by third parties	36	7	51	7	195	18
Following audits done by independent certification agencies	3	2	3	2	2	2

Development of the Governance System

6.4.3. Monitoring of Client Satisfaction

PR1 JSC Atomenergoproekt monitors client satisfaction and perception of the Company's works/services to assess client satisfaction with JSC Atomenergoproekt activities in project design and construction. Based on its client's comments and recommendations, the Company develops and implements activities to further increase client satisfaction.

PR5 Using the quality procedure "Assessment of client satisfaction after works/services", clients were polled during 2010–2012 in order to measure client satisfaction and the perception of the Company's works/services

Clients were to assign a value on a scale of five depending on how satisfied they were with the Company's works/services:

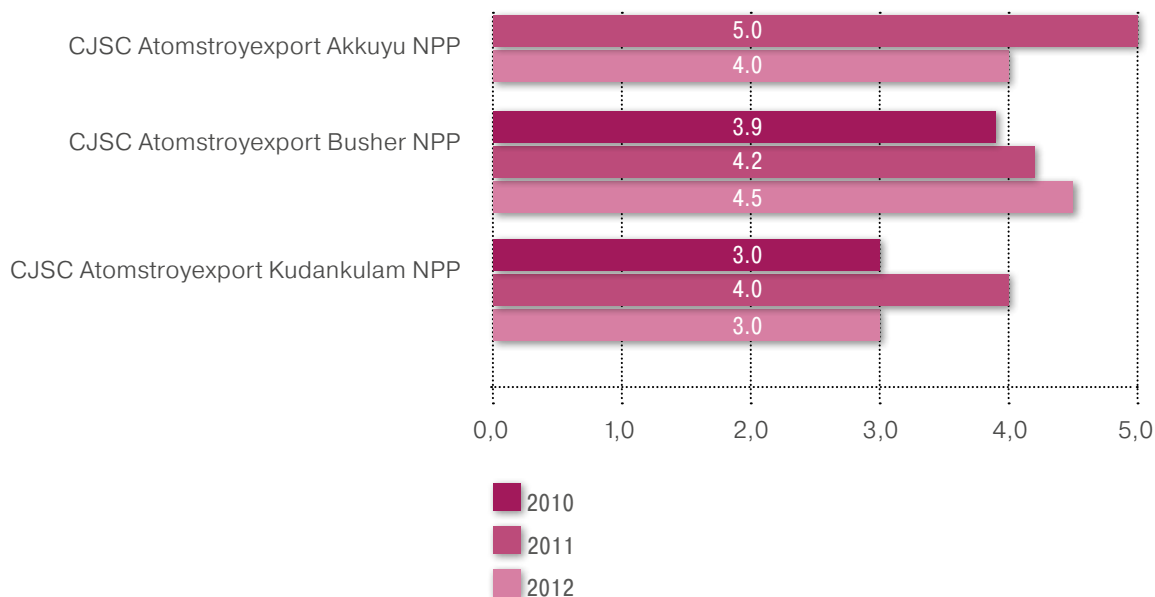
- the client is quite content with the results: 5 points;
- the client is partly satisfied: 3 to 4 points;
- the client is not satisfied with the result: 1 to 2 points.

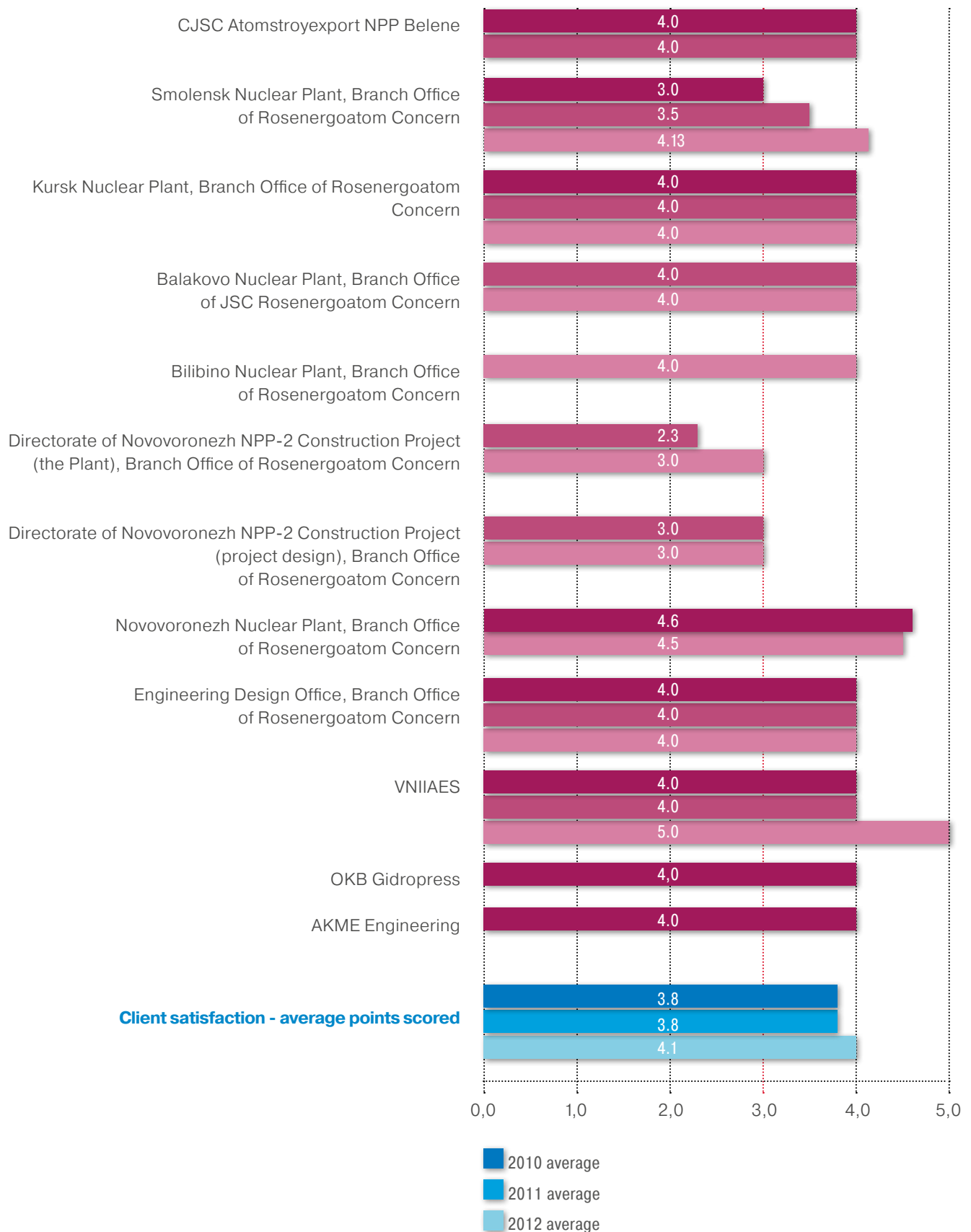
The Company's activities in quality management resulted in higher average points scored in client satisfaction.

For 2013, JSC Atomenergoproekt plans to continue the practice of client satisfaction polls, and efforts to improve interaction and improvements of its profile activities based on client feedback.

PR9 The adopted Quality Management System helped the Company in 2012 to avoid legal and regulatory non-compliance of its products/services.

The points awarded by the clients to works/services done by JSC Atomenergoproekt in 2010–2012 are represented in the Table below.







6.5. Rosatom Production System

Seeking opportunities for higher efficiency at each production workplace is vital for the development of the entire nuclear sector.

Sergey Kirienko,

General Director, Rosatom State Corp.

The management of JSC Atomenergoproekt emphasizes efforts to improve the Company's operating efficiency. Implementation of the Rosatom Production System (RPS) has a special place among the tools used to improve production processes.

The RPS succeeds the scientific production management (SPM) and methods offered by the Ministry of Special Machine Building; in addition, the RPS has integrated adapted tools from other modern-day methodological platforms.

JSC Atomenergoproekt adopted its policy to inherit the Rosatom Production System in late October 2011. The declared long-term goals include: cutting production costs, reduced time of project commissioning, and developing high production culture. The central objective of the RPS Policy is to shape a corporate mentality where each employee is oriented towards loss-free operation and systemic achievement of corporate objectives.

The Rosatom Production System means real-life work represented by cast concrete and installed equipment. This is each employee's efficiency on the job, and thus efficiency of the entire staff, the whole team, whose main objective is to have the nuclear plant built on schedule and with good quality.

Marat Mustafin,

General Director, JSC Atomenergoproekt

Under the policy, JSC Atomenergoproekt evolving the Rosatom Production System in 2012 organized and hosted the following events.

1. To implement the Rosatom State Corp. programme for comprehensive production optimization in the companies of the nuclear sector, each structural subdivision designated an employee in charge of issues of the Rosatom Production System, and worked out RPS furtherance plans.
2. JSC Atomenergoproekt Novovoronezh Branch Office, Directorate for construction of NVNPP-2 (NF-DS), designated employees who will promote the RPS in all subdivisions. All of them (32 individuals) received training to learn the RPS toolkit and participated in practical work to improve one of the processes in the NF-DS subdivision.
3. In March 2012, employees of the Company and contractors received training under the programme to train coaches for the Rosatom Production System (17 individuals), with practical activities on the construction site.
4. Executives and specialists of JSC Atomenergoproekt participated in the first sector-level workshop "Implementation Specifics of the Rosatom State Corp. Production System in Science Research, Project Design, and Engineering" (March 2012), hosted by Rosatom State Corp. and Corporate Academy of Rosatom State Corp.
5. In April, JSC Atomenergoproekt the first in the nuclear sector offered training to the engineering company's specialist designers to study the principles of the Rosatom Production System. The training was attended by project managers of RPS, designers, and other specialists (64 individuals total).
6. JSC Atomenergoproekt representatives participated in the regional forum of suppliers to the nuclear sector "ATOMEX-North-West" in St. Petersburg; their presentation was: "Evolution of the Rosatom Production System in JSC Atomenergoproekt. Assessment of Mutual Influences of Processes of Project Design, Supply, and Construction and Installation in Terms of the RPS"
7. In 2012, JSC Atomenergoproekt embarked on projects to improve the efficiency of its production processes: "Optimization of Project Design to Generate Project Documents" and "Optimization of Logistic Supplies for Novovoronezh NPP-2". The taskforces were formed of representatives of the Directorate for capital construction of Rosatom State Corp., JSC RPS, and JSC Atomenergoproekt. As a toolkit, the parties adopted the loss measurement technology developed under the Rosatom Production System: production process mapping.
8. In July and August, the Company held workshops with representatives of the nuclear sector and shared experiences in its development of the Rosatom Production System.
9. In September, Novovoronezh Project Survey Branch Office (NPIF) of JSC Atomenergoproekt hosted academic and practical studies in development of the Rosatom Production System. Each section of the Branch Office designated an employee in charge of promotion of the RPS. During sessions, participants presented and successfully defended their proposals on reducing loss in production processes.
10. Training in RPS principles and methods was held in 12 organizations engaged in construction of NV NPP-2, covering 274 individuals.
11. Specialists of JSC Atomenergoproekt participated in the implementation of the sector-level project "Equipment Manufacturing Quality Control". The construction site of NV NPP-2 in December completed the first stage of project "Incoming Control on NPP Site", designed to reduce by 30 % non-compliance statistics after incoming control on the construction site. The project involved specialists from Rosatom State Corp., Rosenergoatom Concern, NIIAEP, SPbAEP, Zarubezhatomenergostroy, and Petrozavodskmash.
12. At the forum of nuclear sector suppliers "ATOMEX-2012" held on December 12–14 in Moscow, JSC Atomenergoproekt specialists made presentations: "Results of RPS Evolution during Construction of NV NPP-2" and "Potential for Ship-building Technologies to Raise Manufacturing Precision of Metal Structures".
13. In 2012, work was done on 11 RPS-related projects (five of them implemented, work on another six projects is to continue in 2013). In addition, 36 improvements were adopted. All improvements and corrections resulting from implemented RPS projects will be systematically organized, summarized, and used to build other nuclear plants; they will also be considered in the VVER-TOI design.

Development of the Governance System

In November 2012, JSC Atomenergoproekt specialists participated in the annual sector-level forum "RPS Leaders: Advanced Experiences". Attendants: more than 160 RPS project managers, Company CEOs and deputies, employees of RPS. The event was managed by S. A. Obozov, Rosatom State Corp. Director for Promotion of RPS. After the forum, JSC Atomenergoproekt was awarded two State Corp. diplomas:

- in the category "Best Practices", for project "Experience of RPS Used in Construction and Design";
- in the category "Best RPS Project", all forum participants voted for project "VZO Manufacturing, Installation and Concreting for Power Unit No. 2 at NV NPP-2".

In addition, six of the Company's specialists, representatives of NF-DS and the design unit, had their portraits added to the Rosatom Production System Board of Honour.

In 2012, S.A. Obozov, Rosatom State Corp. Director for RPS Promotion, visited the construction site of Novovoronezh NPP-2 twice: in March and in August. During the visits, he examined production-related issues and assessed deliverables of the RPS projects. Mr. Obozov said that to build the Novovoronezh NPP, specialists are addressing large-scale objectives, with production processes reduced in time, sometimes as much as by half, while efficiency of labour is increasing. Since one of key objectives for State Corp. is to launch planned serial construction of nuclear plants, and the experiences of JSC Atomenergoproekt specialists are of great value for the sector as a whole.



6.6. Management of power efficiency

The management of JSC Atomenergoproekt sees the implementation of a comprehensive power saving programme as a way to ensure more efficient corporate activity.

Since 2008, JSC Atomenergoproekt has used ongoing monitoring, analysis and selection of basic and more efficient power saving technologies and innovations, including variable frequency electric drives (VFD).

In 2010, the Company came up with a motion before the top management of Rosenergoatom Concern to develop a programme for 2010–2020 to improve energy efficiency of nuclear plants by reducing own-needs consumption of thermal and electrical power through the adoption of innovative power saving technologies.

Between 2010 and 2012, the Company organized and hosted a series of working meetings that discussed practical use of variable frequency electric drives to control production equipment on nuclear plant power units; discussions involved representatives of OKB Gidropress, NIC Kurchatov Institute, OKBM Afrikantov, SKVM, VNIIAES, Rosenergoatom Concern PKF, ENIC, Atomstroyexport, FGUP VEI, ChEAZ, and AREVA NP GmbH

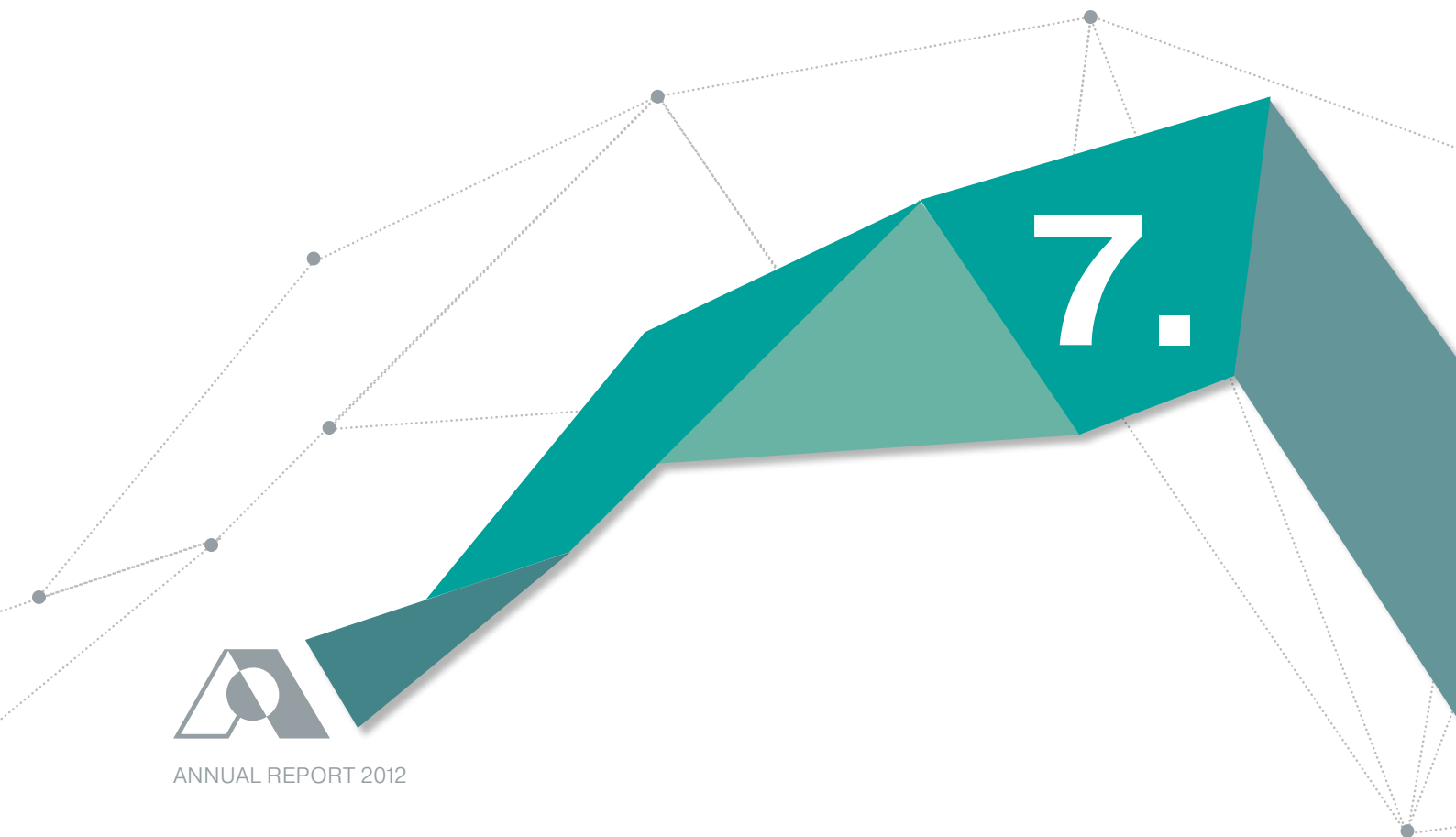
For its active contribution to the development and adoption of power saving technologies, and solutions to legal problems of power saving in 2012, JSC Atomenergoproekt was awarded with the Honour Diploma of the RF State Duma's Committee for Power Industry. The diploma was presented at the National Conference on regulatory and technical problems of enforcement of Federal Act "Power Saving and Higher Energy Efficiency".

The conference approved JSC Atomenergoproekt's proposal that federal law should mandate that power-consuming production equipment should have devices with variable frequency electric drives. In addition, another proposal from JSC Atomenergoproekt was approved, that the project pack should be expanded with a new separate section: "Power Saving and Power Efficiency", based on modern requirements. Changes to the applicable federal regulations are expected accordingly.

The Company's management decided that in 2013 the direction "Power Saving and Higher Power Efficiency" will be integrated in the development strategy of JSC Atomenergoproekt to regulate its presence in the same-sector and on external markets.

SO5





ANNUAL REPORT 2012

7. Sustainable Development

- 7.1. Human Resources Policy
- 7.2. Social Policy
- 7.3. Impact of the Company Operations in Regions of Presence
- 7.4. Labour Protection and Industrial Safety
- 7.5. Environmental Policy and Environmental Safety



Sustainable Development

Sustainable Development

This section discusses issues related to the three-fold result of JSC Atomenergoproekt activities: its social, environment and economic impacts.

The Company's strategy for sustainable development is described in Section 3 "Development Strategy and Priority Activities". The Company's activities and results influence a wide range of stakeholders. The process used to identify stakeholder groups, consider their interests, and approaches to interaction with them are described in Section 9.

This section provides information on impacts by JSC Atomenergoproekt on the quality and development of HR capital, its areas of presence, its influence of created safe jobs, assurance of industrial safety, environmental impacts, and the Company's environmental policy.

Issues related to specifics aspects of sustainable development are also covered in other Sections of the Report that illustrate various aspects of the Company's activities



7.1. Human Resources Policy

7.1.1. Development of HR Capital and Corporate Human Resources Policy

JSC Atomenergoproekt sees human capital as a key resource for implementing its corporate strategy. Therefore, its human resource policy is among the most important tools on the way to its corporate mission and strategic goals.

The main objectives of the HR policy include: building up employees' managerial and professional competencies; maintaining and managing gained unique knowledge; creating and implementing new training programmes to meet the needs of the business; building an executive pool reserve; recruitment of young specialists; creating and maintaining the image of a responsible employer; protecting the rights and interests of each employee in the Company.

In 2012, the following objectives were achieved in personnel management:

- streamlining the Company's staff and disposal of non-core assets;
- reducing the average age of executive positions;
- expanding employee categories covered by annual efficiency assessments;
- building an executive pool reserve;
- harmonizing the uniform sector-level labour remuneration system;
- improving personnel commitment;
- making employees more aware of events and results of the Company and the sector;
- more efficient interaction with the Company's trade union;
- bringing the Company's social policy in line with the Uniform social policy of Rosatom State Corp.

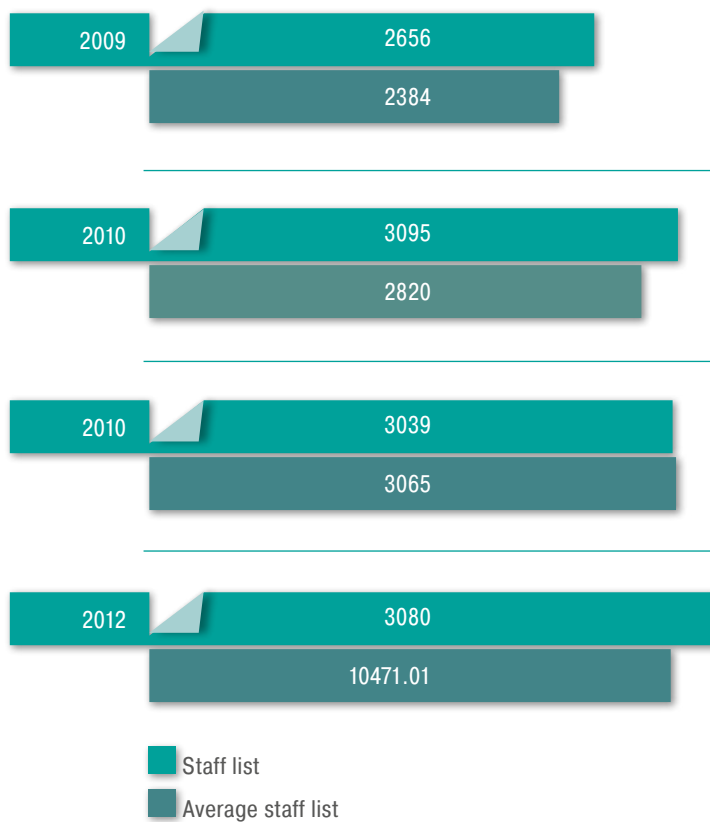
7.1.2. The Company's HR Potential

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GRU

At present, JSC Atomenergoproekt is a team of single-minded top-class professionals ready to handle any challenge. With the Branch Offices, we have 3,282 staff, with growth of 24 % (626 individuals) in the last four years.

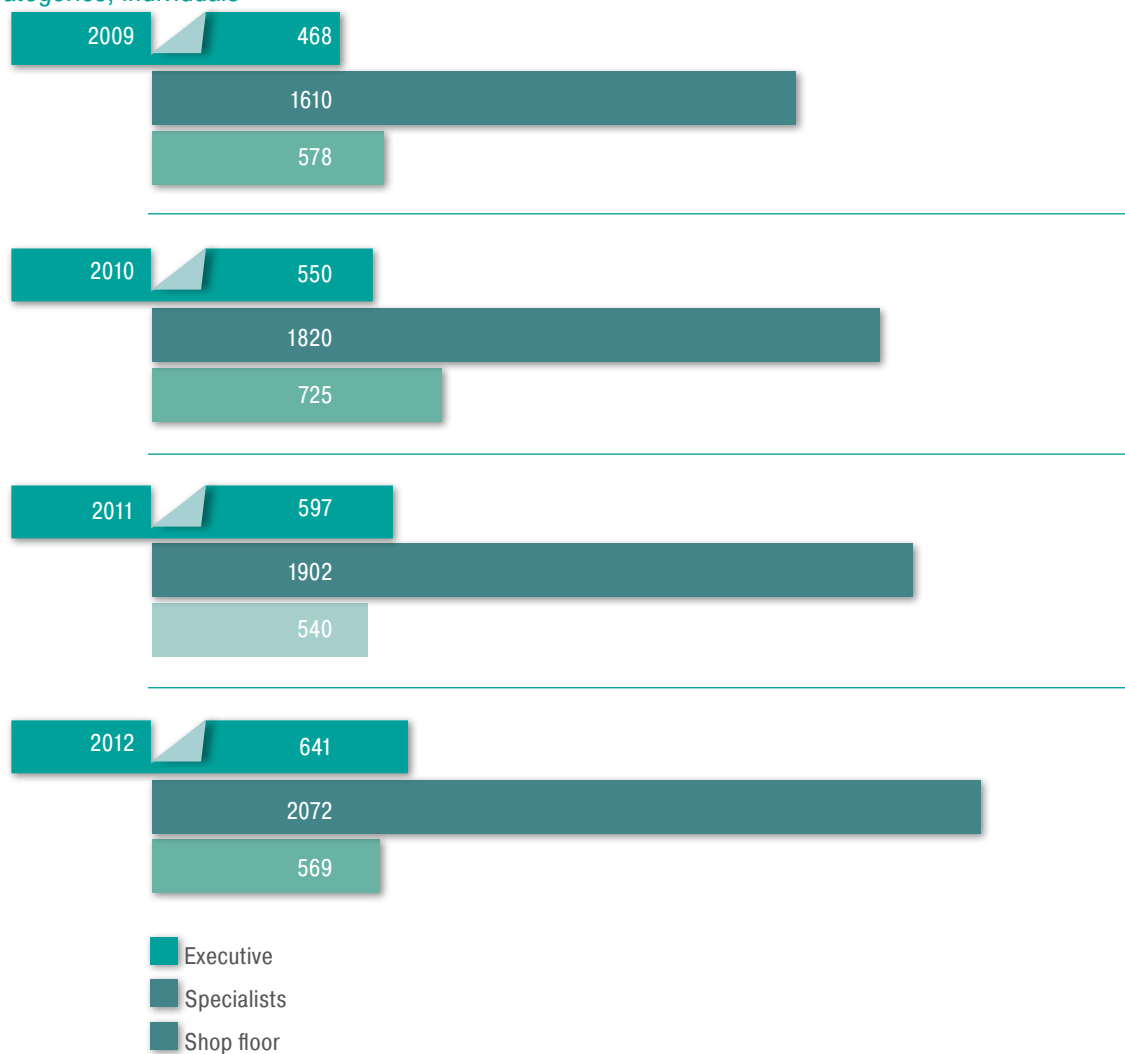


Individuals in employment:



Sustainable Development

Employment by categories, individuals

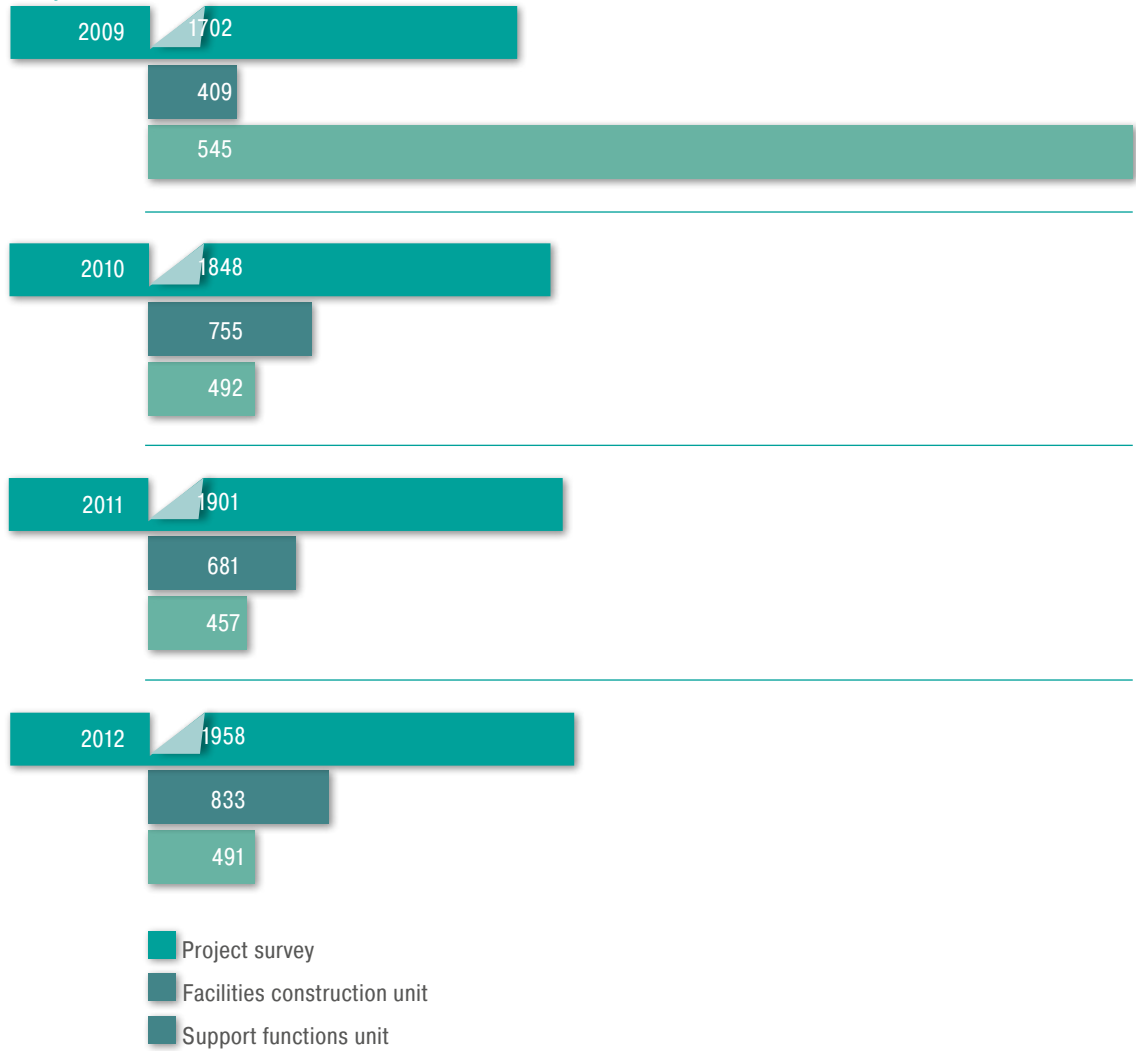


Additional staff was hired in 2012 as a result of:

- JSC Atomenergoproekt vested with the functions of a managing company (with nine companies in control);
- growing activities to supply equipment for NV NPP-2;
- growing volume of construction and installation at NV NPP-2 without outsourcing.

Specialists and office personnel are the most numerous category in the Company (63 %).

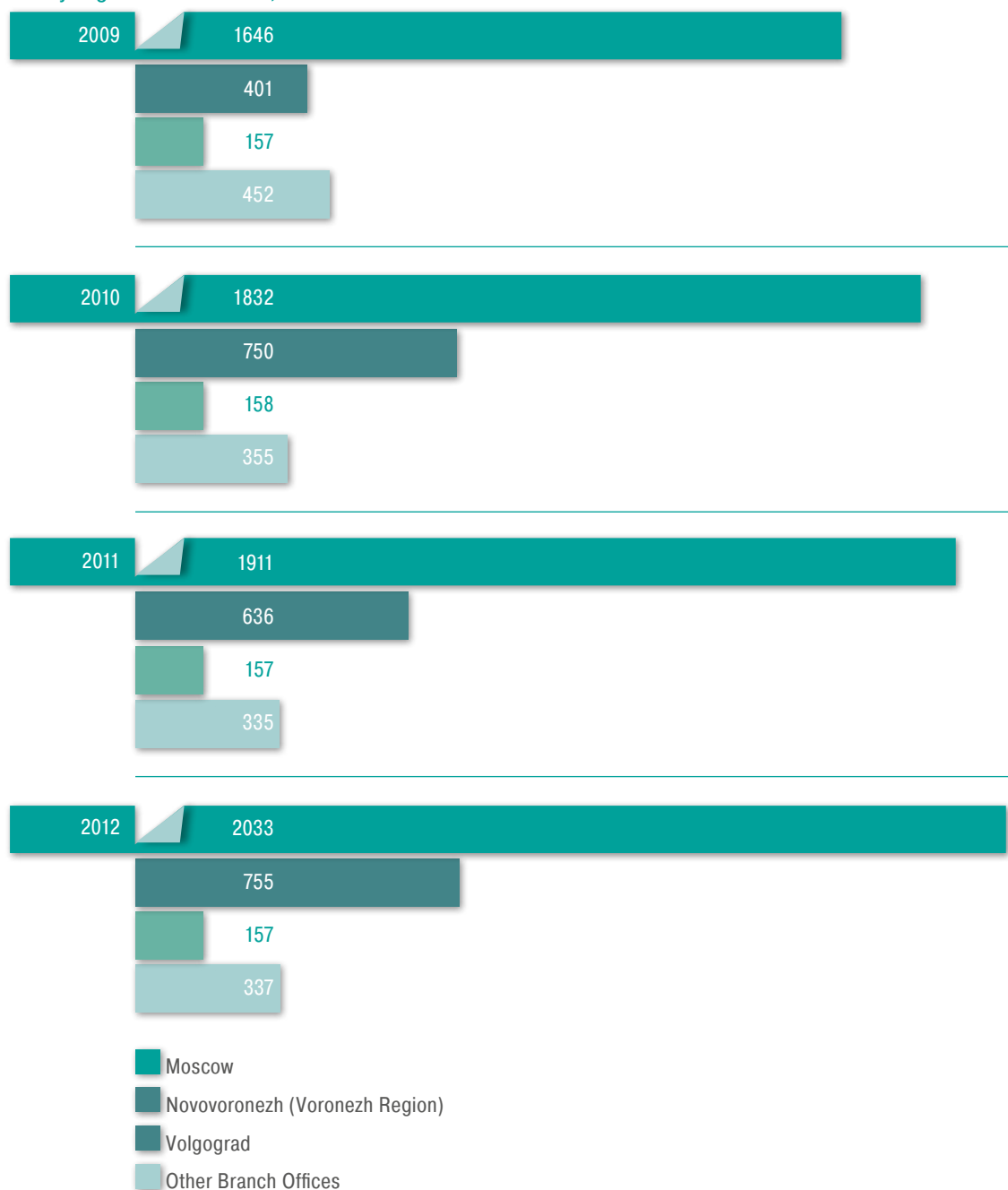
Company personnel by activities, individuals



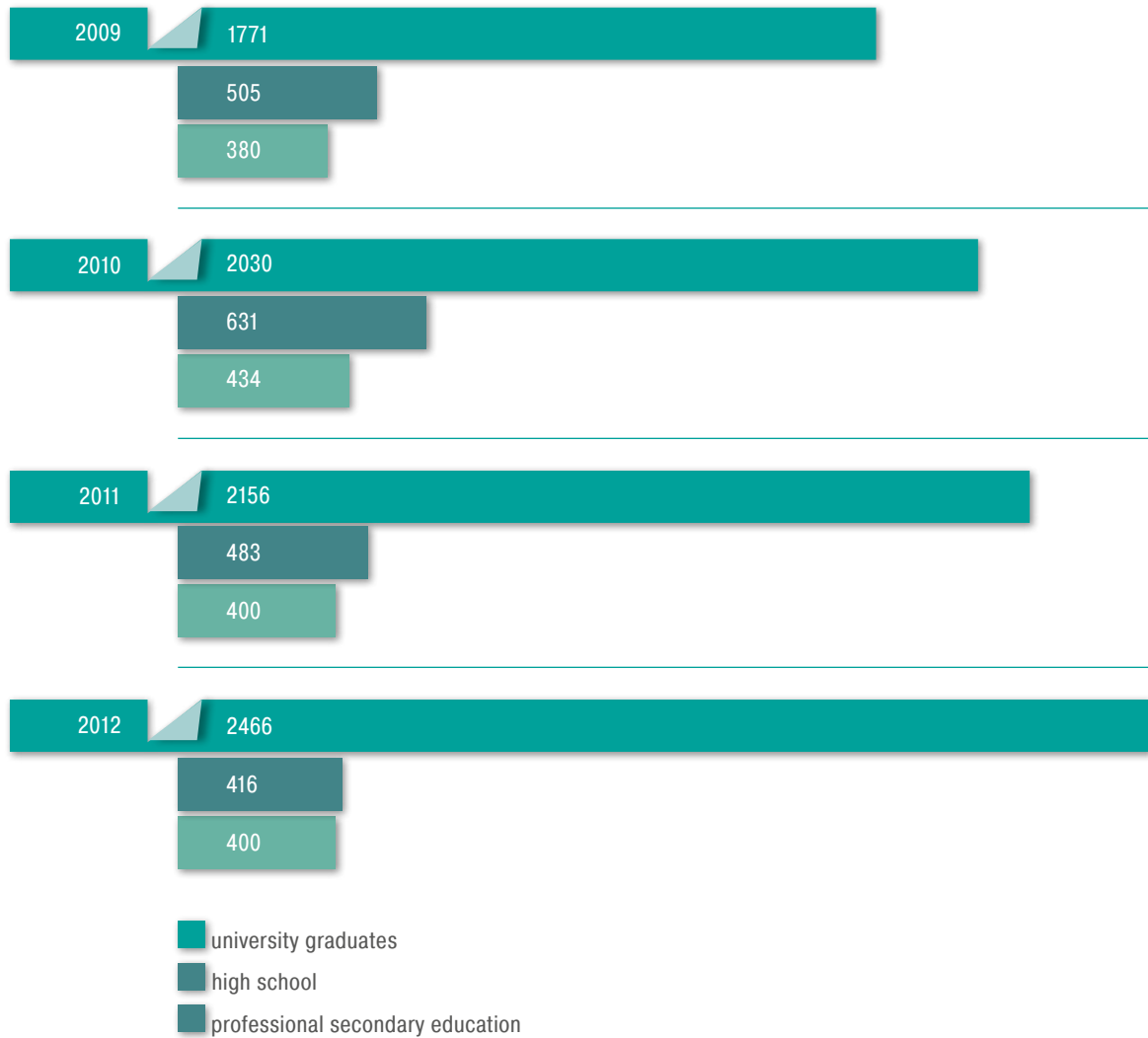
JSC Atomenergoproekt is growing rapidly, it strengthens its potential and builds up its production force. In the last four years, the number of object construction employees has doubled (103 %): the Company employed 833 such workers as of the end of the year. The number of employees engaged in project survey rose by 15 %; meanwhile, as non-core assets are disposed, the support function staff decreased by 10 %.

Sustainable Development

Company employees by regions of business, individuals



Company employees by education level, individuals



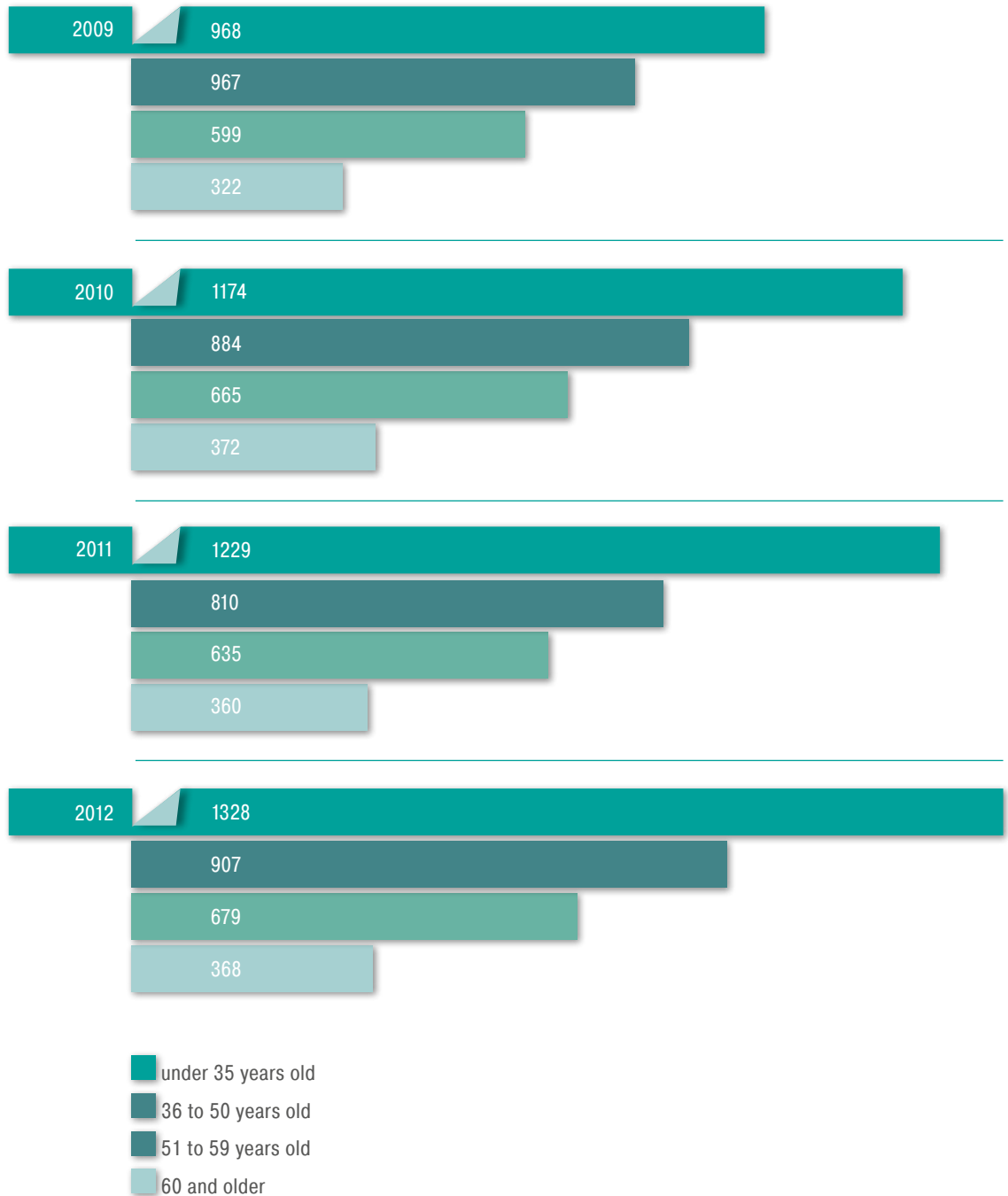
Nearly 100 % of employees (3,262) are in their only jobs; only 20 employees combine their jobs with another position; 80 % of employees (3,007) are on indefinite-term employment contracts, with only 20 % (275) on limited-term employment contracts.

Most employees (2,033) are concentrated in Moscow, while the largest Branch Offices in project design and construction of NV NPP-2 are in Novovoronezh, Voronezh Region. Another major project design office is in Volgograd.



Sustainable Development

Average age of employees in the Company



Company employment: gender structure



IC4

What makes the HR of JSC Atomenergoproekt quite specific is the high proportion of employees with higher occupational training. Now at 75 %, the figure tends to grow every year as the Company hires specialists for various business directions, and welcomes college graduates. The Company also employs seven Doctors of Science and 50 Candidates of Science.

JSC Atomenergoproekt succeeds in its efforts to reduce its staff's average age. As the Company recruits specialists under 35 (now accounting for 40.5 % of total staff), the average employee age has changed from 43.8 to 42.5 y.o. in the last four years.

JSC Atomenergoproekt offers equal opportunities regardless of gender, as supported by the Company's employee gender structure: 53 % men and 47 % women in the last four years.

Sustainable Development

Hired and dismissed employees, by regions



The diagram above represents the number of employees hired and dismissed from employment in 2011–2012, with breakdown by region (Moscow, Branch Offices, and Representation Offices).

In 2012, the Company gave employment to 491 persons (335 men and 156 women), or 15.9 % of average staff list. Compare: in 2011, 347 persons entered their positions (215 men and 132 women), or 11.3 % of average staff list.

248 persons left the Company in 2012 (169 men and 79 women), or 8.1 % of average staff list. For comparison: in 2011, 403 employees were dismissed (159 men and 244 women), or 13.1 % of the average staff list.

The low employee turnover is what makes JSC Atomenergoproekt an attractive employer. In 2012, turnover rate dropped to 8.1 %, down by 5 % compared to 2011.

7.1.3. Providing Skilled Personnel for the Company

EU14
GRI

The Company uses a comprehensive approach to recruit and retain skilled staff::

- recruitment planning based on strategic goals and current objectives;
- hiring candidates who meet the Company's and the position requirements;
- practice of openness, no discrimination on any grounds, including by race, religion, gender, or otherwise;
- creating and maintaining the image of a responsible employer;
- use of various sources for recruitment: both external (agencies, media, publications on industrial websites / job hunting pages, etc.), and internal (a sector-level employment pool, vacancies advertised on the corporate website), candidate rotation mechanisms;

- multi-level expert assessment of prospects, including technical and behavioral skills;
- career consulting for young people;
- monitoring the needs of structural subdivisions for college graduates;
- organizing visits to the Company's nuclear energy facilities for young specialists;
- participation in career days and job fairs in schools (including profile colleges);
- welcoming young specialists to R&D conferences and sector-level competitions, such as "Globalization Participants", "Globalization Leader";
- participation in the target programme to train young specialists for the nuclear sector;
- organization of internships for students, including profile colleges.

7.1.4. Organizing Personnel Training in the Company

The Company operates on the principle of ongoing occupational training for employees during their entire employable life. Directions for training are determined based on the Company's strategic priorities, needs to support its operations, and employee's individual career plans.

Executive officers, specialists and other employee categories receive training both in the Company (in-house technical training), and from same-sector and other education providers (external training).

In 2012, training in various programmes covered 1,165 employees. Thus, employees involved at least in one training activity of the reporting period accounted for 35.5 % of the Company's average staff list. This achievement means that occupational issues of the highest relevance for the Company are handled by personnel with special and advanced training.

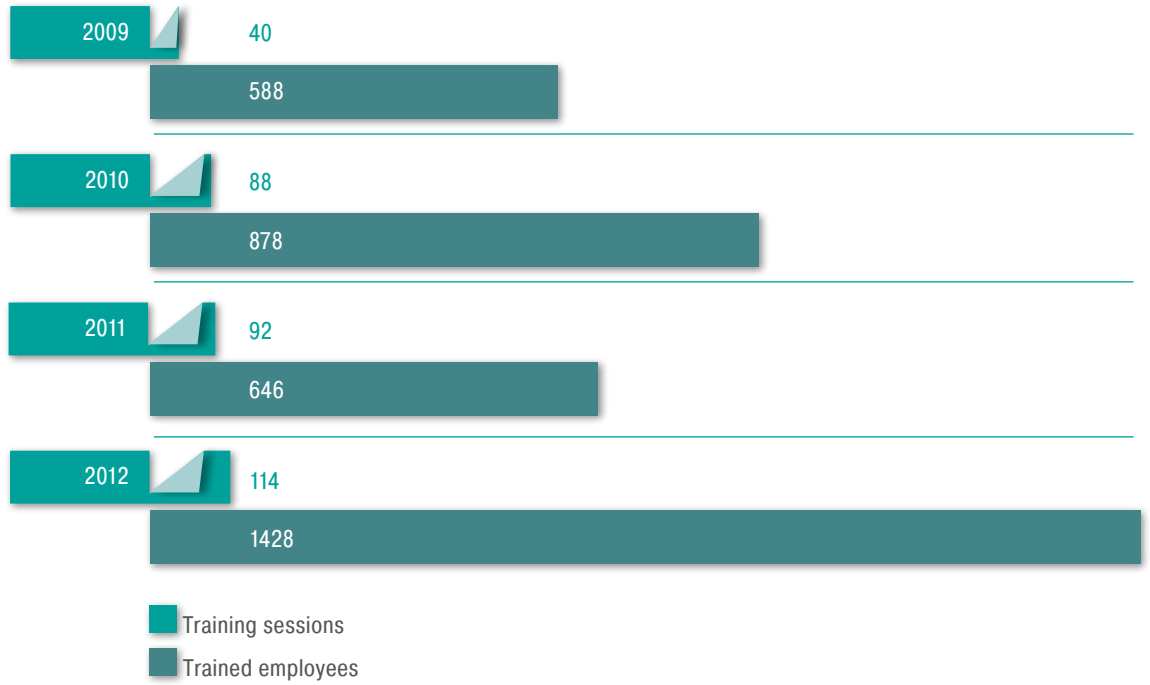
The programme for basic and advanced training includes both school-based training, and in-house technical studies, with special emphasis on the quality management system under ISO 9001:2008.

IC2
GRI

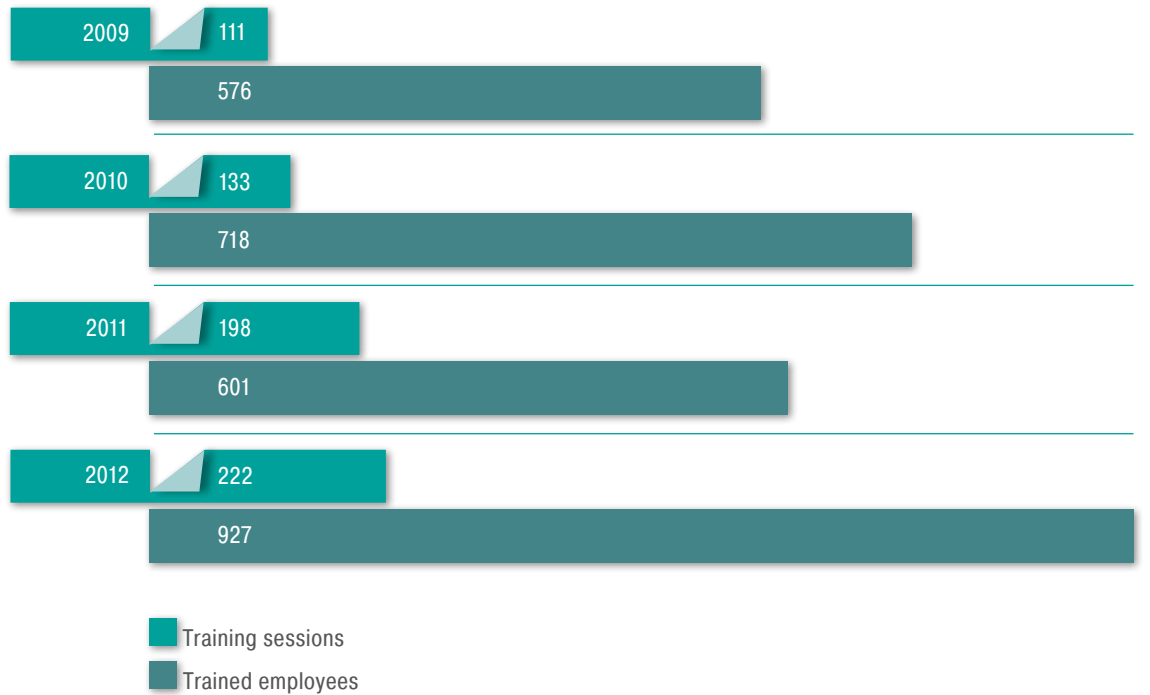


Sustainable Development

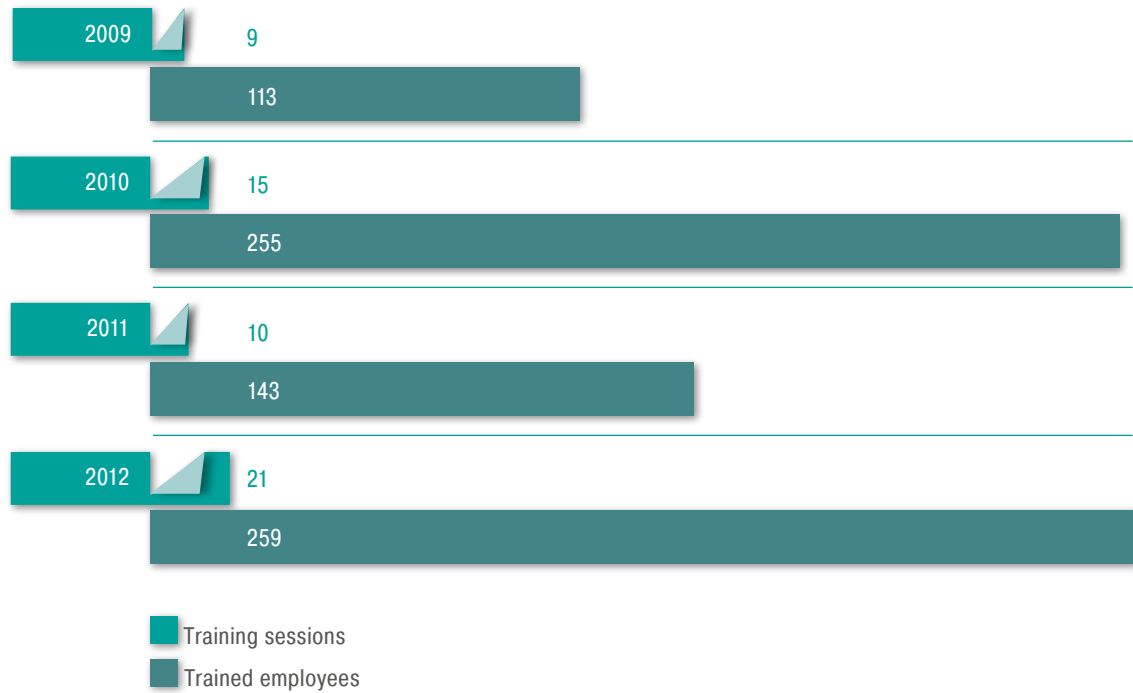
In-house technical training



School-based training



Training in the quality management system under ISO 9001:2008



The process of basic and advanced training in 2012 involved all employee categories, from executives to shop-floor.

Average training hours per employee (breakdown by categories)

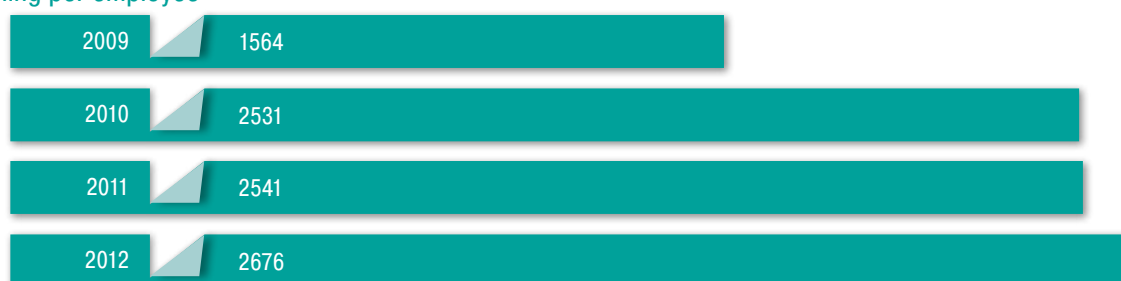
Indicator	2010		2011		2012	
	Total training hours	Training hours per employee	Total training hours	Training hours per employee	Total training hours	Training hours per employee
Total hours of in-house training	1,756	0.6	2,451	0.8	3,232	1
Total hours of school-based training	28,379	10.1	33,030	10.8	38,776	11.9
Total training hours, including by employee categories:	30 135	10,7	35 481	11,6	42 008	12,8
– executive					16 373	25,5
– engineering and office					17 781	8,6
– shop-floor					7 854	13,8

Sustainable Development

Total training hours by categories

Employee category	Men		Women		Total	
	hours	%	hours	%	hours	%
Executive	10,970	67	5,403	33	16,373	100
Specialists	7,824	44	9,957	56	17,781	100
Shop-floor	7,069	90	785	10	7,854	100
Total	25,863	61.6	16,145	38.4	42,008	100

Spending on training per employee



■ Training cost per employee, rubles.

During the year, the special focus was on mandatory training required by authorized agencies (Rostekhnadzor etc.), self-regulating organizations of the nuclear sector, Rosatom State Corp., as well as basic and advanced training for the Company's personnel in project survey and construction; and training to build managerial competencies. Training hours per employee shows a steady year-on-year growing trend, from 10.7 hours in 2010, to 12.8 in 2012.

Total training hours for males was 25,863 (61.6 %), with 16,145 (38.4 %) for women.

Fewer training hours per employee for women in the executive and particularly in the shop-floor category is explained by the fact that fewer women are employed in such categories.

Spending on training per employee in 2012 compared to 2011 rose by 5.3 %.

Overall, under the basic and advanced personnel training programme in 2012, spending amounted to 8,781,653 rubles.

The Company uses activities to help employees build professional knowledge, skills, and key competencies, which they may also need in their later careers, and thus support their employment ability throughout their life time. Such development programmes are financed from the Company's budget.

The Company has no special programmes established to support and assist employees who leave the Company or retire. However, retiring personnel are entitled to payments under the collective contract. In addition, JSC Atomenergoproekt provides aid to retirees, veterans of the nuclear sector, and disabled employees. For details, see part 8.2 "Social Policy".

7.1.5. Personnel Assessment

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GRI

For three years now, JSC Atomenergoproekt has used a system to manage efficiency, composed of:

- a system of key efficiency indicators to set and measure their year targets for employees;
- RECORD assessment to assess competencies of employees who write development plans to ensure efficient achievement of their respective objectives.

On the one hand, the system of key efficiency indicators and related assessment helps each employee see the objectives the management sets before them and the results it expects from them; on the other, this is a way to promotion and recognition.

Following the RECORD assessment, the person's employment status can be reviewed (financial incentives), or they can be transferred to another position, or even placed on the reserve list for future promotion.

In 2012, the system applied to five managerial levels (from structural subdivision managers up) and covered 6 % of all staff (185 individuals). This included 40 women and 145 men, or 22 % and 78 % of total staff respectively.

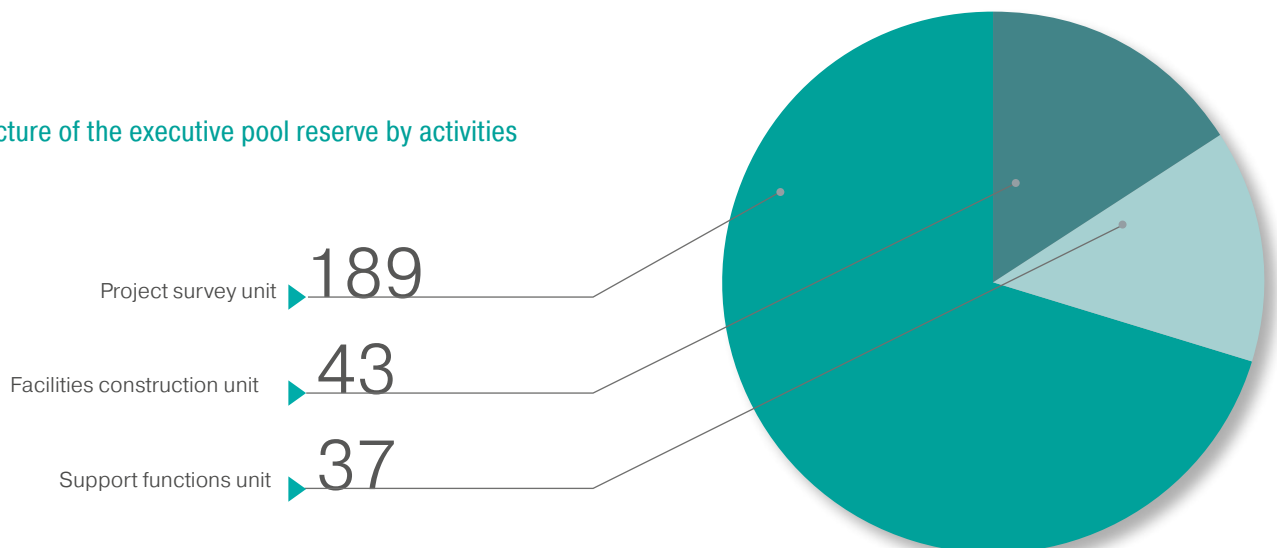
The plan for 2013 is to expand the scope of the system to six managerial levels (up to heads of section) and thus cover 11 % of all staff (370 individuals), or 116 women and 254 men (31 % and 69 % of total staff respectively).

7.1.6. Building an HR Reserve

To employ good managers and experts trained for efficient performance, to create a shared culture of corporate governance that meets the strategic goals and boosts efficiency of management, the Company works to establish and develop its executive pool reserve.

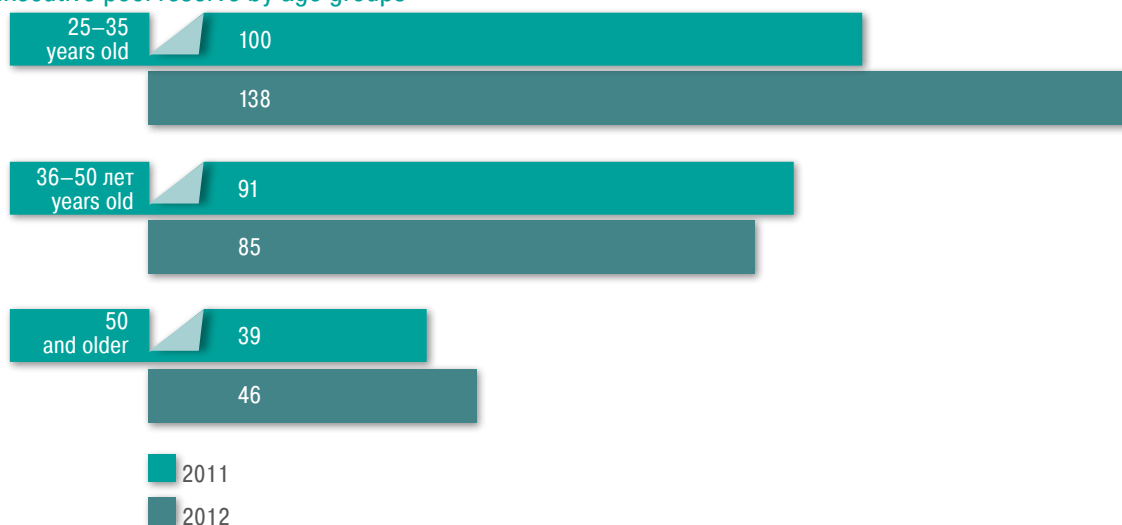
The Company's executive pool reserve at the end of 2012 included 269 individuals. Of those, 76 were awaiting promotion, and 25 promoted, while 22 employees of the executive pool reserve entered positions of medium-rank management.

Structure of the executive pool reserve by activities



Sustainable Development

Structure of the executive pool reserve by age groups



Employees aged under 35 account for 51.3 % of the total number of the executive pool reserve.

The potential and achievements of the reserve candidates are assessed continuously: first when they are added to the executive pool reserve, then as they receive training as HR reservists, and when their performance is measured under individual development plans. In 2012, special focus was on development of managerial competencies of HR reservists. 54 of them attended workshops and training sessions on managerial competencies given by specialists of Rosatom Corporate Academy.

The tutorship system is of key importance among the tools that the Company uses to develop its HR reservists, to improve their academic knowledge and practical skills, to preserve and exchange experiences and knowledge gained in the years of the Company's existence, to develop corporate intellectual potential.

In 2012, the Company had 122 tutors. They direct and monitor professional growth of the HR reservists, they arrange training for candidates to a position, coordinate their studies of special issues, and organize purposeful exchange of experience and knowledge.

Spending on tutorship in 2012 was 1,485,000 rubles.

As a result of work with the executive pool reserve, the proportion of executive positions filled from the HR amounted to 31 % in 2012 of total number of active executive positions.

In 2013, the executive pool reserve programme in JSC Atomenergoproekt will continue as part of a new concept of building, assessment, and development of executive pool reserve. The concept was authored by Rosatom State Corp., it is identical for all organizations in the sector, and will create of a shared three-tier sector-level executive pool reserve.

7.1.7. Promoting Corporate Culture and Internal Communications System

The Company is focused on promotion of its corporate culture and internal communications system. In 2012, the Company had four Awareness Days — public communication events where the Company's executives speak directly with employees, talking about the Company's priorities, goals and objectives, and key projects.

Every year, the Company measures levels of employee involvement. In 2012, the survey covered 1,623 employees (53 % of the total), and the involvement index was 60 %, or about the Russian average.

The Company's corporate culture is developed, on the one hand, thanks to the keepers of traditions who have been with the Company for decades; on the other, thanks to

recently arrived employees, who enrich the Company with global best practices, unique experiences, and a new vision of corporate life.

To promote corporate culture and internal dialogue, and to consolidate the team and encourage employee loyalty, the Company hosts corporate events of sports and culture. In 2012, the first time an athletic team-building exercise "Big Starts" involved more than 700 employees from the Company's Moscow-based subdivisions. By tradition, the Company organizes events to celebrate Nuclear Industry Employee Day, to review the results of the year (the New Year Party). Employees also receive greetings on Army Day and International Women's Day.

7.1.8. Main Objectives of HR Policy for 2013

1. The key objective for 2013 is to create a central three-tier sector-level executive pool (managers of top and medium rank, small group managers, and specialists) within the new sector-level shared concept of building, assessment and development of the executive pool reserve.
2. Developing an efficient system of remunerations and reimbursements (adopting monthly variable part of base salary for production-related subdivisions in the construction unit).
3. Training more line managers in programmes to build competencies in corporate governance.
4. Harmonizing the Company's administrative structure through a sector-level project (to optimize the number of executive levels, improve control standards, identify mandatory sector-level functions, observe standard names and hierarchy of subdivisions).
5. Raise the level of employee involvement compared to 2012 results.

7.2. Social Policy

7.2.1. Main Principles of Social Policy

LA4 JSC Atomenergoproekt pursues its social policy within the Uniform social policy of Rosatom State Corp. and under current social programmes that are part of the collective contract.

JSC Atomenergoproekt's social policy seeks to ensure good working conditions and welfare for its employees.

In 2011, a new three-year collective contract was signed that applies to all employees in the Company and regulates the use of benefits and compensation not envisaged by federal law.

Acting in partnership with the trade union of the nuclear energy sector, JSC Atomenergoproekt ensures compliance of benefits and warranties under the collective contract, and considers the union's opinions on all legally regulated issues.

Key areas of the social policy:

- financial aid to employees and their family members;
- support for retirees and veterans;
- organization of medical treatment at health resorts and spas for employees and their children, summer vacations for employees' children;
- medical support (voluntary medical insurance of employees, insurance against incidents and disease).
- Total social spending in the last three years is represented in the table below.

Spending by social policy directions in 2012, 000 rubles

Social policy direction	2012
Financial aid to employees	16,170
Support for retirees and veterans	11,866
medical treatment at health resorts and spas for employees, organization of vacations for children	4,213
Healthcare support	33,053
TOTAL	65,302

LA3 Full-time employees are entitled to all benefit and compensations available under the Company's social policy.

Part-time employees are not entitled to any benefits or compensations.

7.2.2. Financial Aid to Employees

Most social payments are for medical support and financial aid to employees.

Financial aid is primarily addressed to employee categories most in need of extra support.

Spending on financial aid and one-time payments to employees

Aid type	Recipients	Paid, 000 rubles
Child (children) born	104	1,235
Death of the employee or their next of kin	85	1,210
Grave disease of employee	31	1,426
Grave disease of employee's next of kin	15	555
Other types of financial aid	10	146
Amounts paid on retirement/resignation	28	3,188
Monthly allowance for women during maternity leave	89	1,442
Extra aid to temporary disability allowance	547	6,968
Once-only payments to employees recipients of government and departmental awards	110	1,525
Total		16,170

7.2.3. Support to Retirees and Veterans



To support past-employment retirees, JSC Atomenergoproekt has used an supplementary pension programme (extra to government pension) since 2003.

Under the supplementary pension programme, employees employed by the Company for at least 20 years for women and 25 years for men; veterans decorated with the Sign of

Honour "Veteran of Nuclear Energy Industry", veterans of the World War II, and employees with officially confirmed disability, are entitled to monthly extra payments of 1,200 to 3,500 rubles in addition to their pensions. The amount depends on the retiree's category and region of residence.

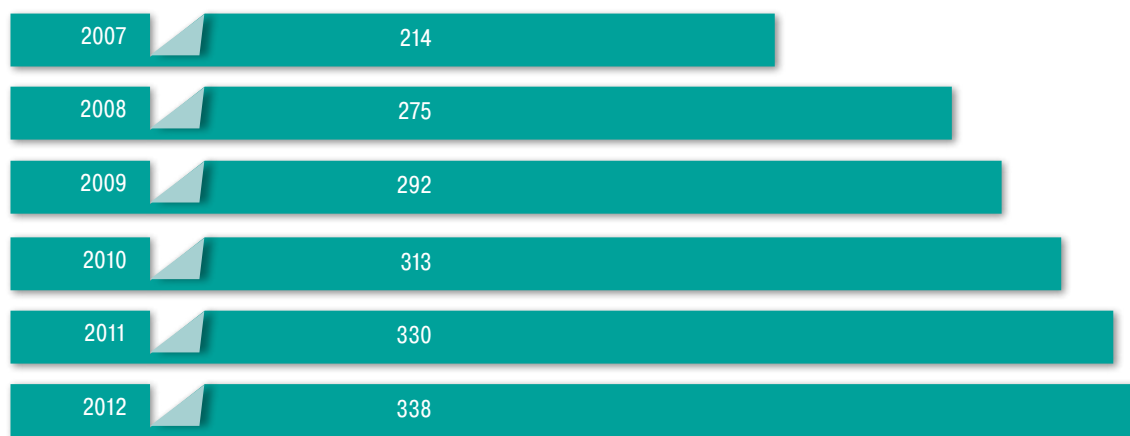
The programme is financed totally by the Company.

Sustainable Development

Spending to provide aid to retirees and veterans

Aid type	Recipients	Amount paid, 000 rubles
Financial aid and payments to retirees and veterans of the Company	44	1,108
Supplementary pensions for former employees	338	10,758
Total		11,866

Recipients of additional financial aid programme, individuals



EU15
GRI

The number of recipients under the programme grows from year to year. In 2012, the programme covered 338 individuals (2.4 % up from 2011).

In the next 10 years, the number of retirement-age employees is expected to grow by 106; the number of post-retirement employees now is 546, or 16.6 % of total number employed.

The Company's plans for 2013 include deployment of a non-government pension programme for employees. The purpose of the programme is to help the employee and employer share the responsibility for a good living standard in retirement, create incentives for timely retirement, and for experienced personnel to remain in the sector even after they retire.

Proportion of employees entitled to retirement by age in the next 5 and 10 years

Region	Employees to retire within 5 years			Employees to retire within 10 years		
	workers	specialists	executive	workers	specialists	executive
Moscow	10	31	32	19	67	73
Voronezh Region	30	10	13	86	24	28
NPIF	0	1	2	0	2	5
NSMF	15	1	2	51	5	4
NF-DS	15	8	9	35	17	19
Volgograd (VPF)	1	1	1	1	1	5
Total:	41	42	46	106	92	106

The main principles for building non-government pensions for employees include:

- co-financing by employer and employee;
- cumulative financing;
- voluntary participation for employees;
- target payment and accounting of pension contributions;
- flexible management of pension savings.

The non-government pension programme will be enabled by Atomgarant NPF.

Currently, the Company is working on an awareness campaign that will invite employees to join the programme. Activities include presentations for employees, posting information on the corporate website, and personal consultations to meet executives of Atomgarant NPF.

7.2.4. Health Resort and Spa Treatment for Employees; Organized Rest for Children

To preserve the health of employees and their children, to restore damaged health and curb temporary disability of employees caused by disease, JSC Atomenergoproekt has adopted a regulation on organization of Health Resort and Spa medical treatment for employees and their children, and for children's holidays.

The Company compensates 80 to 100 % of the service fees: the proportion depends on the employee category (disability; exposure to hazards and danger factors, single parent, etc.).

Spending to finance Health Resort and Spa medical treatment for employees in 2012

Service	Recipients	Paid, 000 rubles
Services of Health Resorts and Spas for employees and children	103	2,580
Services of summer health camps for employees' children	73	1,633
Total		4,213

7.2.5. Medical Aid

To improve health insurance for its employees, JSC Atomenergoproekt has signed two standing contracts: voluntary individual insurance additional to services available under mandatory medical insurance, and insurance against incidents. The programme is totally financed by the Company.

Spending on medical aid in 2012

Type of insurance	Participants	Paid, 000 rubles
Voluntary medical insurance	3,196	32,159
Voluntary insurance against incidents and disease	3,198	894
Total		33,053

7.2.6. Culture, Recreation, and Sports

To improve its employees' health and living standards, JSC Atomenergoproekt actively supports initiatives to launch popular corporate events, sports and exercise. These activities are financed by the Company, with about 11,656,000 rubles allocated in 2012.

During 2012, several events were dedicated to professional holidays: Construction Worker's Day, Power Engineering Day; employees received greetings on Army Day and International Women's Day, and attended the New Year Party.

In a very popular sports event – Big Starts – employees competed in mini-soccer, volleyball, street-ball, and ping pong, with about 700 employees participating.

Also in 2012, the JSC Atomenergoproekt mini-soccer team ranked third in its group in the sector-level contest "2012 Rosatom Cup".

Young people in the Company participated and won the alpine skiing and snowboarding competition for the Kola Nuclear Plant Director's Prize.

7.2.7. Youth Policy

JSC Atomenergoproekt pays a great deal of attention to activities with young people as it tries to mobilize and retain young specialists, creating conditions for their professional and career growth.

The youth policy includes the following activities:

- programme to assist adaptation of young specialists, ensuring that they soon achieve the required level in occupational skills;
- tutorship programme to exchange knowledge and critical competencies;

- tours to visit nuclear plants and organize exchange of experiences;
- meetings with the Company's General Director to hear first-hand answers to many important questions;
- participation in sector-level youth forums and projects;
- active participation in sports and culture activities within the Company (corporate competitions, greetings for World War II veterans, etc.).

7.2.8. Protecting human rights and equal opportunities policy

JSC Atomenergoproekt operates in strict compliance with the Russian Federation Labour Code, the sector-level agreement, the collective employment contract, and corporate regulations.

No cases of discrimination were registered during the reporting period. The Company does not use child labour, forced or coercive labour.





7.2.9. Main objectives of social policy for 2013

1. One of the main objectives for 2013 under the Company's social policy is to research outlooks for implementation of the sector-level programme of non-government pension insurance with co-financing; the programme's terms will be discussed and coordinated;
2. An important place is given to the planned creation of a panel of young specialists employed by companies in the Company's scope of control (for details, see part 4.1), to invite them for active exchange and presentations at science conferences, sector-level youth forums, athletic events, and public activities in their companies and the entire sector.

The following activities are also planned for 2013:

- "Best Professional" competition among construction business employees to celebrate Construction Worker's day;
- "Big Starts" athletic event on the Nuclear Industry Day;
- corporate event to celebrate Power Engineering Day, and the New Year Party.

7.3. Impact of the Company Operations in Regions of Presence

In its activities, JSC Atomenergoproekt adheres to the principles of sustainable development and seeks to improve living standards and the economic, social and environmental situation in its areas of presence.

The main sphere of JSC Atomenergoproekt activities – project design and nuclear plant construction NPP – has significant influence on regional economies, making them more attractive for investment, boosting their tax base, creating new jobs, and developing infrastructure.

7.3.1. Direct Economic Impact in Regions of Presence

The Company's greatest impact exists in Novovoronezh, where JSC Atomenergoproekt is building Novovoronezh NPP-2 as the General Designer and General Contractor.

At the construction stage, the main factors for regional development are taxes paid to the local budget, job creation, development of infrastructure, and assistance to local business growth through a substantial increase in demand for services and products.

The construction site of Novovoronezh NPP-2 during the reporting year employed 5,050 staff, including 3,970 workers. Construction involved 79 contractors and subcontractors, including 34 on direct contracts. Of all contractors, 12 are local and nine are regional subsidiaries incorporated especially to assist the construction of Novovoronezh NPP-2.

JSC Atomenergoproekt does everything possible to recruit skilled workforce for construction, while this need keeps growing along with the rising volume of works and services to build and commission Novovoronezh NPP-2.

As a socially responsible employer, JSC Atomenergoproekt creates jobs and pays salaries on a regular basis. The average paycheck in the Company is much higher than the local average in the regions of presence.

The average paycheck of employees in Moscow-based subdivisions is 1.5 times more than the Moscow average. The average paychecks of employees in the Novovoronezh Branches are double, and in Volgograd nearly 3.5 times higher than the average in the region

EC5

Changing dynamics in staff engaged on the construction site in the last three years:



Average salaries in the Company compared to averages in regions of presence, rubles/month*

Region of presence		2010		2011		2012	
		Company average	regional average	Company average	regional average	Company average	regional average
Moscow	men	87,371	53,254	99,885	60,854	102,025	67,909
	women	87,371	53,254	99,885	60,854	102,025	67,909
	total	87,371	53,254	99,885	60,854	102,025	67,909
Voronezh Region	men	29,784	22,506	55,004	26,017	58,968	27,030
	women	29,784	22,506	55,004	26,017	58,968	27,030
	total	29,784	22,506	55,004	26,017	58,968	27,030
Volgograd Region	men	52642	18,427	63,310	20,051	75,711	22,115
	women	52642	18,427	63,310	20,051	75,711	22,115
	total	52642	18,427	63,310	20,051	75,711	22,115

* Official website of the Federal Board of Statistics (as of February 2013).

7.3.2. Indirect Economic Impact in Regions of Presence

EC8

JSC Atomenergoproekt's impact in its areas of presence is not limited to direct economic results. The Company also makes substantial indirect economic contributions to communities by developing local infrastructure: building roads, heating networks, other projects, basic and advance training for local workforce, etc. This is particularly true for Novovoronezh.

EC9

Impact on Local Infrastructure

Since the construction of Novovoronezh NPP-2 began, development in the region has included socially significant work to create a complex of water intake facilities that consist of three pumping stations capable of supplying 24,000 cubic meters of artesian water daily. This complex project was design to meet the needs of active units at the Novovoronezh NPP and the units under construction for NV NPP-2, but at the same time it can also serve as a standby water source for Novovoronezh. The project also built a road bridge and repaired a section of the city road.

Permanent off-premises roads built along with NV NPP-2 also expand the local traffic network.

Accomplished or planned projects for local development include commissioning of a 110/6 KV "Severnaya" substation that will supply power to the North Estate of Novovoronezh.

Along with the construction of Novovoronezh NPP-2 a heating line project will connect to the municipal heating plant and supply heat to Novovoronezh.

Building HR Capital

In October 2012, the Company opened a branch office, an occupational training centre for nuclear sector workers in Novovoronezh. This is the first school to specialize in training skilled specialists for the construction unit of Rosatom State Corp. The Novovoronezh Training Centre is part of a large programme that will train skilled workers for construction and installation, implemented under an agreement between self-regulating organizations of the nuclear sector, and Rosatom State Corp.

The objective of the centre is to train certified workers for specialties most in demand: welders, riggers, framework reinforcement and decking assembly workers, and flaw detection.

Also, aside from its support function to provide skilled personnel for the construction of Novovoronezh NPP-2, the presence of the Training Centre in Novovoronezh helps to actively recruit local citizens who can also learn a trade that is in demand on the labour market.

7.3.3. Charity

JSC Atomenergoproekt seeks to support interesting, useful and creative initiatives by those who care and want to see their ideas brought to life.

Marat Mustafin,
General Director, JSC Atomenergoproekt

JSC Atomenergoproekt as a socially responsible business sees charity as an important aspect of its activities.

When aid is provided, serious attention is paid to recipient qualification criteria. In its charitable activities, JSC Atomenergoproekt seeks to address the most relevant social needs in its areas of presence.

In 2012, to carry out charity initiatives approved by Rosatom State Corp., and to increase the efficiency of charitable activities, JSC Atomenergoproekt for the first time held a public charity tender among public not-for-profit organizations and citizens to award financing for socially significant projects.

The tender panel received a total of 23 projects from 15 bidders. The panel selected a number of projects authored by entities resident in the Voronezh Region,

where the Company is building Novovoronezh NPP-2 as General Designer and General Contractor.

Grants were awarded to: Kashira District Chapter of the Voronezh Section of the National Public Veteran Association of (retired) employees, Army and Police; Novovoronezh High School No. 5; and Kyokushinkai Karate Do Federation.

In addition, acting beyond the tender, JSC Atomenergoproekt supported the Novovoronezh city chapter of the Voronezh Section of the National Public Veteran Association of (retired) employees, Army and Police, and the "House of Mercy" Children's Orthodox Orphanage in the town of Volzhsky, Volgograd Region.

Total charitable aid given by JSC Atomenergoproekt in 2012 was 4,688,600 rubles

EC8



Directions for charity and sponsorship, rubles

	2010	2011	2012
Charity and sponsorship in the regions of presence (including aid to retirees and poor, children, sports, etc.)		360 000	3 688 600
Sector-level programmes		–	1 000 000
Total	18 843 045,28	360 000	4 688 600

7.3.4. Possible Negative Impacts on Local Communities and Efforts to Prevent Them

SO9
GRI

JSC Atomenergoproekt's activities may be a negative influence on local communities due to risks inherent in NEF that the Company designs, and various factors of artificial nature on NPP construction sites.

SO10
GRI

Measures that the Company takes to prevent such negative impacts are described in part 4.5 "Ensuring Safety of Implemented Projects", part 4.3 "Concluded Development and

Acceptance of VVER-TOI Design" (as regards project safety systems) — on projects under design; part 8.4 "Labour protection and industrial safety" — on the Novovoronezh NPP-2 construction project, and part 7.4 "Quality Management" — on design and construction projects.

There were no cases on record of negative influence by the Company on local communities after the reporting year.

7.3.5. Policy of Legal Enforcement

SO8
GRI

JSC Atomenergoproekt operates exclusively within the law, and seeks to minimize all possible legal risks. In 2012, the Company was not subjected to any administrative or judicial sanctions for any non-compliance under the law or regulations.

The Company made no donations, in cash or in kind, to any political party, politician, or any organizations related to such.

SO6
GRI

7.4. Labour Protection and Industrial Safety

7.4.1. Policies and Procedures in Labour Protection



As a responsible employer, JSC Atomenergoproekt uses a systemic approach to ensure the safety of its own employees and contractor and subcontractor personnel.

JSC Atomenergoproekt manages risks of safety, health, and labour protection. The system includes a management structure, planning, distribution of responsibility, processes and resources used to identify, set, and achieve targets in labour protection, efficiency analysis of the policy and activities for labour protection.

The Company has a labour protection management system (LPMS) that ensures uniform procedures to control production-related risks in all structural subdivisions of JSC Atomenergoproekt in conformity with applicable national regulations on labour protection, considering the sector-level specifics.

JSC Atomenergoproekt has certified activities in labour protection and obtained Safety Certificate No. ROCC RU OT164 010251 with subsequent annual audits by the certification authority for compliance under the federal standards.

7.4.2. Spending to Finance Labour Protection and Improve Working Conditions

Activities to protect and improve labour conditions are used daily as required under Russian labour legislation, the three-party sector-level agreement on nuclear power industry and science, the JSC Atomenergoproekt Collective Contract, and the approved action plan to prevent industrial injury

and occupational disease. That includes special clothing and protection equipment issued to employees, mandatory safety training, ensuring good working conditions at workplaces in the Company, and a wholesome, nutritious diet for employees who work in hazardous environments.

Spending on labour protection, 000 rubles

Year	Spending
2010	26,418.1
2011	54,296.2
2012	22,025.7

High spending on labour protection in 2011 was caused by scheduled assessment of working conditions at workplaces in nearly all structural units of JSC Atomenergoproekt.

7.4.3. Interaction with Contractors in Labour Protection

JSC Atomenergoproekt interacts with contractors on construction sites under signed contracts that include labour protection clauses. The main preventive activities in safety are:

- scheduled daily rounds on the construction site and places of operations;
- scheduled comprehensive audits to inspect labour protection activities;
- safety days on construction sites and joint safety headquarters;
- preventive measures developed to curb industrial injury rate and enforce labour protection;
- 'Stimulus' competition held on the site to identify winner in safety compliance among the contractors.

In 2012, the construction site of Novovoronezh NPP-2 had 28 safety HQ meetings.

JSC Atomenergoproekt has established a system of peer audits among contractors, proven as an efficient tool to prevent non-compliance and have corrected quickly faults found with peer contractors; as they exchange experiences, contractors can adopt positive and efficient techniques in operation safety.

7.4.4. Situation with industrial injuries and Occupational Disease in 2012

JSC Atomenergoproekt comprehensively and systematically works to prevent industrial injuries. Joint administrative and technical activities by the general contractor, client and contractors during construction of NV NPP-2 in 2010–2012 reduced incident statistics, including grave and lethal injuries.

Unfortunately, despite all its efforts, the Company has yet to achieve a zero industrial injury rate. For example, in 2012 JSC Atomenergoproekt structural subdivisions had three production incidents, including one minor, one grave, and one lethal case. Disability resulting from production incidents was 318 man-days.

Contractors on the construction site of NV NPP-2 during the reporting year had one lethal accident when a 3rd Class

concrete worker employed by Speczhelezobetonstroy fell from a height to his death.

The main causes of the accident that caused death of the contractor's employee were: poor organization of high-danger works, lack of executive control and supervision, and employee's failure to observe the safety rules.

To prevent a high industrial injury rate, following the investigation of incidents, the Company developed and implemented additional preventive measures, safety audits, and meetings with managers in the structural units of the Company and contractors, to cover in depth safety issues and compliance with applicable regulations.

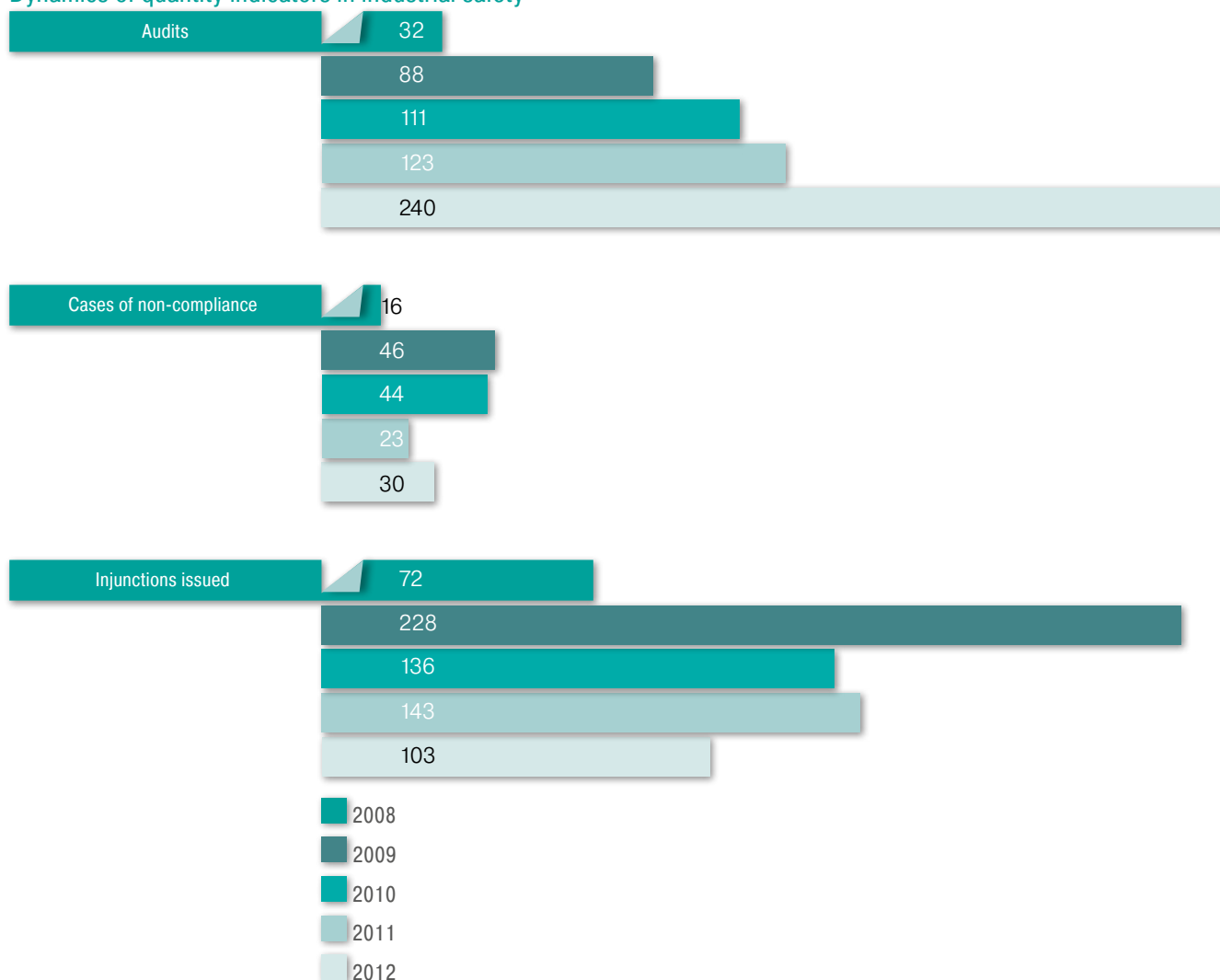
7.4.5. Assuring Industrial Safety at Sites of Novovoronezh NPP-2 Construction Project

To prevent incidents and emergencies on the construction site of Novovoronezh NPP-2, the Company has a series of activities in place that include:

- analysis, review and endorsement of working document packs, compliance control of safety regulations when lifting mechanisms are used;
- working on the panel to investigate causes of non-compliance, emergencies, and failures of lifting mechanisms;
- control to enforce industrial safety when subcontractors use mechanical devices (cranes, mechanisms, gas cylinders, etc.);

- compliance control of industrial safety during operation of high-pressure equipment, steam and hot water pipelines that are part of the production processes at NV NPP-2;
- compliance control of industrial safety of fixed-position cranes used for production process at NV NPP-2.

Dynamics of quantity indicators in industrial safety



Results of activities to enforce industrial safety, compared to 2011:

- 30 % more injunctions issued;
- 30 % fewer detected non-compliance;
- twice as many safety audits.

7.4.6. Preventing Possible Negative Impact of Company Operations on Local Communities

Possible factors for negative impact of JSC Atomenergoproekt on local communities, environment, personnel and citizens during construction of Novovoronezh NPP-2 could be:

- fire;
- spillages of petroleum-based liquids (oil, gasoline, diesel fuel, etc.) used in mechanisms and motor vehicles;
- emergency situations with mechanisms and equipment that qualify as dangerous production facilities (DPF) under applicable Russian law;
- construction waste.

To prevent a fire emergency on the construction site of Novovoronezh NPP-2, as this could endanger contractor personnel, the environment and local communities, the Company uses a system of firefighting activities to prevent and eliminate consequences of fires.

Fire prevention on the construction site of Novovoronezh NPP-2 is organized by the Company's fire safety department that has objectives and function to coordinate and enforce, to ensure fire safety at the time of C&I in JSC Atomenergoproekt. Directly on site, a fire safety task force is formed of three staff specialists in fire safety. To prevent and extinguish fires, the Company interacts with Novovoronezh Fire Department of RF Emercom.

Considering the fire prevention activities and the situation on the construction site of Novovoronezh NPP-2 that features no significant fire risks (no large stock of combustible or inflammable liquids, gas, explosives, toxic substances, etc.), currently no conditions and facts exist that might negatively impact safety of citizens in Novovoronezh and nearby communities by fire and/or conflagration at NV NPP-2.

To prevent emergencies and incidents at dangerous production facilities, to prevent health damage to personnel and the public, or environmental damage, the Company has developed a construction system that includes assured supervision of the DPF equipment, and use of petroleum-based products. The purpose of the plan is to prevent incidents or emergencies at dangerous production facilities, or events triggered by spilled petroleum-containing liquids; it assuredly localizes all possible consequences within the construction site of NPP-2 and all possible negative impacts on both the public and the environment.

The above activities have prevented any spillages since 2009.

To prevent negative impacts on the environment, the construction site of NVNPP-2 has a system to collect and utilize construction waste and other types of waste. For details on this, please see part 8.5 "Environmental Policy and Protection".



7.4.7. Action Plans for Emergencies



To protect the Company personnel and local citizens from potential consequences of abnormal situations at the active Novovoronezh NPP-1, the following protection plans are in place.

To minimize damage and protect JSC Atomenergoproekt employees in an emergency, and to enforce regulations on protection of citizens and areas against emergencies, the Company has prepared:

- an action plan to prevent and eliminate emergencies of natural and artificial origin at JSC Atomenergoproekt;
- action plans to prevent and eliminate emergencies of natural and artificial origin in Branch Offices;
- action plans to prevent Branch Office personnel in case of an emergency at the NPP (in Branch Offices located in communities that are adjacent to active nuclear plants).

The above plans have been officially coordinated with local governments, and action plans for the protection of Branch Office personnel in an emergency at the nuclear plant were additionally agreed between the nuclear plant management and respective local offices of RF Emercom and Russian Federal Medicine and Biology Agency.

These plans are upgraded and elaborated as of 1 January each year, taking into account the results of previous drills and exercises.

Planned activities to protect JSC Atomenergoproekt personnel in an emergency ensure that the employees have access to necessary equipment as required by standards and regulations.

Plans to protect the public envisage a set of activities to mitigate consequences for citizens in Novovoronezh and nearby communities, and must be enforced by local governments.

7.4.8. Main results of activities in 2012

The main results of the Company's activities in safety and labour protection in 2012::

- JSC Atomenergoproekt obtained Safety Certificate No. ROCC RU OT164 010251. Certification agency, NP "Inter-regional Safety Committee" made audits to enforce Federal safety regulations;
- conditions at all working places in the Company were assessed;
- Russian Federal Medicine and Biology Agency made successful audits in three Branch Offices for project survey.

7.4.9. Main objective for 2013

The main objectives in safety and labour protection for 2013 include:

- updating and promoting the labour protection management system aligning it with the regulations of Rosatom State Corp.;
- implementing programmes and corrective plans based on analysis of causes of injuries;
- working out and seeing through additional preventive and corrective measures to prevent production incidents.

7.5. Environmental Policy and Environmental Safety

7.5.1. Goals and Directions in Environmental Policy

The purpose of the Company's environmental policy is to assure a degree of safety whereby any impact on the environment, personnel and public in the near future and in the long term will guarantee preservation of ecological systems, their integrity and life-support functions.

According to the specifics of JSC Atomenergoproekt's activities, its main priorities in environmental safety include:

- support and assurance of environmental safety of NPP design and construction projects;
- enforcing environmental standards and regulations on nuclear plant construction sites, particularly Novovoronezh NPP-2, where the Company acts as General Contractor;
- production-related environmental control and assessment of environmental safety to work out timely and efficient solutions to minimize negative impacts on the environment.

These directions determine the structure costs that JSC Atomenergoproekt incurs to finance environmental protection activities and enforce its environmental policy..





7.5.2. Assuring Environmental Safety of Operating Plants and NPP Construction Projects

The Company's efforts to ensure the environmental safety of NPP design and construction projects remain in compliance with effective regulatory documents, provisions of the environmental policy of Rosatom State Corp., and JSC Atomenergoproekt management's declarations on the corporate quality policy.

Measures to control environmental impacts at the stages of declaration of intent (DOI) and investment support (CISP) are used when the site to deploy the nuclear plant is selected from multiple options based on knowledge about potential impact on the environment and public.



In 2012, JSC Atomenergoproekt held public hearings to discuss materials for "Assessing environmental impact decommissioning of power units No. 1 and 2 of Novovoronezh NPP-2" (AEIO), prepared by the Company's specialists. The hearings took place in two municipalities that are home to the facilities of NV NPP-2: Kashira District, and Novovoronezh.

The hearings, attended by more than 300 individuals – including specialists from supervisory agencies, members of the public and environmental organizations, local government, the public and media, the R&D community, and Rosenergoatom Concern – covered in depth the environmental situation in the construction area of Novovoronezh NPP-2, and gave a detailed forecast for the time of the nuclear plant's operation.

The environmental safety of NV NPP-2 was recognized as meeting the requirements of legal acts that regulate protection of the natural environment and human health.

Materials from the public hearings are posted on the official website of the Novovoronezh city government.

In 2012, the Company used preliminary engineering and environmental survey to select the deployment site for Kursk NPP-2. Simultaneous work on three proposed sites each with an area of 300 hectares collected in relevant and sufficient inputs on natural and artificial conditions on the construction sites for Kursk NPP-2. Based on the collected data, the team selected as a priority site that of Makarovka immediately close to the active Kursk NPP.

In December 2012, Rosatom State Corp. decided to designate JSC Atomenergoproekt as General Designer for Smolensk NPP-2; this will call for activities to support and ensure environmental safety at the plant.

Effective regulation prohibits nuclear plant deployment in environmental reserves.

JSC Atomenergoproekt has no active facilities or sites, whether owned, leased or controlled, within any environmental protection zone with high-value biodiversity around or adjacent to them.



7.5.3. Main indicators of environmental impact

Every year, JSC Atomenergoproekt develops action plans to curb damaging impact on the environment. All Branch Offices have established Waste Handling Regulations.

The Company monitors annually atmospheric emissions from permanent sources, and on the border of the protection zone.

Quantity indicators for each impact type are strictly regulated to ensure compliance under effective regulations and standards for protection of natural environment and health.

As required by Russian Federal law, the Company has developed regulations (draft standard quota for waste generation and placement, draft maximum permissible air pollution, protection zone draft), all coordinated with the regional offices of Rosprirodnadzor and Rospotrebnadzor.

JSC Atomenergoproekt is assigned annually reviewed quotas for generation of waste, air pollutants, and water-polluting discharge.

The Company produces 61 types of waste and pollutants..

Emissions of air pollutants



Air polluting emissions by JSC Atomenergoproekt never exceed the quotas and remain far below the limits assigned by regulating agencies.

Gross emission of pollutants amounts to 4.081 tons/year.

Concentration in air polluting emissions does not exceed the maximum permissible rate.

Discharge of water pollutants

Waste water is discharged to general-purpose and industrial sewage under contracts signed by JSC Atomenergoproekt. Pollutant content in waste water that enter public

sewage is controlled by an accredited laboratory that operates on pre-agreed and officially approved time schedules. The general-purpose and industrial sewage systems are cleaned every six months.

The Company used 35, 654 m3 of water in the water recycling systems in 2012

Handling Production and Consumer Wastes

In its operations, JSC Atomenergoproekt generates waste in five danger classes. In 2012, the Company generated 2,905.893 tons of waste (against 1,545.008 tons in 2011). Most (>99 %) of the waste generated in 2012 was Class 4 (low-danger) and Class 5 (neutral): 732.140 and 2,169.423 tons, respectively.

7.5.4. Control of Environmental Impact at the Construction Phase

The greatest environment impact by JSC Atomenergoproekt comes when the Company acts in its functions of General Contractor for Novovoronezh NPP-2.

The site of Novovoronezh NPP-2 lies within the municipal boundary (Novovoronezh, Southern Industrial Zone).

The fenced area of NVNPP-2 is 102.28 ha, with a total of 229.3 ha allocated.

The area of NV NPP-2 is federal government property leased to Rosenergoatom Concern, and managed by JSC Atomenergoproekt under contract.

Construction and installation on the site of Novovoronezh NPP-2 is regulated by applicable Russian law, environmental standards and regulations, and the regulation on environmental safety during construction of the facilities for starting complex of power units No. 1 and 2 of Novovoronezh NPP-2.

To minimize environmental pollution by construction, the following is mandated:



■ ensuring proper servicing Gazprom Neft use of construction equipment and vehicles;

■ use of vehicles in good repair to move mortar and concrete, to prevent loss on the road;

■ use of special equipment and closed tanks to load, carry and store dust-generating bulk cargos (cement, sand, etc.);

■ use of efficient fine dust traps (cyclones) in systems of pneumatic transport and breathing air, local exhaust ventilation, to purify emissions to maximum permissible concentration in areas used for painting and corrosion-protections;

■ mainly use electric power instead of solid/liquid fuel for construction needs;

■ organize fuel and lubricant warehouses as tight tanks or rooms built on impermeable bases, using protecting insulating trays; the amount of such materials in storage may not exceed the user's daily needs;

■ collect waste in containers on specially equipped temporary storage sites; export and place waste on dumps of licensed contractors;

■ collect waste water in tight tanks to be later exported to treatment facilities..

Sustainable Development

To meet the needs of the construction installation base at Novovoronezh NPP-2 (offices, residential and industrial rooms outside of the industrial zone of NV NPP-2), the Company has installed and uses consumer waste water treatment facilities KOS-600. The permit to discharge pollutants to the environment (water bodies) is effective until October 22, 2014.

EN29

As the Company transports construction materials or commuting employees, this does not cause any substantial environmental impact.

Such activities do not produce emissions of greenhouse gas, ozone depleting substances, etc. The Company does not discharge various pollutants, causes no fuel spillages, etc. Fuel burned during transportation and the resulting noise pollution do not exceed the limits regulated for the respective category of vehicles.

EN22

As Russian Federal law requires, for the capital construction of NVNPP-2 the Company developed draft quotas for waste generation and placement (NVNPP-2 construction site), with standard quotas for waste generation and placement approved.

[Draft quotas for waste generation and placement envisages generation of 23 types of waste in Environmental Danger Classes 3, 4 and 5, specifically:](#)

- Danger Class 3 (1 waste types): oil-contaminated sand (over 15 % oil content);
- Danger Class 4 (7 waste types): litter from living rooms, fiberboard cuts and chips, scrap of asbestos cement, asphalt concrete, tar paper and mineral wool;
- Danger Class 5 (15 waste types): broken concrete and reinforced concrete, building and fire bricks, scrap wood, ceramics, concrete mix, broken glass.

In 2012, waste of Danger Class 3 — used equipment oil (240 liters transmission oil; 400 liters engine oil, total mass of 0.576 tons) from maintenance of caterpillar crane TER-EX-DEMAG was sold under contract to OOO EKTO for utilization.

Waste of Danger Classes 4 and 5 is stored within the construction and installation zone, in industrial tanks or containers installed in temporary storage areas for construction waste as required by environmental protection regulations.

In 2012, the Company developed a new Draft Quota for Permissible Air Polluting Emissions (Draft QAPE). QAPE until March 12, 2017 were approved, with Permit No. 240a issued for toxic/air polluting emissions (except radioactive substances) from May 14, 2012 to March 11, 2017 for NF-DS on the construction site of NVNPP-2.

7.5.5. Spending on environmental protection

Spending by JSC Atomenergoproekt for environmental protection consists of costs for the protection and rational use of water and air, placement of waste of production and consumption (including contracts to send waste to specialized operators).

EN30 Spending on environmental protection, 000 rubles

Activities to minimize environmental impacts	2010	2011	2012
Air protection	546.5	609.9	904.3
Protection and rational use of water resources	0.1	0.1	0.2
Placement of production and consumption waste	984.5	559.9	1,020.8
Total	1,531.133	1,170.031	1,925.367
Penalties for environmental impact (environmental tax)	1,748.893	893.919	922.269
Year total	3,280.026	2,063.950	2,847.636

EN28 Environmental impact remained within official permits and quotas.

In 2012, JSC Atomenergoproekt was not penalized for environmental non-compliance.

7.5.6. Main objective for 2013

Seeing the results of the Company's activities in 2012, environmental efforts in 2013 will address the following priority issues:

- preparing documents to obtain Operation License for Novovoronezh NPP-2;
- developing support of investments in construction (CISP) of Kursk NPP-2 and assessment of environmental impact (AEIO), submitting safety-related documents and evidence

to the federal environmental expert panel, and securing approval for the solution to deploy power units No. 1 and 2 of Kursk NPP-2 on the selected construction site;

- preliminary engineering and environmental survey to select the best site for deployment of Smolensk NPP-2, and support of investments in construction (CISP) and assessment of environmental impact (AEIO) of Smolensk NPP-2.



8.



ANNUAL REPORT 2012

8. Interaction with Stakeholders

8.1. Stakeholder Interaction Strategy

8.2. Practice of Interaction with Stakeholders

8.3. Interaction with Stakeholders for Preparation of this Annual Report



Interaction with Stakeholders



8.1. Stakeholder Interaction Strategy

Maximum openness and disclosure are prerequisites for the existence of nuclear energy.

Sergey Kirienko,

General Director of Rosatom State Corp.

JSC Atomenergoproekt pursues a consistent policy of efficient interaction with its stakeholders, to strengthen cooperation and confidence relying on the following principles:

- active dialogue to identify and consider expectations;
- respect for mutual interests and fruitful cooperation;
- performing as promised;
- timely and exhaustive information to stakeholders about the Company's activities;
- reaching out to stakeholders in all regions of presence.

JSC Atomenergoproekt sees openness and the promotion of loyalty in the wider public as a priority.

On a regular basis, target audiences can learn about all significant events in the Company's operations through a website of JSC Atomenergoproekt, press releases sent to the media (both national and regional), articles, interviews, and expert opinions offered by the Company's executives in sector-level and external publications.

According to atomsmi.ru, references to JSC Atomenergoproekt in 2012 included 2,110 publications, or nearly double that of the previous year (1,251 publications), and 3.3 times

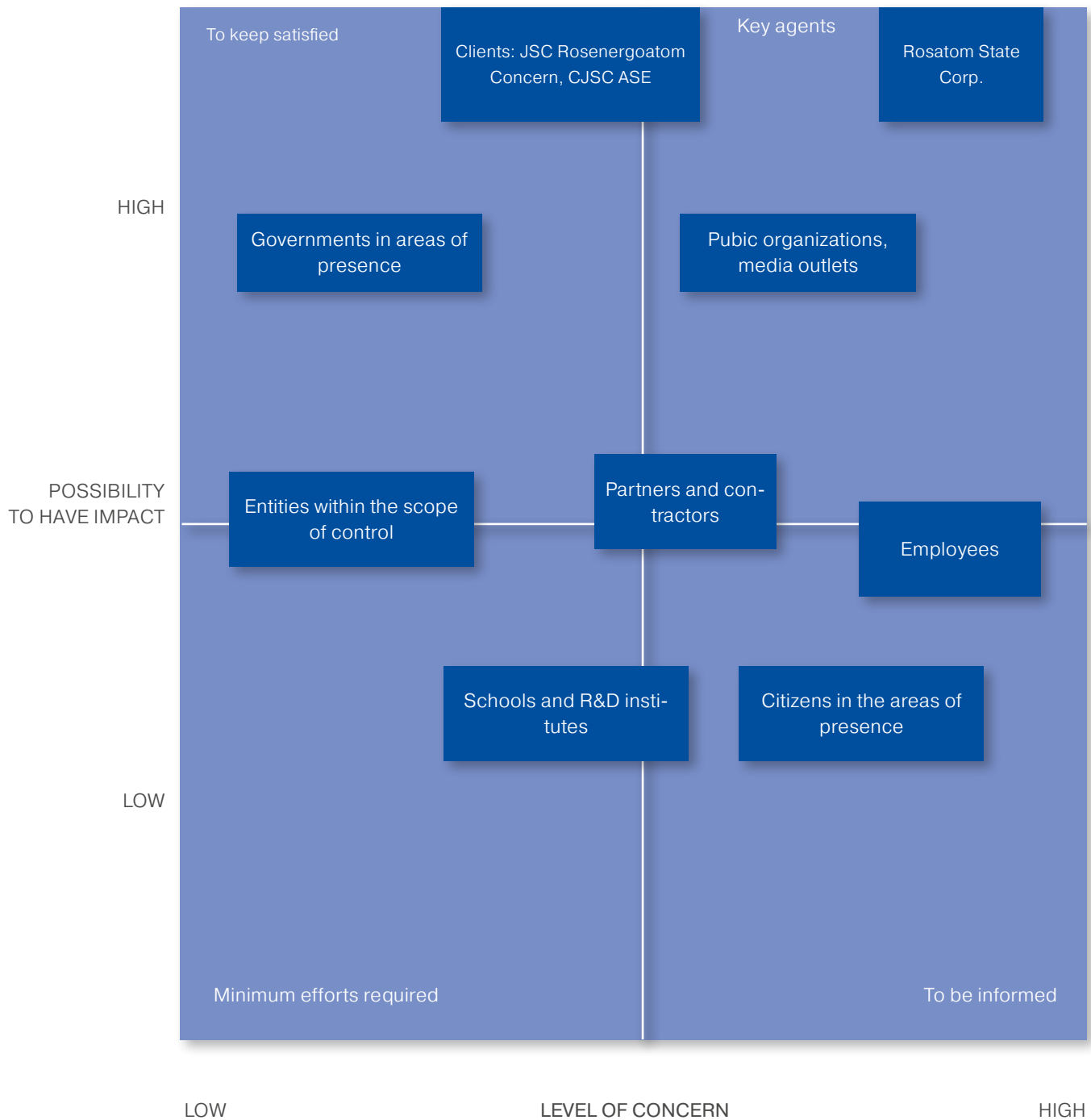
more than in 2010 (636 publications). These dynamics illustrate a more intensive exchange of information.

Key topics of reports in 2012 included: Construction of Novovoronezh NPP-2, progress with VVER-TOI design, implementation of the Rosatom Production System, operating and financial results of JSC Atomenergoproekt activities, progress of engineering survey for Akkuyu NPP in Turkey, description of activities under international projects (NPP Kudankulam, Akkuyu NPP etc.).

As JSC Atomenergoproekt is one of the nation's leaders engineering businesses in project design and construction of nuclear energy facilities (NEF), reports tend to emphasize such issues as priority of nuclear, radiation and industrial safety at every stage of the life cycle, and development of safer next-generation designs.

As this Annual Report was prepared, acting under its long-term Development Strategy and considering the practice of interaction with its key target audiences, the Company in 2012 reviewed the Stakeholder Matrix, and added the following groups: "Companies in the scope of control", "Science research institutions"; the content of stakeholder inquiries and interaction formats was also updated.

Stakeholders Rank Matrix





Interaction with Stakeholders

Key Stakeholders, their interests and methods of interaction

Key stakeholders	Relevant issues	Interaction formats
Rosatom State Corporation (JSC Atomenergoprom), DKS	■ Aligning Company strategy with industry strategy ■ Boosting efficiency ■ Engineering development ■ Corporate governance	■ Designing and adhering to long-term growth strategy ■ Active involvement in industry projects, adoption of industry-level standards ■ Improvement of corporate governance
JSC Rosenergoatom	■ Construction technologies and quality ■ Quality of project management ■ Deadline and budget compliance	■ Improvement of corporate governance ■ Attendance at HQ meetings ■ Use of advanced engineering technologies
Companies of the group	■ Securing orders for design, construction and installation ■ Joint activities in construction	■ Production meetings ■ Joint ventures ■ Better corporate governance
Nuclear industry engineering units (JSC NIAEP, CJSC Atomstroyexport, JSC SPbAEP)	■ Interaction as part of the current concern investment program, State Corp. strategic projects, international projects ■ Sharing experience	■ Attending meetings ■ Active involvement in and interaction with industry projects ■ Using advanced design and construction technologies
Contractors (Research and design, equipment, construction and assembly)	■ Technology and quality of design and construction ■ Deadline and budget compliance ■ Contractor selection procedure ■ New contracts to match future development prospects	■ Public tenders ■ Signing long-term contracts with transparent pricing rules ■ Attending meetings and HQ ■ Monitoring performance and quality ■ Implementation of new technologies
Branch Offices	■ Better management quality ■ Efficient interaction ■ Extent of project involvement ■ Development of technologies	■ Better corporate governance ■ Meeting attendance ■ Long-term contracts ■ Engagement in sector-level projects

Key stakeholders	Relevant issues	Interaction formats
Employees of JSC Atomenergoproekt	■ Results and achievements ■ Employment and social policy ■ Corporate development	■ Measuring employee satisfaction, including research and polling ■ Regular dialog with Trade Union ■ In-house communication ■ Monthly corporate publication ■ Website, corporate portal ■ Social programmes ■ Training/retraining programmes
Government administrations in regions of presence	■ Environmental and radiation safety ■ Local development ■ Social and charity programmes ■ Taxes, jobs	■ Keeping government informed of progress in agreement implementation ■ Communication through target meetings and dialogues ■ Meetings with regional government executives ■ Public reports
The general public in regions of presence	■ Environmental and radiation safety ■ Growth prospects ■ Social and charity programmes, jobs	■ Awareness campaigns on environmental and radiation safety measures ■ Communication through target meetings and dialogues ■ Public consultations
Public organizations, mass media	■ Environmental and radiation safety ■ Growth prospects ■ Key events	■ Policy of active disclosure ■ Meetings, briefings, executive comments to mass media on all key events in Company and sector ■ Public reports
R&D and schools	■ Training of quality labour, science research	■ Participation in training programmes, conferences



8.2. Practice of Interaction with Stakeholders

Under its sustainable development strategy, JSC Atomenergoproekt seeks to maintain active dialogue with and get feedback from the Stakeholders. This interaction is used not only to prepare Annual Public Reports, but throughout the year.

For example, in April and May 2012, the two units that are home to the facilities of Novovoronezh NPP-2 (Kashira District of Voronezh Region, and the city of Novovoronezh) held public hearings to discuss the draft "Assessing the environmental impact of decommissioning of power units No. 1 and 2 of Novovoronezh NPP-2" (AEIO), prepared by specialists of JSC Atomenergoproekt. The hearings involved more than 300 people, including employees of supervising agencies, environmental scientists, members of public organizations, local government officials, media representatives, R&D community, Rosenergoatom Concern, and the general public. Comments raised at the hearing were recorded to be considered in the final version of the AEIO document.

JSC Atomenergoproekt on a regular basis arranges visits by Stakeholder representatives to the construction site of Novovoronezh NPP-2. In 2012, the project welcomed 23 delegations from Russia and other nations. The project was visited by Prime Minister D.A. Medvedev; S.V. Kirienko, General Director of Rosatom State Corp.; members of the Federal Parliament, and IAEA officials. JSC Atomenergoproekt specialists gave tours around the construction site to visiting reporters from Turkey, China, Japan, Germany, France, UK, the Czech Republic, Ukraine, and Russia. Young specialists from the nuclear sector in Belarus, and students of the Novovoronezh Training Centre came to see the progress of construction. The construction site was examined by representatives of self-regulating organizations from the nuclear sector, and insurance companies.

The first version of the Company's consolidated public Annual Report in 2012 became a substantial contribution to awareness of the target audiences about activities and results of JSC Atomenergoproekt. To prepare it, the Company held

two dialogues and one final public consultation. The list of attendees included representatives of local governments in the regions of presence, Rosatom State Corp., clients, engineering companies of the sector, high-profile schools, media outlets (national and regional), public organizations (including veteran associations), environmentalists, and business partners.

During dialogues in 2012, representatives of 15 stakeholders raised 35 issues and proposals. Of those, 10 issues were explained during the discussion, 13 issues and proposals were considered in the concept and text of the Annual Report, and even though some of the questions were beyond the Company's scope, attendees were redirected to knowledgeable parties. The Annual Report received public affirmation from 10 stakeholder representatives.

After the dialogues, the Company promised to:

- use the Annual Public Report format not only to tell about its results, but also in awareness campaigns to disclose its plans and expectations for the future;
- describe the Company's Business Model in the next report;
- give more coverage on results and plans of public relations (about the Company's issues);
- better cover environmental issues, including related plans.

All of the above has been considered in the 2012 Annual Report.

JSC Atomenergoproekt's management regards such dialogues as important tools that improve production processes and help meet the needs of consumers and other stakeholders; they also help to measure how the Company's works and services are perceived by the consumers. In this connection, the objective for 2013 is that the Annual Report should disclose more information; this resulted in even more interaction with the stakeholders.

8.3. Interaction with Stakeholders for Preparation of this Annual Report

8.3.1. Dialogues with Stakeholders

As the Annual Report for year 2012 was prepared, three dialogues with stakeholders took place between January and March, 2013.

The first dialogue on the “Concept of the 2012 Annual Public Report” was attended by Company management, representatives of Rosatom State Corp., regional and local governments from the areas of presence, companies controlled by JSC Atomenergoproekt, national and local media outlets, public organizations, including environmentalists and veteran associations. The dialogue discussed how the 2012 Annual Public Report Company should be, its priority issues, and sustainable development indicators to be disclosed in the report. As the concept was discussed, various stakeholders asked specific questions and suggested that the report should shed light on the safety of design and the Company’s influences in the areas of presence.

Proposals and comments made by stakeholder representatives were considered in the reworked concept and eventual text of this Annual Public Report.

The second dialogue that discussed the creation of a new control system on the basis of JSC Atomenergoproekt and changes in the Company’s strategic goals was attended by: representatives of Rosatom State Corp., self-regulating organizations in the nuclear sector, subsidiaries of JSC Atom-

energoproekt, trade union and employees of JSC Atomenergoproekt, sector-level entities business partners, national, regional and industrial media outlets. The stakeholder representatives heard a presentation by D.V. Paramonov, Deputy General Director for Strategy and Development. Parties to the dialogue emphasized the need for HR to ensure implementation of the Company’s strategy (the Company’s efforts to ensure access to skilled labour and build its HR capital are described in part 7.1 “Human Resource Policy”), and problems with the existing purchasing system. The attendees were advised to work out a joint position on the above issues which the Company management could consider.

The third dialogue titled “Concluded Development and Acceptance of VVER-TOI Design” was attended by the Company’s management, representatives of Rosatom State Corp., the sector, R&D community, environmentalists, and general public of the region where the project is to be deployed, as well as national and local media. The dialogue discussed of the significance of VVER-TOI as a promising design for the nuclear power industry, discussed its engineering and economic characteristic compared to existing designs, including foreign ones. A table of the comments offered by the stakeholders and considered is available as Appendix No. 17.

8.3.2. Public consultations on the Annual Report

As this Annual Report was prepared, the Company held consultations with representatives of the sector, including key clients and designers within Rosatom State Corp., representatives of the R&D community, and other Stakeholders.

Public consultation on the Annual Report Company held on 14 May 2013 was the final event in interaction with the stakeholders to prepare the Annual Report. The consultations were attended by representatives of Rosatom State Corp., federal and local governments, clients and partners, environmentalists, public and education institutions, and consulting providers in the field of non-financial reporting. The management of JSC Atomenergoproekt at the hearing was represented by the First Deputy General Director, Di-

rector for Engineering L.V. Yegorov, Deputy General Director for Business and Finances D.G. Peremysly, and other top executives and employees of the Company.

The parties were asked to evaluate the text of the Annual Report in terms of compliance with standards and needs of the stakeholders, and to offer their proposals and comments on the information of the Report, including the Company's public plans and obligations, and issue recommendations on how public reports can be improved.

Proposals and comments made by stakeholders during the public consultations were written in the meeting minutes. After the public consultation, stakeholder representatives signed a Public Affirmation Statement on JSC Atomenergoproekt's 2012 Annual Public Report.



8.3.3. Public Approbation of the Report

JSC Atomenergoproekt is true to its policy of openness and invites stakeholders to interact and discuss key issues of its activities, including aspects covered in the public Annual Report for year 2012. As Annual Reports are prepared, the Company asks stakeholder representatives to participate in the procedure of Public Affirmation.

In this context, the Company sent to the participants of Public Affirmation:

- the text of the Public Affirmation Statement;
- the final version of the JSC Atomenergoproekt 2012 Report;
- the minutes of public consultations on the report;
- the minutes of dialogues with the stakeholder;
- table of stakeholder requests, and the Company's plan to consider them.

JSC Atomenergoproekt asked the individuals involved in public affirmation of the 2012 Annual Report to evaluate it for compliance with the criteria of the AA1000SES standard: "complete", "substantial" and "response".

Whether the report is complete or exhaustive is determined by comparing the entire list of issues about activities of JSC Atomenergoproekt in the media, sector-level discussions, and meetings with the stakeholders.

Substantial means the extent of attention given to each issue, and whether its disclosure is satisfactory from the point of view of stakeholder interests.

Response means the Company's ability to respond to stakeholder inquiries.

The results of evaluation by the parties to affirmation are described in the Public Affirmation Statement, enclosed as Appendix No. 20.





ANNUAL REPORT 2012



Appendixes



Appendixes

Appendix 1. Abbreviations

Abbreviation	Description
AA 1000 SES	Account Ability 1000 Stakeholder Engagement Standard
AEIO	Assessment of Environment Impact Objects
CB	Containment building
CECS	Core emergency cooling system
CFC	Closed fuel cycle
CISP	Construction Investment Support Project
CP	Cooling Pond
CPP	Construction production personnel
CPS	Control and protection system (for a reactor)
CULRS	Central uniform labour remuneration system
C&I	Construction and installation
DPF	Dangerous production facilities
DOI	Declaration of Intent
EBITDA	Earnings Before Interest, Tax, Depreciation and Amortization
EER	Engineering and economic requirements
EPCM	Engineering - Procurement - Construction - Management
ER	Efficiency ratio
EUR(C)	European Utility Requirements for LWR Nuclear Power Plants, Revision C
FBU	Financial and business unit
FLT	Fusion localization trap (fusion trap)
FSFM	Russian Federation Federal Service for Financial Markets
GRI	Global Reporting Initiative
HT	Hydraulic tanks
IAEA	International Atomic Energy Agency
ICUR	Installed capacity use ratio
IPRP	International Panel for Radiology Protection
IPS	Internal protection shell
ISS	Inter-shell space
IT	Information technology
JSC AEP, the Company	JSC Atomenergoproekt
JSC AEHK	Angarsk Electrolysis Chemical Plant Open Joint-Stock Co., Angarsk, Irkutsk Region
JSC NIAEP	Nizhny Novgorod Engineering Co. JSC Atomenergoproekt
JSC SHK	Siberia Chemical Plant Open Joint-Stock Co., Seversk, Tomsk Region
JSC SPbAEP	St. Petersburg Science Research and Engineering Design Institute JSC Atomenergoproekt Open Joint-Stock Co.
JSC TVEL	TVEL Fuel Company, Moscow
KPI	Key performance indicator
LRW	Liquid radioactive waste
NAC	Nuclear arms complex
NEF	Nuclear Energy Facilities

Abbreviation	Description
NPP	Nuclear power plant
NRA	Nuclear Regulation Agency
NSMF	Novovoronezh Construction and Installation, Branch Office
NSGU	Nuclear steam generation unit
NVNPP-2, NV NPP-2	Novovoronezh NPP-2
ODP	One-design project
PC	Personal computer
PCFS	Passive core filling system
PF LRW	Processing complex for liquid radioactive waste
PF RW	Processing complex for radioactive waste
PFS	Passive filtration system
PHRS	Passive heat removal system
PPACS	Production Process Automated Control System
PRSE	Preliminary report on safety in emergency
PS	Project survey
PSA	Probability-based Safety Analysis
RBMK	High-output multi-channel reactor
ROSATOM SC/ State Corporation	Rosatom State Corporation for Nuclear Energy
RPS	Rosatom Production System
RS	Requirements specification
RW	Radioactive waste
R&D	Science research and development (experimental engineering)
SCC	Self-consolidating concrete
SG	Steam generator
SLE	Service life extension
SNF	Spent nuclear fuel
SNFS	Spend nuclear fuel storage
SPM	Scientific production management
SRW	Solid radioactive waste
SRWS	Solid radioactive waste storage
SS	Safety systems
SVBR	Lead-Bismuth fast-neutron reactor
S&R	Standards and regulations
TEAS	Thermal energy accumulation system
TVEL	Fuel element; also JSC TVEL
VAT	Value Added Tax
VVER	Water-moderated power reactor
VVER-TOI	Design of water-moderated power reactor, standard version, optimized, IT-enhanced
WD	Working documents

Appendix 2. Glossary

- **AA1000 STAKEHOLDERS ENGAGEMENT STANDARD** — Universally accepted and freely available regulatory basis used for planning, execution, evaluation, examination, and non-financial auditing of the quality of interaction with stakeholders in the course of corporate reporting and accountability in efficient management.
- **CLOSED NUCLEAR FUEL CYCLE** — Nuclear fuel cycle where spent nuclear fuel is processed to extract Uranium and Plutonium to be reused as nuclear fuel.
- **CONSTRUCTION** — Complete process to build a nuclear plant, from project survey to commissioning and acceptance by the client.
- **CORPORATE BUSINESS MODEL** — A model that contains key business processes and resources (capital) used by the organization to create and maintain its long-term value.
- **ENGINEERING** (from Latin ingenium — being ingenious, knowing) — Services of engineering and consulting in research, design, computation, analysis, projects for engineering and business support, issuing recommendations in production management and control; full range of commercial services to prepare and support the process of production and sales, maintenance and operation of industrial, infrastructural, and other objects.
- **GENERAL CONTRACTOR** — Contracting party that outsources certain activities and works to specialized contractors known as subcontractors. The General Contractor assumes total responsibility before the client for all contracted activities and quality, timely corrections, troubleshooting, etc.
- **GLOBAL REPORTING INITIATIVE (GRI)** — Internationally accepted reporting system to report business, environmental, and social performance, based on the guidance on sustainable development reporting, technical protocols, and sector-level supplements.
- **GLOBAL REPORTING INITIATIVE (GRI) GUIDANCE** — Guidance on sustainable development reporting outlining principles that underlie contents of the report and ensure quality of information; standard reporting elements that consist of performance indicators to describe economic, environmental and social impact caused by a corporate entity, methods to control it, and other characteristics, as well as recommendations on specific technical issues of reporting.
- **INSTALLED CAPACITY USE RATIO (ICUR)** — Actual power output of a reactor unit during the period of operation, to non-stop power output at rated capacity.
- **INTEGRATED REPORT** — Report that consolidates all relevant information on corporate strategy, corporate governance, performance indicators, and outlooks for future, to comprehensively demonstrate economic, social and environmental situation in the Company. Such reports clearly represents the Company's managerial philosophy and creation of value, at present and in future.
- **INTERNATIONAL INTEGRATED REPORTING COUNCIL (IIRC)** — International organization that develops global standards in integrated accounting, which helps to represent managerial, financial, social, environmental, and other information in a user-friendly, brief, consistent and comparable report. The purpose of the IIRC is to promote universal approaches to information disclosure in corporate accounting information, thus contributing to stable development of the global economy.
- **NON-FINANCIAL REPORTS** — Reports on corporate performance beyond the main production and financial activities (and means to control it). Non-financial reports include reports on sustainable development, reports on corporate public responsibility, environmental reports, charity reports, etc.
- **NUCLEAR ENERGY** — Internal energy of atomic nuclei released with nuclear fission or reaction.
- **NUCLEAR FUEL CYCLE** — Sequence of production processes to support operation of nuclear reactors, from Uranium manufacturing to disposal of radioactive waste.
- **NUCLEAR PLANT SAFETY** — The nuclear plant's property during normal operation and in emergency to ensure that the radiation impact on personnel, citizens and the environment remains within predetermined limits.
- **NUCLEAR SAFETY** — General term to describe a nuclear plant's ability in normal operation and in emergency to keep radiation impact on personnel, citizens and environment to permissible levels
- **PHYSICAL START** — A stage in nuclear plant commissioning, including loading nuclear fuel into the reactor, building to critical point, conducting physical experiments at capacity level where the reactor is cooled through natural thermal loss.

- **POWER START** — A stage in nuclear plant commissioning, when the nuclear plant begins power generation, and the plant's operation is tested at various capacity up to industrial operation rated level.
- **POWER UNIT** — a power plant's generator that produces electrical power.
- **PROJECT PACK** — Documentation that contains materials such as text, maps and diagrams, to describe architectural, functional, technological, engineering, and design solutions to support building, retrofitting or capital repairs of capital construction projects, or parts thereof, if it involves engineering and other characteristics of reliability and safety in capital construction projects.
- **PROJECT SURVEY** — A list of activities to conduct engineering survey, pre-construction civil engineering and financial support, project planning, working documents, budget estimates, to enable construction, to build, expand, reconstruct or retrofit facilities, buildings, and structures.
- **PUBLIC AFFIRMATION OF REPORT** — Procedure of Report Affirmation by representatives of key stakeholders to confirm relevance and complete disclosure, and evaluate corporate response to the stakeholders comments and proposals, organized under international standard AA1000SES. The result of Public Affirmation is the Public Affirmation Statement, signed by representatives of key stakeholders, as an integral part of the Report.
- **RADIOACTIVE EMISSION** — Radionuclide joining the atmosphere as a result of nuclear operation (for example, nuclear plant).
- **RADIOACTIVE SUBSTANCE** — One that carries radioactive nuclide in its molecular structure.
- **RADIOACTIVE WASTE** — Nuclear materials and radioactive substances not to be utilized in future.
- **RADIATION SAFETY** — set of activities to minimize radioactive exposure of personnel and citizens through publicly acceptable means, prevent early consequences of radiation, and mitigate remote its consequences.
- **STAKEHOLDER DIALOGUE (TO PREPARE ANNUAL REPORTS)** — Activity under AA1000 series international standards, enabling interaction of organizations and representatives of key stakeholders to prepare and promote corporate public reports.
- **STAKEHOLDERS** — Individuals and/or corporate entities, or groups thereof, who by their action influence and/or are influenced by corporate activities. Stakeholder types differ (national and international bodies of control and supervision, Shareholders, users of products and services, business partners, suppliers and contractors, public organizations, local communities, trade unions, etc.), and may have shared or conflicting interests.
- **SUSTAINABLE DEVELOPMENT** — Growth that meets the needs of the present time, but does not endanger future generations' ability to meet their respective needs. Therefore, corporate information disclosure and accountability in terms of economic, environmental and social influences are fundamental requirements that apply to each business entity.
- **VVER** —water-moderated energy reactor that uses water as the heat medium and decelerator. The most common reactor type used in Russian nuclear plants.
- **WORKING DOCUMENTS** — documentation developed based on an approved project pack to be used directly during construction.

Appendixes

Appendix 3. Accounting Statements

Balance Sheet as of December 31, 2012

Accounting Balance Sheet Statement

As of December 31, 2012

Organization: JSC Atomenergoproekt, Open Joint-Stock Company

Stamp:
Moscow Inter-regional Office No. 16
of Federal Tax Service

Taxpayer ID

Type of economic activities: Project design for construction of engineering facilities, including hydraulic facilities; design of transportation traffic systems

Form of incorporation/ownership

Open Joint-Stock Company (owned by a State-Owned Corporation)

Units of measurement: 000 rubles

Location (address): 105005, Russia, Moscow, ul. Bakuninskaya, 7, Bldg. 1

Codes	
OKUD Form	0710001
Date (year, month, day)	2012 12 31
By OKPO	08634359
INN	7701796320
By OKVED	74.20.13
By OKOPF/OKFS	47 61
By OKEI	384

Comments	Item description	Code	December 31, 2012	December 31, 2011	December 31, 2010
	ASSETS				
	1. NON-CURRENT ASSETS				
Tabl. 1.5	Intangible assets	1110	82	46	102
Tabl. 1.5	Results of research and development	1120	24,550	-	-
Tabl. 2.5	Intangible R&D assets	1130	-	-	-
Tabl. 28	Material R&D assets	1140	-	-	-
Tabl. 2	Fixed assets	1150	1,508,197	1,620,074	1,582,894
Tabl. 2	Buildings, machines, equipment, and other fixed assets	1151	1,499,424	1,608,865	1,512,820
Tabl. 2	Construction in progress invested in fixed assets	1152	7,129	6,179	68,290
Tabl. 5	Advance payments to suppliers and contractors for capital construction, suppliers of fixed asset items	1153	1,664	5,030	1,775
Tabl. 2	Yield-bearing investments in material values	1160	-	-	-
Tabl. 3.12	Financial investments	1170	1,908	1,908	1,908
Tabl. 13	Deferred tax assets	1180	91,907	67,914	-
P. 3	Miscellaneous non-current assets	1190	6,884,428	7,692,285	6,107,723
	Section 1 subtotal:	1100	8,511,072	9,382,227	7,692,627
	II. CURRENT ASSETS				
Tabl. 4.16	Inventory	1210	5,322,938	3,076,040	2,773,972
Tabl. 4	Materials, stock, and similar assets	1211	776,472	314,279	345,363
Tabl. 4	Costs of production in progress	1212	581	1,432	1,239
Tabl. 4	Finished products and resalable stock	1213	4,005,739	2,407,130	2,192,904
Tabl. 4	Shipped goods	1214	-	-	-
Tabl. 4	Deferred costs	1215	-	-	-
Tabl. 15	Unclaimed collectible revenues	1216	540,046	353,199	234,468
Tabl. 4	Miscellaneous inventory and costs	1217	-	-	-
Tabl. P610	Value Added Tax on values purchased	1220	14,601	8,803	132,562
Tabl. 5	Accounts receivable	1230	24,938,015	30,434,397	22,749,255
Tabl. 5	Long-term accounts receivable, total	1231	630,196	3,952,695	1,892,004
Tabl. 5	Settlements with buyers and customers	1232	221,359	232,664	220,208
Tabl. 5	Advance payments issued	1233	51,756	1,173,821	1,268,025
Tabl. 5	Miscellaneous debtors	1234	357,081	2,546,210	403,771
Tabl. 5	Short-term accounts receivable, total	1235	24,307,820	26,481,702	20,857,251
Tabl. 5	Settlements with buyers and customers	1236	4,386,683	5,512,074	4,308,192
Tabl. 5	Advance payments issued	1237	9,791,217	9,067,182	7,114,521
Tabl. 5	Miscellaneous debtors	1238	10,149,920	11,902,446	9,434,538

Comments	Item description	Code	December 31, 2012	December 31, 2011	December 31, 2010
Tabl. 3	Financial investments (except cash equivalents)	1240	21,536,000	25,700,000	13,450,000
Tabl. 27.6.5	Cash and equivalents	1250	1,155,906	2,046,447	501,830
Tabl. P3	Miscellaneous current assets	1260	947,996	1,375,637	60,452
	Section II subtotal:	1200	53,915,457	62,641,324	39,668,071
	Bottom line	1600	62,426,529	72,023,551	47,360,698
	LIABILITIES				
	III. EQUITY AND PROVISIONS				
P 1	Registered capital (share capital, registered fund, partners' contributions)	1310	1,451,401	1,451,401	1,451,401
-	Own stock repurchased from Shareholders	1320	(-)	(-)	(-)
-	Revalued non-current assets	1340	-	-	-
-	Surplus capital (not revalued)	1350	-	-	-
P 1	Reserve capital	1360	72,570	72,570	67,832
P 1	Provisions established under legal requirements	1361	-	-	-
P 1	Provisions established under incorporation documents	1362	72,570	72,570	67,832
P 1	Retained profits (unrecovered loss)	1370	2,933,797	1,836,428	1,627,208
	Section III subtotal	1300	4,457,768	3,360,399	3,146,439
	IV. LONG-TERM LIABILITIES				
Tabl. 14	Borrowed funds	1410	-	-	-
Tabl. 13	Deferred tax liabilities	1420	-	-	31,819
Tabl. 7	Appraisal-related liabilities	1430	-	-	-
Tabl. 5	Miscellaneous liabilities	1450	44,615,687	49,492,575	38,645,879
Tabl. 16	Section IV subtotal	1400	44,615,687	49,492,575	38,677,698
	V. SHORT-TERM LIABILITIES				
Tabl. 14	Borrowed funds	1510	-	-	-
Tabl. 5.16	Accounts payable	1520	12,634,748	18,608,459	5,068,238
Tabl. 5.16	Suppliers and contractors	1521	2,444,709	3,293,945	2,788,892
Tabl. 5.16	Advance payments received	1522	5,770,409	8,799,188	264,676
Tabl. 5	Owed to employees	1523	2,076	2,423	1,587
Tabl. 5	Owed to government off-budget funds	1524	348	-	8
Tabl. 5	Debts in taxes and duties	1525	344,074	2,920,954	738,225
Tabl. 5	Miscellaneous creditors	1526	4,073,132	3,590,949	1,274,850
Tabl. 9.10	Deferred revenues	1530	-	-	-
Tabl. 7	Appraisal-related liabilities	1540	718,326	563,118	468,323
-	Settlements with incorporators (registered capital fund)	1545	-	-	-
-	Miscellaneous liabilities	1550	-	-	-
	Section V subtotal	1500	13,353,074	19,170,577	5,536,561
	Bottom line	1700	62,426,529	72,023,551	47,360,698

Head



M.R. Mustafin
(print name)

Chief Accountant



I.M. Seredenko
(print name)

January 29, 2013

Seal:

JSC Atomenergoproekt, Open Joint-Stock Company

Stamp:

City of Moscow Statistics Board – Central District Office of Government Statistics – Address: Pokrovsky Blvd., No. 12

Date: February 19, 2013

Stamp:

RECEIVED BY ELECTRONIC TELECOMMUNICATION CHANNEL

Stamp:

19 FEB 2013 – Serpicheva T.S. (signed) 853036010

Appendices

Profit and Loss Statement for January – December 2012

Profit and Loss Statement As of January-December, 2012

Moscow Inter-regional Office No. 16 of Federal Tax Service

Organization: JSC Atomenergoproekt, Open Joint-Stock Company

Taxpayer ID

Type of economic activities: Project design for construction of engineering facilities, including hydraulic facilities; design of transportation traffic systems

Form of incorporation/ownership _____

Open Joint-Stock Company (owned by a State-Owned Corporation)

Units of measurement: 000 rubles

Codes			
OKUD Form	0710002		
Date (year, month, day)	2012	12	31
By OKPO	08634359		
INN	7701796320		
By OKVED	74.20.13		
By OKOPF/OKFS	47		61
By OKEI	384		

Comments	Item description	Code	January-December 2012	January-December 2011
2012	January-December	2110	29,790,016	28,382,027
2011	- including:			
Tabl. 11	Works and services of project design and survey	2111	7,010,613	7,504,964
Tabl. 11	Services of General Contractor for NPP construction	2112	12,251,522	9,080,127
Tabl. 11	Sale of equipment to the Client for NPP construction	2113	10,471,014	11,726,523
Tabl. 11	Miscellaneous	2114	56,867	70,413
Tabl. 6	Sales costs	2120	(27,250,502)	(26,252,177)
	- including:			
Tabl. 6	Works and services of project design and survey	2121	(4,996,523)	(5,015,310)
Tabl. 6	Services of General Contractor for NPP construction	2122	(12,196,563)	(9,719,290)
Tabl. 6	Sale of equipment to the Client for NPP construction	2123	(9,983,632)	(11,435,121)
Tabl. 6	Miscellaneous	2124	(73,784)	(82,451)
	Gross profit/loss	2100	2,539,514	2,129,855
P 1	Commercial expenses	2210	(418,320)	(10,710)
P 1	Administrative costs	2220	(775,773)	(725,124)
	Profit/loss after sales	2200	1,345,421	1,394,021
Tabl. 11	Gains from interest held in other corporate entities	2310	-	151
Tabl. 11	Interest receivable	2320	1,654,704	646,728
Tabl. 11	Interest payable	2330	(-)	(-)
Tabl. 11	Miscellaneous incomes	2340	438,658	321,033
Tabl. 11	Miscellaneous expenses	2350	(905,378)	(949,537)
	Profit/loss before tax	2300	2,533,405	1,412,406
Tabl. 13	Current profit tax	2410	(600,450)	(585,716)
Tabl. 13	Including fixed tax liability/assets	2421	68,674	203,502
Tabl. 13	Change in deferred tax liability	2430	(15,124)	(10,716)
Tabl. 13	Change in deferred tax assets	2450	40,219	110,449
P 6.11	Other	2460	(13,837)	(2,613)
	Redistributed profit tax within consolidated taxpayer group	2465	-	-
P 1	Net profit/loss	2400	1,944,213	923,810

Comments	Item description	Code	January-December 2012	January-December 2011
	REFERENCE:			
	Result of reevaluated non-current assets not included in the net profit/loss of the period	2510	-	
	Result of miscellaneous operations not included in the net profit/loss of the period	2520	-	-
P. 1	Consolidated financial result of the period	2500	1,944,213	923,810
	Base profit/loss per share of stock	2900	-	-
	Diluted profit/loss per share of stock	2910	-	-

Head



M.R. Mustafin
(print name)

Chief Accountant



I.M. Seredenko
(print name)

January 29, 2013

Seal:

JSC Atomenergoproekt, Open Joint-Stock Company

Stamp:

RECEIVED BY ELECTRONIC TELECOMMUNICATION CHANNEL

Stamp:

19 FEB 2013 – Serpicheva T.S. (signed)

85336010

Appendix 4. Auditor's Opinion



■ AUDITING ■ CONSULTING ■ LAW



Accountants &
business advisers

Auditor's Opinion

To: Shareholders
of JSC Atomenergoproekt Open Join-Stock Company

Audited Entity:

JSC Atomenergoproekt Open Join-Stock Company (JSC Atomenergoproekt)

Location:

105005, Moscow, ul. Bakuninskaya, 7, Bldg. 1

Statutory Registration:

Registered by Moscow Inter-regional Inspection Office No. 46 of the Federal Tax Service, on August 19, 2008, Registration Certificate Series 77 No. 010386150. Record of Federal Registration ID 1087746998646, added to the United Federal Registry of Corporate Entities on August 19, 2008.

Auditor

Corporate Name:

Financial and Accounting Consultants Limited Liability Company (FBK LLC)

Location:

101990, Moscow, ul. Myasnitskaya, 44/1, Bldg. 2AB.

Statutory Registration:

Registered by Moscow Chamber of Registration on November 15, 1993, Registration Certificate Series YuZ 3 No. 484.583 RP. Record of Federal Registration ID 1027700058286, added to the United Federal Registry of Corporate Entities on July 24, 2002.

Membership in Self-regulating Association of Auditors:

Russian Auditing Chamber, Not-for-profit Partnership

Number in the Auditors Registry of Self-regulating Association of Auditors

Certificate of Membership in Russian Auditing Chamber, Not-for-profit Partnership, No. 5353, ORNZ – 10201039470.

We have reviewed the enclosed accounting statements filed by JSC Atomenergoproekt comprised of the Accounting Balance Sheet Statement as of December 31, 2012, Financial Performance Statement as of December 31, 2012, Equity Dynamics Statement as of December 31, 2012, Cash Flow Statement, and Explanatory Memorandum to the Accounting statements filed for 2012.

JSC Atomenergoproekt

Auditor's Opinion 1 of 2



■ AUDITING ■ CONSULTING ■ LAW



Accountants &
business advisers

The Audited Entity's ultimate responsibility for audited Accounting Statements

The management of the audited entity remains ultimately responsible for the accurate preparation and presentation of the said accounting statements in accordance with the Russian rules of business accounting; they are also responsible for the internal control system as may be necessary to prepare the said accounting statements to ensure they are free of any material misrepresentation through fraud or error.

The Auditor's Responsibility

Our responsibility and function is to express our opinion based on the results of our audit as regards the accuracy of the enclosed accounting statements. We have conducted this audit conforms with the federal standards that regulate auditing reviews. The standards subject us to the applicable rules ethics, planning and auditing in a manner that ensures reasonable and sufficient certainty that the audited accounting statements are free of material misrepresentations.

Our audit included auditing procedures and practices through which the auditors collect evidence to confirm numeric data contained in the accounting statements and to verify the information disclosed therein. Selection of the adopted auditing procedures and practices is the matter of our discretionary judgment that is based on our assessment of the risk of material misrepresentation arising through fraud or error. In the course of our risk assessment, we examined the audited entity's internal control system that supports preparation and reliable accuracy of accounting statements in order to select adequate auditing procedure, but not to express our opinion on whether or not the internal control system is efficient. Our audit also assessed the appropriateness and relevance of the adopted accounting policy, the grounds underlying estimates produced by the audited person's executive management, and general evaluation of the presentation format used in the accounting statements as a whole.

We believe that the evidence we were able to collect in the course of our audit give us sufficient grounds to form and express our opinion about accuracy and reliability of the said accounting statements.

Opinion

It is therefore our opinion that the audited accounting statements reliably represent in all material aspects the financial situation of JSC Atomenergoproekt reported as of December 31, 2012, with the results of its financial and business activities, and its cash flows during 2012, in conformity with Russian Accounting Standards.

Vice-President, FBK LLC

Date of the Auditors' Report:
March 04, 2013

Seal

FBK Limited Liability Company
Financial and Business Consultants - Moscow

A.V. Tikhonovsky

(by letter of authorization No.
4/13 dated January 15, 2013)

Appendixes

Appendix 5. Statement of the Audit Commission

JSC Atomenergoproekt

Audit Commission Report on the Results of Audited Financial and Business Activities 2012

Moscow

April 12, 2013

Acting in accordance with the "Corporations" Federal Act, the Articles of Incorporation of JSC Atomenergoproekt (the "Company"), and the Company's Regulation on the Audit Commission, between January 01 2012 and December 31, 2012, the Company's Audit Commission practiced audits to review the Company's financial and business activities during 2012.

The Audit Commission was designated by the Company's Sole Shareholder Resolution No. 21 dated April 12, 2013, with the following Panel Members:

Lymar, Valery Valentinovich	– Deputy Accountant General, Head of Rosenergoatom Concern Office for Sales of Electric power, Production Operations, and Settlements with Employees
Skalich, Yevgeny Yevgenyevich	– Manager of Budgeting and Investments Office, JSC Atomenergoproekt
Kondratenko, Alla Alexeyevna	– Group Manager, Financing Section, Financial Management Office, JSC Atomenergoproekt

During the reporting year, this Audit Commission did not receive instructions from the Company's Shareholders or the Board of Directors to initiate extraordinary audits and reviews.

In the course of its audits, the Audit Commission selectively scrutinized financial and business documents that represent essential operations of the Company.

In the course of its audits, the Audit Commission, among other things, relies on the Report received from the Company's Auditor: Auditor Report of March 04, 2013 by FBK LLC on reviewed financial (business accounting) statements filed by the Company for the period between January 01 and December 31, 2012.

Based on the results of reviews, this Audit Commission:

1. opines in favor of the accuracy of the information contained in the Company's Annual Report and in the financial (business accounting) statements filed by the Company for year 2012, in all material aspects;
2. has not discovered any facts of non-compliance that could materially affect or compromise accuracy and reliability of the Company's reports, or any failure to adhere to the rules and standards of business accounting and financial reporting, as mandated by applicable legal acts and regulations of the Russian Federation.

Chairperson of the Audit Commission
Members of the Audit Commission



V.V. Lymar
Ye.Ye. Skalich
A.A. Kondratenko

Appendix 6. Capital Structure and Declared/Payable and Paid Dividend on Corporate Stock

Registered Capital

The Company's registered capital is one billion four hundred and fifty-one million four hundred and one thousand and thirty-three (1,451,401,033) rubles.

Information about each category (type) of stock

The Company has placed one billion four hundred and fifty-one million four hundred and one thousand and thirty-three (1,451,401,033) common registered shares, each of face value one (1) ruble, for total face value of one billion four hundred and fifty-one million four hundred and one thousand and thirty-three (1,451,401,033) rubles.

All shares issued by the Company are non-documentary stock

Information about dividend declared/payable and paid on the corporate stock

The Company's registered capital is divided into (1,451,401,033) common registered shares, each of face value one (1) ruble.

According to Resolution No. 15 of June 29, 2012, passed by the Sole Shareholder of Atomenergoprom, owner of 100% of the Company's voting stock, dividend payable after financial year 2011 is 846,844,000 rubles.

The dividend on the Company's stock under the Sole Shareholder's Resolution was payable within 60 days from the date of the Resolution.

The dividend declared after 2011 was paid to the Sole Shareholder in entirety on August 27, 2012, by pay order No. 6625 for stated amount of 846,844,000 rubles. The Company did not pay income tax on the amount of payable dividends as regulated by Russian law.

Appendix 7. Report on Major Transactions, and on Transactions of Concern

During the reporting year 2012, the Company did not sign any transactions that qualify as major transactions or as transactions of concern, subject to approval by the corporate governance under the "Corporations" Federal Act, Chapter 10.

Appendixes

Appendix 8. Information about Compliance with the Corporate Conduct Code

No.	Regulation of Corporate Conduct Code	Compliant / not compliant	Note
1	2	3	4
GENERAL MEETING OF SHAREHOLDERS			
1	Shareholders are notified about the General Meeting at least 30 days beforehand, regardless of the issues included in the order of business, unless earlier notice is required by law.	Not compliant	Not mandated by the Company's articles and internal documents
2	Shareholders can examine the list of persons entitled to attend the General Meeting, from the day of notice about the General Meeting until the General Meeting is closed, if by attendance; if by absentee vote, until the last day when voting ballots are accepted.	Not compliant	Not mandated by the Company's articles and internal documents
3	Shareholders have a chance to examine information (materials) to be handed out during preparation for the General Meeting, through digital means of communication, including the Internet	Not compliant	Not mandated by the Company's articles and internal documents
4	Shareholders have a chance to add issues to the order of business of the General Meeting or demand that the General Meeting be convened without presenting a record from the Shareholder registry, if their stockholding rights are recorded in a Shareholder registry; if stockholding rights are recorded on a deposit account, as statement of account is sufficient to exercise such rights.	Not compliant	Not mandated by the Company's articles and internal documents
5	The corporation's articles or internal documents require mandatory presence of its General Director, members of Administration, the Board of Directors, the Auditing Committee, and Auditor at the General Meeting.	Not compliant	Not mandated by the Company's articles and internal documents
6	Nominees must be present as the General Meeting deliberates election of the Board of Directors, the General Director, members of Administration, Auditing Committee, and approval of the corporation's Auditor.	Not compliant	
7	The corporation's internal documents regulate a procedure to register persons arriving for the General Meeting.	Not compliant	
BOARD OF DIRECTORS			
8	The corporation's articles regulate the Board of Directors' authority in annual approval of the corporation's financial and business plan.	Compliant	Item 28 part 13.2 Art. 13 of the Articles
9	A procedure must be approved the Board of Directors to manage risks in the corporation.	Not compliant	No Board Resolution
10	The corporation's articles regulate the Board of Directors' right to suspend authority of the General Director designated by the General Meeting.	Compliant	Item 23 par. 13.2 Art. 13 of the Articles
11	The corporation's articles regulate that the Board of Directors may set requirements to qualification and remuneration of General Director, members of Administration, heads of key structural units.	Not compliant	Not required by the Articles of Incorporation
12	The corporation's articles shall authorize the Board of Directors to approve terms of contracts signed with General Director and members of Administration	Compliant	Part 14.7 Art. 14 of the Articles
13	The corporation's articles or internal documents regulate that to approve terms of General Director (managing Company, manager) and members of Administration, votes of Board members who are General Director and members of Administration are not counted.	Not compliant	Not mandated by the Company's articles and internal documents
14	The corporation's Board has at least 3 independent Directors that so qualify under the Corporate Conduct Code.	Not compliant	

No.	Regulation of Corporate Conduct Code	Compliant / not compliant	Note
15	The corporation's Board of Directors shall have no individuals found guilty of business crimes or high treason, or civil offence as officers of federal or local government agencies, or penalized for business crimes or tax crime or fraud with securities.	Compliant	
16	The corporation's Board of Directors shall have no individuals who are Shareholders, CEO (manager), executive officer, or employee of a corporate competitor of this corporation.	Compliant	
17	The corporation's articles shall state that the Board of Directors is elected by cumulative vote.	Not compliant	Members of the Board of Directors are elected by the General Meeting of Shareholders (Sole Shareholder)
18	The corporation's internal documents shall regulate that each director must refrain from action that may give rise to a conflict between their personal interests and those of the corporation; and should such conflict arise, they shall report the conflict to the Board of Directors.	Not compliant	Not mandated by the Company's articles and internal documents
19	The corporation's internal documents shall regulate that each director shall notify the Board of Directors in writing about their intent to transact with stock of the corporation where they are directors or its subsidiaries/affiliates, and they shall report to the corporation all transactions that involve such securities.	Not compliant	Not mandated by the Company's internal documents
20	The corporation's internal documents shall regulate that the Board of Directors meet at least every six weeks.	Not compliant	Not mandated by the Company's internal documents
21	The corporation's Board during the year for which the Annual Report is filed, shall meet at least every six weeks	Not compliant	
22	The corporation's internal documents shall regulate the procedure of Board meetings.	Compliant	Regulation on the Board of Directors in JSC Atomenergoproekt, by Sole Shareholder's Resolution No. 4 of September 4, 2009
23	The corporation's internal documents shall regulate that the corporation's transactions worth 10 and more percent of the corporation's total assets in the course of business as usual are subject to approval of the Board of Directors.	Not compliant	Not mandated by the Company's internal documents
24	The corporation's internal documents shall regulate that the Board of Directors is authorized to demand information from executive bodies and head officers of the corporation's key structural units, as required to enable the Board of Directors' functions, and liability for failure to furnish such information.	Compliant	As regards the right to access information under item 1, part 3.1 Art.3 of Regulation on the Board of Directors in JSC Atomenergoproekt, by Sole Shareholder's Resolution No. 4 of September 4, 2009. Responsibility for failure to provide information is not regulated by the Company's internal documents.



Appendixes

No.	Regulation of Corporate Conduct Code	Compliant / not compliant	Note
25	A Board Panel for strategic planning must be formed, or another Panel shall assume such function (except the Audit Commission and HR and Remuneration Panel).	Not compliant	Creation of Board Panels not mandated by the Company's articles and internal documents
26	A Board Panel shall be formed (Audit Commission), to recommend the corporation's Auditor to the Board of Directors, and to interact with the Auditor and the Auditing Commission.	Not compliant	Creation of Board Panels not mandated by the Company's articles and internal documents
27	The Audit Commission shall be formed only of independent and non-executive Directors.	Not compliant	Creation of Board Panels not mandated by the Company's articles and internal documents
28	The Audit Commission shall report to an independent Director.	Not compliant	Creation of Board Panels not mandated by the Company's articles and internal documents
29	The corporation's internal documents shall regulate that all Audit Commission members may access all documents and information in the corporation, provided they do not disclose confidential information.	Not compliant	Creation of Board Panels not mandated by the Company's articles and internal documents
30	A Board Panel shall be formed (HR and Remuneration Panel), with the function to determine selection criteria for candidates to the Board of Directors and plan the corporation's remuneration policy.	Not compliant	Creation of Board Panels not mandated by the Company's articles and internal documents
31	The HR and Remuneration Panel shall report to an independent Director.	Not compliant	Creation of Board Panels not mandated by the Company's articles and internal documents
32	The corporation's officers shall not be members of the HR and Remuneration Panel.	Not compliant	Creation of Board Panels not mandated by the Company's articles and internal documents
33	A Board Panel for risks shall be formed, or another Panel shall assume such function (except the Audit Commission and HR and Remuneration Panel).	Not compliant	Creation of Board Panels not mandated by the Company's articles and internal documents
34	A Board Panel for shall be formed to settle corporate conflicts, or another Panel shall assume such function (except the Audit Commission and HR and Remuneration Panel).	Not compliant	Creation of Board Panels not mandated by the Company's articles and internal documents
35	The corporation's officers shall not be members of the Board of Directors Panel formed to settle corporate conflicts.	Not compliant	Creation of Board Panels not mandated by the Company's articles and internal documents
36	The Board of Directors Panel formed to settle corporate conflicts shall report to an independent Director.	Not compliant	Creation of Board Panels not mandated by the Company's articles and internal documents

No.	Regulation of Corporate Conduct Code	Compliant / not compliant	Note
37	The corporation shall have internal documents, approved by the Board of Directors, to regulate the procedure to form the Board of Directors Panels and their working procedures.	Not compliant	Creation of Board Panels not mandated by the Company's articles and internal documents
38	The corporation's Articles shall regulate the procedure to determine the Board of Directors' quorum, ensuring that independent Directors are always present at Board meetings.	Not compliant	Not mandated by the Company's Articles
EXECUTIVE BODIES			
39	The corporation shall have a collegiate executive body (Administration).	Not compliant	Not mandated by the Company's articles and internal documents
40	The corporation's articles or other documents shall contain a provision that its property transactions and loans taken are subject to approval by the Administration, unless they qualify as large transactions and part of the corporation's business as usual.	Not compliant	Not mandated by the Company's articles and internal documents
41	The corporation's internal documents shall regulate procedures to coordinate transactions beyond the scope of the corporation's financial and business plan.	Not compliant	Not mandated by the Company's internal documents
42	The corporation's executive bodies shall have no individuals who are Shareholders, CEO (manager), executive officer, or employee of a corporate competitor of this corporation.	Compliant	
43	The corporation's executive bodies shall have no individuals found guilty of business crimes or high treason, or civil offence as officers of federal or local government agencies, or penalized for business crimes or tax crime or fraud with securities. If the functions of the Chief Executive Officer are trusted to a corporate or individual manager, the General Director and members of Administration of the managing entity shall meet those to the General Director members of Administration of this corporation.	Compliant	
44	The corporation's articles or other documents shall state that the corporate/executive manager may not assume similar functions in a competing entity, or enter any financial relations with this corporation, other than to provide services of a corporate/executive manager.	Not compliant	Not mandated by the Company's articles and internal documents
45	The corporation's internal documents shall state that the executive officers must refrain from action that may give rise to a conflict between their personal interests and those of the corporation; and should such conflict arise, they shall report the conflict to the Board of Directors.	Not compliant	Not mandated by the Company's internal documents
46	The corporation's articles or other documents shall state selection criteria for the corporate/executive manager.	Not compliant	Not mandated by the Company's articles and internal documents
47	The corporation's executive bodies shall present their reports to the Board of Directors on a monthly basis.	Not compliant	
48	Contracts signed between the corporation and its CEO (corporate/executive manager) and officers of Administration, shall regulate liability for failure to observe confidentiality clauses as regards confidential and classified information.	Not compliant	

Appendixes

No.	Regulation of Corporate Conduct Code	Compliant / not compliant	Note
CORPORATE SECRETARY			
49	The corporation shall employ a designated officer (corporate secretary), instructed to enforce the rules of procedure that guarantee the Shareholders' rights and lawful interests on the corporation's bodies and officers.	Not compliant	Not mandated by the Company's articles and internal documents
50	The corporation's articles or other documents shall regulate the procedure to designate/elect the corporate secretary, and their list of duties.	Not compliant	Not mandated by the Company's articles and internal documents
51	The corporation's articles shall state qualification requirements to the corporate secretary	Not compliant	Not required by the Articles of Incorporation
ESSENTIAL CORPORATE ACTS			
52	The corporation's articles or other documents shall state that any large transaction is subject to approval before it is accomplished.	Not compliant	
53	A third-party appraiser shall be contracted to state market value of the assets to be exchanged through a large transaction.	Not compliant	Not mandated by the Company's articles and internal documents
54	The corporation's articles shall regulate that when major holdings of the corporation's stock are purchased (merger), no action may be taken to protect interests of the executive bodies (or members thereof), or to deteriorate the Shareholders' situation (including that until expiry of expected time to purchase the stock, the Board of Directors may not decide to issue additional stock, or securities convertible to stock, or options to purchase the corporation's stock, even if the Board of Directors has such authority under the Articles).	Not compliant	Not mandated by the Company's articles
55	The corporation's articles shall regulate that a third-party appraiser be contracted to name the current market value of stock, and possible change of its market value as a result of merger	Not compliant	Not mandated by the Company's articles
56	In case of merger, the corporation's articles shall not exempt the purchasing party from obligation to offer the Shareholders an option to sell the corporation's common shares that they hold (issued securities convertible to common shares)	Compliant	
57	The corporation's articles or other documents shall regulate that a third-party appraiser be contracted to find the stock conversion ratio in case of re-organization.	Not compliant	Not mandated by the Company's articles and internal documents
DISCLOSURE OF INFORMATION			
58	The corporation shall have a Board-approved internal document to define the corporation's rules and approaches as regards disclosure of information (Regulation on information policy).	Not compliant	
59	The corporation's internal documents shall require mandatory disclosure of information about purposes of stock placement, persons who intend to purchase issued stock, incl. major holding, and whether the corporation's top executive officers are going to purchase any of the stock to be issued.	Not compliant	Not mandated by the Company's internal documents
60	The corporation's internal documents shall contain a list of information, documents, and materials to be furnished to Shareholders before they deliberate the order of business at the General Meeting	Not compliant	Not mandated by the Company's internal documents

No.	Regulation of Corporate Conduct Code	Compliant / not compliant	Note
61	The corporation shall maintain a website and regularly publish its information there.	Compliant	http://www.e-disclosure.ru/portal/company.aspx?id=19524
62	The corporation's internal documents shall require disclosure of information about transactions between it and individuals who under the Articles qualify as its top executive officers, or any organizations in which its top executive officers directly or indirectly hold 20 and more percent of their registered capital, or which are otherwise controlled or influenced by such individuals.	Not compliant	Not mandated by the Company's internal documents
63	The corporation's internal documents shall require disclosure of information about all transactions that may cause changes in the market value of the corporation's issued stock.	Not compliant	
64	A Board-approved internal document shall regulate use of essential information about the corporation's activities, stock, and other securities, and related transactions, unless such information is public domain and its disclosure may cause changes in the market value of the corporation's issued stock.	Not compliant	
CONTROL OF FINANCIAL AND BUSINESS ACTIVITIES			
65	A Board-approved internal document shall regulate procedures for in-Company control of its financial and business activities.	Not compliant	
66	The corporation shall form a special unit to enforce its internal control procedures (audit and monitoring service).	Compliant	
67	The corporation's internal documents shall regulate that the members and structure of its audit and monitoring service is decided by the Board of Directors.	Compliant	Regulation on Internal control and audits office, No. 112, dated September 19, 2011
68	The audit and monitoring service shall have no individuals found guilty of business crimes or high treason, or civil offence as officers of federal or local government agencies, or penalized for business crimes or tax crime or fraud with securities.	Compliant	
69	The audit and monitoring service shall have no individuals who are this corporation's executive officers, or who are Shareholders, CEO (manager), executive officer, or employee of a corporate competitor of this corporation.	Compliant	
70	The corporation's internal documents shall regulate the time limit for documents and materials to be furnished to its audit and monitoring service, to evaluate accomplished financial and business transactions, and liability of its executives and employees should they fail to present such in good time.	Compliant	Procedure of internal auditing of business processes, dated November 28, 2011 (Exec. Order No. 02/477-П), Planning and control regulation dated October 27, 2011 (Exec. Order No. 02/420-П)
71	The corporation's internal documents shall regulate that the audit and monitoring service must report all non-compliance to the Auditing Committee; in its absence, to the Board of Directors.	Not compliant	Not mandated by the Company's internal documents.
72	The corporation's articles shall regulate that all transactions not envisaged in the corporation's financial and business plan (unusual transactions) should be submitted before the audit and monitoring service for examination.	Not compliant	Not required by the Articles of Incorporation



Appendixes

No.	Regulation of Corporate Conduct Code	Compliant / not compliant	Note
73	The corporation's internal documents shall regulate the procedure to pre-agree unusual transactions with the Board of Directors.	Not compliant	Not mandated by the Company's internal documents
74	A Board-approved internal document shall regulate the procedure for the corporation's Auditing Commission to review its financial and business activities.	Not compliant	
75	The audits committee must examine the Auditor's Opinion before it is presented to the Shareholders at the General Meeting.	Not compliant	
DIVIDEND			
76	A Board-approved internal document shall be used by the Board of Directors as guidance to recommend size of payable dividend (Regulation on dividend policy).	Not compliant	
77	The regulation on dividend policy shall set the procedure to calculate minimum share of the corporation's net profits to be paid out as dividends, and the terms to pay or not pay dividend on preferred stock where the dividend rate is determined by the corporation's Articles.	Not compliant	
78	Information about the corporation's dividend policy and changes to it shall be published in a periodical publication named in the corporation's Articles as one to circulate notices of its General Meetings; such information shall also be posted on the corporation's website.	Not compliant	

Appendix 9. Branch Offices, Representatives, and Affiliates

Branch Offices:

Volgograd Design Branch Office of JSC Atomenergoproekt (VPF)

Location: 400001, Volgograd Region, Volgograd, ul. Raboche-Krestyanskaya, 16.

Manager: Shefatov, Alexander Vladimirovich

Maloyaroslavets Survey Branch Office of JSC Atomenergoproekt (MIF)

Location: 249050, Kaluga Region, Maloyaroslavets District, Maloyaroslavets, ul. Mirnaya, 25

Manager: Bulatov, Alexander Yuryevich

Novovoronezh Design and Survey Branch Office of JSC Atomenergoproekt (NPIF)

Location: 396072, Voronezh Region, Novovoronezh, Promzona Yuzhnaya

Manager: Slascheva, Galina Vasilyevna

Desnogorsk Design and Survey Branch Office of JSC Atomenergoproekt (DPIF)

Location: 216400, Smolensk Region, Desnogorsk, 6 Mikrorayon

Manager: Navnychko, Ivan Ivanovich

Kurchatov Design and Survey Branch Office of JSC Atomenergoproekt (KPIF)

Location: 307251, Kursk Region, Kurchatov, ul. Molodezhnaya, 9

Manager: Prokopov, Valery Ivanovich

Balakovo Design and Survey Branch Office of JSC Atomenergoproekt (BPIF)

Location: 413800, Saratov Region, Balakovo, ul. Radischeva, 57

Manager: Makarets Nikolay Alexeyevich

Novovoronezh Branch Office of JSC Atomenergoproekt — Directorate for Construction of NVNPP-2 (NF-DS)

Location: 396070, Voronezh Region, Novovoronezh, ul. Kurchatova, 2B.

Manager: Pandyurin, Alexander Viktorovich

Novovoronezh Construction and Installation Branch Office of JSC Atomenergoproekt (NSMF)

Location: 396070, Voronezh Region, Novovoronezh, ul. Kurchatova, 2B

Manager: Vedrov, Alexey Sergeyevich

Novovoronezh Branch Office of JSC Atomenergoproekt — Don Hotel (NF-Hotel)

Location: 396070, Voronezh Region, Novovoronezh, ul. Kurchatova, 2B

Manager: Kuzmin, Vladimir Ivanovich

Moscow Engineering Design Branch Office of JSC Atomenergoproekt — VVER Design Centre (MPKF-Design-Centre VVER)

Location: 117545, Moscow, ul. Podolskikh Kursantov, 1

Manager: Kuchumov, Andrey Yuryevich

Representation Offices:

Representation of JSC Atomenergoproekt in the Republic of Bulgaria (BP)

Bulgaria, Sofia 1303, Bulvar Todora Alexandrova, 85/87

Representation of JSC Atomenergoproekt in the Czech Republic (PCZ)

Czech Republic, Praha 9, Vysocani, Podebradska 777/9a, 190 00

Manager: Wald, Yevgeny Mikhaylovich

Affiliate Companies

Full and brief corporate name: Nuclearcontrol Closed Joint-Stock Co., CJSC Nuclearcontrol

Location: 117545, Moscow, ul. Podolskikh Kursantov, 3, Bldg. 2

The Company's holding in the affiliate's registered capital: 36 %

Proportion of the affiliate entity's stock held by the Company: 36 %

Proportion of the Company's registered capital held by the affiliate entity: 0 %

Main activity of the affiliate entity: Project design, engineering and commissioning of PPACS hardware and software packs for nuclear plants.

Significance of the affiliate entity for the Company's business: Strategic partnership with Siemens (Germany) in project design, engineering, and upgrade of PPACS for nuclear plants.

Appendixes

Appendix 10. Statement of JSC Atomenergoproekt Administrative and Logistic Spending Related to Consumption of Power Resources

STATEMENT								
Administrative and Logistic Spending of JSC Atomenergoproekt, related to use of power resources								
S/no	Source	2010		2011		2012		Note
		in kind	in cash	in kind	in cash	in kind	in cash	
1	Nuclear energy	Not used						
2	Thermal energy	6,998,830	6,685	7,052,774	6,367	6 367	7 260 729	Гкал/руб.
3	Electric energy	10,244,670	2,293,842	10,028,842	2,115,445	2 115 445	8 720 429	кВт*час./руб.
4	Electromagnetic energy	Not used						
5	Petroleum	Not used						
6	Gasoline	16,498,554.70	820,219.640	18,654,767.19	812,764.782	812 764,782	19 609 299,29	л
7	Diesel fuel	12,120,720.21	770,316.370	16,858,702.91	1,008,280.448	1 008 280,448	25 827 649,83	л
8	Fuel oil	Not used						
9	Natural gas	Not used						
10	Coal	139,138	20.7	83,483	21	21	134 550	т
11	Shale oil	Not used						
12	Peat	Not used						

Appendix 11. Licenses

№	License title	Issued by	To expire on
1. Accreditation documents			
1.1	Certificate of accreditation No. 0051-10/2 of February 5, 2010 for repair of equipment in nuclear plants of Rosenergoatom Concern	Rosenergoatom Concern	February 5, 2014
1.2	Testimonial of accreditation issued to test laboratory (center) No. ROSS RU.0001.512884 (HAL NIOEAS) dated July 12, 2011	Federal Agency for Technical Regulation and Metrology	July 12, 2016
1.3	Testimonial of accreditation issued to test laboratory (center) No. ROSS RU.0001.22СЛ63 (IGL BKII) dated October 30, 2012	Federal Agency for Technical Regulation and Metrology	October 30, 2017
1.4	Certificate of accreditation issued to test laboratory No. IL/LRI-12187 (Metals and Welding Laboratory) dated December 23, 2010	Accreditation Agency —NTC Industrial safety	December 23, 2015
1.5	Certificate of accreditation issued to test laboratory No. IL/LRI -12241 (NF-DS Construction Laboratory) dated May 25, 2011	Accreditation Agency —NTC Industrial safety	May 25, 2016
2. Permits to Engage in Profile Activities			
2.1	License of December 25, 2008 Reg. No. GS-1-99-02-1028-0-7701796320-082656-1, engineering survey for construction of buildings and structures, except seasonal use or auxiliary purpose, as per list enclosed to the License	Russian Federation Ministry for Regional Development	March 7, 2013
2.2	License of December 25, 2008 Reg. No. GS-1-99-02-1026-0-7701796320-082655-1, design of buildings and structures, except seasonal use or auxiliary purpose, as per list enclosed to the License	Russian Federation Ministry for Regional Development	March 7, 2013
2.3	License of October 10, 2008 Reg. No. GS-1-77-01-27-0-7701796320-036111-1, construction buildings and structures, except seasonal use or auxiliary purpose, as per list enclosed to the License	Russian Federation Ministry for Regional Development*	July 25, 2012
2.4	License of August 6, 2009 Reg. No. МОГ-07045Г, land survey for activities specified in the License	Russian Federation Ministry for Regional Development. Federal Agency for Land Survey and Cartography	August 6, 2014
2.5	License of August 6, 2009 Reg. No. МОГ-07046K, map-making for activities specified in the license	Russian Federation Ministry for Regional Development. Federal Agency for Land Survey and Cartography	August 6, 2014
2.6	Certificate of self-regulating organization of November 9, 2012 No. CPO-И-002-00022/2-09112012, permit to engage in specific activity/ activities that may compromise safety of capital structures	SRO NP Soyuzatomgeo	Unlimited effect, unlimited geography
2.7	Certificate of self-regulating organization of November 9, 2012 No. CPO-П-010-00001/3-09112012, permit to engage in specific activity/ activities that may compromise safety of capital structures	SRO NP Soyuzatomproekt	Unlimited effect, unlimited geography
2.8	Certificate of self-regulating organization of November 9, 2012 No. CPO-С-016-00009/6-09112012, permit to engage in specific activity/ activities that may compromise safety of capital structures	SRO NP Soyuzatomstroy	Unlimited effect, unlimited geography

*The Russian Federal Ministry for Regional Development has canceled issue of licenses to regulate activities in project design, construction, and engineering survey. Licenses effective at this time shall not be extended.

Appendixes

Nº	License title	Issued by	To expire on
3. Permits issued by Rostekhnadzor			
3.1	License of July 19, 2011 Reg. No. ЦО-03-101-6154 to operate nuclear plant units (AC), works and services of operator for engineering survey and natural environment monitoring	Rostekhnadzor CITO for supervision of nuclear and radiation safety	August 1, 2016
3.2	License of November 20, 2008 Reg. No. ЦО-03-209-4458 to operate sources of radiation (products that contain radioactive substances)	Rostekhnadzor CITO for supervision of nuclear and radiation safety	October 31, 2012
3.3	License of May 30, 2012 Reg. No. ГН-10-101-2626, project design and engineering of nuclear units (nuclear plants), radiation sources, nuclear material warehouses, radioactive waste storage	Rostekhnadzor*	May 30, 2017
3.4	License of October 20, 2008 Reg. No. ЦО-02-101-4412 for construction of nuclear power units, works and services of operator for construction of NPP units	Rostekhnadzor CITO for supervision of nuclear and radiation safety	October 1, 2013
3.5	License of December 24, 2008 Reg. No. ЦО-03-101-4537, operation of nuclear power units (AC), works and services of operator for repair, upgrade and retrofitting of NPP units	Rostekhnadzor CITO for supervision of nuclear and radiation safety**	April 30, 2012
3.6	License of October 20, 2008 Reg. No. ЦО-02-101-4411, construction of nuclear power units, works and services of operator for construction of NPP units	Rostekhnadzor CITO for supervision of nuclear and radiation safety	October 1, 2013
3.7	Advice of June 22, 2011 Reg. No. Б-П-09Ф to report readiness of JSC Atomenergoproekt for declared activities of project design for power unit 1 of Buser NPP, Islamic Republic of Iran	FGUP BO Bezopasnost	July 31, 2013
3.8	License of June 25, 2010 Reg. No. ГН-13-101-2393, expert assessment of design, engineering and production documents and materials filed to support assurance of nuclear and radiation safety and handling of nuclear materials, radioactive substance and radioactive waste	Rostekhnadzor	June 25, 2015
4. Permits to engage in accessory activities			
4.1	License of May 17, 2012 Reg. No. 4335, use of classified information and state secrets (specific location: 105005, Moscow, ul. Bakuninskaya, 7, Bldg. 1)	FSB Centre for Licensing, Certification and Protection of State Secrets	May 17, 2017
4.2	License of May 17, 2012 Reg. No. 4335/1 use of classified information and state secrets (specific location: 113545, Moscow, ul. Podolskikh Kursantov, 1, Bldg. 1)	FSB Centre for Licensing, Certification and Protection of State Secrets	May 17, 2017
4.3	Sanitary and Epidemiology Report of January 14, 2009 Reg. No. 77.MY.02.000.M.000006.01.09 on compliance with federal sanitary and epidemiology standards and regulations: СП 2.3.6.1079-01 "Sanitary and Epidemiology Requirements to Public Food and Catering, Manufacturing and Circulation of Foods and Food Stuffs"; СП 2.3.6.1066-01 "Sanitary and Epidemiology Requirements to Retailers and Circulation of Foods and Food Stuffs". Appendix Product Range of Foods (Products) Manufactured and Sold. JSC Atomenergoproekt Canteen at ul. Podolskikh Kursantov, 1	Federal Service for Supervision in Protection of Consumer Rights and Welfare. Inter-regional Office No. 1 of Federal Medicine and Biology Agency	–

* License regulations discontinued (RF Federal Government Decree No. 1184 dated Nov 19, 2012, and Federal Act No. 347-FZ.

** Obtaining a license for this activity is scheduled for 2013.

№	License title	Issued by	To expire on
4.4	Sanitary and Epidemiology Report of January 14, 2009 Reg. No. 77.MY.02.000.M.000007.01.09 on compliance with federal sanitary and epidemiology standards and regulations: СП 2.3.6.1079-01 "Sanitary and Epidemiology Requirements to Public Food and Catering, Manufacturing and Circulation of Foods and Food Stuffs"; СП 2.3.6.1066-01 "Sanitary and Epidemiology Requirements to Retailers and Circulation of Foods and Food Stuffs". Appendix. Product Range of Foods (Products) Manufactured and Sold. JSC Atomenergoproekt Canteen at ul. Bakuninskaya, 7, Bldg. 1	Federal Service for Supervision in Protection of Consumer Rights and Welfare. Inter-regional Office No. 1 of Federal Medicine and Biology Agency	–
4.5	License of January 26, 2010 No. ЛО-77-01-002203, medical services at FGUP JSC Atomenergoproekt first aid station. Appendix No. 1	Moscow Healthcare Department Moscow City Government	January 26, 2015
4.6	Sanitary and Epidemiology Report of March 30, 2009 Reg. No. 77.MY.02.000.M.000091.03.09 on compliance with federal sanitary and epidemiology standards and regulations: SanPiN 2.1.3.1375-03 "Hygienic Requirements to Deployment, Structure, Equipment, and Operation of Hospitals, Maternity Hospitals, and other Medical In-Patient Establishments". Activity: medical services at JSC Atomenergoproekt first aid station (Bakuninskaya, 7, Bldg. 1) as per Appendix	Federal Service for Supervision in Protection of Consumer Rights and Welfare. Inter-regional Office No. 1 of Federal Medicine and Biology Agency	–
4.7	Sanitary and Epidemiology Report of March 30, 2009 Reg. No. 77.MY.02.000.M.000092.03.09 on compliance with federal sanitary and epidemiology standards and regulations: SanPiN 2.1.3.1375-03 "Hygienic Requirements to Deployment, Structure, Equipment, and Operation of Hospitals, Maternity Hospitals, and other Medical In-Patient Establishments". Activity: medical services at JSC Atomenergoproekt first aid station (ul. Podolskikh Kursantov, 1) as per Appendix	Federal Service for Supervision in Protection of Consumer Rights and Welfare. Inter-regional Office No. 1 of Federal Medicine and Biology Agency	–

5. Compliance Certificates

5.1	International Certificate of June 14, 2010 Reg. No. 12 100 13667 TMS, to confirm compliance of management system with standard ISO 9001:2008, scope: General Contractor for construction of nuclear power plants. Science research, design engineering, setup and pre-commissioning, engineering survey and supply of equipment for nuclear, other facilities for electric generation and civil construction	Certification Agency of TÜV ZÜD Management Service GmbH	March 21, 2013
5.2	Compliance Certificate of March 15, 2012 No. ROSS RU.FK41.K00052 to certify that Quality Management System in science research, design engineer, survey and engineering services, construction activities, including logistics, setup and pre-commissioning of nuclear power facilities, electric and thermal plants, other energy media, is compliant with GOST R ISO 9001-2008 (ISO 9001:2008)	Certification agency of integrated management systems AKADEMIA-CERT No. ROSS RU.0001.13FK41	March 15, 2015
5.3	Compliance Certificate for Labour Protection (Safety Certificate) of March 1, 2010 No. ROSS RU OT164 010251, to certify that activities in labour protection meet the established federal regulation on labour protection	Inter-regional Committee on Legal Protection and Safe Labour, Not-for-profit partnership, OS Code: No. 0134	February 26, 2015
5.4	EUR Certificate of April 24, 2007 to confirm that VVER NPP-92 design successfully passed all stages of examination for compliance with EUR requirements; Parties: Institute JSC Atomenergoproekt, Moscow, General Designer; OKB Hidropress, RU Chief Design Engineer; Kurchatov Institute, R&D Project Manager; Rosenergoatom Concern, operating entity	EUR	–

Appendixes

Appendix 12. Corporate Activities (OKVED Business Codes)

S/no	OKVED	Activity
1.	74.20.13	Project design for civil construction, including hydraulic facilities; transportation traffic engineering
2.	14.21	Construction of gravel pits and sand pits
3.	26.61	Manufacturing articles of concrete to be used in construction
4.	26.63	Production of concrete for sale
5.	28.30.9	Services of installation, repair, and maintenance of steam boilers, except for central heating systems
6.	29.11.9	Services of installation, repair, and maintenance of engines and turbines, except aviation, automotive, and motorcycle engines
7.	29.12.9	Services of installation, repair, and maintenance of pumps and compressors
8.	29.22.9	Services of installation, repair, and maintenance of lifting and handling equipment
9.	29.24.9	Services of installation, repair, and maintenance of other general-purpose equipment beyond other groups
10.	29.40.9	Services of installation, repair, and maintenance of machine tools
11.	31.10.9	Services of installation, repair, maintenance, and recoiling electric motors, generators and transformers
12.	31.62.9	Services of installation, repair, and maintenance of other electric equipment beyond other groups
13.	40.10.43	Support of nuclear power plants
14.	40.10.5	Support of electric power grids
15.	40.30.5	Support of heating networks
16.	45.11.1	Disassembly and demolition of buildings, clearance of construction sites
17.	45.11.2	Earthworks
18.	45.12	Exploration drilling
19.	45.21.1	Civil construction of capital buildings
20.	45.21.3	Civil construction of trunk pipelines, telecommunication and power lines
21.	45.21.4	Civil construction of trunk pipelines, telecommunication and power lines, including associated auxiliary activities
22.	45.21.52	Civil construction of nuclear power plants

23.	45.21.53	Civil construction of thermal and other power plants
24.	45.21.6	Civil construction of miscellaneous buildings and structures beyond other groups
25.	45.21.7	Assembly of buildings and structures with pre-cast components
26.	45.22	Construction of roofs on buildings and structures
27.	45.23	Construction of roads, airfields, and athletic facilities
28.	45.24	Construction of hydraulic facilities
29.	45.25	Miscellaneous construction activities
30.	45.25.4	Installation of structural components of metal
31.	45.3	Installation of utilities for buildings and structures
32.	45.4	Finishing in construction
33.	45.5	Lease of construction machines and equipment, with operators
34.	55.1	Operation of hotels
35.	55.11	Operation of hotels with restaurants
36.	55.51	Operation of canteens for corporate employees
37.	60.10.2	Operation of industrial rail transport
38.	60.23	Operation of miscellaneous motor vehicles on roads
39.	60.24	Operation of cargo road vehicles
40.	71.3	Lease of other machines and equipment
41.	72.40	Building and using databases and IT resources
42.	74.13	Marketing research
43.	74.20.12	Design of production rooms, including equipment layout, industrial design
44.	74.20.35	Engineering survey for civil construction

Appendix 13. Disclosure of Information on Sustainable Development

As a socially responsible business, JSC Atomenergoproekt publishes information in its Report about its responsibility to society, taking account of “Guidance on Sustainable Development Reporting” under the Global Reporting Initiative.

The compliance level of the 2011 Annual Report under GRI Guidance (G3.1) is B+

Inclusion in the Report Extent of application		C	C ⁺	B	B ⁺	A	A ⁺
Standart components	G3 reporting component-description result	Publication of information on: 1.1 2.1–2.10 3.1–3.8, 3.10–3.12 4.1–4.4, 4.14–4.15	The Report underwent external affirmation	Publication of information on all C-level criteria, plus: 1.2 3.9, 3.13 4.5–4.13, 4.16–4.17	The Report underwent external affirmation	Ditto as B level	The Report underwent external affirmation
	G3 management approach result	Not required		Information on management approaches for each category of indicators		Information on management approaches for each category of indicators	
	G3 performance indicators and performance indicators of industry-based appendixes result	Published information on at least ten performance indicators, including at least one of the social and environmental aspects		Published information on at least twenty performance indicators, including at least one of the social and environmental aspects, human right issues, production organization, welfare and product responsibility		Reply to each key G3 indicator and indicator in the industry-based appendix*, with proper account of the Relavence Principle: a) Publication of information on the indicator, or b) Explaining the reason for omission	

*Industry-based appendix, final version

Appendix 14. Table of Used Standard Reporting Elements in Sustainable Development (GRI)

Name of Standard Reporting Element	Report Section	Page	Comments
1.1. Statement of ultimate executive decision-maker (for example, Chief Executive Officer, Chairman of the Board of Directors or equivalent position) of the reporting organization, on importance of sustainable development for the organization and its strategy	Address by the Board of Directors Chairman.	12-13	Fully covered in the Report
	Address by the General Director	14-15	
1.2. Description of key impacts, risks and opportunities	2.2. Overview of risks and opportunities	33	Fully covered in the Report
	2.7. Strategy in sustainable development	46-47	
	7. Sustainable development	130-165	
	8. Interaction with Stakeholders	168-175	
2.1. Corporate name	1.1. General information about the Company	18	Fully covered in the Report
2.2. Main brands, types of products and/or services	1.4. Main Activities	24	Fully covered in the Report
2.3. Corporate functional structure, including main units, operating companies, subsidiaries and joint ventures	1.1. General information about the Company	18	Fully covered in the Report
	1.2. Information about Branch Offices and Representatives	20	
2.4. Address of corporate headquarters	1.1. General information about the Company	18	
2.5. Number of countries of corporate presence; names of countries for main activities, or of special importance in terms of sustainable development issues covered in the Report	1.1 General information about the Company	18	Fully covered in the Report
	1.2 Information about Branch Offices and Representatives	20	
2.6. Ownership, administrative and corporate form	1.1. General information about the Company	18	Fully covered in the Report
2.7. Markets of presence (including market geography, sectors and categories of users or beneficiaries)	1.5. Business Geography	26	Fully covered in the Report
	1.6. Situation in the Sector	28-29	
	3.4. Main Results of Project Design	70-73	
	4.2. Contract portfolio	84-85	
2.8. Corporate scale, including: ■ Number of employees; ■ Net sales (if privately owned) or net revenue (if government-owned); ■ Overall capitalization, breakdown by borrowed capital and equity (if privately owned); and ■ Quantitative parameters of products or services	7.1. Human resource policy	130-145	Fully covered in the Report
	5.1. Main financial results	88-93	
	The Company's Key Performance Indicators	3	
	1.5 Business Geography	26	

Appendices

Name of Standard Reporting Element	Report Section	Page	Comments
2.9. Essential changes in scale, structure or ownership during the reporting period, including • Location or nature of change in activities, including opened, closed and expanded units; and • Changes in Shareholder capital structure and other steps to build, maintain or change capital (if privately owned)	Key Events of 2012 1.1. Information about the Report 1.1. General information about the Company	10-11 6-7 18	Fully covered in the Report
2.10. Awards won during the reporting period	Key Events of 2012	10-11	Fully covered in the Report
3.1. Reporting period (for example, financial/ calendar year) for which the information is relevant	Information about the Report		Fully covered in the Report
3.2. Publication date of the latest previous report	Information about the Report	6-7	Fully covered in the Report
3.3. Reporting cycle (annual, biannual, etc.)	Information about the Report	6-7	Fully covered in the Report
■ 3.4. Contacts for inquiries about the Report/its content	Information about the Report	6-7	Fully covered in the Report
3.5 Processes to determine the Report's content, including:	Information about the Report	6-7	Fully covered in the Report
■ Relevance criteria;	2.7. Strategy in sustainable development	46-47	
■ Criteria of subject priority in the report; and	8. Interaction with Stakeholders	168-175	
■ Identifying stakeholders regarded as potential users of the report			
3.6. Scope of the Report (for example, nations, structural units, subsidiaries, leased-out assets, joint ventures, suppliers)	Information about the Report	6-7	Fully covered in the Report
3.7. Boundaries or limitations of the Report	Information about the Report	6-7	Fully covered in the Report
3.8. Grounds to include information on joint ventures, subsidiaries, production lease, outsourcing, and other factors able to considerably affect comparison with previous reports and/or other entities			No such data
3.9. Methods to measure and calculate data, including assumptions and methodologies used to find the Ratios, and other information included in the Report	Information about the Report	6-7	Fully covered in the Report
3.10. Description of value of any rephrased information in previous reports, and grounds for such rephrasing (for example, merger/ acquisition, change of reporting frequency, nature of business, assessment method)			None
3.11. Essential changes compared to previous reporting periods as regards scope, boundaries or measuring methods used in the Report			No essential changes
3.12 Table to locate the Standard Components in Report	Appendix 14. Table of used Standard Reporting Elements in sustainable development (GRI) Appendix 15. Table of performance indicators in sustainable development (GRI)	207-210	Fully covered in the Report

Name of Standard Reporting Element	Report Section	Page	Comments
3.13 Policy and adopted practical approaches to third-party affirmation. If no affirmation statement is enclosed, describe the subject and grounds for any actual third-party affirmation; explain the nature of relationship between the reporting entity and the affirming third party.	8.3 Interaction with Stakeholders to Prepare the Annual Report Appendix 20. Conclusion on the Results of Public Affirmation of Annual Public Report	173-175	Fully covered in the Report
4.1. Corporate governance structure, including main panels as part of superior body, in charge of specific tasks; for example, strategic planning or overall supervision of corporate activities	6.1. Corporate governance Appendix 8. Information on compliance under Corporate Conduct Code	102-112 190-197	Fully covered in the Report
4.2. Is the Chairperson of the supreme body of management also the Company's top executive? (If yes, what is this officer's role in corporate governance, and what are the reasons for such situation?)	6.1. Corporate governance	102-112	Fully covered in the Report
4.3. For entities with unitary Board of Directors, state the number of independent members in the supreme body of management and/or members not in the Company's executive management	Appendix 8. Information on compliance under Corporate Conduct Code	190-197	Fully covered in the Report
4.4. Mechanisms through which the Company's Shareholders or employees can influence or issue recommendations to supreme body of management	6.1. Corporate governance 8. Interaction with Stakeholders	102-112 168-175	Fully covered in the Report
4.5. Link between payments to members of supreme body of management, top executive officers, senior officers (including severance pay), and corporate performance (including social and environmental results)	6.1. Corporate governance	102-112	Fully covered in the Report
4.6. Adopted processes in supreme body of management designed to prevent conflicts of interests	6.1. Corporate governance Appendix 8. Information on compliance under Corporate Conduct Code	102-112 190-197	Fully covered in the Report
4.7. Processes to measure qualification and competencies of members of supreme body of management, to work out corporate strategy in economic, environmental and social issues [sustainable development]	6.1. Corporate governance	102-112	Fully covered in the Report
4.8. Corporate in-house declarations of mission or values, corporate conduct codes, principles relevant in terms of business, environmental, and social performance, and extent of their enforcement	2.1. Mission and Vision 1.1. Information about the Report 6.1. Corporate governance 2.8. Strategy in sustainable development	32 6-7 102-112 46-47	Fully covered in the Report
4.9. Procedures the supreme body of management uses to audit how the entity assesses and controls its performance in business, environmental, and social issues, including risks and opportunities, compliance with international standards, corporate conduct codes, and principles	7. Sustainable development 6.4. Quality control 6.2. Internal control and risk management	130-165 119-123 113-117	Fully covered in the Report



Appendixes

Name of Standard Reporting Element	Report Section	Page	Comments
4.10. Processes the supreme body of management uses to assess its own efficiency, in particular, based on business, environmental, and social performance of the organization	7. Sustainable development 6.2. Internal control and risk management	130-165 113-117	Fully covered in the Report
4.11 Clarification if and how the entity uses due diligence principles	2.2. Overview of risks and opportunities 7.2. Internal control and risk management 6.4. Quality control	33 113-117 119-123	Fully covered in the Report
4.12. Business, environmental, and social charts, principles, initiatives, developed by third parties, and adopted/adhered to by the entity	6.4. Quality control	119-123	Fully covered in the Report
4.13. Membership in associations (for example, industry) and/or national and international unions created to protect interests, where the organization: ■ is present on bodies of management; ■ is involved in projects or panels; ■ provides substantial financing beyond membership fees; or ■ sees itself as a strategic partner	6.4. Quality control	119-123	Fully covered in the Report
4.14 List of stakeholder groups with whom the organization interacted	8. Interaction with Stakeholders 6.2. Internal control and risk management	168-175 113-117	Fully covered in the Report
4.15. Criteria to identify and select stakeholder groups for subsequent interaction	8.1. Stakeholder Interaction Strategy	168-171	Fully covered in the Report
4.16. Approaches to stakeholder interaction, including frequency, formats, and groups involved	2.7. Strategy in sustainable development 8. Interaction with Stakeholders	46-47 168-175	Fully covered in the Report
4.17. Key issues and interests raised or identified through stakeholder interaction, and how the organization responded, including through reports.	8. Interaction with Stakeholders Appendix 17. Plans and Obligations Following Interaction with Stakeholders as the Report is Prepared	168-175 216-219	Fully covered in the Report

Appendix 15. Table of performance indicators in sustainable development (GRI)

Code	Name of indicator	Report section
Business Performance Indicators		
EC1	Created and distributed direct economic value, including incomes, operating costs, payments to employees, donations, other contributions to communities, retained profits, payments to providers of capital, and government	5.1. Main financial results
EC3	Corporate obligation to pay supplementary pension amounts	7.2. Social policy
EC4	Substantial financial aid from government agencies	5.1. Main financial results
EC5	Proportion range of standard entry-level salary and regulated minimum wages in important corporate activities, breakdown by gender	7.3. Influence of corporate activities on the areas of presence
EC8	Growth and influence of investments in infrastructure and services provided primarily for public good, through business, or in kind, or through charity	7.3. Influence of corporate activities on the areas of presence
EC9	Definition and description of essential indirect economic consequences, including area of influence	7.3. Influence of corporate activities on the areas of presence
Environmental Performance Indicators		
EN11	Location and area of land owned or leased or controlled, that lie in protected natural reserves with high-value biodiversity, beyond or adjacent to such territories	7.5. Environmental Policy and Protection
EN22	Total weight of waste, by type and circulation method	7.5. Environmental Policy and Protection
EN23	Total number and volume of major spillages	7.4. Labour protection and industrial safety
EN26	Initiatives to mitigate environmental impact through products and services; extent of mitigation	7.5. Environmental Policy and Protection 3.3. Development and Acceptance of VVER-TOI Design"
EN28	Monetary value of large penalties, total number of non-financial sanctions for environmental and legal non-compliance	7.5. Environmental Policy and Protection
EN29	Significant environmental impact by transportation of products, merchandize and materials used in corporate activities, and commuting workforce	7.5. Environmental Policy and Protection
EN30	Total spending and investments for environmental protection, breakdown by types	7.5. Environmental Policy and Protection
Performance Indicators in Labour Organization and Working Conditions		
LA1	Total workforce, by employment types, contract, and region	7.1. Human resource policy
LA3	Payments and benefits to full-time employees not available for part-time or season-hires, breakdown by main functions	7.2. Social policy
LA4	Share of employees covered by collective contracts	7.2. Social policy
LA10	Annual average training hours per employee, breakdown by categories and gender	7.1. Human resource policy
LA11	Life-time training and skills programmes to keep individuals employable and assist with career closure	7.1. Human resource policy

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Code	Name of indicator	Report section
LA12	Share of employees subject to periodical performance checks and career growth	7.1. Human resource policy
Performance Indicators in human rights		
HR4	Total cases of discrimination, and action taken	7.2. Social policy
HR6	Activities with inherent serious risk of child labour; action taken to assist with elimination of child labour	7.2. Social policy
HR7	Activities with inherent serious risk of coercion or forced labour; action taken to assist with elimination of coercion or forced labour	7.2. Social policy
Performance Indicators in interaction with the public		
SO5	Position on government policy; participation in legislative processes and lobbying	6.4. Quality control 6.6. Power efficiency management
SO6	Total monetary value of contribution, in cash and in kind, to political parties, politicians, and related organizations, breakdown by countries	7.3. Influence of corporate activities on the areas of presence
SO8	Monetary value of financial penalties, and number of non-financial sanctions imposed for legal and standard non-compliance	7.3 Influence of corporate activities on the areas of presence
SO9	Corporate activities with serious potential or realized (existing) negative impact on local communities	7.3 Influence of corporate activities on the areas of presence
SO10	Action taken to prevent and minimize serious potential or actual negative impact on local communities (caused by corporate activities)	7.3 Influence of corporate activities on the areas of presence 4.5. Ensuring Safety of Implemented Projects 3.3. Concluded Development and Acceptance of VVER-TOI Design 8.4. Labour protection и industrial safety 6.4. Quality control
Performance Indicators in responsibility for products		
PR1	Life cycle stages for which the impact on human health and safety of products and services are estimated to find room for improvement	6.4. Quality control
PR2	Total number of cases of non-compliance with standard requirements and voluntary codes, with health and safety impacted by products and services, breakdown by consequence types	6.4. Quality control
PR5	Practices for consumer satisfaction, including results of research to measure consumer satisfaction	6.4. Quality control
PR9	Monetary value of major penalties imposed for failure to observe legal acts and regulations on provided and consumed products and services	6.4. Quality control

Code	Name of indicator	Report section
Indicators from GRI Power Sector Appendix		
EU8	Approaches in science research and experimental design to guarantee reliable power supply and sustainable development	3.4. Main Results of Project Design (exhaustively covered on the corporate website)
EU14	Programmes and procedures used to access skilled labour	7.1. Human resource policy
EU15	Proportion of employees entitled to retirement within the next 5 and 10 years, breakdown by specialty and region	7.1. Human resource policy
EU16	Policies and procedures in health protection and safety of the staff, employees of contractors and subcontractors	7.4. Labour protection и industrial safety
EU19	Stakeholders' involvement in decision making to plan power supplies and develop infrastructure	7.5. Environmental Policy and Protection
EU21	Action plans for emergencies, disasters and catastrophes; plans for crisis management and recovery	7.4. Labour protection и industrial safety
Additional indicators		
IC2	Participation in training activities	7.1. Human resource policy
IC4	Number of college graduates, candidates and doctors of science in employment	7.1. Human resource policy
IC8	Adopting innovations	6.3. Innovation management
IC9	Number of inventions and patents	6.3. Innovation management

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Appendix 16. Indicators of the Public Annual Report under the Rosatom State Corp. Public Reporting Standard

Indicator	Report Section	Page	Comments
Financial			
Sales (works and services)	5.1. Main financial results	88-93	Part to EC1
Gross profit	5.1. Main financial results	88-93	
EBITDA (Earnings before interest, depreciation and amortization)	5.1. Main financial results the Company's Key Performance Indicators	88-93	
Dividend payable	Appendix 6	189	Part to EC1
Tax payable to government's consolidated budget	5.1. Main financial results 7.3. Influence of corporate activities on the areas of presence	88-93 152-155	Part to EC1
Investments in social infrastructure	7.3. Influence of corporate activities on the areas of presence	152-155	
Net asset value	5.1. Main financial results	88-93	
Long-term contracts with buyers (buyers contract portfolio)	4.2. Contract portfolio	84-85	
Long-term contracts with suppliers and contractors (suppliers contract portfolio)	4.2. Contract portfolio	84-85	
Sales (works and services) outside of the sector	5.1. Main financial results	88-93	
Investments to fixed assets in the reporting period	5.4. Investments	96-99	
Total voluntary spending for public good (not related directly to production)	7.2. Social policy 7.3. Influence of corporate activities on the areas of presence	146-151 152-155	Part of EC1
Cost of labour	5.1. Main financial results 7.1. Human resource policy	88-93 130-145	Part of EC1
Cost of social corporate programmes for employees	7.2. Social policy	146-151	
Social cost per employee, year	7.2. Social policy	146-151	
Cost of extra medical insurance	7.2. Social policy	146-151	
Cost of training per employee	7.1. Human resource policy	130-145	
Cost of occupational training and career development	7.1. Human resource policy	130-145	
Investments in environmental protection	7.5. Environmental Policy and Protection	161-165	
Cost of environmental protection and rational use of natural resources	7.5. Environmental Policy and Protection	161-165	Part to EN30
Charges for air polluting emissions from fixed and mobile sources, polluting discharge to surface and ground water, placed production/consumption waste	7.5. Environmental Policy and Protection	161-165	
Penalties for environmental non-compliance	7.5. Environmental Policy and Protection	161-165	Part to EN28



Indicator	Report Section	Page	Comments
Non-financial			
Inventions and patents	6.3. Innovation management	118	
Inventions for use of nuclear power	6.3. Innovation management	118	
IT implementation	Concluded Development and Acceptance of VVER-TOI Design	54-69	
Public approval of the Company's projects	8. Interaction with Stakeholders	168-175	
	Appendix 17. Plans and Obligations Following Interaction with Stakeholders as the Report is Prepared	216-219	
Interaction with Stakeholders	8. Interaction with Stakeholders	168-175	
Membership in international organizations and forums	6.4. Quality control	119-123	
Quality management system	6.4. Quality control	119-123	
Labour efficiency	5.1. Main financial results	88-93	
	6.5. Rosatom Production System The Company's Key Performance Indicators	124-126	
Proportion of profile-college graduates in employment	7.1. Human resource policy	130-145	
Staff number	7.1. Human resource policy	130-145	Part to LA1
Proportion of employees under 35 years of age	7.1. Human resource policy	130-145	
Average age of employee	7.1. Human resource policy	130-145	
Employee turnover	7.1. Human resource policy	130-145	
Proportion of employees under collective contracts	7.1. Human resource policy	130-145	Part to LA4
Average training hours per employee	7.1. Human resource policy	130-145	Part to LA10
Environmental management systems deployed	7.5. Environmental Policy and Protection	161-165	
Use of energy	Appendix 10	199	Part to EN4
Volume of waste	7.5. Environmental Policy and Protection	161-165	EN22 Part to

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Indicators Representing Operational Specifics of JSC Atomenergoproekt

Report's priority issues and efficiency aspects	Indicator	Report section	Page
Developing project design technologies			
Development of IT platform for project design	Level of digital model completion progress	3.3. Concluded Development and Acceptance of VVER-TOI Design	
Science activities to support advanced engineering solutions	R&D investments	5.4. Investments	
	Implementation of project "Development of software and hardware for VVER-TOI"	3.3. Concluded Development and Acceptance of VVER-TOI Design	
	Number of inventions and patents held	6.3. Innovation management	

Appendix 17. Targets and Obligations Following Interaction with Stakeholders to Prepare This Report

1. Report on JSC Atomenergoproekt implementation and compliance to consider stakeholder proposals on the 2011 Annual Report

No.	Stakeholder requests	2011 Report promised:	Action taken
1.	Consider recommendations on safe storage of liquid waste	To be considered for next period	Written reply sent
2.	Draft to include regulations on repair of sealing surfaces in equipment of the first circuit, and provide repair rigging	To be considered for future	Written reply sent
3.	Specify attention given to power saving and nuclear plant efficiency. Consider possible use of power saving lamps for indoor lighting, particularly where replacing incandescent lamps is hard	To be considered for future	Considered in the Report, part 6.6 Power efficiency management
4.	Consider possible use of experiences of nuclear sector veteran employees when projects are analyzed	To be examined in future	the Company uses experiences of nuclear sector veteran, including to analyze projects
5.	A presentation to cover requirement to support autonomous operation of NPP up to 72 hours	To be considered in the presentation, next version	Information now available in presentation on VVER-TOI design
6.	Considering advanced and innovative character of VVER-TOI design, how will the project be staffed?	The Company plans to create a Competency Centre that will ensure the needed level of competency to support the project aligned to specific NPP construction sites	The issue is now deliberated by Rosatom State Corp. By Exec. Order of 5 March 2013 No. 1/224-П, an optimized and IT-enhanced power unit VVER (VVER-TOI) will be designed in future; there is need to develop the project's administrative and functional structure; and possibly create a Competencies Centre for the project

No.	Stakeholder requests	2011 Report promised:	Action taken
7.	Proposal that the format of Annual Public Report be used not only to report past achievements, but to disclose the Company's plans and intentions for future	Partly considered in the Report; to be realized in future reports	Considered in Section 2 "Development Strategy and priority activities", and part 3.1 "Managing company on the basis of "JSC Atomenergoproekt"
8.	The Report to represent (perhaps in future) the Company's Business Model	To be considered in future reports	Considered in part 2.3 "The Company's Business Model" of the Report
9.	Include information on results and plans in public relations (related to the Company)	Partly considered in the Report; to be realized in future reports	Considered in Section 8 "Interaction with Stakeholders"
10.	Represent environmental issues, including future plans	Partly considered in the Report; to be realized in future reports	Considered in Section 7.5 "Environmental Policy and Protection"
11.	Whether the Company has a career youth association; proposal to exchange experiences and cooperate with youth association	To be answered	Replied during the dialogues with stakeholders
12.	Use all available mechanisms so that the public perceives nuclear power generation as safe and environmentally-friendly; proposal that the Company and Stakeholders work together to promote public awareness in this area	All communication tools will be used, including dialogues with Stakeholders	More frequent publications about the Company, including on environmental and project safety. More dialogues as the Annual Report was prepared

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Consolidated Table of Stakeholder Requests and Responses in the Text of the 2012 Report Following Dialogues and Public Consultations

No.	Stakeholder Request	Obligation assumed
1.	JSC Atomenergoproekt Development Strategy to describe planned cooperation with foreign businesses, international organizations under the Company's future projects	Will be considered and covered in Development Strategy of JSC Atomenergoproekt
2.	The 2012 Report to allow acceptance of the feedback questionnaire by email	Considered when the report is prepared
3.	What is the progress of VVER-TOI design? The 2011 Report said it was near conclusion. What is its current stage now, is it done, and will it be covered in the 2012 Report?	Discussed in the 2012 Annual Report
4.	Instead of two, the Annual Report should select one key issue "Change in Strategic Scope of JSC Atomenergoproekt Activities", to cover: creation of the new control scope, conclusion of VVER-TOI design, and restatement of the Company's strategic goals	Considered in the Concept and Annual Report
5.	The report to consider recommendations of International Council for Integrated Reporting, cover the following elements, with interconnections: Business Model, resources, risks, Stakeholders, and strategy (the latter above the four former elements)	Considered in the Concept and Annual Report
6.	The list of stakeholders to include science schools, and how the Company interacts with them (conferences etc.)	Considered in the Concept and Annual Report
7.	Information about the report to explain the selected consolidation perimeter for 2012, and possibly subsequently to expand the scope of consolidation in the next Report	Considered in the Concept and Annual Report. Expansion of the consolidation scope will be considered when the Company prepares its Annual Report after 2013
8.	The Annual Report to be also available in digital and interactive formats	The 2012 Annual Report will have an interactive version
9.	Will the Report cover the Company's recent designation as General Designer for Smolensk NPP-2	Covered in the Report
10.	A cluster of issues about HR to support the Company's Development Strategy (raised by several participants in dialogue)	Because opinions differ, and sometimes even contradict each other, participants were asked to work out a shared position during the dialogue, or present their views in writing so that the Company's management can consider and respond to them. Covered in part 7.1 "Human resource policy" and part 8.3 "Interaction with Stakeholders to Prepare the Annual Report"
11.	A cluster of issues about flaws in the existing purchasing system (raised by several participants in dialogue)	Because opinions differed, and sometimes even contradicted each other, participants were asked to work out a shared position during the dialogue , or present their views in writing so that the Company's management can consider and respond to them. Covered in part 8.3 "Interaction with Stakeholders to Prepare the Annual Report"

12.	Now that entities with competencies in construction etc. are part of the control scope of JSC Atomenergoproekt, in future the Development Strategy should discuss JSC Atomenergoproekt role in policy-making at the sector level	Will be considered in future strategy of JSC Atomenergoproekt
13.	In addition to "nuclear island" one-design project, create standard designs for all auxiliary and temporary buildings and structures	Will be considered in future strategy of JSC Atomenergoproekt
14.	The strategy to discuss activities on facilities currently in operation	Will be considered in future strategy of JSC Atomenergoproekt
15.	In future, consider possible use of modular construction methods, as was used in the past to build large chemical facilities and nuclear plants	Will be considered in future strategy of JSC Atomenergoproekt
16.	The Report to describe the Company's environment using as examples issues of purchasing and human resources	Part 7.1 "Human resource policy" discusses steps taken to use skilled labour, including recruitment, training etc. A cluster of related issues with flaws of the existing sector-level purchasing system was raised by several participants in dialogue. Because opinions differed, and sometimes even contradicted each other, participants were asked to work out a shared position during the dialogue, or present their views in writing so that the Company's management can consider and respond to them. Covered in part 8.3 "Interaction with Stakeholders to Prepare the Annual Report"
	If possible, priority strategic activities should be illustrated with detailed objectives and figures	Will be covered in the Annual Report after detailed objectives and figures are approved as part of the Company's strategy
17.	The term "back end" in the report should be replaced with "decommissioning"	Answered during dialogue, considered in the final version of the Report
18.	Rephrase the statement on outlooks to adopt a co-financing-based pension plan	Considered in the final version of the Report
19.	Modify the format used to present key events of the year in the respective Section	Considered in the final version of the Report
20.	Use the same format and comparable data for the reporting period	Considered in the final version of the Report
21.	Include information on the Company's situation on the market	Considered in the final version of the Report
22.	Let the stakeholders interact with the Company remotely over digital channels	To be considered for future
23.	Let the stakeholders interact with the Company remotely over digital channels	To be considered for future

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Appendix 18. Report on Compliance with the Provisions of the Regulation on Information Disclosure by Issuers of Securities (FSFM Exec. Order No. 11-46/пз-н of October 4, 2011)

S/no	Content	Report section
1.	The corporation's situation in the sector	1.6. Situation in the Sector 2.2. Company's situation in the sector. Overview of risks and opportunities
2.	Priority activities of the corporation	1.4. Main Activities 2.4. Development Strategy of the Company
3.	Report by the Corporation's Board (Supervisory Council) on results of the Corporation's development in priority activities	6.1. Corporate governance
4.	Information about the Corporation's consumption during the reporting year, types of power resources (nuclear power, thermal power, electric power, electromagnetic power, petroleum, gasoline, diesel fuel, fuel oil, natural gas, coal, shale oil, peat etc.) in natural and in monetary units	Appendix 10
5.	The Corporation's outlooks for growth	2. Development Strategy and priority activities
6.	Disclosure of dividend declared/payable on the Corporation's stock	5. Financial Management and Raising Operating Efficiency. Appendix 6. Information about structure of registered capital and dividend declared/payable on stock
7.	Description of key risk factors inherent in the Corporation's activities	2.2. Overview of risks and opportunities 3.5. Strategic risks and Efforts to Reduce Them
8.	List of transactions signed by the Corporation in the reporting year, that qualify under the "Corporations" Federal Act as major transactions, and are thus subject to the official approval procedure under the Corporation's Articles; specify essential terms of each transaction and the Corporation's executive body who granted approval	6.1. Corporate governance
9.	List of transactions signed by the Corporation in the reporting year, that qualify under the "Corporations" Federal Act as transactions of concern, are thus subject to the official approval by an executive body under Chapter XI of the "Corporations" Federal Act; for each transaction, specify the parties involved, essential terms of each transaction and the Corporation's executive body who granted approval	6.1. Corporate governance

S/no	Content	Report section
10.	Members of the Board of Directors (Supervisory Council) of the Corporation, including information about changes on the Board of Directors (Supervisory Council) during the reporting year, and about members of the Board of Directors (Supervisory Council), with brief CV, their shares in the Corporation's registered capital, and holdings of the Corporation's common stock; and if during the reporting year the members of the Board of Directors (Supervisory Council) transacted to purchase or sell the Corporation's stock, then also information of such transactions, stating the date and description of the transaction, and category (type) and number of the Corporation's stock exchanged through the transaction.	6.1. Corporate governance
11.	Information about the individual in the office of (acting as) the Corporation's Chief Executive Officer (manager, managing company), and members of the Corporation's collegiate executive body, with brief CV, their shares in the Corporation's registered capital, and holdings of the Corporation's common stock; and if during the reporting year the members of the Board of Directors (Supervisory Council) transacted to purchase or sell the Corporation's stock, then also information of such transactions, stating the date and description of the transaction, and category (type) and number of the Corporation's stock exchanged through the transaction.	6.1. Corporate governance
12.	Criteria to determine and pay remunerations (reimbursements) to the individual in the office of (acting as) the Corporation's Chief Executive Officer (manager, managing company), and members of the Corporation's collegiate executive body, and each member of the Board of Directors (Supervisory Council), or total amount of remunerations (reimbursements) paid to such individuals in the reporting year.	7.1. Corporate governance
13.	Information about the Corporation's circumstance under the Corporate Conduct Code; and if the Corporation's securities are listed at the stock exchange, while the Corporation does not meet all or some provisions of the Corporate Conduct Code, then grounds and reasons for such non-compliance of the Corporation.	Appendix 8. Information on compliance under Corporate Conduct Code
14.	Other information according to the Corporation's Articles of Incorporation or other corporate documents	Disclosure of additional information is not mandatory under the Articles and other corporate documents

Appendix 19. Opinion by the Internal Control and Auditing Office of JSC Atomenergoproekt

Report on the Opinion of the Internal Control and Auditing Office of JSC Atomenergoproekt on Compliance of the Annual Report Building Procedure in JSC Atomenergoproekt under Corporate Regulations on Public Reporting established in Rosatom State Corp. and JSC Atomenergoproekt

The Internal Control and Auditing Office accomplished an internal audit to review the procedure used by JSC Atomenergoproekt to prepare its Annual Report for 2012, and to assess it for compliance with the requirements to public reporting established by Rosatom State Corp. and the corporate regulations of JSC Atomenergoproekt (the "Company").

By Executive Order No. 02/23-P of January 22, 2013 "Preparation of the Integrated Public Report of JSC Atomenergoproekt for 2012", the Company designated employees vested with the functions to collect and furnish information to be included in annual public reports.

The functions of information gathering to enable preparation of the Company's Annual Report for 2012, and of presenting the Draft Annual Report for expert examination by the Public Reporting panel of Rosatom State Corp., have been assigned to the Department of Communications.

The Company has adopted a Concept of Public Annual Report of JSC Atomenergoproekt for 2012; the Concept includes a time schedule of planned activities to prepare the Report.

This audit:

- assessed efficiency of the internal control system used to monitor the process of public report building (this includes analysis of regulation and formalization of key processes related to public report building); efficiency analysis of implemented key control procedures to ensure accuracy of prepared public reports);
- examined procedural compliance of public report building under effective law and corporate standard regulation applicable to the business process of public report building.

The results of this audit enable our judgment that the internal control system used in the processes of public report building is efficient enough, and that the procedure of public report building in JSC Atomenergoproekt is in compliance with the effective Russian law, the Public Reporting Policy of Rosatom State Corp., and the internal corporate regulations of JSC Atomenergoproekt applicable to the business process of public report building.

Manager, Internal Control and Auditing Office Ye.V. Belyakova



Appendix 20. Statement of Public Approbation of the JSC Atomenergoproekt 2012 Public Annual Report

General Information

JSC Atomenergoproekt (the “Company”) requested that we should assess its 2012 Annual Report (“the Report”), and the completeness and relevance of information therein disclosed, as regards issues of the highest relevance for us as the Company’s Stakeholders.

The Company afforded us and our representatives an opportunity to participate in public consultations on the JSC Atomenergoproekt 2012 Report, held on May 13, 2013. Assisted by independent moderators, all parties involved in the public consultations and dialogues had ample opportunities to express their opinions.

In the course of the Public Affirmation of the Report, we neither sought nor attempted to examine the systems of data gathering and analysis in the Company, nor did we scrutinize any control data and processes. Our opinion rests on perusal of the draft report during the public consultations, examination of materials furnished after the dialogues, and our experience of interactions with the management and employees of JSC Atomenergoproekt at public consultations and other activities for Public Affirmation of the Report.

Assessments, Comments and Recommendations

We share our positive view of the Report, and evaluate its information as specific and sufficient. We are happy to speak of good levels of management at JSC Atomenergoproekt, specifically its proven ability to identify problems, set clear targets and objectives, build plans and assume functions. The timely step to prepare this Report when the nuclear sector is going through large-scale growth and reform is worth special mentioning.

We perceive the level of disclosure as quite high, and we are unaware of any grounds to question the accuracy of the information.

During the public consultations, JSC Atomenergoproekt provided extensive information on the Company’s performance of the reporting period, implementation results of the VVER-TOI design, approaches used to assure project safety, the Company’s strategy and business models, its outlooks for growth in the light of the new control scope created on the Company’s basis, about its activities for sustainable development, strategy and practice of interaction with its Stakeholders; it also covered all significant aspects of the Company’s operations.

In addition, the Company proved that it was prepared for open dialogue with its Stakeholders, providing access to adequate and sufficient information.

Relevance of Issues Covered in the Report

The Report discloses the meaning and social significance of the implementation results of the VVER-TOI design, and growth outlooks for JSC Atomenergoproekt, considering that now its scope of control has integrated construction design units of Rosatom State Corp. The Report represents all issues relevant for the Company’s operations, including such aspects as higher efficiency and IT deployment, efforts to ensure safety of projects, and corporate influences on the economy, welfare, and the environment.

We are unaware of any other issues of relevance for the Stakeholders that should have been incorporated in the Report.

Complete Information

We do understand that the Company’s has not answered all questions raised by the Stakeholders, but we also know it would be unreasonable to further expand the volume of the Report.

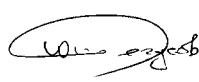
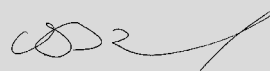
The Company’s response to Stakeholder comments and recommendations

The Company’s response to comments, proposals and recommendations offered by the Stakeholders was manifest when the final version of the Report was modified, with additional information included, and additional plans and obligations stated. On the whole, the Company’ has made serious progress in its interactions with the Stakeholders.

Our comments above do not belittle or question the merits of this Report. We are hopeful that in future JSC Atomenergoproekt will consistently perform its obligations and carry out its plans and intentions stated in this Report filed for year 2012.

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Representatives of Stakeholders

Director for planning and project design, Engineering Branch Office, Rosenergoatom Concern		Meshkov, Vladimir Mitrofanovich
Deputy Mayor, Municipality of Novovoronezh		Volokhin, Nikolay Konstantinovich
Chairperson, City Council of Veterans of WWII, Police, and the Home Front		Fedorova, Lidiya Petrovna
Mayor, Municipality of Novovoronezh		Pegusov, Yury Ivanovich
Chairperson Trade Union of JSC Atomenergoproekt		Khobotko, Tatyana Grigoryevna
Head of Laboratory for New Construction Materials and Technologies, MGSU		Adamtsevich, Alexey Olegovich
Chairperson, Oka Inter-regional Public Environmental Movement		Khasiyev, Alan Vladimirovich
General Director, VNIPIET		Lysenko, Aleksandr Alexeyevich
Officer in charge of Annual Public Report, NIAEP		Zory, Oleg Valeryevich
Head of Economic Research Project Group, Kurchatov Institute R&D Center		Smirnova, Lidiya Sergeyevna
Financial Director, SPb NIII EIZ		Poletayeva, Yelena Anatolyevna
Deputy General Director, Manager of Information Department, Nuclear.Ru		Dvoryaninova, Svetlana Veniaminovna

Appendix 21. Auditor's Statement on Non-Financial Reporting

Third-Party Report on Professional Non-Financial Affirmation of 2012 Annual Report filed by JSC Atomenergoproekt

This Report was written for the executive management and Shareholders of JSC Atomenergoproekt (the "Company"); it represents the opinion formed by professional auditors based on the procedures that reviewed compliance of the Annual Report filed by JSC Atomenergoproekt for 2012 (the "Report") in the light of the provisions set forth in GRI G3.1 Guidance, Standards of Series AA1000, and Corporate Public Annual Reporting Standard of Rosatom State Corp.

The Report was prepared by the executive management of JSC Atomenergoproekt, who remains ultimately responsible for gathering and presentation of the information contained in the Report. OOO DaS-Project is responsible for its assumed functions to conduct limited affirmation of the Report, and to publish an independent conclusion in regard to the criteria of relevance, Shareholder involvement, responsiveness, as well as in regard to compliance under the requirements of GRI G3.1 Guidance and the Corporate Public Annual Reporting Standard of Rosatom State Corp. DaS-Project assumes responsibility for such activities only before the Company under the mutually agreed requirements specification; it shall not assume any liability in the event of this Report being used for a purpose other than one stated above, or before any other person or entity

Activities Performed

The affirmation procedures were planned and conducted under Standards AA1000 Assurance Standard, AA1000 Accountability Principles Standard 2008, and recommendations on reporting in sustainable development that is part of the Global Reporting Initiative – GRI G3.1. Non-financial professional affirmation took place in April and May, 2013.

To form an opinion about professional affirmation of the Report, the Auditors used the following procedures:

1. Examination of the Report for compliance under the requirements of GRI G3.1, to assess complete and accurate presentation of performance indicators and standard reporting components in the Report.
2. Examination of the Report and related process of preparation under the principles of the GRI G3.1 Guidance.
3. Examination of the Report for compliance with the Public Reporting Standard of Rosatom State Corp.
4. Visits to attend events with Stakeholders hosted by the Company in the course of the Report preparation, in order to assess the quality of interaction with the Stakeholders, and to ensure correct use of dialog exchange procedures.

5. Examination of the Report for compliance under the requirements and principles of Standard AA1000 SES as regards complete and correct presentation format of the Report and its Appendixes that cover interactions with Stakeholders; among other things, special attention was given to disclosure in the Report of information requested by the Stakeholders.
6. Examination of documents related to events organized to interact with the Stakeholders during 2013. Such documents include minutes of meetings, information handouts, lists of attending parties, and changes done to the Report following such events.

Scope and Type of Non-Financial Professional Affirmation

The procedures used to collect supporting information were designed to achieve the medium ('moderate') level, of Type 1 of the Report in accordance with Standard AA1000 AS (2008). The scope of procedures conducted to collect supporting information was less expensive than in the case of exhaustive examination, and the level of confirmation is lower. This level of examination was used as agreed in the requirements specification with instructions for this professional auditor. The examination was limited to inquiries and analysis procedures that examined the information.

This non-financial affirmation did not cover performance indicators beyond the time limits of the current reporting cycle.

This non-financial affirmation did not consider any statements meant to express the Company's opinions, beliefs or intention to take any course of action in future.

This non-financial affirmation did not consider any statements meant to express opinions, beliefs or intentions of the Company's management.

This non-financial affirmation was limited to one visit to the Company's head office.

Conclusions

On the whole, we have observed progress in the quality of presented accounting information compared to the Annual Report filed by JSC Atomenergoproekt for 2011. Their Report offers a clear organization of text in chapters and sections; the Company's situation in the sector and its risk management is focused on the Company's specifics, and the medium-term outlooks for operations are discussed. The Report's in-depth description of issues related to the Company's environmental policy is adequate to meet the interests of the Stakeholders. However, future Reports should provide more detailed information about the Company's goals and objectives in sustainable development, and activities of the panel whose scope of competencies include issues of sustainable development.

Appendixes

Involvement of Stakeholders (Inclusivity)

We have not discovered any facts which could disprove our impression that interaction with the Stakeholders constitutes an activity of importance for the Company's management.

- The Company prepared its public Annual Report guided by leading international and Russian national standards, with involvement and assistance from the Stakeholders, whose proposals were duly considered. As it worked to prepare its public Annual Report, the Company exchanged three dialogs with the Stakeholders, and public consultations to discuss the draft of the public Annual Report. The report reflects the principal groups of stakeholders, their interests, and mechanisms of interactions with them.
- Each such event was attended by representatives of most Stakeholder groups. All Stakeholder representatives had an opportunity to express their attitudes and issue recommendations both as regards disclosure of information in the Report, and about the Company as a whole.
- The Report represents key Stakeholder groups, describes their respective interests, and mechanisms used to interact with them.
- In 2012, the Company reviewed its Stakeholder Matrix, and amended it with clusters "Companies within the control scope" and "R&D institutes and schools".

It is worth noticing that the Report includes a chapter on "Strategy of interaction with Stakeholders", and this is certainly a move towards considerable improvement of the Company's practices of interaction with its Stakeholders. Nevertheless, it will be necessary that future Reports disclose the Company's strategic goals and objectives in its interactions with its Stakeholders.

Relevance (Materiality)

The Report contains information that is of relevance for the Stakeholders.

- In the course of the events that involved the Stakeholders as part of preparations for the Report, representatives of the Stakeholders aired their opinions and issued recommendations as regards both disclosure of information in the Report, and about the Company as a whole. This fact leads us to believe that requests to disclose relevant information were granted.
- The Report elaborates the topic titled "Change of the strategic operations outline for JSC Atomenergoproekt"; it also consistently discusses issues of safety.
- The Report discloses information about payments and remunerations to the Company's top management, and describes activities to combat corruption and theft; this is quite relevant for activities of Russia-based businesses as a whole.

We are unaware of any other issues or topics that the Report fails to disclose while they are of relevance for the Stakeholders.

Responsiveness

We have not discovered any facts that would disprove our impression that the Company responds with respect and attention to requests received from the Stakeholders.

- All comments and proposals raised by the Stakeholders during the dialogues and public consultations were officially written in the minutes of meetings.
- In its Public Annual Report for 2012, the Company included "Report on progress with implemented plans and obligations assumed by JSC Atomenergoproekt to consider the proposals raised by the Stakeholders in the 2011 Annual Report".
- The Company integrated in the Report a detailed table to show how it had considered requests that the Stakeholders raised in the course of the dialogues and public hearings as the parties discussed the 2012 Annual Report, and the Company's promises to consider their comments. Most requests from the Stakeholders were considered by making changes to the text of the Report while the outstanding requests were also put on record explaining grounds for refusal.

Report Compliance under GRI G3.1 Guidance

Disclosure of information in the Company's Report meets the requirements to Application Level B+ according to GRI G3.1. We have not discovered any facts that would lead us to believe that the Report and the process used to prepare it fail to observe the fundamental principles described in GRI G3.1 Guidance.

- The Company has fully disclosed more than 20 GRI indicators, and all the mandatory standard elements of the reporting.
- Information presented in the Report covers the topics and the Indicators that represent the Company's essential influence on sustainable development. The Company went through the process of identifying essential and relevant topics, with active involvement of and assistance from various Stakeholder groups.
- The process of Report preparation involved both the Company's management and representatives speaking for key groups with vested interest in the activities of JSC Atomenergoproekt. During the reporting period, the Company elaborated its Stakeholder Matrix, and amended it with clusters "Companies within the control scope" and "R&D institutes and schools". In addition, the Company also published a Table that lists considered requests raised by the Stakeholders in the course of the dialogues and public hearings, and the Company's promises to consider their comments as Reports for 2011 and 2012 were prepared.
- The Report demonstrates that the Company understands the concept of sustainable development, while short-term, medium-term and long-term plans in sustainable develop-

ment are covered in a well-structured manner. Not only does the Company quote the numeric values of its sustainable development indicators, it also provides its executive officer's comments as regards their dynamics, target values, significance for sustainable development, etc.

- The list of indicators included in the Report supports our conclusion that the aspects of influences on sustainable development are covered exhaustively.
- The Report provides information on accuracy and measuring methodology adopted for individual indicators.
- Information presented in the Report is disclosed in timely manner, as the Russian law requires.
- The Report includes a table of contents pointing to section and subsections in the text; a glossary of key terms, tables, images, diagrams, and schedules that graphically represent information. Disclosed indicators are highlighted in the text of the Report to facilitate understanding and use of the Report.
- The Report was endorsed by the Company's administrative subdivisions, Stakeholders, and confirmed by professional third-party auditors, adhering to the principle of reliable information.

Report's compliance under the Public Annual Reporting Standard of Rosatom State Corp.

We have found evidence that on the whole the Report does meet the Public Annual Reporting Standard of Rosatom State Corp., specifically:

- The Company has achieved B+ Compliance Level.
- Most of the indicators are represented using dynamics of three years.
- The Company has held three dialogues and public consultations with its Stakeholders.
- The Report represents the most important structural elements.

Recommendations

ased on the results of non-financial professional affirmation, DaS-Project LLC has prepared its recommendations on further improvements of the Report and evolution of the entire reporting system can be improved, and presented them to the Company's management.

As regards further improvements of the Report and evolution of the entire reporting system, we recommend the following:

1. As the next Annual Report is prepared, the Company should expand the scope of its disclosure by adding to the Report information about the 9 companies that recently joined the control scope of JSC Atomenergoproekt.
2. The Company should work out a master list of reporting indicators for the 9 companies that recently joined the control scope of JSC Atomenergoproekt, and thus

consolidate information disclosed about its Engineering division.

3. Version GRI G4 should be used to prepare the next Annual Report.
4. The text of the report should provide more details on the process used to identify and select the Company's Stakeholders.
5. The Company should prepare and adopt corporate documents that should state the Company's key activities, goals and objectives in the field of sustainable development and interaction with the Stakeholders.

Declaration of Impartial and Professional Character of DaS-Project LLC

DaS-Project LLC hereby officially declares that this Report represents the judgment of an independent auditor. With exception of this assignment, DaS-Project LLC has not provided any services to JSC Atomenergoproekt during 2013, nor does it vest any business interests in the Company's activities other than providing the services of non-financial professional affirmation of its Report.

DaS-Project specialists engaged in the auditing procedures possess more than four years of working experience in public reporting, and hold official certificates to confirm that they received training in GRI and AA1000 SES from licensed providers. The Principal Auditor of the team holds a certificate in AA1000 AS.

V.S. Yakhnina,
Head of 'Non-Financial Audit and Affirmation' Section,
Principal Auditor
DaS-Project LLC
June 06, 2013

Moscow
06.06.2013





Dear Reader!

You have read the Annual Report filed by JSC Atomenergoproekt for 2012.

We have tried to ensure that the Report represents our Company's key events and developments during the period, and describes its future plans.

The Report we have presented is in an integrated format: in addition to information about our core activities and financial statements, it also contains sections on sustainable development, environmental protection, implementation of our social and human resource policies, and the Company's influence on its areas of presence.

This Report was prepared to meet the requirements of the Sustainability reporting guidelines, Level B+. We did our best to achieve compliance with the recommendations of the International Integrated Reporting Council, and the document passed a non-financial audit by an independent third party.

We did our best to consider the interests of all the stakeholders. That is why we organized exchange with representatives of the public through dialogues that addressed the concept of our Annual Report and its key topics. The results of our activities were discussed during public consultations where stakeholder representatives were able to read the trial version of the Report prior to its approval by the Board of Directors and endorsement by the General Meeting of Shareholders; our stakeholders could ensure that we considered all their proposals and recommendations.

We are hopeful that as we prepare our Annual Reports, our cooperation with the stakeholders will continue, and that you personally can help us make our Reports better and more informative.

A feedback questionnaire is available after this message. We would appreciate if you could find time to fill it in and tell us what matters most to you, and what information and topics you would like us to publish in our subsequent reports.

Please send your completed questionnaire to: 7, Bldg. 1, ul. Bakuninskaya, 105005 Moscow (c/o Communications Office) or email it to: info@aep.ru. A online version of the questionnaire is also available (specify address or QR code).

Your opinion is important to us.

Yours truly,
Annual Report Task Force

Feedback Questionnaire

Your opinion matters

You have read the Public Annual Report filed by JSC Atomenergoproekt for 2012, and it is important for us to know what you think about it. We would appreciate if you help us improve our reporting quality by answering a few brief questions.

1. Has this Report answered you questions and provided relevant information to you?

☐ Yes

☐ No

☐ I just browsed it through

Would you please specify what was important to you, and what is missing?

2. Is the information contained in this Report helpful to build better interaction with the Company?

☐ Yes

☐ No

☐ This is not my purpose

Please elaborate which information you found of special importance, and what was missing?

3. Which report sections are most interesting to you?

4. Which report sections are irrelevant to you?

4. Which report sections are irrelevant to you?

6. Will you need JSC Atomenergoproekt's next Annual Report?

☐ Yes

☐ No

7. How would you like to see the next Report?

8. What would you recommend to JSC Atomenergoproekt to improve its activities?

9. Please give this Report points on the scale of five (1 as lowest, 5 as highest) in terms of:

	1	2	3	4	5
Credible data and information					
Search-friendly					
Disclosure and relevance of content					
Format and structure					
Style of narrative					

10. Other comments

11. Please name the group whose interests you share and represent:

- ☐ Shareholder
- ☐ Investor
- ☐ Contractor/Supplier
- ☐ Same-sector business
- ☐ Small and medium businesses
- ☐ Representative of federal government
- ☐ Representative of regional government
- ☐ Representative of local government
- ☐ Representative of non-governmental environmentalist organization
- ☐ Representative of business association or another public union
- ☐ Media outlets
- ☐ JSC Atomenergoproekt Employee
- ☐ Other (please specify)

12. If you would like a response to your comments, please write your contact details (full name, post code and address, telephone number, and email address), and we'll be sure to contact you.

Thank you!

Please fax your Questionnaire to: +7 (499) 265-09-74,
or to our mailing address: 105005, Moscow, ul. Bakuninskaya, 7, Bldg. 1,
or email it to info@aep.ru, as "Re: Annual Report".



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