

TVEL FC conduct annual satisfaction checks of its main customers in accordance with Customer Satisfaction Assessment Procedure based on ISO 9001:2008 requirements.

In 2013, 11 customers participated in the procedure:

- Institute of Nuclear Physics, Uzbekistan;
- National Center for Nuclear Research, Poland;
- NPP Kozloduy, Bulgaria;
- Nuclear Research Institute with the National Academy of Sciences of Ukraine;
- Fortum Power and Heat Oy, Finland;
- Temelin and Dukovany NPP (ČEZ A.S.), Czech Republic;
- Haykakan Atomayin Electrakayan CJSC, Armenia;
- Mochovce NPP (Slovenske Elektrarne a.s.), Slovakia;
- Rosenergoatom Concern JSC;
- Nuclear Research Institute, Vietnam;
- Nuclear Energy Research Center with the Academy of Sciences, Hungary.

According to the survey results, average customer satisfaction index in 2013 was 4.36 out of 5 points. No claims were filed by the customers in 2011-2013.

GRI G3.1: PR5

Fig. 11. Customer Satisfaction Assessment, 2011-2013



Intellectual Capital

Fundamental Scientific Activity

Main purpose of scientific and technological activity of the Company is to promote competitiveness and safety of production.

Scientific and engineering activities of TVEL FC are regulated by the following documents:

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

R&D composition is defined by decisions of management of ROSATOM State Corporation and by contract obligations and is subject to revision on an annual basis at the meeting of Scientific and engineering Council No. 2 of ROSATOM State Corporation – "Nuclear Materials and Technologies of Nuclear Fuel".

TVEL FC focuses its scientific and technological activities on:

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

In 2013, TVEL FC invested in research and development 3,476 mln RUB (equivalent of 2.64% of the FC proceeds (3,945 mln RUB 2012)). All R&D yielded results.

The share of proceeds from scientific activities of TVEL FC in overall revenues of the company in 2013 was 4.82% or 6,338 mln RUB (3.53% or 4,301 mln RUB in 2012).

Employees of the R&D complex of TVEL FC provide training and advanced training to the highly skilled personnel in the sphere of radiation chemistry, physics of metals, adaptive metallurgy and solid state physics, fissile and structural metals, metallurgy and technology of rare, scattered and radioactive metals. JSC VNIINM serves as the basis for postgraduate center with specialization in Adaptive Metallurgy and Thermal Treatment of Metals and Alloys; Nuclear Power Units, including Design and Decommissioning; Metallurgy of Ferrous-, Non-ferrous- and Rare Metals; Technology of Rare, Scattered and Radioactive Elements. The Institute is expanding cooperation with the leading educational institutions. JSC VNIINM is the basis for the branch of the 9th Department of National Research Nu-

clear University MEPHI, complex branch of the department of Mendeleev University of Chemical Technology of Russia and M.V. Lomonosov Moscow State Academy of Fine Chemical Technology. The Institute also has entered into cooperation agreements with the leading industry-specific higher education institutions. As part of these agreements, students undertake internship and training, and write theses on the promising areas of the institute activities.

TVEL FC employees take part in annual international scientific conferences (e.g., "Zirconium in Nuclear Industry and Top Fuel") and seminars, and organize meetings of scientific and engineering councils of ROSATOM State Corporation and TVEL JSC.

In 2013, experts of TVEL FC took part in international conference dedicated to VVER fuel (Bulgaria), and in traditional seminars in Ukraine and Czech Republic with participation of representatives of operators and regulatory authorities of the countries involved. The seminars ad-

ressed the experience in manufacturing and operation, as well as prospects for improving the fuel and fuel cycle of NPPs with reactors VVER-440 and VVER-1000.

A seminar-workshop on heat transfer enhancement in the fuel assembly of the upgraded VVER-1000 (c/w spacer grids, debris strainers, etc.) was held in Obninsk.

Since 2008, TVEL FC has been awarding corporate prize to the teams of inventors of subsidiaries and affiliates of TVEL JSC for excellent production and financial performance, outstanding scientific and engineering performance and considerable contribution to development of the Fuel Company. Six categories of Corporate Prize were awarded in 2013: “Top Engineering and Process Solution”, “Top R&D Prototype”, “Top Solution for the Establishment of New Production Facility”/“Top Solution for Reconstruction and Building”, “Excellent Management Performance”, “Top Business Solution for Development of Entrepreneurship within the Closed Administrative Territorial Unit” and, for the first time ever, “Top Solution to Reduce Negative Environmental Impact”. The Prize is due only for the projects that have been implemented over the previous three years and proved to be economically justified. Twenty-two projects and 107 authors thereof were earned the Prize in 2013.

Modernization and Technical Upgrade of Research and Engineering

TVEL FC continues modernization and development of infrastructure of its R&D complex under the projects of technical upgrade of the enterprises that comprise the complex and in accordance with Federal Target Program “New Age Nuclear Energy Technologies for the Period of 2010-2015 and up to 2020” (FTP NANET).

Objectives of modernization and technical upgrade include:

- enhancement of productivity of labor (reduction of the length of calculation and test stages);
- expansion of opportunities provided by the research (study of new physical and chemical properties of materials, expansion of the properties measurement range, enhancement of precision measurements, etc.);
- creation of innovative materials and technologies to manufacture innovative products.

Technical upgrade under the FTP NANET aims to create national wide information structure, a number of stands and experimental areas for development, manufacture, quality research and certification of structural and superconductor materials for the use in:

- new age nuclear reactors to promote practical implementation of the closed fuel cycle technology;
- magnetic systems at controlled thermonuclear fusion installations (DEMO experimental modules, DEMO reactors and commercial fusion power plants).

Technical upgrade, modernization and retrofitting will primarily cover the research departments to promote thorough and comprehensive study of the structure, physical and mechanical properties of materials on every stage of technological conversion, and to enable other vital material science studies (including nano-level).

To this effect, the following measures were taken in 2013 under the Project JSC VNIINM Technical Upgrade:

- provision of laboratory equipment to scientific divisions;
- technical upgrade of beryllium production line;
- technical upgrade of the instrumentation repairs and maintenance department: provision of modern repairs and calibration tools;
- technical upgrade of the nuclear materials storage;
- modernization of equipment used in non-destructive control of metal and welded joints;
- modernization of the auto shop;
- installation of radiation control system while handling tritium with the help of modern equipment;
- technical upgrade of scientific library, etc.

Innovative Activities in Nuclear Industry

Services and products of FE NFC represent the core activity of enterprises comprising the Fuel Company (~80% of revenues at the end of 2013), and that is exactly why innovative activities in nuclear industry are critical for ensuring long-term competitiveness and sustainability of TVEL FC.

In 2013, the Company spent 1,687 mln RUB (1,779 mln RUB in 2012) on research and development for the purpose of design and improvement of nuclear fuel.

Main tasks of innovative activities of TVEL FC in nuclear industry appear to be as follows:

- design and improvement of nuclear fuel and cores of the Russian design (primarily VVER-1000/1200);
- design of nuclear fuel for Western reactors (PWR);
- design of nuclear fuel for low-capacity nuclear power stations (LNPS) and research reactors (RR).

The Fuel Company focuses on innovative activities to improve properties and technologies of nuclear fuel and cores of the Russian reactors. Design of nuclear fuel for Western reactors, LNPS and RR is an integral element of TVEL FC emerging markets strategy.

In its effort at nuclear innovations, the Company seeks to increase the burn up fraction, life cycle of TVS, functional reliability of nuclear fuel, to justify the performance of fuel in maneuver modes, and likewise justify the performance of TVS in conditions of enhanced output of reactors while ensuring unconditional safety.

Increasing the output of active NPP reactors in excess of their 100% rated capacity appears to be a global tendency with the purpose of increasing the electric power output simultaneously ensuring safe and reliable operation.

Increase of capacity of an NPP power unit is justified due to advanced control methods, improved design methods and the use of design stock of the main equipment of a nuclear installation.

Russia is implementing the 2011-2015 Program of ROSATOM State Corporation for the Increase of Electric Power Output from the Active NPP Power Units, wherein enterprises of TVEL FC take part on the stage of design, justification and introduction of nuclear fuel suitable for power units operating at increased capacity.

Results of Activities on Improvement of Nuclear Fuel Properties and Production Technologies in 2013

Design and Improvement of Nuclear Fuel and Cores for Russian Reactors

- Front End Design TVSA-12. This kind of fuel has more uranium dioxide (10.4% more than currently used by the Ukrainian NPP), which extends the fuel cycle up to five years (rated burn up rate increased up to 68 MW*day/kg while reducing the annual supply of TVS from 42 to 36 pcs).
- Front End Design for the secondary source of neutrons.
- Front End Design for second generation fuel assembly with 7.8 mm pellets without a hole in the center (Generation 2+ fuel).
- Working construction documentation for and physical model of TVS with highly-enriched uranium for physical tests in substantiation of the active zone 14-15-1 active zone with highly-enriched intermetallic uranium fuel for universal atomic-powered icebreaker with WP RITM-200.
- Scientific and Technical Council (STC) No. 2 of ROSATOM State Corporation "Nuclear Materials and Nuclear Fuel Technologies" recommended to introduce Generation 4 TVS designed on the basis of TVSA-PLUS and TVS-2M. Due to changes in the fuel pellet structure and cladding of the fuel element, the uranium dioxide weight in the fuel assembly grows from 525 kg to 568 kg, which increases the length of the fuel campaign by 8% or reduces make-up volume by 10% over the fuel cycle of 18 months.
- Czech State Office for Nuclear Safety (SUJB) issued a license for operation of TVSA-T in conditions of the increased thermal capacity of the reactor up to 3,120 MW (104% of rated capacity) at Temelin NPP Unit 1 and Unit 2. The same units reached the rated capacity of 3,120 MW (Unit 1 in September 2013; Unit 2 in August 2013).
- Technical assignments executed for core 14-15-2 with low-enriched cermet fuel and element base for universal atomic-powered icebreaker with WP RITM-200.
- National Nuclear Security Administration (NNSA) of China issued a license for commissioning and operation of TVS-2M in 18-months fuel cycle at Tianwan NPP Unit 1 and Unit 2. A batch of fuel was shipped to PRC in November 2013.

Design of Nuclear Fuel for Western Reactors

- TVS-KVADRAT production processes qualified.
- Front End Design made for inspection and repair equipment at NPP with PWR, etc.

Design of Nuclear Fuel for LNPS and RR

- Neutronic and thermohydraulic properties of the core were studied; additional mechanical tests run on standard design TVS to substantiate core 14-14-1 project with enhanced power capacity for RU KLT-40S FNPP, etc.

2014 Plans for Nuclear Fuel Design and Improvement

- Complete licensing of TVSA-12PLUS with 12 spacer grids and unit head. Full make-up shipment to Unit 3 of Kalinin NPP.
- Front end TVS-2M project with varying designs: c/w spacer grids and shaped fags. Start production and pilot operation of TVS-2M with spacer grids at Unit 4 of Balakovo NPP.
- Prepare substantiation for introduction of TVS-2M at first load of Unit 3 and Unit 4 of Tianwan NPP (PRC).
- Substantiation for introduction of Generation 2 fuel highly-enriched within 15-months cycle under capacity increased to 1,485 MW at Paks NPP (Hungary). Manufacture and supply 12 assemblies.
- Complete testing of pilot TVS MP with LEU at research reactor Maria (Poland).
- Manufacture and supply pilot batch of TVS-KVADRAT for test operation at PWR.
- Manufacture inspection and repairs installation for NPP where one unit will be used for test operation of pilot TVS-KVADRAT assemblies, etc.

Project "Proryv"

Federal Target Program "New Age Nuclear Energy Technologies for the Period of 2010-2015 and up to 2020" makes provisions for Project "Proryv" that envisages the design of the new age lead-cooled fast reactors running in a closed fuel cycle. The intention is to create an experimental demonstration energy complex ("the EDEC") with reactor BREST-OD-300 at JSC SGChE, followed by development of the startup energy complex based on BN-1200.

To provide fuel for BREST-OD-300 and BN-1200, JSC VNIINM designs fuel assemblies and technologies for the production of high-density and thermal conductivity and low thermal capacity nitride fuel. These properties add up to conversion ratio in the core remarkably close to 1, thereby enabling the core to continue operation without any material reactivity charge, while considerably reducing maximum temperature of the fuel and thermal energy reserve therein. All this contributes to higher safety.

Under the Project "Proryv", the EDEC seeks to create a module that would make fuel (fabrication/refabrication module), an SNF conversion module and RAW conditioning technologies. As far as the conversion module is concerned, JSC VNIINM will handle the hydrometallurgical SNF conversion technology (stage immediately following the pyrochemistry) and preparation of materials for refabrication. For all these technologies, JSC VNIINM is charged with the task of preparing reference data (process description and material flow estimates) necessary for module equipment design.

As far as new age reactors are concerned, the Company intends to design and provide substantiation for the structural materials of fuel elements, absorber elements and fuel assemblies that would ensure economically feasible burn-up rates, and to develop end-to-end technologies for manufacture (from smelting to finished product) and control thereof in pursuance of front-end designs of core elements.

For details about performance in 2013 check online version of the Report.

Innovative Activities in Non-Nuclear Industry

In order to create new and innovative non-nuclear industries aimed at the development of the second core business, there are projects on four programs of innovative development: “New Energy”, “Machine building”, “Metallurgy”, “Chemistry”.

The Company’s enterprises are the basis for industrial centers created as points of growth of innovative non-nuclear production.

Creation of the new knowledge-based innovative industries at the enterprises of the FC will create more jobs and attract young professionals to form the business environment in the cities of presence of TVEL FC enterprises, improve living standards and attractiveness of the territories.

New businesses may develop at the FC enterprises on the basis of:

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

Total revenues from sale of innovative projects in non-nuclear sphere in 2013 reached 4,819 mln RUB, which is 19% higher than in 2012 (4,054 mln RUB).

In 2013, TVEL FC invested over 1 bln RUB in innovative projects in non-nuclear sphere.

Fig. 12. TVEL FC Innovative Development Programs

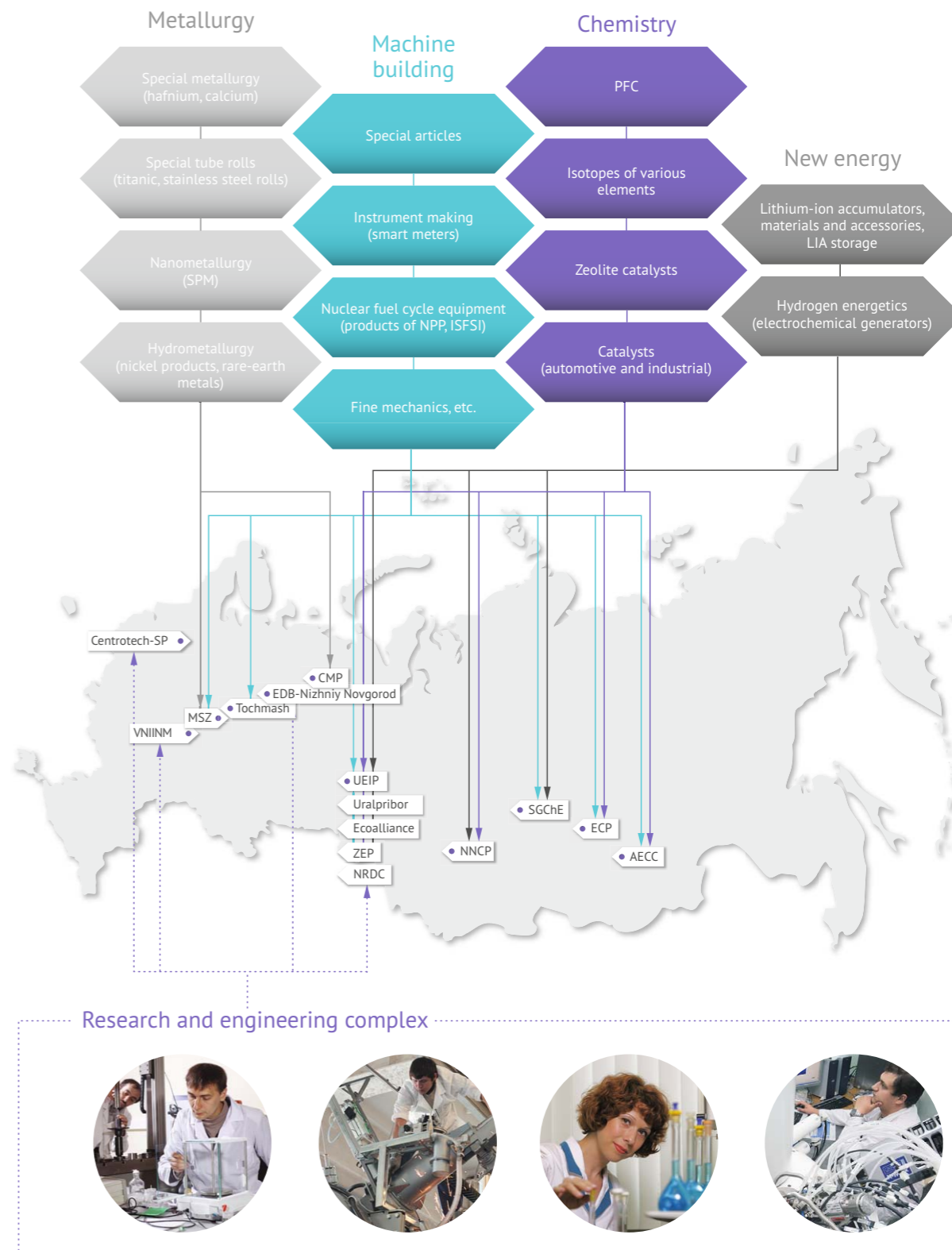


Table 24. Current Products by New Businesses of TVEL FC

New Businesses	Current Products		Basic enterprises
	Products		
New Energy	Lithium and lithium materials	<ul style="list-style-type: none"> lithium hydroxide-7, lithium metal, lithium chloride 	JSC NNCP
	Materials for Li-Ion cells	<ul style="list-style-type: none"> lithium ferrophosphate lithium cobaltate anhydrous hydrogen fluoride and high-purity fluorides graphene, graphite 	JSC NNCP JSC SGChE
	Accumulators and generators, fuel elements	special purpose (military and space machinery) electrochemical power sources (alkaline fuel cells)	ZEP Ltd. (SA JSC UEIP)
Metallurgy	Special metallurgy	<ul style="list-style-type: none"> zirconium alloys titanium alloys calcium metal columbium alloys bronze and copper alloys hafnium 	JSC CMP
	Special tube rolling	<ul style="list-style-type: none"> ferritic steel short (up to 7 m) tubes rolling titanium alloys rolling (tubes, rods) 	JSC CMP MSZ JSC
	Nanometallurgy	<ul style="list-style-type: none"> strands for Project ITER nickel filtering elements, powders 	JSC CMP JSC UEIP
	Hydrometallurgy	<ul style="list-style-type: none"> production of polishing powder production of items of ZrO₂ 	JSC CMP
	Chemistry	Production of stable isotopes	production of 95 isotopes of 19 chemical elements Ar, W, Ge, Fe, Ir, Cd, Si, Kr, Xe, Mo, Ni, Sn, Os, Pb, Se, S, Te, C, Zn
Chemistry	Catalysts	<ul style="list-style-type: none"> autocatalysts zeolite catalysts for petroleum chemistry 	Ecoalliance Ltd. (SA JSC UEIP) JSC NNCP
	Fluorine compounds	extra pure fluorine hydrogen	JSC AECC JSC SGChE
Machine building	Instrumentation	<ul style="list-style-type: none"> cold and hot water flow meters high-precision gas meters car electrical equipment printed circuit boards 	JSC VPA Tochmash

New Businesses	Current Products		Basic enterprises
	Products		
Machine building	Instrumentation	<ul style="list-style-type: none"> static frequency converters dosimeters, radiation meters LED fixtures controllers 	Uralpribor Ltd.
	Equipment for nuclear fuel cycle	<ul style="list-style-type: none"> equipment for storage of spent nuclear fuel (capsules, canisters) ball- and screw-type plugs stop valves servomotors units and components for gas centrifuges 	JSC VPA Tochmash
	Precision mechanics	engineering tools	JSC VPA Tochmash
Machine building		special tools and fixtures	JSC VPA Tochmash SibMZ Ltd.*
		vessels and other mechanical products	JSC VPA Tochmash SibMZ Ltd.

Since the Russian Federation participates in the international project ITER, TVEL JSC lead the development of a technology and launched the production of superconductors at JSC CMP. Superconductors have been in commercial production since 2009. In the course of development of the technology, its engineers (employees of JSC "VNIINM") solved a number of profoundly difficult technical problems. Innovative nature, relevance and practical value of these solutions have been confirmed by 18 patents.

What makes the production of superconductors at JSC CMP unique is that they are made at a single enterprise – from the basic material (columbium, columbium-titanium alloy, niobium) and to finished product: superconducting strands – wires with less than 1 mm in diameter and up to 14,500 superconducting fibers.

Moscow. December 18, 2013. Ceremony of governmental awards for accomplishments in science and engineering in 2012. Seven representatives of TVEL FC earned state awards for development of technologies and the launch of production of superconductors for prospective sectors of science and engineering:

- K.M. Abramushin, JSC CMP Project Manager;
- D.S. Anishchuk, Deputy General Director of JSC CMP;
- A.E. Vorobyova, Cand. Sc. (Engineering), Deputy General Director – Department Director of A.A. Bocharova VNIINM JSC;
- S.M. Zernov, TVEL JSC, "Production of Superconducting Materials" Project Manager;
- Y.A. Kudryavtsev, Senior Vice-President of TVEL JSC;

* SA of JSC SGChE, production facilities also available at JSC PA ECP, JSC AECC.

- V.V. Rozhdestvensky, Senior Vice-President of TVEL JSC;
- K.V. Utkin, JSC CMP, Deputy Shop Manager.

In 2014, JSC CMP completes its participation in the international project ITER as the enterprise intends to have completed all of its obligations by the year end. In 2013, for further development of production of superconductive materials, JSC CMP continued development of structures and technologies for manufacture of superconductive wires used in prospective sectors of science and engineering: tomography, magnetic systems for heavy ion accelerators under the international project FAIR and national project NICA.

Intellectual Property of TVEL FC

TVEL FC owns over 1,600 items of intellectual property.

The objects of legal protection are represented by inventions, useful models, production secrets (know-how), software, databases, trademarks and production prototypes.

Intellectual Property Identification and Legal Protection System as it applies to the items created by subsidiaries and affiliates of TVEL FC is implemented in accordance with applicable laws of the Russian Federation, Standard Industry Methodological Recommendations and by local regulations of the entities comprising the Company.

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

Table 25. Number of Registered Inventions, Useful models, Production Prototypes and Production Secrets (Know-How)

Items of Intellectual Property	2011	2012	2013
Inventions: Russian, pcs	53	60	65
Inventions: foreign, pcs	5	2	9
Useful models: Russian, pcs	16	12	12
Useful models: foreign, pcs	0	2	0
Production prototypes: Russian, pcs	1	1	0
Production prototypes: Foreign, pcs	0	0	0
Production secrets (know-how), pcs	67	93	97

In 2013, TVEL FC improved its performance indicators against 2012 by the number of registered items of intellectual property. The Fuel Company acquired intellectual property rights to 183 items: 74 inventions, 12 useful models and 97 production secrets (know-how); filed 69 applications for invention, 14 applications for useful models, 19 applications with respect to software and databases, and 60 applications with respect to production secrets.

Table 26. Number of Items of Intellectual Property the Rights to which were Granted to TVEL FC Enterprises in 2013

Companies of TVEL FC	Inventions, pcs		Useful models, pcs		Trade secrets (know-how) Russian, pcs
	Russian	foreign	Russian	foreign	
TVEL JSC	2	2	–	–	–
JSC VNIINM	5	–	2	–	41
MSZ JSC	7	3	1	–	7
JSC PA ECP	8	–	1	–	–
JSC NNCP	5	4	–	–	–
JSC UEIP	3	–	3	–	5
JSC CMP	2	–	–	–	–
JSC SGChE	20	–	–	–	–
JSC AECC	1	–	–	–	–
Centrotech-SPb	5	–	–	–	44
EDB-Nizhniy Novgorod	5	–	3	–	–
NRDC LLC.	2	–	2	–	–
Total	65	9	12	–	97

Table 27. Number of Russian and Foreign Applications for Inventions, Useful Models, Software and Databases, Production Secrets (Know-How) by TVEL FC in 2013

Application	2011	2012	2013
Applications for inventions: Russian, pcs	43	65	68
Applications for inventions: foreign, pcs	9	1	1
Applications for useful models: Russian, pcs	11	12	13
Applications for useful models: foreign, pcs	2	1	1
Applications for software and DB: Russian, pcs	1	2	19
Applications for software and DB: foreign, pcs	–	–	–
Applications for production secrets (know-how), pcs	29	32	60

Table 28. Number of Russian Applications for Inventions, Useful Models, Software and Databases, Production Secrets (Know-How) by TVEL FC in 2013

Companies of TVEL FC	Applications for inventions (Russian), pcs	Applications for useful models (Russian), pcs	Applications for software and DB (Russian), pcs	Applications for production secrets (know-how), pcs
TVEL JSC	5	1	1	–
JSC VNIINM	6	3	1	41
MSZ JSC	7	1	–	7
JSC PA ECP	5	1	17	–
JSC NNCP	7	–	–	7
JSC UEIP	1	2	–	5

Table 28. Number of Russian Applications for Inventions, Useful Models, Software and Databases, Production Secrets (Know-How) by TVEL FC in 2013

Companies of TVEL FC	Applications for inventions (Russian), pcs	Applications for useful models (Russian), pcs	Applications for software and DB (Russian), pcs	Applications for production secrets (know-how), pcs
JSC CMP	9	–	–	–
JSC SGChE	11	–	–	–
JSC AECC	1	–	–	–
Centrotech-SPb	9	–	–	–
EDB-Nizhniy Novgorod	2	3	–	–
NRDC LLC.	4	2	–	–
Uralpribor Ltd.	1	–	–	–
Total	68	13	19	60

Human Capital

Personnel Management

The TVEL FC Personnel Policy is implemented in accordance with its Development Strategy and serves to promote rational use of the manpower potential that would contribute to the achievement of strategic goals of the Company.

The TVEL FC Personnel Policy serves to promote the balance of interests of its employees and the employer and aims to make employees consent to the efficient development of their professional and managerial potential in accordance with the long-term development strategy of the Fuel Company.

Main long-term goals of the TVEL FC Personnel Policy include:

- increase personnel involvement to promote sustainable growth of the company;
- continuous growth of labor productivity;
- development of common corporate values;
- enhancement of development level of strategically important competencies and skills of the personnel up to compliance with requirements to the personnel common to international global companies;
- involvement of each employee in solving the problems of strategic development and application of the "collective mind";
- promotion of social acceptability of the changes.

All personnel management activities serve to accomplish the objectives and are focused on the long-term personnel stability of the Fuel Company.

Key indicators

Indicator	2011	2012	2013
Headcount of TVEL FC staff at the year end, persons	36,922	30,964	27,159
Average headcount of TVEL FC staff in the year of report, persons	42,581	34,088	29,238
Employees with the the period in TVEL FC over 5 years, %	78	77.5	75.5
Candidates and doctors of science	308	290	312
Holders of MBA degree	11	11	12

GRI G3.1: 2.8

Steady downsizing in 2011-2013 was caused by restructuring processes, centralization of management functions and personnel outsourcing. The ultimate goal of these processes is to enhance labor productivity at the TVEL FC enterprises to match major international competitors. Average headcount of staff planned for the year of 2014 – 26,430 persons.

Manpower Size and Composition

TVEL FC hires its employees in strict compliance with the Labor Code of the Russian Federation. Top executives are covered by the program that envisages the appointment of candidates who participate in the personnel reserve program. All enterprises (excluding however TVEL JSC) comprising the Fuel Company have collective agreements that cover 100% employees. If any considerable changes are intended in the business, the organizations shall notify their employees at least 2 months prior to the effective date of any such changes. This provision is stipulated by applicable labor laws of the Russian Federation and by the Collective Agreement of each enterprise.

In 2013, the TVEL FC enterprises hired 1,857 persons, including TVEL JSC – 107 persons, 13 of whom were transferred from the enterprises of the Fuel Company and 2 employees got a transfer from ROSATOM State Corporation.

5,643 persons terminated their employment with the company. At the end of 2013, the retirement rate* by the regions where TVEL FC conducts its business varied from 27% in Sverdlovsk Region and 25.4% in Vladimir Region to 13.6% the Udmurt Republic and 9.5% in Moscow Region. The retirement rates vary by gender as well: men – 12.5%; women – 6.8%. Overall retirement rate for the Fuel Company is 19.3%. Personnel turnover rates** vary by the regions where TVEL FC conducts its business from 6% in Moscow Region and 3.3% in Vladimir Region to 0.5% in the Udmurt Republic and 0.2% in Krasnoyarsk territory. Overall personnel turnover rate for the Fuel Company is 1.6%. The most mobile age group (turnover rate > 4%) comprises of employees up to 35 years old; male employees are more mobile than female (1.8% against 1.1%).

As on December 31, 2013, TVEL FC employed 27,159 persons. Male employees comprise the

GRI G3.1: LA4

GRI G3.1: LA2

* Retirement rate means total dismissals due to any reasons divided by average headcount of staff×100%.

** Turnover rate means total dismissals of one's own accord divided by average headcount of staff×100%.