I would like to bring to your kind attention the Public Annual Report 2012 of JSC Techsnabexport, one of the oldest Russian foreign trade organizations, which celebrates its 50th anniversary in the year of publication of this Report. This fact was certainly taken into consideration while preparing the Report, that provides detailed information on the Company's operating and financial performance for the year under review and in a three-year period as well as the scope and geography of the Company's business in a retrospective review.
Address by the Chairman of the Board of Directors

» PAGE 9

1963 – 2013

TENEX

Annual Report

JSC Techsnabexport 2012

TENEX

Annual Report

JSC Techsnabexport 2012

Approved by the resolution
of the sole shareholder on
28.06.2013

Preliminarily approved by
the Board of Directors on
28.05.2013

General Director L.M. Zalimskaya

Chief Accountant G.A. Lysova

Table of Contents

Information on the Report and Its Preparation

Information on Previous Reports

Pursuant to the Federal Law "On Joint Stock Companies" dated 26.12.1995 No. 208-FZ, which obliges open joint stock companies to publish their annual reports and annual financial statements, Open External Economic Joint Stock Company Techsnabexport (hereafter called "JSC Techsnabexport" or the "Company") introduced public reporting. Sixteen reports have been issued since 1996, the last five of which were placed on the Company's corporate website (*http://www.tenex.ru/*).

JSC Techsnabexport has been involved in a pilot industry-wide public reporting system project since 2009 as one of the key organisations of the State Atomic Energy Corporation Rosatom. The Company's Public Annual Report 2010 placed second in the nomination "Best Integrated Report" at the third industry contest and won a special prize – "The Breakthrough of the Year". Furthermore, JSC Techsnabexport was awarded prizes (ranked third) in such nominations as "Best Level of Disclosure" and "Best Quality of Public Reporting System". According to the results of the industry contest of 2012, the Public Annual Report of JSC Techsnabexport for 2011 placed fifth among twenty finalists, and was awarded in a number of special nominations, in particular: second place as "Best Electronic Annual Report" and third place in the nomination "Best Level of Disclosure of Information on Safe Operation of Nuclear Facilities".

The Public Annual Report of JSC Techsnabexport for 2011 was entered in the National Register of Corporate Non-financial Reports of the Russian Union of Industrialists and Entrepreneurs (RUIE).

The Company has been preparing IFRS financial statements since 2003. Consolidated financial reports include JSC Techsnabexport, its subsidiaries and affiliates IFRS statements for 2012 and audit report are made available on the Company's corporate website (*http://www.tenex.ru/wps/wcm/connect/tenex/site/company/reports/*).

Description of the Company's Public Annual Report 2012

The Company's Public Annual Report 2012 (hereafter – the Report) has been prepared in an integrated format and encompasses both financial and non-financial aspects of the Company's performance. This Report has been prepared in accordance with applicable laws, the State Atomic Energy Corporation Rosatom's Public Reporting Policy, the Sustainability Reporting Guidelines of the Global Reporting Initiative (GRI, version G3.1), AA1000 Stakeholder Engagement Standards of the Institute of Social and Ethical Accountability, International Integrated Reporting Council's recommendations, and JSC Techsnabexport Public Reporting Standard.

This Report has been issued in Russian and English. An interactive (electronic) version of this Report is available on the Company's website for your convenience.

Disclosure of Information in the Report

In the run-up to the 50th anniversary of the Company, while preparing this Report, the topic "Supply Reliability – Proven over Decades", to which the Company's management and the stakeholders assigned the highest priority, was chosen as a key point. Special emphasis was placed on setting forth the performance in historical context, on highlighting the milestones of business development, on summarising preliminary operating results of the Company in the global uranium market for the past decades and on the Company's further plans focused on delivery reliability, customer-oriented approach and facilitation of sustainable global development.

This Report incorporates recommendations of the Company's stakeholders, which were given when it was under preparation (*Appendix 7.*).

The financial statements have been prepared in accordance with the Russian Accounting Standards (RAS) (*Appendix 1.*).

The extent of disclosure of relevant information in the Report corresponds to the B+ Application level of the GRI (version G3.1). The list of the State Atomic Energy Corporation Rosatom's public reporting indicators, the GRI standard disclosures and indicators disclosed in the Report is attached hereto as *Appendix 8*.

Scope of the Report

This Report contains detailed information on the performance of JSC Techsnabexport. The Report contains no consolidated financial indicators of the Russian and foreign subsidiaries and affiliates (hereafter – S&A) of the Company. In cases when certain aspects of the S&A performance were deemed important in terms of sustainable development, they were disclosed in the Report with a special reservation (JSC SPb IZOTOP[1]).

This Report has been prepared in accordance with the state and trade secrecy laws, using the information available to JSC Techsnabexport. The timeframe of the Report is limited to 2012. Any past and future periods are mentioned in this Report in the context of the Company's strategy, comparison of material factors, indicators and performance, as well as in forecasts and risk assessments. This Report, apart from factual data, encompasses possible future events, having a probabilistic nature, and their assessment. Any statements in this Report that are not statements of facts shall be considered as forward-looking statements. Such forward-looking statements are valid only at the moment when they are made public. JSC Techsnabexport (except as otherwise provided by the law) does not commit to foresee or update these forecasts or consider the consequences of the information as it becomes available.

The opinion of the Audit Commission based on the results of verification of the data given in the Report is attached hereto as *Appendix 4*.

Inspection of conformance to the B+ Application level and verification of the Report in accordance with AA1000 Assurance Standards have been carried out by an independent auditor. The audit opinion is attached hereto as *Appendix 9*.

The level and quality of stakeholder engagement have been affirmed by the stakeholders' representatives who took part in dialogues and public consultations held during preparation of the Report. Their opinion and recommendations are set out *in Section 6.4. Conclusion on Public Verification of the Report*

In the run-up to the 50th anniversary of the Company, while preparing this Report, the topic "Supply Reliability – Proven over Decades" was chosen as a key point

Confirmation of Reliability of the Report Content and Its Conformance to Standards

Reliability of the financial statements has been confirmed by the financial auditor – LLC Finansoviye i Bukhgalterskiye Konsultanty (Financial and Accounting Consultants) (LLC FBK) (*Appendix 2.*).

Stakeholder Engagement during Report Preparation

During the reporting campaign from December 2012 through April 2013, the Company interacted with representatives of a wide group of stakeholders, including the operating units of the State Atomic Energy Corporation Rosatom, Ministry of Foreign Affairs of Russia, Ministry of Economic Development of Russia, Federal Service for Technology and Export Control (FSTEC) of Russia, Federal Service for Environmental, Technological, and Nuclear Supervision (Rostekhnadzor), industry organisations, foreign counterparties of the Company, the mass media, public and environmental organisations, who participated either in absentia (questioning) or in person (dialogues, public consultations) (*Chapter 6.*).

[1] Open Joint Stock Company Saint Petersburg IZOTOP (JSC SPb IZOTOP) is an operating organisation of the nuclear energy sector, providing freight forwarding services for nuclear fuel cycle companies and supplying uranium and radioisotope products, instrumentation, equipment and protective means for handling radioactive materials. For its operational purposes, JSC SPb IZOTOP has a railroad base, specialised storehouse facilities, and motor vehicles.

12 March 2013. Dialogue with the stakeholders in the Company's office "New Marketing Projects – flexible response to market requirements"

On 23 April 2013 public consultations on the draft Report were conducted with the aim of preparing it for the public verification, i.e., assurance by the representatives of the key stakeholders, in compliance with AA1000SES, of relevance and completeness of the information disclosed in the Report, as well as responsiveness of the Company to the stakeholders' comments and proposals (*Section 6.4.*).

Action programmes, lists of participants, and action reports are available on the Company's website.

Report Preparation Process

While developing the Concept of the Report, recommendations of the Public Reporting Committee of the State Atomic Energy Corporation Rosatom and opinions of the stakeholders given during the previous year's reporting campaign and during dialogue No. 1 held in December 2012-January 2013 by way of questioning, were taken into account. The Concept of the Report and assignment of responsibility to the organisational units of the Company for furnishing relevant input information for the Report, including disclosure of the public reporting indicators, have been approved by a respective order of the General Director of the Company.

Inspection of conformance to the B+ Application level and verification of the Report in accordance with AA1000 Assurance Standards have been carried out by an independent auditor

Subject to the Public Annual Reporting Regulations of JSC Techsnabexport, the internal audit has been carried out to verify the compliance of the process of preparation of the Report with the requirements of the State Atomic Energy Corporation Rosatom's Public Reporting Policy and applicable public reporting regulations of the Company. The internal audit report is attached hereto as *Appendix 5*.

No outside consultants were engaged in the preparation of the Report

JSC Techsnabexport Key Performance Indicators

Indicator	Unit of measurement	2010	2011	2012
Exports, total	US$ mln	3,490	3,388	3,219
including:				
exports of uranium products, total	US$ mln	3,252	3,339	3,219
including:				
HEU-LEU Contract	US$ mln	939	1,009	1,033
bulk supplies of uranium products	US$ mln	2,313	2,330	2,186
Other	US$ mln	239	49	0
Achievement of target indicators of the HEU-LEU Programme	%	100	100	100
Growth rate for the portfolio of long-term export contracts for supply of uranium products vs. 2009	%	111	139	150
Net profits	RUR mln	15,935	13,319	11290
Proceeds	RUR mln	83,261	70,514	69578
Assets	RUR mln	65,495	70,018	76,805
Number of companies that are customers of JSC Techsnabexport products	companies	33	31	32
Cases of breach of the contractual terms as pertaining to deadlines, quantities and quality of products	cases	0	0	0
Number of employees (average)	persons	352	337	367
Taxes paid to the federal and local budgets and to extra-budgetary funds	RUR mln	4,510	3,861	3,465
including:				
profit tax	RUR mln	4,445	3,772	3,290
social expenditures (including charity)	RUR mln	505	706	759

Key Events of the Reporting Period

International Cooperation in the Peaceful Uses of Nuclear Energy

- The Canadian counterparty[2] signed the Administrative Arrangements pursuant to the Agreement between the Government of the Union of Soviet Socialist Republics and the Government of Canada for Cooperation in the Peaceful Uses of Nuclear Energy of 1989.
- The Agreement between the Government of the Russian Federation and the Government of Japan for Cooperation in the Peaceful Uses of Nuclear Energy of 2009 has taken effect.

Core Business of the Company

- The Company has entered into two new contracts and has prolonged one effective contract for the supply of uranium products, including a long-term contract with the Emirates Nuclear Energy Corporation for supply of enriched uranium for the UAE's first NPP at Barakah, and this means entry into a completely new regional sales market.
- In November 2012, within the framework of the Agreement between the Government of Australia and the Government of the Russian Federation on Cooperation in the Use of Nuclear Energy for Peaceful Purposes 2007, the first shipment of Australian natural uranium was delivered to Russia under a contract with Energy Resources of Australia (Rio Tinto Group).
- The value of the Company's exports portfolio until 2025 has reached the level of almost US$ 28 billion.
- Exports of the uranium products have amounted to US$ 3.2 billion, and the exports portfolio growth rate for a ten-year period is approximately 40%.
- Within the framework of the HEU-LEU Programme, 864 tons of low-enriched uranium (LEU) have been shipped. The schedule of shipment of the LEU to the USA and the commitments as pertaining to the supply of the natural uranium component of the LEU (NUC LEU) to the customers was met timely and in full. In whole, the HEU-LEU Agreement is 95% fulfilled.
- In October 2012, a pilot shipment of enriched uranium was delivered through Vostochny Port, Russia, to Japan. This fact evidences the feasibility and viability of the use of a new transportation corridor for deliveries of uranium products through the Far East to the countries of the Asia-Pacific Region.
- JSC Techsnabexport was the first company of the Russian nuclear-industry to secure certification according to ISO 28000:2007: "Supply Chain Security Management": certification agency TÜV Thüringen e.V. (Germany) issued a certificate of compliance of the management system with the standard requirements to management of the chain of export-import supplies of nuclear fuel cycle products, valid until 2014.
- In January 2012, the Government of Russia accorded permission to JSC Techsnabexport to extend the term of validity of the general export licenses from three to five years from the date of issue of the state accreditation certificate to enhance promptness of execution of export contracts.
- The Company resumed its activities as an associate member of the World Nuclear Transport Institute (WNTI).

Sustainable Development Activities

- In the period under review, approximately RUR 3.8 billion was paid into state budgets at different levels and into extra-budgetary funds.
- In the reporting year, the Company was awarded the Letter of Gratitude by the All-Russia Public Organisation The Russian Geographical Society "For Contribution to Achievement of Common Goals for the Sake of Conservation and Augmentation of the Fatherland Wealth and Nature under the Auspices of the Russian Geographical Society". The total expenditures for support of environmental organisations and projects in 2012 amounted to about RUR 300 million.
- JSC Techsnabexport placed first in AON-Hewett's international rating "Best Employers. Central and Eastern Europe 2012" among medium companies and "Best Employers. Russia 2012", leaving outperforming in this contest the Russian business units of such known companies as Microsoft, Hilti, DHL Express, Takeda, Mars.
- JSC Techsnabexport, disclosing in its annual public reports relevant information that encompasses the Company's activity aimed at enhancing its sustainable development and corporate social responsibility, joined the RUIE Social Charter of the Russian Business.

Social Charter of the Russian Business Member

[2] Signed by Russia on 13 December 2011.

Address by the Chairman of the Board of Directors

Dear Colleagues,

I would like to bring to your kind attention the Public Annual Report 2012 of JSC Techsnabexport, one of the oldest Russian foreign trade organisations, which celebrates its 50th anniversary in the year of publication of this Report.

This fact was certainly taken into consideration while preparing the Report, that provides detailed information on the Company's operating and financial performance for the year under review and in a three-year period as well as the scope and geography of the Company's business in a retrospective review.

In this context, I would like to make a pointed reference to one of the most significant business achievements of JSC Techsnabexport in the reporting year, which is the conclusion of a long-term contract with the Emirates Nuclear Power Corporation, as such success enabled not only to shore up our position in such a new and highly promising sales market, but also to expand the total portfolio of orders to an impressive value of US$ 28 billion, leaving behind our competitors as pertaining to this indicator.

We keep the focus on enhancing our transport and logistics infrastructure. In 2012 JSC Techsnabexport implemented a number of projects in this field aimed at cost reduction and enhancing the competitive advantages of Russian uranium products. Among them – a pilot delivery of enriched uranium to Japan through a commercial sea port in the Far East of Russia, which proved not merely the availability of the shortest route for delivery of nuclear materials to the countries of the Asia-Pacific Region, but also the feasibility of an efficient just-in-time system, enabling to cut costs without detriment to secure transportation of nuclear materials.

Furthermore, I would like to turn your attention to the sections of this Report that are devoted to the development of our management and risk management systems. JSC Techsnabexport achieved high results in this activity as well: in particular, we were the first company of the Russian nuclear industry to secure certification in 2012 according to ISO 28000:2007: "Supply Chain Security Management".

This Report, prepared in an integrated format, comprises detailed information on the Company's social and environmental policies in the context of sustainable development, as well as on the stakeholder engagement.

In 2012 JSC Techsnabexport achieved all key performance indicators set and laid the groundwork for successful implementation of new projects within the framework of the State Atomic Energy Corporation Rosatom's strategic initiative of retaining the global leadership in the initial stage of the nuclear fuel cycle.

I'm confident that our professional management, strong team of specialists, deep market knowledge and many years' successful commercial experience will further enable JSC Techsnabexport to find effective solutions for achieving all the strategic objectives set by the State Atomic Energy Corporation Rosatom.

K. B. Komarov

Address by the General Director

Dear Friends,

To briefly describe the Company's performance in 2012, I herein state with satisfaction that JSC Techsnabexport was successful in achieving good results despite the deterioration of the economic situation in the world uranium market. The portfolio of orders for a ten-year period has reached a record US$ 24.7 billion. The commercial exports of the uranium products in 2012 totalled US$ 2.2 billion. It's slightly less than in 2011 as a result of postponing at the customers' request of a number of deliveries due to the consequences of the Fukushima Daiichi Nuclear Power Plant accident.

Presently, JSC Techsnabexport supplies uranium products to all key regional segments of the global market, as 32 companies from 16 countries worldwide are our customers. It was a breakthrough year in terms of the geographic expansion of our business: the Company signed a large long-term contract with the Emirates Nuclear Power Corporation for the supply of enriched uranium for the first UAE's NPP at Barakah, which increased the total value of our portfolio of long-term contracts to almost US$ 28 billion. This fact surely evidences that the Company has maintained its positions as one of the leading world suppliers of NFC products.

In 2012 the following important pilot projects were implemented: delivery of a shipment of natural uranium from Australia to Russia for processing, which significantly widened the range of sources of raw materials available to the Company; and beginning of delivery of a shipment of Russian enriched uranium to Japan from Vostochny Port, Primorye Territory, which opened a new promising route for the transportation of uranium products to the countries of the Asia-Pacific Region.

The package of HEU-LEU Contracts has been performed flawlessly as usual. 864 tons of low enriched uranium, obtained as a result of processing of weapon-grade uranium, with a value of US$ 1.03 billion were shipped to the USA. On the whole, summarising the results of 2012, the overall scope of the 20-year Russian-American Megatons to Megawatts Programme has been 95% implemented.

JSC Techsnabexport was the first company of the Russian nuclear industry to achieve certification according to ISO 28000:2007: "Supply Chain Security Management". This means completion by the Company of one more important stage of building a business process regulation system complying with applicable international standards and the best world practices.

Development of key competences and maintenance of professional growth of the personnel are among the high priorities of JSC Techsnabexport corporate sustainability. The Company adheres to and intends to keep on adhering to the practice of providing the broadest training, development and professional growth opportunities for our personnel.

The success of JSC Techsnabexport social policy is evidenced by the highest, among companies of the nuclear industry, extent of personnel involvement, which reached 95% in 2012. According to the results of the annual study of personnel involvement carried out by such a reputable international company as Aon Hewitt, JSC Techsnabexport ranked first as "Best Employers. Central and Eastern Europe 2012" among medium companies and first as "Best Employers. Russia 2012".

Our highly professional team, competence and experience accumulated for almost 50 years of operation, unblemished reputation of JSC Techsnabexport as a reliable partner and everlasting enhancement of the corporate management system enable the Company to face the future with confidence.

I would like to use this opportunity to express gratitude to all personnel of our Company for their good work, as well as to all our Russian and foreign partners, who contributed greatly to all our success.

L. M. Zalimskaya

October 2012. Vostochny Port. Loading of the pilot consignment of the Russian EUP for shipment to Japan

JSC Techsnabexport is engaged in international trade to the benefit of the Russian nuclear industry with optimum use of its export potential and competitive advantages as pertaining to the nuclear fuel cycle, in strict compliance with applicable legal, quality standard, safety and social responsibility requirements.

1963–2013 TENEX

Annual Report
JSC Techsnabexport

APPROVED by the resolution of the sole shareholder on 28.06.2013

PRELIMINARY APPROVED by the Board of Directors on 28.05.2013


СОВЕТ МИНИСТРОВ СССР

July 17, 1963
According to the order of the USSR Council of Ministers No. 1477, within the system of the USSR Ministry of Trade, the All-Union Export&Import Bureau Techsnabexport was organised

1. General Information

638,118,652.00
RUR
– *authorised capital of the Company as of 31.12.2012*


TSF in Kapitolovo

1.1. Information on JSC Techsnabexport

Name of the Company in Russian	Открытое внешнеэкономическое акционерное общество «Техснабэкспорт»
Name of the Company in English	External Economic Joint Stock Company Techsnabexport
Location and postal address	28, bldg 3 Ozerkovskaya nab., Moscow, 115184, Russia
Corporate website	http://www.tenex.ru
E-mail	tenex@tenex.ru
Telephone	+7 (499) 949-2683, +7 (495) 545-0045
Fax	+7 (495) 951-1790, +7 (495) 953-0820
Primary State Registration Number	1027700018290, registered on 11 July 2002 with the Department of the Ministry of Taxes and Levies of Russia for Moscow
License for Handling Nuclear Materials During Transportation	No. GN-05-401-1638 of 16.03.2007
Branches and representative offices:	None

1.1.1. Information on Authorised Capital

As of 31.12.2012 the authorised capital of the Company is RUR 638,118,652.00. The Company has placed 26,636 ordinary registered shares with a par value of RUR 23,957.00 each. The Company has no preferred shares.

1.1.2. Information on Shareholders

As of 31.12.2012 the sole shareholder of JSC Techsnabexport is JSC Atomny Energopromyshlenny Kompleks (Nuclear Power Generation Complex) (JSC Atomenergoprom).

The Russian Federation has no special right ("golden share") to manage JSC Techsnabexport.

1.1.3. Information on Auditor and Registrar

In June 2012, the sole shareholder of JSC Techsnabexport resolved to approve LLC Finansoviye i Bukhgalterskiye Konsultanty (Financial and Accounting Consultants) (LLC FBK) as the Company's auditor for 2012 (Resolution No. 23 dated 29.06.2012).

Details of the auditor:

INN (Taxpayer Identification Number) 7701017140
OGRN (Main State Registration Number) 1027700058286
Registered address: 44/1 Myasnitskaya ul., Moscow, 101990
Tel.: +7 (495) 737-53-53
Fax: +7 (495) 737-53-47

The register of shareholders of the Company is maintained by JSC Registrator R.O.S.T.

Details of the registrar:

INN (Taxpayer Identification Number) 7726030449
OGRN (Main State Registration Number) 1027739216757
Registered address: 18 Stromynka ul., Moscow, 107996
Tel.: + 7 (495) 771-73-35
Fax: + 7 (495) 771-73-34

In the period under review, no transactions, defined in accordance with the Federal Law "On Joint Stock Companies" as major transactions or arm's length transactions, were made by JSC Techsnabexport.

1.1.4. Information on Subsidiaries and Affiliates as of 31 December 2012

No.	Name of the Russian S&A of JSC Techsnabexport	Ownership (%)
1.	JSC SPb IZOTOP	100
2.	JSC NPK Khimpromengineering	52.00533
3.	JSC TENEX-Logistika	100
4.	LLC Kraun	99.9998
5.	LLC TENEX-Komplekt	99.9999

No.	Name of the foreign S&A of JSC Techsnabexport	Ownership (%)
1.	Internexco GmbH, Germany	100
2.	TENEX-Korea Co., Ltd., Republic of Korea	100
3.	TENEX-Japan Co., Japan	100
4.	Tradewill Limited, UK	100
5.	TENAM Corporation, USA	100

1.1.5. Membership in Professional Organisations and Associations

No.	Organisation/association	Description of organisation/association	Participation of JSC Techsnabexport
1.	World Nuclear Association (WNA)	The most representative international association of manufacturers and consumers of nuclear fuel-cycle goods and services, as well as other companies of the world nuclear community. They annually organise a number of international conferences and workshops, and they publish analytical reports on the world nuclear market that serve as a basis for creating scenarios of business development in the nuclear sector	Member since 1991. The Company's General Director was a member of the Board of Management of the WNA in 2005-2012
2.	Nuclear Energy Institute (NEI)	The largest American association of nuclear energy and industry organisations, established in 1994 with the aim of representing the common interests of the nuclear community before governmental agencies and international organisations. Among the members of the NEI, there are both key players of the US nuclear industry and a majority of foreign companies represented in the global NFC market	Member since 2008

No.	Organisation/association	Description of organisation/association	Participation of JSC Techsnabexport
3.	World Nuclear Fuel Market (WNFM)	An international association of consumers, manufacturers, and providers of NFC products and services, established in 1974 with the aim of promoting the development of trade in nuclear materials for the nuclear power sector and industry. 93 companies from 20 countries are WNFM members	Member since 2001
4.	Japan Atomic Industrial Forum (JAIF)	An association of Japanese nuclear sector and industry companies and organisations which organises an annual large-scale international conference. This forum is used by the Company as a platform for negotiations with its business partners and potential customers as pertaining to performance of existing contracts and working on promising transactions	Associate member since 1998
5.	Korean Atomic Industrial Forum (KAIF)	An association of Korean nuclear sector and industry companies and organisations which holds an annual large-scale international conference. This forum is used by the Company as a platform for negotiations with its business partners and potential customers as pertaining to performance of existing contracts and working on promising transactions	Associate member since 2004
6.	All-Russia Industrial Group of Employers Union of Employers of the Nuclear Energy, Power Generation and Science Sectors of Russia (SRAPiN)	A non-for-profit organisation of Russian employers of the nuclear energy, power generation, and science sectors. More than 50 companies and organisations of the State Atomic Energy Corporation Rosatom are SRAPiN members. SRAPiN Russia is a member of the Russian trilateral commission on the regulation of social and labour relations	Member since 2007
7.	Trialogue Club International	IC Trialogue was organised by the Centre for Political Studies in Russia (PIR Centre) as a platform for discussing pressing issues of international security, disarmament, arms control and non-proliferation of weapons of mass destruction. IC Trialogue invites prominent politicians, diplomats, military officials, members of parliament, scientists, and businessmen to speak	Member since 2005
8.	World Nuclear Transport Institute (WNTI)	An international nuclear organisation which represents the common interests of companies that carry nuclear materials and provide secure, reliable, and efficient transportation services	Re-admitted as an associate member in 2012

1.1.6. Background

1963

According to the order of the USSR Council of Ministers dated 17 July 1963 No. 1477, within the system of the USSR Ministry of Trade, the All-Union Export&Import Bureau Techsnabexport was organised to carry out external economic operations involving radioactive and stable isotopes, sources of radioactive radiation, special materials (including fuel elements), protection equipment, nuclear engineering devices and materials, as well as equipment and instrumentation (including medical devices) based on the use of radioactive isotopes and sources of radioactive radiation.

СОВЕТ МИНИСТРОВ СССР

РАСПОРЯЖЕНИЕ

от 17 июня 1963 г. № 1477-рс

Москва, Кремль

1. Принять предложение Министерства внешней торговли об организации на базе конторы технического снабжения Всесоюзного объединения "Машиноэкспорт" Всесоюзной экспортно-импортной конторы "Техснабэкспорт", возложив на указанную контору кроме функций, предусмотренных распоряжением Совета Министров СССР от 7 апреля 1952 г. № 7796, выполнение операций по экспорту и импорту радиоактивных и стабильных изотопов и источников ионизирующих излучений, специальных материалов (включая топливодержащие элементы), защитного оборудования, приборов и материалов, применяемых в атомной технике, а также оборудования и аппаратуры (в том числе медицинской), действие которых основано на использовании радиоактивных изотопов и источников ионизирующих излучений.

2. Сохранить за работниками конторы технического снабжения В/О "Машиноэкспорт", переводимыми во Всесоюзную экспортно-импортную контору "Техснабэкспорт", должностные оклады и надбавки, установленные распоряжением Совета Министров СССР от 7 апреля 1952 г. № 7796, на время их работы в должностях, которые они занимают в настоящее время.

Зам. Председателя Совета Министров Союза ССР А.Микоян

1971

The first contract for provision of uranium enrichment services was signed with the French Atomic Energy Commission, and it meant the arrival of Russian uranium products in the world market.

1973

All-Union Bureau Techsnabexport was reorganised into All-Union Association Techsnabexport. The first shipment of uranium products was delivered to France, followed by uranium enrichment services for such countries as Italy, Germany, Sweden, and other European countries.

1987

Beginning of uranium enrichment services provision to the USA.

1988

All-Union Association Techsnabexport was transferred from the USSR Ministry of Foreign Trade to the USSR Ministry of Medium Machine-building/USSR Ministry of Atomic Energy and Industry/Ministry of the Russian Federation for Atomic Energy/Federal Agency for Atomic Energy, presently – the State Atomic Energy Corporation Rosatom.

> According to the order of the USSR Council of Ministers dated 17 July 1963 No. 1477, within the system of the USSR Ministry of Trade, the All-Union Export&Import Bureau Techsnabexport was organised

1989

Beginning of deliveries of low-enriched uranium produced from local raw materials. Organisation of a branched foreign sales infrastructure started: the first subsidiary was set up in Germany – Internexco GmbH.

1990

AUA Techsnabexport began exporting natural uranium.

1993

The Company entered the Asia-Pacific market: the first long-term contract was signed with KEPCO, Republic of Korea.

1994

Joint Stock Company Techsnabexport was registered in Moscow as a successor of AUA Techsnabexport in respect of all previously signed contracts and agreements, as well as its rights and obligations. In accordance with the Russia-US Intergovernmental Agreement Concerning the Disposition of Highly Enriched Uranium Extracted from Nuclear Weapons, 1993, JSC Techsnabexport entered into an Implementing Contract for Deliveries of Low-Enriched Uranium for the Needs of the US Atomic Energy Industry (HEU-LEU Contract).

1995

JSC Techsnabexport expanded the geographical scope of its exports by starting deliveries of low-enriched uranium to South Africa under a contract with ESKOM, an operator of the only NPP in Africa.

1999

JSC Techsnabexport entered the Japanese market after signing its first contract with the world largest, privately held energy company, TEPCO.

2000

JSC Techsnabexport obtained a license from the Federal Nuclear and Radiation Safety Authority of Russia (Gosatomnadzor) for handling nuclear materials during transportation, and the license enabled the Company to graduate from intermediary functions as pertaining to trade in the nuclear and radioactive materials to full-scale manufacture of and trade in nuclear-fuel-cycle products and services.

2001

JSC Techsnabexport was transformed into a joint stock company with 100% stake of the government in the Company's authorised capital and was accredited by the government as an organisation that built an internal export control programme.

2003

JSC Techsnabexport set up its subsidiary in the Republic of Korea – TENEX-Korea Co., Ltd. Started deliveries of uranium products to Mexico.

2005

JSC Techsnabexport set up its subsidiary in Tokyo – TENEX-Japan Co., which enabled to promptly increase exports of uranium products to the Japanese market.

2007

By virtue of the Decree of the President of Russia, JSC Techsnabexport was entered in the list of Russian legal entities entitled to own nuclear materials and nuclear installations, and such achievement made the status of the Russian supplier equal to the status of other market players and enabled the Company to create its own uranium reserves as an important factor for enhancing its competitive strength.

In accordance with the Protocol to the Russian-Chinese Agreement on Cooperation for Construction in the PRC of a Gas Centrifuge Uranium Enrichment Plant 1992, JSC Techsnabexport signed contracts with the China Nuclear ENERGY Industry Corporation (CNEIC) for providing technical support in the construction of the 4th stage of the gas centrifuge plant in China and for supplies of uranium products for the Chinese NPP in 2010-2020.

Awarded the first international quality management system compliance certificate according to DIN EN ISO 9001:2000, which became a basis for building a business process regulation system in the Company, in compliance with present-day requirements to international suppliers of nuclear products.

Breaking into a new segment of the world market in 2012: the Company signed a contract with Emirates Nuclear Energy Corporation for deliveries of low-enriched uranium in 2015-2029 to meet the demand of the first Middle East NPP at Barakah, which is under construction

2008

At the initiative and with direct involvement of JSC Techsnabexport, the State Atomic Energy Corporation Rosatom and the US Department of Commerce prepared and signed in February 2008 the Amendment to the Russian-American Agreement Suspending the Antidumping Investigation on Uranium from the Russian Federation of 1992 (SA), which created a proper legal framework for commercial exports of Russian uranium products to the US market that had been beyond their reach for as long as ten years.

2009

After a years-long pause due to protectionist restrictions in the American market, deliveries of Russian uranium products to final consumers – US energy companies – resumed. The quality management system of JSC Techsnabexport was certified according to DIN 9001:2008.

2010

Completed the process of putting in place a sales network in the key segments of the world nuclear market: the fifth overseas subsidiary of Techsnabexport was set up in Washington – TENAM Corporation.

2011

The contract for technical support in the construction of the fourth stage of the uranium enrichment plant based on Russian technology in China was completed successfully.

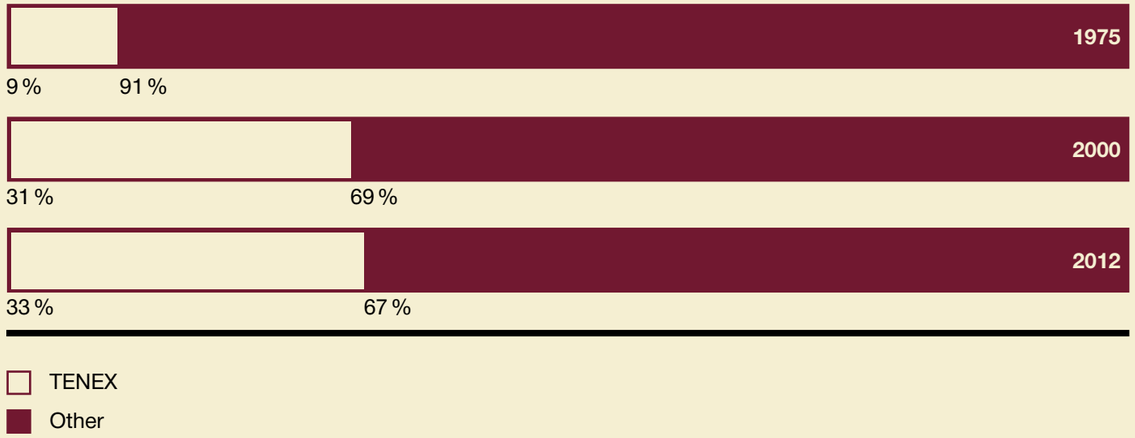
2012

Breaking into a new segment of the world market: the Company signed a contract with Emirates Nuclear Energy Corporation for deliveries of low-enriched uranium in 2015-2029 to meet the demand of the first Middle East NPP at Barakah, which is under construction. JSC Techsnabexport portfolio of long-term contracts for deliveries of uranium products reached a record figure of US$ 28 billion. The following pilot projects, which are important as pertaining to the enhancement of the Company's competitive strength, have been implemented: delivery of natural uranium from Australia to Russia for processing, which significantly widened the range of sources of raw materials available to the Company; and the delivery of a shipment of enriched uranium to Japan from Vostochny Port, Primorye Territory, Russia, which opened a new promising route for the transportation of Russian uranium products to the countries of the Asia-Pacific Region.

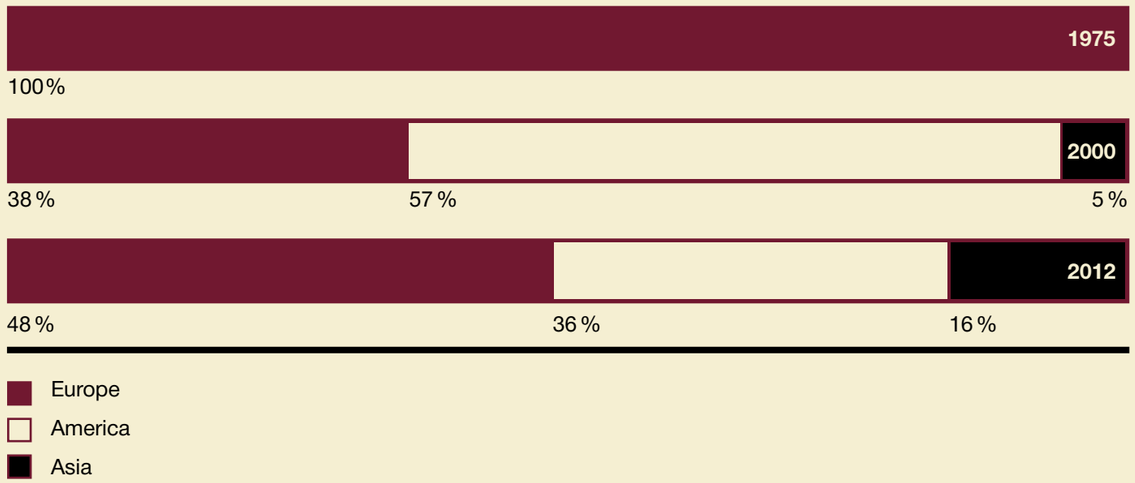
JSC Techsnabexport is the first Russian company in the nuclear industry that was certified according to ISO 28000:2007: "Supply Chain Security Management". This means completion by the Company of one more important stage in building a business process regulation system that enables to increase the level of product supply reliability and security by creating a supply chain security risk management system.

1.2. Description of Core Business

For over forty years, the Company has been exporting its uranium enrichment services and enriched uranium products to the market of foreign-designed reactors, and the Russian presence for this period has grown fourfold: from 9% in 1975 up to 33% in 2012:



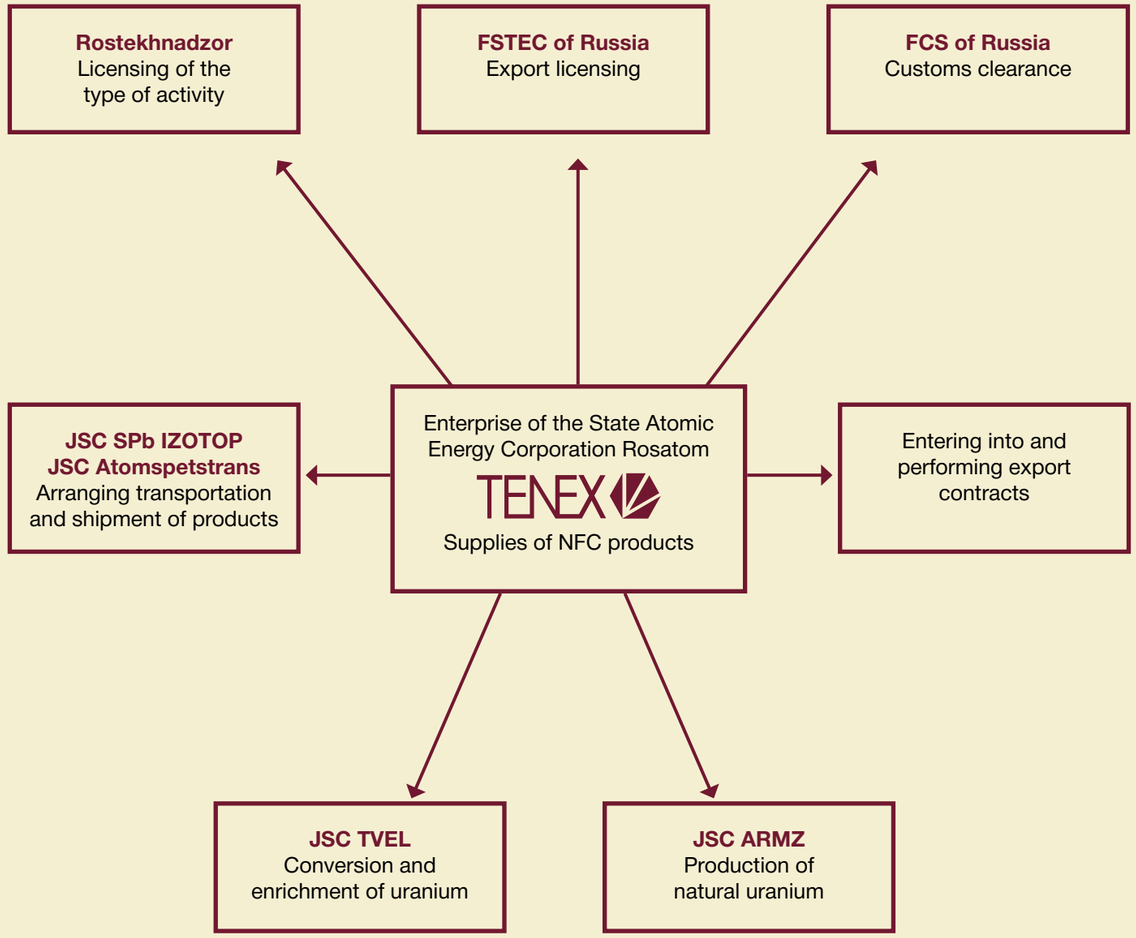
For these years, the exports geography has transformed substantially:



The present-day core areas of business for JSC Techsnabexport are as follows:

- exports of products manufactured by Russian NFC enterprises (for more information refer to *Section 1.5., Chapter 3.*);
- performance of a package of contracts within the framework of the HEU-LEU Agreement (for more information refer to *Subsection 3.1.2.*);
- enhancement of the transport and logistics infrastructure (for more information refer to *Section 4.3.*).

Diagram of core business interactions of JSC Techsnabexport



Basic principles of the Company's operations:

- Contributing to global sustainable development by ensuring economic effectiveness, social justice and environmental security;
- Transparency of operations and openness to dialogue with stakeholders;
- Enhancing public confidence in the nuclear energy and nuclear industry;
- Exceptional attention to quality of services and individual approach to customers;
- Orientation to high professional standards and facilitation of professional advancement of the Company's personnel;
- Support to environmental and social programmes.

Declarations and charters supported by the Company:

- World Nuclear Association (WNA) Charter of Ethics;
- World Nuclear Fuel Market (WNFM) Charter;
- Public Policy of the US Nuclear Energy Institute (NEI);
- Recommendations of the International Atomic Energy Agency (IAEA);
- Russian Union of Industrialists and Entrepreneurs (RUIE) Social Charter.


Российский союз промышленников и предпринимателей

СВИДЕТЕЛЬСТВО

о присоединении к Социальной хартии российского бизнеса

Открытое внешнеэкономическое акционерное общество «Техснабэкспорт»

является участником Социальной хартии российского бизнеса

Регистрационный номер 242.77.51.55

Президент РСПП А.Шохин

Москва, 2012

The Company's existing management systems and standards

No.	Management systems/standards	Status	Scope of application	Audit
1.	Quality Management System – DIN EN ISO 9001:2008	Implemented in 2008	Organisation and carrying-out of export and import of NFC products. Management of NFC facilities construction projects	In December 2012 the first witness audit was carried out
2.	Environmental Management System – DIN EN ISO 14001:2009	Implemented in the Company in 2009, certified in the first quarter 2010	Organisation and carrying-out of export and import of NFC products	In December 2012 a repeated certification audit was carried out
3	Supply Chain Security Management System – ISO 28000	Implemented and certified in August 2012	Management of the supply chain for export and import of NFC products	The first witness audit is scheduled for July 2013
4.	Stakeholder Engagement Standard – AA 1000 SES	Applied during the preparation of the annual reports 2010-2012	Stakeholder engagement in the preparation of the Report	Compliance confirmed in 2013
5.	GRI G3.1 Guidelines	Applied to the reports 2010-2012		Compliance with B+ level confirmed in 2013

No non-compliance with the mentioned standards in the reporting period has been detected, and all corrective actions have been taken as prescribed by the auditors.

1.3. Socially Important Aspects of JSC Techsnab-export Business

The Company's mission:

JSC Techsnabexport is engaged in international trade to the benefit of the Russian nuclear industry with optimum use of its export potential and competitive advantages as pertaining to the nuclear fuel cycle, in strict compliance with applicable legal, quality standard, safety and social responsibility requirements.

The public position on the socially important aspects of the Company's business, shaped by the Company by the time of issue of the Public Annual Report 2011, remains unchanged. According to JSC Techsnabexport management and the key stakeholders, as before such socially important aspects of the Company's business include:

- ensuring reliable supplies of NFC products;
- ensuring secure transportation of NFC products;
- ensuring compliance of the production and product supply processes with applicable international standards;
- affording opportunities for personnel training, development and professional advancement.

Ensuring reliable supplies of NFC products

Ensuring reliable supplies of the products to the customers in time and in full is a high priority at JSC Techsnabexport, one of the oldest Russian foreign trade companies. For 40 years in the world uranium market, JSC Techsnabexport has never been found in breach of its commitments and no disruption of Russian NFC products supplies to its foreign customers has ever been reported.

- Not only the highest level of professionalism of the Company's specialists, whose selection has always been given special attention (*Subsection 5.3.5.*), efficiently organised business processes, strongly built and decades-tested cooperation with industrial manufacturers of the products exported by the Company, but also systematic search for new and refinement of the existing tools that ensure reliability of supplies have contributed to such successful performance, in particular:
  - implementation and development of the risk management system (*Section 4.4.*);
  - implementation of international management standards (*Sections 1.2., 4.5.*);
  - enhancement of the sales infrastructure and creation of new marketing tools (*Subsection 1.6.3., 3.1.1.*);
  - development of the transport and logistics infrastructure and creation of a stock of the Company's own equipment intended for transportation of its products (*Section 4.3.*);
  - development of innovative software tools and methods to speed up calculation of financial and economic indicators (*Section 4.2.*);
  - implementation of the internal export control programme (*Subsection 4.3.3.*).

Responsibility for secure transportation of NFC products

JSC Techsnabexport carries out its activity aimed at ensuring nuclear and radiation security on the basis of the license issued by the Federal Service for Environmental, Technological and Nuclear Supervision (Rostekhnadzor) for handling nuclear materials during their transportation and in accordance with the Company's approved environmental policy (*Subsections 5.2.1., 5.2.2.*).

While carrying out this activity the Company continuously monitors:

- the term of validity and relevance of the contents of respective certificates/permits for shipping packages used by the Company for delivery of the products;
- compliance of the conditions of transportation of nuclear materials with applicable international and national rules and regulations, availability with the organisations which directly handle nuclear materials of the required licenses to be obtained from Rostekhnadzor for the respective operations; and
- availability with the suppliers/consignees of nuclear materials of all relevant transport emergency control plans.

To enhance security in the transportation of NFC products by building a supply chain risk management system, the Company implemented in 2012 its integrated management process for ensuring supply chain security according to ISO 28000 "Supply Chain Management System" (for more information refer to *Subsection 4.5.3.*).

Responsibility for compliance of production and product supply process with applicable international standards and requirements

Production and supply of NFC products must meet a wide range of requirements set by the international community.

JSC Techsnabexport, on the one hand, complies with all such requirements while carrying out its operations, and, on the other hand, it broadcasts these requirements and ensures their observance by Russian NFC products manufacturers and operators.

Alongside with strict compliance with the legal requirements in the area of export control, JSC Techsnabexport refines its corporate management systems, arranges relevant audits, monitors conformity of the product quality and production process to such international standards as DIN EN ISO 9001:2008, DIN EN ISO 14001:2009 (*Subsections 4.5.1., 4.5.3.*).

Responsibility for personnel training and development

The key professional competences that are essential to the JSC Techsnabexport core business are being shaped within the Company.

JSC Techsnabexport considers the development of key competences and supporting the professional growth of its personnel to be one of the most important aspects of its corporate sustainability.

To provide ample opportunities for training, development and professional growth to its personnel, the Company has developed competence cards for each position, promotes mentoring, cooperates with specialised educational institutions, and employs their graduates on a competitive basis (for more information refer to *Section 5.3.*).

TSF in Kapitolovo

1.4. JSC Techsnabexport Position in the Nuclear Industry

JSC Techsnabexport, as an international trade company of the State Atomic Energy Corporation Rosatom, has been engaged for 40 years in the global marketing and sales of NFC front end products in the world market.

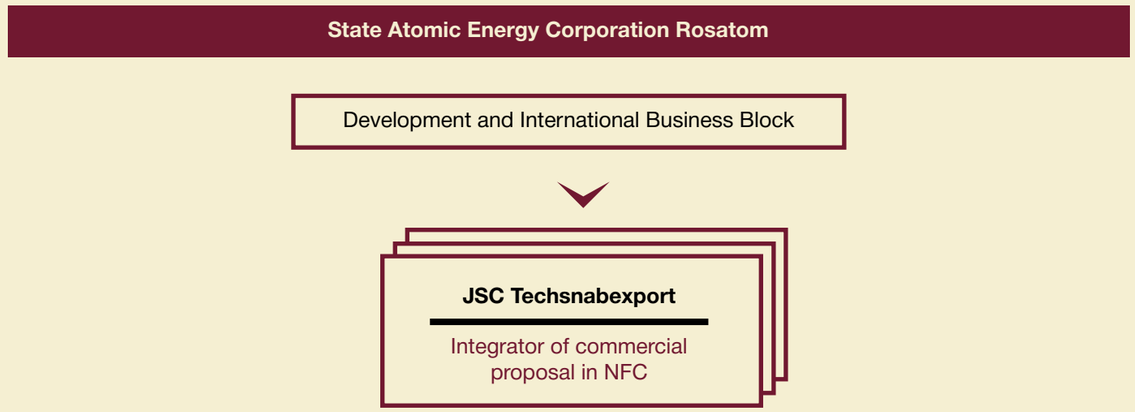
Over the last decade the Company, along the uranium products exports, has consolidated its nuclear industry assets, creating new types of businesses and aggregating the facilities essential to smooth operation of the nuclear fuel cycle.

In 2008 the Company formed a holding company for designing and manufacturing gas centrifuges – JSC Engineering Centre Russian Gas Centrifuge. A number of independent enterprises were consolidated into a research and production complex – JSC NPK Khimpromengineering, which supplies the needed quantities of high-quality carbon fibre materials. According to a decision of the State Atomic Energy Corporation Rosatom, these projects, together with the uranium mining assets previously owned by the Company, were transferred to other organisations in the industry for further development.

Presently, within the State Atomic Energy Corporation Rosatom's system of business units, JSC Techsnabexport plays the central role as pertains to the promotion of enriched uranium products, uranium enrichment, and conversion services in the world market.

In September of the year under review, the State Atomic Energy Corporation Rosatom's management resolved to transfer JSC Techsnabexport to the International Business Development Block headed by Rosatom's Deputy General Director K.B. Komarov, who has been the Chairman of the Company's Board of Directors since 29.06.2012.

JSC Techsnabexport position in the nuclear industry



The following industrial enterprises are manufacturers of the products supplied by the Company to the world market: JSC AECC, JSC SCC, JSC UEIP and JSC PA Electrochemical Plant, all managed by JSC TVEL.

To ensure reliable provision of resources for the existing contractual obligations, in 2010-2011 JSC Techsnabexport entered into long-term contracts with JSC Atomredmetzoloto (JSC ARMZ) and JSC TVEL for the supply of raw materials and conversion and enrichment services.

1.5. JSC Techsnabexport Position in the World Market

In 2012, JSC Techsnabexport retained its position as a leading provider of uranium enrichment services for foreign-designed reactors.

1.5.1 Situation in the World Nuclear Energy Industry

The scale and rate of development of the world's nuclear energy sector are key factors shaping the demand in the world market for nuclear fuel cycle goods and services.

As of the end of 2012, according to the IAEA, the total number of NPPs in the world is 437 power-generating units, and their total capacity grew by 2.1 GW (less than 1% growth) vs 2011 up to 372.5 GW.

Such increase in capacity results, first of all, from the commissioning of two new power-generating units in the Republic of Korea (Shin Kori 1 and Shin Wolsong 1) and in China (Ningde 1), restart of three power-generating units in Canada (Bruce A-1 and A-2, Point Leprau), and the completion of projects for ramping up the capacity of four US NPPs (Columbia, Shearon Harris, Turkey Point 3 and St Lucie 1) by 300 MW, cumulatively.

In 2012, construction of the following seven new NPP units started: in Russia – Baltic NPP-1; in the UAE – Barakah-1; in the Republic of Korea – Shin Ulchin-1; and in China – Tianwan-3, Yangjiang-4, Fuqing-4, and Shandong Shidaowan-1. Accordingly, the total number of power-generating units with the status "under construction" was up to 66 by the end of the reporting year.

However, the Fukushima NPP accident still casts a shadow on the condition and prospects for the development of the world nuclear energy sector. For instance, such European states as Germany, Switzerland, and Belgium confirmed their policy of complete abandonment of NPP. Uncertainty as pertaining to the development of the nuclear energy sector still persists in the Philippines, Indonesia, Thailand, and Malaysia, which had previously declared intentions to pursue this type of energy generation. More conservative estimates, as compared to the Pre-Fukushima period, were made regarding the long-term prospects for the construction of new NPPs both in India and China, which among them had the most ambitious nuclear-generation-development programmes.

> As of the end of 2012, according to the IAEA, the total number of NPPs in the world is 437 power-generating units, and their total capacity grew by 2.1 GW (less than 1% growth) vs. 2011 up to 372.5 GW

The situation with the Japanese nuclear energy sector remained tenuous throughout the year. The country has experienced a number of milestone developments, including the complete stoppage of NPPs (after placing last operating unit No. 3 of Tomari NPP under scheduled preventive maintenance), then the subsequent commissioning of two units at the Ohi NPP, failure by the Cabinet of Ministers to adopt in September 2012 a new energy strategy providing for complete abandonment of nuclear energy by the beginning of the 2040, early election of the Cabinet of Ministers resulting in the victory of the Liberal Democratic Party, which is expected to justify hopes for the implementation of a policy for gradual return to the peaceful use of nuclear energy. According to experts, the mothballed blocks will be restarted gradually. This should take three years or longer.

Fossil fuel-based electricity generation continued to compete more intensively with the nuclear energy industry, in particular, as a consequence of development of shale gas production technologies in the USA.

Nevertheless, the majority of states have chosen to continue developing their nuclear energy sectors. For instance, China has adopted new security standards, lifted its moratorium on the construction of NPPs and approved a new target figure of 58 GW for the development of nuclear-generating facilities by 2020. Some positive trends are taking shape in other countries, such as the UAE, where construction of a power-generating unit, the first in the Arab countries,

has started; Jordan, Saudi Arabia, Vietnam, Romania, Turkey, the United Kingdom, and South Africa are likewise in the mix.

In 2012, the process of modernisation and prolongation of the service life of the existing power-generating units continued. Progress is evident in the design of advanced nuclear reactors with small and medium capacity.

Most post-Fukushima long-term forecasts, despite the scaling back of estimates, anticipate growth in the existing network of NPPs in the world. According to the IAEA's review Energy, Electricity and Nuclear Power Estimates for the period up to 2050, published in 2012, the combined capacity of the world's NPPs could rise by 2030 to up to 456 GW or 740 GW, in pessimistic and optimistic scenarios, respectively; i.e., up to 598 GW as a mean. Major increase is expected in Asia. The need for further development of the nuclear energy sector, predicated on improvements in safety, originates from the following objective factors that make up the energy picture of the globe: the global population growth that fuels the need for more power and environmental protection.

1.5.2 Situation in the World Market of NFC Products and Services

In 2012 the situation in the world market of NFC products and services, which are the core of JSC Techsnabexport business, namely natural uranium, natural uranium enrichment, and conversion services, continued to suffer from the adverse impact of the Fukushima NPP accident and other factors specific to each such segment.

In the uranium enrichment services market, the key factor remained the technology for the final phase of transfer from the gas-diffusion to the gas centrifuge. In this context, the most significant development was the closure of such gas-diffusion factory as Areva's George Besse I (in operation since 1979) in France in May of the year under review. The capacity of the existing gas centrifuges at Areva factories in France and Urenco factories in Europe and the USA has increased. USEC continued work on their American Centrifuge project and opted for a reformat in the present stage in the Research, Development & Demonstration Programme. Global Laser Enrichment secured a combined license for the construction and operation of an enrichment factory in the United States using a separation of isotopes by laser excitation technology (SILEX).

The stoppage of Honeywell's factory in the USA and subsequent US NRC's 12- to 15-month suspension of operation until compliance with additional security requirements have led to a reduction in the world uranium conversion services.

The situation in the natural uranium market, despite some stagnation in the business environment, remained comparatively stable during most of the year. The world output of natural uranium grew slightly in comparison with 2011, totalling about 57 thousand tU. Kazakhstan has been the leading producer of this material in the recent years, pushing Canada and Australia to the second and the third places: in the reporting year Kazakhstan hit a record output of 20.9 thousand tU as compared with 9 thousand tU and 7 thousand tU for Canada and Australia, respectively.

The Fukushima factor manifested itself, first and foremost, in a drop in demand and, consequently, in a fall in market prices in the majority of segments. For instance, the natural uranium spot quotation during the year was down from US$ 52 to US$ 43.5/pound; long-term quotation – from US$ 61 to US$ 56/poundU in the form U_3O_8[3] (hereinafter data provided by Ux Consulting is used). Uranium enrichment price quotations were down as well: spot – from US$ 138 to US$ 119/EPP; long-term – from US$ 148 to US$ 134/EPP.

The pricing environment in the conversion services market was different in 2012. Such factors as the abovementioned stoppage of a large conversion facility turned out to be more powerful than the factors that had a depressing impact on prices. This led to growth in spot prices in the North American market from US$ 6.5 to US$ 10.5/kg; in the West European market – from US$ 7.5 to US$ 11/kg. Long-term uranium conversion price quotations during the year remained unchanged at US$ 16.75 and US$ 17.25/kg for the North American and West European markets, respectively.

> In 2012 the situation in the world market of NFC products and services, which are the core of JSC Techsnabexport business, namely natural uranium, natural uranium enrichment, and conversion services, continued to suffer from the adverse impact of the Fukushima NPP accident and other factors specific to each such segment

JSC Techsnabexport takes these circumstances into consideration in shaping its business strategy in the world market of NFC products and services.

[3] As reported by Ux Consulting, uxc.com.

1.5.3 Specific Features of Competition in the Global Enrichment Market

The enrichment sector is characterised by high entry barriers for new producers due to some circumstances of a technological, economic, and political nature, as well as by high exit barriers resulting from the significant investment needed for constructing enrichment facilities and the necessity for their full amortisation. All this gives rise to the oligopolistic competition in the market of NFC products and services.

> In the reporting year the Company covered more than one-third of the demand of foreign-designed reactors for uranium enrichment services, with a significant share in all key geographical segments of this market

The main competitors of JSC Techsnabexport will continue to be such companies as Areva (France), Urenco (UK, Germany, the Netherlands) and USEC (USA).

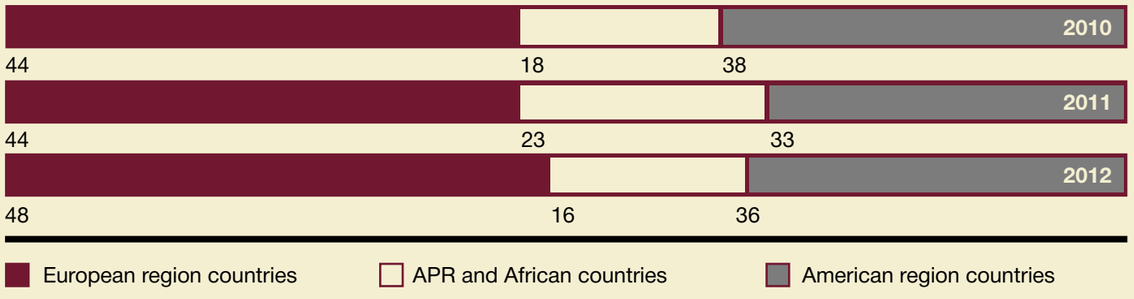
The level of price and non-price competition in the market of enriched uranium products (EUP) and uranium enrichment and conversion services remains high, and limitations as pertains to supplies of Russian uranium products are still in effect (the European Atomic Energy Council's policy of diversification of sources of supply, limits of supply to the USA under the Amendment to the Agreement Suspending the Antidumping Investigation on Uranium from the Russian Federation). The agreed limits imposed on supplies of Russian uranium products to the US market will be in effect until the end of 2020.

However, the Company has been successful in exporting EUP and uranium conversion and/or enrichment services provided by Russian nuclear industry enterprises to all key regional segments of the world market. Over 30 companies from 16 countries are the Company's customers. The supplies of LEU under the Russia-US Intergovernmental Agreement Concerning the Disposition of Highly Enriched Uranium Extracted from Nuclear Weapons (HEU-LEU Agreement) make a significant share of the Company's export.

In the reporting year the Company covered more than one-third of the demand of foreign-designed reactors for uranium enrichment services, with a significant share in all key geographical segments of this market. In particular, JSC Techsnabexport supplies to the USA, most of which were carried out under the HEU-LEU Contract, amounted to about 40% of the total needs of all US NPPs. The Company's overall share of the markets of the EU-15, Asia-Pacific Region, Latin America, and Africa is estimated at 30%.

Despite a small decrease in this figure in comparison to the preceding period, steady provision of one-third of the demand of foreign-designed reactors for uranium enrichment services is evidence that JSC Techsnabexport has retained a stable position in the world uranium market. The Company's export pattern, with a breakdown into regions (percentage of the monetary value of deliveries), is given in the diagram below.

The Company's export pattern with a breakdown into regions, %



The Company's portfolio of long-term supply contracts to 2025 and further, formed by the end of 2012, has grown by 8% as compared with the previous year and is worth almost US$ 28 billion. Such achievements are a stable foundation for retaining its position as one of the leading suppliers of NFC products in the long run.

The Company's stable position in the world uranium market is the result of the consistent efforts made to implement its business strategy and is evidence of the efficiency of the marketing approaches applied (for more information refer to *Section 1.6.*).

1.6. Strategy

1.6.1. Shaping JSC Techsnabexport Strategy

The fundamental industry documents on strategic planning for shaping the Company's business strategies are as follows: the State Atomic Energy Corporation Rosatom's Business Strategy until 2030 adopted in 2010, the strategies of its fuel and mining divisions, as well as its Regional Action Plans developed by Rosatom's Development and International Business Block for large geographical segments of the world market.

The State Atomic Energy Corporation Rosatom's Business Strategy until 2030 establishes the general direction and scope of development of the Russian nuclear industry in the long run and a list of the most important strategic thrusts (initiatives) in terms of achieving the target-oriented positioning of the State Atomic Energy Corporation Rosatom as a global technological leader in the area of nuclear technologies, implementation of which within the coming 20 years is anticipated to lead to multiple growth in the corporation's financial and economic indicators.

Each strategic initiative provides for the implementation of a package of interrelated measures aimed at enhancing the long-term competitive advantages of the key business units of the State Atomic Energy Corporation Rosatom and significantly strengthening their position on the market.

The key direction in which JSC Techsnabexport sees its development is set in its Strategic Initiative "Retaining Global Leadership in the Front End of the Nuclear Fuel Cycle", which breaks down into a number of second-level initiatives.

> The State Atomic Energy Corporation Rosatom's Business Strategy until 2030 establishes the general direction and scope of development of the Russian nuclear industry in the long run

The business strategy of JSC Techsnabexport is shaped within the second-level strategic initiative "Increasing Market Share in the Nuclear Fuel Cycle Market" and provides for retaining the target share in the market of uranium enrichment for foreign-designed reactors, corresponding to the production capacity of the national industry.

JSC Techsnabexport: implementation of the State Atomic Energy Corporation Rosatom's strategic initiatives

State Atomic Energy Corporation Rosatom's strategic initiatives	Retaining global leadership in the **NFC** front end
Second-level strategic initiatives	Growth of **NFC** market share
Objective within the initiative	By 2030 Russia's share in the world market of enrichment services ~ 40%

In 2012, JSC Techsnabexport strategic planning was based on a single programme document, also used by JSC TVEL: Fuel Division Development Strategy Until 2030, adopted on 6 December 2011.

The Company's business strategy is updated subject to the resolution of the management of the State Atomic Energy Corporation Rosatom, adopted in September of the year under review, regarding the transfer of JSC Techsnabexport to the control of Rosatom's Development and International Business Block.

1.6.2. Factors Influencing the Business Strategy

The following key competitive strength factors underlie the Company's business strategy:
- availability of highly efficient production facilities (four separation plants in Russia);
- long, impeccable history of supplies to numerous consumers all over the world;
- efficient distribution network, including subsidiaries in the key target markets;
- ability to offer competitive prices and other attractive commercial parameters in contracts to customers;
- flexible terms of supply, including use of foreign material stock accounts;
- readiness to assume market and foreign currency risks to a certain extent;
- ability to ensure minimum terms from receipt of raw materials (in places convenient for the customers) to the delivery of finished products;
- ability to ensure uninterrupted supplies thanks to availability of stock reserves;
- ability to offer NFC products and services both as components and as packages;
- availability of an up-to-date international legal framework for cooperation with countries that are key market players.

The objective development trends of the world nuclear energy sector provide new opportunities for strengthening the position of the Company on the market. The following factors are taken into consideration while adjusting the Company's business strategy:
- dynamic development of the nuclear energy sector in the countries of the Asia-Pacific Region in geographical proximity to Russia;
- plans for developing the nuclear energy sector in the East European countries with longstanding business relations with Russian suppliers;
- growing interest of energy companies in packaged deliveries (EUP/FA); and
- the drive by energy companies to diversify their sources of supplies.

1.6.3. Key Tools for Achieving the Strategic Objectives

The Company consistently pursues its marketing strategy aimed at
- developing direct relationships with energy companies;
- negotiating long-term contracts (for ten and more years);
- giving priority to promotion in the market of goods with the maximum added value; and
- assessing the specific features of regional markets, applying flexible approaches in line with the priorities of the customers.

The implementation of the strategic initiative "Retaining Global Leadership in the Front End of the Nuclear Fuel Cycle" requires that the Company
- refine its marketing and distribution tools, including developing a network of distribution subsidiaries and opening material accounts abroad (*Subsection 3.1.1.*);
- develop its transport and logistics infrastructure (*Section 4.3.*);
- refine its corporate management systems (*Section 4.5.*); and
- develop its risk management system (*Section 4.4.*).

Membership in such reputable international and regional specialised communities as WNA, NEI, JAIF, KAIF, WNFM, and WNTI facilitates the advancement of the strategic interests of the Company and the State Atomic Energy Corporation Rosatom.

1.7. Improving Legislation and Formation of Modern International Legal Framework of Cooperation

In 2012 the Company cooperated with regulatory authorities with regard to issues related to the international trade interests of the nuclear industry as pertains to the refinement of existing laws and the legal framework for international cooperation.

Initiative to amend Federal Law dated 21.11.1995 No. 170-FZ "On Use of Nuclear Energy"

In 2012 the Company prepared and submitted to the State Atomic Energy Corporation Rosatom its proposals on amendments to Article 64 of Federal Law dated 21.11.1995 No. 170-FZ "On Use of Nuclear Energy". Such proposed amendments are needed to improve the procedure of import of irradiated heat-generating assemblies to the Russian Federation.

Administrative Arrangements to the intergovernmental agreement with Canada

The Company's specialists took an active part in preparing the Administrative Arrangements pursuant to the Agreement between the Government of the Union of Soviet Socialist Republics and the Government of Canada for Cooperation in the Peaceful Uses of Nuclear Energy of 1989. After the signing of this document in February 2012 by the President of the Canadian Nuclear Safety Commission, the agreed accounting and control mechanisms necessary for the import to Russia of uranium products of Canadian origin for processing, in particular, as feed uranium from the Company's overseas customers, finally took shape.

In December 2012 the Agreement between the Government of the Russian Federation and the Government of the United Arab Emirates for Cooperation in the Peaceful Uses of Nuclear Energy was signed

Intergovernmental agreement with Japan

In the reporting year the Company continued its cooperation with Japanese energy companies within the framework of the project for processing by JSC SCC of the regenerated uranium stored in the United Kingdom (Regenerate Project), which will be a start point for Russia's entry into a crucial new segment of the NFC products and services market.

In this context, the key event of the year under review surely was commencement in May 2012 of the Agreement between the Government of the Russian Federation and the Government of Japan for Cooperation in the Peaceful Uses of Nuclear Energy of 2009, which will make it possible to proceed with developing a liaison protocol with the Japanese side in respect of all aspects of practical implementation of the Agreement, including issues related to accounting and control of the Japanese nuclear materials that will be processed at Russian installations.

Intergovernmental agreement with the UAE

The Agreement between the Government of the Russian Federation and the Government of the United Arab Emirates for Cooperation in the Peaceful Uses of Nuclear Energy was signed in December 2012.

The signing of this agreement, apart from implementation of a 15-year contract, between JSC Techsnabexport and the Emirates Nuclear Energy Corporation (ENEC) reached in August of the reporting year, for the shipment of Russian enriched uranium products for the NPP at Barakah, which is the first nuclear power facility not only in the UAE, but also in the whole region, creates the legal framework necessary for further cooperation with the UAE in the field of nuclear energy.

Agreement Suspending the Antidumping Investigation

The Company still focuses on the issues of modifying the "re-export regime"[4] established by the Russian-American Agreement Suspending the Antidumping Investigation on Uranium from the Russian Federation of 1992 (SA) and the Amendment thereto (1997). The existing re-export limits retard the development of trade in Russian uranium products with consumers in countries that make nuclear fuel for their reactors in the USA.

In the reporting year the Company took part in three rounds of negotiations[5] with the US Department of Commerce, where the parties discussed a possible format and content of anticipated arrangements. The parties agreed that it was necessary to prepare a new Amendment to the ASAI, and a draft amendment was presented by the American side at the end of 2012.[6]

The existing re-export limits retard the development of trade in Russian uranium products

After the Fukushima NPP accident, another aspect of the problem came to light: the risk of excess of the period fixed in the ASAI for the export by Japanese customers from the USA of fuel produced from Russian EUP, and such a situation could result not only in a breach of the ASAI terms as pertains to export deadlines, but also in a reduction in the Russian re-export quota by such delayed quantities. Within the framework of the Company's negotiation process, the following solution to the problem was found: in September 2012 the US Department of Commerce published a resolution to prolong a 36-month period for the re-export of material shipped to the USA in the interests of Japanese customers for one year and to exclude this material from the re-export quota.

1.8. Participation in International Nuclear Industry Organisations

In 2012, just as in previous years, the Company participated in the activities of the World Nuclear Association: World Nuclear Fuel Market, Nuclear Energy Institute, Japan Atomic Industry Forum, and Korea Atomic Industrial Forum.

The Company's General Director was a member of the Board of Management of the World Nuclear Association. The Company's experts participate in the majority of the working groups of this association on a regular basis. In the year under review, the companies of the Russian nuclear sector remained active in their cooperation with the World Nuclear Association within the framework of a new consolidated membership system under the auspices of the State Atomic Energy Corporation Rosatom.

In December 2012 the Board of Directors of JSC Techsnabexport resolved to resume the Company's associate membership in the World Nuclear Transport Institute (WNTI).

[4] Quantitative limits for Russian uranium products that may be simultaneously kept in the US territory under the temporary import regime for fabrication of nuclear fuel under the Company's contracts with customers from third countries.

[5] By virtue of the authority granted by the State Atomic Energy Corporation Rosatom.

[6] At the moment this amendment is being finalised to make its wording acceptable to the Russian side.

In accordance with the Company's Articles of Association, the management bodies of JSC Techsnabexport are the General Meeting of Shareholders (represented by the sole shareholder), the Board of Directors and the General Director (sole executive body).

APPROVED by the resolution of the sole shareholder on 28.06.2013

PRELIMINARY APPROVED by the Board of Directors on 28.05.2013

In 2012
no compensations were paid to the members of the Board of Directors, and no transactions associated with the acquisition or transfer of any shares in the Company by the members of the Board of Directors were made.

2. JSC Techsnabexport Management System

2.1. Organisational Structure

» PAGE 34

04.08.1978 –
date of employment.
Born on 31 July 1956 in Moscow. In 1978, graduated from Moscow State Institute of International Relations of the USSR Ministry of Foreign Affairs and qualified as an international economic relations economist with knowledge of a foreign language (international economic relations). In 2009, graduated from the State University of Management, Master of Business Administration (MBA)of the highest grade. Speaks English, German and Dutch.

In October 2012 –
Lyudmila Mikhailovna Zalimskaya was appointed the temporary acting General Director of JSC Techsnabexport.

The temporary acting General Director holds no shares in the Company. For the period under review, the temporary acting General Director has not entered into any acquisition or transfer transactions in respect of the shares of the Company. The aggregate compensation for the General Director is established in accordance with the provisions of the unified industrial compensation system (UICS) and consists of a position salary, a monthly integrated incentive and an annual bonus

2.2. Corporate Management and Control

» PAGE 37

2.2.1. Corporate Management System

» PAGE 37

2.2.2. Control System

» PAGE 41


Komarov K.B.


Zhivov V.L.

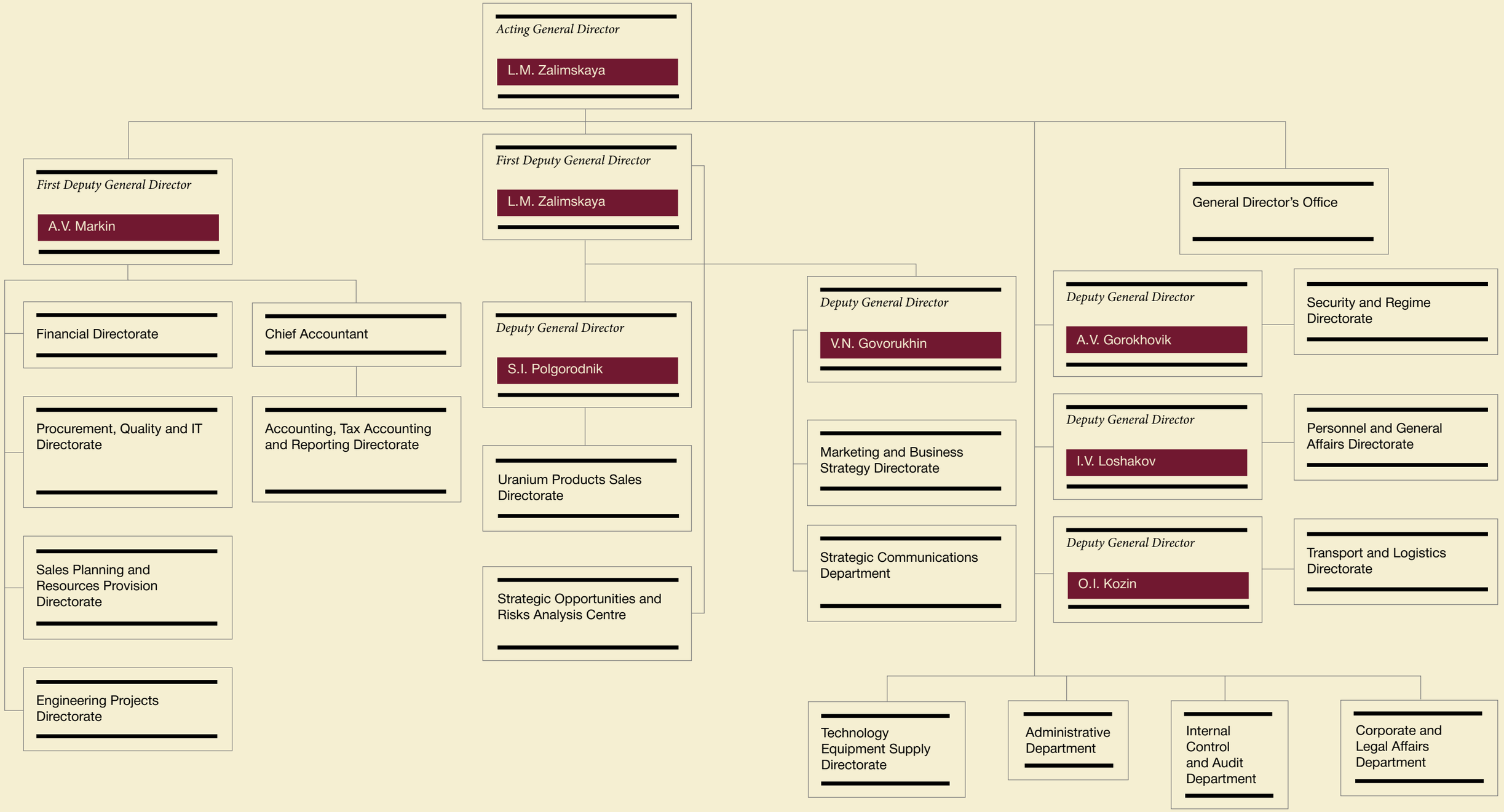

Korogodin V.I.


Lyakhova E.V.


Olenin Yu.A.

The top management body of JSC Techsnabexport is the General Meeting of Shareholders, represented by the sole shareholder – JSC Atomenergoprom. The scope of competence of the sole shareholder encompasses resolutions on key aspects of the Company's operations. Since the Company has a sole shareholder, there is no conflict of interests in the top management body.

2.1. Organisational Structure



The temporary acting General Director of JSC Techsnabexport is Lyudmila Mikhailovna Zalimskaya. Appointed in October 2012.

Born on 31 July 1956 in Moscow. In 1978, graduated from Moscow State Institute of International Relations of the USSR Ministry of Foreign Affairs and qualified as an international economic relations economist with knowledge of a foreign language (international economic relations). In 2009, graduated from the State University of Management, Master of Business Administration (MBA) of the highest grade. Speaks English, German and Dutch.

She worked as an overseas correspondent, engineer, senior engineer, senior expert, Deputy Director and General Director at Uranservis; Deputy General Director, Head of Uranium Products Directorate at JSC Techsnabexport.

Awarded a Medal of the Order of Merit for the Fatherland, 2nd class; badge of merit "Veteran of the Nuclear Energy and Industry", award pins "Academician I. V. Kurchatov", 3rd and 2nd classes, commemorative medal "65 Years of Russia's Nuclear Industry", award pin "For Service to the Nuclear Industry", 1st class.

The temporary acting General Director holds no shares in the Company. For the period under review, the temporary acting General Director has not entered into any acquisition or transfer transactions in respect of the shares of the Company. The aggregate compensation for the General Director is established in accordance with the provisions of the unified industrial compensation system (UICS) and consists of a position salary, a monthly integrated incentive[7] and an annual bonus[8].

Information on the experience of the Company's top managers in the industry/Company is given in the table below.

Surname, name, patronymic	Position	Date of employment
Govorukhin Valery Nikolayevich	Deputy General Director	12.05.2004
Gorokhovik Alexey Vasilyevich	Deputy General Director	12.04.2004
Zalimskaya Lyudmila Mikhailovna	First Deputy General Director, since October 2012 – Temporary Acting General Director	04.08.1978
Kozin Oleg Igorevich	Deputy General Director	15.08.2007
Loshakov Igor Vyacheslavovich	Deputy General Director	06.02.1989
Lysova Galina Alexandrovna	Chief Accountant	25.07.2007
Markin Alexander Viktorovich	First Deputy General Director	11.03.2008
Polgorodnik Sergey Igorevich	Deputy General Director	10.01.2006

[7] Based on the position grade (level) in the industrial hierarchy of positions.

[8] Based on standards and extent of achievement of the set key performance indicators.

2.2. Corporate Management and Control

For the reporting period, JSC Techsnabexport corporate procedures have been adhered to in full compliance with the applicable requirements of existing laws, the constitutional documents of the Company and subject to the provisions of the national Code of Corporate Conduct as recommended for implementation by the Federal Commission for the Securities Market (FCSM) of Russia, and with due consideration of all peculiarities associated with the specific features of the Company and taking into account the fact that the Company has a sole shareholder (Appendix No. 6).

2.2.1. Corporate Management System

In accordance with the Company's Articles of Association, JSC Techsnabexport has the following management bodies:

- General Meeting of Shareholders (represented by the sole shareholder);
- Board of Directors;
- General Director (sole executive body).

General Meeting of Shareholders

The top management body of JSC Techsnabexport is the General Meeting of Shareholders, represented by the sole shareholder – JSC Atomenergoprom. The scope of competence of the sole shareholder encompasses resolutions on key aspects of the Company's operations. Since the Company has a sole shareholder, there is no conflict of interests in the top management body.

In the reporting year the sole shareholder

- approved the annual report and the annual financial statements for 2011;
- resolved to distribute dividends to the shareholder:
- appointed the Board of Directors and the Audit Commission of the Company;
- made amendments to the Articles of Association of the Company;
- made decisions regarding membership of the Company in the National Nuclear Innovation Consortium and the WNTI.

Board of Directors

The Board of Directors of JSC Techsnabexport, according to the Articles of Association, is composed of five members. The Chairman of the Board of Directors is not at the same time the sole executive body of JSC Techsnabexport. Neither commissions nor committees have been formed within the Board of Directors. The members of the Board of Directors of the Company hold no shares in the Company.

In 2012 no compensations were paid to the members of the Board of Directors, and no transactions associated with the acquisition or transfer of any shares in the Company by the members of the Board of Directors were made.

All members of the Board of Directors of the Company are representatives of the State Atomic Energy Corporation Rosatom, and this fact rules out the possibility of any conflict of interests.

In the year under review, the Board of Directors of JSC Techsnabexport held 17 meetings at which, in particular, the following resolutions were passed:

- The temporary sole executive body of JSC Techsnabexport was formed;
- The budget and the key performance indicators of JSC Tekhsnabexport for 2012 were approved[9];
- The Procurement Regulations of JSC Techsnabexport were approved;
- JSC Techsnabexport cost estimate for charitable purposes in 2012 was approved;
- A number of immovable property transactions were approved.

All items considered by the Board of Directors of JSC Techsnabexport in 2012 are listed in *Appendix No. 3*.

Within the period from 01.01.2012 through 29.06.2012 the Board of Directors was composed of the following members (elected on 30.06.2011):

- Vladimir Valentinovich Travin – Chairman of the Board of Directors;
- Vladislav Igorevich Korogodin;
- Alexey Antonovich Grigoryev;
- Kirill Borisovich Komarov;
- Yuri Alexandrovich Olenin.

Within the period from 29.06.2012 through 16.10.2012 the Board of Directors was composed of the following members (elected on 29.06.2012):

- Kirill Borisovich Komarov – Chairman of the Board of Directors;
- Alexey Antonovich Grigoryev;
- Vladislav Igorevich Korogodin;
- Ekaterina Viktorovna Lyakhova;
- Yuri Alexandrovich Olenin.

By the resolution of the sole shareholder of JSC Techsnabexport on 16.10.2012 the powers of the members of the Board of Directors of the Company were terminated before expiration of their term of authority and the following new members of the Board of Directors (their biographies are given below) were elected:

- Kirill Borisovich Komarov – Chairman of the Board of Directors;
- Vadim Lvovich Zhivov;
- Vladislav Igorevich Korogodin;
- Ekaterina Viktorovna Lyakhova;
- Yuri Alexandrovich Olenin.

[9] Achievement of the KPI by the Company, summarising the operating results of the reporting year, is estimated on the basis of the Unified Industrial Methodical Guidelines to be approved by the State Atomic Energy Corporation Rosatom.

Kirill Borisovich Komarov

Biographical Data

Date of birth	29.12.1973
Place of birth	Leningrad
Education and specialist field, academic degree (if any)	Higher education, PhD in Law
Graduated from/completed (educational institutions, training courses, year of graduation/completion)	The Urals State Academy of Law, 1997
Foreign language proficiency	English
Experience (employers, positions held, period of employment)	JSC Atomenergoprom (Deputy Director, Executive Director, Director, 2007 to present) State Atomic Energy Corporation Rosatom (Executive Director of the Directorate for the Nuclear Energy Complex, Deputy General Director – Director of the Development and International Business Block, from 2010 to present)

Vadim Lvovich Zhivov

Biographical Data

Date of birth	19.05.1963
Place of birth	Moscow
Education and specialist field, academic degree (if any)	Higher education, optic-researcher
Graduated from/completed (educational institutions, training courses, year of graduation/completion)	Moscow Energy Institute, 1985
Foreign language proficiency	English
Experience (employers, positions held, period of employment)	JSC Techsnabexport (Advisor to the General Director, First Deputy General Director for Management of Raw Material Resources, First Deputy General Director, First Deputy General Director – Head of Directorate for Provision with Raw Materials, 2006-2007) JSC Atomredmetzoloto (First Deputy General Director, General Director, 2007-2011) Uranium One Inc. (President, 2010 to present) State Atomic Energy Corporation Rosatom (Advisor to the General Director, Head of Division, 2011 to present)

Vladislav Igorevich Korogodin

Biographical Data

Date of birth	25.10.1969
Place of birth	Moscow
Education and specialist field, academic degree (if any)	Higher education, applied mathematics and physics
Graduated from/completed (educational institutions, training courses, year of graduation/completion)	Moscow Institute of Physics and Technology, 1992 Federal State Budget-financed Educational Institution of Higher Vocational Education Russian Academy of National Economy and Public Service Under the President of the Russian Federation, 2011
Foreign language proficiency	English
Experience (employers, positions held, period of employment)	JSC Techsnabexport (Head of Section, Director of Department, 1999-2004) Federal Atomic Energy Agency (Deputy Head of Department, 2004-2007) JSC Atomenergoprom (Director of the Marketing and Sales Market Department, Deputy Director, 2007-February 2010) State Atomic Energy Corporation Rosatom (Deputy Director of the Directorate for Nuclear Energy Complex/Director for Management of NFC and NPP life cycle, March 2010 to present)

Ekaterina Viktorovna Lyakhova

Biographical Data

Date of birth	07.06.1975
Place of birth	Sverdlovsk
Education and specialist field, academic degree (if any)	Higher education, law
Graduated from/completed (educational institutions, training courses, year of graduation/completion)	The Urals State Academy of Law, 1997 Universiteit Antwerpen Management School, 2011
Foreign language proficiency	English
Experience (employers, positions held, period of employment)	Representative Office of Renova Project Limited (Republic of Cyprus) in Moscow (Director for Legal Affairs, Director of Representative Office, 2005-2008) JSC Koltsovo-Invest (General Director, 2008-2010) JSC TVEL (Vice President for Corporate Development and Non-Financial Risk Management, 2010-March 2011) JSC Atomenergoprom (Deputy Director, 2011 to present) State Atomic Energy Corporation Rosatom (Deputy Director of the Directorate for Nuclear Energy Complex/Director for Investment and Operational Efficiency Management, 2011 to present)

Yuri Alexandrovich Olenin

Biographical Data

Date of birth	13.11.1953
Place of birth	Kirovabad, Azerbaijan SSR
Education and specialist field, academic degree (if any)	Higher education, radio engineering, law, Doctor of Engineering, Professor
Graduated from/completed (educational institutions, training courses, year of graduation/completion)	Karl Marx Yerevan Polytechnic Institute,1976 Penza State Technical University, 1996 Obninsk Inter-branch Special Training Centre, 1996 Programme for Top Management, Manchester Business School, 2000 Faculty of Extended Education, Penza State University, 2000, 2003 Short-term Advanced Training Courses, MIPK Atomenergo, 1994, 2000, 2005, 2008, 2010 Short-term Advanced Training Courses, CICE&T, 2012
Foreign language proficiency	Armenian, English
Experience (employers, positions held, period of employment)	DGUP NIKIRET GUP SNPO Eleron, Zarechny, Penza Region (Director-Chief Designer, 2001-2004) FGUP PO Start, Zarechny, Penza Region (General Director, 2004-2007) JSC TVEL (First Vice President, President, 2007 to present)

Improving the Corporate Management System

In the reporting year, in order to improve the corporate management system of JSC Techsnabexport and its S&A

- the removal of non-core companies from the corporate structure of JSC Techsnabexport and its S&A was completed;
- the articles of association of the overseas distribution S&A were amended in order to optimise the distribution of competences between the directors, boards of directors and meetings of shareholders;
- replicated the corporate scenarios of the Unified Industrial Document Management System (UIDMS) of the State Atomic Energy Corporation Rosatom among the S&A;
- all relevant data regarding JSC Techsnabexport and its S&A were entered in the section "Corporate Information" of the UIDMS and regularly updated.

The Company anticipates keeping on refining its corporate management systems and taking an active part in the State Atomic Energy Corporation Rosatom's programmes and projects aimed at enhancing the corporate management efficiency.

Removal of non-core companies from the corporate structure of JSC Techsnabexport and its S&A was completed

2.2.2. Control System

Members of the Audit Commission

Members of the Audit Commission of the Company are:

- **Oksana V. Zolotaryova** – Head of Operating Efficiency Administration of the Investment Activity Management Department at the Nuclear Energy Complex Directorate of the State Atomic Energy Corporation Rosatom;
- **Tatyana S. Milovidova** – Head of NFC life cycle projects integration and industrial policies system Section, Administration of NFC life cycle projects, the Department of Investment Activity Management, NEC Directorate of the State Atomic Energy Corporation Rosatom;
- **Olga N. Sarenkova** – Director of the Internal Control and Audit Department of JSC Techsnabexport.

O. V. Zolotaryova was elected the Chairperson of the Audit Commission.

Functions of the Audit Commission of the Company

The Audit Commission of the Company executed its functions in accordance with the Audit Commission Regulations of JSC Techsnabexport approved by the resolution of the sole shareholder.

The Audit Commission is an internal control body of the Company that controls its financial and business operations and conducts independent evaluation of the reliability of financial data contained in the annual report of the Company and its annual financial statements.

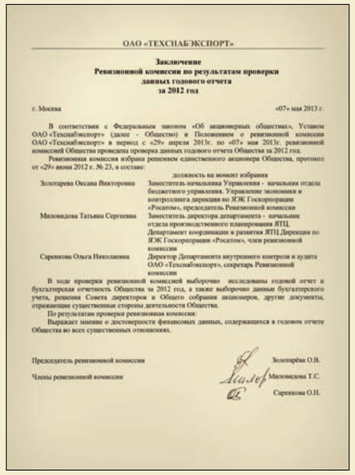
In 2012 the Audit Commission of the Company held three meetings at which the following resolutions were passed:

- on the election of the chairman and the Secretary of the Audit Commission, determining the dates of the internal audit of the financial and business operations of the Company for 2011;
- on approval of the Audit Conclusion Report of the Audit Commission of the Company based on the results of the Audit in 2011;
- on the election of the chairman and the secretary of the Audit Commission for 2012.

In 2012 the Audit Commission audited the financial and economic activities of the Company for 2011. On the basis of the findings of the audit, the Audit Commission issued a Conclusion Report on the reliability of the financial data in the annual report of the Company for 2011 in all material aspects, as well as on the reliability of the data in the Accounting Statements (Financial statements) of the Company in all material aspects. No facts of breach of the procedure for keeping accounts and presenting financial statements as prescribed by applicable regulatory acts of the Russian Federation and no violation of any legal acts of the Russian Federation while carrying out any financial and business operations that could have material impact on the reliability of the Company's accounts were detected.

The shareholder requested no additional control measures from the Audit Commission of the Company in 2012.

The shareholder requested no additional control measures from the Audit Commission of the Company in 2012



ОАО «ТЕХСНАБЭКСПОРТ»

Заключение
Ревизионной комиссии по результатам проверки
данных годового отчета
за 2012 год

г. Москва «07» мая 2013 г.

В соответствии с Федеральным законом «Об акционерных обществах», Уставом ОАО «Техснабэкспорт» (далее - Общество) и Положением о ревизионной комиссии ОАО «Техснабэкспорт» в период с «29» апреля 2013г. по «07» мая 2013г. ревизионной комиссией Общества проведена проверка данных годового отчета Общества за 2012 год.

Ревизионная комиссия избрана решением единственного акционера Общества, протокол от «29» июня 2012 г. № 23, в составе:

	должность на момент избрания
Золотарева Оксана Викторовна	Заместитель начальника Управления - начальник отдела бюджетного управления Управление экономики и контроллинга дирекции по ЯЭК Госкорпорации «Росатом», председатель Ревизионной комиссии
Миловидова Татьяна Сергеевна	Заместитель директора департамента - начальник отдела производственного планирования ЯТЦ Департамент координации и развития ЯТЦ Дирекции по ЯЭК Госкорпорации «Росатом», член ревизионной комиссии
Саренкова Ольга Николаевна	Директор Департамента внутреннего контроля и аудита ОАО «Техснабэкспорт», секретарь Ревизионной комиссии

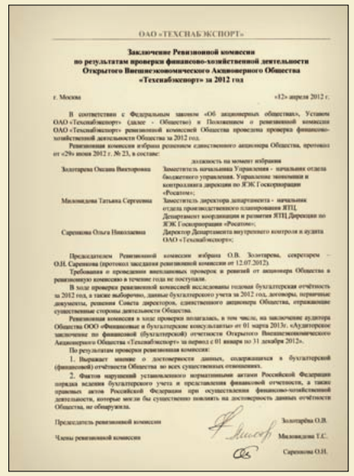
В ходе проверки ревизионной комиссией выборочно исследованы годовой отчет и бухгалтерская отчетность Общества за 2012 год, а также выборочно данные бухгалтерского учета, решения Совета директоров и Общего собрания акционеров, другие документы, отражающие существенные стороны деятельности Общества.

По результатам проверки ревизионная комиссия:

Выражает мнение о достоверности финансовых данных, содержащихся в годовом отчете Общества во всех существенных отношениях.

Председатель ревизионной комиссии Золотарёва О.В.

Члены ревизионной комиссии Миловидова Т.С.
Саренкова О.Н.



ОАО «ТЕХСНАБЭКСПОРТ»

Заключение Ревизионной комиссии
по результатам проверки финансово-хозяйственной деятельности
Открытого Внешнеэкономического Акционерного Общества
«Техснабэкспорт» за 2012 год

г. Москва «12» апреля 2012 г.

В соответствии с Федеральным законом «Об акционерных обществах», Уставом ОАО «Техснабэкспорт» (далее - Общество) и Положением о ревизионной комиссии ОАО «Техснабэкспорт» ревизионной комиссией Общества проведена проверка финансово-хозяйственной деятельности Общества за 2012 год.

Ревизионная комиссия избрана решением единственного акционера Общества, протокол от «29» июня 2012 г. № 23, в составе:

	должность на момент избрания
Золотарева Оксана Викторовна	Заместитель начальника Управления - начальник отдела бюджетного управления Управление экономики и контроллинга дирекции по ЯЭК Госкорпорации «Росатом»;
Миловидова Татьяна Сергеевна	Заместитель директора департамента - начальник отдела производственного планирования ЯТЦ Департамент координации и развития ЯТЦ Дирекции по ЯЭК Госкорпорации «Росатом»;
Саренкова Ольга Николаевна	Директор Департамента внутреннего контроля и аудита ОАО «Техснабэкспорт»;

Председателем Ревизионной комиссии избрана О.В. Золотарева, секретарем – О.Н. Саренкова (протокол заседания ревизионной комиссии от 12.07.2012).

Требования о проведении внеплановых проверок и ревизий от акционера Общества в ревизионную комиссию в течение года не поступали.

В ходе проверки ревизионной комиссией исследованы годовая бухгалтерская отчётность за 2012 год, а также выборочно, данные бухгалтерского учета за 2012 год, договоры, первичные документы, решения Совета директоров, единственного акционера Общества, отражающие существенные стороны деятельности Общества.

Ревизионная комиссия в ходе проверки полагалась, в том числе, на заключение аудитора Общества ООО «Финансовые и бухгалтерские консультанты» от 01 марта 2013г. «Аудиторское заключение по финансовой (бухгалтерской) отчетности Открытого Внешнеэкономического Акционерного Общества «Техснабэкспорт» за период с 01 января по 31 декабря 2012».

По результатам проверки ревизионная комиссия:

1. Выражает мнение о достоверности данных, содержащихся в бухгалтерской (финансовой) отчётности Общества во всех существенных отношениях.

2. Фактов нарушений установленного нормативными актами Российской Федерации порядка ведения бухгалтерского учета и представления финансовой отчетности, а также правовых актов Российской Федерации при осуществлении финансово-хозяйственной деятельности, которые могли бы существенно повлиять на достоверность данных отчётности Общества, не обнаружила.

Председатель ревизионной комиссии Золотарёва О.В.

Члены ревизионной комиссии Миловидова Т.С.
Саренкова О.Н.

In 2012, JSC Techsnabexport demonstrated sustainable business growth, 100% achievement and overachievement of the key performance indicators (KPI) set for the Company by the State Atomic Energy Corporation Rosatom.

By the end of 2012
the performance of the HEU-LEU Agreement has reached 95%. The parties proceeded with preparations for the expiry of the HEU-LEU Agreement and summary of its results.

3. Results of Activities in the Reporting Period

Summarising
the annual results, the value of the Company's exports portfolio for a ten-year period totals about US$24.7 billion, and the total value of the Company's exports portfolio with a contraction horizon until 2025 and further is estimated at almost US$28 billion.

Arrival of the first batch of Australian uranium (St-Petersburg port)

3.1. Results of Core Operations

In August 2012
the Company signed a deal with the Emirates Nuclear Energy Corporation (ENEC), which is responsible for implementation of the national nuclear energy sector development programme, a 15-year contract for the supply of EUP for the first Arab NPP at Barakah.

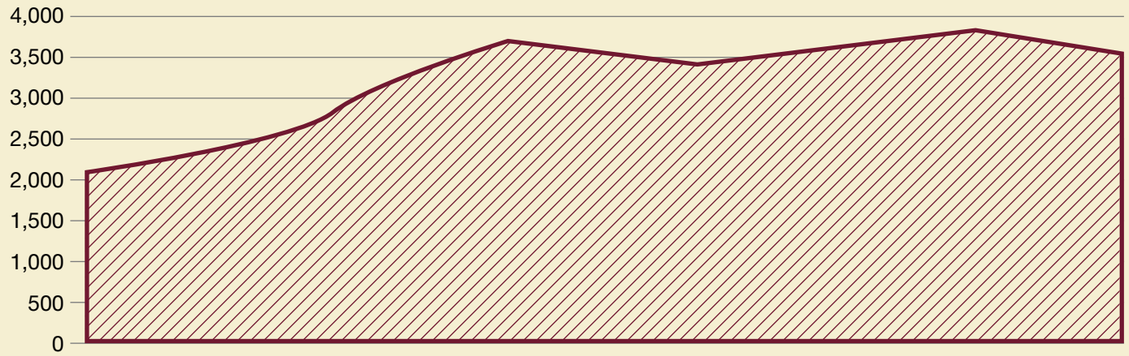
3.2. Financial and Economic Performance

To ensure performance of the HEU-LEU Agreement until the end of 2013, in June 2012 the Company and USEC signed Amendment No. 020 to the HEU-LEU Contract, which was approved by the Russian and US governments, in order to clarify a number of technical and logistical aspects. The parties proceeded with preparations for the expiry of the HEU-LEU Agreement and summary of its results.

3.1. Results of Core Operations

In 2012, JSC Techsnabexport demonstrated sustainable business growth, 100% achievement and overachievement of the key performance indicators (KPI) set for the Company by the State Atomic Energy Corporation Rosatom.

Over recent years the growth in key indicators, which characterise the Company's performance as pertaining to the supply of NFC products and provision of NFC services, has been a steady trend. However, market decline after the accident at the Fukushima nuclear power has resulted in a slight drop in the statistics for 2012. In comparison to the results for 2011, total exports of uranium products and services in value terms (including deliveries under the HEU-LEU Contract) decreased in 2012 by 3.6%, totalling US$ 3.2 billion. The uranium products export dynamics in retrospective (2005-2012) are shown in the diagram below.



3.1.1. Contracting and Sales

In the reporting year the Company once again proved true to its reputation as a reliable supplier. Full and timely performance of contractual obligations is critical not only for successful business performance, but also for safe and steady operation of the nuclear power plants that use NFC products and services of Russian origin.

Along with impeccable performance of the ongoing contracts, in 2012 the Company continued to focus on the preparing and signing of new long-term uranium products supply contracts laying emphasis on the development of cooperation with end consumers – foreign energy companies. In 2012 JSC Techsnabexport entered into two new enriched uranium supply contracts, including the contract with TENAM Corporation, its US distribution subsidiary, and extended one existing contract.

Summarising the annual results, the value of the Company's exports portfolio for a ten-year period totals about US$ 24.7 billion, and the total value of the Company's exports portfolio with a contraction horizon until 2025 and further is estimated at almost US$ 28 billion.

Sustainable provision of uranium enrichment services that meet over one-third of the demand of foreign-designed reactors and such a growing portfolio of long-term orders is evidence that the Company has retained a stable position in the world market of uranium.

In 2012 JSC Techsnabexport entered into two new enriched uranium supply contracts, including the contract with TENAM Corporation, its US distribution subsidiary, and extended one existing contract

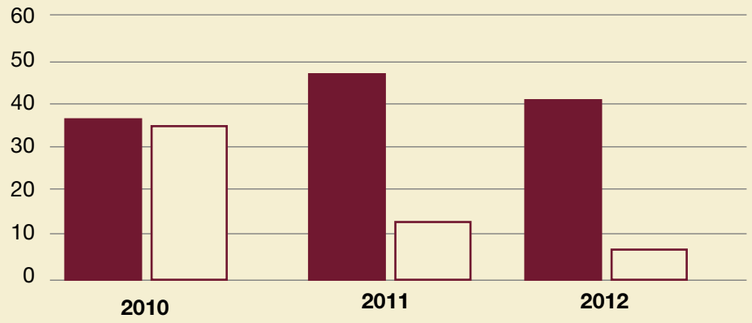
In 2008, in order to continue to add quality to the services offered to its customers as pertains to the transportation of nuclear materials and supply of products, JSC Techsnabexport changed the delivery basis FOB Saint Petersburg Port mainly to DDU, DDP, or book transfer at a location specified by the customer (as a rule, where their reconversion or fabrication facilities are located). For this purposes the Company opened material accounts at the core American (AREVA – Richland, GNF-A – Wilmington, Westinghouse – Columbia) and West European (AREVA – Romans, France, AREVA – Lingen, Germany, Westinghouse – Vasteras, Sweden, Westinghouse – Springfield, UK) nuclear fuel fabrication facilities.

In cases when under the contractual terms the customer supplies natural uranium to JSC Techsnabexport for processing, instead of the DES Saint Petersburg Port basis used previously for the receiving of natural uranium, all new contracts provide for delivery of natural uranium by customers under ExW or FCA terms at the location of the facility at which the customer's material is stored.

Geographically, the Company's exports are quite diversified with the traditional dominance of EU-15 states.

The results of core business activities for the period under review by regions are given below.

Dynamics of export contracts based on delivery basis*



* Excluding HEU-LEU.

- number of deliveries under the Company's contracts on DDP/DDU terms
- number of deliveries under the Company's contracts on FOB terms

American region

In the reporting year review the Company continued efforts aimed at strengthening Russian positions in the American uranium market. The share of deliveries to American region countries in 2012 accounted for about 36% of the Company's exports.

The Company, with the active participation of its US subsidiary, continued its activity aimed at securing more contracts with American energy companies both in respect to complete EUPs and enrichment and conversion services under the Amendment to the Agreement Suspending the Antidumping Investigation on Uranium from the Russian Federation of 2008 (ASAI).

At the end of the reporting year JSC Techsnabexport export portfolio contained 13 direct and 1 indirect (signed through TENAM Corporation) medium- and long-term contracts with ten American energy companies with a total value of approximately US$ 5.5 billion. This means the utilisation of a considerable portion of the limits approved by the Amendment to the ASAI for deliveries to the US market in 2014-2020.

In August of the reporting year, the Company delivered a regular shipment of EUP under the first commercial contract with Exelon signed within the framework of the Amendment to the ASAI.

The effective long-term contract for meeting the full demand of the Mexican energy company CFE has been performed in full and in a timely fashion.

European region

The European region has traditionally been the largest target market for the Company. Deliveries of NFC products to the European region in 2012 accounted for circa 48% of the Company's exports.

Among the customers of the Company are such energy companies from EU-15 states as EDF (France), E. ON, EnBW (Germany), Vattenfall, OKG (Sweden), TVO (Finland), ENUSA (Spain), Synatom (Belgium), and AXPO AG (Switzerland).

In 2012, the bulk of the efforts by the Company in this region were focused on pre-contracting activities in order to secure new contracts at some future dates. The matter is that 2011 was the last year of the long-term contraction cycle in the uranium market and, because of the Fukushima NPP accident, a number of the European customers postponed their contraction activities for the needs of

their reactors. Summarising the results of the year under review, the Company has reached agreement regarding the conclusion of new contracts worth about US$ 500 million with its two traditional customers and with two new promising customers on further cooperation.

Since the majority of European energy companies adhere to corporate social responsibility policies that oblige them to cooperate only with those suppliers whose business complies with existing international standards (DIN EN ISO 14001:2009, DIN EN ISO 9001:2008, etc.), the Company not only ensures that it abides by these requirements, but also procures that its suppliers adhere to them.

JSC Techsnabexport continued to organise regular meetings with European energy companies in order to keep the customers informed about the status and development of its quality management system and the environmental management system within the Company and in the industry as a whole. The suppliers undergo an audit on a regular basis as pertains to compliance with international standards requirements to environmental management, quality management, social responsibility, and with other international regulations. In 2012 the Company's European customers audited JSC UEIP. Jointly with the State Atomic Energy Corporation Rosatom and JSC TVEL, the Company organised consultations on the burial of liquid radioactive waste at JSC SCC for representatives of EDF (France).

Summarising the results of the year under review, the Company has reached agreement regarding the conclusion of new contracts worth about US$500 million with its two traditional customers and with two new promising customers on further cooperation

Asia-Pacific Region and Africa

Before the Fukushima NPP accident, the Asia-Pacific region was the fastest growing market with ambitious plans for increasing the share of nuclear energy in its total energy output. This factor predetermined JSC Techsnabexport activity in this region aimed at contracting both the existing needs and the needs of new facilities scheduled for construction.

By the end of 2012, JSC Techsnabexport export portfolio contained long-term contracts with seven out of ten Japanese energy companies for the supply of uranium products until 2021. The consequences of the Fukushima-1 NPP accident gave rise to the necessity for restructuring contractual terms and conditions with a number of energy companies. Nevertheless, in 2012 JSC Techsnabexport made a number of EUP deliveries to Japanese companies and pursued, despite the persisting uncertainty as pertains to the development prospects of the nuclear energy sector in Japan, its efforts to secure long-term contracts.

The commencement of the Agreement between the Government of the Russian Federation and the Government of Japan for Cooperation in the Peaceful Uses of Nuclear Energy in May 2012 creates objective preconditions for increasing Russia's share in the Japanese market both by expanding the existing areas of cooperation and by developing new areas, including processing of regenerated uranium and the supply of such higher-level products as uranium dioxide.

In 2012, JSC Techsnabexport, jointly with its Asia-Pacific region partners, successfully implemented two pilot projects aimed at developing the Company's uranium business.

The first one – delivery of a shipment of enriched uranium through Vostochny Port, Russia, to Japan in October 2012 – demonstrated the feasibility and viability of such new routes for the transportation of uranium products through Russia's Far East to Asia-Pacific region countries.

Within the framework of the second project, in November 2012 the first shipment of Australian natural uranium was delivered to Russia under a contract with Energy Resources of Australia (part of the Rio Tinto Group), and such an achievement made it possible to proceed with actual implementation of the arrangements between Russia and Australia made in 2007 while signing the Agreement between the Government of the Russian Federation and the Government of Australia on Cooperation in the Use of Nuclear Energy for Peaceful Purposes and to open a way for the wide use of Australian natural uranium as a feed material while offering Russian nuclear fuel cycle services to overseas customers.

In the year under review, the Company entered a new regional sales market – in August 2012 the Company signed a deal with the Emirates Nuclear Energy Corporation (ENEC), which is responsible for implementation of the national nuclear energy sector development programme, a 15-year contract for the supply of EUP for the first Arab NPP at Barakah. This contract means building a solid foundation for further development of cooperation with ENEC due to the long-term plans of the Emirates' side aimed at increasing the number of reactors and the share of the nuclear energy sector in its total energy output.

In 2012, the performance of long-term contracts with companies from China, the Republic of Korea, and South Africa got under way.

By the end of the reporting year the share of JSC Techsnabexport deliveries to Asia-Pacific region countries (Japan, the Republic of Korea, and China) and South Africa accounted for about 16% in the Company's total exports.

Arrival of the first batch of Australian uranium (St-Petersburg port, Kapitolovo temporary storage facility)

3.1.2. Fulfilling Obligations under the HEU-LEU Agreement

The HEU-LEU Agreement, also known as Megatons to Megawatts, is the Russia-US Intergovernmental Agreement Concerning the Disposition of Highly Enriched Uranium Extracted from Nuclear Weapons concluded on 18 February 1993. Under the HEU-LEU Agreement, Russia committed itself to supplying to the United States during a 20-year term (by the end of 2013) the low-enriched uranium (LEU) produced from the 500 tons of highly enriched uranium (HEU) extracted from nuclear warheads. The first shipment of LEU to the USA took place in May 1995. This Agreement contemplates the irreversible dismantling and disposal of about 20,000 nuclear warheads. Executive agents of the Agreement: on the Russian side – JSC Techsnabexport; on the American side – USEC.

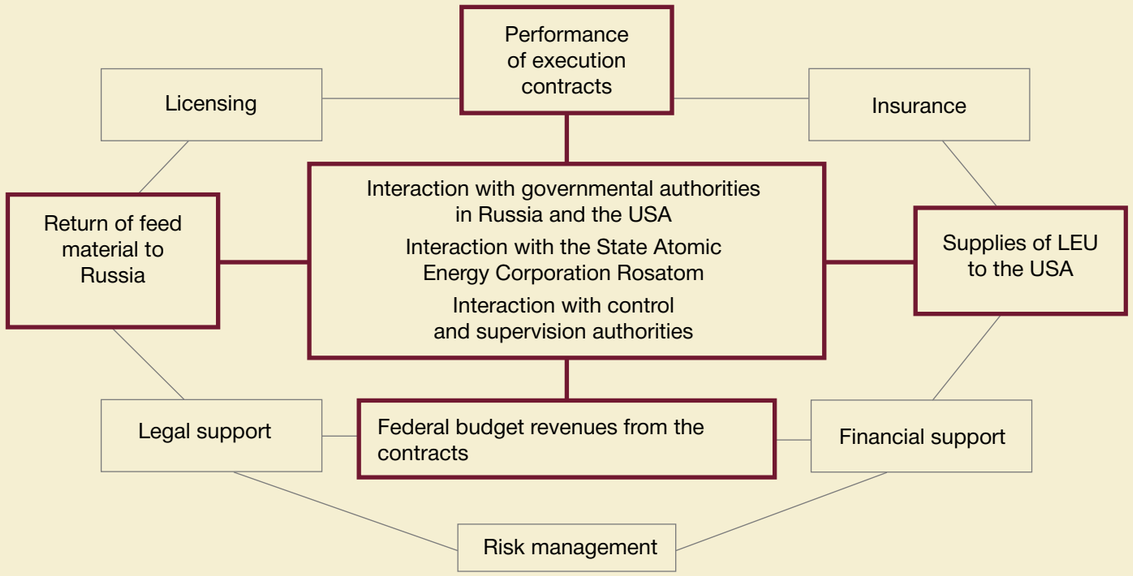
As a result of the performance of the HEU-LEU Contract with USEC, the Contract for the Supply of the Feed Material (FM LEU) with a group of Western companies (Areva, Cameco, Nukem), as well as the implementation of the programme for the physical movement of the undistributed quantities of the FM LEU to Russia, by the end of 2012 the performance of the HEU-LEU Agreement has reached 95%.

In the reporting year, 864 tons of LEU were shipped to the United States. The schedule of shipments of LEU and the commitments as pertains to the supply of FM LEU to customers have been fulfilled timely and in full, and the total value of all deliveries in 2012 amounted to US$ 1.03 billion.

Preliminary estimations of the total proceeds from the HEU-LEU Agreement, including the remaining deliveries of LEU, sales of FM LEU and return of certain quantities of FM LEU to Russia until the end of 2013, is evidence that the Russian side may be to earn US$ 17 billion, and foreign currency proceeds then due to the federal budget may amount to approximately US$ 13 billion.

To ensure performance of the HEU-LEU Agreement until the end of 2013, in June 2012 the Company and USEC signed Amendment No. 020 to the HEU-LEU Contract, which was approved by the Russian and US governments, in order to clarify a number of technical and logistical aspects. The parties proceeded with preparations for the expiry of the HEU-LEU Agreement and summary of its results.

Diagram of performance of the intergovernmental HEU-LEU Agreement



3.2. Financial and Economic Performance

3.2.1. Exports (US$ mln)

Item	2010	2011	2012	2012 vs. 2011, %
Exports, total	3,490	3,388	3,219	95.0
including:				
export of uranium products, total	3,252	3,339	3,219	96.4
including:				
HEU-LEU Contract	939	1,009	1,033	102.4
commercial supplies of uranium products	2,313	2,330	2,186	93.8
other	239	49	0	0

The volume of deliveries (exports) of uranium products to overseas markets is considered to be one of the key performance indicators of the Company. In 2012 the commercial supplies of uranium products and deliveries of uranium products to the United States under the HEU-LEU Programme accounted for most of exports.

The commercial exports of uranium products in the reporting year totalled US$ 2,186 million or 68% of the overall exports and in monetary terms they dropped vs. 2011 by 6.2% due to the continuing negative consequences of the Fukushima NPP accident, which led to decreased demand for uranium enrichment services among a number of the energy companies which were counterparties of JSC Techsnabexport.

The total exports under the HEU-LEU Contract in monetary terms in 2012 vs. 2011 grew by 2.4% due to rise in the prices of the uranium enrichment services and feed material for HEU.

Other exports in 2010-2011 comprised deliveries of equipment and provision of services under the contract for technical support to construction of the 4th stage of the gas centrifuge facility in China with a capacity of 500 thousand SWU per annum, which was signed with CNEIC, China, as part of performance of the Russia-China intergovernmental agreement. This facility was commissioned in 2011.

3.2.2. Income (RUR mln)

Item	2010	2011	2012	2012 vs. 2011, %
Proceeds from uranium business	76,108	68,976	69,539	100.8
domestic market	1,992	0	0	-
international market	74,116	68,976	69,539	100.8
Other proceeds	7,153	1,538	39	2.5
Total	**83,261**	**70,514**	**69,578**	**98.7**

In 2012 the bulk of the Company's main revenue came from sales of uranium products in overseas markets, which accounted for almost 100% of total proceeds. The prevailing foreign currencies are the US dollar and the euro, while the share of other foreign currencies is insignificant.

All proceeds under the HEU-LEU Contract are not included in the Company's income as they are transferred to the federal budget in full.

The Company's proceeds from sales of uranium in overseas markets in 2012 remained at the level of 2011 (with a slight improvement of 0.8%) thanks to the following favourable aspects:

- changes in exchange rates (average weighted exchange rate of US dollar for actual shipments in 2011 – RUR 29.3/US$ 1, in 2012 – RUR 31.1/US$ 1);
- changes in the sales structure (growing sales of products from the Company's material accounts opened outside Russia[10]).

Other proceeds in the year under review in comparison to 2011 dropped due to the end of deliveries of equipment and provision of services under a contract for technical support in the construction of the 4th stage of the gas centrifuge facility in China.

3.2.3. Expenses

Cost (RUR mln)

Item	2010	2011	2012	2012 vs. 2011, %
Costs in the uranium business (cost of uranium raw material, enrichment and conversion services)	50,280	44,734	49,327	110.3
supplies to domestic market	1,724	0	0	-
supplies to international market	48,555	44,734	49,327	110.3
Other expenses within the cost (products for resale, insurance, delivery, storage of raw materials, etc.)	6,748	1,290	1,084	84.0
Total	**57,027**	**46,024**	**50,411**	**109.5**

Despite a decrease in 2012 vs. 2011 in total sales, measured by volume, costs in the uranium business grew by 10.3% due to the following factors:

- changes in the structure of raw materials provision for sales in 2012 vs. 2011;
- rise in domestic prices for enrichment and conversion services;
- changes in exchange rates.

The shown decrease in other expenses within costs in 2012 in comparison with 2011 results from the end of deliveries of equipment in 2011 under the contract for the technical support to the construction of the 4th stage of the gas centrifuge facility in China.

Sales expenses (RUR mln)

Item	2010	2011	2012	2012 vs. 2011, %
EUP insurance	767	561	476	84.8
EUP delivery	628	521	378	72.6
Other sales expenses (business risk insurance, customs levies and export duties, storage of EUP, contractors' services, etc.)	1,117	1,260	918	72.9
Total	**2,512**	**2,342**	**1,772**	**75.7**

[10] Proceeds from sales of products from the Company's material accounts opened outside Russia are included in item "Proceeds from uranium business", but are not included in item "Exports", as the sold products are stored outside Russia.

The sales expenses in 2012 vs. 2011 fell by 24.3%, mainly due to the following factors:

- decrease in actual sales as a result of changes in the procurement policies of a number of customers under the influence of the aftermath of the Fukushima NPP accident in March 2011;
- decrease in insurance rates within the Company's insurance programme 2012; and
- end of deliveries of equipment under the contract for the technical support to the construction of the fourth stage of the gas centrifuge plant in China.

Such a 27.1% decrease in sales expenses results mainly from the reduction in expenses related to business risk insurance, which, in its turn, is a consequence of a respective drop in sales proceeds in 2012 vs. 2011 (refer to Cash Flow Statement).

Administrative expenses (RUR mln)*

Item	2010	2011	2012	2012 vs. 2011, %
Personnel expense	1,215	1,263	1,336	105.8
Expenses for maintenance of buildings, premises, machinery, motor vehicles, communication, IT, etc.	327	288	309	107.3
Consulting and other services (exclusive of general corporate expenses)	266	219	203	92.3
Total	**1,808**	**1,770**	**1,848**	**104.4,%**

* For the purposes of analysis, the administrative expenses in this section are disclosed according to the data from the budgetary report and their meaning. In the financial statements 2010 these expenses are distributed between such items as "Administrative expenses" and "Other expenses" in accordance with RAS rules.

Such 4.4% growth in the administrative expenses in 2012 vs. 2011 results from the rise in personnel expenses due to changes in Russian laws as pertains to payments and rates of compulsory insurance contributions to state's extra-budgetary funds.

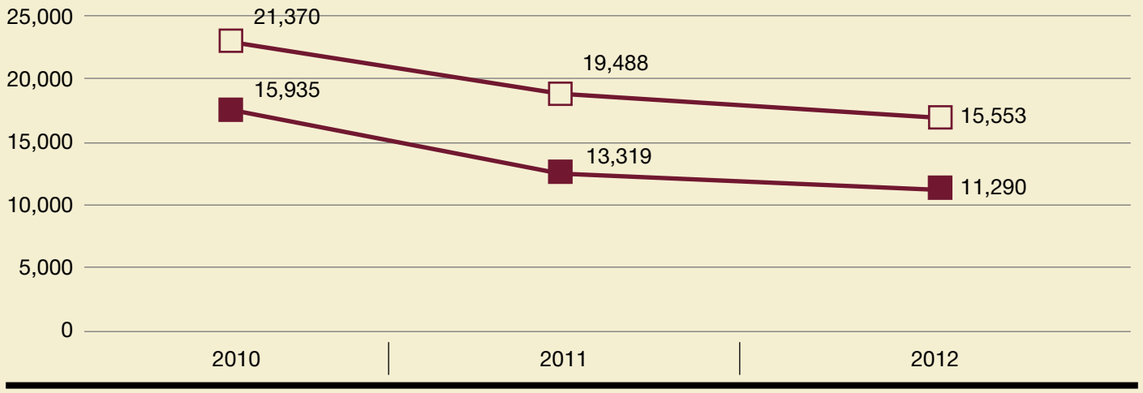
3.2.4. Key Financial Performance Indicators

Key financial indicators (RUR mln)

Item	2010	2011	2012	2012 vs. 2011, %
Income	83,261	70,514	69,578	98.7
Cost	-57,027	-46,024	-50,411	109.5
Gross profit	**26,234**	**24,490**	**19,168**	**78.3**
Sales expenses	-2,512	-2,342	-1,772	75.7
Administrative expenses*	-1,812	-1,770	-1,848	104.4
Sales profit (loss)	**21,910**	**20,378**	**15,547**	**76.3**
Other income and expenses	-628	-2,444	-128	5.2
Loan interest expenses	-1,008	-795	-926	116.5
Profit before tax	**20,275**	**17,139**	**14,494**	**84.6**

Item	2010	2011	2012	2012 vs. 2011, %
Profit tax, inclusive of deferred tax assets and deferred tax liabilities	-4,340	-3,820	-3,197	83.7
Other payments from profit	0	0	-6	-
Net profit	**15,935**	**13,319**	**11,290**	**84.8**
For reference:				
Earnings before interest, taxation, depreciation and amortisation (EBITDA)	**21,370**	**19,488**	**15,553**	**79.8**

* The administrative expenses for 2010 are given according to the financial statements prepared in accordance with RAS.



The following factors mainly influenced such a reduction in EBITDA (-20.2%) and net profit (-15.2%) in 2012 as compared to 2011:

- growth in costs due to the rise in the prices of raw materials, enrichment, and conversion services;
- drop in proceeds due to the end of deliveries of equipment under the contract for the technical support to the construction of the fourth stage of the gas centrifuge plant in China.

Profitability ratios (%)

Item	2010	2011	2012
Profitability of sales based on gross profit	32%	35%	28%
Profitability of sales based on earnings before interest, taxation, depreciation and amortisation (EBITDA)	26%	28%	22%
Profitability of sales based on net profit	19%	19%	16%
Return on total assets*	25%	20%	15%
Return on equity*	80%	65%	50%

* All values of these items are calculated on the annual average basis.

Such a reduction in the profitability of sales in 2012 vs. 2011 results from the growth in costs with a simultaneous drop in proceeds from sales.

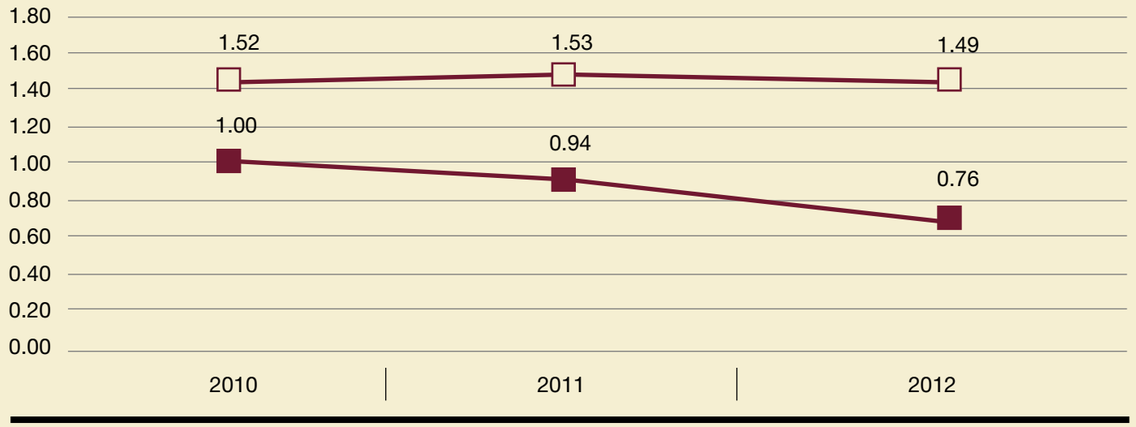
The fall in the return on total assets and return on equity in 2012 vs. 2011 results from the drop in net profit against a background of growth in the annual average value of assets and equity.

The profitability dynamics are monitored and managed by the Company and the State Atomic Energy Corporation Rosatom.

Liquidity ratios*

Item	2010	2011	2012
Current ratio	1.52	1.53	1.49
Quick ratio	1.00	0.94	0.76

* All values of these items are calculated on the annual average basis.



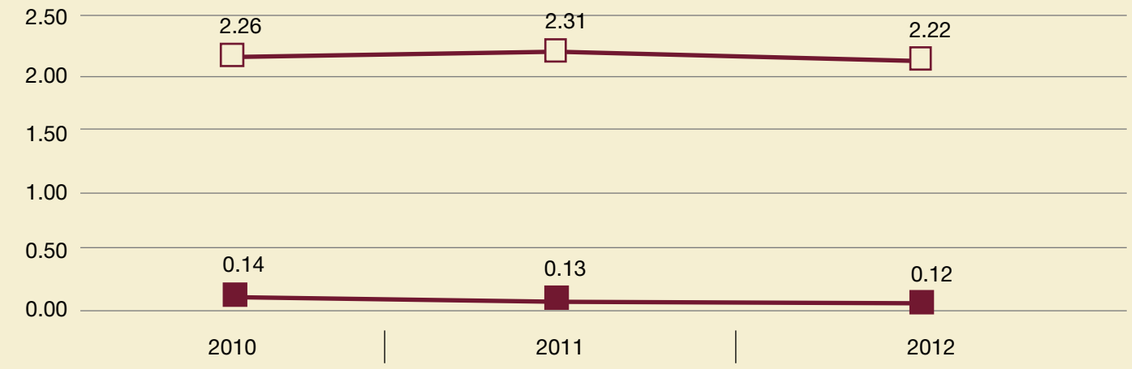
Despite some decrease in the calculated values of the liquidity ratios, the Company experiences no difficulties with payment of its current liabilities and is solvent.

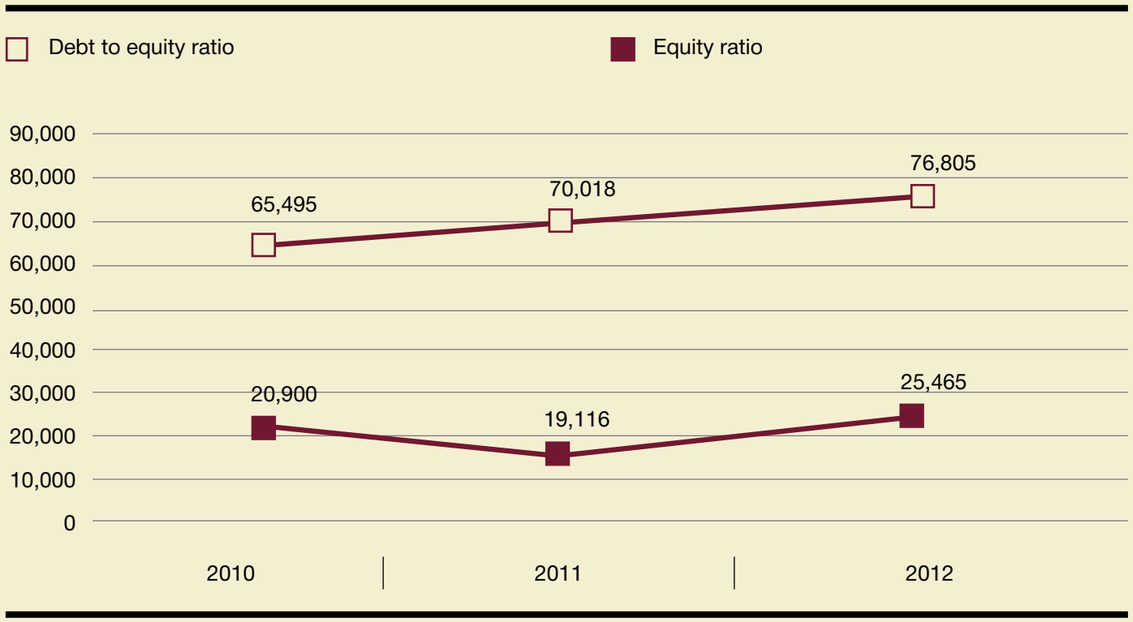
Financial strength ratios (%)

Item	2010	2011	2012
Debt to equity ratio*	2.26	2.31	2.22
Equity ratio (exclusive of long-term debts)*	0.14	0.13	0.12
Net assets, RUR mln**	20,900	19,116	25,465
Assets, RUR mln	65,495	70,018	76,805
Net assets share in total assets, %	31.9	27.3	33.2

* All values of these items are calculated on the annual average basis.

** The value of this item is calculated in accordance with the Order of the Ministry of Finance of the Russian Federation and the Federal Commission for the Securities Market of the Russian Federation dated 29.01.2003 No. 10n/03-6/pz "On Approval of the Procedure for Valuation of Net Assets of Joint Stock Companies".





In 2012 financial strength indicators were roughly the same as in 2011 and are deemed satisfactory.

During 2012, the value of the Company's net assets grew by 33.2% due to a rescheduling in the payment of dividends for 2013 according to the shareholder's resolution.

3.2.5. Payments to Capital Providers (RUR mln)

Item	2010	2011	2012
Interest paid to creditors (accrued on credits and loans)	1,022	809	917
Dividends paid to the shareholder	15,511	12,256	7,788
Total payments to capital providers	**16,533**	**13,065**	**8,705**

3.2.6. Dividends (RUR mln)

Item	2010	2011	2012
For reference:			
Net profit for the period under review	15,935	13,319	7,420**
Accrued dividends basing on the results of the reporting year*			
amount	13,811	12,382	2,000**
percentage of net profit for the reporting year	87 %	93 %	27 %**
Dividends accrued in the reporting year	**12,655**	**15,102**	**4,942**
including			
dividends for the previous year	4,506	5,662	2,942
interim dividends for the reporting year	8,149	9,440	2,000
Dividends paid in the reporting year	**15,511**	**12,256**	**7,788**
including			
dividends for the previous year	7,362	5,662	5,788
interim dividends for the reporting year	8,149	6,594	2,000

* The data is provided to estimate the dividends/net profit ratio (actual accruals and payments are made in different reporting periods, including the year, following the reporting year) and defines the dividend policy of the sole shareholder – JSC Atomenergoprom.
** Data for 9 months of 2012 [the interim dividends following the results of 9 months of 2012, as resolved by the sole shareholder, were distributed in November 2012 (RUR 2.000 million)].

During 2010-2012, dividends were accrued and distributed in accordance with the respective resolutions of JSC Atomenergoprom, including, without limitation, interim dividends. All dividends were distributed in cash. As at the end of 2012, the Company had no outstanding dividends due to the shareholder.

As at the time of preparation of this Report, no decision regarding the distribution of dividends for 2012 has been made by the management bodies of the Company.

3.2.7. Investments

In 2012 the Company continued to implement its investment projects and arrangements in line with the Company's strategic goals and objectives set by the State Atomic Energy Corporation Rosatom.

Investment, RUR mln (exclusive of VaT)

Item	2010	2011	2012
Total investments	**803**	**1,211**	**939**
including:			
fixed assets	61	155	54
intangible assets	2	0	0
long-term financial investments (purchase of shares/interest in companies)	740	1,056	885

In 2012 investments were made in the form of financial investment in the subsidiaries for the development of an industrial transport infrastructure, as well as in the form of capital investment for the purchase of containers of type 30B for the transportation of uranium products as a part of plans aimed at building up the Company's own stock of transport equipment.

The sources of investment in the year under review were the Company's own cash assets.

The Company has stayed focused on such objective as minimisation of delivery time and improvement of reliability in supplies.

1963–2013 TENEX

Annual Report
JSC Techsnabexport

APPROVED by the resolution of the sole shareholder on 28.06.2013

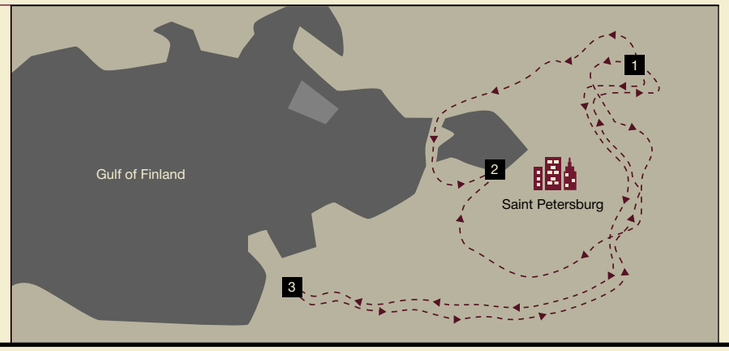
PRELIMINARY APPROVED by the Board of Directors on 28.05.2013

4. Performance Management

The key
quality indicator of the Company's performance is the degree of customer satisfaction - according to the questioning results, the general customer satisfaction degree index of the Company in 2012 reached 100%

UX-30 protective covers at the site of JSC SPb IZOTOP

In 2012
preparatory work was carried out and the whole package of licensing activities was completed for the means of transport, foreign and Russian carriers, port of shipment, and transport containers, which made it possible to successfully deliver the pilot shipment of enriched uranium from Russia to Japan through Vostochny Port.



4.1. Key Performance Indicators System

The system of key performance indicators (KPI) is a present-day performance management tool of JSC Techsnabexport, its subsidiaries and affiliates (S&A).

This system was implemented in 2009 and has been in operation successfully since 2009. Its basic principle is the breakdown of the State Atomic Energy Corporation Rosatom's strategic goals into financial and economic, production, social, and other performance indicators of the companies and individual goals of their executives for a one-year period.

In order to implement a number of cross-functional industrial projects, the State Atomic Energy Corporation Rosatom incorporates general industrial indicators of functional activity in the KPI cards of the managers of the Company's functional blocks (economics and finance, accounting, corporate and legal activities, personnel management, procurement, IT, etc.) on the basis of a unified methodology.

The KPI was implemented in 2009 and has been in operation successfully since 2009

The key performance indicators for the financial and economic operations of JSC Techsnabexport in 2012 were as follows:

- EBITDA;
- portfolio of export contracts for a ten-year period (including exports by Russian enterprises, excluding HEU-LEU);
- proceeds from international operations (including exports by Russian enterprises, excluding HEU-LEU); and
- controlling costs (exclusive of amortisation).

Furthermore, a number of individual objectives were set for the chief executive officer of the Company for the period under review, including:

- creation of the transport and logistics complex Vostok (East) (TLC Vostok); and
- creation of the transport and logistics complex Zapad (West) (TLC Zapad);

In 2012 the KPI system was cascaded to the level of the deputy directors of the departments of JSC Techsnabexport (102 KPI cards) and the managers of the organisational units of its S&A.

4.2. Innovation Activities

All innovation activities of JSC Techsnabexport are concentrated on projects aimed at improving the corporate management system, including development, implementation, and certification of management systems in accordance with ISO (for more information refer to *Section 4.5.*).

The Company has developed and implemented a number of innovation software and techniques to speed up calculation of financial and economic indicators and up-to-date forecasting tools. One of such innovations is an expert system that predicts changes in market prices for natural uranium, which was developed by the Company's specialists in cooperation with scientists from the National Research Nuclear University MEPhI.

In the reporting year, the Company continued to build its risk management system, harmonised with the State Atomic Energy Corporation Rosatom's CRMS Project, providing for integration of the risk management process in the key business processes of the Company as one of its key objectives. Innovation of the mechanism for making management decisions for optimum use of the Company's resources lies in the management of the balance between risks and profitability (for more information refer to *Section 4.4.*).

In the year under review, a package of measures aimed at using information technology for presentation to customs offices of electronic data for customs clearance of the Company's goods through the Internet was put in place (for more information refer to *Subsection 4.3.3.*).

The procurement system, operating in JSC Techsnabexport on the basis of the unified industrial standard, is of an innovative nature (for more information refer to *Section 4.7.*).

For four years JSC Techsnabexport has been a key organisation in implementing an innovation project for the creation of a system of public reporting in the State Atomic Energy Corporation Rosatom and its organisations (for more information refer to *Chapter 6.*).

4.3. Transport and Logistical Support

JSC Techsnabexport carries out its business operations in the area of utilisation of nuclear energy while handling nuclear materials during their transportation on the basis of the Rostekhnadzor License dated 31.01.2012 No. GN-05-401-2586.

JSC Techsnabexport continuously monitors the terms of validity and relevance of the content of its certificates-permits for shipping packages used by the Company for the delivery of products; availability with Russian suppliers/consignees of nuclear materials of the Rostekhnadzor licenses for respective types of activities in the area of utilisation of nuclear energy, plans for cleanup activities after transport accidents; and the terms for temporary import/temporary export of shipping packages (30B containers and/or protective sheaths).

In the year under review, the Company shipped its export products as usual through Saint Petersburg Port, while all transportation and forwarding services for cargo were provided by JSC SPb IZOTOP.

The number of shipments, providing for the Company's responsibility for organising transport and forwarding services abroad, grew by 9% as compared to 2011.

The Company has stayed focused on such objective as minimisation of delivery time and improvement of reliability in supplies.

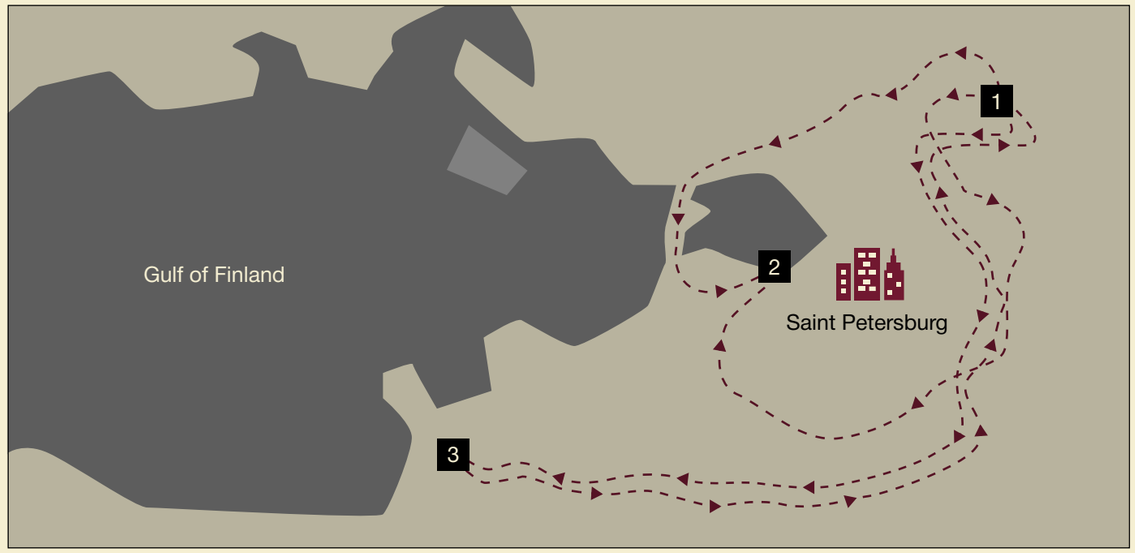
The number of shipments, providing for the Company's responsibility for organising transport and forwarding services abroad, grew by 9% as compared to 2011

4.3.1. Diversification of Shipping Points

Within the framework of its projects TLC Zapad and TLC Vostok, the Company has been implementing a programme aimed at diversifying the shipping points for its exports of uranium products.

In 2012 in the framework of the project TLC Zapad:

- the Government of Russia issued an order to convert the land use from forests (5 ha) to special uses for the construction of a temporary storage facility (TSF) and transhipment of dangerous goods (class 7);
- JSC GI VNIPIET issued the design documentation "Temporary Storage Facility for Dangerous Goods (Class 7) in the Area of Commercial Sea Port of Ust-Luga" with a start-up facility – an area at the port terminal.



1. Kapitolovo base 2. CSP Saint Petersburg 3. CSP Ust-Luga, storage facility

Under the TLC Vostok project, in the reporting year some preparatory work was carried out and the whole package of licensing activities was completed for the means of transport, foreign and Russian carriers, port of shipment, and transport containers. All this made it possible in October 2012 to successfully deliver the pilot shipment of enriched uranium through Vostochny Port, Russia, to Japan. This delivery demonstrated the feasibility and viability of such a new route for the transportation of uranium products through Russia's Far East to Asia-Pacific region countries.

4.3.2. Developing Own Base of Transport Equipment

Within the framework of the project for the creation of the Company's own stock of transport equipment, the Company has built up the world's second-largest stock of UX-30 protective covers manufactured by Columbiana Hi Tech LLC (344 pieces). In 2012 the Company purchased 174 pieces of 30B containers from CIMC, China.

Such a stock of UX-30 protective covers and 30B containers is a great contribution to the improvement of the situation with the delivery of export EUP using relevant transport equipment. For instance, due to an optimised use of its own stock of protective covers, the Company achieved a 95% reduction in the quantity of protective covers leased from different transportation and forwarding companies under contracts providing for the Company's responsibility for the provision of shipping packages.

Within the framework of the cross-divisional project for the creation on the basis of JSC UEEC of a complete service centre, the world experience in the organisation of such centres has been analysed, all design documentation has been prepared, and an agreement has been reached with foreign companies regarding the organisation of training and obtaining of international certificates for the Company's specialists.

The Company has built up the world's second-largest stock of UX-30 protective covers (344 pieces)

UX-30 protective covers at the site of JSC SPb IZOTOP

4.3.3. Licensing and Customs Support, Internal Export Control Programme

JSC Techsnabexport was one of the first Russian companies to receive in 2001 a certificate of state accreditation as an organisation that has built an internal export control programme – a set of organisational and technical measures aimed at ensuring compliance with the export control requirements of the laws of the Russian Federation. In September 2011,

Export of uranium products to the United Kingdom, France, Germany, China, the Republic of Korea, and the United States is carried out in accordance with the general licenses with the term of validity until September 13, 2016

the term of validity of the Company's state accreditation was extended by the FSTEC of Russia until 2016. Such state accreditation enabled the Company in January 2012, in accordance with Order of the Government of Russia No. 88-R, to obtain two general licenses for the term of validity of the state accreditation for the export of uranium products to the United Kingdom, France, Germany, China, the Republic of Korea, and the United States, which significantly reduce the time of clearance of shipments within the framework of the existing contractual obligations.

In 2012 the Company obtained 32 individual licenses for export of nuclear materials.

280 customs documents were received from the Sheremetyevo, Moscow, Moscow Region, Yekaterinburg, Tomsk, Krasnoyarsk, Baltic, Pulkovo, and Vladimir customs offices.

ФЕДЕРАЛЬНАЯ СЛУЖБА
ПО ТЕХНИЧЕСКОМУ И ЭКСПОРТНОМУ КОНТРОЛЮ

СВИДЕТЕЛЬСТВО

О ГОСУДАРСТВЕННОЙ АККРЕДИТАЦИИ ОРГАНИЗАЦИИ, СОЗДАВШЕЙ ВНУТРИФИРМЕННУЮ ПРОГРАММУ ЭКСПОРТНОГО КОНТРОЛЯ

№ 002 от 13 сентября 2011 г.

Настоящее свидетельство удостоверяет, что организация

Открытое внешнеэкономическое акционерное общество
(полное наименование и адрес организации)

«ТЕХСНАБЭКСПОРТ»

115184, г.Москва, Озерковская наб., д. 28, стр. 3

получила государственную аккредитацию в соответствии со статьей 16 Федерального закона "Об экспортном контроле".

Действительно до 13 сентября 2016 г.

Заместитель директора ФСТЭК России — Якимов С.Ф.
(Подпись) (Ф.И.О.)

М.П.

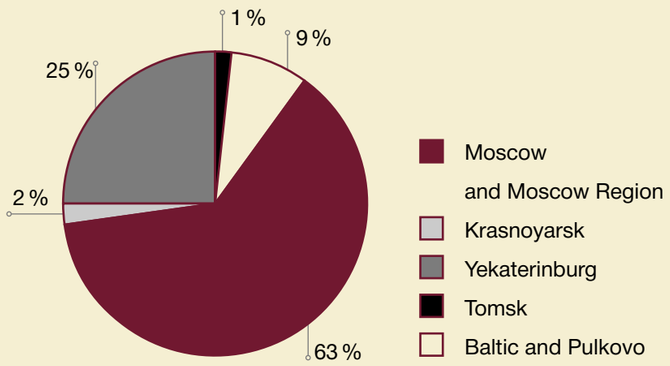
Продлено до

(Должность) (Подпись) (Ф.И.О.)

М.П.

ЭК № 0013870

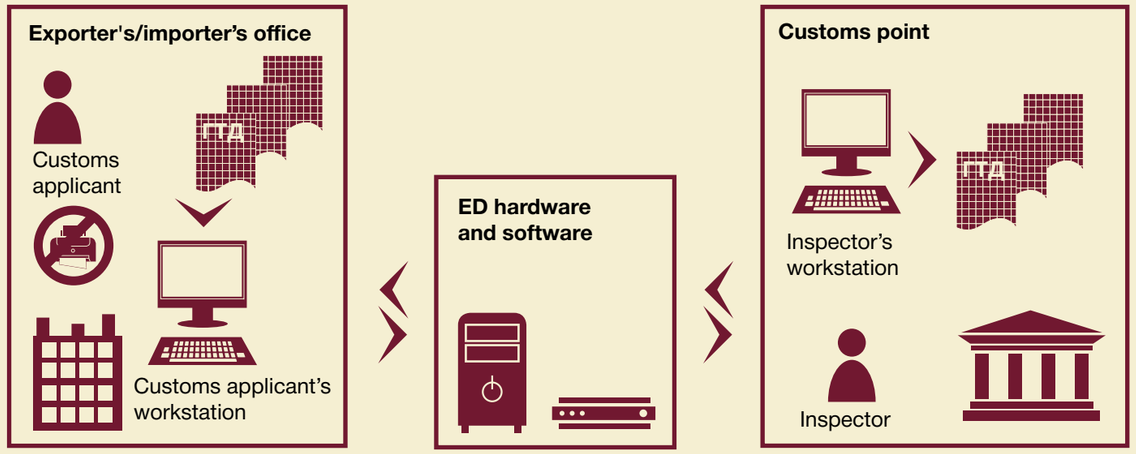
Percentage of declarations filed with the regional customs offices in 2012



The Company has organised maintenance of a database of temporarily imported tare with monitoring of observance of export deadlines, as well as a database of accounting and flow of Company-owned protective covers and 30B containers with issue of relevant shipping documents and observance of their return deadlines.

To ensure compliance with the requirements of Article 204 of the Federal Law dated 27.11.2010 No. 311-FZ "On Customs Regulation in the Russian Federation", the Company has adopted a programme of actions aimed at using information technology in presentations to customs offices of electronic data for customs clearance of the Company's goods through the Internet (ED-2).

Scheme of presentation of electronic data to customs offices



4.4. Risk Management

This section contains information on the organisation of risk management activities in the period under review and on plans for its further development, as well as on the major risks having an impact on the Company's operations and on ways of addressing such risks.

JSC Techsnabexport understands the risk management process as coordinated actions of the corporate management bodies, management, and all personnel aimed at developing the practice of taking into account the risk/profitability ratio while making decisions, and at enhancing the efficiency and sustainability of the Company's business processes by identifying risks in a timely manner, by assessing and analysing them, and by developing and taking risk-addressing measures to ensure reasonable confidence in achieving the goals of the State Atomic Energy Corporation Rosatom and the Company. This activity has been carried out within the framework of the Risk Management System (RMS), built in 2010 and harmonised with due consideration of the Company's operations and the general industrial risk management system established and administered by the State Atomic Energy Corporation Rosatom. The RMS has been developed in compliance with present-day risk management standards, including, without limitation, ISO 31000:2009 "Risk Management. Principles and Guidelines".

- In accordance with the "Policy and Basics of Risk Management

Organisation and Methodology in JSC Techsnabexport", approved in October 2012, the objectives of the risk management include the following:

- support of development and implementation of the corporate strategy and the strategic initiatives in which the Company is involved, with due consideration of environmental uncertainty;
- maintenance of the Company's exposure within the risk preparedness limits as set by the State Atomic Energy Corporation Rosatom and achievement of an optimum risk/profitability ratio while making key decisions;
- predicting possible deviations, under the influence of the risks associated with the Company's future performance indicators, from the target values for taking measures aimed at maintaining such indicators within an acceptable range;
- conducting risk assessment for the Company and its projects as part of the overall key risks the State Atomic Energy Corporation Rosatom is exposed to, as well as when Rosatom distributes capital to its organisations and projects;
- enhancing and maintaining continuity and consistency in business processes for the Company and its counterparties through identification, assessment, and analysis of the operational risks emerging within these business processes, development, and implementation of risk mitigation measures;
- provision of informational support to the management of the Company and the State Atomic Energy Corporation Rosatom in making management decisions.

4.4.1. Risk Management System in 2012

The most important stage in the process of RMS development in 2012 was the establishment by the State Atomic Energy Corporation Rosatom of so-called risk preparedness indicators, as the maximum acceptable, for the Company's beneficiary, deviation of its performance indicators from the target values.

The concept of performance management based on risk preparedness provides for the recognition that it is fundamentally impossible to do away with the impact of environmental uncertainties on the Company's performance objectives, but that, in that vein, the Company's management is required to do its utmost to limit such impact to levels that would not threaten the achievement of the strategic goals and the Company's financial and operational soundness. Therefore, risk preparedness as pertains to such parameters as proceeds, EBITDA, and the net debt factor is not set at zero level of deviation from the target values but allows for a certain range of deviations. At the same time, zero preparedness is set for the following key operational risks of the Company's business processes, which are predicated on certain internal circumstances: disruption in the supply of products by customers, failure to meet commitments to the government or personnel, breach of applicable laws, etc. Furthermore, the risk preparedness concept provides for the opportunity to decrease the level of not only the risks stepping out the range of acceptable deviations from the target values, but also the most manageable and low-cost risks. This allows the Company to implement the risk management principle in practice, which means that the anticipated effect of such activity should go beyond the expenses associated with it.

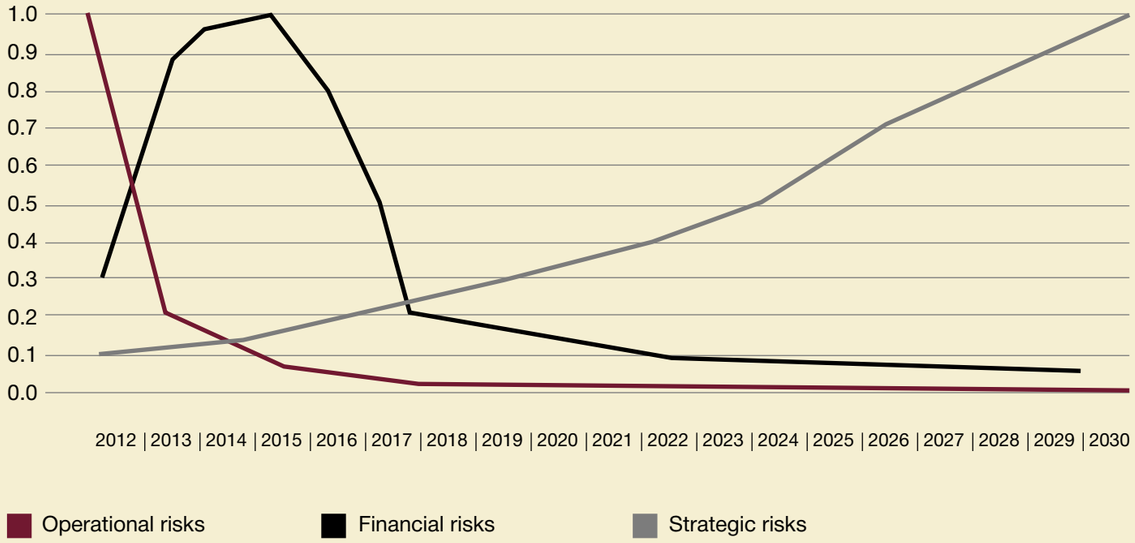
The setting of risk preparedness indicators predetermines the vector of development of the Company's RMS both in the period under review and in the future, as the anticipated transfer from the pilot application of this concept in 2012 to the imperative application in the future requires improving coordination while processing any risk-related information, developing efficient risk management mechanisms and, ultimately, "the culture of risk assessment" as an integral part of the general corporate culture. The plans for further adjustment of the Company's RMS include establishing the correlation between risk preparedness and the KPI system; at present, these systems are coupled indirectly through a number of risk preparedness indicators, being at the same time the KPI.

In the reporting year, while developing the RMS, the emphasis was placed on aligning the risk management policy with the risk preparedness compliance and on putting in place rules for building risk management into the budget and medium-term planning processes. The rules provide for a quantitative estimation of the VaR performance indicators of the Company at risk (revenue, EBITDA, cash flow, and a number of derived financial indicators) when preparing annual budgets and medium-term plans; a comparison of the obtained VaR values with risk preparedness; the development of risk mitigation measures, while going beyond preparedness; and the revaluation of VaR taking into account the implementation of such measures.

The Company proceeds from the necessity to manage the key risks simultaneously in three time horizons – the budget year, midterm five-year period, and the strategic planning horizon.

The Company proceeds from the necessity to manage the key risks simultaneously in three time horizons – the budget year, midterm five-year period, and the strategic planning horizon

Relative importance of managing risk categories in different time horizons



In the reporting period, certain methods and tools for managing the following most significant risks were developed or refined for all time horizons:

- operational risks (business process failures), minimisation of which is the most pressing issue each year in enhancing the performance reliability of the Company's products supply obligations;
- commodity price risks (market prices volatility), currency and other financial risks, which become the most significant in the medium term;
- risks associated with deviation of the market share, portfolio of contracts and Company sales from the target values, the management of which becomes paramount for long-term strategic planning.

The hitherto developed model for quantitative assessment of risks and VaR performance indicators on the basis of simulation modeling by the Monte Carlo method in 2012 was updated with a breakdown into versions for the mentioned three time horizons.

The results of the analysis of the efficiency of the Company's risk management system (correlation between expenses and expected benefits) in the reporting year is evidence that the steepest reduction in uncertainty as relates to performance indicators with the lowest expenses may be achieved through management of FX risk (i.e. the influence of fluctuations in the foreign currency exchange rate on the Company's revenue denominated in Russian roubles, its operating (EBITDA) and net profit, as well as other indicators). In July 2012, for the first time in the Company's history, it gave rise to FX risk hedging transactions (currency swaps and options) on the basis of the State Atomic Energy Corporation Rosatom's methodical and organisational guidelines, establishing, in particular, limits on the hedged open currency position[11] of the Company. The results of currency hedging in the period under review are disclosed in the following section.

One of the aspects of RMS development in the industry in 2012 was the integration of risk management into the strategic planning process. For this purpose, while updating the strategic initiative "Retaining global

[11] Difference between inflow and outflow of funds in certain currencies.

leadership in the NFC front end" the Company has evaluated the percentage and volume of sales of foreign-designed reactors at risk in the SWU market until 2030. Application of the scenario analysis method with the use of expert evaluations and subsequent quantitative processing of the results has enabled to establish the maximum permissible range of deviation from the target percentage and volume of the Company's sales within an 80-percent confidence interval of probability for the period until 2030. This evaluation is evidence that the Company's strategic goals are achievable provided that its projects for the creation of new marketing tools are implemented and the market itself continues to develop.

Achieving the Company's strategic objectives of meeting sales targets for uranium products on the horizon to 2030 is mostly exposed to the risk of a drop in the growth rate of the market capacity for enriched uranium for foreign-designed reactors against the basic predictions used in shaping the strategic goals. During the period under review, this risk increased as a consequence, first of all, of the combined influence of long-term and initially quite unobvious consequences of the Fukushima NPP accident and falling costs for the production of shale gas and oil first in the United States. While decisions by the governments of a number of countries to scale down or abandon their nuclear energy development programmes and the shutdown of all Japanese reactors with the subsequent, quite slow, re-start of these facilities were taken into consideration in the Company's strategic plans as early as in 2011, more complex risk factors were analysed thoroughly in the period under review. In particular, the national regulators of a number of countries tightened their requirements to the safe operation of NPP, setting forth such conditions for extending their service life as additional investment in improving reliability, while the NPP owners and their creditors, against the background of low shale gas and oil prices, are sceptical about the return on investment and may opt to abandon their plans to extend the service life. Furthermore, for some energy companies, first and foremost in the USA, with a significant share of their electric power generated using gas, increasing the installed capacity utilisation factor (ICUF) of an NPP by reducing the frequency and length of reactors stoppage for refuelling turned out to be unprofitable, as the cost of "gas" kilowatt*hour, which was used in place of nuclear generation, turned out to be lower. Both these factors have a negative impact on the prediction of demand for uranium products and entail reinforcement of competition, and such a situation is taken into consideration in setting sales targets for the Company.

The comprehensive analysis in the reporting period was conducted for the risks (including emerging opportunities) faced by the Company after Russia's accession to the World Trade Organisation (WTO), and its results are evidence that Russia's membership in the WTO will most probably have no effect on the Company's business as no major threats of deterioration of the international operations environment (including the customs and tariff aspects) as pertains to the Company's product range were disclosed. Besides, no tendencies towards further liberalisation of trade in nuclear materials in the customer's countries and regions (for instance in the United States and the EC) using the WTO dispute resolution mechanism were detected. At the same time, Russia's accession to the WTO has the potential to increase opportunities for counteracting any attempts at introducing new trade barriers against Russian uranium products in violation of the provisions of WTO agreements in cases when the Company has legal grounds for the use of the dispute resolution mechanism within the organisation.

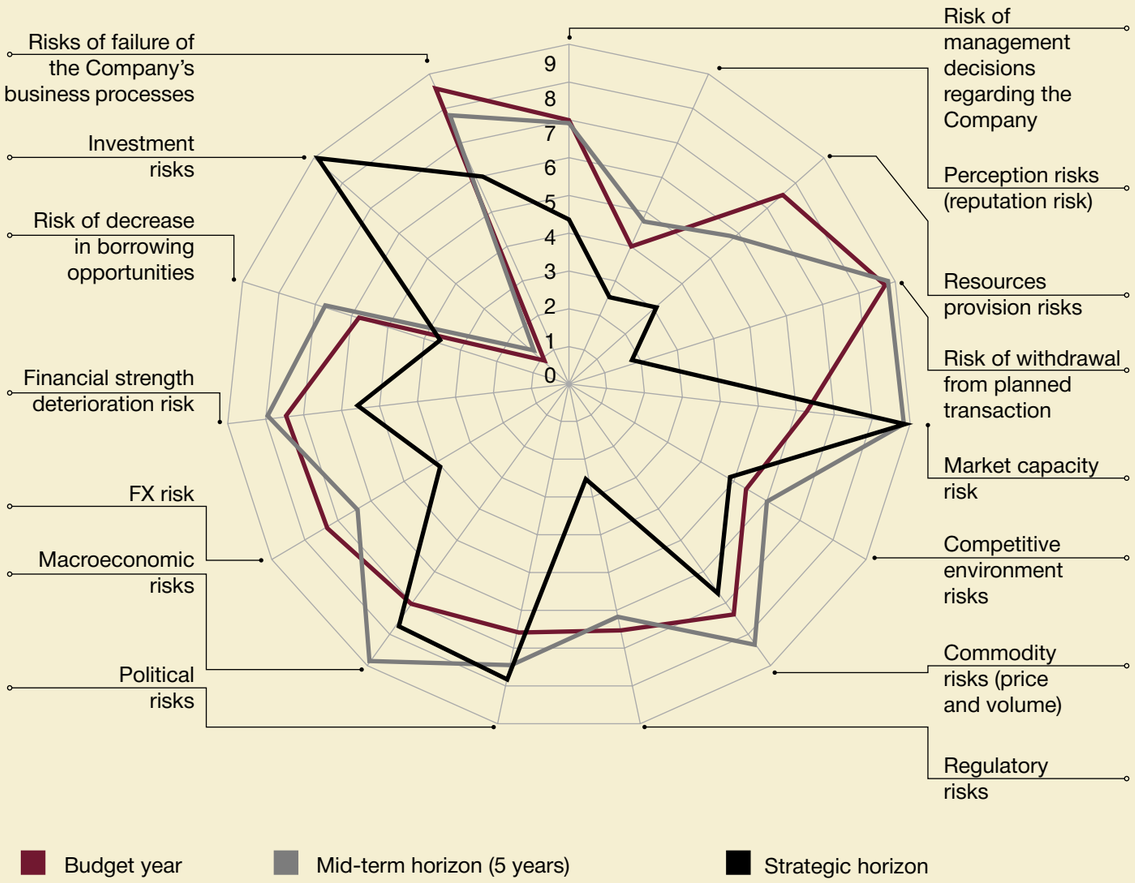
Application of the scenario analysis method with the use of expert evaluations and subsequent quantitative processing of the results has enabled to establish the maximum permissible range of deviation from the target percentage and volume of the Company's sales within an 80-percent confidence interval of probability for the period until 2030. This evaluation is evidence that the Company's strategic goals are achievable provided that its projects for the creation of new marketing tools are implemented and the market itself continues to develop

4.4.2. Key Risks, Means of Addressing Them and Risk Management Measures

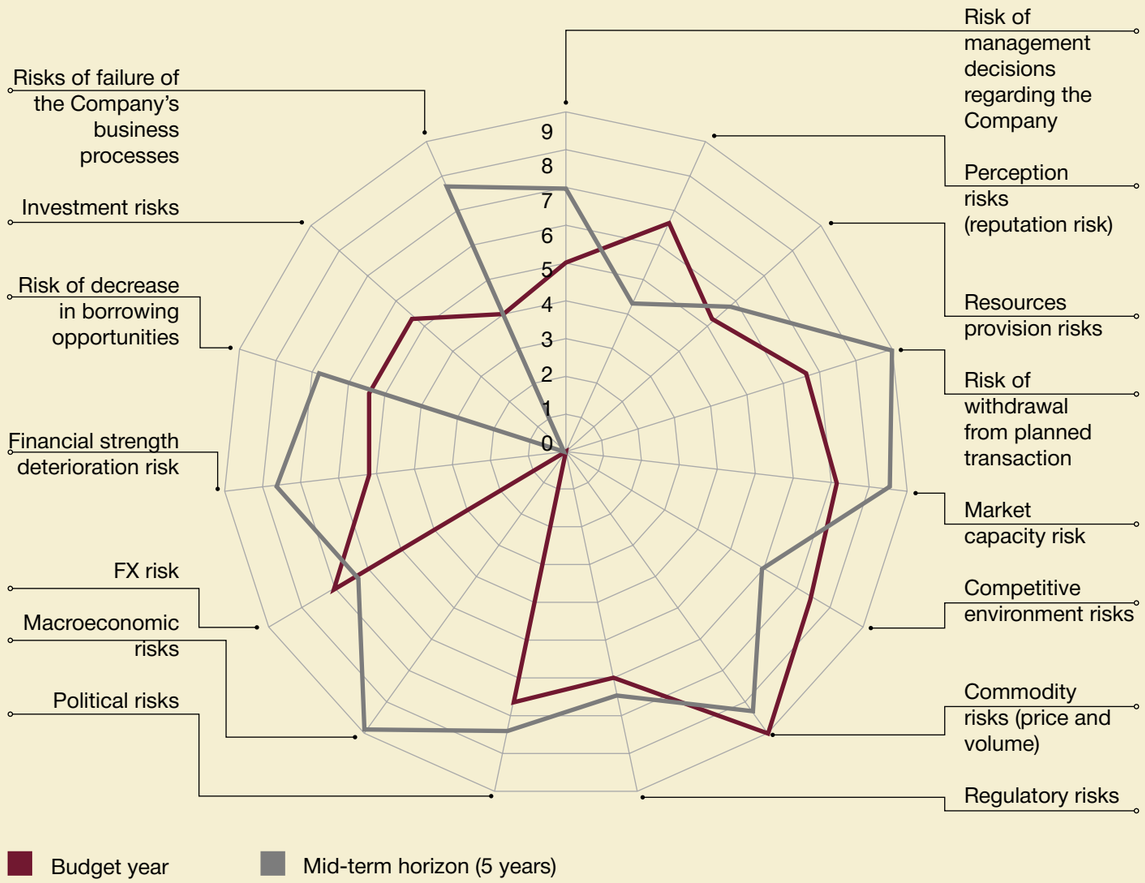
In 2012 the Company repeated the exercise of prioritising its risks through questionnaire on the Company's management, risk owners and other key personnel with the aim of compiling out of the Company's general register of identified risk a list of 15 key risks in the specified three periods (in terms of combination of their probability and consequences as pertaining to achievement of the Company's goals) called "Top-15".

The relative extent of risks from the "Top-15" as compared to the evaluation of 2011 is shown below in the "risk radar" (relative importance of the Company's risk classes on questionnaire results of key personnel, including the risk owners and management), where (A) is short-term risk assessment (budget year 2013), medium-term (2013-2017) and strategic (until 2030) time interval; and (B) is the risk level dynamics evaluated in the 4th quarter of 2012 against the evaluation of the 4th quarter of 2011 (for comparison, risks, assessed in a medium-term five-year interval, are presented).

Significance of risks in different planning horizons (A)



Change in the significance of risks following the results of the questionnaire in 2011 and 2012 (B)



In comparison with 2011, the most considerable upward changes in the assessment of significance have occurred with regard to the following risk classes:

- macroeconomic risk – due to its re-identification taking into account, among other things, the impact of the global financial crisis;
- risk of failure of the Company's business processes – due to the growing awareness of the significance of this risk class (in particular, according to the results of FMEA[12]), as well as due to sophistication of the business processes themselves;
- risk of withdrawal from planned transaction – due to the impact of the consequences of the Fukushima NPP accident in the world market of uranium products.

The most significant changes in the assessment of significance in descending order as compared to 2011 occurred with regard to the following:

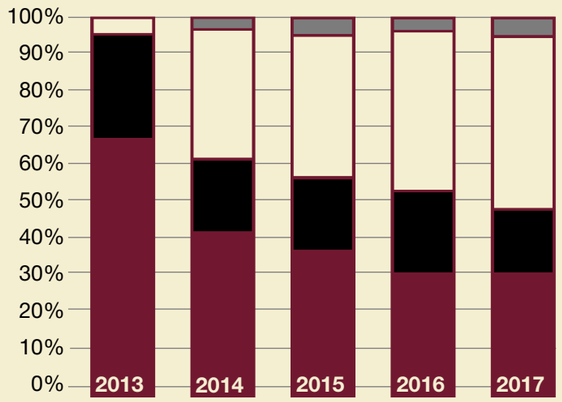
- investment project risks (deviation from the budget, deadlines and quality) – as a consequence of improvement of organisation of the project activities in the Company;
- perception (reputation) risks – as a result of implementation by the Company of a package of measures, including implementation of the quality management system, supply chain security system, information security management system, as well as due to continuous interaction with counterparties and other stakeholders with the aim of representing the most objective evaluation of their risks while cooperating with the Company (including substantiation of independence from political and market factors the Company's obligations to be executed).

The quantitative evaluation of the Values at Risk (VaR) is carried out in a five-year horizon with regard to such financial and some strategic risks underlain with uncertainty (volatility) about future market quotations for natural uranium, conversion and enrichment services, and macroeconomic parameters – inflation indexes, interest rates, and some other market uncertainties, including

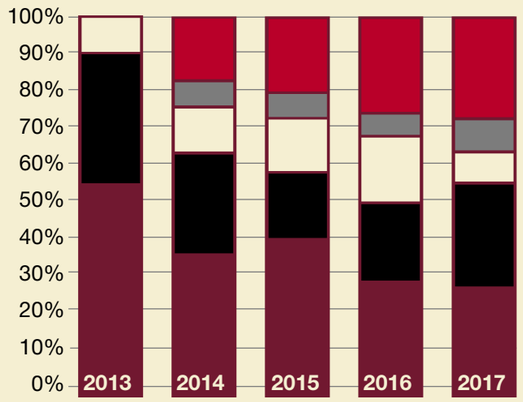
- commodity price risk – impact of market quotation volatility and inflation indexes on the prices in the Company's contracts and agreements for the purchase of uranium products and services, and, accordingly, on the proceeds, basic variable expenses, and marginal revenue;
- commodity volume risk – pre-existing uncertainty about the volumes of options ordered by the customers of the Company's uranium products and quantitative flexibilities under the effective contracts, as well as probability of changes in quantitative conditions under new contracts that are being drafted, which impact the future performance indicators of the Company, which are also influenced by the commodity price risk;
- FX risk – impact of uncertainty about exchange rates on the Company's proceeds denominated in Russian roubles, its EBITDA and net profit, as well as on other indicators;
- inflation risk – impact of future inflation indexes on prices, income, and expenses incurred by the Company; and
- interest risk – impact of possible changes in interest rates on the Company's future interest payments and cash flow from financial operations.

The results of the 2012 VaR evaluation in the mid-term five-year planning horizon (2013-2017) with regard to the quantitatively assessed risks are evidence that contribution of the FX risk in the revenue (A) and EBITDA (B) at risk, although it is the highest in the coming year, decreases in the following years, and, vice versa, while contribution of the commodity price risk increases.

Revenue at risk (A)



EBITDA at risk (B)



The Company's ability to efficiently manage its FX risk is much stronger than the commodity risk. Low manageability of the commodity risk in the medium-planning term can be explained by the following objective principles:

- practice of long-term contracts, which is specific to the world uranium market, for supplies lasting five-ten and more years, and a several-years long lag between the moment a contract is signed and the first delivery. As a result of which for this planning and risk assessment period (2013-2017) the Company has already formed most of its portfolio of contracts and has determined set quantities and buyer's options, as well as pricing mechanisms;
- the buyers' prerogative in respect to the choice of option quantities, as well as the specification of volumes of deliveries by them under the so-called request to contract (RTC);
- dependence of contracted prices of natural uranium, conversion and enrichment services to a considerable extent on future market values and inflation indexes, the volatility of which is quite significant;
- unavailability (with regard to uranium conversion and enrichment services) or poor development and low liquidity (natural uranium concentrate) of the market of financial instruments (derivatives) tied to the prices of uranium products. It denies the Company any opportunity to use financial hedging in its real transactions.

Given such a situation, the Company ensures and intends to ensure in the future, that it is prepared for risk as pertains to proceeds, EBITDA, net cash flow, and other financial indicators in the budget year and in

[12] Abbreviation of English term Failure Mode and Effects Analysis which means analysis of types and consequences of failures in business processes.

the medium term through, first and foremost, hedging of its FX risk. In order to optimise the level of commodity price risk on the strategic horizon, it is planned to implement the portfolio analysis method that contemplates assessment of the existing portfolio of contracts in risk-profitability coordinates with the aim to determine the efficient frontier while entering into new contracts; adjustment of the obtained efficient frontier with due consideration of changes in the market; review of new commercial proposals as pertains to how they match the efficiency criteria taking account of the changing market conditions.

Below are descriptions of the Company's most significant risks (out of the mentioned Top-15 list) and the risks that extend beyond the threshold according to the results of FMEA of operational risks, as well as interrelation between risk management and insurance.

Ways of addressing the key strategic risks

Risk	Ways of addressing a risk
Commodity price risk	Developing such a pricing policy that will ensure that risk preparedness will not be exceeded (in the future with application of portfolio analysis methods and tools). Maintaining an optimum balance between market-oriented and escalation (inflationary appreciation of prices) pricing in contracts. Reaching agreements with suppliers about a "mirror" pricing mechanisms with regard to the pricing mechanisms of the contracts with a high level of commodity risk
Commodity price risk	Agreeing with customers on volumes for future orders under contracts well in advance. Evaluating future orders from customers basing on the history of cooperation with them and the situation on the market. Introducing quantitative flexibility and options in contracts with suppliers of U_3O_8, conversion and SWU services, to harmonise the volumes of purchases and sales
Market capacity risk	Geographic diversification of export operations with emphasis on growing markets (**Subsection 3.1.1.**), in particular, through diversification of supply points (**Subsection 4.3.1.**). Active marketing in the fuel market of the reactors under construction, in particular, in alliance with foreign companies, to offer a full package of services (**Subsection 1.6.3.**)
Competitive environment risks	Enhancing non-price competitive strengths by offering a full package of services to customers and finding new means of strategic marketing (**Subsection 3.1.1.**). Agreeing upon trade regimes which would be acceptable to the Company and consistent with its competitive strengths in countries and regions with trade restrictions (**Section 1.7.**). Entering into contracts for the provision of uranium enrichment services with foreign suppliers within the framework of industrial cooperation. Achieving mutual transparency within reasonable boundaries in the information exchange with regard to the development of separation and conversion facilities
Political risks	Obtaining general export licenses until 2016 (**Subsection 4.3.3.**). Taking into consideration the political interests of the states representing target markets
Perception (reputation) risks	Refining the Company's business processes, QMS (**Subsection 4.5.1.**), SCSMS (**Subsection 4.5.3.**), information security management system to ensure impeccable performance by the Company of its obligations and maintenance of its image as a reliable supplier. Compulsory adherence to the principle of "the contract must be fulfilled". Continuous explanatory work with customers and other stakeholders in order to make clear that the Company performs its obligations independent of any political or market factors. Developing a multipronged transport and logistics chain (**Subsection 4.3.1.**)
Risk of withdrawal from planned transactions	Reaching compromise with customers as pertains to changes of delivery schedules under conditions of changes in customers' needs due to the Fukushima NPP accident, as the best alternative to withdrawal from the respective transaction. Inclusion of planned transactions in the Company's performance indicators upon reasonable assurance that each such transaction will be carried out

Ways of addressing key financial risks

Risk	Ways of addressing a risk
FX risk	"Natural" hedging of the FX risk by entering into credit agreements and by purchasing goods and services (wherever possible) in the currency of the proceeds to reduce the Company's open currency position. FX risk hedging based on financial market instruments – currency forwards and(or) options (the hedging of FX risk carried out since July 2012 enabled in the year under review to tighten the 80% range of revenue volatility by 16% and to achieve a positive financial result totaling RUR 238 million)
Inflation risk	Maintaining an optimum balance between market-oriented and escalation (inflationary price increase) pricing in the Company's contracts. Achievement of a distribution of market and inflation risks between the Company and Russian industrial suppliers of products and services, proceeding from the Company's objective to assume market risks and the objectives of the manufacturing companies in the sector to counteract the inflationary price increases by reducing operational costs
Credit risks (failure to perform payment obligations to the Company)	Since 2009, the Company has been annually insuring against credit risks with regard to its counterparties, who are customers of uranium products (business risk), correlating an estimation of the probability and consequences of default with the amount of insurance premiums. Choosing banks for the Company's deposits and insurance companies by tender out of those recommended by the State Atomic Energy Corporation Rosatom, with an evaluation of their solvency as a significant non-price criteria
Liquidity, financial stability and borrowing power reduction risks	Monitoring of adherence to covenants (commitments towards lending banks to maintain a number of the Company's indicators within the limits set by them). Measuring the required uranium reserves with the Company's borrowing power. Spreading risk among the Company and other organisations of the State Atomic Energy Corporation Rosatom which are counterparties of the Company (**Section 4.6.**)

Ways of addressing key operational risks

Risk	Ways of addressing a risk
Delay in the Company's shipments along the transport and logistics chain	Implementing the supply chain security management system (SCSMS) and undergoing certification according to ISO 28000 (**Subsection 4.5.3.**). Refining the QMS as a whole. Stress tests for the Company's business processes and measures for their improvement. Elimination of causes of non-conformities identified. Implementing transport and logistics infrastructure improvement projects (**Section 4.3.**)
Failure to obtain licenses for export and import of uranium products on time	Developing and approving a methodology for completing applications for licenses (**Subsection 4.3.3.**)
Delayed or wrong order for PSPs for uranium products	Establishing and documenting personal liability of personnel for proper and timely placement of orders for PSPs.

Risk	Ways of addressing a risk
Failures in the IT systems and information resources resulting in deviations from the business processes	Developing and approving a maintenance and repair schedule as well as maintenance manuals for the equipment. Signing service contracts for maintenance of key equipment. Providing remote access to IT resources. Installing spare lines/data transmission nodes. Automation of requests for elimination of failures and implementation of a quality assurance programme for completed work
Risk of failure to identify significant non-conformities due to non-inclusion of risk-related aspects in the inspection plan, which can result in imposition of sanctions by regulatory authorities	Identifying "risk owners" and charging them, among other duties, with regular identification and assessment of risks and with informing on their extent and dynamics (carried out in 2011)

4.4.3. Correlation between Risk Management and Insurance

The Company considers insurance to be one of the ways it manages risk. In terms of risk management, insurance is a way of transferring risk. Insurance is used for low-probability risk with low manageability, which may have a major impact on the Company, as well as in cases provided for in the laws. Voluntary insurance shall be provided through a competitive bid process with substantiation of the correlation between the extent of the risk and the amount of insurance premiums well in advance.

Risks against which the Company was insured in the reporting year

Civil liability for nuclear and radiation damage	Compulsory insurance
Risk of loss or damage of the Company's cargo (both empty PSPs and PSPs with uranium products)	The Company bears this risk under all contracts up to the point of delivery to customers according to the established business practice. The correlation between the value of this risk (product of probability by potential loss) and the insurance premium evidences that it is expedient to insure against this risk
Credit risk related to the counterparties who are buyers of the Company's products (business risk) – probability of improper performance by the Company's counterparties of their monetary obligations towards the Company	The Company has been insuring against this risk since 2009 due to its aggravation in the period of the global financial and economic crisis. The Fukushima NPP accident increased its probability and had an adverse effect on the solvency of some counterparties of the Company. Probability of default of the Company's counterparties is estimated on the basis of their credit ratings. Asset payments – matching of the value of the risk with the insurance premium shows expediency of insurance against the risk provided that such insurance provides for the right to receive insurance indemnity on expiry of a 60-day "period of waiting" for performance of the payment obligation by the Company's counterparties

4.5. Management Systems

The market today sets stringent requirements on the quality of goods and services, as well as on the level of competence and reliability of companies. Orientation to meeting consumer requirements and enhancing their degree of confidence are necessary conditions for creating and promoting competitive products. The implementation, certification and development of management systems create opportunities for further business expansion with the potential for increased customer satisfaction; compliance with international requirements and standards; increase of the level of reliability and security of supplies.

JSC Techsnabexport refines its corporate management systems, arranges relevant audits and monitors conformity of the business processes management of nuclear-fuel-cycle products export and import to such international standards as DIN EN ISO 9001:2008, DIN EN ISO 14001:2009, ISO 28000:2007.


CERTIFICATE TIC

for the management system
according to ISO 9001:2008 / DIN EN ISO 9001:2008

The proof of the conforming application with the regulation was furnished and in accordance with certification procedure it is certified for the company

TENEX JSC "Techsnabexport"
Ozerkovskaya Naberezhnaya 28, bld. 3
115184 Moscow
Russia

Scope

1. Organization and fulfillment of export and import deliveries of nuclear fuel cycle products.
2. Project Management for construction of nuclear fuel cycle facilities.

Certificate Registration No.: TIC 15 100 86053 — Valid until: 2014-12-30, Valid from: 2011-12-31
Audit Report No.: 3330 2CX5 E0 — Initial certification: 2008

This certification was conducted in accordance with the TIC auditing and certification procedures and is subject to regular surveillance audits.

TÜV Thüringen e.V. Certification body for systems and personnel — Jena, 2013-04-24

DAkkS

TIC


CERTIFICATE TIC

for the management system
according to ISO 14001:2004 / DIN EN ISO 14001:2009

The proof of the conforming application with the regulation was furnished and in accordance with certification procedure it is certified for the company

TENEX JSC "Techsnabexport"
Ozerkovskaya Naberezhnaya 28, bld. 3
115184 Moscow
Russia

Scope

Organization and fulfillment of export and import deliveries of nuclear fuel cycle products:
- compounds of natural uranium;
- compounds of uranium with low and average extent of enrichment;
- processing equipment.

Certificate Registration No.: TIC 15 104 10709 — Valid until: 2016-03-24, Valid from: 2013-03-25
Audit Report No.: 3330 2EPE D0 — Initial certification: 2010

This certification was conducted in accordance with the TIC auditing and certification procedures and is subject to regular surveillance audits.

TÜV Thüringen e.V. Certification body for systems and personnel — Jena, 2013-04-24

DAkkS

TIC


CERTIFICATE TIC

for the management system
according to ISO 28000:2007

The proof of the conforming application with the regulation was furnished and in accordance with certification procedure it is certified for the company

TENEX

TENEX JSC "Techsnabexport"
Ozerkovskaya Naberezhnaya, 28 bld. 3, Moscow, 115184
Russia

Scope

Management of the export / import delivery chain of the nuclear fuel cycle products

Certificate Registration No.: TIC 15 284 12001 — Valid until: 2015-08-14, Valid from: 2012-08-15
Audit Report No.: 3330 2GSP A0

This certification was conducted in accordance with the TIC auditing and certification procedures and is subject to regular surveillance audits.

TÜV Thüringen e.V. Certification body for systems and personnel — Jena, 2012-08-15

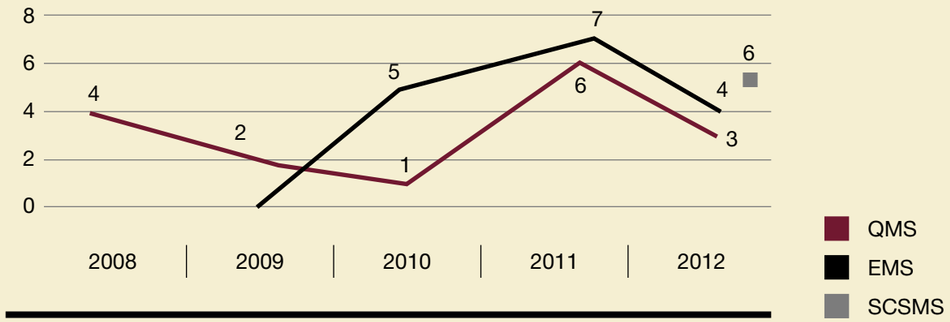
TIC

JSC Techsnabexport refines its corporate management systems, arranges relevant audits and monitors conformity of the business processes management of nuclear-fuel-cycle products export and import to such international standards as DIN EN ISO 9001:2008, DIN EN ISO 14001:2009, ISO 28000:2007

Key business processes in management systems

Contract-ing → Planning of sales programme and provision of resources → Providing the production cycle → Customs clearance and licensing → Transport and warehouse logistics → Sales of products (sales of nuclear materials)

Number of points of criticism summarising the results of the certification and observation audits of the certified management systems

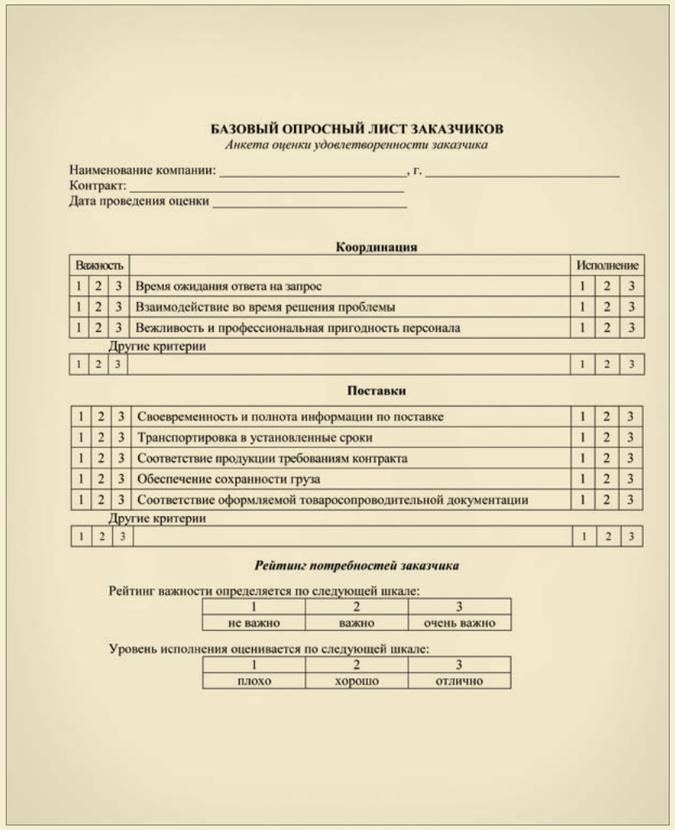


4.5.1. Quality Management

The corporate management system is based on the quality management system (QMS), the development of which, in compliance with the requirements of DIN EN ISO 9001, was started by JSC Techsnabexport as early as about ten years ago. A serious market signal which led to the necessity of speeding up implementation of the QMS and its certification was a demand put forth in 2006 by one of the Company's customers – Areva (France) – that the Company undergoes a so-called second party audit. The QMS implementation activity continued for two years, and in 2008 the Company obtained a certificate of conformity of QMS to the requirements of DIN EN ISO 9001:2000 from the German Certification Body TÜV THÜRINGEN for the following service ranges: organisation and execution of export and import of NFC products.

In 2009 the Company underwent an observation audit, and following its results the Company obtained a certificate according to ISO 9001:2008, and the scope of application of the QMS was expanded to encompass activities relating to the management of projects for the construction of nuclear-fuel-cycle facilities. In December 2011, JSC Techsnabexport underwent a re-certification audit of its QMS that resulted in the issuance of a positive opinion and prolongation of the term of validity of Certificate No. 1510086053 TÜV THÜRINGEN until 2014. Respective indicators have been developed for all key processes of the Company's operations in order to evaluate, on a regular basis, to what extent the goals are achieved and, if necessary, to make modifications to the QMS. A comprehensive analysis of the QMS is carried out at least once annually.

The key quality indicator of the Company's performance is the degree of customer satisfaction. This indicator is evaluated by the QMS annually. According to the questioning results, the general customer satisfaction degree index of the Company in 2012 was 100%, and such a figure is consistent with the approved quality-related goals in 2012 as pertains to the said indicator (no less than 95%).



БАЗОВЫЙ ОПРОСНЫЙ ЛИСТ ЗАКАЗЧИКОВ

Анкета оценки удовлетворенности заказчика

Наименование компании: _____, г. _____
Контракт: _____
Дата проведения оценки _____

Координация

Важность				Исполнение		
1	2	3	Время ожидания ответа на запрос	1	2	3
1	2	3	Взаимодействие во время решения проблемы	1	2	3
1	2	3	Вежливость и профессиональная пригодность персонала	1	2	3
			Другие критерии			
1	2	3		1	2	3

Поставки

1	2	3	Своевременность и полнота информации по поставке	1	2	3
1	2	3	Транспортировка в установленные сроки	1	2	3
1	2	3	Соответствие продукции требованиям контракта	1	2	3
1	2	3	Обеспечение сохранности груза	1	2	3
1	2	3	Соответствие оформляемой товаросопроводительной документации	1	2	3
			Другие критерии			
1	2	3		1	2	3

Рейтинг потребностей заказчика

Рейтинг важности определяется по следующей шкале:

1	2	3
не важно	важно	очень важно

Уровень исполнения оценивается по следующей шкале:

1	2	3
плохо	хорошо	отлично

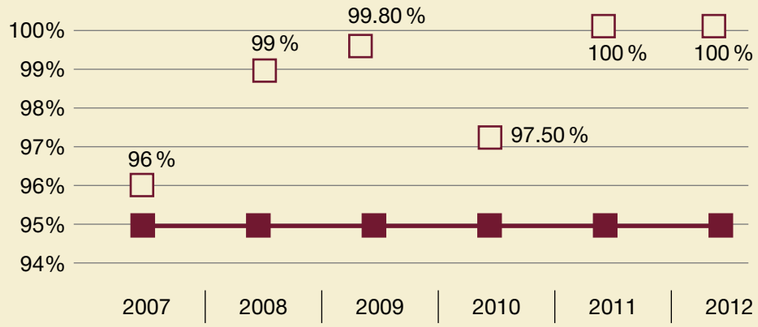
4.5.2. Environmental Management

In order to further refine the management systems, to meet customers' requirements, and following the results of the second-party audits, in 2009 the Company decided to develop, implement and certify an environmental management system (EMS) in compliance with the requirements of DIN EN ISO 14001:2009. The main objective of this system is ensuring environmentally safe conditions while transporting nuclear materials and to reduce the probability of an adverse impact on the environment. As a part of the activity, the direct and indirect environmental impacts of the Company's operations related to the handling of nuclear materials were analysed.

In 2010 the Company underwent a certification audit and a certificate of conformity of EMS to the requirements of DIN EN ISO 14001:2009 was issued to the Company. This means an integrated solution of the problem related to ensuring environmental security (ensuring nuclear and radiation security during transportation, compliance with Russian and foreign legal and regulatory requirements, environmental management, etc.), as well as implementation of the analysis mechanism and evaluation of environmental impacts.

In 2012 the Company underwent a certification re-audit of the environmental management system as pertains to compliance with the requirements of DIN EN ISO14001:2009.

Dynamics of changes in the general satisfaction index over 2007-2012



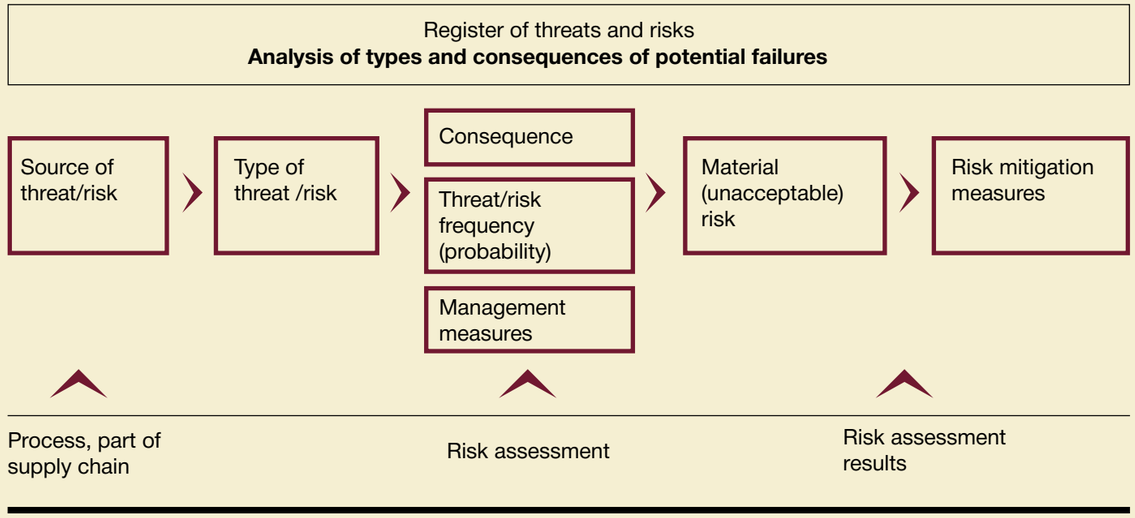
4.5.3. Supply Chain Security Management

The development and implementation of the Supply Chain Security Management System (SCSMS) in compliance with the requirements of ISO 28000:2007 contributed greatly to the strengthening of JSC Techsnabexport's corporate management system. Its key objective is to increase the level of product supply reliability and security by creating a supply chain security risk management system.

In July 2012, the Company successfully underwent a certification audit, as a result of which a certificate of conformity of SCSMS to the requirements of ISO 28000:2007 was issued by TÜV Thüringen e.V. As a result of the implementation of the SCSMS, sections of the supply chains with material threats and risk to the SCSMS were identified as well as appropriate measures for mitigating the supply chain and, as a consequence, for increasing the degree of reliable performance of contractual obligations towards customers were developed.

JSC Techsnabexport was the first company in the Russian nuclear industry to obtain a certificate of conformity of its management system with the requirements of the standard applicable to the management of the chain of export and import of nucle-

Supply chain risk management



ar-fuel-cycle products. This means international recognition of the Company's expertise in security management at all stages of the logistical chain of nuclear products shipments as an important aspect for enhancing the Company's competitive strength in the world market.

4.6. Finance Management

The Company's operations were to a large degree financed in 2012 using debt. The credit portfolio has grown as compared to 2011 by 9% and as of 31.12.2012 its value is equivalent to RUR 33.1 billion, including US$ 433 million as a syndicated loan granted by a group of international banks headed by Deutsche Bank AG.

In accordance with the terms of the syndicated loan, the Company maintains a level of financial covenants satisfactory to its creditors. The actual value of such covenants is evidence of the financial strength of the Company.

Financial covenants* for the syndicated loan

Item	Acceptable value	31.12.2010	31.12.2011	31.12.2012
Debt/EBITDA ratio	no more than 3	0.9	1.5	2.1
EBITDA/Interest expense ratio	no less than 3	21.0	17.9	15.0
Equity capital, RUR billion	no less than 15	20.9	19.1	25.5

* The covenants are calculated in accordance with the methodology of the credit agreement.

The situation in the corporate loan market allows the Company to maintain a highly diversified pool of creditors and low borrowing costs. While the annual average credit portfolio grew by 36% in 2012 vs 2011, its weighted average value increased only by 16%, and the average effective interest rate on the loans raised by the Company was approximately 40% lower than the interest rates on loans granted by Russian banks to non-financial organisations for the same term[13].

In 2012 the Company, in accordance with Decree of the Government of the Russian Federation dated 06.06.2005 No. 357 "On approving the Regulations for partially reimbursing Russian exporters of industrial products the interest expenses on the credits obtained in the Russian credit organisations from the federal budget", received from the federal budget compensation for part of the paid interest on the loans in the amount of RUR 273.5 million.

In the year under review, the Company continued to refine its financial control and planning mechanisms. In accordance with the Plan of Measures for refining the system of internal controls of financial reporting (ICS FR) for 2012 of the State Atomic Energy Corporation Rosatom the Company evaluated the efficiency of the SIC FS with a breakdown into the key business processes, developed and implemented control procedures for new accounting processes, updated its control procedures, and prepared recommendations for improving certain aspects of the SIC FS for 2013. The package of actions taken by the Company aimed at refining the SIC FS enables to minimise financial reporting unreliability risks.

4.7. Procurement Management

JSC Techsnabexport and its S&A introduced a Unified Industry Procurement Standard in October 2009. The Procurement Tender Committee of the Company at the same time acts as a competent authority for the organisation and conduct of procurement procedures for its S&A.

Since 2012, the Company, while carrying out its procurement activity, has been guided by the Unified Industry Procurement Standard of the State Atomic Energy Corporation Rosatom as approved by the resolution of the Supervisory Board dated 07.02.2012 No. 37. In December 2012 the Company registered with the official procurement website of the Russian Federation zakupki.gov.ru.

In the reporting year, the procurement procedures amounted to over RUR 2 billion (including purchases from the Sole Supplier). The funds saved as a result of procurement on the basis of tender (difference between the threshold purchase price and the contract value) totalled RUR 137.6 million.

The average degree of efficiency of competitive procurements was 6.6%. Efficiency in separate purchases exceeded 50%.

The bidding procedures were prepared in the Unified Industry Procurement System (UIS Procurement) based on SAP SRM. The procurement procedures in electronic format are carried out on the electronic trading floors Fabricant and www.a-k-d.ru, accredited by the State Atomic Energy Corporation Rosatom.

All procurement KPIs set by the State Atomic Energy Corporation Rosatom have been achieved with maximum efficiency:

Timeliness of procurement procedures	100%	Corresponds to the set top level
Percentage of open procurement procedures	90.16%	Exceeds the set top level (90%)
Percentage of electronic procedures	97.56%	Exceeds the set top level (60%)
Percentage of procurement on the basis of tenders, complaints about any acts of the organiser/customer have been validated	0%	Corresponds to the set top level

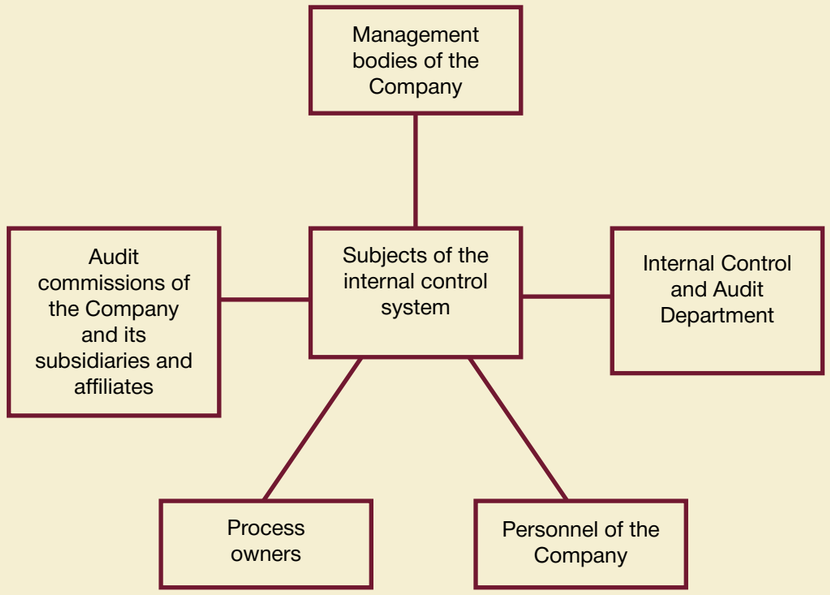
For the reporting period, no complaints have been filed in respect to the bidding procedures of JSC Techsnabexport.

[13] Based on statistics from the Bank of Russia.

4.8. Internal Control and Audit

The Company has its operating internal control system intended to enhance the Company's performance and to ensure achievement of its goals abiding by security requirements and applicable laws. The Company's internal control system is based on the basic principles of the Internal Control Policy of the State Atomic Energy Corporation Rosatom.

Subjects of the internal control



The Company has developed a system of regulatory documents, establishing a procedure for the execution of control procedures while carrying out key business processes and liability for their proper execution.

In addition to the control procedures built into the Company's business processes, the Internal Control and Audit Department (the "ICAD") provides control and audit of the processes in accordance with the approved plans of control measures.

In 2012 the ICAD carried out four audits of the financial and business operations of the Company and its S&A, as well as audits of three business processes of the Company. Basing on the results of the control measures, the managers of the audited aspects and the process owners have prepared action plans to eliminate all discovered deviations and to avoid any recurrence. Implementation of the approved plans is monitored by the ICAD. ICAD specialists took active part in eight audits as members of the audit commissions.

The Company focuses much attention on the development of the internal control system for financial statements. In 2012 the ICAD carried out audits of the following two processes: "Accounting of products/goods sales transactions" and "Accounting of tax liabilities", the results of which were used as the basis for shaping an opinion on the performance of the internal control system for the financial statements.

Key trends in the development of the Company's internal control system:

- incorporation in the Company's processes of appropriate control procedures with placing liability on the process participants for the integrity and efficiency of the internal control;
- development of a system for monitoring the reliability and efficiency of the internal control system by introducing different methods of continuous and periodical evaluation of the internal control system status;
- development of the competences and potential of the ICAD of the Company;
- development of the internal control system for financial reporting.

In 2013 the ICAD plans to take the following actions:

- further introduce regulatory documents prepared by the State Atomic Energy Corporation Rosatom within the group of processes "Internal Control and Internal Audit" for the Company's operations;
- plan and conduct inspections and internal audits in accordance with the approved Integrated Plans of Control Measures of specialised internal control and audit bodies of the State Atomic Energy Corporation Rosatom;
- train the ICAD personnel and share experience with the internal control and audit units of the State Atomic Energy Corporation Rosatom and its organisations.

In 2012 the ICAD carried out four audits of the financial and business operations of the Company and its S&A, as well as audits of three business processes of the Company

4.8.1. Preventing Cases of Corruption

Prevention of cases of corruption in the Company is within the scope of responsibility of the Directorate for Security and Regime and the ICAD.

According to an order of the General Director of the Company, the Integrated programme of anti-corruption and antitheft measures in the nuclear industry (2012-2013) was approved and placed on the internal corporate portal.

Directorate for Security and Regime of JSC Techsnabexport in 2012 inspected 323 legal entities and 339 individuals.

The Company is an active participant of the State Atomic Energy Corporation Rosatom's Antitheft and Antifraud Programme. In order to avoid conflicts of interest, the Directorate for Security and Regime has studied and analysed 416 contracts between the Company and its counterparties and has inspected 91 procurement procedures.

No corrupt practices or cases of fraud on the part of the Company's personnel and counterparties while carrying out the procurement or contracting activity have been detected in the Company.

The Directorate for Security and Regime, jointly with the Administration of Corporate and Legal Affairs, are taking a package of measures to build a corruption prevention system in the Company.

In 2012 Company assets worth RUR 26.5 million were protected, and total compensation for damage amounted to RUR 2.7 million.

Out of 16 employees of the Directorate for Security and Regime, in 2012 seven specialists or 43.75% of all employees of the Directorate underwent anticorruption training.

In 2012 Company assets worth RUR 26.5 million were protected, and total compensation for damage amounted to RUR 2.7 million

Proceeds from exports of NFC products constitute more than half of the integrated revenues of the Russian nuclear industry as the most important resource for its further development. The Company's portfolio of contracts for the supply of uranium products until 2025 and further on ensures employment in the long run at enterprises in the industry with a combined workforce of over 25 thousand.

1963–2013 TENEX

Annual Report
JSC Techsnabexport

APPROVED by the resolution of the sole shareholder on 28.06.2013

PRELIMINARY APPROVED by the Board of Directors on 28.05.2013

In August 2012 –
the Company's personnel donated blood for patients of the Dmitry Rogachev Federal Research and Clinical Centre for Pediatric Hematology, Oncology and Immunology of the Ministry of Health of Russia.

5. Sustainable Development Activities

5.1. 5.2. Economic Impact and Environmental Impact and Environmental Safety

JSC Techsnabexport expenses related to support of environmental programmes and projects have doubled for 2009-2012. Total expenditures toward the support of environmental organisations and projects in 2012 amounted to RUR294.68 million.

In 2012
the environmental impact has not exceeded the permissible limits, and neither penalties nor non-financial sanctions for non-compliance with environmental laws have been imposed on them. A decrease in electrical energy consumption by 15.8% and thermal energy – by 17.1% was achieved

5.3. Social Policy and Human Resources Management

23.14
RUR mln
total expenditures for social programmes in the reporting period.

Organisation of summer vacations for employees' children

5.1. Economic Impact

The Company's operations have a material impact on the financial and economic situation in the industry. Proceeds from exports of NFC products constitute more than half of the integrated revenues of the Russian nuclear industry as the most important resource for its further development. The Company transfers practically all its net profits to the State Atomic Energy Corporation Rosatom for financing industry-wide development and modernisation projects. The Company is a major tax and fee payer.

Amounts accrued and paid by JSC Techsnabexport to budgets of all levels and extra-budgetary funds for 2012, RUR thousand

Item	Accrued	Paid
Taxes, total	3,301,431.00	3,618,908.00
including:		
regional budget (Moscow), total	2,972,390.00	3,252,050.00
including:		
profit tax	2,961,365.00	3,240,296.00
property tax	11,025.00	11,754.00
federal budget, total	329,041.00	366,858.00
including:		
profit tax	329,041.00	366,858.00
Extra-budgetary funds (insurance contributions)	163,620.00	160,411.00
Total	**3,465,051. 00**	**3,779,319.00**

Apart from the direct impact on the economic situation in the industry, the Company has also an indirect economic impact, including that mentioned below.

Maintaining employment in the supply or distribution chain

The Company's portfolio of export contracts for the supply of uranium products until 2025 and further on ensures employment in the long run at enterprises in the industry with a combined workforce of over 25 thousand. As the majority of such enterprises are located in closed nuclear cities (CNC)) and are major employers in their respective towns, the Company's operations have a material impact on the economic situation in such towns with a population of several hundred thousand people.

The Company's flow of products ensures employment in the trading sea port of Saint Petersburg. Implementation of TLC projects in the Far East and the Northwest will undoubtedly have a positive influence on the employment situation in these regions.

Furthermore, the Company's demand for natural uranium, needed for the purposes of its export programmes, motivates JSC ARMZ to develop its own uranium mining projects in Russian regions (including Transbaikalia), as well as improves the employment figures in these regions.

In general, long-term contracting of supplies of products by the Company encourages prospective planning on the part of supplying enterprises and organisations that participate in the transport and logistics chain, and maintains employment, ensured by orders for such products, at such enterprises and in the regions where they are located.

Facilitation of direct foreign investment

A number of projects of strategic significance at the Company envisage direct foreign investment in the transport and logistics infrastructure and enterprises of the Russian nuclear sector.

5.2. Environmental Impact and Environmental Safety[14]

5.2.1. Environmental Policy

JSC Techsnabexport's environmental policy has been developed in compliance with the requirements of the environmental policy of the State Atomic Energy Corporation Rosatom and is aimed at minimising the Company's adverse environmental impact and creating environmentally safe conditions while arranging and carrying out export and import of NFC products within and outside Russia.

The Company's environmental policy defines three key activity lines:

- implementing the international standard DIN EN ISO 14001:2009 and improving the efficiency of the EMS (*Subsection 4.5.2.*);
- reducing the probability of an adverse environmental impact while arranging exports and imports on the basis of a comprehensive analysis of environmental aspects;
- improving the level of environmental awareness of personnel.

In January 2012 a number of environmental goals, objectives, and indicators for 2012-2014 were approved by an order of the General Director of JSC Techsnabexport. All information on their achievement in the year under review is given in *Subsections 4.5.2.*, *5.2.2*.

The environmental policy of the Company's subsidiary JSC SPb IZOTOP is likewise based on the provisions of the industrial environmental policy and the priority of environmental protection (ensuring adherence to environment quality standards and gradual improvement of anti-contamination activity; developing and implementing action plans aimed at reducing the impact of emissions, discharges, and waste on the environment, etc.), the health of personnel and the population (abiding by applicable requirements, rules, and standards as provided by laws and other regulatory legal acts), environmental security (accident prediction and ensuring readiness of the Company's personnel to contain and deal with the aftermaths of accidents), and the sustainable use of natural resources.

Reducing the probability of adverse environmental impacts

Summarising the results for 2012, it may be concluded that the environmental impact on the part of JSC Techsnabexport and JSC SPb IZOTOP has not exceeded the permissible limits, and neither penalties

[14] Since the activity in this area is of fundamental importance to the Company's subsidiary JSC SPb IZOTOP in terms of impact on sustainable development, it was resolved to expand the scope of the JSC Techsnabexport report and to include relevant information on JSC SPb IZOTOP.

nor non-financial sanctions for non-compliance with environmental laws have been imposed on them.

In 2012 JSC SPb IZOTOP implemented in full its action plan aimed at reducing the environmental impact of emissions, discharges, and waste.

In strict compliance with the environmental, sanitary, and hygienic requirements of the law, the Company performed in-process monitoring of compliance with sanitary rules and implementation of sanitary and anti-epidemic (preventive) measures. In the reporting year the Company entered into agreements with duly licensed organisations for the transportation of waste and its further storage, use or decontamination. The quantities of the produced waste have not gone beyond the limits set for JSC SPb IZOTOP. No radioactive waste has been produced by JSC SPb IZOTOP for 2012.

As a part of the industrial monitoring of the composition and quality of wastewater and evaluation of the efficiency of local treatment facilities, in 2012 the Company entered into an agreement with an accredited and licensed laboratory for sampling and analysing waste and natural water. In order to improve the operational efficiency of local treatment facilities and to improve the quality of wastewater, filtering fillers were replaced in the year under review.

In accordance with the plan of environmental measures in the reporting year, the content of harmful (contamination) substances in emissions from the engines of vehicles was monitored. In accordance with the approved schedule, in order to monitor conformity with the standard permissible emissions of harmful (contamination) substances into the atmosphere, an independent accredited laboratory performed instrumental measuring and calculations of emissions of pollutants into the atmosphere. No exceedance of the established thresholds of atmospheric emissions was detected in 2012.

JSC SPb IZOTOP quarterly agrees with the Department of the Federal Environmental Service for Supervision of Natural Resources in the North-western federal district calculations of payments for adverse environmental impact and makes the payments within the prescribed term.

Improving the level of environmental awareness of personnel

Compulsory training, which is required for obtaining the relevant permits for nuclear energy activities from Rostekhnadzor in 2012, has been conducted for 18 employees (15 executives and three specialists) of JSC Techsnabexport (1296 hours).

JSC Techsnabexport specialists underwent training within the framework of the National training courses for specialists in the practical application of the requirements of the rules for secure transportation of radioactive materials (two persons), as well as under the following programmes:

- "Environmental aspects and risks of JSC Techsnabexport" in services related to the export and import of NFC products (TCB Intercertifica, LLC) – 23 persons;
- "Transportation of dangerous cargoes by air" (basing on the curricula approved by the Federal Agency for Air Transport (Rosaviatsiya)) of the Ministry of Transport of the Russian Federation and the programme of the International Air Transport Association (IATA) – 2 persons.

In 2012 the following employees of JSC SPb IZOTOP underwent training at outside organisations:

- head of the quality and occupational safety service, programme "Ensuring environmental safety by managers and specialists of general business management systems" (72 hours);
- environmental engineer, programme "Ensuring environmental security by managers (specialists) of environmental services and environmental control systems" (200 hours).

These employees received the respective certificates and diplomas.

5.2.2. Ensuring Radiation Security during Transportation

JSC Techsnabexport's activity in ensuring radiation security is carried out in accordance with applicable laws and is based on the respective licenses issued by Rostekhnadzor for handling nuclear materials during their transportation and in line with the environmental policy of JSC Techsnabexport.

All activities related to ensuring radiation security during the transportation of nuclear materials, including transportation, temporary storage in transit and handling operations, are governed by the Company's standards based on the requirements of applicable international and Russian regulatory acts.

To maintain security along the supply chain, the Programmes for ensuring quality and radiation protection while handling nuclear materials during transportation of NFC products have been developed and implemented. Observance of the regulatory requirements by the suppliers along the supply chain is based on similar programmes – while entering into contracts with them, all requirements concerning sharing the responsibility for ensuring security when executing their functions in the supply chain are formalised.

The Company transports its products in special PSPs that fully comply with the secure transportation requirements to transportation. All PSPs have Russian certificates/permits for the design of packaging and transportation, as well as the national certificates of the countries of destination.

On all transportation routes and in points of transshipment of radioactive cargo, radiation control (monitoring) is provided with involvement of specialists from duly accredited laboratories. In particular, such radiation control is provided regularly by the Nuclear and radiation security (NRS) Service of JSC SPb IZOTOP accredited according to GOST R ISO/MEC 17025-2006 "General requirements for competence of test and calibration laboratories". As a result of such radiation control, the parameters of impact of the PSPs with radioactive materials on the environment and personnel are recorded. In 2012 no material impact was registered.

According to the terms of the agreements made by and between JSC Techsnabexport and the enterprises of the State Atomic Energy Corporation Rosatom, including FSUE Emergency Technical Centre, they incur responsibility for prevention and elimination of the aftermath of emergencies during the transportation and handling of uranium products under the Company's contracts.

JSC SPb IZOTOP has had its own emergency response team (ERT) since 2004, which was organised for prompt reaction to predict and eliminate potential emergency situations (consequences of accidents) during the transportation, storage, and handling of nuclear materials and radioactive substances. The ERT is composed of 14 persons. The ERT's readiness to salvage and rescue operations and other emergency activities is 30 min/3 h (working hours/non-working hours), including: ERT gathering time – 10 min/2 h; readiness to leave for the emergency area – 20 min/1 h.

5.2.3. Ensuring Radiation Safety for Personnel

JSC Techsnabexport personnel are never directly exposed to nuclear materials. Accordingly, all aspects of ensuring radiation safety for personnel (as well as occupational safety – refer to the next subsection) are disclosed in detail in the Report in the section about JSC SPb IZOTOP operations.

JSC SPb IZOTOP is the only Russian organisation with a full set of certificates and licenses for handling different cargo of the 7th hazard class during storage and transportation. Strict observance by JSC SPb IZOTOP of existing transportation regulations, ensuring the required level of physical protection and transportation of uranium products by agreed routes in technically sound PSPs enable to minimise the risk of adverse environmental impact and for 50 years of operation there have been no case of emergency or exposure of personnel to radiation above threshold levels.

Radiation exposure of JSC SPb IZOTOP employees in 2012:

- annual effective radiation exposure dose for personnel – 0.300 mSv
- number of cases when the specified radiation exposure limit for personnel was exceeded – 0
- number of cases when a 50 mSv radiation exposure dose for personnel was exceeded – 0
- maximum individual whole-body dose of external radiation exposure – 1.51 mSv
- percentage of the total number of personnel monitored individually for purposes of radiation control and included in the ARMIR system – less than 1%
- percentage of personnel located in the negligible risk zone – 100%
- percentage of personnel located in the zone of increased individual life-long risk – 0%

For 50 years of operation there have been no case of emergency or exposure of personnel to radiation above threshold levels

5.2.4. Occupational Safety

Occupational safety procedures at JSC Techsnabexport and JSC SPb IZOTOP are organised in accordance with the Labour Code of the Russian Federation and other regulatory acts.

No official agreements with trade unions have been signed.

All occupational safety activities in the Company are certified according to GOST 12.0.230-2007 – certificate 004648 SSOT valid until 25 February 2013.

All necessary occupational safety training in 2012 was conducted in due time. Neither accidents at work nor occupational diseases have been registered.

The last three years of Company activities related to occupational safety have resulted in the decision by the Social Insurance Fund of the Russian Federation regarding a reduction for JSC Techsnabexport for 2013 of the insurance tariff of compulsory insurance against industrial accidents and occupational diseases by 40%. Such a reduction will save the Company approximately RUR 2.5 million per annum.

In the year under review public supervision and regulatory authorities carried out no audits of JSC Techsnabexport's occupational safety system.

The key occupational safety objectives of JSC SPb IZOTOP include ensuring priority of the life and health of personnel during employment, and prevention of occupational trauma and occupational diseases. JSC SPb IZOTOP Occupational Health and Safety Management System was certified in 2009 as for conformity to the international standard OHSAS 18001:2007 "Occupational Health and Safety Management Systems Requirements Standard". In December 2012 the Company underwent a re-certification audit that resulted in the issuance of a certificate valid until December 2015.

In 2012 the following occupational safety measures were taken:

- occupational safety measures, funded by JSC SPb IZOTOP and the Social Insurance Fund of the Russian Federation, totalling RUR 7.74 million;

All necessary occupational safety trainings in 2012 were conducted in due time, neither accidents at work nor occupational diseases have been registered

- relevant measures aimed at improving working conditions and occupational safety were funded in an amount constituting no less than 0.5% of total production costs;
- in accordance with the existing Occupational Safety Training Programmes, the personnel's knowledge in the field of occupational safety was improved and examined annually by the respective permanent commissions. The members of the commission underwent the required training and passed examinations in occupational safety at training organisations in Saint Petersburg;
- three occupational safety manuals were revised and approved;
- a new version of Regulations on Providing Employees with Special Clothing, Special Footwear, and Other Personal Protective Equipment for four organisational units was updated and approved;
- a three-stage administrative public inspection of occupational safety was carried out every month;
- 60 employees underwent medical examination at a specialised medical treatment facility, and as a result of the examination no occupational diseases were found;
- personnel were provided with certified personal protective equipment in accordance with the Regulations on Free of Charge Distribution of Special Clothing, Special Footwear and Other Personal Protective Equipment – in the reporting year, the expenses associated with such personal protective equipment amounted to RUR 424,000;
- working conditions at 11 sites were improved; and
- adequate compensation for work in harmful labour conditions has been established for 30 employees working in conditions with a potential of ionising radiation.

State occupational safety control and supervision agencies made no claims against JSC SPb IZOTOP in 2012.

State occupational safety statistics forms 2012 were filed timely with the territorial office of Rosstat and overhead organisations.

The health and occupational safety aspects are set forth in the Collective Employment Agreement of JSC SPb IZOTOP. The health care expenses (under voluntary medical insurance and personal accident insurance) of JSC SPb IZOTOP in 2012 totalled RUR 3.2 million.

Key Performance Indicators of JSC SPb IZOTOP's occupational safety system:

Total number of employees (average number of employees and supervised personnel managed by the organisation)	99 persons
Occupational accidents, occupational diseases in 2011, 2010, and 2009	0
Occupational accidents in 2012	1 (this accident occurred as a result of a road traffic accident through the fault of a third person)
Occupational diseases rate (ODR)	0
Days lost rate (DLR)	0
Absence rate (AR)	6,353.7*
Fatalities rate in 2012, 2011, and 2010	0

*The rate shows the number of hours of absence from the work place per 100 employees for reasons of illnesses that are not connected with accidents and occupational diseases.

5.2.5. Accounting and Control over Movement of Nuclear Materials

JSC Techsnabexport keeps accounting documents for and controls the flow of the nuclear materials (NM) owned by the Company.

In accordance with Order of the General Director of the State Atomic Energy Corporation Rosatom dated 24.12.2008 No. 685 "On Accounting of Federally Owned Nuclear Materials" and Order of the General Director of JSC Techsnabexport dated 21.11.2012 No. 006/298-P "On Taking Inventory of Nuclear Materials at JSC Techsnabexport", in 2012 the Company, jointly with its counterparties, took inventory of the Company's NM for 2011.

As a part of measures aimed at controlling the flow of NM in 2012, notices of 112 cases of flow of NM owned by JSC Techsnabexport and reports on the flow of special raw materials and fissionable materials for each type of NM and on inspections carried out by the respective control and supervision agencies have been drawn up and submitted to the State Atomic Energy Corporation Rosatom.

In 2012 Rostekhnadzor inspected JSC Techsnabexport for compliance with applicable laws and requirements of the terms of the license for handling nuclear materials during their transportation, including, without limitation, accounting and control of NM. This inspection resulted in no negative opinion on the Company's performance.

JSC SPb IZOTOP keeps accounting documents for and controls the flow of the nuclear materials that go through a special temporary storage facility. In 2012 a scheduled physical inventory of NM was carried out at JSC SPb IZOTOP. No deficiency in quantity or excessive stock of NM was discovered.

In 2012 notices of 112 cases of flow of NM have been drawn up and submitted to the State Atomic Energy Corporation Rosatom

5.2.6. Support of Environmental Programmes and Projects

The Company's support of environmental programmes and projects is of a charitable nature. The charitable programme of the Company is subject to approval by the Charity Board of the State Atomic Energy Corporation Rosatom.

In the year under review, JSC Techsnabexport provided financial support to

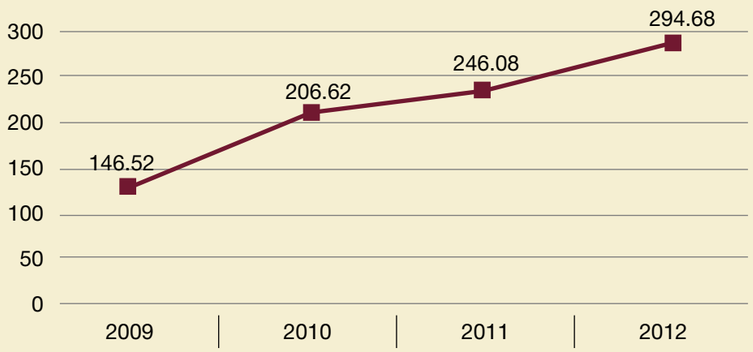
- a programme for research on endangered species and other important faunal forms in the Russian Federation;
- a strategy for the conservation of the Amur (Siberian) tiger in the Far East;
- research and monitoring of the snow leopard in South Siberia;
- research on the Amur leopard;
- research on the white bear in the Russian Arctic region.

JSC Techsnabexport expenses related to support of environmental programmes and projects have doubled for 2009-2012. Total expenditures toward the support of environmental organisations and projects in 2012 amounted to RUR 294.68 million.

Funds were provided to the following organisations:

- Interregional Environmental Public Organisation GREENLIFE;
- All-Russia Non-Governmental Organisation the Russian Geographical Society;
- Foundation for Support and Development of Specially Protected Natural Areas, Protection, Reproduction and Harmonious Exploitation of the Wildlife in Leningrad Region (Lenoblpriroda Foundation);
- Regional Public Organisation Public Association of Persons Affected by Radiation Incidents "Chernobyl Atom";
- Charitable Foundation for Developing and Supporting Social Initiatives Znaniye;
- Nature Restoration and Protection Society (NRPS Moscow);
- Autonomous Non-profit Organisation Centre for Support to Territorial Development of the Nuclear Industry;
- Autonomous Non-profit Organisation Information Centre for the Nuclear Industry.

Dynamics of the Company's expenditures for charitable environmental purposes, 2009-2012



In 2012 JSC Techsnabexport received a Letter of Gratitude from the All-Russia Public Organisation The Russian Geographical Society (RGS) "For Contribution to Achievement of Common Goals for the Sake of Conservation and Augmentation of the Fatherland Wealth and Nature under the Auspices of the Russian Geographical Society".

Under the terms of the agreement, the beneficiaries submitted to the Company reports on the proper use of the funds, with a list of completed actions and achieved results. Such a mechanism for the design and implementation of charitable programmes will be effective in the next reporting period, as well.

In 2012 JSC Techsnabexport received a Letter of Gratitude from the All-Russia Public Organisation The Russian Geographical Society (RGS) "For Contribution to Achievement of Common Goals for the Sake of Conservation and Augmentation of the Fatherland Wealth and Nature under the Auspices of the Russian Geographical Society"

5.2.7. Energy Efficiency

For implementing the order of the State Atomic Energy Corporation Rosatom dated 09.08.2011 No. 1/676-P, in 2011 JSC Techsnabexport approved an energy saving and energy efficiency programme aimed mainly at reducing the cost of energy and its optimisation[15]. The positive impact of the programme is illustrated in the Company's energy consumption statistics and the cost of energy as given in the table below.

As a result of low-cost measures of organisational nature, the Company achieved a decrease in electrical energy consumption by 15.8% (140300 kWh/0.5 mln MJ); thermal energy – by 17.1% (109 Gcal/0.5 mln MJ).

Energy consumption by JSC Techsnabexport in 2010-2012 in conditions comparable with 2009

Type of energy	2010		2011		2012	
Electric energy	kWh 863,370	RUR 2,529,680	kWh 797,000	RUR 2,335,210	kWh 748,070	RUR 2,192,600
	mln MJ 3.1		mln MJ 2.9		mln MJ 2.7	
Thermal energy	Gcal 562	RUR 501,060	Gcal 541	RUR 482,300	Gcal 528	RUR 470,970
	mln MJ 2.4		mln MJ 2.3		mln MJ 2.2	

[15] JSC Techsnabexport uses no direct sources of energy such as coal and natural gas.

5.3. Social Policy and Human Resources Management

The highly professional personnel at JSC Techsnabexport, whose efficient work has enabled the Company to consistently meet its targets over many years, is its key strategic resource and asset.

According to the Personnel Management Strategy of JSC Techsnabexport for 2012-2016, approved in 2011 by the State Atomic Energy Corporation Rosatom, the following priorities have been set in the area of human resources management:

- management of the Company's personnel training and development system;
- management and refinement of the system of financial and non-financial motivation of personnel;
- refinement of the Company's social policy;
- formation of the Company's personnel reserve development system; and
- career management, retention, and professional development of the Company's key personnel.

5.3.1. Personnel Description

JSC Techsnabexport employees are specialists with extensive knowledge in the field of international commerce, finance, international law, NFC, logistics and other areas as required for successful operation. The level of expertise was once again confirmed by the results of the annual appraisal of all personnel (RECORD) at JSC Techsnabexport and its S&A, which was held in April-May 2012 in accordance with the State Atomic Energy Corporation Rosatom's guidelines.

In 2012, for achieving significant results, fruitful and efficient work, JSC Techsnabexport personnel received corporate departmental awards (*Subsection 5.3.3.*).

Final results of JSC Techsnabexport personnel, %

A	Exceptionally high level of efficiency	2
B	High level of efficiency	60
C	Standard level of efficiency	36
D	Below standard level of efficiency	2
E	Unsatisfactory level of efficiency	0

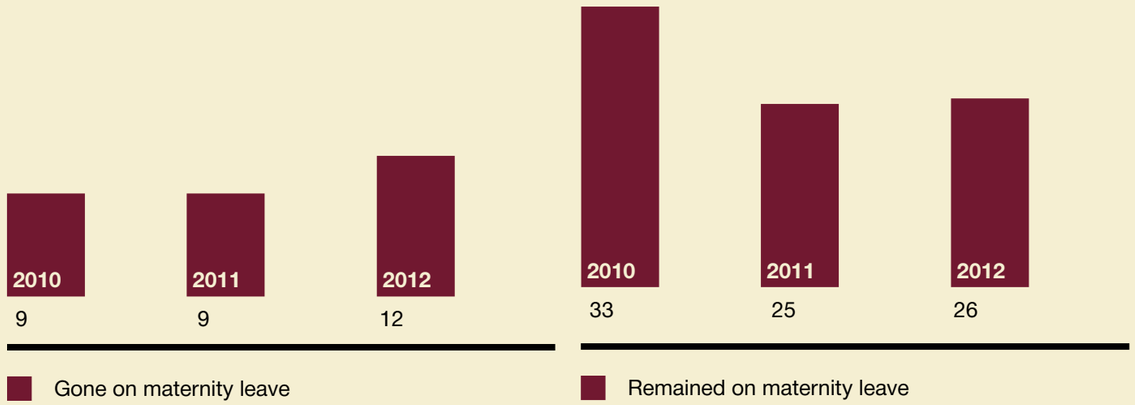
Number of employees

The number of employees at the Company in the reporting year amounted to 367 people, as of the end of 2012. Guided by the laws of the Russian Federation, the industrial Agreement of the All-Russia Industry-Wide Association of Employers Union of Employers of the Nuclear Industry, Energy Sector and Science of Russia, industry-wide and internal regulatory acts, the Company complies with labour relations regulations as pertains to the remuneration of labour, working conditions, and occupational safety, work-rest schedule, employment, social benefits, and compensation for personnel. The Company takes upon itself to inform its employees on upcoming material changes in the regulation of social and labour relations two months in advance. The collective employment agreement has not been signed at JSC Techsnabexport. The Company has no transfer-supporting programmes for its retiring or dismissed personnel.

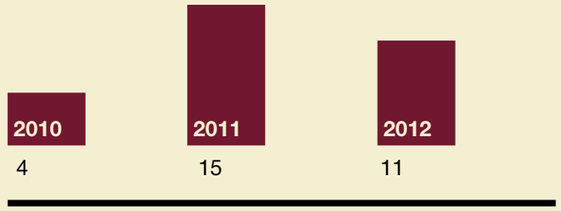
Total number of the employees with a breakdown into the type of employment, employment agreement

Number of employees	2010	2011	2012
Average staff number (on the payroll)	352	337	339
Actual staff number (headcount)	365	362	365
Number of full-time employees	365	362	365
Number of part-time employees	2	2	0
Number of employees under open-term agreements	342	341	349
Number of employees under term agreements	23	21	16

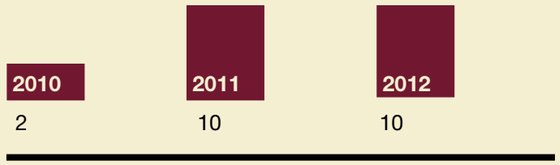
Number of employees who returned to their jobs after maternity leave, and percentage of employees who remained with the organisation upon returning to work after maternity leave, by gender[16], persons



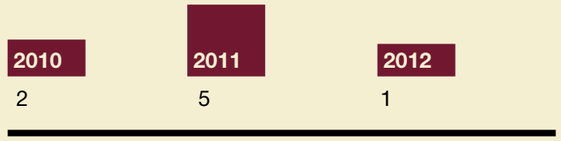
[16] No men exercised their right to maternity leave.



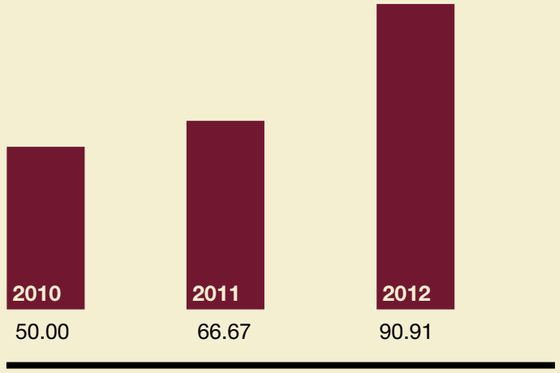
Returned after maternity leave



Remained after dismissal



Left the Company

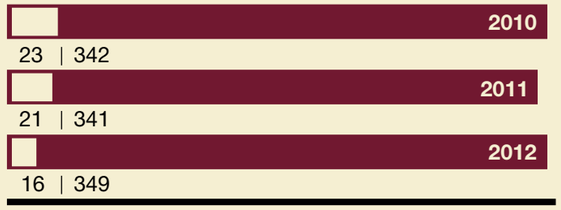


Share of employees who remained with the organisation after returning from maternity leave, %

Number and share (%) of persons re-employed in 2012

Number of staff (persons)	365
Number of persons employed	47
Share of persons re-employed (%)	12.88

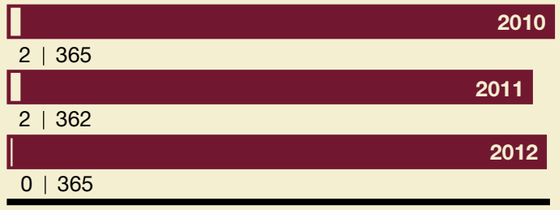
Number of employees by type of agreement (persons)



Under open-term agreement

Under fixed-term agreement

Number of employees by type of employment (persons)



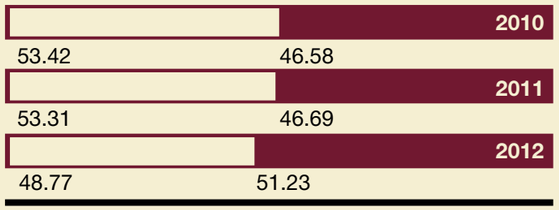
Worked as employed persons for remuneration (on a part-time basis)

Worked as employed persons for remuneration (on a full-time basis)

5.3.2. Age and Gender Characteristics of Employees

The age composition of personnel at JSC Techsnabexport is well balanced: percentage of employees under 35 years of age is well above 48%. The majority of employees are women (60.27%). Out of nine top managers, two are women.

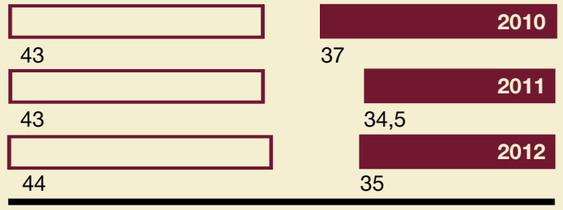
Share of employees under 35 years of age (%)



Share of employees under 35 years of age

Other employees

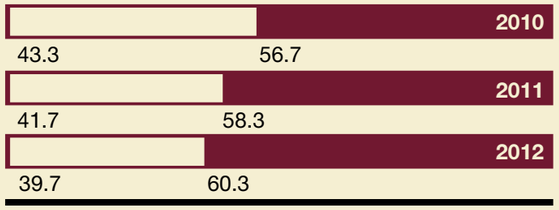
Average age of employees (years)



Executives

Specialists

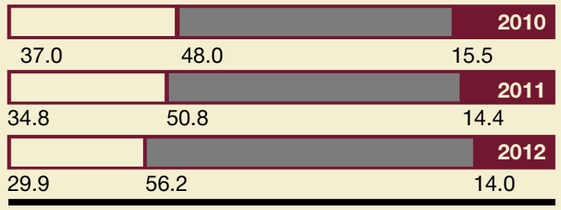
Personnel composition by gender (%)



Men

Women

Personnel composition by age groups (%)



under 30

between 31 and 50

above 50

5.3.3. Remuneration of Labour and Non-Financial Incentive

Remuneration of labour

The total salary fund in 2012 amounted to RUR 1,138,658.00 thousand, and overall personnel expenditures totalled RUR 1,344,482.00 thousand.

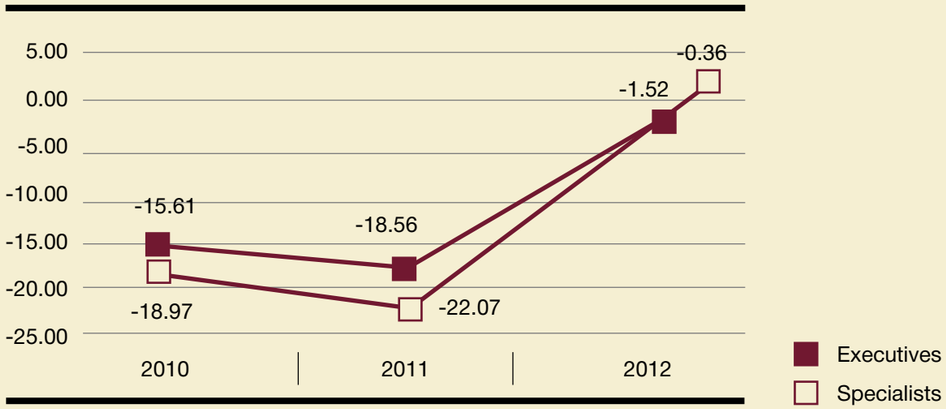
The minimum salary[17] at JSC Techsnabexport is RUR 25,000.00, which is 45% above the minimum wage in Moscow.

The average salary at JSC Techsnabexport in 2012 amounted to RUR 181,869.00, and it is over three times the average salary in Moscow.

One of the key principles of the remuneration system at JSC Techsnabexport is provision of equal opportunity for different gender and age groups. The basic salaries of men and women in the same grade are equal. Any difference in basic salaries arises due to the fact that the positions held by male executives and female executives belong to different grades.

[17] The minimum wage is set with due consideration of socioeconomic conditions and the minimum subsistence level for working people in Moscow and cannot be lower than the minimum wage in the Russian Federation.

Correlation between the basic salaries of women and men, %



Employees' awards in the reporting period

Awards and incentives from the State Atomic Energy Corporation Rosatom, total	74
including:	
Award Pin "E. P. Slavsky"	1
Award Pin "Merit for the Nuclear Industry", 1st degree	1
Award Pin "Merit for the Nuclear Industry", 2nd degree	1
Award Pin "Merit for the Nuclear Industry", 3rd degree	6
Award Pin "For International Cooperation in the Nuclear Industry"	3
Decoration "Veteran of Nuclear Sector and Industry"	6
Certificate of Appreciation issued by the State Atomic Energy Corporation Rosatom	19
Letter of Gratitude issued by the State Atomic Energy Corporation Rosatom	39
Awards and incentives from JSC Techsnabexport, total	105
including:	
Certificate of Appreciation issued by JSC Techsnabexport	28
Letter of Gratitude issued by JSC Techsnabexport	77

5.3.4. Social Policy

The social policy of JSC Techsnabexport seeks to enhance the reputation of and confidence in the Company, projecting an image as a socially responsible company.

Such aspects as maintaining the quality of the workforce, personnel training and development, motivation, organisation of social programmes and social responsibility are key aspects of the State Atomic Energy Corporation Rosatom 's social policy, which is being implemented as part of the approved Unified Social Policy of the State Atomic Energy Corporation Rosatom in the form of different social programmes.

The key objectives of the Company's social policy are providing social support to both the Company's employees and their families, encouraging a healthy lifestyle, and developing an internal corporate culture.

The key areas of JSC Techsnabexport social programmes are as follows:

- voluntary medical insurance;
- personal accident insurance;
- non-governmental pension scheme;
- organisation of summer vacations for employees' offspring;
- organisation of sport and recreational activities;
- financial support to employees;
- providing support to former employees (veterans) of the Company.

Total expenditures for social programmes (voluntary medical insurance, accident insurance, non-governmental pension scheme, recreational facilities vouchers, expenses related to employees commuting to the workplace and back home, expenses associated with the organisation of mass cultural and sport events, payments relating to jubilees and holidays, financial support to the Company's employees and retirees) in the year under review amounted to RUR 23.14 million (RUR 58.517 per employee on the payroll – 365 persons).

The Regulations on Social Benefits and Incentives for the Employees of JSC Techsnabexport Due to Awards provide for a unified procedure for JSC Techsnabexport of material support, types, amounts, and conditions for providing such material support; additional payments for the period of temporary work incapacity; incentives to employees who received state prizes of the Russian Federation. These Regulations apply to all employees who hold employment agreements with the Company, excluding employees who are on probation or hold an employment agreement with a term of validity of up to one year or who are in secondary employment.

Voluntary medical insurance

Voluntary medical insurance for the Company's employees is provided in compliance with the industry Standard for Voluntary Medical Insurance of the State Atomic Energy Corporation Rosatom. The Company's medical insurance programmes are aimed at providing personnel with high-quality medical assistance at medical treatment facilities in Moscow and ensure fitness for work and good health.

In July 2012 JSC Techsnabexport entered into a voluntary medical insurance (VMI) agreement with SOGAZ Insurance Company with a term of validity until 31.12.2013. Total expenditures for the voluntary medical insurance for the Company's employees amounted to RUR 8.9 million.

The VMI programmes include the following services:

- outpatient and inpatient medical services;
- first and emergency medical aid;
- dental care at specialised clinics;
- hospital treatment.

Non-governmental pension scheme

In accordance with a decision of the State Atomic Energy Corporation Rosatom's management, the corporate pension programme is administered through the industrial Non-governmental Pension Fund (NGPF) Atomgarant established on 11 March 1994, Certificate No. 1489

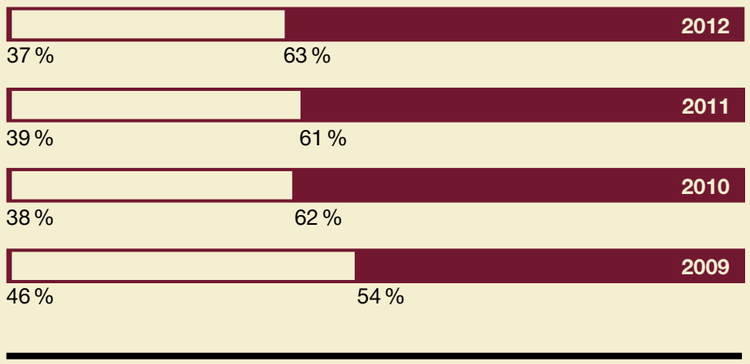
issued by the Moscow Registration Chamber.

The rating agency Expert RA on 30 June 2012 affirmed NGPF Atomgarant's reliability rating of A++, which stands for the "Highest Level of Reliability". Among the key factors which favourably influenced NGPF Atomgarant rating are such aspects as a conservative investment strategy as pertains to the placement of pension reserves and investment of pension accruals, as well as good diversification of assets transferred to beneficial ownership of management company. NGPF Atomgarant complies with the requirements of GOST R ISO 9001-2001 (ISO 9001:2000) and is entered into the Register of Quality Management Systems as evidence of the high quality of the organisation's business practices. NGPF Atomgarant, established for providing non-governmental pensions to the employees of nuclear industry enterprises, is fit to perform the pension-related commitments as pertains to the payment of non-governmental pensions.

As a part of the Company's corporate pension programme and in accordance with the Pension Rules of the NGPF, all employees of JSC Techsnabexport who participate in the programme are eligible for the pension scheme "With Fixed Contributions, Individual. With Payment of Pensions for a Number of Years". The payments are made during 15 years. Participation in the corporate pension programme is joint: an employee pays up to 50% of the total approved contribution to his personal pension account, and the employer pays up to 100% of the total approved contribution to the employee's personal pension account. The duration of employment with the Company to gain inclusion into the programme is at least one year, while the pension is assigned after seven years of employment with the Company.

In 2012 four additional employees were included into the Company's corporate pension programme. Accordingly, as of 31 December 2012, 134 employees are in the corporate pension programme, and the respective pension contributions have been made to their personal pension accounts.

Dynamics of employees' inclusion into the corporate pension programme (%)



Organisation of summer vacations for employees' offspring

The Company annually organises summer vacations for its employees' children (from 8 to 15 years of age). Children recreation camp vouchers are provided in the period of summer holidays for a term of not less than 21 days, while 70% of the voucher's cost is paid by the Company.

In June-August 2012 six children went to the children's recreation camp Zolotaya Loza (Gelendzhik District, Krasnodar Territory).

Sport programmes for employees

The Company encourages a healthy lifestyle and sport activities for its employees by reimbursing membership fees charged by fitness centres (70% of such membership fees). In 2012, 65 employees participated in the sport and recreational programme.

In September 2012, the 3rd TENEX Summer Spartakiade with the participation of over 200 employees of the Company and their families was held in the picturesque settings of the recreation centre Grigorchikovo, Moscow Region

In September 2012, the 3rd TENEX Summer Spartakiade with the participation of over 200 employees of the Company and their families was held in the settings of the recreation centre Grigorchikovo

Support for the Company's veterans

The Company cares for its veterans and gives special attention to them. For many years JSC Techsnabexport has provided financial support to its pensioners who are former employees. In 2012, payouts to pensioners totalled RUR 7,000.00 per month. Sixty-six veterans received support, including six veterans who receive financial support monthly.

Annual meetings are held to commemorate the Victory in the Great Patriotic War and to celebrate the New Year. Each pensioner receives additional financial support by the dates of these holidays.

5.3.5. Human Resources Management

Personnel training

215 employees of the Company underwent training and advanced training in 2012. The in-house and external training hours (excluding compulsory training hours) in 2012 totalled 9,523 hours, i.e. 28.1 hours per employee (on the payroll). The average number of training hours per employee per annum (excluding compulsory training hours) by categories was as follows:

- executives – 2,514 hours, or 25.65 hours per executive;
- specialists – 7,009 hours, or 29.09 hours per specialist.

Twenty-one employees of the Company in 2012 underwent training on Introduction to Nuclear Fuel Cycle with on-the-job training at JSC SCC.

Knowledge of a foreign language is a valuable skill for many categories of employees. In 2012, 41 employees involved in processing documents in a foreign language and/or participating in negotiations with foreign partners completed language courses.

Item	2010	2011	2012
Total training expenses, RUR thousand	9,548	9,747	9,094
Training expenses per employee, RUR thousand	27	26	27
Training hours per employee	27	15	28
Average staff number (on the payroll), persons	352	337	339

In 2012 JSC Techsnabexport continued to form and develop its personnel reserve and to promote candidates for the personnel reserve

Personnel recruitment and mentoring

The Company recruits employees on a competitive basis following interviewing and testing.

The key selection criterion is meeting the requirements for the position which are established using professional competence models.

In order to ensure succession, the Company instituted a mentoring system in a manner and under terms specified in the respective internal regulatory documents.

Recruitment in 2012

No.	Item	Unit of measurement	Number
1.	Total number of filled vacancies	persons	43
2.	Recruitment of personnel from outside the industry	persons	36
3.	Recruitment within the industry	persons	7

Formation and use of personnel reserves

In 2012 JSC Techsnabexport continued to form and develop its personnel reserve and to promote candidates for the personnel reserve.

Two executives of the Company and its S&A, out of six candidates who participated in the appraisal in 2012, which was conducted as part of measures aimed at forming the Industrial Personnel Reserve of Top Managers TOP-1000, were included into the Personnel Reserve "Rosatom Asset", and two other executives were sent to the Corporate Academy of Rosatom for the two-year training programme "Leadership School".

24 mid-level executives included into the Company's Personnel Reserve of Executives underwent the visiting training session.

In 2012 a number of the Company's specialists were selected as candidates for the Key Personnel Reserve.

Cooperation with relevant higher educational institutions

In 2012 JSC Techsnabexport, similarly to the previous years, continued its cooperation with leading Moscow higher educational institutions, first and foremost with NRNU MEPhI, which remains the uncontested leader in the training of human resources for the nuclear industry.

The Company's specialists conduct lectures for students and postgraduates at NRNU MEPhI on a regular basis. JSC Techsnabexport representatives are traditional participants of the Career Days organised by the State Atomic Energy Corporation Rosatom at NRNU MEPhI.

Organisation of on-the-job training for students from relevant higher educational institutions proved an efficient recruiting tool. For the last five years, more than 120 students have undergone on-the-job training at JSC Techsnabexport, and the best of them have been recruited by the Company.

In the year under review, under the student practical training agreements 14 students from NRNU MEPhI, the Russian Foreign Trade Academy, Lomonosov Moscow State University, and Russian Presidential Academy of National Economy and Public Administration underwent on-the-job training and pre-graduation practical training. Two of them were subsequently recruited.

Students at JSC Techsnabexport billboard during the Career Days organised by the State Atomic Energy Corporation Rosatom at NRNU MEPhI

August 2012. JSC Techsnabexport's personnel donated blood for children with severe diseases

Development of internal corporate communication and corporate culture

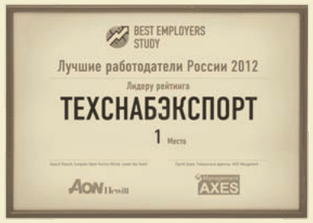
In 2012, according to the results of an engagement survey of employees (i.e. a survey of preparedness to speak highly of the company, to continue working for it and to achieve high results) that has been conducted by the State Atomic Energy Corporation Rosatom since 2011, this indicator in JSC Techsnabexport stood at 95% (number of surveyed employees in electronic form – 190 employees, including executives).

Achievement of such a high indicator characterises the Company as one of the most successful companies with a powerful HR brand and a reputation as a good and interesting employer, and all this has enabled JSC Techsnabexport to place first in AON-Hewett's international rating "Best Employers. Central and Eastern Europe 2012" among medium companies and "Best Employers. Russia 2012". The Company left behind in this contest the Russian business units of such known companies as Microsoft, Hilti, DHL, Express, Takeda, Mars and others.

In 2011 the management of the State Atomic Energy Corporation Rosatom made the decision to introduce a new industry-wide tool for communication with its employees – quarterly Information Days. In 2012 JSC Techsnabexport organised meetings of the General Director with personnel. A number of initiatives proposed by the employees during the Information Days have been implemented, including a proposal to place information on existing vacancies on the internal corporate portal for internal rotation purposes.

In August 2012, for the first time the Company's personnel donated blood for children with severe diseases. Fifty-seven employees of the Company took part in this action, and 45 of them became blood donors. The mobile blood transfusion station of the Blood Centre of the Federal Medical-Biological Agency (FMBA) collected 20.25 litres of blood for patients at the Dmitry Rogachev Federal Research and Clinical Centre for Pediatric Hematology, Oncology and Immunology of the Ministry of Health of Russia.

In October 2012 the Company's personnel took part in the project "Flowers" being implemented by Charitable Foundation "Life as Miracle". All funds raised within the framework of this project are used to support children with hepatic diseases.



The Company has prepared an informative and well-structured document that meets our expectations. It summarises the Company's operations in 2012 and gives a short retrospective review of the Company's activity for a 50 year period… We would like to emphasise the constructive character of the stakeholder engagement demonstrated by the Company's management both while preparing the text of the Report and during the dialogues and Consultations, and the high quality of organisation of these events.

Conclusion on Public Verification of the Report

All comments and proposals made by stakeholders at the meetings have been entered into the respective protocols (see the Company's website) taken into consideration in the Report

6. Improving the Public and Stakeholder Reporting System Engagement

In 2012 *the Company completed the setup of a public reporting system that meets present-day requirements: the Public Annual Reporting Standard and Regulations were improved, the composition of the Public Reporting Committee of JSC Techsnabexport was updated and the Stakeholders Commission was augmented to include representatives of the Ministry of Foreign Affairs of Russia, the Ministry of Economic Development of Russia, FSTEC of Russia, and other government agencies.*

All records regarding the events with the participation of stakeholders are available on the Company's corporate website (http://www.tenex.ru/wps/wcm/connect/tenex/site/press/events/)

While preparing *the Report, the Company held four events with the participation of stakeholders – three physical meetings and one absentee meeting attended by representatives of all stakeholder groups.*

Representatives of the relevant organisational units of the State Atomic Energy Corporation Rosatom, the Ministry of Economic Development of Russia, the Federal Service for Environmental, Technological, and Nuclear Supervision (Rostekhnadzor), the Federal Service for Technology and Export Control (FSTEC) of Russia, JSC TVEL, JSC ARMZ, JSC SPb IZOTOP, JSC NAC Kazatomprom, Mitsui & Co. Moscow, ITOCHU Corporation, NAC International, the environmental and public organisations, as well as the mass media, participated in these dialogues.

Different aspects of the stakeholders' engagement in 2012 are covered in the Chapters 2, 3, 4 and 5 of the Report

Dialogues No. 2 and No. 3. "New Marketing Projects – Flexible Marketing Tools" and "JSC Techsnabexport as the Best Employer of 2012. New Personnel Management Approaches"

In the 2012 reporting campaign, the Company, as a key organisation, i.e. “an organisation the operations of which are significant for positioning the State Atomic Energy Corporation Rosatom in the Russian and international markets”, continued to take part in the project for creating an industry-wide public reporting system aimed at building channels for translating confidence through stakeholder engagement according to the international standard AA 1000 SES.

6.1. Improving Public Reporting System

In 2012 the Company completed the setup of a public reporting system that meets present-day requirements. Orders of the General Director of JSC Techsnabexport mandated updated versions of the Public Annual Reporting Standard and Regulations, as well as the List of Indicators and Measures to be Disclosed in the Report. The composition of the Public Reporting Committee of JSC Techsnabexport was updated. The Stakeholders Commission was augmented to include representatives of the Ministry of Foreign Affairs of Russia, the Ministry of Economic Development of Russia, FSTEC of Russia, and other government agencies.

6.2. Stakeholder Engagement Events

The stakeholders were involved in all stages of the preparation of the Public Annual Report 2012 – from developing its Concept to discussing the final draft Report, and they had an opportunity to make their requests heard and to give recommendations.

Different aspects of the stakeholder engagement in 2012 are set out in *Chapters 2*, *3*, *4* and *5* of the Report.

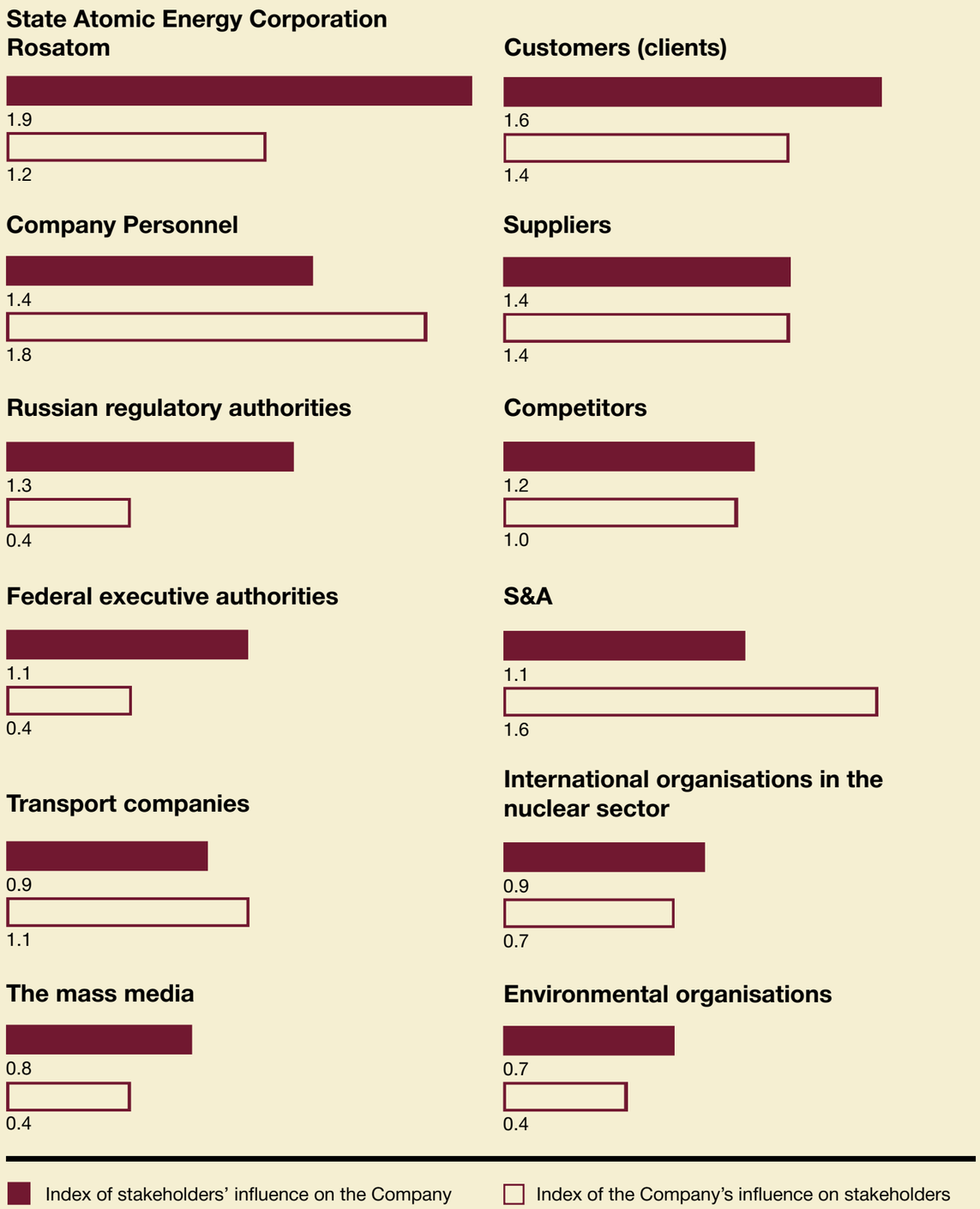
While preparing the Report, the Company held four events with the participation of stakeholders – three physical meetings and one absentee meeting attended by representatives of all stakeholder groups. The participation statistics are given below:

- discussion of the Report Concept through questioning (38 participants);
- dialogue “New Marketing Projects – Flexible Marketing Tools” (44 participants);
- dialogue “JSC Techsnabexport as the Best Employer in 2012. New Personnel Management Trends” (44 participants);
- public consultations regarding the draft Public Annual Report of JSC Techsnabexport for 2012 (38 participants).

There have been no changes in the composition of the key stakeholder groups defined while preparing the Public Annual Report 2010.

While questioning the stakeholders with regard to the draft Report Concept, the stakeholders’ opinion regarding priorities in the Company’s operations was established. Their opinion is taken into consideration in the ranking map given below.

JSC Techsnabexport Stakeholder Groups’ Ranking Map



Dialogue No. 1. Discussion of the Report Concept

Dialogue No. 1 was held from 13 through 20 January 2012 through questions put to the representatives of key stakeholders, who were asked to express their opinion on the draft Report Concept, including:

- the proposed top priority topic in the Report and the topics of dialogues with stakeholders;
- draft structure of the Report;
- key events/achievements of the Company proposed for disclosure;
- parameters of the Report, including the stated level of conformity to applicable international standards; and
- identification and ranking of stakeholders.

According to the results of the questionnaire (based on 38 processed questionnaires), the Report Concept was adjusted and the stakeholders' requests for disclosure of information on the Company's operations for 2012 were received in the initial stage of preparation of the Report.

Dialogues No. 2 and No. 3. "New Marketing Projects – Flexible Marketing Tools" and "JSC Techsnabexport as the Best Employer of 2012. New Personnel Management Approaches"

On 12 March 2013, the dialogues with stakeholders "New Marketing Projects – Flexible Marketing Tools" and "JSC Techsnabexport as the Best Employer of 2012. New Personnel Management Approaches" took place in JSC Techsnabexport headquarters in accordance with the Report preparation schedule.

During these dialogues, the Company's top management provided information not only on the reporting year results and plans for the future, but also on a retrospective view at the development of the Company, with its 50th anniversary to be celebrated in 2013.

Representatives of the relevant organisational units of the State Atomic Energy Corporation Rosatom, the Ministry of Economic Development of Russia, the Federal Service for Environmental, Technological, and Nuclear Supervision (Rostekhnadzor), the Federal Service for Technology and Export Control (FSTEC) of Russia, JSC TVEL, JSC ARMZ, JSC SPb IZOTOP, JSC NAC Kazatomprom, Mitsui & Co. Moscow, ITOCHU Corporation, NAC International, the environmental and public organisations, as well as the mass media, participated in these dialogues.

The representatives of stakeholders spoke highly of the quality of the provided materials and the level of organisation of the events, and they made a number of recommendations for the preparation of the final version of the Report.

Public consultations regarding the draft Public Annual Report of JSC Techsnabexport for 2012

Public consultations on the draft Report were held on 23 April 2013. Representatives of the relevant organisational units of the State Atomic Energy Corporation Rosatom, the Ministry of Economic Development of Russia, FSTEC of Russia, JSC TVEL, JSC ARMZ, JSC SPb IZOTOP, JSC Rusatom Overseas, JSC UEIP, JSC Atomenergomash, JSC NAC Kazatomprom, AREVA, Mitsui & Co. Moscow, NAC International, and environmental and public organisations had an opportunity to review the draft Report well in advance.

The temporary acting General Director of the Company took part in this event.

As part of these consultations, the Company's top management provided detailed information on the key economic and financial results in the reporting year, as well as on operating results in the context of the economic, environmental and social aspects of sustainable development. Relevant issues associated with the organisation of a public management system at JSC Techsnabexport, stakeholders' engagement and taking their opinion into account in developing the concept of the Report and preparing its final version were discussed in detail.

The participants of the meeting mentioned both the traditionally high quality of the Report itself and the creativity in the Company's approach to the preparation of the events attended by stakeholders. The presentation of a short film on the activities of the Company's subsidiary – transport and logistics company JSC SPb IZOTOP, the environmental aspects of which are included in this Report, generated great interest from the audience.

All records regarding the events with the participation of stakeholders are available on the Company's corporate website (http://www.tenex.ru/wps/wcm/connect/tenex/site/press/events/)

6.3. Stakeholders' Proposals Accounting

During the discussion and public consultations held while preparing the Report, the stakeholders made 19 recommendations (*Appendix No. 7*). Most of the recommendations related to requests for the publication of any information are taken into consideration in the Report. The Company committed itself to taking into consideration a number of other recommendations while preparing next reports.

All the comments and proposals made by stakeholders at the meetings have been entered into the respective records (protocols) (see the Company's website).

6.4. Conclusion on Public Verification of the Report

Introduction

The management of JSC Techsnabexport (hereafter – the Company) suggested that we carry out verification of the Company's Report 2012 (hereafter – the Report) as pertains to the completeness and materiality of the information disclosed therein, and that we assess the actions taken by management in response to the stakeholders' requests and comments. For this purpose we were provided with an opportunity to participate in the dialogues and public consultations with regard to the draft Report (hereafter – the Consultations), which were held in March-April 2012, and to freely express our opinion on the issues discussed.

Report Assessment Procedure

Our conclusion is based on a review of two versions of the Report 2012 (draft Report for the Consultations and the final version of the Report) and on an analysis of the information obtained during the dialogues and Consultations (presentations, minutes/records of events, tables of comments considered).

Verification of reliability of the information presented in the Report is not subject to public verification.

The results of our work are set forth in this Conclusion on Public Verification that contains estimation/assessment agreed between us. We received no compensation from the Company for our efforts and the time spent on this endeavour.

Assessments, Comments and Recommendations

We unanimously express a positive opinion about the Report. The Company has prepared an informative and well-structured document that meets our expectations. It summarises the Company's operations in 2012 and gives a short retrospective review of the Company's activity for a 50 year period. The apparent strength of this Report is the system analysis of the situation in the world market of NFC products and services and clear, brief description of the Company's business strategy. In our opinion, the topic, which was recognised by the Company's management and the stakeholder as a high-priority, namely "Delivery Reliability – Proven over Decades" has been covered at length.

We would like to emphasise the constructive character of the stakeholder engagement demonstrated by the Company's management both while preparing the text of the Report and during the dialogues and Consultations, and the high quality of organisation of these events. We would like to particularly note that the number of representatives of the stakeholders involved in discussions on issues relating to the preparation of the Report was on the increase.

The Company's efforts to engage representatives of federal executive authorities, who have joined the Stakeholder Commission of the Company, and counterparties of the Company from among major foreign companies in the process of preparation of the Report and, first and foremost, in the stage of discussion of its Concept, deserve high acclaim. Basing on this criterion, we, just as we did in the previous reporting campaign, single out the Company among other companies in the nuclear industry.

Based on the results of our analysis, we've arrived at the following conclusions.

Materiality of Information

In our opinion, the Report touches on all the issues that are material to stakeholders as pertains to both the core business and the social and environmental aspects of sustainable development. All information which is crucial for understanding the Company's prospects for development is provided in the sections of the Report where such aspects as ensuring secure reliable deliveries, refinement of the transport and logistics infrastructure, management and risk management systems, social policy and personnel management systems are disclosed.

Completeness of Disclosed Information

In our opinion, the information in the Report is sufficient for a thorough understanding by the stakeholders of the current condition and prospects for development of the Company. It's worth mentioning that the Company has hired an independent auditor to verify the declared Application Level (GRI B+) and reliability of the disclosed information.

Company's Responsiveness to Stakeholders' Requests and Comments

The Company entered all the recommendations made by stakeholders in the minutes of the dialogues and Consultations, which are available on the Company's website, and analysed them thoroughly and took them into consideration in preparing the final version of the Report. Basing on the recommendations of the stakeholders, in particular, such sections of the Report as "Risk Management", "Environmental Policy", "Management Systems", and "Economic Impact" have been adjusted.

Thus, the Company has demonstrated a responsible approach to meeting the requirements of the Public Reporting Policy of the State Atomic Energy Corporation Rosatom and has shown constructive responsiveness to the requests and comments of the stakeholders.

Singling out the traditionally high quality of the Company's stakeholder engagement, we express hope that the experience acquired during the dialogues and Consultations will be taken into consideration in full measure and used for further enhancement of the management tools, the corporate structure, and the information policy in accordance with present-day international standards.

K. N. Eliseyev, Head of IFRS Office, Accounting and Reporting Department, JSC TVEL

G. V. Efremov, Commercial Director of JSC IUEC

Yu. K. Gerner, General Director of JSC AECC

S. A. Zakharov, Deputy Head of the Export Control Department, Federal Service for Technology and Export Control

A. V. Karasyov, Director of the International Nuclear Safety Department, JSC Rusatom Overseas

A. I. Kislov, leading expert of the Nuclear Materials, Radioactive Substances and Radioactive Waste Transportation Assessment, Licensing and Inspection Office, Department for Regulating Safety of Nuclear Fuel Cycle Objects, Marine Nuclear Power Plants and Radiation Dangerous Objects, for Supervision of Accounting and Control of Nuclear Materials and Radioactive Substances and Physical Protection, Federal Service for Environmental, Technological, and Nuclear Supervision

T. G. Kurbatova, principal specialist of the International Business Department, State Atomic Energy Corporation Rosatom

V. P. Kuchinov, General Director's adviser, State Atomic Energy Corporation Rosatom

M. S. Kushnaryov, Marketing and Sales Director of JSC Atomredmetzoloto

D. E. Muravyov, Managing Director of TENEX-Korea Co., Ltd.

V. O. Nikishina, Director of the Department for Coordination, Development and Regulation of External Economic Activity, Ministry of Economic Development of the Russian Federation

A. B. Palmov, Deputy Head of Investment Programme Implementation Office, JSC UEIP

S. N. Pluzhnik, Managing Director of TENEX-Japan Co.

O. V. Plyamina, Executive Director of Interregional Environmental Organisation GREENLIFE

A. N. Sinyov, Director of Representative Office, NAC International

S. B. Tochilin, General Director of JSC SCC

T. A. Fokina, Head of Risk Management Office, State Atomic Energy Corporation Rosatom

A. P. Shishkin, Director of JSC SPb IZOTOP

"Pursuant to the Federal Law "On Joint Stock Companies", the Articles of Association of JSC Techsnabexport (hereafter - the Company) and the Regulations on the Audit Commission of JSC Techsnabexport, from 09 April 2013 through 30 April 2013 the Audit Commission of the Company audited the financial and business operations of the Company for 2012"

Conclusion of the Audit Commission

1963–2013 TENEX

Annual Report JSC Techsnabexport

APPROVED by the resolution of the sole shareholder on 28.06.2013

PRELIMINARY APPROVED by the Board of Directors on 28.05.2013

"According to JSC Techsnabexport Public Annual Reporting Regulations, all responsibility for preparation of the public reports falls on the Deputy General Director V.N. Govorukhin"

Conclusion of the Internal Control and Audit Department of JSC Techsnabexport

7. Appendix

496,424
RUR thousand – *fixed assets of the Company as of 31.12.2012*

14,728,245
RUR thousand – *financial investment as of 31.12.2012*

638,119
RUR thousand – *Authorised capital (share capital, authorised fund, partner contributions) as of 31.12.2012*

31,906
RUR thousand – *reserve capital as of 31.12.2012*

Appendix No. 1. Accounting Statements

Balance sheet as of 31 December 2012

			Codes
		Form as per OKUD	0710001
		Date (date, month, year)	31.12.2012
Organisation:	Open External Economic Joint Stock Company Techsnabexport	OKPO code	08843672
Taxpayer Identification Number		INN	7706039242
type of economic activity:	intermediation, trade and production	OKVED code	51.55.3
Legal organisational form/ Open Joint Stock Company	Ownership pattern:	OKOPF/OKFS codes	47 12
Unit of measurement:	RUR thousand	OKEI code	384
Registered office (address):	115184, Moscow, Ozerkovskaya nab, 28, bldg. 3 ,		

Notes	Item	Code	As of 31 December 2012	As of 31 December 2011	As of 31 December 2010
ASSETS					
I. NON-CURRENT ASSETS					
Section 6.1	Intangible assets	1110	10,047	11,039	13,227
	Research and developments	1120	-	-	-
Section 6.2	Fixed Assets	1130	496,424	532,474	460,238
	including:				
	buildings, machinery, equipment and other fixed assets	11301	474,835	532,474	460,238
	Uncompleted capital investments	11302	21,589	-	-
	Advance payments made to suppliers and capital construction contractors, suppliers of items of the fixed assets	11303	-	-	-
	Income-bearing investments in tangible assets	1140	-	-	-
Section 6.4	Financial Investments	1150	14,728,245	14,588,603	9,490,370
	Deferred tax assets	1160	46,002	-	755
	Other non-current assets	1170	218,262	271,652	100,591
	Total sum in Section I	**1100**	**15,498,980**	**15,403,768**	**10,065,181**

Notes	Item	Code	As of 31 December 2012	As of 31 December 2011	As of 31 December 2010
II. CURRENT ASSETS					
Section 6.3	Inventories	1210	21,117,825	25,198,115	7,983,415
	including:				
	Raw and other materials, other similar values	12101	46,129	1,452,146	99,371
	Work-in-progress costs	12102	13,085,569	14,713,788	3,809,354
	Finished products and goods for resale	12103	2,184,454	1,521,316	675,401
	Shipped goods	12104	5,801,673	7,510,865	3,399,289
	Prepaid expenses	12105	-	-	-
	Accrued proceeds not called for payment	12106	-	-	-
	Other inventories and costs	12107	-	-	-
	Value Added Tax on acquired assets	1220	5,299,055	4,975,548	3,607,646
Section 6.7	Receivables	1230	32,499,233	21,562,291	33,257,512
	including:				
	Non-current receivables – total	12301	89,999	49,115	14,068
	trade receivables	12302	-	-	-
	advances paid	12303	40,421	-	-
	other debtors	12304	49,578	49,115	14,068
	Current receivables – total	12305	32,409,234	21,513,176	33,243,444
	trade receivables	12306	18,558,587	6,705,057	22,216,252
	advances paid	12307	537,259	329,366	673,574
	other debtors	12308	13,313,388	14,478,753	10,353,618
Section 6.4	Financial investments (exclusive of cash equivalents)	1240	1,095,750	2,058,922	9,840,842
Section 6.6	Cash and cash equivalents	1250	1,254,239	803,053	674,239
	Other current assets	1260	39,844	16,643	66,573

Notes	Item	Code	As of 31 December 2012	As of 31 December 2011	As of 31 December 2010
	Total sum in Section II	**1200**	**61,305,946**	**54,614,572**	**55,430,227**
	BALANCE	**1600**	**76,804,926**	**70,018,340**	**65,495,408**
LIABILITIES					
III. CAPITAL AND RESERVES					
	Authorised capital (share capital, authorised fund, partner contributions)	1310	638,119	638,119	638,119
	Own shares repurchased from shareholders	1320	-	-	-
	Revaluation of non-current assets	1340	-	-	-
	Additional capital (without revaluation)	1350	-	-	-
	Reserve capital	1360	31,906	31,906	25,155
	including:				
	Reserves created under the laws	13601	31,906	31,906	25,155
	Reserves created under the constitutional documents	13602	-	-	-
	Undistributed profit (uncovered loss)	1370	24,794,705	18,446,493	20,236,453
	Total sum in Section III	**1300**	**25,464,730**	**19,116,518**	**20,899,727**
IV. NON-CURRENT LIABILITIES					
Section 6.12	Borrowings	1410	9,111,810	13,951,643	8,228,763
	Deferred tax liabilities	1420	-	47,274	-
	Estimated liabilities	1430	-	-	-
Section 6.9	Other liabilities	1450	137,093	131,667	46,993
	Total sum in Section IV	**1400**	**9,248,903**	**14,130,584**	**8,275,756**
V. CURRENT LIABILITIES					
Section 6.12	Borrowings	1510	24,041,230	16,403,325	10,354,264
Section 6.9	Payables	1520	17,567,967	19,900,547	25,465,885
	including:				
	Suppliers and contractors	15201	8,114,073	5,638,525	13,835,865
	Advances received	15202	84,955	1,618,933	1,447,980
	Debts to the personnel	15203	659	669	572
	Accounts due to state extra budgetary funds	15204	-	147	96
	Taxes and levies payable	15205	2,538	289,807	1,364,264
	Other creditors	15206	9,365,742	12,352,466	8,817,108
Section 6.13	Deferred income	1530	-	-	2
	Estimated liabilities	1540	482,096	467,366	499,774
	Accounts due from the founders as pertaining to contributions to the authorised capital (authorised fund)	1545	-	-	-
	Other liabilities	1550	-	-	-
	Total sum in Section V	**1500**	**42,091,293**	**36,771,238**	**36,319,925**
	BALANCE	**1700**	**76,804,926**	**70,018,340**	**65,495,408**

First Deputy General Director — (signature) — Alexander V. Markin (full name)

Chief Accountant — (signature) — Galina A. Lysova (full name)

20 February 2013

Income statement for January-December 2012

			Codes
		Form as per OKUD	0710002
		Date (date, month, year)	31.12.2012
Organisation:	Open External Economic Joint Stock Company Techsnabexport	OKPO code	08843672
Taxpayer Identification Number		INN	7706039242
type of economic activity:	intermediation, trade and production	OKVED code	51.55.3
Legal organisational form/ Open Joint Stock Company	Ownership pattern:	OKOPF/OKFS codes	47 12
Unit of measurement:	RUR thousand	OKEI code	384

Notes	Item	Code	January-December 2012	January-December 2011
Section 6.15	Proceeds	2110	69,578,215	70,513,759
Section 6.15	Cost of sales	2120	(50,410,611)	(46,023,868)
	Gross profit (loss)	2100	19,167,604	24,489,891
Section 6.15	Selling expenses	2210	(1,772,031)	(2,341,596)
Section 6.15	Administrative expenses	2220	(1,848,456)	(1,770,414)
	Sales profit (loss)	2200	15,547,117	20,377,881
	Income from interest in other organisations	2310	148,847	196,929
	Interest receivable	2320	207,734	306,799
	Interest payable	2330	(925,588)	(794,597)
Section 6.16	Other income	2340	1,390,357	1,550,268
Section 6.16	Other expenses	2350	(1,874,704)	(4,498,081)
	Profit (loss) before tax	2300	14,493,763	17,139,199
Section 6.14	Current profit tax	2410	(3,290,426)	(3,772,364)
	including:			
	constant tax liabilities (assets)	2421	(319,558)	(424,145)
Section 6.14	Changes in deferred tax liabilities	2430	75,587	(37,835)
Section 6.14	Changes in deferred tax assets	2450	17,688	(10,194)
	Other	2460	(6,195)	-
	Net profit (loss)	2400	11,290,417	13,318,806
FOR REFERENCE ONLY				
	Result of revaluation of non-current assets, which is not to be included in net profit (loss) for the period	2510	-	-
	Result of other operations, which is not to be included in net profit (loss) for the period	2520	-	-
	Overall financial result for the period	2500	11,290,417	13,318,806
Section 6.17	Base profit (loss) per share	2900	424	500
	Diluted profit (loss) per share	2910	-	-

First Deputy General Director — (signature) — Alexander V. Markin (full name)

Chief Accountant — (signature) — Galina A. Lysova (full name)

20 February 2013

Cash flow statement January-December 2012

			Codes
		Form as per OKUD	0710004
		Date (date, month, year)	31.12.2012
Organisation:	Open External Economic Joint Stock Company Techsnabexport	OKPO code	08843672
Taxpayer Identification Number		INN	7706039242
type of economic activity:	intermediation, trade and production	OKVED code	51.55.3
Legal organisational form/ Open Joint Stock Company	Ownership pattern:	OKOPF/OKFS codes	47 12
Unit of measurement:	RUR thousand	OKEI code	384

Item	Code	January-December 2012	January-December 2011
Cash flow from operating activities			
Proceeds – total	4110	57,224,973	82,414,366
including:			
from sale of goods, works and services	4111	56,009,367	81,596,273
from rent, license fees, royalty, commissions and other similar payments	4112	209,007	200,420
from resale of financial investments	4113	-	-
	4114	-	-
other proceeds	4119	1,006,599	617,673
Payments – total	4120	(53,974,458)	(83,285,487)
including:			
to suppliers (contractors) for raw and other materials, works, services	4121	(46,180,240)	(69,073,877)
to employees	4122	(1,015,980)	(985,122)
interest on debenture	3123	(916,649)	(808,770)
profit tax	4124	(3,607,154)	(4,846,688)
	4125	-	-
other payments	4129	(2,254,435)	(7,571,030)
Balance of cash flow from operating activities	4100	3,250,515	(871,121)

Item	Code	January-December 2012	January-December 2011
Cash flow from investment operations			
Proceeds – total	4210	8,754,782	25,407,743
including:			
sale of non-current assets (exclusive of financial investments)	4211	1,215	147
from sale of shares (interest) in other organisations	4212	-	175,550
from repayment of granted loans, from sale of debt securities (rights to claim funds from other persons)	4213	8,429,837	24,773,748
dividends, interest on debt financial investments and similar proceeds from interest in other organisations	4214	323,730	458,298
	4215	-	-
other proceeds	4219	-	-
Payments – total	4220	(7,916,445)	(22,071,195)
including:			
related to purchase, modernisation, reconstruction and preparation for use of non-current assets	4221	(54,592)	(32,596)
related to purchase of shares (interest) in other organisations	4222	(870,124)	(1,071,020)
related to purchase of debt securities (rights to claim funds from other persons), granting loans to other persons	4223	(6,991,729)	(20,967,579)
interest on debenture included in the cost of the investment asset	4224	-	-
	4225	-	-
other payments	4229	-	-
Balance of cash flow from investment operations	4200	838,337	3,336,548
Cash flow from financial operations			
Proceeds – total	4310	28,401,141	78,564,922
including:			
receiving credits and loans	4311	28,127,634	77,505,232
owners' (members') monetary contributions	4312	-	-
from issue of shares, increase of participating interest	4313	-	-
from issue of bonds, notes and other debt securities, etc.	4314	-	-
budgetary appropriations and other special-purpose financing	4315	273,507	1,059,690
	4316	-	-
other proceeds	4319	-	-
Payments – total	4320	(31,756,679)	(81,197,114)
including:			
to the owners (members) when repurchasing shares (participating interest) of the organisation from them or when they withdraw from the organisation	4321	-	-
distribution of dividends and other payments related to distribution of profits in favour of the owners (members)	4322	(7,787,869)	(12,256,350)
redemption (repurchase) of notes and other debt securities, repayment of credits and loans	4323	(23,905,955)	(68,876,246)
	4324	-	-
other payments	4329	(62,855)	(64,518)
Balance of cash flow from financial operations	4300	(3,355,538)	(2,632,192)
Balance of cash flows in the reporting period	4400	733,314	(166,765)
Net cash and cash equivalents at the beginning of the accounting period	4450	803,053	674,239
Net cash and cash equivalents at the end of the accounting period	4213	1,254,239	803,053
Effect of changes in exchange rate towards rouble	4490	(282,128)	295,579

First Deputy General Director — (signature) — Alexander V. Markin (full name)

Chief Accountant — (signature) — Galina A. Lysova (full name)

20 February 2013

Appendix No. 2. Auditor's conclusion on the Accounting Statements

Shareholders
of Open External Economic Joint Stock Company Techsnabexport

PKF Accountants & business advisers
ФБК аудит консалтинг право

Auditor's Conclusion on the Financial (Accounting) Statements for the period from 01 January through 31 December 2012

Audited entity
Name:
Open External Economic Joint Stock Company Techsnabexport (hereafter – JSC Techsnabexport)
Registered address: 115184, Moscow, Ozerkovskaya nab. 28, bldg 3,
Official registration:
Registered with the Moscow Registration Chamber on 28 January 1994, Certificate No. 029.427. Entered in the Unified State Register of Legal Entities by the Administration of the Ministry of Taxes and Levies of Russia for Moscow on 11 July 2002 under the main state registration number 1027700018290.

Auditor
Name:
Limited Liability Company Finansoviye i Bukhgalterskiye Konsultanty (Financial and Accounting Consultants) (LLC FBK)
Registered address:
44/1, bldg 2AB, Myasnitskaya ul., Moscow, 101990
Official registration:
Registered with the Moscow Registration Chamber on 15 November 1993, Certificate: series No. 484.583. Entered in the Unified State Register of Legal Entities on 24 July 2002 under the main state registration number 1027700058286.
Membership in the self-regulating organisation of auditors:
Non-profit Partnership Audit Chamber of Russia
Self-regulating organisation of auditors' number in the register of auditing organisations:
Certificate of Membership in Non-profit Partnership Audit Chamber of Russia No. 5353, ORNZ (Main Registration Number of Entry) – 10201039470
We have audited the accompanying financial statements of JSC Techsnabexport, which comprise the Balance Sheet as of 31 December 2012, Income Statement, Change in Equity Statement and Cash Flow Statement for 2012 and the notes to the accounting (financial) statements.

Audited Entity's responsibility for the financial statements
Management of the Audited Entity is responsible for the preparation and fair presentation of these financial statements in accordance with Russian Accounting Standards and for the internal control system that is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the federal standards on auditing. These standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the management of the Audited Entity, as well as evaluating the overall presentation of the financial statements.
We believe that this audit gives sufficient grounds for expressing our opinion that the financial statements present a true and fair view of the financial statements.

Opinion
In our opinion, the financial statements present fairly, in all material respects, the financial position of JSC Techsnabexport as of 31 December 2011, and its financial and business performance and its cash flows for 2012 in accordance with Russian Accounting Standards.

President of LLC FBK — S.M. Shapiguzov (authorised by the Articles of Association)

Date of the Auditor's Conclusion
01 March 2013 Moscow

Appendix No. 3. Board of Directors Report on the Performance in 2012

Minutes (No.) of the Board meeting	Date of the Board meeting	Agenda of the Board of Directors meeting
81	06.03.2012	1. Approval of the Procurement Regulations of JSC Techsnabexport
82	25.04.2012	1. Approval of JSC Techsnabexport's budget for 2012. 2. Approval of the key performance indicators (KPI) of JSC Techsnabexport as a manager of the financial responsibility centre (FRC) of the 2nd level "Sales and Trading" for 2012. 3. Election of the Chairman of the Board of Directors meetings of JSC Techsnabexport
83	27.04.2012	1. Payment of an annual bonus (remuneration) to the General Director basing on the results of achievement of the key performance indicators (KPI) for 2011
84	29.05.2012	1. Setting of a date of issue of a list of persons entitled to attend the annual general meeting of shareholders of JSC Techsnabexport. 2. Preliminary approval of JSC Techsnabexport annual report 2011. 3. Preliminary approval of the annual financial statements, including, without limitation, the income statement (profit and loss account) of JSC Techsnabexport for 2011. 4. Recommendations to the sole shareholder of JSC Techsnabexport regarding distribution of profit (including, without limitation, distribution (declaration) of dividends) and losses of JSC Techsnabexport following the results for 2011, as well as regarding the amount of dividends on JSC Techsnabexport shares and the dividend distribution procedure. 5. Addressing the sole shareholder of JSC Techsnabexport with a proposal to make decisions regarding the matters referred to the scope of competence of the annual general meeting of shareholders of JSC Techsnabexport
85	06.06.2012	1. Addressing the sole shareholder of JSC Techsnabexport with a proposal to make a decision regarding the competences of the general meeting of shareholders of JSC Techsnabexport
86	20.06.2012	1. Introducing changes in the organisational structure of JSC Techsnabexport. 2. Election of the Chairman of meetings of the Board of Directors of JSC Techsnabexport
87	22.06.2012	1. Approval of JSC Techsnabexport cost estimate for charitable purposes in 2012
88	25.06.2012	1. Approval of the transaction involving the transfer of the rights to use the immovable property (lease agreement between JSC Techsnabexport and State Atomic Energy Corporation Rosatom). 2. Approval of the transaction involving the transfer of the rights to use the immovable property (lease agreement between JSC Techsnabexport and JSC Atomenergoprom). 3. Approval of the transaction involving the transfer of the rights to use the immovable property (lease agreement between JSC Techsnabexport and JSC Atomkomplekt).

Minutes (No.) of the Board meeting	Date of the Board meeting	Agenda of the Board of Directors meeting
		4. Approval of the transaction involving the transfer of the rights to use the immovable property (lease agreement between JSC Techsnabexport and JSC NIAEP). 5. Approval of the transaction involving the transfer of the rights to use the immovable property (lease agreement between JSC Techsnabexport and JSC United Company RSC). 6. Approval of the transaction involving the transfer of the rights to use the immovable property (lease agreement between JSC Techsnabexport and JSC DEZ). 7. Approval of the transaction involving the transfer of the rights to use the immovable property (lease agreement between JSC Techsnabexport and JSC TENEX-Service). 8. Approval of the transaction involving the transfer of the rights to use the immovable property (lease agreement between JSC Techsnabexport and LLC Alfa-7). 9. Approval of the transaction involving the transfer of the rights to use the immovable property (lease agreement between JSC Techsnabexport and LLC TENEX-Komplekt). 10. Approval of the transaction involving the transfer of the rights to use the immovable property (lease agreement between JSC Techsnabexport and the branch of TENEX-Japan Co.)
89	31.07.2012	1. Election of the Chairman of the Board of Directors of JSC Techsnabexport. 2. Election of the Secretary of the Board of Directors of JSC Techsnabexport. 3. Setting a fee for the auditor of JSC Techsnabexport for 2012 and establishing the terms of an agreement with the auditor
90	30.08.2012	1. Addressing the sole shareholder of JSC Techsnabexport with a proposal to make a decision regarding the competences of the general meeting of shareholders of JSC Techsnabexport
91	12.10.2012	1. Formation of a temporary sole executive body of JSC Techsnabexport. 2. Addressing the sole shareholder of JSC Techsnabexport with a proposal to make a decision referred to the scope of competence of the general meeting of shareholders of the Company
92	19.10.2012	1. Election of Chairman of the Board of Directors of JSC Techsnabexport
93	12.11.2012	1. Amendments to the resolutions passed previously by the Board of Directors of JSC Techsnabexport
94	21.11.2012	1. Recommendations to the sole shareholder of JSC Techsnabexport regarding the amount of dividends based on the operating results of nine months of the 2012 financial year, and regarding the dividend distribution procedure. 2. Setting a date of issue of a list of persons entitled to attend the extraordinary general meeting of shareholders of JSC Techsnabexport
95	24.12.2012	1. Addressing the sole shareholder of JSC Techsnabexport with a proposal to make a decision regarding the competences of the general meeting of shareholders of JSC Techsnabexport. 2 Membership of JSC Techsnabexport in Non-Profit Partnership Association of Corporate Lawyers
96	27.12.2012	1. Approval of the adjusted JSC Techsnabexport cost estimate for charitable purposes in 2012
97	28.12.2012	1. Addressing the sole shareholder of JSC Techsnabexport with a proposal to make a decision regarding the competences of the general meeting of shareholders of JSC Techsnabexport

Appendix No. 4. Conclusion of the Audit Commission

The conclusion of the Audit Commission Based on the Audit of the Financial and Business Operations of Open External Economic Joint Stock Company Techsnabexport for 2012

Moscow 12 April 2013

Pursuant to the Federal Law "On Joint Stock Companies", the Articles of Association of JSC Techsnabexport (hereafter – the Company) and the Regulations on the Audit Commission of JSC Techsnabexport, from 09 April 2013 through 30 April 2013 the Audit Commission of the Company audited the financial and business operations of the Company for 2012.

The Audit Commission was elected by a resolution passed by the sole shareholder of the Company, minutes dated 29 June 2012 No. 23, and its personal composition is as follows:

Staff member	Position held at the time of the election
Oksana Viktorovna Zolotaryova	Deputy Head of Department – Head of Budget Management Office. Economics and Controlling Department, NEC Directorate of State Atomic Energy Corporation Rosatom
Tatyana Sergeyevna Milovidova	Deputy Head of Department – Head of NFC Production Planning Office. NFC Coordination and Development Department, NEC Directorate of State Atomic Energy Corporation Rosatom
Olga Nikolayevna Sarenkova	Director of Internal Control and Audit Department of JSC Techsnabexport

O. V. Zolotaryova was elected Chairman of the Audit Commission, and O. N. Sarenkova was elected its Secretary (minutes of the Audit Commission meeting dated 12.07.2012).

The Audit Commission received no demands to carry out unscheduled inspections or audits from the Company's shareholders during the year.

In the course of the audit, the Audit Commission audited the annual financial statements for 2012 and some accounting data for 2012, contracts, source documents, resolutions of the Board of Directors and the sole shareholder of the Company that disclose the material aspects of the Company's operations.

While carrying out the audit, the Audit Commission relied, in particular, on the Auditor Conclusion issued by LLC Finansoviye i Bukhgalterskiye Konsultanty (Financial and Accounting Consultants) and dated 01 March 2013 "Auditor's Conclusion on the Financial (Account-

ing) Statements of Open External Economic Joint Stock Company Techsnabexport for the period from 01 January through 31 December 2012."

Summarising the audit results, the Audit Commission

1. Expresses an opinion that all information in the financial (accounting) statements of the Company is reliable in all material respects.

2. States that no facts of breach of the procedure for keeping accounts and presenting financial statements as prescribed by applicable regulatory acts of the Russian Federation, and no violation of any legal acts of the Russian Federation while carrying out any financial and business operations that could have material impact on the reliability of the Company's accounts, have been established.

Chairman of the Audit Commission — O.V. Zolotaryova

Members of the Audit Commission — T.S. Milovidova

O.N. Sarenkova

Conclusion of the Audit Commission Based on the Results of Verification of the Data Given in the Report 2012

Moscow — 07 May 2013

Pursuant to the Federal Law "On Joint Stock Companies", the Articles of Association of JSC Techsnabexport (the "Company") and the Regulations on the Audit Commission of JSC Techsnabexport from 29 April 2013 through 07 May 2013, the Audit Commission of the Company verified the information in the Company's annual report 2012.

The Audit Commission was elected by a resolution passed by the sole shareholder of the Company, minutes dated 29 June 2012 No. 23, and its personal composition is as follows:

Staff member	Position held at the time of the election
Oksana Viktorovna Zolotaryova	Deputy Head of Department – Head of Budget Management Office. Economics and Controlling Department, NEC Directorate of State Atomic Energy Corporation Rosatom, Chairman of the Audit Commission
Tatyana Sergeyevna Milovidova	Deputy Head of Department – Head of NFC Production Planning Office. NFC Coordination and Development Department, NEC Directorate of State Atomic Energy Corporation Rosatom, member of the Audit Commission
Olga Nikolayevna Sarenkova	Director of Internal Control and Audit Department of JSC Techsnabexport, Secretary of the Audit Commission

In the course of the audit, the Audit Commission audited the annual report and the financial statements of the Company for 2012, as well as accounting data, resolutions of the Board of Directors and the General Meeting of Shareholders, other documents that disclose the material aspects of the Company's operations.

Summarising the audit results, the Audit Commission

Expresses an opinion that all information in the annual report of the Company is reliable in all material respects.

Chairman of the Audit Commission — O.V. Zolotaryova

Members of the Audit Commission — T.S. Milovidova

O.N. Sarenkova

Appendix No. 5. Conclusion of the Internal Control and Audit Department

Conclusion of the Internal Control and Audit Department of JSC Techsnabexport Based on the Results of the Internal Audit of JSC Techsnabexport Public Reporting Preparation Process

06 May 2013

The internal audit of the process of preparation of the Public Annual Report of JSC Techsnabexport for 2012 (hereafter – the Report) was carried out in accordance with the Procedure for Inspections and Internal Audits of Business Processes by the Internal Control and Audit Department of JSC Techsnabexport (Order of the General Director dated 31.05.2011 No. 150), with due consideration of the requirements of State Atomic Energy Corporation Rosatom's Public Reporting Policy (Order of the General Director of State Atomic Energy Corporation Rosatom dated 25.12.2009 No. 922), JSC Techsnabexport Public Reporting Standard (Order of the General Director dated 13.11.2012 No. 006/287-P), basic provisions of the Global Reporting Initiative Sustainability Reporting Guidelines (G3.1 edition), series of international standards AA1000, and recommendations of the Russian Union of Industrialists and Entrepreneurs (RUIE) for use in the management practice and non-financial corporate reporting.

According to JSC Techsnabexport Public Annual Reporting Regulations (Order of the General Director dated 13.11.2012 No. 006/287-P), all responsibility for preparation of the public reports falls on the Deputy General Director V.N. Govorukhin appointed by the Chairman of the Public Reporting Committee of JSC Techsnabexport. All responsibility for the preparation and presentation of the information is borne by the heads of the organisational units.

In accordance with the abovementioned Public Annual Reporting Regulations, JSC Techsnabexport approved a corporate schedule (Order of the General Director dated 26.12.2012 No. 006/336-P) that defines the key stages and deadlines for the preparation of the Report, including preparation of the Report Concept, collection of relevant information, preparation of the draft Report, dialogues with the stakeholders on the approved topics, obtaining a Conclusion of the permanent technical commission, expert appraisal of the draft Report by the Public Reporting Committee of State Atomic Energy Corporation Rosatom, public consultations regarding the draft Report, obtaining public verification reports, and approval of the Report by the Board of Directors and the sole shareholder.

In the course of the audit, the Internal Control and Audit Department

- evaluated the performance of the system of internal controls of the public reporting preparation process (including analysis of regulation and formalisation of key processes relating to the preparation of the public reports; analysis of the efficiency of implementation of the key control procedures ensuring accuracy of preparation of the public reports);
- evaluated compliance of the public reporting preparation procedure with existing laws and the internal regulatory requirements applicable to the business process of preparation of public reports.

The audit results give grounds to conclude that the system of internal controls of the public reporting preparation process is efficient and that JSC Techsnabexport's public reporting preparation procedure complies with existing laws, State Atomic Energy Corporation Rosatom's Public Reporting Policy, and the internal regulatory requirements of JSC Techsnabexport that apply to the business process of preparation of public reports.

Director
Internal Control and Audit Department
JSC Techsnabexport — O.N. Sarenkova

Appendix No. 6. Information on Compliance with the Corporate Code of Conduct

No.	Provision of the Corporate Code of Conduct	Compliance/ Non-compliance	Notes
General Meeting of Shareholders			
1	Notification of shareholders about the general meeting of shareholders at least 30 days prior to its date irrespective of the items of its agenda, unless the laws provide for any longer notification period	Not applicable	The fact that the Company has a sole shareholder stipulates the specific nature of decision-making
2	The shareholders may review the list of persons entitled to attend the general meeting of shareholders from the day of notification of the general meeting of shareholders and until the physical meeting of the shareholders is closed, and in the event of an absentee meeting – till the final date of acceptance of absentee ballots	Not applicable	The fact that the Company has a sole shareholder stipulates the specific nature of decision making
3	The shareholders may review all information (materials) to be furnished for getting prepared for the general meeting of shareholders using electronic communication means: in particular, the Internet	Complied with	
4	Any shareholder may put any item on the agenda of the general meeting of shareholders or demand convening of a general meeting of shareholders without presentation of an extract from the register of shareholders, if his rights with regard to the shares are entered in the register of the shareholders maintenance system, and in case his rights with regard to the shares are entered in a depositary account, a statement of depositary account is sufficient for exercising the abovementioned rights	Complied with	
5	The Articles of Association or the internal documents of the joint stock company should require compulsory attendance of the general meeting of shareholders by its general director, members of the management board, members of the board of directors, members of the audit commission, and the auditor of the joint stock company	Not applicable	The fact that the Company has a sole shareholder stipulates the specific nature of decision making
6	Compulsory presence of candidates when the general meeting of shareholders considers such items as election of members to the board of directors, general director, members to the management board, members to the audit commission, as well as approval of the auditor of the joint stock company	Not applicable	The fact that the Company has a sole shareholder stipulates the specific nature of decision making
7	The internal documents of the joint stock company should describe the procedure for registration of attendees to the general meeting of shareholders	Not applicable	The fact that the Company has a sole shareholder stipulates the specific nature of decision making

No.	Provision of the Corporate Code of Conduct	Compliance/ Non-compliance	Notes
Board of Directors			
8	The Articles of Association of the joint stock company should authorise the board of directors to approve annually a financial and business plan for the joint stock company	Complied with	Subsection 23 of Section 13.2. of the Articles of Association of the Company
9	The joint stock company should have a risk management procedure duly approved by its board of directors	Not complied with	The Unified Industry-wide Risk Management System is approved at the level of State Atomic Energy Corporation Rosatom and is implemented in the Company by respective orders of the its general director
10	The Articles of Association of the joint stock company should authorise the board of directors to pass resolutions regarding suspension of the powers of the general director appointed by the general meeting of shareholders	Complied with	Subsection 20 of Section 13.2. of the Company's Articles of Association of the Company
11	The Articles of Association of the joint stock company should authorise the board of directors to set requirements for the qualifications of and remuneration for the general director, members of the management board, and heads of key organisational units of the joint stock company	Not complied with	Not provided by the Articles of Association of the Company
12	The Articles of Association of the joint stock company authorise the board of directors to approve the terms of agreements with the general director and members of the management board	Not complied with	Not provided by the Articles of Association of the Company
13	The Articles of Association or the internal documents of the joint stock company should require that while approving the terms of agreements with the general director (management organisation, manager) and members of the management board, no voices of the members of the board of directors, who are the general director and the members of the management board, shall be taken into account while counting votes	Not complied with	Not provided by the Articles of Association of the Company
14	The board of directors of the joint stock company should have at least three independent directors who meet the requirements of the Corporate Code of Conduct	Not complied with	The composition of the Board of Directors is subject to a respective resolution of the sole shareholder of the Company
15	The board of directors of the company should include no persons who had been convicted of economic crimes or crimes against the state, public service offences or offences against local self-government service, or who had been subject to administrative punishments for business-related offences or financial, fiscal or securities market related offences	Complied with	Observed in practice

No.	Provision of the Corporate Code of Conduct	Compliance/ Non-compliance	Notes
16	The board of directors of the joint stock company should include no person who is a member, general director (manager), member of the management board or an employee of any legal entity that competes with the joint stock company	Complied with	Observed in practice
17	The Articles of Association of the joint stock company should require election of its board of directors by cumulative voting	Not applicable	The Company has a sole shareholder
18	The internal documents of the joint stock company should oblige the members of the board of directors to refrain from any steps that would entail or may entail a conflict between their interests and the interests of the joint stock company, and in case of such conflict, the internal documents should oblige them to disclose information on such conflict to the board of directors	Not complied with	
19	The internal documents of the joint stock company should oblige the members of the board of directors to notify the board of directors in writing about their intention to enter into any transactions involving securities of the joint stock company, where they are members of the board of directors, or of its subsidiaries (affiliates), and to disclose information on the closed transactions involving such securities	Not applicable	The members of the Board of Directors hold no shares in the Company or its S&A
20	The internal documents of the joint stock company should require holding of meetings of the board of directors at least once every six weeks	Not complied with	
21	Meetings of the board of directors of the joint stock company during the year, in respect of which the annual report of the joint stock company is prepared, are held at least once every six weeks	Not complied with	
22	The internal documents of the joint stock company should describe the procedure for holding meetings of the board of directors	Complied with	Section 7 of the Regulations on the Board of Directors
23	The internal documents of the joint stock company should require approval by the board of directors of any transactions of the joint stock company with a value constituting 10 and more percent of the value of the company's assets, unless any such transaction is made in the normal course of business	Not complied with	Not provided by the Articles of Association of the Company
24	The internal documents of the joint stock company should authorise the members of the board of directors to request from the executive bodies and the heads of the key organisational units of the joint stock company any information that may be necessary for execution of their functions and should specify liability for failure to furnish such information	Complied with	Section 3.1.1. of the Regulations on the Board of Directors

No.	Provision of the Corporate Code of Conduct	Compliance/ Non-compliance	Notes
25	The board of directors should have a strategic planning committee, or any other committee (excluding the audit committee and the personnel and remuneration committee) should be vested with similar functions	Not complied with	At the moment no committees have been created within the Board of Directors
26	The board of directors should have a committee (audit committee) that would recommend to the board of directors an auditor for the joint stock company and would interact with him and the audit commission of the joint stock company	Not complied with	At the moment no committees have been created within the Board of Directors
27	The audit committee should be composed of independent and non-executive directors only	Not applicable	At the moment no audit committee has been created
28	The audit committee should be headed by an independent director	Not applicable	At the moment no audit committee has been created
29	The internal documents of the joint stock company should provide all members of the audit committee with access to any documents and information regarding the joint stock company, provided that they commit themselves not to disclose any confidential information	Not applicable	At the moment no audit committee has been created
30	A committee of the board of directors (personnel and remuneration committee) should be created with such functions as setting criteria for the selection of candidates for the board of directors and development of the joint stock company's remuneration policy	Not complied with	At the moment no committees have been created within the Board of Directors
31	The personnel and remuneration committee should be headed by an independent director	Not applicable	At the moment no personnel and remuneration committee has been created
32	The personnel and remuneration committee should include no officers of the joint stock company	Not applicable	At the moment no personnel and remuneration committee has been created
33	The board of directors should have a risk management committee, or any other committee (excluding the audit committee and the personnel and remuneration committee) should be vested with similar functions	Not complied with	At the moment no committees have been created within the Board of Directors
34	The board of directors should have a corporate conflict resolution committee, or any other committee (excluding the audit committee and the personnel and remuneration committee) should be vested with similar functions	Not complied with	At the moment no committees have been created within the Board of Directors
35	The corporate conflict resolution committee should include no officers of the joint stock company	Not applicable	At the moment no corporate conflict resolution committee has been created

No.	Provision of the Corporate Code of Conduct	Compliance/ Non-compliance	Notes
36	The corporate conflict resolution committee should be headed by an independent director	Not applicable	At the moment no corporate conflict resolution committee has been created
37	The Company should have internal documents of the joint stock company, duly approved by the board of directors, which provide for a procedure for the formation and operation of the committees of the board of directors	Not complied with	At the moment no committees have been created within the Board of Directors
38	The Articles of Association of the joint stock company should provide for a procedure for determining the quorum of the board of directors to ensure compulsory attendance of meetings of the board of directors by the independent directors	Not complied with	The Board of Directors has no independent directors
Executive Bodies			
39	The joint stock company should have its collective executive body (management board)	Not complied with	Section 11.1. of the Articles of Association provides only for the creation of a sole executive body – general director
40	The Articles of Association or the internal documents of the joint stock company should require approval by the management board of any immovable property transactions, obtainment of credits by the joint stock company, if such transactions are not referred to major transactions and if they are entered into out of the normal course of business of the joint stock company	Not applicable	Section 11.1. of the Articles of Association provides only for creation of the sole executive body – general director
41	The internal documents of the joint stock company should describe the procedure for agreeing upon any operations that are not specified in the financial and business plan of the joint stock company	Not complied with	
42	The executive bodies should include no person who is a member, general director (manager), member of the management board, or an employee of any legal entity that competes with the joint stock company	Complied with	
43	The executive bodies of the joint stock company should include no persons previously convicted of economic crimes or crimes against the state, public service offences, or offences against local self-government, or who have been subject to administrative punishments for business-related offences or financial, fiscal, or securities-market-related offences. If the functions of the sole executive body are executed by a management organisation or a manager – compliance of the general director and the members of the management board of such a management organisation or manager with the requirements that are applicable to the general director and the members of the management board of the joint stock company	Complied with	Observed in practice

No.	Provision of the Corporate Code of Conduct	Compliance/ Non-compliance	Notes
44	The Articles of Association or the internal documents of the joint stock company should prohibit the management organisation (manager) to execute similar functions for any competing company or to have any other property relations with the joint stock company apart from the provision of services inherent in a management organisation (manager)	Not complied with	
45	The internal documents of the joint stock company should bound the executive bodies to refrain from any steps that could entail or may entail a conflict between their interests and the interests of the joint stock company, and in case such a conflict arises, the internal documents should bound them to disclose information on such conflict to the board of directors	Not complied with	
46	The Articles of Association or the internal documents of the joint stock company should set criteria for the selection of a management organisation (manager)	Not complied with	
47	The executive bodies of the joint stock company should present monthly reports on their activities to the board of directors	Not complied with	
48	The agreements between the joint stock company and the general director (management organisation, manager) and the members of the management board should provide for liability for breach of any provisions associated with the use of confidential and insider information	Complied with	
Secretary of the Company			
49	The joint stock company should have a special officer (secretary of the company), who shall be in charge of observance by the bodies and officers of the joint stock company of all procedural requirements to ensure that the rights and legitimate interests of the company's shareholders are exercised	Complied with	The Company has a secretary of the Board of Directors
50	The Articles of Association or the internal documents of the joint stock company should describe the procedure for appointment (election) of the secretary of the company and the duties of the secretary of the company	Complied with	Subsection 27 of Section 13.2. of the Articles of Association of the Company, as well as Subsections 4.1. and 4.2. of the Regulations on the Board of Directors
51	The Articles of Association of the joint stock company should set requirements to a candidate for the position of secretary of the company	Not complied with	Not provided by the Articles of Association of the Company
Material Corporate Actions			
52	The Articles of Association or the internal documents of the joint stock company should require approval of a major transaction before making it	Not complied with	Not provided by the Articles of Association of the Company

No.	Provision of the Corporate Code of Conduct	Compliance/ Non-compliance	Notes
53	An independent valuator must be hired for evaluating the market value of the property that is the subject of a major transaction	Not complied with	The valuation is carried out pursuant to Articles 77-78 of the Federal Law “On Joint Stock Companies”
54	The Articles of Association of the joint stock company should prohibit taking, while purchasing large blocks of shares of the joint stock company (takeover), any actions aimed at protecting the interests of the executive bodies (members of these bodies) and the members of the board of directors of the joint stock company, or actions that may have an adverse effect on the position of the shareholders as compared to their existing position (in particular, prohibition of passage by the board of directors, until the expiry of the anticipated term of acquisition of the shares, of any resolution regarding the issue of any additional shares, regarding the issue of securities convertible into shares or securities entitling one to acquisition of shares in the company, even if the right to pass such resolutions is granted by the Articles of Association)	Not applicable	The Company has a sole shareholder
55	The Articles of Association of the joint stock company should require compulsory hiring of an independent valuator for valuation of the current market value of shares and possible changes in their market value as a result of a takeover	Not complied with	
56	The Articles of Association of the company provide for no release of the acquirer from the obligation to propose to shareholders that they sell their ordinary shares in the company (issue grade securities convertible into ordinary shares) in case of a takeover	Not complied with	The Company has a sole shareholder
57	The Articles of Association or the internal documents of the joint stock company should require mandatory hiring of an independent valuator to determine the share conversion ratio in the event of reorganisation	Not complied with	
Disclosure of Information			
58	The joint stock company should have an internal document, duly approved by the board of directors, which should specify the joint stock company’s rules for and approaches to disclosure of information (Regulations on Information Policy)	Complied with	Regulations on Compulsory Disclosure of Information on JSC Techsnabexport (as approved by the Board of Directors on 22.12.2009)
59	The internal documents of the joint stock company should require disclosure of information on the purposes of a placement of shares, on the persons who intend to acquire the placed shares, including, without limitation, major shareholdings, and on any intention on the part of the top officers of the joint stock company to acquire the floated shares of the company	Not complied with	Not provided by the Articles of Association of the Company and the Regulations on Compulsory Disclosure of Information
60	The internal documents of the joint stock company should contain a list of information, documents, and materials that should be made available to the shareholders for considering any items proposed for discussion at the general meeting of shareholders	Not complied with	The Company has a sole shareholder
61	The joint stock company should have a corporate website and should disclose information on the joint stock company on the website on a regular basis	Complied with	www.tenex.ru as well as www.e-disclosure.ru/portal/company.aspx?id=6144
62	The internal documents of the joint stock company should require the disclosure of information on transactions between the joint stock company and persons defined by the Articles of Association as top officers of the joint stock company, as well as on transactions between the joint stock company and organisations in which the top officers of the joint stock company directly or indirectly own a 20-percent or more stake in the authorised capital of the joint stock company, or which may be materially affected by such persons	Not complied with	Not provided by the Articles of Association and the Regulations on Compulsory Disclosure of Information
63	The internal documents of the joint stock company should require disclosure of information on all transactions that may have an effect on the market value of the shares of the joint stock company	Not complied with	Not provided by the Articles of Association and the Regulations on Compulsory Disclosure of Information
64	The joint stock company should have an internal document, duly approved by the board of directors, regarding the use of material information on the operations of the joint stock company, shares and other securities of the company, and transactions involving the same, which is not public information and disclosure of which may have a material effect on the market value of the shares in and other securities of the joint stock company	Not complied with	
Control over Financial and Business Operations			
65	The joint stock company should have procedures, duly approved by the Board of Directors, for internal control over the financial and business operations of the joint stock company	Not complied with	
66	The joint stock company should have a special organisational unit in charge of adherence to the internal control procedures (internal control and audit unit)	Complied with	The Company has a special organisational unit – Internal Control and Audit Department
67	The internal documents of the joint stock company should require the establishment of a structure and composition of the internal control and audit unit of the joint stock company by the board of directors	Not complied with	

No.	Provision of the Corporate Code of Conduct	Compliance/ Non-compliance	Notes
68	The internal control and audit service should include no persons previously convicted of economic crimes or crimes against the state, public service offences, or offences against local self-government, or persons who have been subjected to administrative punishments for business-related offences or financial, fiscal, or securities market related offences	Complied with	Observed in practice
69	The internal control and audit unit should include no persons who are members of any executive bodies of the company, as well as persons who are members, general director (manager), members of the management bodies, or employees of any legal entity that competes with the joint stock company	Complied with	Observed in practice
70	The internal documents of the joint stock company should specify a term for providing control and audit services with the relevant documents and materials that are necessary for evaluation of the completed financial and business operation, as well as specify the liability of the respective officers and employees of the joint stock company for failure to provide them in time	Not complied with	All documents are furnished within a reasonable term or within a term specified by the internal control and audit unit
71	The internal documents of the joint stock company should require that the internal control and audit unit notify the audit committee of all discovered breaches, and if no such audit committee exists, the board of directors of the joint stock company should be notified	Not complied with	
72	The Articles of Association of the joint stock company should require a preliminary assessment by the internal control and audit unit of the expediency of any operations that are not provided in the financial and business plan of the joint stock company (unusual operations)	Not complied with	Not provided by the Articles of Association of the Company
73	The internal documents of the joint stock company should describe the procedure for agreeing any unusual operation with the board of directors	Not complied with	
74	The joint stock company should have an internal document, duly approved by the board of directors, which describes the procedure for the auditing of the financial and business operations of the joint stock company by the audit commission	Not complied with	The procedure for the auditing of the financial and business operations of the Company by the Audit Commission is set forth in the Regulations on the Audit Commission (as approved by the resolution of the sole shareholder on 22.12.2009)
75	The audit committee should assess the auditor Conclusion before presenting it to the shareholders at the general meeting of shareholders	Not applicable	The Company has no committees within the Board of Directors

No.	Provision of the Corporate Code of Conduct	Compliance/ Non-compliance	Notes
Dividends			
76	The joint stock company should have an internal document, duly approved by the board of directors, which shall be used as a guideline by the board of directors while accepting recommendations on the sise of dividends payments (Regulations on Dividend Policy)	Not complied with	
77	The Regulations on Dividend Policy should describe the procedure for determining the minimum percentage of the net profit of the joint stock company appropriated for distribution as dividends, and the conditions under which dividends on preference shares, the amount of dividends on which should be specified in the Articles of Association of the joint stock company, shall not be paid or shall be paid in part	Not applicable	The Company has no approved dividend policy
78	The joint stock company should publish information on its dividend policy and all amendments thereto in a periodical as provided in the Articles of Association of the joint stock company for the publication of notices of general meetings of shareholders and should place such information on the joint stock company's website	Not applicable	The Company has no approved dividend policy

Appendix No. 7. Table of Remarks and Recommendations Suggested by the Company's Stakeholders in the Course of the Report Preparation

Stakeholders' Proposals	Measures Taken to Implement the Stakeholders' Proposals
From representatives of the relevant organisational units of the State Atomic Energy Corporation the State Atomic Energy Corporation Rosatom	
Disclose in the Report reasons for the high level of personnel engagement in JSC Techsnabexport	Disclosed in Subsection 5.3.5. "Human Resources Management"
While describing the internal communications system in the Report, put emphasis on measures that have proved the most significant in terms of building interaction between management and personnel	Disclosed in Subsection 5.3.5. "Human Resources Management"
Highlight in the Report the role of the intra-corporate portal in the development of internal communications at JSC Techsnabexport	Described in detail in Report 2011
From representatives of the partners of JSC Techsnabexport	
Include in the Report a number of subsections to disclose achievements and the tools used by the Company	Implemented in the following Subsections: "Key Events of the Reporting Period" 1.6.3. "Key Instruments for Achieving the Strategic Objectives 3.1.1. "Contracting and Sales"; in the following Sections: 4.3. "Transport and Logistical Support" and 4.4. "Risk Management"
Provide in the Report further details on the pilot delivery of natural uranium from Australia: quantities, accounting and reporting system as pertains to the use of this nuclear material, which ensures observance of the all-in-all-out principle	Implemented in Subsection 3.1.1. "Contraction and Sales"
Add to the Report relevant information on the history of the establishment and development of the Company	Implemented in Subsection 1.1.6. "Background"
Add to the Report relevant information on the material account system	Implemented in Subsection 3.1.1 "Contraction and Sales"
From representatives of the federal executive authorities	
Publish a list of the S&A of the Company in the Report	Implemented in Subsection 1.1.4. "Information on the Subsidiaries and the Affiliates as of 31.12.2012"
Provide further details on commodity-price-risk-addressing measures	Implemented in Subsection 4.4.2. "Key Risks, Means of Addressing Them and Risk Management Measures"
Highlight in the Report such aspects as the correlation between the KPI system and the risk preparedness indicators system or plans for a harmonisation of these systems (if any)	Implemented in Subsection 4.4.1. "Risk Management System in 2012"
Due to the importance of security measures for companies in the nuclear industry, consider such a proposal as changing the top priority topic of the annual report to "Delivery Reliability and Security – Proven over Decades"	Will be implemented while preparing a concept of the next report
It deems reasonable to refrain from reproducing in the environmental section the information presented in the public annual report of the Company's S&A – JSC SPb IZOTOP; just make a reference to the annual report that is available on the website of the abovementioned company	Will be implemented while preparing the next reports
From representatives of the professional community as pertains to reporting and stakeholder engagement	
Basing on the principle of balance, disclose in the Report both the achievement and the problems of the Company, its growth areas, in particular, according to the topics deemed of high priority in the Report	Implemented, wherever possible, throughout the Report
In the section about the risk management system of JSC Techsnabexport, focus on personnel-related risks	Implemented in Subsection 4.4.2. "Key Risks, Means of Addressing Them and Risk Management Measures"
Disclose in the Report the Company's plans as pertains to the development of its management systems	Section 4.5. "Management Systems"
It is recommended that the Company analyse the extent of compliance of its management system with ISO 31000 and, if possible, state such compliance in the Report	Implemented in Subsection 4.4.1. "Risk Management System in 2012"
To ensure that the public has access to the annual report, it's recommended that the Company refrain from complete substitution of the hardcopy of the Report by the electronic copy	Will be implemented
From representatives of environmental and public organisations	
Give more attention to the disclosure of any hurdles that the Company is projected to face in the future	Implemented in Subsections 1.5.3. "Specific Features of Competition in the World Market of NFC Products and Services", 1.6.3. "Key Instruments for Achieving the Strategic Objectives
Disclose in the Report the results of 2012 as pertains to the approved environmental goals, objectives and indicators for 2012-2014	Implemented in Subsection 5.2.1. "Environmental Policy"

Appendix No. 8. Table of Disclosure of Standard Reporting Elements and Public Reporting Indicators

Disclosure Level Criteria in the Report According to GRI

In accordance with GRI Guidelines on disclosure, all reports which meet the requirements at the levels C, C+, B, B+, A or A+ should contain each of the criteria listed in the column of a respective level.

Report Application Level		C	C+	B	B+	A	A+
Report Externally Assured	Output	Profile Disclosures: Report on: 1.1, 2.1-2.10, 3.1-3.8, 3.10-3.12, 4.1-4.4, 4.14-4.15		Report on all criteria listed for Level C plus: 1.2, 3.9, 3.13, 4.5-4.13, 4.16-4.17 meeting all criteria specified for Level C+: 1.2, 3.9, 3.13, 4.5-4.13, 4.16-4.17		The same as required for Level B	
Report Externally Assured	Output	Disclosures on Management Approach: Not required		Management Approach Disclosures for each Indicator Category		Management Approach Disclosures for each Indicator Category	
Report Externally Assured	Output	Performance Indicators & Sector Supplement, Performance Indicators: Report fully on a minimum of any 10 Performance indicators, including at least one from each of: social, economic and environmental**		Report fully on a minimum of any 20 Performance Indicators, including at least one from each of: economic, environmental, human rights, labour, society, product responsibility***		Report on each core and Sector Supplement* Indicator with due regard to the materiality principle by either: a) reporting on the indicator or b) explaining the reason for its omission	

* Sector supplement in final version.
** Performance Indicators may be selected from any finalised Sector Supplement, but 7 of the 10 must be from the original GRI Guidelines.
*** Performance Indicators may be selected from any finalised Sector Supplement, but 14 of the 20 must be from the original GRI Guidelines.

Standard disclosure, public reporting indicators and performance indicators GRI (G3.1 edition)

No.		Standard reporting element/indicator	Report section (page)	Disclosure Page
1	1.1.	Statement from the most senior decision-maker of the organisation about the relevance of sustainability to the organisation and its strategy	Addresses by the top management	+ 9-10
2	1.2.	Description of key impacts, risks and opportunities	1.3. Socially Important Aspects of JSC Techsnabexport's Business 4.4. Risk Management 5. Sustainable Development Activities	+ 22 63 83
3	2.1.	Name of the organisation	1.1. Information on JSC Techsnabexport	+ 14
4	2.2.	Primary brands, products, and/or services	1.2. Description of Core Business 1.4. JSC Techsnabexport Position in the Nuclear Industry 1.5. JSC Techsnabexport Position in the World Market	+ 19 24 25
5	2.3.	Operational structure of the organisation, including main divisions, operating companies, subsidiaries, and joint ventures	1.1. Information on JSC Techsnabexport 2.1. Organisational Structure	+ 14-15 34-35
6	2.4.	Location of organisation's headquarters	1.1. Information on JSC Techsnabexport	+ 14
7	2.5.	Number of countries, where the organisation operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report	1.5. JSC Techsnabexport Position in the World Market	+ 27
8	2.6.	Nature of ownership and legal form	1.1. Information on JSC Techsnabexport	+ 14
9	2.7.	Markets served (including geographic breakdown, sectors served, and types of customers and beneficiaries)	1.5. JSC Techsnabexport Position in the World Market	+ 27
10	2.8.	Scale of the reporting organisation	Key Performance Indicators of JSC Techsnabexport 1.5. JSC Techsnabexport Position in the World Market 3.1. Results in Core Activities	+ 7 27 44

No.		Standard reporting element/indicator	Report section (page)	Disclosure Page
11	2.9.	Significant changes during the reporting period regarding size, structure, or ownership	1.4. JSC Techsnabexport Position in the Nuclear Industry	+ 24
12	2.10.	Awards received in the reporting period	5.3.3. Remuneration of Labour and Non-financial Incentives	+ 94
13	3.1.	Reporting period (e.g. fiscal or calendar year) for information provided	Information on the Report and Its Preparation	+ 5
14	3.2.	Date of most recent previous report	Information on the Report and Its Preparation	+ 4
15	3.3.	Reporting cycle (annual, biannual, etc.)	Information on the Report and Its Preparation	+ 5
16	3.4.	Contact point for question regarding the Report or its content	Appendix No. 11. Feedback Questionnaire	+ 157
17	3.5.	Process of defining report content	Information on the Report and Its Preparation 6. Refinement of the Public Reporting System and Stakeholder Engagement	+ 5 102
18	3.6.	Boundary of the Report (e.g., countries, divisions, leased facilities, joint ventures, suppliers)	Information on the Report and Its Preparation	+ 5
19	3.7.	Limitations on the scope or boundary of the Report	Information on the Report and Its Preparation	+ 5
20	3.8.	Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced organisations, and other entities that can significantly affect comparability from period to period and/or between organisations	Information on the Report and Its Preparation	+ 5
21	3.9.	Data measurement techniques and the bases of calculations, including assumptions and techniques underlying the estimations applied to the compilation of the indicators and other information in the Report	All GRI indicators are disclosed in accordance with GRI Indicator Protocols. Industry-wide standard indicators are disclosed in accordance with the methodical recommendations and indicator specifications of the industry-wide standard of the State Atomic Energy Corporation Rosatom	+ 136
22	3.10.	Explanation of the effect of any restatements of information provided in earlier reports, and the reasons for such a re-statement (e.g., mergers/acquisitions, change of base years/periods, nature of business, measurements methods)	No re-statements have been made	+

No.		Standard reporting element/indicator	Report section (page)	Disclosure Page
23	3.11.	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the Report	Information on the Report and Its Preparation	+ 5
24	3.12.	Table identifying the location of the standard disclosures in the Report	Appendix No. 8. Table of Disclosure of Standard Reporting Elements, Public Reporting Indicators and Performance Indicators	+ 137-150
25	3.13.	Policy and current practice with regard to seeking external assurance for the Report. If not included in the assurance report accompanying the sustainability report, explain the scope and basis of any external assurance provided. Also explain the relationship between the reporting organisation and the assurance provider (s)	Information on the Report and its Preparation 6.4. Conclusion on Public Verification of the Report Appendix No. 2. Auditor Conclusion on the Financial Statements Appendix No. 4. Conclusion of the Audit Commission of JSC Techsnabexport Appendix No. 5. Conclusion of the Internal Control and Audit Department of JSC Techsnabexport Appendix No. 9. Conclusion of External Audit of the Non-financial Data in the Report	+ 5 106 118 122 123 150
26	4.1.	Governance structure of the organisation, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organisational supervision	2.1. Organisational Structure 2.2. Corporate Management and Control	+ 34 37
27	4.2.	Indicate whether the Chair of the highest governance body is also an executive officer (and, if so, his or her function within the organisation's management and the reasons for this arrangement)	No	+ 37
28	4.3.	For organisations that have a unitary board structure, state the number of members of the highest governance body that are independent and/or non-executive members	No independent members	+ 37
29	4.4.	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body	4.1. Key Performance Indicators System 5.3.5. Human Resources Management	+ 58 99
30	4.5.	Linkage between compensation for members of the highest governance body, senior managers, and executives (including departure arrangements), and the organisation's performance (including social and environmental performance)	4.1. Key Performance Indicators System	+ 58

No.		Standard reporting element/indicator	Report section (page)	Disclosure Page
31	4.6.	Processes in place for the highest governance body to ensure conflicts of interest are avoided	Procurement Standard Strategic Decision-Making Regulations Internal Control and Audit Procedures Appointment Procedures 2.2. Corporate Management and Control	+ 37
32	4.7.	Process for determining the qualifications and expertise of the members of the highest governance body for guiding the organisation's strategy on economic, environmental, and social topics	5.3.5. Human Resources Management. Qualification and competence of members of the supreme body are established by the shareholders and are taken into account during voting	+ 98
33	4.8.	Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation	1.3. Socially Important Aspects of JSC Techsnabexport Business	+ 22
34	4.9.	Procedures of the highest governance body for overseeing the organisation's identification and management of economic, environmental and social performance, including relevant risks and opportunities, and adherence or compliance with internationally agreed standards, codes of conduct, and principles	4.4. Risk Management 4.5.1. Quality Management 4.5.3. Supply Chain Security Management 4.8. Internal Control and Audit 5.2.1. Environmental Policy	+ 63 74 75 78 83
35	4.10.	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance	2.2. Corporate Management and Control	+ 37
36	4.11.	Explanation of whether and how the precautionary approach or principle is addressed by the organisation	4.4. Risk Management	+ 63
37	4.12.	Externally developed economic, environmental and social charters, principles, or other initiatives to which the organisation subscribes or endorses	1.2. Description of Core Business	+ 8 21
38	4.13.	Membership in associations (such as industry associations) and/or national/international advocacy organisations in which the organisation: has positions in governance bodies; participates in projects or committees; provides substantive funding beyond routine membership dues; and views membership as strategic	1.1. Information on JSC Techsnabexport 1.8. Participation in the Activities of Specialised International Organisations	+ 15 31
39	4.14.	List of stakeholder groups engaged by the organisation	6. Improving the Public Reporting System and Stakeholder Engagement	+ 102
40	4.15.	Basis for identification and selection of stakeholders with whom to engage	6. Improving the Public Reporting System and Stakeholder Engagement	+ 102-104
41	4.16.	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group	6. Improving the Public Reporting System and Stakeholder Engagement	+ 102-104
42	4.17.	Key topics and concerns that have been raised through stakeholder engagement, and how the organisation has responded to those key topics and concerns, including through its reporting	6.3. Stakeholders' Proposals Accounting Appendix No. 7. Table of Remarks and Recommendations Suggested by the Company's in the Course of Report Preparation	+ 105 134
43	5	Management Approach and Performance Indicators	1.2. Description of Core Business 4.4. Risk Management 4.5. Management Systems 4.7. Procurement Management 4.8. Internal Control and Audit 5.2.1. Environmental Policy 5.2.2. Ensuring Radiation Security during Transportation 5.2.6. Support of Environmental Programme s and Projects 5.3.4. Social Policy 5.3.5. Human Resources Management	+ 21 63 73 77 78 83 84 88 95 98
Economic Performance Indicators				
44	EC3	Coverage of the organisation's defined benefit plan obligations	5.3.4. Social Policy Non-government pension scheme	+ 96
45	EC5	Range of ratios of standard entry level wage (with gender breakdown) compared to local minimum wage at significant locations of operation	5.3.3. Remuneration of Labour and Non-financial Incentives	+ 93
46	EC9	Understanding and describing significant indirect economic impacts, including the extent of the impacts	5.1. Economic Impact	+ 82
Environmental Performance Indicators				
47	EN3	Direct energy consumption by primary energy source	5.2.7. Energy Efficiency	+ 89
48	EN5	Energy saved due to conservation and efficiency improvements	5.2.7. Energy Efficiency	+ 89
49	EN28	Monetary value of significant fines and total number of non-monetary sanctions for noncompliance with environmental laws and regulations	5.2.1. Environmental Policy	+ 84

No.		Standard reporting element/indicator	Report section (page)	Disclosure Page
50	EN29	Significant environmental impacts of transporting products and other goods and materials used for the organisation's operations, and transporting members of the workforce*	5.2.1. Environmental Policy 5.2.2. Ensuring Radiation Security During Transportation 5.2.3. Ensuring Radiation Safety for Personnel	+ 84 85
51	EN30	Total environmental protection expenditures and investments by type	4.5.2. Environmental Management 5.2.1. Environmental Policy 5.2.2. Ensuring Radiation Security during Transportation 5.2.3. Ensuring Radiation Safety for Personnel	+ 75 83-85
Labour Practices and Decent Work Performance Indicators				
52	LA1	Total workforce by employment type, employment contract, gender and region	5.3.1 Personnel Description	+ 91-92
53	LA2	Total number and rate of employee turnover by age group, gender, and region	5.3.1. Personnel Description	+ 92-93
54	LA3	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operation	5.3.4. Social Policy of the Company	+ 95
55	LA4	Percentage of employees covered by collective-bargaining agreements	5.3.1. Personnel Description	+ 91
56	LA5	Minimum notice period (s) regarding operational changes, including whether it is specified in collective agreements	5.3.1. Personnel Description	+ 91
57	LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities by region	5.2.4. Labour Protection	+ 86
58	LA8	Education, training, counselling, prevention, and risk-control programmes in place to assist workforce members, their families, or community members regarding serious diseases	5.2.4. Labour Protection	+ 86
59	LA9	Health and safety topics covered in formal agreements with trade unions	5.2.4. Labour Protection	+ 86
60	LA10	Average hours of training per year, per employee, by gender and by employee category	5.3.5. Human Resources Management	+ 98
61	LA11	Programmes for skills management and lifelong learning that support the continued employability of employees and assist them in managing career end	5.3.1. Personnel Description 5.3.5. Human Resources Management	+ 91 98
62	LA12	Percentage of employees receiving regular performance and career development reviews	5.3.1. Personnel Description	+ 90
63	LA13	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity	5.3.2. Age and Gender Characteristics of Employees	+/ – 93
64	LA14	Ratio of basic salary and remuneration of women to men by employee category	5.3.3. Remuneration of Labour and Non-financial Incentives	+ 94
65	LA15	Return to work and retention rates after parental leave, by gender	5.3.1. Personnel Description	+ 91
Society Performance Indicators				
66	SO2	Percentage and total number of business units analysed for risk related to corruption	4.8.1. Preventing Cases of Corruption	+ 79
67	SO3	Percentage of employees trained in organisation's anti-corruption policies and procedures	4.8.1. Preventing Cases of Corruption	+/ – 79
68	SO4	Actions taken in response to incidents of corruption	4.8.1. Preventing Cases of Corruption	+ 79
69	SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations	In the reporting period neither fines nor non-monetary sanctions were imposed	+ 79
Product Responsibility Performance Indicators				
70	PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction	4.5.1. Quality Management	+ 75
71	PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship, by type of outcomes	None at this time 1.2. Description of Core Business	+ 21

* No quantitative data is disclosed due to its insignificance.

No.		Standard reporting element/indicator	Report section (page)	Disclosure Page
72	PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services	None at this time 5.2.2. Ensuring Radiation Security During Transportation	+ 84
Human Rights Performance Indicators				
73	HR4	Total number of incidents of discrimination and corrective actions taken	None at this time 5.3.1. Personnel Description 5.3.4. Social Policy	+ 91 95
74	HR8	Percentage of security personnel trained in the organisation's policies or procedures concerning aspects of human rights that are relevant to operations	4.8.1. Anti-corruption Measures	+ 79

Table on the use of public reporting indicators and performance indicators in JSC Techsnabexport

No.	Indicator	Report section
Achieving Leadership in the World Market		
Aspect: Economic Performance		
75	1.1.1. Financial performance	3.1. Results of Core Operations 3.2. Financial and Economic Performance
Aspect: Business Continuity		
76	1.2.1. Diversification of activity	1.2. Description of Core Business 3.1.1. Contracting and Sales
77	1.2.2. Portfolio of orders	1.5. JSC Techsnabexport Position in the World Market 3.2. Financial and Economic Performance
78	1.2.3. Risk Management	4.4. Risk Management
79	1.2.4. Development of production facilities	3.2.7. Investment
80	1.2.5. Financial stability	3.2. Financial and Economic Performance
Aspect: Position in the World Market		
81	1.3.1. Position in the NFC front-end market	1.5. JSC Techsnabexport Position in the World Market
82	1.3.2. Exports	3.1. Results of Core Operations
Aspect: International Cooperation in the Peaceful Uses of Nuclear Energy		
83	1.4.1. Facilitating creation of international legal framework for promotion of Russian companies in the international markets of nuclear technologies and services	1.7. Improving Legislation and Formation of Modern International Legal Framework of Cooperation
84	1.4.2. Development of international cooperation	1.8. Participation in International Nuclear Industry Organisations
85	1.4.3. Enhancement of the non-proliferation regime	1.7. Improving Legislation and Formation of Modern International Contractual Legal Framework of Cooperation
86	1.4.4. Implementation of the HEU-LEU Agreement	3.1.2. Performance of the Obligations under the HEU-LEU Agreement
Ensuring Nuclear and Radiation Safety		
87	2.1.1. Personnel training in ensuring nuclear and radiation safety (NRS)	5.2.1. Environmental Policy
88	2.1.2. Emergency response and preparedness	5.2.1. Environmental Policy
89	2.2.1. Observance of the licensing requirements for ensuring nuclear and radiation safety	5.2.2. Ensuring Radiation Security during Transportation
90	2.2.2. Violations while handling nuclear and radiation-hazardous materials	5.2.5. Nuclear Material Control and Accounting
Building Efficient Nuclear Industry Management Mechanisms		
91	3.1.1. Projecting for refining the management systems	4.3. Transport and Logistical Support 4.4. Risk Management 4.5.3. Supply Chain Security Management 4.7. Procurement Management 4.8. Internal Control and Audit 5.3.5. Human Resources Management

No.	Indicator	Report section
92	3.1.2. Implementation of international management standards	4.5.1. Quality Management
93	3.1.3. Procurement Management	4.8. Procurement Management
94	3.1.4. Development of internal corporate communications	5.3.5. Human Resources Management
95	3.1.5. Application of corporate governance principles and standards within the Corporation and its divisions	2.2. Corporate Management Appendix No. 6. Information on Observance of the Corporate Code of Conduct
96	3.1.6. Control over Financial and Business Operations	4.8. Internal Control and Audit
Ensuring Public Acceptance of Nuclear Industry Development		
97	4.1.1. Public reporting	Information on the Report and Its Preparation 6. Refinement of the Public Reporting System and Stakeholder Engagement
98	4.1.2. Information resources of the industry	3.1.1. Contracting and Sales 4.5.1. Quality Management 4.5.3. Supply Chain Security Management
Execution of Powers and Functions		
99	5.1.1. Carrying out regulatory and legal activities	1.7. Improvement of the Legislation and Building a Present-day International Contractual Legal Framework for Cooperation
100	5.2.1. Implementation of government monitoring of radiation, handling of nuclear materials, handling of radioactive substances and radioactive waste	5.2.2. Ensuring Radiation Security During Transportation 5.2.3. Ensuring Radiation Safety for Personnel
Development of human capital		
101	6.1.1. Providing qualified personnel	5.3.5. Human Resources Management
102	6.1.2. Percentage of employees receiving regular performance and career development reviews	5.3.1. Description of JSC Techsnabexport's Personnel 5.3.5. Human Resources Management
103	6.1.2.2. Average hours of training per year per employee by employee category	5.3.5. Human Resources Management
104	6.1.3. Formation and use of personnel reserves	5.3.5. Human Resources Management

No.	Indicator	Report section
Economic Impact		
105	7.1.1. Understanding and describing significant indirect economic impacts, including the extent of the impacts	5.1. Economic Impact
106	7.2.1. Delivery reliability	3.1.1. Contracting and Sales
Environmental Impact		
107	8.1.1. Energy saved due to conservation and efficiency improvements	5.2.7. Energy Efficiency
108	8.1.2. Initiatives aimed at reducing disposal of hazardous substances in air, achieved reduction	5.2.1. Environmental Policy
109	8.1.2. Initiatives aimed at reducing disposal of hazardous substances in water bodies, achieved reduction	5.2.1. Environmental Policy
110	8.1.2. Implementation of environmental management systems	4.5.2. Environmental Management 5.2.1. Environmental Policy 5.2.2. Ensuring Radiation Security During Transportation 5.2.3. Ensuring Radiation Safety for Personnel
111	8.2.1. Direct energy consumption by primary energy source	5.2.7. Energy Efficiency
112	8.3.1. Significant environmental impact of the transportation of products and other goods and materials used by the organisation, and transporting members of the workforce	5.2.1. Environmental Policy 5.2.2. Ensuring Radiation Security During Transportation 5.2.3. Ensuring Radiation Safety for Personnel
113	8.4.1. Monetary value of significant fines and total number of non-monetary sanctions for noncompliance with environmental laws and regulations	5.2.1. Environmental Policy
Social and Labour Relationship		
114	9.1.1. Total workforce by employment type, employment contract, and region	5.3.1 Description of JSC Techsnabexport's Personnel
115	9.1.2. Total number and rate of employee turnover by age group, gender, and region	5.3.1. Description of JSC Techsnabexport's Personnel
116	9.1.3. Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity	5.3.2. Age and Gender Characteristics of Employees

No.	Indicator	Report section
117	9.1.4. Share of employees under 35 years of age	5.3.2. Age and Gender Characteristics of Employees
118	9.1.5. Average age of employees (by categories)	5.3.2. Age and Gender Characteristics of Employees
119	9.1.6. Ratio of basic salary for women to men by employee category (in regions of major operations)	5.3.3. Remuneration of Labour and Non-financial Incentives
120	9.1.7. Range of ratios of standard entry-level wage compared to local minimum wage at significant locations of operation (with gender breakdown)	5.3.3. Remuneration of Labour and Non-financial Incentives
121	9.1.8. Ratio of medium-level wage compared to medium wage in the labour market	5.3.3. Remuneration of Labour and Non-financial Incentives
122	9.2.1. Percentage of employees covered by collective-bargaining agreements	5.3.1. Description of JSC Techsnabexport's Personnel
123	9.2.2. Minimum notice period (s) regarding significant operational changes, including whether it is specified in collective agreements	5.3.1. Description of JSC Techsnabexport Personnel
124	9.3.1. Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major regions of the company's operations	5.3.4. Social Policy of the Company
125	9.3.2. Security for the organisation's obligations related to the retirement plan with provided benefits	5.3.4. Social Policy of the Company Non-government pension scheme
126	9.3.3. Number of employees who returned to work from maternity leave, and percentage of employees who remained with the organisation upon returning to work after maternity leave, by gender	5.3.1. Description of JSC Techsnabexport Personnel
127	9.3.4. Non-government pension scheme	5.3.4. Social Policy of the Company Non-government pension scheme
128	9.3.5. Total personnel expenses	5.3.3. Remuneration of Labour and Non-financial Incentives
129	9.3.6. Expenditures on social programmes for employees	5.3.4. Social Policy of the Company
130	9.4.1. Rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities by region	5.2.4. Occupational Safety
131	9.4.2. Education, training, counselling, prevention, and risk-management programmes in place to assist the workforce, their families, or members of the community regarding serious diseases	5.2.4. Occupational Safety
132	9.4.3. Health and safety topics covered in formal agreements with trade unions	5.2.4. Occupational Safety
133	9.4.4. Monitoring the radiation exposure of personnel	5.2.4. Occupational Safety
134	9.4.5. Expenditures on personnel health and safety	5.2.4. Occupational Safety
135	12.5.1. Programmes for skills management and lifelong learning that support the continued employability of employees and assist them in managing career end	5.3.5. Human Resources Management
Impact on Social and Economic Situation in Regions of Presence		
136	10.1.1. Charitable projects and total expenditures on such projects	Total charity expenditures amounted to US$ 736 million 5.2.6. Support to Environmental Programmes and Projects
Ethical Practice and Public Regulation		
137	11.1.1. Percentage and total number of business units analysed for risk related to corruption	4.8.1. Anti-corruption Measures
138	11.1.2. Percentage of employees trained in organisation's anti-corruption policies and procedures	4.8.1. Anti-corruption Measures
139	11.1.3. Actions taken in response to incidents of corruption	4.8.1. Anti-corruption Measures
140	11.2.1. Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations	In the reporting period neither fines nor non-monetary sanctions were incurred
141	11.2.2. Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship, by type of outcomes	None at this time 1.2. Description of Core Business
142	11.3.1. Practices related to customer satisfaction, including results of surveys measuring customer satisfaction	4.5.1. Quality Management

No.	Indicator	Report section
143	11.3.2. Monetary value of significant fines for noncompliance with laws and regulations concerning the provision and use of products and services	None at this time 5.2.2. Ensuring Radiation Security During Transportation
144	11.4.1. Total number of incidents of discrimination and actions taken	None at this time 5.3.1. Description of JSC Techsnabexport's Personnel 5.3.4. Social Policy of the Company
145	11.4.2. Percentage of security personnel trained in the organisation's policies or procedures concerning aspects of human rights that are relevant to its operations	4.8.1. Anti-corruption Measures

Appendix No. 9. Conclusion of External Audit of the Non-financial Data in the Report

Foreword

The object of the verification is the Public Annual Report of JSC Techsnabexport (hereafter – the Report) for the period from 1 January until 31 December 2012.

This Conclusion is addressed to the management and the stakeholders of JSC Techsnabexport (hereafter – the Company).

Liability of the Parties

The management of JSC Techsnabexport is held fully liable for the preparation and reliability of the Report.

We are liable for the results of our work connected with verification of this Report solely towards JSC Techsnabexport within the scope of the agreed assignment and incur no other liability to any third person.

Scope, Criteria and Level of Verification

The Report has been assessed according to the following criteria:

- nature and extent of compliance of JSC Techsnabexport with Accountability Principle Standard 2008 – inclusivity (engagement), materiality, responsiveness;
- correspondence of the Report to Level B+ (the company's self-evaluation) of GRI G3.1 Guidelines.

Our audit was planned and performed in accordance with AA1000 Assurance Standard 2008 and International Standard on Assurance Engagements ISAE 3000 "Assurance Engagements Other than Audits or Reviews of Historical Financial Information."

This verification corresponds with type 2 as defined in AA1000AS 2008 subject to the limitations given in Section "Boundary of Verification" hereof.

While providing our services, we complied with the following requirements as pertaining to the level of verification:

- moderate – in accordance with AA1000 AS 2008;
- limited – in accordance with ISAE 3000 "Assurance Engagements Other than Audits or Reviews of Historical Financial Information."

Our selective verification of the information given in the Report within the scope of the abovementioned verification levels cannot qualify for the high-level guarantees for assurance. The verification process was based on the analysis of the supporting information furnished by the Company and its employees, as well as on the data from available sources and analytical verification methods. As regards the numerical information in the Report, our efforts cannot be considered sufficient for detecting all possible inaccuracies and misstatements. Nevertheless, the evidence collected by us is sufficient for shaping our opinion in accordance with the abovementioned assurance levels.

Verification Methodology

In order to shape our opinion we performed the following procedures:

- Selectively assessed and tested the systems and processes implemented within JSC Techsnabexport in order to ensure and analyse compliance of the operations with the principles of AA1000 APS, and to manage performance in the area of sustainable development;
- Conducted questioning and interviewed the top management of JSC Techsnabexport, as well as the representatives of the management who were involved in the preparation of the Report;
- Collected evidence of the fact of practical implementation of the system processes based on the principles of AA1000 APS;
- Interviewed the Company's personnel, examined documents and statements of the management to have evidence that the Company's operations were carried out in line with the principles of AA1000 APS;
- Participated in the dialogues and public consultations of JSC Techsnabexport with stakeholders;
- Reviewed conclusions on the public verification of the Report;
- Reviewed the information on the activity in the context of sustainable development, which is available on the website of JSC Techsnabexport;
- Reviewed the published statements of third persons, which related to the economic, environmental and social aspects of the Company's operations, with the aim of verifying the statements presented in the Report;
- Performed a comparative analysis of the Company's Report and the reports of foreign companies in a similar market segment;
- Analysed the Company's processes of internal audit of non-financial statements;
- Examined selectively relevant documents and data on the efficiency of the Company's existing systems of management of the economic, environmental, and social aspects of sustainable development;
- Reviewed the existing processes of collection, handling, documentation, transmission, analysis and selection of data for inclusion in the Report;
- Verified the appropriateness of statements, declarations, and data in the Report; and
- Analysed information in the Report in accordance with the principles of AA1000 APS and the recommendations of GRI G3.1 (Level B+).

Boundary of Verification

This verification is limited by the reporting period (01.01.2012-31.12.2012).

Reliability of the performance data in the Report was assessed solely as pertains to compliance with the recommendations of GRI G3.1 Guidelines for Level B+.

Verification of the reliability of the numerical performance indicators in the Report is limited to the evaluation of correspondence with the figures in the financial statements, as well as with the relevant external and internal accounts made available to us – as pertains to other production and economic, environmental, and social aspects of the business.

This verification does not cover any statements of forecasting nature, nor does it cover statements that present the opinions, views, or intentions of JSC Techsnabexport as relates to taking any steps relating to the future.

No verification was carried out with regard to any statements originating from any expert opinions as mentioned in the Report.

The visiting audit procedures were limited to visits to JSC Techsnabexport.

Only the Russian version of the Report has been verified.

We had no opportunity to establish the fact of publication of the Report on the corporate website of JSC Techsnabexport, because the date of this certificate precedes the date of the scheduled publication of the Report on the Company's website.

Conclusions

The following conclusions are based on the results of our verification of the scope and boundary described above.

The Report in general discloses properly the implemented management mechanisms and the performance indicators of JSC Techsnabexport associated with the activity as pertains to the economic, social, and environmental aspects of sustainable development.

As a result and within the scope of our work we have not found any significant misstatements in the Report with regard to JSC Techsnabexport's activity related to sustainable development and its results.

Nature and Extent of Compliance with the Principles of AA1000 APS

Engagement

- JSC Techsnabexport cooperates with a community of stakeholders. While preparing the Report, the Company identified a group of stockholders and their ranking, and its results are represented in the form of a rank map agreed with the stakeholders.
- While preparing the Report, JSC Techsnabexport conducted one absentee and two attendee dialogues with different categories of stakeholders, as well as public consultations on the draft Report.
- The Company uses different ways of providing stakeholders with such information as reports, meetings of the Company's top management with personnel during the Information Days, information messages, press releases, interviews, conferences, forums, surveys, intranet portals, website of the Company, and publication in the mass media.
- The results of our work provide grounds for concluding that JSC Techsnabexport is aware of the composition of its stakeholders and possesses mechanisms that enable it to take into account their interests and expectations in the course of its business.

Materiality
- The Report discloses the aspects of the Company's operation in the economic, social, and environmental sectors, which are significant for the key stakeholders.
- The fact of the existence of a risk management system in the Company is evidence that the Company identifies the significant risk factors that can jeopardise the achievement of its strategic goals and manages such risk. The Report discloses relevant information on the development of the risk management system in 2012, including approval of the Policy and Basics of Risk Management Organisation and Methodology of JSC Techsnabexport.

Responsiveness
- The Report demonstrates JSC Techsnabexport's aspiration to take into account the material interests of the stakeholders in the course of its business.
- The Report contains information on JSC Techsnabexport's responsiveness to the stakeholders' comments and proposals given in the course of the public dialogues and consultations.
- The Company adheres to a client-oriented policy. The Company annually monitors consumer satisfaction with the quality of its products and services, and in the reporting period the satisfaction index reached 100%.
- The Company has taken into consideration the proposals received while interacting with the stakeholders when preparing the Report, as evidenced by the Conclusion on Public Verification.

Correspondence of the Report to Level B+ of GRI G3.1 Guidelines

In order to shape an opinion on this issue, we analysed compliance with the recommendations of GRI G3.1 Guidelines while preparing the Report in respect of the principles and standard elements of reporting for the specified level of disclosure.

Principles for Determining the Report Content

Materiality
- The information included in the Report encompasses performance areas and indicators that reflect the significant impact of JSC Techsnabexport on the economy, environment, and society and may have a significant impact on the estimations and decisions of the stakeholders.
- The top-priority topic of the Report – "Delivery Reliability – Proven over Decades" has been highlighted.
- This Report discloses key topics bought up in the reports of similar foreign companies.
- The information on the environmental impact, as well as on the transport and logistical support, is furnished not only in respect to the Company, but also with regard to the subsidiary that is the most significant as pertains to these aspects (JSC SPb IZOTOP).

Stakeholder Engagement
- JSC Techsnabexport disclosed in the Report relevant information on its stakeholders and the mechanisms for taking their interests into account while shaping the content of the Report.
- The representatives of the stakeholders' community, including foreign counterparties of the Company, participated in the dialogues and public consultations.

Sustainable Development

Context
- The Report describes the operating results of JSC Techsnabexport in the broad context of sustainable development that takes into account various aspects of a production, economic, social, and environmental nature.

Completeness
- Within its stated scope the Report contains sufficient information on the performance of JSC Techsnabexport.
- The boundary of the Report includes the Company without its S&A. However, the section on the environmental performance has been extended by including one subsidiary with a substantial environmental impact – JSC SPb IZOTOP In our opinion, the scope of the Report may be expanded as pertains to the human resources management and the social policy by including relevant data on JSC SPb IZOTOP.
- Some performance indicators (LA13, SO3) are not fully disclosed as relates to the recommendations given in the GRI Indicator Protocol Set.

Quality Assurance Principles for the Report

Balanced Approach
- The Report is well balanced and discloses both the operating results and the problems that are to be solved.

Comparability
- Comparability of the Report with the non-financial reports of other organisations is insured by applying the GRI G3.1 Guidelines as the basis for disclosing the performance indicators as pertains to sustainable development.
- Comparability of the financial information with similar information in the reports of other companies is not ensured in full measure due to the application of the requirements of Russian accounting regulations (not international financial reporting standards) for the disclosure of financial information.
- Most of the figures are available for a three-year period and this makes it possible to analyse the Company's development trends.

Accuracy
- Accuracy of the factual information in the Report is sufficient to enable the stakeholders to appraise JSC Techsnabexport's performance in terms of sustainable development.
- All calculations of the Performance Indicators are based on techniques that are approved in the GRI G3.1. Guidelines, JSC Techsnabexport Public Reporting Standard based on the State Atomic Energy Corporation Rosatom methodology.

Timeliness
- The Report has been prepared for presentation to the Annual Meeting of Shareholders.

Clarity
- In general, the information in the Report is presented clearly and lucidly for different groups of stakeholders.
- The Report contains a List of Abbreviations and Terms which facilitates understanding of the disclosed information by the reader of the Report.

Reliability
- All performance information on the Report is based on internal reporting documents and the reports submitted to the supervisory authorities.
- All issues associated with the audit of internal control and preparation of the non-financial reports are referred to the scope of competence of the Internal Control and Audit Department.
- We have not established any facts that could call into question the reliability of any information disclosed in the Report.

Standard Disclosures

Strategy and Characteristics

JSC Techsnabexport realises that following the concept of sustainable development is an essential condition for long-term success.

The Report mostly discloses the sustainable development information as required by the GRI G3.1 Guidelines as pertains to the content of the Report.

Management Approaches

The Report discloses the management approaches in the environmental, production and economic areas; in particular, it discloses the strategic goals and describes implementation mechanisms for the stated strategy.

The Report touches on management approaches in the social area, including human resources management and social responsibility.

Performance Indicators

The Report presents Performance Indicators for all categories and to the extent required by GRI G3.1 Guidelines to ensure compliance of the Report with Level B+.

Furthermore, the Report lists a number of performance indicators which are not fully disclosed as relates to the requirements of the GRI G3.1 Indicator Protocol Set (partial disclosure).

General Assessment of the Report

The results of our work provide grounds to conclude that the content and degree of disclosure which are required to ensure compliance of the Report with Level B+ are available in the Report and are properly set out in the GRI Table of Contents.

Recommendations

1. We deem it reasonable to disclose GRI indicators in relation to the target values;
2. To expand the scope of the Report as pertains to the social impact by including relevant information on JSC SPb IZOTOP;
3. Improve the extent of disclosure of the indicators in respect of which GRI Protocols have not been fully taken into account (partial disclosure); and
4. Take into consideration all the comments given in the above sections of this certificate.

Statement on Competence and Independence

JSC NP Consult is an independent audit organisation offering professional verification services. JSC NP Consult is a member of the self-regulating organisation of auditors NP Institute of Professional Auditors and adheres to the IFAC Code of Ethics for Professional Accountants. The Company has a quality control system for its audit services, including monitoring of observance of applicable ethical standards.

JSC NP Consult hereby states that this Certificate represents an evaluation of an independent auditor. JSC NP Consult and its personnel have no relationship with JSC Techsnabexport, its subsidiaries, or affiliates which could lead to a conflict of interests while providing the services associated with the verification of the Report.

JSC NP Consult is an organisational stakeholder in the GRI and a licensed provider of verification services in accordance with the requirements of AA1000 AS.

The team for the verification of reports as pertains to sustainable development is composed of JSC NP Consult's specialists with relevant experience in providing such services as audit, preparation of reports in accordance with GRI G3.1 Guidelines, and reporting training. The leading specialists underwent training in the verification of reports as pertains to sustainable development at the Accountability training centre.

General Director
Closed Joint Stock Company
NP Consult
A.A. Nesterov
Moscow
13 May 2013

Appendix No. 10. Glossary, List of Abbreviations

Highly enriched uranium – uranium with a proportion of U-235 over 20% by mass

Sievert (Sv) – SI unit of equivalent and effective irradiation dose named after the Swedish scientist Sievert

Conversion – a chemical process of conversion of U3O8 into UF6

Low-enriched uranium – enriched uranium containing a lesser mass percentage of uranium-235 than 20%

Enriched uranium – uranium in which the ratio of uranium-235 to uranium-238 is above the natural level (0.7%). Reactor grade uranium is generally enriched to approximately 3.5% of uranium-235, whereas uranium-235 content in weapon grade uranium exceeds 90%

HEU-LEU Agreement – the Russia-US Intergovernmental Agreement Concerning the Disposition of Highly Enriched Uranium Extracted from Nuclear Weapons dated 18.02.1993

Nuclear fuel cycle – a sequence of processes ensuring the operation of nuclear reactors: from uranium production to radioactive waste disposal

DDP – Delivered Duty Paid. Terms of Delivery whereby the seller's responsibility ceases upon delivery of the goods at the agreed place in the buyer's country. Prior to that, all costs and risks in delivering the goods (duties, taxes, etc.), responsibility for loss or damage of the goods, and customs duties and other formalities, are borne by the seller

DDU – Delivered Duty Unpaid. Terms of Delivery whereby the seller's responsibility ceases upon delivery of the goods to a specified location in the buyer's country. Prior to that, all costs and risks in delivering the goods (duties, taxes, etc.), responsibility for loss or damage of the goods, with the exception of customs duties and other formalities at import, are borne by the seller

DES – Delivered ex ship. Terms of Delivery whereby the seller's responsibility ceases upon delivery of the goods to the buyer ex ship at a specified port of destination, without import customs clearance of the goods

ExW – Ex Works. Terms of Delivery whereby the seller's duties and responsibility cease upon making the goods available at his premises or warehouse to the buyer. The seller is not responsible for loading the goods onto the vehicle and customs clearance of the goods for export

FCA – Free carrier. Terms of delivery whereby the seller hands over the goods, cleared for export, into the custody of the carrier named by the buyer at a specified location. Notably, the selection of the delivery location determines the loading and unloading obligations. If the delivery takes place at the seller's premises, the seller is responsible for the dispatch. If the seller makes the goods available at some other location, the seller is not responsible for the dispatch

FOB – Free on board. Terms of delivery whereby the seller's responsibility ceases at the ship's rail at a specified port of dispatch. This means that, thereafter, the buyer bears the cost and risk of loss or damage. FOB terms imply that the seller must clear the goods for export. These terms apply only to transportation by sea or inland waters

EBITDA – Earnings before Interest, Taxes, Depreciation, and Amortisation

FMEA – Failure Mode and Effects Analysis

GRI – Global Reporting Initiative

VaR – Value at Risk

NPP – nuclear power plant

HEU – highly-enriched uranium

S&A – subsidiaries and affiliates

VMI – voluntary medical insurance

SWU – separate work unit

EU-15 – member states of the European Union before 01.05.2004

LC – life cycle

CATE – closed administrative-territorial entity

KPI – key performance indicators

CRMS – corporate risk management system

IAEA – International Atomic Energy Agency

IFRS – International Financial Reporting Standards

NRNU MEPhI – National Research Nuclear University Moscow Engineering and Physics Institute

LEU – low-enriched uranium

JSC AECC – Open Joint Stock Company Angarsk Electrolysis Chemical Complex

JSC SCC – Open Joint Stock Company Siberian Chemical Complex

JSC UEIP – Open Joint Stock Company Ural Electrochemical Complex

EUP – enriched uranium product

LEU FM – low-enriched uranium feed material

PA UEIP – Production Association Electrochemical Plant

Rostekhnadzor – Federal Service for Environmental, Technological, and Nuclear Supervision

RAS – Russian Accounting Standards

QMS – Quality Management System

SA – Agreement Suspending the Antidumping Investigation on Uranium Products from the Russian Federation

EMS – environmental management system

TLC – transport and logistics complex

SP – shipping package

FATA – Federal Air Transport Agency

FSUE – federal state unitary enterprise

FCSM – Federal Commission for the Securities Market

FSTEC – Federal Technical and Export Control Service

NM – nuclear materials

NRS – nuclear and radiation safety

NFC – nuclear fuel cycle

NEC – nuclear energy complex

Appendix No. 11. Feedback Questionnaire

Your opinion on JSC Techsnabexport Report 2012 is important to us.

1 Please tick the category of stakeholders you belong to.

☐ Suppliers (JSC TVEL, JSC Atomredmetzoloto, etc.)
☐ Customers and partners (energy companies, S&A of Techsnabexport)
☐ Personnel of JSC Techsnabexport
☐ Supervisory and regulatory authorities
☐ International organisations
☐ Transport companies
☐ Environmental organisations
☐ Mass media
☐ Other stakeholders (please specify)

2 Have you obtained the information on the Company that you were looking for in the Report?

☐ Yes
☐ No
☐ Other (please explain)

3 Which section of the Report is of the most informational value to you?
(Please specify with details)

4 Please score the Report in terms of accuracy and fairness

☐ High
☐ Average
☐ Low
☐ Don't know

5 Please score the presentation style of the Report

☐ High
☐ Average
☐ Low
☐ Don't know

6 Please score the appearance of the Report

☐ High
☐ Average
☐ Low
☐ Don't know

7 What information would you add to the next Report?

8 Would you like to become a Company employee after having read the Report?

☐ Yes
☐ No
☐ Other (please explain)

9 Would you like to become a Company partner after having read the Report?

☐ Yes
☐ No
☐ Other (please explain)

10 Please score the value of the Report:

☐ It's a valued document which can be a source for information you are interested in
☐ It is a useless document
☐ Other (please explain)

11 Have you read the Company's Report for the previous year?

☐ Yes
☐ No

12 If you have reviewed the Company's Reports for the previous years, please score JSC Techsnabexport Reports for 2010, 2011 and 2012 on a 5-point scale basing on the following parameters:

	2010	2011	2012
Lucidity	☐	☐	☐
Sufficiency of information	☐	☐	☐
Appearance	☐	☐	☐

Thank you for your time!
After completing the questionnaire,
please mark it with the note "Annual Report" and send it
to: JSC Techsnabexport, 28, bldg 3 Ozerkovskaya nab., Moscow, 115184
by fax: +7 (495) 951-17-90, + 7 (495) 953-08-20
e-mail: tenex@tenex.ru

Information on JSC Techsnabexport

Name of the Company in Russian	Открытое внешнеэкономическое акционерное общество «Техснабэкспорт»
Name of the Company in English	Joint Stock Company Techsnabexport
Location and postal address	28, bldg 3 Ozerkovskaya nab., Moscow, 115184, Russia
Corporate website	http://www.tenex.ru
E-mail	tenex@tenex.ru
Telephone	+7 (499) 949-2683, +7 (495) 545-0045
Fax	+7 (495) 951-1790, +7 (495) 953-0820
Primary State Registration Number	1027700018290, registered on 11 July 2002 with the Department of the Ministry of Taxes and Levies of Russia for Moscow
License for Handling Nuclear Materials During Transportation	No. GN-05-401-1638 of 16.03.2007

» PAGE 14

Subsidiaries and associates of JSC Techsnabexport

Russian S&A	Ownership (%)
JSC SPb IZOTOP	100
JSC NPK Khimpromengineering	52,00533
JSC TENEX-Logistika	100
LLC Kraun	99,9998
LLC TENEX-Komplekt	99,9999

Foreign S&A	Ownership (%)
Internexco GmbH, Germany	100
TENEX-Korea Co., Ltd., Republic of Korea	100
TENEX-Japan Co., Japan	100
Tradewill Limited, UK	100
TENAM Corporation, USA	100

» PAGE 15