

atomenergomash
COMPANY OF ROSATOM

2013 INTEGRATED
ANNUAL REPORT



2013 Integrated Annual Report of OJSC Atomenergomash

2013

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REFERENCES/LINKS AND SYMBOLS



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Link to document library in the on-line version



GRI indicators



AEM indicators

KEY ACHIEVEMENTS IN 2013

HUMAN RESOURCES

- At the industry's annual conference "People of Rosatom", OJSC Atomenergomash was awarded "The most active employer for the best graduates", "Creating career opportunities", and "The best practices to increase the involvement" prizes.
- In 2013, according to research by the rating agency Expert RA, OJSC Atomenergomash was rated as A.hr — "High level of employer attractiveness".
- During an IAEA's consulting session for nuclear knowledge management, OJSC Atomenergomash presented the Bridge between Generations project, which was acknowledged as one of the best practices recommended internationally.
- Employees of OJSC Afrikantov OKBM were awarded the Russian Federation's State Prizes: The Director, General Designer, D. Zverev, received the Honored Designer of the Russian Federation award; the Deputy Director for Production and Integrated Delivery, V. Rogozhin, and the turner/borer, F. Sitdikov, received the Honored Engineer of the Russian Federation award.

BUSINESS ACTIVITIES

- OJSC ZiO-Podolsk became a winner in the contest for building of a reactor and other shell equipment for RITM-200 plant for a new generation universal nuclear icebreaker.
- CJSC AEM Technologies signed contracts for making reactor plant equipment and core melt localization device for power units Nos. 1 and 2 at Belarusian NPP. In addition, the Volgodonsk branch will make eight steam generators for these power units.
- OJSC ZiO-Podolsk signed a contract for supply of a heat recovery steam generator for power unit No.12 at Verkhnetagilskaya TPP.
- OJSC SNIP won tenders for supply of equipment for modernization of power unit No. 1 at Kalinin NPP and construction of power units Nos. 3 and 4 at Tianwan NPP (China).

PRODUCTION

- The integration of the Volgodonsk branch of CJSC AEM Technologies into OJSC Atomenergomash production chain was completed with signing a long-term lease contract.
- OJSC Alstom Atomenergomash made a decision to deploy the turbine plant's equipment production at the facilities of the Volgodonsk branch using a French technology Arabelle.
- OJSC Energomashspetsstal for the first time ever casted a unique ingot weighing 415 tons to manufacture an elongated shell for the VVER-TOI reactor core.
- OJSC GSPI completed the design of the nuclear fuel fabrication plant (Kirovograd region, Ukraine).

EFFICIENCY

- OJSC Atomenergomash became the best in the fundamental efficiency rating for the Russian companies operating in the real sector of economy in 2012, presented by the rating agency Interfax-ERA.
- OJSC Afrikantov OKBM got the 35th place in the list of the most environmentally and energy efficient enterprises in 2012 made by the rating agency Interfax-ERA.
- Following the implementation of RPS projects, OJSC ZiO-Podolsk produced a record number of 9 steam generators per year.
- OJSC Energomashspetsstal became one of the first industrial enterprises of Ukraine with its energy management system audited according to the international standard ISO 50001:2011.

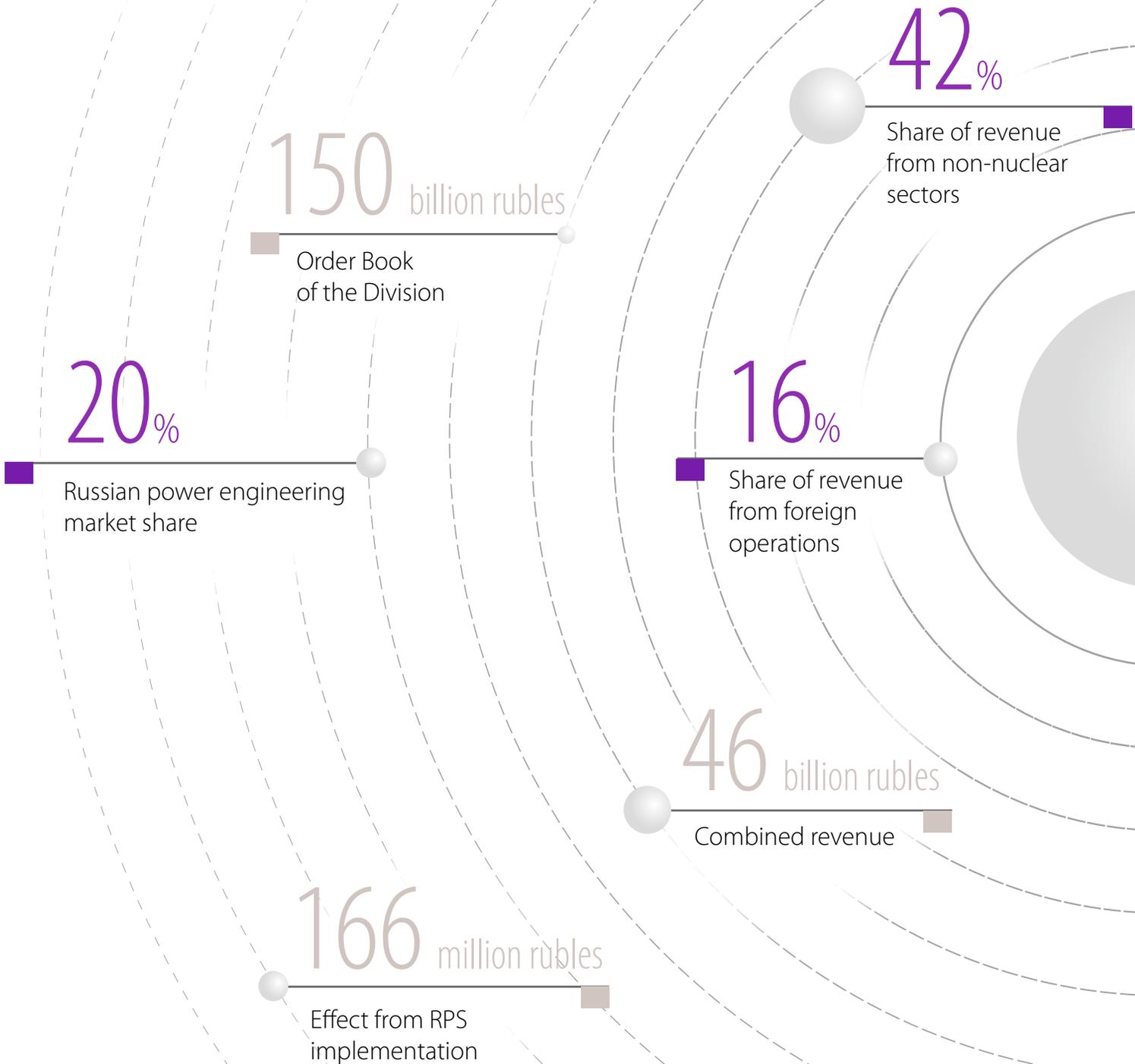
INNOVATION AND DEVELOPMENT

- A. Dub, the Director of OJSC NPO TsNIITMASH, was awarded the Russian Federation's State Prize for creation of a new class of high strength radiation-resistant materials used in production of nuclear reactor shells with service life from 60 to 100 years.
- OJSC TskBM designed an advanced version of the main circulation pump unit (MCPU).
- Two works performed by groups of authors from OJSC NPO TsNIITMASH were awarded the 2013's Prize of the Government of the Russian Federation in the field of science and technology.
- Modernization of OJSC PZM was completed with the establishment of new steam generator (full cycle) and MCP shell production for nuclear power plants.
- In OJSC NPO TsNIITMASH, a center of modern automated welding technologies started its operation.

COOPERATION

- OJSC Atomenergomash represented by OJSC OKB Hidropress signed an agreement with Bauman Moscow State Technical University on strategic partnership, providing for training of subject matter experts and joint scientific research.
- A joint project of CJSC AEM Technologies and Petrozavodsk State University became one of the winners in the contest announced by the Ministry of Education and Science of the Russian Federation.
- The First ATOMEX-Region Forum for nuclear industry suppliers organized by OJSC Atomenergomash took place in Volgograd.
- OJSC ZiO-Podolsk and OJSC ZIOMAR EC agreed with NEM Energy b.v. (Netherlands) to extend cooperation in the field of heat recovery steam generator engineering for another 5 years.

2013 KEY INDICATORS



25%

Reduction of LTIFR
(injury frequency rate)

73%

Engagement level

2 122 thousand rubles/
people per year

Labor productivity

23%

Reduction of energy
consumption

21 940 people

Headcount

74 ea.

Number of patents
received



1.1. MESSAGE FROM THE CHAIRMAN OF THE BOARD OF DIRECTORS,

**Yekaterina
V. LYAKHOVA**

Chairman of the Board of Directors of OJSC
Atomenergomash, Director of Investment Management
and Operational Efficiency at Rosatom State Corporation

Dear colleagues and partners,

I present to you the Integrated Annual Report of OJSC Atomenergomash for 2013. This document covers to a maximum extent the manufacturing, financial, social and environmental issues related to the activities of the Rosatom State Corporation's Engineering Division.

In recent years, OJSC Atomenergomash has achieved significant production results and built a reputation as a reliable supplier of equipment and integrated solutions for the nuclear, thermal power, gas and petrochemical industries.

Among the major achievements of the Division in the reporting year was the launch of a full cycle of long lead equipment. An important role in this was played by the successful integration of Atomash in Volgodonsk, the beginning of steam generator shell production at Petrozavodskmash, and the record levels of production for steam generators at OJSC ZiO-Podolsk.

In a short period of time Rosatom has formed a company that is able to offer integrated delivery of nuclear steam-generating plants (NSGP), which will enable Atomenergomash to compete with the world's leaders in nuclear engineering in the next few years. Following the

decision to start production of equipment at the turbine plant in Volgodonsk jointly with Alstom, in the foreseeable future Atomenergomash will be able to become one of the top five global companies/alliances capable of supplying both nuclear and turbine islands for NPPs.

In 2013, Atomenergomash, under the initiative of Rosatom State Corporation, has updated its strategy for the period up to 2030, which envisages transforming the Division into a high-tech diversified holding that will be stable in the long term and competitive on the global market, both in traditional nuclear areas and with new products.

In this respect, the Division has shown significant growth, having successfully started to explore the shipbuilding market, which is a new market for it. During the year, active work was carried out in other non-nuclear areas: new orders were received in the thermal power sector and for the military production complex.

Another priority in Atomenergomash's development is focusing on innovative activities. The Division's enterprises are successfully developing modern technological solutions and new types of equipment: from solutions for closed nuclear fuel cycle reactors to VVER reactor service life extension technologies, which have been awarded the President's Prize. R&D expenditures in 2013 amounted to about 1.5% of revenue. By 2020, Atomenergomash plans to triple this figure.

The Division is implementing a comprehensive efficiency improvement program that is based on the implementation of the Rosatom Production System. This is evidenced by the fact that in 2013 the Division was rated the best in the all-Russian fundamental efficiency rating presented by Interfax-ERA.

On behalf of Rosatom State Corporation, let me thank Atomenergomash for its work in 2013, and its management and employees — for their commitment and professionalism. I am sure that everything that was achieved will be a powerful reserve for OJSC Atomenergomash to become a world leader in power engineering!



1.2. MESSAGE FROM THE CEO

Andrey V. NIKIPELOV,

CEO of OJSC Atomenergomash

Dear colleagues and partners,

The central theme of the Report for 2013 is sustainable development. In this respect, the reporting year was for us a year of remarkable events and major achievements.

We have entered a new stage of development: we now have an integrated production of long lead equipment and can offer our customers a full range of services: from R&D, design, and production of castings to delivery of readymade equipment for the nuclear and thermal energy industry and related sectors.

The order book of the Engineering Division, taking into account non-sectoral orders for the last 3 years, has doubled, and by 2014 amounted to 150 billion rubles. In previous years, Atomenergomash actively increased its revenue, but in this reporting year, despite the general downturn in the engineering industry, the Company managed to maintain a level of 46 billion rubles.

In 2013, production at the Atomenergomash production site in Volgodonsk was reestablished. Following tenders, orders for the two units of the Belarusian NPP were received. In modern history, the Belarusian NPP is the first station for which the reactor equipment is almost entirely made at Atomenergomash.

Following the activities within the framework of the Rosatom Production System, the Division achieved record levels in production of steam generators, i.e., 9 per year. This has never happened in the history of OJSC ZiO-Podolsk, where in 2014 it is celebrating its 95th anniversary. In 2013, a new steam generator and MCP shell production for nuclear power plants, which is absolutely new, as well as production of

heavy valves and new transport containers was started at Petrozavodskmash.

In 2012, large-scale modernization was completed at OJSC Energomashspetsstal. Following this, in 2013 the enterprise received large orders for Rosatom, Rolls-Royce, ArcelorMittal, Boeing, Airbus, and GE and became a certified supplier for a broad range of products for major global companies.

In 2013, thanks to cooperation, the companies of the Division won tenders and started integrated production of the RITM-200 reactor plant for the Arktika lead nuclear-powered vessel. As noted previously, we did not confine ourselves to the production of the icebreaker's power plant and used our capabilities to produce other shipbuilding equipment and systems. The total amount of contracts already signed for the lead icebreaker amounts to about 10 billion rubles.

The foundation for the development of nuclear power engineering is work carried out by designers and planners. I would like to note the large contribution by OJSC OKB Hidropress to the work under Rosatom State Corporation projects: in Russia, Turkey, Finland, China and India. During the year, OJSC Afrikantov OKBM's staff conducted important work to extend the life of the reactors of the existing nuclear icebreakers; large orders for the Russian Navy were received. Also, I would like to note the success in the instrument-making area. OJSC SNIP, during the reporting year, has actively extended its order book and doubled increased its revenue, to almost 1 billion rubles.

In the thermal power sector, the five-year cooperation agreement with the leading European heat recovery steam generators engineering company NEM Energy has been extended. A new contract for the supply of a heat recovery steam generator for power unit No.12 at the Verkhnetagilskaya TPP was also signed. In cooperation with NEM we are already implementing projects for the three stations: Novomoskovsk TPP, Yuzhnouralsk TPP-2 and Nizhnevartovsk TPP. Currently, our enterprise OJSC ZiO-Podolsk is among the three leaders in the segment of powerful boiler production in Russia.

In the gas and petrochemical segment we supplied equipment to OJSC Gazprom, OJSC Lukoil, and OJSC Rosneft and launched new products at Atommash. The GPI order book in 2013 has doubled compared with last year.

Great attention in OJSC Atomenergomash is paid to the implementation of innovative technologies. In 2013, a center of modern automated welding technologies started operating at OJSC NPO TsNIITMASH. The institute also designed new grades of steel which outperform imported analogues.

The growth of contracting in the thermal power, gas and petrochemical, and shipbuilding markets, as well as further

improvement in quality in the nuclear segment, are the priorities for the Division's enterprises. Taking into account the capabilities of ZIO-Podolsk, Afrikantov OKBM, SNIIP and other our companies we also planned to actively extend our portfolio of defense procurement orders. In the reporting year, the companies of the Holding have fully completed the plan.

Finally, I would like to thank the employees of the Division for their professionalism, and our customers and partners for their effective mutual cooperation. The high quality standards, the focus on customers' interests and punctuality will remain major priorities of OJSC Atomenergomash's activities.

2. INFORMATION ABOUT THE REPORT

2.1. OBJECTIVES, CONTENT AND BASIC PARAMETERS OF THE REPORT

2.1.1. OBJECTIVES AND BASIC PARAMETERS OF THE REPORT

GRI
4.28

Open Joint-Stock Company Nuclear and Power Engineering has issued this Integrated Annual Report (hereinafter referred to as the Report) to disclose information regarding performance of the Engineering Division of Rosatom State Corporation (hereinafter referred to as the Division) for the period from January 1, 2013 to December 31, 2013 as well as regarding its development outlooks.

GRI
4.29

OJSC Atomenergomash traditionally follows its annual reporting cycle; the previous Report was released in 2013 and covered the results for the 2012 reporting year.

GRI
4.30

This report is prepared in Russian and English and released in the following formats:

1. Fully printed version (70 printed copies in Russian);
2. Brief printed version¹ (250 printed copies in Russian and 150 printed copies in English);

¹ Our first experience of preparing a brief version of the Report in the form of a booklet obtained during the previous reporting campaign showed interest in this format among many stakeholders, in particular, among the participants in industry and specialized conferences and exhibitions.

3. Interactive (extended) version published on the Company website and flash disks (500 copies).

2.1.2. REGULATORY FRAMEWORK FOR REPORT PREPARATION

The Report for 2013 was prepared taking into account the requirements of the following regulatory documents (current versions):

- Federal Law “On Joint Stock Companies” No.208-FZ dated 26/12/1995;
- Federal Law “On Accounting” No.402-FZ dated 06/12/2011;
- Order of the Federal Commission for Securities Market of the Russian Federation “On approval of the Regulation for disclosure of information by security issuers” No.11-46/pz-n dated October 4, 2011;
- Decree of the Federal Securities Commission of the Russian Federation “Concerning recommendations on application of the Code of Corporate Conduct” No.421/r dated 04/04/2002;
- Decree of the Federal Securities Commission of the Russian Federation “Concerning Recommended practice for composition and format of presenting information regarding compliance with the Code of Corporate Conduct in annual reports of Companies” No.03-849/r dated 30/04/2003;
- Public Reporting Policy of Rosatom State Corporation approved by Order of Rosatom State Corporation No.1/403-P, 13/05/2011;
- Code of Ethics of Rosatom State Corporation approved by the Decision of the Corporate Board No.39 dated 26/10/2009;
- AA1000 series Accountability standards;



- Guidelines on sustainable development reporting of the international organization Global Reporting Initiative (Global Reporting Initiative, GRI version G4);
- International Integrated Reporting Framework (IIRC);
- ISO 26000:2010 Guidance on social responsibility, etc.



The Company has approved internal documents: Standard and Regulation for the Annual Public Reporting



2.1.3. A PROCESS FOR DEFINITION OF CONTENT AND PREPARATION OF THE REPORT

The Strategic Development Department is the initiator and organizer of the Report preparation process in the Company.

The first stage is preparation of the Report Concept, including:

- analysis of stakeholder proposals and comments made during the previous reporting campaign;
- updating the methodological framework based on the applicable requirements;
- analysis of the world’s best public reporting practices.



The second stage is the analysis of a list of aspects of the activities approved in the Atomenergomash Performance Indicators System in respect of the key events of the reporting year as well as potential or existing impacts on the key stakeholder groups. .



The third stage is a survey of members of the Public Reporting Committee that includes representatives of all Departments of the Company covering respective areas of activity.



The survey results are applied to a map of significant aspects which is included in the Report Concept. A prepared draft Report Concept is presented at a meeting of the Atomenergomash Public Reporting Committee,

and, after approval by the Committee, is presented to the stakeholders in a public dialogue.

As part of the dialogue, stakeholders undergo a survey. The questionnaire provides for selecting from a full list, the aspects which should be first of all shown in the Report according to the stakeholders’ opinion. The survey results refine every aspect’s position on the horizontal axis (influence on stakeholder assessment). This not only makes it possible to take into account but also illustrate the opinions and requirements of stakeholders.

In addition, the Concept represents the central topics with a focus on their characterization. In this Report, the two central topics selected based on the key events of 2013 are associated with each other:

In accordance with GRI G4, the boundaries for information disclosure were defined separately for each aspect. To this end, for some of the indicators, the scope of the key SASC was changed:

1. Due to changes in the OJSC Atomenergomash management profile, OJSC DEZ was excluded from the perimeter.
2. For some of the aspects, the perimeter was enlarged. For data comparability in relation to disclosure of the indicators for such aspects, data for previous years are presented in a comparable format and in the form of a SASC breakdown.
3. For some aspects, the perimeter was reduced due to the companies, for which these aspects are not material and their data have little impact on the total performance figures.

The consolidated financial reporting profile is presented in Appendix 2 (aspect No.1). Based on the results of the material aspects analysis performed by the Company, the information disclosure boundaries will not cover companies outside the Division¹.



1 UPDATES

2 PERFORMANCE INDICATORS SYSTEM

3 MATERIALITY CRITERIA

¹ Suppliers providing more than 5% of the purchases or which have major impact on the Company in terms of significant aspects were not identified.

MAP OF MATERIAL ASPECTS

GRI 4.19

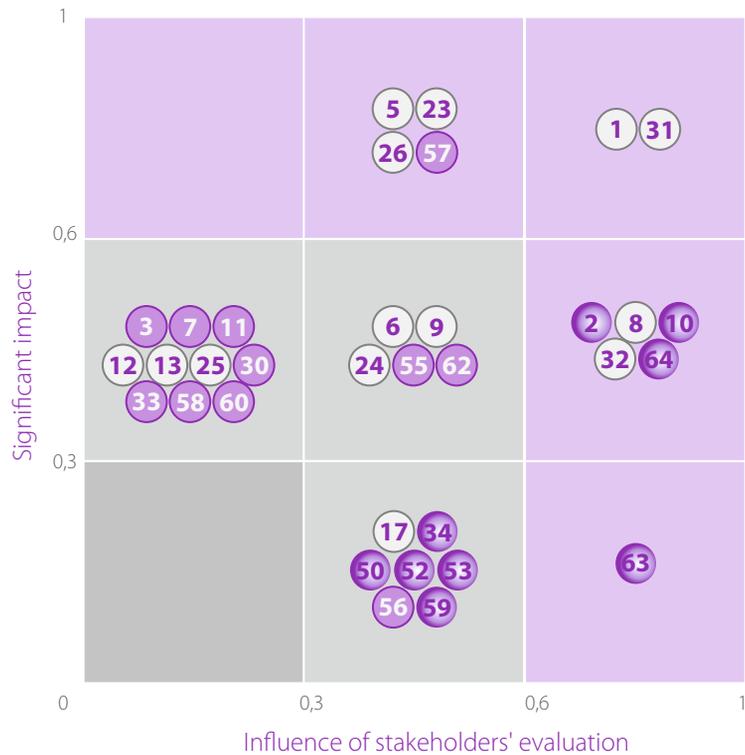
- Priority raised based on the public dialogue results
- Priority confirmed based on the public dialogue results
- Priority lowered based on the public dialogue results

P. 127

- Detailed disclosure
- Sufficient disclosure (GRI, core level)
- Brief comment

Aspects included in the "green" zone

- 4 14 15 16 18 19 20 21 22 27
 28 29 35 36 37 38 39 40 41 42
 43 44 45 46 47 48 49 51 54 61





There were no other restatements of information.



The final version of the Report is approved by the Board of Directors and the General meeting of shareholders.



2.2. DISCLAIMER

This Report contains a number of forward-looking statements concerning the non-financial aspects of the Company’s activities, its plans, projects and anticipated results.

The words “intend,” “endeavor,” “expect,” “evaluate,” “plan,” “consider,” “propose,” “may” and other such expressions usually indicate the forward-looking nature of a statement.

By virtue of their specific nature, forecasts involve inherent risk and uncertainty, both general and specific. A range of economic, political, social, technological and other stochastic factors may influence the Company’s activities both inside and outside of Russia.

In this regard, the Company points out that the actual results may differ essentially from those expressed, both directly and indirectly, in such forward-looking statements contained within the Report. The Company in no way claims or guarantees that the performance or any indicators or events mentioned in such forward-looking statements will be achieved and shall bear no liability for losses that may be suffered by legal entities or individuals adopting decisions based on these forward-looking statements.



1 REPORT PREPARATION PROCESS

2 COMPLIANCE WITH GRI PRINCIPLES

2.3. ASSURANCE OF QUALITY OF THE REPORT

2.3.1. INTERNAL PROCEDURES

The Public Reporting Committee takes part in all key stages of the Report preparation acting in accordance with the Regulation on Preparing a Public Annual Report adopted at OJSC Atomenergomash. Its main responsibility is to coordinate the work on preparation of the Report as well as assessment of the materiality and completeness of the information disclosed in the Report.

Internal audit plays an important role in the preparation of the Report. Its objective is to express an opinion on the effectiveness of the system of internal controls during the compilation of public reporting to ensure compliance with the legislation and internal regulations of Rosatom State Corporation and OJSC Atomenergomash. Primary tasks of the internal auditor:

- Analysis of regulation and formalization of key processes associated with the compilation of public reporting;
- Analysis of the implementation effectiveness of key control procedures which ensure credibility of public reporting;
- Assessment of conformity of the public reporting compilation procedure with applicable laws and internal regulations governing the business process of public reporting compilation;
- Preparing recommendations on improvements to the internal control system when preparing public reporting.

In addition, the Report includes a conclusion of the Audit Committee that conducts its activity independently of the Company’s management officials and acts in the interests of shareholders. The Audit Committee regularly monitors the financial and economic activities of the Company for compliance with the legislation, the Company Charter, regulations of Rosatom State Corpo-



ration and the internal regulations of the Company, and, at the end of the year, confirms the credibility of the financial statements included in the Report.

2.3.2. INDEPENDENT PROFESSIONAL ASSURANCE

To verify the credibility of accounting statements (including combined accounting statements), OJSC Atomenergomash, in accordance with the Russian legislation, has engaged LLC FBK, one of the oldest Russian audit and consulting companies currently being a leader in the market of professional audit services.

On a yearly basis, during preparation of the Report, the Company engages a professional independent auditor to conduct the Report assurance procedure. In distinction from financial audit, the non-financial auditor is not approved by the Board of Directors, but is selected during a standard services procurement procedure.

The main subject of the audit is compliance with the requirements of:

- legislation of the Russian Federation regarding the information disclosed in annual reports of joint-stock companies;
- Rosatom State Corporation and local regulations of OJSC Atomenergomash regarding public reporting compilation;
- the GRI G4 Manual (for the “core” level);
- International Integrated Reporting Framework (IIRC);
- AA1000 Accountably Principles Standard 2008 (regarding main principles).

During the assurance, the auditor interviews top managers of the Company. Members of the Board of Directors and the CEO are not engaged in the auditor’s work.

1 THE AUDITOR’S SCOPE

2.3.3. STAKEHOLDERS COMMITTEE AND PUBLIC ASSURANCE OF THE REPORT

The Stakeholders Committee is a permanent body of the OJSC Atomenergomash public reporting system operating on a voluntary basis in accordance with the Terms of Reference for the OJSC Atomenergomash Stakeholders Committee. The Committee includes representatives of key stakeholders of OJSC Atomenergomash, among which are representatives of Rosatom State Corporation, nuclear industry companies, public and environmental organizations, experts, etc. The purpose of the Committee is expressing the stakeholders opinion and interests.

Primary tasks of the Committee:

- Assessment of the materiality, completeness and objectivity of the information disclosed in the Report;
- Preparation of recommendations to improve the quality of the Report from the stakeholders’ point of view;
- Public monitoring of the public reporting processes.

During preparation of the Report for 2013, the Committee, following the tradition, worked using the format of public dialogues. Along with that, the Company continues to develop the functions of the Committee, being guided by the international experience and best practice, according to which the subject of the Committee’s review is not only the Report, but the activities of the Company in the aggregate as well. From this point, the selection of the Report’s central topics was linked with the Company’s development projects being implemented, which are the Building the Sustainable Development Strategy and the Building the Corporate Risk Management System. Thus, the Committee, as part of the dialogues, has discussed not only the Report, but individual areas of the Company business as well.

Members of the Stakeholders Committee conducted public assurance of the Report as part of its preparation process.

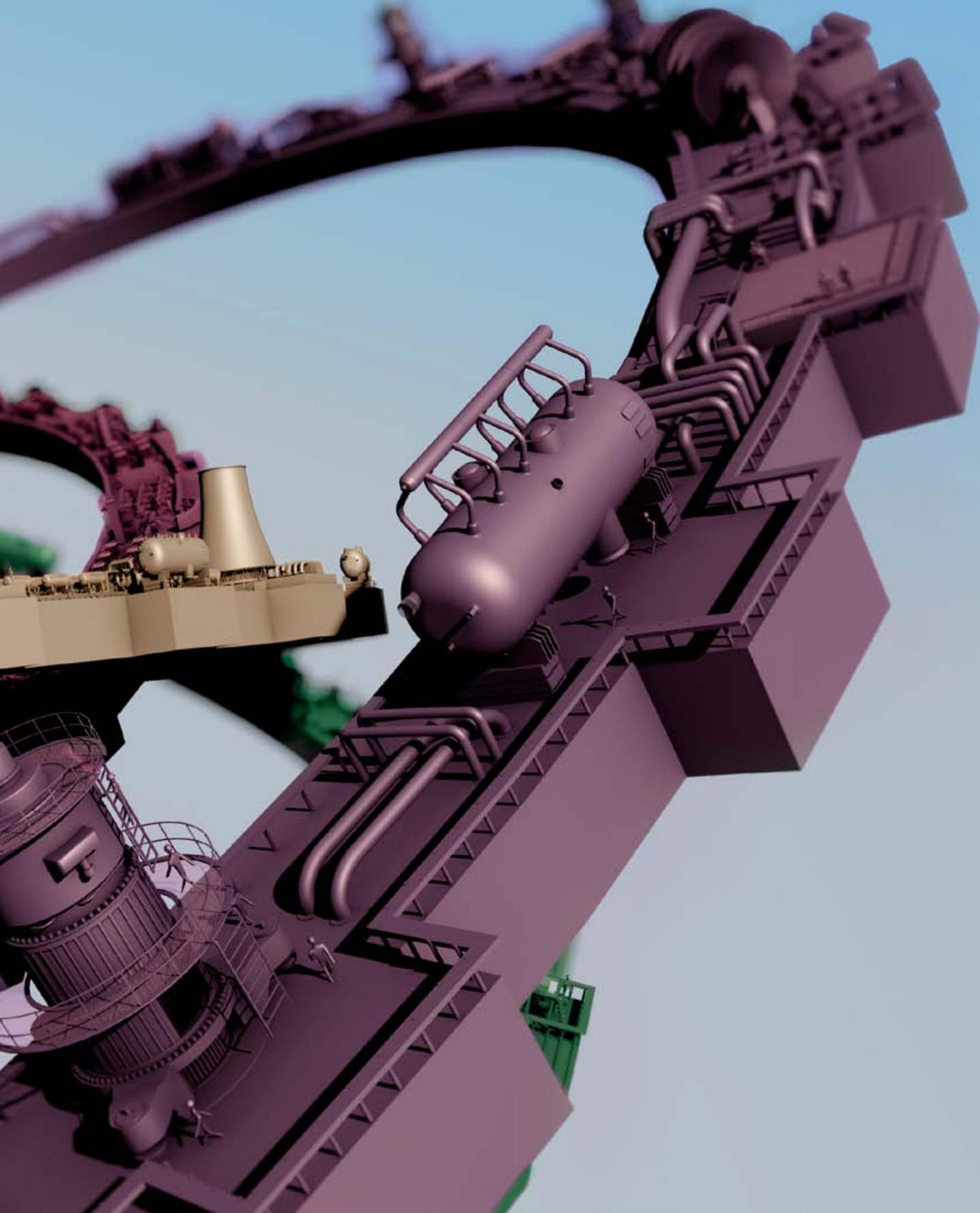
NUCLEAR POWER

OJSC Atomenergomash is the largest manufacturer of equipment for the VVER reactor unit and the only manufacture in the world of industrial fast neutron (FN) reactors. AEM is the largest supplier of equipment for all existing NPPs and NPPs under construction.

AEM supplies key equipment for all NPPs under construction designed in Russia. AEM is a reference supplier of a wide range of equipment for the reactor compartment and turbine plant of nuclear power stations. The equipment manufactured by AEM enterprises is installed at 13% of the world's NPPs. AEM is a designer and manufacturer of marine nuclear reactor plants for modern universal icebreakers (RITM).

AEM is the only Russian manufacturer of steam generators and MCPs for nuclear power plants designed in Russia.





3. GENERAL INFORMATION

3.1. GENERAL INFORMATION ABOUT THE COMPANY

3.1.1. MAIN COMPANY DETAILS

GRI
4.3

- Open Joint-Stock Company Nuclear and Power Engineering (OJSC Atomenergomash)
- OGRN: 1067746426439, registered on 29/03/2006 Interdistrict Inspectorate of the Federal Tax Service No.46 for Moscow.

GRI
4.5GRI
4.7

- Legal address: 119017, Moscow, ul. Bolshaya Ordynka, d. 24.
- Mailing address: 115184, Moscow, Ozerkovskaya nab., 28, bldg. 3.
- Phone: 8 (495) 668-20-93
- Fax: +7(495) 668-20-95
- e-mail: aem@aem-group.ru
- Website: www.aem-group.ru

3.1.2. EQUITY CAPITAL

GRI
4.13

EQUITY CAPITAL STRUCTURE

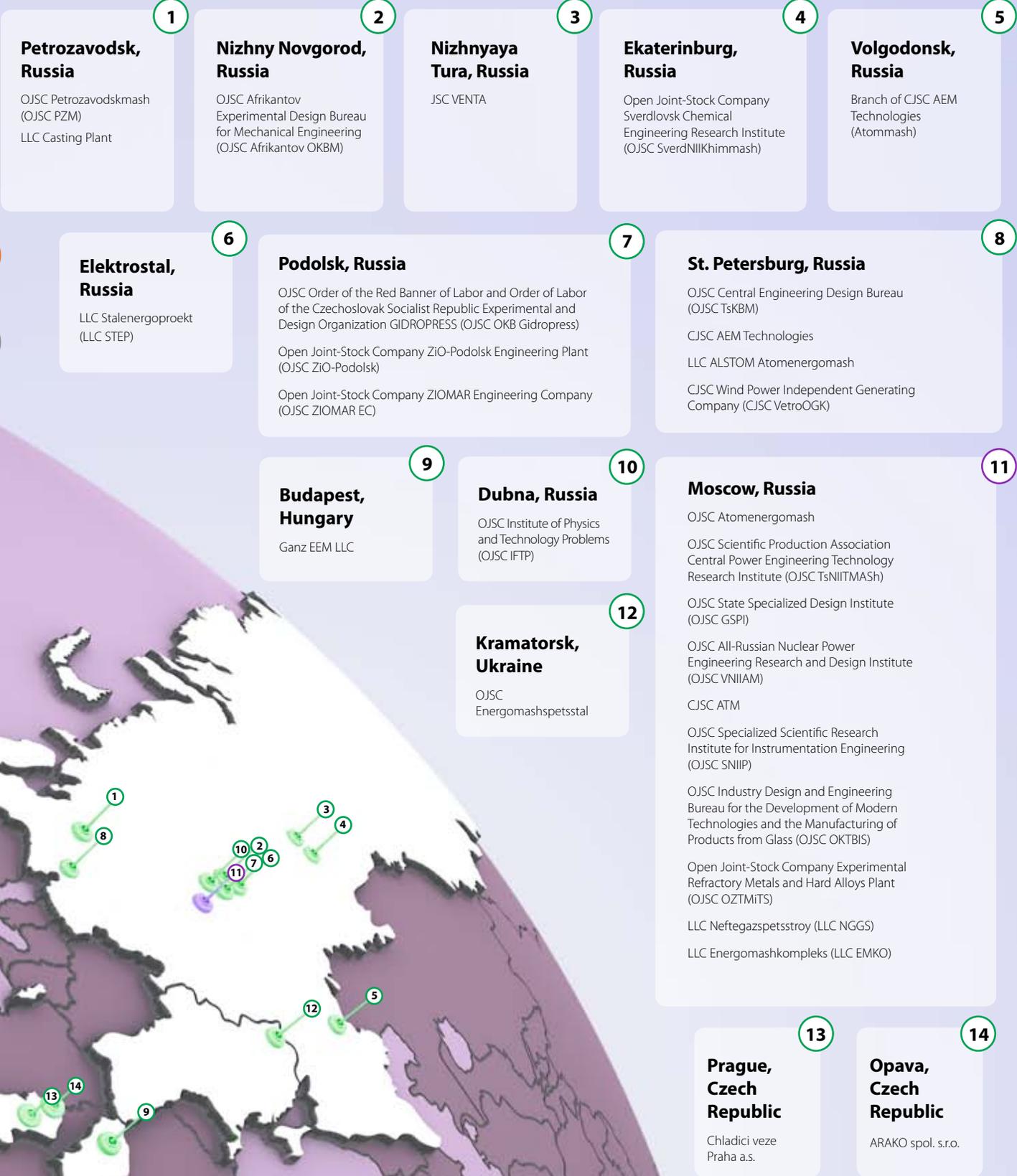
Full name of shareholder	31.12.2012		31.12.2013	
	Shares placed — 738,149		Shares placed — 1,015,926	
	Number of shares		Number of shares	
	ea.	% of Charter Capital	ea.	% of Charter Capital
Open Joint-Stock Company Atomenergoprom	490,386	66.4346	819,137	80.6296
Closed Joint-Stock Company AEM Leasing	—	—	24,050	2.3673
INTERNEXCO GMBH	92,344	12.5102	92,344	9.0896
Open Joint-Stock Company TVEL	51,000	6.9092	51,000	5.0201
Open Foreign Economic Joint-Stock Company Techsnabexport	28,935	3.92	28,935	2.8481
Limited Liability Company Energomashkompleks	460	0.0623	460	0.0453
Closed Joint-Stock Company AEM Finance	50,974	6.9057	—	—
Closed Joint-Stock Company AEM Invest	24,050	3.2580	—	—



3.2. GEOGRAPHY OF BUSINESS AND DIVISION STRUCTURE

GRI 4.13

There were no changes in the Division structure in 2013.

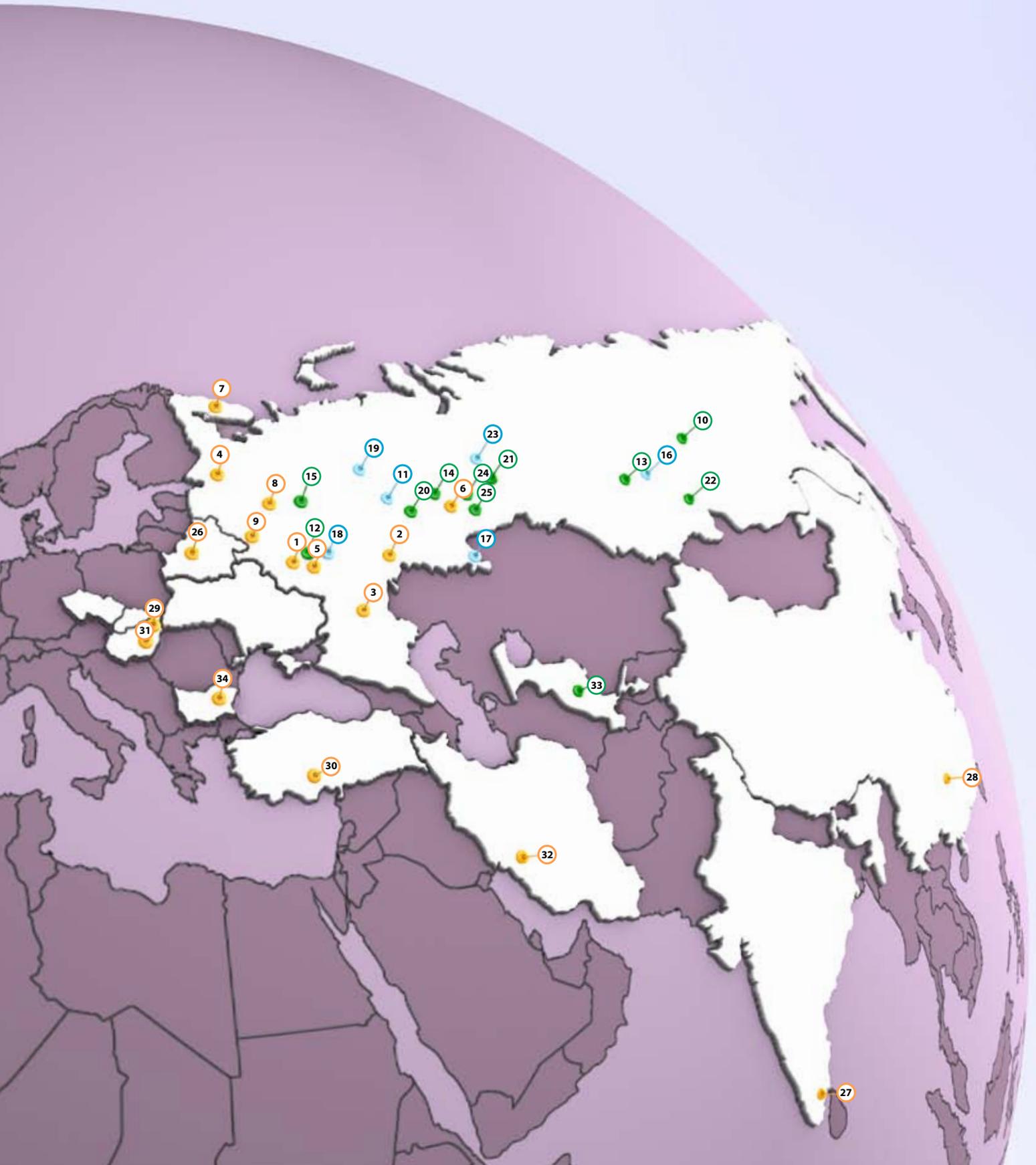


GRI 4.6



GRI
4.8

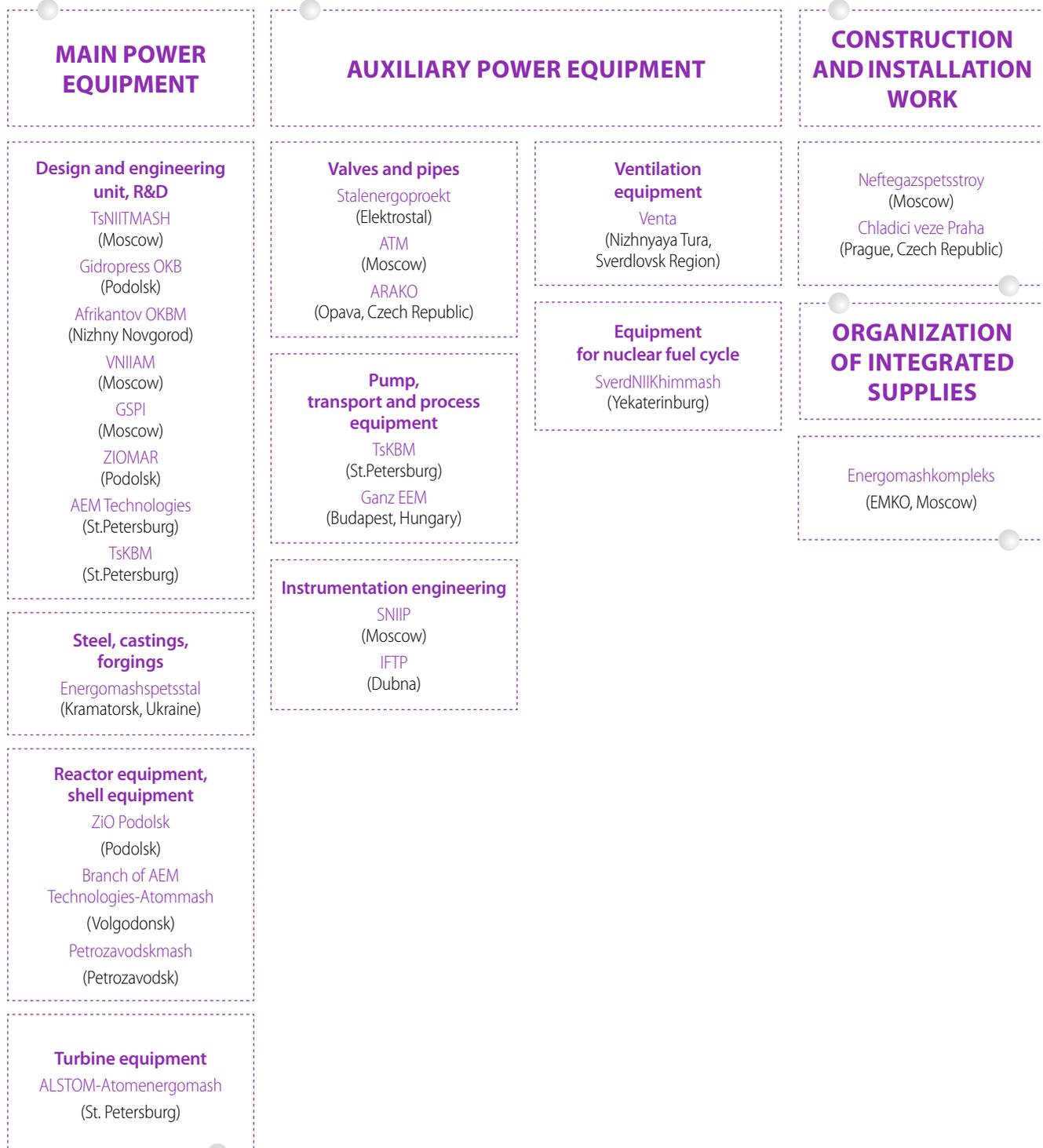
MAIN MARKET PROJECTS



- | | |
|--|---|
| <p>1 Kurchatov, Russia
Kursk NPP</p> <p>2 Balakovo, Russia
Balakovo NPP</p> <p>3 Volgodonsk, Russia
Rostov NPP</p> <p>4 Sosnovy Bor, Russia
Leningrad NPP-2</p> <p>5 Novovoronezh, Russia
Novovoronezh NPP-2</p> <p>6 Zarechny, Russia
Beloyarsk NPP</p> <p>7 Polarniye Zori, Russia
Kola NPP</p> <p>8 Udomlya, Russia
Kalinin NPP</p> <p>9 Desnogorsk, Russia
Smolensk NPP</p> <p>10 Zheleznogorsk, Russia
Zheleznogorsk TPP</p> <p>11 Nizhnekamsk, Russia
Nizhnekamsk Refinery</p> <p>12 Novomoskovsk, Russia
Novomoskovsk TPP</p> <p>13 Sharypovo, Russia
Berezovskaya TPP</p> <p>14 Reftinskiy, Russia
Reftinskaya TPP</p> <p>15 Yaroslavl, Russia
Yaroslavskaya TPP</p> <p>16 Achinsk, Russia
Achinsk Refinery</p> <p>17 Orsk, Russia
Orsk Refinery</p> | <p>18 Ryazan, Russia
Ryazan Refinery Company</p> <p>19 Sindor, Russia
Novosindorskaya Compressor Station</p> <p>20 Verkhniy Tagil, Russia
Verkhnetagilskaya TPP</p> <p>21 Izluchinsk, Russia
Nizhnevartovsk TPP</p> <p>22 Nazarovo, Russia
Nazarovo TPP</p> <p>23 Kogalym, Russia
Kogalymneftegaz Refinery</p> <p>24 Yuzhnouralsk, Russia
Yuzhnouralsk TPP-2</p> <p>25 Chelyabinsk, Russia
Chelyabinsk TPP</p> <p>26 Ostrovets, Belarus
Ostrovets NPP</p> <p>27 Kudankulam, India
Kudankulam NPP</p> <p>28 Tianwan, China
Tianwan NPP</p> <p>29 Mochovce, Slovakia
Mochovce NPP</p> <p>30 Mersin, Turkey
Akkuyu NPP</p> <p>31 Paks, Hungary
Paks NPP</p> <p>32 Bushehr, Iran
Bushehr NPP</p> <p>33 Nurabad, Uzbekistan
Novo-Angrenskaya TPP</p> <p>34 Kozloduy, Bulgaria
Kozloduy NPP</p> |
|--|---|

GRI
4.9

SPECIALIZATION OF THE DIVISION'S COMPANIES



3.3. KEY PRODUCTS

GRI
4.4

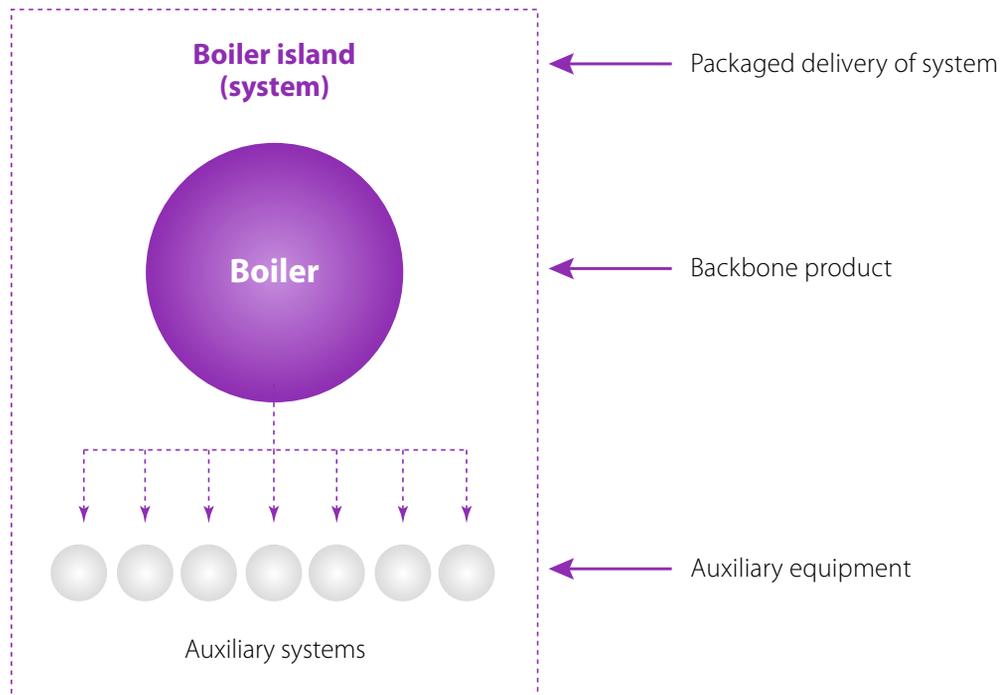
OJSC Atomenergomash specializes in production of equipment for nuclear power segment, including equipment for the reactor compartment, turbine plant equipment and auxiliary equipment for nuclear power plants. In addition, OJSC Atomenergomash is the sole producer of numerous equipment items for NPPs built using the Russian design:

Equipment for VVER reactor unit	Largest manufacturer of equipment for VVER reactor unit
Shell equipment	Sole Russian producer of steam generators for Russian types of NPPs
Pump equipment	Sole Russian producer of main circulation pumps for Russian types of NPPs
Valves	Has the ability to manufacture more than 70% of the entire range of valves for NPPs
Piping	One of the largest producers of high-pressure pipes in Russia
Fast neutron reactor plants	Chief designer and single-source supplier of fast neutron reactor plants (supervised company OJSC Afrikantov OKBM)

OJSC Afrikantov OKBM is a manufacturer of unique equipment:

Reactor plants for nuclear submarines and surface ships	OJSC Afrikantov OKBM is the chief designer and manufacturer of shipbased reactor plants for the Navy
Marine reactor plants for the icebreaker fleet	OJSC Afrikantov OKBM is the chief designer and manufacturer of reactor plants for the nuclear icebreaker fleet
Reactor plants for low and medium-capacity nuclear plants	OJSC Afrikantov OKBM is the chief designer and manufacturer of reactor plants for surface and floating nuclear plants with low and medium capacity as well as the chief designer for the regional nuclear power industry
Nuclear fuel handling equipment	OJSC Afrikantov OKBM develops and supplies different types of equipment for handling nuclear fuel and the repair of marine and ship-based fast neutron reactors (including devices for the replacement and repair of pumps, heat exchangers, actuators of control and protection systems, handling mechanisms, elevators, etc.) and the reactor plants of nuclear heating plants

In thermal power sector, Companies of OJSC Atomenergomash operate in the area of packaged supply of boiler islands consisting of a boiler and different types of auxiliary equipment:



OJSC Atomenergomash supplies power boilers and heat recovery steam generators (under the license of NEM Energy) for TPP power units with capacities ranging from 50 to 800 MW. ZiO-Podolsk has manufactured more than 700 boiler units with varying capacities and parameters for more than 150 Russian and foreign power plants.

Companies of OJSC Atomenergomash supply various equipment to largest Russian oil and gas companies. The key products of these Companies are:

- Air coolers of all modifications.
- Tower, capacitive and heat exchange vessels.
- Tubular, vertical and horizontal regenerative air heaters.

- Reactor equipment.
- Dust collector units of the CPU.
- Piping connection components.
- Valves.
- Auxiliary equipment.

The base of the special steels segment is OJSC Energomashspetsstal, the largest producer of special cast and forged products for the power (wind, steam, hydro, nuclear), shipbuilding, metallurgy and general engineering industries.

3.4. THE COMPANY'S BUSINESS MODEL¹

The business model is a schematic description of the Company's activities designed to help assess the key factors of its success. It describes a system for managing available resources in order to achieve the goals set (achieve the results desired). The business model dynamically reflects the Company's activities, being focused on the transformation of the "capitals", which are the sources of resources. The company uses the capitals to create products. At that, the capitals are not only consumed, but built up, improved and modified as well. The Company's sustainable development

strategy ensures efficient use of the capitals taking into account the risks and opportunities in the long term.

Building up the capitals in the medium and long term implies the "value creation". This process implies implementation of projects aimed at achieving the Company's strategic and tactical objectives, increasing efficiency in all areas of its activity and creating new development opportunities.

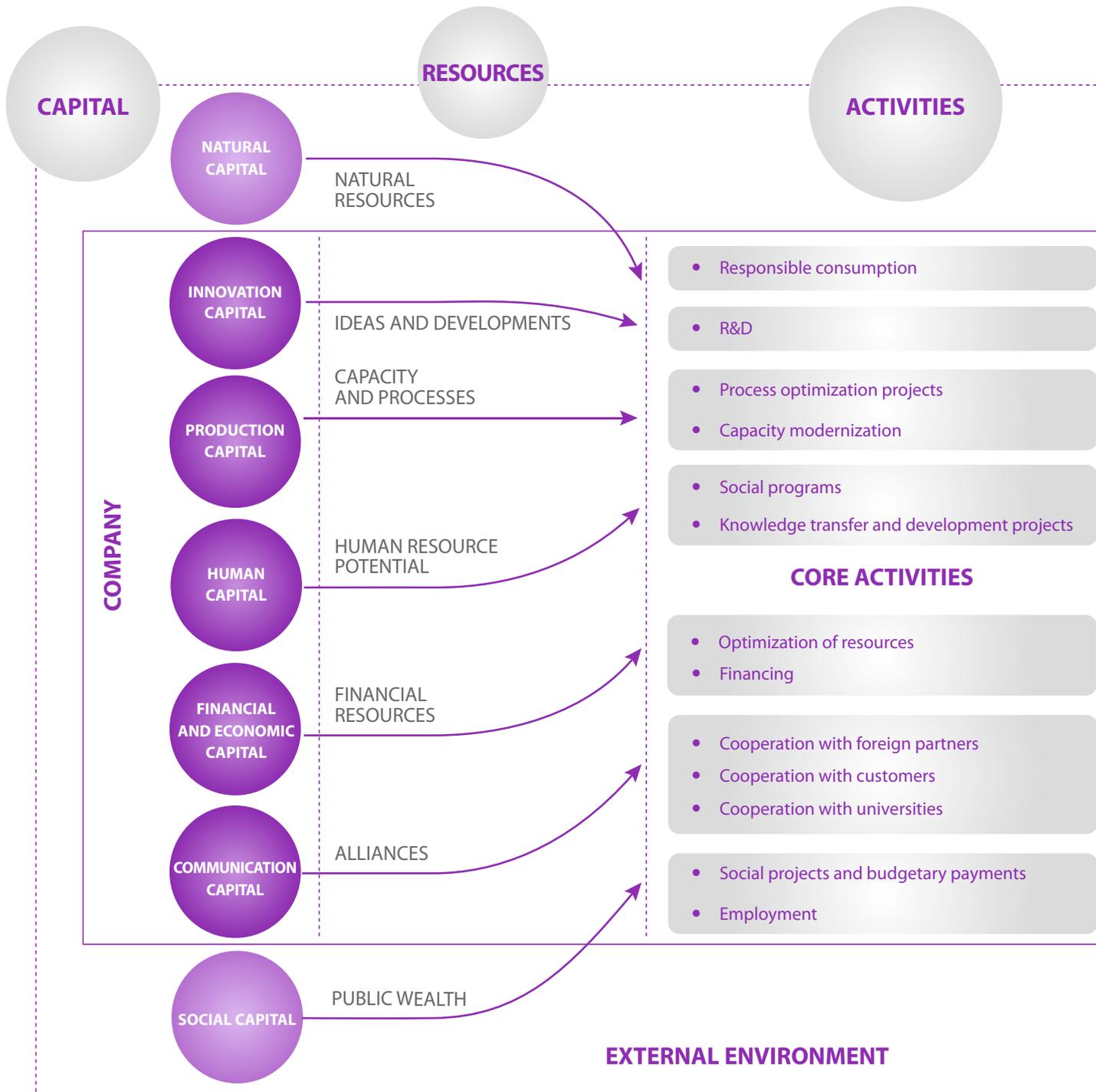
The Company creates value not only for itself but for external stakeholders as well, because it interacts with the external environment and, for the purposes of its activity, operates public capitals, i.e. those not belonging (or partially belonging) to the Company.

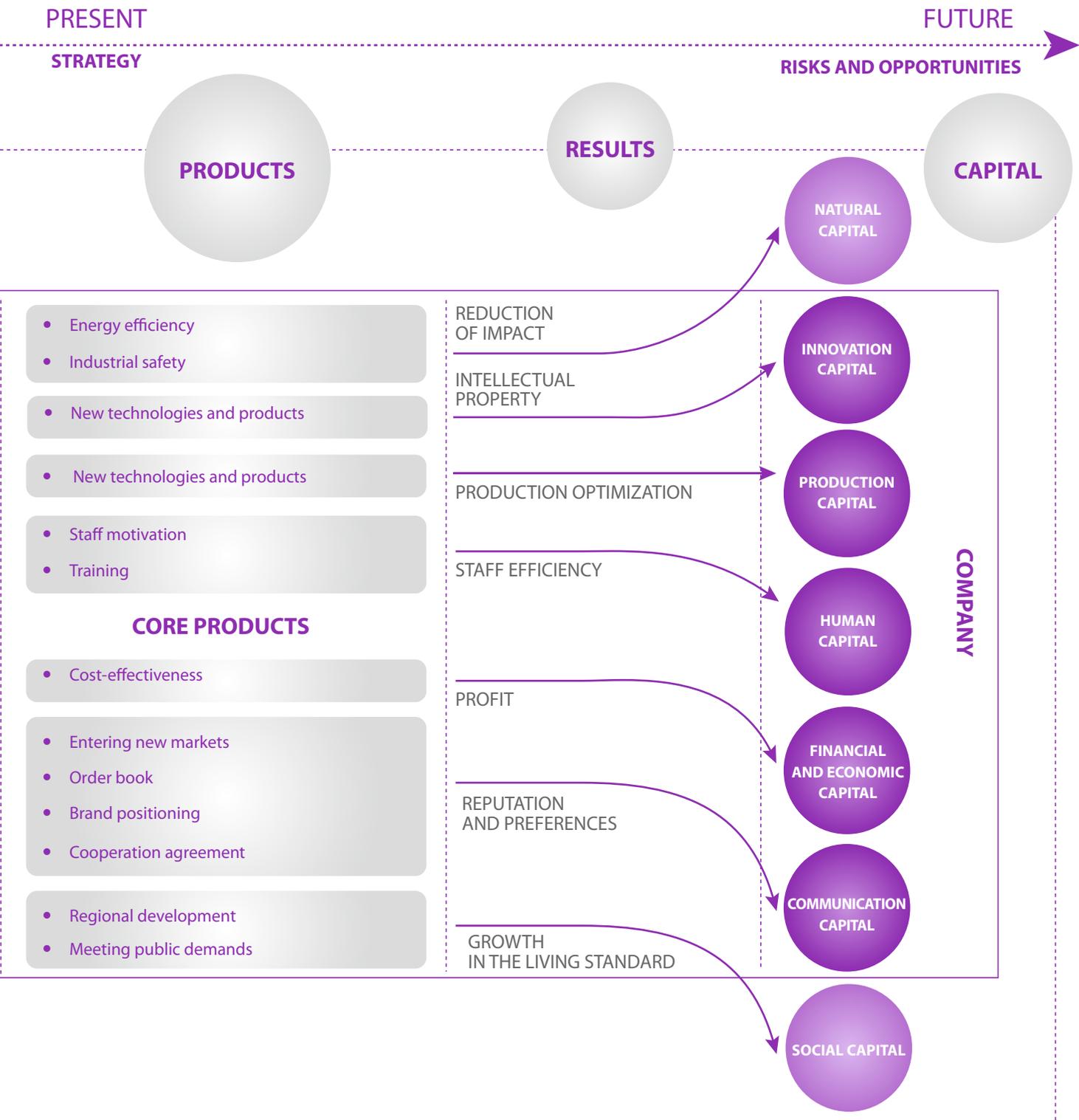


¹ To create a business model of OJSC Atomenergomash as shown below, recommendations from International Integrated Reporting fundamentals were used.

BUSINESS MODEL OF THE ORGANIZATION

PAST





We have identified 7 types of capitals involved in the activities of OJSC Atomenergomash:

No.	Capital	Description of capital	Development priorities
1	Natural	All natural resources and processes: the environment, including its condition and reproductivity	The Company responsibly monitors compliance with all environmental requirements and implements projects to minimize the impact: to reduce energy consumption and improve industrial safety.
2	Innovation	Intellectual property, including patents, know-how, engineering achievements, new technologies and products	One of the Company's strategic goals is technological leadership. Therefore an important task to finance R&D, including under joint projects with universities and international partners.
3	Social	Public well-being, living standard	Many companies of the Division are located in regions. Therefore, social programs for the population, creation of stable jobs for local population and payments to local budgets are important areas of the Company's activity.
4	Human	Human resources, including availability of personnel and its efficiency, including qualification, experience, knowledge and motivation	The main objective of the Company is availability of skilled personnel in the long term. Therefore, to ensure availability of replacement personnel, young specialist training and knowledge transfer projects are being implemented, employees undergo training; in order to retain and motivate employees, comfortable and safe working conditions, stable fair salaries and social programs are provided.
5	Relationship	Alliances and cooperation agreements with stakeholders, including the order book, and the reputation and brand of the Company.	Joint projects with stakeholders are implemented, for example, joint R&D with universities. Cooperation agreements concluded with international partners enable development of production and innovation capitals of the Company as well as entering new markets. Customer management enables expansion of the order book. Internal communications are aimed at improving motivation and efficiency of personnel.
6	Financial and economic	Financial resources, level of economic efficiency	To improve the economic efficiency, resources and processes are optimized in the first place. Also, profitability growth due to entering new markets and extending the order book.
7	Manufactured	Production capacity and infrastructure, equipment, production processes	The Company is implementing RPS and the comprehensive efficiency improvement program aimed at optimizing production processes and product quality improvement. In addition, modernization of the production sites is under way.



3.5. THE COMPANY'S MANAGEMENT MODEL

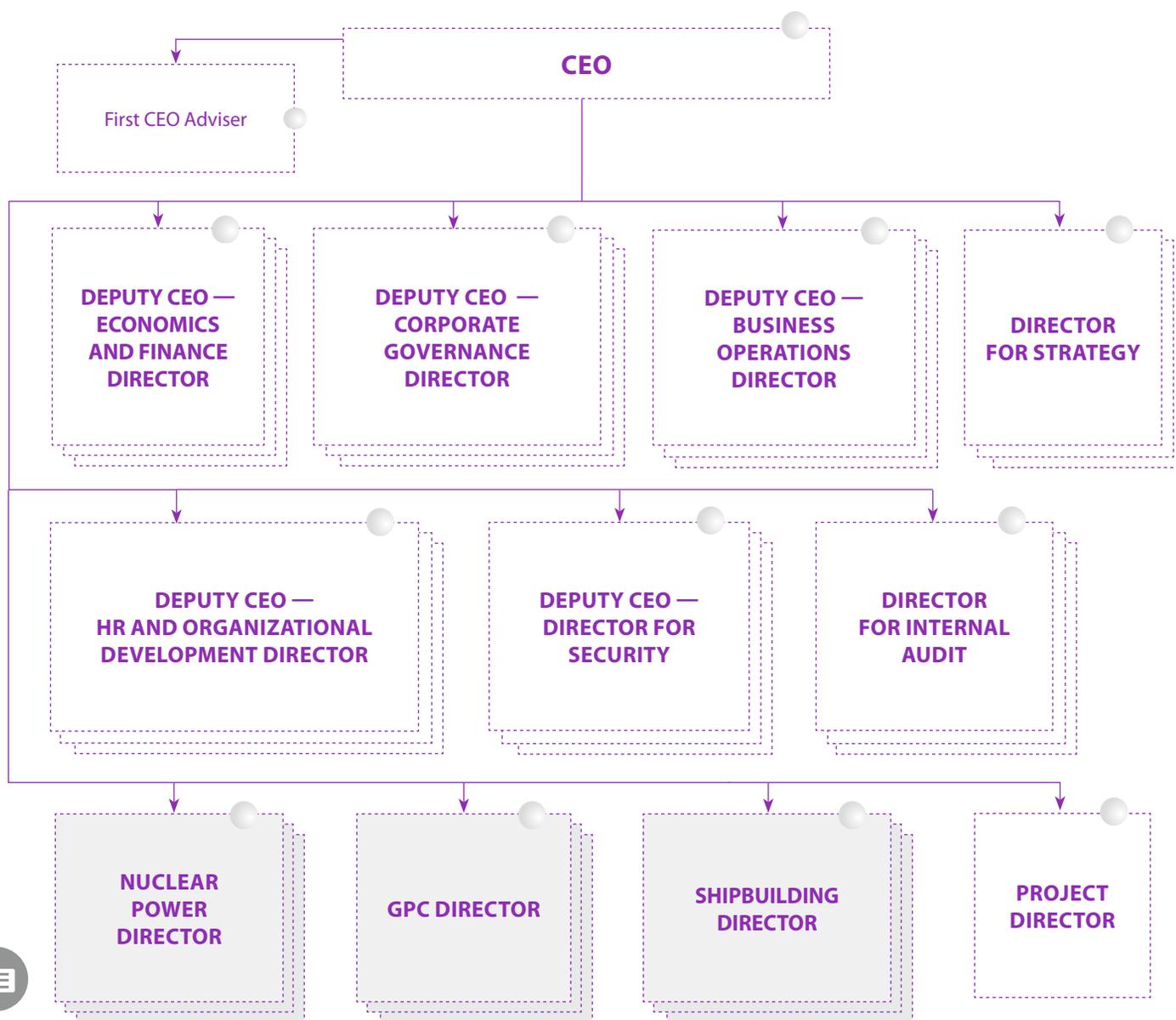
In the second half of 2013, in order to improve efficiency and cross-functional interaction within the Division, the following business areas combining the Division's companies based on key product segments were formed:

COMPANIES OF THE ROSATOM STATE CORPORATION'S ENGINEERING DIVISION	 AEM-TECHNOLOGY ПетрозаводскМаш	 AEM-TECHNOLOGY	 ZIO-PODOLSK	 ZIOMAR	 CKBM	 GIDROPRESS	 OKBM АФРИМАНТОВ	 ТАРАКО	 НЕТЕГАЗПЕТССТРОЙ	 СВЕРДНИХИММАШ	 РОСАТОМ ГСПИ	 СНЕИП	 ААЕМ Алтай-Атоммаш	 ЭНЕРГОМАНИФАКЧУР ЭНЕРГОМАШИСТРАЛ	 VetroSGC ВетроСГК
Business areas in TRADITIONAL NUCLEAR MARKETS															
NUCLEAR POWER VVER (NSGP)															
NUCLEAR POWER VVER EQUIPMENT OUTSIDE NSGP															
NUCLEAR POWER FN (NSGP)															
TRANSPORT, VESSEL AND SHIP POWER SECTOR															
DECOMMISSIONING OF NUCLEAR AND RADIATION HAZARDOUS FACILITIES, SNF AND RAW MANAGEMENT															
MONITORING AND CONTROL SYSTEMS FOR RU VVER (RUMCS)															
Business areas in NEW MARKETS															
THERMAL POWER															
GAS AND PETROCHEMICAL INDUSTRY															
WIND ENERGY															
GENERAL ENGINEERING															
SPECIAL STEELS															

In 2013, the organizational structure of the Company was changed in order to optimize and bring it into compliance with the Unified Industry Guidelines. In the organizational

structure, 5 management levels have been singled out that characterizes it as a flat one. At the same time, there are 9 senior managers directly subordinate to the CEO.

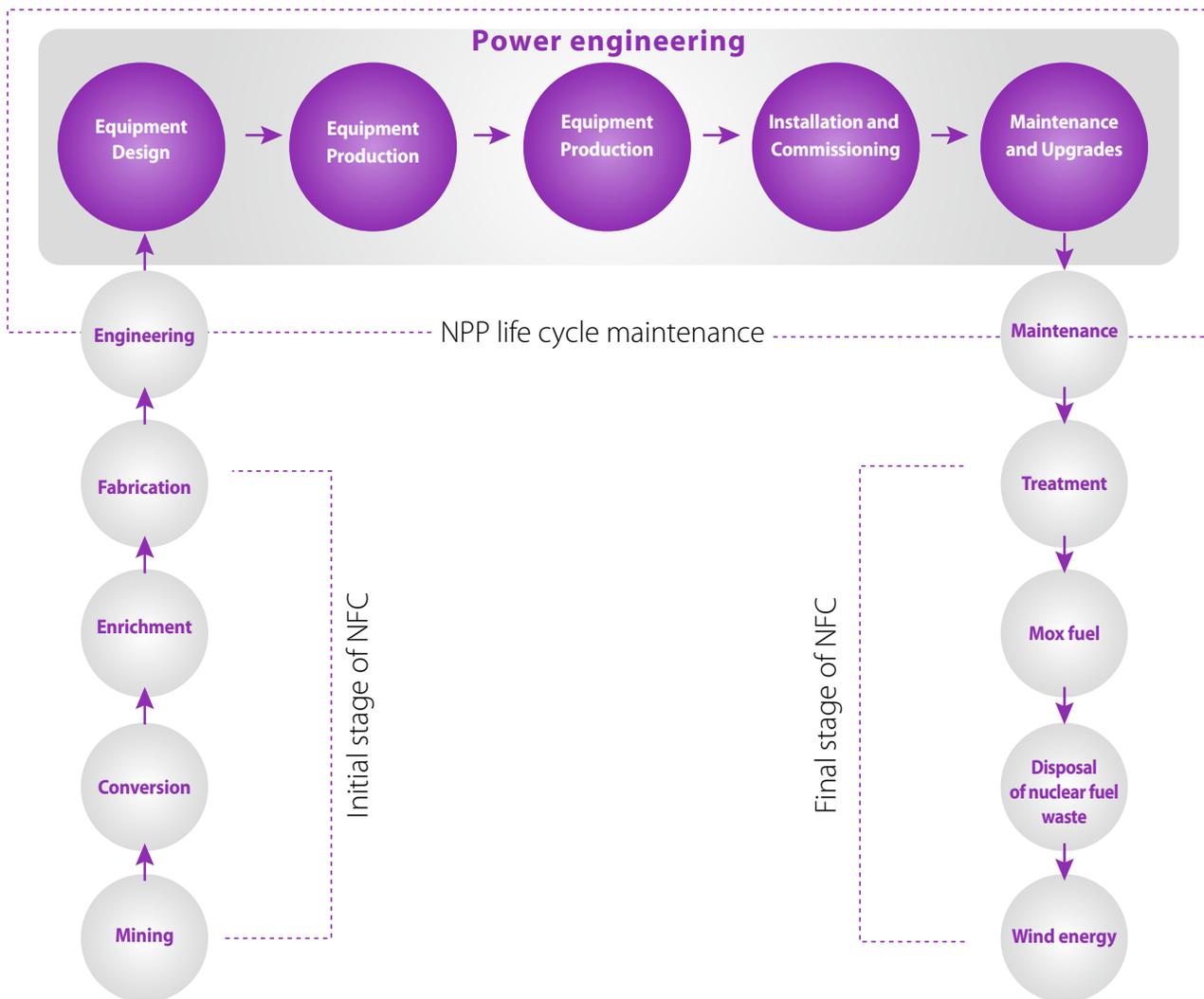
ORGANIZATIONAL STRUCTURE OF OJSC ATOMENERGOMASH



3.6. THE ROLE AND PLACE OF THE COMPANY IN THE NUCLEAR INDUSTRY

Currently, the Russian nuclear industry is a system consisting of more than two hundred and fifty companies employing more than one hundred and ninety thousand people. The structure of the industry includes large research and production establishments: nuclear power industry enterprises, research institutes, organizations using the nuclear fuel cycle and those of the nuclear weapon establishment.

Due to the high degree of vertical integration, OJSC Atomenergomash participates in projects of Rosatom State Corporation to build NPPs in all stages of the value chain, starting from design, installation and configuration, to post-sale maintenance services and equipment modernization.

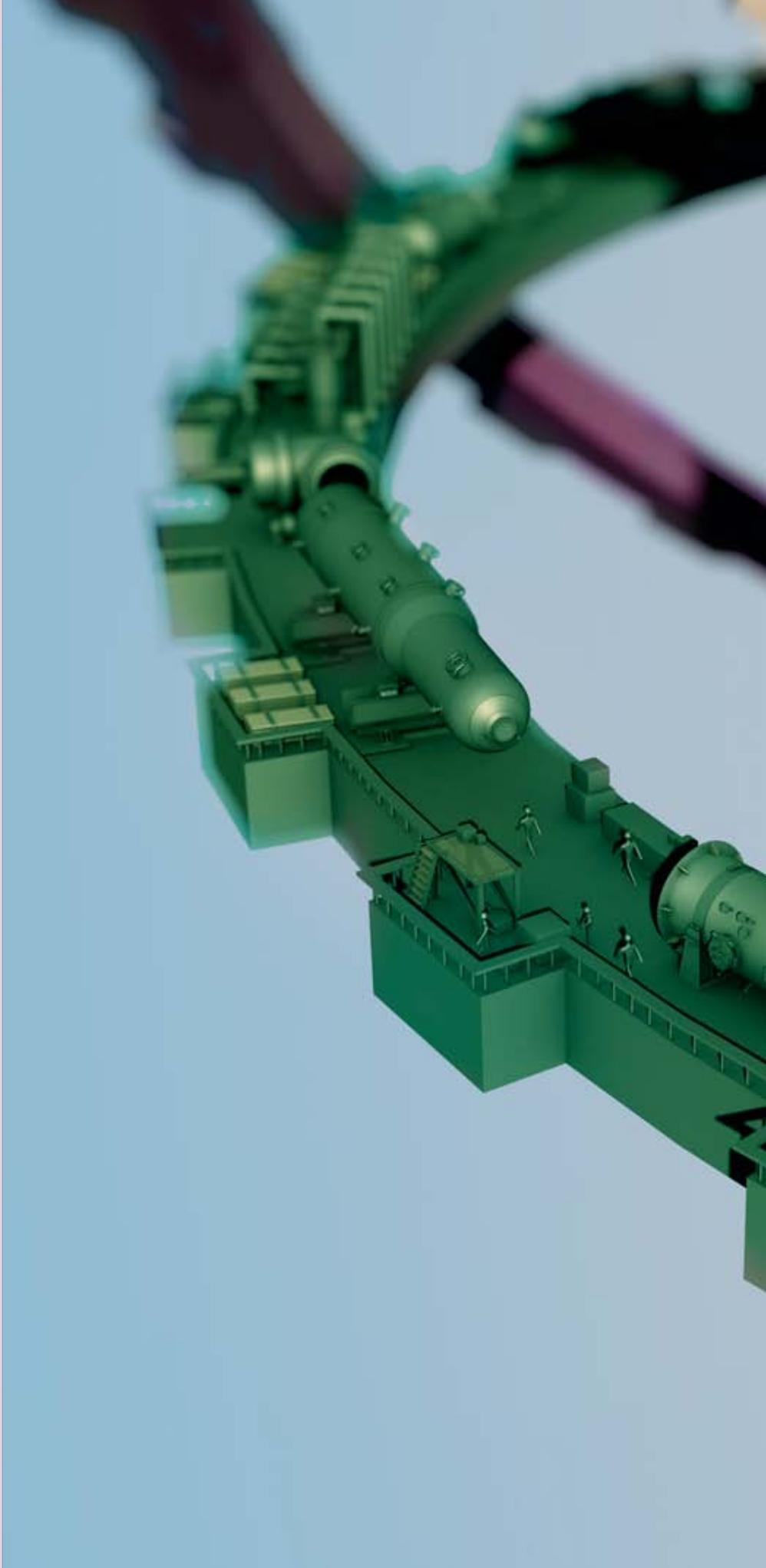


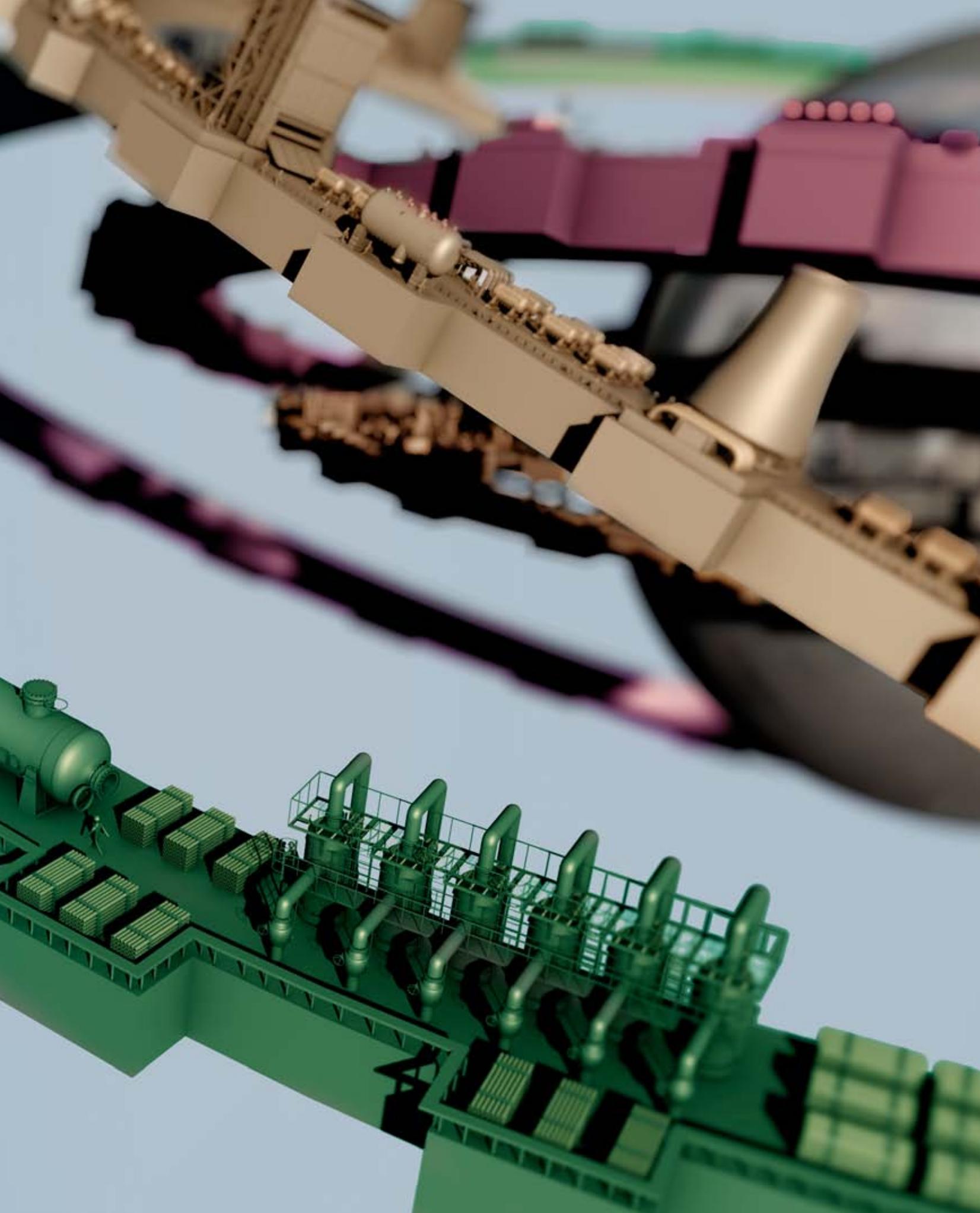
GAS AND PETROCHEMICAL INDUSTRY:

Companies of OJSC Atomenergomash make a wide range of process equipment for oil, natural gas and gas condensate production and processing as well as equipment for oil refineries: vessels, reactors, absorbers, strippers, tanks, receivers, shell and tube heat exchangers, tube furnaces and coils. Petrochemical equipment is manufactured for new plants and for reconstruction of existing facilities.

OJSC Atomenergomash Group of Companies makes jobs to orders of OJSC Gazprom, OJSC Rosneft OC, OJSC Lukoil, OJSC TATNEFT, OJSC Zarubezhneft, OJSC Surgutneftegaz and a number of other companies.

Many years of cooperation connect the companies of Atomenergomash with a number of largest oil refineries (OR) of Russia and CIS countries, which include Saratov OR, Omsk OR, Ufa OR, Sumgait OR, Fergana OR, Moscow OR, Volgograd OR, Perm OR, Guryev OR, Kirishi OR and Orenburg OR.





4. COMPANY DEVELOPMENT STRATEGY

4.1. PRIMARY FOCUSES OF THE COMPANY'S STRATEGIC DEVELOPMENT

In 2013, OJSC Atomenergomash, under the initiative of Rosatom State Corporation, has updated its strategy for the period until 2030 envisaging a transformation of the Division into a high-tech diversified holding that will be competitive on the global market and sustainable in the long term.

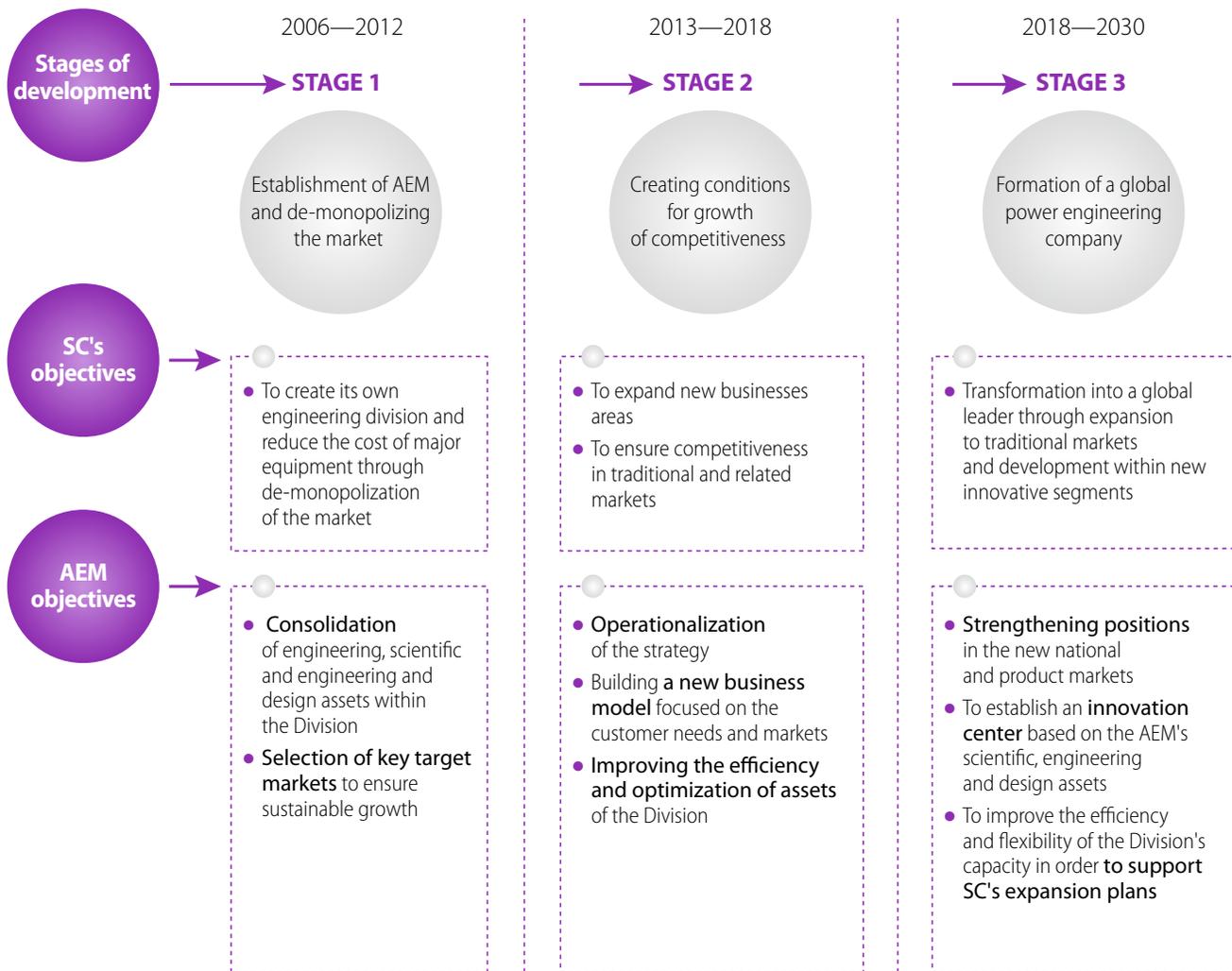
Strategic vision of OJSC Atomenergomash:

- The guaranteeing single-source supplier of major nuclear power plant equipment
- The key player with a strong position in the non-nuclear power engineering markets
- The efficient manufacturer and supplier of competitive solutions

Accordingly, the Company has set the following strategic objectives implementation of which will facilitate improvement of Rosatom State Corporation competitiveness as a whole:

- Expanding the presence of the Division's enterprises in related sectors (thermal power and alternative energy, gas and petrochemical industry);
- International cooperation with global leaders through incorporation into their production chains, establishing alliances, and localizing advanced foreign technologies in Russia;
- Globalization of operations, including the localization of production in priority regions where the Company operates;
- Expanding the list of services offered before, during and after the sale of products;
- Improving the efficiency of production activities through the implementation of cost-cutting, technological development and R&D programs aimed at introducing advanced and highly efficient design and manufacturing processes;
- Implementing programs to improve product quality and develop personnel.

KEY STAGES OF DEVELOPMENT AND OBJECTIVES OF AEM



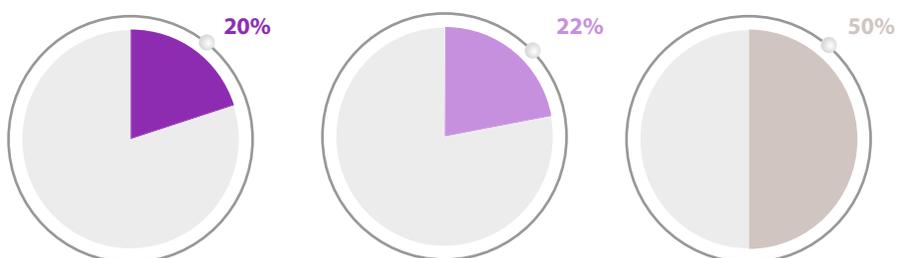
“ High standards of quality, safety and reliability adopted at the Division’s enterprises enable fulfilling orders not only for nuclear power plants. If we created a competitive enterprise, it must prove its competitiveness by winning tenders outside the nuclear industry. Competitiveness of an enterprise is determined not by the scope of orders in the industry, but by the scope of external orders ”

Sergei Kirienko,
Chief Executive Officer of Rosatom State Corporation

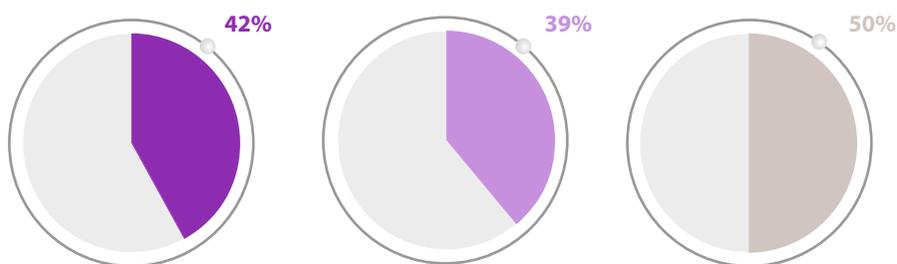
The Company's strategy identifies long-term targets that outline the implementation of the aforementioned strategic objectives:

AEM
1.2.2

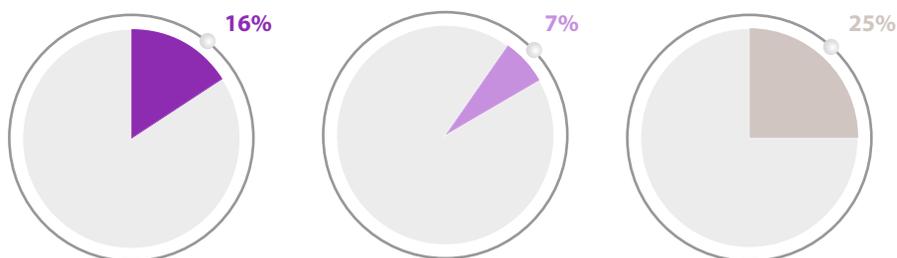
LONG-TERM TARGETS OF THE STRATEGY



Share of the Russian power engineering industry



Share of revenue from non-nuclear sectors



Share of revenue generated by foreign operations



By 2020 it is planned to almost double the revenue from traditional markets and almost triple the revenue from new markets. By 2030, OJSC Atomenergomash predicts a quantum leap, including multiple growth of EBITDA margin and triple productivity growth.

4.2. POWER ENGINEERING MARKET IN 2013

The global power engineering market¹ is currently valued at about USD 100 billion per year, and the volume of this market may expand to about USD 150 billion per year by 2030.



In 2013, the largest share of investment for new power plant equipment was spent on thermal power development. The proportion of expenses on equipment in nuclear power and thermal power is expected to even out by 2030.

The Russian power engineering market (hereinafter referred to as PEM) will follow general global trends for the next few years.

The main focuses of the power engineering market in Russia involve plans to introduce new generating capacity in accordance with the general plan for the siting of electricity facilities before 2020 and the long-term period prior to 2030 and also in accordance with the road map for the construction of nuclear power plants prepared by Rosatom State Corporation.



In addition, in 2013, the Ministry of Energy of the Russian Federation approved the Scheme and Program for Development of the Unified Energy System of Russia for 2013–2019.

According to the information of System Operator of the Unified Energy System, total installed capacity at the power plants of UES of Russia amounted to 226,470.18 MW as of the end of 2013.

¹ Forecast based on the market models of OJSC Atomenergomash.



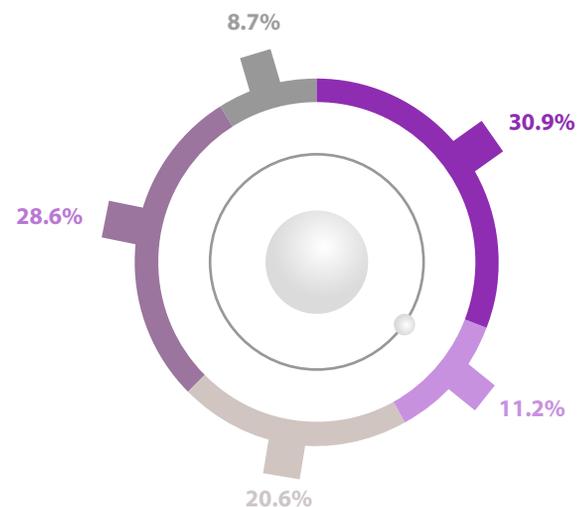
1 THE STRUCTURE OF THE GLOBAL POWER ENGINEERING MARKET BY 2030, %

2 KEY TARGETS FOR DEVELOPMENT OF UES OF THE RUSSIAN FEDERATION IN THE MEDIUM TERM

Installed capacity of UES of Russia power plants increased by 3,991.97 MW due to the commissioning of new generating equipment and the modernization of existing power plant equipment, including:

- the commissioning of new capacity of UES of Russia power plants in 2013 totaled 3,738.37 MW taking into account the power plants of industrial enterprises;
- increase in installed capacity of existing generating equipment due to modernization totaled 253.6 MW.

STRUCTURE OF THE INSTALLED CAPACITY UES OF RUSSIA POWER PLANTS BY TYPE OF GENERATING EQUIPMENT AS OF JANUARY 1, 2014



- TPP power units
- NPP
- HPP
- CHP
- GTP, CCGTP

4.3. THE COMPANY'S POSITION IN THE GLOBAL AND RUSSIAN POWER ENGINEERING INDUSTRY

According to the results of 2013, OJSC Atomenergomash shared 20% of the domestic power engineering market, having once again taken the leading position in terms of revenue in this market.

It should be noted that product lines of each player as a whole are unique, which is a proof of limited competition in the market.

NUCLEAR POWER

Today Rosatom State Corporation ranks as number one in the world in terms of the number of NPPs in the construction stage or in preparation for construction.

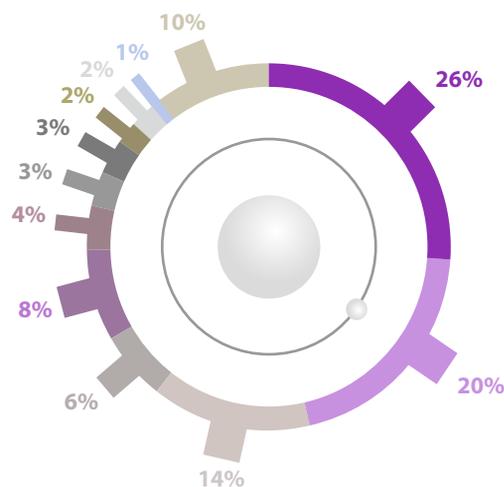
The companies of the OJSC Atomenergomash corporate profile are designers and manufacturers of the equipment installed at all nuclear power plants built in the countries of the former Soviet Union and at several foreign nuclear power plants (in Bulgaria, Hungary, the Czech Republic, Slovakia, the former East Germany and Finland with VVER-440 and VVER-1000 reactors).

In 2013, key equipment for Leningrad NPP-2, Novovoronezh NPP-2, Rostov NPP and Beloyarsk NPP was produced. In addition, supplies and services were provided to Balakovo NPP, Beloyarsk NPP, Bilibino NPP, Kalinin NPP, Kola NPP, Kursk NPP, Smolensk NPP, Zaporizhia NPP (Ukraine), Rivne NPP (Ukraine), Mochovce NPP (Czech Republic), Kudankulam NPP (India), Kozloduy NPP (Bulgaria), Paks NPP (Hungary), Jaslovské Bohunice NPP (Slovakia), Temelin NPP (Czech Republic) and Tianwan NPP (China).

SHARE IN THE RUSSIAN POWER ENGINEERING INDUSTRY

AEM

1.2.1



- OJSC Power Machines, including EMAlliance
- OJSC Atomenergomash
- OJSC OMZ
- OJSC Elektrostavod
- OJSC NPO Saturn
- OJSC Tyazhmash
- LLC Belenergomash
- CJSC Petrozavodskmash
- CJSC UTZ
- OJSC Elsib
- OJSC Sibenergomash
- Other

Source: reports of companies, media, AEM assessment, RBK.

The Division's enterprises are continuously performing work to modernize the equipment of existing NPPs in order to improve reliability, economic performance and increase service life.

THERMAL POWER

The main purpose of the business area is consolidation and development of the abilities of the Division for planned revenue growth in this area. A significant portion of the revenue in this area is generated by production of boiler equipment at the production premises of ZIO-Podolsk.

The main challenge in development of the business area in 2013 became the severe price competition that increases due to the completion of power units construction within the framework of the CSC (Capacity Supply Contracts) Program. The key decisions on pricing and optimization of the manufacturing periods are implementation of industry-wide and divisional programs for activity efficiency improvement.

In the reporting period, the Division's companies have fulfilled their obligations to supply equipment for Nizhnevartovsk TPP, Nazarovo TPP, Yuzhnouralsk TPP-2. In addition, the Czech company Chladicí věže Praha has signed two contracts for the development of project documentation and supply of technological equipment for OJSC Fortum (TGK-10). The contracts were concluded in relation to the construction of three 247.5 MW CCGTPs at Chelyabinsk TPP.

An important focus of business for enterprises of OJSC Atomenergomash (primarily OJSC ZiO-Podolsk) is participation in projects to modernize TPPs in Russia and CIS countries. In particular, a tender to modernize Starobeshevo TPP (Ukraine) and Reftinskaya TPP (Sverdlovsk region) was won. The Company's strategic goal is to gain a 40–50% share of the target markets for modernization projects.

OJSC Atomenergomash plans to actively develop its experience in the very latest technology for construction of 600–900 MW coal-fired power units at thermal power stations for ultra-supercritical steam parameters, by increasing its market share to 20%.

GAS AND PETROCHEMICAL INDUSTRY

To achieve the goal of increasing the portion of revenue from non-nuclear areas in the medium-term, a task to multiply the share of the Division's enterprises in the gas and petrochemical equipment market was set.

The main challenge for OJSC Atomenergomash in this area is the high competition in the market due to the large number of players with established brands that results in high market entry barriers. In order to fulfill the goals and objectives, OJSC Atomenergomash plans to actively work with potential customers.

In 2013, the Volgodonsk branch of CJSC AEM Technologies, Atomash, shipped hydrotreaters to Orsk Refinery and Ryazan Oil Refinery (TNK-BP) and two reactors for CJSC RNPk (OJSC Rosneft OC). A contract for reconstruction of Kogalymneftegaz Refinery (OJSC Lukoil) was concluded. In addition, CJSC AEM Technologies was accredited in OJSC Rosneft OC, OJSC Lukoil, and OJSC AFK Sistema.

SPECIAL STEELS MARKET

This business area has been formed at OJSC Energomashspetsstal.

The main challenge in 2013 was the increased competition among producers of special steels due to the reduction in the economic growth rate and industrial production in CIS and Eurozone countries. In order to improve competitiveness, OJSC Energomashspetsstal is actively implementing an industry-wide and divisional program to optimize the production technology.

In 2013, OJSC Energomashspetsstal implemented large-scale projects for production of a support roll for plate mill "5000" from a unique ingot weighing 415 tons, a hydraulic roll for Dnestrovskaya HPP from an ingot weighing 355 tons, and castings for shells with connections for RITM 200 project weighing 290 tons. Also, in 2013, OJSC Energomashspetsstal approved itself as a supplier for Rolls-Royce, ALSTOM, and ArceorMittal.

Among the objectives in the Special steels area for 2014, the following should be noted:

- to complete the certification conducted by ALSTOM and BHEL;
- to ship castings for Belarusian NPP and RITM-200;
- to complete the qualification for the TOI project (shipping core shell);
- to launch production of castings for Akkuyu NPP;
- to manufacture equipment for production of forged and die stamped steam generator heads of reactor plants.

WIND ENERGY

In the development of wind energy, the priority goal of OJSC Atomenergomash is the full cycle model that enables control over the entire value chain, from designing development projects and production of wind power plant (WPP) components to operation of wind power stations (WPS) and sales of electricity.

One of the important focuses is designing and selling ready for use WPS development projects with a contract for supply of components (tower, hub, frame, brake plates). For implementation of development projects, a special unit, CJSC VetroOGK, was founded within the Division's structure.

In 2013, agreements for cooperation on prospective construction of WPSs with the municipal administrations of Stavropol and Astrakhan regions were signed. In addition, in June 2013, wind monitoring was started at the construction site of the proposed wind power station in the Republic of Adygea.

In June 2014, CJSC VetroOGK plans to participate in the tender for selection of CSC investment projects covering renewable energy sources (hereinafter referred to as RES) with a number of projects to a total capacity of 345 MW. For implementation of the development projects, it is planned to use other subsidiaries of OJSC Atomenergomash.

At its production facilities, OJSC Atomenergomash is ready to organize production of a number of key components for WPPs to orders from original manufacturers, not only for its own projects, but for other market players as well. Currently, OJSC Atomenergomash is negotiating with industry leaders about an order for components production, to achieve the required level of localization in the Russian Federation.



4.4. SUSTAINABLE DEVELOPMENT STRATEGY OF THE COMPANY

“ Sustainable development is the kind of development that meets the needs of the present without compromising the ability of future generations to meet their own needs ”

UN World Commission on Environment and Development

For the first time, the Company announced the important role of sustainable development in its activity in the Report for 2010, where it recognized following the concept of sustainable development as one of the most important success factors in the medium and long term.



“ A mandatory condition for achieving the strategic goals of the Company is integration of the sustainable development aspects in its key priorities and plans ”

Konstantin Tulupov,
Strategy Director, OJSC Atomenergomash



1 POST REPORTING DATE EVENTS

2 HYDRAULIC POWER

3 INTEGRATION OF SUSTAINABLE DEVELOPMENT PRINCIPLES



At that time, there were plans drawn up to develop this area, the main objective of which was to form a Sustainable Development Strategy and build a Sustainable Development Management System. Later on, the plans were annually updated due to the complexity of the objective and necessity of interaction between all divisions of the Company.



The Report of 2011 presented the sustainable development concept of OJSC Atomenergomash. The agenda for sustainable development was worked out in detail, and the next objective was to link it with the initiatives being implemented or have been planned by the Company. This work was performed in 2013 and its results formed the basis for the Draft sustainable development strategy of

OJSC Atomenergomash until 2020¹, which was presented for the public dialogue.

In its Sustainable Development Strategy, the Company has defined a list of the main areas of activity, based on the global agenda for sustainable development, the priorities of Rosatom State Corporation and the opinion of the Company's key stakeholders.

Currently, strategic plans are not ready for all the areas; at this stage, for some of the areas only a strategic vision is prepared. In addition, the planning horizons are different for the areas due to the objective reasons, including applicable rules and requirements.

STRATEGIC AREAS FOR SUSTAINABLE DEVELOPMENT



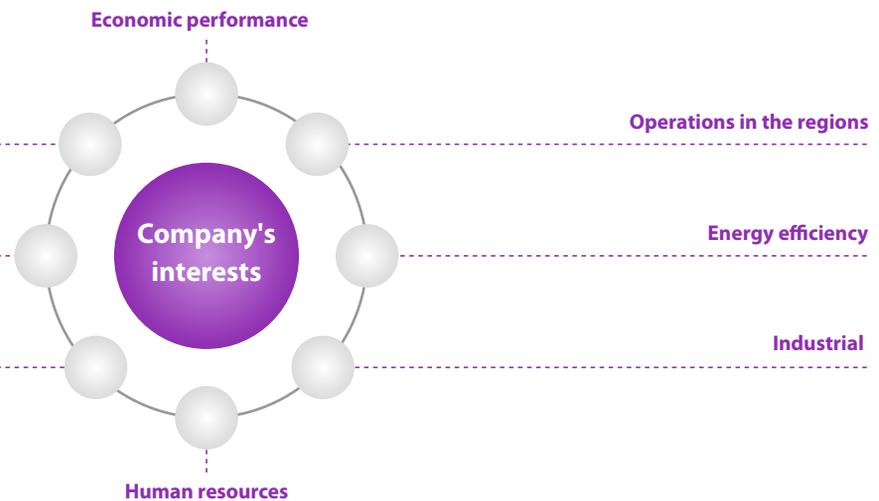
Foreign partners engagement



Innovative activities



Optimization of production processes



1 STRUCTURE OF SUSTAINABLE DEVELOPMENT MANAGEMENT

2 AGENDA FOR SUSTAINABLE DEVELOPMENT

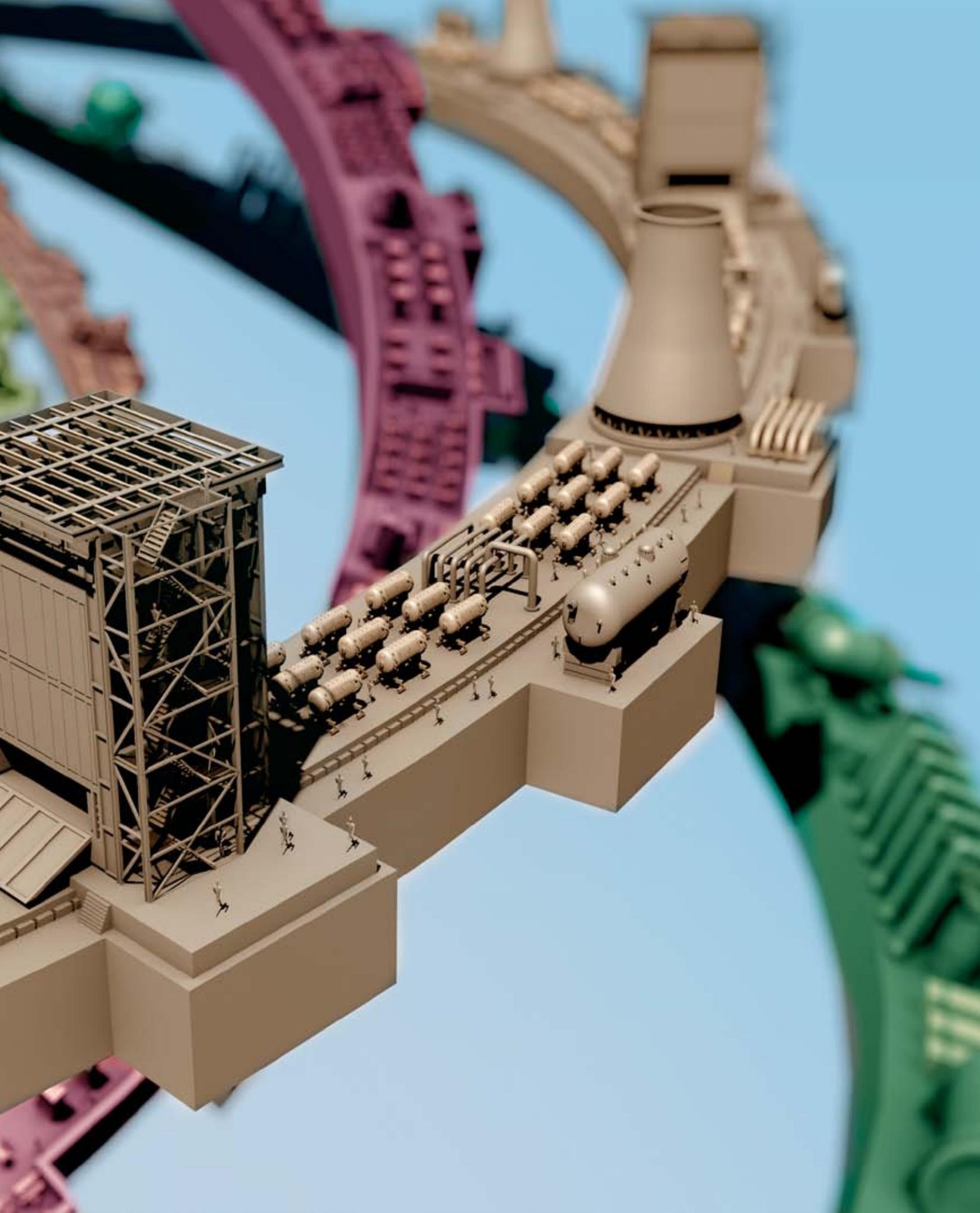
¹ In the near future, the proposed Strategy will require updating. This is because an updated OJSC Atomenergomash Corporate strategy until 2030 is presently being approved. After the approval, Strategies for the areas which would form the basis of the Sustainable Development Strategy will be updated. The Sustainable Development Strategy will be agreed with the relevant Directorates and approved by the CEO of OJSC Atomenergomash.

THERMAL POWER:

The core products of Atomenergomash Group of Companies for thermal power plants are boilers for 50 to 800 MW power units built using advanced technical solutions to operate on various types of fuel: fuel oil, natural gas, and solid fuel. The boilers are supplied as modules that makes their installation faster and easier. Companies of OJSC Atomenergomash have manufactured about 700 boiler units with varying capacities and parameters for 152 Russian and foreign power plants to a total capacity exceeding 66 million kW.

Our boilers operate at power plants of 20 countries worldwide. In addition, production of heat recovery steam generators for modern 2.5 to 450 MW combined cycle gas turbine plants is in good progress. The Group's enterprises also produce heat recovery boilers with capacities from 0.1 to 2 MW for recovery of heat from diesel power plant engine exhaust.





5. CORPORATE GOVERNANCE

5.1. CORPORATE GOVERNANCE SYSTEM

5.1.1. MANAGEMENT STRUCTURE AND BODIES

Under the Company Charter, the governing bodies are:

1. General Meeting of Shareholders (hereinafter referred to as GMS) is the supreme governing body of the Company.
2. Board of Directors is responsible for the general management of the Company's activities except for matters reserved for the General Meeting of Shareholders.

3. CEO is the executive body of the Company responsible for the management of the Company's current activities. CEO has power over all matters relevant thereto with the exception of those reserved for the general meeting of shareholders and the Board of Directors.

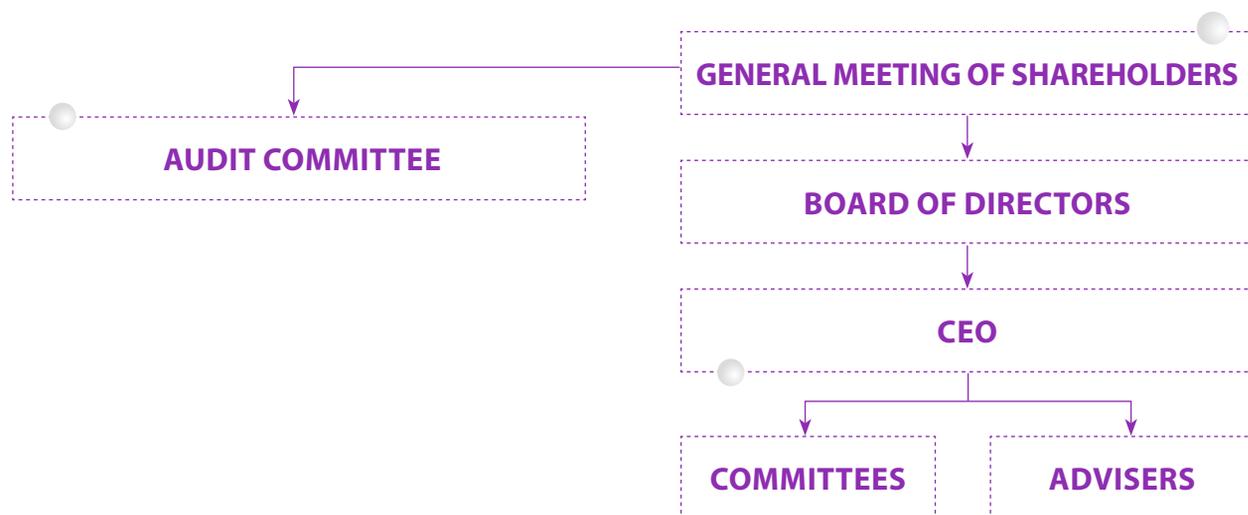
General Meeting of Shareholders

The powers, procedure for convening and holding the GMS are specified in the Company's Charter as well as in the Federal Law "On Joint Stock Companies". No Regulation "On the General Meeting of Shareholders" was adopted in the Company.

In 2013, 9 general meetings were held (1 annual, 8 extraordinary).



CORPORATE GOVERNANCE STRUCTURE OF THE ORGANIZATION



1 ISSUES ADDRESSED IN 2013 AT GMS

The Company did not perform major transactions in 2013.

Since August 20, 2013, OJSC Atomenergomash has no external shareholders other than industry enterprises. Therefore, the transactions concluded with the industry enterprises, including SASC of OJSC Atomenergomash, do not require corporate procedures for their approval by the OJSC Atomenergomash governing bodies as deals related party transactions, because all shareholders of the Company are deemed to be interested in such transactions.

Board of Directors

The powers of the Board of Directors are specified in the Company's Charter as well as in the Federal Law "On Joint Stock Companies".

The Company does not have any independent members of the Board of Directors as the term is defined in the Code of Corporate Conduct recommended for use in the Decree of the Federal Securities Commission of the Russian Federation No.421/r dated 04/04/2002.

GRI
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GRI
4.39

Members of the Board of Directors do not own any shares of the Company.

GRI
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Members of the Board of Directors (hereinafter referred to as BoD) are nominated in accordance with the requirements of Article 52 of the Federal Law "On Joint Stock Companies" and Article 7–8 of the Company Charter.

GRI
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The Board of Directors uses the following procedures to prevent conflicts of interests and manage them in respect of the following matters:

1. Simultaneous membership

Members of the Company's Board of Directors, in case they are at the same time members of management bodies of other companies, will not vote in the Company's BoD meetings on matters

relating to approval of related party transactions, if they, by virtue of the Federal Law "On Joint Stock Companies", are deemed to be interested in such transactions. In addition, such persons will not vote at other companies' BoD meetings on matters regarding approval of related party transactions, if they, by virtue of the Federal Law "On Joint Stock Companies", are deemed to be interested in such transactions (or not deemed independent directors not interested in the transaction).

2. Affiliation

Before election to the Board of Directors, the nominees provide to the Company their Consent to be elected and a Statement. The Statement includes the nominee's obligation, in case he/she is elected to the Company's Board of Directors, to inform the Board of Directors, the Audit Committee and the auditor about him/herself, his/her spouses, parents, children, full and half brothers and sisters, adopters and adoptees, legal entities in which the nominee and/or such person(s) owns (own) solely or jointly with their affiliate(s) 20 or more percent of the voting shares; about legal entities in which the nominee and/or such persons is/are holds/hold positions in the management bodies, is/are a party, beneficiary, agent or representative in the transaction; about known and/or conducted or potential transactions in which the nominee and/or such persons may be deemed to be interested.

The powers of the Board of Directors are specified in the Company Charter. BoD meetings are convened as necessary. Meetings are convened by the Chairman of the Board of Directors on its own initiative or upon request of a BoD member, the CEO of the Company, the Audit Committee or Auditor of the Company.

In 2013, 64 meetings of the Board of Directors were held to address 262 agenda items.

GRI
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GRI
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AEM
8.1.2



PERSONAL INFORMATION OF THE BOARD MEMBERS

IN 2013 THE BOARD OF DIRECTORS
MEMBERSHIP WAS CHANGED TWO TIMES
BASED ON GSM RESOLUTIONS
No 04/13-ГOCA DATED 07/01/2013
AND No 09/13-BOCA DATED 10/07/2013.

YEKATERINA V. LYAKHOVA

DIRECTOR OF INVESTMENT MANAGEMENT
AND OPERATIONAL EFFICIENCY
AT ROSATOM STATE CORPORATION



CHAIRMAN OF THE BOARD OF DIRECTORS
Holds this position since 06/29/2012 to present

ALEXEY A. KALININ

DIRECTOR OF INTERNATIONAL BUSINESS
DEPARTMENT AT ROSATOM STATE
CORPORATION (UNTIL JULY 2013)



Held this position since 06/30/2011
to 10/04//2013

ANDREY V. NIKIPELOV

CEO OF OJSC ATOMENERGOMASH



Holds this position since 06/29/2012
to present

IGOR G. SHPAGIN

DEPUTY HEAD OF LEGAL AND CORPORATE
DEPARTMENT ROSATOM OVERSEAS
AT ROSATOM STATE CORPORATION



Holds this position since 10/14/2009
to present

EVGENIYA G. GORBUNOVA

DIRECTOR OF DEVELOPMENT AND RESTRUCTURING
AT ROSATOM STATE CORPORATION



Holds this position since 06/28/2013
to present

NIKOLAY S. DROZDOV

DIRECTOR OF INTERNATIONAL BUSINESS
AT ROSATOM STATE CORPORATION



Holds this position since 10/04/2013
to present

VLADIMIR G. ASMOLOV

FIRST DEPUTY GENERAL DIRECTOR
OF OJSC ROSENERGOATOM CONCERN



Held this position since 11/01/2006
to 06/28/2013

CEO

In accordance with the requirements of Article 69 of the Federal Law "On Joint Stock Companies", Article 9 of the Company Charter, the CEO is responsible for the implementation of the decisions adopted by the general meetings of shareholders and the Board of Directors. The Board of Directors will set objectives for the CEO in accordance with the decisions adopted by the BoD.

The CEO of the Company, Andrey V. Nikipelov, was elected by a decision of the Extraordinary General Meeting of Shareholders dated April 17, 2012.

The CEO does not own any shares of the Company.

The CEO directly participates in drawing up the Company's development strategy both at the level of mission and values, and at the level of functional strategies. Relevant documents are approved by the CEO, who further ensures approval of such documents by Rosatom State Corporation.

“ Our team is now joined by new directors. All of them are professionals in the relevant areas. I am confident that the new appointments provide the necessary platform for further positive dynamics of the business ”

Andrey Nikipelov,
CEO of OJSC Atomenergomash



1 OJSC ATOMENERGOMASH COMMITTEES

2 CENTRAL ARBITRATION COMMITTEE

3 CV

COMPANY TOP MANAGEMENT¹VLADIMIR
P. RAZIN

DEPUTY CEO — BUSINESS OPERATIONS
DIRECTOR



Holds this position since 2012

VADIM
V. PESOCHINSKY

DEPUTY CEO — ECONOMICS
AND FINANCE DIRECTOR



Holds this position since June 2013

GRI
4.36



¹ Top managers' responsibility for matters related to individual areas of activity is specified in relevant sections.

SERGEY A. KULESHOV

DEPUTY CEO — CORPORATE
GOVERNANCE DIRECTOR



Holds this position since 2006

KONSTANTIN V. TULUPOV

STRATEGY DIRECTOR



Holds this position since 2011

KSENIA A. SUKHOTINA

DEPUTY CEO, DIRECTOR, HUMAN
RESOURCES AND ORGANIZATIONAL
DEVELOPMENT



Holds this position since 2010

ALEXANDER L. LEVENSHTEIN

INTERNAL AUDIT DIRECTOR



Holds this position since 2007

ANDREY V. BUZINOV

SHIPBUILDING AND GENERAL
TECHNOLOGY DIRECTOR



Holds this position since February 2014

VLADIMIR A. ANGELOV

NUCLEAR POWER DIRECTOR



Holds this position since January 2014

YURI A. ZUBKOV

GAS AND OIL CHEMISTRY DIRECTOR



Holds this position since February 2014

YEVGENY M. PAKERMANOV

PROJECT DIRECTOR,
CEO OF CJSC AEM TECHNOLOGIES



Holds this position since 2012

ANATOLY P. OGURTSOV

ADVISOR TO THE CEO



Holds this position since 2010

VLADIMIR V. KOZLOV

ADVISOR TO THE CEO



Holds this position since 2012

VLADIMIR M. USHAKOV

ADVISOR TO THE CEO



Holds this position since 2009

NATALIA V. SHIROKOVSKIKH

CHIEF ACCOUNTANT



Holds this position since 2012

5.1.2. KEY PERFORMANCE INDICATORS AND REMUNERATION FOR THE MANAGEMENT

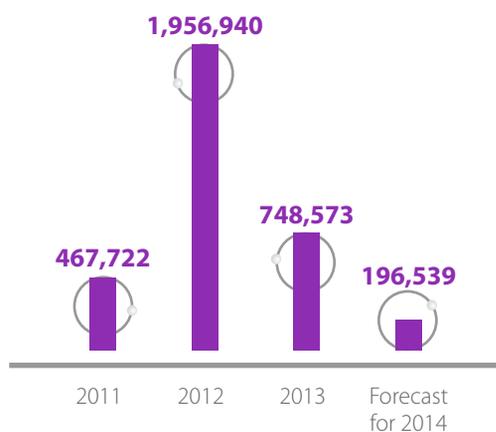
In the reporting year, no dividends were paid by OJSC Atomenergomash as no decision to declare dividends was made. No local regulatory acts governing the dividend policy were adopted by the Company.

Para. 2, Article 64 of the Federal Law "On Joint Stock Companies" states that based on decisions of the General Meeting of Shareholders, members of the Board of Directors of the Company during performance of their duties may be paid a remuneration and/or compensation of their expenses associated with the performance of their duties as members of the Board of Directors (Supervisory Board) of the Company. The amounts of such remuneration and compensation are defined by the General Meeting of Shareholders.

According to para. 8.13 of the Charter, the remuneration to the members of the Board of Directors can be paid in the amount defined by the General Meeting of Shareholders.

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PAYMENT OF DECLARED (ASSESSED) DIVIDENDS (FOR THE ENTIRE DIVISION), THOUSAND RUBLES



No special corporate procedures for assessment (analysis) of key performance indicators and remuneration for the management are provided for. The remuneration is effected in accordance with the provisions on the remuneration, based on the economic situation in the Company, and guarantees social protection for the employees. Performance assessment criteria correlate with the economic and other objectives of the Company.

In 2013, no decision to pay remuneration to the members of the Board of Directors was made by the General Meeting of Shareholders.

KPIS OF THE CEO OF OJSC ATOMENERGOMASH FOR 2013¹

Indicator	Result
AEM's Adjusted Free Cash Flow, bln. rubles	✓
EBITDA margin, %	–
Division's revenue from related products, bln. rubles	✓
Labor productivity, mln rubles/person	✓
Engagement level, %	✓
LTIFR, %	✓
State Defense Procurement Orders (SDPO)	✓

In accordance with the legislation, the information about the declared income, property and liabilities is presented on the Rosatom State Corporation web-site.

¹ Information regarding these indicators (except the SDPO) is available in the relevant sections. The KPIs for 2014 were not yet approved at the time the text of the Report was prepared.

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GRI
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5.1.3. INTERACTION WITH SUBSIDIARY, AFFILIATE AND SUPERVISED COMPANIES



The Division has adopted a Regulation for interaction between OJSC Atomenergomash and SASC. The Regulation defines a procedure for interaction of OJSC Atomenergomash with SASC and establishes a basis and conditions for participation of OJSC Atomenergomash in making decisions by the SASC on the matters relating to industry processes.

The objectives of the Regulation are:

- to ensure implementation of the state policy for management of the organizations within the Russian Federation's nuclear power complex;
- to establish unified approaches to creating conditions and mechanisms ensuring safety of nuclear energy and to managing the organizations within the Russian Federation's nuclear power complex;
- to improve efficiency and optimize the methods for implementation of administrative functions;
- implementation by Rosatom State Corporation, through OJSC Atomenergomash, of its authority in the field of state control over the use of nuclear power ensuring safe and sustainable functioning of the organizations within the Russian Federation's nuclear power complex;
- unification and standardization of industry documents;
- to establish mechanisms for monitoring and making decisions regarding business operations of the SASC;
- to improve quality of documents prepared and decisions made;
- to protect the state and investor interests, to increase the performance of interaction with authorities and contractors;
- to provide a uniform information policy for Rosatom State Corporation, OJSC Atomenergomash and SASC.

Interaction between OJSC Atomenergomash and SASC as per the Regulation covers the following areas of activity:

- adoption and implementation by SASC of Rosatom approved industry documents which establish requirements to implementation of individual industry processes for the SASC;
- a procedure for implementation by the SASC of processes not regulated by industry documents of Rosatom State Corporation in respect of approval of specific matters;
- specification of OJSC Atomenergomash management profile and mechanisms to control the organizations within such profile;
- resolution of conflicts between the directors of OJSC Atomenergomash and SASC regarding the issues listed in this paragraph.

The cooperation of OJSC Atomenergomash with the SASC involves coordination of activities and includes:

- approval by OJSC Atomenergomash of SASC' documents or decisions as per the procedure and format prescribed by the industry documents of Rosatom State Corporation regulating the industrial processes and by the Regulation;
- ensuring adoption by the SASC of documents regulating activities of the SASC, including (but not limited to) the development of policies, regulations, procedures, key principles, rules, guidelines and recommendations, instructions for industry processes, including norms and rules for creating organizational structures of the Company (hereinafter referred to as industry documents);
- conducting by OJSC Atomenergomash of appraisal of draft documents, design documents and solutions submitted by the SASC and returning conclusions covering the results of such appraisal.



5.2. ETHICS AND INTEGRITY

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P. 160

In its activities, the Company uses the Code of Corporate Conduct recommended for application by the Decree of the Federal Securities Commission of the Russian Federation No.421/r dated 04/04/2002 as the basic principles, standards and norms of conduct.

GRI
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In order to improve corporate culture, create an atmosphere of fairness and condemnation of theft:

- A specialized information page was created on the Company website <http://www.aem-group.ru/wps/wcm/connect/aem/site/socialresponsibility/antitheft/>;
- The media of the companies publish materials about the Program to Combat Corruption and Embezzlement in the Nuclear Industry, including information on any identified cases of theft and fraud, and contact information of the specialized Hotline;
- Information slip on using the Hotline is included among the documents for reading by new employees.

5.3. ECONOMIC SECURITY

Nuclear power is a guarantee of security of a state. Therefore, the Government has retained control over the nuclear industry. That is why all assets over the past years have been combined and integrated into one holding, and the objectives to ensure protection of the assets and combat corruption have been entrusted to specially created units, both in Rosatom State Corporation and OJSC Atomenergomash and its SASC.

The main measures implemented by the Security Department are aimed at prevention of:

- corruption and corrupt practices;
- external and internal threats to financial and HR security and intellectual property;
- illegal economic activities;
- unlawful activities in the field of federal property and assets management;
- unlawful activities in the field of procurement, execution of work and provision of services for the needs of Rosatom State Corporation and its organizations.

Implementation of their objectives (measures) by units of the Security Department is the criterion for determining the effectiveness of this area of activity as a whole and measuring the key performance indicators.

To prevent theft and fraud and to reduce the risk of causing economic damage, enterprises of OJSC Atomenergomash in collaboration with state authorities, local authorities, public associations, collectives of workers and citizens as well as structural units of the Federal Security Service of Russia, the Ministry of Internal Affairs of the Russian Federation and the tax authorities are implementing the Comprehensive Program to Combat Corruption and Embezzlement. In addition, a package of measures to prevention risks and eliminate consequences of violations has been developed. Control over the process of risk identification and prevention of fraud by contractors is implemented jointly with the Internal Control Department in accordance with the Terms of Reference for Security Department and Terms of Reference for Asset Protection Department.

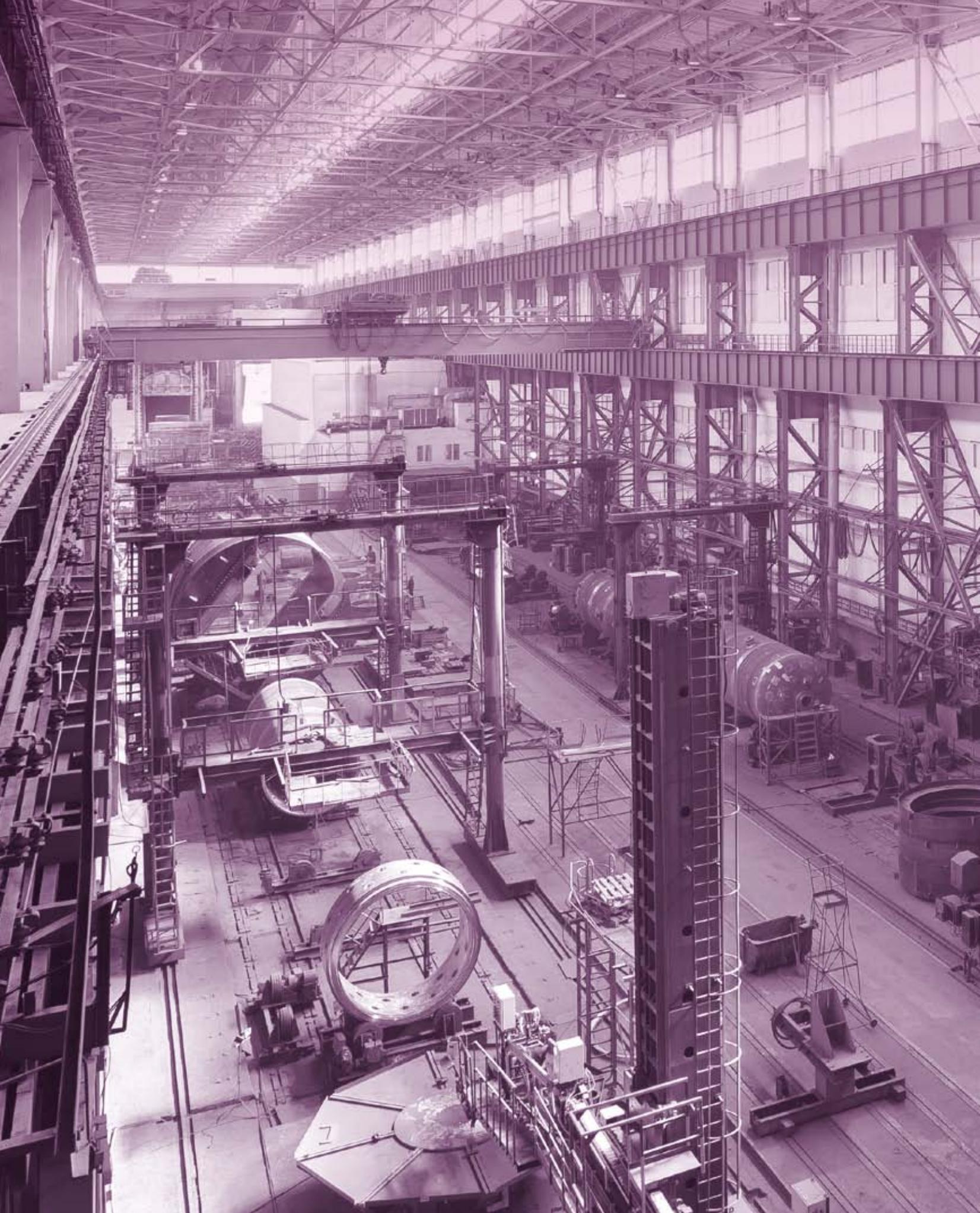


1 OBJECTIVES OF THE SECURITY DEPARTMENT



2 MEASURES BEING IMPLEMENTED

3 REGULATORY FRAMEWORK



In 2013, resulting from the activities in the field of economic security, attempts to cause economic damage to the Division's enterprises to the amount of 727.6 mln rubles were terminated, including:

- Reduction of prepayment or payment for actual delivery of materials and equipment by contractors with low financial performance revealed during an inspection (130 mln rubles);
- Reduction of the cost of equipment, materials and services during monitoring of the market and making recommendations to conclude contracts with potential contractors (54 mln rubles);
- Revealed overstatement of quantity of work performed by contractors under contracts and compensation of damage by them (50 mln rubles);
- Understatement of the market value of non-core property (494 mln rubles).

The major attempts were related to the following enterprises:

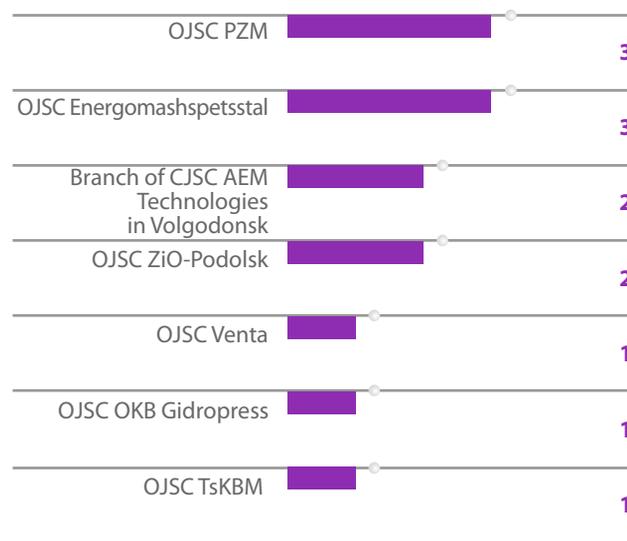
Enterprise	Amount, mln rubles
OJSC Atomenergomash	369
OJSC ZiO-Podolsk	130
OJSC SverdNIIKhim mash	101.8
OJSC OKB Hidropress	71
OJSC PZM	41.6
OJSC Energomashspetsstal	6.9

In 2013, 152 inspections were conducted to reveal theft and fraud committed. 354 were disciplined, 34 people were dismissed. 13 criminal cases were brought against a number of employees and executives of the branch enterprises for abuse of office, fraud or theft:

AEM
6.11.3

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NUMBER OF CRIMINAL CASES



The criminal and administrative suits resulted in indemnities to the amount of 285 thousand rubles.

No contracts were terminated due to corruption components in 2013.

5.4. INTERNAL CONTROL AND AUDIT

The responsibility for management of the Internal Control and Audit function in the Company is assigned to the Internal Audit Director, A.L. Levenshtein.

The structure of the Company for the Internal Control and Audit function provides for separating the areas of the controls being implemented: audit, control and audit activities, compliance with the Unified industry standard for procurement. To enable the employees to perform the activities for the function in accordance



with the regulations of the process, a six-month Monitoring Plan is prepared to include, in addition to allocation of the work for the above areas, information on the titles of the planned controls, inspection period and number of hours allocated for implementation of such controls. In accordance with the approved procedures, when preparing the Monitoring Plan for the next six-months period, the Company's CEO and all employees of the Company (through the head of the relevant unit) have the right make a proposal to implement a follow-up measure.

Upon receipt of the a proposal (instruction), based on the received information (anonymous, over hotline, from state authorities) on the alleged violation, in addition to the approved six-month Monitoring Plan, such proposal (instruction) shall be approved by the Company's CEO in the format of an extraordinary inspection.

As part of implementation of the internal control and audit function, the following software is used: Consultant +, SAP, 1cUPP, SKB Partner, EOS NSI, Electronic trading platforms: Competitive Auction House (AKD), Roseltorg, Fabrikant, Rosatom State Corporation, and the official website of the Russian Federation with information about placing orders (www.zakupki.gov.ru).

The performance efficiency for the Internal Control and Audit function is assessed based on such KPIs as Percentage of the Monitoring Plan Completion, Absence of Actual Incidents or Substantial Comments on the Results of Inspections by State Authorities of the Processes Previously Inspected by the Internal Audit Department, Assessment of Horizontal Cooperation Quality,

Reduction of Operating Costs for the Function as Compared with the Previous Year, Reduction of Operating Costs for the Function as Compared with the Previous Year, etc.

In 2013, the listed targets, including the Monitoring Plan, were achieved.

AEM

8.2.1

5.5. RISK MANAGEMENT

The main regulatory document in the field of risk management for the Company is the Risk Management Policy of Rosatom State Corporation (Order of the State Corporation No.1/4-P dated 01/13/2011). Currently, the Company approves its own local regulatory documents which replicate the documents of Rosatom State Corporation.

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The industry and the Division have had in place an efficient risk management system focused on management of technical and technological risks that is due to high security requirements. Due to the specific nature of the activities and the existing threat of serious and irreversible damage, the precautionary approach was binding for efficient risk management. Therefore, the objective is not "building from scratch", but "extending" the risk management system that covers all areas of activity, to the efficiency level already achieved in respect of the technology and security risks.

In 2013, the Company made its first steps in building the Comprehensive Risk Management System (hereinafter referred to as CRMS).



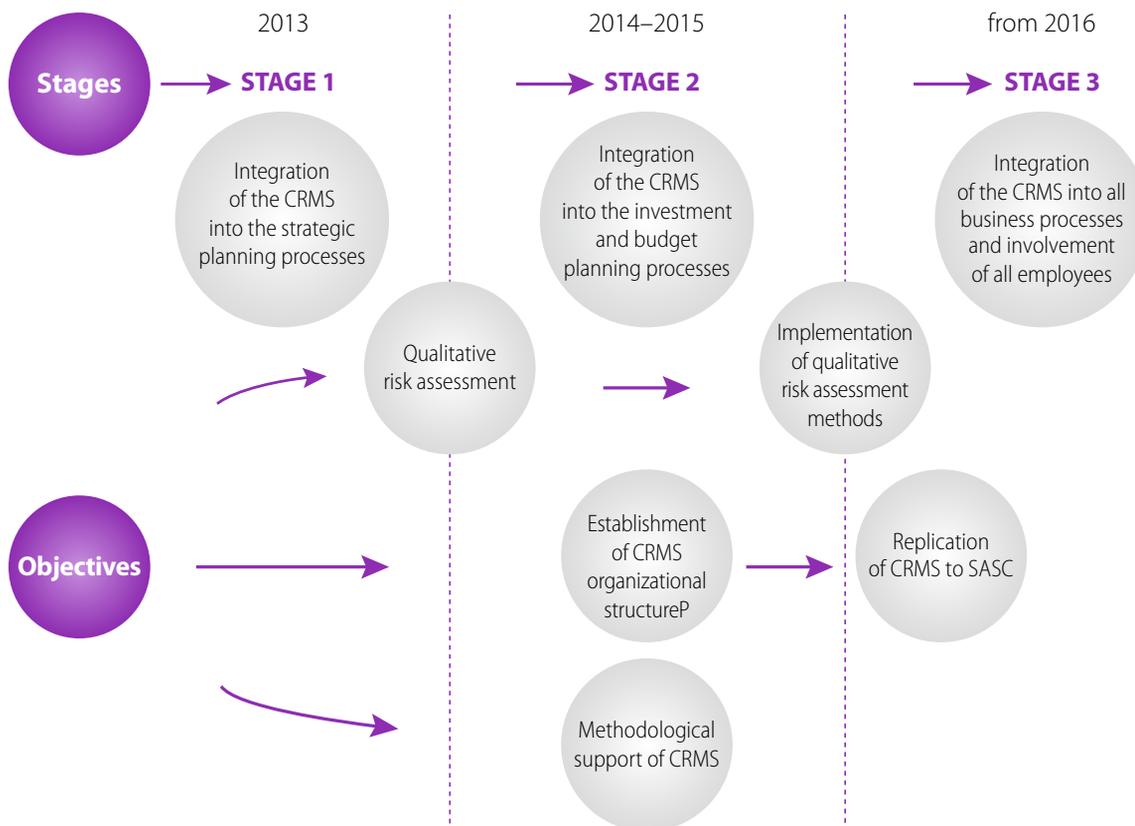
The main reasons for building the system:

Requirements by Regulators	Rosatom State Corporation National regulators in foreign markets
Stakeholder requirements	Users of reports Potential partners and investors
Internal benefits	Transparency for the key risks The uncertainty range of the key performance indicators Ratio of risks to willingness to take the risks



The CRMS introduction project is being implemented by the Strategy Directorate and the Economics and Finance Directorate.

OJSC ATOMENERGOMASH CRMS DEVELOPMENT PLAN



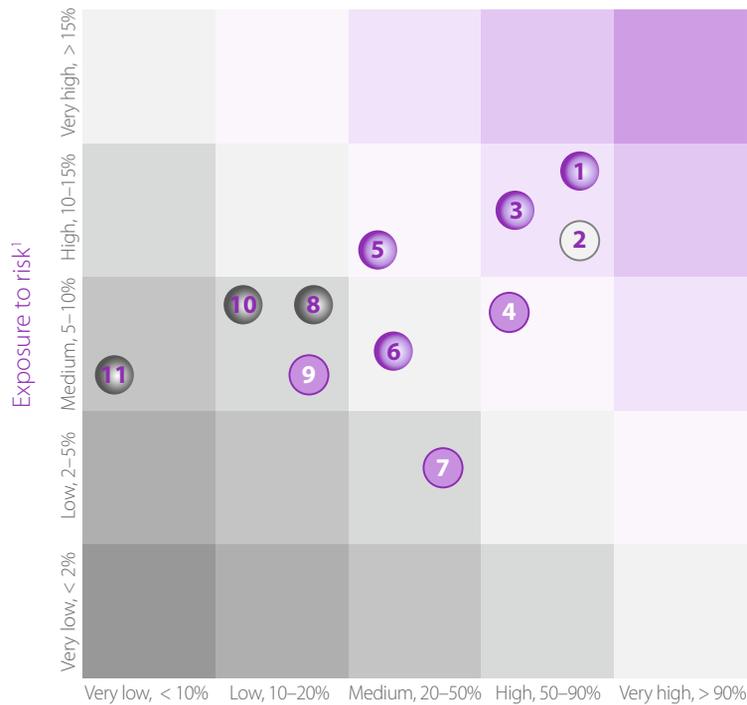
In 2013, an analysis of the strategic risks for OJSC Atomenergomash was conducted, the results of which were used in the preparation of the OJSC Atomenergomash Development Strategy until 2030.

Stage of the analysis Goal Action

Identification of risks	To identify key risks affecting the targets of the organization’s strategy; To describe the factors (causes) of each key risk	Analysis of scientific and business literature; Benchmarking of similar companies; Holding business meetings
Risk assessment	Prioritization of key risks affecting the organization’s strategy; Assessment of the overall impact of the key risks on the organization’s strategy targets	Qualitative (expert) assessment of the likelihood of and exposure to risk; Qualitative (expert) assessment of deviation of the strategy’s key parameters affected by the key risks



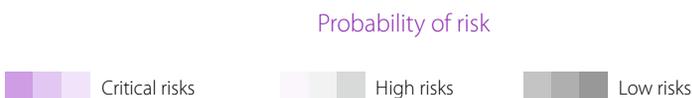
RISK MAP



LIST OF KEY RISKS BY SCENARIOS²

- 1 High competition in the market, market share reduction
- 2 Lack of funding
- 3 High market size uncertainty
- 4 Tightening of requirements for localization of production in foreign markets
- 5 Worsening of macroeconomic conditions
- 6 Lack of competitiveness of the current products and technologies
- 7 Inefficient legislation
- 8 Deficiency of workers with sufficient skills
- 9 Political instability or deterioration of political relations between the Russian Federation and the countries of presence
- 10 Deterioration of public attitude to the Company or nuclear technology as a whole
- 11 Physical damage to the company's assets

- Market risks
- Political and regulatory risks
- Financial risks
- Operational risks

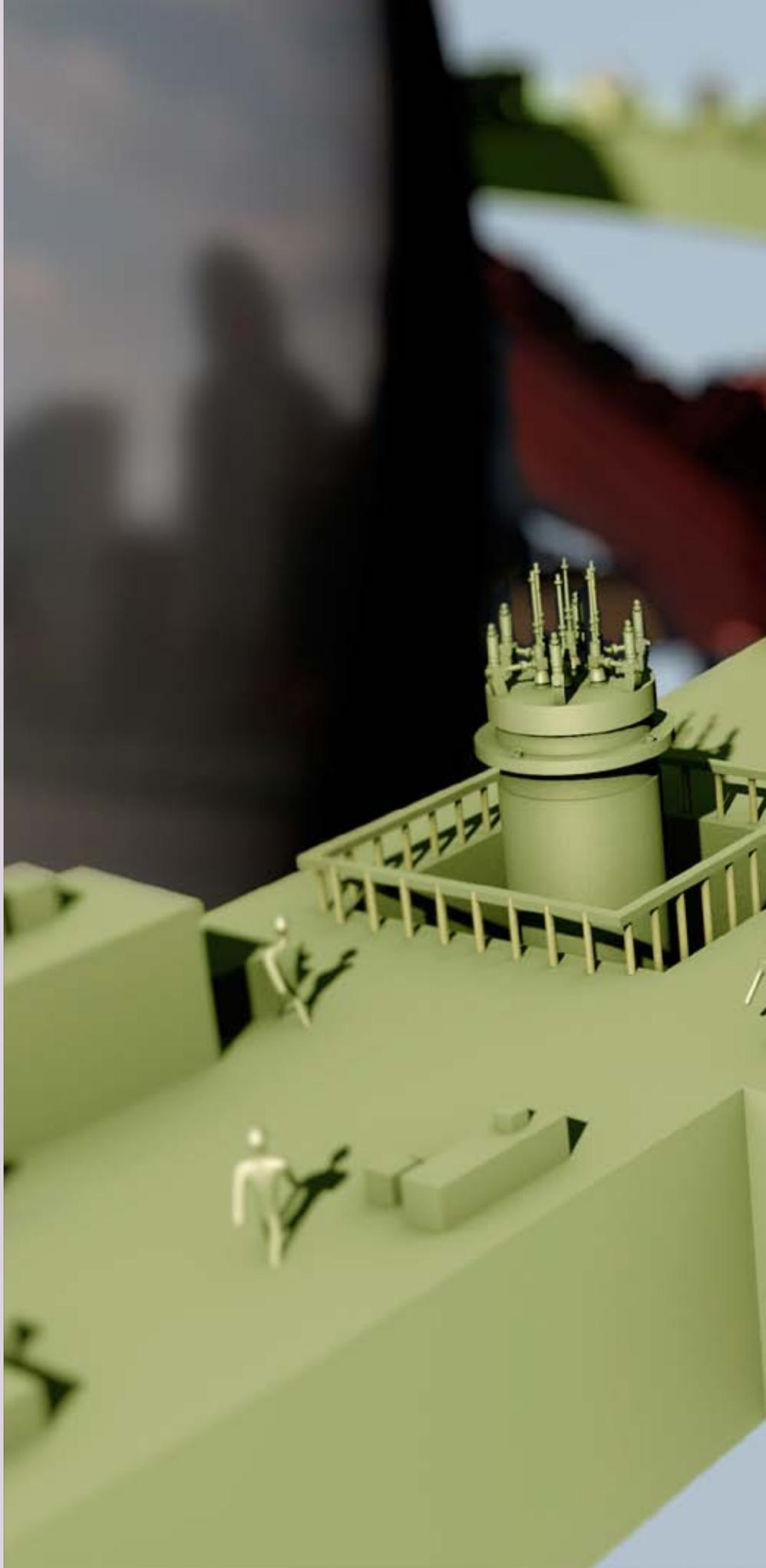


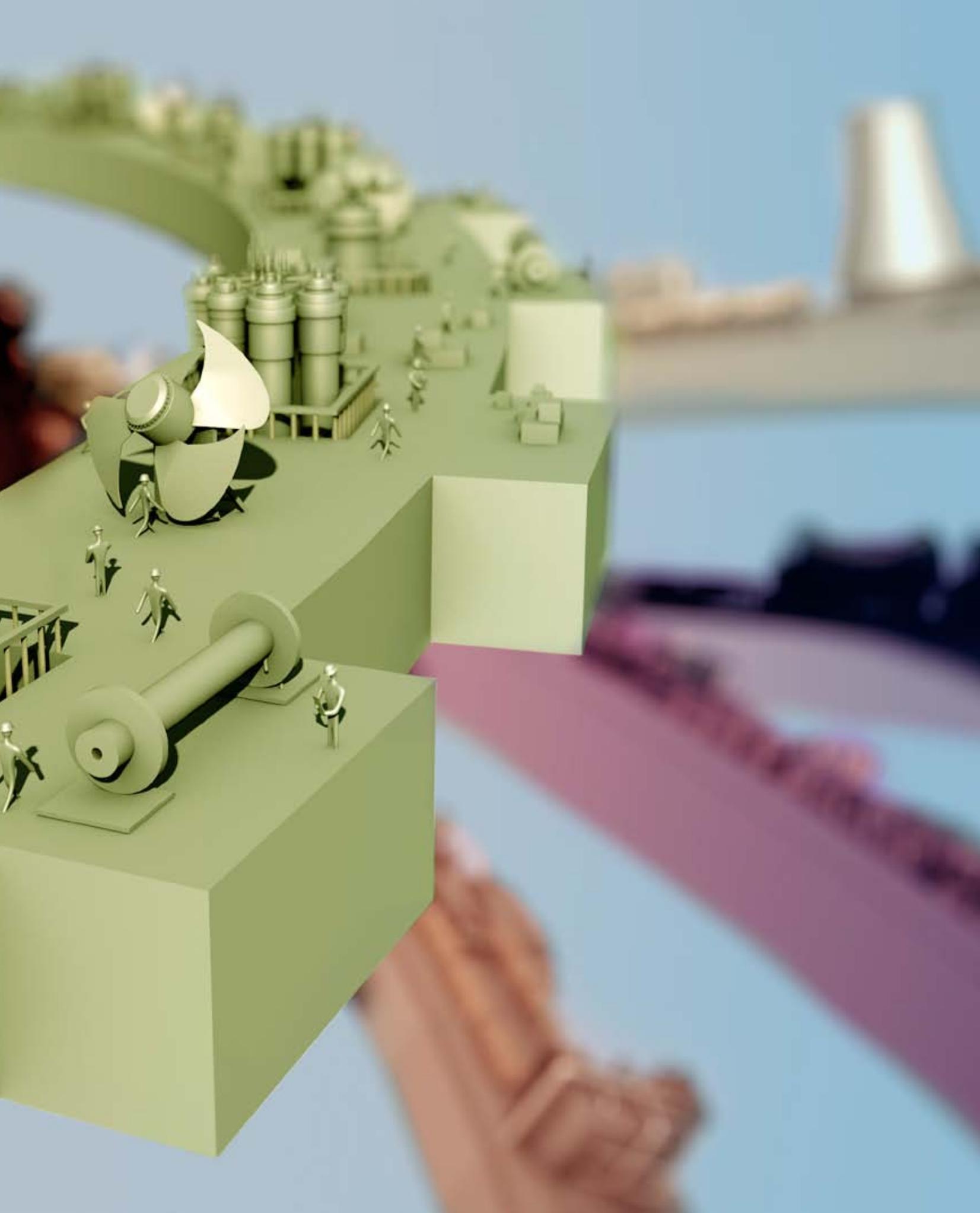
SHIPBUILDING

The experience and competencies of Atomenergomash Group of Companies enable its operation to the highest quality standards. Since the 50-ies of the last century, the companies of OJSC Atomenergomash are leaders of the Russian design and production market of military and icebreaker fleet reactors. Today, AEM is able to manufacture both power plants and other equipment for the shipbuilding industry. With its coordinated product chain: from making steel castings to final production — AEM can offer a wide range of solutions to meet Customer needs.

Having implemented large-scale modernization programs at its enterprises in the last 5 years, OJSC Atomenergomash possesses advanced innovative production facilities, including those for production of various types of shipbuilding equipment.

Companies of OJSC Atomenergomash have the equipment and competencies to perform all process operations, starting from foundry and production of castings, to testing and packing of ready products.





6. CAPITAL MANAGEMENT (RESOURCES AND ACTIVITY)

6.1. FINANCIAL AND ECONOMIC ACTIVITY (FINANCIAL AND ECONOMIC CAPITAL)

6.1.1. ECONOMIC PERFORMANCE



One of the key performance indicators for a company positioning itself as a successful business is the economic performance.

Responsibility for the financial performance is provided for in the motivation system of OJSC Atomenergomash,

in particular, as part of the key performance indicators of the CEO and Deputies CEO for areas of activity who demonstrated the team result focused on improving the performance. Implementation of the Division's enterprises budgets is controlled by the Economics and Finance Directorate. For the midlevel managers, the key performance indicators include, for example, Adjusted free cash flow, Productivity, and Reduction of permanent expenses.

AEM
2.1.4

GEOGRAPHY OF SUPPLIES¹

Indicator	Geographic segment	2011	2012	2013	Forecast for 2014
Revenue	Russian Federation	42,238,652	44,528,180	39,007,068	49,957,955
	CIS	2,312,168	2,861,875	1,614,899	1,164,245
	Non-CIS	5,637,411	4,382,671	5,650,097	2,574,821
	Total²	50,188,231	51,772,725	46,272,064	53,697,021

The main portion of the revenue (about 84%) is from the domestic market.

¹ Hereinafter, the combined revenue and its derivative indicators by years are presented for various consolidation perimeters. Thus, as compared with 2013, in 2012 the perimeter included OJSC DEZ, where in 2011 it also included CJSC AEM Leasing, CJSC RAS-Invest, LLC NGSS, CJSC RAS-Management and OJSC IFTP. Besides, in 2011, the perimeter did not include OJSC TsNIITMASH.

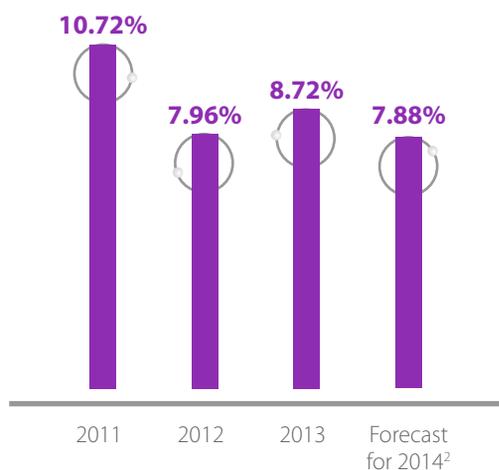
² Hereinafter, the combined revenue by years is presented for various consolidation perimeters.



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1.1.4

COMBINED REVENUE BY OPERATING SECTORS, THOUSAND RUBLES

Indicator	2011	2012	2013	Forecast for 2014
Equipment for the nuclear power industry	26,270,578	25,673,820	21,444,362	26,878,607
Equipment for the thermal power industry	2,307,429	4,914,139	2,143,462	2,733,410
Equipment for the gas and petrochemical industries	2,022,852	1,712,227	1,053,884	3,139,360
Other products, work and services	19,587,372	19,472,539	21,630,356	20,945,644
Including design work	9,273,057	11,198,724	12,775,711	11,478,804
Total	50,188,231	51,772,725	46,272,064	53,697,021

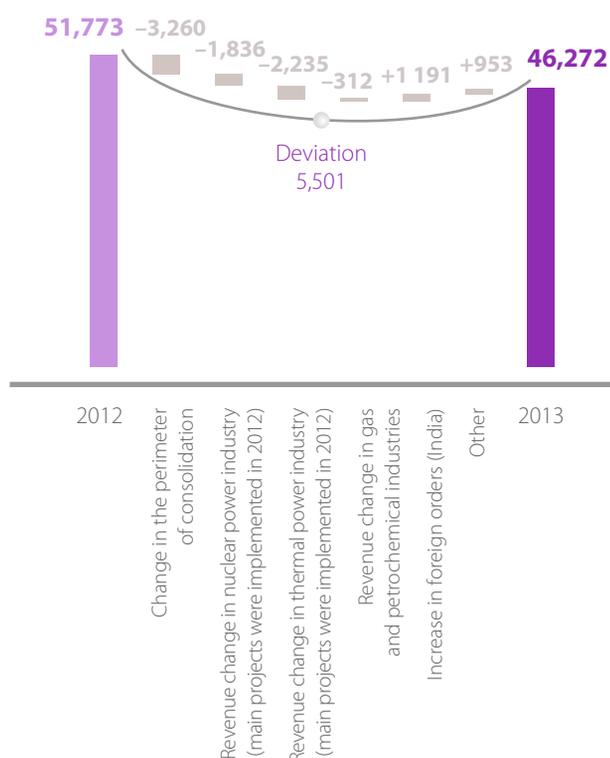
AEM
1.2.3SHARE OF REVENUE GENERATED BY ASSETS ABROAD¹, %

In 2013, the revenue has reduced, primarily due to the change in the consolidation perimeter and decrease in the number of implemented projects as compared with 2012. EBITDA level dropped significantly, primarily due to the creation of reserves.

¹ ARAKO and OJSC Energomashspetsstal

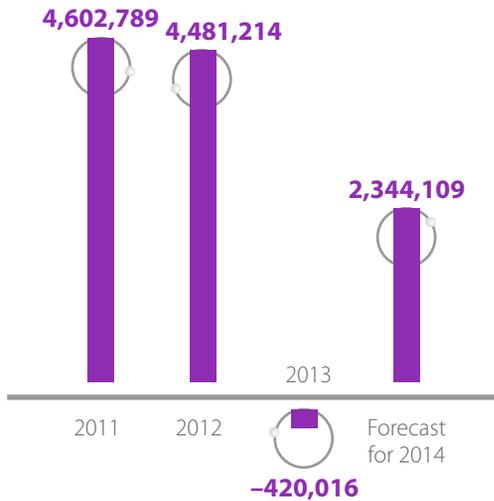
² In the forecast for 2014, OJSC Energomashspetsstal is included with Trading houses.

REVENUE CHANGE FACTOR ANALYSIS, MLN RUB



AEM
1.1.2

EBITDA, THOUSAND RUBLES



“ Economics and Finance Director, OJSC Atomenergomash: “Both global and Russian economy are now experiencing hard times. In 2013, many companies have done it, and we, based on a conservative approach, were not an exception having created a reserve of 3 billion rubles for depreciation of investments, bad debts, etc. This, of course, affected the EBITDA figures ”

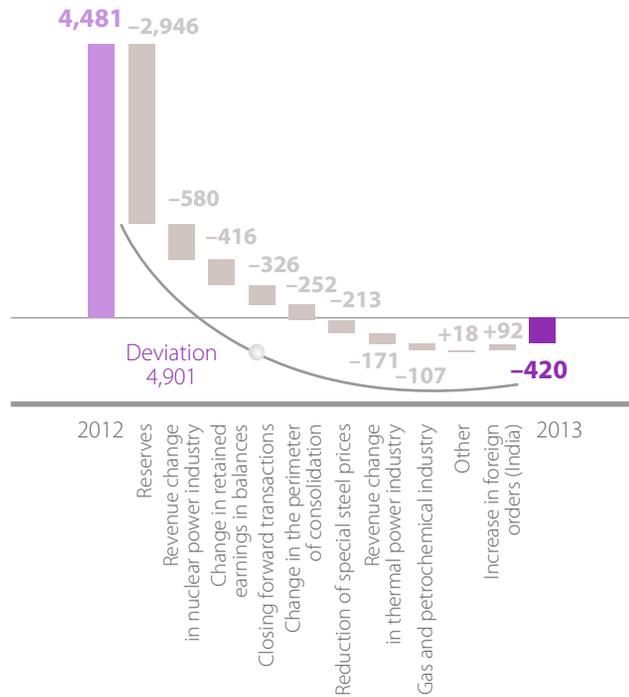
Vadim V. Pesochinsky,
Deputy CEO — Economics
and Finance Director, OJSC Atomenergomash

1 INDICATOR 1.1.6 INCOME (VOLUME OF PRODUCTS SOLD), THOUSAND RUBLES

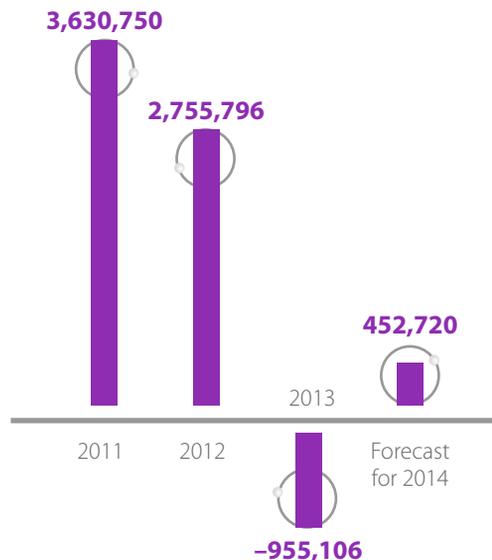
2 INDICATOR 1.1.13 DEBT TO EQUITY RATIO

3 INDICATOR 1.1.18 NET DEBT, MLN RUBLES

EBITDA CHANGE FACTOR ANALYSIS, MLN RUB



NET OPERATING PROFIT AFTER TAX (NOPAT), THOUSAND RUBLES



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1.1.3



AEM
1.1.14

FINANCIAL ASSISTANCE RECEIVED FROM GOVERNMENT, EC4, THOUSAND RUBLES

GRI
EC4

Company	2011	2012	2013	Forecast for 2014
OJSC ZiO-Podolsk	100,000	53,841	none	none
OJSC ZIOMAR EC	none	124	none	none
OJSC SverdNIIKhim mash	none	1 500	none	none
CJSC AEM Technologies	none	None	86,500	68,500
OJSC TsNIITMASH	30,934	31,698	29,400	32,200
OJSC PZM	44,645	54,111	23,276	20,410
TOTAL	175,579	141,274	139,176	121,110

6.1.2. INVESTMENT ACTIVITIES

The Company's investment activities are primarily focused on ensuring its development, including:

- launching of new products;
- modernization of the existing facilities;
- improving the production efficiency.

The investment activities are mainly effected for the primary production sites: OJSC ZiO-Podolsk, CJSC AEM Technologies, OJSC PZM, OJSC Afrikantov OKBM, OJSC OKB Gidropress and OJSC TsKBM.

In its investment activities, the Company is governed by the regulatory documents of Rosatom State Corporation regarding investment activities and investment management, by decisions of the Investment Committee of Rosatom State Corporation, the Investment Regulation of OJSC Atomenergomash and decisions of the Investment Committee of OJSC Atomenergomash.

The responsibility for the investment activities is assigned to:

- In terms of providing a methodology and ensuring control over the investment decisions making — Deputy CEO — Economics and Finance Director, V.V. Pesochinsky;
- In terms of technical appraisal and monitoring the implementation of key projects — Deputy CEO — Business Operations Director, V.P. Razin.

Responsibility for the definition and implementation of projects is assigned to the project initiators. Appraisal of projects is performed by the Investment Department and functional units of OJSC Atomenergomash; any decisions are subject to approval by OJSC Atomenergomash Investment Committee. A similar approach is used in Rosatom State Corporation. The final decision on allocation of funding resources and sources is made by the Investment Committee of Rosatom State Corporation.

The efficiency is evaluated based on a quarterly target-to-actual analysis procedure. In 2013, no KPIs for investing activities were specified.



AEM
1.5.1

INVESTMENT AMOUNTS FOR SASC AND BY COUNTRIES, MLN RUBLES INVESTMENT PROGRAM COMPLETION

AEM
1.5.2AEM
1.5.3

SASC	2012		2013		% completed	
	target	actual	target	actual	2012	2013
SASC in the Russian Federation, including	7,735.92	3,052.92	6,211.38	4,395.02	39.46	70.76
OJSC Afrikantov OKBM	1,368.03	1,234.05	935.93	880.63	90.21	94.09
OJSC ZiO-Podolsk	1,045.20	689.39	1,104.16	583.8	65.96	52.87
OJSC PZM	1,432.51	536.82	1,110.59	914.36	37.47	82.33
OJSC TsKBM	240.21	179.6	310.84	204.13	74.77	65.67
OJSC OKB Gidropress	276.86	112.64	582.46	344.85	40.68	59.21
OJSC Atomenergomash	2,071.00	58	1,040.45	996.77	2.80	95.80
CJSC AEM Technologies	–	–	666.83	292.83	–	43.91
other	1302.11	242.42	460.12	177.65	18.62	38.61
SASC abroad	1,633.30	1,865.46	386.78	315.34	114.21	81.53
OJSC Energomashspetsstal	1,554.48	1,799.83	323.78	267.69	115.78	82.68
ARAKO	78.82	65.63	63	47.65	83.27	75.63
TOTAL:	9,369.22	4,918.38	6,598.16	4,710.36	52.50	71.39

In the Division as a whole, the amount of investment has decreased, but, for example, for OJSC PZM it has grown by 70%, and for OJSC OKB Gidropress — by threefold.

In 2012, the investment program was completed to 52.5%, and in 2013, the completion reached 71.4%.

¹ 2012 — total funding, 2013 — funding from the CIR (Consolidated Investment Resource of Rosatom State Corporation).

6.1.3. DESCRIPTION OF KEY STRATEGIC RISKS AND OPPORTUNITIES

№ ¹	Risk	Risk factors	Control measures/opportunities
1	High competition in the market, market share reduction	<ul style="list-style-type: none"> • Increasing competition from South Korean and Chinese manufacturers • Entering the Russian market by non-sectoral (including foreign) companies • Increasing intra-industry competition • Affiliation of competing companies with customers • Dumping by competitors 	<ul style="list-style-type: none"> • To improve quality of offers, develop marketing activities, including implementation of integrated services, use cross-sales channels • Using resources of Rosatom State Corporation to address issues of strategic cooperation with key customers, including foreign ones • To define the organizational model, assign roles and limits of responsibility in the divisions for the activity area at the level Rosatom State Corporation in order to eliminate negative consequences of intra-industry competition
2	Lack of funding	<ul style="list-style-type: none"> • Deficiency of investment resources • Reduction of state funding • Settlement procedures providing for no advance payments 	<ul style="list-style-type: none"> • To increase cash flow by improvement of operational efficiency and selling of non-core assets • To optimize the investment program, to reject inefficient investment projects
3	High market size uncertainty	<ul style="list-style-type: none"> • Change in the NPP construction roadmap • Uncertainty of the thermal power market after completion of CSC programs • High fluctuation in the world market of special steels 	<ul style="list-style-type: none"> • To improve the system of medium and long-term forecasts • Active monitoring of the market to find promising projects • To expand the geography of presence in foreign markets/further diversify the business • To make a decision to adopt the practice of the advanced industry order for production of equipment for nuclear engineering
4	Worsening of macroeconomic conditions	<ul style="list-style-type: none"> • Drop of oil prices • Increasing capital outflow from Russia • Deterioration of the investment climate in Russia 	<ul style="list-style-type: none"> • To expand the geography of presence in foreign markets • To further diversify the activities/access new markets in order to improve stability through the economic cycles • To secure a long-term industry order to enhance financial stability • To develop the currency risk management system



¹ Hereinafter, means the position number in the Risk Map.

6.2. PRODUCTION ACTIVITIES (MANUFACTURED CAPITAL)

6.2.1. RESULTS OF PRODUCTION ACTIVITIES

Production activities are core activities of the Division's enterprises. As a whole, the responsibility for it is assigned to the Deputy CEO — Business Operations Director, V.P. Razin.

AEM
2.1.3

Results of the production activities are primarily assessed based on the two KPIs: Fulfillment of contractual obligations and Completion of production plans (in 2013, the average figures for the Division amounted to 94% and 97.4% respectively). Based on the results of 2013, these KPIs have been met.

AEM
7.1.2

AEM
2.1.1

NUMBER OF COMPLETE PRODUCTS IN THE REPORTING PERIOD

Plant name	Produced/supplied equipment
Leningrad NPP-2, unit 1	SUZ-ShEM-3 drive, barboter, MCP components*, ECCS Accumulators
Leningrad NPP-2, unit 2	SHS, HPH
Belarusian NPP, unit 1	Core melt localization device
Rostov NPP, unit 3	Main circulating pump unit
Novovoronezh NPP-2, unit 1	Internal turbine piping and valves, high-pressure pipes, main circulating pump unit*, transport gate, fuel assembly rack, spent fuel pool racks, SHS* and HPH*
Novovoronezh NPP-2, unit 2	ECCS Accumulators, PCFS, MCP components*, SHS, HPH

* Equipment was produced in 2012 but shipped in 2013

“ Over the past year, we managed to significantly improve the discipline of fulfillment of the contracts by enterprises, reduce excessive administration and strengthen cooperation within the Division. The priority at this stage is to continue the work to improve contracting and to control quality plans during production ”

Andrey Nikipelov,
CEO of OJSC Atomenergomash

6.2.2. QUALITY AND SAFETY

Quality and safety are important system strategic indicators in using nuclear energy. The level of security is conditional on choosing to use this type of energy by the entire world community and the prospects of the nuclear power industry as a source for meeting the mankind's energy needs.



 EQUIPMENT PRODUCED IN 2013



AEM
6.20.1GRI
PR1

The growing security requirements for the nuclear facilities being built and operated impose special obligations on to all enterprises of the Division regarding product quality, where safety assessment becomes an integral element in the manufacturing of all kinds of products.

Product quality means the prestige of the Company and an increase in its profit and prosperity. Therefore, the work on quality management is an essential activity for all employees, from the heads to the responsible officers.

A prerequisite for achieving safety in the operation of nuclear facilities, energy and gas and petrochemical industry facilities, i.e. the consumer safety, is the quality control of the products being manufactured.

In its daily practice, the Company and its SASC are governed by the principles and requirements adopted in the international and national quality standards and the Quality Policy of Rosatom State Corporation approved by Order No.1/787-P dated of 08/28/2012 "On introduction of the Quality Policy of Rosatom State Nuclear Energy Corporation for use of nuclear energy for peaceful purposes".

The Company is a customer-focused company. In accordance with the Quality Policy of OJSC Atomenergomash approved by Order No.33/3976-P dated 11/18/2013 "On introduction of the quality management system documents of OJSC Atomenergomash", the priority area of the Company's activity is the ongoing improvement of quality of supplied products in order to guarantee compliance with all applicable and necessary regulations regarding nuclear, radiation and industrial safety.



All SASC which design and manufacture products in the field of nuclear energy utilization have developed quality assurance programs (hereinafter referred to as QAP) for their activities. In 2014, all SASC and the Company will have to review their QAPs in accordance with NP 090-11 "Requirements for quality assurance programs for nuclear facilities" and the requirements of general quality assurance programs in the field of nuclear energy utilization.



The QMS in following SASCs are ISO 9001 certified:

- CJSC ATM
- CJSC AEM Technologies
- OJSC ARAKO
- OJSC Venta
- OJSC VNIIAM
- OJSC GSPI
- OJSC ZiO-Podolsk
- OJSC ZIOMAR EC
- OJSC IFTP
- OJSC OZTMiTS
- OJSC Afrikantov OKBM
- OJSC PZM
- OJSC SverdNIKhimmash
- OJSC SNIIP
- OJSC TsKBM
- OJSC TsNIITMASH
- OJSC OKB Hidropress
- LLC ALSTOM Atomenergomash

AEM
2.2.1

- LLC NGSS
- LLC EMKO
- LLC STEP
- OJSC Energomashpetsstal

In addition, several SASC hold certificates of the Maritime Register, international certificates of ASME, API, certificates of approval issued by technical qualification societies, such as the American Bureau of Shipping, Germanischer Lloyd, Lloyd's Register, Det Norske Veritas, Bureau Veritas, RINA, and RMRS.

“ The goal that unites us is the Customer satisfaction and stability of the Company. The quality system covers all units of the enterprise involved in the production process. The confirmation of the high product quality at OJSC Energomashpetsstal are the certificates of approval issued by technical qualification societies. The certification is constantly expanded due to launching new products made of new grades of steel and increasing product range ”

Nina Nosenko,
Deputy Executive Director for Quality
at OJSC Energomashpetsstal

In 2013, OJSC Atomenergomash has also developed, implemented and certified a quality management system (QMS) for provision of services of packaged supply of power engineering products for nuclear facilities, energy and gas and petrochemical industry facilities, including design, development, manufacturing, contract supervision, contract commissioning, engineering and maintenance of equipment.

Compliance of the OJSC Atomenergomash QMS with the requirements of GOST ISO 9001-2011 (ISO 9001:2008) has been confirmed by the Certification Association Russian Register. The QMS of OJSC Atomenergomash takes into account the requirements of GOST ISO 9001-2011 (ISO 9001:2008) and NP 090-11 "Requirements for quality assurance programs for nuclear facilities".

The Deputy CEO — Business Operations Director, V.P. Razin has been appointed the quality assurance representative.

The Company has adopted key performance indicators of quality, for example, Completeness in detecting quality defects.

Issues of nuclear and radiation safety are related only to OJSC OKB Gidropress and OJSC Afrikantov OKBM who conduct experimental activities in the field of nuclear energy utilization.



Results as of the end of 2013:

- The nuclear and radiation conditions met the requirements of regulatory documents regarding nuclear and radiation safety;
- There were no failures of systems and equipment operating in critical test facilities, no operating limits were exceeded;
- There were no incidents of personnel exposure to doses exceeding the test doses in 2013 or incidents during handling nuclear materials and sealed radioactive sources. There were no persons with individual radiation risk exceeding the standard level. Maximum individual radiation dose for personnel did not exceed 2 mSv.





In 2013, the following measures were implemented in the field of nuclear and radiation safety:

- OJSC OKB Hidropress made a decision to decommission its low pressure seven cassette test facility; work covering comprehensive engineering and radiation inspection of the test facility, and development of a program for decommissioning of the facility is under way;
- OJSC Afrikantov OKBM, preparing the project for modernization of the test facilities, began work to establish a system for structured monitoring of critical test facilities' engineering systems;
- OJSC OKB Hidropress implemented measures to transfer the RAW from the enterprise to FSUE Radon for a range of works covering transportation, processing, conditioning and temporary storage for further transfer to the National Operator;
- OJSC Afrikantov OKBM has prepared and submitted to the Central Committee for Consolidation and Conversion of Nuclear Materials of Rosatom State Corporation an expert opinion "On the presence of unneeded nuclear materials" upon review of which a decision was made to transfer these materials to FSUE NII NPO Luch. In addition, FSUE RosRAO received from OJSC Afrikantov OKBM two spent sealed radioactive sources for long-term storage.

6.2.3. OPTIMIZATION OF PRODUCTION PROCESSES

Implementation of Rosatom Production System (hereinafter referred to as RPS) which is an industry project with the objective to establish, using the best examples of the domestic and foreign experience, a universal system for managing the comprehensive optimization of production and administration processes at the enterprises of Rosatom State Corporation. RPS aims to improve performance of the industry's companies, including reduction of costs and increasing labor productivity to the level of the Russian and foreign competitors.

“ We regard the RPS primarily as an essential tool for increasing competitiveness and, ultimately, an ability to continuously improve our offer to the customer ”

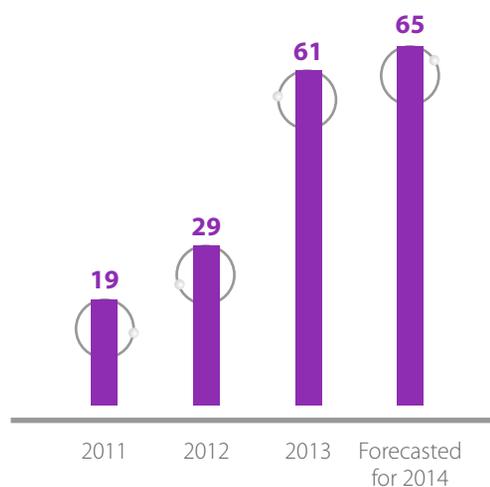
Andrey Nikipelov,
CEO of OJSC Atomenergomash

For introduction of the RPS, the main regulatory documents are the Charter of the "Comprehensive optimization of production at nuclear industry enterprises" Project, RPS Guidelines developed by Rosatom State Corporation, Terms of Reference for Units, and Provisions on the Motivation developed by SASC.

Responsibility for implementation of the RPS at the enterprises is assigned to Chief Executive Officers, and to the Deputy CEO, Business Operations Director, V.P. Razin, at the Division.

Currently, the RPS is being implemented at 16 main enterprises of the Division.

NUMBER OF RPS PROJECTS



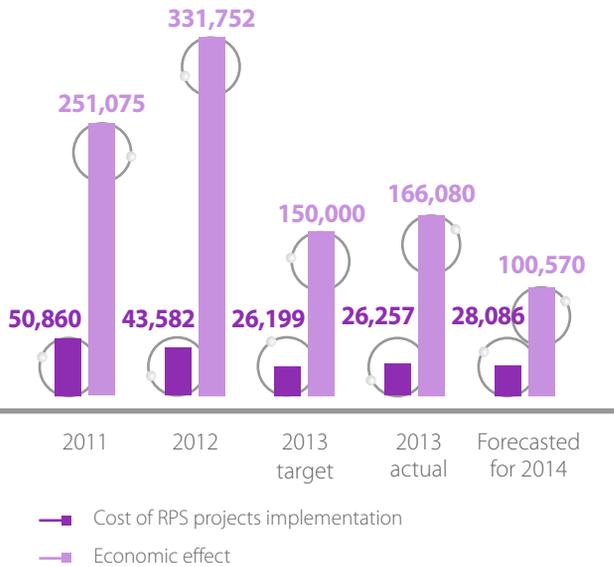
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2.3.2

RPS COSTS AND ECONOMIC EFFECT FROM RPS, THOUSAND RUBLES

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2.3.3

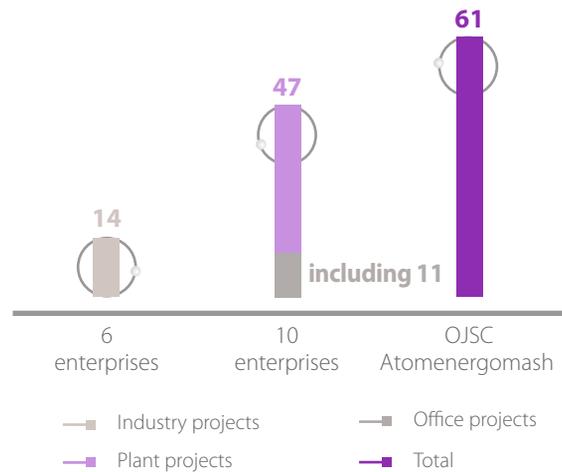


“ We followed the path of ongoing improvement before implementation of the RPS as well. We thoroughly studied the experience of Toyota’s production system; at the end of last year, OJSC Energomashspetsstal held a seminar participated by a Japanese expert; our specialists were trained in the Japanese Kaizen practice at Komatsu College. Nevertheless, it is the RPS that we highly rely on as both adapted and tested system today ”

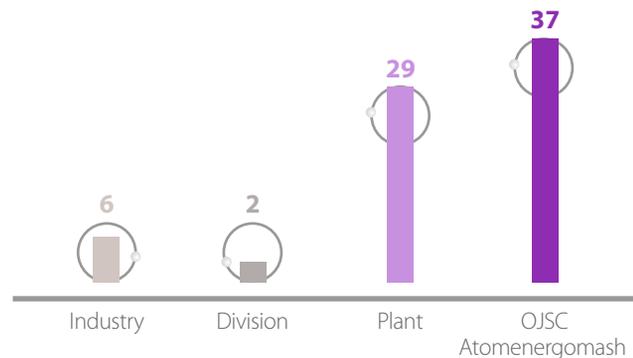
Vitaly Gnezditsky,
Executive Director — First Deputy CEO
of OJSC Energomashspetsstal

A part of the most cardinal transformations (that “are on the surface”: relocation of equipment, aligning of flows, establishment of sites operating based on the cycle time) were implemented in 2011–2012. This is why these had the largest economic effect. Since 2013, a totally new approach to implementation of the RPS projects is being introduced, with separating them into industry, divisional and plant projects. These projects are implemented on the most critical production and office processes and require deepening into the essence of the problem and detailed study of the improvements being made. At that, individual enterprises, for example, OJSC OKB Gidropress and OJSC Afrikantov OKBM demonstrate steady growth of the effect from RPS.

PROJECTS OF 2013



PROJECTS OF 2014 (1ST HALF OF THE YEAR)





A list of RPS projects for each SASC specifying target parameters for the new approach is drawn up for each half of the year. According to the results of 2013, the targets for industry and plant RPS projects have been achieved.

In order to achieve the goals of the RPS projects, the enterprises create working groups of employees of the enterprises responsible for achieving the goals. The working groups are trained in the RPS principles, methods and approaches (in 2013, 2361 employees were trained). Every employee has the opportunity to submit his/her proposal regarding improvement of efficiency of processes in the enterprise.

Performance efficiency in this aspect is assessed based on the KPIs "The level of the effect from RPS industry projects" and "Development of RPS leaders". In 2013, the goals for these indicators have been achieved.

In 2013, 9 RPS projects were focused on reducing the amount of incomplete production. As a result of the implementation, the reduction in amount of incomplete production in some areas was from 10 to 50%.

Key results of RPS in 2013:

- Duration of casings production for the control and protection system of solenoid stepper drive-3 at OJSC OKB Gidropress reduced by 22%;
- Equipment changeover time at OJSC Arako reduced by 71%;
- Deviations during welding of connections at OJSC PZM reduced by 75%;
- Duration of technical and commercial proposals preparation at OJSC ZIOMAR EC reduced by 57%.



In 2013, implementation of the measures within the Comprehensive Efficiency Improvement Program (hereinafter referred to as CEIP) aimed at improvement of competitiveness of the Division's enterprises was continued. The key objectives of the program are product specialization of the sites, increasing the revenue and capacity utilization, reduction of permanent expenses as well as meeting the deadlines of orders.

IMPLEMENTATION OF PLANS¹ IN RESPECT OF THE CEIP FOR 2013, AVERAGE FOR THE DIVISION

Indicator	%
Revenue	91.77
EBITDA	94.32
Optimization of personnel numbers	100.78
Reduction of occupied areas and premises	102.94
Income from optimization of asset and real estate complexes	110.69
Reduction of occupied land areas	106.25
Optimization of inventory	105.07
Growth of inventory turnover	87.44
Optimization of accounts receivable	120.67
Growth of accounts receivable turnover	111.31



1 EXAMPLES OF PROJECTS FOR 2014

2 POST REPORTING DATE EVENTS

¹ Inclusive of factors beyond control.

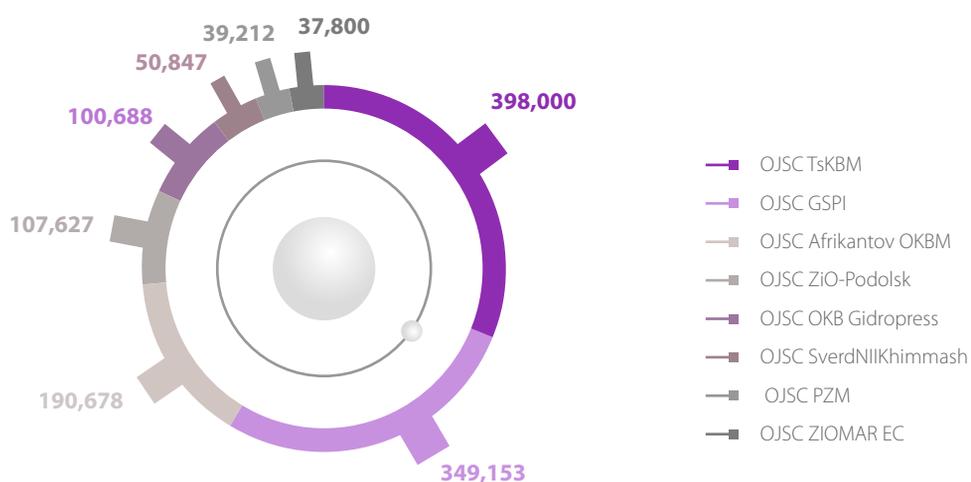
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1.1.12

INCOME FROM RESTRUCTURING OF NON-CORE ASSETS



Company/facility	2012	2013	Forecast for 2014
TOTAL	49,203	143,937	1,274,005
OJSC TsKBM			398,000
OJSC GSPI			349,153
OJSC Afrikantov OKBM		39,841	190,678
OJSC ZiO-Podolsk			107,627
OJSC OKB Hidropress			100,688
OJSC SverdNIIKhim mash	48,898	101,290	50,847
OJSC PZM			39,212
OJSC ZIOMAR EC			37,800
OJSC VENTA		2,806	
ARAKO	305		

INCOME FROM RESTRUCTURING OF NON-CORE ASSETS (FORECAST FOR 2014)



1 DELIVERED FACILITIES, THOUSAND RUBLES

2 POST REPORTING DATE EVENTS

6.2.4. DESCRIPTION OF KEY STRATEGIC RISKS AND OPPORTUNITIES

№ ¹	Risk	Risk factors	Control measures/opportunities
6	Lack of competitiveness of the current products and technologies	<ul style="list-style-type: none"> Increased cost of products due to appreciation of production factors Stricter requirements to parameters of the power equipment 	<ul style="list-style-type: none"> Comprehensive production modernization under approved projects Implementing production efficiency improvement and reconfiguration programs Expansion of RPS implementation
11	Physical damage to the company's assets	<ul style="list-style-type: none"> Natural and industrial disasters 	<ul style="list-style-type: none"> Development of the industrial safety system



6.3. INNOVATION (INNOVATION CAPITAL)

6.3.1. INNOVATIVE ACTIVITIES

“ After the events at the Fukushima Nuclear Power Plant many countries tightened their reliability requirements and the total number of orders for construction of nuclear power plants in the world has dropped. In Russia, on the contrary, this number has increased. This upholds the global recognition of the Russian technology and experience of Russian companies ”

Sergei Kirienko,
Chief Executive Officer of Rosatom
State Corporation

The Innovative Activities Program (hereinafter referred to as IAP) of OJSC Atomenergomash has been designed to ensure implementation of the Division's strategy and objectives.

The purpose of developing the Program is to ensure high competitiveness and economic efficiency of the Division's enterprises through:

- development and implementation of innovative high-tech mass power engineering products and maintenance of such products at all stages of their life cycle on domestic and foreign markets;
- development and optimal utilization of innovative processes (process stages) used in production in power engineering and other activities of the enterprises;
- participation in the development and manufacture of pilot and experimental equipment to support research programs of State Research Center of the Russian Federation and replication of the results of scientific research to the products and respective manufacturing technologies.

¹ Hereinafter, means the position number in the Risk Map.

The program sets priorities in addressing the objectives of OJSC Atomenergomash in development and utilization of the innovations as well as in optimizing utilization of the resources allocated. The additional objectives of the OJSC Atomenergomash IAP are:

- to reduce (optimize) the product cost while maintaining reasonable safety criteria;
- to increase labor productivity;
- to save energy and material resources;
- to improve consumer qualities (to meet customer's requirements) of products;
- to increase environmental friendliness of production and comply with the customer's environmental requirements.

The program provides for implementation of a range of R&D works, which will be the basis for technology audit, assessment of competitiveness of the technologies used both at enterprises of OJSC Atomenergomash and at competing enterprises as well as for development of specific measures to improve the competitiveness factors. The technology audit data will allow the Company not only to fine-tune the goals setting system, to form a clear vision of the Company's own abilities and options for using the existing opportunities, but also to realistically assess the focuses and costs of improvement to its own technological base and development of innovative products and services.

The technology audit is planned to be conducted in 2014.

The Innovative Activities Program of the Division approved by the CEO of OJSC Atomenergomash was reviews by the Innovation Committee and was preapproved as per the Resolution of the Rosatom State Corporation Innovation Committee dated 02/05/2014.

The function of managing the innovation activity of the Company is assigned to the Director of the Engineering Department, Yu.P. Arkhipov. To ensure effective implementation of management processes, an Engineering Processes Group was created.

To ensure efficiency of innovation management, the personnel was assigned KPIs, such as "Number of contracts signed with universities for R&D in the reporting period", "Planned increase in the number of copyrightable intellectual property items, including know-how and applications for registration in the national and international patent authorities", "Increasing the number of intellectual property items used, including license agreements", "Relative increase in revenue from sales of innovative products developed in the last 5 years", "Implementation of the approved Innovative Activities Program".

6.3.2. R&D RESULTS

List of innovations implemented in the production process

During 2013, 25 intellectual property items copyrighted as know-how (including license agreements) were introduced in the business. These innovations (technological, structural, process, basic and welding materials) are used for of a wide range of equipment produced.

The share of such products in the revenue of 2013 amounted to 62%.

During 2013, the subsidiary, affiliate and supervised organizations of the Company filed 71 applications for state registration of copyrightable intellectual property. The total number of patents received in 2013 amounted to 74.



1 TECHNOLOGY AUDIT

2 REGULATORY FRAMEWORK



3 NUMBER OF PATENTS RECEIVED BY SASC

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3.2.1

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3.2.2

AEM
3.2.5



MAIN MEASURES TO IMPLEMENT THE INNOVATION ACTIVITIES STRATEGY:

No.	Enterprise	Action
1	OJSC OKB Hidro-press	<p>Development and implementation of a standard project of optimized and computerized power unit with VVER technology</p> <p>Expansion of nuclear power capacity range based on commercialized technologies</p> <p>Increasing the installed capacity utilization factor (ICUF)</p> <p>Modernization of the experimental facilities of SASC</p> <p>Technology and management system computerization projects</p> <p>Creating new technologies for energy markets</p> <p>Development of a new technology platform for nuclear power industry based on a closed nuclear fuel cycle using the VVER technology</p> <p>Expansion of nuclear power capacity range based on new technologies</p> <p>Creating an experimental base for verification of design codes</p>
2	OJSC SverdNII-Khimmash	<p>"Standard Water Treatment Plant" project</p> <p>"Standard Special Building" project</p> <p>"Equipment and services related to fabrication of MOX fuel" project</p> <p>"Technology for closing the NFC" project</p> <p>"BREAKTHROUGH key technology" project</p>
3	OJSC SNIIP	<p>"Development of a competitive domestic RUMCS" project</p> <p>"Specialized testing ground for comprehensive inspection and metrological support of RUMCS and instrumentation" project</p> <p>"Development of a new generation automated radiation monitoring system" project</p>
4	OJSC TsKBM	<p>Project for "Creation of a high-tech optimized MCPU for the AES-2006 and VVER-TOI projects"</p>
5	OJSC NPO TsNIIT-MASh, CJSC AEM Technologies, OJSC Energomashspetsstal, OJSC PZM	<p>Development of metallurgical technologies</p> <p>"Development of Detailed Design (Industrial Standard) for forging ingots for nuclear engineering" project</p> <p>"Development of a manufacturing technology and commercialization of production of castings for main circulation pump (MCP) shells of 06Kh12N3DL steel" project</p> <p>"Creation of a modern complex for production of electroslag melt billets for MCP pipeline, shell equipment for 2nd circuit of NPPs and other critical equipment" project</p> <p>"Commercialization of technology for production of castings for VVER-TOI reactor shell with three welds" project</p> <p>"Development of production of large ingots made using the siphon method" project</p> <p>"Research and development of a technology for manufacturing TUK basket elements of composite Al-B, Al-Si-B (Alboron) system alloys to accommodate fuel elements" project</p> <p>"Analysis of the growth kinetics of hot cracks in the brittleness temperature range during manufacture of main power equipment" project</p> <p>"Development of the state standard "Fastening threaded connections for nuclear power plants. Tolerances. Clearance fit" project</p> <p>"Development of a process regulation for manufacture of heat exchange tube fittings of critical heat exchangers for nuclear power engineering" project</p> <p>"Establishment of modern production of racks for storage of fuel assemblies (FA) using steel with high boron content" project</p> <p>"Establishment of high-tech production of stamp-welded gate and wedge gate valves for nuclear, thermal power, oil and gas industry enterprises using nanostructured protective coating" project</p> <p>"Creation of resource-saving production of environmentally friendly transport packages (TUK) for storage and transportation of spent nuclear fuel" project</p> <p>"Creation of high-tech production of control valves for thermal power industry enterprises using nanostructured wear-resistant coating" project</p> <p>"Commercialization of a technology for production of domestic clad pipes" project</p> <p>"Analysis and certification of materials and technology of electroslag facing using single layer uniform anticorrosive coating on the inner surface of ECCS accumulator shells and the inner surface of the pressure compensator shells" project</p> <p>"Creation of high-tech production of ball cocks for oil and gas industry and thermal power industry enterprises" project</p>

“ The Engineering Division is a storehouse of knowledge and intellectual property. We protect the interests of all enterprises of the Division both in Russia and abroad. It is important to preserve and develop the scientific potential, to present it on the international arena as a competitive one ”

Dmitry Sitishko,
Chief Legal Advisor, Legal Department
of OJSC Atomenergomash

6.3.3. R&D EXPENDITURES

According to the IAP funding plan of Rosatom State Corporation, 906,850 million rubles were allocated for the Division's projects in 2013¹. Implementation of the IAP envisaged development of the technological base at SASC.

The 906,850 mln rubles were spent as follows:

- modernization of production at OJSC AEM Technologies: 469,710 mln rubles (IAP project of Rosatom State Corporation No.21);

- experimental design work using in-house resources at OJSC ZIOMAR EC to build an SHS — 15,000 mln rubles (IAP project of Rosatom State Corporation No.22);
- experimental design work using in-house resources at OJSC Afrikantov OKBM for maintenance of RITM-200 – 144,850 mln rubles (IAP project of Rosatom State Corporation No.53).

Total cost of R&D performed as per the program for the orders from the industry or external customers in 2013 amounted to 277.29 mln rubles.

The total cost of R&D performed by universities in 2013 amounted to 67 mln rubles. The share of funding for contracted work by universities to perform R&D under the IPA is 15.33%, which is 7.39% of total investment inclusive of modernization.

R&D expenditures from the aggregate revenue from the sale of products (net of the value added tax, excise duties and similar mandatory payments) in 2013 amounted to 1.43%. By 2020, the Company's objective is to spend 4.48% of the annual revenue on R&D projects.



6.3.4. DESCRIPTION OF KEY STRATEGIC RISKS AND OPPORTUNITIES

№ ² Risk	Risk factors	Control measures/ opportunities
6 Lack of competitiveness of the current products and technologies	Loss of technological advantage Stricter requirements to parameters of the power equipment	Active development of new product and technology solutions (RUMCS, new types of forgings, etc.) Expansion of RPS implementation

¹ The work done by OJSC OKB Hidropress, OJSC TsNIITMASH, OJSC SverdNIIKhim mash, and OJSC TsKBM under the IAP projects of Rosatom State Corporation were not included because the responsibility for implementation of these projects was assigned to other divisions of Rosatom.

² Hereinafter, means the position number in the Risk Map.

R&D EXPENDITURES BY KEY SASC, MLN RUBLES.

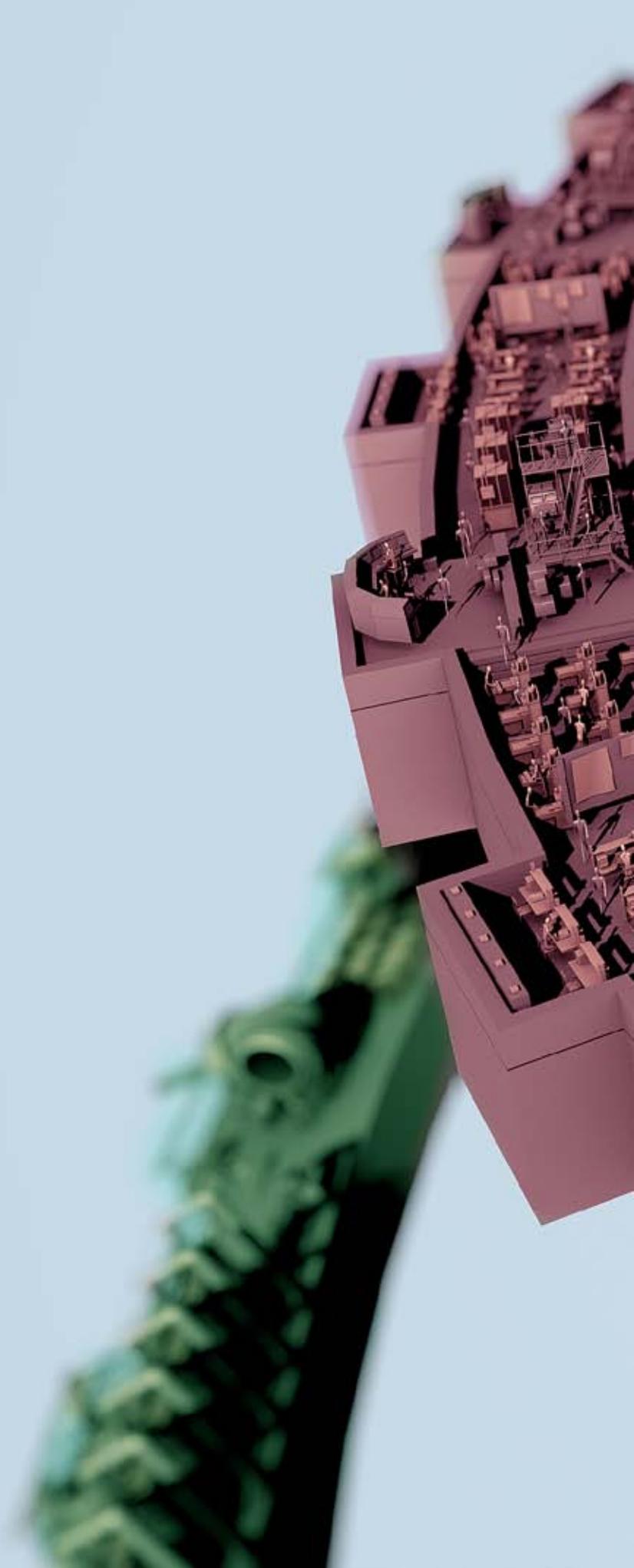
SCIENCE

OJSC Atomenergomash unites a whole galaxy of legendary institutes and design bureaus, which possess unique competencies in developing innovative solutions for the power industry. They are: OJSC NPO TsNIITMASH, OJSC Afrikantov OKBM, OJSC OKB Gidropress, OJSC SverdNIKhimmash, OJSC VNIIAM, and OJSC IFTP.

Scientists of the Holding's companies have developed innovative technologies such as improvement of structural properties of the reactor shell, extension of service life of the VVER reactors to 100 years and longer. For research in this field our companies were awarded state prizes.

We are the absolute leader in the creation of reactors required for implementation of a closed nuclear fuel cycle (this is, first of all, the BN-600 reactor in use at Beloyarsk NPP and the new reactor BN-800 expected to be started up this year). In addition, our enterprise OJSC Afrikantov OKBM is the center of responsibility for the BN-1200 project that can bring the nuclear energy sector to a new level. Equipment for the project is supplied by OJSC ZiO-Podolsk. Another enterprise of the Group, OJSC NPO TsNIITMAS, solves a set of integrated key objectives for the industry, starting from development of new materials for various types of reactors (BN, FNLr, LCFR), to maturation of the modern welding technologies, new methods of non-destructive testing, and extending service life of reactors using facing methods.

Among our other developments are: transport containers, improved design MCPs, MCP pipes, development of SCSP and LTV technologies for TPPs, and canned pumps for various industries.





6.4. HR MANAGEMENT (HUMAN CAPITAL)

6.4.1. EMPLOYMENT

Personnel is one of the key priorities in the Division's enterprises development. The Company leads a socially responsible business and is interested in providing equal opportunities for different gender and age groups of employees.

Responsibility for all matters related to personnel management is assigned to the Deputy CEO — Director, Human Resources and Organizational Development, K.A. Sukhotina.

As part of HR management, SAP HR based software is used.



GRI
4.10

TOTAL NUMBER OF EMPLOYEES

Company	Indicator	2011	2012	2013	Forecast for 2014
Entire Division	Total	21,626	22,673	21,940	21,881
	Men	13,580	14,463	14,135	14,333 ¹
	Women	8,030	8,210	7,805	7,548
OJSC Afrikantov OKBM	Total	4,365	4,377	4,323	4,250
OJSC ZiO-Podolsk	Total	4,451	3,992	3,607	3,751
CJSC AEM Technologies	Total	129	2,088	2,464	2,558
OJSC Energomashspetsstal	Total	3,065	2,780	2,444	2,392
OJSC OKB Gidropress	Total	1,694	1,700	1,691	1,560
OJSC PZM	Total	1,395	1,561	1,359	1,438
OJSC GSPI	Total	1,430	1,389	1,326	1,321
OJSC TsKBM	Total	1,255	1,207	1,265	1,232
OJSC SverdNIIKhim mash	Total	671	652	656	645
OJSC TsNIITMASH	Total	665	646	625	626
OJSC SNIIP	Total	592	566	487	498
OJSC Venta	Total	556	505	487	420
OJSC ZIOMAR EC	Total	373	365	351	352
OJSC Atomenergomash	Total	288	295	282	261
ARAKO	Total	225	223	214	213
CJSC ATM	Total	90	115	117	133
OJSC OZTMITS	Total	145	141	133	132
LLC STEP	Total	132	144	168	60
LLC EMKO	Total	30	29	28	30
CJSC REMKO	Total	165	13	9	9

¹ The calculation of the forecast data for the gender breakdown for the entire Division uses SACS data, including data from ARAKO that does do such forecasts; it is assumed that the ratio of employees by gender would remain at the actual level of 2013.





On average, about 4% of employees at the Division's enterprises work on temporary contracts. At that, the number of such workers in the Czech company ARAKO is significantly above the average: 22%. For example, OJSC OZTMiTS and LLC EMCO do not have such personnel.



On average, about 5.5% of employees at the Division's enterprises work on part-time basis. At that, for example, at OJSC SNIIP, OJSC Afrikantov OKBM and ARAKO all employees work on a full-time basis.

6.4.2. EFFICIENCY OF PERSONNEL

The Division has adopted a unified policy for personnel performance management. The goal is to improve the performance efficiency of personnel by establishing common principles and tools for setting and assessing the KPIs of employees, evaluating the skill development level of employees, including ensuring effective remuneration of employees, preparing recommendations for the formation of a skill pool and compiling individual employee development plans for the subsequent planning of training.

Main regulatory documents:

- Personnel Performance Management Policy;
- Performance Management Regulation;
- Internal labor regulations.

The main indicator of personnel performance efficiency is labor productivity. In 2013, the figure has decreased with the decrease in the revenue.

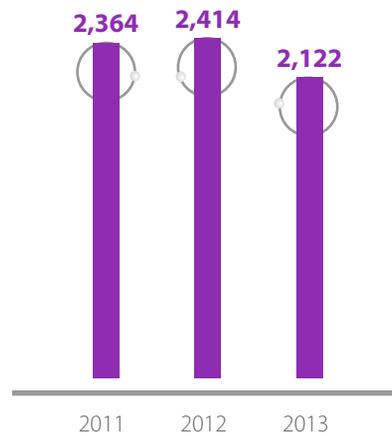


The Division's enterprises annually conduct Record assessment (an evaluation of performance, skills, development and achievements) which is integrated

1 PROPORTION OF EMPLOYEES WORKING ON TEMPORARY CONTACTS, %

2 PROPORTION OF EMPLOYEES WORKING ON PART-TIME BASIS, %

LABOR PRODUCTIVITY, THOUSAND RUBLES/PERSON PER YEAR¹



into the Unified Industry Policy for the Management of the Performance Efficiency of the Employees of Rosatom State Corporation and its Organizations.



Currently, the practice of performance reviews of all personnel applies only at OJSC Atomenergomash and OJSC Afrikantov OKBM, but in 2014 this will also be applicable at the OJSC TskBM. At the rest of the enterprises, performance reviews mainly cover personnel holding senior positions.



At the nuclear industry's annual conference for directors regarding personnel management "People of Rosatom", OJSC Atomenergomash was awarded "People of Rosatom" prizes in three categories: "The most active employer for the best graduates", "Creating career opportunities", "The best practices to increase the involvement".



¹ The data by years cannot be compared because the consolidation profiles were different.

3 PERCENTAGE OF EMPLOYEES RECEIVING PERFORMANCE REVIEWS, %

6.4.3. REMUNERATION

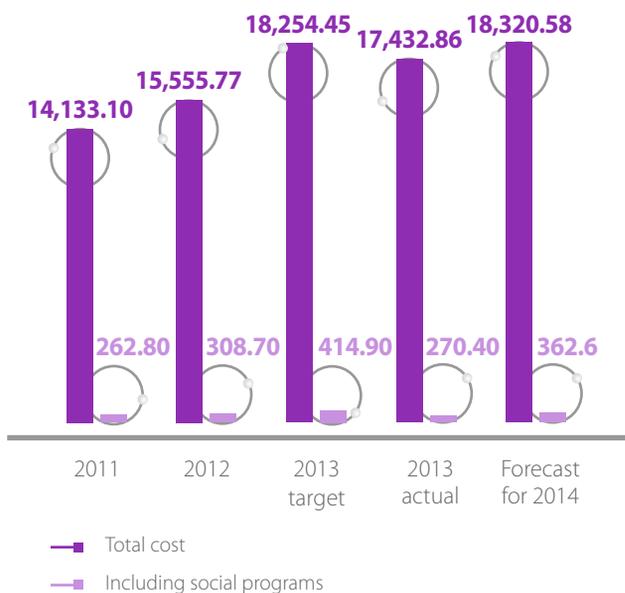
The current wage system is unified, focused on business results. This is achieved through the personnel performance reviews, including KPIs. The main objective of the current system is to guarantee social protection of the employees.

The main regulatory document is the Provision on Remuneration. Besides, there is the current Industry Agreement on the Nuclear Power, Industry and Science for 2012–2014 as well as the Regional 3- and 4-party agreements in the locations of the SASC.

The KPIs of senior officials include the “Utilization of the personnel budget” indicator requiring not to exceed the cost of the respective function. The target value of the indicator for 2013 has been achieved.

AEM
5.9.3

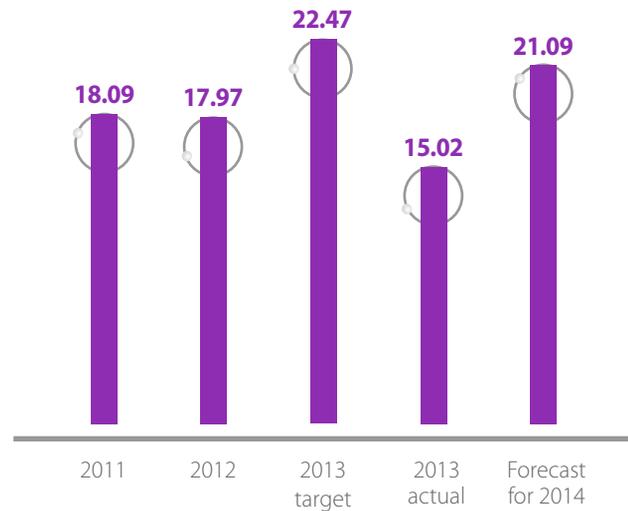
PERSONNEL COST, MLN RUBLES/YEAR



1 BREAKDOWN BY SACS

SOCIAL PAYMENTS PER 1 EMPLOYEE PER YEAR, THOUSAND RUBLES

AEM
5.9.4



On average for the Division, the social payments per employee in 2013 have decreased as the target was met only to 66.8%. At that, some enterprises demonstrated a growth. For example, ARAKO, OJSC OKB Gidropress, OJSC PZM, OJSC Energomashspetsstal, etc. The largest value in the Division is at OJSC OKB Gidropress: 31.9 thousand rubles per person per year.

OJSC Atomenergomash implements a private pension program. The program may be participated by all Company employees who have not reached pension age.

Currently, the share of participants in the private pension programs is not significant.



AEM
1.1.20

GRI
EC3

2 CONDITIONS OF THE PROGRAM

AEM
5.1.2

GRI
LA2

Payments and benefits for employees depending on type of employment

The Division’s enterprises provide all their employees (regardless of their status and type of contract) with payments and benefits as mandated by the Labor Code of the Russian Federation. Full-time employees are offered an additional comprehensive package of the following social payments and benefits approved by the applicable regulatory documents:

- medical insurance;
- pension programs;
- housing programs;
- health resort treatment and vacation for employees and their children;
- holding sports and cultural events;
- catering for employees;
- financial aid;
- corporate discounts on subscriptions to sports and health facilities;
- support to veterans and retirees of the industry.

6.4.4. TRAINING AND EDUCATION

Professional development of personnel is a prerequisite for ensuring the workflow, competitiveness and dynamic development of the Division. The enterprises, in addition to the compulsory training, required by the Federal Service for Environmental, Technological and Nuclear Supervision, take active part in the programs for development of corporate competencies and management skills. Training under industry programs helps build a unified management system and improve interaction between different departments and enterprises of the Division. Great attention is paid to adaptation of new employees and providing them with the key knowledge from experienced tutors in order to accelerate delivery of results by the employees and to preserve all important and valuable knowledge in the Division.

The main regulatory document is the Provision on employee training.

EMPLOYEE TRAINING COST, MLN RUBLES



AEM
5.4.4



The highest training cost is at OJSC OKB Gidropress, OJSC Afrikantov OKBM and CJSC AEM Technologies.

Employees take active part in drawing up individual development plans, and their desires are also taken into account in choosing seminars and training time. The KPIs of senior officials include the “Satisfaction with training, development and awareness” indicator.

In general, the qualification of personnel is ensured through appropriate education: at production sites, the majority of personnel have secondary vocational education as a minimum, in engineering design and management companies they have higher professional education and academic degrees.



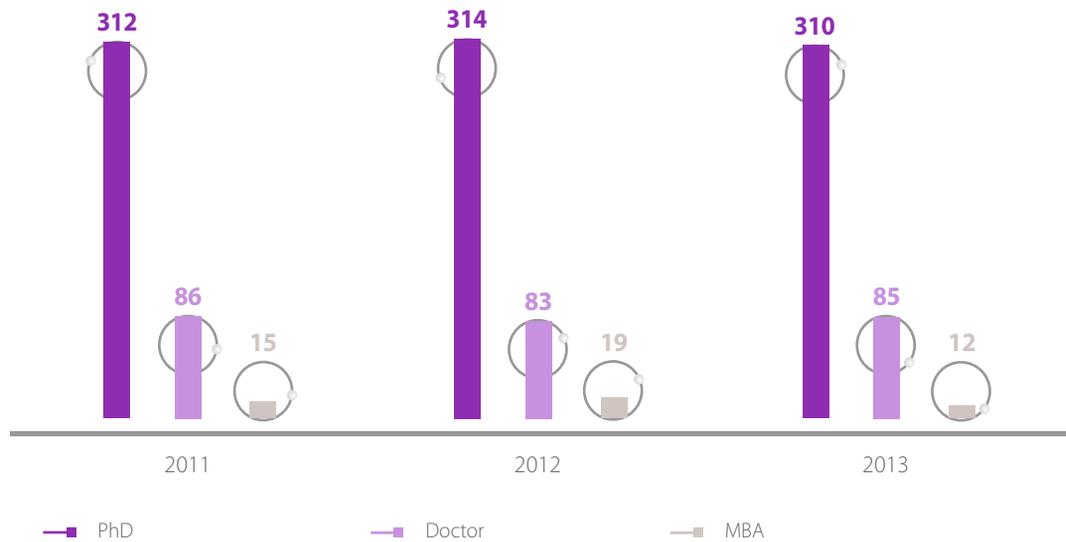
BREAKDOWN BY SACS

SHARE OF EMPLOYEES WITH RESPECTIVE EDUCATION, %

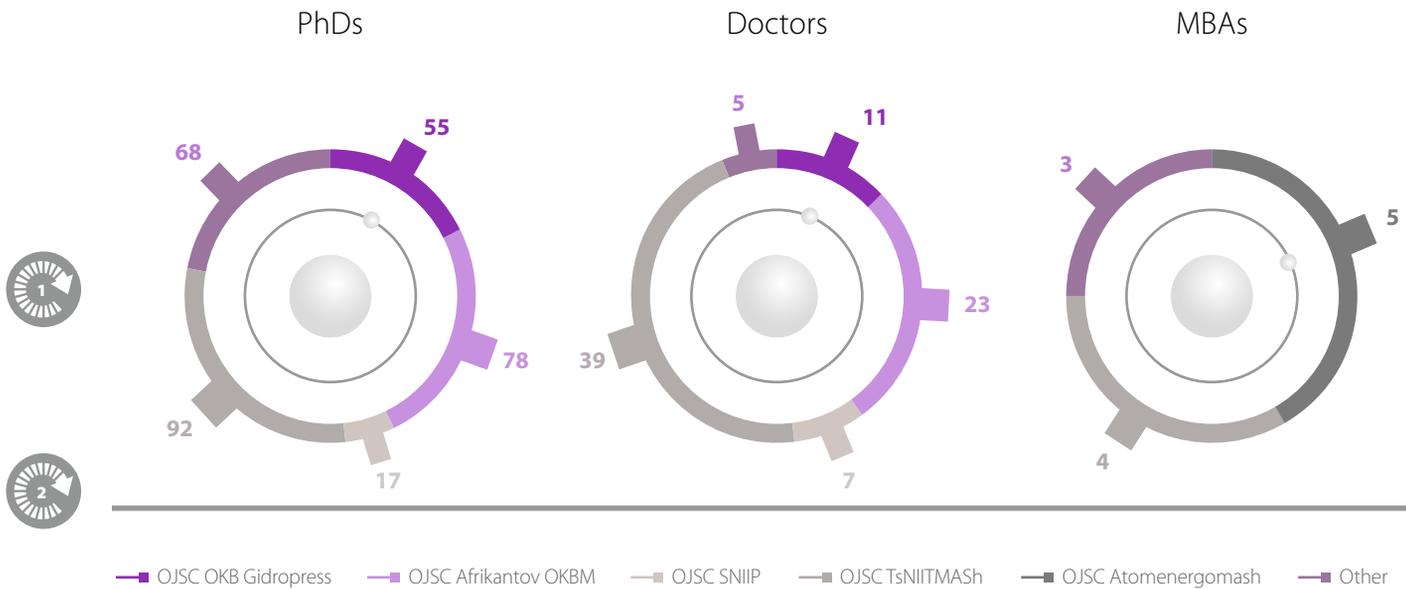
Company	Indicator	2011	2012	2013
ARAKO	Secondary vocational	85.9	96.8	100
	Higher	17.3	18.4	18.7
	2 or more higher	0	0	0
CJSC ATM	Secondary vocational	39	51	59
	Higher	50	56	54
	2 or more higher	5	6	7
OJSC Atomenergomash	Secondary vocational	6.9	3.1	3.9
	Higher	82.3	85.4	81.6
	2 or more higher	3.8	5.1	3.5
CJSC AEM Technologies	Secondary vocational	0.0	52.3	45.7
	Higher	85.3	36.4	27.6
	2 or more higher	7.8	0.6	0.1
OJSC Venta	Secondary vocational	25.5	26.1	26.1
	Higher	26.6	27.1	27.1
	2 or more higher	0.5	0.6	0.6
OJSC OKB Gidropress	Secondary vocational	13.8	13.9	14.1
	Higher	69.0	69.6	70.1
	2 or more higher	1.1	1.1	1.2
OJSC GSPI	Secondary vocational	20	20	7
	Higher	65	68.3	67.7
	2 or more higher	1.1	1.2	1.2
OJSC ZIO-Podolsk	Secondary vocational	19.3	19.7	18.8
	Higher	21.3	24.2	25.8
	2 or more higher	1.1	0.7	0.2
OJSC ZIOMAR EC	Secondary vocational	5	5	05
	Higher	93	93	94
	2 or more higher	2	3	3
OJSC OZTMits	Secondary vocational	33.8	31.9	29.3
	Higher	28.3	29.1	31.6
	2 or more higher	0.7	0.7	0.8
OJSC Afrikantov OKBM	Secondary vocational	14	14	14
	Higher	59	60	61
	2 or more higher	2.6	2.9	3.1
OJSC PZM	Secondary vocational	58	54	57
	Higher	40	41	38
	2 or more higher	1.6	1.7	1.8
CJSC REMKO	Secondary vocational	16.4	15.4	22.2
	Higher	74.6	84.6	66.7
	2 or more higher	3.6	0	11.1
OJSC SNIIP	Secondary vocational	27.5	24.7	19.5
	Higher	71.5	74.2	79.3
	2 or more higher	0.0	0.0	0.0
OJSC SverdNIIKhim mash	Secondary vocational	25.6	24.7	24.5
	Higher	66.3	65.8	64.9
	2 or more higher	0.3	0.5	0.5
LLC STEP	Secondary vocational	25	28	31
	Higher	53	62	63
	2 or more higher			2
OJSC TsKBM	Secondary vocational	17.3	17.0	15.6
	Higher	46.9	50.5	53.0
	2 or more higher	0.4	0.6	0.6
OJSC TsNIITMASH	Secondary vocational	10.2	10.8	10.7
	Higher	78.3	75.7	74.7
	2 or more higher	3.6	4.2	5.0
LLC EMKO	Secondary vocational	1	1	1
	Higher	36	34	34
	2 or more higher	3	4	4
OJSC Energomashspetsstal	Secondary vocational	49.4	47.6	47.1
	Higher	34.3	38.1	39.9
	2 or more higher	11.4	12.6	13.4

AEM
5.1.8

THE NUMBER OF EMPLOYEES THAT ARE CANDIDATES OR DOCTORS OF SCIENCE OR HOLD MBA DIPLOMA, 2011–2013 TRACK RECORD



SACSS EMPLOYEES THAT ARE CANDIDATES, DOCTORS OF SCIENCE, HOLD MBA DIPLOMA



1 INFORMATION ON SACSS

2 INDUSTRY TRAINING CENTER IN VOLGODONSK



6.4.5. OCCUPATIONAL HEALTH AND SAFETY

Enterprises of the Division comply with all industrial and occupational safety requirements.

In this area of activity, the Company is governed by the applicable regulatory documents, including the Labor Code of the Russian Federation, Federal Law No.116-FZ "On industrial safety at hazardous production facilities", Resolutions of the Ministry of Labor of the Russian Federation as well as relevant State Standards, Sanitary Code, Safety Rules, Guidelines, Occupational Safety Standards System and OHSAS 18001 requirements.

AEM
5.3.4

OJSC Atomenergomash is a party to the current Industry Agreement on the Nuclear Power, Industry and Science, which was signed by employees and employers with the participation of Rosatom State Corporation in order to create the necessary labor and socioeconomic conditions for employees in the industry while taking into account the

GRI
LA8

ENTERPRISES HOLDING OHSAS 18001¹ CERTIFICATES:

SASC	Availability of OHSAS 18001 certificate
OJSC ZIOMAR EC	Certification planned for 2014
OJSC ZiO-Podolsk	Certification planned for 2014
OJSC SNIIP	YES
LLC NGSS	YES
OJSC Venta	Certification planned for 2015
CJSC AEM Technologies	Certification planned for 2015
OJSC VNIIAM	YES
OJSC Energomashs-petsstal	Certification planned for 2014

¹ OHSAS 18000 is a series of standards containing requirements and guidelines for development and implementation of occupational health and safety management systems, the use of which enables organizations to manage the risks in the management system and improve its functioning.

interests of employers and the government. The agreement governs issues concerning the health and safety of employees, occupational health and safety, social protection, sports and fitness and educational activity, among others. Besides, these issues are covered in collective agreements at enterprises of the Division.

Performance efficiency in this area is assessed based on the KPI "Lost Time Injury Frequency Rate (LTIFR)".

TARGETS FOR LOWERING THE LTIFR VS THE REFERENCE FIGURE²

2013	2014	2015	2016	2017
20%	15%	10%	10%	5%

THE 2013 LTIFR TARGET FOR THE DIVISION HAS BEEN ACHIEVED



² Reference figure is an average value of LTIFR for 3 preceding years.



- 1 OBJECTIVES AND MEASURES IN SASC
- 2 MINIMIZATION OF RISKS



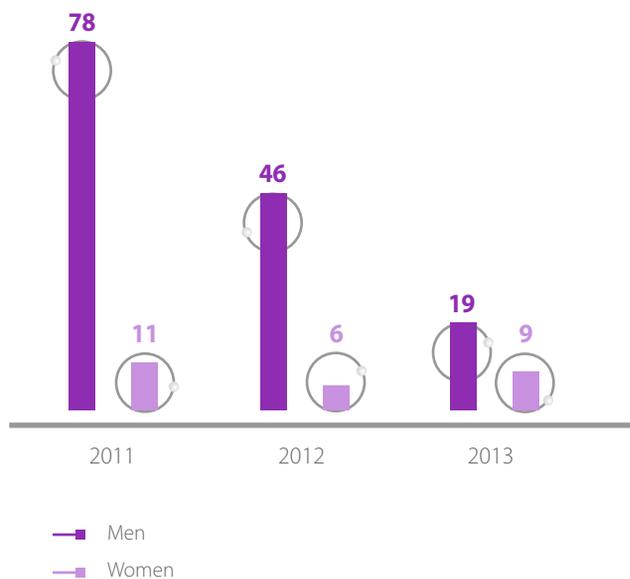
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AEM 5.3.2

GRI LA6



ACCIDENT FREQUENCY RATE



CASES OF OCCUPATIONAL DISEASES



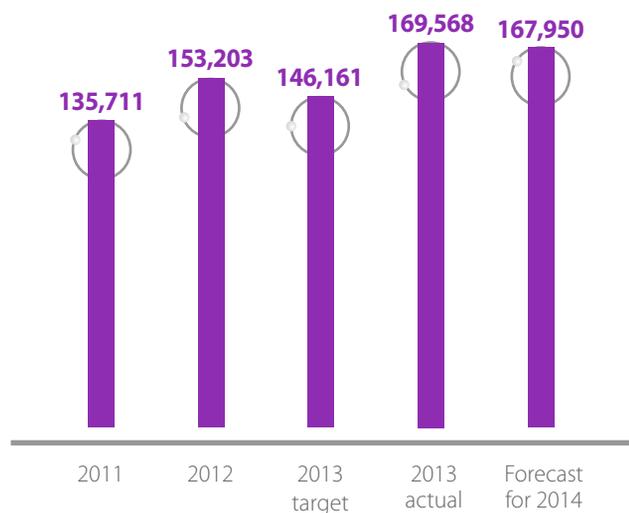
Company	Gender	2011	2012	2013
LLC Casting Plant	Men	6	1	2
	Women	-	-	-
OJSC Energo-mashspetsstal	Men	7	1	1
	Women	1	-	-
OJSC PZM	Men	2	1	0
	Women	1	-	-

WORK-RELATED FATALITIES

Company	Gender	2011	2012	2013
CJSC AEM Technologies	Men	1	1	-
	Women	-	-	-
OJSC Energo-mashspetsstal	Men	-	2	-
	Women	-	-	-

HEALTH AND SAFETY EXPENDITURES, THOUSAND RUBLES

AEM 5.3.6



1 BREAKDOWN BY SACS

2 LOST DAYS DUE TO INJURY



3 DAYS OUT OF WORK (DUE TO ILLNESS)

4 BREAKDOWN BY SACS

AEM
5.3.7

NUMBER OF EMPLOYEES WORKING UNDER HARMFUL CONDITIONS

Company	2011	2012	2013
OJSC ZiO-Podolsk	2,091	1,925	1,725
CJSC AEM Technologies	732	637	789
OJSC Energomashspetsstal	882	838	749
OJSC Afrikantov OKBM	691	637	639
OJSC PZM	490	490	540
LLC Casting Plant	407	292	234
OJSC Venta	126	130	140
OJSC SNIIP	124	192	127
OJSC SverdNIIKhim mash	109	108	103
ARAKO	72	95	81
OJSC TsNIITMASH	51	62	55
OJSC OKB Gidropress	47	47	46
OJSC GSPI	47	48	45
OJSC TsKBM	45	45	42
OJSC OZTMITS	33	30	29
OJSC IFTP	24	26	24
CJSC ATM	0	0	3
OJSC VNIIAM	0	2	2
OJSC ZIOMAR EC	1	1	1

The responsibility for industrial safety is assigned to the Deputy CEO — Business Operations Director, V.P. Razin.

6.4.6. RELATIONS BETWEEN EMPLOYEES AND MANAGEMENT, RESOLUTION OF LABOR DISPUTES

The Company devotes particular attention to compliance with the labor legislation of the Russian Federation, its policy for resolving labor disputes is focused on extra-judicial settlement of disputes with employees through

negotiations, including involvement of representatives of primary trade unions.

The main documents regulating relationships with employees are the Labor Code, collective agreements with trade unions and other industry agreements.

The main purpose pursued in resolving labor disputes is compliance with the legislation of the Russian Federation and Agreements concluded, and improving social protection of employees.

Responsibility for matters of relations of the management with employees is assigned to the Deputy CEO — Director, Human Resources and Organizational Development, K.A. Sukhotina. Responsibility for matters related with resolution of labor disputes is assigned to the Deputy CEO — Corporate Governance Director, S.A. Kuleshov.

GRI 4.11

The following enterprises of the Division have collective agreements in place covering all employees: OJSC Venta, OJSC OKB Hidropress, OJSC GSPI, OJSC ZiO-Podolsk, OJSC ZIOMAR EC, OJSC OZTMITs, OJSC Afrikantov OKBM, OJSC PZM, OJSC SNIIP, OJSC SverdNIIKhim mash, OJSC TsKBM, and OJSC Energomashspetsstal.

AEM 5.2.1

The timeframe for notification of employees about organizational changes at all enterprises of the Division meets the Labor Code of the Russian Federation and is 2 months.

GRI LA4

NUMBER OF GRIEVANCES ABOUT LABOR PRACTICES

AEM 5.8.1

GRI LA16

Company	2011	2012	2013
OJSC SverdNIIKhim mash	–	–	2
OJSC GSPI	1	3	2
OJSC Atomenergomash	–	2	1
CJSC AEM Technologies	–	1	1
OJSC SNIIP	–	–	1
OJSC OKB Hidropress	–	2	1
OJSC ZiO-Podolsk	6	4	–
OJSC Afrikantov OKBM	2	–	–
LLC STEP	1	–	–
OJSC PZM	1	–	–

The table shows formal complaints about labor practices submitted through the hotline or to external agencies, including labor disputes (claims). Subjects of the

complaints were mainly related to employment issues, awarding annual bonuses, etc. The complaints were addressed and settled (in some cases official responses were issued).

One of the important aspects of the relations between the management and employees is involvement analysis. In 2013, annual analysis of the Division employees' involvement was conducted, including OJSC Atomenergomash, OJSC ZiO-Podolsk, OJSC Afrikantov OKBM, OJSC TsKBM, OJSC SNIIP, OJSC GSPI (about 3000 employees). According to the results of the analysis, the average level of involvement in the Division in 2013 was 68%¹. The Division's results were at the level of the industry's figures and above the average for Russian employers.

6.4.7. AVAILABILITY OF REPLACEMENT PERSONNEL

Personnel turnover is an inherent phenomenon in any company. The Division's enterprises have no cyclic fluctuations in personnel numbers (seasonal, etc.), and changes in those numbers are due to the operational needs as well as the activities covering optimization of the personnel numbers or dismissal of employees on their own initiative.

On average for the Division, personnel turnover in 2013 was 17%. The highest turnover level was at OJSC PZM (39%) and OJSC ATM (37%), while the lowest level was at OJSC OKB Hidropress, OJSC SNIIP and OJSC ZIOMAR EC (4%).

¹ Excluding OJSC GSPI.





PERSONNEL TURNOVER



Company	Personnel turnover, %		
	2011	2012	2013
OJSC Afrikantov OKBM	1	2	2
OJSC OKB Gidropress	3	4	4
OJSC ZIOMAR EC	3	11	4
OJSC SNIIP	31	15	4
OJSC Energomashspetsstal	14	9	5
OJSC SverdNIKhimmash	17	11	9
OJSC TsKBM	7	10	10
CJSC AEM Technologies	43	3	12
OJSC OZTMiTS	18	14	14
ARAKO	14	17	15
OJSC GSPI	11	16	16
OJSC ZiO-Podolsk	23	23	16
OJSC Venta	17	24	16
OJSC TsNIITMASH	20	24	24
OJSC Atomenergomash	34	25	24
LLC EMKO	16	19	28
CJSC ATM	11	42	37
OJSC PZM	40	26	39
LLC STEP	32	25	45

In addition, employees of the enterprises take parental leaves. The Company guarantees realization of all rights related to parental leaves in accordance with the legislation

of the Russian Federation. The result is that the majority of employees return to their workplaces at the end of parental leave.



1 ENROLLMENT INFORMATION

2 BREAKDOWN BY GENDER AND AGE GROUPS

AEM
5.1.3GRI
LA3PARENTAL LEAVES IN THE REPORTING PERIOD¹

Company	Number of employees		Percentage of employees who returned to their previous rate after parental leave
	left on parental leave	returned after parental leave	
CJSC ATM	3	1	100
OJSC Atomenergomash	16	0	–
CJSC AEM Technologies	16	3	40
OJSC Venta	13	4	100
OJSC OKB Hidropress	Men	2	100
	Women	35	100
OJSC GSPI	30	18	100
OJSC ZiO-Podolsk	Men	2	100
	Women	62	94,1
OJSC ZIOMAR EC	11	5	100
OJSC OZTMiTS	1	0	–
OJSC Afrikantov OKBM	144	39	100
OJSC PZM	Men	2	0
	Women	20	70
CJSC REMKO	2	0	–
OJSC SNIIP	4	1	100
OJSC SverdNIIKhim mash	6	3	100
LLC STEP	3	0	–
OJSC TsKBM	3	0	100
OJSC TsNIITMASH	10	3	100
LLC EMKO	1	1	100
OJSC Energomashspetsstal	26	41	100

¹ Women, except where otherwise noted.



1 ADDITIONAL INFORMATION



 **АтомЭнергоМаш**
ГРУППА КОМПАНИЙ РОСАТОМ

Currently, among the main strategic objectives aimed at ensuring availability of replacement personnel, the greatest priority is given to lowering the average age of employees and increasing the share of specialists under 35 years old.

AEM
5.1.5

AVERAGE EMPLOYEE AGE, YEARS

Company	Employee category	2011	2012	2013
ARAKO	Senior managers	43	40	41
	Middle managers	41	42	43
	Specialists and operating personnel	41	41	41
CJSC ATM	Senior managers	47	45	46
	Middle managers	40	42	42
	Specialists and operating personnel	40	42	42
OJSC Atomenergomash	Senior managers	46	46	45
	Middle managers	36	34	33
	Specialists and operating personnel	36	39	38
CJSC AEM Technologies	Senior managers	43	44	46
	Middle managers	44	47	44
	Specialists and operating personnel	39	43	45
OJSC Venta	Senior managers	43	44	45
	Middle managers	47	48	48
	Specialists and operating personnel	44	46	45
OJSC OKB Gidropress	Senior managers	47	46	47
	Middle managers	42	43	43
	Specialists and operating personnel	49	48	48
OJSC GSPI	Senior managers	53	54	55
	Middle managers	55	56	53
	Specialists and operating personnel	47	47	46
OJSC ZiO-Podolsk	Senior managers	43	43	45
	Middle managers	46	46	46
	Specialists and operating personnel	44	44	46
OJSC ZIOMAR EC	Senior managers	51	45	41
	Middle managers	54	50	51
	Specialists and operating personnel	44	45	45

Company	Employee category	2011	2012	2013
OJSC OZTMiTS	Senior managers	58	52	50
	Middle managers	52	53	54
	Specialists and operating personnel	50	50	52
OJSC Afrikantov OKBM	Senior managers	58	58	58
	Middle managers	45	45	45
	Specialists and operating personnel	42	42	42
OJSC PZM	Senior managers	47	46	43
	Middle managers	43	42	41
	Specialists and operating personnel	43	41	41
CJSC REMKO	Senior managers	39	0	0
	Middle managers	41	0	0
	Specialists and operating personnel	40	38	37
OJSC SNIIP	Senior managers	53	51	50
	Middle managers	55	52	51
	Specialists and operating personnel	52	51	50
OJSC SverdNIKhimmash	Senior managers	48	48	48
	Middle managers	50	50	50
	Specialists and operating personnel	50	50	50
LLC STEP	Senior managers	41	39	39
	Middle managers	42	44	43
	Specialists and operating personnel	47	48	46
OJSC TsKBM	Senior managers	50	52	52
	Middle managers	52	47	45
	Specialists and operating personnel	49	47	47
OJSC TsNIITMASH	Senior managers	55	56	55
	Middle managers	48	50	50
	Specialists and operating personnel	48	50	50
LLC EMKO	Senior managers	40	40	43
	Middle managers	35	36	37
	Specialists and operating personnel	33	34	35
OJSC Energomashspetsstal	Senior managers	47	49	48
	Middle managers	42	44	43
	Specialists and operating personnel	40	42	41

One of the most important tasks in ensuring availability of replacement personnel is to attract young specialists for training and further work at the Division's enterprises. This became necessary primarily due to the ambitious strategic objectives of development of innovative designs and the need to transfer the accumulated knowledge in the field of advanced technologies owned by the Division's enterprise.

In 2013, the Bridge Between Generations project (the project to prevent loss of critical knowledge that was recognized and supported by the IAEA) was implemented at the 7 key enterprises of the Division: OJSC ZiO-Podolsk, OJSC ZIOMAR EC, OJSC OKB Gidropress, OJSC SverdNIKhim-mash, OJSC TsNIITMASH, OJSC Afrikantov OKBM, and OJSC TskBM. The assessment and selection identified about 45 people as sources of critical knowledge. To participate in the project, more than 80 young professionals were specially selected as recipients of the knowledge.

Also, since 2013, the Division is implementing a project of engineering and scientific personnel development at its enterprises — "I AM AN ENGINEER OF AEM". This is a strategic project of the Company aimed at providing the Division with the best engineering personnel. 38 people from 9 key enterprises of the Division participate in the project to undergo a two-year training program based on the priority issues of skill pool development.



“ The main objective of the project of engineering and scientific personnel development is to achieve compliance of the technical solutions implemented at the Division's enterprises with the global technological level and requirements of foreign markets ”

Ksenia Sukhotina,
Deputy CEO — Director, Human Resources
and Organizational Development

In 2013, it has been the third time another 2 shifts completed in the children's science and educational camp named NRJ-Camp on the Black Sea shore, 17 km away from the town of Gelendzhik. A shift in the NRJ-Camp takes place in the format of the "NRJ Corporation" business game. "NRJ Corporation" is an exciting role game, a business projection of the modern world on the children's community. Participating in the educational business game, children get scientific knowledge, legal and economic experience, develop their communication and teamwork skills.

TeMP-2013 tournament for the students and graduates of domestic specialized technical universities interested in working in the nuclear industry was held. During two months, the teams, under the auspices of Rosatom State Corporation enterprises, were developing a unique project covering a selected topic, aimed at achieving by the State Corporation the global technological leadership in the 21st century. The purpose of the Tournament was to attract young specialists motivated to work in the nuclear industry as well as to select and appraise prospective students of the target universities of the nuclear industry. A team of young professionals under the leadership of experts from OJSC TskBM presented to the Tournament's jury of experts a case of the "System for remotely controlled equipment for locating and extracting the elements of reactors in the liquid metal coolant medium" that was eventually recognized as the best project of the competition in the technical unit.

In 2013, the Division for the first time formed a skill pool for all levels of employees of the enterprises. All nominees have undergone a two-stage selection procedure based on the criteria developed by Rosatom State Corporation. For all participants, development and training programs were drawn up and are being implemented. The approved share of the Division is the skill pool::

- Major asset of Rosatom (top-manager level) — 13 people
- Asset of Rosatom (line manager level) — 43 people

AEM
5.11.3



1 DESCRIPTION OF THE PROJECT



2 SKILL POOL AT SASC IN 2013



- Talents (specialist and small group manager level) – 34 people.

In 2013, 35.71% of TOP1000 appointments at OJSC Atomenergomash were effected from the skill pool. Seven lead vacancies in the Company were filled from the skill pool; another three persons from the

reserve were appointed to managerial positions in other divisions.

In 2014, after approval of the updated Corporate Strategy of OJSC Atomenergomash, the HR Strategy will be updated, including the updates of the information regarding the future personnel requirement by specializations.

6.4.8. DESCRIPTION OF KEY STRATEGIC RISKS AND OPPORTUNITIES

No. ¹	Risk	Risk factors	Control measures/opportunities
8	Deficiency of workers with sufficient skills	<ul style="list-style-type: none"> • Increasing competition from South Korean and Chinese manufacturers • Entering the Russian market by non-sectoral (including foreign) companies • Increasing intra-industry competition • Affiliation of competing companies with customers 	<ul style="list-style-type: none"> • Cooperation with universities and schools (including direct agreements for the training of specialists, participation in open days, employment fairs, arrangement of internships, production training, preparation for graduation projects at enterprises, implementation of educational programs, seminars and special courses for students and pupils, participation in the financing and arrangement of educational laboratories and classes • Awareness work with population, publications in regional media and maintaining an Internet portal

6.5. EFFECT ON THE COMMUNITY (SOCIAL CAPITAL)

6.5.1. REGIONAL PRESENCE

The Division’s enterprises are geographically scattered and located not only in different parts of the Russian Federation, but also in the Central Europe. In this regard, market presence plays an important role for the Company, and, first of all, it concerns interaction with local companies and specialists.

In its activities, the Division’s enterprises involve local suppliers on a general basis that is conditional on the application of the Unified industry standard for procurement and the impossibility to establish any preferences which are not provided for in the current legislation of the Russian Federation, in particular, based on a geographic principle.

¹ Hereinafter, means the position number in the Risk Map.

AEM
1.2.4GRI
EC6

The Division's enterprises operate units responsible for recruiting new employees. In making hiring decisions, it is governed by Article 64 of the Labor Code of the Russian Federation (prohibiting groundless rejection or refusal based on discriminative grounds). The Company has no formalized policy of recruiting from the local community¹: in recruiting personnel, the Company first of all looks at

the level of qualification and, if necessary, expedience of using personnel from other regions.

In addition, enterprises of the Division make annual tax payments to the budgets of various levels. The size of the payments to local budgets increases annually.

PROPORTION OF SENIOR MANAGEMENT HIRED FROM THE LOCAL COMMUNITY IN THE REGIONS OF OPERATION, %

AEM
1.1.9

PAYMENTS TO BUDGETS

Indicator	in 2011		in 2012		in 2013		Forecasted for 2014	
	Assessed, '000 RUB	Paid, '000 RUB	Assessed, '000 RUB	Paid, '000 RUB	Assessed, '000 RUB	Paid, '000 RUB	Assessed, '000 RUB	Paid, '000 RUB
Total	9,218,978	7,435,173	4,358,300	5,913,894	3,623,424	3,752,241	14,048,627	5,079,776
including:								
Federal budget — total	7,766,069	6,190,707	3,526,515	4,706,769	3,245,339	3,067,000	13,028,150	3,989,012
Budgets of the constituent entities of the Russian Federation — total	1,386,931	1,178,750	764,460	1,141,342	285,702	582,169	911,718	986,520
Local budgets — total	65,978	65,716	67,325	65,783	92,383	103,072	108,759	104,244

¹ Local employees are those who live permanently on the territory where the employer enterprise operates, i.e. not hired from other regions.



1 BREAKDOWN BY TAX TYPE



6.5.2. INDIRECT ECONOMIC IMPACTS

OJSC Atomenergomash is committed to the principles of socially responsible business and, given the vast geography of the Division's operations, sees the creation of new jobs both in the territories where it maintains a presence and those where their suppliers and contractors operate as one of its main objectives in this area. HR projects and corporate social programs ensure the employment of the local community and development of personnel at enterprises.

The unified industry payment system being introduced by the Company guarantees a stable income and sound financial backing for the Company's employees. The timely payment of wages, development of social programs and active cooperation with regional management on labor market issues help enhance the appeal of nuclear engineering for employees and reduce social tension in the regions.

“ People are our main asset; therefore, we are working to improve the social programs, create favorable career opportunities for the employees both within the Company and the industry as a whole ”

Ksenia Sukhotina,
Deputy CEO — Director, Human Resources
and Organizational Development

At the Division's enterprises, employees at the initial stage of their work receive salary that is not less than the minimum statutory salary for the region of operation. In 2013, the ratio of the minimum salary in the Company to the regional minimum statutory wage on average in the Division was 1.95¹.

¹ Wage level does not depend on gender.

 1 A.hr RATING

 2 RATIO OF THE MINIMUM SALARY IN THE COMPANY TO THE REGIONAL MINIMUM STATUTORY WAGE

In addition, the average salary at the Division's enterprises grows annually.

AVERAGE SALARY GROWTH², %

Company	2011	2012	2013	Forecast for 2014
OJSC SNIIP	+3	+8	+37	+11
LLC STEP	+39,1	-2,1	+28,3	+76,2
OJSC SverdNIKhim-mash	+15,7	+4,8	+27	+5
OJSC Afrikantov OKBM	+22	+7	+26	+5
OJSC TsKBM	+7,4	+8,7	+20,7	+1,1
OJSC OKB Hidropress	+8	-17	+18	+3
OJSC Venta	+19,7	+24	+17,2	+7,4
OJSC ZIOMAR EC	+18	+15	+14	+5
OJSC PZM	+26,8	+42,8	+13,9	+3,8
OJSC Energomash-petsstal	+20	+29	+12	+16
OJSC ZiO-Podolsk	+15	+15	+11	+7
OJSC TsNIITMASH	+5,2	+15	+10	+16
OJSC GSPI	+3	+16	+8,6	+20
OJSC Atomenergomash	-1,8	+1	+3,6	+2
ARAKO	-5,7	-3,6	+3,4	+1
LLC EMKO	-8	-6	-2	+5,3
CJSC ATM	-34,3	+50,7	-4,9	+10
OJSC OZTMITS	+16,8	+34,7	-7,2	+13,6
CJSC AEM Technologies	+38	-52	-40	+3
CJSC REMKO	+17	+6	-42	+7

² Acute fluctuations in the salary level are related to the organization's transition to unified remuneration system and the formation of reserves.

6.5.3. SOCIAL INVESTMENT AND CHARITY PRACTICES

Regional enterprises of the Division participate in the improvement and development of the infrastructure in the regions of operation, especially in the towns. In addition, the Company promotes participation in charitable projects.

AEM
1.3.1

OJSC Energomashspetsstal has been for nine years sponsoring pupils at the boarding school No.3 in Kramatorsk. The pupils not only receive holiday gifts from the enterprise, but are also provided with stationery as well as with detergents and other household essentials items for the whole year.

GRI
EC7

Three years ago, on the initiative of the "Youth Council", OJSC SverdNIKhimmash being the sponsor of the Social Rehabilitation Center in Makhnyovo village of Alapaevsk district, received a written request regarding a shortage of beds due to the increasing number of children in the Center. SverdNIKhimmash bought twenty new mattresses for the beds.

In addition, following the annual tradition, a group of volunteers from OJSC SverdNIKhimmash, for children staying in the Social Rehabilitation Center, organizes New Year's performance and presentation of gifts. In addition to sweets and toys for the Center, the enterprise and its employees collected 5 computers, clothes, bought stationery, and board and educational games.

In 2013, OJSC OKB Gidropress made a donation for the purchase of necessary equipment for the Orphanage in Podolsk and Secondary School No.1 in Vyazniki of Vladimir region, as well as purchased sports equipment for the Disabled Sports Club Korsar.

AEM
7.5.1

In addition, the Division's enterprises take part in socially significant projects. Thus, in 2013, OJSC PZM produced 4,000 sets of bench supports of different configurations and patterns. Of these, 250 sets were made for the capital of 2014 Winter Olympics, Sochi, and the rest — for the major reconstruction of the Sokolniki recreation park in Moscow.

6.5.4. RESOLUTION OF PUBLIC DISPUTES

One of the main strategic objectives of Rosatom State Corporation is to ensure public acceptance of nuclear power industry development. In this regards, OJSC Atomenergomash focuses its activity in this area, including publication of Integrated Annual Reports, to improve transparency of its own activities and establish cooperation with all stakeholders.

The main complaints of the public usually relate to the industry enterprises specializing in construction and operation of nuclear power facilities. In case of problems in cooperation with the public, the Company will be governed by the legislation of the Russian Federation and requirements of Rosatom State Corporation.

No complaints regarding impact on the local community were received by the Companies of the Division.

AEM
6.15.1

6.5.5. MARKETING COMMUNICATIONS

Marketing communications, including promotion activities, advertising, participation in exhibitions, etc., are an important area of OJSC Atomenergomash activities. The work in this area improves the attractiveness of the products and services for the target audience: a deep awareness of potential customers is a way to convince them to give their preference to the Division's products. The well-established marketing communications of OJSC Atomenergomash is a precondition for its proper functioning as an economic unit and one of the key prerequisites for its successful activities in the market.

In 2013, as part of the marketing activities, a number of events was organized, such as press tours, including those for foreign journalists, representatives of countries as potential customers for the Division's products; a round table in Kiev regarding the renovation of thermal power plants; a regional forum of nuclear industry suppliers. OJSC Atomenergomash and the Companies of the Division took part in 50 events (including 23 abroad), which included major industry events such as the International Forum ATOMEXPO 2013, the International Forum of Nuclear Industry Suppliers ATOMEX

GRI
SO11



2013, the 12th Moscow International Exhibition “Oil and Gas”. These activities not only involve OJSC Atomenergomash itself, but also the key SASC such as OJSC ZiO-Podolsk, CJSC AEM Technologies, OJSC Afrikantov OKBM, OJSC OKB Hidropress, OJSC Energomashs-petsstal, etc.

In 2014, the Company plans to continue implementation of the marketing communications plan as regards participation in exhibitions, work with the media, organizing press tours, conferences and round tables devoted to innovative developments and benefits of the Division’s products.

The Company assigned responsibility for this area to the Head of Public Relations, G.A. Levchenko. The results are assessed based on KPIs, including the “Completion of the conference and exhibition plan” indicator.

OJSC Atomenergomash complies with the current Russian and international legislation in the field of marketing communications, including product advertising and promotion. In order to enforce this requirement, OJSC Atomenergomash and key SASC have introduced a number of local regulations governing and supporting the standards for marketing communications activities. There were no violations in this area identified in 2013.



6.5.6. DESCRIPTION OF KEY STRATEGIC RISKS AND OPPORTUNITIES

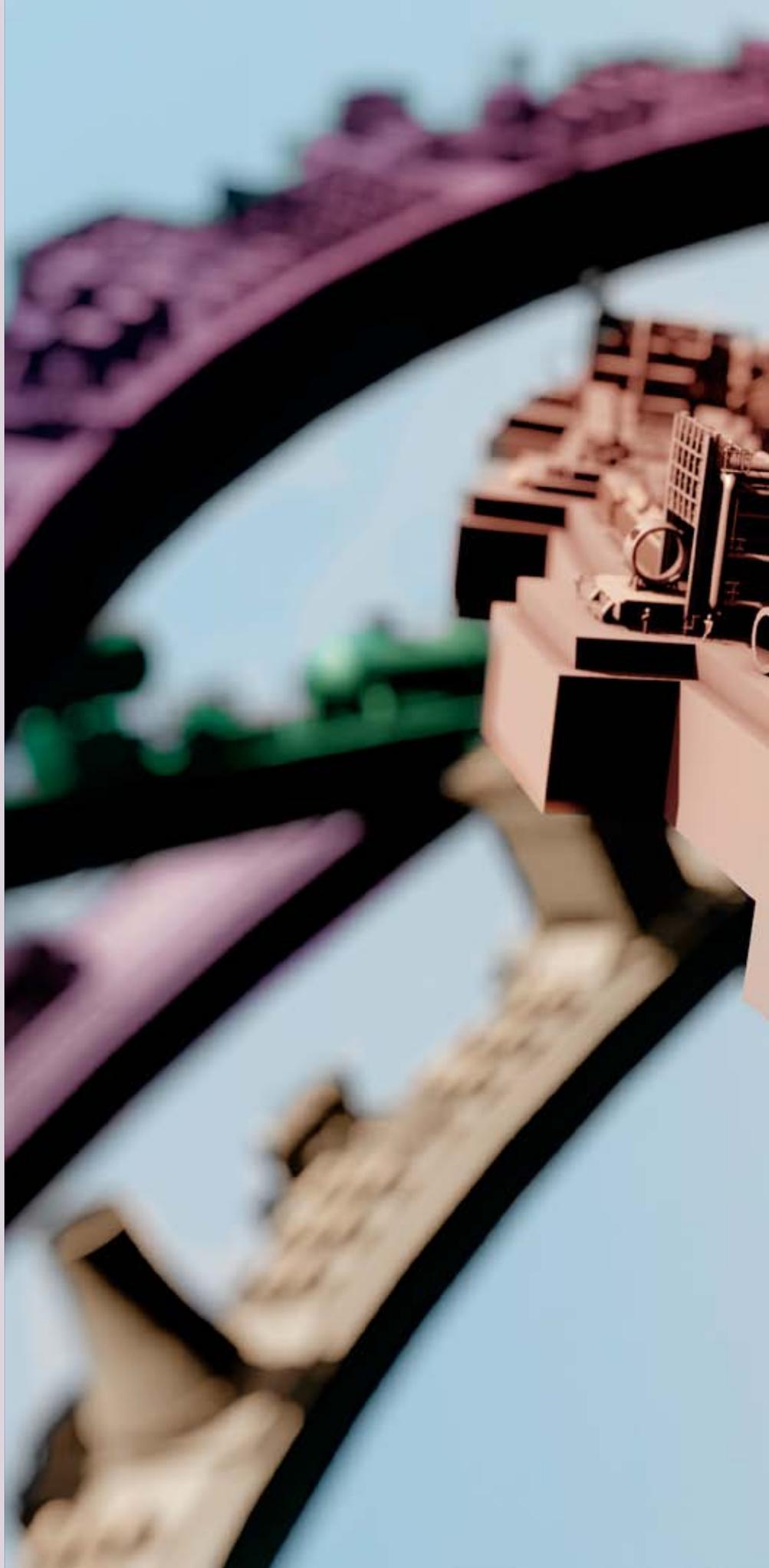
No. ¹ Risk	Risk factors	Control measures/opportunities
7 Inefficient legislation	<ul style="list-style-type: none"> • Absence or inefficiency of the legislative framework • Changes in the legislative framework 	<ul style="list-style-type: none"> • Participation in the activities of Rosatom State Corporation covering preparation of proposals regarding revisions to the legislative framework
10 Deterioration of public attitude to the Company or nuclear technology as a whole	<ul style="list-style-type: none"> • Technological accidents • Corruption scandals 	<ul style="list-style-type: none"> • Education of population, publications in the regional media, maintaining an Internet portal, cooperation with social media (social networks) • Participation in the implementation of the Comprehensive Program to Combat Corruption and Embezzlement in the Nuclear Industry
11 Physical damage to the company's assets	<ul style="list-style-type: none"> • Social unrest 	<ul style="list-style-type: none"> • Implementation of social programs, charity campaigns • Taking account of social risks when making strategic decisions

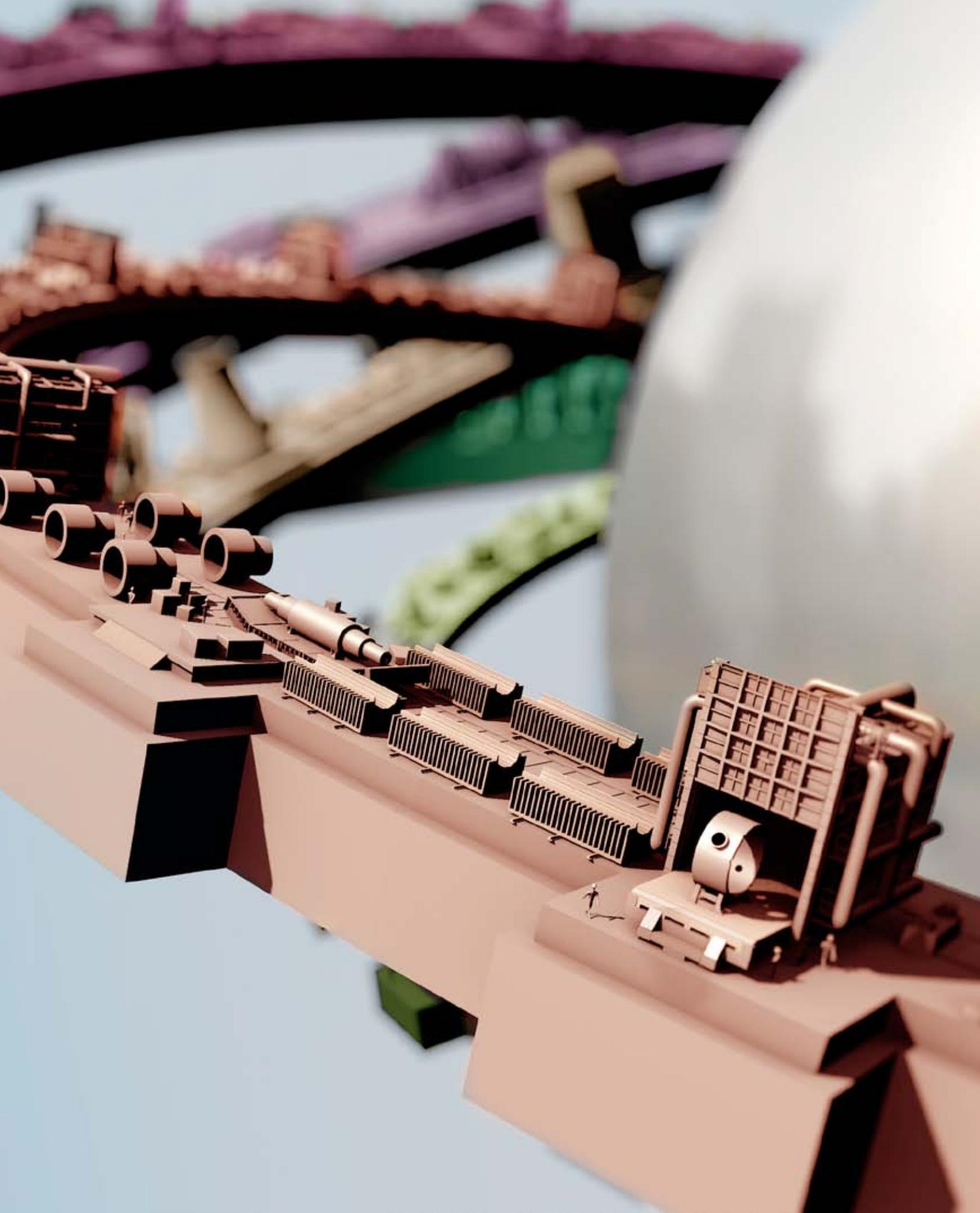
¹ Hereinafter, means the position number in the Risk Map.

METALLURGY

Atomenergomash Holding includes OJSC Energomashspetsstal (Kramatorsk), the largest Ukrainian producer of special piecework and small-scale cast and forged items production for metallurgy, shipbuilding, power (wind, steam, hydro, nuclear), and general engineering industries. The enterprise possesses the latest metallurgical, metal working and machining equipment and can perform the full production cycle, from generation of marketing and technical ideas to their implementation in the finished products. Energomashspetsstal brand products are known very well in more than 50 countries worldwide. Among its partners are industrial giants such as ArcelorMittal, Alstom, General Electric, BHEL, Siemens AG and many others.

For iron and steel enterprises, OJSC Energomashspetsstal makes alloy steel support rolls for plate mills, hot and cold strip mills, hot rolled working rolls, spare parts for metallurgical equipment, rolling mills, finishing lines and units for rolled products as well as a range of other forged and cast items.





6.6. IMPACT OF THE ENVIRONMENT (THE NATURAL CAPITAL)

6.6.1. ENERGY

Engineering enterprises require uninterrupted and sound supply of energy to support the process. The energy is required to operate the machines, for space heating, and heat treatment of finished products and billets.

Pursuant to the Federal Law No.261 dated 11/23/2009 and the Order of Rosatom State Corporation No.1/676-P dated 08/09/2011, the Division implements the “Energy conservation and energy efficiency improvement” project. Responsibility for the project is assigned to the Deputy CEO — Business Operations Director, V.P. Razin. The indicators related to the reduction of energy consumption are included in his KPIs and decomposed to the level of managers and employees of the Technical Department of OJSC Atomenergomash and Chief Engineer Service at SASC.

The current energy efficiency improvement program covers the period of 2010–2015. As the latest, in 2015 a repeated energy audit should be conducted in order to develop the program for the period of 2016–2020.

TARGETS FOR REDUCTION OF ENERGY CONSUMPTION VS THE REFERENCE FIGURE¹

2014	2015
23%	25%

¹ Hereinafter, means the position number in the Risk Map.

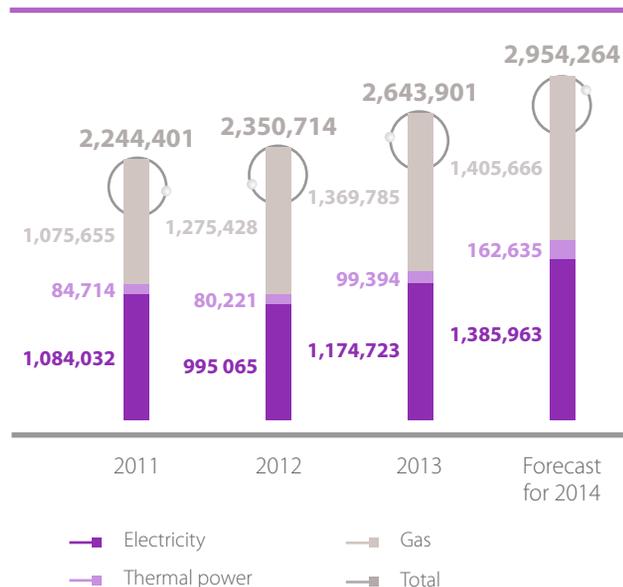
In 2013, within the framework of the energy efficiency project, low cost measures and measures under modernization and overhaul programs were mainly implemented. The 2013’s target for the Division (20% reduction vs the reference figure) has been achieved (the resulting figure is 22.94%).



Main tasks for the future as regards energy efficiency improvement:

- Combine measures for energy efficiency improvement with the modernization and maintenance program;
- Implement contracts for energy services;
- Improve control over energy consumption with assigning personal responsibility to employees..

ENERGY SUPPLY COST FOR THE ENTIRE DIVISION, THOUSAND RUBLES



¹ VISION OF ROSATOM STATE CORPORATION
² INTERFAX-ERA RATING



“ Our company conducts systematic work aimed at improvement of production energy efficiency. For us, the highest grade given by experts for our performance is a binding factor stimulating us to maintain the energy efficiency improvement rates and to further reduce the environmental impact ”

Vladimir Razin,
Deputy CEO — Business Operations Director of Atomenergomash



ENERGY SAVING IN THE DIVISION (G/J)



Organization	2011			2012			2013			TOTAL in 2013
	Heat	Elec- tricity	Gas	Heat	Elec- tricity	Gas	Heat	Elec- tricity	Gas	
OJSC SverdNIKhim-mash	2050.2	1600.8	0.0	1602.5	801.3	0.0	4741.9	2874.9	0.0	7616.7
OJSC PZM	0.0	25346.9	233022.3	0.0	31703.0	180113.5	0.0	40173.1	276811.1	316984.2
OJSC TsKBM	11214.5	379.1	0.0	3395.9	7638.7	0.0	921.2	9280.2	0.0	10201.4
OJSC OKB Hidropress	2895.3	1837.8	0.0	3305.4	3986.8	-2297.7	-125.5	5597.5	8819.4	14291.3
OJSC ZIO-Podolsk	0.0	64196.9	180009.9	0.0	66958.3	412515.5	0.0	58885.3	226687.1	285572.5
OJSC OZTMITS	0.0	-27.7	0.0	-627.6	6125.8	0.0	-1576.3	6360.4	0.0	4784.0
OJSC TsNIITMASH	3347.2	3806.5	5765.7	418.4	234.2	6436.7	10250.8	9003.1	6616.1	25870.0
OJSC IFTP	75.3	79.6	0.0	117.2	101.9	0.0	347.3	120.6	0.0	467.9
OJSC SNIIP	2426.7	2066.4	0.0	543.9	-1362.6	0.0	-1589.9	2417.9	0.0	827.9
OJSC Afrikantov OKBM	0.0	14364.0	-15096.9	0.0	8424.0	29140.5	0.0	10598.4	60925.8	71524.2
OJSC VNIIAM	1820.0	1231.2	0.0	-916.3	903.6	0.0	-1510.4	156.8	0.0	-1353.6
OJSC GSPI	10836.6	1838.8	0.0	141486.1	2630.3	0.0	9497.7	2871.5	0.0	12369.2
OJSC Venta	-197.6	3921.3	28180.8	-725.5	2534.7	22586.8	-1548.1	2311.2	29023.4	29786.6
TOTAL:	32623.1	120076.0	431881.9	12783.2	126013.0	648506.2	19550.0	143655.2	608894.2	772099.3



1 INTERFAX-ERA RATING

2 INDICATOR 4.2.1 ENERGY CONSUMPTION (G/J)”, EN3

6.6.2. MATERIALS

The materials used in production, including raw materials and semi-finished products are not only one of the essential elements of the product quality and a guarantee of stability and continuity of production, but also an important indicator reflecting the Company's contribution to preservation of the world's resources.

Responsibility for utilization and consumption of materials was assigned to SASC managers, but the specific indicators were not included in the KPIs.

Currently, the Company has not initiated the processes to reduce consumption of materials for production or to reduce consumption of non-renewable materials. In this regard, not all enterprises of the Division keep detailed record of materials in actual values or assess the efficiency of their use in production. Information regarding all enterprises of the Division will be included in the succeeding reporting periods.

AEM
4.1.1

GRI
EN1

MATERIALS (RAW MATERIALS) USED, TONS¹

Company	2011	2012	2013
CJSC ATM	33	136	160,000
LLC Casting Plant	538,336.2	467,347.3	145,785.2
OJSC Venta	139,719.2	70,381.3	37,811.0
OJSC SverdNIKhimmash	18,039	40,236	32,132
OJSC Afrikantov OKBM	1,148.3	1,691.53	2,442.92
ARAKO	311.78	205.00	381.38
OJSC OZTMiTS	18.1	29.7	37.3

¹ Information is shown only for the enterprises keeping relevant records.

6.6.3. WATER

Water resources support the business activities of the enterprises and are used in the processes (cooling (heating) systems, product tightness tests, are included in the process fluids).

Responsibility for consumption and utilization of water was assigned to SASC managers, but the specific indicators were not included in the KPIs.

CONSUMED² WATER, THOUSAND CUBIC METERS³

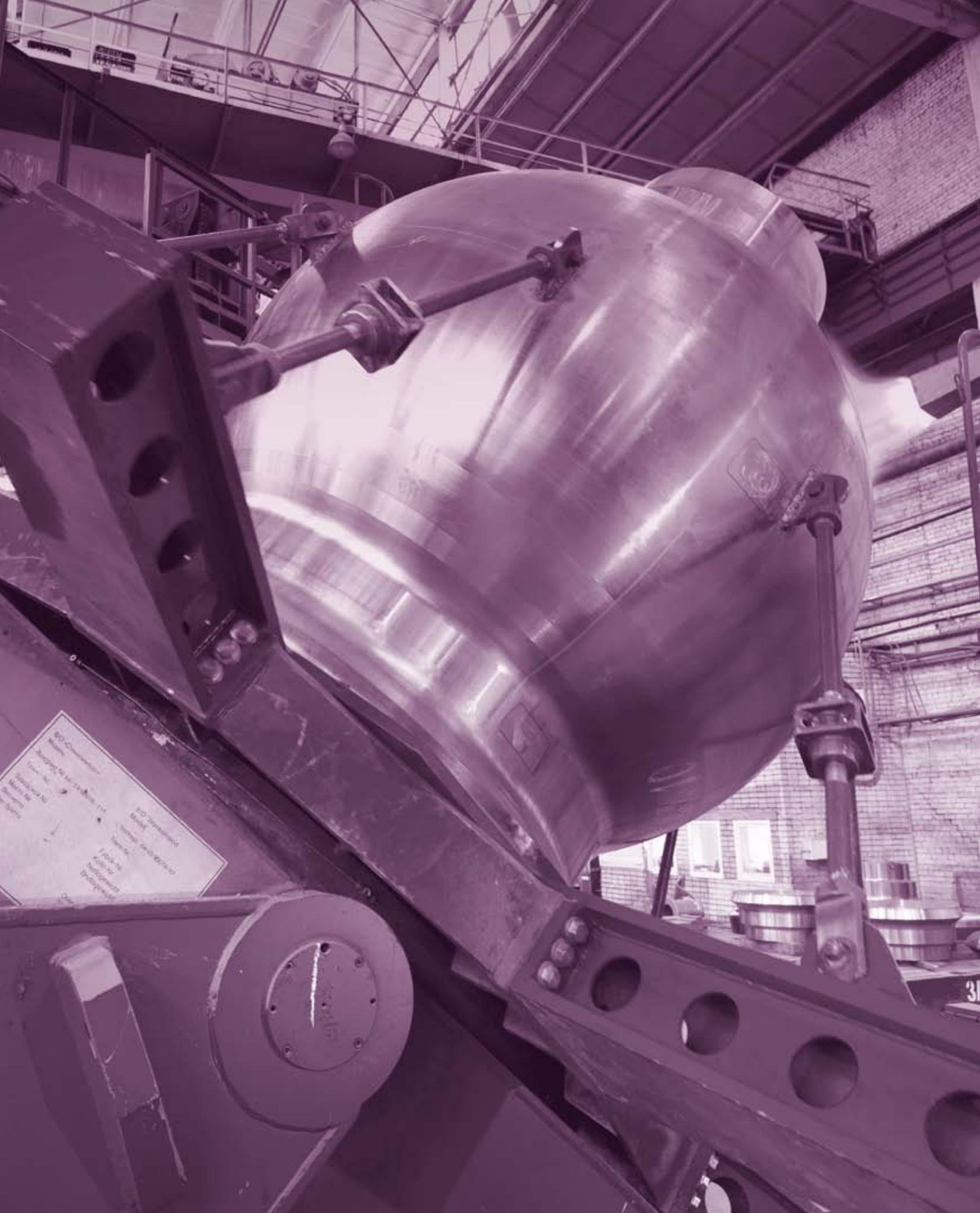
Company	2011	2012	2013	Forecast for 2014
ARAKO	3.6	3.4	3.2	3.4
CJSC ATM	1.4	0.4	0.4	0.4
CJSC AEM Technologies	203	204.2	188	195
OJSC Venta	239.2	249.8	276.1	305.3
OJSC OKB Gidropress	28.3	30.1	26.4	42
OJSC GSPI	25.9	27.6	25.9	–
OJSC IFTP	3.5	2.3	3.1	3.5
OJSC OZTMiTS	43.8	44	43.7	44
OJSC Afrikantov OKBM	0.6	0.5	0.5	0.5
OJSC PZM	279.5	265	266	260
OJSC SNIIP	37	35.1	34.1	–
OJSC SverdNIKhimmash	16.3	11.3	12.5	13.8
OJSC TsKBM	47.8	38.3	37.7	41.1
OJSC TsNIITMASH	65.2	74.7	62.1	67

AEM
4.3.1

GRI
EN8

² Data obtained by direct measurements.

³ Enterprises not shown in the table, rent the premises and do not keep record of water consumption.



617-234-1111
Main
Sales
Service
Parts
Fax
E-mail
Web
Address
100
Main
Providence
Rhode Island
02903

31

WATER CONSUMED, THOUS. M³. OTHER SOURCES

Company	2011	2012	2013	Forecast for 2014
Wastewater				
OJSC Venta	219.3	222.7	247.8	275.7
OJSC VNIAM	4.8	4.3	4.4	4.5
OJSC OZTMiTS	35	35.2	35	35.4
OJSC TsNIITMASH	64.2	73.4	62	65
Rain water				
OJSC VNIAM	4.1	4.1	4.1	4.1
Ground water				
OJSC Afrikantov OKBM	6.2	5.6		
OJSC Energomashspetsstal	435	393	312	325
Surface water				
OJSC PZM	443	440.5	430.6	425
OJSC TsKBM	1.1	1.2	0.6	4.2

On average, the water consumption remains unchanged.

6.6.4. ENVIRONMENTAL COMPLIANCE

Environmental safety issues are an essential part of the Division's enterprises positioning both in terms of the market for advanced energy solutions and in terms of environmental protection within the framework of business activities.



1 REGULATORY FRAMEWORK

ENTERPRISES HOLDING ISO 14001 CERTIFICATES

SASC

Availability of ISO 14001 certificate

OJSC SNIIP	YES
CJSC AEM Technologies	Certification planned for 2015
OJSC Energomashspetsstal	YES

Responsibility for impact on the environment was assigned to SASC managers, but the specific indicators were not included in the KPIs.

PAYMENTS FOR ENVIRONMENTAL IMPACTS, THOUSAND RUBLES



Company	2011	2012	2013
Entire Division	5,946.7	5,642.6	7,720.3

The largest charges for negative impact on the environment are born by OJSC Afrikantov OKBM, OJSC ZiO-Podolsk and CJSC AEM Technologies.

No penalties or non-monetary sanctions for failure to comply with environmental laws were applied to the Division's enterprises in the reporting year.



2 BREAKDOWN BY SACS

3 PENALTIES (THOUSAND RUBLES) AND NON-MONETARY SANCTIONS FOR FAILURE TO COMPLY WITH ENVIRONMENTAL LAWS



“ The company implements an environmental policy focused on the safe and sustainable development of the enterprise, production of environmentally friendly and safe products and reduction of environmental impact. OJSC Afrikantov OKBM’s high score in the federal rating demonstrates the high efficiency of the production operations of the enterprise and compliance with all applicable requirements for environmental protection ”

Alexey Denisov,
Environmental Protection Laboratory Manager, OJSC Afrikantov OKBM



6.6.5. DESCRIPTION OF KEY STRATEGIC RISKS AND OPPORTUNITIES

№ ¹	Risk	Risk factors	Control measures/opportunities
11	Physical damage to the company’s assets	<ul style="list-style-type: none"> Natural and industrial disasters 	<ul style="list-style-type: none"> Development of a production and environmental safety system

6.7. STAKEHOLDER ENGAGEMENT (COMMUNICATION CAPITAL)

6.7.1. STAKEHOLDER DESCRIPTION

Rosatom State Corporation considers stakeholder engagement as one of the fundamental factors of sustainable development and replicates this practice to the industry’ enterprises both through adoption of local regulations and ongoing training of personnel at the key enterprises. OJSC Atomenergomash, together with enterprises of the Division, is consistently developing

the productive cooperation with stakeholders, including implementation of the following tasks:

- identification of factors affecting the Company’s activities and the factors subject to its influence;
- analysis of the impact by stakeholders on various aspects of the Company’s activities;
- analysis of the Company’s impact on stakeholders;
- identification of expectations and aspirations of stakeholders;
- responding to the expectations of stakeholders and searching for a consensus on issues.

¹ Hereinafter, means the position number in the Risk Map.



OJSC AFRIKANTOV OKBM IN THE INTERFAX-ERA RATING

In order to improve the engagement efficiency, stakeholders should be prioritized to concentrate effort, first of all, on the most “problematic” stakeholders, i.e. those whose interests may be violated by the Company.

GRI 4.25

The process of identifying and prioritizing stakeholders is based on interviewing executives of the Company, on a comparative analysis of international, national and industry practices as well as a review of international standards. A map of stakeholders is annually submitted for voting within the framework of public dialogues.

In the reporting year, the format of the stakeholder map was revised. This was, first of all, due to the fact that the dependence or influence of the Company is not a direct source of a problem, i.e. these may not lead to a confrontation of interests. In this regard, the third parameter was introduced for the purposes of assessment — the attitude of a stakeholder to the Company and its activities (from full support to confrontation).

STAKEHOLDER MAP

GRI 4.24

STAKEHOLDERS

- 1 Shareholders
- 2 SACS
- 3 Customers
- 4 Investors
- 5 Competitors
- 6 Scientific community
- 7 Educational institutions
- 8 Public organizations and NPOs
- 9 Authorities
- 10 Partners
- 11 Personnel
- 12 Suppliers
- 13 Trade union
- 14 Media
- 15 Environmental community
- 16 Expert community

ATTITUDE TOWARDS THE COMPANY



- Confrontation
- Disapproval
- Neutral
- Acceptance
- Support



During preparation of the Report, following the tradition, four public dialogues with stakeholders were held:

1. On November 28, 2013, representatives of the Company submitted the results of the 2012/2013 reporting campaign and presented the 2013 Report Concept.

2. On March 12, 2014, two dialogues were held regarding the central topics of the Report: “Creating a sustainable development strategy of OJSC Atomenergomash until 2020” and “Building Comprehensive Risk Management System at OJSC Atomenergomash”.

3. On April 22, 2014, public consultations were held to present the draft 2013 Report.

According to the results of the intensive discussions, we can say that the goals of the public dialogues were achieved: understanding was reached between OJSC Atomenergomash and stakeholders on the issues discussed, which was reflected both in the Integrated Annual Report of OJSC Atomenergomash for 2013 and in the Company’s practice.



6.7.2. FOREIGN PARTNER ENGAGEMENT

Doosan Power Systems

In 2011, a Memorandum with Doosan Power Systems (Korea) on cooperation in Russia as part of the construction of coal-fired thermal power plants with 660 MW power units running on supercritical steam parameters was signed. Scope of work under such projects involves supply of steam boilers, steam turbine generators as well as modernization and maintenance of equipment.

During 2011–2012, appropriate technical and commercial proposals were prepared for customers and areas of further activities were discussed, which will depend on the terms and conditions for implementation of projects covering thermal power plants running on supercritical steam parameters in Russia.

ALSTOM

LLC ALSTOM Atomenergomash (a joint venture with ALSTOM, France), jointly with the owners, implements projects for delivery of:

- Diesel generator units for Unit No.1 of the Leningrad NPP-2. LLC ALSTOM Atomenergomash performs engineering work and provides project management. The sub-supplier of the equipment is ALSTOM.
- Equipment for the turbine plant of the Baltic NPP (units 1 and 2). LLC ALSTOM Atomenergomash performs engineering work envisaged by the project and provides overall project management. The main sub-suppliers are ALSTOM and OJSC Atomenergomash.

The plans include participation in tenders for supply of equipment for Akkuyu NPP (Turkey).

Currently, it was decided to choose the production site at Atomash plant in Volgodonsk to deploy its own production by LLC ALSTOM Atomenergomash. It is planned to use the existing production facilities and infrastructure of the site after reconstruction of the building and providing new process equipment for the production. The production capacity will be commissioned in stages with extension of the turbine plant components range at each stage.



1 DIALOGUE INFORMATION

2 DIALOGUE PRACTICES



3 LICENSE AGREEMENT

“ I am confident that the production capacity in Volgodonsk and expertise of Alstom in the nuclear power engineering backed by the commitment of our shareholders and staff will allow LLC ALSTOM Atomenergomash to become a significant player in the market ”



Ilya Vergizaev,
CEO of OJSC Alstom Atomenergomash

NEM Energy b.v.

A framework agreement has been signed to continue cooperation between OJSC ZiO-Podolsk, OJSC ZIOMAR EC and a leading European company NEM Energy b.v. (Netherlands) in the field of engineering of drum heat recovery steam generators with gas turbines with a capacity exceeding 20 MW. The new agreement is valid until 2019.

“ Cooperation with NEM Energy b.v. allowed OJSC ZiO-Podolsk to be among the three leaders in the segment of powerful 400 MW+ boiler production in Russia. I am confident that the use of foreign advanced technologies and the exchange of experience in implementation of joint projects will enable us to offer the most competitive products in the market ”

Igor Kotov,
CEO of CJSC ZiO-Podolsk Group and OJSC ZIOMAR EC

Pursuant to the agreement, the projects for production of boilers for CCGTP-190 at Novomoskovsk TPP, CCGTP-420 at Yuzhnouralsk TPP-2 and CCGTP-400 at Nizhnevartovsk TPP have been implemented and active work is under way to form a book of relevant orders.

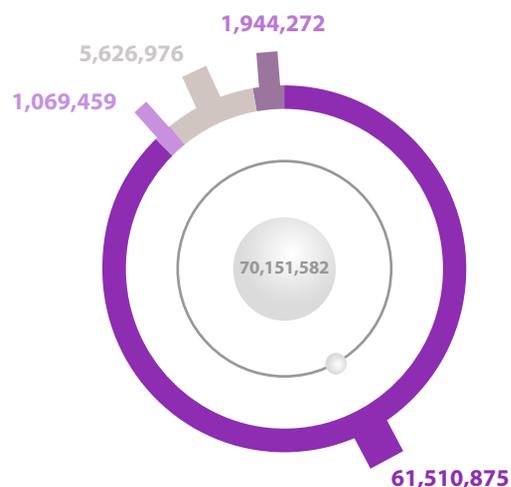
1 PRODUCTION CAPACITY COMMISSIONING STAGES

6.7.3. COOPERATION WITH CUSTOMERS



For the CEO of OJSC Atomenergomash, KPIs for product sales volume were set. They directly depend on the completion of KPIs by CEOs of SASC and managers of the product areas of OJSC Atomenergomash.

STRUCTURE OF CONTRACTS CONCLUDED IN 2013 ON MARKET SEGMENTS



- Nuclear power
- Gas and petrochemical industry
- Other branches
- Thermal power
- Total



2 REGULATORY FRAMEWORK

3 CONTRACTING DYNAMICS IN 2010–2013 WITH BREAKDOWN BY ACCOUNTING ITEMS, THOUSAND RUBLES

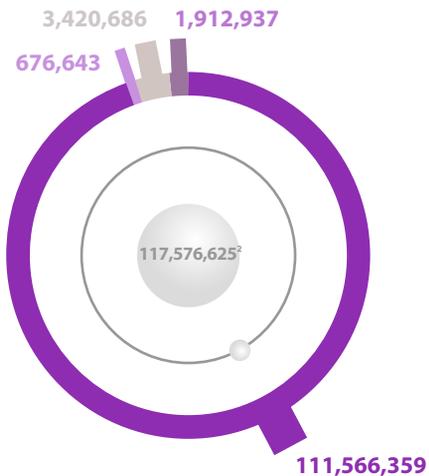
4 SECTORAL AND PRODUCT STRUCTURE OF THE ORDER BOOK AS OF DECEMBER 31, 2013 WITH BREAKDOWN BY ACCOUNTING ITEMS

“ The order book of OJSC Atomenergomash in 2013 has grown by more than 50% as compared with the previous year. No other divisions of the nuclear industry grow at this rate ”

Sergei Kirienko,
Chief Executive Officer of Rosatom State Corporation

AEM
7.1.1

SECTORAL STRUCTURE OF THE ORDER BOOK AS OF DECEMBER 31, 2013, THOUSAND RUBLES¹

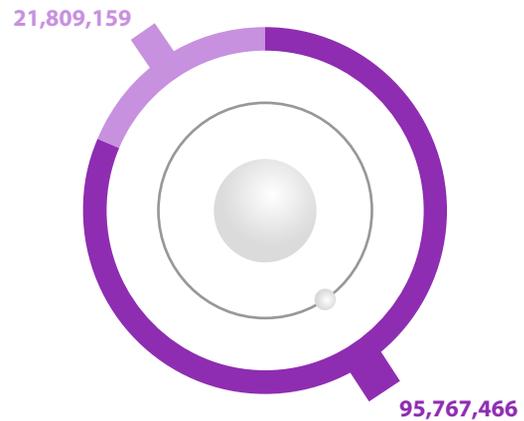


- Nuclear power
- Gas and petrochemical industry
- Other branches
- Thermal power
- Total

¹ Consolidated order book is a valuation of sales volume for subsequent periods under commercial contracts valid as of December 31, 2013.

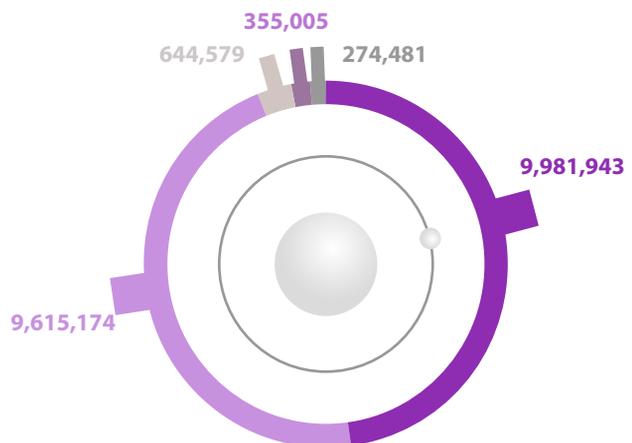
² The order book is consolidated by the financial information consolidation profile. The overall order book of all enterprises of the Division is about 150 billion rubles.

GEOGRAPHIC STRUCTURE OF THE ORDER BOOK AS OF DECEMBER 31, 2013, THOUSAND RUBLES



- Russian Federation
- Foreign countries

ORDER BOOK FOR TOP 5 FOREIGN COUNTRIES, THOUSAND RUBLES



- China
- Belarus
- Ukraine
- Bulgaria
- India

6.7.4. COOPERATION WITH EDUCATIONAL INSTITUTIONS

AEM
7.4.1

In order to control the university training programs and consider the needs of the Division to a maximum, active work is conducted to integrate vocational education and production. This is the objective for creating and opening departments and branches of departments of leading Russian technical universities (National Research Nuclear University MEPhI, MSTU STANKIN, Bauman Moscow State Technical University, Nizhny Novgorod State Technical University n.a. R.E. Alekseev, Ural Federal University named after Yeltsin) in our facilities as well as organizing excursions, training and internship for students. The Division's enterprises annually train more than 700 senior students of secondary and higher vocational education; the best students are offered employment.

The need for young specialists requires ongoing cooperation with leading universities which train highly specialized professionals. In order to implement such cooperation, OJSC Atomenergomash concluded the following Agreements:

- Strategic Partnership Agreement between OJSC Atomenergomash and the National Research Nuclear University MEPhI No.249/60/2011 dated 06/02/2011)
- Strategic Partnership Agreement between OJSC Atomenergomash and Bauman Moscow State Technical University No.9/60/2013 dated 02/05/2013)

“ In the context of ongoing technological and innovative development of the Division's enterprises we are interested in a steady inflow of new qualified specialists with serious professional skills. I am sure that our cooperation with Bauman Moscow State Technical University, a leading industry university, will ensure implementation of long-term development plans of OJSC Atomenergomash thought attracting new talented young graduates ”

Ksenia Sukhotina,
Deputy CEO — Director, Human Resources and
Organizational Development



For this area, a KPI “Number of university students trained at premises of the Division's enterprises” was provided.

EXPENDITURES FOR COOPERATION WITH UNIVERSITIES, THOUSAND RUBLES

AEM
7.4.2

Company	2011	2012	2013	Forecast for 2014
CJSC AEM Technologies	–	–	265	300
OJSC OKB Hidropress	–	–	318.6	712.6
OJSC ZiO-Podolsk	–	1,018.75	846.25	953
OJSC Afrikan-tov OKBM	–	–	–	100
OJSC PZM	604	1,525	293	–
OJSC TsKBM	–	1,749	52,750	60,000
OJSC Energo-mashspetsstal	256	413.6	431.3	407.5

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6.7.5. COOPERATION WITH SUPPLIERS

OJSC Atomenergomash is an organization covered by the Federal Law “On procurement of goods, works and services by certain types of legal entities” No. 223-FZ dated from 07/18/2011. Pursuant to the provisions of the law, OJSC Atomenergomash adopted the Procurement Provision and published it on the official website of the Russian Federation on the Internet designed for posting information about placing orders for supply of goods, performance of work and services at <http://zakupki.gov.ru>. As OJSC Atomenergomash is included in the Rosatom State Corporation perimeter, the Unified industry standard for procurements of Rosatom State Corporation approved by the Supervisory Board of Rosatom State Corporation applies as the Procurement Provision.



1 AGREEMENT WITH BAUMAN MOSCOW STATE
TECHNICAL UNIVERSITY

2 PRACTICE OF PROCUREMENT PROCEDURES



Efficiency of the procurement activities of the Division's enterprises is assessed using industry-wide methods.

GRI
4.12

The Division's enterprises cooperate with many suppliers of various products and services. Among the procurement effected on the open market, three major groups of products can be distinguished:

GRI
4.13

- Tubular products: about 3.5 billion rubles including VAT;
- Forgings, castings and work pieces: over 1.2 billion rubles including VAT;
- Process equipment (machines, etc.) for programs of modernization of enterprise modernization programs: over 1.3 billion rubles including VAT.

It should be noted that the major part of the so-called supply chain is within the Division. Of the total procurement by enterprises of the Division in 2013 (over 43.8 billion rubles

including VAT) almost one third (about 13.6 billion rubles including VAT) accounted for procurement between the Division's enterprises as part of production cooperation.

The policy of the state and industry in the field of procurement aimed at forming market-based prices, development of fair competition and prevention of corruption, does not allow the approaches to supply chain management adopted abroad. For each separate quantity of products or services, suppliers are selected each time through competitive procurement procedures (except for cases specified in the Standard). Accordingly, no long-term relations are established with the suppliers. In addition, there are no specific requirements specified for the participants of the procurement procedures that would not be justified by the needs of the customer and which could entail restriction of the number of participants in the procurement and violation of the antimonopoly laws of the Russian Federation.



KEY PERFORMANCE INDICATORS FOR PROCUREMENT ACTIVITIES

Indicator	Assessment procedure	Completion in 2013
Average period for filing a procurement application before the decision on a supplier is finalized ¹	Assessed based on the various procurement procedure deadlines specified in the method	Completed
Share of public procurement procedures	Assessed using a special method exclusive of single source procurement, based on the Procurement Provision	Based on results of 2013, the indicator was 94% against the standard 93%
Share of competitive procurement procedures for which complaints about the procurement organizer/customer actions were recognized as substantiated	Assessed as a percentage of open competitive procedures for which complaints were submitted and recognized as substantiated/partially substantiated	In respect of the 2,933 open competitive procedures held, 13 complaints were submitted and recognized as substantiated/partially substantiated (0.4%), which is below figures specified in the industry guidelines (0.7%)

¹ First introduced in 2013.





Each participant of the bidding procedure is checked for compliance with the laws of the Russian Federation by the Security Department of the Company.



OJSC Atomenergomash participates in the industry-wide forums of Russian (forum ATOMEX-2013, December 2–4, 2013, Moscow) and foreign (forum ATOMEX Europe 2013, September 8–9, 2013 Brno, Czech Republic) suppliers, and organizes its own forum of suppliers (forum ATOMEX Region Atomenergomash, November 18, 2013, Volgodonsk). During the forums, suppliers exchange information regarding changes in the regulatory documentation covering the procurement system, needs of the nuclear industry enterprises for products.



“ The Nuclear Industry Suppliers’ Forum in Volgodonsk is the first experience of OJSC Atomenergomash in such activities. The interest shown to the Forum by suppliers not only from Rostov region, but from other regions of Russia as well, demonstrates that the event may become an annual industry platform for effective dialogue of suppliers and enterprises of the Division ”

Denis Baturin,
Head of Procurement, OJSC Atomenergomash

6.7.6. COOPERATION WITH PUBLIC ORGANIZATIONS AND NPOS

OJSC Atomenergomash is actively involved in intra-industry cooperation projects and supports initiatives aimed at developing and strengthening the positions of the national industry on both domestic and foreign markets. The Company devotes special attention to participation in non-profit industry-specific and business organizations in addition to conferences and forums with the goal of discussing, developing and adopting major industry documents and decisions approved by key players in the power engineering sector.

OJSC Atomenergomash actively cooperates with the Union of Employers in Nuclear Industry, Power Engineering and Science of Russia and the Russian Trade Union of Nuclear Power Engineering and Industry, and is also a party to the current Industry Agreement on the Nuclear Power, Industry and Science, which was signed by employees and employers with the participation of Rosatom State Corporation. The main purpose of the Agreement is to create the necessary labor and socioeconomic conditions for employees in the industry while taking into account the interests of employers and the government. The agreement governs issues concerning the health and safety of employees, occupational health and safety, social protection, sports and fitness and educational activity, among others.



Organization	Main goals and objectives
Power Engineering Committee of the Central Council Bureau at the Russian Engineering Union	Combining efforts by the engineering sector and related industries of Russia to improve the economic and defensive power of the country; supporting improvements of the mechanisms of regulatory, legal, administrative and market control over the engineering sector's activities to ensure efficient development and strengthening of the national power engineering and retaining the status of Russia as the global energy power
Energy Policy and Energy Efficiency Committee of the Russian Union of Industrialists and Entrepreneurs (RUIE)	Creating, with the help of the RUIE, legislative, public and political, and scientific and technical prerequisites for reorganization of the fuel and energy complex of Russia into a high-tech, financially stable branch of the economy dynamically developing based on world standards and bringing no impact to the environment and being the basis for the energy security of the Russian Federation in the global world

In addition, employees of the Company individually participate in various organizations. For example, S.M. Vasiliev, the Chief Specialist of the Group of Chief Engineer and Health and Safety Services, is a member of the working group "Health and safety" of the Industry Commission for Regulation of Social and Labor Relations at the Russian Trade Union of Nuclear Engineering and Industry.

GRI

4.15

During preparation of the Report, the Company, for the fourth year in a row, uses the GRI (Global Reporting Initiative) Manual. In addition, as part of stakeholder engagement, the Company uses the relevant Standard AA1000SES.

6.7.7. INTERNAL COMMUNICATIONS

OJSC Atomenergomash and SASC actively develop internal communications as part of creation of a unified communications system of the Division that includes:

- Provision of information to employees regarding the activities of the Division's enterprises;
- Development of internal communications and resources for employees (websites, corporate portals, internal mass media, information boards, etc.);
- Programs to boost the loyalty of personnel (corporate events, contests, etc.);
- Ensuring feedback from employees.

OJSC Atomenergomash has approved the following regulatory documents governing the activities in this area:

- Order "On the approval of the Regulation on the establishment and organization of the activities of communications divisions at the SASC of OJSC Atomenergomash";
- Order "On information planning";

- Order "On Approval of the Regulation on information exchange between OJSC Atomenergomash with its SASC in the sphere of mass and internal communications";
- Order "On the development and introduction of a corporate identity at the SASC of OJSC Atomenergomash";
- Order "On the organization of the conference and exhibition activities of OJSC Atomenergomash".

The main indicator for assessment of efficiency in the field of internal communications is "engagement of personnel".

OJSC Atomenergomash and the key SASC implement the following internal communications development projects.

1. Corporate newspaper AEM Bulletin

As part of maintaining a common information space for the Division, starting from 2013, the monthly corporate publication AEM Bulletin is issued in 3 languages (Russian, Czech, Hungarian) in four countries: Russia (5300 printed copies), Ukraine (500 printed copies), Czech Republic (130 printed copies), Hungary (80 printed copies).

2. Awareness Days

Following the traditional practice, Rosatom State Corporation regularly holds meetings of the Company's management with employees in the format of Awareness Days aimed at not only to convey important information about the Company to employees, but to organize a dialogue between personnel and management as well.

During the year, Awareness Days were held at 15 enterprises of the Division.



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AWARENESS DAYS IN 2013

3. Interactive information kiosks at enterprises of the Division

At the beginning of 2013, OJSC ZiO-Podolsk launched information kiosks (terminals) for personnel. The kiosks are designed to improve services for employees and to raise their awareness. Employees may, without leaving their workplaces, review their personal data, timesheet, may order a report, check the schedule of leaves or employee appraisal schedule. All reference information is freely available within the plant and covers social programs, regulatory acts, events at OJSC ZiO-Podolsk and OJSC ZIOMAR EC as well as key news of Rosatom State Corporation and OJSC Atomenergomash. Information kiosks contain electronic versions of printed corporate publications. One of the most popular sections of the kiosk is "Public reception", where everyone can leave a message, complaint or request, including addressing a question to the CEO. The information kiosk's sections usage statistics is tracked automatically.

In 2013, the kiosks were installed at the plants of Atomenergomash and OJSC PZM.

“ The launch of information kiosks is the divisional initiative. As we believe, it is very important from the Division's employee awareness and engagement point of view. The information kiosk is a very convenient format not only for informing employees, but for their communication as well, particularly, with the management of the Company ”

Ksenia Sukhotina,
Deputy CEO — Director, Human Resources
and Organizational Development

4. Corporate identity

In 2013, OJSC Atomenergomash actively implemented the project of corporate identity updating. The main objective of joining the enterprises under a unified identity is to increase recognizability of the Company as a single group and an integral part of Rosatom State Corporation.



The idea of unity of the Division's enterprises is implemented using information desks and boards, panels and signs, letterheads and badges. Restyled signs are installed on buildings of the enterprises and at production sites. These pretty simple implements create an atmosphere of a unified group of companies, regardless of their geographic locations.

“ By introducing a new corporate identity, we hope to significantly increase involvement of personnel not only in the in-house, but also in the divisional processes, programs and campaigns ”

Vladimir Tafrov,
Head of Corporate Communications,
OJSC ZiO-Podolsk and OJSC ZIOMAR EC

Another area of work on the implementation of the new corporate identity is focused on cooperation with business partners. The Division launches updated corporate websites using a unified corporate template. At exhibition boards, new-style souvenir printed items are distributed under the unified brand. The Company enters new highly competitive markets, where a strong recognizable brand helps achieve success. In the same manner, the unified visual communications are designed to help conduct a dialogue with the partners for joint solution of business tasks.



6.7.8. DESCRIPTION OF KEY STRATEGIC RISKS AND OPPORTUNITIES

No. ¹	Risk	Risk factors	Control measures/opportunities
2	Lack of funding	<ul style="list-style-type: none"> ● Deficiency of investment resources ● Reduction of state funding ● Settlement procedures providing for no advance payments 	<ul style="list-style-type: none"> ● Conversion to more flexible forms of nonorganic growth (alliances, licenses vs M&A)
4	Tightening of requirements for localization in foreign markets	<ul style="list-style-type: none"> ● Foreign customers' aspiration to support national industrial sector 	<ul style="list-style-type: none"> ● Localization of domestic equipment production at foreign sites through technology transfer/creation of joint ventures/acquisition of assets
6	Lack of competitiveness of the current products and technologies	<ul style="list-style-type: none"> ● Loss of technological advantage ● Increased cost of products due to appreciation of production factors ● Stricter requirements to parameters of the power equipment 	<ul style="list-style-type: none"> ● Cooperation with major foreign equipment manufacturers, obtaining licenses for production of new types of equipment (boilers running on supercritical steam parameters, etc.)
9	Political instability or deterioration of political relations between the Russian Federation and the countries of presence	<ul style="list-style-type: none"> ● Arab spring ● European crisis 	<ul style="list-style-type: none"> ● To expand the geography of presence in foreign markets ● Monitoring and forecasting the impact on business of significant geopolitical changes ● Using resources of Rosatom State Corporation to address issues of strategic cooperation with key customers, including foreign ones

¹ Hereinafter, means the position number in the Risk Map.

APPENDIX

APPENDIX 1. GLOSSARY

ABBREVIATIONS

NP	nuclear power	SNF	spent nuclear fuel
NPP	nuclear power plant	CCGTP	combined cycle gas turbine plant
VVER	water-water power reactor	IPA	innovative activities program
WPS	wind power stations	RPS	Rosatom production system
WPP	wind power plants	IP	intellectual property
GPC	gas and petrochemical industry	RU	reactor plant
SDPO	state defense procurement order	LCFR	fast neutron lead-bismuth reactor
SDPP	state district power plant	RUMCS	reactor unit monitoring and control system
MCP	main circulating pump	QMS	quality management system
MCPU	main circulating pump unit	JV	joint venture
MCP	main circulating pipeline	AFCF	adjusted free cash flow
HPP	hydro power plant	SUZ-ShEM	control and protection system solenoid stepper drive
SASC	subsidiaries, affiliates and supervised companies	SCSP	supercritical steam parameters
CSC	capacity supply contract	TP	thermal power
CAC	central arbitration committee	TPP	thermal power plant
CEIP	comprehensive efficiency improvement program	HPS	heat and power station
KPI	key performance indicators	CFB	circulating fluidized bed
CS	compressor station	CPU	cyclone dust collector
IRMS	integrated risk management system	PE	power engineering
OR	oil refinery	NSGP	nuclear steam-generating plant
RC	oil refinery company	LTIFR	lost time injury frequency rate
LTV	low temperature vortex		



TERMS USED IN THE REPORT

LTIFR – lost time injury frequency rate.

Aspect – a topic that describes one of Company's activity areas or its impact on stakeholders.

Nuclear power – the power industry that uses nuclear energy to generate electricity and heating power

FR – a fast-breeder reactor in which sodium is the coolant used for the first and second circuits while water and steam are used for the third circuit

FNLR – a currently designed Russia's project for fast neutron lead coolant reactors, with double loop for heat removal to the turbine and with supercritical steam parameters.

Engagement of personnel – an emotional and intellectual state that motivates employees to do their job efficiently.

Senior management (top management) – Company employees who adopt decisions having a significant effect on the Company's activities as a whole (from the functional directors' level up to the CEO).

Combined revenue – a total revenue of the companies in the combined accounting profile in accordance with a company approved procedure, net of revenue from intragroup turnover.

Boiler island – a system product (part of TPP) including a boiler plant and various types of auxiliary equipment.

Local employees/managers – employees who live permanently on the territory where the employer enterprise operates whom the Company did not hire from other regions and for whom the Company did not arrange any activities to provide housing.

AFCF – a key performance indicator for operations of Rosatom State Corporation; a cash flow from the core activities adjusted for non-monetary income and expenses. Characterizes the current efficiency of operations based on cash flows and defines the amount of equity that can be spent on investment.

Stakeholder (interested party) – an individual, group of individuals or an organization that is under the influence of and/or can influence the company.

Significant (substantial) operating regions – regions in which an enterprise's production facilities and key personnel are located.

Material aspect – an aspect reflecting a significant impact on stakeholders or assessment by them.

Turbine island (turbine plant) – a system product (one of the key components of a power plant) where electricity generating units are located such as electric generators and rotating engines (turbines, diesel engines) as well as the related auxiliary equipment, including pump equipment.

Nuclear island – a system product (part of the NPP) that includes the reactor unit, security system, reactor unit monitoring and control system (RUMCS), the refueling zone and the hermetical area.

APPENDIX 2. MATERIAL ASPECTS AND THEIR BOUNDARIES

LIST OF ASPECTS (WITH MATERIALITY LEVEL)

Aspect No.	Aspect	Aspect No.	Aspect
1	Economic performance	33	Availability of replacement personnel
2	Market presence	34	Investment
3	Indirect economic impacts	35	Non-discrimination
4	Procurement practices	36	Non-discrimination and collective bargaining
5	Investment activities	37	Child labor
6	Results of production activities	38	Forced and compulsory labor
7	Quality and safety	39	Indigenous rights
8	Improvement of performance efficiency	40	Security practices
9	R&D expenditures	41	Human rights observance
10	R&D results	42	Suppliers' human rights assessment
11	Materials	43	Human rights grievance mechanisms
12	Energy	44	Local community
13	Water	45	Anti-corruption
14	Emissions	46	Anti-competitive behavior
15	Effluents and waste	47	Public policy
16	Products and services	48	Compliance
17	Compliance	49	Suppliers assessment for impacts on society
18	Overall	50	Grievance mechanisms for impacts on society
19	Supplier environmental assessment	51	Products and services labeling
20	Biodiversity	52	Customer privacy
21	Transport	53	Marketing communications
22	Environmental grievance mechanisms	54	compliance
23	Employment	55	Cooperation with customers
24	Labor and management relations	56	Cooperation with suppliers
25	Occupational health and safety	57	Foreign partner engagement
26	Training and education	58	Cooperation with universities
27	Diversity and equal opportunities	59	Cooperation with public organizations
28	Equal remuneration for men and women	60	Internal communications
29	Suppliers' assessment for labor practices	61	Cooperation for preparation of the Report
30	Labor practices grievance mechanisms	62	Board of Directors
31	Remuneration	63	Internal control
32	Efficiency of personnel	64	Risk management

 Detailed disclosure

 Sufficient disclosure (GRI, baseline)

 Brief comment

BOUNDARIES OF MATERIAL ASPECTS

Company	Aspects																
	1	31	5	23	26	57	2	8	10	32	64	63	6	9	24	55	62
LLC Alstom Atomenergomash						+											+
ARAKO	+	+	+	+	+		+	+					+		+		
CJSC ATM	+	+	+	+	+			+		+			+		+		
OJSC Atomenergomash	+	+	+	+	+	+				+	+	+			+	+	+
CJSC AEM Technologies	+	+	+	+	+		+	+	+	+			+	+	+		
OJSC Venta	+	+	+	+	+		+	+		+			+		+		
OJSC VNIIAM																	+
OJSC OKB Gidropress	+	+	+	+	+			+	+	+			+	+	+		
OJSC GSPI	+	+	+	+	+					+			+		+		
OJSC ZIO-Podolsk	+	+	+	+	+	+		+		+			+		+		
OJSC ZIOMAR EC	+	+	+	+	+	+				+			+		+		
OJSC IFTP													+		+		
LLC Casting Plant																	
LLC NGSS																	
OJSC OZTMITS	+	+	+	+	+					+			+		+		
OJSC Afrikantov OKBM	+	+	+	+	+		+	+	+	+			+	+	+		
OJSC PZM	+	+	+	+	+		+	+	+	+			+	+	+		
CJSC REMKO	+	+	+	+													+
OJSC SNIIP	+	+	+	+	+			+	+	+			+	+	+		
OJSC SverdNIIKhim mash	+	+	+	+	+		+	+	+	+			+	+	+		
LLC STEP	+	+	+	+	+		+	+		+			+		+		
OJSC TsKBM	+	+	+	+	+		+	+	+	+			+	+	+		
OJSC TsNIITMASH	+	+	+	+	+			+	+	+			+	+	+		
LLC EMKO	+	+	+	+	+					+							+
OJSC Energomashpetsstal	+	+	+	+	+		+	+	+				+	+	+		

Company	Aspects																
	3	7	11	12	13	25	30	33	58	60	17	34	50	52	53	56	59
LLC Alstom Atomenergomash		+						+	+			+		+	+		+
ARAKO	+	+	+		+	+	+	+		+	+		+	+		+	+
CJSC ATM	+	+	+		+	+	+	+		+	+		+	+		+	+
OJSC Atomenergomash	+	+					+	+	+	+			+	+	+	+	+
CJSC AEM Technologies	+	+			+	+	+	+	+	+			+	+	+	+	+
OJSC Venta	+	+	+	+	+	+	+	+		+	+		+	+	+		+
OJSC VNIIAM			+		+		+	+		+	+		+	+		+	+
OJSC OKB Gidropress	+	+		+	+	+	+	+	+	+	+	+	+	+	+		+
OJSC GSPI	+	+		+	+	+	+	+		+	+		+	+		+	+
OJSC ZIO-Podolsk	+	+		+		+	+	+	+	+	+		+	+		+	+
OJSC ZIOMAR EC	+	+				+	+	+		+	+		+	+		+	+
OJSC IFTP		+		+	+		+	+		+	+		+	+		+	+
LLC Casting Plant		+	+			+	+	+		+	+		+	+		+	+
LLC NGSS		+				+	+	+		+	+		+	+		+	+
OJSC OZTMITS	+	+	+	+	+		+	+		+	+		+	+		+	+
OJSC Afrikantov OKBM	+	+	+	+	+	+	+	+	+	+	+		+	+		+	+
OJSC PZM	+	+		+	+	+	+	+	+	+	+	+	+	+		+	+
CJSC REMKO	+	+					+	+		+	+		+	+		+	+
OJSC SNIIP	+	+		+	+	+	+	+		+	+		+	+		+	+
OJSC SverdNIIKhim mash	+	+	+	+	+	+	+	+		+	+	+	+	+		+	+
LLC STEP	+	+					+	+		+	+		+	+		+	+
OJSC TsKBM	+	+		+	+		+	+	+	+	+		+	+		+	+
OJSC TsNIITMASH	+	+		+	+		+	+		+	+		+	+		+	+
LLC EMKO	+	+					+	+		+	+		+	+		+	+
OJSC Energomashpetsstal	+	+			+	+	+	+	+	+	+	+	+	+		+	+

NB: With respect to the SACs marked by "+" in the table the relevant information has been disclosed

APPENDIX 3. PERFORMANCE INDICATORS INDEX AS PER PUBLIC REPORTING STANDARD OF OJSC ATOMENERGOMASH

No.	Indicator	Report section	Page
1	1.1.2 EBITDA	6.1.1	66
2	1.1.3 Net operating profit after tax (NOPAT)	6.1.1	66
3	1.1.4 Combined revenue by operating sectors	6.1.1	65
4	1.1.6 Income (volume of products sold)	6.1.1	66
5	1.1.9 Payments to budgets	6.1.3	102
6	1.1.10 Payment of declared (assessed) dividends (for the entire Division)	5.1.2	54
7	1.1.12 Income from restructuring of non-core assets	4.1	77
8	1.1.13 Debt to equity ratio	6.1.1	66
9	1.1.14 Financial assistance received from government	6.1.1	67
10	1.1.18 Net debt	6.1.1	66
11	1.1.20 Private pension benefits	6.4.3	86
12	1.2.1 Share of the Russian power engineering industry	4.3	40
13	1.2.2 Share of revenue from non-nuclear sectors	4.1	38
14	1.2.3 Share of revenue generated by assets abroad	4.1	65
15	1.2.4 Procedures for hiring from the local community	6.1.3	102
16	1.2.5 Ratio of the minimum wage in the Company to the Minimum Statutory Wage	6.5.1	103
17	1.3.1 Social investment and charity	6.5.2	104
18	1.3.3 Indirect economic impacts	6.5.1	103
19	1.5.1 Investment amounts for SASC	6.1.2	68
20	1.5.2 Investment amounts by countries	6.1.2	68
21	1.5.3 Investment Program Completion	6.1.2	68
22	2.1.1 Number of complete products in the reporting period	6.2.1	70
23	2.1.3 Production plan completion	6.2.1	70
24	2.1.4 Geography of supplies	6.1.1	64
25	2.2.1 List of SASC holding ISO 9001 certificate	6.2.2	72
26	2.3.1 Number of RPS projects	6.2.3	74
27	2.3.2 RPS costs	6.2.3	75
28	2.3.3 Economic effect from RPS	6.2.3	75
29	3.1.1 R&D expenditures	6.3.3	81
30	3.1.2 Percentage of revenue spent on R&D	6.3.3	81
31	3.2.1 List of innovations implemented in the production process	6.3.2	79
32	3.2.2 Share in the revenue from products manufactures using the R&D results	6.3.2	79
33	3.2.5 Number of patents	6.3.2	79
34	4.1.1 Used materials (raw materials), tons	6.6.2	110
35	4.2.1 Energy consumption (g/J)	6.6.1	109
36	4.2.3 Saved energy (g/J)	6.6.1	109
37	4.3.1 Consumed water, thousand cubic meters	6.6.3	110

No.	Indicator	Report section	Page
38	4.7.1 Payments for environmental impacts, thousand rubles	6.6.4	112
39	4.7.2 Penalties and non-monetary sanctions for failure to comply with environmental laws	6.6.4	112
40	4.7.3 Enterprises holding ISO 14001 certificates	6.6.4	112
41	5.1.1 Personnel turnover	6.4.7	94
42	5.1.2 Payments and benefits for employees depending on type of employment	6.4.3	87
43	5.1.3 Parental leaves in the reporting period	6.4.7	96
44	5.1.5 Average employee age	6.4.7	98
45	5.1.7 Educational level of employees	6.4.4	88
46	5.1.8 PhDs, Doctors, MBAs	6.4.4	89
47	5.2.1 Timeframe for notification about significant changes of activities	6.4.6	94
48	5.3.2 Accident frequency rate	6.4.5	92
49	5.3.4 Health and safety topics covered in formal agreements with trade unions	6.4.5	90
50	5.3.6 Health and safety expenditures, thousand rubles	6.4.5	92
51	5.3.7 Number of employees working under harmful conditions	6.4.5	93
52	5.4.3 Percentage of employees receiving regular performance reviews, %	6.4.2	85
53	5.4.4 Employee training cost, mln rubles	6.4.4	87
54	5.8.1 Number of grievances about labor practices	6.4.6	94
55	5.9.2 Average salary growth	6.5.1	103
56	5.9.3 Personnel cost, mln rubles/year	6.4.3	86
57	5.9.4 Social payments per 1 employee per year, thousand rubles	6.4.3	86
58	5.10.1 Labor efficiency	6.4.2	85
59	5.10.2 Awards for employees and the Company	6.4.2	85
60	5.11.3 Skill pool	6.4.7	100
61	5.11.4 Appointments from the skill pool	6.4.7	101
62	6.8.1 Percentage of suppliers that were screened using human rights criteria	6.7.5	121
63	6.11.3 Number of incidents which resulted in penalties for corruption	5.3	58
64	6.15.1 Grievances about impacts on society filed	6.5.3	104
65	6.20.1 Product safety assessment	6.2.2	72
66	6.21.1 Requirements to marketing communications and current practices	6.5.4	105
67	7.1.1 Order book	6.7.3	117
68	7.1.2 Fulfillment of contractual obligations	6.2.1	70
69	7.3.1 Strategic alliances with foreign partners	6.7.2	115
70	7.4.1 List of agreements with universities	6.7.4	118
71	7.4.2 Expenditures for cooperation with universities, thousand rubles	6.7.4	118
72	7.5.1 Participation in socially significant projects	6.5.2	104
73	7.6.1 Projects for development of employee-manager communication channels	6.7.7	122
74	8.1.1 Number of BoD meetings held	5.1.1	47
75	8.1.2 Number of agenda items addressed	5.1.1	47
76	8.2.1 Fulfillment of the Inspection Plan	5.4	59

APPENDIX 4. GRI INDEX (IN ACCORDANCE WITH THE CORE LEVEL)

GRI
4.32

No.	Standard element	Report section	Page	Auditor's assurance
STRATEGY AND ANALYSIS				
1	4.1 Statement from senior manager	1	9	+
2	4.2 Description of key impacts, risks and opportunities	5.5	59	+
ORGANIZATIONAL PROFILE				
3	4.3 Name of the organization	3.1.1	20	+
4	4.4 Primary brands, products and services	3.3	25	+
5	4.5 Location of headquarters	3.1.1	20	+
6	4.6 Countries of operation	3.2	21	+
7	4.7 Legal form and nature of ownership	3.1.1	20	+
8	4.8 Main markets	3.2	22	+
9	4.9 Scale of the organization		24	+
10	4.10 Number of employees	6.4.1	84	+
11	4.11 Employees covered by collective agreements	6.4.6	94	+
12	4.12 Supply chain	6.7.5	120	+
13	4.13 Changes in size, structure or ownership	6.7.5; 3.1.2; 3.2	20, 21, 120	+
14	4.14 Precautionary approach	5.5	59	+
15	4.15 External charters, principles and other initiatives	6.7.6	122	+
16	4.16 Memberships in associations or organizations	6.7.6	121	+
IDENTIFIED MATERIAL ASPECTS AND BOUNDARIES				
17	4.17 Reporting profile		14	+
18	4.18 Process for defining Report content and aspect boundaries		14	+
19	4.19 Material aspects		15	+
20	4.20 Boundaries of material aspects within the organization	2.1.3	14	+
21	4.21 Boundaries of material aspects outside the organization		14	+
22	4.22 Restatements as compared with the previous Report		16	+
23	4.23 Changes in the scope and aspects boundaries		14	+
STAKEHOLDER ENGAGEMENT				
24	4.24 List of stakeholders		114	+
25	4.25 Basis for identification and selection of stakeholders	6.7.1	114	+
26	4.26 Approach of the organization to shareholder engagement	6.7.5	121	+
27	4.27 Key concerns raised by stakeholders	Appendix 13	169	+
REPORT PROFILE				
28	4.28 Reporting period		13	+
29	4.29 Date of most recent previous report	2.1.1	13	+
30	4.30 Reporting cycle		13	+

No.	Standard element	Report section	Page	Auditor's assurance
31	4.31 Contact point	Appendix 14	174	+
32	4.32 GRI content index	Appendix 4	131	+
33	4.33 External assurance for the Report	2.3.2	17	+
GOVERNANCE				
34	4.34 Governance structure	5.1.1	46	+
35	4.35 Process for delegating authority	5.1.1	50	+
36	4.36 Responsibility for environmental, economic and social topics	5.1.1	50	+
37	4.38 Composition of the highest governance body	5.1.1	47	+
38	4.39 Overlapping positions of BoD Chairman and CEO	5.1.1	47	+
39	4.40 Procedure for nomination and selection of potential BoD members	5.1.1	47	+
40	4.41 Preventing conflicts of interests	5.1.1	47	+
41	4.42 Role of the BoD in approving values, mission and strategy	5.1.1	50	+
42	4.48 Approval of the Report	2.1.3	16	+
43	4.49 Communicating critical concerns to the BoD	5.1.1	47	+
44	4.50 Critical concerns that were communicated to the BoD	5.1.1	47	+
45	4.51 Remuneration policies	5.1.2	54	+
46	4.52 Process for determining remuneration	5.1.2	54	+
ETHICS AND INTEGRITY				
47	4.56 Values, principles, standards and norms of behavior	5.2	56	+
48	4.58 Mechanisms for reporting unethical and unlawful behavior	5.2	56	+
PERFORMANCE INDICATORS				
49	EC3 Coverage of the organization's defined benefit plan obligations	6.4.3	86	+
50	EC4 Financial assistance received from government	6.1.1	67	+
51	EC5 Ratios of standard entry level wage by gender compared to local minimum wage at significant locations of operation	6.5.1	103	+
52	EC6 Proportion of senior management hired from the local community at significant locations of operation	6.1.3	102	+
53	EC7 Development and impact of investment on infrastructure and free services	6.5.2	104	+
54	EC8 Significant indirect economic impacts, including the extent of impact	6.5.1	103	+
55	EN1 Materials used by weight or volume ¹	6.6.2	110	+
56	EN3 Energy consumption within the organization	6.6.1	109	+
57	EN6 Reduction of energy consumption	6.6.1	109	+
58	EN8 Total water withdrawal by source	6.6.3	110	+
59	EN29 Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations	6.6.4	112	+
60	LA1 Total number and rates of new employee hires and employee turnover by age group, gender, and region	6.4.7	94	+
61	LA2 Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operation	6.4.3	87	+

¹ Description of excluded information and reasons for its non-disclosure are given in the section that describes the indicator.

No.	Standard element	Report section	Page	Auditor's assurance
62	LA3 Return to work and retention rates after parental leave, by gender	6.4.7	96	+
63	LA4 Minimum notice periods regarding operational changes, including whether these are specified in collective agreements	6.4.6	94	+
64	LA6 Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work related fatalities, by region and by gender	6.4.5	92	+
65	LA8 Health and safety topics covered in formal agreements with trade unions	6.4.5	90	+
66	LA11 Percentage of employees receiving regular performance and career development reviews, by gender and by employee category	6.4.2	85	+
67	LA16 Number of grievances about labor practices filed, addressed and resolved through formal grievance mechanisms	6.4.6	94	+
68	SO5 Confirmed incidents of corruption and actions taken	5.3	58	+
69	SO11 Number of grievances about impacts on society filed, addressed, and resolved through formal grievance mechanisms	6.5.3	104	+
70	PR1 Percentage of significant product and service categories for which health and safety impacts are assessed for improvement	6.2.2	72	+
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	6.5.4	105	+
72	HR10 Percentage of new suppliers that were screened using human rights criteria	6.7.5	121	+
MANAGEMENT APPROACH				
73	Economic performance	6.1.1	64	+
74	Market presence	6.5.1	101	+
75	Indirect economic impacts	6.5.2	103	+
76	Investment activities	6.1.2	67	+
77	Results of production activities	6.2.1	70	+
78	Quality and safety	6.2.2	70	+
79	Improvement of performance efficiency	6.2.3	74	+
80	R&D expenditures	6.3.3	81	+
81	R&D results	6.3.2	79	+
82	Materials	6.6.2	110	+
83	Energy	6.6.1	108	+
84	Water	6.6.3	110	+
85	Compliance	6.6.4	112	+
86	Employment	6.4.1	84	+
87	Labor and management relations	6.4.6	93	+
88	Occupational health and safety	6.4.5	90	+
89	Training and education	6.4.4	87	+
90	Labor practices grievance mechanisms	6.4.6	93	+
91	Remuneration	6.4.3	86	+
92	Efficiency of personnel	6.4.2	85	+
93	Availability of replacement personnel	6.4.7	94	+
94	Investment	6.5.3	104	+

No.	Standard element	Report section	Page	Auditor's assurance
95	Grievance mechanisms for impacts on society	6.5.4	104	+
96	Customer privacy	6.2.2	70	+
97	Marketing communications	6.5.5	104	+
98	Cooperation with customers	6.7.3	116	+
99	Cooperation with suppliers	6.7.5	118	+
100	Foreign partner engagement	6.7.2	115	+
101	Cooperation with universities	6.7.4	118	+
102	Cooperation with public organizations	6.7.6	121	+
103	Internal communications	6.7.7	122	+
104	Board of Directors	5.1.1	46	+
105	Internal control	5.4	58	+
106	Risk management	5.5	59	+

APPENDIX 5. INDEX OF THE INTERNATIONAL STANDARD FOR INTEGRATED REPORTING

No.	Mandatory element	Report section	Page
1	Organization overview and external environment	3.1	20
		3.2	21
		3.6	33
		4.2	39
2	Governance	5.1	46
		5.2	56
		5.3	56
		5.4	58
		5.5	59
3	Opportunities and risks	5.5	59
		6.1.3	69
		6.2.4	78
		6.3.4	81
		6.4.8	101
		6.5.6	105
		6.6.5	112
4	Strategy and resource allocation	4.1	36
		4.4	42
		3.5	31
5	Business model	3.4	27
		3.5	31
		3.3	25
6	Performance	6.1	64
		6.2	70
		6.3	78
		6.4	84
		6.5	101
		6.6	108
		6.7	112
7	Outlooks	4.1	36
		4.4	42

APPENDIX 6. INTERNAL AUDITOR'S OPINION

CONCLUSION

of the Internal Audit Directorate on the results of internal audit of the public reporting preparation process of OJSC Atomenergomash for 2013

May 14, 2014

Moscow

The internal audit of the process of the public annual report preparation of OJSC Atomenergomash was performed in accordance with:

- The Order of the Director General of OJSC Atomenergomash Nikipelov A.V. as of March 28, 2013 No. 33/89-P "On the approval of Regulations for planning and control of the management's activities in internal audit of OJSC Atomenergomash and the Standard operations procedure of OJSC Atomenergomash and its affiliated, dependent and supervised companies on compensation of damage and elimination of violations (shortcomings) revealed by results of the control held by specialized internal control authorities" adopted in recognition of the requirements of Rosatom State Corporation policy in the sphere of public reporting implemented by the order No. 1/403-P of May 13, 2011;
- Public Annual Reporting Standard of OJSC Atomenergomash adopted by the order No. 3 3/43 5-P of December 25, 2013;
- Basic provisions of GRI Reporting Manual in the sphere of sustainable development (G4 version);
- Series of the international AA1000 standards;
- International Integrated Reporting Committee (IIRC).

The public annual reporting regulations are approved by the order of the Director General Nikipelov A.V. of December 25, 2013 No. 33/435-P according to which responsibility for preparation and submission of information is assigned to heads and employees of the structural divisions involved in the public reporting process.

The key points of the actual procedure of the process organization in the Company are the following: creation of the annual report concept, preparation of the annual report draft, dialogues with interested parties, updating of the report draft, public hearings.

During the audit:

- the assessment of the system of internal audit effectiveness of the public reporting preparation (including the analysis of regulation and formalization of the key processes connected with public reporting preparation; the analysis of the key control procedures introduction efficiency providing reliability of public reporting preparation) was carried out;
- the assessment of compliance of the public reporting preparation procedure to the current legislation, internal standard requirements and international recommendations regulating the business process of public reporting preparation was carried out;
- recommendations on the internal audit system improvement at public reporting preparation were developed.

Audit results allow to draw a conclusion on a satisfactory condition of the system of internal audit effectiveness of the public reporting preparation and on compliance of the public reporting preparation procedure of OJSC Atomenergomash to the current legislation, Rosatom State Corporation policy in the sphere of public reporting and to the internal standard requirements of OJSC Atomenergomash regulating the business process of public reporting preparation.

Internal Audit Director
of OJSC Atomenergomash

A.L. Levenshtein

APPENDIX 7. AUDIT COMMISSION'S CONCLUSION

CONCLUSION of the Audit Committee on the results of the examination of financial and economic activities of OJSC Atomenergomash for 2013

Moscow April 18, 2014

According to the Company's Charter approved by the protocol of General Meeting of shareholders as of March 29, 2006 (as amended) and according to the Article 88 No. 208-FZ of December 26, 1995, during the period from April 14 to April 18, 2014 the audit commission carried out the examination of financial and economic activities of the Company for 2013 (table-top).

The audit commission approved by the Solution of the Annual General shareholder meeting as of June 28, 2013 w/n included:

- Kislaya N.I. – the member of the audit commission;
- Krivenkova E.M. – the member of the audit commission,
- Levenshtein A.L. – the member of the audit commission.

There were no requirements about carrying out of unscheduled inspections and audits from the shareholder of the audit commission within the year.

During the examination by the audit commission the documents reflecting the essential aspects of the Company's activities have been selectively examined:

1. Accounting (financial) reports of the Company for 2013:

- Balance sheet of the Company;
- Report on financial results;
- Report on capital changes;
- Report on cash flow;

- Explanations to the balance sheet and the report on financial results.

2. The Audit report on the accounting (financial) reports as of January 01 till December 31, 2013

3. Written information of the Auditor to the guide to results of the audit for 2013.

During the examination the audit commission relies on, including, but not limited to, the Audit report on the accounting (financial) reports as of January 01 till December 31, 2013 of OJSC Financial and Accounting Consultations of March 03, 2014.

Following the results of the examination the Audit commission:

1. Expresses the following opinion: The accounting reports authentically reflect in every essential respect the financial position of the Company as of December 31, 2013, results of its financial and economic activities and cash flow for 2013, according to the Russian accounting principles.

The Audit commission:

Member of
the audit commission

Kislaya N.I.

Member of
the audit commission

Krivenkova E.M.

Member of
the audit commission

Levenshtein A.L.

APPENDIX 8. ACCOUNTING STATEMENT OF OJSC ATOMENERGOMASH

BALANCE SHEET FOR DECEMBER 31, 2013

Company **Open Joint Stock Company Atomenergomash**
 Individual Taxpayer Identification Number
 Type of economic activity:
Wholesale trade in other machines and equipment
 Legal form of organization/form of ownership
Open Joint Stock Company/private
 Unit of measure: **thousand of rubles**
 Location (address) 119017, **Moscow, 24, Bolshaya Ordynka**

		Codes		
Form of OKUD		0710001		
Date (day, month, year)	31	12	2013	
according to OKPO		94507811		
INN		7706614573		
according to OKVED		51.65		
according to OKOPF/OKFS		12247	16	
according to OKEI		384		

Note	Line item	Line code	As of December 31, 2013	As of December 31, 2012	As of December 31, 2011
ASSETS					
I. NON-CURRENT ASSETS					
7.1, 7.2	Intangible assets	1110	6,578	2,692	151
	Research and development results	1120	–	–	–
	Fixed assets	1150	45,519	18,810	18,789
7.3	Property, plant, equipment and other fixed assets	1151	35,919	18,288	18,568
	Capital investment in progress	1152	–	–	–
7.9	Advances paid to suppliers and contractors on capital construction, suppliers of fixed assets objects	1153	9,600	522	221
	Income-bearing investments in tangible assets	1160	–	–	–
7.6	Financial investments	1170	18,796,995	17,298,614	20,213,186
7.18	Deferred tax assets	1180	291,891	219,095	103,640
7.4	Other non-current assets	1190	1,029,025	1,200,703	902,742
	VAT on the received long-term advances	1191	966,109	1,189,085	898,666
	Deferred expenses	1192	62,916	11,618	4,076
	Total for Section I	1100	20,170,008	18,739,914	21,238,508
II. CURENT ASSETS					
7.5	Inventory	1210	147,562	44,952	146,162
	Raw materials, materials and other similar values	1211	77	184	101
	Expenses in work in progress	1212	44,494	–	–

Form c. 2 of OKUD 0710001

Note	Line item	Line code	As of December 31, 2013	As of December 31, 2012	As of December 31, 2011
	Finished goods and goods for resale	1213	1	30,076	16,549
	Goods delivered	1214	102,990	14,692	129,512
	Deferred expenses	1215	–	–	–
	Value added tax on acquired assets	1220	9,147	501	4,311
7.9	Accounts receivable	1230	14,790,886	17,823,786	18,665,822
	Total long-term accounts receivable	1231	4,964,342	5,841,994	5,174,882
	Settlements with purchasers and clients	1232			
	Advance paid out	1233	4,907,342	5,277,994	4,553,882
	Other debtors	1234	57,000	564,000	621,000
	Total short-term receivables	1235	9,826,544	11,981,792	13,490,940
	Settlements with purchasers and clients	1236	3,534,326	4,180,834	1,407,192
	Advances paid	1237	5,356,038	6,775,348	10,718,793
	Other debtors	1238	936,180	975,055	1,364,955
	Accrued revenue not called for payment	1239	–	50,555	–
7.6	Financial investment (excluding cash equivalents)	1240	12,893,481	16,599,345	5,772,870
7.8	Cash and cash equivalents	1250	1,238,829	450,332	4,217,973
	Other current assets	1260	766,196	758,211	1,938,716
	Total for Section II	1200	29,846,101	35,677,127	30,745,854
	BALANCE	1600	50,016,109	54,417,041	51,984,362
LIABILITIES					
III. CAPITAL AND RESERVES					
7.22	Share capital (contributed capital, statutory fund, contributions of partners)	1310	1,016	738	527
	Shares repurchased	1320	–	–	–
	Re-evaluation of non-current assets	1340	–	–	–
	Capital surplus (ex revaluation)	1350	21,887,182	13,720,502	8,460,886
	Reserve capital	1360	17	17	17
	Including the reserves formed according to the legislation	1361	–	–	–
	Including the reserves formed according to constituent documents	1362	17	17	17
	Retained earnings (unrecovered loss)	1370	(3,497,676)	(758,156)	(112,262)
	Total for Section III	1300	18,390,539	12,963,101	8,349,168
IV. LONG-TERM LIABILITIES					
7.15	Borrowed funds	1410	4,205,000	7,379,000	12,805,000
	Deferred tax liabilities	1420	–	–	–
	Estimated liabilities	1430	–	–	–
7.12	Other liabilities	1450	7,080,377	8,608,868	8,304,138
	Total for Section IV	1400	11,285,377	15,987,868	21,109,138

Form c. 3 of OKUD 0710001

Note	Line item	Line code	As of December 31, 2013	As of December 31, 2012	As of December 31, 2011
V. SHORT-TERM LIABILITIES					
7.15	Borrowed funds	1510	9,393,725	13,433,060	5,406,149
7.12	Accounts payable	1520	10,297,757	11,714,291	14,696,992
	Suppliers and contractors	1521	3,029,423	3,567,707	890,821
	Advanced received	1522	6,467,820	7,025,298	11,406,805
	Payables to employees of the company	1523	431	423	14,832
	Liability to State non-budgetary funds	1524	60	16	10
	Taxes and levies payable	1525	58,197	200	180,957
	Other creditors	1526	741,826	1,120,647	2,203,567
	Deferred income	1530	-	-	-
7.17	Estimated liabilities	1540	648,711	318,731	317,469
7.27	Settlements with founders on contributions to the authorized capital	1545	-	-	2,105,446
	Other liabilities	1550	-	-	-
	Total for Section V	1500	20,340,193	25,466,072	22,526,056
	BALANCE	1700	50,016,109	54,417,041	51,984,362

Director

Pesochinsky Vadim Viktorovich

Chief accountant

Shirokovskikh Natalia Vladimirovna

February 27, 2014



(Handwritten signature of Pesochinsky Vadim Viktorovich)

(Handwritten signature of Shirokovskikh Natalia Vladimirovna)

FINANCIAL RESULTS REPORT FOR JANUARY — DECEMBER 2013

Company **Open Joint Stock Company Atomenergomash**

Individual Taxpayer Identification Number

Type of economic activity:

Wholesale trade in other machines and equipment

Legal form of organization/form of ownership

Open Joint Stock Company/privateUnit of measure: **thousand of rubles**

	Codes		
Form of OKUD	0710002		
Date (day, month, year)	31	12	2013
according to OKPO	94507811		
INN	7706614573		
according to OKVED	51.65		
according to OKOPF/OKFS	12247	16	
according to OKEI	384		

Note	Line item	Line code	For January — December 2013	For January — December 2012
7.19	Earnings	2110	10,175,970	13,255,510
	Including			
	From performance of works, rendering of other services		161,949	2,113,556
	From rendering services on a commission basis		7,435	32,886
	From sale of goods		10,006,586	11,109,068
7.19	Cost of sales	2120	(9,432,209)	(12,169,449)
	Including			
	From sale of other goods, products, works, services		(155,708)	(2,086,078)
	From rendering services on a commission basis		(223)	(1)
	From sale of goods		(9,276,278)	(10,083,370)
	Total profit (loss)	2100	743,761	1,086,061
7.19	Selling costs	2210	(185,999)	(214,098)
7.19	Management costs	2220	(953,806)	(849,062)
	Profit (loss) from sales	2200	(396,044)	22,901
	Revenues from participating in other companies	2310	114,143	131,240
	Interest receivable	2320	1,527,918	927,269
7.15	Interest payable	2330	(1,862,284)	(1,409,018)
7.21	Other revenues	2340	3,073,608	681,474
7.21	Other costs	2350	(5,269,657)	(1,149,009)
	Profit (loss) before tax	2300	(2,812,316)	(795,143)
7.18	Current income tax	2410	103,496	(299)
	Including			
7.18	permanent tax liabilities (assets)	2421	(386,342)	(76,879)
7.18	Changes in deferred tax liabilities	2430	(834)	356
7.18	Changes in deferred tax assets	2450	95,885	108,419
7.18	Other	2460	(22,256)	40,746

Form c. 2 of OKUD 0710002

Note	Line item	Line code	For January — December 2013	For January — December 2012
7.18	Profit tax redistribution in the consolidated group of taxpayers	2465	(103,496)	—
	Net profit (loss)	2400	(2,739,521)	(645,921)
	FOR REFERENCE			
	Surplus on revaluation of non-current assets, not included in the net profit (loss) of the period	2510	—	—
7.7	Surplus on other operations, not included in the net profit (loss) of the period	2520	166,980	434,390
	Total financial result for the period	2500	(2,572,541)	(211,531)
7.22	Basic earnings (loss) per share	2900	(4)	(1)
7.22	Diluted earnings (loss) per share	2910	(4)	(1)

Director

Pesochinsky Vadim Viktorovich

Chief accountant

Shirokovskikh Natalia Vladimirovna

February 27, 2014



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STATEMENT OF CHANGES IN EQUITY FOR 2013

Company **Open Joint Stock Company Atomenergomash**

Individual Taxpayer Identification Number

Type of economic activity:

Wholesale trade in other machines and equipment

Legal form of organization/form of ownership

Open Joint Stock Company/privateUnit of measure: **thousand of rubles**

Form of OKUD	Codes		
Date (day, month, year)	31	12	2013
according to OKPO	0710003		
INN	94507811		
according to OKVED	7706614573		
according to OKOPF/OKFS	51.65		
according to OKEI	12247	16	
	384		

1. CAPITAL FLOW

Line item	Code	Share capital	Shares repurchased	Added capital	Reserve capital	Unappropriated profits (uncovered loss)	Total
Capital value as of December 31, 2012	3100	527	–	8,460,886	17	(112,262)	8,349,168
2012							
Increase of capital in 2012 — total:	3210	211	–	5,259,616	–	27	5,259,854
including:							
net profit	3211	–	–	–	–	–	–
revaluation of assets	3212	–	–	–	–	–	–
revenues, directly related to the increase of capital	3213	–	–	434,390	–	27	434,417
additional share issue	3214	211	–	4,825,226	–	~	4,825,437
increase of share denomination	3215	–	–	–	–	–	–
reorganization of legal entity	3216	–	–	–	–	–	–
Use of branch reserves for the investment purposes	3217	–	–	–	–	–	–
Reduction of capital — total:	3220	–	–	–	–	(645,921)	(645,921)
including:							
loss	3221	–	–	–	–	(645,921)	(645,921)
revaluation of assets	3222	–	–	–	–	–	–
costs, directly related to the reduction of capital	3223	–	–	–	–	–	–
reduction of share denomination	3224	–	–	–	–	–	–
reduction of share amount	3225	–	–	–	–	–	–
reorganization of legal entity	3226	–	–	–	–	–	–
dividends	3227	–	–	–	–	–	–

Form c. 2 of OKUD 0710023

Line item	Code	Share capital	Shares repurchased	Added capital	Reserve capital	Unappropriated profits (uncovered loss)	Total
Change of added capital	3230	-	-	-	-	-	X
Change of reserve capital	3240	-	-	-	-	-	X
Capital value as of December 31, 2013	3200	738	-	13,720,502	17	(758,156)	12,963,101
2013							
Increase of capital in 2013	3310	278	-	8,166,680	-	-	8,166,958
including:							
net profit	3311	-	-	-	-	-	-
revaluation of assets	3312	-	-	-	-	-	-
revenues, directly related to the increase of capital	3313	-	-	166,980	-	-	166,980
additional share issue	3314	278	-	7,999,700	-	-	7,999,978
increase of share denomination	3315	-	-	-	-	-	-
reorganization of legal entity	3316	-	-	-	-	-	-
Use of branch reserves for the investment purposes	3317	-	-	-	-	-	-
Reduction of capital — total:	3320	-	-	-	-	(2,739,520)	(2,739,520)
including:							
loss	3321	-	-	-	-	(2,739,520)	(2,739,520)
revaluation of assets	3322	-	-	-	-	-	-
costs, directly related to the reduction of capital	2223	-	-	-	-	-	-
reduction of share denomination	3324	-	-	-	-	-	-
reduction of share amount	3325	-	-	-	-	-	-
reorganization of legal entity	3326	-	-	-	-	-	-
dividends	3327	-	-	-	-	-	-
Change of added capital	3330	-	-	-	-	-	X
Change of reserve capital	3340	-	-	-	-	-	X
Capital value as of December 31, 2013	3300	1,016	-	21,887,182	17	(3,497,676)	18,390,539

2. CORRECTION ASSOCIATED WITH CHANGE OF ACCOUNTING POLICY AND CORRECTION OF ERRORS

Line item	Code	As of December 31, 2011	For 2012		As of December 31, 2012
			due to net profit (loss)	due to other factors	
Capital — total:					
up to corrections	3400	8,349,168	(587,013)	5,259,854	13,022,009
correction associated with:					
change of accounting policy	3410	—	—	—	—
correction of errors	3420	—	(58,908)	—	(58,908)
after corrections		8,349,168	(645,921)	5,259,854	12,963,101
including:					
unappropriated profits (uncovered loss):					
up to corrections	3401	(112,262)	(587,013)	27	(699,248)
correction associated with:					
change of accounting policy	3411	—	—	—	—
correction of errors	3421	—	(58,908)	—	(58,908)
after corrections	3501	(112,262)	(645,921)	27	(758,156)
other items of capital which were corrected: (as for items)					
up to corrections	3402	8,461,430	—	5,259,827	13,721,257
correction associated with:					
change of accounting policy	3412	—	—	—	—
correction of errors	3422	—	—	—	—
after corrections	3502	8,461,430	—	5,259,827	13,721,257

3. NET ASSETS

Line item	Code	As of December 31, 2013	As of December 31, 2012	As of December 31, 2011
Net assets	3600	18,390,539	12,963,101	8,349,168

Director

Pesochinsky Vadim Viktorovich

Chief accountant

Shirokovskikh Natalia Vladimirovna

February 27, 2014



CASH FLOW STATEMENT FOR JANUARY — DECEMBER 2013

Company **Open Joint Stock Company Atomenergomash**
 Individual Taxpayer Identification Number
 Type of economic activity:
Wholesale trade in other machines and equipment
 Legal form of organization/form of ownership
Open Joint Stock Company/private
 Unit of measure: **thousand of rubles**

		Codes		
Form of OKUD		0710004		
Date (day, month, year)		31	12	2013
according to OKPO		94507811		
	INN	7706614573		
according to				
OKVED		51.65		
according to OKOPF/OKFS		12247	16	
according to OKEI		384		

Line item	Code	For January — December 2013	For January — December 2012
Cash flow from operating activities			
Receipts — total	4110	9,245,842	10,253,178
including:			
from the sale of products, goods and services	4111	9,033,167	9,050,551
rental payments, license payments, royalty, payment of fees and similar payments	4112	8,382	32,166
from resale of financial investments	4113	—	—
	4114		
other receipts	4119	204,293	1,170,461
Payments — total	4120	(11,702,744)	(11,836,285)
including:			
to suppliers (contractors) for raw products and materials, works, services	4121	(8,895,943)	(8,285,889)
associated with payment for labor of employees	4122	(720,165)	(651,126)
Interest on liabilities	4123	(1,913,109)	(1,379,468)
tax on profit of organizations	4124	(—)	(580)
taxes (excluding profits tax and VAT) and insurance payments	4125		
other payments	4129	(173,527)	(1,519,222)
Account balance of cash flow from operating activities	4100	(2,456,902)	(1,583,107)
Cash flow from investing activities			
Receipts — total	4210	29,009,295	12,942,608
including:			
From the sale of non-current assets (excluding financial investments)	4211	319	—
From the sale of shares of other companies (partnership shares)	4212	118	57,005
From return of loans granted, from sale of debt securities (rights of claim on financial assets to other persons)	4213	27,094,533	12,017,133
Dividends, interests on debt financial investments and similar Receipts from partnership in other companies	4214	1,914,325	868,470
From return of deposits	4215		
From return of deposits	4219	—	—
Payments — total	4220	(26,604,741)	(17,727,925)
including:			
associated with acquisition, construction, modernization, reconstruction and preparation for using of non-current assets	4221	(35,435)	(4,717)

Form c. 2 of OKUD 0710004

Line item	Code	For January — December 2013	For January — December 2012
associated with acquisition of shares of other companies (partnership shares)	4222	(2,300,000)	(289,793)
associated with acquisition of debt securities (rights of claim on financial assets to other persons), granting of loans to other persons	4223	(23,943,114)	(17,433,415)
Interest on liabilities included to the value of investment asset	4224	–	–
placement of deposits	4225	–	–
other payments	4229	(326,192)	–
Account balance of cash flow from investing activities	4200	2,404,554	4,785,317
Cash flow from financing operations			
Receipts — total	4310	18,482,477	6,367,010
Including:			
Receiving of credits and loans	4311	10,482,500	6,337,000
Cash deposits of owners (members)	4312	–	–
From issue of shares, increase of partnership shares	4313	7,999,977	30,010
From issue of obligations, bills and other debt securities and others	4314	–	–
Budgetary appropriations and other target financing	4315	–	–
Including			
Budgetary appropriations	4330	–	–
Receipts of funds of branch reserves	4331	–	–
Receipts of other target financing	4332	–	–
Other receipts	4319	–	–
Payments — total	4320	(17,646,502)	(3,766,379)
Including:			
To owners (members) associated with repurchase at them of shares (partnership shares) of the company or with their cessation of membership	4321	–	–
For payment of dividends and other payments for distribution of profits in favor of owners (members)	4322	–	–
Associated with payment (protection) of bills and other debt securities, repayment of credit and loans	4323	(17,645,000)	(3,765,650)
	4324	–	–
Other payments	4329	(1,502)	(729)
Account balance of cash flow from financing operations	4300	835,975	2,600,631
Account balance of cash flow for the reporting period	4400	783,627	(3,767,793)
Balance of cash and cash equivalent as of the beginning of the reporting period	4450	450,332	4,217,973
Balance of cash and cash equivalent as at the end of reporting period	4500	1,238,829	450,332
Effect of exchange rate changes in reference to the ruble	4490	4,870	152

Director



Chief accountant

Pesochinsky Vadim Viktorovich

Shirokovskikh Natalia Vladimirovna

February 27, 2014



APPENDIX 9. AUDITOR'S REPORT ON THE COMBINED ACCOUNTING STATEMENT

COMBINED REPORT ON FINANCIAL RESULTS FOR JANUARY — DECEMBER, 2013

Company **Open Joint Stock Company Atomenergomash**
 Individual Taxpayer Identification Number
 Type of economic activity:
Wholesale trade in other machines and equipment
 Legal form of organization/form of ownership
Open Joint Stock Company/private
 Unit of measure: **thousand of rubles**
 Location (address) 119017, **Moscow, 24, Bolshaya Ordynka**

	Codes		
Form of OKUD	0710001		
Date (day, month, year)	31	12	2013
according to OKPO	94507811		
INN	7706614573		
according to OKVED			
according to OKOPF/OKFS			
according to OKEI	384		

Notes	Name of indicator	Code	For Dec 31 2013	For Dec 31 2012	For Dec 31 2011
ASSET					
I. FIXED ASSETS					
	Non material assets	1110	12,897,821	12,694,954	10,516,205
	Including:				
5.5	subsidiaries business reputation	1115	12,365,210	12,172,760	9,954,377
	Research and development results	1120	220,054	114,408	35,898
	Fixed assets	1130	22,451,287	20,387,537	15,820,546
	Profitable investments in tangible assets	1140	79,662	82,848	1,025,822
5.3	Financial investments	1150	6,846,123	7,589,559	11,616,662
	Including:				
3.3	financial investments in associates	1151	1,456,003	1,197,394	1,258,590
	Deferred tax assets	1160	1,558,194	982,204	140,931
	Other non-current assets	1170	3,168,458	3,464,096	2,928,679
	Total for section I	1100	47,221,599	45,315,606	42,084,743
II. CURRENT ASSETS					
	Stocks	1210	19,212,773	19,505,368	20,337,884
	Including:				
	including: raw materials, materials and other similar valuables	1211	7,971,495	6,839,489	5,338,257
	work in progress costs	1212	9,284,599	10,089,770	12,329,662
	ready products and goods for resale	1213	1,822,292	2,385,061	2,479,762

Form c. 2 of OKUD 0710001

Notes	Name of indicator	Code	For Dec 31 2013	For Dec 31 2012	For Dec 31 2011
	supplied goods	1214	134,388	191,048	177,604
	Other stocks and costs	1216	–	–	12,599
	Value added tax on acquired values	1220	455,968	427,855	205,092
	receivables	1230	30,811,081	78,545,719	64,272,079
	Long terms receivables	1231	7,417,663	32,375,109	23,779,491
	Including:				
	Long terms receivables	1232	384,803	385,809	605,323
	Short-terms receivables	1233	23,393,418	46,170,610	40,492,588
	Including:				
	Long terms receivables	1234	14,678,404	14,957,988	12,385,306
	Financial investments	1240	9,355,216	15,473,935	7,684,944
	cash	1250	4,393,938	2,840,784	18,549,986
	Other current assets	1260	3,676,137	4,174,466	5,863,455
	Total for section II	1200	67,905,114	120,968,128	116,913,440
	Balance	1600	115,126,713	166,283,733	158,998,183
LIABILITIES					
III. CAPITAL AND RESERVES					
5.4	Charter capital (share capital, authorized capital, partners' contributions)	1310	1,016	738	527
5.4	Share capital of supervised companies	1311	5,836,885	5,846,885	6,783,759
	Own shares redeemed from shareholders	1320	–	–	–
	Revaluation of non-current assets	1340	318,252	310,540	296,891
5.4	Capital surplus (excluding revaluation)	1350	22,736,572	14,552,251	8,868,318
5.4	Reserve capital	1360	441,417	410,803	252,347
	Including:				
	Reserves formed In accordance with the legislation	1361	66,504	65,901	51,359
	Reserves formed In accordance with the constituent documents	1362	374,913	344,902	200,988
	Retained earnings (accumulated losses)	1370	4,000,451	8,226,574	8,696,674
	Total for section III	1300	33,334,593	29,347,791	24,898,516
5.6	The percentage of minority	1301	1,235,177	1,535,587	1,360,121
5.5	Subsidiaries business reputation	1302	184,066	174,192	185,614
IV. LONG TERMED (FIXED) LIABILITIES					
5.7	Borrowed funds	1410	8,782,311	13,568,993	19,908,575
	Deferred tax liabilities	1420	–	–	–
	Estimated liabilities	1430	268,355	249,736	3,375
	Other commitments	1450	21,933,744	49,285,994	45,593,392
	Total for section IV	1400	30,984,410	63,104,723	65,505,342

Form c. 3 of OKUD 0710001

Notes	Name of indicator	Code	For Dec 31 2013	For Dec 31 2012	For Dec 31 2011
V. SHORT TERMED LIABILITIES					
5.7	Borrowed funds	1510	13,449,340	15,348,487	6,260,681
	Payables	1520	31,916,176	52,639,311	54,465,699
	Including:				
	Suppliers and contractors	1521	7,151,400	7,264,892	6,883,132
	Payable to the personnel of the company	1522	518,112	524,093	519,173
	Payable to the state extrabudgetary funds	1523	184,542	171,349	104,042
	Payable taxes and Levies	1524	1,104,903	1,516,711	3,011,886
	other creditors	1525	22,957,218	43,162,266	43,947,466
	Deferred revenues	1530	860,350	1,246,327	1,302,147
	Evaluation liabilities	1540	3,162,601	2,439,348	2,137,243
	Other commitments	1550	–	447,966	2,882,820
	Total for section V	1500	49,388,467	72,121,439	67,048,590
	Balance	1700	115,126,713	166,283,733	158,998,183

Deputy General Director –
Director for Economy and Finance

Pesochinsky V.V.

Head of department

Shvetsov I.V.

07 April 2014



**COMBINED REPORT ON FINANCIAL RESULTS
FOR JANUARY-DECEMBER, 2013**
Company **Open Joint Stock Company Atomenergomash**

Individual Taxpayer Identification Number

Type of economic activity:

Wholesale trade in other machines and equipment

Legal form of organization/form of ownership

Open Joint Stock Company/privateUnit of measure: **thousand of rubles**

Codes		
Form of OKUD	0710001	
Date (day, month, year)	31	12 2013
according to OKPO	94507811	
INN	7706614573	
according to OKVED		
according to OKOPF/OKFS		
according to OKEI	384	

Notes	Name of indicator	Line code	For reported period	For the same period of the previous year
5.8	Revenue	2110	46,272,064	51,772,725
	Cost of sales	2120	(39,581,649)	(43,228,455)
	Gross profit (loss)	2100	6,690,415	8,544,269
	Selling expenses	2210	(979,437)	(1,145,067)
	Management expenses	2220	(4,757,628)	(4,562,092)
	Profit (loss) from sales	2200	953,350	2,837,111
	Income from participation in other organizations	2310	10,572	4,517
	Interest receivable	2320	932,723	944,918
	Outstanding interest	2330	(2,330,741)	(1,826,220)
	Other income	2340	5,571,884	6,128,319
	Other expenses	2350	(8,640,963)	(7,058,670)
3.3	Capitalized profit (loss)	2360	(4,847)	118,353
	Profit (loss) before tax	2300	(3,508,022)	1,148,329
	Current income tax including	2410	(495,799)	(670,747)
	permanent tax liabilities (assets)	2421	(736,734)	(163,143)
	change in deferred tax liabilities	2430	(137,077)	49,144
	change in deferred tax assets	2450	583,823	228,478
	Other	2460	40,478	78,074
	net income (loss)	2400	(3,516,596)	833,278
	Profit belonging to a group	2470	(3,119,568)	793,005
	Profit attributable to minority shareholders	2480	(397,028)	40,272

Deputy General Director –
Director for Economy and Finance

Head of department



Pesochinsky V.V.

Shvetsov I.V.



07 April 2014

APPENDIX 10. NON-FINANCIAL AUDITOR'S OPINION

CONCLUSION BASED ON THE RESULTS OF THE INDEPENDENT ASSURANCE OF THE INTEGRATED ANNUAL REPORT OF OPEN JOINT-STOCK COMPANY NUCLEAR AND POWER ENGINEERING (OJSC ATOMENERGOMASH) FOR 2013

Introduction

The subject of the assurance is the Integrated Annual Report of Open Joint- Stock Company Nuclear and Power Engineering (hereinafter referred to as the Report) for the period from January 1 to December 31, 2013.

This conclusion is addressed to the management of Open Joint-Stock Company Nuclear and Power Engineering (hereinafter referred to as OJSC Atomenergomash).

Responsibility of the parties

The management of OJSC Atomenergomash is fully responsible for the preparation and accuracy of this Report.

We are responsible for the independent assurance of the Report only to OJSC Atomenergomash within the framework of the terms of reference and assume no responsibility to any third party.

Scope, criteria and level of assurance

The subject of the assurance is the Report which includes information about the activities of OJSC Atomenergomash as well as significant aspects of information about the activities of subsidiary and affiliate companies (hereinafter referred to as SAC).

The Report was evaluated based on the following criteria:

- the nature and level of the Company's compliance with the AA1000 Accountability Principles Standard 2008 — inclusivity, materiality, responsiveness.

- compliance of the Report to requirements of the Regulations on reporting in the sphere of sustainable development of Global Reporting Initiative (the main option in compliance with GRI G4 Manual).
- observance of requirements of the International Integrated Reporting Framework.
- observance of requirements of the RF legislation to annual reports of joint-stock companies regarding disclosed data.
- observance of standard requirements of Rosatom State Corporation and internal local regulations of OJSC Atomenergomash regarding contents of the public reporting.

Our audit was planned and performed in accordance with AA1000 Assurance Standard 2008 and ISAE 3000 International Standard "Assurance Engagements Other than Audits or Reviews of Historical Financial Information."

The assurance corresponds to type 2, as defined by AA1000AS 2008 taking into account the limitations specified in the section "Limitations of the assurance" of this conclusion.

In providing services, we complied with the following requirements with respect to the level of assurance:

- moderate — in accordance with AA1000 AS 2008,
- limited — in accordance with ISAE 3000 International Standard "Assurance Engagements Other than Audits or Reviews of Historical Financial Information."

The selective verification of information in the Report that we performed as part of the aforementioned levels of assurance does not claim to provide a high level of assurance. The work was based on the supporting materials provided by the Company's management and employees, publicly available information and analytical methods of confirmation.

With respect to the quantitative information contained in the Report, the work performed cannot be considered sufficient for the identification of potential deficiencies and misstatements. However, the collected evidence is sufficient for expressing our opinion in accordance with the aforementioned levels of assurance.

Methodology of assurance

The following procedures were performed as part of the assurance work:

- Study and selective testing of systems and processes implemented by OJSC Atomenergomash in order to ensure and analyze the Group's compliance with AA1000 APS principles and efficiency management in matters of sustainable development.
- Collection of evidence confirming the practical implementation of system processes to adhere to the principles of AA1000 APS.
- Interviews with management representatives of OJSC Atomenergomash, OJSC ZiO-Podolsk, OJSC TsKBM, OJSC Afrikantov OKBM and OJSC Gidropress.
- Study of the documents and statements of management in order to obtain confirmation with respect to compliance of its activities with AA1000 APS principles.
- Participation in public dialogues and consultations with stakeholders organized by OJSC Atomenergomash and OJSC Afrikantov OKBM; study of the relevant minutes.
- Study of conclusions on the results of the Report's public assurance.
- Study of the information available on the websites of OJSC Atomenergomash and key SAC concerning activities in the context of sustainable development issues.
- Study of the published statements of third parties concerning the economic, environmental and social aspects of the activities of OJSC Atomenergomash in order to verify the reliability of the statements made in the Report.

- Analysis of the non-financial reporting of foreign companies in analogous market segments for benchmarking purposes.
- Analysis of the non-financial reporting internal audit processes used at the Company.
- Selective review of documents and data on the performance of the management systems employed by the Group for the economic, environmental and social aspects of sustainable development.
- Review of the existing processes for the collection, processing, documenting, verification, analysis and selection of data to be included in the Report.
- Verification of the adequacy of the statements and data included into the Report.
- Analysis of information in the Report for compliance with criteria specified above.

Limitations of assurance

The assurance is limited to the reporting period (January 1 to December 31, 2013).

The reliability of the information on performance presented in the Report was only evaluated with respect to the compliance with the recommendations of GRI G4 Manual to the main variant of the Report preparation.

The assurance on the reliability of the quantitative performance data disclosed in the Report was made as an assessment of compliance with the data of the audited accounting statement as well as internal and public reporting documents provided to us concerning other economic, environmental and social aspects of activities.

The assurance does not apply to forward-looking statements or statements expressing the opinions, beliefs or intentions of OJSC Atomenergomash to take any action relating to a future time.

The assurance was not performed with respect to statements based on expert opinion in the Report.

The assurance was conducted solely with respect to the version of the Report submitted in Russian in MS Word format and containing information as subject to publication in a hard-copy form as well as in electronic form on OJSC Atomenergomash website.

We had no opportunity to certify the fact of the Report publication on OJSC Atomenergomash website due to the fact that the date of signing hereof preceded the planned date of the Report publication on the Company website.

Conclusions

The following conclusions are based on the assurance work we conducted within the scope and limitations specified above.

1. In general, the Report adequately reflects the management tools and performance indicators of OJSC Atomenergomash concerning the economic, social and environmental aspects of sustainable development.

2. As a result and within the scope of our work, we did not identify material misstatements in the information contained in the Report disclosing the activities of OJSC Atomenergomash in matters of sustainable development and its results.

Nature and degree of compliance with AA1000 APS principles

As a result and within the scope of our work, we did not identify material misstatements to criteria of AA1000 APS 2008 standard regarding observance of the principles (involvement, importance, susceptibility).

Compliance of the Report to requirements of the Regulations on reporting in the sphere of sustainable development of Global Reporting Initiative (the main option in compliance with GRI G4 Manual).

In order to express an opinion on this Report, we analyzed its compliance with GRI G4 recommendations when preparing the Report with respect to the reporting principles and standard elements for the stated level of the Report preparation "in compliance with".

Principles used to determine the content of the Report

Materiality

- The Report reflects significant aspects of the OJSC Atomenergomash activities in economic, social and environmental matters for the main stakeholders.

Stakeholder coverage

- OJSC Atomenergomash presented information in the Report on stakeholders and mechanisms for incorporating their interests when determining the contents of the Report.

Sustainable development context

- The Report presents the results of OJSC Atomenergomash operations in the broad context of sustainable development, including various aspects of economic, social and environmental activities.

Completeness

- The Report with sufficient degree of completeness discovers the information on standard reporting elements for the chosen option "in compliance with".

Principles for the quality assurance of the Report

Balance

- The Report is balanced and reflects both the results of activities as well as issues that need to be resolved.

Comparability

- The comparability of the Report with the non-financial reporting of other organizations is ensured through the use of the GRI G4 Manual as a basis for the disclosure of performance indicators in matters of sustainable development.
- The comparability of financial information with respect to the reporting of other companies is not fully ensured due to the application of the federal laws of Russia and the Provision on Accounting (and not International Financial Reporting Standards) for its disclosure.

Accuracy

- The accuracy of the actual information presented in the Report is sufficient for stakeholders to assess the performance of OJSC Atomenergomash in matters of sustainable development.
- Calculations of indicators are based on the techniques containing in the GRI G4 Manual.

Timeliness

- The Report was prepared for the purpose of submitting it to the Annual General Meeting of shareholders.

Clarity

- In general, the information in the Report is provided in a clear and accessible manner for key groups of stakeholders.
- The Glossary (Appendix 1) facilitating understanding of provided information by the Report users is presented in the Report.

Reliability

- The information on performance presented in the Report is based on the internal reporting documents of OJSC Atomenergomash and Rosatom State Corporation as well as the statements submitted to regulatory authorities.
- Matters involving the verification of the effectiveness of control and the procedure for compiling non-financial reporting fall within the purview of the Internal Audit Department. During the audit, we studied the Conclusion of the Internal Audit Department on the results of the internal audit of the public reporting of OJSC Atomenergomash.
- We did not discover any evidence that calls into question the reliability of the information contained in the Report.

Standard reporting components

- Disclosure of the general standard reporting elements is generally presented with observance of GRI G4 requirements for the declared option of report preparation "in compliance".

Special standard reporting components

Approaches to management

- The Report reflects approaches to management of significant aspects of economic, social and environmental matters; in particular it discloses impacts making the aspect essential, approaches to management of this aspect and mechanisms of approach assessment in the management sphere.

Performance indicators

- All indicators necessary for ensuring implementation of requirements to the main option "in compliance with" G4 Manual are provided in the Report with observance of instructions to GRI G4 indicators. G4-EN1 indicator is disclosed not in full with specification of the reasons for incomplete disclosure
- On a number of other indicators the disclosure is presented not in full concerning the requirements stated in GRI G4 instructions: G4-LA1, G4-LA3, G4-LA6, G4-EC7.

Overall assessment of the Report

- The work carried out by us allows to draw a conclusion that the structure and number of disclosures required for the main option of the Report preparation "in compliance" with GRI G4 Manual are presented in the Report and are reasonably reflected in the Index of GRI contents.

Observance of requirements of the RF legislation to annual reports of joint-stock companies regarding disclosed data.

In the report the data required for disclosure in the annual report of a joint-stock company according to the Provision on information disclosure by issuers of equity securities (as worded in Order of FCSM of Russia of April 24, 2012 No. 12-27/pz-n).

Observance of standard requirements of Rosatom State Corporation and internal local regulations of OJSC Atomenergomash regarding contents of the public reporting.

The structure and contents of the Report as a whole conform to the requirements of Rosatom State Corporation policy in the sphere of public reporting and to the Standard of public annual reporting of OJSC Atomenergomash.

Compliance of the Report to the requirements of the International Integrated Reporting Standard

As a whole the Report is prepared according to the fundamental principles of the International Integrated Reporting Standard and includes the elements of the contents obligatory for the integrated report.

Recommendations

1. Take into account the comments contained in the above sections of the conclusion.
2. Disclose GRI indicators in connection with the target values and future plans.
3. Increase the extent of indicators disclosure concerning which instructions to GRI G4 indicators have not been considered not in full (partial disclosure).
4. In future reports follow recommendations of the International Integrated Reporting Standard regarding disclosure of information on dynamics of main types of the capital more accurately.

Statement of competence and independence

CJSC NP Consult is an independent audit firm that provides professional assurance services. CJSC NP Consult is a member of the self-regulated organization of auditors NP

Institute of Professional Auditors and acts in accordance with the IFAC Code of Ethics. The company employs a system of control over the quality of audit services, including control over compliance with ethical norms.

CJSC NP Consult officially states that the present Report constitutes the assessment of an independent auditor. CJSC NP Consult and its employees have no relations with OJSC Atomenergomash or its subsidiaries or affiliates that could result in a conflict of interests related to the independent assurance of the Report.

CJSC NP Consult is an organizational stakeholder of GRI and a licensed provider of assurance services in accordance with AA1000 AS.

The team involved in the assurance of the reporting in matters of sustainable development included employees of CJSC NP Consult having the requisite experience in auditing and reporting under GRI Manual and GRI certificates. The project leader underwent training in the assurance of the reporting in matters of sustainable development at the Accountability training center and has CSAP certificate.

Deputy Director General
of the Closed Joint
Stock Company
NP Consult



V.Yu. Skobarev



Moscow

May 15, 2014

APPENDIX 11. CONCLUSION ON THE PUBLIC ASSURANCE

CONCLUSION BASED ON THE RESULTS OF THE PUBLIC ASSURANCE OF THE INTEGRATED ANNUAL REPORT OF ATOMENERGOMASH OJSC

Background Information

Representatives of OJSC Atomenergomash (hereinafter referred to as the Company) have asked us to assess its integrated annual report for 2013 (hereinafter referred to as the Report) in terms of its completeness and materiality as well as the effectiveness of Company's response to the suggestions of its stakeholders.

The Company provided us and our representatives with an opportunity to take part in the public dialogues to be conducted and express our opinion (November 11, 2013 — discussion of the ARP concept; March 12, 2014 — discussion of the themes "Creating a strategy for the sustainable development of OJSC Atomenergomash up to 2020" and "Formation of a complex risk management system"; April 22, 2014 — public consultation on the draft report). We were provided with all materials for examination, including the minutes of public dialogues, the table of records of comments of stakeholders, as well as the explanations and comments, draft report and its summary version.

We comply with the ethical requirements of independence and objectivity of assessments; express our personal expert opinion and not the opinion of organizations whose representatives we are. We hereby confirm that we have not received any compensation for the time spent on this public assurance.

Verifying the authenticity of the data provided was not the objective of this public assurance.

We take into account and recognize as the dignity, that during the preparation of the Report OJSC Atomenergomash

based on international standards, including Guidance Global Reporting Initiative (GRI) of latest version of G4, International Integrated Reporting Council (IIRC) and Standards AA1000 Series of the International Institute of Social and Ethical Accountability. At the same time the confirmation of the degree of conformity of the Report with any reporting systems is beyond the scope of this conclusion.

Assessments, remarks and recommendations

In the context of structure and content we assess the Report positively. Using the new versions of standard is an important difference compared to the Report for the year 2012, and it has introduced changes to the content of the Report. Under the Integrated Reporting Council, the operating results in all areas combined with one chapter, structured into sections according to the classification in terms of capitals. Each section, in turn, consists of subsections, according to the relevant aspects of activities under the GRI Guidelines and Standard of public accountability of OJSC Atomenergomash.

Report's content, completeness, applicability and value of the information presented therein allows to make a point of positive dynamics of development of the Company, particularly in the area of expanding of presence of the division enterprises in the traditional and related markets, improvement of the operating efficiency, interaction with the staff of enterprises and external stakeholders.

We note that the priority themes of the Report are chosen in such a manner to maximize the involvement of the Report audience, i.e. stakeholders, in the Company's activity, particularly in projects of formation of complex risk management system and creating a strategy for the sustainable development.

In our opinion, the priority topics are disclosed in the Report adequately and provide the conceptual concurrence of the

different sections of the Report. Topic “Creating a strategy for the sustainable development”, disclosed in a separate subsection, has a cross-references with the chapter on the operating results, that provides the coherence of the disclosure of information. This principle is implemented in the second priority theme — “Formation of a complex risk management system”. At that in the public dialogues on discussion of priority themes the Company proposed to the stakeholders to form their recommendations regarding not only the disclosure of information about these projects in the Report, but also to the projects themselves.

The report also cites the Company’s business model, coordinating all capitals and all activities, including in the field of sustainable development. Section “business model” is a schematic display of the structure and relationship of all subsections on operating results.

Compared to the last year, this Company’s Report by disclosing of the majority of indicators disclosed the dynamics of three years and forecasted for the year 2014. Wherever it was reasonably, the disclosure of values for 2013 was carried out in relation to the original plan.

Strategic objectives broken down for areas are presented in conjunction with the risks affecting their achievement, as well as measures to manage them.

We must note and recommend that the Company should pay special attention to the following aspects of its activities:

- The necessity of the more complete disclosure of financial indicators in the report (so, for example, to indicate the operating costs, profit structure broken down for enterprises and debt along with revenue) so that it would be possible to analyze the enhanced production efficiency as a whole.
- Practicability of expanding of the list of disclosed indicators on innovation activity and disclosure of the information on control system of the of intellectual activity results.
- Possibility of disclosing information about new business areas of OJSC Atomenergomash.

Materiality of information

In our opinion, the Report covers the most significant themes relevant to the Company’s and its stakeholders. The report discloses issues of economic, environmental and social activities of the Company. At that we proceed from the fact that those issues are important that concern the actual or potential impacts on stakeholders or that may affect the assessments and decisions of key stakeholders.

The methodology for materiality assessment for activity aspects developed and implemented by the Company, based on the requirements of international standards allowed to take into account the opinion of the Company and stakeholders. In our opinion, there is no reason to be doubtful of authenticity and applicability of prioritization results for themes for disclosure in the Report.

Completeness of information

In our opinion, the essential information is presented in the Report in its entirety. We are not aware of any facts that could cast some doubt over credibility of the information presented in the Report or concealment of any existent information.

Information is set forth in the Report in a balanced manner: both strategic goals and objectives are presented, as well as challenges and risks that may thwart their implementation.

The Company’s response to the remarks and suggestions of stakeholders

Report answers all the questions of stakeholders’ representatives asked during the dialogues and public consultations. The Company constructively responded to the comments, suggestions and recommendations of stakeholders. In the text of the final version of the Report additions and commentaries were incorporated that allowed to increase the awareness of stakeholders on issues exercising them and to make the report more clear and understandable. An additional point is that, the Company responded to the commentaries of stakeholders made during the previous reporting exercise.

As a result, during the preparation of the Report the Company demonstrated a willingness to respond to the remarks and suggestions of its stakeholders as well as constructively respond to the questions and problems raised.

We note the high quality of preparation and organization of the public dialogues, which were attended by representatives from a wide range of stakeholders. Separately we note that the company has done significant work for

expanding of the audience of dialogues and attraction of new stakeholders' representatives.

Our remarks do not diminish the merits and quality of this Report. We express confidence that OJSC Atomenergomash will exercise its obligations, plans and intentions outlined in the 2013 Report, and will continue to develop its activities in the area of public reporting and interaction with stakeholders.

Head of the Risk Management Unit of the State Corporation Rosatom



T.A. Fokina

Director of the Department of Strategic Communication of Techsnabexport JSC



G.L. Manilovskaya

First Deputy General Director of Directorate of integrated customer JSC



O.V. Sirazetdinov

First Deputy Director — General Designer of Afrikantov OKBM JSC



V.V. Petrunin

General Director of the Russia's Union of Nuclear, Energy and Scientific Industry Employers



A.Y. Khitrov

Deputy manager of the Information Department of the Russian Trade Union of Nuclear Energy and Industry Employers



E.B. Sidorov

General Director of Horizon CF LLC



M.I. Oyrakh

Vice dean of the Faculty of Physics and Power NRNU MEPhI



P.A. Belousov

Chairman of the Board of the National Confederation "Human Capital Development"



V.V. Oskin

Deputy Chairman of Non Financial Reporting Committee — Head of Corporate Social Responsibility and Non-Financial Reporting Centre at the Russian Union of Industrialists and Entrepreneurs — at the Russian Union of Industrialists and Entrepreneurs



E.N. Feoktistova

APPENDIX 12. COMPLIANCE WITH THE CORPORATE CONDUCT CODE

Nº	Corporate Conduct Code provision	In compliance or not in compliance	Note
1	2	3	4
General Meeting of Shareholders			
1	Shareholders shall be notified about an upcoming general meeting at least 30 days before its date regardless of the items included in its agenda unless a longer notification period is provided by law	Not in compliance	According to clause 7.7, article 7 of the Charter, notification of a general meeting of shareholders must be provided no later than 20 days in advance. This condition is met
2	Shareholders shall have the ability to review the list of persons entitled to participate in the general meeting of shareholders, starting from the date of notification about the general meeting of shareholders until the closing of the general meeting of shareholders in person, and in the event of a general meeting of shareholders in absentia – until the final date on which voting ballots are accepted	In compliance	
3	Shareholders shall have the ability to review the information (materials) to be submitted in the course of preparing for the general meeting of shareholders using electronic communications, including the Internet	Not in compliance	The Company's Charter and internal documents do not provide for such a method of submitting information (materials)
4	Shareholders shall have the ability to include an item on the agenda of a general meeting of shareholders or request the convening of a general meeting of shareholders without submitting an excerpt from the shareholder register if a shareholder's right to the shares is recorded in the shareholder register system, or if a shareholder's right to the shares is recorded in a depot account, an excerpt from the depot account is sufficient to exercise the aforementioned rights	In compliance	
5	The Company's Charter or internal documents shall contain the requirement for the mandatory presence of the Company's CEO, members of the Board of Directors, members of the Audit Committee and auditor at the general meeting of shareholders	In compliance	There is no such requirement in the Company's Charter. The CEO, BoD members, Audit Commission members, the auditor have the opportunity to participate in the GMS on the invitation of the BoD Chairman
6	Candidates shall be required to be present when considering issues concerning the election of the members of the Board of Directors, the CEO, members of the Management Board, members of the Audit Committee as well as the approval of the Company's auditor at the general meeting of shareholders	Not in compliance	There is no such requirement in the Company's Charter or internal documents
7	The Company's internal documents shall contain the procedure for registering the participants of the general meeting of shareholders	In compliance	

№	Corporate Conduct Code provision	In compliance or not in compliance	Note
1	2	3	4
Board of Directors			
8	The Company Charter shall grant the Board of Directors the authority to approve the Company's financial and business plan on an annual basis	In compliance	
9	The Company shall have a risk management procedure approved by the Board of Directors	Not in compliance	The Board of Directors did not approve this procedure. The Company adheres to the provision on credit risk management of Rosatom State Corporation and its organizations approved by the order of the Rosatom CEO
10	The Board of Directors shall have the right to adopt a decision regarding the suspension of the powers of the CEO appointed by the general meeting of shareholders	Not in compliance	The Company's Charter does not provide for such a right. The Board of Directors of the Company pursuant to the Federal Law "On Joint Stock Companies" is entitled to make such decision
11	The Company Charter shall grant the Board of Directors the right to set requirements for the qualification and remuneration of the Company's CEO, members of the Management Board and the managers of the main business units	Not in compliance	The Company's Charter does not provide for such a right
12	The Company's Charter or internal documents shall contain a requirement stipulating that when approving the terms of contracts with the CEO (management organization, manager) and members of the Management Board, the votes of the members of the Board of Directors who also serve as CEO and members of the Management Board shall not be taken into account when tallying votes	Not in compliance	There is no such requirement in the Company's Charter. The Charter does not provide for the establishment of the Board
13	The Company's Charter or internal documents shall contain a requirement stipulating that when approving the terms of contracts with the CEO (management organization, manager) and members of the Management Board, the votes of the members of the Board of Directors who also serve as CEO and members of the Management Board shall not be taken into account when tallying votes	Not in compliance	There is no such requirement in the Company's Charter. The Company's Board of Directors is not entitled by the Charter to approve terms of the labor agreement with the CEO
14	The Company's Board of Directors shall have at least 3 independent directors who meet the requirements of the Corporate Conduct Code	Not in compliance	There is no such requirement in the Company's Charter
15	The Company's Board of Directors shall not have any persons who have been convicted of crimes involving economic activities or crimes against government authorities, public service or local government service, or who have been subjected to administrative penalties for offenses in business activities, finances, taxes and fees, and the securities market	In compliance	
16	The Company's Board of Directors shall not have any persons serving as a participant, CEO (manager), member of a governing body or employee of a legal entity that competes with the Company	In compliance	
17	The Company Charter shall contain a requirement on the election of the Board of Directors through cumulative voting	In compliance	

Nº	Corporate Conduct Code provision	In compliance or not in compliance	Note
1	2	3	4
18	The Company's internal documents shall describe the duty of the members of the Board of Directors to abstain from any actions that will lead to or are potentially capable of leading to a conflict of interests between them and the Company, and the duty to disclose information about this conflict to the Board of Directors if such a conflict occurs	Not in compliance	There is no such requirement in the Company's internal documents
19	The Company's internal documents shall describe the duty of the members of the Board of Directors to notify the Board of Directors in writing about any intent to implement any transactions involving the securities of the Company in which they are members of the Board of Directors, or its subsidiaries (affiliates), and also to disclose information about any transactions they conclude with such securities	Not in compliance	There is no such requirement in the Company's internal documents
20	The Company's internal documents shall contain a requirement on holding meetings of the Board of Directors at least once every six weeks	Not in compliance	There is no such requirement in the Company's internal documents. Meetings of the Board of Directors are convened as necessary
21	The Company's Board of Directors shall hold meetings within the year for which the Company's annual statement is prepared with frequency of at least once every six weeks	In compliance	
22	The Company's internal documents shall describe the procedure for holding meetings of the Board of Directors	Not in compliance	Procedure is determined by the Company Charter
23	The Company's internal documents shall contain a provision on the need for the Board of Directors to approve the Company's transactions for an amount totaling 10 or more percent of the value of the Company's assets, except for transactions conducted in the course of normal business activities	Not in compliance	There is no such requirement in the Company's internal documents. The Company's Board of Directors is not entitled by the Charter to approve transactions of the Company worth 10 or more percent of the Company's assets value
24	The Company's internal documents shall describe the rights of the members of the Board of Directors to obtain information from the executive authorities and heads of the Company's main business units to perform their functions as well as for liability purposes for failure to provide such information	Not in compliance	There is no such requirement in the Company's internal documents; the members of the Board of Directors have the ability to obtain such information in accordance with the requirements of the Charter and current legislation
25	The Board of Directors shall have a committee in charge of strategic planning or assign the functions of such a committee to another committee (except for the Audit Committee or the HR and Remuneration Committee)	Not in compliance	No committees were established under the Board of Directors. Establishment of committees under the Board of Directors is not provided for by the Company's Charter and internal documents
26	The Board of Directors shall have a committee (Audit Committee) that recommends an auditor for the Company and interacts therewith and with the Company's Internal Audit Committee	Not in compliance	No committees were established under the Board of Directors. Establishment of committees under the Board of Directors is not provided for by the Company's Charter and internal documents
27	The audit committee shall only have independent and non-executive directors	Not in compliance	No committees were established under the Board of Directors. Establishment of committees under the Board of Directors is not provided for by the Company's Charter and internal documents

Nº	Corporate Conduct Code provision	In compliance or not in compliance	Note
1	2	3	4
28	The Audit Committee shall be managed by an independent director	Not in compliance	No committees were established under the Board of Directors. Establishment of committees under the Board of Directors is not provided for by the Company's Charter and internal documents
29	The Company's internal documents shall grant all members of the Audit Committee the right to access any of the Company's documents and information in the event they fail to disclose confidential information	Not in compliance	No committees were established under the Board of Directors. Establishment of committees under the Board of Directors is not provided for by the Company's Charter and internal documents
30	A committee shall be established under the Board of Directors (the HR and Remuneration Committee) whose function is to determine the criteria for selecting candidates for members of the Board of Directors and prepare a Company policy for remuneration	Not in compliance	No committees were established under the Board of Directors. Establishment of committees under the Board of Directors is not provided for by the Company's Charter and internal documents
31	The HR and Remuneration Committee shall be managed by an independent director	Not in compliance	No committees were established under the Board of Directors. Establishment of committees under the Board of Directors is not provided for by the Company's Charter and internal documents
32	The HR and Remuneration Committee shall not contain any Company officials	Not in compliance	No committees were established under the Board of Directors. Establishment of committees under the Board of Directors is not provided for by the Company's Charter and internal documents
33	A risk committee shall be established under the Board of Directors or the function of this committee shall be assigned to another committee (except for the Audit Committee or the HR and Remuneration Committee)	Not in compliance	No committees were established under the Board of Directors. Establishment of committees under the Board of Directors is not provided for by the Company's Charter and internal documents
34	A Corporate Conflict Settlement shall be established under the Board of Directors or the function of this committee shall be assigned to another committee (except for the Audit Committee or the HR and Remuneration Committee)	Not in compliance	No committees were established under the Board of Directors. Establishment of committees under the Board of Directors is not provided for by the Company's Charter and internal documents
35	The Corporate Conflict Settlement Committee shall not contain any Company officials	Not in compliance	No committees were established under the Board of Directors. Establishment of committees under the Board of Directors is not provided for by the Company's Charter and internal documents
36	The Corporate Conflict Settlement Committee shall be managed by an independent director	Not in compliance	No committees were established under the Board of Directors. Establishment of committees under the Board of Directors is not provided for by the Company's Charter and internal documents

№	Corporate Conduct Code provision	In compliance or not in compliance	Note
1	2	3	4
37	The Board of Directors shall have internal documents approved by the Company that describe the procedure for the establishment and work of the committees under the Board of Directors	Not in compliance	Such documents are absent. No committees were established under the Board of Directors. Establishment of committees under the Board of Directors is not provided for by the Company's Charter and internal documents
38	The Company Charter shall describe the procedure for determining whether the Board of Directors has a quorum enabling it to ensure the mandatory participation of independent directors at meetings of the Board of Directors	Not in compliance	There is no such requirement in the Company Charter because the Board of Directors does not include independent shareholders
Executive bodies			
39	The Company shall have a collective executive body (Management Board)	Not in compliance	The Company Charter does not provide for a collective executive body (Management Board)
40	The Company's Charter or internal documents shall contain a provision on the need for the Management Board to approve transactions involving real estate and obtain loans by the Company if such transactions are not classified as major transactions and their conclusion does not fall under the Company's normal business activities	Not in compliance	The Company Charter does not provide for a collective executive body (Management Board)
41	The Company's internal documents shall describe the procedure for coordinating operations outside of the framework of the Company's financial and business plan	In compliance	
42	The executive bodies shall not have any persons serving as a participant, CEO (manager), member of a governing body or employee of a legal entity that competes with the Company	In compliance	
43	The Company's executive bodies shall not have any persons who have been convicted of crimes involving economic activities or crimes against government authorities, public service or local government service, or who have been subjected to administrative penalties for offenses in business activities, finances, taxes and fees, and the securities market. If the functions of the sole executive body are performed by a management organization or manager, the CEO and members of the Management Board of the management organization or manager shall comply with the requirements for the Company's CEO and Management Board members	In compliance	
44	The Company's Charter or internal documents shall prohibit the management organization (manager) from performing similar functions at a competing company or to have any property relations with the Company other than providing the services of a management organization (manager)	Not in compliance	There is no such requirement in the Company's Charter. Powers of the sole executive body are not transferred under a contract to a management organization (manager)
45	The Company's internal documents shall describe the duty of the executive authorities to abstain from any actions that will or may potentially result in a conflict of interests with the Company's interests, and the duty to inform the Board of Directors in the event such conflict occurs	Not in compliance	There is no such requirement in the Company's internal documents. Such conditions are stipulated in the contracts concluded with the CEO

№	Corporate Conduct Code provision	In compliance or not in compliance	Note
1	2	3	4
46	The Company's Charter or internal documents shall contain criteria for selecting a management organization (manager)	Not in compliance	The Company's Charter and internal documents do not contain such criteria. Powers of the sole executive body are not transferred under a contract to a management organization (manager)
47	The executive authorities shall submit monthly reports on their work to the Board of Directors	Not in compliance	The Company's Charter and internal documents do not provide for this duty of the executive authorities
48	The contracts concluded by the Company with the CEO (management organization, manager) and Management Board members shall establish liability for breaching the provisions on the use of confidential and insider information	In compliance	
Company Secretary			
49	The Company shall have a special officer (company secretary) whose responsibility is to ensure that the Company's bodies and officers comply with the procedural requirements guaranteeing the exercising of rights and the lawful interests of the Company's shareholders	In compliance	
50	The Company's Charter or internal documents shall contain the procedure for appointing (electing) the Company Secretary as well as the duties of the Corporate Secretary	In compliance	
51	The Company's Charter shall contain requirements for the nomination of the Company Secretary	Not in compliance	The Company Charter does not contain such requirements
Significant corporate actions			
52	The Company's Charter or internal documents shall contain a requirement for the approval of a major transaction prior to its conclusion	In compliance	
53	The hiring of an independent appraiser shall be mandatory for the assessment of the market value of property that is the subject of a major transaction	Not in compliance	The Company's Charter and internal documents do not contain such requirements
54	The Company's Charter shall prohibit any actions taken during the acquisition (takeover) of major stakes that aim to protect the interests of the executive authorities (members of such authorities) and members of the Company's Board of Directors as well as actions that may worsen the position of the shareholders compared to the existing position (in particular, a ban on the Board of Directors adopting the decision to issue additional shares, issue securities that may be converted into shares, or any securities granting the right to acquire the company's shares prior to the completion of the expected date of acquisition of shares even if it is vested with the right to make such a decision under the Charter)	Not in compliance	The Company Charter does not contain such requirements
55	The Company's Charter or internal documents shall contain a requirement on the mandatory hiring of an independent appraiser for the assessment of the market value of shares and possible changes to their market value as a result of a takeover	Not in compliance	The Company Charter does not contain such requirements

№	Corporate Conduct Code provision	In compliance or not in compliance	Note
1	2	3	4
56	The Company Charter shall not contain an exemption for the buyer from the obligation to propose that shareholders sell their common shares in the Company (issued securities that are convertible into common shares) in the event of a takeover	In compliance	
57	The Company's Charter or internal documents shall contain a requirement on the mandatory hiring of an independent appraiser to determine the share conversion ratio in the event of reorganization	Not in compliance	There is no such requirement in the Company's Charter
Information disclosure			
58	There shall be an internal document approved by the Board of Directors that determines the Company's rules and approaches to information disclosure (Provisions on the Information Policy)	Conduct	The Company has no such document. Information is disclosed in accordance with the requirements of applicable law
59	The Company's internal documents shall contain a requirement to disclose information about the purposes of share placements and the persons preparing to buy the shares available for sale, including major stakes, and also whether the Company's senior officials will participate in the purchase of the Company's shares available for sale	Conduct	The Company has no such document. Information is disclosed in accordance with the requirements of applicable law
60	The Company's internal documents shall contain a list of information, documents and materials that should be presented to shareholders for the resolution of the matters submitted to the general meeting of shareholders	Conduct	
61	The Company shall have a website where it regularly discloses information about itself	Conduct	
62	The Company's internal documents shall contain a requirement on the disclosure of information about the Company's transactions with persons who are senior officials of the Company in accordance with the Charter as well as the Company's transactions with organizations in which the Company's senior officials directly or indirectly own 20 or more percent of the Company's charter capital or which may be otherwise significantly influenced by such persons	Conduct	There is no such requirement in the Company's internal documents. Information is disclosed in accordance with the requirements of applicable law
63	The Company's internal documents shall contain a requirement on the disclosure of information on all transactions that may affect the market value of the Company's shares	Conduct	The Company's internal documents do not contain such a requirement because there is no need for it in the Company's activities
64	There shall be an internal document approved by the Board of Directors on the use of material information about the Company's activities, shares and other securities and transactions therewith that is not publicly available and the disclosure of which may have a material effect on the market value of the Company's shares and other securities	Conduct	The Company has no such document. The Company adopted local regulations governing the use of restricted information (information representing trade secrets, documents marked "Confidential")
Monitoring financial and business activities			
65	There shall be procedures approved by the Board of Directors for the internal monitoring of the Company's financial and business activities	Not in compliance	The Board of Directors did not approve such procedures

№	Corporate Conduct Code provision	In compliance or not in compliance	Note
1	2	3	4
66	The Company shall have a special division in charge of ensuring the compliance of the internal monitoring procedures (monitoring and auditing service)	In compliance	Internal control over the financial and economic activities is performed by the Internal Audit Department
67	The Company's internal documents shall contain a requirement on the determination of the structure and members of the Company's monitoring and auditing service by the Board of Directors	Not in compliance	The Company has no such documents. The Company's Board of Directors is not entitled by the Charter to define the structure and composition of the monitoring and auditing service
68	The Company's monitoring and auditing service shall not have any persons who have been convicted of crimes involving economic activities or crimes against government authorities, public service or local government service, or who have been subjected to administrative penalties for offenses in business activities, finances, taxes and fees, and the securities market	In compliance	
69	The Company's monitoring and auditing service shall not have any persons who are members of the Company's executive bodies or who serve as participants, CEO (manager), members of a governing body or employee of a legal entity that competes with the Company	In compliance	
70	The Company's internal documents shall contain the deadline for submitting documents and materials to the monitoring and auditing service for an assessment of financial or business operations as well as the responsibility of the Company's officials and employees for failure to submit them by the specified deadline	In compliance	
71	The Company's internal documents shall describe the duty of the monitoring and auditing service to report to the Audit Committee in the event it discovers violations and to report to the Company's Board of Directors in the event no violations are found	Not in compliance	No such requirements are contained in the Company's internal documents because no committees were established under the Board of Directors
72	The Company Charter shall contain a requirement on a preliminary assessment by the monitoring and auditing service on the advisability of concluding operations not envisaged by the Company's financial and business plan (non-standard operations)	Not in compliance	There is no such requirement in the Company's Charter
73	The Company's internal documents shall describe the procedure for approving non-standard operations with the Board of Directors	Not in compliance	There is no such requirement in the Company's internal documents. The Company's Board of Directors is not entitled by the Charter to approve non-standard operations
74	There shall be an internal document approved by the Board of Directors that specifies the procedure for the Internal Audit Committee to inspect the Company's financial and business activities	Not in compliance	The Company has no such document. The Company's Board of Directors is not entitled by the Charter to adopt internal documents defining a procedure for audits of the financial and economic activity of the joint stock company by the Audit Commission. In accordance with the Company Charter and the applicable laws, approval of internal documents regulating the activities of the Company, is within the competence of the General Meeting of Shareholders

Nº	Corporate Conduct Code provision	In compliance or not in compliance	Note
1	2	3	4
75	The Audit Committee shall conduct an assessment of the auditor's report before submitting it to the general meeting of shareholders	Not in compliance	The Company has no such committee because no committees were established under the Board of Directors
Dividends			
76	There shall be an internal document approved by the Board of Directors that guides the Board of Directors when making recommendations on dividends(Provision on the Dividend Policy)	Not in compliance	The Company has no such document
77	The Provision on the Dividend Policy shall describe the procedure for determining the minimum proportion of the Company's net profit to be spent on dividend payments and the conditions under which dividends are not paid or not paid in full on preferred shares for which the amount of dividends is determined in the Company Charter	Not in compliance	The Company has no such document
78	The Company shall publish information on its dividend policy and the changes thereto in a periodical specified by the Company Charter for the publishing of reports on general meetings of shareholders and shall also post this information on the Company's website	Not in compliance	There is no such requirement in the Company's Charter. Information is disclosed in accordance with the requirements of applicable law

APPENDIX 13. TABLE ON THE CONSIDERATION OF THE OPINIONS OF STAKEHOLDERS

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No.	Suggestion/recommendation	Company's response
Trade unions		
1	Segregate trade unions into a separate group of stakeholders	Considered in the map of stakeholders
2	Supplement the list of activities to manage reputational risk with "work with social media"	Considered
Industry partners		
3	Segregate Rosatom State Corporation into a separate group of stakeholders	Not considered because Rosatom State Corporation is de facto the main shareholder of OJSC Atomenergomash
4	Expand the survey audience to prioritize stakeholders by involving stakeholder representatives	According to the results of dialogue No.1, its participants were sent questionnaires for prioritization of stakeholders
5	To observe the principle of clarity for a wide range of readers as regards the report structure	The report structure has been clarified
6	To explain why the risk management topic may be of interest to different groups of stakeholders	Considered in the table of stakeholder interests
7	Clarify the Company's business model as regard showing the results of international cooperation and interaction with universities	Considered
8	Rank the enterprises in terms of key performance indicators (for example, in tables containing the indicators)	Considered
9	Consider a possibility to implement correspondence forms of social dialogue and the question of their frequency	Atomenergomash opposes holding walk-in dialogues only "for show". The next reporting campaign will use various forms of interaction, but we propose to meet at least once using the extended walk-in format to present the results of the year, which is certainly useful
Expert community		
10	Consider a possibility of vertical disclosure of data ("Pyramidal structure") and creating a "map of meanings" to link the report elements	This possibility was considered as part of the preparation of the online version of the annual report and is considered inappropriate
11	Link the substantial part with the creative version of the Report using design, printing and interactive versions	This requirement is included into a contract of design, printing and creating an interactive version
12	In order to reduce the size of the Report, provide references to SASC reports and the Company website to make more information available	This Report will actively use a reference system
13	The material aspects should include "water", "emissions" and "waste"	Based on results of the aspects materiality evaluation these aspects except for "water" were not included in the list of material aspects
14	References to information sources should be accurate as much as possible and include source page numbers	Basically, internal cross-references and links to the online version of the Report were used

No.	Suggestion/recommendation	Company's response
15	Monitor consistency of information in the reports from OJSC AEM and its SASC	This work performed as part of appraisal of SASC annual reports by the Atomenergomash Public Reporting Committee
16	Regularly train the employed specialists of the Company who prepare the Integrated Report	Employees responsible for the preparation of the Report regularly attend training seminars and discussions
17	Pay special attention to proper description of asset management issues as per the International Integrated Reporting Framework	Considered in Chapter 6
18	Modify the business model of OJSC Atomenergomash so that it shows production specifics of the engineering company	Business model is generally described in Section 3.4. Its central part, Core activities, is covered in more detail in Sections 5.2 and 5.5
Public and non-profit organizations		
19	In the list of stakeholders, amend the item "public organizations" with "non-profit organizations"	Considered in the map of stakeholders
20	The "Universities" stakeholder group should be amended with secondary special educational institutions and colleges	
21	Pay special attention to the selection of the Report's target audience	The Report is addressed to a wide range of stakeholders; the main focus in the Report is on the issues of interest to the key stakeholders (according to the stakeholder map and material aspects map)
22	Reflect the activities on social support and interaction with AEM and industry veterans	This information will be reflected in the next reporting period
23	Among the material aspects, include "elimination of discrimination", "human rights", "local community"	Based on results of the materiality evaluation, these aspects were not included in the list of material aspects
24	Among the targets of the document, include "number of high-performance workplaces created" and performance indicators of OJSC Atomenergomash related to development of new professional standards	This will be advised to the Human Resources and Organizational Development Department during updating the HR strategy
Shareholders		
25	Not to segregate information about risks in a separate section of the Report not associated with the sections covering the current management activities; consider the risks in each management aspect	A separate section describes the risk management system. In each section for areas of the activity, there is a subsection covering the respective risks
26	Ensure balance between the information about the activities in the area of sustainable development and the information about the core production activities of the Company	The Company is governed by the International Integrated Reporting Framework and tries to approach the creation of Report content based on integrated thinking
27	Reflect information on the factors and conditions to achieve strategic objectives, i.e. about risks and opportunities	Information on risks for each area of activity is covered in each section
28	The report should address the topic of competencies and resources of the Company which allow to achieve the business results, i.e. the relationship between the strategic goals and current results	In Chapter 6, the assets are disclosed not only from the perspective of strategic goals; it also includes a description of the current situation (for the last three years and forecasts for 2014)
29	It is necessary to clarify what is the Company's understanding of value creation	Considered in Section 3.4

No.	Suggestion/recommendation	Company's response
30	Among the risk factors, consider the current foreign political situation	Currently, analysis of risk related to the changes in the political situation is under way
31	The section on risk management should contain information about the risks and relevant management activities which occurred in 2013	Considered in Section 5.5
32	The section on risk management should describe conceptual approaches to key risk management. The asset management sections should describe how the conceptual approaches were implemented in the reporting period	In our opinion, the information presentation model we have chosen enables the most structured coverage of risks, allowing the reader to see the management activities in association with the risk factors
33	Disclose information about insurance as a risk management aid	Will be considered in the next reporting campaign
SASC		
34	Among the material aspects, include "anti-corruption practices"	Based on results of the materiality evaluation, this aspect was not included in the list of material aspects
35	Reflect information for the "general engineering" area	Will be considered in the next reporting campaign
36	Consider a possibility of self-assessment in the field of social responsibility as per ISO 26000	This possibility will be considered in the next reporting campaign
37	Include in the Report information about postgraduate courses and dissertation counseling	Will be considered in the next reporting campaign
38	Supplement the Report with information on corporate projects in terms of cooperation of various enterprises of the Division under such projects	Will be considered in the next reporting campaign. Possibly, will be presented as a central topic of the Report for 2014
Educational establishments		
39	Correct the terminology: instead "improving the production efficiency" use "optimization of production processes"	Considered
40	Include information on innovation activities: number of intellectual property items generated, number of patented solutions, amount (proportion) of sold intellectual property items, number of purchased intellectual property items (including abroad)	Will be considered in the next reporting campaign
41	Include information on cooperation with universities: performance indicators with departments, description of work and results of establishment of joint research laboratories and high-tech production	
42	Disclose information about the Division's current staff structure by specialties and in terms of the future needs	
43	Include figures explaining the effect from implementation of risk management measures	We have this information, but we do not consider appropriate to publish it
44	The list of key risks management activities should include insurance	This information will be disclosed in the next reporting period
45	Disclose information on the intellectual property control system, including cost of the patents secured, number of patents introduced in the production and implemented for external customers	Will be considered in the subsequent reporting campaigns

No.	Suggestion/recommendation	Company's response
46	In the Report, reflect information on cooperation with universities in the form of joint laboratories, production sites, research and educational centers, etc.	Currently, the Company does not conduct such activities
Environmental organizations		
47	Disclose information about the company from the perspective of efficient business	The Report discloses sufficient number of indicators characterizing the efficiency of business
48	Disclose the Company's vision of scenarios for development of global and Russian electricity and generating capacity markets	Considered in subsection 4.2
49	Disclose information about interaction between enterprises of the Division and the environmental community	"Interaction with environmental organizations" Section is not included in the Report because the topic was not included in the material aspects group based on the aspect materiality evaluation
50	Cover the "Assessment of OJSC Atomenergomash employee engagement" topic	Considered in subsection 6.4.6
51	Include comparative qualitative indicators which graphically illustrate the effectiveness of the innovative technologies used by the Company in comparison with traditional technologies	Will be considered in the next reporting campaign
52	Pay attention to market valuation of intangible assets of the Division's enterprises, work regarding the patent and legal protection of inventions, know-how, trademarks, brands and other intangible assets	
53	Disclose performance indicators for assets, labor, and investment as well as the ratio of wage growth and labor productivity growth	
54	Consider the provisions of the draft Energy Strategy of Russia until 2035	Considered as part of Corporate business strategy preparation
55	In the Report, disclose information about cooperation with the public in the regions of operation	Considered
56	In the Report, describe how the Company complies with the environmental laws	Considered
57	Include in the Report information about how effectively the Company uses the state property	This information is sent to the state authorities. This Report is not intended to reflect such information
58	In order to improve the efficiency of discussions during the dialogues, it is desirable to post presentations of speeches on the Company's website in advance	Will be considered
59	Consider a possibility of cooperation with stakeholders on various issues, in addition to those related to preparation of the Annual Report	As part of this reporting campaign, we conducted two dialogues to discuss the Company's projects, in particular, the Creating a Sustainable Development Strategy and the Building Comprehensive Risk Management System
Competitors		
60	In addition to the information on the revenue dynamics and structure, provide information about the EBITDA dynamics and structure	This possibility will be considered

CONSIDERING RECOMMENDATIONS RECEIVED IN THE PREVIOUS REPORTING PERIOD

No.	Recommendation/suggestion	Status (Company revision)
1	Disclosure of information about the mechanisms for passing down internal policies SASC	Disclosed in section 5.1.3
2	Disclosure of personnel qualification requirement structure	Will be disclosed in the Report for 2014 after approval of the updated corporate strategy of OJSC Atomenergomash and development of the updated HR strategy based on the corporate strategy
3	Disclosure of investment and innovation activities indicators	Considered in respective sections
4	The central topic should logically link all sections of the Report	The central topic "Creating a Sustainable Development Strategy" disclosed in Section 4.4, includes cross-references to respective sections of the Report. The central topic "Building Risk Management System" disclosed in Section 5.5 is linked with each subsection of Chapter 6
5	Better structuring of the Report and Sections	The structure of the Report is defined in accordance with the Performance Indicators System of OJSC Atomenergomash and based on the material aspects evaluation results
6	Disclosure of forecast/target figures by indicators	Met for most indicators
7	Disclosure of indicators by enterprises	Met for most indicators
8	Disclosure of dynamics of indicators for 3-5 years	Met for most indicators
9	Disclosure of the Company's value creation process	A business model has been created that schematically demonstrates the value creation process

APPENDIX 14. CONTACT INFORMATION



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FEEDBACK FORM

DEAR READERS OF THE 2013 ANNUAL REPORT OF OJSC ATOMENERGOMASH,

Every year we do our best to improve our Annual Report so that it is more interesting and informative for you. And you are our main assistant in this difficult work! It is your comments and suggestions that help us make every consecutive Annual Report even better!

Please answer a few questions about the quality of our Annual Report!

No.	Question	Answer
1	How would you score the Report a five-grade scale? Why?	
2	Which sections of the Report did you find most interesting?	
3	Which sections of the Report did you find least interesting?	
4	Are all significant matters disclosed in the Report?	
5	How do you find the level of detail and thoroughness of the central topic disclosure in the Report?	
6	How fair and balanced, in your opinion, is the information presented in the Report?	
7	Is the list of disclosed indicators adequate for complete and comprehensive description of the Company's activities?	
8	In your opinion, are the procedures for verification of the information in the Report adequate?	

No.	Question	Answer
9	Are all of the comments and recommendations voiced during public dialogues considered properly? Were the dialogues held well?	
10	What changes do you expect to see in the next Report as regards:	
10.1	the content	
10.2	the design/format	
11	What additional information about OJSC Atomenergomash would you like to see in the next Annual Report?	
12	Do you have any other comments or suggestions?	

YOUR OPINION IS IMPORTANT FOR US!