

ENTERPRISE OF THE STATE ATOMIC ENERGY
CORPORATION ROSATOM

TENEX 

**JSC "TECHSNABEXPORT"
ANNUAL REPORT 2011**



ROSATOM

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INFORMATION ABOUT THE REPORT AND ITS PREPARATION

INFORMATION ABOUT PREVIOUS REPORTS

In accordance with the Federal law "On joint stock companies" of 26 December 1995 № 208-FZ, which obliges open joint stock companies to publish an annual report and annual financial reporting, the Open Joint Stock Company "TECHSNABEXPORT" (hereafter – JSC "TECHSNABEXPORT" or the Company) introduced public reporting. Fifteen Reports have been published since 1996, the last four of which have been made available on the official website of the Company (www.tenex.ru).

Since 2009 JSC "TECHSNABEXPORT", being one of the key organisations of the State Atomic Energy Corporation ROSATOM, has been taking part in the pilot project aimed at establishing an industry-wide system of public reporting. The 2010 annual public Report of the Company won the second place in the nomination "Best integrated Report" at the III industrial competition of public Reports, and the third place in the nominations "Best level of disclosure" and "Best quality of public reporting system". It also received a special prize "Breakthrough of the year" for a considerable improvement in the quality of the Report compared with the year 2009.

The Company has been preparing IFRS reporting since 2003. Consolidated financial Reports include Reports on the holding company and its subsidiaries, as well as the key performance indicators of its affiliates. IFRS reporting is prepared by 31 July of the year following the reporting year and provided to the stakeholders on request.

DESCRIPTION OF THE COMPANY'S 2011 PUBLIC ANNUAL REPORT

The 2011 public annual report of the Company (hereafter – the Report), prepared in the integrated format, covers both financial and non-financial aspects of the Company's performance. The Report has been

prepared in accordance with the current legislation, the State Atomic Energy Corporation ROSATOM Policy on public reporting, Sustainability reporting Guidelines of the Global reporting Initiative (GRI, G3.1 edition), AA1000 Stakeholder Engagement Standards of the Institute of Social and Ethical Accountability, as well as the requirements of the JSC "TECHSNABEXPORT" public reporting standard.

The Report has been published in Russian and in English. An interactive electronic version of the Report is published on the Company's website for the sake of convenience.

INFORMATION DISCLOSURE IN THE REPORT

In the course of preparation of this Report special attention has been paid to the disclosure of the information on "New challenges – new solutions", a topic to which the management and stakeholders of the Company assigned the highest priority. It reflects the results of the Company's activities and plans following the Fukushima accident and the shift in the world nuclear energy industry with an emphasis on a client-oriented approach and reliability of supply.

Recommendations suggested by the Company's stakeholders in the course of the Report preparation have been taken into account ([Appendix № 7](#)).

Financial reporting has been adjusted for RAS ([Appendix № 1](#)).

The level of information disclosure in the Report corresponds to B+ Application level of the GRI G3.1 Guidelines. The list of indicators of the State Atomic Energy Corporation ROSATOM reporting, GRI standard disclosures and indicators disclosed in the Report is provided in [Appendix № 8](#).

SCOPE OF THE REPORT

The Report contains detailed information on the performance of JSC "TECHSNABEXPORT". The Report does not contain consolidated financial indicators of the Company's Russian and foreign subsidiaries and affiliates. In cases when certain aspects of subsidiaries and affiliates' performance were deemed crucial in terms of sustainable development, they were included into the present Report and specially marked (JSC "SPb "IZOTOP").

1 Joint Stock Company "St. Petersburg "IZOTOP" (JSC "SPb "IZOTOP") is an operating organisation within the nuclear energy sector offering freight forwarding services to nuclear fuel cycle enterprises and delivery of uranium and radioisotope products, appliances, equipment and protective equipment for handling radioactive materials. In order to make its operations possible, the Company owns railroad bases, specialised warehouses and vehicles.

The Report has been prepared in accordance with the legislation on the protection of the state and trade secrets, using the information available to JSC "TECHSNABEXPORT". The Report covers the year 2011. Past and future periods are mentioned in the context of the Company's strategy, comparison of important factors, indicators and performance results, as well as in forecasts and risk assessments, which are probable in nature. In addition to the information that describes the actual facts, the Report contains a description of events that could happen in the future and their evaluation, which have to be considered as probable in nature. Any statements in this Report that are not statements of facts shall be considered forecasting statements. Such forecasting statements are valid only at the moment when they are made public.

JSC "TECHSNABEXPORT" (unless otherwise stated in the legislation) does not commit to foresee or update these forecasts or consider the consequences of the new information as it becomes available.

CONFIRMATION OF RELIABILITY OF THE REPORT CONTENT AND ITS CONFORMANCE TO STANDARDS

Reliability of financial reporting has been confirmed by the financial auditor LLC "Accountants and Business" advisers ([Appendix № 2](#)).

The Report of the Audit Commission following the verification of the Company's financial and business performance is provided in [Appendix № 4](#).

Inspection of conformance to the B+ Application level and verification of the Report in accordance with AA1000AS Assurance Standards has been carried out by an independent auditor. The Statement on the audit is provided in [Appendix № 9](#).

The level and quality of stakeholder engagement has been confirmed by those stakeholder representatives who participated in the dialogues and public consultations in the course of compiling the Report. Their opinion and recommendations are provided in the Statement on the public verification of the Report ([Chapter 6.3](#)).

STAKEHOLDER ENGAGEMENT DURING REPORT PREPARATION

In the course of developing the Concept of the Report a number of the Company's stakeholders, whose engagement was essential during the preparation of the Report, were determined.

A number of events with stakeholder participation took place during the period from January until April 2012. The events were attended by representatives of the specific divisions of the State Atomic Energy Corporation ROSATOM and other nuclear industry enterprises, state regulatory and oversight authorities, Moscow offices of the Company's partners, mass media, as well as non-profit and environmental organisations ([Chapter 6](#)).

On April 25, 2012 the public consultations took place to discuss the Report draft in order to prepare the public verification, i.e. to receive the key stakeholders' representatives' verification of the relevance and completeness of the information disclosed in the Report in accordance with the AA1000SES international standard, as well as the Company's ability to take into account observations and suggestions made by the stakeholders. The Statement on the public verification is provided in [Chapter 6.3](#).

Agendas, lists of participants and protocols of the events have been published on the Company's official website.

REPORT PREPARATION PROCESS

In 2011 the Company completed the process of establishing a system of public reporting that meets modern requirements.

Following the orders of JSC "TECHSNABEXPORT" Director General the Standard of public annual reporting, the Regulations for the public annual reporting and the Decree about the Commission of stakeholders have been enacted.

In addition, the Committee for public reporting of JSC "TECHSNABEXPORT" (hereafter – the Committee) and the Commission of stakeholders (hereafter – the Commission) have been established. The job descriptions of the Company's employees that form the Committee have been amended accordingly.

In the course of developing the Concept of the Report the recommendations of the Committee for public reporting of the State Atomic Energy Corporation ROSATOM, opinions of the stakeholders expressed during the last year's reporting campaign, as well as the dialogue № 1 held in January 2012 in the form of a questionnaire, were taken into consideration.

The Concept of the Report, as well as the assignment of responsibility for providing the initial information for the Report, including disclosure of the public reporting indicators between the Company's divisions, have been approved by the order of the Company's Director General.

In accordance with the JSC "TECHSNABEXPORT" Regulations for the public annual reporting an, internal audit has been carried out to verify the conformance of the preparation process of the Report to the requirements of the of the State Atomic Energy Corporation ROSATOM Policy in the area of public reporting and the Company's normative documents in the area of public reporting – the Statement of the audit is provided in [Appendix № 5](#).

Non-financial consultants and auditors have been involved in the Report preparation on a contract basis.



STATEMENT FROM JSC "TECHSNABEXPORT" TOP MANAGEMENT

LADIES AND GENTLEMEN!

The 2011 public annual report of JSC "TECHSNABEXPORT" is aimed at a wide range of stakeholders and covers in great detail the top priority area "New challenges – new solutions", which reflects the activities of the Company in the world nuclear industry after a major shift caused by the Fukushima nuclear power plant accident.

To briefly describe the performance of JSC "TECHSNABEXPORT" in 2011, we can state with satisfaction that despite a series of cancelled deliveries under the contracts with Japanese clients and a reduction in option orders under a range of other contracts, the Company has once again demonstrated a positive business development in all the key areas.

The volume of exported uranium products and services increased by 2.7%, while the portfolio of export orders for a 10-year period increased by 34%.

The HEU-LEU contracts have been executed flawlessly, as usual, which secured about USD 1 billion in Russia's federal budget.

Eleven new contracts have been signed, and additions to the existing two long-term contracts for supply of low-enriched uranium products and services have been secured with countries in the US, Europe, Asia and Africa. In the result the volume of the total portfolio of the Company's contracts until 2025 and further exceeded USD 25 billion.

The contract for providing technical assistance in construction of the 4th stage of a gas centrifuge plant in China has been completed nine months ahead of schedule.

The two strategic transport and logistics projects on the North-West and the Far East of Russia have been continued in order to reduce the transport costs and improve reliability of supplies.

The next stage of improving the corporate management systems has been completed. The Company has launched a project of developing and implementing a supply chain security management systems that would meet the requirements of the international standard ISO 28000 supply chain security management systems. The corporate risk management system has been developed further.

The system of key performance indicators (KPI), which was implemented in 2009, helped improve the performance of the Company even further. In 2011 the KPI system was cascaded to the level of the Company's department directors and deputy directors of subsidiaries and affiliates. All the employees of JSC "TECHSNABEXPORT" and its subsidiaries have fully achieved the prescribed KPIs. The Company's integral indicator of achieving the KPIs exceeded the target by almost 10%.

We would like to use this chance to express our gratitude for the good work to all our staff and partners, both in Russia and abroad. Without cooperation with them we would not have been able to achieve this level of success.



Chairman of Board of Directors
V.V. Travin



Director General
A.A. Grigoryev

JSC "TECHSNABEXPORT" KEY PERFORMANCE INDICATORS

INDICATOR	MEASURE- MENT UNIT	2009	2010	2011
Export volume, total	USD mln	3,048	3,490	3,388
incl.: export of uranium products and services, total	USD mln	2,897	3,252	3,339
incl.: HEU-LEU Agreement	USD mln	886	939	1,009
commercial supplies of uranium products and services	USD mln	2,011	2,313	2,330
other	USD mln	151	239	49
Achievement of planned targets for the HEU-LEU Agreement execution	%	100	100	100
Growth rate of portfolio of long-term export contracts for uranium production supplies to 2008	%	180	200	250
Net profit	RUR mln	14,521	15,935	13,319
Revenue	RUR mln	80,317	83,261	70,514
Assets	RUR mln	63,833	65,495	70,018
Sales	USD mln	3,454	3,984	3,835
Number of companies buying JSC "TECHSNABEXPORT" products and services	items	29	33	31
Cases of breaching contract terms with regard to timing, volume and quality of products and services	times	0	0	0
Number of staff (on the payroll)	people	390	352	337
Tax paid to federal, regional and local budget and non-budget funds	RUR mln	3,969	4,510	3,861
incl.: profit tax	RUR mln	3,893	4,445	3,772
Social expenditures (including charity)	RUR mln	313	505	706

3,388

USD MLN
export volume

70,018

RUR MLN
assets

250%

growth rate of portfolio of long-term export contracts for supplies of uranium products and services compared with 2008

KEY EVENTS OF THE REPORTING PERIOD



25

USD BLN

Volume of the portfolio
of the Company's
contracts until 2025

3.34

USD BLN

Volume of the Company's
exported uranium
production in 2011

INTERNATIONAL COOPERATION IN PEACEFUL USE OF NUCLEAR ENERGY

- Russian-American inter-governmental agreement on cooperation in peaceful use of atomic energy of 2008 ("123 Agreement"), took effect and additional Administrative agreements have been signed
- The Japanese parliament ratified Russian-Japanese inter-governmental agreement in peaceful use of atomic energy of 2009, which took effect on 3 May 2012
- The Memorandum of Understanding (Administrative agreements) to the Russian-Australian inter-governmental agreement on cooperation in peaceful use of atomic energy of 2007 has been signed
- Administrative agreements to the Russian-Canadian inter-governmental agreement for cooperation in peaceful use of atomic energy of 1989 have been signed

THE COMPANY'S MAJOR OPERATIONS

- The volume of exported uranium products and services reached the record figure of USD 3.34 billion
- The Company signed 11 new contracts and prolonged two contracts for supplies of uranium products and services that had been signed earlier, including seven new long-term contracts with American and European companies
- The volume of the portfolio of the Company's contracts for supplies of uranium products and services until 2025 and further exceeded USD 25 billion
- The first commercial supply of uranium products and services to the US under the contract with Exelon utility company, signed within the framework of the 2008 Amendment to the Suspension agreement, has been carried out
- Under the contract between JSC "TECHSNABEXPORT" and USEC Corporation, which forms a part of the HEU-LEU Agreement, about 834 tons of low-enriched uranium (LEU) have been shipped to the US.



**ON THE PICTURE:
GAS CENTRIFUGE
ENRICHMENT PLANT
BUILT IN CHINA UNDER
RUSSIAN COOPERATION**

88%

of the HEU-LEU Agreement has been completed

834

TONS
of low-enriched uranium delivered under the HEU-LEU Agreement in 2011

ENHANCEMENT OF LOGISTICS AND CORPORATE MANAGEMENT SYSTEMS

- The two strategic transport and logistics projects in the North-West and the Far East of Russia were continued (TLC "West" and TLC "East")
- The new project for developing and implementing an integrated management system in accordance with the ISO 28000 supply chain security management systems standard has been launched

The schedule of shipping LEU to the US and obligations for supplying low-enriched uranium feed material (LEU FM) to the clients have been met in full and on time. In general, 88% of the HEU-LEU Agreement has been completed

- The contract with USEC Corporation for providing uranium enrichment services during 2013-2022 has been signed and came into effect; its annual volume is going to reach half the volume of supplies under the HEU-LEU Agreement by 2015
- The contract between JSC "TECHSNAB-EXPORT" and Chinese Nuclear Energy Industry Company (CNEIC) for providing technical assistance in the 4th construction stage of a gas centrifuge plant in China has been completed: on 5 July 2011, nine months ahead of schedule, the last IV stage of the gas centrifuge plant with capacity of 500 thousand SWU/year was commissioned



**ON THE TOP PICTURE:
EUP SHIPPING
IN THE PORT OF
ST. PETERSBURG**



**ON THE RIGHT PICTURE:
CONTAINERS WITH EUP
PREPARED FOR DELIVERY
TO CSP (COMMERCIAL
SEA PORT)**

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 Director General of JSC "TECHSNABEXPORT"
ALEXEY A. GRIGORIEV

...THE STATE ATOMIC ENERGY CORPORATION ROSATOM SET US AN AMBITIOUS TASK: TO PROVIDE AT LEAST 30% OF DEMANDS OF NON-RUSSIAN DESIGN REACTORS FOR URANIUM ENRICHMENT SERVICES, AND WE ARE WELL ON THE WAY TO ACHIEVING THIS GOAL...

RIA Novosti, November 2011





JSC "TECHSNABEXPORT" OFFICE ON OZERKOVSKAY NABEREZHNAJA

1.1. INFORMATION ON JSC "TECHSNABEXPORT"

The Company's name in Russian	Открытое внешнеэкономическое акционерное общество "ТЕХСНАБЭКСПОРТ"
The Company's name in English	Joint Open External Economic Stock Company "TECHSNABEXPORT"
Location and address	115184, Russia, Moscow, Ozerkovskaya nab., 28, bldg. 3
Corporate website address	www.tenex.ru
Email address	tenex@tenex.ru
Telephone	+7 (495) 545-00-45
Fax	+7 (495) 951-17-90, +7 (495) 953-08-20
Primary state registration number	1027700018290, registered on 11 July 2002 in Revenue Ministry Bureau for Moscow
License for handling nuclear materials during transportation	№ GN-05-401-1638 of 16 March 2007
Branches and representative offices	N/A

1.1.1. INFORMATION ON CHARTER CAPITAL

The Company's charter capital equals 638,118,652 roubles (as of 31 December 2011). The Company has placed 26,636 common registered shares worth 23,957 roubles each. The Company does not have preferred shares.

1.1.2. INFORMATION ON SHAREHOLDERS

Starting from August 2007 the sole shareholder of JSC "TECHSNABEXPORT" is JSC "Atomenergoprom" (in accordance with the Presidential Decree as of 27 April 2007 № 556 "On restructuring nuclear energy industry of the Russian Federation" and Russian Federation Government decree as of 26 May 2007 № 319 "On measures for establishing an open joint stock company Nuclear power generation complex").

Russian Federation holds no special right to participate in the management of JSC "TECHSNABEXPORT" ("golden share").

1.1.3. INFORMATION ON THE AUDITOR AND REGISTRAR

As a result of the tender (sole shareholder's resolution № 20 as of 30 June 2011) limited liability company Accountants and Business advisers was chosen to be the Company's auditor in 2011. The main office of Accountants and Business advisers is situated at the following address: 101990, Moscow, Myasnitskaya st., 44/1, tel.: +7 (495) 737-53-53, fax +7 (495) 737-53-47.

In 2011 the Company's registrar was the Open Joint Stock Company "Registrar R.O.S.T.", which headquarters is located at the following address: 18, bldg. 13, Stromynka st., Moscow, 107996, tel.: +7 (495) 771-73-35, +7 (495) 771-73-36; fax: +7 (495) 771-73-34.

1.1.4. INFORMATION ON SUBSIDIARIES AND AFFILIATES AS OF 31 DECEMBER 2011

Nº	NAMES OF JSC "TECHSNABEXPORT" RUSSIAN SUBSIDIARIES AND AFFILIATES	SHARE OWNERSHIP (%)	Nº	NAMES OF JSC "TECHSNABEXPORT" FOREIGN AFFILIATES AND SUBSIDIARIES	SHARE OWNERSHIP (%)
1.	JSC "SPb "IZOTOP"	100	1.	Internexco GmbH, Germany	100
2.	JSC NPK Khimpromengineering	57,85902	2.	JSC TENEX-Korea Co., Ltd., Republic of Korea	100
3.	JSC TENEX-Logistics	100	3.	JSC TENEX-Japan Co., Japan	100
4.	LLC Crown	99,9998	4.	Tradewill Limited, United Kingdom	100
5.	LLC JSC TENEX-Complect	99,9999	5.	TENAM CORPORATION, USA	100

1.1.5. JSC "TECHSNABEXPORT" MEMBERSHIP IN PROFESSIONAL ORGANISATIONS AND ASSOCIATIONS

Nº	ORGANISATION / ASSOCIATION	DESCRIPTION OF ORGANISATION / ASSOCIATION	ROLE OF JSC "TECHSNABEXPORT"
1.	World Nuclear Association (WNA)	It is the most representative international association that unites producers and consumers of NFC products and services, as well as other participants of the world nuclear community. Every year it organises a number of international conferences and seminars and publishes analytical Reports on the world nuclear market that serve as a reference for developing scenarios of business development in the nuclear industry	Member since 1991. The Company's Director General has been a member of the World Nuclear Association Board of Governors since 2005. The Company's representatives participate in the WNA's working groups on a regular basis
2.	Nuclear Energy Institute (NEI)	The largest American association of nuclear energy and industry organisations, established in 1994 in order to represent the collective interests of the nuclear community in relations with the government agencies and international organisations. Among the members of NEI there are key players of the US nuclear market, as well as the majority of the foreign players at the NFC market	Member since 2008
3.	World Nuclear Fuel Market (WNFM)	It is an international association of consumers, producers and suppliers of NFC goods and services, established in 1974 with a view to aid the trade in nuclear materials and services for the purposes of the nuclear energy industry. Among the members of WNFM there are 93 companies from 20 countries	Member since 2001
4.	Japan Atomic Industrial Forum (JAIF)	It is an association of Japanese nuclear sector companies and organisations that organises an annual conference, which is used by the Company to hold negotiations with trade partners and potential clients on executing existing contracts and working on the prospective deals	Associate member since 1998
5.	Korean Atomic Industrial Forum (KAIF)	It is an association of nuclear sector companies and organisations of the Republic of Korea that organises an annual conference, which is used by the Company to hold negotiations with trade partners and potential clients on executing existing contracts and working on the prospective deals	Associate member since 2004
6.	All-Russia industrial group of employers "Union of employers in nuclear energy, power generation and science of Russia" (SRAPiN Russia)	It is a non-commercial organisation that unites Russian employers working in nuclear energy, industry and science. Among its members SRAPiN Russia has over 50 enterprises and organisations that also form a part of the State Atomic Energy Corporation ROSATOM. SRAPiN Russia is a member of the Russian tripartite commission for regulation of social and employment relations	Member since 2007
7.	International Club "Trialog"	IC "Trialog" was established by the Russian Center for Political Studies (PIR-Center) as a platform for discussing topical issues of international security, disarmament, arms control and non-proliferation of weapons of mass distraction. IC "Trialog" invites prominent politicians, diplomats, military officials, members of parliaments, scientists and business people to give talks	Member since 2005

1.1.6. BACKGROUND

1963

Based on the All-Union Amalgamation "Machinoexport" at the USSR Ministry of Foreign Trade, the All-Union Bureau "TECHSNABEXPORT" is incorporated together with transfer of export and import operations involving radioactive and stable isotopes, sources of radioactive radiation, rare earth metals, instruments and equipment using radioactive substances.

1973

The All-Union Bureau "TECHSNABEXPORT" is recognised to the All-Union Amalgamation "TECHSNABEXPORT" at the USSR Ministry of Foreign Trade. The above-mentioned functions were expanded to include export of uranium enrichment services.

1988

The All-Union Amalgamation "TECHSNABEXPORT" is relocated from the USSR Ministry of Foreign Trade to the USSR Ministry of Medium Machine Building, subsequently the USSR Ministry of Atomic Energy and Industry, subsequently the Ministry of the Russian Federation for Atomic Energy, and presently the Federal Agency for Atomic Energy. The same year the Amalgamation started export of fuel assemblies for NPP's.

1990

Along with export of isotope production, low enriched uranium, enrichment services and fuel assemblies, the Amalgamation initiates export deliveries of natural uranium in the form of U_3O_8 .

1994

Joint Stock Company "TECHSNABEXPORT", which becomes a successor of the All-Union Amalgamation "TECHSNABEXPORT" regarding all previously concluded contracts and agreements, as well as rights and obligations, is registered in Moscow.

The Joint Stock Company "TECHSNABEXPORT" becomes a successor to the All-Union Amalgamation "TECHSNABEXPORT" as regards all previously engaged contracts and agreements, and also rights and obligations. In compliance with the Russian-US inter-governmental agreement "On Disposition of Highly Enriched Uranium Extracted from Nuclear Weapons" the JSC "TECHSNABEXPORT" signed an Implementing Contract for deliveries of low enriched uranium for the needs of the US atomic energy industry (the HEU-LEU Agreement).

2001

The JSC "TECHSNABEXPORT" is transformed to a joint stock company with 100 per cent participation of the state in the legal capital.

The Company receives a State accreditation as an organisation that set up an internal export control programme, issues first general licences for nuclear materials, special non-nuclear materials and controlled isotope production export.

2002

By virtue of a decree by the Government of the Russian Federation the JSC "TECHSNABEXPORT" is authorised to engage foreign trade transactions related to import in Russia, technological storage and reprocessing of irradiated fuel assemblies of foreign nuclear reactors.

2006

The JSC "TECHSNABEXPORT" received for the first time a licence by the Federal Service for Environmental, Technological and Nuclear Supervision of the Russian Federation for nuclear materials handling, granting the Company the right for handling nuclear materials during their production, use and storage during performance of work and offering services to facilities engaged in the nuclear fuel cycle, and also participate in contests for obtaining licences for mining uranium deposits within the Russian Federation.

2007

By virtue of a decree by the President of the Russian Federation "On Reorganisation of the Nuclear Power Industrial Complex in the Russia Federation" the JSC "TECHSNABEXPORT" was included in the list of legal entities eligible to possess nuclear materials (excluding nuclear materials that could be within federal property only), and also in the list of Russian legal entities that could possess nuclear installations.

In accordance with the Presidential Decree of 27 April 2007 № 556, in August 2007 100% of JSC "TECHSNABEXPORT" shares was incorporated into the charter capital of JSC "Atomenergoprom".

100%
OF SHARES
incorporated into
the charter capital of
JSC "Atomenergoprom"

100%
OF SHARES
of JSC "SPb "IZOTOP"
were purchased by
the Company

2008

In compliance with the Amendment dated February 1, 2008 to the Agreement on Suspension of Anti-dumping Investigation Concerning Deliveries of Uranium Products from Russia, the JSC "TECHSNABEXPORT" was appointed an exclusive supplier of Russian uranium products to the US market.

The Company received the certificate of compliance of its quality management system with the ISO 9001:2000 international standard.

2009

On the basis of the Amendment to the Russian suspension agreement (RSA) after a long break JSC "TECHSNABEXPORT" re-entered the US market and concluded six direct long-term contracts with American utilities for supply of enriched uranium products (EUP) worth about USD 3 billion.

In December 2009 JSC "PA "Electrochemical Plant" (Zelenogorsk, Krasnoyarsk region) commissioned the first industrial facility for conversion of enriched UF₆ into U₃O₈. The new facility with the target capacity up to 10 tons of enriched UF₆ per year was designed on the base of French technologies, bought by JSC "TECHSNABEXPORT" from Areva Company.

The Company achieved compliance to the ISO 9001:2008 international quality management system standard.

2010

In August 2010 JSC "TECHSNABEXPORT" signed a long-term contract with Eskom for supplying enriched uranium production, that would meet a half of the demand of the NPPs in South Africa until the end of the decade.

In October 2010 JSC "TECHSNABEXPORT" subsidiary TENAM Corporation was launched in Washington to represent the Company's interests in the American market.

JSC "TECHSNABEXPORT" acquired 100% of shares of JSC "SPb "IZOTOP" – operator of nuclear materials transportation through the port of St. Petersburg.

1.2. DESCRIPTION OF JSC "TECHSNABEXPORT" CORE BUSINESS

THE COMPANY EXPORTS RUSSIAN URANIUM ENRICHMENT SERVICES AND ENRICHED URANIUM PRODUCTS TO THE FOREIGN MARKETS OF REACTORS OF THE WESTERN DESIGN.

The major areas of JSC "TECHSNABEXPORT" operations include:

- foreign supplies of the products and services manufactured by the Russian nuclear fuel cycle enterprises (for more information see Section 1.5., Chapter 3);
- executing a set of contracts under the HEU-LEU Agreement (for more information see Subsection 3.1.3.);
- implementing engineering projects (for more information see Subsection 3.1.4.)

THE BASIC PRINCIPLES OF THE COMPANY'S OPERATIONS ARE THE FOLLOWING:

- contributing the global sustainable development;
- supporting and strengthening public trust in the nuclear energy;
- preventing illegal practice of handling nuclear materials;
- improving the transparency of all the activities related to the peaceful use of atomic energy;
- supporting environmental, social and regional programmes, informing the public on the protection of the environment and the population;
- facilitating wide-scale information exchange in energy resources and future development areas.

JSC "TECHSNABEXPORT" MAJOR OPERATIONS



DECLARATIONS AND CHARTERS SUPPORTED BY THE COMPANY:

- World Nuclear Association (WNA) Charter of Ethics;
- World Nuclear Fuel Market (WNFM) Charter;
- Public Policy of the US Nuclear Energy Institute (NEI);
- Recommendations of the International Atomic Energy Agency (IAEA).

Non-conformance with the specified standards on the principle level have not been found; all the amendments prescribed by the auditors have been made.

THE COMPANY'S EXISTING AND PROPOSED MANAGEMENT SYSTEMS AND STANDARDS

Nº	STANDARD	STATUS	APPLICABLE TO	AUDIT
1.	DIN EN ISO 9001:2008 Quality management system	Implemented in 2008	Organisation and implementation of NFC products import and export. Project management of NFC facilities construction	In December 2011 a repeated certification audit was carried out
2.	DIN EN ISO 14001:2009 Environmental Management System	Developed and implemented in JSC "TECHSNABEXPORT" in 2009, certified in the 1 st quarter 2010	Organisation and implementation of NFC products import and export	In December 2011 the second observation audit was carried out
3.	ISO 28000 security management systems for the supply chain	Planned for implementation in 2011-2012	–	The preliminary audit of compliance with the standard was carried out in 2010. In 2011 the procedures required by the standard were developed and implemented. The certification is scheduled for 2012
4.	ISO 27001 information Security management systems	The project was launched for developing, implementing and preparing for certification	–	–
5.	AA1000SES Stakeholder engagement standard	Applied during preparation the 2010 annual report	Stakeholder engagement during the preparation of the Report	Compliance confirmed in 2011
6.	GRI G3.1 2006 Guidelines	Applied in the 2010 annual report	–	Compliance with B+ level confirmed in 2011
7.	OHSAS 18001:2007 Occupational Health and Safety Management Systems. Requirements	Planned for implementation	–	–

1.3. SOCIALLY IMPORTANT ASPECTS OF JSC "TECHSNABEXPORT" BUSINESS

THE COMPANY'S MISSION

JSC "TECHSNABEXPORT" engages in foreign trade in the interest of the Russian nuclear industry with optimum use of its export potential and competitive advantages in the nuclear fuel cycle while strictly following the legal requirements as well as quality, security and social responsibility standards.

The public position on the socially important aspects of the Company's business, developed by the Company by the time of publishing the 2010 public annual report, has not been changed. According to the management of JSC "TECHSNABEXPORT" and its key stakeholders the socially important aspects of the Company's business include:

- ensuring reliability of supplies of nuclear fuel cycle production;
- ensuring safe transportation of nuclear fuel cycle production;
- ensuring conformity of production and transportation processes to international standards;
- offering opportunities for learning and development to the Company's employees.

RESPONSIBILITY FOR RELIABILITY OF NFC PRODUCTION SUPPLIES

Ensuring reliability of supplies of NFC production in full and on time is one of the top priority tasks of JSC "TECHSNABEXPORT" that has been present in the world nuclear market for over 40 years.

The Company has always fulfilled its liabilities and never missed a delivery deadline.

In order to ensure reliability of supplies JSC "TECHSNABEXPORT":

- improves sales infrastructure ([Subsection 1.6.3.](#));
- develops a risk management system ([Chapter 4.4.](#));
- creates new marketing instruments ([Subsection 1.7.1.](#));
- implements international management systems ([Chapters 1.2., 4.5., 4.6.](#));
- develops equipment for the transportation of production ([Chapter 4.3.](#));
- undertakes strategic planning of activities ([Chapter 1.6.](#));
- engages in long-term cooperation with transport companies ([Chapter 4.3.](#));
- implements an internal export control programme ([Subsection 4.3.3.](#)).



RESPONSIBILITY FOR SAFE TRANSPORTATION OF NFC PRODUCTION

JSC "TECHSNABEXPORT" works on ensuring nuclear and radiation safety in accordance with the Federal Service for Environmental, Technological and Nuclear Supervision (Rostekhnadzor) licence for handling nuclear materials during transportation and JSC "TECHSNABEXPORT" environmental policy (Chapter 5.2.).

As part of this commitment the Company maintains full control of:

- validity periods and relevancy of certificates and approvals of protective shipping packages (PSPs) used by the Company for deliveries;
- conformance of the conditions of transporting nuclear materials to the existing international and national norms and regulations and presence of the relevant Rostekhnadzor licences for the relevant types of activities at the companies that directly handle nuclear materials;
- suppliers/consignees of nuclear goods having dedicated plans for remediation of possible transport accidents.

Pursuant to the Russian Government decree as of 30 December 2003 № 794 'On the unified state system for preventing emergencies and emergency response' and relevant instructions of the State Atomic Energy Corporation ROSATOM, a Provision on informational between JSC "TECHSNABEXPORT" and the Situation and Crisis Center of ROSATOM has been developed and approved.

In order to improve the security of deliveries of the NFC production the Company is also implementing an integrated management process of ensuring supply chain security according to ISO 28000 standard "Supply chain security management systems" (for more information see Chapter 4.6.).

ON THE PICTURE:
EUP TRANSPORTATION
TO THE PORT

40

years in the global
uranium market

RESPONSIBILITY FOR CONFORMITY OF TRANSPORTATION PROCESS TO INTERNATIONAL STANDARDS AND REQUIREMENTS

Production and delivery of NFC goods must comply with a wide range of requirements set by the international community to this type of activity.

On the one hand, JSC "TECHSNABEXPORT" meets all of these requirements in its operations; on the other hand, it transmits these requirements and ensures that they are met by Russian NFC producers.

Along with strictly following export control requirements, JSC "TECHSNABEXPORT" improves corporate management systems, organises the required audits, and monitors conformity of production process and end products to the international standards DIN EN ISO 9001:2008 and DIN EN ISO 14001:2009 (Chapters 4.2., 4.5., 4.6., subsection 5.2.1.).

RESPONSIBILITY FOR LEARNING AND DEVELOPMENT OF THE PERSONNEL

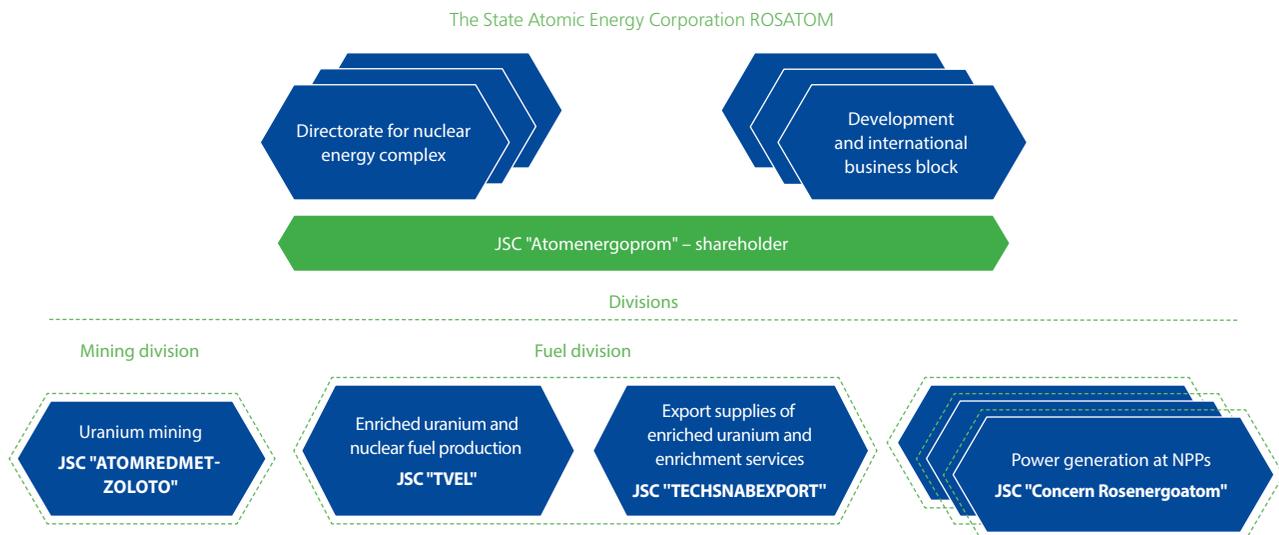
Key competencies that are essential to JSC "TECHSNABEXPORT" major operations are being shaped within the company.

JSC "TECHSNABEXPORT" considers key competencies and support of professional development in its staff to be one of the most important aspects of its corporate social responsibility.

In order to provide a wide range of training and development, both personal and professional, for its employees, the Company uses a map of competences for every position, provides mentoring opportunities and cooperates with specialised educational institutions to hire their graduates on a competitive basis (for more information see Chapter 5.3.).

1.4. JSC "TECHSNABEXPORT" POSITION IN THE NUCLEAR INDUSTRY

JSC "TECHSNABEXPORT" POSITION IN THE INDUSTRY



JSC "TECHSNABEXPORT" is a foreign trade company of the State Atomic Energy Corporation ROSATOM, which ensures global marketing and distribution of the products of the NFC front end enterprises in the world market.

Over the last decade the Company has been developing within several directions in accordance with the concept of the Russian nuclear industry reform.

JSC "TECHSNABEXPORT" consolidated nuclear industry assets, developing new types of business and consolidating industrial assets essential to the smooth running of the nuclear fuel cycle.

In 2008 the Company established a holding company that designs and produces gas centrifuges – JSC "Engineering Centre "Russian Gas Centrifuge". In the same year a number

of independent companies were consolidated into a research and production complex, JSC "NPK "Khimpromengineering", which provides the required volumes of high quality carbon fiber materials. Following the decision of the State Atomic Energy Corporation ROSATOM these projects, along with the uranium mining assets that used be owned by the Company, were passed to other organisations for further development.

At the moment JSC "TECHSNABEXPORT" plays the role of the parent company in the sphere of trading enriched uranium products and uranium enrichment and conversion services within ROSATOM's business units system. The Company continues to take part in the developing and executing of the industry-dedicated strategic programmes and projects under the Fuel division. The products supplied by the Company to the world market are produced by JSC "AECC", JSC "SCC", JSC "UEIP" and JSC "PA "Electrochemical Plant" that were incorporated in JSC "TVEL" in 2010.

In order to ensure reliable supply of the resources for the existing contractual obligations in 2010-2011, JSC "TECHSNABEXPORT" signed long-term contracts with JSC "Atomredmetzoloto" and JSC "TVEL" for the supply of raw materials and conversion and enrichment services.

1.5. JSC "TECHSNABEXPORT" POSITION IN THE WORLD MARKET

IN 2011, DESPITE A SERIES OF CANCELLED DELIVERIES OF URANIUM PRODUCTION UNDER THE CONTRACTS WITH JAPANESE CUSTOMERS AND A REDUCTION IN OPTION ORDERS BY OTHER CONTRACTORS, JSC "TECHSNABEXPORT" RETAINED THE POSITION OF THE LEADING PROVIDER OF URANIUM ENRICHMENT SERVICES FOR THE REACTORS OF WESTERN DESIGN.

1.5.1. SITUATION IN THE WORLD NUCLEAR ENERGY INDUSTRY

The scale and the pace of development of the world nuclear energy industry remain the key factors in shaping the global market for uranium products. In this context the aftermath of the Fukushima NPP accident will definitely have a profound influence on the shaping of the new image of the world nuclear industry and the technical characteristics of the new generation reactors within the next 5-10 years.

In the short-term perspective (one to three years) the national regulatory bodies and the companies that operate NPPs will introduce a range of measures in order to eliminate certain "non-conformities" detected after the stress tests carried out after the accident in Japan.

Despite the fact that in 2011 a number of countries decided to abandon the implementation of previously approved programmes of developing nuclear energy or reduce the share of nuclear energy in the national energy basket, the majority of countries decided to continue developing nuclear energy and systematically improve the international safety standards. Among these are the countries that have already been operating nuclear power plants for long periods of time, as well as the countries that don't yet have NPPs but that realise the lack of alternatives to nuclear energy in the situation where the energy demand is steadily rising, the access to the traditional energy resources is becoming limited and the necessity to tackle environmental problems becomes more urgent.

The fact that these issues are shaping the energy situation in the world – rising population and rising demand for energy, environmental concerns and the dangers of global climate change – remains unchanged and determines an objective need for further development of the world nuclear energy industry and ensuring its safety. This is all the more important amid the competition with the traditional sources of energy (mostly gas), an exponential growth of the alternative energy and extended use of new types of hydrocarbons in certain parts of the world.



Fukushima accident had a negative impact on the market environment in 2011

613.6 ^{GW}
forecast of the total capacity of
the world NPPs by 2030

The Global Nuclear Fuel Market Report, published by the World Nuclear Association in September 2011, contains a baseline forecast of the nuclear energy industry development. According to this forecast the total capacity of the world NPPs will increase from 364.4 GW in 2011 to 613.6 GW by 2030. The average annual growth rate of reactor demand for uranium enrichment services during this period will equal 3.2%. The increase in the number of NPPs across the world will be achieved through

3.2%
forecast of the average annual growth rate of demand for uranium enrichment services during 2011-2030

the development the nuclear energy industry predominantly in the Asian region: China (having the highest number of NPPs are under construction at the moment), the United Arab Emirates, Saudi Arabia, Jordan, India, some European countries (the United Kingdom, Finland, Sweden, the Czech Republic, Poland, Lithuania, Belarus), as well as the United States and Russia.

1.5.2. SITUATION IN THE WORLD MARKET FOR NFC PRODUCTS AND SERVICES

This forecast of development of the world nuclear energy sector underlies the strategy employed by JSC "TECHSNABEXPORT" in the world market of nuclear fuel cycle (NFC)² products and services, consisting of the following key segments: natural uranium, natural uranium conversion into uranium hexafluoride, isotope uranium enrichment (measured in separative work units – SWU), as well as fabrication from fuel assemblies (FA) for NPPs.

The Fukushima NPP accident had an obvious negative impact on the market conditions in 2011, which manifested itself in a market price drop. Thus, an upward trend for prices in March 2011 in the natural uranium market was interrupted. As a result, by the end of 2011 the spot price quotations stabilised at the level of little more than 50 USD/lb of U in the form of U₃O₈. The long-term price quotations for uranium enrichment services also saw a reduction – from the maximum value of 155 USD/SWU in March 2011 to 148 USD/SWU in December 2011³.

The supply trends in the world market for products and services of the nuclear fuel cycle (NFC) have been significantly different for each specific product segment. In the natural uranium market one of the key trends of the recent years has been an emergence of Kazakhstan as the key producer of this material. This pushed Canada and Australia, which have traditionally been the largest producers, to the second and third places.

Geographical proximity of natural uranium production sites in Kazakhstan, including those controlled by the State Atomic Energy Corporation ROSATOM units, to Russia's conversion and enrichment facilities makes Russian NFC products and services more relevant and appealing to potential customers.

The conditions in the uranium enrichment market are largely determined by the process of construction of new uranium enrichment plants in the North America and Europe by a number of foreign companies. In 2011, when the demand from the energy companies was diminishing, market prices were dropping and the uncertainty was growing, Areva, USEC and Global Laser Enrichment had to revise their plans for building new enrichment plants in the US. In this situation JSC "TECHSNABEXPORT", being a supplier that relies on the existing efficient production capacity of the Russian separation-sublimation complex (SSC), is by all means in a more favourable position than its competitors.

One of the key characteristics of the world uranium market is intermittence of contractual activity. The majority of the deals are long-term deals. The cycle of long-term contracts, which peak was reached in the end of the previous decade, effectively finished in 2011. This does not mean that at the moment no new contracts are being negotiated, however, the amount of the new deals is significantly lower than in the peak period.

² By that we mean the world market of NFC front end products and services.

³ According to the company UxC, uxc.com.

1.5.3. SPECIFIC FEATURES OF COMPETITION IN THE GLOBAL ENRICHMENT MARKET

The enrichment industry is defined by the high barriers to entry for new producers due to a number of technological, economic and political reasons, and high barriers to exit the industry, which is attributed to the significant volume of investment required for building enrichment plants and the necessity for their full depreciation. This results in an oligopolistic competition in the NFC products and services market.

Such companies as Areva (France), Urenco (UK, Germany, the Netherlands) and USEC (USA) remain JSC "TECHSNABEXPORT" key competitors.

The level of price and non-price competition in the market for enriched uranium product (EUP), enrichment services and uranium conversion remains high, including the limits for supplies of Russian uranium products (the policy aimed at diversifying the suppliers introduced by the European Atomic Energy Council and limits on supplies to the USA according to the Amendment to the Suspension agreement). The limits imposed on supplies of Russian uranium products to the American market will be in place until 2020.

However, the Company has been successfully exporting EUP for decades, as well as uranium enrichment and isotope uranium enrichment services carried out by the Russian nuclear industry enterprises to all the key regional segments of the world market. Over 30 companies from 16 countries purchase the Company's products and services. The supplies of LEU under the Russian-American inter-governmental agreement "On utilising highly-enriched uranium from nuclear weapons" (the HEU-LEU Agreement) account for a considerable part of JSC "TECHSNABEXPORT" exports.

In the reporting year the Company met about 36% of the demand of Western reactors in the uranium enrichment market, having an important share in all the key geographical segments of this market. Thus, JSC "TECHSNABEXPORT" supplies to the US, of which the majority falls under the HEU-LEU agreement, correspond to about 40% of the requirements of the American NPPs. The total share of the Company in the markets of the EU-15, Asia-Pacific Region, Latin America and Africa is estimated at 30%.

40%

of the requirements of the American NPPs are covered under the HEU-LEU Agreement supplies

30%

total share of the Company in the markets of EU-15, Asia-Pacific, Latin America and Africa

Despite a certain reduction in this figure compared with the preceding period, the fact that the Company has been steadily providing uranium enrichment services to meet more than one third of the demand from Western reactors means that it has retained a stable position in the world uranium market. The negative impact of the Fukushima accident for the JSC "TECHSNABEXPORT" has been in part mitigated by prompt negotiations with the clients, including the restructuring of earlier supply agreements on mutually beneficial terms.

REMIEDIATION ACTIVITIES AFTER THE ACCIDENT

Intense negotiations have been conducted with the clients, aimed at finding comprehensive compromise solutions

JSC "TECHSNABEXPORT" interests

Foreign client's interests

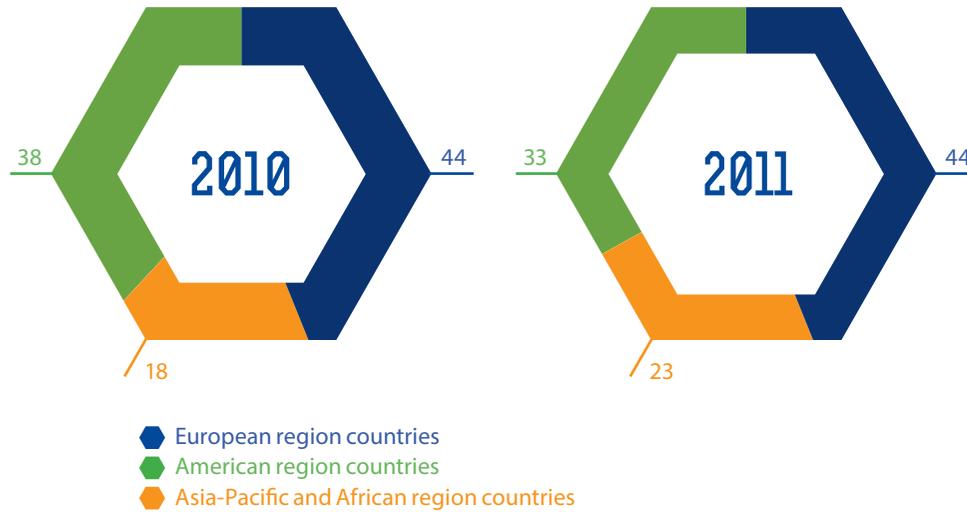
ACHIEVING A MUTUALLY ACCEPTABLE COMPROMISE:
adjusting delivery schedule while retaining the scope of contract;
incorporating additional terms and conditions into the new contracts, etc.

30

COMPANIES
from 16 countries
purchase the Company's
products and services

The Company's export by regions (percentage of the physical volume of deliveries) is shown below. There is a trend toward a more even distribution of the Company's supplies between regions, largely due to expansion of the Company's presence in the burgeoning Asian market.

THE COMPANY'S EXPORT STRUCTURE BY REGION, %



The portfolio of the Company's long-term contracts with deliveries until 2025 and further, formed by the end of 2011, has increased by 25% year on year and is now worth USD 25 billion. This proves that the Company managed to retain the leadership in nuclear fuel cycle products supply in the long term.

One of the key requirements for retaining the Company's stable market position in the long term is enhancement of the existing international regulation and legal framework. In the reporting year, considerable progress has been achieved in the area of establishing practical conditions to reach agreements on cooperation in peaceful use of nuclear energy with the USA, Japan, Australia and Canada (for more information see [Chapter 1.7](#)).

The Company's stable position in the world uranium market is a result of a consistent implementation of the business strategy, which proves the effectiveness of its marketing tools (for more information see [Chapter 1.6](#)).

25%

growth of the Company's long-term contracts portfolio compared with 2010

25

USD BILLION

volume of the long-term contracts portfolio until 2025 and further

1.6. STRATEGY

1.6.1. BUSINESS STRATEGY OF JSC "TECHSNABEXPORT" IN THE CONTEXT OF THE STATE ATOMIC ENERGY CORPORATION ROSATOM STRATEGY

THE BUSINESS STRATEGY OF JSC "TECHSNABEXPORT" IS CONTINUOUSLY ADJUSTED TO ACCOUNT FOR THE PROCESS ASSOCIATED WITH THE SHIFTS IN THE WORLD MARKET AND SHAPING OF THE MORE HIGH-LEVEL STRATEGIES – THOSE OF THE STATE ATOMIC ENERGY CORPORATION ROSATOM, FUEL DIVISION, ETC.

The State Atomic Energy Corporation ROSATOM strategy until 2030 (hereafter – Strategy 2030) defines the target positioning of the Russian nuclear energy industry as a global technological leader in the world nuclear market. One of the State Atomic Energy Corporation ROSATOM's key strategic objectives with regard to the management of the nuclear energy industry is "strengthening the position of the global player in the market of nuclear technologies and services". The Strategy 2030 is based on the terms and objectives stated in such documents as the Concept of the long-term social and economic development of the Russian Federation until 2020, Energy strategy of the Russian Federation until 2030 and other federal-level programme documents.

The State Atomic Energy Corporation ROSATOM identified eight strategic initiatives, whose implementation in the next 20 years shall result in a significant improvement of its financial and economic indicators.

The strategic initiatives, which determined the direction of the long-term development for each line of business, launched the process of updating the strategies of already formed divisions and gave an impetus to the development of strategies of incubated divisions and functional complexes of the State Atomic Energy Corporation ROSATOM. Each strategic initiative envisages implementation of a range of inter-related measures aimed at strengthening market positions of the divisions and ensuring their long-term competitive strengths.

The strategic initiative that determines the direction of development for the mining and fuel divisions is entitled "retaining global leadership in the front end of the nuclear fuel cycle".



The strategic initiative of "Retaining global leadership in the initial stage of the nuclear fuel cycle" is divided in the Strategy of the fuel division into the second-level initiatives, approved by the Strategic Committee of the State Atomic Energy Corporation ROSATOM.

The business strategy of JSC "TECHSNABEXPORT", which takes into account the latest market trends, is shaped within the second-level strategic initiative 'Increase of market share in the nuclear fuel cycle markets' and correlates with the business strategies of JSC "TVEL" and JSC "Atomredmetzoloto". It aims to provide the target share of the enrichment services market for the western design reactors in a way that is proportional to the potential of the national industry.

JSC "TECHSNABEXPORT": IMPLEMENTATION OF THE STATE ATOMIC ENERGY CORPORATION ROSATOM STRATEGIC INITIATIVES



In order to meet the strategic targets of 2011, the activities associated with the development of new directions have been continued, including the process of localisation of separative facilities in the largest foreign distribution markets in cooperation with foreign partners ("Plant" project), as well as establishing transport and logistics complexes "West" and "East". More detailed information about these projects is provided in the relevant parts of the Report.

1.6.2. FACTORS INFLUENCING THE BUSINESS STRATEGY OF JSC "TECHSNABEXPORT"

STRATEGY 2030 HAS BEEN DEVISED TAKING INTO CONSIDERATION THE IMPORTANCE OF INTENSE COMPETITION IN THE WORLD MARKET OF NUCLEAR TECHNOLOGIES, PRODUCTS AND SERVICES.

In this context the Company's achievement of the strategic objectives is objectively determined by a number of key competition-related factors listed below, which underlie the Company's business strategy that is feasible and easily adjusted for the new challenges and hazards:

- availability of highly efficient technological production facilities (four separation plants in Russia);
- impeccable longstanding record of supplies to numerous clients all over the world;
- efficient distribution network including subsidiaries in the key target markets;
- ability to offer competitive prices and other compelling commercial parameters in contracts;
- flexible terms of supply, including supplies using foreign material stock accounts;
- readiness to accept market and exchange risks on the required scale;
- ability to ensure minimum time from receiving raw material (in places convenient for the clients) to supplying end product;
- ability to ensure reliability of supplies through stock reserves;
- ability to offer NFC products and services component-wise, as well as in "packages";
- availability of up-to-date international legal framework for cooperation with countries that are key market players.

The objective development trends of the world nuclear energy and the NFC products and services markets provide new opportunities for the Company to strengthen its market position. The following factors are taken into consideration when adjusting the business strategy:

- dynamic development of nuclear energy in the countries of the Asia-Pacific region in geographical proximity to Russia;
- plans for developing nuclear energy in Eastern European countries with which the Russian suppliers have long-standing business links;
- rising interest of energy companies to complete supplies (EUP/FA);
- intention of energy companies to diversify supply sources.

1.6.3. KEY INSTRUMENTS FOR ACHIEVING THE STRATEGIC OBJECTIVES OF JSC "TECHSNABEXPORT"

THE AFOREMENTIONED COMPETITIVE ADVANTAGES ENABLE THE COMPANY TO BUILD UP DIRECT SALES TO END USERS (ENERGY COMPANIES), WHICH HELPS IMPROVE THE COMPANY'S BUSINESS EFFICIENCY AND STRENGTHEN ITS MARKET POSITION.

The Company is consistently implementing marketing strategy aimed at:

- developing direct relationship with energy companies;
- negotiating long-term contracts (10 and more years);
- prioritising the promotion of products with the maximum added value;
- considering specific character of regional markets, applying flexible approaches based on priorities of the clients.

The implementation of the strategic initiative "retaining global leadership in the front end of the nuclear fuel cycle" requires that the Company:

- improves its marketing and distribution tools, including development of a network of distribution subsidiaries and opening material accounts abroad (Subsection 1.6.3., Chapter 3.1.);
- develops transport and logistics infrastructure (Chapter 4.3.);
- improves corporate management systems (Chapters 4.5., 4.6.);
- develops risk management systems (Chapter 4.4.);

The business ideas associated with creating new transport corridors for deliveries of uranium products to the Asia-Pacific region through the Far East and directing

the freight traffic through the Trans-Siberian railway directly through one of the ports in the Far East are being developed. Energy companies in Japan and Republic of Korea have demonstrated an interest in this project. During 2011 the Company has taken the necessary measures, including those requiring cooperation with foreign partners, to prepare "pilot" shipments of uranium products using the new route. Implementation of this project will help:

- improve competitive advantage of the Russian NFC products in the Japanese market;
- encourage Japanese investment in upgrading the Far East transport infrastructure;
- improve reliability and reduce delivery time for the products of Russian enrichment facilities from three months to three or four weeks;
- generate additional traffic flow of nuclear cargo through transit from Europe and Australia.

The membership of the Company in established international and regional specialised associations (WNA, NEI, JAIF, KAIF, WNFN) will aid promoting strategic interests of the Company and the State Atomic Energy Corporation ROSATOM.

1.7. ANALYTICAL SUPPORT OF THE STATE ATOMIC ENERGY CORPORATION ROSATOM PROJECTS

1.7.1. DEVELOPMENT OF INTERNATIONAL COOPERATION

JSC "TECHSNABEXPORT" PARTICIPATES IN IMPLEMENTING THE STATE ATOMIC ENERGY CORPORATION ROSATOM'S STRATEGY WITH REGARD TO DEVISING NEW MECHANISMS FOR COOPERATION WITH FOREIGN PLAYERS IN THE NFC PRODUCTS AND SERVICES MARKET.

In the reporting year cooperation with Japanese energy companies has been continued with regard to the project for conversion of the regenerated uranium stored in the UK at the JSC "SCP" ("Regenerat" project). The implementation of this project will help Russia enter a new segment of the NFC products and services market.

In this context, the ratification⁴ of the Russian-Japanese inter-governmental agreement on cooperation in peaceful use of atomic energy of 2009 by the Japanese parliament was the crucial event of the year. After completing the procedures stated in the agreement, there are plans to develop full regulations on cooperation with regard to all aspects of the practical implementation of the agreement, including the formulation of mutually acceptable control measures for the Japanese nuclear

materials that are to be reprocessed in Russia. The State Atomic Energy Corporation ROSATOM has already signed similar agreements with Australia, Canada and the US.

Cooperation with the Japanese companies is ensured with support from the Japanese Ministry of Economy, Trade and Industry (METI) and Federation of Electric Power Companies of Japan (FEPCO).

Despite the Fukushima accident the Japanese government and nuclear community have not lost interest in completing the projects that are underway, including the establishment of the new transport corridor.

⁴ The ratification process on the part of Russia has been completed in December 2010

1.7.2. IMPROVING LEGISLATION AND FORMATION OF MODERN INTERNATIONAL LEGAL FRAMEWORK OF COOPERATION

IN 2011 THE COMPANY WORKED TOGETHER WITH THE GOVERNMENTAL BODIES ON THE FOREIGN TRADE ISSUES PERTINENT TO FOREIGN TRADE INTEREST OF THE NUCLEAR INDUSTRY WITH REGARD TO IMPROVING EXISTING LEGISLATION AND CONTRACTUAL LEGAL FRAMEWORK OF INTERNATIONAL COOPERATION.

ON AMENDMENTS TO THE DECREE OF THE RUSSIAN FEDERATION GOVERNMENT AS OF 15 DECEMBER 2000 № 973 "ON THE EXPORT AND IMPORT OF NUCLEAR MATERIALS, EQUIPMENT, SPECIAL NON-NUCLEAR MATERIALS AND RELEVANT TECHNOLOGIES"

In order to eliminate the risks associated with ambiguous qualification of non-recoverable traces in the containers 30B and 48Y used for transporting uranium hexafluoride and simplify the procedure⁵ of their crossing the border in accordance with the existing legislation, in 2011 the Company initiated the amendments into the Decree of the Russian Federation Government as of 15 December 2000 № 973 "On the export and import of nuclear materials, equipment, special non-nuclear materials and relevant technologies".

As a result of the introduced measures the Decree of the Russian Federation Government as of 01 October 2011 № 809 "On amending the statute on the export and import of nuclear materials, equipment, special non-nuclear materials and relevant technologies" states that the containers with non-recoverable traces of uranium hexafluoride have been included into the list of products that do not require obtaining a licence from the Federal Service for Technology and Export Control (FSTEC).

In addition, the same decree specifies the procedure for obtaining the decision of the Russian Government for starting negotiations with a view to signing contracts or achieving other agreements that envisage export or joint use of critical nuclear products, not only with the federal executive bodies and the State Atomic Energy Corporation ROSATOM, but with other Russian foreign trade participants.

ADMINISTRATIVE ARRANGEMENTS TO THE INTER-GOVERNMENTAL AGREEMENTS WITH AUSTRALIA, CANADA AND THE USA

The Company's experts participated in preparing the following documents for signing:

- in June 2011 – the Memorandum of understanding to the Russian-Australian inter-governmental agreement on cooperation in peaceful use of atomic energy of 2007;
- in December 2011⁶ – Administrative arrangements to the Russian-Canadian inter-governmental agreement on cooperation in peaceful use of atomic energy of 1989.

After these documents have been signed it became possible to import Australian and Canadian natural uranium for processing in Russia in the interests of the Company's foreign customers.

During the reporting year the Company's experts have been involved in developing and approving with their American counterparts the Administrative arrangements to the Russian-American inter-governmental agreement on cooperation in peaceful use of nuclear energy ("123 Agreement") that came into effect on 11 January 2011. As a result of constructive dialogue this document was prepared and signed⁷ in December 2011.

⁵ The ground for using the simplified procedure that would help bring in and take away empty unwashed containers under the Company's contracts without obtaining a licence from Russian FSTEC and registering a customs document was a permit from the Russian Ministry of Economic Development as of 30 May 2003 № 08-861 and obtaining an approval from other regulatory bodies.

⁶ The Russian party signed it in December 2011. The Canadian party signed it in February 2012.

⁷ The English version of the document was signed in December 2011; the preparation of the Russian version has been nearly finished.

SUSPENSION AGREEMENT

In the reporting year the Company still focused on the issue of modification of so-called "re-export regime", i.e. the regime of temporary import of the Russian enriched uranium to the US for the fabrication of nuclear fuel under the contracts with third-party countries, which was settled under the 1992 Suspension agreement and a 1997 Amendment to this agreement.

The existing re-export limits are not sufficient for the modern scale of business. They limit the development of trade in Russian uranium products with clients in the countries that produce nuclear fuel for their reactors on the territory of the United States. After the Fukushima accident this problem has acquired one more aspect – a risk of exceeding the terms, which were set in the Suspension agreement, of exporting

the fuel made of Russian EUP from the US by Japanese clients. This can result not only in breaching the terms of the Suspension agreement with regard to the terms of export, but also in reducing the Russian re-export quota for the amount of materials that have not been exported in a timely manner.

In June 2010 on the Company's initiative Sergey Kirienco, the Director General of the State Atomic Energy Corporation ROSATOM sent a suggestion to the US Ministry of Commerce to start the consultations on the issue of re-export and simultaneously providing JSC "TECHSNABEXPORT" with the required authority to hold such consultations.

The first round of consultations with the US Department of Commerce, which took place in November 2011 in Washington, featured⁸ constructive discussions of possible approaches to solving the problem.

⁸ The consultations continued in January and April 2012.

1.7.3. PARTICIPATION IN INTERNATIONAL NUCLEAR INDUSTRY ORGANISATIONS

IN 2011, AS WELL AS IN THE PREVIOUS YEARS, JSC "TECHSNABEXPORT" PARTICIPATED IN THE WORK OF THE WORLD NUCLEAR ASSOCIATION, WORLD NUCLEAR FUEL MARKET, US NUCLEAR ENERGY INSTITUTE, JAPAN ATOMIC INDUSTRY FORUM AND KOREA ATOMIC INDUSTRIAL FORUM.

The Company's Director General is a member of the World Nuclear Association Board of Governors. The Company's representatives participate in the Association's working groups on a regular basis. This helps strengthen and develop the relationship with the leading players of the world uranium market and improves awareness of the world community about the development of the nuclear industry in Russia.

In the reporting year the State Atomic Energy Corporation ROSATOM and the World

Nuclear Association have agreed upon a new system of consolidated membership⁹.

The State Atomic Energy Corporation ROSATOM and the World Nuclear Association plan to stimulate their cooperation and strengthen the coordinating role of the State Atomic Energy Corporation ROSATOM to aid cooperation between the companies of the Russian nuclear energy industry and the WNA.

⁹ It came into effect in 2012.

2. JSC "TECHSNABEXPORT" MANAGEMENT SYSTEM

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The first deputy Director General of JSC "TECHSNABEXPORT",
LUDMILA M. ZALIMSKAYA

...ALL OPERATIONAL DIVISIONS ARE INVOLVED
IN THE NEGOTIATION PROCESS. AND THIS IS
WHERE GOOD SPIRIT, TRADITIONALLY
DEMONSTRATED BY THE PERSONNEL OF
JSC "TECHSNABEXPORT", ARE MORE IMPORTANT
THAN EVER...

Strana ROSATOM, February 2012





DAILY BRIEFING AT THE DIRECTOR GENERAL'S OFFICE

2.1. ORGANISATIONAL STRUCTURE





ALEXEI ANTONOVICH GRIGORIEV

is the Director General at JSC "TECHSNABEXPORT".

He was appointed Director General by the resolution of the JSC "TECHSNABEXPORT" sole shareholder on 12 October 2007. He has been working in the Company since 1975. The Director General does not own the Company's shares. During the reporting period the Director General did not carry out acquisition or transfer of shares. The total amount of the Director General's remuneration is determined in accordance with the provisions of the industry-wide remuneration system and consists of the official salary and integrated additional incentive¹⁰, as well as an annual bonus¹¹.

Below is more detailed information on work experience in the industry and in the Company of the Director General and brief biographies of the Director General's first deputies, Ludmila Mikhailovna Zalimskaya and Alexander Viktorovich Markin.



LUDMILA MIKHAILOVNA ZALIMSKAYA

First deputy Director General at JSC "TECHSNABEXPORT".

Born on 31 July 1956 in Moscow. Graduated from the Moscow State Institute of International Relations MFA USSR with a degree in International Economics with foreign languages (International Economic Relations). In 2009 graduated from the State University of Management, Master of Business Administration of the highest grade. She speaks English, German, and Dutch.

Ludmila M. Zalimskaya worked as a foreign correspondent, engineer, senior engineer, senior expert, deputy director and Director General at Uranservis company and as deputy Director General and head of Directorate for uranium production sales at JSC "TECHSNABEXPORT".



ALEXANDER VIKTOROVICH MARKIN

First deputy Director General at JSC "TECHSNABEXPORT".

He was born on 23 March 1969 in Zelenovka village, Serdobsky district, Penza region. Graduated from Moscow State Technical University n.a. N.E. Bauman (MSTU) in 1994 with a degree in System Engineering (Computer-aided engineering systems). In 2009 graduated from All-Union State Distance Learning Institute of Finance and Economics with a degree in Economics. Speaks English.

Worked as an executive director at AOZT ROMA; economist, senior economist, leading economist and department head at JSC Joint Stock Bank Incombank; customer services vice-president at Joint Stock Bank IBG NIKoil; advisor to senior vice-president at AKB Rosbank; department head and vice president at JSC AKB Avangard; advisor to the Director General and manager of Moscow branch of JSC AB Russia.

	JOB START DATE
Valery Nikolaevich Govorukhin	12.05.2004
Alexey Vasilievich Gorokhovich	12.04.2004
Ludmila Mikhailovna Zalimskaya	04.08.1978
Igor Vyacheslavovich Loshakov	06.02.1989
Alexander Viktorovich Markin	11.03.2008
Sergei Igorevich Polgorodnik	10.01.2006

¹⁰ It is determined according to the grade (level) of the position in the industry-wide reporting structure.

¹¹ It is determined by the normative standard and the level of achieving the set key performance indicators.

2.2. CORPORATE MANAGEMENT

2.2.1. DESCRIPTION OF THE CORPORATE MANAGEMENT SYSTEM

In accordance with the Company's Charter JSC "TECHSNABEXPORT" is managed by the following bodies:

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

No commissions or committees have been established within the Board of Directors.

Supreme managing body at JSC "TECHSNABEXPORT" is the general meeting of shareholders represented by the sole shareholder, JSC "Atomenergoprom". The scope of functions of the sole shareholder includes making decisions on the key issues of the Company's operations. The list of functions of the sole shareholder is stated in the Federal law "On joint stock companies" and in the Company's Charter.

2.2.2. DOCUMENTS REGULATING THE CORPORATE MANAGEMENT SYSTEM

During the reporting period the corporate procedures of the Company and its subsidiaries and affiliates have been carried out in full accordance with the requirements of the current legislation, the Company's foundation documents, as well as the provisions of the national Corporate Code of Conduct, recommended for implementation by the Federal Securities Commission of Russia, and with an allowance for the specific character of the Company's operations and the Company's sole shareholder (Appendix № 6).

In 2009 JSC "TECHSNABEXPORT" sole shareholder, JSC "Atomenergoprom", approved the Regulation on the Company's Audit commission.

In 2011 JSC "TECHSNABEXPORT" sole shareholder approved a Decree on the Board of Directors of JSC "TECHSNABEXPORT".

2.2.3. DIVIDENDS

ITEM	2009	2010	2011
For reference:			
Net profit during the period, RUR mln	14,521	15,935	10,330**
Accrued dividends by end of period *			
RUR mln	13,115	13,811	9,440**
% net profit during the period	90	87	91**
Accrued dividends during the period, RUR mln	11,136	12,655	15,102
incl.:			
previous year dividends	2,527	4,506	5,662
interim dividends in reporting year	8,609	8,149	9,440
Paid dividends during the period, RUR mln,	9,780	15,511	12,256
incl.:			
previous year dividends	4,027	7,362	5,662
(including dividend profit tax)***	(127)	–	–
interim dividends in reporting year	5,753	8,149	6,594

* The information is provided in order to estimate the ratio of dividends and net profit (actual accrual and payments are made in different reporting periods, including the year following the reporting year) and it reflects de facto the dividend policy of the sole shareholder – JSC "Atomenergoprom".

** The information for the nine months of 2011 (interim dividends after the nine months of 2011 in accordance with the decision of the sole shareholder were paid in December 2011 – 6,594 RUR mln, and in January 2012 – 2,846 RUR mln).

*** In accordance with the existing tax legislation the Company was a tax agent when transferring the dividends to the shareholder and retained the dividend profit tax in order to transfer it to the budget. Since March 2009 the tax rate of 0% is applied for the payment of the dividends to the shareholder due to the changes in the tax legislation.

Based on the results of the 2010 financial year JSC "TECHSNABEXPORT" paid 13,811,011,200 roubles in dividends pursuant to the sole shareholder's resolution (as of 10 December 2010 № 18, as of 30 June 2011 № 20).

After the nine months of 2011 financial year JSC "TECHSNABEXPORT" paid 9,439,639,162 roubles in dividends pursuant to the sole shareholder's resolution (dated 15/12/2011 № 21).

During 2009-2011 dividends, including interim dividends, were accrued and paid pursuant to the decision of the sole shareholder, JSC "Atomenergoprom". Dividends were paid in monetary form. As of the end of 2011 the Company had 2,846 RUR mln of outstanding interim dividends to pay to its shareholders for the nine months of 2011, which was settled in January 2012.

2.2.4. MEMBERS OF THE BOARD OF DIRECTORS

According to the Charter JSC "TECHSNABEXPORT" Board of Directors has five members.

In the reporting year the following members of the Company's Board of Directors were elected and took up their functions, based on the resolution of the sole shareholder (as of 30 June 2010 № 17, as of 30 June 2011 № 20):

- Vladimir V. Travin – chairman of the Board of directors at JSC "Atomenergoprom";
- Vladislav I. Korogodin – deputy director at Directorate for nuclear energy complex at the State Atomic Energy Corporation ROSATOM;
- Alexey A. Grigoriev – Director General at JSC "TECHSNABEXPORT";

- Kirill B. Komarov – director at JSC "Atomenergoprom";
- Yuri A. Olenin – president at JSC "TVEL".

All the positions of members of the Board of Directors are stated for the time of the Company's sole shareholder resolution in June 2011.

Members of the Board of Directors do not own the Company's shares.

During the reporting period the members of the Board of Directors did not carry out the acquisition or transfer of shares.



ALEXEY A. GRIGORYEV

Date of birth: 15.04.52

Place of birth: Kiev

Education, qualification, academic degree:

- Higher professional
- Engineer-technologist (isotope and highly purified materials technology)
- Economist specialising in international economics with a foreign language (international business (international trade economics))

Name of university/institute, courses, year of graduation:

- Mendeleev University of Chemical Technology of Russia, 1975
- All-Union Foreign Trade Academy, 1983

Knowledge of foreign languages:

- English
- Italian

Government awards:

Medal of Order of "Merit for the Motherland", 2nd degree

Work experience:

- All-Union Amalgamation JSC "TECHSNABEXPORT" (Senior engineer, senior expert at Uranservis company, senior foreign trade expert, Uranservis, 1975-1983)
- All-Union Amalgamation Energomachexport (JSC "Enital" department head in Italy, 1983-1987)
- All-Union Amalgamation Sovelektro (JSC "Enital" department head in Italy, 1987-1987)
- All-Union Amalgamation JSC "TECHSNABEXPORT" (Senior expert, deputy director at Uranservis company, 1987-1988)
- All-Union Amalgamation JSC "TECHSNABEXPORT" under Minsredmach USSR, Open External Economic Stock Company JSC "TECHSNABEXPORT" (Deputy director at Uranservis company; director at Uranservis; deputy director – director at Uranservis; deputy director – commercial director; commercial director, deputy director, first deputy Director General, Director General, 1988 – until now)



KIRILL B. KOMAROV

Date of birth: 29.12.73

Place of birth: Leningrad

Education, qualification, academic degree:

- Higher
- Master of Laws

Name of university/institute, courses, year of graduation:

Ural State Law Academy, 1997

Knowledge of foreign languages:

English

Government awards:

Not applicable

Work experience:

- CJSC "Renova-Razvitie" (Director General, 2005)
- Federal agency for water resources (Deputy director, 2005-2006)
- JSC "TVEL" (Vice-president, 2006-2007)
- JSC "Atomenergomach" (Director General, 2007)
- JSC "Atomenergoprom" (Deputy director, executive director, 2007-2010)
- the State Atomic Energy Corporation ROSATOM (executive director for nuclear energy complex, deputy Director General – director for business development and international business department, director at JSC "Atomenergoprom", 2010-until now)



VLADISLAV I. KOROGODIN

Date of birth: 25.10.69

Place of birth: Moscow

Education, qualification, academic degree:

- Higher
- Applied mathematics and physics

Name of university/institute, courses, year of graduation:

- Moscow Institute of Physics and Technology, 1992
- Federal state-financed educational institution of higher professional education Russian Presidential Academy of National Economy and Public Administration, 2011

Knowledge of foreign languages:

English

Government awards:

Not applicable

Work experience:

- JSC "TECHSNABEXPORT" (Division manager, Department director, 1999-2004)
- Federal Atomic Energy Agency (Deputy managing director, 2004-2007)
- JSC "Atomenergoprom" (Marketing and target market department director, Deputy Director, 2007-February 2010)
- the State Atomic Energy Corporation ROSATOM (Deputy director for nuclear energy complex, March 2010-until now)



YURI A. OLENIN

Date of birth: 13.11.53

Place of birth: Kirovabad, Azerbaijan SSR

Education, qualification, academic degree:

- Higher
- Radiotechnics
- Law
- Doctor of Engineering Sciences, professor

Name of university/institute, courses, year of graduation:

- Yerevan Polytechnical Institute n. a. K. Marx, 1976
- Penza State Technical University, 1996
- Obninsk interdisciplinary specialised training centre, 1996
- Programme for top management at Manchester Business School
- Department of further education, Penza State Technical University, 2000, 2003

Knowledge of foreign languages:

- Armenian
- English

Government awards:

- Order of Honor
- "Honoured constructor of Russia" title of honour

Work experience:

- DGUP NIKIERT GUP "SNPO "Eleron", Zarechny, Penza region (Director-chief constructor, 2001-2004)
- FGUP "PO "Start", Zarechny, Penza region (Director General, 2004-2007)
- JSC "TVEL" (First vice-president, president, 2007-until now)



VLADIMIR V. TRAVIN

Date of birth: 07.06.60

Place of birth: B. Kozikhino village, Balakhninsky district, Gorky oblast

Education, qualification, academic degree:

- Higher
- Experimental nuclear physics
- Accounting, control and analysis of economic activity in retail

Name of university/institute, courses, year of graduation:

- Moscow Institute of Physics and Technology, 1983
- Arzamas Polytechnic, 1995

Knowledge of foreign languages:

English

Government awards:

- Letter of award from the Government of the Russian Federation for a substantial contribution in development and implementation of the federal grant programme "International Thermonuclear Experimental Reactor (ITER)"
- Medal of Order of "Merit for the Motherland", 2nd degree

Work experience:

- CJSC "Arzamas Experimental Enterprise" (Director, 2005)
- Federal Atomic Energy Agency (Advisor to director, Deputy Director, 2005-2007)
- JSC "Nuclear Power Industry Complex" (Director, 2007-2010)
- JSC "Nuclear Power Industry Complex" (Chairman of the Board of Directors, 2010-until now)

2.2.5. FUNCTIONS OF THE BOARD OF DIRECTORS

In 2011 JSC "TECHSNABEXPORT" Board of Directors convened 13 meetings, where the following issues have been discussed:

- approval of the JSC "TECHSNABEXPORT" budget for 2011;
- approval of the JSC "TECHSNABEXPORT" KPIs for 2011;
- approval of real estate deals;
- approval of JSC "TECHSNABEXPORT" opting out of other organisations;
- approval of significant deals;
- approval of the Company's financial estimates for charity in 2011;

The Board of Directors Report on performance in 2011 is provided in [Appendix № 3](#).

On 14 June 2011 the JSC "TECHSNABEXPORT" Board of Directors approved a significant deal (the contract for providing a credit facility to the Company). The relevant terms of the deal are not disclosed in this Report because this information forms a part of the Company's trade secret.

In 2011 the JSC "TECHSNABEXPORT" sole shareholder approved no major transactions, which are deemed major in accordance with the Federal law "On joint stock companies".

In 2010 neither the JSC "TECHSNABEXPORT" Board of Directors nor the JSC "TECHSNABEXPORT" sole shareholder approved interested-party transactions, which are considered such in accordance with the Federal law 'On joint stock companies'.

In 2011 no remuneration was paid to the members of the Board of Directors.

2.2.6. AUDIT COMMISSION MEMBERS

The members of the Audit commission are:

- Oksana V. Zolotareva, deputy head of Administration – head of budget planning department, Department for NEC economics and controlling at the State Atomic Energy Corporation ROSATOM;
- Tatiana S. Milovidova, deputy director of Department – head of department for NFC manufacturing planning of the NFC, Department for coordination and

development of NEC at the State Atomic Energy Corporation ROSATOM;

- Olga N. Sarenkova, director of Internal control and audit department at JSC "TECHSNABEXPORT".

Oksana V. Zolotareva was elected the chairman of the Audit commission.

2.2.7. FUNCTIONS OF THE AUDIT COMMISSION AND THE INTERNAL CONTROL AND AUDIT DEPARTMENT

In accordance with the Master plan of control measures of the State Atomic Energy Corporation ROSATOM, eight audits were carried out on certain financial and economic activities, as well as Review audits in the Company and its subsidiaries and affiliates and an audit of compliance with the licence of Rostekhnadzor № GN-05-401-1638.

The Internal control and audit department participated in two centralised audits of the State Atomic Energy Corporation ROSATOM organisations.

Following the instructions from the Company's Director General four unscheduled audits have been carried out in subsidiaries and one audit of the information received on the 'hotline' – following the instructions from the Internal control and audit department of the State Atomic Energy Corporation ROSATOM.

Based on the results of all controlling measures and audits, plans have been developed for corrective measures that took into account all the comments and suggestions.

Based on the results of the desk audits, carried out by the Internal control and audit department, it has been ascertained that the scheduled corrective measures have been implemented.

In the reporting period there have been no cases of the third parties discovering major breaches after the audit carried out by the Department for Internal control and audit.

In accordance with the Master plan of control measures of the State Atomic Energy Corporation ROSATOM, the following activities were planned for the first six months of 2012: audits of seven JSC "TECHSNABEXPORT" affiliates, internal audit of the accounting process "Accounting of the distribution of products/goods" in JSC "TECHSNABEXPORT", audit of the process of the public annual report preparation, as well as a centralised audit of how efficiently the money allocated for the social development is being spent.

2.2.8. IMPROVING THE CORPORATE MANAGEMENT SYSTEM AND PLANS FOR DEVELOPMENT

In the reporting period the Company continued with the measures for improving the corporate structure and improving manageability and performance of subsidiaries and affiliates.

In order to complete the consolidation of Russian separating assets within the structure of JSC "TVEL", in 2011 a number of corporate measures were introduced to transfer the shares of the CJSC "Uranium Enrichment Center",

currently owned by the Company, into the ownership of JSC "TVEL".

The Company will continue to take part in the programmes and projects of the State Atomic Energy Corporation ROSATOM aimed at improving the efficiency of corporate government.

3. RESULTS OF ACTIVITIES IN THE REPORTING PERIOD

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 The JSC "TECHSNABEXPORT" Director General
ALEXEY A. GRIGORIEV

...IF WE LOOK BACK AT OUR RESULTS ACHIEVED, WE CAN SEE THAT FOR THE LAST 5 YEARS THE TURNOVER HAS GROWN BY MORE THAN A BILLION DOLLARS, I.E. BY ABOUT ONE-THIRD. IT'S IMPORTANT THAT THE COMMERCIAL DEMAND HAS DISPLAYED PRIORITY GROWTH RATES...

RIA Novosti, November 2011





CONTAINERS WITH EUP TO BE SHIPPED TO THE CLIENT FROM JSC "SPB "IZOTOP"

3.1. CORE BUSINESS PERFORMANCE

JSC "TECHSNABEXPORT" DEMONSTRATED SUSTAINABLE BUSINESS GROWTH IN 2011, HAVING ACHIEVED 100% OR MORE UNDER ALL OF THE KEY PERFORMANCE INDICATORS (KPI) TARGETS SET BY THE STATE ATOMIC ENERGY CORPORATION ROSATOM.

3.1.1. NFC PRODUCTS AND SERVICES SUPPLIES

Over the past few years of the Company has been demonstrating consistent growth in the key figures that characterise the Company's supply of nuclear fuel cycle products. The reporting year was no exception despite the consequences of the Fukushima accident. The export volume of uranium products (including the supplies under the HEU-LEU Agreement) in value terms increased by 2.7% in 2011 year-on-year and equalled USD 3.34 billion.

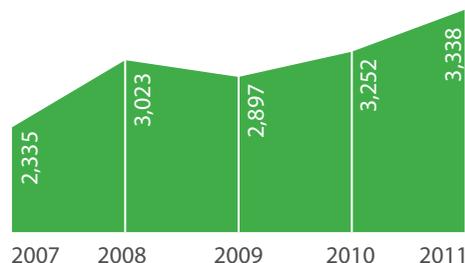
3.1.2. CONTRACTION AND SALES

In the reporting period the Company once again confirmed its reputation of a reliable supplier. Full and timely execution of contract obligations by the Company is of paramount importance not only for the Company's business, but also for the safe and sustainable operation of nuclear power plants that utilise Russian NFC products and services.

In addition to impeccably executing the existing contracts, in 2011 the Company maintained focus on preparing and negotiating new long-term contracts for supplies of uranium products with an emphasis on developing links with end users, i.e. foreign energy companies. In 2011 JSC "TECHSNABEXPORT" secured 11 new contracts and prolonged two contracts already in force.

At the end of the year the Company's portfolio of 10-year export contracts equalled about USD 18 billion, while the Company's total portfolio of contracts with contractual horizon up to 2025 and further is estimated at over USD 25 billion.

EXPORT OF URANIUM PRODUCTS (INCLUDING SUPPLIES UNDER HEU-LEU AGREEMENT), USD mln



11
NEW CONTRACTS
concluded in 2011

25
USD BLN
portfolio of export
contracts until 2025 and
further



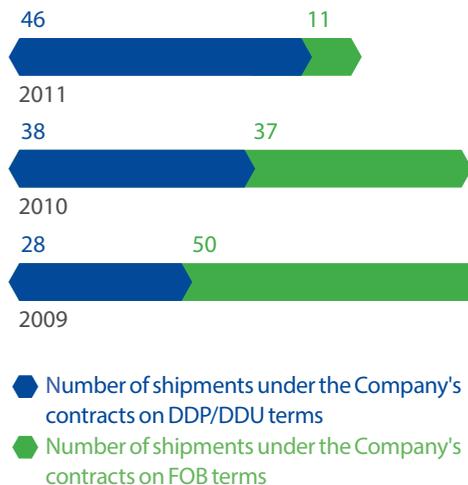
ON THE PICTURE:
 EUP SHIPPING
 ON BOARD IN THE PORT
 OF ST. PETERSBURG

The fact that the Company is able to ensure sustainable supplies of enrichment services to meet over a third of demand of Western design reactors and the growing portfolio of long-term contracts means that it has retained a stable position in the world uranium market.

In the early 2000s in order to improve its competitive ability JSC "TECHSNABEXPORT" decided to adjust its logistic system of uranium products supply and gradually change delivery basis from FOB St. Petersburg port to DDU, DDP or book transfer in a place determined by the client (usually where their reprocessing or fabrication facility is located). Since 2008 this approach has been implemented in the majority of new contracts for supplies of uranium products.

In cases when, according to the contract terms, the client provides JSC "TECHSNABEXPORT" with natural uranium for processing purposes, instead of previously used basis for receiving natural uranium DES St. Petersburg port, new contracts provide transfer of natural uranium on an ExW or FCA basis where the client's material is stored.

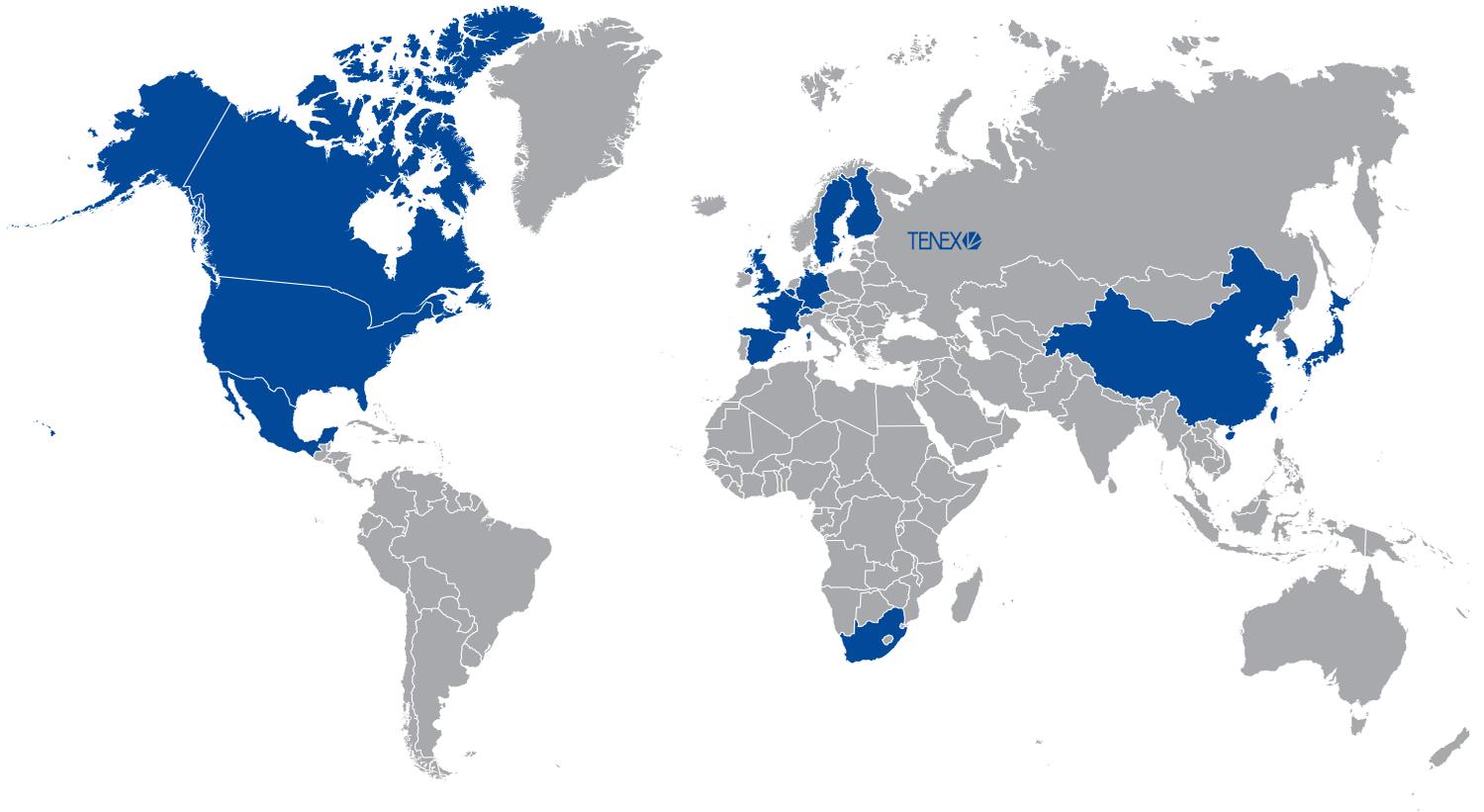
DYNAMICS OF EXPORT CONTRACTS BASED ON DELIVERY BASIS*



* Excluding HEU-LEU

THE STRUCTURE OF THE COMPANY'S EXPORT BUSINESS IS GEOGRAPHICALLY DIVERSE;
HOWEVER, THE EU-15 COUNTRIES HAVE TRADITIONALLY BEEN DOMINANT.

GEOGRAPHICAL DISTRIBUTION OF THE COMPANY'S EXPORTS



AMERICAN REGION

In the reporting year the Company continued the activities aimed at strengthening the position of Russian products and services in the American uranium market. The supplies to the countries of the American region in 2011 accounted for 33% of the Company's total export.

Under the Amendment to the Suspension agreement of 01 February 2008 two new contracts worth USD 800 million were signed with PSEG Nuclear LLC company and the largest American energy company operating the NPPs, Exelon Generation Company LLC.

In the reporting year JSC "TECHSNAB-EXPORT" secured 13 direct contracts with contract horizon until 2025 with ten American energy companies worth about USD 5.5 billion, which means that a significant part of the quota, approved under



ON THE PICTURE:
SIGNING OF
A CONTRACT WITH
PSEG NUCLEAR LLC
AT ATOMEXPO 2011,
JUNE



ON THE PICTURE:
THE FIRST
CONSIGNMENT TO
BE TRANSPORTED
TO EXELON
COMPANY

the Amendment to the Suspension agreement, for the supplies of uranium products to the US market in 2011-2020 has been fulfilled.

In March 2011 JSC "TECHSNABEXPORT" signed a long-term contract with USEC Company for the export of uranium enrichment services until 2022. The deliveries under this contract will start in 2013 and it is expected that they are going to reach half the volume of supplies under the HEU-LEU Agreement by 2015.

In July 2011 the first commercial supply of EUP was delivered under the long-term contract with the Exelon company, which had been signed in 2009.

JSC "TECHSNABEXPORT" fully executed on time the current long-term contract to meet 100% demand of a Mexican CFE company in enriched uranium product.

In 2011 JSC "TECHSNABEXPORT" set up the fifth foreign affiliate of the Company, TENAM Corp., aimed at encouraging new direct contracts with American energy companies and business development in North and South America.

EUROPEAN REGION

The European region has traditionally been the Company's largest target market. The Company's NFC export to the European region in 2011 accounted for 44% of total exports.

In the reporting year the Company negotiated six new contracts and prolonged two existing contracts with European clients, worth in total USD 1.6 billion. Among the Company's clients are EU-15 energy companies, including EDF (France), RWE, E.ON, EnBW (Germany), Vattenfall, OKG (Sweden), TVO (Finland), ENUSA (Spain), Synatom (Belgium), AXPO AG (Switzerland).

The construction in the European region was carried out in partnership with the Company's distribution subsidiaries Internexco GmbH (Germany) and Tradewill (UK).

Due to the fact that the majority of the European energy companies have introduced corporate social responsibility that obliges them to work only with suppliers that conform to the international standards (DIN EN ISO 14001:2009, DIN EN ISO 9001:2008, UN Global Compact provisions, etc.), the Company not only fully meets these requirements, but even imposes these requirements on its suppliers.

JSC "TECHSNABEXPORT" holds regular meetings with the European energy companies in order to inform the clients about the status and development of the quality management and environmental management systems in the industry as a whole and in the Company in particular. Suppliers are audited on a regular basis to ensure that they conform to the international standards in environmental management, quality management, social responsibility and other international standards.

During 2011 the Company's European clients carried out two audits of suppliers: the EnBW company (Germany) audited JSC AECC (Angarsk), and the AXPO AG (Switzerland) audited JSC SCP (Seversk).

Together with JSC "TVEL" an introductory visit to JSC SCP (Seversk) was organised for the EDF management; seminars on burial of liquid radioactive waste were held at JSC SCP for the representatives of EDF (France) and AXPO AG (Switzerland).

ON THE PICTURE:
SIGNING A LONG-
TERM CONTRACT
WITH USEC IN
MARCH 2011

33%

share of supplies to the American region in the Company's total export



ASIA-PACIFIC REGION AND AFRICA

Before the earthquake in Japan in 2011, which led to the Fukushima accident, the Asia-Pacific region was one of the fastest growing markets with ambitious plans for increasing the share of nuclear energy in the total volume of energy. This situation determined the activities of the JSC "TECHSNABEXPORT" in this region, aimed at securing contracts not only for the existing demand, but also for the new power plants scheduled for contracting.

By the end of 2011 the export portfolio of JSC "TECHSNABEXPORT" contained long-term contracts with seven out of ten Japanese energy companies for the uranium products with contract horizon until 2021. The Fukushima NPP disaster, however, called for restructuring of contractual agreements with a number of energy companies. Nevertheless, JSC "TECHSNABEXPORT" signed two new contracts with Japanese companies in the reporting year. A certainty with regard to the prospects of development of the nuclear energy industry in Japan and, correspondingly, the prospects of extending Russian presence in the Japanese uranium market can appear after the new energy policy is approved in Japan.

Ratification of the 2011 Russian-Japanese inter-governmental agreement on cooperation in peaceful use of nuclear energy creates objective premise for extending the Russian share in the Japanese market, both through expanding the current areas of cooperation and developing new areas, including reprocessing of regenerated uranium and supplying higher-level products, for example, uranium dioxide.

44%

share of supplies to the European region in the Company's total export

In the reporting year the long-term contracts with the People's Republic of China, Republic of Korea and Republic of South Africa were continued. The events in Japan did not have a big impact on the plans for developing nuclear energy in these countries. The Government of the PRC decided to carry out additional security audits of the reactors planned for construction, which resulted in a shift in the project implementation periods.

23%
share of supplies to the Asia-Pacific region and the Republic of South Africa

Thus, in 2012 the premises of continuing successful cooperation with the companies in this region continue to exist.

As of the end of 2011 JSC "TECHSNAB-EXPORT" share of exports to the Asia-Pacific region (Japan, the Republic of Korea, PRC) and the Republic of South Africa accounted for about 23% of total export volume.

3.1.3. FULFILLING OBLIGATIONS UNDER THE HEU-LEU AGREEMENT

The HEU-LEU Agreement, also known as Megatons to Megawatts, is an Agreement between the Government of the Russian Federation and the Government of the United States of America, about utilising highly-enriched uranium from nuclear weapons, signed on 18 February 1993.

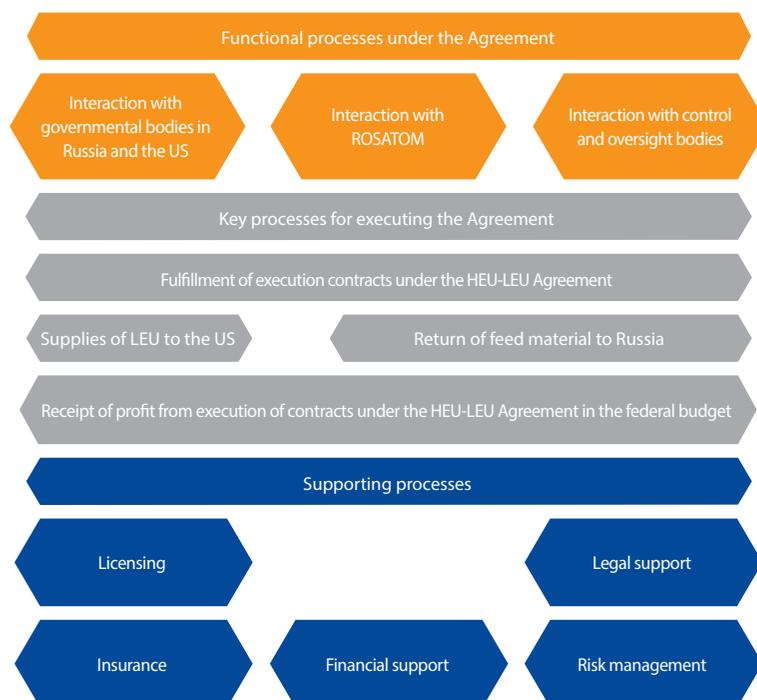
According to the HEU-LEU Agreement, Russia was to supply the US with low-enriched uranium (LEU) extracted from 500 tons of highly-enriched uranium (HEU) from nuclear warheads during 20 years (until the end of 2013).

The first shipment of LEU to the United States took place in May 1995.

The agreement provides for irreversible dismantling of about 20 thousand warheads.

Executive agents of the Agreement are JSC "TECHSNABEXPORT" on the Russian side and USEC Company on the American side.

THE SCHEME OF EXECUTING INTER-GOVERNMENTAL HEU-LEU AGREEMENT



As a result of fulfilling the HEU-LEU Agreement with USEC, carrying out the Contract for supply of natural component (LEU feed material) with a Group of western companies (Areva, Kameco, Nukem), as well as implementation of the programme for transporting unsold LEU natural component to Russia, the HEU-LEU Agreement execution has reached 88%. The total value of the agreement, which was initially estimated at USD 12 billion, exceeded USD 14 billion by the end of 2011 after fulfilling a range of contracts and agreements signed within the framework of the HEU-LEU Agreement. This estimation includes USD 10.5 billion currency

10.5
USD BLN
currency earnings transferred to the federal budget during contracted period

earnings transferred to the federal budget and estimated value of uranium assets represented by natural uranium hexafluoride, which had been earlier imported into Russia or are owned by the Russian Federation in the United States, worth over USD 3.5 billion.

According to the preliminary estimate of the total earnings under the HEU-LEU Agreement, including supplies of LEU, LEU feed material and return of unsold LEU feed material to Russia until the end of 2013, the Russian side can earn up to USD 17 billion with over USD 13 billion then due to the federal budget of the Russian Federation.

3.1.4. IMPLEMENTATION OF ENGINEERING PROJECTS



ON THE PICTURE:
 GCP IN HANZHONG,
 WHERE THE 4TH
 CONSTRUCTION STAGE
 WAS COMMISSIONED
 UNDER THE CONTRACT
 BETWEEN THE COMPANY
 AND CNEIC

Under the Agreement dated 18 December 1992 between the Government of the Russian Federation and the Government of the Peoples' Republic of China on construction of a gas centrifuge plant in China and additionally the Protocol dated 6 November 2007, JSC "TECHSNAB-EXPORT" signed a contract (hereafter – the Contract) on 27 August 2008 with the Chinese Nuclear Energy Industry Company (CNEIC) for providing technical assistance in the 4th construction stage of a 500 thousand SWU/year gas centrifuge plant in China.

The scope of JSC "TECHSNAB-EXPORT" obligations under the Contract includes designing the primary manufacturing facility, supplying key technological and auxiliary equipment, providing consulting services during installation and commissioning, providing designer supervision and training Chinese experts in Russia.

On 5 July 2011, nine months ahead of schedule, the 4th construction stage of a 500 thousand SWU/year gas centrifuge plant was commissioned. The certificate of experimental operation completion and commissioning for production was signed by JSC "TECHSNABEXPORT" and Chinese Nuclear Energy Industry Company (CNEIC). The signing of this document meant the beginning of the guarantee period of plant operation, which, according to the contractual obligations of the Russian party, equals three years.

Over 100 Russian companies, equipment manufacturers and service providers, have been involved in the contract execution, including JSC "Chief Institute "VNIPIET", JSC "VPO "Tochmash", JSC "KMP", JSC "PA "Electrochemical Plant", JSC "UEIP" and JSC "AECC".

After the 4th construction stage of the gas centrifuge plant was commissioned, the Russian party has fulfilled its obligations under the inter-governmental Agreement of 18 December 1992.

500
 THOUSAND SWU/YEAR
 volume of the 4th
 construction
 stage of the gas
 centrifuge plant,
 commissioned on
 July 5, 2011

100
 Russian companies
 involved in
 the execution of
 the contract with
 CNEIC

3.2. FINANCIAL AND ECONOMIC PERFORMANCE

3.2.1. TURNOVER

The Company's turnover in 2011 amounted to USD 3.84 billion.

The Company has traditionally been an exporter and has a stable positive foreign trade balance. In 2011 this indicator remained almost at the level of 2010 and equalled USD 2.94 billion, while total export volume reached USD 3.39 billion.

3.84

USD BLN

the Company's turnover in 2011

2.33

USD BLN

commercial supplies of uranium production

SALES, USD mln

ITEM	2009	2010	2011	2011 ON 2010,%
Turnover	3,454	3,984	3,835	96.3
Export, total	3,048	3,490	3,388	97.1
incl.:				
export of uranium production, total	2,897	3,252	3,339	102.7
incl.:				
HEU-LEU Agreement	886	939	1,009	107.4
commercial supplies of uranium production	2,011	2,313	2,330	100.7
other	151	239	49	20.5
Import, total	406	494	447	90.5
incl.:				
import of HEU-LEU feed material	37	58	108	186.2
uranium-containing materials	352	421	322	76.5
other	16	14	17	121.4
FOREIGN TRADE BALANCE	2,642	2,996	2,941	98.2

EXPORT

The volume of exported uranium production is considered to be one of the key indicators of the Company's performance. The major components of the export activities are commercial supplies of uranium production and supplies under the HEU-LEU Agreement.

Despite the Fukushima accident, which resulted in a series of cancelled deliveries under the contracts with Japanese customers and a reduction in option orders by other contractors,

the Company retained the positive growth in the exports of uranium production through the flexible pricing policy and efficient communication with contractors. Compared to 2010, the volume of commercial export of uranium products in 2011 increased in value terms, even if insignificantly, and equalled USD 2.33 billion or 69% of the total export volume.

A 7.4% increase in export in 2011 over 2010 in value terms under the HEU-LEU Agreement resulted from a rise in prices of enrichment services and LEU feed material. In the reporting year the Company has fully fulfilled the budgetary targets of the State Atomic Energy Corporation ROSATOM for transferring export earnings into the federal budget.

The volume of other exports, including the supplies of equipment and providing services under the contract for providing technical assistance in construction of the 4th construction stage of the 500 SWU/year gas

centrifuge uranium enrichment plant in China, decreased by 20% on 2010 because this contract has been executed.

IMPORT

The purchase of the uranium raw material for the purposes of the export programme accounts for the largest segment in

the Company's import. In 2011 import volume of uranium raw material amounted to USD 322 million, or 72% of the total import.

Import of low-enriched uranium feed material (LEU FM) under the HEU-LEU Agreement is carried out in accordance with the programme of transporting LEU FM from the US to Russia and schedule for returning LEU FM to Russia during the period until 2014.

3.2.2. INCOME BY CORE BUSINESS ACTIVITIES

INCOME BY CORE BUSINESS ACTIVITIES, RUR mln

ITEM	2009	2010	2011	2011 ON 2010,%
Revenue from uranium operations	76,346	76,108	68,976	90.6
domestic market	12,402	1,992	0	0
international market	63,944	74,116	68,976	93.0
Other revenue	3,971	7,153	1,538	21.5
TOTAL	80,317	83,261	70,514	84.7

The Company's main revenue is generated by sales of uranium production, which accounted for 98% of total revenue. The currencies of the majority of the contracts are US dollar and euro, while the share of other currencies is insignificant.

A 7% decrease in the revenue from the uranium sales to the foreign market in 2011 over 2010 was determined by the following factors:

- a change in the sales structure – the sales of natural uranium made the biggest impact on the changes in the sales structure: in 2010 the Company sold the natural uranium, received from the Japanese energy companies on account of the payment for the raw component of the EUP, to the foreign markets (revenue from the sales of the raw material is included into the "Revenue from uranium business" section, but is not included into the "Export" section, since the sale is made outside the territory of Russia); in 2011 due to a cancellation of a number of deliveries of enriched uranium under contracts with Japanese clients, sales of raw materials were not held.

- changes in exchange rates – average weighted rate for factual shipments in 2010 – 30.5 RUR/USD, while in 2011 it equalled 29.3 RUR/USD.

According to the decision made by the heads of the industry the shipments of uranium products in the internal market have been finished in 2010. In the reporting year no such shipments have been sent.

The key factor in the reduction of the other revenue in 2011 compared to 2010 was the fulfillment of the contract for providing the technical assistance in the 4th construction stage of a gas centrifuge plant in China.

3.2.3. EXPENSES

PRODUCTION COST, RUR mln

ITEM	2009	2010	2011	2011 ON 2010,%
Production cost in uranium operations (cost of uranium raw material, enrichment and conversion services)	49,411	50,279	44,734	89.0
supplies to domestic market	10,850	1,724	0	0
supplies to international market	38,561	48,555	44,734	92.1
Other costs in production cost (products for resale, insurance, delivery, storage of raw material, etc.)	4,832	6,748	1,290	19.1
TOTAL	54,243	57,027	46,024	80.7

A 7.9% decrease in the production cost within the uranium business for the purposes of supplies to the foreign market in 2011 over 2010 was determined by a reduction of total costs of uranium raw material, enrichment and conversion services due to the changes in the structure of sales and production parameters: in 2011 no raw material, received from the Japanese energy companies on account of the payment for the raw component of the EUP, was sold; in addition, the actual volume of supplied and purchased products diminished compared to 2010. Despite an increase in the price of the uranium raw material issued to be used

in production, as well as an increase in the price of enrichment and conversion services, the total production cost decreased in 2011 over 2010, because a drop in the actual volume of purchased products levelled off the negative impact of the price increase.

A decrease of production cost and other costs within the production cost in the reporting year compared to 2010 is determined by the termination of shipments in the internal market and completion of shipments under the contract for providing technical assistance for the 4th construction stage of a gas centrifuge plant in China.

BUSINESS EXPENSES, RUR mln

ITEM	2009	2010	2011	2011 ON 2010,%
EUP Insurance	741	767	561	73.1
EUP Delivery	437	628	521	83.0
Other business expenses (insurance of business risks, customs fee and duties for export, EUP storage, contractors' services, etc.)	508	1,117	1,260	112.8
TOTAL	1,686	2,512	2,342	93.2

A 6.8% decrease in business expenses in 2011 over 2010 was largely determined by the following factors:

- a decrease in the actual sales as a result of the accident in Japan in March 2011;
- a reduction in insurance tariffs within the Company's 2011 insurance scheme, which is developed in cooperation with JSC Atomic insurance broker;
- completion of shipments under the contract for providing technical assistance for the 4th construction stage of a gas centrifuge plant in China.

A 12.8% increase in other business costs is associated with an increase in the cost of business risk insurance, which, in its turn, occurred as a result of a corresponding increase of the total amount of revenue from the sales in 2011 over 2010 (please see [Appendix 1](#)).

A 2.1% decrease in general administrative expenses in 2011 over 2010 resulted from the Company's consistent policy of maintenance cost reduction.

MANAGEMENT EXPENSES, RUR mln*

ITEM	2009	2010	2011	2011 ON 2010,%
Personnel costs	1,146	1,215	1,263	104.0
Costs of buildings, machinery and vehicles maintenance, telecommunications, IT, etc.	507	327	288	88.1
Consulting and other services (excluding charity and sponsorship)	344	266	219	82.3
TOTAL	1,997	1,808	1,770	97.9

* For the purposes of analysis, general administrative expenses in this section are shown according to the budgetary reporting and its meaningful content. In the financial reporting for 2009-2010 these expenses are divided into Management expenses and other expenses according to RAS.

3.2.4. KEY FINANCIAL PERFORMANCE INDICATORS

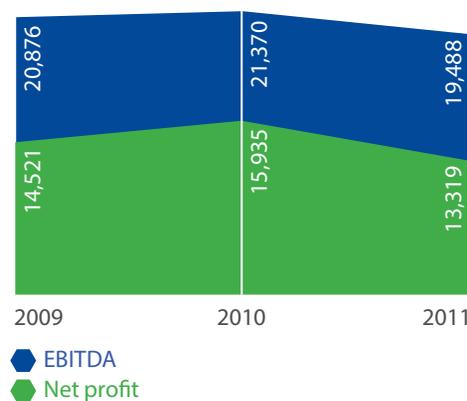
KEY FINANCIAL INDICATORS, RUR mln

ITEM	2009	2010	2011	2011 ON 2010,%
Revenue	80,317	83,261	70,514	84.7
Production cost	-54,243	-57,027	-46,024	80.7
Gross profit	26,074	26,234	24,490	93.4
Business expenses	-1,686	-2,512	-2,342	93.2
Management expenses*	-1,769	-1,812	-1,770	97.7
Income/(loss) from sales	22,619	21,910	20,378	93.0
Other income and expenses	-1,813	-628	-2,444	389.2
Loan interest expense	-2,344	-1,008	-795	78.9
Profit before tax	18,462	20,275	17,139	84.5
Profit tax, including deferred tax assets and deferred tax liabilities	-3,924	-4,340	-3,820	88.0
Other payments from profit	-17	0	0	0
Net profit	14,521	15,935	13,319	83.6
For reference:				
Earnings before Interest, Taxation, Depreciation and Amortisation (EBITDA)	20,876	21,370	19,488	91.2

* Management expenses are presented based on financial statements in accordance with RAS.

The major factor in the reduction of EBITDA (-8.8%) in the reporting year compared to 2010 was a decrease in the revenue due to the events in Japan and the fulfillment of the contract for providing the technical assistance to the 4th construction stage of a gas centrifuge plant in China, as well as the strengthening of the rouble in relation to foreign currencies.

A decrease in net profit (-16.4%) compared to 2010, along with a decrease in revenue from sales has been caused by an increase in a negative credit balance of other income and expenditure, which resulted largely from a rouble revaluation of the Company's foreign currency credit portfolio.



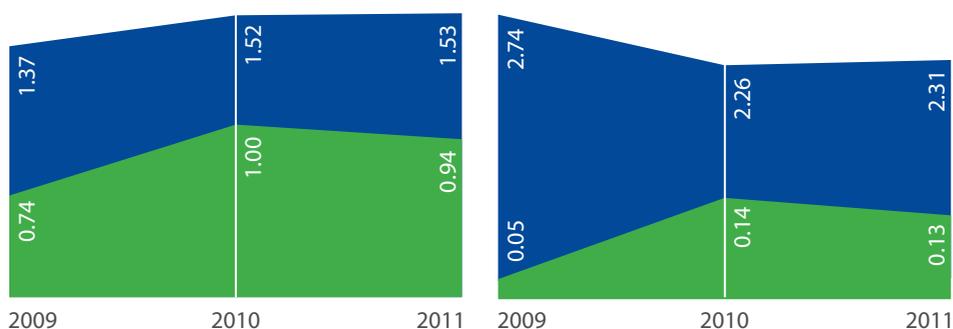
PROFITABILITY RATIOS,%

ITEM	2009	2010	2011
Profitability of sales based on gross profit	32	32	35
Profitability of core operations (EBITDA)	26	26	28

LIQUIDITY INDICATORS*

ITEM	2009	2010	2011
Current liquidity ratio	1.37	1.52	1.53
Quick liquidity ratio	0.74	1.00	0.94

* Indicators were calculated as annual average figures



RATIOS:
■ Current ratio
■ Quick ratio

RATIOS:
■ Debt to equity ratio
■ Equity ratio

FINANCIAL STABILITY INDICATORS

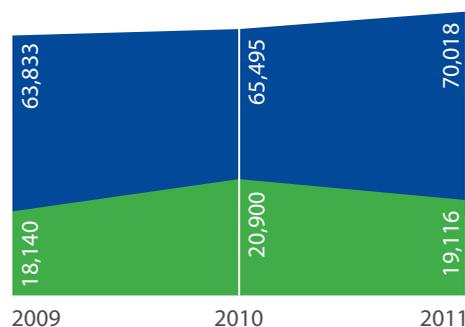
ITEM	2009	2010	2011
Debt to equity ratio *	2.74	2.26	2.31
Equity ratio	0.05	0.14	0.13
Net equity, RUR mln **	18,140	20,900	19,116
Assets, RUR mln	63,833	65,495	70,018
Net equity share in total equity, %	28.4	31.9	27.3

* Indicators were calculated as annual average figures.

** Indicators were calculated in accordance with the decree by Ministry of Finance of Russia and Federal Securities Commission of Russia dated 29 January 2003 № 10n 03-6/pz 'On approving the procedure for estimating the value of net equity in joint-stock companies'.

Key profitability and financial stability indicators in 2011 remained largely the same as in 2010. It is a satisfactory result and is continuously monitored by the Company and the State Atomic Energy Corporation ROSATOM.

During 2011 the net equity of the Company decreased by 8.5%, largely due to the payment of interim dividends for the nine months of 2011 pursuant to the sole shareholder's resolution.



RATIOS:
■ Assets, RUR mln
■ Net assets, RUR mln

3.2.5. PAYMENTS TO CAPITAL PROVIDERS¹²

ITEM	2009	2010	2011
1. Interest paid to creditors			
Interest paid on loans and borrowings	2,346	1,022	809
2. Dividends paid to shareholders			
Dividends paid	9,780	15,511	12,256
3. Payments to capital providers (index 1 + index 2)	12,126	16,533	13,065

¹² Information provided on payments in monetary form during the financial year.

4. PERFORMANCE MANAGEMENT

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 Direction General of TSC "TECHSNABEXPORT"
ALEXEY A. GRIGORIEV

...WE TRY TO MAKE OUR
OFFERS MORE ATTRACTIVE BY
FLEXIBLE PRICE APPROACHES
AND CUSTOMER-FRIENDLY
SUPPLY LOGISTICS...

RIA Novosti, November 2011





EUP DELIVERY TO THE PORT OF ST.PETERSBURG BY SPECIAL TRANSPORT VEHICLES OF JSC "SPB"IZOTOP"

4.1. KEY PERFORMANCE INDICATORS SYSTEM

THE SYSTEM OF KEY PERFORMANCE INDICATORS (KPI) IS A MODERN TOOL FOR MANAGING THE PERFORMANCE OF JSC "TECHSNABEXPORT", ITS AFFILIATES AND SUBSIDIARIES.

This system was introduced in 2009, and has been successfully operating in JSC "TECHSNABEXPORT". The key principle of the system is segmentation of strategic objectives of the State Atomic Energy Corporation ROSATOM into financial & economic, production, social and other performance indicators for enterprises and individual objectives for their managers for a one year period.

In order to implement a number of cross-functional industrial projects using the unified methodology, the State Atomic Energy Corporation ROSATOM incorporates general industrial indicators of functional activities into the KPI maps of the managers of the enterprises' functional blocks (economics & finance, accounting, corporate and legal work, HR, procurement, IT, etc.).

The following financial & economic and production KPIs were adopted in JSC "TECHSNABEXPORT" in the reporting year:

- EBITDA;
- fixed costs;
- portfolio of export orders for a 10-year period (including export operations of Russian enterprises, excluding the HEU-LEU Agreement);
- revenue from foreign operations (including export operations of Russian enterprises, excluding the HEU-LEU Agreement).

In particular the following individual objectives have been set for the Company's managers in the reporting period:

- development of the transport and logistics complex "East" (TLC "East");
- development of the transport and logistics complex "West" (TLC "West");
- implementation of the information technology transformation programme;
- improvement of the procurement efficiency.

In 2011 the KPI system was cascaded to the level of the Company's department directors and deputy directors of subsidiaries and affiliates.

4.2. INNOVATION ACTIVITIES

Innovation activities at JSC "TECHSNABEXPORT" are concentrated in the projects aimed at improvement of the Company's management system, including the development, implementation and certification of the management systems according to the international ISO standards (for more information see [Chapters 4.5., 4.6.](#)).

In the reporting year the Company continued developing a risk management system harmonised with the State Atomic Energy Corporation ROSATOM's CRMS project. Its key objective is integration of the risk management process into the Company's key business processes. Innovation of the mechanism for making management decisions for the optimum usage of the Company's resources consists of managing the balance of risks and profitability (for more information see [Chapter 4.4.](#)).

JSC "TECHSNABEXPORT" participates in the corporate programme of transformation of the finance and economic block (FEB), which already featured an implementation of an automated budgeting system using the modern technological platforms SAP and 1C and mid-term planning using the DION platform (for more information see [Chapter 4.7.](#)).

The Company participates in the innovation project "Developing a mechanism of comprehensive evaluation of current internal control systems in the State Atomic Energy Corporation ROSATOM and its organisations" (for more information see [Chapter 4.10.](#)).

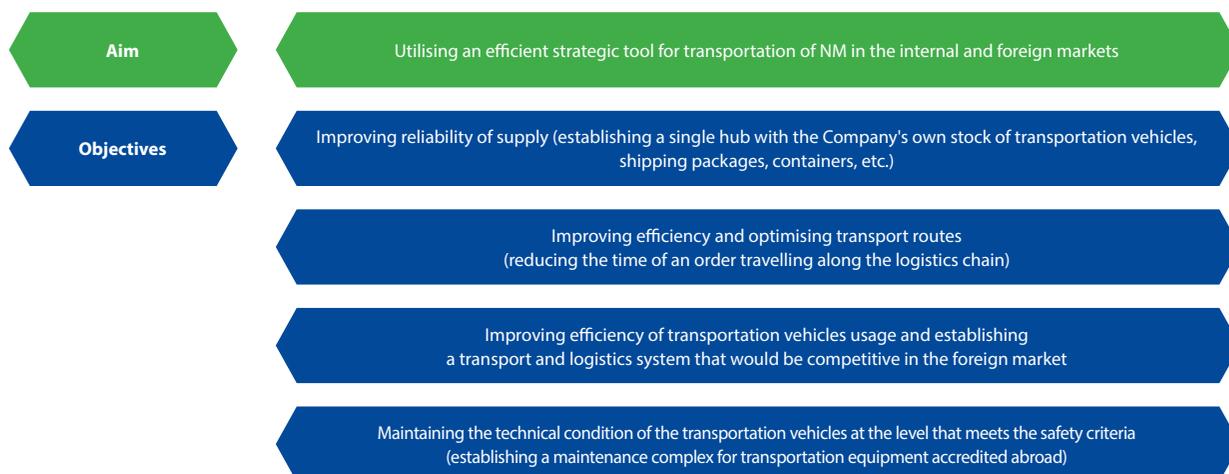
The procurement system implemented at JSC "TECHSNABEXPORT", based on the unified industry standard, is considered innovative (for more information see [Chapter 4.9.](#)).

For three years JSC "TECHSNABEXPORT" has been a key organisation in implementing an innovative project of building a system of public reporting in the State Atomic Energy Corporation ROSATOM and its organisations (for more information see [Chapter 6.](#)).

4.3. TRANSPORT AND LOGISTICS SUPPORT

THE COMPANY SPECIFICALLY TRIES TO MINIMISE THE DELIVERY TIME AND IMPROVE SECURITY AND RELIABILITY OF SUPPLIES.

AIM AND OBJECTIVES FOR THE DEVELOPMENT OF TRANSPORT AND LOGISTICS INFRASTRUCTURE



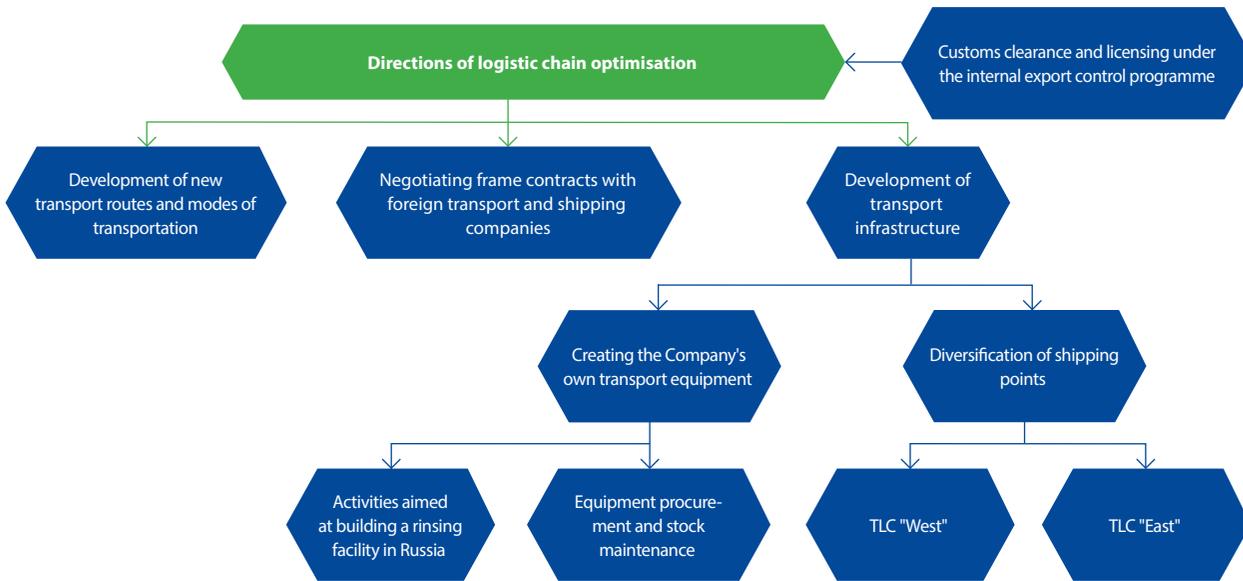
Incorporation of JSC "SPb "IZOTOP" into the Company's management framework helped solve the following tasks:

- improve security and manageability of the logistics chain on the Russian side
- provide shipping and maintenance of the Company's own transportation equipment pool.

Different segments of supply chain optimisation are shown in greater detail below.

A Memorandum of Understanding was signed by the companies participating in the project and JSC "TECHSNABEXPORT" within the project framework for building a rinsing centre for 30B cylinders at one of Russia's enterprises. Joint activities are carried out in order to organise visits to the cylinder rinsing centres both in Russia and abroad in order to train the personnel.

The number of shipments stipulating the Company's responsibility for organising transport and shipping services on the foreign territory increased by more than 18% in 2011 over 2010.



4.3.1. DEVELOPING THE COMPANY'S OWN BASE OF TRANSPORT EQUIPMENT

In 2011 the UX-30 protective covers, manufactured by Columbiana Hi Tech LLC (244 protective covers in total) have been purchased within the framework of the project for establishing the Company's own transport equipment stock. Thus, the Company owns 344 protective covers and ranks second in terms of the number of protective covers across the world.

This has considerably improved the provision of protective covers when fulfilling the obligations stipulating the Company's responsibility for organising the delivery of EUP and reduced the number of rented protective covers by 48%.

In 2012 the Company plans to purchase 30B cylinders.

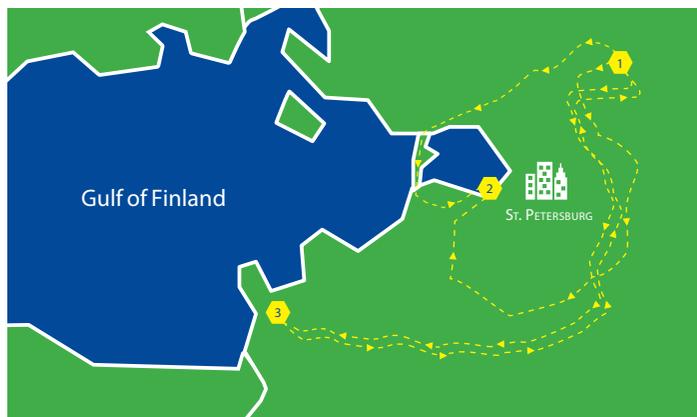


ON THE PICTURE:
 CONTAINERS FOR EUP
 TRANSPORTATION
 TO BE SHIPPED FROM
 JSC "SPB "IZOTOP" SITE

344
 UNITS
 in the protective covers
 stock

4.3.2. DIVERSIFICATION OF SHIPPING POINTS

DIVERSIFICATION OF SHIPPING POINTS FOR THE URANIUM PRODUCTS EXPORTED BY THE COMPANY WILL BE ACHIEVED THROUGH TWO PROJECTS – TLC "WEST" AND TLC "EAST".



1. Kapitolo base
2. CSP St. Petersburg
3. CSP Ust-Luga, Storage facility

A pilot shipment of four 30B cylinders was done through Ust-Luga commercial sea port (CSP) as part of the TLC "West" project.

For 2012, in accordance with the passport of the project, approved by the State Atomic Energy Corporation ROSATOM, plans have been devised to finish by due course of law the transfer of the building site for temporary storage facility (TSF) for 7th class of hazardous products from forest category of property to the industrial and other purposes land property, which is required to formalise the rent of the land plot, as well as receive a State expert conclusion on the project and launch the construction process of the TSF.

Under the TLC "East" project, the preparation for the pilot export shipment of enriched uranium, planned for 2012, has been completed, including the organisation of the supply chain, reaching agreements with the key partners and performing licensing procedures.

The Company initiated an amendment (made in 2011) in the Russian Government decree that included in the Far-East ports Nakhodka and Vostochny into the list of sea ports approved for ships transporting nuclear materials.



1. CSP in Tokyo
2. CSP "East"
3. Russian enrichment and sublimation complex enterprise
4. CSP in St. Petersburg
- 5–6. CSPs on the East and West Coast, the USA

4.3.3. LICENSING AND CUSTOM SUPPORT, INTERNAL EXPORT CONTROL PROGRAMME

In 2001, JSC "TECHSNABEXPORT" became one of the first Russian companies to receive a certificate of state accreditation as an organisation that established an internal export control programme – a set of organisational and technical measures aimed at ensuring conformity to the export control legislation of the Russian Federation. In 2011 the period of validity of the state accreditation of the Company was prolonged by FSTEC until 2016.

The state accreditation enables the Company to carry out export shipments of uranium products to the UK, Germany, France, China, the Republic of Korea and the US, based on general licences, issued by FSTEC based upon the relevant decrees of the Russian Government, which considerably reduces delivery time under the current contract liabilities.

In 2011 the Company obtained 62 individual licences for export of nuclear materials.

Over 300 customs documents were received by the customs authorities.

JSC "TECHSNABEXPORT" continuously monitors validity periods and relevancy of certificates and approvals of protective shipping packages (PSPs) used by JSC "TECHSNABEXPORT" for deliveries; whether suppliers/consignees of nuclear goods have the relevant Rostekhnadzor licences for the types of activities associated with the use of nuclear energy and dedicated plans for remediation of possible transport accidents; meeting deadlines of temporary import/export of PSPs (30B containers and/or protective covers).

4.4. RISK MANAGEMENT

THIS SECTION CONTAINS INFORMATION ON ORGANISATION AND DEVELOPMENT OF THE RISK MANAGEMENT ACTIVITIES IN THE REPORTING PERIOD, AS WELL AS THE MAJOR RISKS IMPACTING ON THE COMPANY'S OPERATIONS AND APPLICABLE WAYS OF ADDRESSING THESE RISKS.

The Company understands the risk management process as a set of coordinated activities undertaken by the corporate management bodies, managers and all employees, aimed at developing the habit of taking into account the risk-profitability ratio when taking decisions, and improving the efficiency and sustainability of the Company's business processes by identifying risks in a timely manner, estimates of risks and developing, and implementing procedures of addressing risks to ensure reasonable confidence in achieving the Company's objectives.

The Company's risk management system (RMS) is developed on the basis of the State Atomic Energy Corporation ROSATOM risk management policy¹³ and other guiding and methodological documents in this area, as well as recommendations of international standards and best practices. The objectives of the risk management system include:

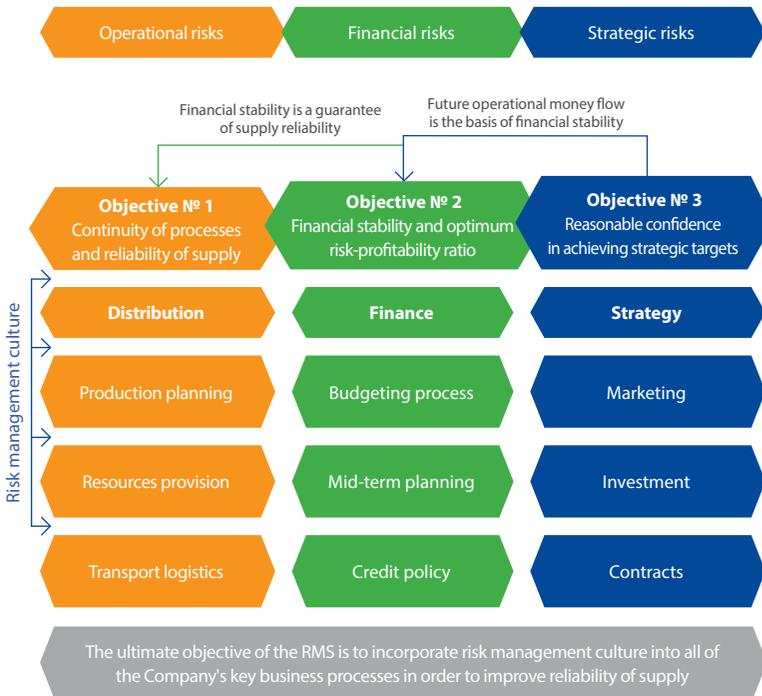
- support of development and implementation of the corporate strategy of the State Atomic Energy Corporation ROSATOM, Fuel division and the Company, as well as strategic initiatives in which the Company takes part;
- maintaining the Company's risk exposure within the State Atomic Energy Corporation ROSATOM risk preparedness limits and thus achieving an optimum risk-profitability ratio when making the key decisions on negotiating the Company's deals and in other areas of the Company's economic activities;
- conducting risk assessment of the Company and its projects within the key risks of the Fuel division and the State Atomic Energy Corporation ROSATOM in general, and when distributing the capital between the organisations and projects by the State Atomic Energy Corporation ROSATOM;
- incorporation of the risk management process into a number of the Company's business processes and the mechanism of making management decisions for the optimum usage of the Company's resources through managing the balance of risks and profitability;
- forecasting possible deviations of the Company's future performance indicators from the expected, target or planned values (including, but not limited to, the market

share, sales volume in actual and monetary form, revenue, operating income, operational and net cash flow, net debt factor, indicators of liquidity, financial stability and turn-round, assumed obligations to creditors – covenants for maintaining a number of the Company's indicators in the acceptable range, etc.) under the influence of risks in order to introduce measures for maintaining these indicators within the acceptable range;

- improving and maintaining continuity (stability) of the business processes of the Company and its contractors, including those within the frameworks of the quality management systems (QMS), environmental management systems (EMS), supply chain security management systems (SCSMS), informational security management systems (ISMS) through identification, evaluation and analysis of the operational risks emerging within these business processes and devising, and implementing measures for reducing these risks;
- providing informational support to the management of the Company and the State Atomic Energy Corporation ROSATOM when making management decisions.

¹³ Approved by the State Atomic Energy Corporation ROSATOM decree as of 13 January 2011 № 1/4-P.

THREE-PART OBJECTIVE OF THE RISK MANAGEMENT SYSTEM (RMS)



4.4.1. RISK MANAGEMENT ORGANISATION

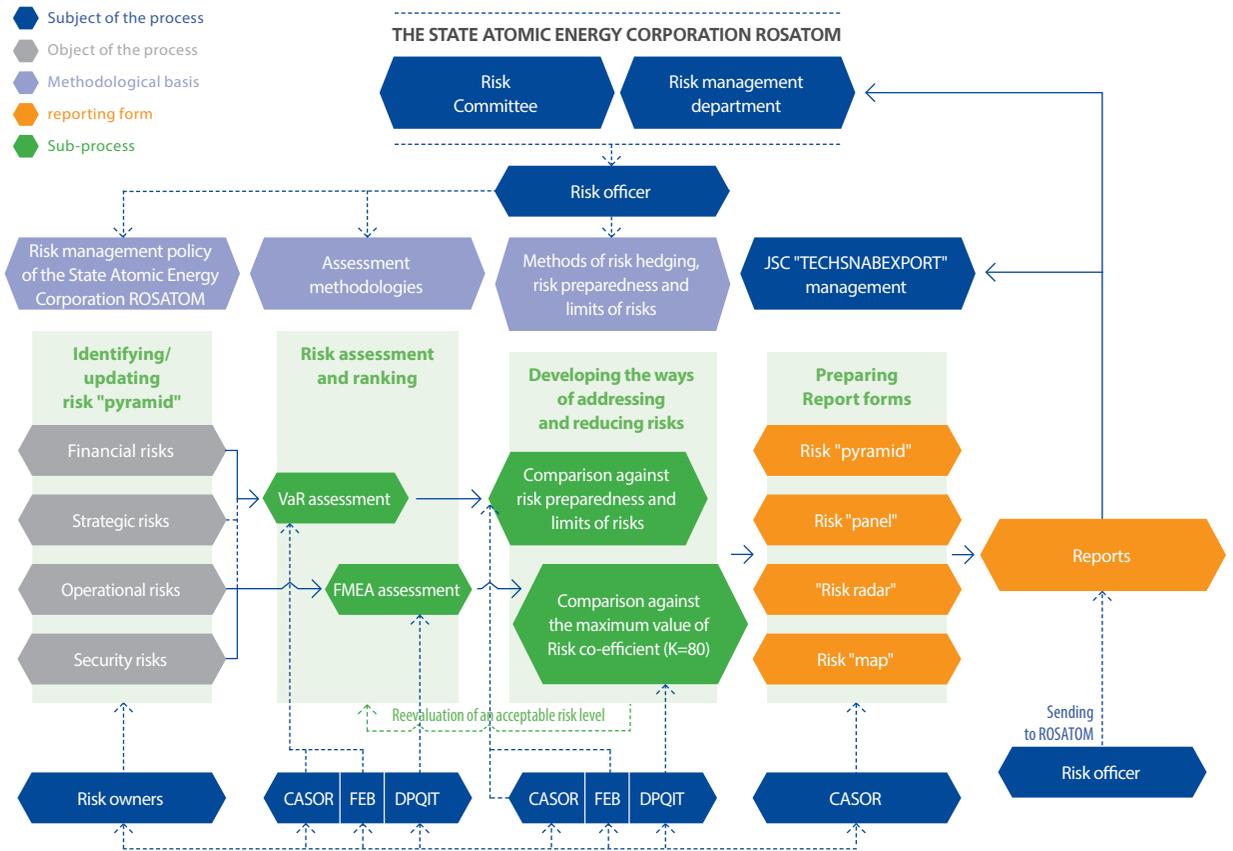
The risk management system (RMS) was developed in the Company in 2011 under the influence of two key factors:

- the Fukushima nuclear accident, which displayed a low probability and risk of a serious nuclear accident, which in terms of risk management means that special attention should be paid to low probability risks, as they can transform into strategic risks for the industry as a whole and the Company in particular. Relating to the Company's objective to ensure absolute reliability and promptness of supply, with zero readiness to the risk of supply failures, this event required a meticulous study and careful evaluation of operational risks, even those considered low probable, and mitigation measures;
- new stage of development of risk management system of the State Atomic Energy Corporation ROSATOM and its organisation – the stage of implementation of practical methods for assessing and managing key risks. The Company's objective at this stage was to develop, based on the world's best practices as well as economic and mathematical modeling tools, the quantitative evaluation of the susceptibility of financial and economic performance indicators to a group of risks, underlain by uncertainty (volatility) of future market and macroeconomic parameters and measure the obtained evaluation of indicators with the indication of risk preparedness.

4.4.2. RISK MANAGEMENT SYSTEM

The key elements of organisational and methodological platform of the Company's RMS as of the end of 2011 are shown on the scheme below. Within the organisational aspect, several risk management responsibility centres have been established:

- the Company's decree identified a number of key employees as the "owners" of the risks manifested in the business processes that they carry out;
- several divisions of the Company perform the functions of the risk management bodies;
- the Company's risk officer communicates with the State Atomic Energy Corporation ROSATOM with regard to risk management and RMS development;
- an expert group adjusts risk evaluations on the part of their owners, analyses risks and suggested measures for risk management and studies risk Reports.



4.4.3. RISK CLASSIFICATION, EVALUATION AND MANAGEMENT METHODS

In the development of RMS the Company assumes that it is essential to reach an optimum balance between the all-encompassing character of risk management and cost of resources used in the process.

In accordance with this logic the risks are divided into locally and centrally managed risks.

The management of local risks, which are predominantly operational in nature (manifold, diversified and often low-probability, but with significant impact – they are called 'tail risks' in professional terminology¹⁴), is carried out by the dedicated divisions. The local risks are reclassified as centrally managed risks when their estimated level exceeds certain value, which calls for taking certain measures at the level of the management of the Company or the State Atomic Energy Corporation ROSATOM and allocating additional financial resources.

Centrally managed risks that are monitored continuously include strategic, financial and significant operational risks. Regular Reports are compiled with regard to these risks for the Company's management and the State Atomic Energy Corporation ROSATOM management in order to establish the required ways and measures of addressing these risks. The picture below shows a classification of risks highlighting those groups of risks that impact on the reliability of the Company's supplies in all the three categories – strategic, financial and operational risks.

Quantitative evaluation under the Value at Risk (VaR) methodology is carried out for a 5-year period with regard to the financial and some strategic risks that are caused by uncertainty (volatility) of future market quotations for natural uranium, conversion and enrichment services and macroeconomic parameters – inflation indices, interest rates and some other market uncertainties, including:

- **commodity price risk** – influence of market quotation volatility and inflation indices on the prices under the Company's contracts and agreements for purchases of uranium products and services, and, consequently, for the revenue, major variable costs and profit margin;

¹⁴ Low-probability risks with significant consequences are called "tail risks", because they are found in the 'tail' of the probability distribution function and special methods are required to account for them in VaR value.

- **commodity volume risk** – pre-existing uncertainty about the volumes of options ordered by the clients of the Company purchasing uranium products and volume flexibility under the existing long-term contracts, as well as a possibility of changes of quantitative conditions under the new contracts that are being drafted, which impacts on the same future indicators of the Company's activities as the commodity price risk;
- **currency risk** – influence of uncertainty of exchange rates on the Company's revenue in roubles, its operational (EBITDA) and net profit, as well as other indicators;
- **inflation risk** – influence of the future inflation indices on the prices, income and expenditure of the Company;
- **interest rate risk** – impact of possible changes in interest rates on the Company's future interest payments and its cash flow from financial activities;
- **credit risk** – possible default of the Company's contractors, banks and insurance companies.

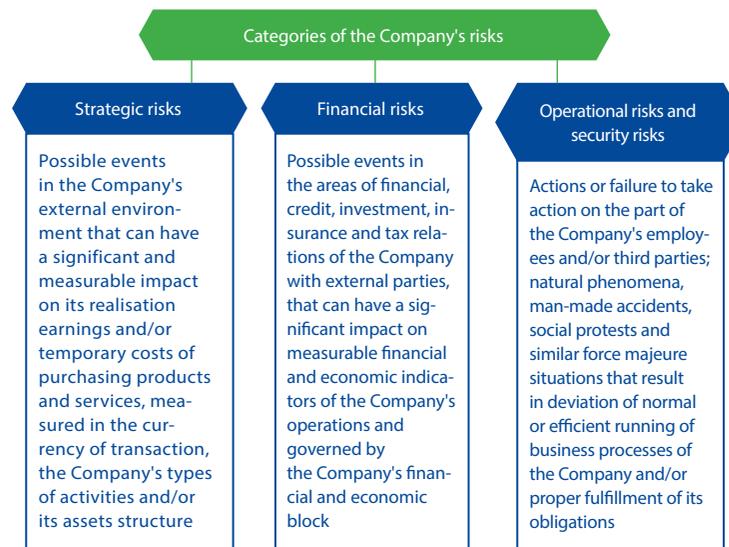
The VaR value is estimated with reference to projected revenue, operational revenue (EBITDA), operational and net cash flows, liquidity ratio and turn-round ratios, as well as a net debt factor. Out of many 'tail' operational risks, a risk of delayed shipments due to a closed down port in St. Petersburg is being quantitatively modelled.

The key instrument of risk management for the Company and the State Atomic Energy Corporation ROSATOM in general is the risk preparedness indicator, with which the VaR value is compared. This indicator describes the maximum acceptable losses in a given confidence interval of probability of a combined effect, i.e. essentially it determines the degree of freedom of the Company's management in risk-profitability ratio, which would be approved by the beneficiary of the Company – the State Atomic Energy Corporation ROSATOM. The approval of this indicator by the State Atomic Energy Corporation ROSATOM, planned for 2012, will mean that the Company assumes responsibility not to exceed it in the course of its economic activities.

The Company will adhere to the risk preparedness mainly by means of hedging

those risks, which management is the least resource-intensive and provides the biggest reduction of VaR. One of those risks is currency risk: there are plans to carry out not just the natural hedging of this risk (obtaining credit and carrying expenses in foreign currency), but also using derivatives. As far as the commodity price risk is concerned, which has the second largest share in VaR after currency risk, it is deemed to be natural and inevitable for the Company, while the financial instruments for hedging this risk in the uranium market (uranium futures and options) are not sufficiently developed. This objectively requires that the Company develops its trade policy and pricing policy in such a way that neither general risk preparedness, nor the limits of commodity risk are exceeded.

Operational and some strategic risks that are not caused by volatility of market and macroeconomic parameters are evaluated in the Company using FMEA methodology¹⁵. The objective of this method is to prevent and mitigate an impact of possible failures, errors and



dangers on the Company's business process, fulfillment of its obligations, targets and financial and economic results of the Company's operations.

The key reporting forms for risks include:

- risk "pyramid" – graphical representation of the key risks, risk factors and inter-relations between them and the Company's performance indicators which these risks impact upon;
- risk "map" – a database on risks, their "owners", results of identifying risks, assessment and grading of risks, ways of addressing risks, risk management measures and dynamics of changes in risk values; and
- "risk radar" – a graphical representation of a relative value of risks and risk dynamics.

¹⁵ FMEA – stands for Failure Mode and Effects Analysis – analysis of the modes and effects in business processes.

4.4.4. COMPANY'S KEY RISKS, MEANS OF ADDRESSING THEM AND RISK MANAGEMENT MEASURES

In the 4th quarter of 2011 a questionnaire was distributed between the risk "owners", department heads and the Company's management in order to identify the most significant risks and rank them. Based on the questionnaire a list of 15 key risks was compiled (Top 15 risks list). At the same time, operational risk "owners" carried out a FMEA-analysis of those risks. According to the results of the analysis, seven out of 84 risks exceeded the threshold (80 points in FMEA). These seven risks are listed below:

- failure to receive a licence for export or import of nuclear materials on time;
- failures in the Company's IT system;
- failures in the centralised (industrial) services of the State Atomic Energy Corporation ROSATOM ;
- information loss as a result of a fire;
- failure to order protective shipping packages (PSPs) on time;
- failure to fulfill obligations to pay insurance claim by insurance companies;
- failure to identify a serious violation due to not including certain areas of the operations into the audit plan of the Internal control and audit department.

Relative value of risks out of the Top-15 list, as well as those risks exceeding the threshold

value based on the FMEA analysis of operational risks is shown below in the form a "risk radar".

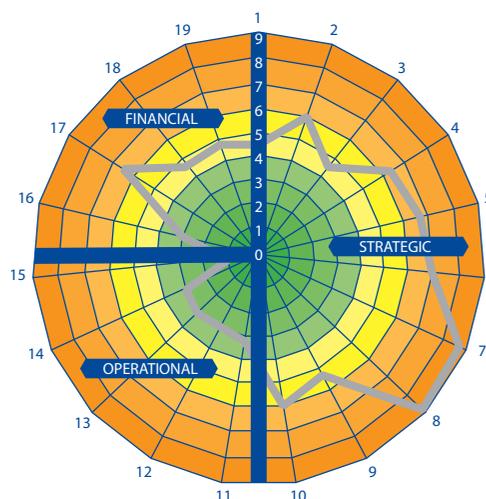
The results of a VaR evaluation, conducted in the 4th quarter of 2011, for a five-year period of mid-term planning with regard to the quantitatively assessed risks are provided below for the first (2012) and last (2016) years of risk modelling.

The results of a quantitative assessment of the Company's risk for 2012 and 2016: A, B, C, D – in the form of a "waterfall", which shows a relative effect of risks on the future revenue and EBITDA, as well as E, F – in the form of a bar chart for the density distribution or a probability of EBITDA diverging from the target value.

The following risks will have the most significant impact on the profit and operating revenue (EBITDA) of the Company; currency risk, commodity price risk with regard to uncertainty of future market quotations for U₃O₈ and uranium enrichment services (SWU), as well as inflation risk (except for 2012).

The significance of commodity risk with regard to the SWU quotations in 2012 is low and rises towards 2016 due to the fact that in the majority of the Company's contracts SWU prices are estimated using SWU quotations for the periods preceding the year of delivery, and their value is known for 2012, and also because the volatility of SWU market prices is lower than that of U₃O₈ prices.

A significant impact of currency risk on revenue and operating profit of the Company in roubles can be explained by a significant volatility of projected US dollar and euro exchange rates (currencies of price and payment in the Company's contracts) to rouble and by the value of "the Company's foreign exchange exposure", i.e. income cash flow in the given currencies exceeding expenditure cash flow in these currencies

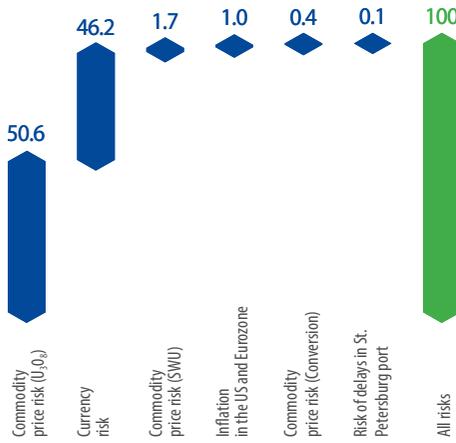


1. Risks of management decisions with regard to the Company
2. Perception risks (reputation risk)
3. Resource provision risks
4. Risks of withdrawing from a planned transaction
5. Risk of market capacity
6. Risks of competitive environment
7. Product risks (volume-related)
8. Product risks (price related)

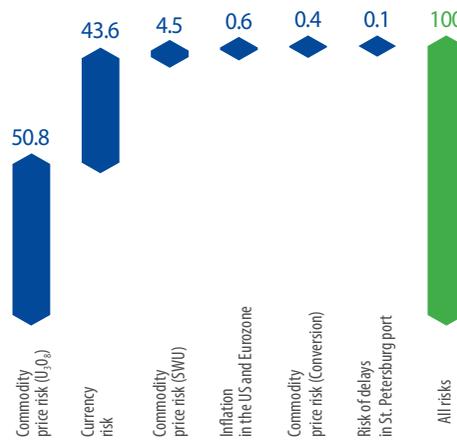
9. Regulatory risks
10. Political risks
11. Failure to obtain a licence for export or import of nuclear materials on time
12. Failure to order PSPs for uranium products in a timely manner
13. Failures in the Company's IT systems and information resources
14. Failure to identify non-conformances on the part of Internal control and audit department in due time

15. Danger of losing or corrupting the information as a result of a fire
16. Credit risk of insurance companies
17. Currency risk
18. Risk of reduction in financial stability
19. Risk of reduction in borrowing power

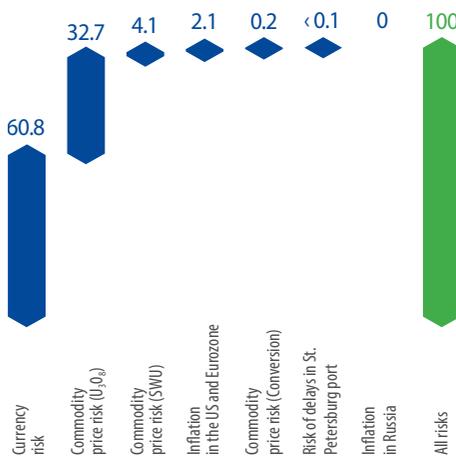
A: REVENUE UNDER RISK IN 2012



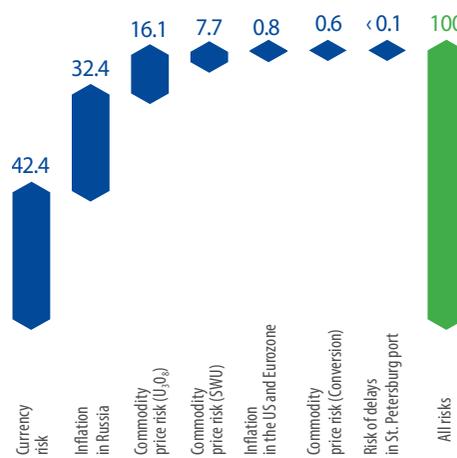
B: REVENUE UNDER RISK IN 2016



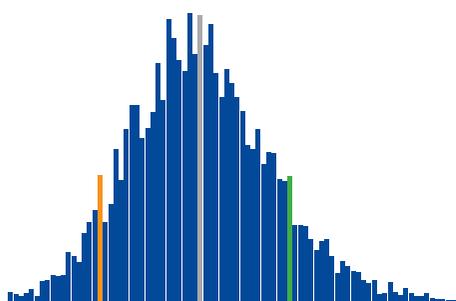
C: EBITDA UNDER RISK IN 2012



D: EBITDA UNDER RISK IN 2016

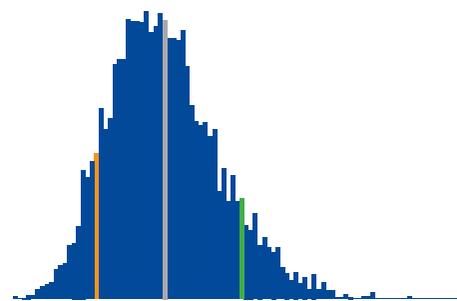


E: HISTOGRAM OF EBITDA UNDER RISK IN 2012



Histogram
 10%
 90%
 Mean value

F: HISTOGRAM OF EBITDA UNDER RISK IN 2016



Histogram
 10%
 90%
 Mean value

(reimbursement of credit and interest rate payments on credits, payment for goods and services).

A significant share of inflation risk in EBITDA under the risk after 2012 can be explained by a dependence on the future values of Russian inflation indices, which have been historically volatile, in the pricing terms of the Company's contracts with suppliers of uranium products.

The risk of delayed shipments in St. Petersburg port has been included into the quantitative risk assessment model as an example of a "tail" operational risk.

An estimate of probability of various events that could impede timely shipments of exported uranium products has shown that it exceeds the given confidence interval only slightly, which proves that the measures aimed at improving the transport and logistics in the Company are successful.

Below there is a description of the Company's most significant risks (out of the above-mentioned Top 15 list) and the risks exceeding the threshold as a result of FMEA - analysis of operational risks, as well as the inter-relation of risk management and insurance.

WAYS OF ADDRESSING KEY STRATEGIC RISKS

RISK	WAYS OF ADDRESSING A RISK
Commodity price risk	Developing pricing policy that does not exceed risk preparedness. Reaching agreements with suppliers about a "mirror" pricing mechanism with regard to the pricing mechanism of contracts with a high level of pricing risk.
Commodity volume risk	Working out volumes of future contracts with customers well in advance. Estimating future orders from the customers based on the previous contracts and market situation. Introducing volume flexibility and options that would help harmonise the volumes of purchases and sales into the contracts with suppliers of U ₃ O ₈ , conversion and SWU services.
Risk of reduction in the market capacity	Geographical diversification of the export business with a particular emphasis on developing markets. Proactive marketing in the fuel market for the newly built reactors, including the alliances with foreign companies to offer "packages" of services.
Competitive environment risks	Increasing non-price competitive advantages by providing comprehensive services and finding new formats and instruments of strategic marketing. Agreeing upon trade regimes that are acceptable and correspond with the Company's competitive abilities in the countries and regions with trade restrictions. Negotiating contracts for providing uranium enrichment services with foreign suppliers in the context of industrial cooperation. Establishing mutual transparency in information exchange regarding development of separation and conversion facilities.
Political risks	Obtaining general export licences (until 2016). Participating in developing the mechanisms of guaranteed deliveries of NFC products in case of a political force-majeure.
Perception risks (reputation risks)	Improving of the Company's business processes, QMS, SMSSC, information security management in order for the Company to fulfill its obligations impeccably and maintaining the image of a reliable supplier. Following the fundamental principle that 'the contract must be fulfilled'. Continuous explanatory work with customers and other stakeholders in order to justify the independence of the Company's performing its obligations from political and situational factors. Development of a multi-modal transport and logistics network (TLC "West" and TLC "East" projects, building its own container park, etc.).

WAYS OF ADDRESSING KEY FINANCIAL RISKS

RISK	WAYS OF ADDRESSING A RISK
Currency risk	Natural hedging of currency risk by ways of negotiating credit agreements and making purchases of goods and services (wherever possible) in the currency of profit in order to reduce the Company's foreign exchange exposure. There are plans to switch to hedging of currency risk based on the financial market instruments starting from 2012, such as currency forwards and/or options under the aegis of the State Atomic Energy Corporation ROSATOM.
Inflation risk	Maintaining optimum balance between market-oriented and escalation (inflationary price increase) pricing in the Company's contracts. Achieving distribution of market and inflation risks between the Company and Russian industrial suppliers of products and services, on the basis of the Company's objective to take market risks and the objective of the manufacturing companies of the industry to counteract the inflationary price increases by reducing the cost of production.
Credit risks (failure to meet payment obligations towards the Company)	Since 2009 the Company has been annually insuring the credit risks of its contractors – customers purchasing uranium products (entrepreneurial risk) based on the ratio of the probability estimate and effect of their default and the insurance premium. The Company chose the banks to place its deposits and insurance companies by tender out of those recommended by the State Atomic Energy Corporation ROSATOM and looked at their financial solvency as a significant non-price criteria.
Risks reduction in liquidity, financial stability and "borrowing power"	Monitoring of adherence to covenants (obligations towards the creditor banks to maintain a number of the Company's indicators within the limits set by the banks). Measuring the required volume of uranium reserves with the Company's borrowing power. Distributing the risks between the Company and other organisations within the State Atomic Energy Corporation ROSATOM – the Company's contractors.

WAYS OF ADDRESSING KEY OPERATIONAL RISKS

RISK	WAYS OF ADDRESSING A RISK
Delay of the Company's shipments along the transport and logistics network	Implementing security management systems for the supply chain (SMSSC) and certification according to ISO 28000 standard. General improvement of QMS. Stress tests of the Company's business processes and measures for their improvement. Eliminating the underlying reasons of identified non-conformities. Implementing the projects aimed at improving transport and logistics system: TLC "West" and TLC "East" projects, establishing the Company's own container stock, etc.
Failure to obtain a licence for export or import of nuclear materials on time	Developing and approving the methodology for filling in the licence request forms.
Failure to order PSPs for uranium products in a timely manner or placing a wrong order	Determining and documenting personal responsibility of the employees for placing the PSP orders appropriately and on time.
Failures in the Company's IT systems and information resources resulting in deviations from the normal business process	Developing and approving the maintenance and repair schedule, as well as the maintenance instructions. Signing service contracts for the maintenance of the key equipment. Providing remote access to IT resources. Installing spare lines/data transmission nodes. Automation of filing error recovery requests and implementing the quality management programme for the completed work.
Risk of failure to identify significant non-conformities as a result of not including risk related aspects into the schedule plan, which can result in sanctions from the regulatory bodies	Identifying risk owners and charging them with regularly identifying and assessing risks and informing about the level and dynamics of risks (implemented in 2011).

4.4.5. CORRELATION BETWEEN RISK MANAGEMENT AND INSURANCE

THE COMPANY CONSIDERS INSURANCE TO BE ONE OF THE RISK MANAGEMENT MEASURES. IN TERMS OF RISK MANAGEMENT INSURANCE IS A WAY OF TRANSFERRING A RISK. INSURANCE IS USED FOR LOW-PROBABILITY RISKS, WHICH IMPACT ON THE COMPANY MIGHT BE SIGNIFICANT, AS WELL AS IN THE CASES STIPULATED IN THE LEGISLATIONS.

THE COMPANY'S RISKS THAT ARE ADDRESSED THROUGH INSURANCE

THE COMPANY'S INSURED RISKS IN 2011	JUSTIFICATION
Civil responsibility for nuclear or radiation damage	Compulsory insurance.
Risk of loss or damage to the Company's cargo (including empty PSPs and PSPs containing uranium products)	The Company bears this risk under all contracts until the customer's delivery point according to the established business practice. The ratio of the risk value (product of probability by potential loss) and insurance premium proves that it is appropriate to insure this risk.
Credit risk of contractors – customers ordering the Company's products (entrepreneurial risk) – probability of failure of the Company's contractors to fulfill monetary obligations towards the Company.	The Company has been insuring this risk since 2009 since it worsened during the global economic crisis. The Fukushima accident increased the probability of this risk. The probability of the default of the Company's contractors is estimated based on their credit ratings. Asset payments – measuring the value of this risk and insurance premium proves advisability of insuring this risk when obtaining the right for insurance compensation after 60 days of waiting period of fulfilling a payment obligation by the Company's contractors.

4.4.6. COMPANY'S RISK MANAGEMENT SYSTEM DEVELOPMENT PLAN FOR 2012

The plan for the Company's RMS development in 2012 includes the following key measures:

- practical hedging of the currency risk under the methodological guidance of the State Atomic Energy Corporation ROSATOM;
- developing and implementing the methodology and model of portfolio analysis for the Company's newly signed contracts in terms of "risk-profitability" and verifying that they conform to the risk preparedness indicator and commodity risk threshold;
- developing the assessment of the prospective sales volume of the Company under the risk with strategic horizon (until 2030) under the ROSATOM's strategic initiative – "Retaining global leadership in the initial stage of nuclear fuel cycle";
- finalising the integration of RMS with the budgetary and mid-term planning processes, introducing risk management into the decision-making processes when negotiating new contracts and developing (adjusting) the Company's business strategy;
- automation and computerisation of the risk management process, including the transition from 'manual' preparation of Reports by risk 'owners' to the interactive process based on software application.
- regular VaR assessments, FMEA analysis, compiling risk pyramids and risk maps, as well as a risk radar, and providing the Reports to the State Atomic Energy Corporation ROSATOM and the Company's management.

4.5. QUALITY MANAGEMENT

IN DECEMBER 2011 THE COMPANY UNDERWENT A RE-CERTIFICATION AUDIT OF QMS¹⁶ IN ACCORDANCE WITH THE DIN EN 9001:2008 STANDARD. BASED ON THE RESULTS OF THE AUDIT, A POSITIVE CONCLUSION WAS OBTAINED AND THE TIC CERTIFICATE (TÜV INTERNATIONAL CERTIFICATION) OF THE GERMAN CERTIFICATION BODY TÜV THÜRINGEN N^o 15 100 86053 WAS PROLONGED UNTIL 2014.



Indicators have been developed for all the key processes in the company's operations. These indicators help regularly evaluate to what extent the targets have been met and, where necessary, adjust the QMS in a timely manner. The comprehensive analysis of QMS efficiency is carried out no less than once a year.

The key indicator of the quality of the Company's operations is the degree of customer satisfaction. This indicator is reviewed annually under the QMS.

During January – March 2012 the Company developed, approved and sent feedback forms to customers to assess their satisfaction based on export obligations fulfilled in 2011 under two certified segments of the Company's operations:

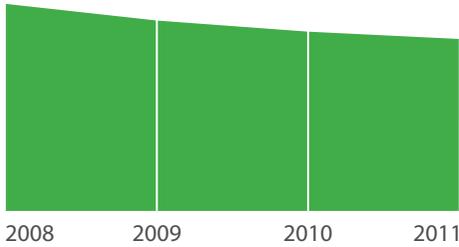
- organisation and implementation of NFC production import and export;
- project management of NFC facilities construction.

As a result, 32 feedback forms were returned, of which 31 were from the Directorate for uranium products sales and one from the Directorate for engineering projects.

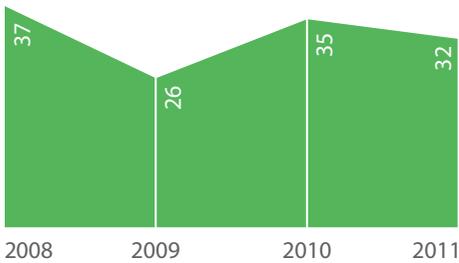
100%
general customers'
satisfaction index in
2011

¹⁶ The initial certification was completed in 2008

QUANTITY OF REMARKS FOLLOWING THE QMS CERTIFICATION AND SUPERVISORY AUDITS TREND



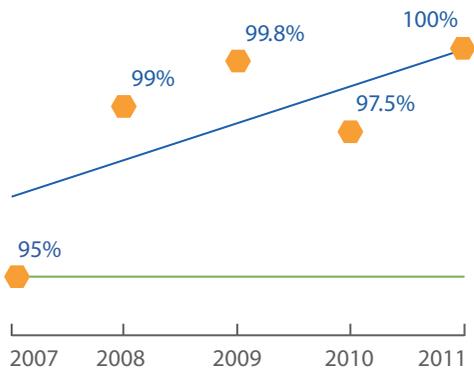
CHANGES IN THE NUMBER OF RETURNED FEEDBACK FORMS



32

returned feedback forms

CHANGES IN GENERAL CUSTOMERS' SATISFACTION INDEX OVER 2007-2011



- ◆ Satisfaction index
- ◆ Target satisfaction index
- ◆ Satisfaction index trend

The number of returned feedback forms by years is given in the diagram below.

Based on the analysis of the returned feedback forms in accordance with the procedures approved by the Company, the general satisfaction index in the reporting period equalled 100%, which exceeds the 2011 target quality indicator.

Feedback procedure enable the Company to improve organisation of its core operations and directly manage its quality.

4.6. SUPPLY CHAIN SECURITY MANAGEMENT

Ensuring security of supplies is one of the Company's key objectives and in its history the Company has never failed to deliver its products on time. As part of the improvement of the management system, in 2011 the Company has launched a project of developing and implementing a supply chain security management system that would meet the requirements of the international standard ISO 28000 supply chain security management systems (SCSMS). The scope of SCSMS covers organisation and implementation of NFC products import and export supplies. The most important business processes in the frames of SCSMS are presented in the scheme below.

Integration and corporate management system approach was used in accordance with PAS 99.2006 'Specification of general requirements to management systems as a basis for their integration' while developing and implementing SMSSC based on the following standards:

- ISO 9001:2008 quality management systems – Requirements;
- ISO 14001:2009 environmental management system. Requirements and reference guide;
- ISO 28000:2007 supply chain security management systems. Technical conditions;
- ISO 27001:2006 information technology. Security techniques.

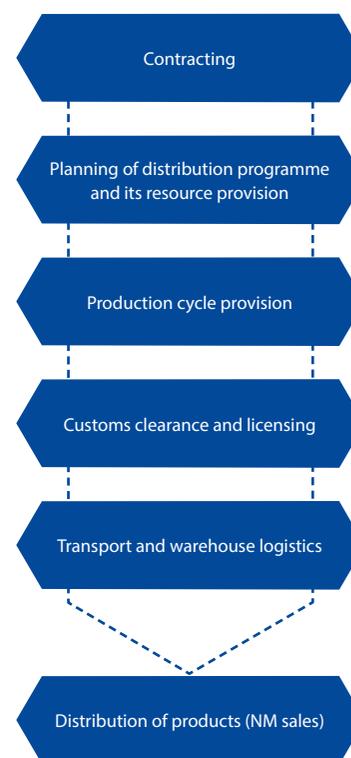
Information security management systems. Requirements. In 2011 the audit of JSC "SPb "IZOTOP" was conducted in accordance with the international standard ISO 28000, which resulted in the following conclusion: "The security management system operating in JSC "SPb "IZOTOP" is mostly suitable for development and implementation of a security management system for the supply chain based on the ISO 28000:2007 standard".

From ISO 28000 supply chain security management systems standard:

"This international standard determines requirements to the security management system, including the aspects crucial to ensuring security of the supply chain. Security management is connected to many other aspects of business management.

These aspects include all types of operations, managed or influenced by an organisation, which impact security of the supply chain. These and other aspects shall be considered at the moment when they are influencing security management, including transportation of these products through the supply chain".

THE KEY BUSINESS PROCESSES WITHIN SCSMS ARE SHOWN BELOW



4.7. FINANCE MANAGEMENT

In 2011 as a result of joint effort of the Company and the State Atomic Energy Corporation ROSATOM for the first time in the history of the industry, a long-term syndicated credit was drawn from a group of international banks: Deutsche Bank AG, Bank of Tokyo Mitsubishi UFJ Ltd, Societe Generale, CJSC BSGV, JSC Nordea Bank, CJSC BNP Paribas, Natixis and ING Bank B.V. The credit amounted to USD 500 million and

the crediting period equals 5 years with a LIBOR-based rate plus 2.24% annual interest rate. The credit was used towards financing current activities of the Company and implementing the State Atomic Energy Corporation ROSATOM projects aimed at developing the nuclear power engineering industry.

In accordance with the terms of the syndicated credit the Company is

FINANCIAL COVENANTS FOR THE SYNDICATED CREDIT

ITEM	PERMITTED VALUE	31.12.2010	31.12.2011
Debt/EBITDA ratio	less than or equal to 3	0.9	1.5
EBITDA/interest costs ratio	not less than 3	21.0	17.9
Equity capital, billion RUR	not less than 15	20.9	19.1

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

maintaining the level of financial covenants required by the banks. The actual values of covenants, provided in the table above, provide evidence of the Company's financial stability. During 2011 the situation in the capital market was favourable, which enabled the Company to maintain high diversification of creditors and reduce the cost of external financing in US dollars (actual weighted average cost of financing is 1.8 percentage points lower than the market statistics published by the Bank of Russia).

As a result, the Company's interest expenses in 2011 (795 million roubles) decreased by 21.1% on 2010 (1,008 million roubles) despite an increase in the annual average credit portfolio. The factors described above have influenced a decrease in interest expenses in the following way:

- annual average joint debt increased by 26% (the influence of the factor equals +16.4%);
- reduction of average credit interest rate dropped by 37% (the influence of the factor equals -37.5%);

Being an exporter of high-technology industrial products, in 2011 the Company sent a number of documents to the Ministry of Industry and Trade of the Russian Federation in order to reimburse a part of paid credit interest from the federal budget in accordance with the Decree of the Government of the Russian Federation as of 01 October 2011 № 357 "On approving the Regulations for partially reimbursing Russian exporters of industrial products the interest expenses on the credits obtained in the Russian credit organisations from the federal budget".

According to the results of the Company's paperwork review 1,059.69 million roubles have been reimbursed from the federal budget as part of credit interest expenses.

During 2011 the Company continued to improve the financial control and budget planning mechanisms. For instance, as part of implementing the State Atomic Energy Corporation ROSATOM's project "Improving the system of internal control of financial reporting" the Company designed and implemented the Policy for developing and

implementing the system of internal control of financial reporting (ICS FR), which key objective is to provide a reasonable level of confidence to internal and external users in the accuracy of the financial reporting.

As a result of measures taken for developing and implementing ICS FR in the reporting year, the key control procedures that affect the accuracy of the financial reporting have been formalised and implemented and the responsibility for following these procedures and monitoring of ICS FR has been assigned. In addition, a schedule of activities for 2012 aimed at improving ICS FR and improving the quality of recording processes has been developed jointly with the State Atomic Energy Corporation ROSATOM.

As part of the programme of transformation of the finance and economic block (FEB) of the State Atomic Energy Corporation ROSATOM and its organisations, a range of activities have been organised with a view to improve existing long-term and mid-term planning processes, annual budget preparation and follow-up control and performance evaluation, including:

- updating and successfully utilising automated budgeting system based on modern technological platforms of SAP and 1C during the budget campaign;

- completing the implementation of industry-wide automated system of mid-term planning based on DION platform, which was successfully used for preparation of the mid-term plan for 2012-2016;
- developing the implementation of industry-wide planning systems at the enterprises of the second-tier financial responsibility "Sales and trading" centre of the State Atomic Energy Corporation ROSATOM.

In 2011 the Company introduced the following measures as part of the accounting processes:

- more stringent monitoring of the processes resulting in financial obligations has been introduced;
- the mechanism for separate accounting and monitoring of costs on the key functional lines of activities has been modified, which enabled the Company to establish an additional information basis for further cost optimisation;
- the transfer of planned and actual data from the Company's own accounting and analytical systems into the industry-wide budget model format has been automated.

4.8. INVESTMENT MANAGEMENT

THE COMPANY'S INVESTMENT ACTIVITIES HAVE BEEN BASED ON THE DECREE ON INVESTMENT POLICY OF JSC "TECHSNABEXPORT", BASED ON THE STATE ATOMIC ENERGY CORPORATION ROSATOM INVESTMENT POLICY.

Investment decisions in the Company are made by the Investment committee, which is a permanent collegial body that considers all the projects of the Company and its subsidiaries.

The key document containing the Company's investment programme is the Investment memorandum, which is approved by the State Atomic Energy Corporation ROSATOM Investment Committee and is updated annually in order to integrate the investment, mid-term and strategic planning.

In 2011 the Investment memorandum of JSC "TECHSNABEXPORT" was approved, which defines the direction of investment activities of the Company for a 5-year period.

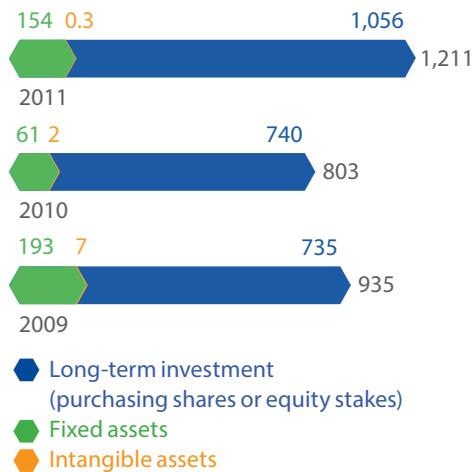
The Company's investment activities are focused primarily on implementation of investment projects and measures that correspond with the Company's strategic objectives and performing the tasks set by the State Atomic Energy Corporation ROSATOM.

The comprehensive approach to the study of investment decisions involves an in-depth analysis of financial and economic, technical, organisational, environmental and other aspects of the investment projects. The outcome of the analysis is formalised in the passport of the investment project.

In 2011 the State Atomic Energy Corporation ROSATOM prepared and approved the passport of the TLC "West" project, which aims to develop the distribution infrastructure of the Baltic Sea ports.

In 2011 the Company invested in its subsidiaries in order to develop the industrial transport infrastructure, and made capital investment in purchasing UX-30 protective covers to transport uranium products as part of developing its own transport equipment stock.

INVESTMENT SPENDING STRUCTURE IN 2009-2010 (RUR mln, excl. VAT)



4.9. PROCUREMENT MANAGEMENT

THE COMPANY AND ITS SUBSIDIARIES AND AFFILIATES INTRODUCED A UNIFIED INDUSTRY PROCUREMENT STANDARD IN OCTOBER 2009. THE COMPANY'S PROCUREMENT TENDER COMMITTEE IS SIMULTANEOUSLY AN AUTHORISED BODY FOR ORGANISATION AND IMPLEMENTING PROCUREMENT PROCEDURES FOR ITS SUBSIDIARIES AND AFFILIATES.

In 2010 about 240 procurement procedures were held worth in total over RUR 1,600 mln (including procurements based on procedures from sole supplier).

Introduction of procurement procedures saved the Company RUR 35.5 mln (a difference between the marginal price and the contract value).

An average value of competitive procurement efficiency equals 12.8%.

The competitive procurement procedures were developed in the Unified industry-wide procurement system based on SAP SRM. The electronic procurement system is held at the electronic trading facilities accredited by the State Atomic Energy Corporation ROSATOM.

The figure for procurement transparency (ratio of procurements made through competitive procedures to total procurements) and the share of electronic procurements exceeded the target values and amounted to 88.99% and 20.06% respectively in 2011. In 2012 the Company plans to hold over 60% of procurements electronically.

In the reporting period no complaints have been filed regarding the violations in the course of competitive procurement procedures organised by JSC "TECHSNAB-EXPORT".



COMPLAINTS
in the course
of competitive
purchasing
procedures

240

procurement
procedures held
in 2011

4.10. INTERNAL CONTROL AND AUDIT

In 2010 the Company set up the Internal control and audit department (ICAD) reporting directly to the Company's Director General. The ICAD's objective is to ensure that the Company's management has complete and accurate information about the financial reporting, compliance with the legislation and internal regulations, and executing decisions of management bodies.

In 2011 a number of new internal regulations controlling the activities of ICAD have been approved, including:

- new edition of procedure for inspections and internal audits of the business processes that takes into account the differences in the approaches to audits of certain aspects of financial and economic activities, internal audits and procurement audits;
- JSC "TECHSNABEXPORT" procedure for compensation of damage and remedying breaches (shortcoming) identified in the course of control activities conducted by internal control bodies.

In accordance with the Master plan of control measures of the State Atomic Energy Corporation ROSATOM an internal audit of compliance with the licence of Rostechnadzor № GN-05-401-1638 was conducted in the reporting year. Based on the outcome of the audit a number of recommendations were developed and taken into consideration with a view to improve the processes associated with the validity of the licence.

There are plans to employ the following measures as part of internal control and audit procedures in 2012:

- further implement regulatory documents drafted under the project for "Developing a mechanism of comprehensive evaluation of current internal control systems in the State Atomic Energy Corporation ROSATOM and its organisations";
- conducting audits of the internal control system of the JSC "TECHSNABEXPORT" financial reporting for the following

processes: "Accounting of the distribution of products/goods", "Accounting of tax liabilities" as well as the audit of the preparation of public annual reporting;

- audit of how efficiently the money allocated for the social development is being spent.

4.10.1. PREVENTING CASES OF CORRUPTION

Prevention of corruption in the Company is the responsibility of the Department of Internal control and audit department for Security and Regime.

Financial and economic activities of the Company and its six subsidiaries registered on the territory of Russia were examined in the period under review.

By virtue of the Company's order, the Code of ethics was endorsed and displayed on the internal corporate portal. The Code was developed on the basis of the Code of ethics of the State Atomic Energy Corporation ROSATOM.

In 2011 the Directorate for Security and Regime examined 318 legal entities and 315 natural persons.

The Company is actively involved in the State Atomic Energy Corporation ROSATOM's programme aimed at prevention of embezzlement and fraud. In order to avoid conflict of interests, the Directorate for Security and Regime analysed the materials of 461 contracts concluded by the Company with its counterparts, and evaluated 128 procurement procedures.

The Directorate for Security and Regime in cooperation with the Department for Corporate and Legal Work are implementing a set of activities aimed at creating a system for prevention of corruption in the Company.

In 2011 the Company's assets worth 62.4 mln roubles were protected.

The Company's business partners were reviewed with the purpose of identifying insolvent firms, fly-by-night companies and criminal structures; the Company's assets were protected against groundless offences by unfair suppliers. The prevented damages amount to nearly 1.15 mln roubles.

Within the framework of activities aimed at protecting the Company's interests against wrongful actions by legal entities and natural persons, the indications of fraud were discovered in connection with a certain Russian counterpart. The facts were Reported to law enforcement authorities and the procurator's office. It resulted in preventing a potential damage to the Company totaling 63.05 mln roubles.

128
 PROCUREMENT PROCEDURES
 evaluated by the Directorate for security and regime

63.05
 RUR MLN amount of prevented damage

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 Deputy D.G. of JSC "TECHSNABEXPORT"
VALERY N. GOVORUKHIN

...IN MY OPINION, WE HAVE A WELL DEVELOPED SYSTEM OF PERSONNEL EDUCATION AND EVALUATION THROUGH METHODS WHICH WERE DEVELOPED AND INTRODUCED (SET UP) BY THE STATE ATOMIC ENERGY CORPORATION ROSATOM. OUR PERSONNEL'S PROFESSIONAL SKILLS CAN BE RANKED AS HIGH-LEVEL. ALMOST ALL OF THE COMPANY'S EMPLOYEES SPEAK ENGLISH AND MANY OF THEM – EVEN A FEW FOREIGN LANGUAGES. TENS OF EMPLOYEES HAVE ACADEMIC DEGREES, STUDY MBA PROGRAMS. KEY EMPLOYEES HAVE 2-3 HIGHER SPECIALISED EDUCATIONS...

Protocol of the dialogue with stakeholders in course of preparation of the Annual Report 2010 on the topic "Ensuring security of the supply of Russian Nuclear fuel cycle (NFC) production", March 2011



THE SNOW LEOPARD ADDED TO THE RED LIST OF RUSSIA AND IUCN RED LIST,
SOUTH SIBERIA

5.1. ECONOMIC IMPACT

The Company's activities have a significant impact on the financial and economic situation in the industry. Income from export of NFC products accounts for over half of total income of Russia's nuclear power industry and is a crucial resource for its development. The Company transfers almost all of its net profit to the State Atomic Energy Corporation ROSATOM for financing industry-wide development and modernisation projects.

The Company is an important tax and fee payer.

COMPULSORY PAYMENTS TO BUDGET AND NON-BUDGETARY FUNDS (TAXES AND FEES) IN 2011, RUR mln

TOTAL	3,861
incl.:	
federal budget	382
budgets of constituent entities (Moscow)	3,402
state non-budgetary funds	77

Apart from having direct influence on the industry's economic situation, the Company's activities also exert indirect economic impacts, including those stated below.

MAINTAINING EMPLOYMENT IN SUPPLY OR DISTRIBUTION CHAINS

The portfolio of the Company's export contracts for supply of enriched uranium products until 2025 and further on ensures that employment is maintained at the industry's conversion and separation facilities (JSC "UEIP", JSC "SCC", JSC "PA "Electrochemical Plant", JSC "AECC" and JSC "CMP") which employ more than 25 thousand people. Considering that the majority of these enterprises are situated in Closed Administrative-Territorial Entities (CATE) and are principal employers in the towns where they are located, the Company's operations have a profound influence over the economic situation in these towns with the population of just several hundred thousand people. The Company's supplies also maintain jobs in St. Petersburg trading sea port. Implementation of TLC projects in the Far East and North-West of Russia will definitely positively influence employment levels in these areas.

In addition, the Company's demand for natural uranium, required for its export programme, drives JSC "Atomredmetzoloto" to develop uranium mining projects in the Russian regions (including Transbaikalia), which also improves the employment figures in these areas.

In general, long-term contracting of the products supplied by the Company encourages prospective planning on the part of organisations participating in the transport and logistics chain, maintains employment at these enterprises and in the regions guaranteed by orders for the Company's products.

ECONOMIC INFLUENCE ON IMPROVEMENT OF THE SOCIAL AND ENVIRONMENTAL SITUATION

Environmental audit of the Company and suppliers of the products exported by the Company carried out by a number of its contractors (mostly Western European energy companies), as well as the Company's social responsibility obligations require continuous improvement of environmental safety standards during manufacturing, storage, transportation and other ways of handling of the Company's products, as well as observing human rights with regard to employees of the Company's suppliers. This certainly has a positive impact on the improvement of environmental management, social and environmental conditions in the regions where the Company's products are temporarily stored (Novouralsk, Seversk, Angarsk, Zelenogorsk and St. Petersburg).

CONTRIBUTION OF FOREIGN DIRECT INVESTMENT

A number of the Company's projects of strategic importance involve foreign direct investment in transport and logistics infrastructure, as well as Russian nuclear industry enterprises.

5.2. ENVIRONMENTAL IMPACT AND ENVIRONMENTAL SAFETY¹⁷

5.2.1. ENVIRONMENTAL POLICY

JSC "TECHSNABEXPORT" environmental policy was developed in line with the requirements of the State Atomic Energy Corporation ROSATOM corporate environmental policy. It is aimed at minimisation of negative impact on the environment and providing safe environmental conditions during export-import shipments of NFC products in Russia and abroad.

Environmental policy determines three major areas of work:

- implementing international standard DIN EN ISO 14001:2009;
- reducing the possibility of negative impact on the environment during export-import supplies based on comprehensive analysis of environmental aspects;
- improving the level of environmental awareness of the employees.

IMPLEMENTING INTERNATIONAL STANDARD DIN EN ISO 14001:2009

In 2009 the Company developed and certified its Environmental management system (EMS) in accordance with DIN EN ISO 14001:2009. The Company obtained TÜV International Certification from the certification body TÜV THÜRINGEN e.V.

In 2011 the second observation audit was carried out.



¹⁷ Due to the fact that the nuclear radiation safety measures in the Company's subsidiary JSC "SPb "IZOTOP" is of crucial importance to sustainable development, the decisions were made to expand the Report on JSC "TECHSNABEXPORT" and include the information on JSC "SPb "IZOTOP" in this Report.

CORPORATE MANAGEMENT SYSTEM

ISO 9001	ISO 14001	ISO 26000	ISO 27001	ISO 28000	ISO 31000	OHSAS 18001
Second certification of QMS was carried out in 2011; initial certification was completed in 2008	2 nd observation audit was completed in 2011	Planned; requirements are partially fulfilled in other management systems	A project for development, implementation and preparation for certification of ISMS (information security management system) was launched in 2011. Documentation is being developed and procedures are being incorporated into the business activities	In 2010-2011 the following measures were taken as part of the development, implementation and preparation for certification of supply chain security management systems (SCSMS): SMSSC documentation was developed; initial assessment of operational risks was carried out; procedures are being incorporated into the business activities; system is functioning in debugging mode	Recommendations have been partially implemented in the risk management system, but certification is not pursued	Planned; requirements are fulfilled in accordance with the current legislation and partially under the GOST 12.0.230-2007 standard

REDUCING THE POSSIBILITY OF NEGATIVE IMPACT ON THE ENVIRONMENT

As part of the integration of management systems in accordance with the requirements of international standards ISO 9001, ISO 14001 and ISO 28000, a unified Register of risks and hazards

of supply chain security management systems (SCSMS) and environmental management system (EMS) at JSC "TECHSNABEXPORT" in the NFC products supply chain was compiled.

An assessment of environmental aspects of the Company's operations and risks was carried out using FMEA methodology, recommended by Rostekhnadzor for the level 1 safety probability analysis for the internal initiating events for all operation modes of nuclear power plant unit and risk assessment of hazardous facilities.

MONITORING SITE	FUNCTION OF MONITORING SYSTEM	SCOPE (VOLUME) OF MONITORING	CONTROLLED VARIABLES	FREQUENCY OF EXAMINATIONS	CONDITION CHARACTERISTICS (SECURITY CRITERIA)
Products: technical condition of PSP	No damage on the route Foreign contractor – JSC "SPb "IZOTOP"	Visual examination Comparison with normal indicators and manufacturer guidelines	Damage	Every shipment of NFC products	No damage that prohibits operation of PSPs
Products: availability of PSP authorisation documents Products technical condition of container (30B or 48Y)	No damage, breakdowns, etc. at the plant	Document check Visual examination Introspecty Valve leak test	Availability of authorisation documents Damage Presence of fixed residue No unauthorised items or substances inside Technical condition of gauge	Every shipment of NFC products Every shipment of NFC products	Availability of PSP authorisation No damage No unauthorised items or substances inside Gauge is technically sound

Based on the results of 2011, environmental impact of the Company and its subsidiary JSC "SPb "IZOTOP" on the environment did not exceed acceptable values.

In 2011 JSC "SPb "IZOTOP" in accordance with the approved plan implemented a range of measures aimed at reducing the impact of emissions, disposal and waste on the environment, and improved the production control over compliance with sanitary regulations and introduction of sanitary and anti-epidemic (preventive) measures.

In accordance with the "Programme of regular inspections of a water body and its water protection zone" as part of production control of the composition, quality and characteristics of waste water and assessment of efficiency of local water treatment plants, JSC "SPb "IZOTOP" negotiated a contract with an accredited and licenced laboratory for providing the waste water and natural water sampling and analysis services in 2011.

In order to monitor the volume of surface waste water (rainwater, melt water) discharge and calculate the payments for the negative

impact on the water body a contract has been signed with Government Agency (GA) St. Petersburg CGSM-R for providing monthly information about the actual amount of atmospheric precipitation in the preceding month. In addition, a method for calculating waste water (rainwater, melt water) discharge of JSC "SPb "IZOTOP" was agreed upon with the Nevsko-Ladozhskoe basin water management board.

In accordance with the schedule of environmental measures in the reporting year, the content of harmful (polluting) substances in the exhausts of the vehicle engines was monitored in accordance with GOST R 52033-2003 and GOST R 52160-2003.

In accordance with the approved schedule of measures for ensuring compliance with the maximum allowed concentration of hazardous (polluting) substances in the ambient air, a range of instrumental tests and calculations of emissions of polluting substances was carried out in 2011. No incidents exceeding the maximum allowed concentrations have been identified.

In order to ensure adherence to the environmental, sanitary and hygienic legal requirements, a number of contracts were signed in the reporting year for waste transportation services in order for them to be stored, used and decontaminated by licenced organisations.

In 2011 an open site for waste accumulation was refurbished in order to prevent a negative impact of the waste on the environment.

JSC "SPb "IZOTOP" on a quarterly basis agrees upon the calculations of fees for the negative impact on the environment with the Department of the Federal Service for Supervision of Natural Resources in the North-Western federal district and makes timely payments.

5.2.2. ENSURING RADIATION SECURITY DURING TRANSPORTATION

The activities of JSC "TECHSNABEXPORT" aimed at ensuring radiation safety are carried out in accordance with current legislation, based on Rostekhnadzor licence for handling nuclear materials during transportation and in accordance with JSC "TECHSNAB-EXPORT" environmental policy.

The procedure for ensuring radiation safety during transportation is regulated by the Company's standards developed in accordance with international standards ISO 9001 and ISO 14001.

In order to ensure security of the supply chain the Company developed and implemented programmes for ensuring quality and radiation protection when handling nuclear materials during transportation of NFC products. Adhering to normative requirements on the part of suppliers in the supply chain is ensured with the help of similar programmes – at the stage of negotiating a contract the requirements concerning the transfer of zone of responsibility for ensuring safety when performing their function in the supply chain are formalised.

According to the terms of contracts between JSC "TECHSNABEXPORT" and

IMPROVING ENVIRONMENTAL AWARENESS OF THE EMPLOYEES

As of December 2011 no obligatory training, associated with the requirement to obtain Rostekhnadzor permission for nuclear energy activities, was conducted due to the employees still holding valid permissions.

The experts of Directorate for transport and logistics received training under the programme of requirements of the rules of safe transportation of radioactive materials and basics of ensuring radiation security at a training seminar "The basics of ensuring nuclear and radiation safety" at the International Nuclear Forum (at the Centre for nuclear and radiation safety and Loviisa NPP, Finland) and as part of the "National course for experts in practical application of the requirements of safe transportation of nuclear materials".

The following employees of JSC "SPb "IZOTOP" attended training by external educational organisations in 2011:

- Principal engineer – first deputy director attended the training "Ensuring environmental safety by the directors and experts of general economic management systems" (72 hours);
- Environmental engineer attended the training "Ensuring environmental safety when handling hazardous waste" (112 hours).

the State Atomic Energy Corporation ROSATOM enterprises, including the FSUE Emergency centre, these organisations are responsible for prevention and remediation of emergencies occurring during transportation of JSC "TECHSNABEXPORT" products and during the handling materials and products under the Company's contracts.

The Company uses special PSPs for transportation of its products that meet all the safety transportation requirements. All the PSPs have Russian certificate-permission for design and transportation, as well as national certificates of the countries of destination.

Radiation control (monitoring) is carried out on all transportation routes and points of transfer of radioactive cargo by experts of an accredited laboratory. Thus, radiation monitoring is regularly done by Nuclear and radiation security (NRS) services at JSC "SPb "IZOTOP", accredited for GOST P ISO/MEC 17025-2006 general requirements for the competence of testing and calibration laboratories. Monitoring results record indicators of NFC dispatch on environment and ensure that PSPs are not damaged.

In 2011 there have been no fines or other non-financial sanctions for non-compliance with environmental legislation.

5.2.3. ACCOUNTING AND CONTROL OVER MOVEMENT OF NUCLEAR MATERIALS

JSC "TECHSNABEXPORT" records and monitors the flow of nuclear materials (NM) of the Company.

In accordance with the decree of the State Atomic Energy Corporation ROSATOM Director General as of 24 December 2008 № 685 'On materials accounting of nuclear materials in federal ownership' and the decree of JSC "TECHSNABEXPORT" Director General as of 28 November 2011 № 006/29-P 'On stock taking of nuclear materials in JSC "TECHSNABEXPORT"', the stock taking of the Company's nuclear materials for 2010 was conducted in 2011 in cooperation with the Company's contractors.

As part of the measures aimed at monitoring the nuclear materials in 2011,

the State Atomic Energy Corporation ROSATOM received notifications of 147 instances of transportation of NM in the ownership of JSC "TECHSNABEXPORT", as well as Reports on transportation of special raw material and fissile substances for each type of nuclear material and Reports of audits conducted by the regulatory and oversight bodies.

In 2011 Rostekhnadzor carried out an audit of the Company's operations, including the accounting and monitoring of NM. In accordance with the Rostekhnadzor instruction, the provision for accounting and monitoring of NM at JSC "TECHSNABEXPORT" has been updated (decree by JSC "TECHSNABEXPORT" Director General as of 25 October 2011 № 279).

JSC "SPb "IZOTOP" keeps records of and monitors the flow of NM going through the special temporary storage warehouse. In 2011 the scheduled stock taking of NM took place at JSC "SPb "IZOTOP". No shortage or surplus of accounting units of NM has been identified.

5.2.4. ENSURING RADIATION SAFETY OF THE PERSONNEL

JSC "TECHSNABEXPORT" employees are never directly exposed to nuclear materials. For this reason ensuring radiation safety of the personnel (as well as occupational safety, see next paragraph) is disclosed in this Report in the section about JSC "SPb "IZOTOP" operations.

JSC "SPb "IZOTOP" is the only organisation in Russia that has a full set of certificates and licences for handling various cargo of 7th hazardous class during storage and transportation. JSC "SPb "IZOTOP" strict adherence to current transportation regulations, providing the required level of physical protection and transportation on approved routes in non-faulty PSPs enables the Company to minimise the risk of negative environmental impact.

Radiation exposure of JSC "SPb "IZOTOP" employees in 2011:

- Annual-average effective exposure dose of personnel – 0.377 mSv;
- Instances of exceeding normative radiation exposure limit for personnel – 0;
- Instances of exceeding 50 mSv radiation exposure dose for personnel – 0;
- Maximum individual whole-body dose of external radiation exposure – 1.37 mSv;
- Percentage of total number of personnel individually monitored for the purposes of radiation control and included into ARMIR system (System for evaluating individual radiological risks) – under 1%;
- Percentage of personnel located in the zone of negligible risk – 100%;
- Percentage of personnel located in the zone of increased individual life-long risk – 0.

0.337

mSv
annual-average effective exposure dose of JSC "SPb "IZOTOP" personnel

100%

of employees located in the zone of negligible risk

5.2.5. LABOUR PROTECTION

Occupational safety procedures at JSC "TECHSNABEXPORT" and JSC "SPb "IZOTOP" are organised in accordance with the Labour Code of the Russian Federation and other regulations. In 2011 The Company developed a Regulation on occupational safety at JSC "TECHSNAB-EXPORT" STO-09-030-082-2009, which specifies the responsibilities, obligations and authority of different categories of workers with regard to occupational safety measures.

Occupational safety measures taken by the Company are certified according to GOST12.0.230-2007. Certificate 004648 SSOT was obtained in February 2010 and remains valid until 25 February 2013.

In accordance with the schedule of measures to improve the working conditions in the Company and render them healthier, which was prepared based on the certification of working places, medical examination of 14 of the Company's employees was carried out in a specialised medical organisation in the reporting year. According to the results of medical examinations no occupational diseases were found.

All the necessary trainings were held in due time in 2011.

State agencies for control and supervision in occupational safety did not carry out any audits at JSC "TECHSNABEXPORT".

The key objectives of JSC "SPb "IZOTOP" in the area of occupational safety are ensuring the priority of preserving the life and health of employees in the course of their work and preventing occupational traumas and occupational diseases. The Occupational Health and Safety Management System at JSC "SPb "IZOTOP" was certified for compliance with international standard OHSAS 18001:2007 Occupational Health and Safety Management Systems Requirements Standard in 2009. Certificate 302002 BSOH was obtained, which is valid until 28 December 2012.

In December 2011 an observation audit was held. As a result of the audit the Company obtained an approval from the certification body to renew the certificate for the following year.

In 2011 the following occupational safety measures were taken:

- occupational safety measures were taken, funded by JSC "SPb "IZOTOP" and Russian Federation Social Insurance Fund worth 2.44 mln roubles;
- funding was allocated to finance the measures aimed at improving the working conditions and occupational safety, equalling no less than 0.5% of the production costs;
- training and an annual examination of the employees' knowledge of occupational safety requirements were held by standing commissions in accordance with the existing occupational safety training programmes. The members of the commission received the required training and examination on occupational safety in the educational organisations at St. Petersburg;
- seven health and safety guidelines were revised and approved;
- new regulations on providing the Company's employees with special clothes, special footwear and other personal protective equipment have been developed and approved;
- the Company's existing occupational safety management guidelines (OSMG) have been aligned with that of the State Atomic Energy Corporation ROSATOM as of 21 September 2009;
- in order to ensure adherence to regulations and efficient occupational safety management, the job description of the head of quality and health and safety service was amended, its functions, responsibilities and powers with regard to occupational safety were revised;

- administrative and public three-stage inspection of occupational safety in the Company was carried out on a monthly basis;
- lists of employees were approved by the local body of Rospotrebnadzor, in accordance with which 53 employees underwent medical examinations in a specialised medical institution in 2011. According to the results of examinations no occupational diseases were found;
- the Company's employees were equipped with certified personal protective equipment in line with the norms of distribution of free special clothing, special footwear and other personal protective equipment. In 2011 the Company spent 457,000 roubles on personal protective equipment;
- the working conditions at eight work places have been improved; 30 employees working in the environment with potential effect of ionizing radiation were awarded additional compensation for harmful working conditions;
- in December of the reporting year the Quality council conducted an analysis of the state of the occupational safety management system and set the objectives for 2012.

State agencies for control and supervision of occupational safety did not issue any instructions to JSC "SPb "IZOTOP" in 2011.

The governmental statistical Reports in the area of occupational safety for 2011 were submitted on time to the local Rosstat office and to the higher authorities.

Key indicators of JSC "SPb "IZOTOP" occupational safety system performance:

- Total number of employees (total number of employees and controlled employees managed by the company) at JSC "SPb "IZOTOP" – 207 people;
- Occupational accidents, occupational diseases in 2010, 2009, 2008 in the Company – 0;
- Accident frequency rate (AFR) – 0;
- Occupational diseases rate (ODR) – 0;
- Days lost rate (DLR) – 0;
- Absence rate (AR) – 6,353.7¹⁸;
- Fatalities rate in 2011, 2009, 2008 – 0.

¹⁸ This rate reflects the number of hours of absence at workplace per 100 employees per year for reasons of sickness not related to injuries and occupational diseases, i.e. around eight days of absence for sickness reasons per one employee per year.

5.2.6. SUPPORT OF ENVIRONMENTAL PROGRAMMES AND PROJECTS

The Company provides support to environmental programmes and projects in the form of charity. The Company's charity programme is approved by the State Atomic Energy Corporation ROSATOM Charity board.

In the reporting year JSC "TECHSNAB-EXPORT" provided financial support to:

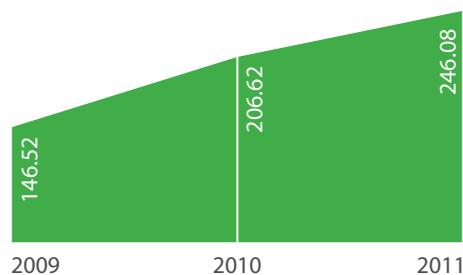
- programme for research of Russia's endangered species and other important faunal forms;
- strategy for conservation of the Siberian tiger in the Far East;
- research and monitoring of the snow leopard population in South Siberia;
- research and monitoring on population of the Far Eastern leopard;

- research on white bears in Russian Arctic region.

During 2009-2011 JSC "TECHSNAB-EXPORT" spending on environmental protection increased by 1.7 times. Total spending on support of environmental organisations and projects in 2011 equalled 246,076,000 roubles. The funds were transferred to the following organisations:

- International ecological public organisation GREENLIGHT;
- All-Russian Non-Governmental Organisation Russian Geographical Society;
- Autonomous non-profit organisation Center for facilitation of social and environmental initiatives in the atomic industry;
- Society for nature restoration and protection (SNRP Moscow);
- The Tokyo Electric Power Company, Incorporated (Fukushima NPP utility);
- Autonomous non-profit organisation Informational centre for nuclear industry;
- Non-Governmental Organisation "Ukrainian Chernobyl Union".

THE COMPANY'S SPENDING DYNAMICS ON ENVIRONMENTAL CHARITIES, 2009-2011,
RUR mln





ON THE PICTURE:
 JSC "TECHSNABEXPORT"
 IS AWARDED BY THE RUSSIAN
 GEOGRAPHICAL SOCIETY
 FOR CONTRIBUTION IN
 THE IMPLEMENTATION
 OF CONSERVATION
 PROGRAMMES FOR RUSSIA'S
 ENDANGERED MAMMALS

In 2011 JSC "TECHSNABEXPORT" received an honorary diploma from the All-Russian Non-Governmental Organisation Russian Geographical Society (RGS) "For invaluable contribution in the implementation of conservation programmes for Russia's endangered mammals conducted under the aegis of Russian Geographical Society".

According to the contract terms, charity recipients send the Reports on the usage of provided funds stating the measures that were taken and achieved results to the Company. Such procedures for developing and implementing charity programmes will be applied in the next reporting period.



5.2.7. ENERGY EFFICIENCY

Following the State Atomic Energy Corporation ROSATOM decree as of 09 August 2011 № 1/676-P JSC "TECHSNABEXPORT" approved an energy saving and energy efficiency programme in 2011. The major objective of this programme is to reduce the cost of

energy and optimise energy use. The positive effect of the programme is illustrated by the data on the Company's energy consumption and costs of energy supply provided in the table below.

ENERGY CONSUMPTION AT JSC "TECHSNABEXPORT" IN 2009-2011 IN THE CONDITIONS COMPARABLE WITH 2009

TYPE OF ENERGY	2009		2010		2011	
	KW·H	RUR	KW·H	RUR	KW·H	RUR
Electric energy	888,320	2,603,458	863,370	2,529,680	797,000	2,335,210
	GCAL	RUR	GCAL	RUR	GCAL	RUR
Thermal energy	637.3	568,202	562	501,060	541	482,300

5.3. SOCIAL POLICY AND HUMAN RESOURCES MANAGEMENT

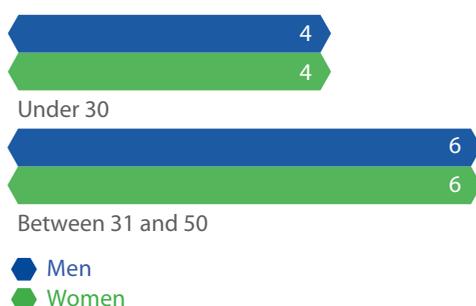
THE KEY VALUE OF JSC "TECHSNABEXPORT" IS ITS TEAM OF HIGHLY PROFESSIONAL EXPERTS. WITH THEIR HELP THE COMPANY HAS BEEN ABLE TO ACHIEVE ITS TARGETS OVER MANY YEARS.

This is why the issues of maintaining human resources potential, as well as learning, development, motivation, social programmes and social responsibility form an important part of the Company's social policy.

According to the human resources strategy of JSC "TECHSNABEXPORT" for 2012-2016, which was approved in 2011 by the State Atomic Energy Corporation ROSATOM, the following key priorities have been identified in the area of human resources management:

- managing the learning and development system for the Company's personnel;
- managing and improving the system of financial and non-financial motivation of the employees;
- improving the Company's social policy
- developing the Company's personnel reserve system;
- career management, personnel retention and professional development for the Company's key employees.

STAFF TURNOVER BY GENDER AND AGE



5.3.1. JSC "TECHSNABEXPORT" PERSONNEL DESCRIPTION

JSC "TECHSNABEXPORT" employees possess extensive knowledge of foreign trade, finance, international law, the nuclear fuel cycle and other areas, that are crucial for the smooth running of the Company.

In 2011 JSC "TECHSNABEXPORT" employees received a number of corporate and industrial awards for achieving outstanding results and efficient work (Subsection 5.3.3.).

NUMBER OF EMPLOYEES

During the last three years the number of personnel has decreased considerably. This is associated with the restructuring of the industry. The Company complies with the norms of labour relationship in the area of remuneration of labour, working conditions and occupational safety, work-rest schedules, social guarantees, concessions and compensation for the employees and follows the legislation of the Russian Federation, industry-wide Agreement of the All-Russia industrial group of employers 'Union of employers in nuclear energy, power generation and science of Russia', as well as industrial and internal regulations. The Company informs the employees about significant changes in the regulation of social and labour relationship two months in advance.

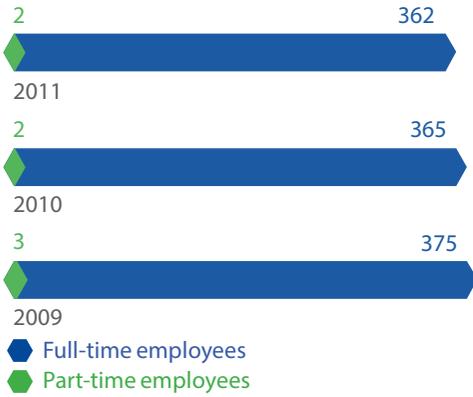
The number of the Company's employees has not changed and by the end of 2011 amounted to 361 people.

NUMBER OF EMPLOYEES	2009	2010	2011
Number of staff (on the payroll)	390	352	337
Actual number of staff (headcount)	375	365	362

	2011
Actual number of employees (headcount)	362
Returned from parental leave	14
Share of employees continuing to work at the Company after returning from parental leave, %	65

Staff turnover rate in 2011 equalled 5.52%, which is within the norm of natural turnover (up to 7%).

NUMBER OF EMPLOYEES BY TYPE OF EMPLOYMENT



NUMBER OF EMPLOYEES BY TYPE OF CONTRACT



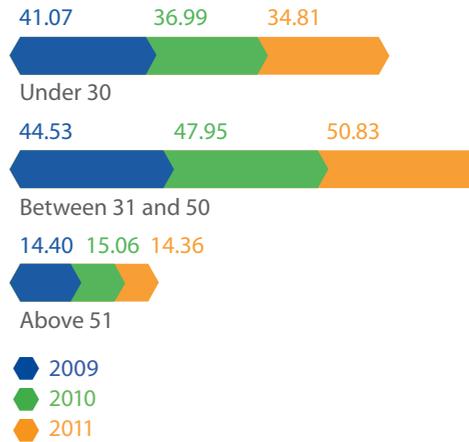
SHARE OF EMPLOYEES UNDER 35 YEARS OLD, %



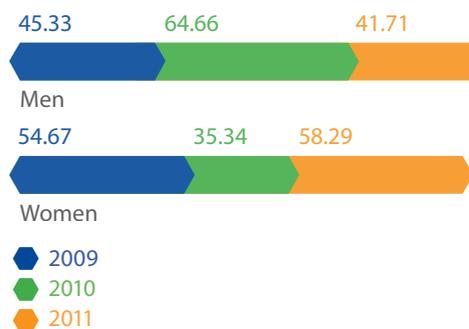
AVERAGE AGE OF EMPLOYEES



PERSONNEL COMPOSITION BY AGE GROUPS, %



PERSONNEL COMPOSITION BY GENDER, %



5.3.2. AGE AND GENDER CHARACTERISTICS OF EMPLOYEES

The age composition of JSC "TECHSNAB-EXPORT" employees is well-balanced: share of employees aged over 35 exceeds 57%.

The majority of the employees are women (58.29%).

Out of nine top managers, two are women.

5.3.3. REMUNERATION OF LABOUR AND NON-FINANCIAL INCENTIVE

REMUNERATION

The total salary fund in 2011 equalled 1,106,826 thousand roubles.

The minimum salary at JSC "TECHSNABEXPORT" equals¹⁹ – 25,000 roubles – which is more than twice as much as²⁰ the minimum salary in Moscow.

The average salary in JSC "TECHSNABEXPORT" in 2011 equalled 176,955 roubles, which is almost three times more than the average salary in Moscow²¹.

Since 1 July 2011 two companies within the 2nd level FRC of "Sales and trading", JSC "Atomspetstrans" and JSC "SPb "IZOTOP", were switched to the industry-wide remuneration system in accordance with the requirements of the State Atomic Energy Corporation ROSATOM.

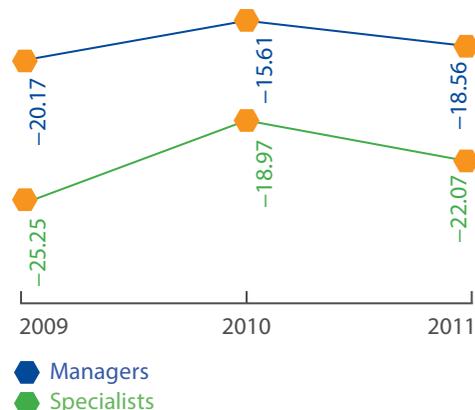
One of the key principles of remuneration at JSC "TECHSNABEXPORT" is providing equal opportunities for different gender and age groups.

Basic salaries of male and female employees of the same grade are the same. The differences can be explained by the fact that positions held by male and female managers belong to different grades.

25

THOUSAND ROUBLES
the minimum salary
at the Company

BASIC SALARIES OF MEN AND WOMEN RATIO, %



ON THE PICTURE:
JSC "TECHSNABEXPORT"
EMPLOYEES AWARDED
BY THE STATE ATOMIC
ENERGY CORPORATION
ROSATOM



EMPLOYEES' AWARDS IN THE REPORTING PERIOD

In 2011 JSC "TECHSNABEXPORT" employees were awarded:

Awards and incentives from the State Atomic Energy Corporation ROSATOM, total incl.:	45
"Merit for the nuclear industry" badge, 3 rd degree	1
Decoration "Veteran of atomic energy and industry"	3
Letter of award from the State Atomic Energy Corporation ROSATOM	5
Appreciation from the State Atomic Energy Corporation ROSATOM	15
Letter of appreciation from the State Atomic Energy Corporation ROSATOM	21
Awards and incentives at JSC "TECHSNABEXPORT", total incl.:	56
JSC "TECHSNABEXPORT" letter of award	28
appreciation for JSC "TECHSNABEXPORT"	28

¹⁹ Regulation on remuneration and benefits for JSC "TECHSNABEXPORT" employees, approved by Decree as of 20 September 2011 № 251.

²⁰ The minimum salary is determined after taking into consideration the social and economic conditions and the minimum subsistence level for the working population in Moscow and cannot be lower than the minimum salary in Russian Federation.

²¹ Source of information: official website the Federal Government Statistical Service, "Data on salaries of employees by categories of personnel and professional groups of employees in October 2011" (published on 2 May 2012). The average salary based on the examined types of economic activity and all the forms of ownership and personnel groups (including directors of organisations and their business units, top level qualified employees, mid-level qualified employees and workers working on preparation of the data, preparing the documents, accounting and services) equals 44,708.5 RUR.

5.3.4. COMPANY'S SOCIAL POLICY

THE COMPANY'S SOCIAL POLICY IS IMPLEMENTED IN LINE WITH THE STATE ATOMIC ENERGY CORPORATION ROSATOM UNIFIED SOCIAL POLICY IN THE FORM OF VARIOUS SOCIAL PROGRAMMES.

Social programmes for the Company's employees are aimed at:

- retaining the most valuable employees;
- motivating employees and building their loyalty;
- ensuring additional guarantees of social protection for employees.

The social policy implemented by the Company also implies shaping the Company's image as a socially responsible organisation, enhancing its reputation and building up trust in the Company.

The key areas of social programmes implemented by JSC "TECHSNABEXPORT" are:

- voluntary medical insurance;
- accident life insurance;
- non-state pension scheme;
- organising summer vacations for employees' children;
- organising sport and recreation events;
- financial support for employees;
- support to ex-employees (veterans).

In the reporting year JSC "TECHSNABEXPORT" spent 17,210 mln roubles on social programmes for the employees in total, of which 15,895 mln roubles were spent on social payments (which equals 43,909 roubles per employee based on the headcount of 362).

All payments and concessions are the same for all employees irrespective of their job category. The only exception is the non-state pension scheme. Participation in it is determined by length of work with the Company.

ORGANISING SUMMER VACATIONS FOR EMPLOYEES' CHILDREN

The Company organises summer vacations for employees' children on an annual basis. In June-August 2011 five children were sent to recreation camps Iskorka and Zolotaya Loza.

SPORT PROGRAMMES FOR EMPLOYEES

The Company encourages healthy living and sports activities among its employees by reimbursing membership fees in sports and fitness centres (70% of membership fee). 50 employees took part in the health and fitness programme in 2011.

VOLUNTARY MEDICAL INSURANCE

Voluntary medical insurance (VMI) programmes aimed at providing the Company's employees with high quality medical assistance in Moscow's medical institutions and thus ensure fitness for work and good health.

17.2
RUR MLN

the Company's expenses on social programmes for the employees

In March 2011 JSC "TECHSNABEXPORT" signed an agreement for voluntary medical services (VMS) with the SOGAZ insurance company. The total spending on voluntary medical insurance for the employees equalled 5,523,900 roubles.

VMI programmes include the following services:

- outpatient and ambulatory care;
- emergency medical care;
- dental care in specialised dental clinics;
- hospital treatment.

NON-STATE PENSION SCHEME

In accordance with the decision of the State Atomic Energy Corporation ROSATOM top management, the corporate pension scheme is administered on the basis of industry non-state pension fund Atomgarant, established on 11 March 1994, Moscow registration chamber licence № 1489.

On 8th of April rating agency Expert RA assigned NPF Atomgarant an individual security rating of A+, which stands for a very high level of financial security. Some of the key factors that had a positive influence on NPF Atomgarant's rating were conservative investment strategy with regard to distributing pension reserves and investing pension accruals, as well as well-managed diversification of funds under the trust management in several managing companies.

Quality management system developed and implemented by the Fund meets the requirements of GOST R ISO 9001-2001 (ISO 9001: 2000) and is entered into the Registry of quality management systems, which proves the high quality of business processes.

NPF Atomgarant, established to provide non-state pensions to employees of nuclear industry, is capable of fulfilling its obligations for non-state pensions, which was confirmed by an independent actuary's audit that took place from 25 April until 20 July 2011, as of 01 January 2011.

5.5
RUR MLN

sum of expenses for voluntary medical insurance (VMI)

As part of the corporate pensions programme of the Company and according to the pension rules of the NPF all JSC "TECHSNAB-EXPORT" employees participating in the programme are entitled to a nominal pension scheme with fixed contributions and pension payments over a period of years. The payments are made over 15 years.

Participation in the corporate pension programme is joint: an employee pays up to 50% of fixed contribution and the employer pays up to 100% of fixed contribution. By the time an employee joins the scheme the length of their work at the Company shall be no less than one year and they will be entitled to pension payments after seven years of working at the Company.

11 employees were added to the Company's corporate pension programme in 2011. Thus, 147 employees participate in the corporate pension programme as of 31 December 2011, of whom:

- 141 employees are active participants, who received pension contributions on their retirement accounts in 2011;
- four employees – participants of the programme who gain the right to a non-state pension from JSC "TECHSNAB-EXPORT" when the pension entitlement comes into effect according to the legislation of the Russian Federation;
- two employees – pensioners, ex-employees of the Company, who have been receiving the non-state pension from JSC "TECHSNABEXPORT" since the 3rd quarter of 2011.

SUPPORT OF THE COMPANY'S VETERANS

The Company pays special attention to its veterans. Over many years JSC "TECHSNABEXPORT" has been providing financial support to pensioners, ex-employees of the Company. In 2011 the financial support for the veterans was doubled and reached 7,000 roubles a month. 65 veterans received financial support; six of them receive financial support on a monthly basis.

The Company holds annual gatherings to celebrate Victory in the Great Patriotic War and the New Year. On these occasions the veterans receive additional financial support.

CHANGES IN THE NUMBER OF EMPLOYEES JOINING CORPORATE PENSION SCHEME, %



5.3.5. HUMAN RESOURCES MANAGEMENT

PROFESSIONAL COMPETENCES MODEL

In order to improve the human resources management system, in 2011 the Company started developing a professional competences model for its employees.

The professional competences model implies a comprehensive assessment of the employees' level of competence development and their potential, developing a training plan, motivating the personnel for further development and building a personnel reserve.

The primary objective of this project is to determine requirements to the professional development of the personnel and

requirements of candidates in order to ensure recruitment of qualified staff that will meet the needs of the Company's departments.

In October 2011 in accordance with the local regulations and due to changes in job functions, the professional competences model at six of the Company's departments have been updated and approved.

The Company's human resources management uses professional competences models for the following purposes:

- recruiting candidates;
- designing a Learning plan for the Company's employees and monitoring necessity for professional development in accordance with the job requirements;
- developing the Company's personnel reserve;
- organising individual learning process and improving knowledge and skills.

COOPERATION WITH SPECIALISED UNIVERSITIES

In 2011, as well as in the previous years, JSC "TECHSNABEXPORT" continued its cooperation with the leading Moscow universities, especially NRNU MEPhI, which remains an unquestionable leader in preparing the workforce for the nuclear industry. 27% of the Company's employees received their first degree at NRNU MEPhI.

The Company's employees read lectures to students and PhD students at NRNU MEPhI on a regular basis. As part of the new format of cooperation with this university, representatives of JSC "TECHSNABEXPORT" took part in the Career fairs of the State Atomic Energy Corporation ROSATOM at NRNU MEPhI.

Internships for the students of specialised universities proved to be a good way of recruiting. Within the last five years over 100 university students did their internships in the Company and the best of them were offered positions at the Company as they appeared.

Under the agreements concerning internships and work placements 24 students from National Research Nuclear University (MEPhI), Russian Foreign Trade Academy, Lomonosov Moscow State University and Russian Presidential Academy of National Economy and Public Administration completed their work placements and pre-thesis placements in the reporting year. Two of them were subsequently hired.

PERSONNEL RECRUITMENT AND MENTORING

The Company recruits employees on a competitive base on interview and test results.

The major criteria are meeting the requirements of the job profile, stated in the professional competences models.

In order to ensure succession the Company introduced a mentoring system determined by internal normative documents of the Company.

PERSONNEL TRAINING

203 of the Company's employees attended training and professional development courses in 2011. The total amount of internal and external training hours in 2011 equalled 5,514 hours, i.e. 16.36 hours per employee (in relation to employees on payroll).

RECRUITMENT IN 2011

Nº	ITEM	MEASURE- MENT UNITS	VALUE
1.	Total number of filled vacancies	people	50
2.	Recruitment of personnel from external labour market	people %	43 86
3.	Recruitment within the industry	people	7

FIGURES	2009	2010	2011
Total spending on training, RUR thousand	9,895	9,548	9,747
Spending on training per employee, RUR thousand	24	27	26
Hours of training per employee, hours	28	27	15



ON THE PICTURE:
 STUDENTS AT
 JSC "TECHSNABEXPORT"
 BILLBOARD IN THE
 FRAMES OF THE STATE
 CORPORATION ROSATOM
 CARRIER FAIRS AT NRNU
 MEPhI

Average number of hours of training per employee per year broken down by categories (excluding compulsory training): managers – 1,087 hours, or 27.18 hours per manager; specialists – 4,427 hours, or 27.15 hours per specialist.

STAFF TRAINING

Knowledge of a foreign language is an important competence for many categories of employees. 20 of the Company's employees that process documents in a foreign language and/or participate in negotiations with foreign partners completed language courses in 2011.

The internal corporate managerial programme Executive MBA-JSC "TECHSNABEXPORT" was completed in 2011 (personnel reserve and the Company's key employees). All of the 15 participants have successfully completed their term papers and were admitted to present their final projects²².

27%
 OF EMPLOYEES
 received their first
 degree at NRNU
 MEPhI

9.8
 RUR MLN
 total spending on
 employees
 education

ANNUAL EVALUATION OF THE COMPANY'S MANAGEMENT AND EMPLOYEES

According to the approved procedure for carrying out annual staff assessment at the State Atomic Energy Corporation ROSATOM, federal state unitary enterprises and federal state institutions subject to the State Atomic Energy Corporation ROSATOM, joint stock companies of the State Atomic Energy Corporation ROSATOM and their subsidiaries and affiliates, in 2011 the Company's management underwent an assessment.

²² Took place in the 1st quarter of 2012.

The annual performance assessment of the employees' performance in 2010 was held in March 2011.

The assessment for the year 2010 involved a reasonably high level of requirement to the efficiency of the employees. As a result, the prevailing mark is C (standard level of efficiency).

20

EMPLOYEES
completed
language courses

SHAPING AND USING PERSONNEL RESERVES

In 2011 JSC "TECHSNABEXPORT" continued building, developing and facilitating its personnel reserve.

As part of the process of shaping an international personnel reserve for the State Atomic Energy Corporation ROSATOM, JSC "TECHSNABEXPORT" and its subsidiaries and affiliates presented eight candidates for competitive selection. As a result, one candidate was sent to the Russian trade mission in the United States.

The Company's employees, included in the JSC "TECHSNABEXPORT" personnel reserve, participated in assessment procedures as part of the selection for the Strategic personnel reserve of the State Atomic Energy Corporation ROSATOM in order to fill the vacancies in the industry in 2011. After the first round, based on the results of a Distance assessment, five out of nine candidates were admitted to the second round²³.

15

PARTICIPANTS
of Executive MBA
JSC "TECHSNAB-
EXPORT" programme
successfully completed
their term papers

DEVELOPMENT OF INTERNAL CORPORATE COMMUNICATIONS AND CORPORATE CULTURE

In 2011 the Company was working towards improving its internal corporate communications. The new sections have been introduced on the Company's intranet ("Ask the Company's management a question", "Internal corporate services", "IT services").

Among other things, the portal features press packages for the State Atomic Energy Corporation ROSATOM, electronic versions of industry press (ROSATOM Country newspaper and Atomprom Bulletin magazine), as well as videos received from the Communication department of the State Atomic Energy Corporation ROSATOM on a weekly basis, interviews with the leaders of the industry with Russian and foreign mass media and the Company's management presentations at conferences.

In 2011 the management of the State Atomic Energy Corporation ROSATOM decided to introduce a new industry-wide tool for communicating with the employees – Information days. In 2011 JSC "TECHSNABEXPORT" held its first Information day, in which all the Company's employees took part.

In 2011 the Company implemented an industry-wide involvement analysis, i.e. the readiness of the employees to speak

NUMBER OF EMPLOYEES (DECEMBER 2011)	ALL THE CATEGORIES OF EMPLOYEES TAKING PART IN PERFORMANCE ASSESSMENT	WORKERS	TOP MANAGEMENT (HEAD OF DIRECTORATE/ DEPUTY HEAD OF DIRECTORATE)	MIDDLE MANAGERS (DIRECTOR OF DEPARTMENT/ DEPUTY DIRECTOR OF DEPARTMENT)	NEW EMPLOYEES WHO WERE SET TARGETS ONLY FOR 2011
361	323	228	32	63	12
	100%	71%	9%	20%	3.7%

²³ The results of the selection procedures were announced in March 2012.

positively of the Company, continue to work there and deliver outstanding results.

The level of employee involvement at JSC "TECHSNABEXPORT" is one of the highest across the industry – 86%. The satisfaction level is 82%, which characterises JSC "TECHSNABEXPORT" as a successful company with a reputation as a good and attractive employer.

The Company's key targets in human resources management for 2012.

In 2012 the Company plans to:

- expand its KPI programme to next management levels, i.e. deputy department directors at JSC "TECHSNABEXPORT" and heads of departments at subsidiaries and affiliates;
- continue the unification of the remuneration system in foreign subsidiaries and affiliates²⁴;
- implement the next stage of developing, analysing and approving the Matrix of functional responsibility of JSC "TECHSNABEXPORT" broken down by structural units and positions.

The work on the Matrix started in 2011 – by the end of the reporting year 23

matrixes of structural units have been developed and approved;

- update professional competences models at JSC "TECHSNABEXPORT";
- analyse employee involvement at the Company;
- continue to implement social programmes of the State Atomic Energy Corporation ROSATOM's corporate social policy at the Company and its subsidiaries and affiliates;
- continue providing social support to pensioners who are former employees of the Company.

86%

level of employee involvement

²⁴ There are plans to conduct an analysis, involving an external consultant, of the salary levels by countries/cities where foreign subsidiaries and affiliates of JSC "TECHSNABEXPORT" are based (Washington, Seoul, Tokyo, Frankfurt, London) based on the given typical and specific components of remuneration (basic salary, annual bonus, taxes and deductions, compensations and concessions). Based on the salary level analysis it would be possible to then develop a unified Matrix of remuneration by positions in the JSC "TECHSNABEXPORT" foreign subsidiaries and affiliates and the reporting structure, including the compatibility with the structure at JSC "TECHSNABEXPORT".

6. STAKEHOLDER ENGAGEMENT

6.1. STAKEHOLDER ENGAGEMENT EVENTS	100
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6.3. CONCLUSION ON THE PUBLIC VERIFICATION OF THE REPORT	103

 President of TENAM Corporation
VADIM E. MIKERIN

...ADEQUATE COMMUNICATION LEVEL AND BUSINESS ARE INTER-RELATED PROCESSES. IF PARTNERS UNDERSTAND EACH OTHER'S OBJECTIVES, OPPORTUNITIES AND PROBLEMS – THERE STARTS A DIALOGUE AND IT GIVES WAY TO APPROPRIATE DECISIONS...

"Expert" magazine № 14, April 2012





DIALOGUE WITH STAKEHOLDERS IN THE OFFICE OF JSC "TECHSNABEXPORT"

In the 2011 reporting campaign the Company, being a key organisation, i.e. "an organisation which operations are significant for positioning of the State Atomic Energy Corporation ROSATOM in the Russian and international markets", continued to take part in the project for establishing an industry-wide public reporting system aimed at building trust

through stakeholder engagement based on the international standard AA1000 SES.

In the reporting year the Company completed the process of establishing a system of public reporting: a Public reporting committee (19 members) and a Stakeholder commission (15 members) were established. In addition, a number of local regulations were approved, including the Standard and the Regulation for public annual reporting, as well as a Provision on the Stakeholder commission.

6.1. STAKEHOLDER ENGAGEMENT EVENTS

Stakeholders were involved in all the stages of preparing the 2011 annual report, from developing a concept to discussing the final Report draft. Stakeholders had an opportunity to share their recommendations and make their requests.

Various aspects of stakeholder engagement in 2011 are described in Chapters 2, 3, 4 and 5 of the Report.

Four events have been held in the course of the Report preparation: three meetings were held in person and one was organised remotely. Representatives of all the stakeholder groups took part in these meetings. The participation figures are provided below:

- discussion of the concept for the Company's 2011 annual report in the form of a questionnaire (30 participants);
- discussion on the topic "JSC "TECHSNABEXPORT" business strategy in new circumstances" (40 participants);
- discussion on the topic "Improving the management mechanisms that ensure supply chain security" (37 participants);
- public consultations of the Company's 2011 public annual report draft (50 participants).

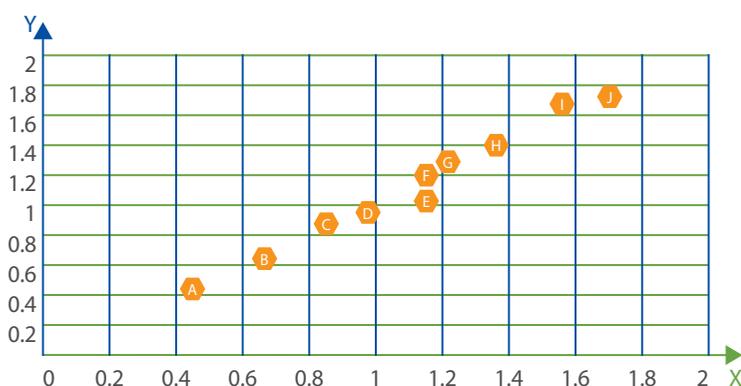
The questionnaire about the Report concept, which was sent to stakeholders, identified their opinions on the priority of the stakeholders in the Company's activities, which is shown in the rank map.

The Company's management and specialists, representatives of specialised departments of the State Atomic Energy Corporation ROSATOM, partners, suppliers, subsidiaries and affiliates, supervisory, public and environmental organisations, transport companies and mass media participated in these events.

The meetings and discussions were moderated by an independent certified host and the Company's non-financial auditor was present at every event.

The Company's Director General participated in the public hearing of the Report draft.

RANK MAP OF JSC "TECHSNABEXPORT" STAKEHOLDERS



- Y – Index of stakeholders' influence on the Company
- X – Index of stakeholders' dependence on the Company
- A – Mass media, B – Environmental organisations and NGOs, C – International organisations of nuclear sector, D – Transport companies, E – Subsidiaries and affiliates, F – Competitors, G – The Company personnel, H – Suppliers, I – the State Atomic Energy Corporation ROSATOM, J – Clients

Deputy Director General at JSC "TECHSNABEXPORT"
V.N. Govorukhin

...ALL OF US – "TVEL", TECHSNABEXPORT AND "ATOMREDMETZLOTO", ARE A PART OF A LARGE HOLDING STRUCTURE – THE STATE ATOMIC ENERGY CORPORATION ROSATOM, AND WE ALL HAVE ONE INTEREST – THAT OF THE STATE ATOMIC ENERGY CORPORATION ROSATOM... WE ARE HELPING EACH OTHER ACHIEVE THE OBJECTIVES SET BY THE CORPORATION...



ON THE PICTURE:
 DIALOGUE WITH
 STAKEHOLDERS
 IN THE OFFICE OF
 JSC "TECHSNABEXPORT"

DISCUSSION № 1 – DISCUSSION OF THE REPORT CONCEPT

The Discussion № 1 took place from 13 until 20 January 2012 in the form of a questionnaire about the Report concept. The questionnaire was addressed to the representatives of the key stakeholders and they were asked to share their opinion on a number of issues, including:

- suggested the top priority theme for the Report and topics for discussions with stakeholders;
- the draft of the Report structure;
- the key events/achievements of the Company suggested for disclosure;
- parameters of the Report, including the stated level of conformity to international requirements and standards;
- identifying and ranking stakeholders.

Based on the results of the questionnaire (30 questionnaires were analysed) the concept of the Report was adjusted. In addition, the Company managed to find out the level of information disclosure required by the stakeholders in the initial stage of the Report preparation.

DISCUSSION № 2. JSC "TECHSNABEXPORT" BUSINESS STRATEGY UNDER NEW CIRCUMSTANCES

On 27 March 2011 JSC "TECHSNABEXPORT" hosted a discussion on "JSC "TECHSNABEXPORT" business strategy under new circumstances" with its stakeholders. The discussion was attended by the management and specialists of the Company, representatives of the State Atomic Energy Corporation ROSATOM, JSC "TVEL", JSC "Atomredmetzoloto", JSC "IUEC", JSC "SPb "IZOTOP", foreign distribution subsidiary of JSC "TECHSNAB-EXPORT" – JSC TENEX-Japan, Moscow office of the US Department of Energy, foreign companies (Areva, Mitsui, NAC International), Rostechnadzor, FSTEK, environmental and non-governmental organisations and mass media.

During the discussion the Company's management presented detailed information about the results of the reporting year, its specific circumstances and future plans.

 Deputy director at Directorate for nuclear energy complex coordination and development at the State Atomic Energy Corporation ROSATOM
O.I. Linyaev

...I WAS VERY IMPRESSED WITH TODAY'S PRESENTATIONS FROM OUR DEAR COLLEAGUES FROM JSC "TECHSNABEXPORT". I HOPE THAT ALL THE INFORMATION PRESENTED IN THESE REPORTS WILL BE INCORPORATED INTO THE ANNUAL REPORT. I FOUND THIS INFORMATION VERY CLEAR, CONCRETE AND THOROUGH... I WOULD LIKE TO HIGHLIGHT THE STRENGTH THAT JSC "TECHSNABEXPORT" THE END OF 2011. THE ACCIDENT IN JAPAN PUT AT RISK JSC "TECHSNABEXPORT" ABILITY TO MEET A NUMBER OF TARGETS, BUT DUE TO THE COMPANY'S PROFESSIONALISM AND EFFICIENCY, A NUMBER OF COMPENSATORY MEASURES WERE TAKEN AND THIS YEAR'S RESULTS ARE VERY GOOD...

DISCUSSION № 3. IMPROVING THE MANAGEMENT MECHANISMS THAT ENSURE SUPPLY CHAIN SECURITY

On the same day, 27 March 2011, another discussion was held with the representatives of stakeholders on improving the management mechanisms that ensure supply chain security. The issues of logistics as a key element in ensuring supply chain security were discussed, as well as improvement of corporate management systems and risk management.

PUBLIC CONSULTATIONS ON JSC "TECHSNABEXPORT" 2011 ANNUAL REPORT DRAFT

The public consultation on the Report draft took place on 25 April 2012. In the introduction to his presentation on JSC "TECHSNABEXPORT" key results in 2011, the Company's Director General emphasised that one of the primary objectives of the public hearing is discussion of the Report draft content in order to carry out – in accordance with the industry-wide policy in the area of public reporting – public verification of the Report with regard to the significance and completeness of the information in the Report, as well as the quality of stakeholder engagement and the Company's responsiveness to their request in the course of preparation of the 2011 Report.

The issues of stakeholder engagement in the course of Report preparation and follow-up activities aimed at taking these recommendations into account were talked over during these discussions. The participants were also informed about the regulatory framework for the public reporting and organisational measures taken by the Company. Representatives of stakeholders made a number of suggestions about the text and about possible improvements (for more information see [Chapter 6.2.](#)).

Mitsui&Co. representative
N.B. Musaelyan

...JAPANESE ENERGY COMPANIES WOULD LIKE TO SHOW THEIR GRATITUDE IN THE UNDERSTANDING THAT IT WAS VERY DIFFICULT FOR JSC "TECHSNABEXPORT" TO ACCEPT THE SITUATION AND SHOW SUPPORT, CANCEL CERTAIN ORDERS, WHICH ENTAILED A GREAT DEAL OF WORK, AND POSTPONE DELIVERIES UNTIL LATER DATES. BY ALL MEANS THERE WAS A LOT OF WORK INVOLVED AND THEY ARE VERY GRATEFUL...



ON THE PICTURE:
JSC "TECHSNABEXPORT"
DIRECTOR GENERAL
REPORTING ON KEY
ACHIEVEMENTS OF
THE COMPANY AT PUBLIC
CONSULTATIONS

Director General at JSC "TECHSNABEXPORT"
A.A. Grigoriev

...WE TRIED TO TAKE INTO ACCOUNT THE RECOMMENDATIONS THAT WE RECEIVED IN THE COURSE OF THE DISCUSSIONS, AS WELL AS THE COMMENTS MADE BY THE EXPERTS AFTER THE EXAMINATION OF THE REPORT AT THE PUBLIC REPORTING COMMITTEE OF THE STATE ATOMIC ENERGY CORPORATION ROSATOM...



ON THE PICTURE:
PUBLIC CONSULTATION ON
THE REPORT'S DRAFT WITH
STAKEHOLDERS

6.2. STAKEHOLDERS' PROPOSALS ACCOUNTING

During the discussions and public hearings held in the course of Report preparation, stakeholders submitted 18 recommendations. The majority of recommendations included requests to publish certain information in the Report.

Recommendations, queries and suggestions made by the Company's stakeholders during the meetings and discussions (Appendix № 7) have been recorded (published on the Company's website) and used in the course of Report preparation. JSC "TECHSNABEXPORT" took on a special task of considering all the suggestions made. As a result,

over 17 suggestions were taken into account, partially or fully. The Company has taken on an obligation to consider other suggestions in the next Reports. Some recommendations could not be taken into consideration because they concerned disclosure of the information that constitutes trade secrets.

6.3. CONCLUSION ON THE PUBLIC VERIFICATION OF THE REPORT

INTRODUCTION

The management of JSC "TECHSNABEXPORT" (hereafter – the Company) suggested that we carry out verification of the Company's 2011 Report (hereafter – the Report) from the point of view of completeness and substantiality of disclosed information, and assess the management's actions with regard to addressing comments and requests from the stakeholders. In order to be able to do this we were given an opportunity to take part in discussions and public consultations of the Report draft (hereafter – the Consultations), which took place in March – April 2012, and freely express our opinion on the questions discussed.

THE PROCEDURE FOR ASSESSING THE REPORT

Our summary is based on studying two versions of the 2011 Report (Report draft for the Consultations and the final copy of the Report) and analysing information obtained during discussions and Consultations (presentations, minutes, spreadsheets of suggestions considered).

Verification of accuracy of the facts presented in the Report is not subject to public verification and we were not going to check the Company's financial and economic indicators, which are monitored by a shareholder, independent auditor, the Company's audit commission, tax bodies and other authorised organisations.

The results of our work are represented in the Statement of public verification, which contains judgments we agreed upon. We did not obtain any compensation for the time and effort spent from the Company.

ASSESSMENTS, COMMENTS AND RECOMMENDATIONS

We unanimously give the Report a positive evaluation. The Company has prepared an informative and properly structured document that meets our expectations. A distinct advantage of this Report is a detailed explanation of the Company's performance and future plans in the wake of the Fukushima disaster and a shift in the world nuclear industry that followed, with a particular focus on the client-oriented approach and reliability of supply. In our opinion, the topic that was given the highest priority by the Company's management and stakeholders, "New challenges – new solutions", has been described in full.

We would like to highlight constructive stakeholder engagement, demonstrated by the Company's management both in the course of working on the Report and the discussions and Consultations, as well as remarkable progress in the quality of organisation of these events.

We would also like to mention the Company's efforts in engaging stakeholders in the Report preparation, including the largest foreign companies acting as the Company's contractors. Based on this criterion we would like to single out the Company among other companies of the nuclear industry that held similar events where we were present.

In our opinion, the Company fulfilled its obligations, publically undertaken during the previous reporting campaign, to organise

regular discussions with stakeholders. Thus, the Company proved the importance of stakeholders for its activities and its adherence to the international management standards.

Based on the analysis we made the following conclusions.

MATERIALITY OF INFORMATION

The Report discloses the Company's performance in 2011 through the key theme "New challenges – new solutions" with a particular emphasis on the JSC "TECHSNABEXPORT" business strategy in the new situation and improvement of the management mechanisms that ensure security of the supply chain. These issues are important for stakeholders, which we have mentioned on several occasions in our presentations. The Report also provides substantial information on the environmental and social aspects of the Company's operations.

We would like to emphasise the quality and completeness of the information provided in the Risk management section of the Report.

COMPLETENESS OF INFORMATION

From our point of view the information provided in the Report sufficiently illustrates the Company's activities and conforms to the world best practice with regard to the completeness of the disclosed information. The volume of the information provided in the Report is sufficient for comprehensive understanding of the current situation and future prospects of the Company by the stakeholders.

ADDRESSING STAKEHOLDERS' COMMENTS AND SUGGESTIONS BY THE COMPANY

The Company's attitude to the suggestions made by stakeholders consisted in their rigorous recording, careful analysis and consideration during preparation of the final version of the Report.

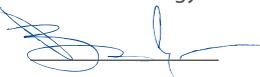
The Company revised the final version of the Report having taken into consideration the recommendations formulated by the stakeholders, revised the sections "Strategy" and 'The Company's position in the world market', amended the wording with regard to the limitations of information disclosure associated with the current legislation in the area of state and trade secret protection.

Thus, the Company demonstrated a responsible approach to implementing the requirements of the State Atomic Energy Corporation ROSATOM policy on public reporting and soundly addressed stakeholders' comments and suggestions.

We would like to note a considerable progress in the Company's developing stakeholder engagement and we hope that the experience gained through discussions and public consultations will be taken into account and used to further enhance management instruments, corporate culture and information policy according to the current international standards and the best business practice from across the world.

Main specialist at Department for international cooperation, the State Atomic Energy Corporation ROSATOM

V.S. Bordyugovsky



Advisor to vice-president at JSC "TVEL"

A.Y. Grigoriev



Commercial director at JSC "IUEC"

G.V. Efremov



Deputy manager at the Administration of
the Federal Service for Technology and Export
Control

S.A. Zakharov



Head of department for security of nuclear fuel
cycle facilities, nuclear energy units at ships and
radiation hazardous sites, monitoring of nuclear
and radioactive materials and physical protection
of Federal Service for Ecological, Technological
and Atomic Supervision

A.I. Kislov



Marketing and sales director
at JSC "Atomredmetzoloto"

M.S. Kushnarev



Deputy director at Directorate
for nuclear energy complex coordination
and development at ROSATOM
State Corporation

O.I. Linyaev



Executive director at All-Russian
Non-Governmental Organisation
Russian geographical society

G.D. Oleynik



Managing director at
JSC TENEX-Japan

S.N. Pluzhnik



Executive director at Green Light

O.V. Plyamina



Dean of faculty of management and econom-
ics of high technologies at MEPHI

A.V. Putilov



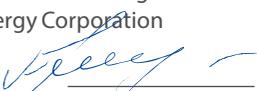
Director at NAC International representative
office

A.N. Sinev



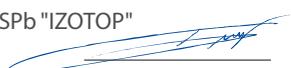
Head of Department for risk management at
the State Atomic Energy Corporation
ROSATOM

T.A. Fokina



Director at JSC "SPb "IZOTOP"

A.P. Shishkin



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APPENDIX №1.

ACCOUNTING STATEMENTS

ACCOUNTING BALANCE SHEET AS

OF DECEMBER 31, 2011

Entity **Open External Economic Joint Stock Company "TECHSNABEXPORT"**

Taxpayer's Identification Number

Activity type **intermediary, trading and production**

Form of legal organisation / form of ownership **Open Joint Stock Company**

Measurement unit **RUR, thousand**

Registered address **Russia, 115184, Ozerkovskaya nab., 28, bldg. 3**

CODES	
OKUD Form	0710001
Date (day, month, year)	31.12.2011
OKPO Code	08843672
TIN	7706039242
OKVED Code	51.55.3
OKOPF/OKFS Codes	47/12
OKEI Code	384

NOTES	ITEM	CODE OF THE VALUE	AS OF 31 DECEMBER 2011	AS OF 31 DECEMBER 2010	AS OF 31 DECEMBER 2009
ASSETS					
I. NON-CURRENT ASSETS					
Sect.5.1. of Notes	Intangible assets	1110	11,039	13,227	12,031
	Research and development results	1120	-	-	-
Sect.5.2. of Notes	Fixed assets	1130	532,474	460,238	481,714
	including:				
	Buildings, machinery, equipment and other fixed assets	1131	532,474	460,238	481,714
	Incomplete capital investment	1132	-	-	-
	Advance payments to suppliers, capital construction constructors, suppliers of items of fixed assets	1133	-	-	-
	Income-bearing investments in tangible assets	1140	-	-	-
Sect.5.4. of Notes	Financial investments	1150	14,588,603	9,490,370	13,462,030
	Deferred tax assets	1160	-	755	-
	Other non-current assets	1170	271,652	100,591	115,691
	TOTAL, SECTION I	1100	15,403,768	10,065,181	14,071,466
II. CURRENT ASSETS					
Sect.5.3. of Notes	Inventory	1210	25,198,115	7,983,415	14,830,063
	including:				
	Stock, materials and other similar assets	1211	1,452,146	99,371	1,113,890
	Work-in-progress costs	1212	14,713,788	3,809,354	9,673,856
	Finished products and goods for resale	1213	1,521,316	675,401	1,007,900
	Shipped goods	1214	7,510,865	3,399,289	3,034,417
	Deferred expenses	1215	-	-	-
	Accrued revenue not called for payment	1216	-	-	-
	Other inventory and costs	1217	-	-	-
	Value added tax on acquired assets	1220	4,975,548	3,607,646	7,725,453
Sect.5.6. of Notes	Accounts receivable	1230	21,562,530	33,268,345	25,199,324
	including:				
	Long-term receivables – total	1231	49,115	14,068	161
	purchasers and customers	1232	-	-	-
	down payments made	1233	-	-	-
	other accounts receivable	1234	49,115	14,068	161
	Short-term receivables – total	1235	21,513,415	33,254,277	25,199,163
	purchasers and customers	1236	6,705,057	22,216,252	16,335,153
	down payments made	1237	329,366	673,574	882,821
	other accounts receivable	1238	14,478,992	10,364,451	7,981,189

NOTES	ITEM	CODE OF THE VALUE	AS OF 31 DECEMBER 2011	AS OF 31 DECEMBER 2010	AS OF 31 DECEMBER 2009
Sect.5.4. of Notes	Financial investments (excluding cash equivalents)	1240	2,058,922	9,840,842	314,775
Sect.5.5. of Notes	Cash and cash equivalents	1250	803,053	674,239	1,566,737
	Other current assets	1260	16,404	55,740	103,975
	TOTAL, SECTION II	1200	54,614,572	55,430,227	49,740,327
	BALANCE	1600	70,018,340	65,495,408	63,811,793

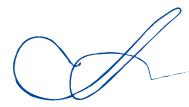
NOTES	ITEM	CODE OF THE VALUE	AS OF 31 DECEMBER 2011	AS OF 31 DECEMBER 2010	AS OF 31 DECEMBER 2009
LIABILITIES					
III. EQUITY AND RESERVES					
	Charter capital (reserve capital, statutory fund, contributions of limited partners)	1310	638,119	638,119	503,097
	Treasury stock redeemed from shareholders	1320	-	-	-
	Reappraisal of non-current assets	1340	-	-	-
	Capital surplus (without reappraisal)	1350	-	-	-
	Reserve capital	1360	31,906	25,155	25,155
	including:				
	Statutory reserves	1361	31,906	25,155	25,155
	Reserves formed under foundation documents	1362	-	-	-
	Retained profit (uncovered loss)	1370	18,446,493	20,236,453	17,257,560
	TOTAL, SECTION III	1300	19,116,518	20,899,727	17,785,812
IV. LONG-TERM LIABILITIES					
Sect.5.11. of Notes	Borrowings	1410	13,951,643	8,228,763	11,998,177
	Deferred tax liabilities	1420	47,274	-	154,724
	Estimated liabilities	1430	-	-	-
Sect.5.8. of Notes	Other liabilities	1450	131,667	46,993	-
	TOTAL, SECTION IV	1400	14,130,584	8,275,756	12,152,901
V. CURRENT LIABILITIES					
Sect.5.11. of Notes	Borrowings	1510	16,403,325	10,354,264	9,470,176
Sect.5.8. of Notes	Accounts Payable	1520	19,900,547	25,465,885	21,103,124
	including:				
	Suppliers and contractors	1521	5,638,525	13,835,865	10,331,848
	Advance payments received	1522	1,618,933	1,447,980	2,953,143
	Payables to the company personnel	1523	669	572	744
	Amounts due to state off-budgetary funds	1524	147	96	93
	Tax arrears	1525	289,807	1,364,264	903,818
	Other accounts payable	1526	12,352,466	8,817,108	6,913,478
	Deferred income	1530	-	2	2
Sect.5.12. of Notes	Estimated liabilities	1540	467,366	499,774	443,317
	Founder receivables on contributions towards charter capital (statutory fund)	1545	-	-	-
	Other current liabilities	1550	-	-	2,856,461
	TOTAL, SECTION V	1500	36,771,238	36,319,925	33,873,080
	BALANCE	1700	70,018,340	65,495,408	63,811,793

First deputy
 Director General
 16 February 2012



Alexander Viktorovich
 Markin

Chief
 accountant



Galina Alexandrovna
 Lysova

PROFIT AND LOSS STATEMENT FOR THE PERIOD FROM JANUARY TO DECEMBER 2011

Entity **Open External Economic Joint Stock Company "TECHSNABEXPORT"**

Taxpayer's Identification Number

Activity type **intermediary, trading and production**

Form of legal organisation / form of ownership **Open Joint Stock Company**

Measurement unit **RUR, thousand**

CODES	
OKUD Form	0710002
Date (day, month, year)	31.12.2011
OKPO Code	08843672
TIN	7706039242
OKVED Code	51.55.3
OKOPF/OKFS Codes	47/12
OKEI Code	384

NOTES	ITEM	CODE OF LINE	JANUARY-DECEMBER 2011	JANUARY-DECEMBER 2010
Sect.5.14. of Notes	Revenue	2110	70,513,759	83,261,187
Sect.5.14. of Notes	Cost of goods sold	2120	(46,023,868)	(57,026,800)
	Gross revenues (loss)	2100	24,489,891	26,234,387
Sect.5.14. of Notes	Selling expenses	2210	(2,341,596)	(2,512,251)
Sect.5.14. of Notes	Administrative expenses	2220	(1,770,414)	(1,811,680)
	Sales profit (loss)	2200	20,377,881	21,910,456
	Income from participation in other entities	2310	196,929	67,986
	Interest Receivable	2320	306,799	186,486
	Interest Payable	2330	(794,597)	(1,007,804)
Sect.5.15. of Notes	Other revenues	2340	1,550,268	5,663,488
Sect.5.15. of Notes	Other expenses	2350	(4,498,081)	(6,545,396)
	Pre-tax profit (loss)	2300	17,139,199	20,275,216
Sect.5.13. of Notes	Current profit tax	2410	(3,772,364)	(4,445,314)
	Including permanent tax liabilities (assets)	2421	(424,145)	(294,770)
Sect.5.13. of Notes	Changes in deferred tax assets	2430	(37,835)	88,665
Sect.5.13. of Notes	Changes in deferred tax liabilities	2450	(10,194)	16,900
	Other	2460	-	-
	Net profit (loss)	2400	13,318,806	15,935,467

NOTES	ITEM	CODE OF LINE	JANUARY-DECEMBER 2011	JANUARY-DECEMBER 2010
FOR INFORMATION				
	Result of reappraisal of non-current assets, not included in the net profit (loss) of the reporting period	2510	-	-
	Result of other operations, not included in the net profit (loss)	2520	-	-
	Total financial result in the reporting period	2500	13,318,806	15,935,467
Sect.5.16. of Notes	Base profit (loss) per share	2900	500	598
	Diluted profit (loss) per share	2910	-	-

First deputy
Director General
16 February 2012



Alexander Viktorovich
Markin

Chief
accountant



Galina Alexandrovna
Lysova

CASH FLOW STATEMENT FOR THE PERIOD FROM JANUARY TO DECEMBER 2011

Entity **Open External Economic Joint Stock Company "TECHSNABEXPORT"**

Taxpayer's Identification Number

Activity type **intermediary, trading and production**

Form of legal organisation / form of ownership **Open Joint Stock Company**

Measurement unit **RUR, thousand**

CODES	
OKUD Form	0710004
Date (day, month, year)	31.12.2011
OKPO Code	08843672
TIN	7706039242
OKVED Code	51.55.3
OKOPF/OKFS Codes	47/12
OKEI Code	384

ITEM	CODE OF LINE	JANUARY-DECEMBER 2011	JANUARY-DECEMBER 2010
Cash flow from operating activities			
Proceeds – total	4110	82,414,366	82,547,923
including:			
from sales of products, goods, work and services	4111	81,596,273	72,266,808
from rent, license fees, royalties, commission and similar payments	4112	200,420	259,181
from reselling financial assets	4113	–	–
	4114	–	–
other proceeds	4119	617,673	10,021,934
Payments – total	4120	(83,285,487)	(60,575,639)
including:			
to suppliers (contractors) for raw materials, materials, work, services	4121	(69,073,877)	(53,496,290)
to employees	4122	(985,122)	(891,718)
interest on debenture	4123	(808,770)	(1,021,672)
profit tax	4124	(4,846,688)	(4,477,367)
	4125	–	–
other payments	4129	(7,571,030)	(688,592)
Balance of cash flow from operating activities	4100	(871,121)	21,972,284
Cash flow from investing activities			
Proceeds – total	4210	25,407,743	6,074,766
including:			
from the sales of non-current assets (excluding financial investment)	4211	147	1,143
from stock trading (equity shares) in other entities	4212	175,550	4,775,375
from repayment of loans, sales of debt securities (rights of claim of funds from other persons)	4213	24,773,748	990,778
dividends, interest on debt financial investments and similar proceeds from equity participation in other entities	4214	458,298	307,470
	4215	–	–
other proceeds	4219	–	–
Payments – total	4220	(22,071,195)	(10,552,658)
including:			
related to purchase, development, modernisation, reconstruction and preparation for use of non-current assets	4221	(32,596)	(44,516)
related to purchase of shares (equity shares) in other entities	4222	–	(9,500)
related to purchase of debt securities (rights of claim of funds from other persons), providing loans to other persons	4223	(22,038,599)	(10,498,642)
interest on debenture, included in the cost of investment asset	4224	–	–
	4225	–	–
other payments	4229	–	–
Balance of cash flows from investing activities	4200	3,336,548	(4,477,892)

ITEM	CODE OF LINE	JANUARY-DECEMBER 2011	JANUARY-DECEMBER 2010
Cash flow from financing activities			
Proceeds – total	4310	78,564,922	48,037,218
including:			
obtaining credits and loans	4311	77,505,232	47,912,770
monetary contributions of owners (participants)	4312	–	–
from issue of shares, increase in equity shares	4313	–	–
from issue of bonds, bills and other debt securities, etc.	4314	–	–
budgetary appropriations and other special-purpose financing	4315	1,059,690	124,448
other proceeds	4319	–	–
Payments – total	4320	(81,197,114)	(66,228,910)
including:			
to owners (participants) due to repurchase of shares (equity shares)	4321	–	–
for the purpose of dividend payment and other payments to distribute the profit to owners (participants)	4322	(12,256,350)	(15,511,052)
related to payment (buy-back) of bills and other debt equities, repayment of credits and loans	4323	(68,876,246)	(50,701,166)
	4324	–	–
other payments	4329	(64,518)	(16,692)
Balance of cash flows from financing activities	4300	(2,632,192)	(18,191,692)
BALANCE OF CASH FLOWS IN THE REPORTING PERIOD	4400	(166,765)	(697,300)
NET CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE REPORTING PERIOD	4450	674,239	1,566,737
NET CASH AND CASH EQUIVALENTS AT THE END OF THE REPORTING PERIOD	4500	803,053	674,239
Effect of changes in exchange rate towards rouble	4490	295,579	(195,198)

First deputy
Director General
16 February 2012



Alexander Viktorovich
Markin

Chief
accountant



Galina Alexandrovna
Lysova

APPENDIX № 2.

AUDITOR'S CONCLUSION ON THE ACCOUNTING STATEMENTS

To the shareholders of Open External Economic Joint Stock Company "TECHSNABEXPORT"

AUDITED ENTITY

Full name: Open External Economic Joint Stock Company "TECHSNABEXPORT" (hereafter – JSC "TECHSNABEXPORT").

Address: 28 Ozerkovskaya naberezhnaya, bldg. 3, Moscow, Russia, 115184

State registration: Registered by the Government Agency "Moscow Registration Chamber" on 28 January 1994, Certificate № 029.427. Entered into the Unified State Register of Legal Entities at Moscow Department of the Ministry of Tax and Excise of Russia on 11 July 2002 under the main state registration number 1027700018290.

AUDITOR

Full name: Limited Liability Company "Accountants and Business Advisers" (JSC "FBK")

Address: 44/1 Myasnitskaya st., bldg. 2AB, Moscow, 101990

State registration: Registered by the Government Agency "Moscow Registration Chamber" on 15 November 1993, Certificate: series YUZ 3 № 484.583 RP. Entered into the Unified State Register of Legal Entities on 24 July 2002 under the main state registration number 102 7700058286.

Membership in the self-regulating organisation of auditors: Non-commercial partnership "Russian Audit Chamber"

Number in the register of auditing companies in the self-regulating organisation of auditors: Certificate of membership in the non-commercial partnership "Russian Audit Chamber" № 5353, ORNZ – 10201039470.

We have audited the attached accounting statements of JSC "TECHSNABEXPORT" that include: accounting balance sheet as of 31 December 2011; 2011 profit and loss statement; 2011 change of equity statement and 2011 cash flow statement, notes and appendixes to the notes.

AUDITED ENTITY'S RESPONSIBILITY FOR THE ACCOUNTING STATEMENTS

The audited entity's management is responsible for the preparation and accuracy of the accounting statements pursuant to the applicable accounting rules of the Russian Federation and for the internal control system that is required to prepare the accounting statements that are free from material misstatements due to unfair acts or errors.

AUDITOR'S RESPONSIBILITY

Our duty is to express an opinion on whether these accounting statements are accurate following the audit that we have conducted. We have carried out the audit in accordance with the federal standards of the audit activities of the Russian Federation. These standards require compliance with the applicable norms of ethics, and that the audit be planned and conducted so as to obtain a reasonable assurance that the accounting statements do not contain any material misstatements.

The audit involved audit procedures aimed at obtaining audit evidence supporting the numeric values presented in the accounting statements and disclosure of information. We select the audit procedures using our judgment that is based on our assessment of the risk of material misstatements made as a result of unfair acts or errors. In the process of assessment of such risk we have looked at the internal control system than ensures preparation and accuracy of the accounting statements with a view to selecting the appropriate audit procedure, but not with a view to express an opinion on the efficiency of the internal control system. The audit also included an assessment of whether the accounting policies applied were appropriate and whether the audited entity's management judgments were reasonable and an assessment of the presentation of the accounting statements in general. We believe that the evidence obtained as a result of the audit provides sufficient grounds for us to express our opinion on the accuracy of the accounting statements.

OPINION

In our view, the accounting statements fairly represent in all material respects the financial position of JSC "TECHSNABEXPORT" as of 31 December 2011, the results of its financial and business activities and cash flows for 2010 pursuant to the accounting standards of the Russian Federation.

OTHER INFORMATION

Accounting statements of JSC "TECHSNABEXPORT" for the period from 1 January through 31 December 2010 have been audited by a different auditor – Nexia Pacioli LLC, which Auditor's conclusion is dated to 2 March 2011 and contains an unmodified opinion.

President of JSC "Accountants
and Business Advisers"
S.M. Shapiguzov
(on the basis of Charter)



Date of the Auditor's conclusion
27 February 2012

APPENDIX № 3. BOARD OF DIRECTORS REPORT ON JSC "TECHSNABEXPORT" PERFORMANCE IN 2011

№ OF THE BOARD MINUTES	DATE OF THE BOARD MEETING	AGENDA OF THE BOARD MEETING
68.	21.01.2011	1. Approval of the deal associated with assignment of estate property of JSC "TECHSNABEXPORT".
69.	03.03.2011	1. Termination of JSC "TECHSNABEXPORT" membership in Closed Joint Stock Company "Uranium Enrichment Center".
70.	04.03.2011	1. Addressing the JSC "TECHSNABEXPORT" sole shareholder with a suggestion to make a decision with regard to approval of the Decree on the Board of Directors of JSC "TECHSNABEXPORT".
71.	05.03.2011	1. Approval of the deal associated with the transfer of rights of estate property (lease contract between JSC "TECHSNABEXPORT" and JSC "Atomenergoprom"). 2. Approval of the deal associated with the transfer of rights of estate property (lease contract between JSC "TECHSNABEXPORT" and JSC "Atomkomplekt"). 3. Approval of the deal associated with the transfer of rights of estate property (lease contract between JSC "TECHSNABEXPORT" and JSC "NIAEP"). 4. Approval of the deal associated with the transfer of rights of estate property (lease contract between JSC "TECHSNABEXPORT" and JSC "United company "RSK"). 5. Approval of the deal associated with the transfer of rights of estate property (lease contract between JSC "TECHSNABEXPORT" and JSC "Directorate for centralised order of equipment for NPP"). 6. Approval of the deal associated with the transfer of rights of estate property (lease contract between JSC "TECHSNABEXPORT" and JSC "Alpha-7").
72.	10.05.2011	1. Approval of the deal associated with the transfer of rights of estate property (lease contract between JSC "TECHSNABEXPORT" and CJSC "TENEX-Service"). 2. Approval of the deal associated with the transfer of rights of estate property (lease contract between JSC "TECHSNABEXPORT" and LLC "TENEX-Complekt").
73.	13.05.2011	1. Election of moderator for the JSC "TECHSNABEXPORT" Board of Directors meetings. 2. Paying an annual bonus (remuneration) to the JSC "TECHSNABEXPORT" Director General based on meeting the key performance indicators (KPIs) for year 2010.
74.	30.05.2011	1. Preliminary approval JSC "TECHSNABEXPORT" 2010 annual report. 2. Preliminary approval of annual accounting statements, including the profit and loss statement (profit and loss account) of JSC "TECHSNABEXPORT". 3. Recommendations addressed to the annual general meeting of shareholders (sole shareholder) of JSC "TECHSNABEXPORT" on the distribution of profit (including payment (declaring) dividends) and losses of JSC "TECHSNABEXPORT" following the results of the year 2010. 4. Recommendations of the auditor candidates of JSC "TECHSNABEXPORT" for 2011 to be elected by the annual general meeting of shareholders (sole shareholder). 5. Addressing the JSC "TECHSNABEXPORT" sole shareholder with a suggestion to make a decision with regard to the competences of the annual general meeting of shareholders of JSC "TECHSNABEXPORT".
75.	03.06.2011	1. Approval of the JSC "TECHSNABEXPORT" budget for 2011. 2. Approval of the key performance indicators (KPIs) of JSC "TECHSNABEXPORT" as a Tier 2 Center for Financial Responsibility "Sales and Trading" for 2011.
76.	14.06.2011	1. Determining the price of estate property subject to the major deal (contract on providing a credit facility to JSC "TECHSNABEXPORT"). 2. Approval of the major deal (contract on providing a credit facility to JSC "TECHSNABEXPORT").
77.	15.09.2011	1. Election of the Chair of the JSC "TECHSNABEXPORT" Board of Directors. 2. Election of the Secretary of the JSC "TECHSNABEXPORT" Board of Directors. 3. Determining the fee payable to JSC "TECHSNABEXPORT" auditor for 2011 and the terms of contract with the auditor.
78.	30.09.2011	1. Approval of the Company's financial estimates for charity in 2011.
79.	02.12.2011	1. Amending the terms of the employment agreement of the JSC "TECHSNABEXPORT" Director General by certain parties.
80.	13.12.2011	1. Recommendations to the JSC "TECHSNABEXPORT" sole shareholder on the amount of dividends after nine months of 2011 financial year and the procedure of dividend payment. 2. Determining the date of preparing the list of individuals with a right to participate in an ad-hoc general meeting of JSC "TECHSNABEXPORT" shareholders.

APPENDIX № 4. CONCLUSION OF THE AUDIT COMMISSION OF JSC "TECHSNABEXPORT"

REPORT OF THE AUDIT COMMISSION FOLLOWING THE AUDIT OF FINANCIAL AND ECONOMIC ACTIVITIES OF JOIN EXTERNAL ECONOMIC STOCK COMPANY "TECHSNABEXPORT" (JSC "TECHSNABEXPORT") IN 2011

Moscow
10 April 2012

Pursuant to the Federal Law "On Joint Stock Companies", the Charter of JSC "TECHSNABEXPORT" (hereafter – the Company) and the Regulation on the Audit Commission of JSC "TECHSNABEXPORT", the Audit Commission completed the audit of the financial and economic activities of the Company in 2011 during the period from 20 March 2012 until 10 April 2012.

The Audit Commission was elected by the decision of the Company's sole shareholder – minutes of 30 June 2011 № 20 – and was comprised of:

- **O.V. Zolotareva**
Deputy Head of the Department and Head of the Budget Management, Economics and Controlling Department in the NEC Directorate at the State Atomic Energy Corporation ROSATOM, chairman of the Audit Commission;
- **T.S. Milovidova**
Deputy Director and Head of Department for NFC Production Planning in the NFC Coordination and Development Department at the State Atomic Energy Corporation ROSATOM, member of the Audit Commission;
- **O.N. Sarenkova**
Director of the Internal control and audit department at JSC "TECHSNABEXPORT", secretary of the Audit Commission

The Audit Commission received no requirements for an unscheduled inspections or audits from the Company's shareholder during the year.

In the course of the audit the Audit Commission examined the 2011 accounting statements and the accounting data for 2011 on a selective basis, as well as contracts, primary documents, decisions of the Board of Directors, the Company's sole shareholder, that reflect the important aspects of the Company's business.

In the course of the audit the Audit Commission relied, among other documents, on the Auditor's conclusion by LLC "Accountants and Business" advisers as of 27 February 2012, "Auditor's conclusion of financial (accounting) statements of the Open External Economic Joint Stock Company "TECHSNABEXPORT" for the period from 1 January until 31 December 2011".

Based on the results of the audit:

1. The Audit Commission expresses its opinion on the accuracy of the information in accounting (financial) statements of the Company in all significant aspects.

2. The Audit Commission confirms that it has not identified any violations of the accounting procedures and financial reporting procedures stipulated by the regulations of the Russian Federation or of legal acts of Russian Federation in the course of the Company's financial and economic activities that could significantly influence the accuracy of the Company's reporting information.

Chairperson of the Audit Commission
O.V. Zolotareva

Member of the Audit Commission
T.S. Milovidova

Member of the Audit Commission
O.N. Sarenkova

APPENDIX № 5.

CONCLUSION OF THE INTERNAL CONTROL AND AUDIT DEPARTMENT OF JSC "TECHSNABEXPORT"

The internal audit of the preparation of the 2011 public annual report of JSC "TECHSNABEXPORT" (hereafter – the Report) was conducted in accordance with the Procedure for inspections and internal audits of the business processes by the Internal control and audit department of JSC "TECHSNABEXPORT" (order of the Director General as of 31 May 2011 № 150), in accordance with the requirements of the State Atomic Energy Corporation ROSATOM policy in the area of public reporting (decree of the Director General of the State Atomic Energy Corporation ROSATOM as of 25 December 2009 No 922), Standard of public annual reporting of JSC "TECHSNABEXPORT" (order of the Director General as of 11 August 2011 № 214), key provisions of the Global reporting Initiative Sustainability reporting Guidelines (G3.1 edition), a series of international standards AA1000, recommendations of Russian Union of Industrialists and Entrepreneurs (RUIE) for management practice and non-financial corporate reporting.

Pursuant to the Regulations for public annual reporting of JSC "TECHSNABEXPORT" (order of the Company's Director General as of 11 August 2011 № 214), the deputy Director General V.N. Govorukhin was put in charge of the development of the public reporting in the Company and who was also appointed the chairman of the Public reporting committee at JSC "TECHSNABEXPORT". The heads of structural units were charged with preparing and providing the information (order dated 17 February 2012 № 006/38-P).

In accordance with the above-mentioned Regulations for public annual reporting of JSC "TECHSNABEXPORT" a corporate schedule was approved (order of the Company's Director General as of 29 December 2011 № 006/67P), which defined the key stages and deadlines of Report preparation, including development of the concept of the Report, collection of the information, preparation of the Report draft, conducting negotiations with stakeholders on approved topics, obtaining a Report of a standing technical commission, review of the Report draft by the Public reporting committee at the State Atomic Energy Corporation ROSATOM, holding public consultations on the Report draft, obtaining the statement of public verification, approval of the Report by the Board of Directors and the sole shareholder.

In the course of the audit

- efficiency of the system of internal controls of the public reporting preparation process (including the analysis of regulation and formalisation of the key processes associated with the preparation of the public reporting; analysis of the efficiency of implementation of key review procedures that ensure the accuracy of the public reporting preparation) was examined;
- the procedure of public reporting preparation was examined for compliance with the current legislation and internal regulations that regulate the business process of public reporting preparation;
- recommendations have been developed concerning the improvement of the internal control system in the process of public reporting preparation.

The results of the audit make it possible to draw conclusion on the efficiency of the internal controls system for the process of preparing the public reporting and the compliance of the public reporting preparation procedure at JSC "TECHSNABEXPORT" with the current legislation; Public reporting policy of the State Atomic Energy Corporation ROSATOM and internal regulations of JSC "TECHSNABEXPORT" regulating the business process of public reporting preparation.



Director of Internal control
and audit department
O.N.Sarenkova

APPENDIX № 6. INFORMATION ON COMPLIANCE WITH THE CORPORATE CODE OF CONDUCT

№	PROVISION OF THE CORPORATE CODE OF CONDUCT	COMPLIANCE STATUS	NOTE
GENERAL MEETING OF SHAREHOLDERS			
1.	Shareholders are informed of the general shareholders meeting at least 30 days prior to its date regardless of matters on the agenda, unless the law requires a longer notice period	Not applicable	Peculiarities of the decision making process are due to the Company having a sole shareholder
2.	Shareholders are given an opportunity to review the list of persons entitled to participate in the general shareholders meeting from the date of the notice of the general shareholders meeting and until closing of the general shareholders meeting "in praesentia", or in the event of a general meeting in the form of ballot voting – until the last day of acceptance of the voting ballots	Not applicable	Peculiarities of the decision making process are due to the Company having a sole shareholder
3.	Shareholders are given an opportunity to review the information (materials) to be disclosed in connection with the preparation to the general shareholders meeting, by electronic means, including through the Internet	Complied with	
4.	Shareholders are given an opportunity to propose a matter to be included in the agenda of the general shareholders meeting or ask for the general shareholders meeting to be convened without having to submit a share register extract, if the rights of the shareholder are recorded in the share register, and if the shareholder's rights are recorded on the custody account – a custody account statement will be sufficient to exercise such rights	Complied with	
5.	The Charter or internal regulations of the Joint Stock Company contain a provision that requires the Director General, members of the executive board, members of the Board of Directors, members of the Audit Commission and the auditor to attend the general shareholders meeting	Not applicable	Peculiarities of the decision making process are due to the Company having a sole shareholder
6.	Nominees are required to be present at the general shareholders meeting when the shareholders consider election of the Board members, the Director General, members of the executive board, members of the Audit commission, and approval of the Company's auditor	Not applicable	Peculiarities of the decision making process are due to the Company having a sole shareholder
7.	The internal regulations of the Joint Stock Company contain procedures governing registration of the participants of the general shareholders meeting	Not applicable	Peculiarities of the decision making process are due to the Company having a sole shareholder
BOARD OF DIRECTORS			
8.	The Charter of the Joint Stock Company authorised the Board of Directors to annually approve the financial and business plan of the Company	Complied with	Clause 13.2(23) of the Company's Charter
9.	The Company has a risk management procedure approved by the Board of Directors	Not complied with	The unified industry-wide risk management system is approved at the level of the State Atomic Energy Corporation ROSATOM and is implemented in the Company following the orders of the Director General
10.	The Charter of the Joint Stock Company provides for the right of the Board of Directors to suspend the power of the Director General appointed by the general shareholders meeting	Complied with	Clause 13.2(20) of the Company's Charter

№	PROVISION OF THE CORPORATE CODE OF CONDUCT	COMPLIANCE STATUS	NOTE
11.	The Charter of the Joint Stock Company provides for the right of the Board of Directors to establish requirements to qualification and remuneration of the Director General, executive board members, executives of the key business units of the Company	Not complied with	Not provided for by the Charter
12.	The Charter of the Joint Stock Company provides for the right of the Board of Directors to approve the terms of agreements with the Director General and members of the executive board	Not complied with	Not provided for by the Charter
13.	The Charter or internal regulations of the Joint Stock Company contain a provision pursuant to which the votes of the Board of Directors members (board members who serve as the Director General and executive board members) are not taken into account for the purposes of approval of the terms of the agreements with the Director General (management company, manager)	Not complied with	Not provided for by the Charter
14.	The Board of Directors of the Joint Stock Company includes at least three independent directors who meet the requirements of the Corporate Code of Conduct	Not complied with	The composition of the Board of Directors is determined based on the Company's sole shareholder decision
15.	The Board of Directors of the Joint Stock Company does not include directors who were previously convicted of economic crimes or crimes against the state, the public service offenses or crimes against local government service or who were subject to administrative punishments for business-related offences or finance, fiscal or securities offences	Complied with	Observed in practice
16.	The Board of Directors of the Joint Stock Company does not include any directors who are members, Directors general (managers), members of a management body or employees of a legal entity competing with the Joint Stock Company	Complied with	Observed in practice
17.	The Charter of the Joint Stock Company requires that the Board of Directors be elected by cumulative voting	Not applicable	Due to the Company having sole shareholder
18.	The internal regulations of the Joint Stock Company contain a provision which requires that the Board members abstain from any actions which will or may result in a conflict of interest between them and the Company, and in the event such conflict arises – to disclose such conflict to the Board of Directors	Not complied with	
19.	The internal regulations of the Joint Stock Company contain a provision which requires that the Board members notify the Board of Directors in writing of their intention to make a transaction with the securities of the Company or its subsidiaries (affiliates) and to disclose information on their transactions with such securities	Not applicable	Members of the Board of Directors do not own the shares of the Company and its subsidiaries or affiliates
20.	The internal regulations of the Joint Stock Company contain a provision which requires that the Board meetings be conducted at least once every six weeks	Not complied with	
21.	The Board meetings of the Joint Stock Company during the year for which the Company prepares the annual report must be conducted at least once every six weeks	Not complied with	
22.	The internal regulations of the Joint Stock Company contain procedures governing the meetings of the Board of Directors	Complied with	Section 7 of the Regulations on the Board of Directors
23.	The internal regulations of the Joint Stock Company contain a provision requiring approval by the Board of Directors of the transactions of the Joint Stock Company the amount of which represents 10 or more percent of the Company's asset value, except for the transactions made in the normal course of business	Not complied with	Not provided for by the Charter
24.	The internal regulations of the Joint Stock Company contain a provision authorising the members of the Board of Directors to receive from the executive bodies and managers of the main business units of the Company of information necessary to enable them to fulfill their functions, and a provision which sets forth liability for failure to provide such information	Complied with	Clause 3.1.1. of the Regulations on the Board of Directors
25.	The Board of Directors has a strategic planning committee or another committee (except for audit committee and nominations and remuneration committee) performs the relevant functions	Not complied with	No Board committees currently exist
26.	The Board of Directors has a committee (audit committee) that recommends the auditor to the Board of Directors and interacts with the auditor and the Company's Audit Commission	Not complied with	No Board committees currently exist
27.	The audit committee includes only independent and non-executive directors	Not applicable	No audit committee currently exists
28.	The audit committee is managed by an independent director	Not applicable	No audit committee currently exists
29.	The internal regulations of the Joint Stock Company provides for the right of all members of the audit committee to have access to any documents and information of the Joint Stock Company subject to their confidentiality undertaking	Not applicable	No audit committee currently exists
30.	Creation of a board committee (nominations and remuneration committee) whose function is to identify selection criteria for candidates to the Board of Directors and to develop the remuneration policy of the Joint Stock Company	Not complied with	No Board committees currently exist
31.	The nominations and remuneration committee is managed by an independent director	Not applicable	No nominations and remuneration committee currently exists
32.	The nominations and remuneration committee does not have any officers of the Company serving on it	Not applicable	No nominations and remuneration committee currently exists

Nº	PROVISION OF THE CORPORATE CODE OF CONDUCT	COMPLIANCE STATUS	NOTE
33.	The Board of Directors has a risk committee or another committee (audit committee or nominations and remuneration committee) that performs the relevant functions	Not complied with	No Board committees currently exist
34.	The Board of Directors has a corporate conflict resolution committee or another committee (audit committee or nominations and remuneration committee) which performs the relevant functions	Not complied with	No Board committees currently exist
35.	The corporate conflict resolution committee does not have any officers of the Company serving on it	Not applicable	No corporate conflict settlement committee currently exists
36.	The corporate conflict resolution committee is managed by an independent director	Not applicable	No corporate conflict settlement committee currently exists
37.	The Company has internal regulations approved by the Board of Directors which govern the procedure of formation and operation of the board committee	Not complied with	No Board committees currently exist
38.	The Charter of the Joint Stock Company sets forth the procedure to determine the quorum of the Board of Directors which allows to ensure mandatory participation of independent directors in the Board meetings	Not complied with	No independent directors serve on the Board

EXECUTIVE BODIES

39.	The Joint Stock Company has a collective executive body (executive board)	Not complied with	Clause 11.1 of the Company's Charter provides for only the sole executive body – Director General
40.	The Charter or internal regulations of the Joint Stock Company contain a provision requiring approval by the executive board of the real estate transactions, of obtaining loans by the Company, unless such transactions qualify as major transactions and unless they are made in the normal course of business	Not applicable	Clause 11.1 of the Company's Charter provides for only the sole executive body – Director General
41.	The internal regulations of the Joint Stock Company set forth the procedure of approval of operations which fall beyond the financial and business plan of the Joint Stock Company	Not complied with	
42.	The executive bodies of the Joint Stock Company does not include any members that are members, directors general (managers), members of a management body or employees of a legal entity competing with the Joint Stock Company	Complied with	Observed in practice
43.	The executive bodies of the Joint Stock Company do not have members who were earlier convicted of economic crimes or crimes against the state, the public service offenses or crimes against local government service or who were subject to administrative punishments for business related offences or finance, fiscal or securities offences. If the functions of the sole executive body are performed by a management company or a manager, the Director General and the executive board members of the management company or the manager must meet the requirements established for the Director General and the executive board members of the Joint Stock Company	Complied with	Observed in practice
44.	The Charter or internal documents of the Joint Stock Company contain a provision that prohibits the management company (manager) to perform similar functions in a competing company, or to have any other interests in the Joint Stock Company other than in the capacity of a management company (manager)	Not complied with	
45.	The internal regulations of the Joint Stock Company contain a provision which requires that the executive board members abstain from any actions which will or may result in a conflict of interest between them and the Company, and in the event such conflict arises – to disclose such conflict to the Board of Directors	Not complied with	
46.	The Charter or internal regulations of the Joint Stock Company establishes the selection criteria of the management company (manager)	Not complied with	
47.	Executive bodies of the Joint Stock Company submit monthly reports to the Board of Directors	Not complied with	
48.	The agreements between the Joint Stock Company and the Director General (management company, manager) or the executive board members provide for liability for breach of confidentiality obligations or insider information rules	Complied with	

CORPORATE SECRETARY

49.	The Joint Stock Company has a separate officer (corporate secretary) responsible for ensuring compliance by the bodies and officers of the Company with the procedural requirements which guarantee protection of rights and lawful interests of the Company's shareholders	Complied with	There is a secretary of the Board of Directors in the Company
50.	The Charter or internal regulations of the Joint Stock Company set forth the procedure of appointment (election) of the corporate secretary and the duties of the corporate secretary	Complied with	Clauses 13.2(27) of the Company's Charter and clauses 4.1 and 4.2 of the Decree on the Board of Directors
51.	The Charter of the Joint Stock Company contains requirements that a proposed corporate secretary must meet	Not complied with	Not provided for by the Charter

№	PROVISION OF THE CORPORATE CODE OF CONDUCT	COMPLIANCE STATUS	NOTE
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MATERIAL CORPORATE ACTIONS

52.	The Charter or internal regulations of the Joint Stock Company contains a provision which requires a prior approval of a major transaction	Not complied with	Not provided for by the Charter
53.	Mandatory engagement of an independent appraiser to perform valuation of the property subject to a major transaction	Not complied with	Appraisal if performed pursuant to Articles 77-78 of the Federal Law "On Joint Stock Companies"
54.	The Charter of the Joint Stock Company prohibits that any actions are taken in connection with acquisition of major equity stakes in the Joint Stock Company (takeover) aimed at protection of interests of the executive bodies (members of such bodies) and members of the Board of Directors of the Joint Stock Company or actions which negatively affect the position of the shareholders as compared to their existing position (in particular, the Board of Directors may not pass any resolutions before the end of the proposed period of acquisition on issuance of additional shares, on issuance of securities convertible into shares, or securities evidencing the right to purchase the Company's shares, even if the Board has the relevant powers under the Charter)	Not applicable	The Company has a sole shareholder
55.	The Charter of the Joint Stock Company contains a provision that requires engagement of an independent appraiser to perform a valuation of the fair market value of the shares and potential change of their fair market value as a result of takeover	Not complied with	
56.	The Charter of the Joint Stock Company does not contain a provision which releases an acquirer from the duty to offer the shareholders to sell their common shares of the Company (securities convertible into common shares) in the event of a takeover	Not complied with	The Company has a sole shareholder
57.	The Charter or internal regulations of the Joint Stock Company contain provisions require engagement of an independent appraiser to determine the share conversion ratio in the event of a reorganisation	Not complied with	

INFORMATION DISCLOSURE

58.	The Company has an internal regulation approved by the Board of Directors which sets forth the Company's disclosure rules and guidelines (Disclosure Policy Regulation)	Complied with	Regulation on Mandatory Disclosure of JSC "TECHSNAB-EXPORT" (approved by the Board of Directors on 22 December 2009)
59.	The internal regulations of the Joint Stock Company contain a provision which requires disclosure of information about the purposes of the proposed share placements, persons which are going to acquire the shares to be issued, including major stakes, and whether the senior executives of the Joint Stock Company are going to acquire the shares	Not complied with	Not provided for by the Charter and the Regulation on Mandatory Disclosure
60.	The internal regulations of the Joint Stock Company contain a list of information, documents and materials to be provided to the shareholders for the purposes of passing resolutions on matters put for consideration at the general shareholders meeting	Not complied with	The Company has a sole shareholder
61.	The Joint Stock Company has a web-site where the Company regularly discloses information	Complied with	www.tenex.ru
62.	The internal regulations of the Joint Stock Company contain a provision which requires a disclosure by the Company of its transactions with the persons who are pursuant to the Charter its senior officers and of the transactions with entities in which the Company's senior officers directly or indirectly own 20 or more percent of the Charter capital or which such officers may otherwise substantially influence	Not complied with	Not provided for by the Charter and the Regulation on Mandatory Disclosure
63.	The internal regulations of the Joint Stock Company contain a provision which requires that the Company disclose all price-sensitive information (i.e. information about the transactions that may influence the market price of the Company's shares)	Not complied with	Not provided for by the Company's Charter and the Regulation on Mandatory Disclosure
64.	The Company has an internal regulation approved by the Board of Directors governing the use of material information about the Company's business, shares and other securities of the Company and transactions therewith, which is not public and which if disclosed may substantially affect the market price of the shares and other securities of the Joint Stock Company	Not complied with	

CONTROL OVER FINANCIAL AND BUSINESS ACTIVITIES

65.	The Company has internal control procedures over its financial and business activities approved by the Board of Directors	Not complied with	
66.	The Company has a special unit responsible for ensuring compliance with the internal control procedures (an internal control and audit service)	Complied with	The Company has a special unit – Internal control and audit department
67.	The Company has internal regulations which contain a provision requiring the Board of Directors to determine the structure and composition of the internal control and audit service	Not complied with	
68.	The internal control and audit service does not have members who were earlier convicted of economic crimes or crimes against the state, the public service or local government service, or who were subject to administrative punishments for business related offences or finance, fiscal or securities offences	Complied with	Observed in practice
69.	The internal control and audit service does not include any members being members of the executive bodies of the Company or persons being members, directors general (managers), members of a management body or employees of a legal entity competing with the Joint Stock Company	Complied with	Observed in practice

№	PROVISION OF THE CORPORATE CODE OF CONDUCT	COMPLIANCE STATUS	NOTE
70.	The internal regulations of the Joint Stock Company provide for the timeline of submission to the internal control and audit service of documents and materials required to assess a financial or a business transaction and for liability of officers and employees of the Company for failure to submit the same within the established period	Not complied with	All documents are provided within a reasonable period of time or the period established by the Control and Audit Service
71.	The internal regulations of the Joint Stock Company provide for the duty of the internal control and audit service to inform the audit committee of the violations identified and if there is not audit committee – the Board of Directors of the Joint Stock Company	Not complied with	
72.	The Charter of the Joint Stock Company contains a provision which requires that the internal control and audit service assess whether operations which are not provided for under the financial and business plan of the Company (non-conventional operations) are appropriate	Not complied with	Not provided for by the Charter
73.	The internal regulations of the Joint Stock Company set forth the procedure of approval of a non-conventional operation by the Board of Directors	Not complied with	
74.	The Company has an internal regulation approved by the Board of Directors which sets forth the procedure of audits of the financial and business activities by the Company's audit commission	Not complied with	The procedure of audits of financial and business activities of the Company by the Audit Commission is determined by the Regulation on the Audit Commission (approved by the sole shareholder resolution dated 22 December 2009)
75.	The audit committee reviews the Auditor's Report before the same is presented to the shareholders at the general shareholders meeting	Not applicable	The Company does not have Board committees

DIVIDENDS

76.	The Company has an internal regulation approved by the Board of Directors which the Board members comply with for the purposes of making recommendation on the size of dividends (Dividend Policy Regulation)	Not complied with	
77.	The Dividend Policy Regulation provides for the procedure of determination of the minimum percentage of the net profit of the Joint Stock Company to be paid as dividends and conditions which if met allow the Company not to pay or to pay the dividends on its preferred stock in the amount which is less than the one established in the Charter of the Joint Stock Company	Not applicable	The Company does not have an approved dividend policy
78.	The Company publishes information on its dividend policy and amendment thereof in a periodical publication specified in the Company's Charter as the publication in which the Company publishes announcements of its general shareholders meetings, and posts such information on its web-site	Not applicable	The Company does not have an approved dividend policy

APPENDIX №7.

TABLE OF REMARKS AND RECOMMENDATIONS SUGGESTED BY THE COMPANY'S STAKEHOLDERS IN THE COURSE OF THE REPORT PREPARATION

STAKEHOLDERS' COMMENTS	MEASURES TAKEN TO ACCOMMODATE STAKEHOLDERS' COMMENTS
FROM THE STATE ATOMIC ENERGY CORPORATION ROSATOM REPRESENTATIVES	
Highlight the topic of developing the 2011 business strategy of JSC "TECHSNABEXPORT" in the Report in the context of the corporate strategy of the State Atomic Energy Corporation ROSATOM (O.I. Linyaev).	Taken into account in Chapter 1.6. Strategy
Describe the professionalism of the Company's employees that helped reduce the negative impact of Fukushima accident in 2011 on meeting the targets (O.I. Linyaev).	Taken into account in Chapter Key events of reporting period and the following sections: 1.5.3. Specific features of competition in the global enrichment market 3.1.2. Contraction and sales
State the indicators concerning the transport and logistics management in the Report (O.I. Linyaev).	Taken into account in Chapter 4.3. Transport and logistics support
Estimate the effect of container stock expansion in monetary terms (O.I. Linyaev).	Partially taken into account in Chapter 4.3. Transport and logistics support
Highlight cooperation between divisions of the State Atomic Energy Corporation ROSATOM (in particular, International cooperation department) and JSC "TECHSNABEXPORT" in the course of preparation to the signing of Administrative agreements with the US, Canada and Australia (V.S. Bordyugovsky).	Taken into account in section 1.7.2. Improving legislation and formation of modern international legal framework of cooperation
FROM THE REPRESENTATIVES OF JSC "TECHSNABEXPORT" PARTNERS	
State which resources will be used to fulfill the plans of JSC "TECHSNABEXPORT" for implementation of its strategic programme (D. Ramazanov, Areva).	Taken into account in Chapter 1.4. JSC "TECHSNABEXPORT" position in the nuclear industry and partially in section 1.5.3. Specific features of competition in the global enrichment market
Disclose the information about planned capabilities of the new logistics infrastructures (D. Ramazanov, Areva).	Partially taken into account in Chapter 4.3. Transport and logistics support
Clarify, where possible, the prospects of JSC "TECHSNABEXPORT" using Australian and Canadian raw materials and whether this can lead to competition with the products supplied by JSC "Atomredmetzoloto" (M.S. Kushnarev, JSC "ARMZ").	Partially taken into account in section 1.7.2. Improving legislation and formation of modern international legal framework of cooperation
Add a short action plan (schedule) for 2012 concerning the development of transport and logistics complex (D. Ramazanov, Areva).	Taken into account in Chapter 4.3. Transport and logistics support
Provide detailed information on the management systems certified at JSC "TECHSNABEXPORT" in the Report (D. Ramazanov, Areva).	Taken into account in Chapters 4.5. Quality management and 4.6. Supply chain security management
If JSC "TECHSNABEXPORT" has a confidentiality policy and it is manifested in a certain list of items which are not to be disclosed, this explanation might be useful in the annual report (M. Tarabanova, Itochu Corporation)	Taken into account in the section Information about the Report and its preparation.
FROM THE REPRESENTATIVES OF PROFESSIONAL COMMUNITY WITH RESPECT TO REPORTING AND STAKEHOLDER ENGAGEMENT	
Include more detailed information on strategic aims and objectives of JSC "TECHSNABEXPORT" in the Report (E.A. Mamiy).	Taken into account in Chapter 1.6. Strategy
FROM THE REPRESENTATIVES OF GOVERNMENTAL REGULATORY AUTHORITIES	
Provide the information on reprocessed uranium and prospects of its reprocessing in Russia (A.I. Kislov, Rostechznadzor)	Taken into account in the section 1.7.1. Development of international cooperation
Provide more detailed information on the programme of establishing the Company's own transportation equipment stock and results thereof and explain the criteria for selecting the manufacturers of this equipment (A.I. Kislov, Rostechznadzor).	Partially taken into account in Chapter 4.3. Transport and logistics support

STAKEHOLDERS' COMMENTS	MEASURES TAKEN TO ACCOMMODATE STAKEHOLDERS' COMMENTS
Describe the Company's approach to assessing the conformity of purchased equipment to the compulsory safety (A.I. Kislov, Rostechnadzor)	Taken into account in Chapter 4.3. Transport and logistics support
Investigate, where possible, the suggestions concerning tightening control over the brokerage and transit, the necessity of introduction of which is currently discussed in the Nuclear Suppliers Group. (S.A. Zakharov, FSTEK).	Examined outside the scope of the Report
Provide more detailed information on the aspects of nuclear and radiation safety (S.A. Ulanov, Rostechnadzor)	Taken into account in the following sections: 5.2.2. Ensuring radiation security during transportation 5.2.4. Ensuring radiation safety of the personnel 5.2.5. Labour protection
FROM THE REPRESENTATIVES OF ENVIRONMENTAL ORGANISATIONS	
Expand the environmental section of the Report and cover specific environmental projects (E.G. Manuylova, Green Light)	Taken into account in chapter 5.2. Environmental impact and environmental safety

APPENDIX № 8. TABLE OF DISCLOSURE OF STANDARD REPORTING ELEMENTS, THE STATE ATOMIC ENERGY CORPORATION ROSATOM PUBLIC REPORTING INDICATORS AND GRI PERFORMANCE INDICATORS²⁵

CRITERIA OF DISCLOSURE LEVEL IN THE REPORT ACCORDING TO GRI

In accordance with GRI Guidelines on disclosure the Reports that meet the requirements of C, C+, B, B+, A or A+ should contain each criterion shown in the scheme below.

REPORT APPLICATION LEVEL	C	C+	B	B+	A	A+
Standard Disclosures	PROFILE DISCLOSURES	Report on: 1.1. 2.1.-2.10. 3.1.-3.8., 3.10.-3.12. 4.1.-4.4., 4.14.-4.15.	Report externally assured	Report on all criteria listed for Level C plus: 1.2. 3.9., 3.13., 4.5.-4.13., 4.16.-4.17.	Report externally assured	Same as requirement for Level B
	DISCLOSURES ON MANAGEMENT APPROACH	Not required		Management Approach Disclosures for each Indicator Category		Management Approach Disclosures for each Indicator Category
	PERFORMANCE INDICATORS & SECTOR SUPPLEMENT PERFORMANCE INDICATORS	Report fully on a minimum of any 10 Performance Indicators, including at least one from each of: social, economic, and environmental.**		Report fully on a minimum of any 20 Performance Indicators, at least one from each of: economic, environmental, human rights, labor, society, product responsibility.***		Report on each core and Sector Supplement* Indicator with due regard to the materiality Principle by either: a) reporting on the indicator or b) explaining the reason for its omission.

* Sector Supplement in final version.

** Performance Indicators may be selected from any finalised Sector Supplement, but 7 of the 10 must be from the original GRI Guidelines.

*** Performance Indicators may be selected from any finalised Sector Supplement, but 14 of the 20 must be from the original GRI Guidelines.

²⁵ In accordance with the JSC "TECHSNABEXPORT" Standard of public annual reporting STO-11-02.1-042-106-2011, approved by the order of the JSC "TECHSNABEXPORT" Director General as of 11 August 2011 № 214

№	STANDARD DISCLOSURES / PUBLIC REPORTING INDICATOR OF THE STATE ATOMIC ENERGY CORPORATION ROSATOM / PERFORMANCE INDICATOR GRI (G3.1 EDITION)	REPORT CHAPTER
1.	Statement from the most senior decision-maker of the organisation about the relevance of sustainability to the organisation and its strategy 1.1. GRI	Statement from JSC "TECHSNABEXPORT" top management 1.3. Socially important aspects of JSC "TECHSNABEXPORT" business
2.	Description of key impacts, risks, and opportunities 1.2. GRI	1.3. Socially important aspects of JSC "TECHSNABEXPORT" business 4.4. Risk management 5. Sustainable development activities
3.	Name of the organisation 2.1. GRI	1.1. Information on JSC "TECHSNABEXPORT"
4.	Primary brands, products, and/or services 2.2. GRI	1.2. Description of JSC "TECHSNABEXPORT" core business 1.4. JSC "TECHSNABEXPORT" position in the nuclear industry 1.5. JSC "TECHSNABEXPORT" position in the world market
5.	Operational structure of the organisation, including main divisions, operating companies, subsidiaries, and joint ventures 2.3. GRI	1.1. Information on JSC "TECHSNABEXPORT" 2.1. Organisational structure
6.	Location of organisation's headquarters 2.4. GRI	1.1. Information on JSC "TECHSNABEXPORT"
7.	Number of countries where the organisation operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the Report 2.5. GRI	1.5. JSC "TECHSNABEXPORT" position in the world market 3.1. Core business performance
8.	Nature of ownership and legal form 2.6. GRI	1.1. Information on JSC "TECHSNABEXPORT"
9.	Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries) 2.7. GRI	1.5. JSC "TECHSNABEXPORT" position in the world market 3.1. Core business performance
10.	Scale of the reporting organisation 2.8. GRI	JSC "TECHSNABEXPORT" key performance indicators 1.5. JSC "TECHSNABEXPORT" position in the world market 3.1. Core business performance
11.	Significant changes during the reporting period regarding size, structure, or ownership 2.9. GRI	1.4. JSC "TECHSNABEXPORT" position in the nuclear industry
12.	Awards received in the reporting period 2.10. GRI	5.3.3. Remuneration of labour and non-financial incentive
13.	reporting period (e.g., fiscal/calendar year) for information provided 3.1. GRI	Information about the Report and its preparation
14.	Date of most recent previous Report 3.2. GRI	Information about the Report and its preparation
15.	reporting cycle (annual, biannual, etc.) 3.3. GRI	Information about the Report and its preparation
16.	Contact point for questions regarding the Report or its contents 3.4. GRI	Information about the Report and its preparation
17.	Process for defining Report content 3.5. GRI	Information about the Report and its preparation 6. Stakeholder engagement
18.	Boundary of the Report (e.g., countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers) 3.6. GRI	Information about the Report and its preparation
19.	State any specific limitations on the scope or boundary of the Report 3.7. GRI	Information about the Report and its preparation
20.	Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organisations 3.8. GRI	Information about the Report and its preparation
21.	Data measurement techniques and the bases of calculations, including assumptions and techniques underlying estimations applied to the compilation of the Indicators and other information in the Report 3.9. GRI	All GRI indicators have been disclosed in accordance with the GRI Indicator Protocols. Industry standard indicators are disclosed in accordance with the methodological recommendations and indicator passport of the industry standard of the State Atomic Energy Corporation ROSATOM
22.	Explanation of the effect of any restatements of information provided in earlier Reports, and the reasons for such re-statement (e.g., mergers/acquisitions, change of base years/periods, nature of business, measurement methods) 3.10. GRI	No restatements have taken place
23.	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the Report 3.11. GRI	Information about the Report and its preparation

№	STANDARD DISCLOSURES / PUBLIC REPORTING INDICATOR OF THE STATE ATOMIC ENERGY CORPORATION ROSATOM / PERFORMANCE INDICATOR GRI (G3.1 EDITION)	REPORT CHAPTER
24.	Table identifying the location of the Standard Disclosures in the Report 3.12. GRI	Appendix № 8. Table of disclosure of standard reporting elements, the State Atomic Energy Corporation ROSATOM public reporting indicators and GRI performance indicators
25.	Policy and current practice with regard to seeking external assurance for the Report 3.13. GRI	Information about the Report and its preparation 6.3. Conclusion on the public verification of the Report Appendix № 2. Auditor's conclusion on the Accounting Statements Appendix № 4. Conclusion of the Audit Commission of JSC "TECHSNABEXPORT" Appendix № 5. Conclusion of the Internal control and audit Department of JSC "TECHSNABEXPORT" Appendix № 9. Conclusion on the external audit of non-financial information in the Report
26.	Governance structure of the organisation, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organisational oversight 4.1. GRI	2.1. Organisational structure 2.2. Corporate management
27.	Indicate whether the Chairman of the highest governance body is also an executive officer 4.2. GRI	No
28.	For organisations that have a unitary board structure, state the number of members of the highest governance body that are independent and/or non-executive members 4.3. GRI	There are no independent members
29.	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body 4.4. GRI	2.2. Corporate management 4.1. Key performance indicators system 5.3.5. Human resources management
30.	Linkage between compensation for members of the highest governance body, senior managers, and executives (including departure arrangements), and the organisation's performance (including social and environmental performance) 4.5. GRI	4.1. Key performance indicators system 2. JSC "TECHSNABEXPORT" management system
31.	Processes in place for the highest governance body to ensure conflicts of interest are avoided 4.6. GRI	Procurement standard Strategic decision making regulations Internal control and audit procedures Appointment procedures 2.2. Corporate management 4.9. Procurement management 4.10. Internal control and audit
32.	Process for determining the qualifications and expertise of the members of the highest governance body for guiding the organisation's strategy on economic, environmental, and social topics 4.7. GRI	2.2. Corporate management 5.3.5. Human resources management (qualification and competence of members of the supreme governing body are determined by the shareholders and accounted for during voting)
33.	Internally developed statements of mission or values, corporate codes of conduct and principles relevant to economic, environmental, and social performance and the status of their implementation 4.8. GRI	1.3. Socially important aspects of JSC "TECHSNABEXPORT" business
34.	Procedures of the highest governance body for overseeing the organisation's identification and management of economic, environmental and social performance, including relevant risks and opportunities, and adherence or compliance with internationally agreed standards, codes of conduct, and principles 4.9. GRI	2.2.5. Functions of the Board of Directors 4.4. Risk management 4.5. Quality management 4.6. Supply chain security management 4.10. Internal control and audit 5.2.1. Environmental policy
35.	Processes for evaluating the highest governance body's own performance, in particular, with respect to the company's economic, environmental, and social performance 4.10. GRI	2.2.5. Functions of the Board of Directors 5.3.5. Human resources management Appendix № 3. Board of Directors Report on JSC "TECHSNABEXPORT" performance in 2011
36.	Explanation of whether and how the precautionary approach or principle is addressed by the organisation 4.11. GRI	4.4. Risk management
37.	Externally developed economic, environmental and social charters, principles, or other initiatives to which the organisation subscribes or endorses 4.12. GRI	1.2. Description of JSC "TECHSNABEXPORT" core business

№	STANDARD DISCLOSURES / PUBLIC REPORTING INDICATOR OF THE STATE ATOMIC ENERGY CORPORATION ROSATOM / PERFORMANCE INDICATOR GRI (G3.1 EDITION)	REPORT CHAPTER
38.	Membership in associations (such as industry associations) and/or national/international advocacy organisations in which the organisation: <ul style="list-style-type: none"> • holds positions in governance bodies; • participates in projects or committees; • provides substantive funding beyond routine membership dues; or • views membership as strategic. 4.13. GRI	1.1.5. JSC "TECHSNABEXPORT" membership in professional organisations and associations
39.	List of stakeholder groups engaged by the organisation 4.14. GRI	6. Stakeholder engagement
40.	Basis for identification and selection of stakeholders with whom to engage 4.15. GRI	6. Stakeholder engagement
41.	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group 4.16. GRI	6. Stakeholder engagement
42.	Key topics and concerns that have been raised through stakeholder engagement, and how the organisation has responded to those key topics and concerns, including through its reporting 4.17. GRI	6. Stakeholder engagement Appendix № 7. Table of remarks and recommendations suggested by the Company's stakeholders in the course of the Report preparation
43.	Information on management approaches 5 GRI	1.2. Description of JSC "TECHSNABEXPORT" core business 4.4. Risk management 4.5. Quality management 4.6. Supply chain security management 4.9. Procurement management 4.10. Internal control and audit 5.2.1. Environmental policy 5.2.2. Ensuring radiation security during transportation 5.2.6. Support of environmental programmes and projects 5.3.4. Company's social policy 5.3.5. Human resources management

ACHIEVING LEADERSHIP IN THE WORLD MARKET

Aspect: economic performance

44.	2.1.1. Financial performance	3.1.1. NFC products and services supplies 3.2. Financial and economic performance
45.	2.1.2. Economic and financial efficiency	3.2.2. Income by core business activities

Aspect: business continuity

46.	2.2.1. Diversification of activity	3.1. Core business performance 3.2.2. Income by core business activities
47.	2.2.2. Supply of orders	1.5. JSC "TECHSNABEXPORT" position in the world market 3.1. Core business performance
48.	2.2.3. Risk management	4.4. Risk management
49.	2.2.4. Development of production facilities	4.8. Investment management
50.	2.2.5. Financial stability	3.2.4. Key financial performance indicators

Aspect: position in the world market

51.	2.3.1. Position in NFC front-end market	1.5. JSC "TECHSNABEXPORT" position in the world market
52.	2.3.2. Export volume	3.1. Core business performance

Aspect: International cooperation in peaceful use of nuclear energy

53.	2.4.1. Assistance in establishing the international law infrastructure for promoting the Russian companies in the international nuclear technology and services markets	1.1.5. JSC "TECHSNABEXPORT" membership in professional organisations and associations 1.7.2. Improving legislation and formation of modern international legal framework of cooperation
54.	2.4.2. Development of international cooperation	1.7.1. Development of international cooperation
55.	2.4.3. Strengthening of non-proliferation regime	1.7.2. Improving legislation and formation of modern international legal framework of cooperation
56.	2.4.4. Implementation of the HEU-LEU agreement	3.1.3. Fulfilling obligations under the HEU-LEU Agreement

ENSURING NUCLEAR AND RADIATION SAFETY

Aspect: managing nuclear and radiation safety systems

57.	4.1.1. Staff training in the area of ensuring nuclear and radiation safety (NRS)	5.2.1. Environmental policy
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№	STANDARD DISCLOSURES / PUBLIC REPORTING INDICATOR OF THE STATE ATOMIC ENERGY CORPORATION ROSATOM / PERFORMANCE INDICATOR GRI (G3.1 EDITION)	REPORT CHAPTER
58.	4.1.2. Emergency response and preparedness	5.2.1. Environmental policy
Aspect: compliance with nuclear and radiation safety requirements		
59.	4.2.1. Compliance with nuclear and radiation safety licence requirements	5.2.2. Ensuring radiation security during transportation
BUILDING EFFICIENT MANAGEMENT MECHANISMS		
Aspect: improving management mechanisms		
60.	6.1.1. Projects for improving management systems	4.3. Transport and logistics support 4.4. Risk management 4.6. Supply chain security management 4.9. Procurement management 4.10. Internal control and audit 5.3.5. Human resources management
61.	6.1.2. Implementation of international management standards Standard GRI element	4.5. Quality management 4.6. Supply chain security management 5.2.1. Environmental policy
62.	6.1.3. Procurement activities management	4.9. Procurement management
63.	6.1.4. Development of internal corporate communications	5.3.5. Human resources management
64.	6.1.5. Application of corporate governance principles and norms in the Corporation and its divisions	2.2. Corporate management Appendix № 6. Information on compliance with the Corporate Code of Conduct
65.	6.1.6. Control over financial and business activities	4.10. Internal control and audit Appendix № 2. Auditor's conclusion on the Accounting Statements
ENSURING PUBLIC ACCEPTANCE OF THE NUCLEAR POWER INDUSTRY DEVELOPMENT		
Aspect: enhancing informational transparency of the nuclear industry		
66.	7.1.1. Public reporting	Information about the Report and its preparation 6. Stakeholder engagement
67.	7.1.2. Informational resources of the industry	5.3.5. Human resources management
ASSISTING THE STATE ATOMIC ENERGY CORPORATION ROSATOM IN EXECUTING THE POWERS AND FUNCTIONS OF A GOVERNMENTAL BODY		
Aspect: enhancing the regulatory framework of the nuclear industry		
68.	8.1.1. Performing regulatory activities	1.7.2. Improving legislation and formation of modern international legal framework of cooperation
Aspect: implementation of certain state administration functions in a specified area		
69.	8.2.1. Assistance in implementation of state control in the area of radiation situation, handling of nuclear materials, radioactive materials and radioactive waste	5.2.2. Ensuring radiation security during transportation 5.2.3. Accounting and control over movement of nuclear materials 5.2.4. Ensuring radiation safety of the personnel
DEVELOPMENT OF HUMAN CAPITAL (LEARNING AND DEVELOPMENT FOR IMPLEMENTATION OF STRATEGIC TARGETS)		
Aspect: providing qualified personnel		
70.	9.1.1. Providing qualified personnel	5.3.5. Human resources management
71.	9.1.2.1. Percentage of employees receiving regular performance and career development reviews LA12 (add.) GRI	5.3.5. Human resources management
72.	9.1.2.2. Average hours of training per year per employee by employee category LA10 GRI	5.3.5. Human resources management
73.	9.1.3. Forming and using personnel reserve	5.3.5. Human resources management
ECONOMIC IMPACT		
Aspect: indirect economic impact		
74.	10.1.1. Understanding and describing significant indirect economic impacts, including the extent of impacts EC9 GRI	5.1. Economic impact
Aspect: accessibility and reliability		
75.	10.2.1. Delivery reliability	1.3. Socially important aspects of JSC "TECHSNABEXPORT" business 4.3. Transport and logistics support 4.4. Risk management

№	STANDARD DISCLOSURES / PUBLIC REPORTING INDICATOR OF THE STATE ATOMIC ENERGY CORPORATION ROSATOM / PERFORMANCE INDICATOR GRI (G3.1 EDITION)	REPORT CHAPTER
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ENVIRONMENTAL IMPACT (IMPACT ON THE ENVIRONMENT, ENVIRONMENTAL ACTIVITIES)

Aspect: environmental impact management		
76.	11.1.1. Total environmental protection expenditures and investments by type	5.2.6. Support of environmental programmes and projects
77.	11.1.2. Implementation of environmental management systems	5.2.1. Environmental policy
78.	11.1.3. Initiatives aimed at reducing disposal of hazardous substances in water bodies, achieved reduction	5.2.1. Environmental policy
Aspect: environmental impact (emissions, effluents and waste)		
79.	11.3.1. Significant environmental impacts of transporting products and other goods and materials used for the organisation's operations, and transporting members of the workforce EN29 (add.) GRI	5.2.1. Environmental policy 5.2.2. Ensuring radiation security during transportation 5.2.4 Ensuring radiation safety of the personnel
Aspect: compliance with environmental legislation		
80.	11.4.1. Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations EN28 GRI	5.2.2. Ensuring radiation security during transportation
81.	11.2.2. Direct energy consumption by primary energy source EN3 (add.) GRI	5.2.7. Energy efficiency
82.	Energy saved due to conservation and efficiency improvements ²⁶ . EN5 GRI	5.2.7. Energy efficiency

SOCIAL AND LABOUR RELATIONSHIP (ORGANISATION OF LABOUR AND DECENT WORK)

Aspect: Employment		
83.	12.1.1. Total workforce by employment type, employment contract, and region LA1 GRI	5.3.1. JSC "TECHSNABEXPORT" personnel description
84.	12.1.2. Total number and rate of employee turnover by age group, gender, and region LA2 GRI	5.3.1. JSC "TECHSNABEXPORT" personnel description 5.3.2 Age and gender characteristics of employees
85.	12.1.3. Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity LA13 GRI	5.3.2. Age and gender characteristics of employees
86.	12.1.4. Share of employees aged under 35	5.3.2. Age and gender characteristics of employees
87.	12.1.5. Mean age of employees (by categories)	5.3.2. Age and gender characteristics of employees
88.	12.1.6. Ratio of basic salary of men to women by employee category LA 14 GRI	5.3.3. Remuneration of labour and non-financial incentive
89.	12.1.7. Range of ratios of standard entry level wage compared to local minimum wage at significant locations of operation EC 5 (add.) GRI	5.3.3. Remuneration of labour and non-financial incentive
90.	12.1.8. Ratio of average wage to average wage in the labour market	5.3.3. Remuneration of labour and non-financial incentive
Aspect: employee-employer relationship		
91.	12.2.2. Minimum notice period(s) regarding significant operational changes, including whether it is specified in collective agreements LA5 GRI	5.3.1. JSC "TECHSNABEXPORT" personnel description
Aspect: social security of employees		
92.	12.3.1. Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operation LA3 (add.) GRI	5.3.4. Company's social policy
93.	12.3.2. Coverage of the organisation's defined benefit plan obligations EC3 GRI (part.)	5.3.4. Company's social policy Non-state pension scheme
94.	12.3.3. Return to work and retention rates after parental leave, by gender LA15 GRI	5.3.4. Company's social policy
95.	12.3.4.1. Number of employees covered by non-state pension scheme	5.3.4. Company's social policy Non-state pension scheme
96.	12.3.5. Total personnel costs	5.3.3. Remuneration of labour and non-financial incentive
97.	12.3.6. Spending on social programmes for employees	5.3.4. Company's social policy

²⁶ Indicator offered to inclusion in new edition of Standard of public annual reporting

№	STANDARD DISCLOSURES / PUBLIC REPORTING INDICATOR OF THE STATE ATOMIC ENERGY CORPORATION ROSATOM / PERFORMANCE INDICATOR GRI (G3.1 EDITION)	REPORT CHAPTER
Aspect: occupational health and safety		
98.	12.4.1. Rates of injury, occupational diseases, lost days, and absenteeism, and total number of work – related fatalities by region and by gender LA7 GRI	5.2.5. Labour protection
99.	12.4.2. Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases LA8 GRI	5.2.5. Labour protection
100.	12.4.4. Monitoring radiation exposure of personnel	5.2.5. Labour protection
101.	12.4.5. Spending on personnel health and safety	5.2.5. Labour protection
Aspect: learning and development		
102.	12.5.1. Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings LA11 (add.) GRI (part.)	5.3.4. Company's social policy 5.3.5. Human resources management
IMPACT ON SOCIAL AND ECONOMIC SITUATION IN REGIONS OF PRESENCE. COMMUNITY ENGAGEMENT		
Aspect: charity work		
103.	13.1.1. Charity projects and total amount of spending on these projects EC8 GRI	Total charity spending equalled 486,210,000 RUR 5.2.6. Support of environmental programmes and projects
ETHICAL PRACTICE AND PUBLIC REGULATION		
Aspect: anti-corruption enforcement		
104.	14.1.1. Percentage and total number of business units analyzed for risks related to corruption SO2 GRI	4.10.1. Preventing cases of corruption
105.	14.1.3. Actions taken in response to incidents of corruption SO4 GRI	4.10.1. Preventing cases of corruption
Aspect: compliance with requirements		
106.	14.2.1. Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations SO8 GRI	In the reporting period no fines or non-financial sanctions have been imposed for non-compliance with the legislation
107.	14.2.2. Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship, by type of outcomes PR7 (add.) GRI	No such incidents were identified 1.2. Description of JSC "TECHSNABEXPORT" core business
Aspect: product responsibility		
108.	14.3.1. Practices related to customer satisfaction, including results of surveys measuring customer satisfaction PR5 (add.) GRI	4.5. Quality management
109.	14.3.2. Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services PR9 GRI	No fines were imposed 5.2.2. Ensuring radiation security during transportation
Aspect: ethical practice and human rights		
110.	14.4.1. Total number of incidents of discrimination and actions taken HR4 GRI	No incidents of discriminations were identified. 5.3.1. JSC "TECHSNABEXPORT" personnel description 5.3.5. Human resources management

APPENDIX № 9. CONCLUSION ON THE EXTERNAL AUDIT OF NON-FINANCIAL INFORMATION IN THE REPORT



AA1000
 Licensed Assurance Provider
 000-99

INTRODUCTION

The object of the verification is the JSC "TECHSNABEXPORT" Annual Report (hereafter – the Report) for the period from 1 January until 31 December 2011.

This Report is addressed to the management and stakeholders of JSC "TECHSNABEXPORT".

LIABILITY OF PARTIES

The management of JSC "TECHSNABEXPORT" (hereafter – the Company) is held fully liable for the preparation and accuracy of this Report.

We are liable for the results of the Report verification process solely towards JSC "TECHSNABEXPORT" under the agreed assignment and we do not assume any liability towards any third parties.

SCOPE, CRITERIA AND LEVEL OF VERIFICATION

The Report has been assessed based on the following criteria:

- the nature and extent of the Company's compliance with the principles of AA1000 Accountability Principle Standard 2008 – inclusivity (engagement), materiality, responsiveness;
- compliance of the Report with the B+ level (the Company's self-evaluation) of GRI G3.1 Guidelines.

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

The verification complies with type 2 in accordance with the definition of the AA1000AS 2008 standard inclusive of the limitations stated in the Boundary of verification section of this statement.

While providing services we complied with the following requirements with regard to the level of verification:

- moderate – in accordance with AA1000 AS 2008 standard;
- limited – in accordance with ISAE 3000 standard Assurance Engagements Other than Audits or Reviews of Historical Financial Information.

The selective verification of the Report under the above-mentioned verification levels that we have carried out does not qualify to ensure the highest level of guarantee. The verification was done based on the analysis of the supporting information provided by the Company's management and its employees, as well as the information from open sources and analytical methods of corroboration. As far as the numerical information provided in the Report is concerned, the verification that has been carried out cannot be considered sufficient to elicit all possible inaccuracies and misrepresentations. However, the confirmations that we have acquired are sufficient for us to form an opinion in accordance with the levels of verification stated above.

VERIFICATION METHODOLOGY

We have carried out the following procedures in order to form an opinion:

- selectively examining and testing the systems and processes implemented by JSC "TECHSNABEXPORT" in order to ensure and analyse compliance of the operations with the principles of AA1000 APS, as well as to manage the performance in the area of sustainable development;
- holding questionnaire surveys and interviews with the JSC "TECHSNABEXPORT" top management and representatives of the management involved in the preparation of the Report;
- collecting evidence that proves practical implementation of system processes using AA1000 APS principles;
- holding interviews with the Company's employees, studying the documents and announcements of the management in order to obtain confirmation that the Company's operations comply with AA1000 APS principles;
- examining the minutes of the discussions and public consultations at JSC "TECHSNABEXPORT" with stakeholders;
- examining the statement on the public verification of the Report;
- examining the information presented at the websites of JSC "TECHSNABEXPORT" and JSC "SPb "IZOTOP" relevant to the sustainable development issues;
- examining the published announcements from the third parties related to the economic, environmental and social aspects of the Company's operations in order to assess soundness of the statements in the Report;
- comparative analysis of the Company's Report with a Report of a foreign company in the same market segment;
- analysis of the processes of internal audit of non-financial reporting used within the Company;

- selectively examining the documents on the performance of the systems for management of economic, environmental and social aspects of the Company's sustainable development;
- examining existing processes for collection, processing, documenting, transfer, analysis and selection of data that is to be included in the Report;
- examining the adequacy of statements, claims and data included in the Report;
- analysing the information in the Report for compliance with the principles of the AA1000 APS standard and recommendations of GRI G3.1 (level B+).

THE BOUNDARY OF VERIFICATION

The verification is limited by the reporting period (01.01.-31.12.2011).

The reliability of the performance data provided in the Report has been assessed with regard to compliance with the recommendations of GRI G3.1 for B+ level.

The verification with regard to the reliability of numerical performance indicators disclosed in the Report is limited by the assessment of compliance with the data of the audited accounting Reports and provided documents of external and internal reporting with regard to other production, economic, environmental and social aspects of the operations.

The statements related to the projections or the statements expressing opinions, convictions or intentions of JSC "TECHSNABEXPORT" to undertake actions in the future have not been subject to verification.

The statements originating from expert opinions as stated in the Report have not been subject to verification.

Field audits were carried out only in the office of JSC "TECHSNABEXPORT".

Only the Russian version of the Report has been subject to verification.

We did not have an opportunity to verify that the Report had been published on the corporate website of JSC "TECHSNABEXPORT" due to the fact that the date when this statement was signed preceded the date of scheduled publication of the Report on the Company's website.

CONCLUSIONS

The following conclusions are based on the verification procedures that we have carried out in the scope and within boundaries stated above.

- The Report adequately represents the implemented management mechanisms and performance indicators of JSC "TECHSNABEXPORT" with regard to the economic, social and environmental aspects of the Company's activities in the area of sustainable development.
- As a result and within the limits of the activities that we have carried out we have not identified significant misrepresentations of the information contained in the Report about the JSC "TECHSNABEXPORT" activities in the area of sustainable development and its outcomes.

NATURE AND EXTENT OF COMPLIANCE WITH AA1000 APS PRINCIPLES

ENGAGEMENT

- JSC "TECHSNABEXPORT" engages with a wide range of stakeholders. In the course of preparing the Report a list of Company stakeholders was determined with their rankings, which is represented in the form of a rank map. A stakeholder commission has been formed within the Company.
- In the process of preparing the Report JSC "TECHSNABEXPORT" conducted 3 discussions with stakeholders, as well as public consultations on the Report draft.
- The Company utilises a range of different methods of communicating with stakeholders, such as Reports, meetings between the Company's top management and personnel, information messages, press releases, interviews, negotiations, conferences, forums, surveys, the Company's website, including the internal website, publications in mass media, audits and other communication mechanisms.
- Based on the work that we have carried out we can draw a conclusion that JSC "TECHSNABEXPORT" understands the composition of its stakeholders and employs certain mechanisms in order to take their interests and expectations into account in its operations.

MATERIALITY

- The Report reflects the aspects of the Company's operations in the economic, social and environmental areas that are significant for the key stakeholders.
- The risk management system employed within the Company helps identify risks that could potentially play an important role in achieving the sustainable development targets.

RESPONSIVENESS

- The Report demonstrates that JSC "TECHSNABEXPORT" strives to take into account the substantial interests of stakeholders in its operations.
- The Report contains information on how JSC "TECHSNABEXPORT" addressed the observations and suggestions from stakeholders expressed during the public discussions.
- The Company has fulfilled the majority of obligations formulated in the 2010 annual report and in the course of stakeholder engagement during the preparation of 2011 annual report. Fulfillment of a number of obligations has been postponed until the following reporting periods.
- The Company pursues client-oriented policy. The Company monitors consumer satisfaction with the quality of its products and services on an annual basis. In the reporting period the satisfaction index reached 100%.

COMPLIANCE OF THE REPORT WITH THE B+ LEVEL OF GRI G3.1 GUIDELINES

In order to form an opinion on this issue we analysed the compliance with GRI G3.1 Guidelines in the course of Report preparation with regard to the principles, standard disclosures and performance indicators for the specified level of disclosure.

PRINCIPLES OF DETERMINING THE REPORT CONTENT

MATERIALITY

- The information included in the Report covers performance areas and indicators that reflect significant impacts of JSC "TECHSNABEXPORT" on the economy, environment and society and can significantly influence the assessments and decisions of the stakeholders.
- A top-priority area, "New challenges – new solutions", has been identified and described in detail in the Report.
- The issues that are addressed in the similar Reports of international companies in the same market are dealt with in this Report.
- The information about the environmental impact and environmental safety of products and services is provided not only for the Company, but also for the subsidiary that is the most significant in this respect.

STAKEHOLDER ENGAGEMENT

- JSC "TECHSNABEXPORT" provided the information about stakeholders and mechanisms for taking their interests into account when determining the content of the Report.

SUSTAINABLE DEVELOPMENT CONTEXT

- The Report describes the results of JSC "TECHSNABEXPORT" operations in the broad context of sustainable development that takes into account various production, economic, social and environmental aspects.

COMPLETENESS

- Within the stated scope the Report provides sufficient information about the operations of JSC "TECHSNABEXPORT".
- The boundary of the Report includes the Company without its subsidiaries and affiliates. However, the section on the environmental performance of the Report has been extended by including a subsidiary with a substantial environmental impact, JSC "SPb "IZOTOP".
- The Report does not contain information about significant aspects of JSC "TECHSNABEXPORT" operations in the area of human resources management or social policy.

QUALITY ASSURANCE PRINCIPLES FOR THE REPORT

BALANCED APPROACH

- The Report is well balanced and reflects both positive and problematic aspects of JSC "TECHSNABEXPORT" operations.

COMPARABILITY

- Comparability of the Report with non-financial reporting of other companies is ensured by following the GRI G3.1 Guidelines as a foundation for disclosure of the performance indicators in the area of sustainable development.
- Comparability of financial data with the reporting of other companies is not ensured fully due to fulfilling the requirements of the Russian legislation in the area of accounting Reports (not the international financial reporting standards) for disclosure of financial information.
- The majority of numerical values are provided for a three-year period, which helps analyse the trends in the Company's operations.

ACCURACY

- The accuracy of the factual information in the Report is sufficient for the stakeholders to assess the performance of JSC "TECHSNABEXPORT" in the area of sustainable development.
- The performance indicators are calculated based on the methodologies approved in the GRI G3.1. Guidelines and JSC "TECHSNABEXPORT" Public reporting standard that is based on the methodological recommendations of the State Atomic Energy Corporation ROSATOM.

TIMELINESS

- The Report has been prepared in order to be presented at the annual general shareholders meeting.

CLARITY

- In general, the information in the Report is presented in a clear manner and is accessible to different groups of stakeholders.
- The Report contains a list of abbreviations and terms (Appendix № 10), which facilitates understanding of the information presented in the Report.

RELIABILITY

- The performance information presented in the Report is largely based on the internal reporting documents, as well as the documents submitted to the regulatory bodies.
- The Internal Control and Audit Department oversees the audits of the process of preparing the annual report.
- We have not identified any evidence that would call into question the reliability of material information presented in the Report.

STANDARD DISCLOSURES

STRATEGY AND CHARACTERISTICS

- JSC "TECHSNABEXPORT" realises that pursuing the sustainable development policy is a prerequisite for long-term successful operations.
- The Report mostly discloses the information on sustainable development that is subject to disclosure according to the GRI G3.1 Guidelines for the content of the Report.
- As far as the standard disclosures are concerned (in particular 1.1. and 4.7.), it is desirable that the GRI G3.1 Guidelines are followed more closely.

MANAGEMENT APPROACHES

- The Report describes the management approaches in the production and economic areas, in particular the strategic targets, as well as the mechanisms for achieving these targets.
- The Company's approach to risk management features prominently in the Report.
- The Report describes the management approaches in the social area, including human resources management and social responsibility, as well as environmental safety management.

PERFORMANCE INDICATORS

- The Report contains performance indicators for all the categories and in the quantity required by GRI G3.1 in order for the Report to comply with B+ level.

- In addition, the Report contains a number of performance indicators that are not disclosed fully in accordance with the protocol system to the GRI G3.1 indicators (partial disclosure).

GENERAL ASSESSMENT OF THE REPORT

- The work that we have carried out enabled us to draw a conclusion that the content and the number of disclosures that are required to ensure compliance of the Report with B+ level, are presented in the Report and soundly reflected in the Table of use of standard reporting elements, the State Atomic Energy Corporation ROSATOM public reporting indicators and GRI performance indicators (Appendix № 8).

RECOMMENDATIONS

1. To disclose GRI indicators linked to the target values and projections.
2. To extend the scope of the Report in the social impact section by including information on JSC "SPb "IZOTOP".
3. To improve the level of disclosure of the indicators where GRI protocols are not fully taken into account (partial disclosure).
4. It is advisable that the Table of use of standard reporting elements, the State Atomic Energy Corporation ROSATOM public reporting indicators and GRI performance indicators contains links to pages with the corresponding sections.

Deputy Director General
at Closed Joint Stock Company NP Consult
Certified auditor
Candidate of Science
Moscow

25 June 2012

STATEMENT ON COMPETENCE AND INDEPENDENCE

CJSC NP Consult is an independent auditing company that provides professional verification services. CJSC NP Consult is a member of a self-regulating non-commercial partnership Institute of Professional Auditors and abides by the Code of Conduct of professional accountants of IFAC. CJSC NP Consult employs a system of quality control for auditing services, including the control over compliance with ethical regulations.

CJSC NP Consult officially states that the present Statement represents an evaluation of an independent auditor. CJSC NP Consult and its employees have no relationship with JSC "TECHSNABEXPORT", its subsidiaries and affiliates that could result in a conflict of interest while providing the verification services for the Report.

CJSC NP Consult is an organisational stakeholder of GRI and a licensed provider of verification services in accordance with AA1000 AS standard.

The team of verification of the reporting in sustainable development includes the experts of CJSC NP Consult that possess the required experience of providing verification services, preparing the reporting in accordance with GRI G 3/3.1 and holding trainings on the preparation of such reporting certified by GRI. The leading experts completed training in preparing sustainability reporting at the training centre of the Institute of Social and Ethical reporting Accountability.

V.Y. Skobarev

APPENDIX №10. GLOSSARY AND LIST OF ABBREVIATIONS

Highly-enriched uranium — uranium containing isotope uranium-235 equal to or more than 20% by mass

Uranium hexafluoride — a chemical composition of uranium which may exist in gaseous form in certain conditions. It is used as source material for uranium enrichment

Sievert — (Sievert, Sv) — the SI unit of equivalent and effective irradiation dose named after Sievert, a Swedish scientist

Conversion — a chemical conversion process of U_3O_8 into UF_6

Low-enriched uranium — uranium containing isotope uranium-235 less than 20% by mass

Enrichment — a) content of particular isotope atoms in the mixture of the same element's isotopes if that content exceeds the natural level thereof (expressed in percent); b) the process whereby the content of a particular isotope in a mixture of isotopes is increased

Uranium ore processing — a set of initial uranium minerals treatment processes with a view to separating uranium from other minerals in the ore. The composition of the minerals is not changed. They are only separated mechanically and the ore concentrate is produced

Enriched uranium — uranium where U-235 isotope content (compared to that of U-238) was increased above the natural level (0.7%). Reactor grade uranium is generally enriched to approximately 3.5% of U-235, whereas U-235 content in the weapon grade uranium exceeds 90%

HEU-LEU Agreement — Russian-US Intergovernmental Agreement On the Use of Highly Enriched Uranium Extracted from Nuclear Weapons dated February 18, 1992

Nuclear fuel cycle — a set of manufacturing processes ensuring operations of nuclear reactors, from uranium production to radioactive waste disposal

CIF — Cost, Insurance and Freight (... named port of destination) — Terms of delivery including cost, insurance and freight to the port of destination. The term "Cost, Insurance and Freight" means that the seller delivers when the goods pass the ship's rail in the port of shipment. The seller must pay the costs and freight necessary to bring the goods to the named port of destination but the risk of loss of or damage to the goods, as well as any additional costs due to events occurring after the time of delivery, are transferred from the seller to the buyer.

DDP — Delivered, Duty Paid. Terms of delivery whereby the seller's responsibility ceases upon delivery of the goods to the named place in the buyer's country. Prior to that all costs and risks in delivering the goods (duties, taxes, etc.), responsibility for loss or damage of the goods, and customs duties and other formalities, are borne by the seller.

DDU — Delivered Duty Unpaid. Terms of delivery whereby the seller's responsibility ceases upon delivery of the goods to the named place in the buyer's country. Prior to that all costs and risks in delivering the goods (duties, taxes, etc.), responsibility for loss or damage of the goods, with the exception of customs duties and other formalities at import, are borne by the seller.

DES — Delivered ex ship. Terms of delivery whereby the seller's responsibility ceases upon delivery of the goods to the buyer ex ship at the named port of destination, without import customs clearance of the goods.

ExW — Ex Works. Terms of delivery whereby the seller's duties and responsibility cease upon making the goods available at his premises or the warehouse to the buyer. The seller is not responsible for loading the goods onto the vehicle and customs clearance of the goods for export.

FCA — Free carrier. Terms of delivery whereby the seller hands over the goods, cleared for export, into the custody of the carrier named by the buyer at the named

place. Notably, the selection of the delivery place determines the loading and unloading obligations. If the delivery takes place at the seller's premises, the seller is responsible for the dispatch. If the seller makes the goods available at some other place, the seller is not responsible for the dispatch.

FOB — Free on board. Terms of delivery whereby the seller's responsibility ceases at ship's rail at the named port of dispatch. It means that thereafter the buyer bears cost and risk of loss or damage. FOB terms imply that the seller must clear the goods for export. These terms apply only to transportation by sea or inland waters.

GRI — Global reporting Initiative
MBA — Master of Business Administration
VaR — Value at Risk
FMEA — Failure Mode and Effects Analysis

APR — Asia-Pacific region
NPP — nuclear power station
HEU — highly-enriched uranium
VMI — voluntary medical insurance
SWU — separative work unit
EU-15 — European Union consisting of 15 countries
CJSC "UEC" — Russian-Kazakh Closed Joint Stock Company "Uranium Enrichment Center"
CATE — Closed Administrative-Territorial Entities
IT — information technologies
KMP — Kovrov Machine Plant
KPI — key performance indicators
CRMS — Corporate risk management system
IAEA — International Atomic Energy Agency
MFA — Ministry of Foreign Affairs
IFRS — International financial management system
NRNU MEPhI — National Research Nuclear University Moscow Engineering and Physics Institute
LEU — low-enriched uranium
OJSC "AECC" — Open Joint-Stock Company "Angarsk Electrolysis Chemical Complex"
OJSC "VNIIEF" — Open Joint Stock Company "Russian Research Institute of Experimental Physics"
OJSC "EC "RGC" — Open Joint Stock Company "Engineering Center" Russian Gas Centrifuge"
OJSC "IUEC" — Open Joint Stock Company "International Uranium Enrichment Center"
OJSC "SCC" — Open Joint Stock Company "Siberian Chemical Complex"
OJSC "UEIP" — Open Joint Stock Company "Ural Electrochemical Integrated Plant"
OJSC "ChMP" — Open Joint Stock Company "Chepetsk Mechanical Plant"
DUH6 — depleted uranium hexafluoride
EUP — enriched uranium product
LEU FM — low-enriched uranium feed material
JSC "PA "ECP" — Joint Stock Company "Production Association "Electrochemical Plant"
Rostekhnadzor — Federal Service for Environmental, Technological and Nuclear Control
RAS — Russian accounting standards

MUCTR — D. Mendeleev University of Chemical Technology of Russia
QMS — quality management system
RSA — Russian suspension agreement
UNIESE of Russia — Union of Nuclear Industry, Energy and Science Employers of Russia
OSMS — Occupational safety management system
EMS — environmental management system
TLC — transportation and logistics complex
PSP — protective shipping packages
FSUE — Federal State-Owned Unitary Enterprise
FCSM — Federal Commission for Securities Market
FSTEC — Federal Technical and Export Control Service
FCS — Federal Customs Service
FEB — financial and economic block
CASOR — Center for Analysis of Strategic Opportunities and Risks
NM — nuclear materials
NRS — nuclear and radiation safety
NFC — nuclear fuel cycle
NEC — nuclear energy complex

APPENDIX № 11. FEEDBACK QUESTIONNAIRE

Your opinion about JSC "TECHSNABEXPORT" 2011 annual report is very important to us.

1. PLEASE INDICATE THE CATEGORY OF STAKEHOLDERS YOU BELONG TO:

- Shareholders (JSC "Atomenergoprom", the State Atomic Energy Corporation ROSATOM)
- Suppliers ("TVEL", "Atomredmetzoloto", etc.)
- Clients and partners (utilities, JSC "TECHSNABEXPORT" subsidiaries and affiliates)
- Employees of JSC "TECHSNABEXPORT"
- Controlling federal authorities
- International organisations
- Transportation enterprises
- Environmental organisations
- Mass media
- Other stakeholders (please indicate)

2. HAVE YOU OBTAINED THE INFORMATION ABOUT THE COMPANY THAT YOU WERE LOOKING FOR IN THE REPORT?

- Yes
 - No
 - Other (Please explain)
-

3. WHAT SECTION OF THE REPORT IS OF THE MOST INFORMATIONAL VALUE FOR YOU?

(Please explain)

4. PLEASE SCORE THE REPORT IN TERMS OF ACCURACY AND FAIRNESS:

- High
- Average
- Low
- Don't know

5. PLEASE SCORE THE PRESENTATION STYLE OF THE REPORT:

- High
- Average
- Low
- Don't know

6. PLEASE SCORE THE APPEARANCE OF THE REPORT:

- High
- Average
- Low
- Don't know

7. WHAT INFORMATION WOULD YOU ADD TO THE NEXT REPORT?

(Please explain)

8. WOULD YOU LIKE TO BECOME COMPANY'S EMPLOYEE AFTER HAVING READ THE REPORT?

- Yes
 - No
 - Other (Please explain)
-

9. WOULD YOU LIKE TO BECOME COMPANY'S PARTNER AFTER HAVING READ THE REPORT?

- Yes
 - No
 - Other (Please explain)
-

10. PLEASE SCORE THE VALUE OF THE REPORT:

- It is a valuable document which can be a source of information you are interested in
 - It is a useless document
 - Other (Please explain)
-

11. HAVE YOU READ THE COMPANY'S REPORT FOR THE PREVIOUS YEAR?

- Yes
- No

12. IF YOU HAVE REVIEWED THE COMPANY'S REPORT FOR THE PRECEDING YEAR, PLEASE SCORE THE 2009 AND 2010 REPORTS OF "TECHSNABEXPORT" USING SCORES FROM 1 TO 5, IN THE FOLLOWING CATEGORIES:

- | | | |
|--------------------------|--------------------------|----------------------------|
| 2010 | 2011 | |
| <input type="checkbox"/> | <input type="checkbox"/> | Ease of presentation |
| <input type="checkbox"/> | <input type="checkbox"/> | Sufficiency of information |
| <input type="checkbox"/> | <input type="checkbox"/> | Appearance |

THANK YOU FOR YOUR INTEREST IN OUR COMPANY!

When you complete this questionnaire please label it "Annual Report" and send it to:

By mail: 15184, Moscow, Ozerkovskaya nab., 28, bldg. 3, OJSC "TECHSNABEXPORT"

By fax: +7 (495) 951-17-90, +7 (495) 953-08-20

By e-mail: tenex@tenex.ru



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