

STATE ATOMIC ENERGY CORPORATION ROSATOM

Joint-Stock Company

Nizhny Novgorod Engineering Company

«**Atomenergoproect**»

Public Annual Report 2011



Multi-D
engineering

Representing the Future

НИАЭП




Multi-D
engineering

**Turning Ideas
into Actions**

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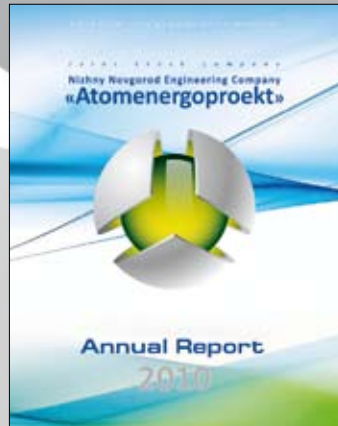




Nizhny Novgorod. The Strelka view







Information on the Report and its Preparation

The present public annual report (hereinafter referred to as the Report) reflects the activity of Joint-Stock Company "NIZHNY NOVGOROD ENGINEERING COMPANY "ATOMENERGOPROECT" (hereinafter referred to as JSC NIAEP or the Company) for 2011. This is the fourth integrated Report of the Company reflecting both financial and non-financial aspects of its activity effectiveness. Previous integrated Report was published in 2011 and reflected the data for the period from January 1, 2010 till December 31, 2010. Substantial changes compared to the previous accounting periods relating to the scope, limits and methods applied in the Report are absent.

Normative base

Report preparation was effected in accordance with the following documents:

- Federal Law "On Joint-Stock Companies" № 208-FZ dated December 26, 1995.
- Order of the Federal Commission for the Securities Markets (FCSM) of Russia "On Approval of Regulations concerning the disclosing to emitters information on equity securities" № 06-117/pz-n dated October 10, 2006.
- Order of the FCSM of Russia "On recommendation concerning application of the Code of Corporate Conduct" № 421/r dated April 4, 2002.
- Order of the FCSM of Russia "On methodological recommendations concerning the composition and form of presentation of data on observance of the Code of Corporate Conduct in annual reports of joint-stock companies" № 03-849/r dated April 30, 2003.
- Federal Law "On national security information" N 5485-1 dated July 21, 1993.
- Federal Law "On commercial confidential information" № 98 dated July 29, 2004.
- Federal Law "On information, informational technologies and information protection" № 149-FZ dated July 27, 2006.
- Federal Law "On accounting" № 129-FZ dated November 21, 1996.
- Rosatom State Nuclear Energy Corporation policy in the sphere of public accounting.

- Typical standard of public annual accounting of key organizations of Rosatom State Nuclear Energy Corporation (for the purpose of public accounting).
- Standard of public annual accounting of JSC NIAEP.
- Code of ethics of Rosatom State Nuclear Energy Corporation.
- Standards of the series AA1000.
- Instructions on accounting in the sphere of stable developing Global Reporting Initiative (GRI, G3.1).
- Industry-specific supplement to GRI "Construction and Real Estate Sector Supplement (CRESS)" designed for construction companies.
- Recommendations of International Integrated Reporting Committee (IIRC).

Process of report preparation

Before Report preparation we have analyzed the context of JSC NIAEP activity within the reporting year. One of the most important world-wide events was the tragedy of NPP Fukushima-1. In the industry-specific scale the most important event is consolidation of competences of JSC NIAEP and JSC ASE. Taking into account this context we determined the top-priority subjects of the Report:

- NPP safety.
- Developing competences of JSC NIAEP.

For developing these top-priority subjects we created special section in this Report (*see section 2 "Top-priority subjects of the Report"*). Besides, information on specific aspects of the top-priority subjects is provided in other sections of the Report.

In the course of the Report preparation we have realized the principle of cooperation with interested parties (stakeholders) of the Company set according to the "Policy in the area of public reporting of Rosatom State Corporation". Target audience of the Report includes such interested parties of the Company as shareholder, customers, suppliers, subcontractors, labour collective and management of JSC NIAEP, public organizations, educational institutions, state and local authorities, local residents, and mass media.



In the course of Report preparation JSC NIAEP involved representatives of key stakeholders to detailed assessment and improving its activity through participation in dialogues, public consultations and public affirmation.

Dialogues and public consultations with stakeholders were conducted in accordance with the requirements and recommendations specified in the “Standard of cooperation with interested parties AA 1000 SES”. In the framework of these actions some critical issues were clarified. Report materials are specified in Section 5. “Interaction with interested parties while preparing the Report”.

Level of information disclosure

In the course of Report preparation management and audited financial statements of JSC NIAEP were applied as per the standard of the Russian Accounting Principles. Report draft was checked by the Company’s department of Internal Control and Audit, conclusion on the check is given in Annex 7.

The Report was prepared taking into account the recommendations of “Management for accounting in the area of stable developing GRI”: it includes the analysis of material effects in the context of stable development with application of effectiveness indices proposed by this management. For Report preparation we used GRI version G3.1, and also industry-specific supplement CRESS designed for construction companies. Information disclosure in the Report corresponds to the level

“A+”, that is confirmed by the results of independent external expertise conducted by JSC “Bureau Veritas Certification Rus”. Independent auditor’s opinion on non-financial materials affirmation is given in Annex 8.

Use of IIRC recommendations

In the course of Report preparation the following recommendations of the International Integrated Reporting Commission (IIRC) were applied. Following these recommendations the report was added with:

- business model review and description of this model connection with strategic goals of the Company (see Chapter 1.2. “General Activity Description” and 1.3 “Strategy”);
- representation of assessment and prospects for future organization development provided in different sections of the Report;
- explanation of interconnection between the results of organization and management remuneration (see Chapter 1.6. “Corporate Management” and 4.2.2. “Personnel management (labour remuneration)”).

Besides, we worked out the information coherence: intersections cross references, references to other reports, and corporate website were added.

Levels of GRI information disclosure

Table 1

Level of GRI application		C	C+	B	B+	A	A+
Obligatory	Self Declaration						
	Third Party Audit						
Possible	GRI Audit						



Report limits

The Report includes financial and non-financial effectiveness aspects that are essential for interested parties. Statement limits are defined by the fact that the Company holds 100% share of affiliates' authorized capital, that gives to the Company the right of managing financial and operational policies of these enterprises. The results of Company's and its affiliates' activity are reflected in the Report mainly in consolidated form. In case of not consolidated information representation in the text of the Report the following remarks are given.

List of affiliates included in the Report is given *in Chapter "NIAEP"*. Accounting statements information is given for the holding Company without consolidation with affiliates. Taking into account the intra-group turnovers the financial indices of affiliates' activity do not lead to substantial changing of financial indices of JSC NIAEP.

In some sections of the Report certain indices are given taking into account the organizations participating in unified production chain and considerably affecting the Company's activity. In such cases we created special references to the index limits. In particular, JSC NIAEP fulfills the functions of a general contractor responsible for work organization on construction sites. In this connection the indices of number of personnel on construction sites with such specifications as "in general", "total" or in absence of reference to "own resources" include the personnel of subcontracting organizations, and the wording "own resources" implies only the personnel of NIAEP affiliates.

Responsibility restriction

The Report contains forecasting declarations concerning financial, economic, and social indices characterizing further Company development. Actual events and results may differ from the forecast ones. Realization of proposals and intentions is connected directly with political, economic, social, and legal situation in the Russian Federation and in the world. In this connection actual Company's results may differ from forecasting declarations of the Report.

The Report was issued in Russian and English and published on NIAEP corporate site www.niaep.ru. JSC NIAEP plans to continue issuing integrated annual reports.





Address of the Chairman of the Board of Directors of JSC NIAEP



Ladies and gentlemen!

Making the summaries of 2011 the Board of Directors of JSC NIAEP ascertains with satisfaction that due to our experience, knowledge and traditions accumulated within the last 60 years NIAEP is earning greater and greater reputation not only in Russia, but also in the whole world demonstrating its readiness to hit new highs.

Today JSC NIAEP is a successful engineering company, this fact was confirmed by starting up the 4-th generating unit of Kalinin NPP performed by the general contractor NIAEP at the end of last year. Now the company fulfills construction of Rostov NPP units 3 and 4, of Baltic NPP units 1 and 2, and soon it will start one more important project – construction of Nizhny Novgorod NPP units 1 and 2. These large-scale construction projects are the evidence of confidence on the part of the nuclear power industry in respect of JSC NIAEP and its management.

The decision of Rosatom State Corporation to unite the competences of JSC NIAEP, leading engineering company of Russian nuclear power industry, and JSC Atomstroyexport, Russian exporter of services, was the pulse for new stage of Russian engineering development. This consolidation of two leading companies shall give synergistic effect and contribute to increasing their competitiveness. JSC NIAEP will extend geographic limits and scale of its activity, and position of JSC Atomstroyexport will be strengthened due to competence of up-to-date Multi-D engineering design, the leader in development and introduction of which is NIAEP. Portfolio of projects implemented jointly by both companies will be increased to two tenths of NPP and TPP generating units constructed in parallel both in Russia and abroad.

The Board of Directors of JSC NIAEP highly appreciate the priorities of the company – quality, innovativeness and effectiveness, but, first of all, - safety. In the world that witnessed the tragedy of “Fukushima” unconditioned fulfillment of all safety norms and requirements is the guarantee of nuclear power industry development. High safety culture along with projects referential ability and spotless reputation is certain competitive advantage of JSC NIAEP.

*Chairman of the Board of Directors of JSC NIAEP,
Deputy General Director –
Director of Capital Construction Direction
of Rosatom State Corporation*



S.V.Budylin



Address of the Director of JSC NIAEP



Dear colleagues!

The period of 2011 was for NIAEP both anniversary and especially significant. The company celebrated 60-th anniversary as experienced and recognized player in the national nuclear power market and celebrated this great anniversary with new labour achievements.

In autumn of 2011 physical and power starts of Kalinin NPP power unit 4 took place. Therefore, again we confirmed our engineering competences. It's significant that the Head of Government of the Russian Federation and actual President of our country participated in one of stages of power start. The events that took place at Kalinin NPP unit 4 are a new victory of our company and key victory of this year for the national nuclear power industry. The main heroes gained this victory (that are the company employees and our colleagues) were awarded by the government.

In 2011 during construction of Rostov NPP units 3 and 4 JSC NIAEP was approved as the general contractor for construction of Baltic NPP units 1 and 2. This plant shall be the first object constructed at a fixed price, and that is the new stage of our industry development.

In 2011 the Government of the Russian Federation issued the Order on construction of Nizhny Novgorod NPP. Starting from 2012 we proceed with active designing of the plant and in the middle of 2012 we plan to commence preparation works. This is the first step in forming nuclear industry cluster that will unite not only the enterprises of nuclear industry, but also machine-building and instrument engineering and construction companies, research institutes and higher education institutions. Therefore, construction of Nizhny Novgorod NPP should be a high-power pulse for development not only Nizhniy Novgorod and Vladimir region, but also for developing several other regions of Russia.

Innovativeness along with safety and quality is an important priority of the company. It is no coincidence that JSC NIAEP has won the category "Innovation Company" in the competition "Best Russian enterprises. Dynamics, efficiency, responsibility of year 2011" organized by Russian Union of Manufacturers and Entrepreneurs. We actively introduce Multi-D technology that at the moment is the most state-of-the-art technology in the area of management of design and construction of such complicated projects as nuclear power plants. Application of Multi-D allows optimization of schedule of construction and assembling works with parallel increase in labour productivity, quality of works and safety of constructed facilities, moreover this technology decreases project cost, that is especially important factor. In June of 2011 in the framework of Nizhny Novgorod Fair JSC NIAEP organized the first International Research and Practice Forum "Multi-D Design. Management of life cycle of complex engineering projects", that gathered over 300 specialists from 15 countries and aroused great interest. The next forum with this topical issue is planned for summer of 2012. The company elaborates one more investment project – unified nuclear



industry catalogue of materials and equipment of Russian and some foreign enterprises working in the sphere of nuclear power machine-building, which should become the most important tool in management of quality and cost and which after all will increase company competitiveness.

Last year our company discovered new prospects of development. Management of Rosatom State Corporation decided to unite JSC NIAEP and JSC "Atomstroyexport", which was the followup of the Strategy chosen by the company at the end of 2010. The structure of the new merged company is a network of offices managing various projects including: design institute in Nizhny Novgorod, three offices managing NPP construction (Nizhny Novgorod, Moscow, Saint-Petersburg), and a number of representative offices in 10 countries of Europe and Asia, where the projects are implemented or planned (Bulgaria, Hungary, Vietnam, Iran, China, India, Turkey, Czech Republic, Slovakia, and Ukraine). At the moment over 4 000 people work in our merged company and taking into account the affiliates we have over 7000 employees.

We face a responsible and very ambitious task to become the leading company in the sphere of nuclear power industry not only in Russia, but also on the world market. I'm sure that our highly professional team is able to achieve this goal.

For solving this task we create new work places providing our employees with safe work conditions, good salary and wage supplements, developing their professional skills and planning their carrier. Besides, the issues related to social policy are always in the focus of company management attention.

JSC NIAEP is an open and transparent company that annually prepares for interested parties the reports on its activity. Not without pride I would like to mention that twice (in 2009 and 2010) our annual reports were recognized as the best ones in the sphere of nuclear power industry. This public annual report again gives possibility for all interested parties to learn the results of our activity in 2011.

Director



V.I. Limarenko





Key Indices of Company Activity

Dynamics of key performance indices for 2009–2012

Table 2

Indice	2009	2010	2011	2012*
Sales revenue, ths. rub.	35 227 938	41 081 487	35 307 788	44 070 135
Net profit, ths. rub.	1 554 314	776 234	707 779	528 162
Assets, ths. rub.	39 844 781	39 405 842	78 730 688	84 194 069
Labour productivity	18 206	18 122	14 492	13 073
Quantity of employees (with affiliates), pers.	3 434	4 571	4 231	5 629
Quantity of objects under construction** within the accounting period	3	4	5	15
Tax deductions to the federal, regional, and local budgets, ths. rub.	2 148 965	1 137 255	1 597 775	9 333 000
Social expenditures (including charitable contributions), ths. rub.	223 000	230 000	184 217	321 920
Internal performance (added value), %	10	8	6,3	2,27

* Values for 2012 are predicted only and may be changed in future

** Quantity of generating sets



Calendar of Key Events*

Table 3

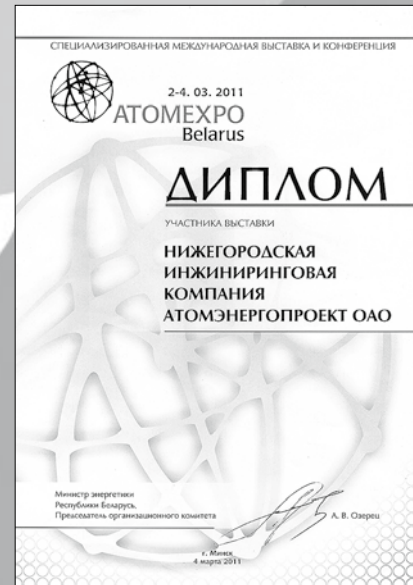
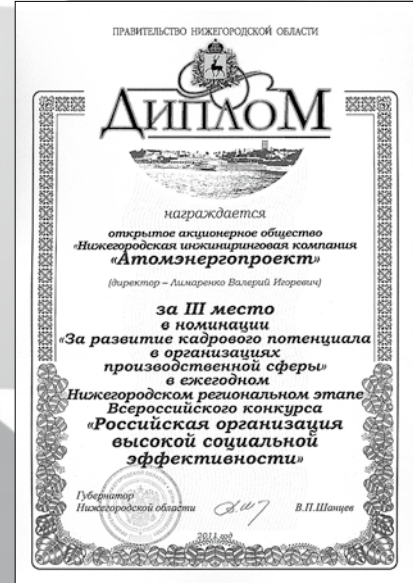
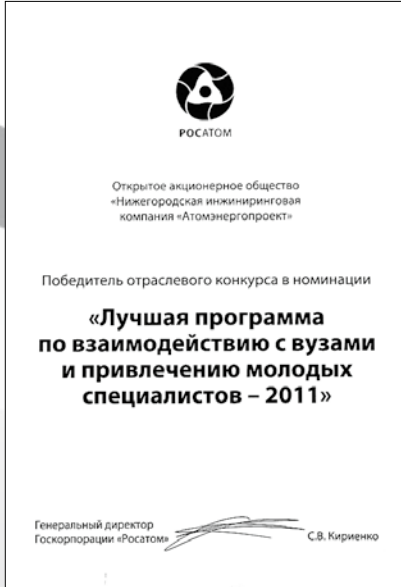
January 19	At power unit 3 of Rostov NPP under construction an important stage was commenced – construction of reactor compartment containment.
January 28	At power unit 4 of Kalinin NPP under construction leak and strength tests of sealed enclosure system were successfully conducted.
April 5	State expertise of conceptual design materials relating to Tver NPP and prepared by JSC NIAEP was accomplished.
May 3	At power unit 3 of Rostov NPP under construction the unique operation of reactor cavity installation was started. It was the first case in the history of Russian nuclear power industry, when reactor cavity was assembled on the construction site in parallel with the force plate installation at elevation + 13.200 of the reactor compartment.
June 4	General Director of JSC “Concern Rosenergoatom” Sergey Obozov visited power units №3 and №4 of Rostov NPP under construction in the framework of the project “Rosatom Production System”.
June 10	The certification agency TUV SUD Management Service GmbH has conducted a walk-through audit. Following the results of this audit it was confirmed that the Quality Management System complies with the requirements of the international standard ISO 9001:2008.
June 15–16	JSC NIAEP organized the first International Research and Practice “Intellectual Design. Management of life cycle of complex engineering projects”.
August 31	The Board of Directors of JSC NIAEP took the decision to establish the Baltic Branch.
September 19–22	Working group of the “Rosatom” Coordination Council visited construction sites of Rostov NPP, units 3 and 4.
September 26	During the meeting of the Commission on Modernization and Technological Development under control of President of the Russian Federation that took place in Dimitrovgrad (Ulyanovsk region) the President of the Russian Federation D.A. Medvedev observed the NPP life cycle management system.

* The details of the company news are presented at the website www.niaep.ru (in section Journalists – News)



October 13	The Youth Board of JSC NIAEP was established.
October 20	The first fuel assembly was put into the reactor of Kalinin NPP unit 4 – thus physical criticality program was commenced.
October 23	The core loading of Kalinin NPP unit 4 was finished. In total 163 fuel assemblies were loaded in the core. Finishing the fuel loading is one of the final stages of generating unit preparation for power program.
November 3	The Government of the Russian Federation issued the order for construction of Nizhny Novgorod NPP.
November 7	The Director of JSC NIAEP V.I. Limarenko was appointed to the post of temporary sole executive body of JSC “Atomstroyexport”. Thus, competences of JSC NIAEP, leading engineering company in Russian nuclear power industry, and JSC ASE, Russian exporter of NPP construction services started merging.
November 22	Entering into the agreement with JSC “Concern Rosenergoatom”, according to which JSC NIAEP is the general contractor for construction of power units 1 and 2 of Baltic NPP.
November 24	The power startup of Kalinin NPP unit 4 took place.
November 28	The Board of Directors of JSC NIAEP took the decision of establishing the Moscow Branch.
December 8	Rosatom State Corporation took the decision on applying the project “VVER-TOI” to the site of Nizhny Novgorod NPP”, construction of which will be carried out by JSC NIAEP.
December 12	At power unit 4 of Kalinin NPP the 50% capacity of the rated power was reached in presence of the Chairman of the Government of the Russian Federation V.V. Putin.





Awards of JSC NIAEP

Annual report of JSC NIAEP has won the first prize in industry-specific competitions (rating) among the reports of Rosatom State Corporation companies for 2010.

The company has won the industry-specific competitions among the programs implemented by the companies in the sphere of selection and training of young specialists in the category “The best program on cooperation with higher education institutions and on attraction of young specialists – 2011”.

JSC NIAEP has won the regional stage of All-Russian competition “Russian highly social efficiency company” in the category “Award for developing production companies labor market” and came in third in the category “Award for developing human resources in the production companies”.

JSC NIAEP has won the All-Russian competition “The Best Russian Enterprises. Dynamics, Efficiency, and Responsibility – 2011” in the category “Innovation Company” and also in the special category “For developing non-financial reporting in the nuclear power industry”.

The company has won the competition “Innovation of the region 2011” in the category “Innovation of nuclear power industry” organized by media-holding “TV Innovation Theory” with the support of the Government of the Nizhny Novgorod region and Business Activity Centre USA-Russia. Victory was awarded for the project “Multi-D System of Management of life cycle of complex engineering projects”.

JSC NIAEP is awarded with a diploma of participation in the international expo “Atomexpo Belarus-2011”.

The company has won XII regional competition in voluntariness and charity in the category “Nizhny Novgorod Charity Season-2011” (the diploma was awarded in 2011).



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Welcome to the Future!

[DOBRO POZHALOVAT'] ДОБРО ПОЖАЛОВАТЬ В БУДУЩЕЕ!

60

JSC NIAEP – a company of State Nuclear Power
Corporation «ROSATOM» with 60-year history

1. GENERAL INFORMATION



1.1. General Information on JSC NIAEP*

Joint-Stock Company “NIZHNY NOVGOROD ENGINEERING COMPANY “ATOMENERGOPROEKT” (abbreviated name – JSC NIAEP) renders services on design and construction of nuclear power plants and power units. Uniqueness of services rendered by JSC NIAEP consists in complex approach during construction of nuclear power plants starting from design and finishing with equipment supply and “turnkey” commissioning.

Details

Address: 3, Svobody Square, Nizhniy Novgorod 603006

Telephone: (831) 421-79-00

Fax: (831) 421-06-04

Website: <http://www.niaep.ru>

E-mail: niaep@niaep.ru

Registrar

Maintenance of register of JSC NIAEP security holders is effected by JSC “Registrar R.O.S.T.”.

Shareholders

The sole shareholder of JSC NIAEP as on December 31, 2011 is Joint-Stock Company “Atomic Energy Power Corporation” (JSC “Atomenergoprom”).

Auditor

“COSMOS AUDIT” LTD., 17b, Ulitsa Butlerova, Moscow

Authorized capital

In 2011 there were no changes in the authorized capital of JSC “NIAEP”. As of December 31, 2011 Company authorized capital made up 500 001 877 rubles.

The quantity of actually placed securities made up 500 001 877. All shares are placed through closed subscription. Nominal cost of one issued security is one ruble.

Affiliates

- «**Construction and Assembling Management №1 Ltd.**» registered on September 2, 2008 by the Inter-District Inspectorate of the Federal Tax Service of Russia №4 for Rostov region (area 6143 for Volgodonsk) at the address: 27, old building of Volgodonsk NPP Directorate, Volgodonsk-28, Rostov region 347388.
- «**Construction and Assembling Management №2 Ltd.**» registered on October 22, 2008 by the Inter-District Inspectorate of Federal Tax Service of Russia №3 for Tver region (area 6916 for Udomlya and Udomlya district) at the address: 3, Capital Construction Management of Kalinin NPP, Udomlya 171841.
- «**Volgodonsk Assembling Management Ltd.**» registered on September 7, 2007 by the Inter-District Inspectorate of Federal Tax Service of Russia №4 for Rostov region (area 6143 for Volgodonsk) at the address: office 1, 56, Ulitsa Marshala Koshevogo, Volgodonsk, Rostov region 347386.

* Details on the Company are given on the website (www.niaep.ru in section – About the Company)



Company Branches

- **Udomlya Branch of Joint-Stock Company "NIZHNY NOVGOROD ENGINEERING COMPANY "ATOMENERGOPROEKT"** – "Directorate of the General Contractor at Kalinin NPP".
- **Volgodonsk Branch of Joint-Stock Company "NIZHNY NOVGOROD ENGINEERING COMPANY "ATOMENERGOPROEKT"** – "Directorate of the General Contractor at Rostov NPP".
- **Moscow Branch of Joint-Stock Company "NIZHNY NOVGOROD ENGINEERING COMPANY "ATOMENERGOPROEKT"**.
- **Baltic Branch of Joint-Stock Company "NIZHNY NOVGOROD ENGINEERING COMPANY "ATOMENERGOPROEKT"** – "Directorate of the General Contractor at Baltic NPP".

Representative offices

- **Volgodonsk Representative Office of Joint-Stock Company "NIZHNY NOVGOROD ENGINEERING COMPANY "ATOMENERGOPROEKT"**.
- **Moscow Representative Office of Joint-Stock Company "NIZHNY NOVGOROD ENGINEERING COMPANY "ATOMENERGOPROEKT"**.
- **Saint-Petersburg Representative Office of Joint-Stock Company "NIZHNY NOVGOROD ENGINEERING COMPANY "ATOMENERGOPROEKT"**.
- **Kharkov Representative Office of Joint-Stock Company "NIZHNY NOVGOROD ENGINEERING COMPANY "ATOMENERGOPROEKT"**.



The map of Company operations



Membership in Associations

- **All-Russian industry-specific union of employers “Union of employers in the area of nuclear power industry, power industry, and science of Russia”.**

The union has functioned since January of 2001. At the present time the Union includes over 60 organizations of various forms of incorporation.

After adoption of the Russian Federation Labor Code, Federal Law “On employers unions” and cessation of government functioning in the role of main employer the need in coordinating the actions of the employers (entrepreneurs) in economic sphere and in the course of forming and following the social policy arose, and this is the mission of the Union.

JSC NIAEP is a member of Union of employers in the sphere of nuclear power industry, power industry, and science of Russia”. The Company timely pays membership fees. The Union of employers and industry-specific trade-union have entered into Industry Agreement.

- **Innovation Design Association.**

Upon the initiative of JSC NIAEP the Memorandum on foundation of Innovation Design association was signed. This Memorandum was signed by 28 Russian and foreign companies, including JSC NIAEP, PCF JSC “Concern “Rosenergoatom”, JSC “OKBM Afrikantov”, Bentley Systems, Dassault Systems, Siemens PLM Software, Kiev Central Design Bureau of Valves (Kiev), and JSC Kharkov Institute “Energoproekt”.

The “Innovation Design Association” is a voluntary association of like-minded designers, developers, and manufacturers of software, and also scientists working out up-to-date design methods. The goal of the association is to develop state-of-the-art technologies and, thus, to be competitive on the world market.

Historical background

JSC NIAEP was established on the basis of the Decree of the President of Russian Federation №556 dated April 27, 2007 “On restructuring the Nuclear Power Generating Complex of the Russian Federation and on the basis of the Decree of the Government of the Russian Federation on №319 dated May 26, 2007 “On measures on establishing Joint-Stock Company “Atomic Energy Power Corporation”. The company was established by means of reorganization presented in the form of transformation and registered by the Inspectorate of the Federal Tax service of the Russian Federation for Nizhny Novgorod region (Nizhny Novgorod city) on De-

ember 18, 2007 under principal state registration number 1075260029240.

JSC NIAEP is a legal successor of Federal State Unitary Enterprise Nizhny Novgorod research design and engineering survey institute “ATOMENERGOPROEKT”.

Activity of “Atomenergoproekt” was commenced with foundation of Gorky division of the institute “Teploenergoproekt” on August 18, 1951. In 1955 the institute designed Dzerzhinsk TPP equipped with turbines with the capacity of 50 ths. kW and high-productive boilers. In the 50’s Vladimir TPP, Novogorkovskaya TPP, Yaroslavl TPP-1,2,3, Nizhnekamsk TPP, Sormovo TPP, Kostroma TPP, Cherepovets GRES and many other power facilities were added to this list.

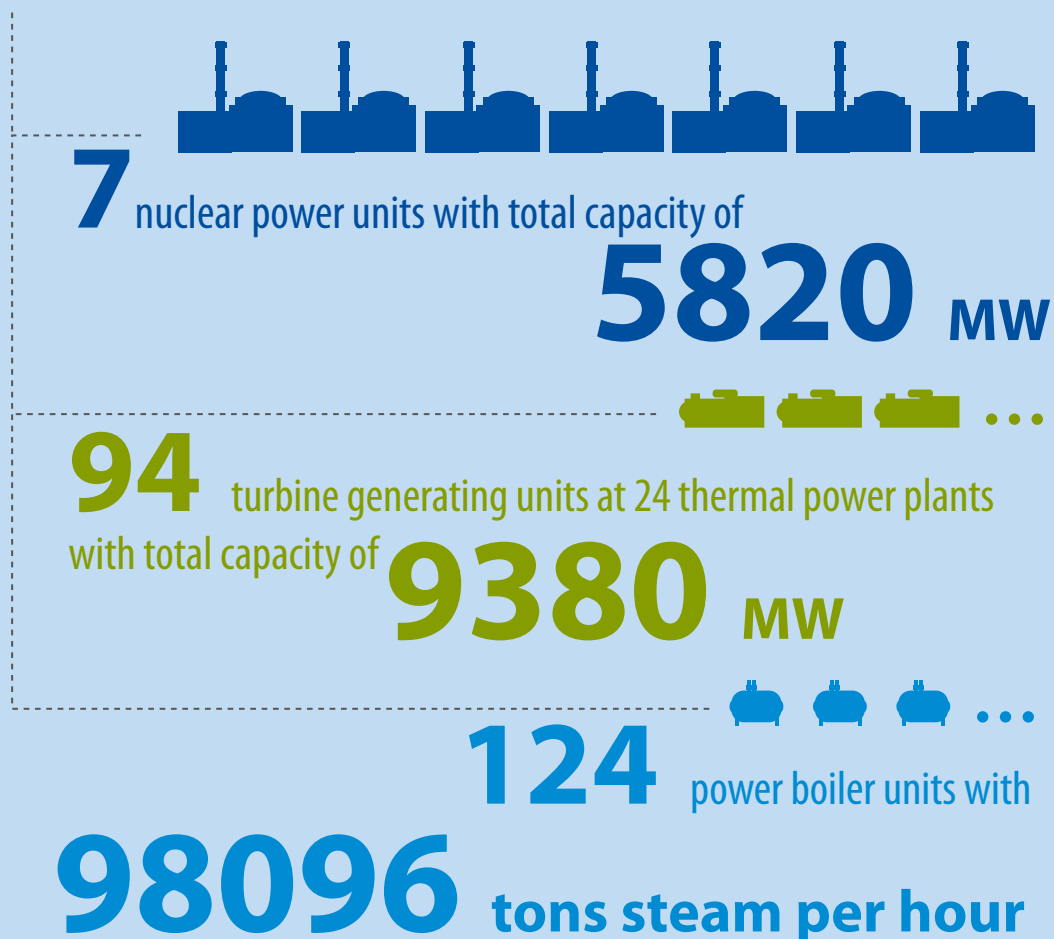
In the 60’s of the last century NIAEP employees created the largest complex project in the USSR Kostromskaya GRES equipped with the unique power unit of 1200 MW. In 1968 NIAEP entered the long-awaited nuclear era: on September 8 a special-purpose planning and design office of nuclear power plants called “SPB NPP” was established. At the same time designing of Armenian NPP equipped with two power units with the design capacity of 410 MW was started. The plant was designed and constructed considering high seismicity of the mountainous area, that required development of seismic resistant nuclear power unit. And this allowed Armenian NPP to resist without any consequences the severest earthquake in Spitak.

In 1976 the first power unit of Armenian NPP was commissioned, and in 1979 – the second one, which after restarting in 1995 has been operating continuously till the present time. In 1984 and 1986 two power units of Kalinin NPP were put into operation.

JSC NIAEP designs foreign NPPs. The company performed design endorsement of operation and modernization of Armenian NPP, performed the design of several facilities in the framework of the start-up complex of Bushehr NPP in Iran, developed technical documentation for the complex of auxiliary buildings and structures of Kudankulam NPP in India. Since 2011 JSC NIAEP comes to the international market of NPPs construction. The details are specified *in Subsection 1.3. Strategy.*



The following facilities were put into operation upon designs of JSC NIAEP:



Achievements of the recent years:

in 2001

Rostov NPP Unit 1
was put into operation



in 2005

Kalinin NPP Unit 3
was put into operation



in December of 2010

Rostov NPP Unit 2
was put into operation



in November of 2011

Kalinin NPP Unit 4
was put into operation



1.2. General activity description

1.2.1. Activity description

NIAEP – an EPCM company

As per EPCM model the Company shall independently fulfill the full complex of works in the framework of NPP construction. JSC NIAEP has its own resources necessary for engineering surveys and design and also for order and supply of equipment necessary for NPP construction. The Company constructs facilities using its own construction labor resources and attracts contractors fulfilling, therefore, the functions of a General Contractor. The details of operating activities of JSC NIAEP are given in *Section 3*.

The most important task of JSC NIAEP as a general contractor is managing the NPP construction.

JSC NIAEP bears responsibility for quality, safety level, timely risk identification and prevention, for innovations implementation, for staff, and also for various impacts arising in the course of Company activity.

Efficiency and managing these aspects of the activity are described in *Section 4. Sustainable Development*.



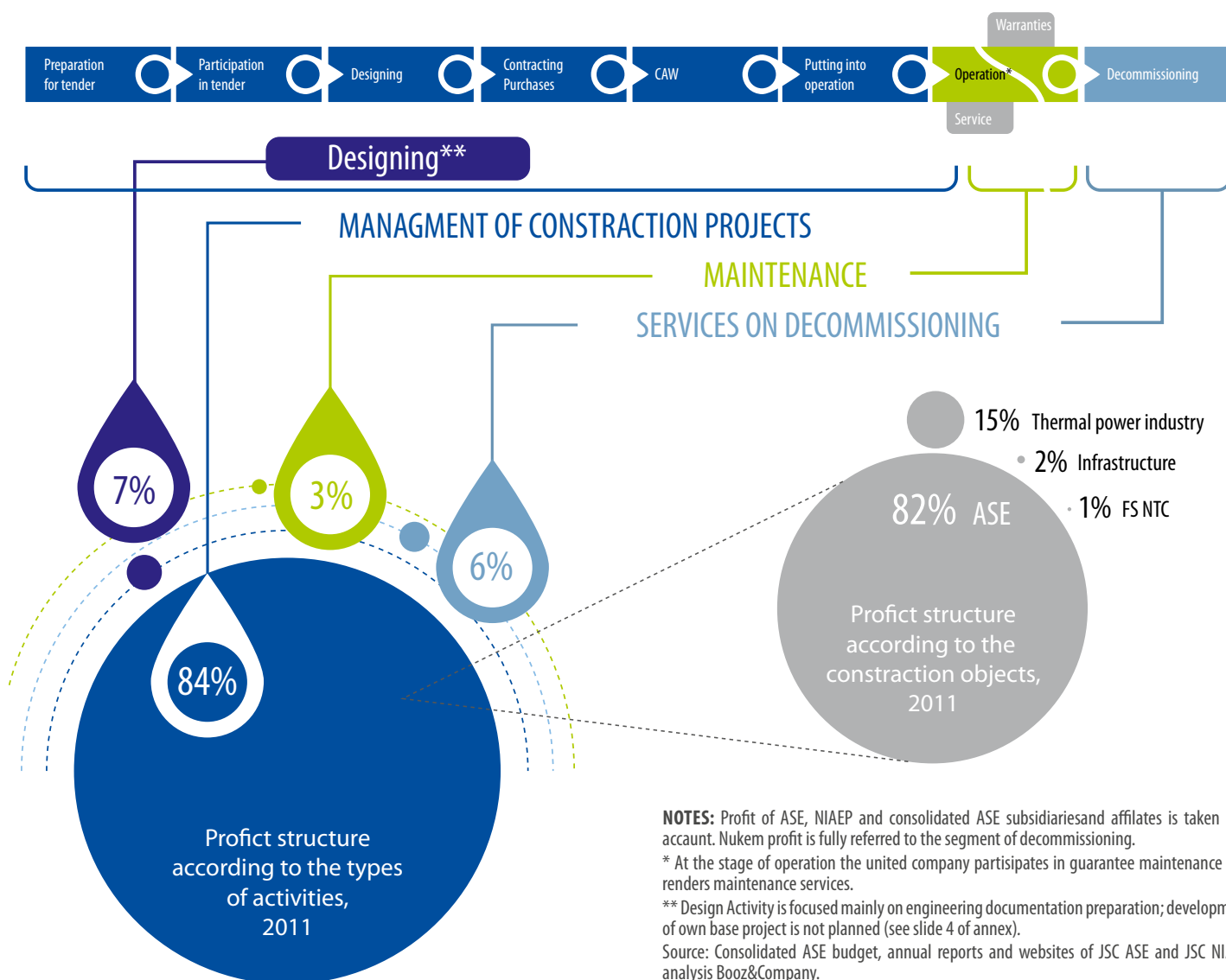
Figure 1. Main processes of NIAEP activity



Development of the Company business model

Business model describing the principle of the Company value formation is determined by three key elements: types of activity, role and main directions of cooperation in the framework of value chain. The key factor of Company business model development is consolidation with JSC ASE. As a result of this consolidation the quantity of implemented projects is doubled up in accordance with the approved road map of global expansion. The details on the consolidation are given in the Chapter 1.3.2. "Contribution of 2011 in strategy realization").

The Merged Engineering Company (hereinafter referred to as MEC) follows four directions of activity (managing the projects on NPP construction, designing, maintenance, decommissioning). Upon that, the main part of the profit is based on managing the NPPs construction, and this tendency will be preserved in future.



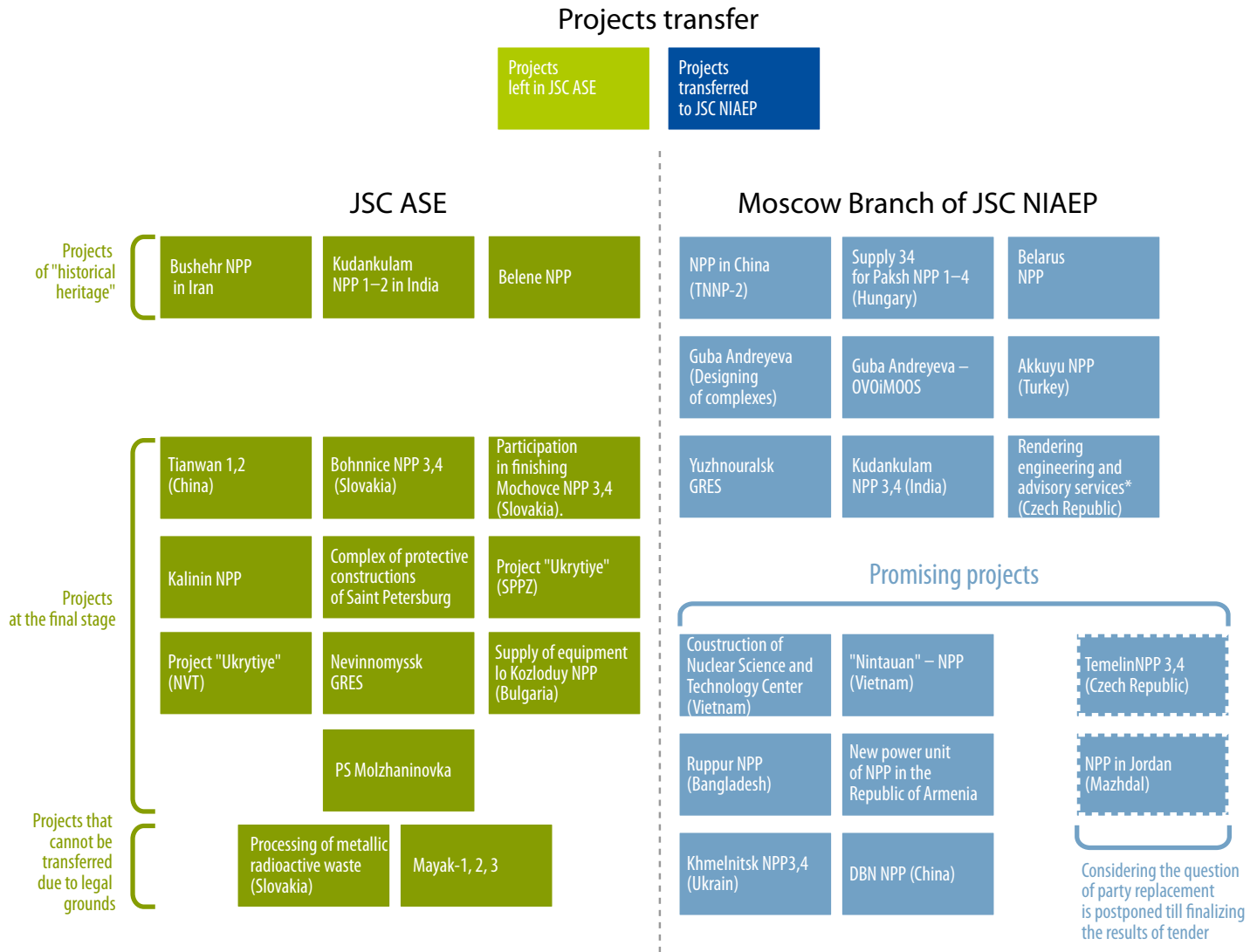
NOTES: Profit of ASE, NIAEP and consolidated ASE subsidiaries and affiliates is taken into account. Nukem profit is fully referred to the segment of decommissioning.
 * At the stage of operation the united company participates in guarantee maintenance and renders maintenance services.
 ** Design Activity is focused mainly on engineering documentation preparation; development of own base project is not planned (see slide 4 of annex).
 Source: Consolidated ASE budget, annual reports and websites of JSC ASE and JSC NIAEP, analysis Booz&Company.

COMMENTARIES:

- In the profit structure the main activity is managing the construction project, most of which are the projects on NPPs construction.
- Design Activity is relatively small segment of the profit structure, but it's the key competence necessary for efficient projects management.
- Organization and development of activity on decommissioning and maintenance will depend on the developed strategy for these segments.

Figure 2. UEC activity in the framework of value chain





* Two projects: rendering services on NPP reactor assemblies projects and on NPP projects. Source: annex № 1 to the order of JSC ASE № 389 dated December 28, 2011 «On approving the plan of measures on replacing the party of an agreement and contracts concluded with third parties, with JSC ASE at JSC NIAEP.

NOTE: Conclusions on possibility of projects transfer may be precised upon finishing legal Due Diligence

Figure 3. Draft of projects distribution within UEC

The target business model of MEC is based on the concept of the Russian nuclear industry enterprises consortium. This consortium is the ground for joint problems solving and coordination of activity of main project participants.



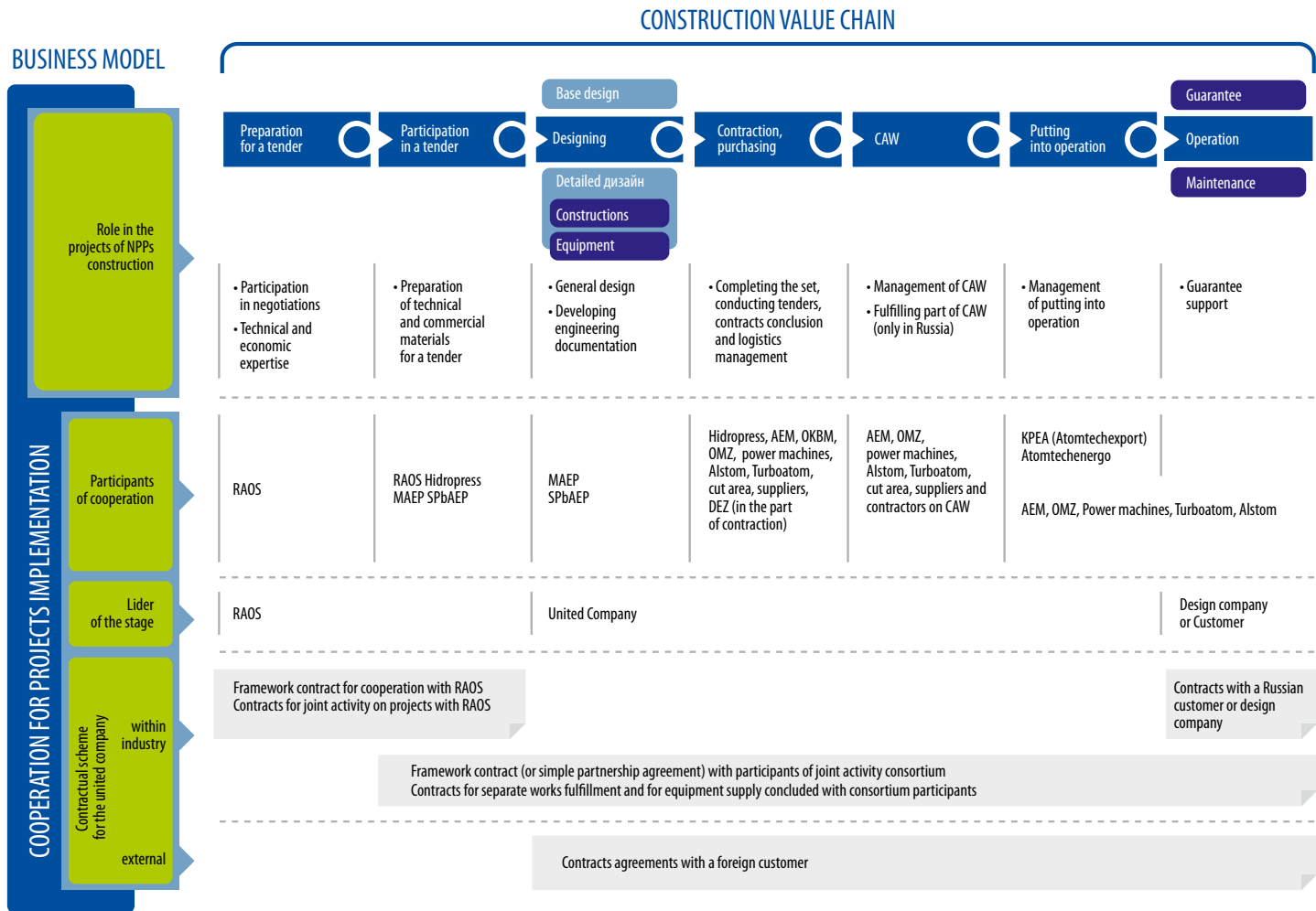


Figure 4. Basic elements of the United Company's purpose business model

MEC will be the leader of the consortium at NPP construction stage. MEC as a General Contractor and Architect-Engineer shall structure the relations with main participants depending on their role in the project.

For responding to the growth challenges that face MEC the most important factor is developing the competences on projects management.

Some competences on project management in JSC NIAEP shall be implemented in MEC. These are such competences as management of NPP construction time, control of construction quality and others. The peculiarity of design organization

is availability of developed competences in engineering documentation preparation (Multi-D), participation in developing the project VVER-TOI, which is planned to make the base for NPP construction abroad.

According to the fulfilled analysis the most part of project management competences requires development, and the program of development will be used as a tool for MEC transformation.







1.2.2. Market of NPP construction

Russian market of NPP construction

The main market, where JSC NIAEP conducts its activity, is Russian market of NPP construction. The volume and development prospects of main market of JSC NIAEP that is nuclear power market are specified in the Program of Rosatom State Corporation activity for a long-term period (2009–2015) approved by the Decree of the Government of the Russian Federation № 705 dated September 20, 2008 and in the General Scheme of power objects arrangement till 2020 approved by the Decree of the Government of the Russian Federation № 215-r dated February 22, 2008.

As of the end of 2011 the company is carrying out five power units in Russia:

- Kalinin NPP Unit 4;
- Rostov NPP Units 3&4;
- Baltic NPP Units 1&2.

In 2011 the Government of Russia issued the order on construction of Nizhny Novgorod NPP. From 2012 NIAEP shall start the plant design.

In November 2011 the process of competences consolidation was started by JSC NIAEP, leading engineering company of the Russian nuclear power industry, and by JSC ASE, Russian exporter of NPPs construction services. This cooperation will increase quantity of ongoing construction projects both in Russia and abroad up to 20.

The main Customer of JSC NIAEP is “Concern Rosenergoatom” included in Rosatom State Corporation, which determines the market of production, volumes of works, and terms of their fulfillment.

As at the end of 2011 on the Russian Federation market of nuclear power industry objects construction, four companies performed the functions of general contractors:

- JSC NIAEP;
- JSC “Atomeregoproekt” (JSC “AEP”);
- JSC “SPbAEP”;
- JSC “Managing Company “Uralenergostroy” (“Uralenergostroy”).

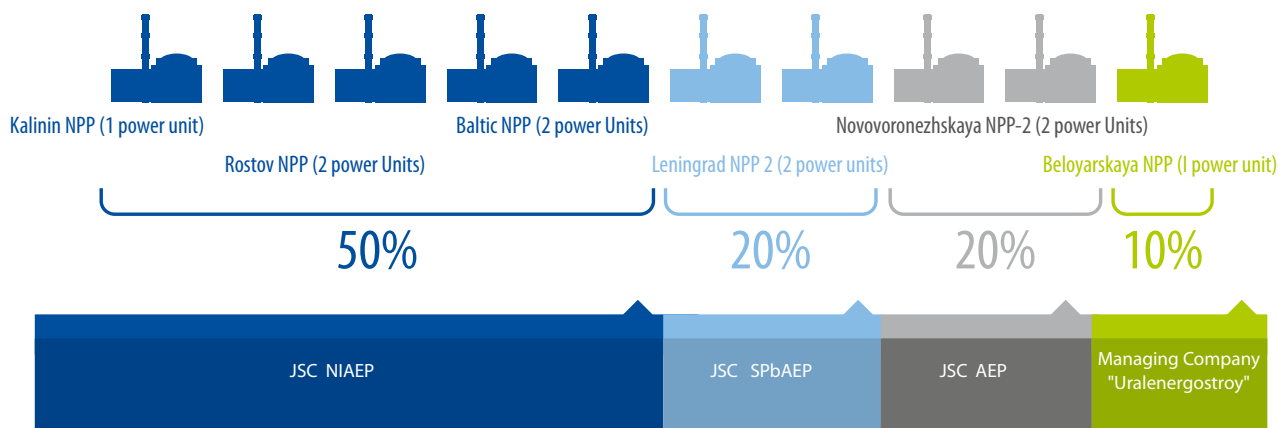


Figure 5. NIAEP share in the Russian Federation market of NPP power units construction in 2011



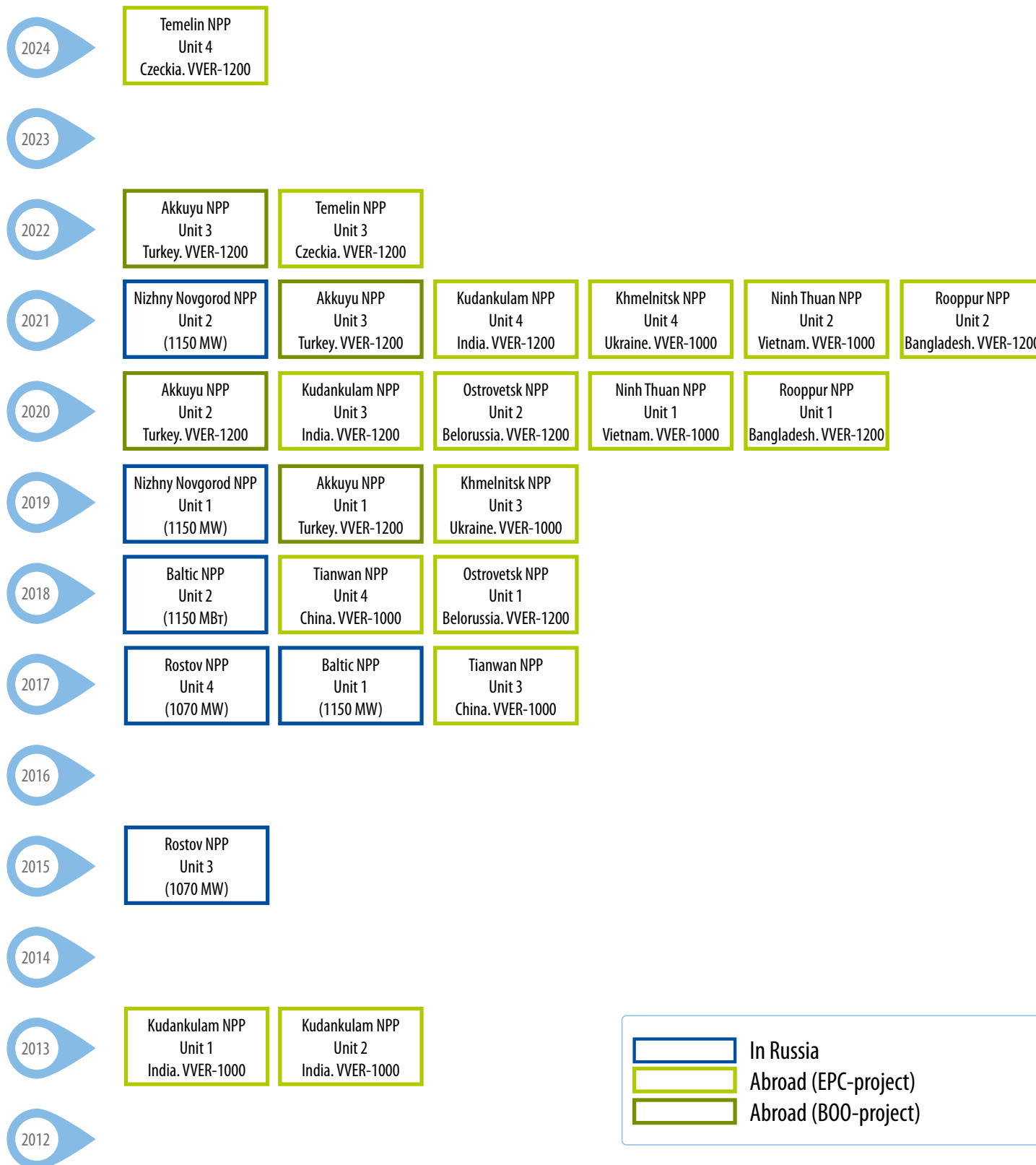


Figure 6. General Scheme of power units construction



JSC "Uralenergostroy" fulfilled construction of Beloyarskaya NPP (general designer is JSC "SPbAEP").

JSC NIAEP, JSC "Atomeregoproekt" and JSC "SPbAEP" as opposed to "Uralenergostroy" are EPCM companies performing the full complex of works on NPP construction including not only construction itself, but also design, supplies, and project management. JSC "Atomeregoproekt" and JSC "SPbAEP" jointly control 40% of NPP construction market and are the main competitors of JSC NIAEP in this market. In spite of the competition the market share of NIAEP in 2011 was increased till 50% (in 2010 it made up 37%).

Compared to the competitors JSC NIAEP possesses stronger competences in construction management based on Multi-D-design technology. The company has unique experience in implementation of "turnkey" projects. Competitive ability of JSC NIAEP was increased due to creation of its own high-efficiency Purchasing Department and acquisition of construction assets. Besides, due to uniting with CJSC ASE the Company gained competences of international engineering. Detailed information is specified in Subsection 2.1. "Development of NIAEP competences".

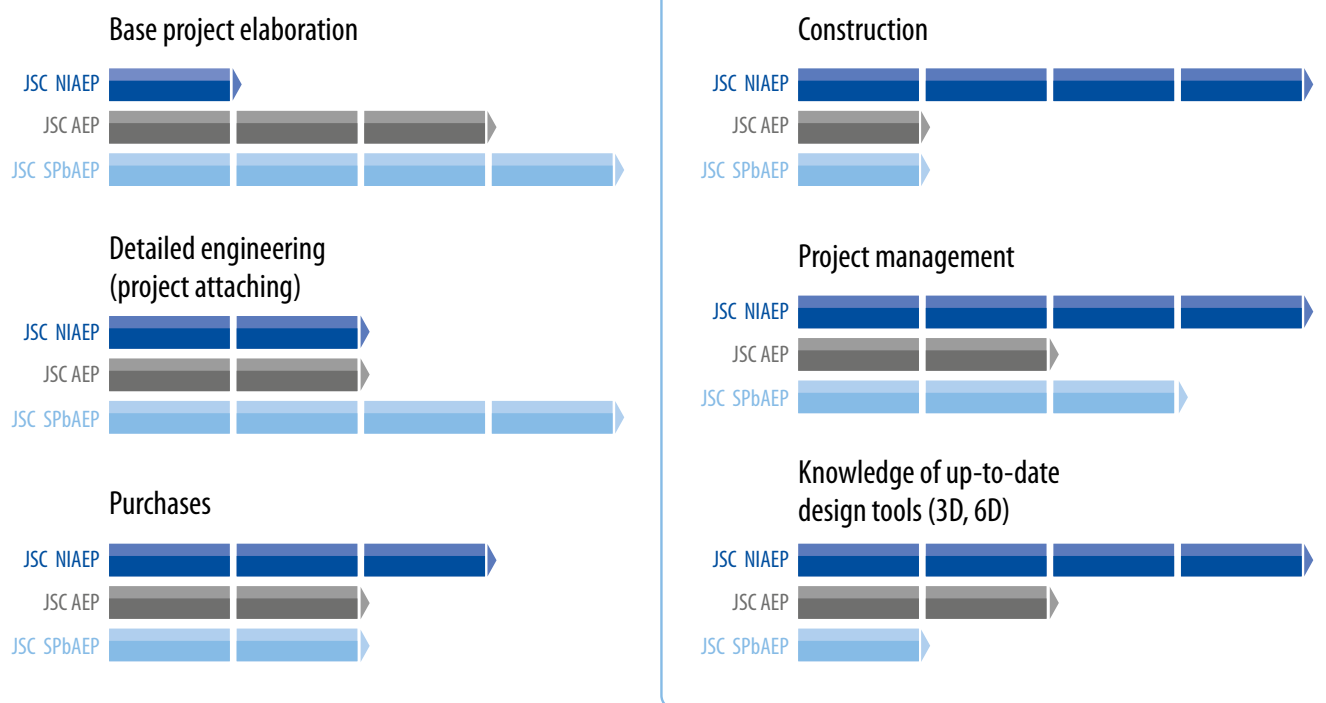


Figure 7. Comparison of NIAEP competences with competences of its main competitors

Relations with customers, contractors, and suppliers on the Russian market of NPPs construction

JSC NIAEP assigns high priority to efficient cooperation with its customers, contractors, and suppliers.

The main Customer of JSC NIAEP is JSC "Concern "Rosenergoatom" included in Rosatom State Corporation.

The relations with subcontractors, subdesigners, and suppliers shall be organized on tender basis according to the requirements of Unified Industry Purchasing Standard of Rosatom State Corporation.





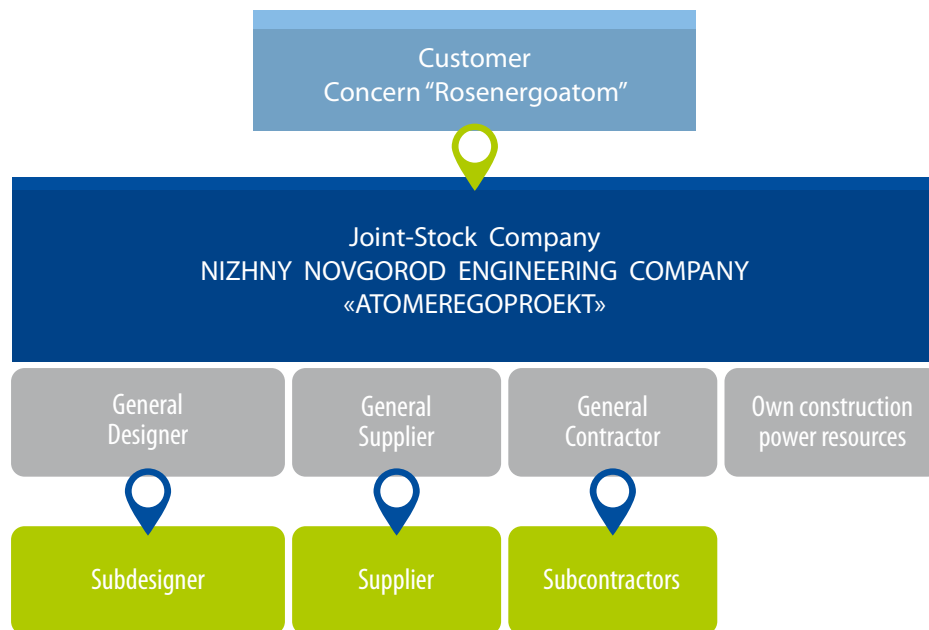


Figure 8. Relations with customers, contractors, and suppliers

International market of NPP construction

In 2011 after events at the "Fukushima" NPP that influenced severely the world nuclear industry JSC NIAEP fulfilled the analysis of international market of NPPs construction.

Even taking into account the accidents at the "Fukushima" NPP considerable growth of NPP construction is expected in the world. The role of nuclear power industry in power balance along with alternative and traditional power generation is still recognized by most of the countries.

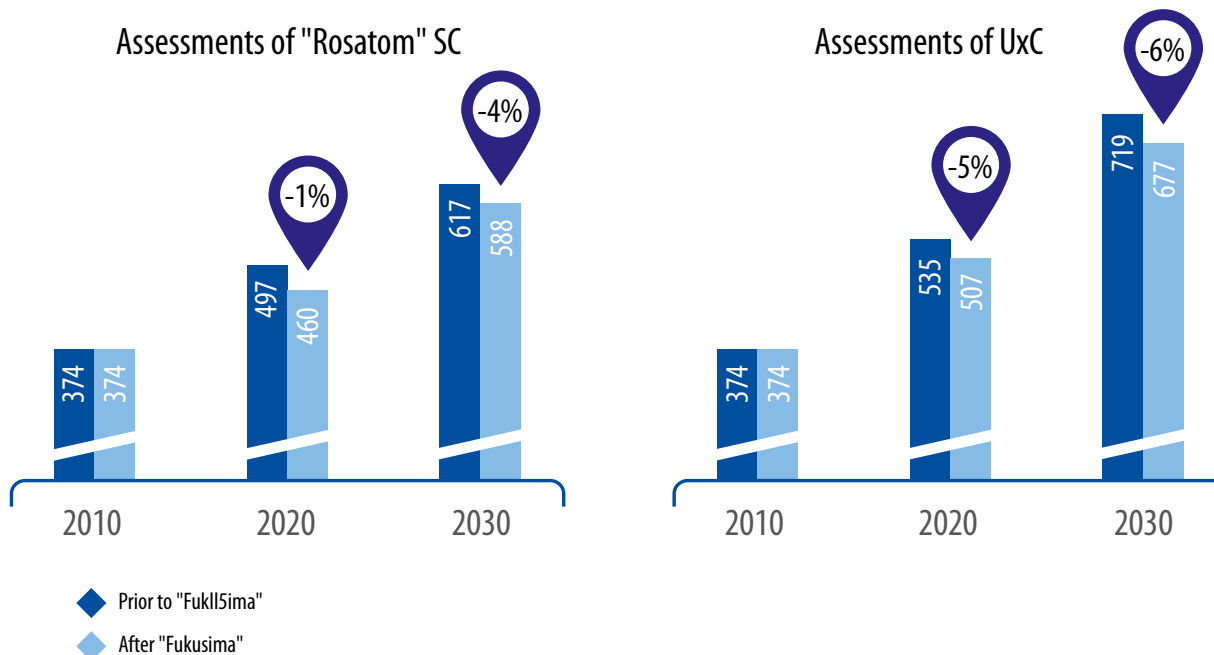


Figure 9. Dynamics of world NPP capacities, GW



As part of fulfilled analysis of international NPP construction market the methods of new players getting to the market were also studied. In 2000-s the key players on the international market of NPPs construction were consortiums that included foreign companies. Sharing risks through forming consortiums/partnerships both temporary (for implementation of one or several projects (for example, EDF and CGNPC)) and long-term ones (for example, Hitachi and GE, Areva and MHI, Toshiba and Westinghouse/Shaw) became especially important.

Arising of demand for NPPs construction in developing countries created opportunities for “national teams” building. An important competitive advantage of gaining a contract abroad

is legal and financial support rendered by the state. In this connection in 2010-s upon the initiative of the government and big players of the nuclear power industry some “national teams” were established for coming to the international markets. And at the moment these teams are main competitors of Rosatom State Corporation on the international markets.

Currently in the world there are three “national teams” representing interests of South Korea, France, and Japan.

	KOREA	FRANCE	JAPAN
Content	<ul style="list-style-type: none"> • KEPCO • Samsung • Hyundai • Doosan Heavy Industries 	<ul style="list-style-type: none"> • EDF • Areva • Alstom • Vinci/Bouygues 	<ul style="list-style-type: none"> • TEPCO • Kaden • Chuden • Toshiba • Hitachi • Mitsubishi Heavy Industries
Coming to international market	Winning the tender for NPP construction in UAE	Losing the tender in UAE	Participation in tender for NPP construction in Vietnam
Target markets	<ul style="list-style-type: none"> • In the short term: India, Indonesia, Vietnam, Thailand, South Africa, Malaysia, and Turkey 	<ul style="list-style-type: none"> • USA, Westem Europe, China 	<ul style="list-style-type: none"> • Asia (in the nearest time Vietnam)
	<ul style="list-style-type: none"> • By 2030 Korea plans to export 80 reactors 	<ul style="list-style-type: none"> • Developing countries constructing NPPs in their territories for the first time 	

Figure 10. Description of “national teams” of the international nuclear power industry

Following the worldwide trend of “national teams” building, in November of 2011 the merger of the competences of NIAEP, leading engineering company of Russian nuclear power industry, and JSC ASE, Russian exporter of NPP construction-services was started. Consolidation of two leading companies shall produce synergistic effect and contribute to increase their competitive ability. NIAEP will considerably extend the geographical limits and scale of its activity. JSC ASE will be

strengthened due to competence of up-to-date Multi-D design. Details are specified in Subsection 1.3. “Strategy”.

Long-term portfolio of projects of Rosatom State Corporation, and, consequently, portfolio of the Merged Engineering Company «JSC NIAEP-JSC ASE» includes over 80 power units.



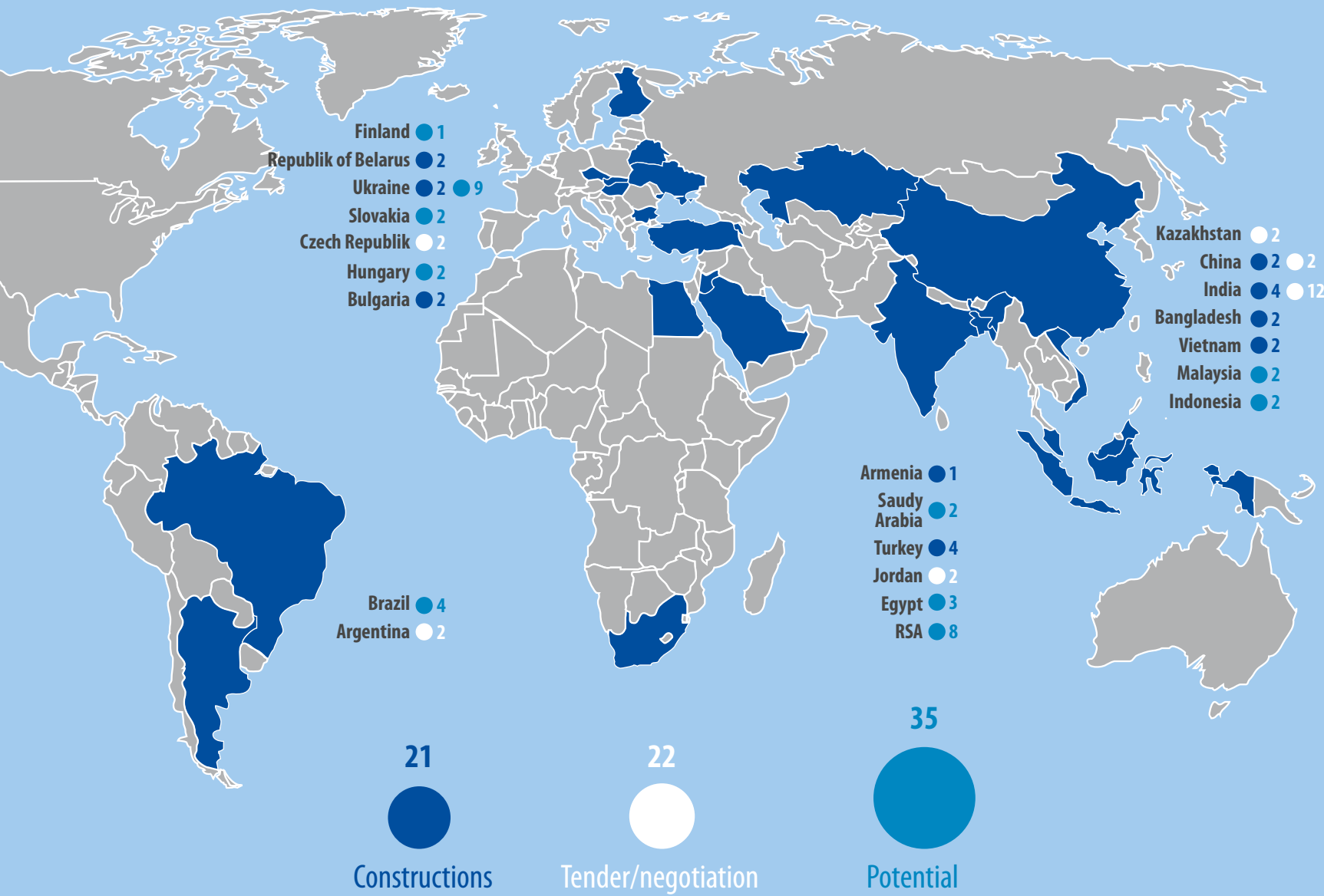


Figure 11. Long-term portfolio of construction projects

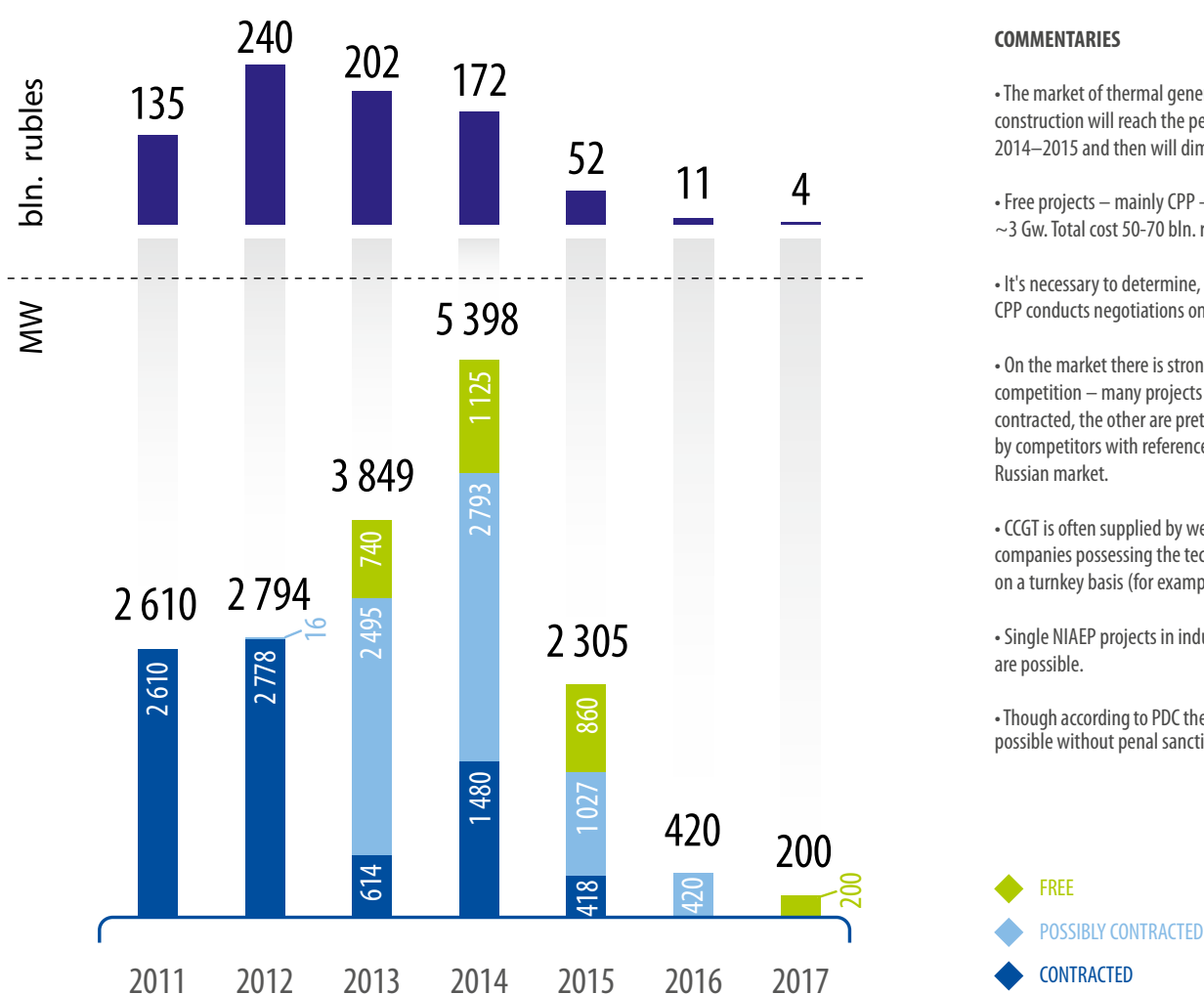
1.2.3. Market of thermal power plants*

On the market of thermal power plants construction JSC NIAEP claims some separate projects with putting into operation after 2012. There are some restricting factors preventing JSC NIAEP from coming to this market:

- Non-participation in the “first wave» of thermal generation construction in Russia.
- Absence of connections with generating companies and absence of reputation on the market.
- Necessity in ability to compete with strong market players having big experience in the industry.

Thanks to integration with JSC ASE the Company acquires some competences in thermal power plants construction and plans to strengthen its positions on this market in the long term.

The start project will be creation of a new generating unit on the site of Power Generating Complex Yuzhnouralsk GRES-2 equipped with 2 power units with the capacity of about 400 MW.



COMMENTARIES

- The market of thermal generation construction will reach the peak in 2014–2015 and then will diminish.
- Free projects – mainly CPP – in total ~3 Gw. Total cost 50-70 bln. rubles.
- It's necessary to determine, with whom CPP conducts negotiations on participation.
- On the market there is strong competition – many projects are contracted, the other are pretended by competitors with references on the Russian market.
- CCGT is often supplied by western companies possessing the technology on a turnkey basis (for example, GE).
- Single NIAEP projects in industry are possible.
- Though according to PDC the extension for 1 year is possible without penal sanctions.

Figure 12. Putting new generating units into operation in the Russian Federation under PDC (MW)

* The details on thermal power plants construction are given on the Company's website (www.niaep.ru in section – Design Objects – Thermal Power Plants)



1.3. Strategy *

The valid version of the Company Strategy is confirmed by Rosatom State Corporation and approved by the Decree of NIAEP Director in 2010. During 2011 the Strategy was finished, checked for realization, and updated. Considerable changes

of the Strategy were made in connection with the uniting the competences of JSC NIAEP - JSC ASE. In 2012 it is planned to formalize these changes.

1.3.1. Strategic Initiatives

Basic strategic initiatives of JSC NIAEP are determined by the strategy of Rosatom State Corporation. Rate of strategic initiatives realization success will be determined by the level of

reaching the target strategic indices. In 2011 due to Company business model changing these indices were modified (see 1.2.1. Activity Description (Development of Company Business Model)).

Projection of Rosatom State Corporation Strategy to the Strategy of JSC NIAEP

Table 5

STRATEGIC INITIATIVES OF "ROSATOM" STATE CORPORATION		STRATEGIC INITIATIVES OF JSC NIAEP
STRATEGIC INITIATIVES OF THE FIRST LEVEL	STRATEGIC INITIATIVES OF THE SECOND LEVEL	
Increase of nuclear generation share in the RF	Enabling continuous power units construction in accordance with the plan of facilities putting into operation	• Realization of NPP construction projects in the RF on EPC/EPCM terms: it is planned to put 7 NPP power units into operation until 2020
	Creation of typical optimized informatized VVER project (VVER-TOI)	• Participation in VVER-TOI development project (Multi-D, turbine island, e-catalog)
Global expansion of VVER process platform	Realization of NPP construction programm abroad	• Specialization as general contractor within the frames of Rosatom «national team» abroad: it is planned to put 12 power units into operation until 2020 inclusive (India, China, Byelorussia, Turkey, Ukraine, Vietnam, Bangladesh)
	Additional formation of globally competitive engineering expertise	• Establishing partnerships with world building companies specializing in NNP construction (e.g. Balfour BeallY, Vinci, etc.)
Closing nuclear fuel cycle on the basys of fast neutron reactors	Development of fast neutron reactor technologies and construction of prototypes	• Participation in development of NPP project based on BN-1200 reactors • Implementation of NPP construction projects based on BN-1200 reactors on EPCIEPCM terms

* Further information on the strategy is given on the Company's website (www.niaep.ru in section – Activity – Strategy of Development)





Target indices of NIAEP strategy realization till 2020

Table 6

		2015	2020
Quantity of power units under construction/ constructed power units, pcs.	In RF	4/3	5/7
	Abroad	9/0	3/9
	Total	13/3	8/16
Reduction of design and construction terms, months		20+48	20+48
Cost of constructing of NNP equipped with 2 power units, mld. rubles		194	156
Diversification share		25 % Services for NNP Construction of TPP, research-and-development reactors	24 % Services for NNP Construction of TPP, research-and-development reactors

Upon reaching the targets at the control points (2015 and 2020) it's planned to correct and precise the goals for the next period in the direction of ambitiousness increasing.



1.3.2. Contribution of 2011 in the Strategy Realization

Year 2011 contributed considerably to realization of all basic strategic initiatives.

Implementation of NPP construction projects in the RF on EPC and EPCM terms

Transition to EPC/EPCM-model was necessary for provision of series power units construction in accordance with the plan

of facilities putting into operation. At the moment JSC NIAEP implements all projects in the Russian Federation as an EPCM-contractor.

The details on the results for 2011 and plans for future are given in *Section 3.2. Results of operational activity.*

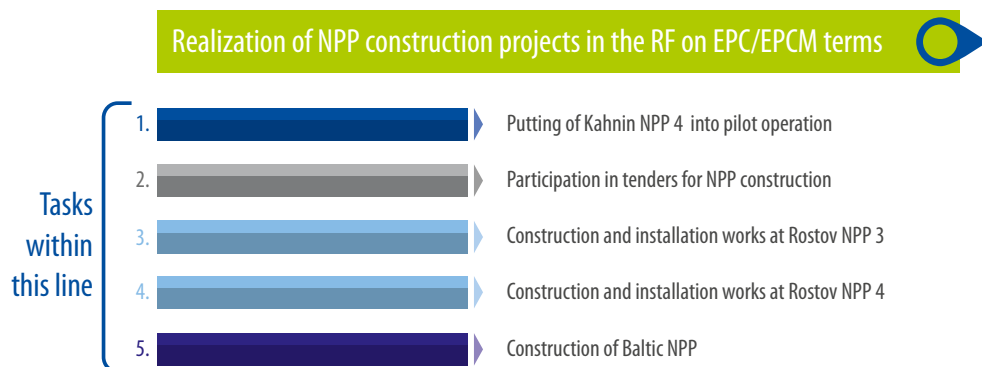


Figure 13. Direction of the Strategy: implementation of NPP construction projects in the Russian Federation on conditions of EPC/EPCM

Participation in the VVER-TOI project

VVER TOI is optimization of typical project NPP-2006 that was developed with participation of two other engineering companies of nuclear power industry JSC "SPbAEP" and JSC "Atomenergoproekt". Compared to NPP-2006 new typical project

enables decrease of construction specific cost by 20% and reduction of design and construction time down to 60 (20+40) months. More detailed information is given in *Section 4.3 Innovation activity.*



Figure 14. Direction of the Strategy: participation in the project of VVER-TOI development



Specialization in the framework of «national team» of Rosatom State Corporation

Rosatom State Corporation Program on NPP construction abroad may be implemented due to «national team» building.

In the framework of specialization in the Rosatom team abroad the Company fulfills the functions of a general contractor (EPCM): designing and «turnkey» construction of common systems, reactor compartment, common plant systems,

turbine house, and also obtain the function of local contractors management in the framework of construction and assembling works fulfilling.

In 2011 in the course of preparation for forming the «national team» of Rosatom State Corporation JSC NIAEP interacted with various international companies (see Chapter 4.7.1. Interaction with interested parties).

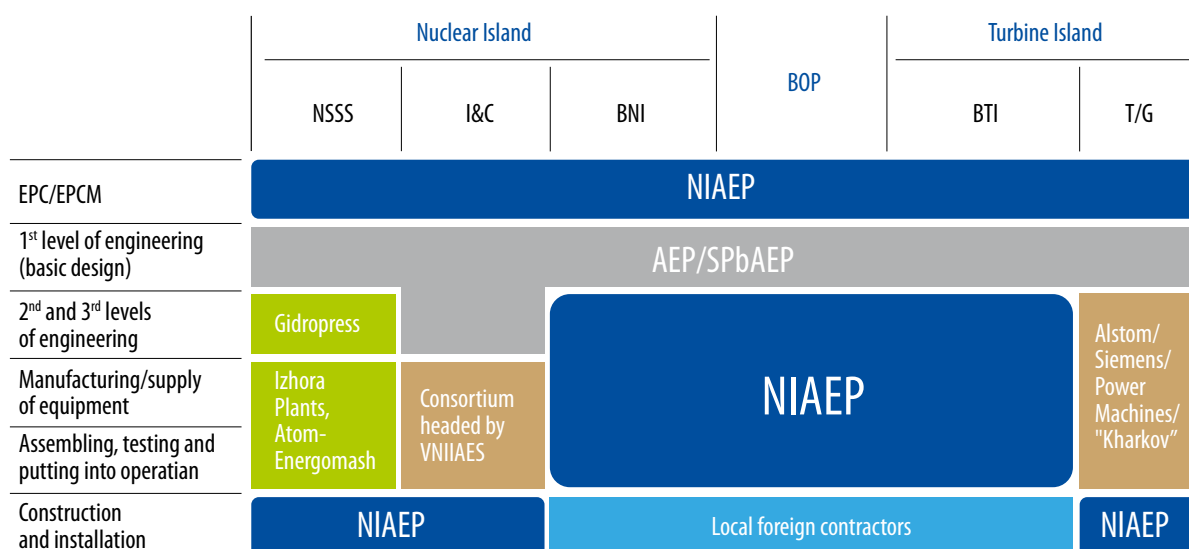


Figure 15. Specialization in the «national team» of Russia

Partnerships building with world construction companies

For activity diversification JSC NIAEP may acquire additional competences by means of partnerships creation and companies acquisition.

Strategy of partnerships of JSC NIAEP till 2020

Table 7

Business lines	Scenarios			Comments
	Independently	JV/partnership	Purchase	
NPP construction in the RF			Purchase of specialized construction and installation companies is required	<ul style="list-style-type: none"> To implement NIAEP diversification strategy, acquiring of additional expertise is necessary To reduce the time of NPP construction and enhance construction and installation expertise NIAEP has already selected 3 specialized construction and installation companies for purchasing Integrating of JSC ASE expertise will help to improve JSC NIAEP position at foreign markets As to services, expertise is acquired in the course of cooperation with Nukem Technologies (before JSC ASE)
NPP construction globally		Acquiring of expertise in international activity		
Services for NPP		Acquiring of expertise in services for NPP		
Non-energy nuclear facilities		Acquiring of expertise in this field		
TPP construchon	Additional expertise is not required			





In Russia

1. Kalinin NPP 4
2. Rostov NPP 3 and 4
3. Baltic NPP 1 and 2
4. Nizhny Novgorod NPP 1 and 2
5. Yuzhnouralsk SDPP 1 and 2

Abroad

6. Tianwan NPP 3 and 4 (China)
7. Bushehr NPP 1 (Iran)
8. Akkuyu NPP 1-4 (Turkey)
9. Belarussian NPP 1 and 2
10. Kudankulam NPP 1-4 (India)
11. Ninh Thuan 1 and 2 (Vietnam)
12. 2 new power units of Khmel'nitsk NPP (Ukraine)
13. Rooppur NPP (Bangladesh) – 2 power units
14. Nuclear Science and Technology Center (Vietnam)

Figure 16. List of projects under construction and preparation for construction¹ by the Merged Engineering Company*

Detailed description of projects is given on the Company's website (www.niaep.ru in section – Activity – Design Objects)



In November of 2011 consolidation of competences of JSC NIAEP, leading engineering company of the Russian nuclear power industry, and JSC ASE, Russian exporter of NPP construction services started.

Consolidation of the two leading companies shall give synergetic effect and contribute to competitive ability improving. NIAEP will considerably extend its geographical limits and activity scale. JSC ASE will be strengthened due

to competence of the up-to-date Multi-D design. The portfolio of projects implemented jointly by both companies will increase up to 20 NPP power units and thermal power plants constructed both in Russia and abroad.

The merged company and its subsidiaries and affiliates will include over 7000 employees. By 2015 it's forecast to increase the merged company's profit to 10 \$ bln. per year.

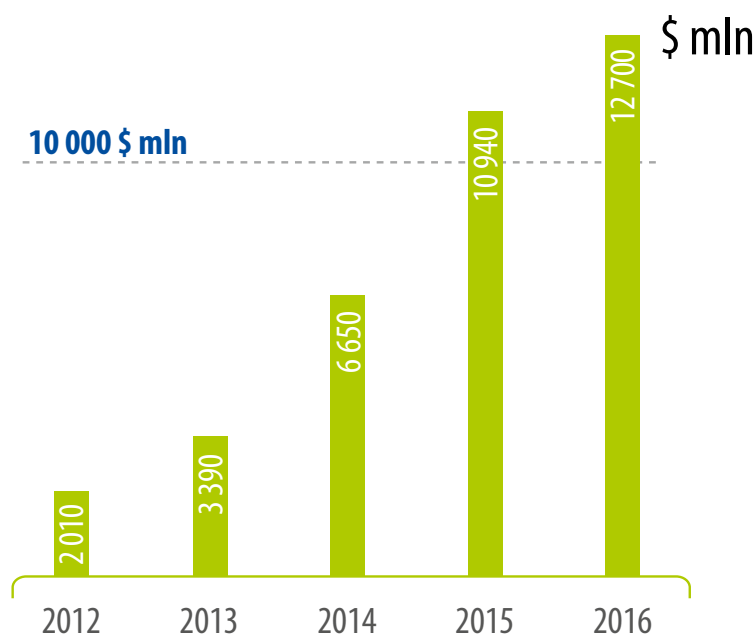


Figure 17. Assessment of growth dynamics

Participation in elaboration of NPP project on the basis of fast neutrons reactors

Another higher priority of the Company Strategy is participation in developing NPP project based on fast neutrons reactors. These reactors are reactors of more up-to-date fourth generation. JSC NIAEP plans to participate in project elaboration and implementation in Russian and world nuclear power market.

In the framework of development of this strategy line the Company studies possibilities of fast neutron projects implementation jointly with JSC «OKBM Afrikantov». In 2011 application of up-to date technologies of life cycle management for NPP equipped with reactor plant BN-1200 was analyzed.



1.4. Risk Management

1.4.1. Corporate Risk Management System

The goal of risk management system is implementation of methodology and tooling for risk management in large-scale investment project management with possibility of further results applied to other projects.

Principles of NIAEP risk management system functioning correspond to the principles specified in the Risk Management Policy of Rosatom State Corporation approved by the General Director's Order №1/4 – P dated January 13, 2011:

- correspondence of corporate strategy (risk assessment shall be fulfilled, first of all, with relation to influence on strategic goals of Rosatom State Corporation);
- operational risk management is the duty of all employees;
- fulfilling regular risks reassessment;
- integration into main processes of planning (strategic planning, mid-term planning, investment planning) for enabling the fullest activity risks accounting;
- integration of existing practices on managing separate risk categories (operational risks, human health risks, safety risks, and environmental risks);
- risk management transparency, informing of possible risks and open dialogue on possible consequences;

- accounting interaction of risks of all categories (financial risks, operational risks, human health risks, safety risks, and environmental risks) arising in all spheres of activity;
- reliable system of information exchange between structural departments;
- continuous development for the fullest goals achievement.

In JSC NIAEP the system of risks management is integrated into total management system and coordinated by the Company directorate.

For performing timely risks identification, analysis, and management the Company organizes staff meetings at NPPs under construction and weekly Company directorate briefings with participation of branches and representative offices by means of video conference. On construction sites (in 2011 – Kalinin NPP unit 4) staff meetings are held every week, which allows risks identification and timely taking compensating measures on their reduction.

The obvious results of such approach to risks management are:

- timely physical and power start-up of the power unit №4 of Kalinin NPP;
- actual absence of financial and reputational losses.

1.4.2. System of Investment Project Risk Management

In 2011 the Company successfully started and finished a pilot project «Introduction of system of investment project risks management» on the basis of construction of power unit 3 of Rostov NPP.

Goal of this project is implementation of risk management methodology and tooling for managing large-scale investment project with possibility of further knowledge and skills distribution on other construction sites.

The project was composed of several stages. At the preparation stage the working group was created. This group includ-

ed representatives of Rosatom State Corporation, advisors, and expert group consisted of NIAEP specialists. For works coordination the Managing and Expert Councils were created. This stage also includes preparation of questionnaires and interviewing key executors in all lines of engineering company activity.

At stage 1 «Identification of large-scale investment project risks» a complex project risk pyramid including interactions between the risks was built, and risks holders were determined. The Consolidated Register included 234 risks.



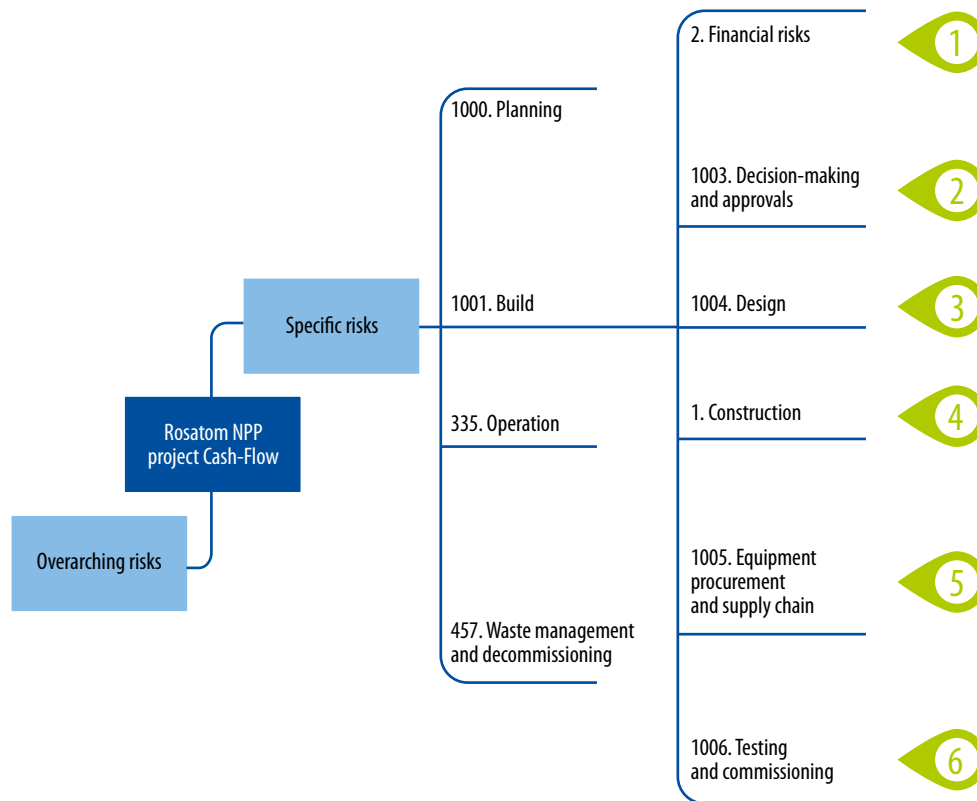


Figure 18. High-level structure of risks pyramid

With the help of experts including the employees of main production directorates of the headquarters of JSC NIAEP and NIAEP Volgodonsk Branch the list containing 15 main risks was made up. In future these risks will be subject to quantitative assessment of their influence on financial and time project indices.

At stage 2 “Risk assessment” simulation model of project risk assessment with calculations of deviation from the design pa-

rameters of project realization upon occurrence of some particular events was elaborated.

The base of the calculation model is Construction progress chart of the 2-nd level relating to the time-critical works. The chart contains not only data on construction terms, but also cost of work both in basic and actual price level for all works specified in it.

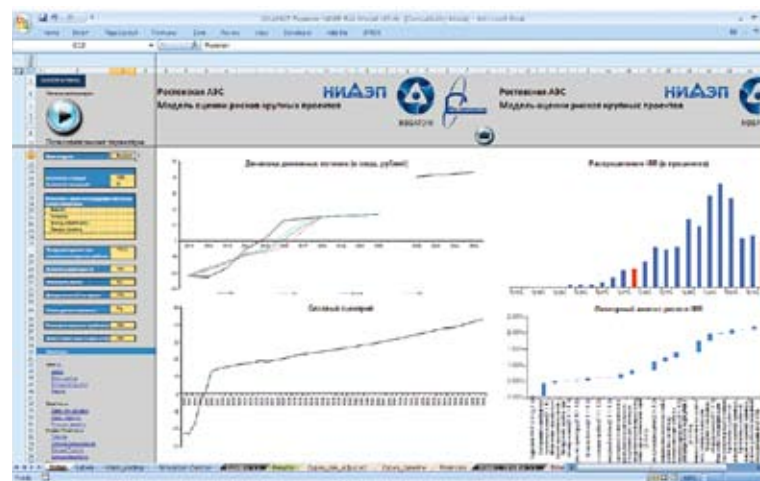
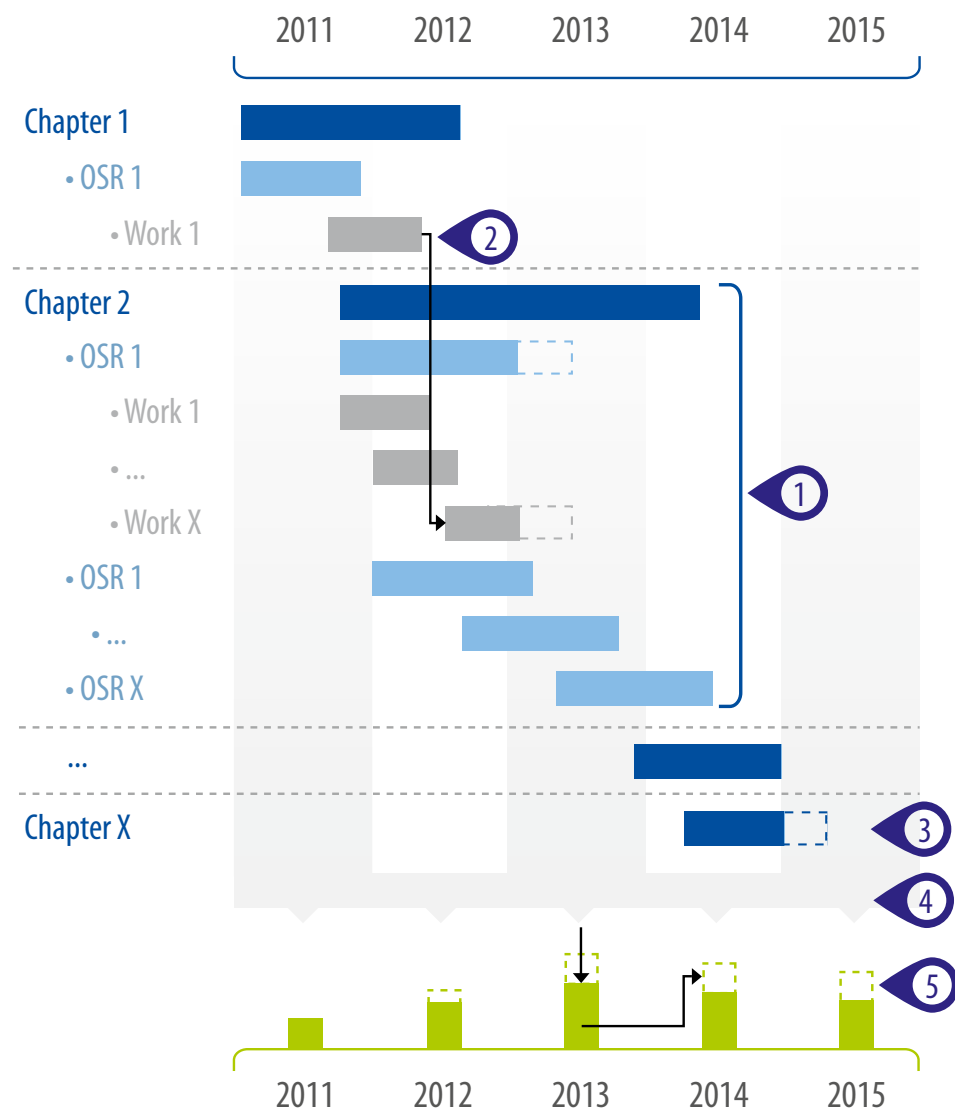


Figure 19. Risk assessment simulation model



Rostov NPP construction schedule



APPROACH

1. Defining of chapters that may have the strongest influence on deviation from milestone schedule (ultimate work nature):
 - including of major dements both of work level and OSR into the model;
 - uniting of the rest elements for simplification (the goal is 50 elements in the schedule).
2. Defining of chapters containing key works that may influence total work schedule because of their implementation sequence (interdependence recording).
3. Consideration of other delays not related to certain critical elements that can hardly be influenced.
4. Reappraisal of schedule - adjustment with regard to risk of certain elements (delays, air for start..., etc.).
5. Appraisal of outcome, recalculation of cost and financial indicators of the project.

Figure 20. Approach to quantitative risk assessment

15 key risks are assessed on the basis of probabilistic-statistic method. The result is a prepared report reflecting the volatility of main indices, setting risk priorities that require fulfilling analysis for these risks reduction, and readiness for project risk.

At stage 3 «Developing measures on risk management» the guide with measures on pilot project risk management and simulation model of risks management were developed.

At stage 4 «Developing methodology on investment projects risks management and plan of its further distribution»:

- key conclusions on investment projects risks assessments were made;
- changes of risks management process for future projects were proposed;
- recommendations on order of methodology distribution were given;
- formalized system for assessment, tracking and monitoring basic measures on project risks management, including detailed reports on tracking the measures taking status.



1.4.3. List of Main Risks and Measures on Their Reduction

In the pilot project «Introduction of investment project risks management system» the base process of risk identification and assessment was developed. It may be applied to all spheres of Company engineering activity for clarification and

increase of actual knowledge about risks, and determination of specific measures on risks management for improving economic attractiveness of the projects.

List of main risks and measures on their reduction

Table 8

Risks	Measures on risks management
1. Internal design mistakes	Changing technological order of thermal structures assembling starting from steam generators, which allowed reduction of works execution term by 3 months. Developing new Key Performance Indices (KPI) for design power unit for timely specification of up-to-date and competitive equipment in the project.
2.1. Inefficient supply chain	Examining the quality of non-reliable suppliers. Extending storage areas for equipment on the construction sites. Clarifying to workers and engineers the documentation on assembling and adjustment of power valves. Improving the process of quality control for authorized organizations. Insurance against losses incurred due to counteragent's liabilities non-fulfillment. Motorist liability insurance. Load insurance. Insurance at the tenders on purchased equipment.
2.2. Delay of equipment supply	Using unified information system for work with suppliers. Fulfilling additional examination of timely supplies. Bringing administrative pressure on suppliers. Changing the process of equipment integration (reduction of coordination iterations, increasing responsibility of the branch of Concern «Rosenergoatom»). Insurance against losses incurred due to counteragent's liabilities non-fulfillment.
3.1. Low-level organization of subcontractors' work	Investment in developing subcontractors related to JSC NIAEP (vertical integration). Creation of consolidated structure of subcontractors (target state – 5 powerful financially stable companies). Changing the structure of managing documentation for equal distribution of works profitability. Improving coordination in the course of one day/week task fulfillment on the site. Insurance against losses incurred due to counteragent's liabilities non-fulfillment.
3.2. Low quality of works	Using up-to-date welding equipment. Increasing quantity of workers on the site. Training of subcontractors' engineers twice per year. Using the Primavera schedule as a primary one. Synchronization of all other schedules with Primavera for enabling concentrated and continuous fulfillment of specific works. Attracting to work specialized subcontractors for reduction of the risk of fulfilling works with unsatisfied quality level. Improving subcontractor's production capacities (increase of shifts quantity/duration, additional staff). Insurance of construction and assembling works including all used materials, construction site equipment and construction equipment, construction machines, expenses for territories cleaning, waste disposal, additional facilities.
4. Financial-economic risks	JSC NIAEP fulfills the monthly plan-fact analysis of implementing the Company budget, all business-processes, and budgets of NPP construction in the framework of NPP cost management system. Details on cost management system are specified in <i>chapter 3.3.3. «Construction cost management»</i> .



1.4.4. Risks of Merging JSC NIAEP and JSC ASE

Integration of JSC NIAEP and JSC ASE is aimed at creation of efficient Merged Engineering Company (MEC) able to implement a large-scale program of NPPs construction in Russia and abroad and able to finish building of engineering competences. It's planned to increase considerably the efficiency of the merged company due to reaching synergies, including competences strengthening, project management quality improving and optimization of company structure.

Alongside with that, integration of JSC NIAEP and JSC ASE implies some risks identified at different stages of Merged Engineering Company establishment.

In 2011 at the stage of making the decision on integration it was important to exclude the primary risks connected with strategy formation.

Risks of merging JSC NIAEP and JSC ASE and countermeasures

Table 9

Risks of merging	Countermeasures
Incorrect choice of MEC development direction (assets consolidation requires «accurate adjustment» on many parameters)	Elaborating the strategy of MEC developing in accordance with the strategic initiatives of Rosatom State Corporation
Inadequate determination of required level of connection between the companies	Step-by-step integration (starting from synchronization at the top management level and finishing with departments restructuring)
Underestimating volume of additional investment necessary for further companies integration	Analysis of financial state of CJSC ASE and developing measures on reduction of business unprofitableness and increasing its efficiency

1.4.5. Plans for 2012

For continuing development of risk management system the Company plans to take the following measures:

- Creation of a separate department dealing with risk management.
- Appointing responsible persons (risk holders) on every activity direction.
- Developing and approving the plan of distributing the approach on investment projects risks management to key investment projects.
- Gradual integration of insurance into the risk management system.

Besides, for 2012 the work on minimization and prevention of risks connected with uniting JSC NIAEP and JSC ASE is planned. This activity is conducted in the framework of implementing the projects "Program of restructuring of CJSC "Atomstroyexport" and "Forming the "Management of complex engineering facilities construction abroad" business model".





Type of risk	Measures on risk management
Risks connected with the share capital	Reduction of MEC capitalization compared to the total capitalization of JSC NIAEP and JSC ASE; redistribution of corporate control in favor of people not interested in efficient company functioning (these people may even the members of labor collective properly set for this).
Risks connected with company resources	<p>Infrastructure risks (reduction of uniting efficiency due to mistakes in the course of integration process):</p> <ul style="list-style-type: none"> • loss of the staff and/or reduction of its loyalty; • reduction of labor efficiency (due to negative perception of changes, due to expecting staff reduction or other factors of increasing moral tension in the collective); • labor collective resistance to changes; • reducing quality of business-processes fulfillment causing decrease of operational efficiency; • opposition of corporate cultures; • technological incompatibility of information systems or high costs connected with their integration. <p>Financial risks:</p> <ul style="list-style-type: none"> • risk of cash deficiencies; • increase of total volume of tax payments; • reduction of average profit norm; • aggravation of credit terms due to operational risks growth; • increase of debt financing cost; • risk of submitting the creditors' claims on early obligations termination or fulfilling and on losses compensation. <p>Operational risks – exceeding the optimum company size upon occurrence of:</p> <ul style="list-style-type: none"> • “negative effect due to the scale” (emerging the problems connected with business units manageability, coordination of departments development with efficient profit distribution and support of planned rates of growth); • risk of technological industry changes that may render unnecessary or inefficient any UEC element; • problem of fine adjustment and stability of technological connections in the course of UEC formation.
Risks connected with external environment	<ul style="list-style-type: none"> • unfavorable changes in the legislation and in foreign economic policy causing deterioration of transaction terms and results. • measures on state influence (including changing the position of tax, customs, tariff and other authorities controlling the company activity). • dependence on the cycle of business activity. • loss of client base.



1.5. Mission, Values, and Public Position Sustainable Development

1.5.1. Mission

MISSION OF JSC NIAEP – contribution to development and increase of the efficiency of Russian nuclear power industry by means of enabling full and qualitative complex of engineering services in the course of NPP construction and Customers needs satisfaction.

1.5.2. Values

In its activity JSC NIAEP follows the forthcoming principles:



In 2011 on the basis of values the public position of JSC NIAEP on questions of stable development was formed. Public position sustainable development is a framework documents for taking decisions on the socially important aspects of importance relating of the Company's activity.

1.5.3. Public Position on Sustainable Development

Safety and quality

Safety and quality are the key characteristics of constructed NIAEP.

In its activity JSC NIAEP strictly meets all safety requirements set in normative legal base on international, national, and industry-specific levels.

Safety of operating NPPs and other complex engineering objects directly depends on the quality of works performed at all construction stages. The Company guarantees high level of

quality, reliability, and safety of constructed facilities. Within the company the quality management system based on the principles of Total quality management reflected in international standards ISO 9000 is applied. JSC NIAEP sets the requirements on enabling necessary safety level to suppliers and contractors and strictly controls the quality of works, equipment, and materials.

In 2012 JSC NIAEP plans to implement integrated management system including quality management system, ecological management system, and labor safety management system.



Staff development

The Company works in innovation high-technology market, which imposes higher requirements to the level of highly professional team competences. That's why it's important for us to attract the best specialists of the industry and continuously improve their knowledge and practical skills on all key competences necessary for our projects implementation.

The Company provides high level of salaries and invests considerable funds into staff development and into its qualification improvement. Main principles in the sphere of managing the Company's human resources are impartial assessing the professional contribution of every employee, providing the possibility of carrier progress and enabling interrelation of salary level and results of employee's activity.

For 2012 the Company has planned joint meeting of trade union committee representatives and company administration, in the course of which the questions of fulfilling the employer's and trade union committee's obligations under the labor contract of JSC NIAEP for 2010–2012.

Innovation activity

The Company performs technical development on the basis of innovation approaches to managing NPP power units designing and construction based on up-to-date information technologies.

Upon that, technological and innovation level of its partners is also very important for the Company. Following the goal of joint innovation development with partners the Innovation Design Association was established.

As part of Association's activities in June of 2012 it is planned to organize II International Research and Practice Forum "Multi-D Project – Development of competitive technologies of complex engineering construction projects".

By December of 2012 it is planned to create a system of NPP life cycle management to provide the participants of the VVER-TOI project with access to actual information on NPP power unit at all stages of its life cycle. Information on the progress of system creation will be distributed at special conferences and in the news block on the website of JSC NIAEP <http://niaep.ru/>.

Contribution to the economic development

Realizing large-scale projects that are important for the economics of territories where the Company carries-out its operations the Company realizes its responsibility for forming

the conditions for social-economic development of these regions.

JSC NIAEP is one of the largest tax payers of the Nizhniy Novgorod region. The Company forms the conditions for creation new working positions on the territories of its operations in the companies of suppliers and equipment and materials manufacturers.

In 2012 it is planned to fulfill monitoring of public opinion and planning social-economic development of territories of the Company's operations.

Social responsibility

Sustainable development of JSC NIAEP directly depends on public acceptance of activity on construction of nuclear power facilities. The Company pays especial attention to the factor of social stability and considers social responsibility as one of key principles of its activity.

Social influence of the Company is effected internally (personnel) and externally (local associations).

The labor agreement specifies obligations of JSC NIAEP as an employer with regard to social guarantees and benefits for its employees. In 2012 the main tasks of JSC NIAEP in the sphere of employees' social support are further implementation of social programs in accordance with the social policy of Rosatom State Corporation and valid labor agreement and also conducting collective negotiations in preparation of NIAEP labor agreement for 2013-2014.

The Company fulfills systematic work on rendering charitable assistance in the territories of Company's operations following the Program of NIAEP charitable measures.

JSC NIAEP undertakes to consider the opinion of interested parties during creation and realization of plans in the sphere of social impact.

Environmental Protection

Maximum impact on the environment is effected during power units construction.

Special necessary documents on ecological safety and also plans of taking measures on reduction the quantity of waste generation and disposal are elaborated to control impact of the Company's operational activity on ecology .

JSC NIAEP does not infringe the norms of the Environmental Regulations, which is confirmed by the fact of penal sanctions absence.



Since 2012 every subject of operational activity will be provided annually with updated plan of measures on reduction of environment contamination for minimizing negative impact on ecology.

Transparence and accountability

In the framework of its main activity JSC NIAEP is responsible to the shareholder for realization of investment obligations. Besides, JSC NIAEP faces various requirements placed by key interested parties, including regional authorities, local authorities, business partners, and local associations. Efficient work with interested parties includes finding out their expectations, determination of Company response position, and also, in case of viability, accounting their expectations in corporate policies, development strategy, and current activity.

The Company tries to establish long-term mutually beneficial relations with interested parties, respects their opinion, guarantees fulfillment of all undertaken liabilities, and, in its turn, demands of interested parties fulfillment of all liabilities undertaken by them.

The Company undertakes to timely inform the interested parties of important aspects of its activity, including informing by means of public accounting.

For 2012 the Company has planned the works on updating its regulatory documents in the sphere of public accounting and on creation of systematic practice of cooperation with interested parties.





Nizhny Novgorod. The People Consolidation Square





1.6. Corporate Management

1.6.1. Principles of Corporate Management

System of corporate management of JSC NIAEP is based on the requirements of Rosatom state Corporation with regard to the interests of key interested parties. Corporate Company management is performed in accordance with the following regulatory documents:

- Federal Law № 208-FZ “On joint-stock companies”;
- Regulations on cooperation of structural departments of JSC NIAEP in the course of preparing the materials for NIAEP

Board of Directors meetings and General Shareholders Meetings of NIAEP.

- Statute on cooperation of structural departments and company officers of JSC NIAEP in the course of NIAEP affiliates management.
- Company Standard Order of preparing public annual report for the accounting period».
- Regulations on public annual accounting of JSC NIAEP.

1.6.2. Equity Capital and Securities

In 2011 there were no changes in the equity capital of JSC NIAEP. As of December 31, 2011 the amount of Company equity capital made up 500 001 877 rubles.

The quantity of actually placed securities made up 500 001 877. All the securities were placed by means of public offering. Nominal cost of one security is one ruble.

The sole shareholder of JSC NIAEP is JSC «Atomenergoprom» included in Rosatom Nuclear Power State Corporation. The

Shareholder is entitled to manage the activity of the Board of Directors and to give them recommendations as per the Statute on the Board of Directors.

1.6.3. Corporate Management Bodies and Main Documents

Company management bodies are the General Shareholders Meeting (the sole shareholder – JSC “Atomenergoprom”), Board of Directors, Director (sole executive body). The authorities of the management bodies are specified in the Charter of JSC NIAEP approved by the decision of the sole shareholder dated August 6, 2009.

General Shareholders Meeting

Decisions on issues falling within the competence of General Shareholders Meeting shall be taken by the sole shareholder at his own sole discretion.

In 2011 the sole shareholder of the Company took 6 decisions (see Table 11). Activity of the Company's Board of Directors is based on the provisions of the Federal Law № 208-FZ «On joint-stock companies» and on the Company's Charter.



Decisions of the sole shareholder in 2011

Table 11

Nº	Data	Number	Decision
1	28.02.2011	12	On early termination of authorities of members of NIAEP Audit Commission On election of new set of NIAEP Audit Commission
2	30.06.2011	13	On approval of annual report of JSC NIAEP for 2010; On approval of annual accounting financial statements of JSC NIAEP according to the results of 2010; On approval of net profit distribution according to the results of 2010; On approval of NIAEP auditor for 2011; On electing new set of NIAEP Board of Directors; On electing new set of NIAEP Audit Commission
3	13.09.2011	14	On changing the Charter of JSC NIAEP
4	11.10.2011	15	On changing the Charter of JSC NIAEP
5	14.11.2011	16	On changing the Charter of JSC NIAEP
6	07.12.2011	17	On changing the Charter of JSC NIAEP

Board of Directors of JSC NIAEP

The set of the Board of Directors as on December 31, 2011 acts on the basis of the Decision of the sole shareholder of JSC «Atomenergoprom» № 13 dated June 30, 2011. The Board of Directors with layout according to sex and age is given below (see Table 12).

The Order of Board of Directors' work, measures on preventing the conflict of interests, and requirements to the compe-

tence of members of the Board of Directors are specified in the Statute on the Board of Directors of JSC NIAEP

There are no committees attached to the Board of Directors, as this issue relates to the competence of the Board of Directors of JSC NIAEP, and such decisions have not been taken by the latter until recently.

Board of Directors with layout according to sex and age, pers.

Table 12

Age	Men	Women	Total
Under 30	0	0	0
From 30 to 50	0	0	0
Over 50	4	1	5





Budylin Sergey Vasilyevich

He was born in 1959 in Moscow. In 1982 he graduated from Moscow Power engineering Institute with the specialization on electromechanical engineering. Prior to coming to the nuclear power industry he has worked for a long time in the sphere of development, headed several big construction and assembling companies. In the structures of the nuclear power industry he has worked since 2009. He held the position of the Director of the construction company JSC «NIKIMT-Atomstroy», then the position of an advisor of the General Director of Rosatom State Corporation, and Director of the Capital Construction Department later transformed into the Direction on Capital Construction. At the moment he holds the position of a Deputy General Director of Rosatom State Corporation – Director of the Direction on Capital Construction. Since 2010 he has been the Chairman of the Board of Directors of JSC NIAEP. He has no participation share in the authorized capital of JSC NIAEP.



Limarenko Valeriy Igorevich

He was born in 1960 in Kharkov. In 1983 he graduated from Kharkov Aviation Institute with the specialization «Liquid-propellant rocket engines». From May of 2001 till December of 2003 he had held the position of the Minister of construction and housing and utilities infrastructure of the Government of the Nizhniy Novgorod region. From December of 2003 till 2005 he had been the Chief Federal Supervisor for the Nizhniy Novgorod region. At the moment he is a State Advisor of the Russian Federation of the 3-rd grade. From 2005 till 2007 he had held the position of the Deputy Governor, Deputy Chairman of the Government of the Nizhniy Novgorod region on construction, power industry, housing and utilities infrastructure, and information technologies. From May of 2007 till the present time he has held the post of the Director of Joint-Stock Company “NIZHNY NOVGOROD ENGINEERING COMPANY “ATOMENERGOPROEKT”. Since 2007 he has been also the member of the Board of Directors of JSC NIAEP. He has no participation share in the authorized capital of JSC NIAEP. Rate of remuneration NIAEP Director is set in accordance with an appropriate labor contract. The Director of JSC «NIAEP» acts on the basis of the Decision of the sole shareholder of JSC NIAEP №1 dated December 22, 2008.



Podryadova Marina Yuryevna

She was born in 1960 in Moscow. In 1983 she graduated with distinction from Moscow Financial Institute (Academy) with the specialization «Economics». From 1997 till 2001 she had held the post of financial director and chief accountant of CJSC «TEMDE Ltd.». From 2002 till 2004 she had been the chief accountant of CJSC «GIPERCENTER». From 2004 till 2009 she had held the position of chief accountant and financial director of «DS DEVELOPMENT LTD» (Group of Companies «DON-Story»). Since May of 2010 till the present time she has held the position of the Director of Capital Construction Department of Rosatom State Corporation. She has been the member of the Board of Directors of JSC NIAEP since 2010. She has no participation share in the authorized capital of JSC NIAEP.





Sakharov Gennadiy Stanislavovich

He was born in 1961 in Kaluga. In 1984 he graduated from Serepukhov Higher Military Command and Engineering School of Missile Forces n/a Leninst Komsomol, in 2003 – from Saint-Petersburg State University of Architecture and Civil Engineering, in 2008 – he graduated from the post-graduate studies of Economics Faculty of the Lomonosov Moscow State University. He is the candidate of economic sciences. From 1979 till 1999 he had done military service in the Armed Forces of the Russian Federation. From 1999 till 2001 he had held the position of an Advisor of the Federal State Service of Russia for Kaluga, Smolensk, Tula, and Oryol regions on financial recovery and bankruptcy. He has obtained a qualification degree of a State Service Advisor of the 1-st grade. Since 2007 he has held the position of the Head of the Department on Investment Programs Management of JSC «Concern Energoatom». Since 2009 he has been the Director of the Department on Managing the Investment Programs of Capital Expenditures of JSC «Atomenergoprom». Since 2010 he has held the position of the Head of the Direction of Capital Expenditures Investment Programmes of Rosatom Nuclear Power State Corporation. From 2009 till 2010 he had been the Chairman of the Board of Directors of JSC «Energospetsmontazh». He was awarded with an Order of Military Merit, Medal for Distinguished Combat Services and with some other government and industry-specific awards. He has also a title of an «Honorable Builder of the upper-stream region of Volga». Since 2010 he has been a member of the Board of Directors of JSC NIAEP. He has no share in the authorized capital of JSC NIAEP.



Frolov Alexander Ivanovich

He was born in 1947 in Moscow. In 1971 he graduated from Moscow Mining Institute and in 1980 – from All-Union Foreign Commerce Academy. From 1971 till 1980 he had worked in Central Research and Development Institute Podzemmassh attached to the Ministry of Coal Industry of the USSR at the position of a design engineer of the 1-st category. He possesses his own patents for inventions. From 1980 till 1998 he had worked in the Headquarters of State Committee on Foreign Economic Relations, then – in the Ministry of Foreign Economic Relations of the USSR. From 2000 till 2006 he had held the positions of a principal specialist, head of division, deputy head and first deputy head of Financial Control Department of FSUE «Concern «Rosenergoatom».

From 2006 till 2008 he had held the position of an Advisor of the General Director and deputy head of the subdivision of FSUE «CNIIAtominform». In 2007 he was awarded with a Certificate of Merit of the Federal Atomic Energy Agency for diligent work in the nuclear power industry. From 2008 till 2010 he has held the position of a principle specialist of the Department of managing the cost of investment projects of JSC «Atomenergoprom». Since 2010 he has been the principal specialist of the Direction of Investment Objects Cost Management of the Direction on capital Construction of Rosatom State Corporation. Since 2010 he has been a member of the Board of Directors of JSC NIAEP. He has no share in the authorized capital of JSC NIAEP.





The set of the Board of Directors shall be determined by the shareholder at his own sole discretion and presented to JSC NIAEP as the decisions of the sole shareholder. Independent directors are not included in the Board of Directors, as this question relates to the competence of the sole shareholder of JSC NIAEP, and the latter has not taken such decisions till the present time.

In 2011 35 meetings of the Board of Directors were held. At these meetings the Board of Directors considered and took decisions in 5 areas:

- taking decisions on creation of separate Company departments, on approval of corresponding Statutes, and on proposals for the sole shareholder concerning changing the Company's Charter;
- approval of annual purchasing program of the Company;
- transactions approval;
- approval of annual plans and budgets of the Company;
- taking decisions on the questions relating to the competence of the General Meeting of NIAEP affiliates participants.

1.6.4. Control of Financial and Economic Activity

Control of Company's financial and economic activity shall be effected by the Audit Commission, Independent Auditor or by the Department of Internal Control and Audit of JSC NIAEP.

For fulfilling control of financial and economic activity the General Shareholders Meeting annually elect the Company's Audit Commission. Upon the decision of the General Shareholders Meeting of JSC NIAEP № 13 dated June 30, 2011 the Audit Commission consisting of the following persons was elected: Zabelina Evgeniya Andreyevna, Rychkov Ilya Dmitriyevich, and Kashavtsev Roman Alexandrovich.

Competences of the audit Commission shall be specified according to the Federal Law «On joint-stock companies», Company's Charter, and Statute on Company Audit Commission. The Audit Commission shall be accountable only to the General Shareholders' Meeting and shall not depend on executive officers of the Company managing bodies. The opinion of the audit Commission following the results of work in 2011 is given *in Annex 5*.

The report on the activity of the Board of Directors of JSC NIAEP according to higher priority activity directions is given *in Annex 1*.

After analyzing compliance of the existing order of Board of Directors' activity with the order specified in the Code of Corporate Conduct the compliance on key aspects was confirmed. Some provisions of the Code cannot be applied due to specificity connected with the availability of only one sole shareholder. More detailed information is given in Annex 2. «Information on observing the Code of Corporate Conduct».

Upon the decision of the sole shareholder the members of the Board of Directors may get remuneration and (or) compensation for the expenses connected with their functioning as members of the Board of Directors of the Company in the period of fulfilling their obligations. The rate of these remunerations and compensations shall be set by the decision of the sole shareholder. Following the results of work of the Board of Directors of JSC NIAEP in 2011 the sole shareholders did not take such decisions, consequently, no remunerations were accrued and paid to the members of the Board of Directors for the accounting period.

In 2011 the decision on payment of remuneration and compensation of NIAEP Audit Commission's expenses incurred due to fulfilling their obligations was not taken, consequently, no remunerations or compensations were paid.

According to the decision of the sole shareholder of the Company №13 dated June 30, 2011 the Company's Independent Auditor is «Cosmos-Audit Ltd.» that was elected in 2011 as the auditor of JSC NIAEP.

The Department of Internal Control and Audit shall control financial and economic activity of the Company and its affiliates in accordance with the plans of control procedures agreed with the Department of Internal Control and Audit of Rosatom State Corporation and also according to the decisions of the Company's managing authorities and orders and directions of the Company's sole executive Body.

The work of the Department is aimed at timely identification and elimination of violations for reduction of risks in financial-economic and operational activity of the Company.



In 2011 the department conducted 72 audits (in 2010 – 57), including 21 audits of various aspects of financial-economic activity of the Company departments, 51 investigations and examinations under separate Director's orders.

During the year some field audits of financial and economic activity in all NIAEP affiliates and branches were conducted. Auditors checked implementation of budgets and cost estimates of subsidiaries and affiliates and execution of contracts for construction and assembling works concluded with subcontractors. In some cases independent auditors and experts were involved in these audits.

Following the results of the audits six Company's executive officers were penalized, and one top-manager working in the sector of subsidiaries and affiliates was fired.

In 2011 internal audits of business processes were implemented. Therefore, the Company conducted the audits of processes «Accounting of operations on works and services purchasing» in JSC NIAEP and «Equipment acceptance and acceptance control» in the Volgodonsk Branch.

The Department of Internal Control and Audit acting as a controlling body in the sphere of purchases shall control the compliance of fulfilled purchasing procedure with the Unified Industry Standard of purchasing in the Company, its separate subdivisions, subsidiaries and affiliates in the course of field and in-office audits. Issues concerning purchasing and contracting work are obligatory during audits of financial and economic activity of the departments. Special attention is paid to the purchases from the sole supplier. 198 procedures were audited, that is 17% of all purchases from the sole supplier.

The department actively participates in implementation of the Complex industry-specific program on ebezzlement and fraud combating, which includes checking information supplied by communication channels «hot line». In 2011 six communications were received by means of this «Hot line». On two communications field audits were conducted, and on four the received information was taken into consideration during fulfilling scheduled audits.

Following the results of audits the Director of the Company shall approve the List of orders, execution of which shall be controlled by the Department of the Internal Control and Audit. In 2011 all ordered were executed.

Anticorruption efforts

Measures taken in JSC NIAEP for reduction of risks of corruption arising are aimed not only at identification of actions connected with the goal-directed intentional inappropriate use of funds, but also at preventing even potential possibility of such actions performance on the systematic basis.

System of corruption combating in JSC NIAEP is based on cooperation of Direction of Special Security and Assets Protection (hereinafter referred to as DSSAP), Principal Legal Direction, and Department of Internal Control and Audit.

According to explanations attached to the accounting documents of Assets Protection Departments elaborated in accordance with the «Order of functional management of Assets Protection Departments of subordinated enterprises and organizations of Rosatom State Corporation approved by the order № 1/385-P dated May 3, 2011 the positions subject to corruption risks are the positions, to which one of the following characteristics may be related:

- Positions stipulating for material responsibility in accordance with the terms of the contract.
- Positions stipulating for financial authorities.
- Positions stipulating for administrative-distributional functions.
- Positions connected with organization and carrying out purchasing procedures.

In 2011 in JSC NIAEP 304 positions corresponded to the mentioned above criteria. Within the accounting period 34 employees, positions of which are subject to corruption risks, were hired. 2 candidates were checked for loyalty by the Internal Security Directorate.

In 2011 two business-units of different structural departments of JSC NIAEP were analyzed for risks connected with corruption, that made up 0.66% of total quantity of business units.





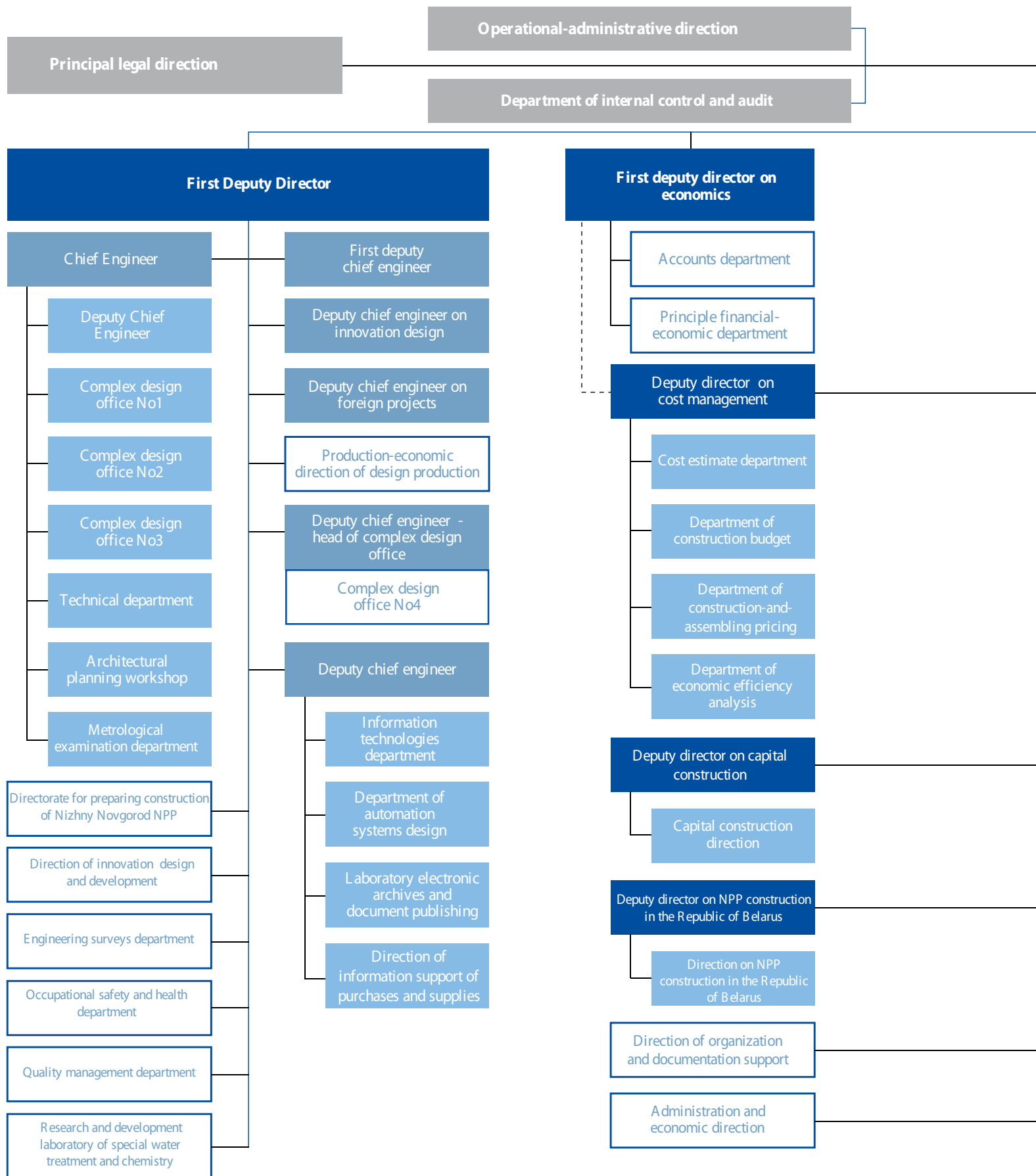
1.6.5. Dividends Payment

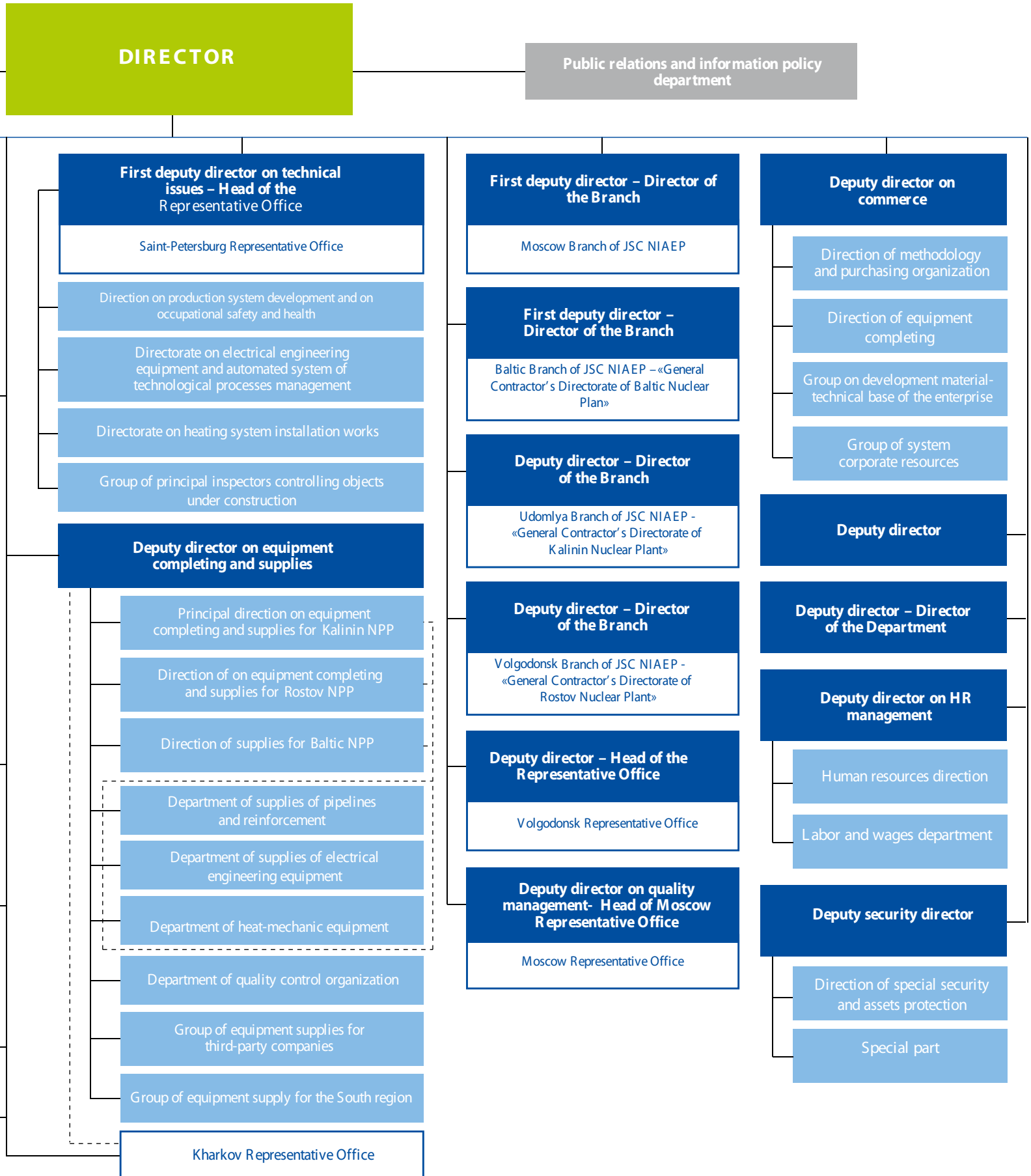
Procedure of dividends payment in JSC NIAEP shall be regulated by section 8 of the Company Charter. According to the Charter on the basis of the results of the first quarter, six months, nine months of fiscal year and/or on the basis of the results of the fiscal year the Company is entitled to take decisions (declare) on dividends payment. The decision on dividends payment may be taken within three months from the date of corresponding period finishing. Decision on dividends payment, including determination of amount, order, form, and terms, shall be taken by the sole shareholder of JSC «Atomenergoprom». Upon that, the dividends amount may be more than the rate recommended by the Board of Directors of JSC NIAEP.

In 2011 following the results of financial and economic activity for 2010 upon the decision of the sole shareholder №13 dated June 30, 2011 it was agreed to pay dividends in the amount of 656 211 000 rubles. Payment of dividends (excluding profit tax) was effected by means of funds transfer to the settlement account of JSC «Atomenergoprom» within 60 days from the moment of taking the decision.



1.7. Organizational Structure of JSC NIAEP





1.8. Top Management of JSC NIAEP*



LIMARENKO
Valeriy Igorevich

Director



IVANOV
Yuriy Alekseevich

First Deputy Director



KATS
Vladimir Lazarevich

First Deputy Director on
economics



BELOV
Vladimir Sergeevich

First Deputy Director on
technical matters – Head of Saint
Petersburg Representative Office



MAKHONIN
Vyacheslav Mikhaylovich

First Deputy Director –
Director of the Baltic Branch



KHAZIN
Alexander Borisovich

Deputy Director – Director of
the Volgodonsk Branch



KRUUZ
Igor Vladimirovich

Deputy Director – Director of the
Udomlya Branch



PETRENKO
Nikolay Vasilyevich

Deputy Director – Head of
Volgodonsk Representative
Office

* Further information on Top Management is given on the Company's website (www.niaep.ru in section – About Company – Personalia)





MEDVEDEV
Andrey Arkadyevich

Deputy Director on Commerce



RYMAR
Oleg Vladimirovich

Deputy Director on Cost
Management



VAGANOV
Leonid Sergeevich

Deputy Director on Set
Completing and Supplies



SHCHERBAK
Mikhail Yuryevich

Deputy Engineering Director



STRELTSOV
Sergey Alexandrovich

Deputy Director on quality
control – Head of Moscow
Representative Office



SHESHOKIN
Nikolay Pavlovich

Deputy Director on Human
Resources Management



YARYGIN
Vladimir Gavrilovich

Deputy Security Director



SHKITILEV
Dmitriy Vladimirovich

Chief Engineer



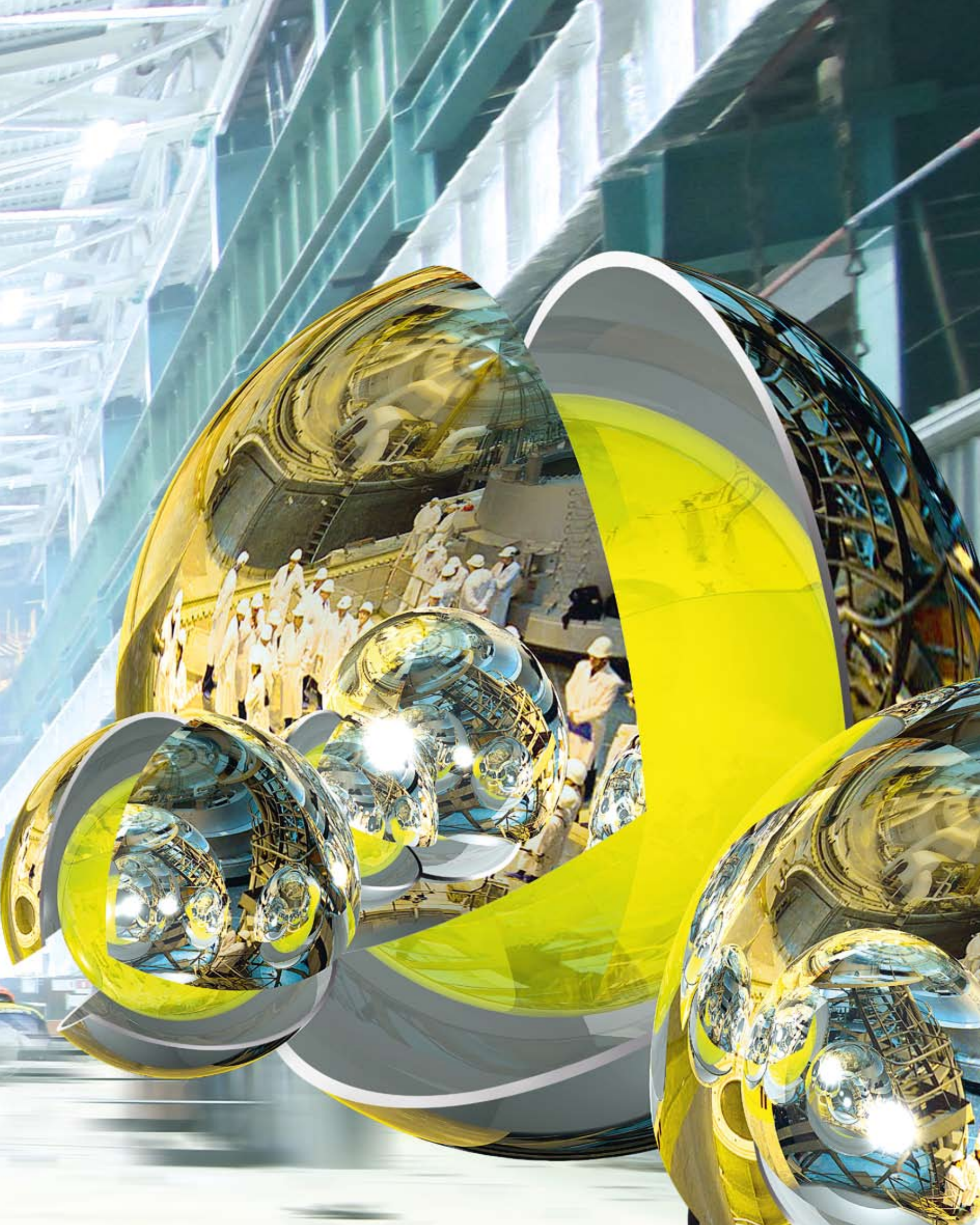
We Provide the Future

50%

JSC NIAEP holds 50% of the nuclear engineering service market

2. HIGHER-PRIORITY REPORT ISSUES





Before preparation of the Report the following higher-priority issues were agreed with interested parties of the Company:

- Developing competences of JSC NIAEP
- NPP safety

This section will not fully describe the information on higher-priority issues, but will fulfill the function of a navigator for these issues description in other sections of the Report.

2.1. Development of JSC NIAEP Competences

In 2008-2011, in JSC NIAEP several projects on company competences developing were started. These projects were directed to improve all main processes of Company activity: designing, construction, purchasing, and supplying.

Besides, in 2011, JSC NIAEP started developing the competences in the sphere of international cooperation and international activity.

Project on developing competences of JSC NIAEP

Table 13

Projects	Results
Developing competences on designing: Multi-D-designing	<ul style="list-style-type: none"> • Creation of technology of assembling works simulation for power unit № 3 of Rostov NPP • Execution of Multi-D projects for 236 rooms of the reactor compartment and for 18 zones of turbine compartment of the main building of the power unit № 3 of Rostov NPP with creation of an optimized schedule of works performance. • Developing methodologies of creation and implementation of assembling works simulation technology, conducting training of representatives of PCF JSC «Concern «Rosenergoatom» in accordance with the developed methodologies. Detailed information is given in sections 3.3. <i>Operational Activity Management</i> and 4.3. <i>Innovation activity</i>
Developing competences on construction: <ul style="list-style-type: none"> • Introduction of Rosatom Production System (RPS). • Creation and developing methodology of construction cost management 	<ul style="list-style-type: none"> • Due to Rosatom Production System introduction the terms of construction were considerably reduced; • As the result of improving and introduction of cost management methodology we managed to reduce construction costs in total by 2,727.03 mln. rub. Detailed information is given in section 3.3. <i>Operational Activity Management</i>
Developing competences in the sphere of purchasing and supplies: <ul style="list-style-type: none"> • Creation of industry-specific item name catalogue of equipment and materials for NPP. • Creation of the system of purchases and supplies management 	<ul style="list-style-type: none"> • In 2011 536 companies and organizations were registered as participants of the Catalogue 536. They include 27 foreign manufacturers (Ukraine, the Republic of Belarus, Czech Republic, Germany, USA, Finland, Moldova). Over 100 000 equipment cards were created, over 4000 files of 3D-models and over 7500 documentation files were introduced. Detailed information is given in section 4.3. <i>Innovation activity</i>
Development of competencies in the sphere of international collaboration and foreign operation	<ul style="list-style-type: none"> • Uniting with CJSC «Atomstroyexport», - leading engineering company on NPP construction abroad. Detailed information is given in section 1.3. <i>Strategy</i>



2.2. NPP Safety

Safety is the key characteristics of nuclear power facilities. Within the reporting year public attention in respect of this issue was especially close due to the events at “Fukushima-1” NPP. After this accident all NIAEP construction sites were checked, and safety norms were hardened again.

NIAEP activity on safety provision has several aspects, that is why this topic was described in several sections of the report.

Chapter 4.6.3. “Nuclear and radiation safety of constructed objects” contains information on key, in terms of safety, character-

istics used for NPP projects. This chapter contains description of safety provision at different stages of NPP cycle.

Subsection 4.1. “Safety and quality” contains information on Company’s approaches to quality provision, on valid quality management system and plans on its improving. Besides, this subsection describes rather important for NPP safety provision issue connected with control of equipment manufacturing quality.

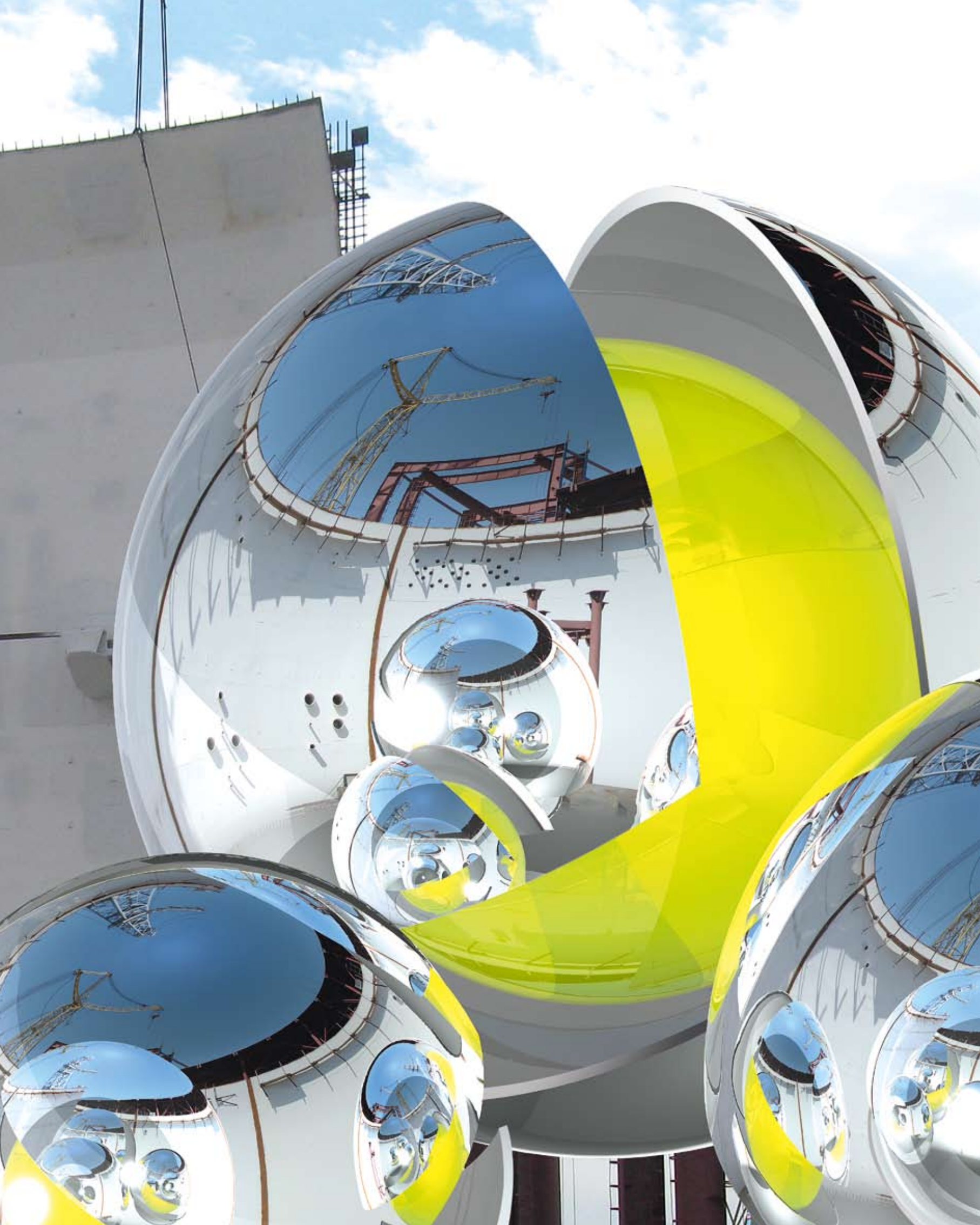


Built As Required

7 power units
of total capacity
5820 MW
based on
NIAEP design
have been commissioned

0
2
8
5

3. OPERATIONAL ACTIVITY



3.1. Main Financial Results and Statements

3.1.1. Financial Results of NIAEP Activity

Financial results of NIAEP activity for 2008-2011

Table 14

Index	2008	2009	2010	2011	2011/2010, %
Profit from sales, ths. rub. (excl.VAT)	17 992	35 228	41 081	35 307	86
Cost of sales, mln. rub.	16 308	32 690	37 623	33 212	88
Operating costs, mln. rub.	16 295	32 615	37 464	33 394	89
Gross profit, mln. rub.	1 683	2 538	3 458	2 096	61
Operating profit, mln.rub.	1 648	2 237	1 757	518	29
Before-tax profit, mln. rub.	1 558	1 965	1 186	828	70
Net profit, mln. rub.	1 105	1 554	776	708	91

Profit reduction compared to 2010 is caused by finishing construction of 4-th power unit of Kalinin NPP. Starting preparation of construction of power units №1, 2 of Baltic NPP in 2011 does not provide profit amount comparable to the results of 2010.

Besides, profit reduction was caused by planned decrease of construction cost. In the framework of construction cost reduction the trading margin of equipment selling was also cut, and percent of profit for general contraction services was decreased. More detailed information is given in *Subsection 3.3.3. "Construction cost management"*.

Decrease of net cost by 12% is caused by decrease of production program volumes reduction due to finishing the con-

struction of Kalinin NPP unit 4 and starting construction of Baltic NPP units 1 and 2.

Reduction of operational costs by 11% is caused by reducing volumes of works on objects construction.

Gross profit reduction by 39% is caused by finishing the construction of Kalinin NPP unit 4, what, in its turn, caused reducing volumes of construction and assembling works, design and survey works, equipment supplies, what influenced the profit rate and ratio of profit shares according to the types of activity (changing the profit structure).



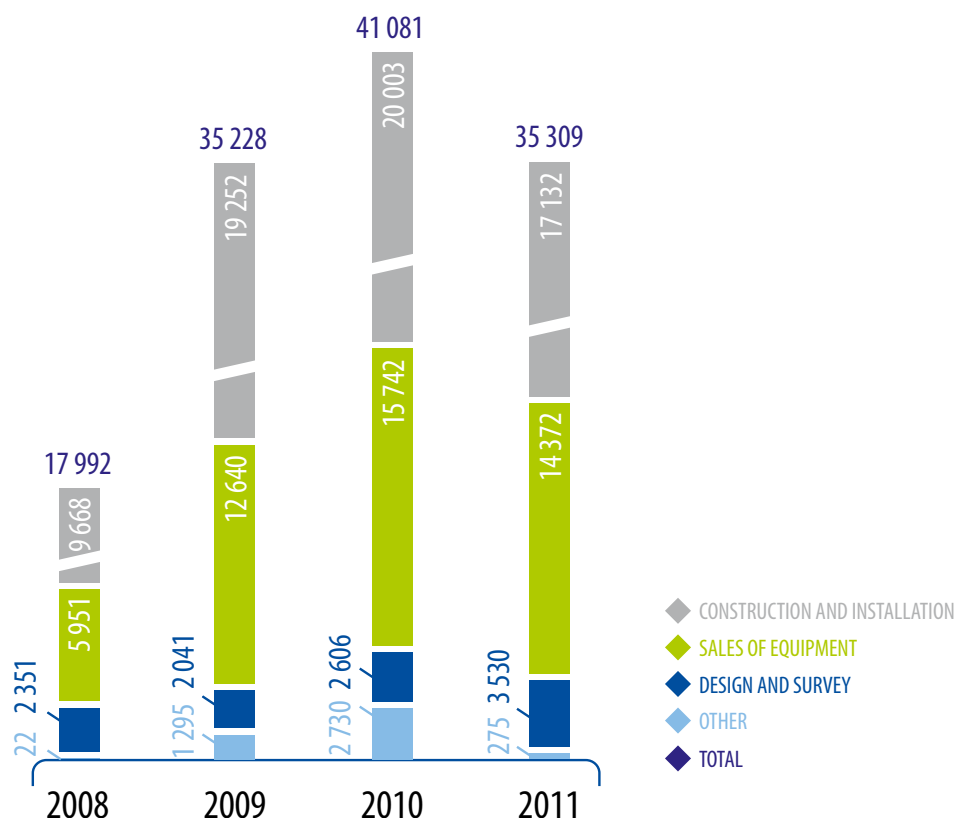


Figure 21. Financial results of NIAEP activity for 2008-2011

3.1.2. Main Financial and Economic Indices

Operational indices

Table 15

Index	2009	2010	2011
Labor productivity, ths. rub. per capita	18 206	18 123	14 492
Internal performance (added value), %	10	8	6,30

Reduction of labor productivity in 2011 is caused by growth of number of staff and starting of transition period from finishing stage of power units construction (Kanin NPP) to the preparation stage (Baltic NPP). Work on timely equipment supply provision, including equipment purchase according to anticipatory scheme, is performed independent from the production volumes. In this case current costs (including salary fund) are accepted in the period, when they were made, and profit shall be received in further periods.

In 2010 construction readiness of the power unit №4 of Kalinin NPP enabled supply and assembling of long-lead equipment

(fulfilling assembling of turbine, reactor vessel, PCS, main circulation pump and other components), what contributed to increase of profit and internal performance of the Company.

Reduction of productivity on internal profit is caused by reduction of profit and decrease of own income due to supplied equipment mark-up from 6.95% to 3.5-4%. Mark-up reduction was planned in the framework of implementing the Methodology of NPP construction cost management (see Subsection 3.3.3).



Profitability indices

Table 16

Indice	2009	2010	2011
Return on EBITDA, %	– *	2.7	1.34
Return on sales (ROS)	4.41	1.89	2
Return on assets (ROA), %	3.9	1.97	0.9
Return on equity (ROE), %	52.2	27.6	24.72

* In 2009 this index was not calculated

Changing the index of return on EBITDA in 2010-2011 is caused by the following factors:

- Reduction of gross profit by 2.5% due to decrease of the mark-up for equipment from 6.95% to 3.5%-4% and due to decrease of construction and assembling works profitability from 12.9% to 10.3% because of production program reduction (finishing the construction of the power unit №4 at Kalinin NPP).
- Growth of selling expenses by 0.3%.
- Decrease of other costs included in EBITDA in 2011 by 1.2% due to emerged “Losses of previous years”.
- Growth of depreciation charges by 0.1%.

Changing Return On Sales index (ROS) is caused by the following factors:

- Reduction of EBITDA by 1.42%.

- Accrual of interests receivable by 0.8%.
- Increase of profit from participation in other organizations by 0.2%.
- Increase of profit tax by 0.2%.
- Return of excessive tax by 0.3%.

Changing Return On Assets index (ROA) was caused by the following factors:

- Net profit reduction by 9%.
- Twice assets increase due to advance payments reflected in total balance.

Changing Return On Equity index (ROE) was caused by net profit reduction.

Liquidity indices

Table 17

Indice	2009	2010	2011
Quick liquidity ratio	0.679	0.850	1.598
Current liquidity ratio	2.085	1.042	1.053

Indices of financial stability

Table 18

Indice	2009	2010	2011
Debt to equity ratio	11.68	11.41	20.74

Growth of liquidity is caused by considerable increase of money quantity at the disposal of an enterprise, the source of which is both short- and long-term advance payments provided by the Customers of JSC NIAEP.

Growth of debt to equity ratio is provided for by the quantity of the projects implemented by JSC NIAEP, in consequence of

which Company advancing was increased, while the level of own equity almost was not changed.

In 2011 JSC NIAEP did not receive any financial aid from the government, that is confirmed by turn-over balance sheets on the account 86 “Target Financing”.



3.2. Results of Production Activity

3.2.1. Designing

Volumes of design and survey works, ths. rub.

Table 19

Index	2009	2010	2011
Kalinin NPP power unit 4	731 189	1 049 902	263 829
Kalinin NPP power units 1, 2	120 620	98 756	170 284
Rostov NPP power units 1, 2	57 218	34 666	69 259
Rostov NPP power unit 3	292 012	733 703	979 760
Rostov NPP power unit 4	–	88 354,93	191 680,02
Nizhny Novgorod NPP	183 000	211 150	550 000
Tver NPP	132 000	31 700	4 500
Novovoronezh NPP-2	84 200	110 479	99 744
Kostroma GRES	3 536	6 562	10 175
Kostroma NPP	1 913	2 427	5 136
Bushehr NPP	15 962	30 885	9 417
Armenian NPP	138	210	1 750
Works in the framework of Multi-D design	–	–	273 696
Works in the framework of “VVER-TOI”	–	–	879 941
Other objects	148 115	119 177	16 367
TOTAL:	2 020 629	2 746 373	3 525 538

In 2011 total volume of design works fulfilled by JSC NIAEP made up 3525.54 mln. rub., that is more than the results of the previous year by 28.4%. In the accounting year the volume of design and estimate documentation made up 78 265 sheets, that is more than the similar index for 2010 by 17.7%.

Kalinin NPP

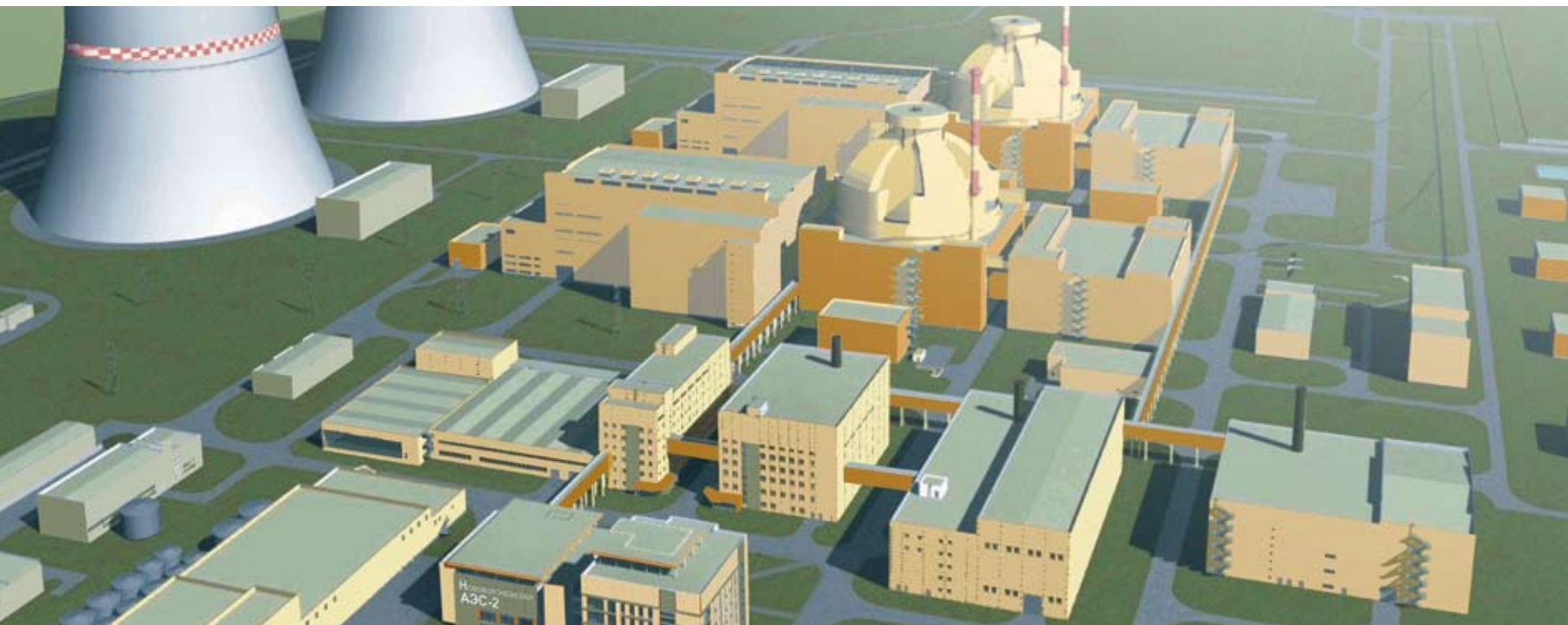
In 2011 design department of JSC NIAEP issued documentation for physical criticality of Kalinin NPP unit 4. The investment project on extending term of operation of Kalinin NPP unit 2 started. NIAEP issued working documentation for the plant upgrade to increase the safety level Kalinin NPP units 1,2 and 3.

Rostov NPP

For Rostov NPP units 1 and 2 NIAEP issued working documentation to increase the safety. The company prepared materials for providing safety of power units 1 and 2 at the capacity level of 104% and with 18-month fuel cycle.

For Rostov NPP units 3 and 4 within the reporting year NIAEP prepared working documentation for construction and assembling works. Starting from 2011 the company has prepared materials for obtaining the license for operation of power unit 3.





Nizhny Novgorod NPP

In the reporting year the first stage of monitoring the parameters of processes and natural phenomena in the district and on the site of Nizhny Novgorod NPP location was accomplished.

Tver NPP

The works on seismic monitoring of Tver NPP site were performed.

Novovoronezh NPP-2

NIAEP elaborated working documentation of Novovoronezh NPP-2 for buildings, structures, schemes, and systems within the limits of its design. Also it rendered the services on design supervision over construction of Novovoronezh NPP-2 for providing control of buildings, structures, schemes, and systems quality.

Kostroma GRES

NIAEP fulfilled design works on reconstruction industrial effluents facilities.

Balakovo NPP

NIAEP finished developing feasibility study for construction of solid radioactive waste container-type storage facility of Balakovo NPP.

“Bushehr” NPP

NIAEP developed and corrected working documentation following the results of construction-assembling and commissioning works at the power unit №1. Also it performed design supervision over the construction of buildings and structures on the site of “Bushehr” NPP.

Armenian NPP

NIAEP finished analysis and approving specifications for power unit 2 of Armenian NPP.

Multi-D design works

NIAEP created technology of assembling works simulation for power unit №3 of Rostov NPP in the format of Multi-D Project with elaboration of methodologies on their creation and implementation.

Works within the VVER-TOI project

In 2011 the work within the VVER-TOI project was continued.



Direction of works	Planned dates of implementation	
	Beginning	Finishing
Creation and set up of the system of purchasing and supply control including automated equipment identification	11.01.2011	12.12.2012
Creation and set up of the system of power unit construction management (Multi-D-technology) for: <ul style="list-style-type: none"> • Simulation and optimization of construction and assembling works; • Keeping activity progress charts of power unit construction; • Resources management (including cost) in the course of power unit construction 	11.01.2011	01.06.2012
Filling the data base of cost for material and labor resources used during NPP construction and operation with VVER-TOI	15.04.2011	12.12.2012
Keeping unified industry-specific item name catalogue of equipment and materials used within the whole life cycle of the power unit including organization of its filling by suppliers and fulfilling verification	11.01.2011	12.12.2012
Creating and implementing NPP life cycle management system including: <ul style="list-style-type: none"> • Developing the solution on creating the unified information model of NPP life cycle; • Actualization and support of information standards exchange between the Project participants; • Elaboration of Regulations for modifications management during designing typical power units on the basis of the Project; • Elaboration of Regulations on modifications management during power unit construction for forming the "as built" information model; • Elaboration of regulations for transferring to the Customer the information model of the power unit for the stage of operation 	01.03.2011	12.12.2012
Updating of BOM data base used in 3-D VVER-TOI project	01.03.2011	12.12.2012
Elaboration of technical project of turbine house, including turbine plant (both design and technological parts) presented in the up-to-date infomedia (3D).	11.01.2011	01.06.2012
Elaboration of documentation on BBER-TOI construction project management done in the up-to-date software (Multi-D), including: <ul style="list-style-type: none"> • Obligatory technological rules of construction; • Documentation on equipment purchasing and supplies management; • Documentation on resources management (including the cost) in the course of power unit construction; • Activity progress charts of power unit construction 	01.07.2011	12.12.2012

In 2011 all works on the VVER-TOI Project were fulfilled in accordance with the schedules approved under the orders of the Director of JSC NIAEP and will be accomplished in full in 2012 in accordance with the approved terms.

Plans for 2012

In 2012 under the running contracts it is planned to fulfill design and exploration works on power units 3 and 4 of Rostov NPP, power unit 4 of Kalinin NPP, Novovoronezh NPP-2. Besides, it is planned to accomplish fulfilling works in the framework of the VVER-TOI Project (see Table 20).

Under approved orders of the Director of JSC NIAEP in 2011 and documents in 2012 JSC NIAEP shall fulfill the following works at Nizhny Novgorod NPP:

- Elaborate and draw up according to the established procedure jointly with JSC "Concern Rosenergoatom" the Task for designing and Technical task for elaboration of design documentation for constructing power units № 1 and № 2 of Nizhny Novgorod NPP in the variant of VVER-TOI.
- Carry out in accordance with the monitoring program the second stage of monitoring the parameters of processes and natural phenomena.



- Fulfill in full all additional advanced engineering investigations on infrastructure buildings and structures on the construction site of Nizhny Novgorod NPP, in residential settlement of power men, and for linear objects in the surrounding territory.
- Start works on elaboration of design documents and materials for obtaining the license for construction of Nizhny Novgorod NPP in the variant VVER-TOI.

Besides, in 2012 the works on some new for JSC NIAEO projects are planned.

According to the resolution of the General Director of Rosatom State Corporation S.V. Kirienko JSC NIAEP was approved as General Designer of Belorussian NPP units 1, 2. Under the mentioned above contract JSC NIAEP as a general designer shall fulfill survey works, elaboration of design documenta-

tion and higher-priority working documentation for Belorussian NPP construction.

It is planned to start preparation of design documentation on turbine hall of Baltiv NPP units 1 and 2 with application of turbine plant "Alstom".

Under the Order of Rosatom State Corporation №1/7-P dated January 11, 2012 JSC NIAEP was appointed as a designer of the turbine house of "Temelin" NPP. In 2012 it is planned to prepare materials for tender offer on completion of "Temelin" NPP units 3, 4 in Czech Republic.

3.2.2. Construction

Key result of 2011 construction was power and physical criticality programs of Kalinin NPP unit 4. The important stage for further transition to pilot operation was accomplished.

In 2011 JSC NIAEP proceeded to fulfilling functions of general contractor on construction of Baltic NPP units 1 and 2. As of the end of the year the company carries out construction of

five power units in Russia: Kalinin NPP unit 4, Rostov NPP units 3 and 4, Baltic NPP units 1 and 2.

In 2011 all works were fulfilled in accordance with the plan.

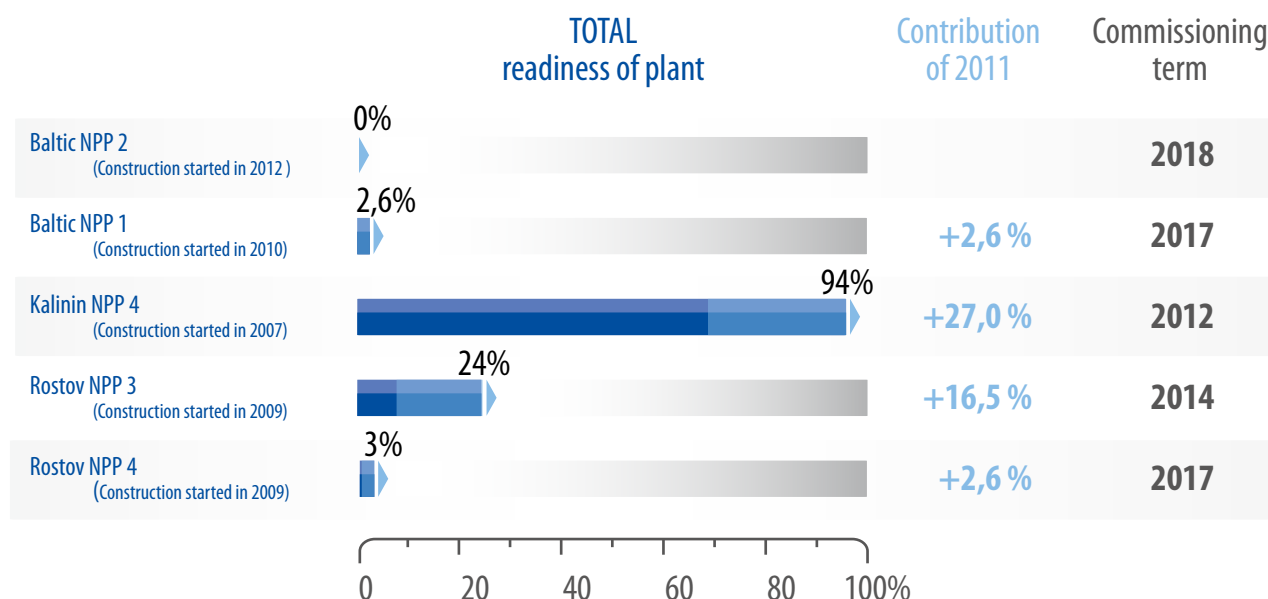


Figure 22. Readiness of constructed facilities as of December 31, 2011





Volume of fulfilled works on power units construction (according to power units)

Table 21

Facility under construction	Volume of fulfilled works, ths.rub. excl.VAT
Kalinin NPP Unit 4	8 852 468.14
Rostov NPP Unit 3	4 089 520.64
Rostov NPP Unit 4	1 139 117.71
Baltic NPP Unit 1	2 181 511.16
Baltic NPP Unit 2	-

For successful fulfilling the plan for 2011 over 11 thousand people worked on the construction sites, upon that, 9 thousand of them were skilled workers.

Different number of workers on sites is explained by different stages of construction progress.

NIAEP partners in 2011 were 92 subcontracting organizations.

Plans for 2012

Volume of works planned for 2012 (in percent of total volume of works) is specified on Figure 25.



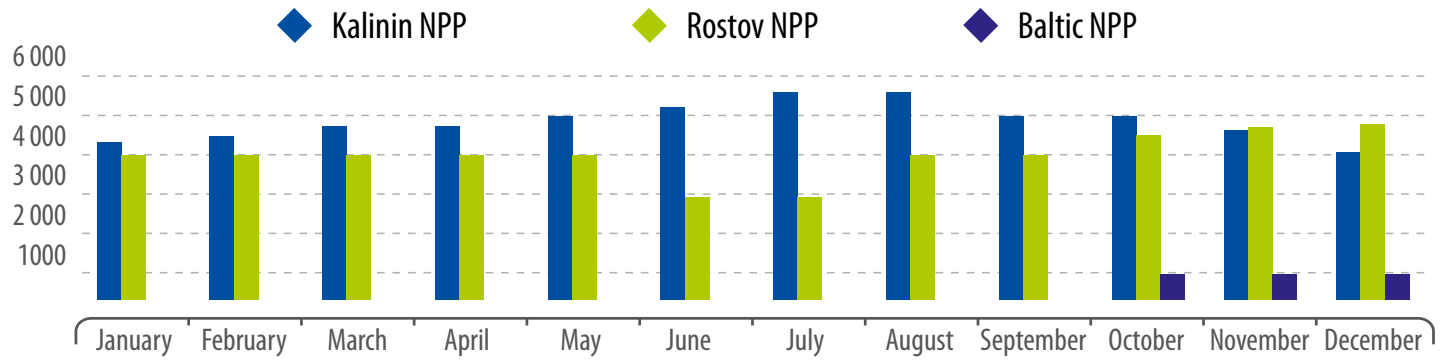


Figure 23. Number of workers in 2011

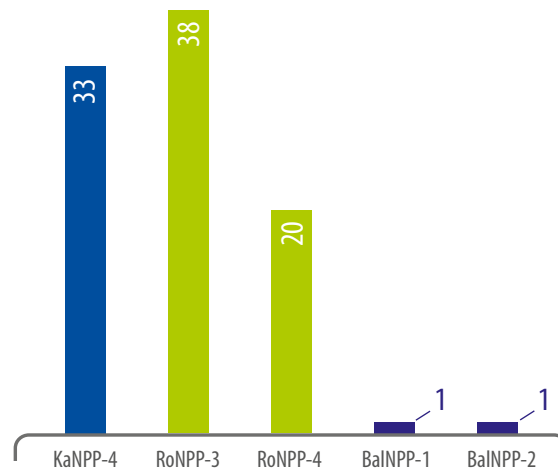


Figure 24. Quantity of subcontracting organizations of JSC NIAEP in 2011

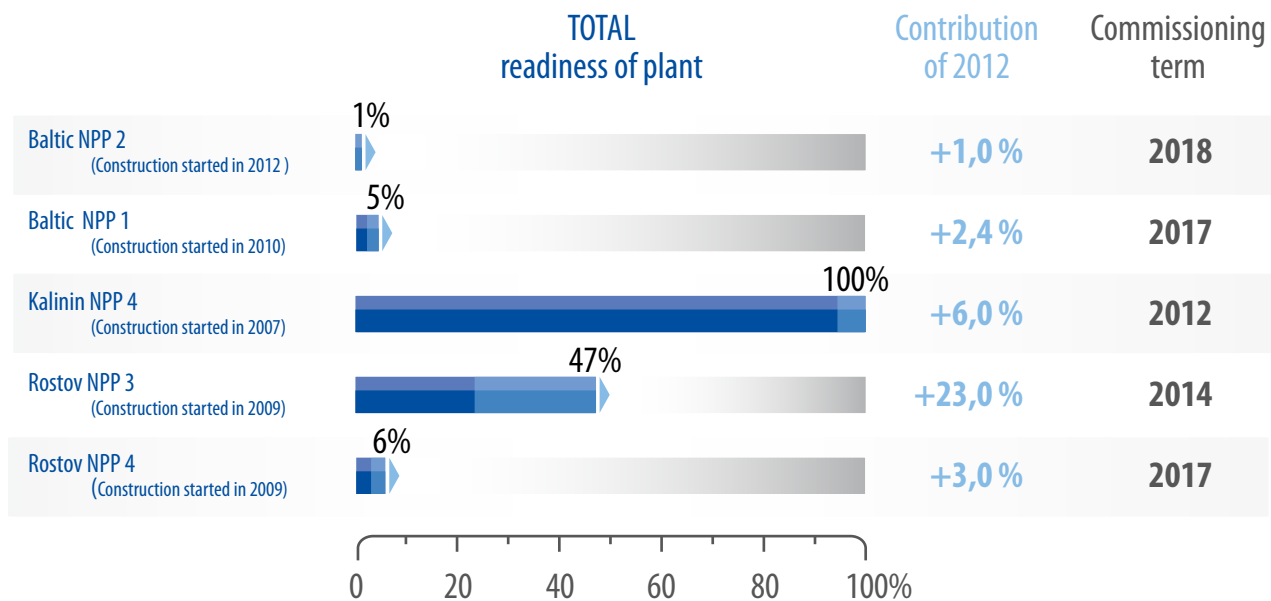


Figure 25. Forecast of construction objects readiness for 2012



3.2.3. Equipment and Materials Supply

In the course of 2011 supplies of equipment and materials were effected in accordance with the schedule of control events on construction of NPP power units.

Plans for 2012

For 2012 it is planned to reach the following indices for scopes of supplies:

- Kalinin NPP Unit 4 – 943.5 mln. rub. excl.VAT;
- Rostov NPP Unit 3 – 10 354 mln. rub. excl.VAT;
- Rostov NPP Unit 4 – 185 mln. rub. excl.VAT;
- Baltic NPP Unit1 – 529.2 mln. rub. excl.VAT.

Supplies of equipment and materials, mln.rub. excl. VAT

Table 22

Indice	Total	Kalinin NPP	Rostov NPP		Baltic NPP
		Unit 4	Unit 2	Units 3 & 4	Units 1 & 2
Amount of contract liabilities	60 745	2 479	11	30 008	28 247
Nizhniy Novgorod region	2 059	211	1	1 518	329
Rostov region	1 570	59	1	921	589
Tver region	90	31	–	59	–
Moscow region	46 943	1 746	4	23 651	21 542
Leningrad region	8 079	296	4	2 491	5 287
Other Russian Federation regions	2 004	137	0	1 368	499
Quantity of suppliers	365	146	12	181	26
Nizhniy Novgorod region	44	22	1	20	1
Rostov region	36	10	1	22	3
Tver region	12	6	–	6	–
Moscow region	164	62	6	85	11
Leningrad region	45	20	1	17	7
Other Russian Federation regions	64	26	3	31	4







3.3. Operational Activity Management

Main task of management system development is NIAEP establishing as a mature EPC/EPCM-contractor of Russian and international nuclear power industry. For solving this task JSC

NIAEP implements several projects on informatization, improving and increasing manageability of operational activity main processes.

3.3.1. Multi-D Design*

Multi-D-model includes full-scale 3-dimensional model (3D), information on activity progress planning (4D), information on configuration, complement and supplies of materials and equipment (5D), and also data on labor, technical, and other resources necessary for power unit construction (6D).

In the reporting year the company finished developing the technology of simulation of assembling works in the main building of Rostov NPP unit 3 in the format of Multi D Project. It accomplished Multi-D models for 236 rooms of reactor compartment and for 18 zone of turbine hall in the main building of Rostov NPP unit 3 with creation of optimized schedule of work schedule. At the same time the company elaborated methodologies of creation and introduction of assembling works simulation technology and conducted training for representatives of PCF JSC "Concern "Rosenergoatom" in accordance with the developed methodologies.

For organization of training of staff participating in the process of Multi-D projects implementation on the construction site of

the power unit № 3 of Rostov NPP the classroom equipped with necessary quantity of multimedia workstations was organized on the basis of the Volgodonsk Branch of JSC NIAEP. Reliable and fail safe functioning of software SmartPlant Review, Primavera and other was provided. For easing the information perception and for efficiency increase sensor displays for data input and work with the software in touch-screen mode were purchased.

In 2012 it is planned to start elaboration of Multi-D model (construction part) for the main building of Rostov NPP unit 4 with "Dassault Systemes" software. With regard to the VVER-TOI project it is planned to:

- Create and set up a standard NPP construction management system using Multi-D technology;
- Develop documentation on VVER-TOI plant construction management done in up-to-date Multi-D tool.

3.3.2. Introduction of "Rosatom" Production System**

JSC NIAEP is one of the Russian nuclear industry leaders in implementing the Rosatom Production System (RPS)

Sergey Obozov, General Director of JSC "Concern Rosenergoatom", Head of RPS Implementation Project

Rosatom production system (RPS) has been implemented in industrial companies since 2009. RPS is based on the principles of efficiency improvement system used by Toyota and recognized as one of the most successful programs in

this field. RPS will allow increasing production and quality, decreasing costs and achieving of maximum satisfaction of the Customer's needs. Application of RPS instruments results in reduction of the period required for NPP power unit

* See details at the web-site of the Company (www.niaep.ru в разделе – Activity - Innovative Design Methods)

** See details on Rosatom Production System at the web-site of the Company (www.niaep.ru – Activity – Production System of "Rosatom")





construction and decrease of job costs due to more efficient process management system.

The following results were achieved during introduction of RPS in 2011:

- Double reduction of total number of major and minor injuries;
- The period of design estimates agreement between JSC NIAEP and Rostov NPP by means of electronic document flow was decreased from 66 days to 21 days;

- Bar coding was introduced at storage facilities of Udomlya and Volgodonsk Branches of JSC NIAEP.

In addition the implementing of RPS resulted in significant reduction of periods required for performance of production works for pilot projects (see Table 23).

Starting from 2012 to reduce construction periods RPS will be realized in system for the projects of reactor room construction critical path at Rostov NPP units 3 and 4.

Results of RPS implementation

Table 23

Works	Results of RPS implementation
Installation of turbine set K-1000-60/3000 at Kalinin NPP in 2010-2011.	Reduction of production cycle by 67 days.
Concreting of protection cover in reactor room of Rostov NPP power unit 3.	Reduction of production cycle by 50 days.
Straight-line manufacturing of protection cover modules steel structures for Rostov NPP power unit 3.	Reduction of production cycle required for manufacturing of 1 st level modules by 95 days and for 2 nd level modules by 25 days.
Installation and additional reinforcement of modules to proper location	Reduction of production cycle required for installation and reinforcement of 1 st level modules by 35 days and for 2 nd level modules by 26 days.
Concreting of protection cover in reactor room of Rostov NPP power unit 3.	Reduction of production cycle for: <ul style="list-style-type: none"> • concreting of 1st level of protection cover by 16 days; • concreting of 2nd level of protection cover by 28 days
Straight-line manufacturing and pre-assembly of dome shell steel structures with containment from +55.8 to +60,452 level for Rostov NPP power unit 3.	Reduction of time required for manufacturing and assembly by 20 days.
Pre-assembly and installation of reactor pit for Rostov NPP power unit 3.	Time required for assembly and installation was reduced from 115 days at power unit 4 of Kalinin NPP to 66 days at power unit 3 of Rostov NPP.

3.3.3. Construction Cost Management

In 2011 JSC NIAEP continued improvement and introduction of procedure for NPP power unit construction costs management. This procedure is developed to solve tasks related to reduction of innovation costs for power unit construction projects determined by State Corporation Rosatom and JSC "Concern Rosatom".

Kalinin NPP unit 4 and Rostov NPP units 3 and 4 are constructed in accordance with the cost management procedure.

The cost management procedure provides following operations at all stages of NPP power units life cycle:

- estimation of NPP power units construction cost before their putting into operation;

- limitation of construction costs and development of proper measures;
- control of fixed limits observation at the stage of development and change of design estimates, development of individual conversion indices, determination of volumes to be performed in accordance with master agreements and sub-contracts for construction, tendering pricing, actual works performance, etc.

Implementation of the project on construction costs management automation was started in JSC NIAEP in 2011. As a



part of ERP NIAEP cost management module was developed and smoothly integrated in general structure of the Company's information system. Today the module "Automated cost management system" ASUS ERP NIAEP is tested and operated in pilot mode.

The process of construction cost management was represented for consideration and discussion at international research and practice forum "Intellectual engineering. Management of process facilities life cycle".

According to the results of construction of Kalinin NPP unit 4 and Rostov NPP units 3,4 in 2011 the total reduction of costs was equaled to 2,727.03 mln. rubles.

The following measures related to costs management are scheduled for 2012:

- Development of costs management procedure of NPP power units construction.
- Putting of the module "Automated cost management system" ASUS ERP NIAEP into operation.
- "Distribution" of cost management procedure between foreign construction facilities.
- Calculation of VVER-TOI type power unit construction costs.

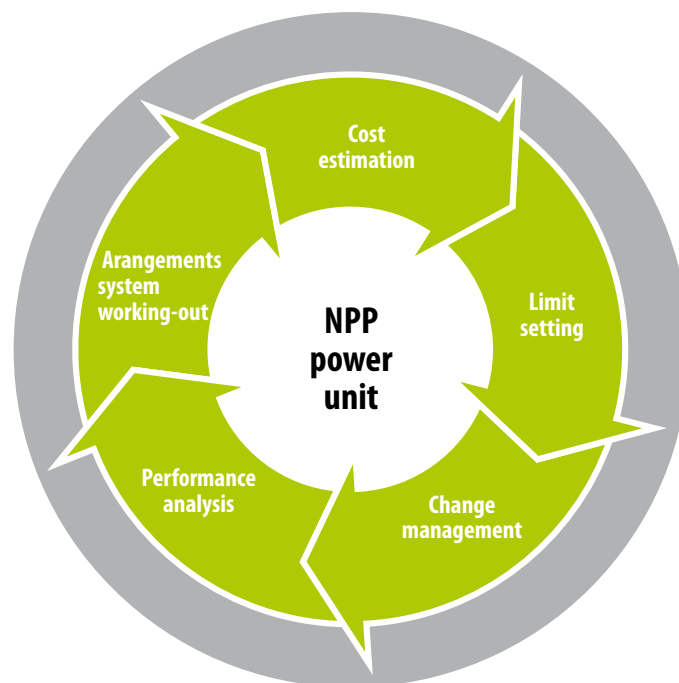


Figure 26. Procedure of construction costs management

- Generation of NPP power units resource model, development of current resources cost database and calculation of NPP power units construction costs using resource method.

3.3.4. Enhancement of Procurement Processes

In 2011, JSC NIAEP continued to enhance procurement processes. Electronic trading facilities (ETF) are dynamically used for this purpose. Procurements via ETF offer a number of benefits:

- Essential saving of working time;
- Cash savings as a result of procurements arrangement and carrying out;
- Transparency and openness of the procurement process.

In the reporting year JSC NIAEP arranged 21.9% of total amount of all tendering procedures via ETF.

Conducting open competitive acquisition procedures including those ones at ETF allowed decrease of supply price compared to initial (maximum) one

The following cash savings were achieved using the procedures of equipment procurement for NPP construction:

- Kalinin NPP-4 – 72,726 ths. rubles
- Rostov NPP-3 – 405,304 ths. rubles
- Rostov NPP-4 – 1,263,792 ths. rubles
- Baltic NPP-1,2 – 3,619,297 ths. rubles

In total, 5 361 119 ths. rub. were saved due to open competitive purchasing procedures including those conducted at ETF in 2012.



3.4. Investment Projects

Investment activity of JSC NIAEP is directed to achievement of strategic task of the Company itself and State Corporation Rosatom in whole.

Expansion of order portfolio and increase of the Company's production capacity via execution of investment programs are required for implementation of the Strategy (see 1.3. "Strategy").

3.4.1. Investment Decisions Making

Investment decisions in JSC NIAEP are made based on Investment Memorandum of the Company. Investment Memorandum for 2011-2015 was approved at the meeting of Investment Committee of State Atomic Power Corporation Rosatom (Minutes No. 06-IK-dsp dd. June 07, 2011).

In 2011 the Company continued its process of integration to general hierarchy structure of State Corporation Rosatom's investment management. The process of design approach implementation to investment projects management is at active phase.

3.4.2. Projects Implementation Progress in 2011

Investment projects implemented by JSC NIAEP

Table 24

Investment projects	Investments under the projects (without VAT), mln. rubles			
	2009	2010	2011	Total (2009–2016)
Mechanization of the construction sites for installation and construction works performance	364	241	105	3 444
Purchasing of equipment and machines for business units	35	36	1	205
IT-projects	53	69	374	2 178
Infrastructure development	143	152	86	796
Total:	596	497	566	6 623

Own funds of the Company (depreciation allocations and profit) are used as a source for financing of investment projects. In addition the leasing instruments are used.

In 2011 the investment projects of the Company were updated up to 2016.

Mechanisms at the construction sites for installation and construction works performance

The project offers to provide the Company with required mechanisms of high lifting capacity, equipment and rigging for performance of installation and construction works related to the power units. As a part of the project it is proposed to purchase construction machinery (sometimes unique one) to execute the functions of general contractor by the Company





including provision of subcontractors with expensive machinery on a rental basis. Implementation of the project excludes risk related to failure to meet time constraints set by the Customer as it foresees conclusion of the agreements with high skilled contractors independently from availability of expensive construction machinery.

Purchasing of equipment and machines for business units

Provision of the Company with special equipment for exploration works is proposed as a part of this project implementation. The project stipulates acquisition of geodetic and drilling equipment and measuring instruments. Purchasing of modern equipment within the framework of the project is reasoned by execution of production program on engineering surveys at the site of Nizhny Novgorod NPP construction.

IT-projects

With regard to IT-projects it is scheduled to purchase state-of-art software for the development of key competences in designing and engineering, to provide the employees with modern computers and office equipment, to develop communication medium including creation of telecommunications infrastructure for the Company's branches to execute field engineering functions.

Infrastructure development

Realization of the project includes carrying out of measures directed to reconstruction of buildings and structures, improvement of personnel working conditions, purchasing of vehicles to assure reliable performance of day-to-day operation, development of infrastructure at the construction sites.

Plans for 2012

Dynamic acquisition of modern equipment and machinery using leasing procedure is scheduled for 2012. Application of leasing shall speed up the replacement of fixed assets and maintain leading position at the market of engineering services.

Rulemaking for investment activity will be continued in 2012 by JSC NIAEP by means of introduction of internal regulation on investment management.



Public Annual Report | 2011 | JSC NIAEP

Turning Ideas into Actions

JSC NIAEP – is a big team of first-class specialists and scilled workers of total amount over 4 000 people

4000

4. SUSTAINABLE DEVELOPMENT



4.1. Safety and Quality

The Company is constantly focused on assurance of high level of quality, reliability and safety of manufactured products and rendered services, maximum satisfaction of all Customer's needs and expectations and requirements determined by Russian and international regulations and rules on safety of nuclear power facilities as well as development of the Company in terms of world market conditions.

Quality management in JSC NIAEP is based on the principles of General quality management determined by international standards ISO of 9000 series. Quality management system certified for conformity with International Standard Requirements ISO 9001:2008 by certification authority TUV SUD Management Service GmbH (registration number of certificate 12 100 19917 TMS dd. 29.07.2009) has been introduced and put in force in the Company.

All the Company's business lines – general contractual works on nuclear power plants construction, research and development, design and engineering works related to nuclear and other power and construction facilities are covered by the certificate.

Quality management system of JSC NIAEP is constantly maintained in working condition, periodically analyzed, developed and improved. It is confirmed by annually audits held by international certification authority. In June, 2011 the walk-through audit of JSC NIAEP was performed by certification authority TUV SUD Management Service GmbH. As a result of the audit, Quality Management System of the Company was approved to confirm with International Standard Requirements ISO 9001:2008.

To bring quality management system documents requirements into compliance with the Company's processes as well as to follow requirements of the customers related to the products and to comply the processes with ISO 9001:2008, 75 documents of quality management system were newly developed and updated in the Company during 2011.

The growth of newly developed and updated documents related to quality management system is explained by necessity of processes regulations due to generation of new construction and engineering facilities, introduction of inno-

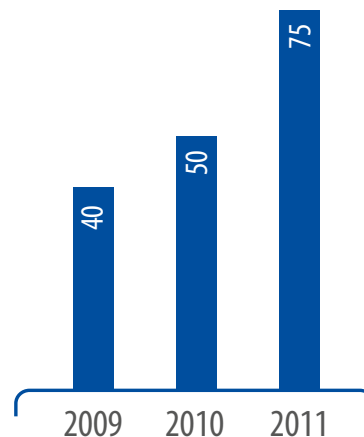


Figure 27. Dynamics of documented procedures development and update in JSC NIAEP during the last 3 years

vation projects, focus on unification of procedures for power units construction in the branches and the representative offices of JSC NIAEP.

As assurance of quality, safety and reliability of designed and constructed nuclear power facilities is the main requirement to JSC NIAEP operation, the development and execution of quality assurance programs (QAP) by all participating companies at all stages of nuclear power facility life cycle are foreseen in addition to the instruments of quality management system. 9 QAPs of designed and constructed power plant units were developed, agreed and implemented in 2011. During the year JSC NIAEP monitored the performance of particular QAPs of contractors and suppliers as well as estimated their efficiency according to criteria set by the Company.

Analysis of the quality management system functioning and the assessment of QAP execution efficiency are performed during internal and external audits.

During 2011 27 internal audits were held in the divisions of JSC NIAEP (including branches and representative offices) for compliance with requirements of the quality management system and QAP documents.



Also JSC NIAEP held 27 external audits of its contractors checking their compliance with particular QAPs requirements.

In 2011 external audits of JSC NIAEP quality management system were held and meeting the requirements of QAP by external agencies was checked:

- JSC “Concern Rosenergoatom” checked JSC NIAEP in relation to performance of general contractor functions and quality of Rostov NPP power units 3,4 construction:
 - Volgodonsk Branch of JSC NIAEP at the site of Rostov NPP was checked within the period from 30.05.2011 to 08.06.2011;
 - the divisions of JSC NIAEP Head Office in Nizhny Novgorod were checked within the period from 20.06.2011 to 24.06.2011.
- General Inspection of State Corporation Rosenergoatom held the principal technical inspection of quality control and management system functioning efficiency at construction of the power units 3 and 4 of Rostov NPP within the period from 26.09.2011 to 30.09.2011.
- Scheduled check of Volgodonsk Branch of JSC NIAEP at Rostov NPP power units 3 and 4 construction site was held by SRO NP “Soyuzatomstroy” within the period from 08.08.2011 to 12.08.2011.
- Quality management process in the VVER-TOI Project was audited by Design and Engineering Branch of JSC “Concern Rosenergoatom” within the period from 09.09.2011 to 10.09.2011.

External and internal audits of Quality Management System allowed to detect problem areas during operation and to determine troubleshooting methods. 204 corrective actions of 222 scheduled ones were performed during the Report preparation; 18 measures are in progress.

The Company regularly monitors and measures the processes to estimate the perspectives for achievement of set tasks and forecasted results. The monitoring enables to track efficiency of some processes communication, their controllability, as well as to detect performance potential for continuous improvement of process parameters.

According to operational results for 2011 the questionnaires on assessment of the Customer satisfaction with quality of performed works were sent to the major Customers of JSC NIAEP. Questionnaire survey provides collection of data on Customers’ claims for performed works (significant/insignificant), determination of quality level for the previous period (improvement/decline) as well as information about compliance with the works performance deadlines (exceeded the allotted time/early performance).

In accordance with processing of satisfaction questionnaires data received from the Customers the analysis was made and bar charts taking into account any parameters changes according to the Customers comments in comparison with the data for 2010 were generated as shown bellow.

To improve efficiency of the Company’s quality management system the enhancement measures are regularly arranged and the programs dedicated to the development of different activities are prepared based on the results of made analysis.



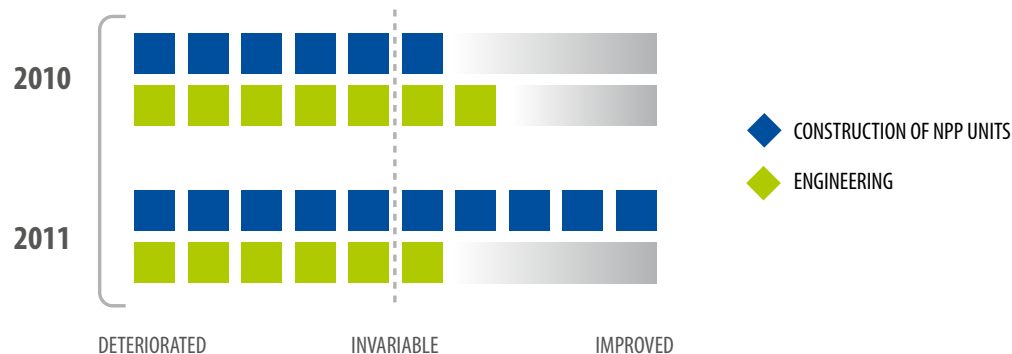


Figure 28. Quality level



Figure 29. Schedule performance

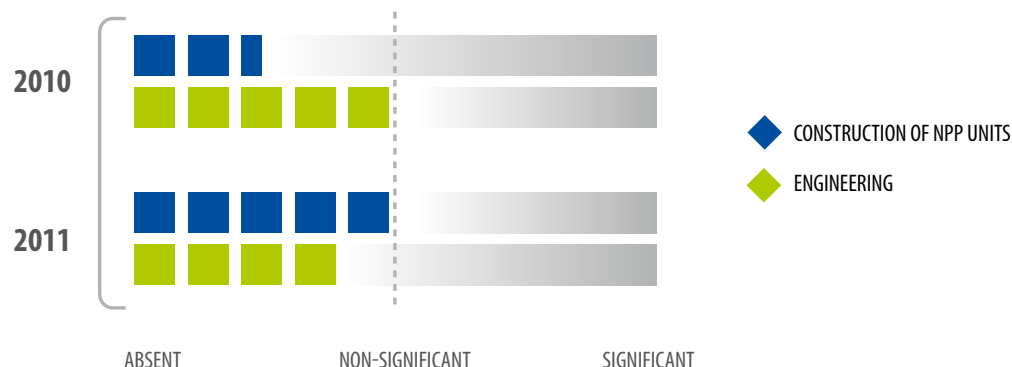


Figure 30. Remarks

Plans for 2012

Development of integrated management system of JSC NIAEP is scheduled for 2012-2013. "Plan of JSC NIAEP integrated management system development" was approved by the Order of JSC NIAEP No. 1075 dd. 06.12.2011. Environmental management system corresponding to requirements of international standard ISO 14001:2004 and labor safety management system corresponding to requirements of OHSAS 18001:2007 will

be introduced as a part of the integrated management system development.

The quality management system will be re-certified in June, 2012. Integration of quality management system, environmental management system and labor safety management system will be finished by the end of 2012.

Further integration of the management system of consolidated company JSC NIAEP – JSC ASE will be continued in 2013.





Quality control for NPP equipment manufacturing

Equipment manufacturing quality control is an important element of safety provision for the constructed power units of JSC NIAEP.

Quality is controlled under delivery contracts signed between JSC NIAEP and the equipment suppliers in accordance with requirements of NP-071-06 and RD EO 1.1.2.01.0713-2008. Equipment manufacturing quality is controlled by JSC NIAEP itself and by authorized institutions (FGUP VO "Bezopasnost" and JSC "VPO Zarubezhatomenergostroy").

Monitoring of manufacturing process, delivery terms and manufacturing quality as well as testing of equipment for NPP construction at the manufacturing plants is performed by JSC NIAEP's specialists in accordance with the reference points determined in quality plans.

Authorized institutions estimate the compliance of equipment, articles, components, materials and semi-products to nuclear power facility's needs.



4.2. Staff Development

4.2.1. Personnel Appraisal

JSC NIZHNY NOVGOROD ENGINEERING COMPANY "ATOMENERGOPROEKT" is a great team of top-ranked specialists and skilled workers totaling 4,231 people. 1,568 specialists work in the head office. 963 people work in the branches and the representative offices. Total number of the personnel working in the subsidiaries is 1,700 people.

In 2011 Baltic Branch was founded with the staff size of 68 peoples as of 31.12.2011.

Change of the personnel number is connected with finishing of Kalinin NPP power unit 4 construction. Moscow Branch and St. Petersburg Representative Office were founded in January 1, 2012. Total number of the personnel was increased up to 4,647 people.

Number of the Company's personnel, people *

Table 25

Divisions	2009	2010	2011	Growth
Head Office, including	1 259	1 448	1 568	120
engineering sector	806	945	1 013	68
Volgodonsk branch (Volgodonsk)	510	567	486	-81
Baltic branch (Sovetsk)	–	–	68	68
Udomlya branch (Udomlya)	424	489	404	-85
Kharkov Representative Office (Kharkov)	–	–	5	5
Own resources:	1 241	2 067	1 700	-367
Building and Construction Department-1 (Volgodonsk)	709	902	1 006	104
Building and Construction Department-2 (Udomlya)	0	586	156	-430
VDMU LLC. (Volgodonsk)	532	579	538	-41
Total number of personnel	3 434	4 571	4 231	-340

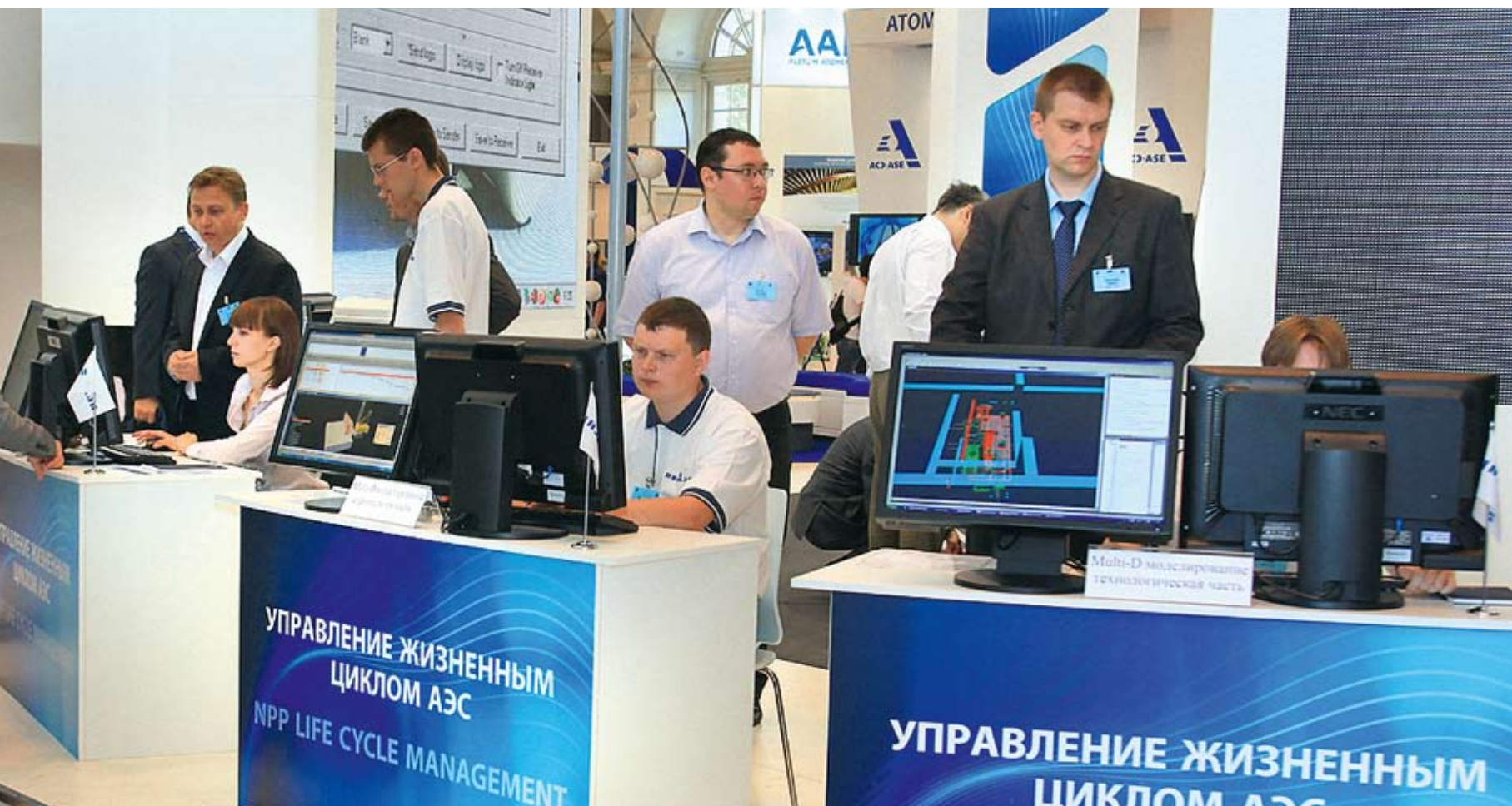
* Number of personnel as of 31.12.2012

Breakdown of personnel according to gender and age-group, people

Table 26

Employees categories	Up to 30 years			31–50 years			Over 50 years		
	m	w	total	m	w	total	m	w	total
Managers	28	6	34	188	102	290	119	69	188
Specialists	295	285	580	243	403	646	93	193	286
White collars	–	13	13	5	18	23	1	10	11
Workers	44	30	74	143	84	227	95	64	159





Breakdown of personnel total number according to employment patterns, work contracts and regions

Table 27

Divisions	Constant	Temporary	Primary	Combined	Total
Head Office:	1 478	53	1 527	4	1 531
Volgodonsk branch (Volgodonsk)	472	21	492	1	493
Moscow branch (Moscow)	459	1	450	10	460
St. Petersburg Representative Office (St.Petersburg)	7	0	7	0	7
Baltic branch (Sovetsk)	29	44	73	0	73
Udomlya branch (Udomlya)	365	8	373	0	373
Kharkov Representative Office (Kharkov)	5	0	5	0	5
Own resources:	1 453	252	1 698	7	1 705
Building and Construction Department-1 (Volgodonsk)	755	251	1 004	2	1 006
Building and Construction Department-2 (Udomlya)	155	1	153	3	156
VDMU LLC. (Volgodonsk)	543	0	541	2	543
Total number of personnel	4 268	379	4 625	22	4 647



Labor turnover

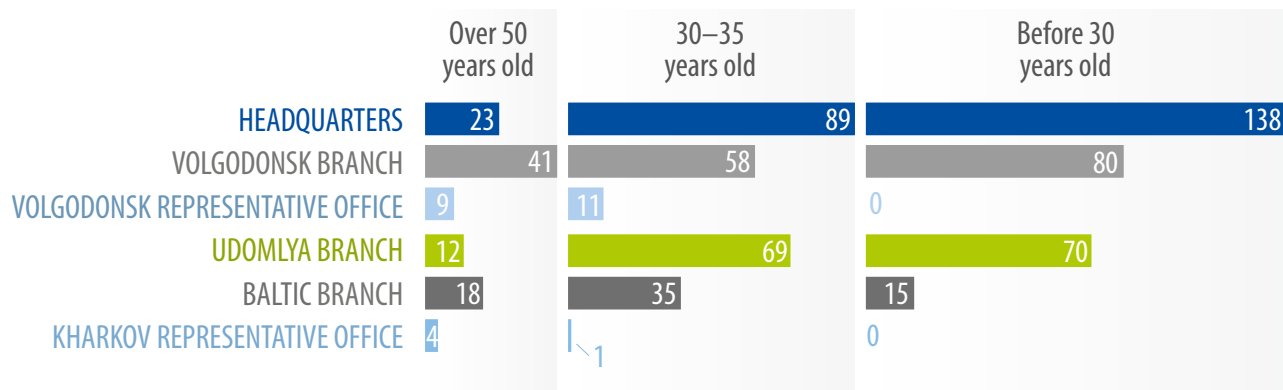


Figure 31. Quantity of hired employees in 2011

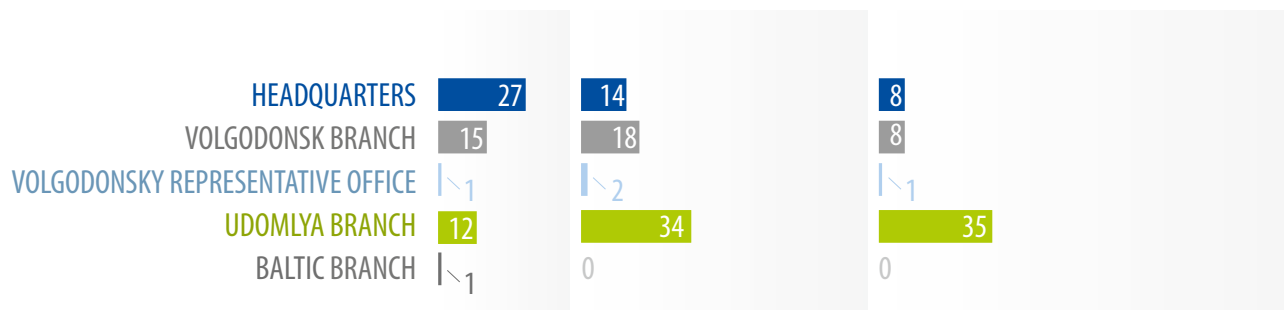


Figure 32. Quantity of voluntarily terminated employees in 2011

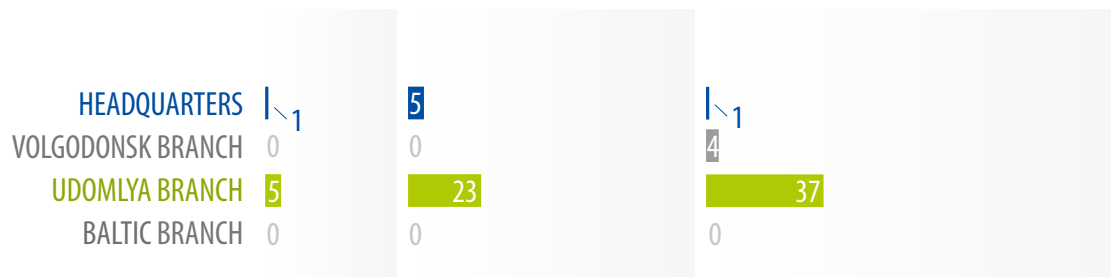


Figure 33. Employees accepted and dismissed in the course of 2011 (male)

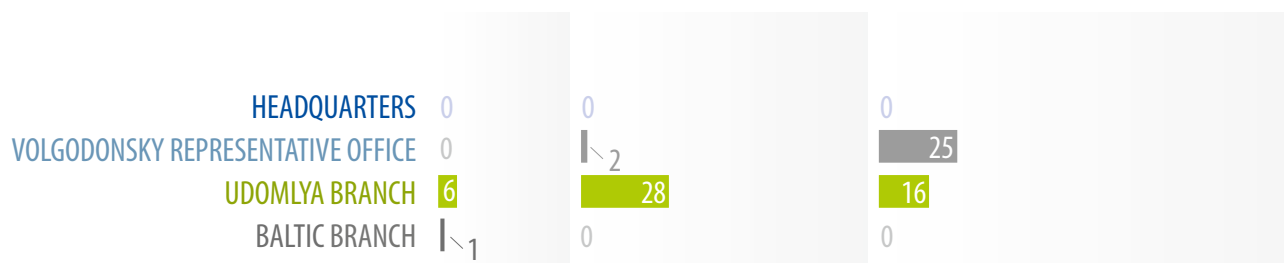


Figure 34. Employees accepted and dismissed in the course of 2011 (female)





Age and education of workers

Every year JSC NIAEP team is added by young specialists and share of the workers up to 35 years old is increased correspondingly. The Company is interested in attraction and

keeping of young specialists including graduates of higher education institutions.

Share of the workers graduated from specialized higher education institutions is 69%.

Currently there are 19 specialists having science degree and 3 workers with MBA degree in the Company.

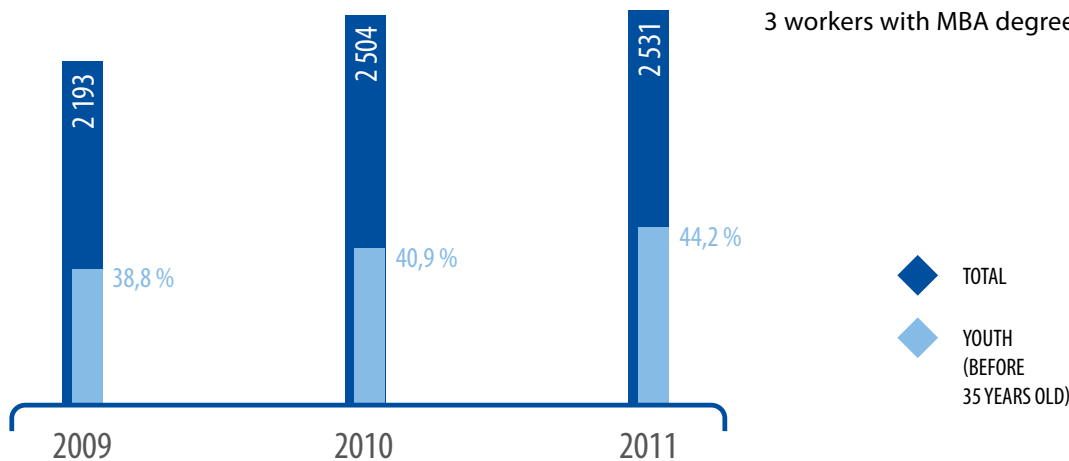


Figure 35. Dynamics of personnel number (without subsidiaries and affiliates)





Nizhny Novgorod. The Kremlin view





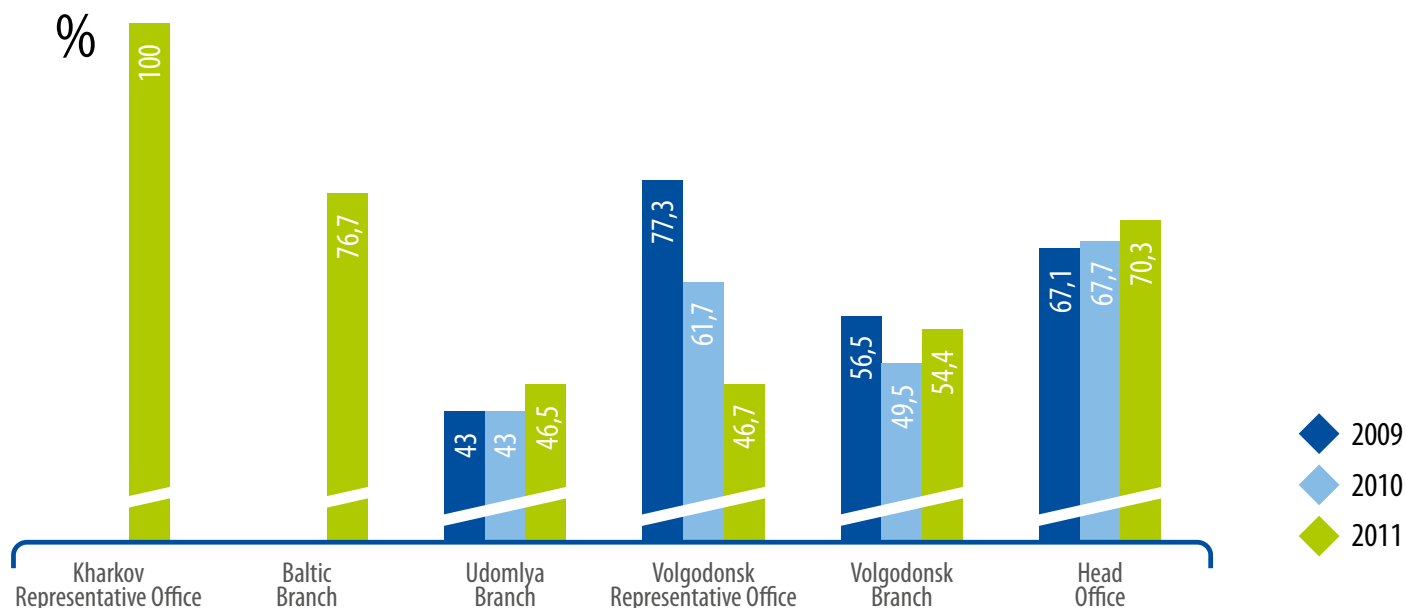


Figure 36. Share of employees with higher education, %

Gender structure

Gender structure of the Company became more balanced in 2011: 1,254 men and 1,277 women.

Only employed women were on maternity leave during the reporting period. Only employed women returned from maternity leave as well.

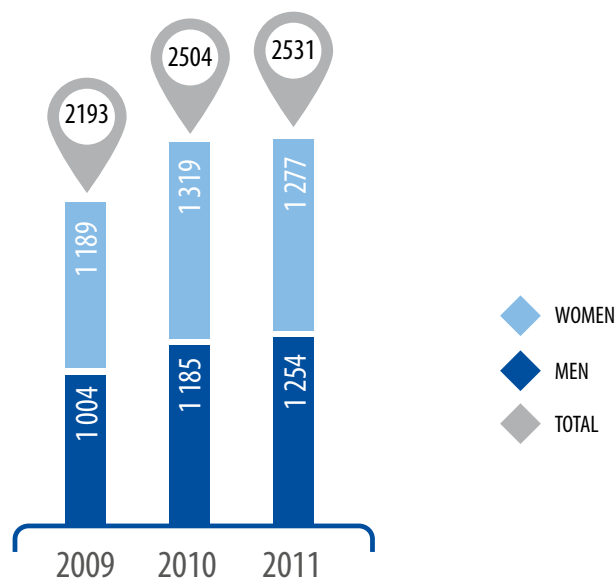


Figure 37. Gender structure of employees during 2009–2011

Number of workers returned for working from maternity leave and the share of women continued working in the Company after return from maternity leave

Table 29

Index	Value
Number of workers having the opportunity to take child rearing leave, People	84
Number of workers who took child rearing leave, People	84
Number of workers returned for working from child rearing leave, People	27
Share of workers continued working in the Company after return from child rearing leave in relation to total number of women, %	2.1
Share of workers continued working in the Company after return from child rearing leave in relation to total number of workers, %	1.1



4.2.2. Personnel Management*

Attainment of the Company's competitive advantage due to improvement of operating efficiency and transfer of personnel to new level of quality are the major strategic directions in the field of the personnel management.

Personnel management tasks are:

- development of system for workers operating efficiency assessment;
- building of remuneration system encouraging for achievement of high results;
- development of the personnel training system including training of students from specialized higher education institutions;
- development of personnel reserve management system;
- maintenance of the Company's workers involvement at the high level.

Payment for labor

Efficient system of labor and compensations payment was introduced in JSC NIAEP providing worthy wage level and encouraging the workers for achievement of strategic and operational tasks of the Company. The system of labor payment and motivation of the Company's workers is developed in accordance

with General unified salary system of State Corporation Rosatom. Average salary in JSC NIAEP for 2011 was 70,242 rubles.

Total amount of payments to the workers including average executives and top management depends on held grade. Salaries are determined in compliance with approved salary matrix. Integrated additional incentive for the top management is set according to occupational level. Motivation of top managers is based on achievement of key performance indicator (KPI). Nominal premium level is indicated in Provision on payment for the labor to JSC NIAEP workers. KPI of the Company is formalized in KPI chart of the Company's Director and decomposed to downstream workers and structural subdivisions.

Key targets and KPI of the worker or structural subdivision result in achievement of the targets and KPI of the Company or upstream level. KPI is determined for a year in accordance with key targets of the worker or structural subdivision and functional load. Premium paid according to KPI achievement shall motivate all workers to reach general targets of the Company.

KPI system application results in growth of the Company's strategic targets achievement efficiency due to indication of mutually agreed indexes for the workers which defines achievement of these targets and because of the workers encourage for KPI performance.

Average monthly salary in JSC NIAEP according to years

Table 30

Divisions	2010			2011		
	Average staff number	Salary fund, ths. rubles	Average monthly salary, ths. rubles	Average staff number	Salary fund, ths. rubles	Average monthly salary, ths. rubles
Nizhny Novgorod region	1 294.4	1 347 959.92	86.782	1 446.82	1 539 457.35	88.669
Rostov region	524	292 684.02	46.546	496.08	232 308.87	39.024
Tver region	448.5	233 103.06	43.312	477.98	265 940.09	46.365
Kaliningrad region	0	0.00	0	10.13	11 587.56	95.324
Kharkov region	0	0.00	0	4.5	3 620.64	67.049
Total	2 266.9	1 873 747.00	68.881	2 435.51	2 052 914.51	70.242

* See information about social aspects of personnel management in Subection 4.5.1. Social programs



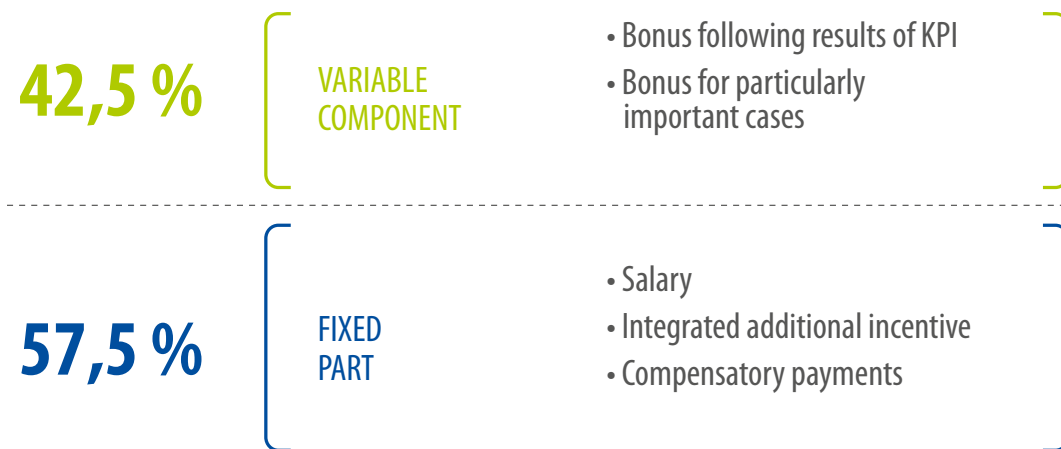


Figure 38. Structure of salary package in JSC NIAEP

One of key principles of the salary system in JSC NIAEP is a provision of equal opportunities for different age-sex group. Differences of basic salaries in some categories of employees can be explained that in 2011 the positions held by employed man and employed woman were classified in different grades. For example, minimum salary of employed woman corresponds to 14 grade (warehouse manager, office manager) and managing man – to 11 grade (production manager, foreman). In 2011 men did not occupied such positions as “warehouse manager” and “office manager”. The salaries of men and women are equal within one grade.

Personnel training

The system of personnel training and development is worked out and updated in accordance with the Company’s tasks on the basis of its strategic preferences.

New tasks require new knowledge and skills from the Company’s employees. The Company has successfully operating system of personnel training covering all levels of the Company’s personnel and it estimates the training results.

In 2011 788 employees of the Company upgraded their skills in training center of State Corporation Rosatom and other Companies (see Figure 38). Training results are estimated after its completion.

Main training programs which were popular in 2011:

- Primavera Planning and Control. Basic program.
- Primavera Planning and Control. Detailed program.
- Equipment of Nuclear Power Stations.
- Development, Maintenance and Improvement of Quality Management System.
- Procurement Management.

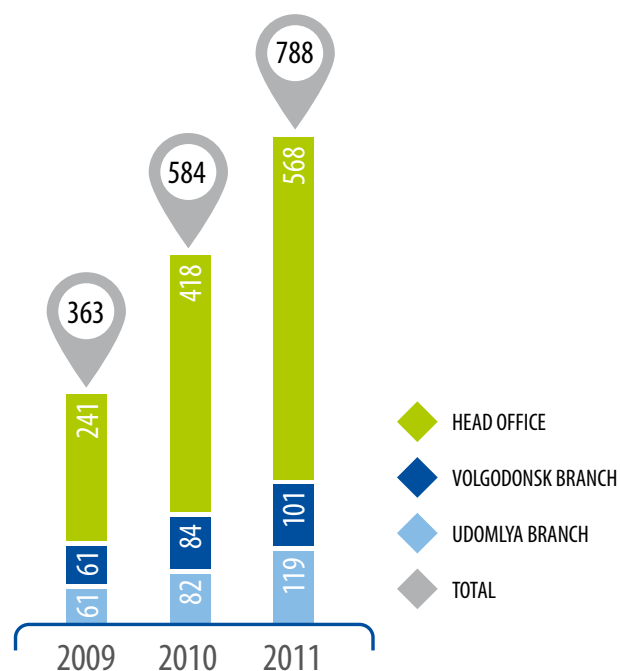


Figure 39. Number of employees completed training



Relation of basic salary of men and women in the Head office
Table 31

Categories	Salary, mln. rubles		Relation of basic salary of men and women
	Women	Men	
Managers	29 250	39 300	1,3
Specialists	21 750	21 750	1,0
White collars	21 750	10 300	0,5
Workers	7 200	7 200	1,0

Relation of basic salary of men and women in Volgodonsk Branch
Table 32

Categories	Salary, mln. rubles		Relation of basic salary of men and women
	Women	Men	
Managers	14 600	23 200	1,6
Specialists	13 300	13 300	1,0
White collars	7 900	–	–
Workers	7 200	7 200	1,0

Relation of basic salary of men and women in Udomlya Branch
Table 33

Categories	Salary, mln. rubles		Relation of basic salary of men and women
	Women	Men	
Managers	14 600	23 200	1,6
Specialists	13 300	14 600	1,1
White collars	14 600	–	0,0
Workers	7 200	7 200	1,0

Relation of basic salary of men and women in Baltic Branch
Table 34

Categories	Salary, mln. rubles		Relation of basic salary of men and women
	Women	Men	
Managers	25 500	39 300	1,5
Specialists	14 600	20 000	1,4
White collars	–	–	–
Workers	7 200	13 300	1,85



- Labor Safety.
- News in Pricing and Rating.
- Rosatom Production System.

In 2011 definitive additional training of the personnel was performed. The training was held in accordance with the Order No. 924 dd. 22.12.2010 "On arrangement of definitive additional training". 146 people were trained. Following topics were studied according to the program: principal diagrams of nuclear power station, nuclear reactors, pipeline fittings, etc. Master teachers from Nizhny Novgorod State Technical University n/a R.E. Alekseev read the lectures and run practical exercises.

The new line of the employees training is studying English. The study was performed in compliance with the Orders No. 261 dd. 07.04.2011 and No. 565 dd. 06.07.2011 "On arrangement of English study". 18 key specialists passed exams successfully and completed training program, 7 specialists knowing English at the professional level upgraded their skills, 3 top managers received graduation certificates. Currently there are specialists speaking foreign languages fluently in every key functional department of the Company.

In 2011 training costs were 7,961 ths. rubles or 0.31% of the salary fund (see Figure 42). Expenses for development of one employee taking into account internal and external training without costs associated with compulsory education were equaled to 3,115 rubles (2,500 rubles in 2009, 2,720 rubles in 2010).

Average amount of training hours is increased every year.

In accordance with the Collective Agreement in case of the employee release reasoned by reduction in force or personnel the employer shall assist to his/her further training and recruitment.

In accordance with the Decree of State Corporation Rosatom No. 1-1/116-r dd. 12.11.2010 "On knowledge testing related to provisions of main regulations of Integrated Program on combating with thievery and fraudulent activities":

- Summary sheet on combating with thievery and fraudulent activities was developed and represented to every employee;
- 30% of employees were tested using the computer for knowledge of main regulations provisions;
- 2 employees of Assets Special Safety and Protection Department were studied in accordance with the program "Economic safety of the Company and prevention of industrial fraudulent activities".

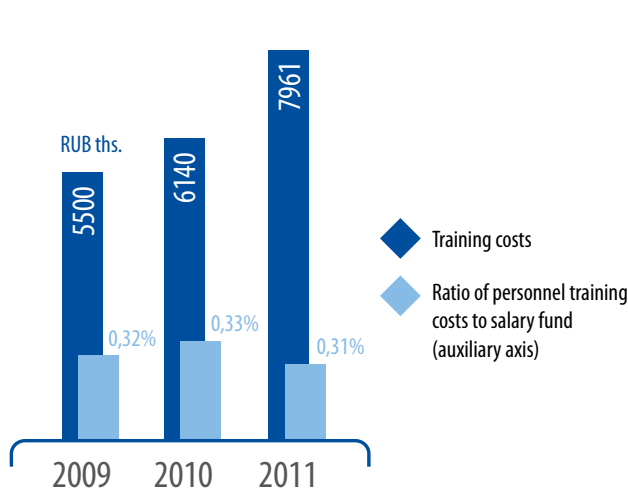


Figure 40. Training costs

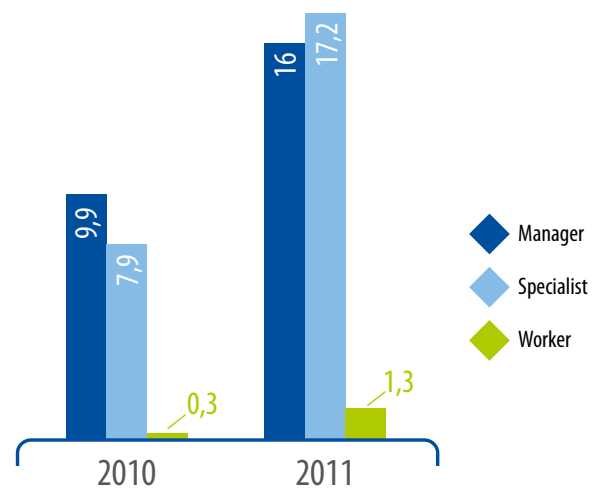
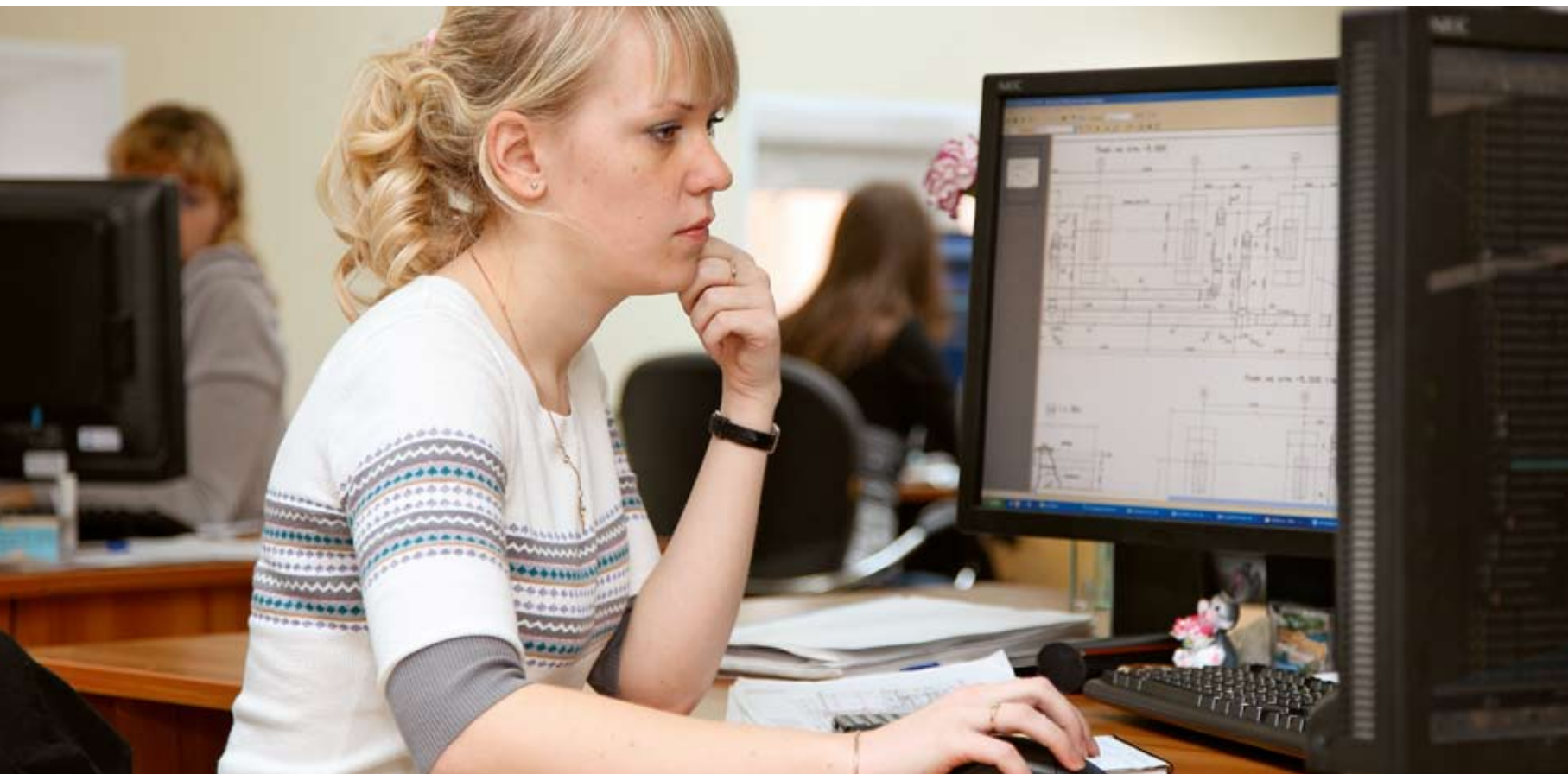


Figure 41. Average amount of hours spent for training of one employee of the Company in 2011





Working with the personnel reserve

Personnel reserve structure

Table 35

Personnel reserve structure	Number of workers included in personnel reserve	Number of managing vacancies closed in 2011	Number of managing vacancies closed by means of personnel reserve in 2011	
			men	%
Top managers	19	9	3	33
Middle-level managers	209	114	13	11
TOTAL	228	123	16	13

Human capacity increase is the most important task of the Company's management for today. In March, 2011 the personnel reserve of JSC NIAEP was approved.

In case of appointment to managing positions in the Company, the candidates from personnel reserve are preferred and as according to the table 25.2% of vacancies are closed by managers included in personnel reserve in 2011.

In April, 2011 "Personnel reserve management school" was founded for 32 employees of the Company. Reports of top managers of State Corporation Rosatom and experts of consulting companies were represented during strategic session. The practical training and round tables dedicated to such topics as "Life cycle management as the key factor of longterm competitiveness", "Construction of NPP in the world and in Russia" were arranged for the participants.

In June, 2011 5 young specialists included in the Company's personnel reserve took a participation in youth innovation forum "Energy efficiency and safety" (Nuclear Seliger).

Personnel assessment

During the last three years the Company applies the personnel assessment system. The results of this assessment are used to take the decisions during the process of personnel management.

Personnel assessment is a part of workers operation efficiency management model used in nuclear industry and in the Company. This system lets the worker understand what results are expected from him by the Company and how these results will be assessed as well as it allows implementation of carrier anticipations and recognition of achievements.

In 2011 the assessment was held for the following employee categories: managers, deputy managers, heads of depart-

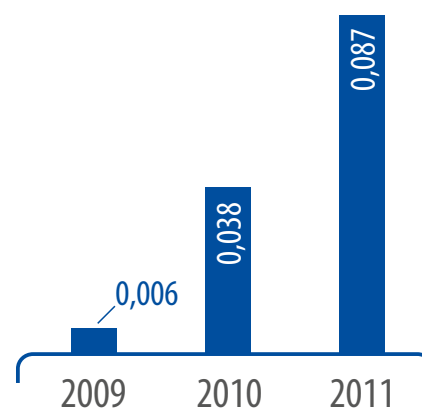


Figure 42. Share of the workers who are regularly assessed in relation to efficiency and carrier development

ments and boards. Share of the workers who are regularly assessed in relation to efficiency and carrier development is increased every year (see Figure 42).

According to the results of efficiency assessment, the system of personal material encouragement, decision about movement to other occupation or inclusion in the personnel reserve for higher post can be foreseen for the worker.

The results of personnel assessment are very important as for the Company's management as for the support staff. Support of assessment procedure by top and linear management of the Company is a key success factor for all performed assessments.

In 2012 the share of the employees participating in assessment including the heads of the branches will be increased up to 0.15.



Involvement of young specialists and cooperation with higher education institutions

Planning long-term development the Company is aimed for attraction of graduates of specialized higher education institutions.

The Company established the system of cooperation with higher education institutions which allows provision of talented and promising graduates flow.

In 2010 educational scholarship n/a E.N. Pozdyshev was established in the amount of 5 ths. rubles per month for the students of NSTU n/a R.E. Alekseev achieving high results during the study and practical work referred to chosen profession. In 2011 this program was expanded for the students of Nizhny Novgorod State Architectural and Construction University (NNSACU) as well. In 2011 20 students competed for dedicated scholarship assignment, but in the reporting year 55 students from two main universities in Nizhny Novgorod took part in the competition for provision of the scholarship n/a E.N. Pozdyshev.

In 2011 the Agreement on cooperation in the field of education and research activity was signed between JSC NIAEP and Sarov Physics and Technology Institute VPO "NIYU "MIFI".

According to the agreements made between the Company and higher educational institutions the students from Nizhny Novgorod State Technical University n/a R.E. Alekseev (NSTU), Nizhny Novgorod State Architectural and Construction University n/a V.P. Chkalov (NNSACU), Volgo-Vyatskaya Academy of Public Administration (VVAPA) do practical training. Within the reporting period 107 students participated in industrial and pre-graduation practical training at the Company.

Student construction teams from Obninsk Nuclear Power Institute and Volgodonsk Institute of South-Russian State Technical University were conventionally attracted to the construction sites of Rostov NPP and Kalinin NPP.

During four summer seasons 560 students including 230 people in the reporting year, were practically trained according to their professions making actual contribution in the construction of nuclear facilities being the most important for Russia.

In total 19 young specialists graduated from specialized higher educational institutes were employed by the Com-

pany during 2011, among whom 10 were students with externship in NIAEP and 9 were awarded with the Pozdyshev scholarship.

In compliance with the Decree of the Russian Federation Government No. 942 dd. 19.09.1995 "On dedicated contractual training of specialists having higher and second-level education", 32 graduates of general education schools were sent by the Company for dedicated training to the Institute of Nuclear Power and Technical Physics of NSTU n/a R.E. Alekseev. In 2011 seven people went to the institute to study such disciplines as "Nuclear power stations and installations", "Thermal stations" being specialized ones for JSC NIAEP.

In 2011 JSC NIAEP participated in the first industrial competition of the programs introduced by the companies in the field of selection and development of young specialists and won the first place in nomination "The best program on cooperation with higher education institutes and involvement of young specialists in 2011".

In 2012 JSC NIAEP together with the specialists from Sarov Physics and Technology Institute VPO "NIYaU "MIFI" plans to develop models of engineering professional competence which will be used in future for training and selection of graduates for employment in the Company.

Youth policy*

Youth policy is focused on arrangement of conditions for young people attraction and keeping, initiative encouragement, professional skills upgrade and realization of young specialists' potential.

The program of occupational guidance and adaptation of young specialists works in the Company.

To accelerate achievement of professional skills required level by young specialists the Company has established guidance institute involving more experienced specialists to the processes connected with occupational adaptation and training of young workers.

The Company's specialists involved in guidance have great knowledge and share it with the youth. In accordance with the Collective Agreement the guidance force is encouraged. In 2011 the costs for guidance force payment were equaled to 420 ths. rubles.

* See details on youth policy at the Company's website (www.niaep.ru – Social Responsibility – Youth Policy)



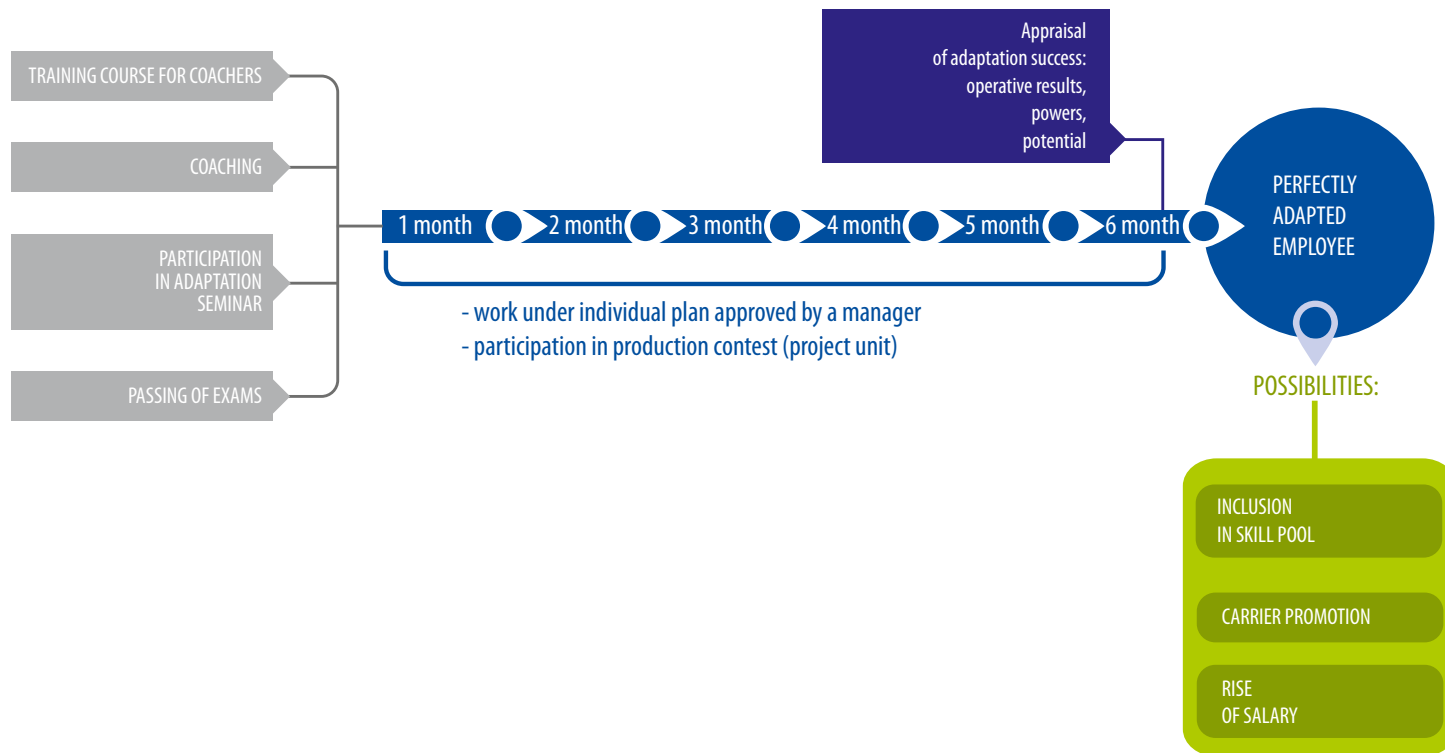


Figure 43. Occupational guidance and adaptation of young specialists

Young specialists are dynamically involved by the Company in development and implementation of innovation projects. In June, 2011 the production competition was completed. This competition was started in QIV of 2010 with the aim to reduce the period for achievement by incoming young specialists of required level of working with INTERGRAPH and DASSAULT SYSTEMES software, Multi-D engineering, for generation of stable motivation of the specialists for professional development, recognition of the most promising young specialists in accordance with strategic tasks of the Company related to introduction of leading world technologies – Multi-D-engineering – for engineering of nuclear power stations.

During the competition the guidance movement became more popular as the project involved young specialists and the specialists with experience over three years as evidenced by significant growth of costs for guidance payment in the reporting year (see Figure 44).

Upon completion of the production competition in engineering sector, 13 of 67 participants were determined as winners and 6 young specialists were noted by the commission in addition. The winners were promoted at work, received

increased personal additional incentive and participated in information visit to Kalinin NPP.

New line-up of Young Specialists Board started its operation in 2011. “Provision on JSC NIAEP Young Specialists Board” was developed and introduced by the Order No. 778 dd. 01.10.2011. Young specialists participated in industrial creative and sports festivals, scientific conferences and competitions. In 2011 the team of the Company’s young specialists took a honorable

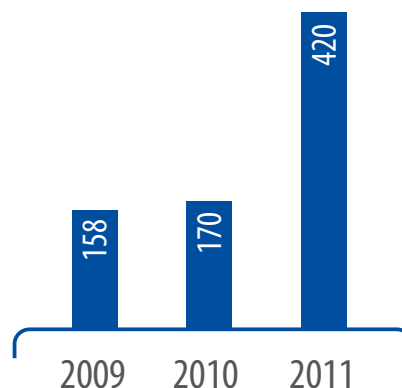


Figure 44. Costs for guidance payment, ths. rubles





second place among the participated teams of the regional festival of Friendship held between State Corporation Rosatom and Nizhny Novgorod State Technical University n/a R.E. Alekseev (NSTU) with one score difference from the winning team.

Provision “On arrangement of annual competition between the proposals for implementation of Rosatom production system among young specialists of JSC NIAEP and its subsidiaries” was introduced by the Order No. 1030 as of 21.11.2011 and 3 projects on engineering and construction works execution were represented at the competition of proposals in 2011.

Internal communications

There is a mechanism of communication between the specialists and top management in the Company. Using Intranet

the specialists may control top management activity and give proper recommendations.

In addition the employees can use this mechanism for submission of complaints including those related to human rights. Any worker can submit the complaint via site of the Company or trade union committee.

During the reporting period the Company did not register any complaints related to violation of human rights and protection of these rights.



4.2.3. Maintenance of Labor Safety

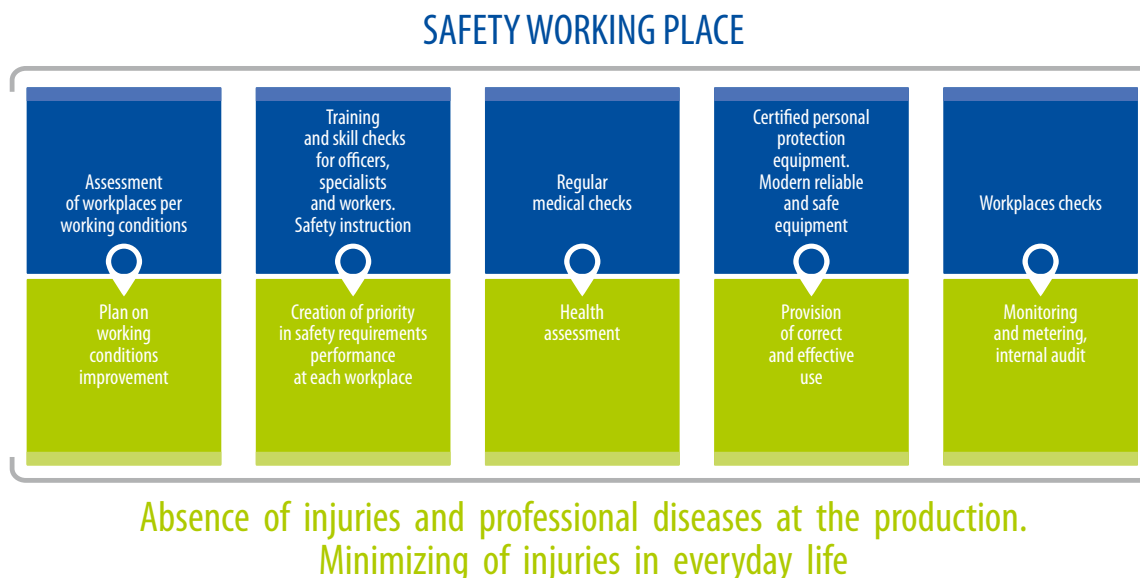


Figure 45. Workplace safety

Labor safety is one of the Company's preferences. In accordance with safety management system of State Corporation Rosatom all divisions of JSC NIAEP have their own System of management directed to industrial injuries and occupational disease preventive measures, improvement of working conditions and labor protection. Safety management system is created on the basis of regulatory background on labor protection of Russian and industrial legislation. It is evidenced by "CERTIFICATE OF WORK SAFETY COMPLIANCE (SAFETY CERTIFICATE) NO. POCC RU UNDER NO. 011039".

Creation of labor safety focused on culture maintenance at each working place is the main task of the Company's corporate policy in the field of labor safety. It is required by high production effectiveness of the Company specialists' working places and importance of decisions taken by them.

Works preventive focus is fixed in labor safety management systems used in all large divisions of the Company (head office, branches and representative offices).

Complexity, consistency and transparency of labor safety works allow avoidance of industrial injuries (injury rate=0) and occupational diseases (diseases=0) among the workers of the Company since 2000 resulting in enhancement of staff morale positive trends. Special attention of all services of the Company during the reporting period was drawn to the facility being under the startup – Kalinin NPP unit 4.

20,400 ths. rubles were spent for execution of the program related to the Company's labor safety in 2011.

The specialists of JSC NIAEP coordinate works of labor safety services of contractors operated at the construction sites, cooperate with the client's labor safety service by means of weekly meetings and joint round check of the facilities being under construction. Every month Labor Safety Day at the construction facilities with results summary, competitions on labor safety between the workers and white collars and sub-contractors are held.

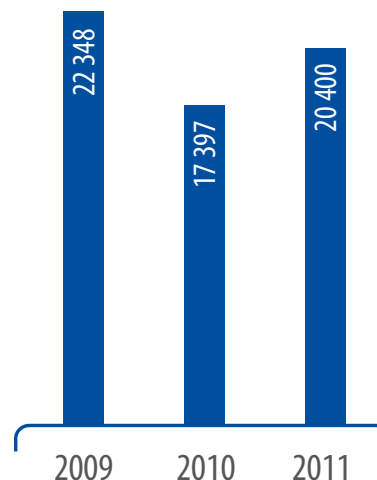


Figure 46. Costs for labor safety arrangements, ths. rubles



Number of accidents occurred with personnel of the contractors

Table 36

	2009	2010	2011
Number of accidents occurred with personnel of the contractors	13	12	8

Safety requirements and penalties for detected violations of labor safety requirements are included into agreements signed with the contractors. Weekly meetings on safety work performance as well as daily duty of the contractors labor protection workers at the facilities are introduced in accordance with decree developed together with subcontractors.

The branches of JSC NIAEP keep records of accidents occurred with the contractors' workers. The agreements signed with the contractors include requirements for notification of JSC NIAEP about any cases of industrial injuries occurred at the construction sites. This information is fixed by work safety services of the branches. Number of accidents occurred with the contractors' personnel is shown in Table 36.

Issues related to monitoring of health and labor protection and implementation of the programs on health and safety working place are considered at the meetings of trade union

committee, Council of Veterans, commission on labor disputes and social questions. Total number of employees involved in activities of such public unions is 1.2% of total staff of the Company.

Currently due to construction of NPP abroad by JSC NIAEP the Company took a decision on development and introduction of labor safety management system according to requirements of OHSAS 18001:2007 by the end of 2012.

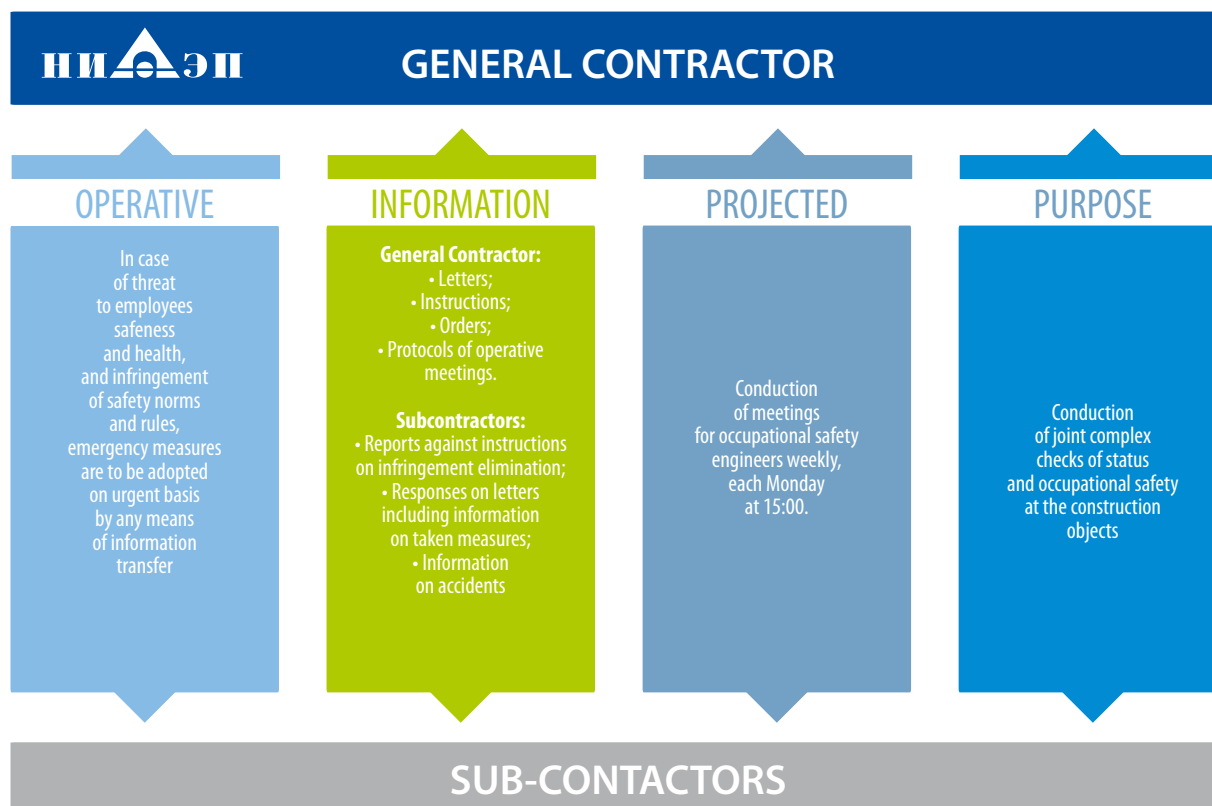


Figure 47. Cooperation with contractors in the field of labor safety



4.3. Innovation Activity

In 2011 JSC NIAEP carried on innovation activities in following areas:

- Development of NPP life cycle management system within the VVER-TOI Project.
- Development of industrial stock catalogue of equipment and materials required for NPP.
- Development of Multi-D process for construction and installation works enhancement.
- Development of purchasing and delivery management system based on industrial software.
- Development of electronic process paper flow using electronic digital signature.
- Development of capital construction management complex system ERP NIAEP.
- Development of purchasing and delivery management system.

4.3.1. Development of NPP Life cycle Management System within the VVER-TOI Project

The task on enhancement of water-cooled power reactors operating characteristics and development of the VVER TOI Project was determined for the nuclear industry by the President under the results of the meeting of Commission on modernization and technological development of Russian economy under the President of the Russian Federation held in July 22, 2009.

Considerable experience in the field of information systems integration as well as good cooperation with the developers of the main system of automated engineering allow JSC NIAEP to develop by itself one of the most important elements of the VVER-TOI Project – NPP power unit life cycle management system.

NPP power unit life cycle management system is designed to provide the VVER-TOI Project’s participants with access to update information about NPP power unit at all stages of its life cycle in accordance with the range of current tasks. It shall pro-

vide information communication between the participants of one stage of NPP power unit life cycle and the participants of different stages.

Being a part of the VVER-TOI Project the life cycle management system shall assist in achievement of key economic parameters of the Project.

General information model VVER-TOI will be developed and also organizational and functional model (OFM) of VVER-TOI life cycle management will be created during execution of JSC NIAEP life cycle management system.

The works are financed in accordance with the agreement signed between JSC Rosenergoatom and JSC NIAEP No. H/40/11/20 dd. 27.05.2011.

In 2011 within the framework of Life Cycle Management System (LCMS) creation the following results were achieved:

Key economic parameters of the VVER-TOI Project

Table 37

Parameter	Value
NPP construction period, months	40
Reduction of estimated construction cost per series unit, %	20
Reduction of designed operating costs per power unit, %	10



Milestones for works completion within the VVER-TOI Project
Table 38

Item	Milestones	Cost (without VAT, mln. rubles)	
		2011	2012
1	Development of general information model of NPP life cycle	118.541	83.19
1.1	Development of power unit life cycle management system architecture on the basis of the VVER-TOI Project	10.055	-
1.2	Development of requirements and selection of repository	5.292	-
1.3	Repository creation	45.260	39.2
1.4	Development of integration decisions	57.934	43.99
2	Development of organizational and functional model of NPP life cycle management and actualization and maintenance of standards for information exchange between the Project participants	54.919	64.398
2.1	Development of basic provisions about organizational and administrative cooperation of the VVER-TOI project participants within Measure 3.16 implementation	1.764	-
2.2	Development of requirements for creation of organizational and functional model	11.995	-
2.3	Creation of organizational and functional model	26.46	45.511
2.4	Development of general quality program	14.7	9.291
2.5	Maintenance of information exchange standards	-	9.596
3	Development of the regulations for operation with general information model of the VVER -TOI Project	2.94	28.812
TOTAL		176.4	176.4
		352.8	

- Architecture of targeted LCMS was developed.
- In accordance with developed architecture the platform for LCMS repository creation – Dassault Systemes ENOVIA V6 was chosen and approved by the Customer.
- Under the pilot projects the data (3D geometry + attributes) from Dassault Systemes CATIA, Intergraph SmartPlant 3D and Siemens Teamcenter/NX was successfully aggregated.

It is scheduled for 2012 as follows:

- Creation of general integration decision stipulating any necessary instruments and methods for its adjustment and further maintenance.

- Creation of LCMS information model repository providing the functions of changes and configuration management.
- Creation of improved and targeted OFM, so called OFM “as it should be” and generation required regulations according to it.

The works are going to be completed in December of 2012.



4.3.2. Development of Industrial Stock Catalogue of Equipment and Materials for NPP

The works on development of General Industrial Equipment and Materials Stock List are included into measures (the measure 3.15) on implementation of decision of Committee on modernization and technological development of Russian economy under the President of the Russian Federation (Minutes No.2 dd.22.06.2009 approved by the President of the Russian Federation D.A. Medvedev on 12.08.2009 No. Pr-2129) for creation of VVER Typical, Optimized and Informative Project (VVER-TOI).

The main targets of the project are:

- Facilitation of design and procurement process.
- Creation of centralized equipment and materials data base established in accordance with data of manufacturing plants.

Main tasks of the project are:

- Development of standard description of all types of products.
- Attraction of equipment suppliers and manufacturers.
- Filling with information about equipment.
- Verification of entered data.
- Creation of interfaces for data transfer to SPRD Intergraph, EOS NCI, EOSZ systems, external systems (according to ISO 15926).
- Development and application of the process regulations.

The catalogue is different in a quality manner from any previous industrial decisions; this is full, systematic and handy information about all goods produced for nuclear industry needs.

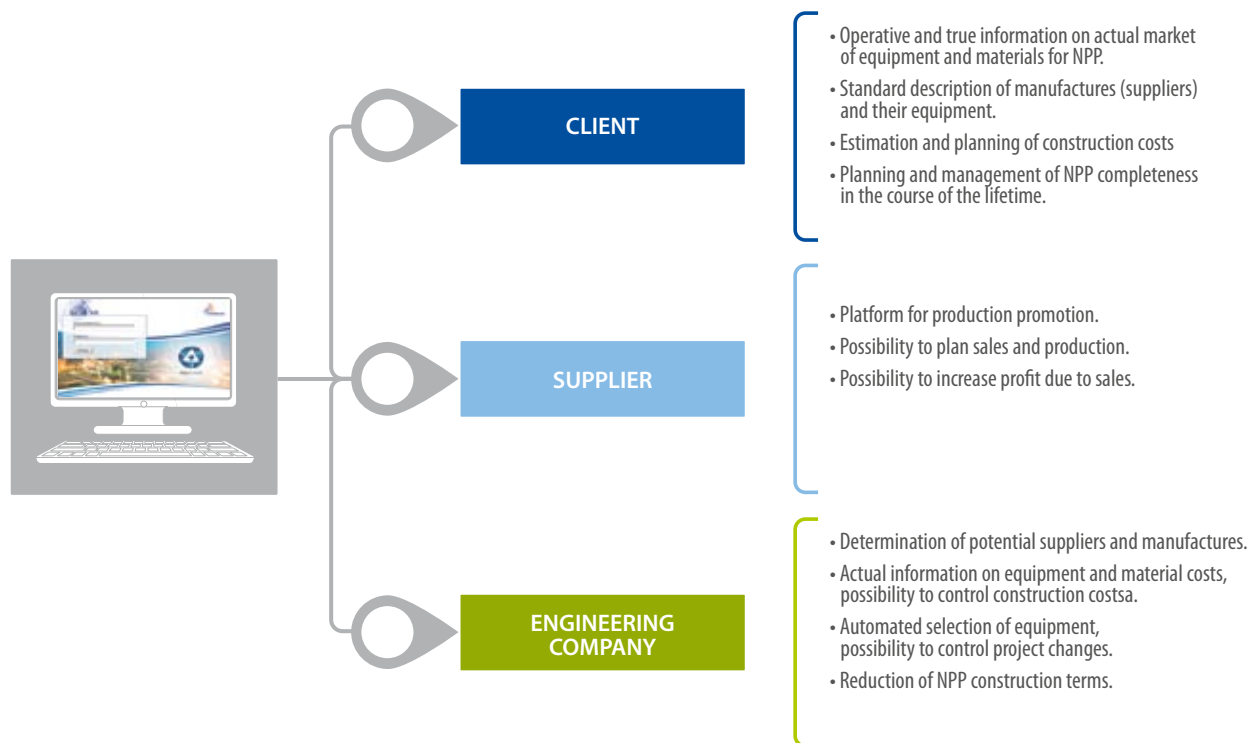


Figure 48. Main users and participants of the industrial catalogue of equipment and materials for NPP



Stages of the project on industrial catalogue development
Table 39

Item	Stages	Cost (without VAT, mln. rubles)	
		2011	2012
1	Formation of catalogue structure, entering of resources and creation of data filling schedule	24	-
2	Industrial filling of catalogue with information about suppliers and data verification	55	-
3	Pilot operation of industrial catalogue (stage 1)	9.2	-
4	Pilot operation of industrial catalogue (stage 2)	-	35
5	Handover of the catalogue to industrial production	-	4.2
TOTAL		88.2	39.2
		127.4	

The works are financed in accordance with the agreement signed between JSC "Concern Rosenergoatom" and JSC NIAEP No. H/40/11/21 dd. 27.05.2011.

536 organizations and companies including 27 foreign manufacturers (Ukraine, Belarus, Czech Republic, Germany, USA, Finland, and Moldova) were registered in 2011 as the participants of the Catalogue. Over 100,000 equipment cards were created; over 4,000 files with 3D-models as well as more than 7,500 files with documents were entered.

In the reporting year the process of data transfer from the Catalogue (ENOVIA V6) to 3D-designing (SP) systems was established. Introduction of this process allows reducing significantly the time required for the development of designed facility 3D-model. JSC NIAEP develops industrial version of this process. Introduction of the process industrial version is forecasted for 2012.

The instrument of location of project need in equipment and materials is executed in accordance with industrial potential of different manufacturing countries.

Since 2011 the Catalogue has been used together with designing systems of JSC NIAEP at pilot and industrial level. Characteristics and equipment units 3D-models are transferred for application in the projects of the power units 3, 4 of Rostov

NPP based on requests of engineering sector. At the time being over 800 equipment units with 3D-model are transferred.

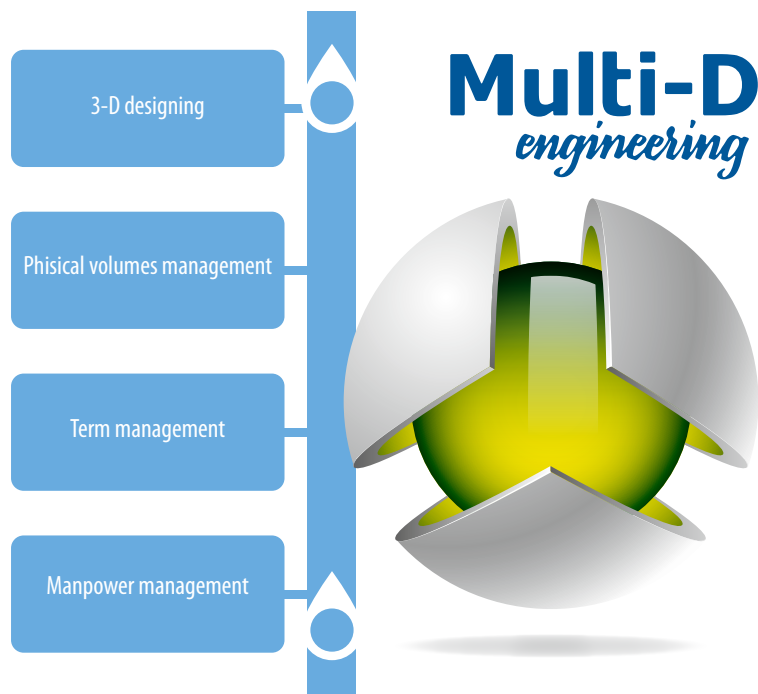
The following works related to the Catalogue structure improvement are scheduled for 2012:

- Enhancement of equipment characteristics attributes description.
- Development of instrument for on-line notification of suppliers about the project needs.
- Creation of database related to quality of the suppliers' products and services based on the information about deliveries and equipment operation history.

Filling of the Catalogue in accordance with needs of WWER TOI Project is planned. To satisfy the project needs 100-150 new suppliers (within the Russian Federation) are going to be attracted and a range of foreign suppliers will be increased using location instrument.



4.3.3. Development of Multi-D Technology for Construction and Installation Works Enhancement



Multi-D technology is designed for enhancement of installation works performance and it is based on detailed planning of operations sequence using actual production and physical volumes standards. This approach is considered as the addition to conventional expert-prescriptive approach to construction and installation works planning, where total volume of construction is divided to separate facilities, milestones and work types, and the milestones time periods are determined prescriptively taking into account adopted approaches to aggregate construction planning and expert estimations related to time period required for performance of any types of work.

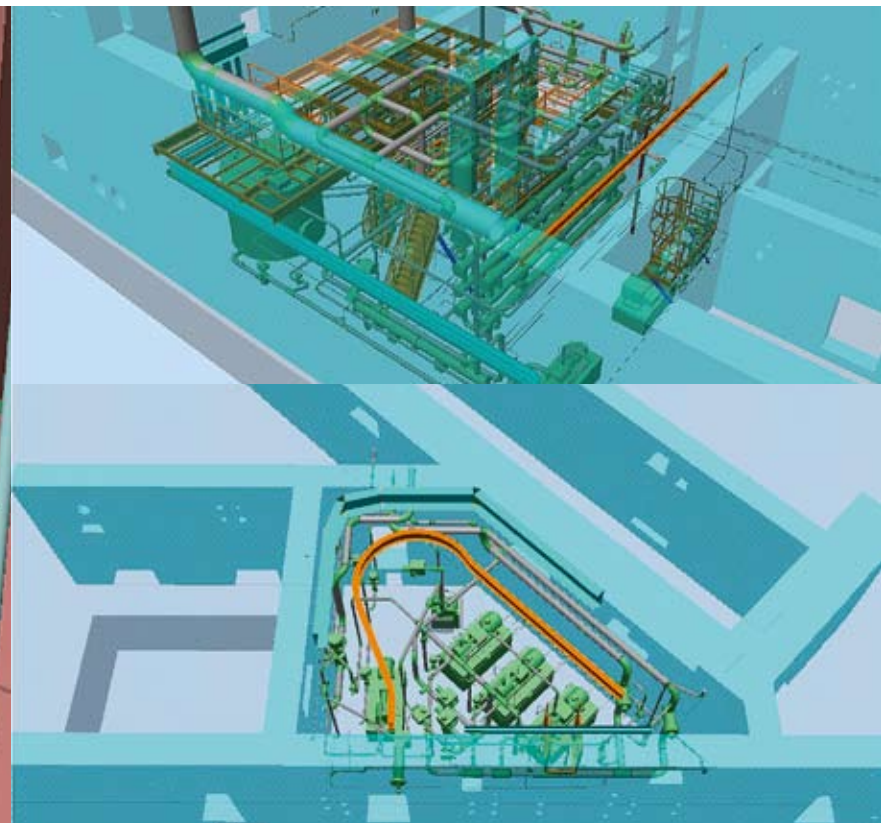
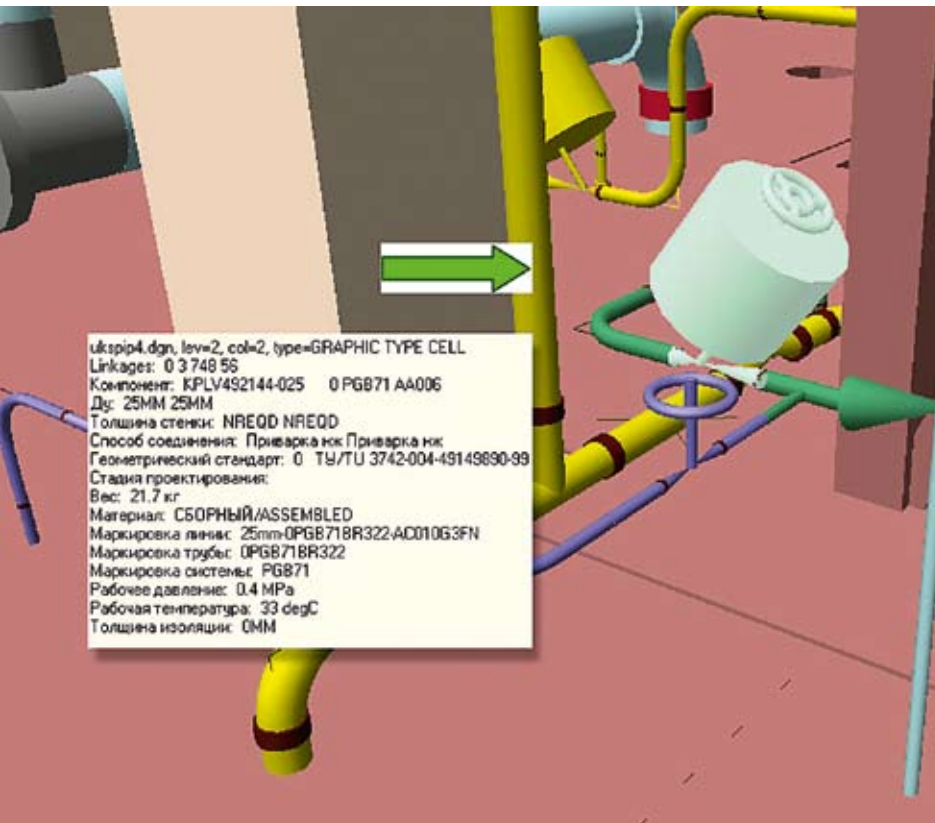
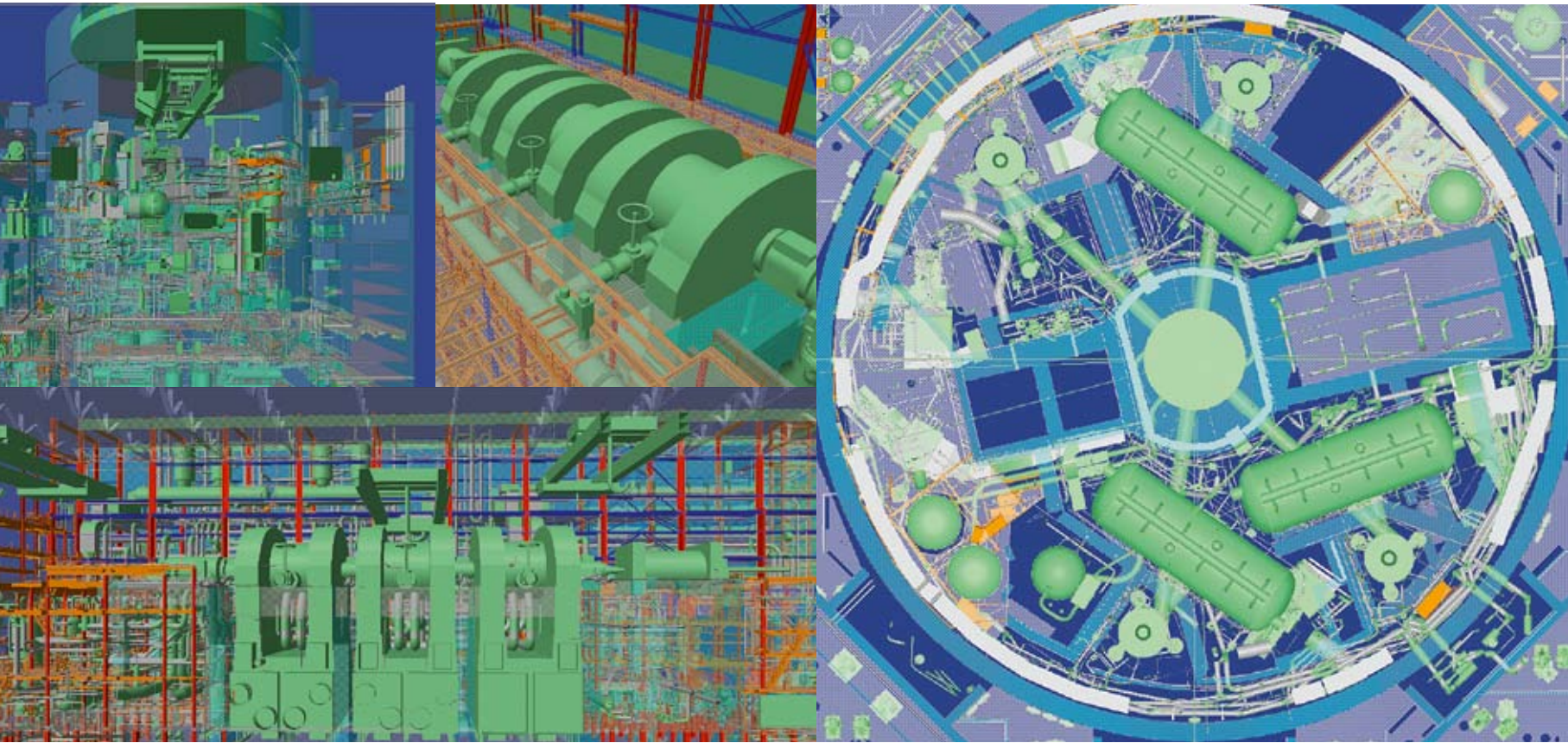
The main advantage of Multi-D technology is the opportunity to estimate the project decision from the point of installation works arrangement and to perform detail works planning at the beginning of NPP construction and before the delivery of the project documentation for works performance based on the developed 3D-model. Reduction of facility construction total time is achieved by means of enhancement of installation works and usage of labor force, machines and mechanisms. The construction is planned to be performed smoothly without any critical situations related to deficiency of resources or impossibility to arrange works effectively due to excessive presence of the executors at the construction site.

Possible detailed rationalization of NPP construction project implementation and provision of its provability as per terms and cost is the second advantage of Multi-D process.

Multi-D designing includes a broad range of measures for simulation, enhancement and description of different functional systems installation process in chosen graphical volume of the building (room, installation area) with opportunity of consequent data aggregation for creation of summary construction and installation works schedule.

The third advantage of Multi-D technology is the opportunity to re-simulate sequence of works in compliance with changing terms and conditions of the project, for example, according to current state of materials delivery or availability of labor force at the construction site, changes of construction readiness achievement procedure at different areas or in accordance with new targeted settings of the project determined by the management. It can be provided by means of summary schedule modular structure consisting of schedules per separate rooms or installation areas as it allows changing the sequence of works without any significant re-development of the lower level schedules.





4.3.4. Development of Electronic Process Document Workflow Using Electronic Digital Signature (EDS)

Works related to development of electronic document workflow using EDS are performed in accordance with the Decree of Director of State Corporation Rosatom No. 1-1/170-r dd. 18.08.2011 "On execution of the project "Development of information space of general designer and Customer to work with technical documents during NPP construction".

Creation of process of document flow using EDS is directed for solving the following tasks:

- Reduction of time required for design and estimate documentation consideration by the Customer: from 60 to 20 days.
- Reduction of time required for delivery of design and estimate documentation for operation.
- Provision of design and estimate documentation passing transparency at the Customer.
- Provision of the Customer's notes recording during consideration of design and estimate documentation.
- Significant facilitation of communication process between the specialists during development, agreement and storage of the process documentation.

The works are financed at JSC NIAEP's own expense. In 2011 13 mln. rubles were spent for the project.

In 2011 the following results were achieved:

- The procedure of design and estimate documentation development and agreement in electronic form per the power units 3, 4 of Rostov NPP based on SPF software was developed and put into pilot and industrial operation.
- Works related to integration of electronic digital signature into SPF software were performed together with Intergraph Company.

The following works are scheduled for 2012:

- Performance of works related to electronic process document flow with JSC SPbAEP and Baltic NPP.
- Development of the system of general designer/general contractor on construction and installation works and the Customer (NPP).
- Introduction of the system of general designer/general contractor on construction and installation works and the Customer at JSC NIAEP and Rostov NPP (pilot site).

4.3.5. Development of Complex Capital Construction Management System (NIAEP ERPS)

Since 2009, JSC NIAEP has been using complex system of capital construction management, which includes automated systems of capital construction, agreements keeping, equipment specifications and data integration.

Main tasks solved by NIAEP ERPS are:

- Control of contractual relations..
- Control of working documentation development.
- Control of working documentation development.
- Monitoring and control of actual works performance.
- Subject planning and reporting.
- Control of equipment and materials specifications, control of analogues.

- Monitoring of contractors' actual personnel and labor costs.
- Summary analysis of construction facilities state.

Information system is used at the sites of Kalinin NPP unit 4, and Rostov NPP units 3 and 4. The system is prepared for application at Baltic NPP. It is planned to use the system at Belarus NPP.

Currently 1,305 users are connected to the system including 78 specialists of contractors working at the Volgodonsk site.



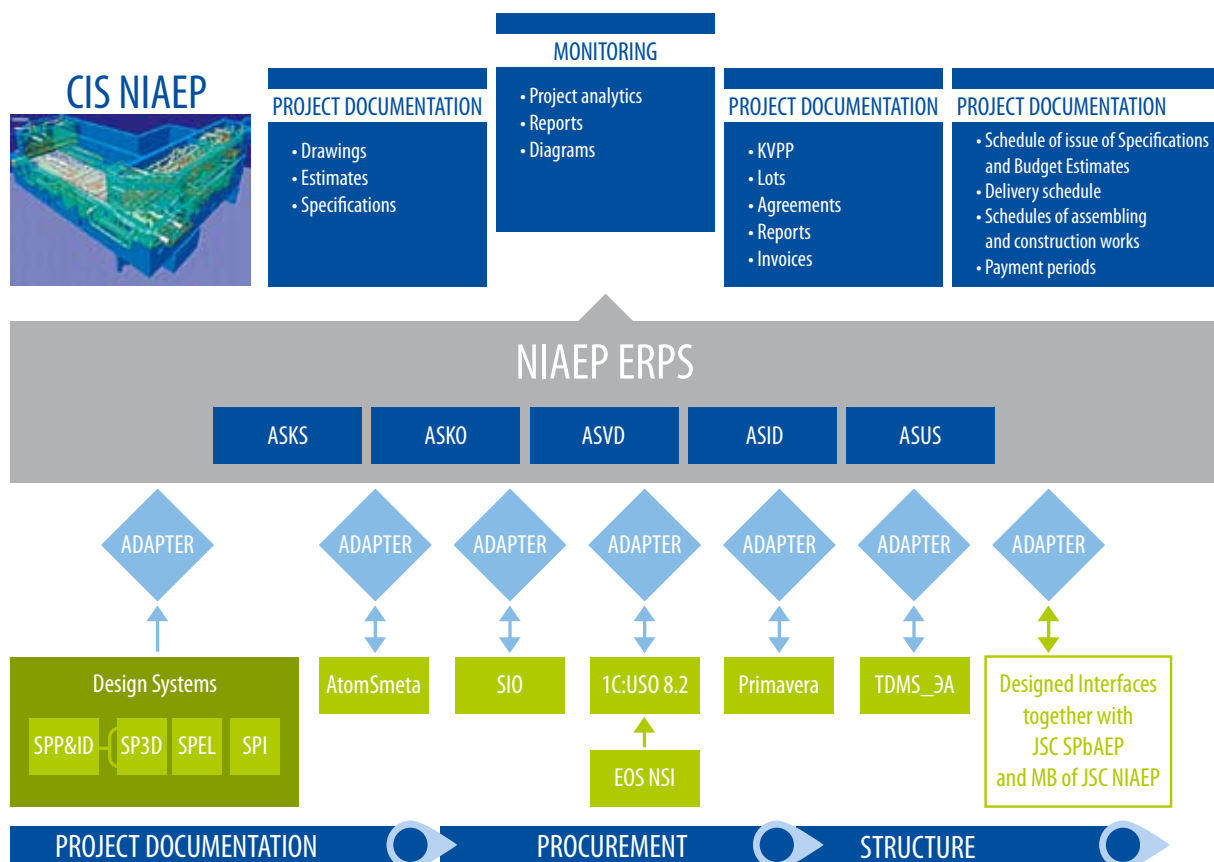


Figure 49. Diagram of complex capital construction management system

Number of NIAEP ERPS users

Table 40

	2009	2010	2011
Specialists of JSC NIAEP	820	967	1190
Specialists of subcontractors	-	63	78

Application of ERP NIAEP system resulted in the following:

- Provision of all participants involved in NPP construction project with timely and reliable information about working state.
- Increase of engineering company divisions interaction efficiency during designing and construction of NPP.
- Enhancement of business processes during designing and construction of NPP.
- Decrease of purchased equipment and materials costs
- Increase of the projects quality.

- Reduction of facility construction time period.
- Monitoring of the contractors' actual personnel and labor costs.

During 2009-2011 the investments for creation, development of NIAEP ERPS and interfaces of interaction with information systems of the Company's general information area were equaled to 74.2 mln. rubles.



	2009	2010	2011
Investments	27.7	23.6	22.9

In 2011 the works on new program modules development were performed:

- Automated system of construction cost control.
- Automated control of field engineering.

30 mln. rubles are planned to be invested for ERP NIAEP development in 2012. The system will be developed in the part of:

- Generation of plan/actual analysis reports.
- Analysis of labor costs and work time standards optimization.
- Internal accounting of EAD works performance.
- Development of NPP power units cost control module.

4.3.6. Development of Procurement Management System

Development of standard procurement management system is one of the most important innovation developments performed by JSC NIAEP at the present time. This work is executed as part of measure 2.12 according to the VVER-TOI Project chart. This standard procurement management system shall general platform with a set of instruments required for joint work of all participants involved in NPP construction: designers, purchasers, engineering construction companies, etc.

The developed system shall solve the following main tasks:

- development of integrated decision to control material support, logistic chain and relations with the suppliers;
- this solution shall be general platform for joint work of all participants involved in the project: designers, project control engineers, purchasers, suppliers, engineering construction companies, investor and the Customer;
- the system shall decrease the project execution costs, reduce works performance time, increase risk control efficiency as well as provide the Customer with advantages at complicated and highly competitive markets;
- each department or functional unit of the Company shall easily get the access to information about materials and equipment required for solving of the proper related task.

The works are partially financed by VVER TOI Project budgetary funds and partially by own funds of JSC NIAEP. Total amount of

financing stipulated for the system development using funds from the VVER TOI Project budget is 83.4 mln. rubles. Additional financing for introduction and pilot operation of the system in JSC NIAEP is arranged at the Company's expense. In 2011 the amount taken from JSC NIAEP budget was equaled to 18 mln. rubles.

Implementation of standard procurement management system will decrease the costs required for the project execution and full investments by means of reduction of total working time and avoidance of materials surpluses and deficits. According to summary data the introduction of the system in foreign companies resulted in:

- reduction of labor costs up to 15%;
- decrease of excessive materials stocks up to value of less than 1%;
- avoidance of double purchasing;
- decrease of aggregate cost of facility ownership and construction up to 3% of total cost;
- updating of the project schedule due to integration with calendar scheduling system;
- increase of risk control efficiency during implementation of the project thanks to high figures related to material resources flow control;





- support of materials and equipment quantitative estimation starting from preliminary stage of the project and development of the project decisions (at initial stage) and up to detail engineering and putting the facility to industrial operation;
- control of interrelations with the suppliers;
- availability of centralized data storage base related to tendering procedures and procurement activities.

The data received during expedition using purchasing and delivery control system will facilitate and reduce the time required for the equipment and materials acceptance.



4.4. Contribution into Economic Development

From the point of stable development of the Company and outside environment it is located in, it is necessary to understand how and between which interested parties the Company will distribute the cost formed during its activity. By cost

distribution the Company influences the development of economic and social systems.

Formed and distributed direct economic value*, mln. rubles

Table 42

Index	2009	2010	2011
Income	35 589	41 496	36 085
Distributed economic value	34 146	41 375	36 117
Operating costs (payments to suppliers and contractors, costs for materials purchasing)	29 146	36 400	32 574
Wages and other payments and benefits to workers	1 575	1 980	1 856
Payments to funds suppliers (payment of dividends)	367	940	656
State payments	2 164	1 930	949
Investments to communities, including donations	155	125	83
Retained economic value	1 443	121	-32

* Economic value

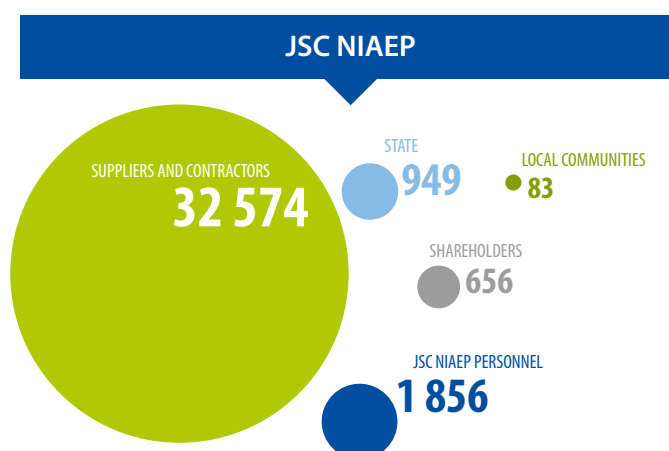


Figure 50. Distribution of JSC NIAEP economic value, mln. rubles



4.4.1. Economic Impact on Suppliers and Contractors

Operating costs are the major part of the Company's distributed economic value. Operating costs are generated as a result of payments to counterparties for purchased materials, product units, equipment and services. This amount is distributed between the suppliers and the contractors of JSC NIAEP.

Procurement activity of JSC NIAEP is carried out according to General industrial standard of State Corporation Rosatom

suppressing any preferences to the suppliers including local ones (within the territory of construction).

Decrease of the subcontractors number is reasoned by signing of the contracting agreements with work scope aggregation.

Suppliers

Table 43

Index	2009	2010	2011
Total number of suppliers	260	258	441
Amount of signed contractual liabilities, mln. rubles.	21 550	13 346	59 639
Amount of supplies, mln. rubles	17 310	18 913	14 527

Share of purchases from the local suppliers

Table 44

Power unit	Region	Total volume of purchases of equipment for NPP (signed agreements), mln. ruble	Volume of equipment purchases from the local suppliers for NPP (signed agreements), mln. rubles	Share of purchases from the local suppliers, %
Power unit 4 of Kalinin NPP	Tver region	2 479	31	1,2
Power unit 3, 4 of Rostov NPP	Rostov region	30 019	922	3.1
Power unit 1, 2 of Baltic NPP	Kaliningrad region	28 247	119	0,4

Suppliers

Table 45

Index	2009	2010	2011
Total number of suppliers	70	122	93
Amount of spent funds, mln. rubles	18 927	21 267	19 188







4.4.2. Economic Impact on JSC NIAEP Personnel

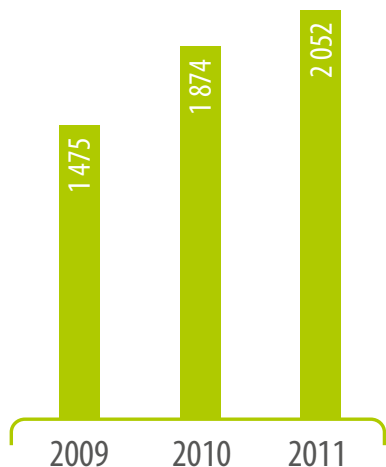


Figure 51. Amount of salary fund, mln. rubles

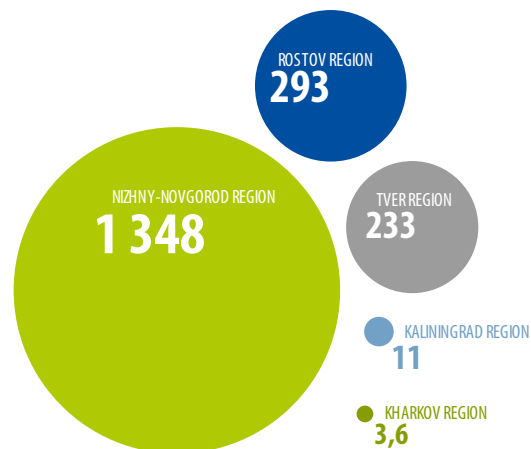


Figure 52. Breakdown of salary fund amount according to regions of NIAEP operations, mln. rubles

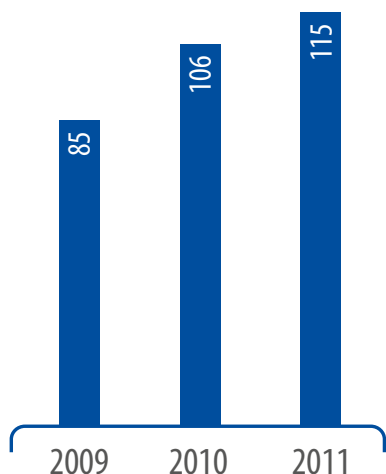


Figure 53. Investments for social needs of workers, mln. rubles

Development of the Company resulted in the personnel growth and consequently in increase of the salary fund and allocations for social needs.

Appreciable difference of salary fund amount in different regions is reasoned by the fact that the Company's head office is located in Nizhny Novgorod region. There is engineering sector where over 60% of the Company's personnel are working in the head office. Salary fund is increased not only due to the personnel number: the Company looks to maintain high level of salary and to increase salaries for employees every year.

Standard initial salary in JSC NIAEP exceeds minimum salary amount determined in all regions of its essential activity.

The level of average salary in the Company is significantly higher than the average level at the labor market.



Relational range of standard initial salary and minimum salary in the regions of the Company's essential activity

Table 46

Region	Basic initial salary	Minimum salary set in the region	Salary relation
Head Office (Nizhny Novgorod region)	7 200	4 611	1.56
Udomlya Branch (Tver region)	7 200	5 700	1.26
Volgodonsk Branch (Rostov region)	7 200	4 611	1.56
Baltic Branch (Kaliningrad region)	7 200	6 000	1.20

Relation of average salary to average level at the labor market

Table 47

Region	Average salary	Average salary at the regional labor market	Salary relation
Head Office (Nizhny Novgorod region)	88 669	17 803	4.98
Udomlya Branch (Tver region)	46 365	24 001	1.93
Volgodonsk Branch (Rostov region)	39 024	16 435	2.37
Baltic Branch (Kaliningrad region)	95 324	20 000	4.77

4.4.3. Creation of Working Places in the Regions of JSC NIAEP Activity

The Company's operation facilitates development of conditions suitable for creation of new working places both within the territory of presence and at the suppliers and manufacturers of equipment and materials. In 2011, not less than 80% of funds were transferred via the Company's accounts to the subcontractors of JSC NIAEP which created new working places for performance of their activity. Opening of one work position in JSC NIAEP usually results in creation of 10 new work positions in related industries.

Workers recruitment procedure is determined in Instructions 4.18.02-10 "Arrangement of selection, recruitment and adaptation of the personnel".

To perform task in hands, over 11 ths. people including over 9 ths. skilled workers are involved in operations made at the construction site.

In 2008 to perform recruitment of labor force the counseling offices were arranged in created construction and erection depart-

Creation of work positions

Table 48

NPP	Total involved in construction, people	including the workers
Rostov NPP	5 157	4 169
Kalinin NPP	5 274	4 374
Baltic NPP	688	571
TOTAL	11 119	9 114



Employment via the counseling offices

Table 49

Branch		2008	2009	2010	2011	TOTAL
Volgodonsk	Applied (people)	3 760	6 890	3 982	1 791	16 423
	Employed (people)	605	609	351	190	1 755
Udomlya	Applied (people)	723	1948	951	393	4 015
	Employed (people)	36	996	505	199	1 736
Baltic	Applied (people)	–	–	–	1 175	1 175
	Employed (people)	–	–	–	9	9
TOTAL	Applied (people)	4 483	8 838	4 933	3 359	21 613
	Employed (people)	641	1 605	856	398	3 500

ments, contractors and subcontractors working at the construction sites in Volgodonsk and Udomlya. The counseling office is a functional structure on consolidated attraction of technicians, creation of general labor force data base in the regions of NPP construction. On the basis of the counseling offices the specialists of the contractors' personnel departments hold selection interviews and recruit required personnel.

In 2011 the counseling office was opened in Sovetsk town of Kaliningrad region. There is consultation call-center with federal number 8-800-200-21-98 and large-scale advertising campaign was arranged in local mass media. These measures allowed to attract over 1,600 residents of the Kaliningrad region by April, 2012 including 250 skilled workers wishing to work at the construction of Baltic NPP.

21,613 people applied to the counseling offices during 4.5 years; 3,500 skilled workers were employed at the Company's facilities.

All specialists employed via the counseling offices are the residents of the Russian Federation, where 95% are domiciled in the cities and settlements located not 100 km far from the NPP construction sites. Salaries of 100% employees are higher than minimum salary determined for the regions of presence.

More than one third of the Company's managers are hired from local population living in the regions of the Company's significant business.

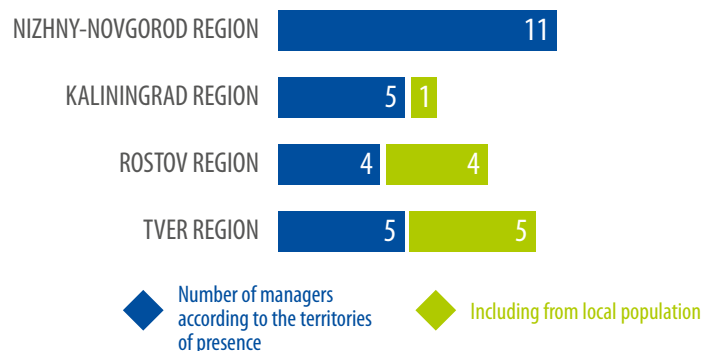


Figure 54. Number of top managers recruited from local population



4.4.4. Tax Payments

Reduction of tax payments is connected with profit decrease in 2011.
See details in Section 3.1.1 Financial results of activity

Distribution of tax payments to the budgets of different levels, mln. rubles

Table 50

Budgets of different levels	2009	2010	2011
Federal	2 139	1 120	1 573
Regional	8	15	23
Local	2	2	2
TOTAL	2 149	1 137	1 598

4.4.5. Creation of Nuclear Power Industry Cluster

It is logical for the Company to develop local industry along with construction of nuclear plant. Cost of four-unit NPP construction is approximately 400 bln. rubles; about 20% of the funds could be utilized by Nizhny Novgorod companies as provision of products for NPP. Taking these opportunities into account the decision on nuclear power cluster creation was taken.

Nizhny Novgorod region is a base for creation of nuclear power cluster. On the one hand the leading companies in nuclear industry (OKBM, NIIS, Sarov Nuclear Center) are located in this region and from other hand there is developed network of education institutions including Nizhny Novgorod State Technical University n/a R.E. Alekseev being the base for education of specialists who will work in this cluster. Taking into account geographical location and transport corridors, Nizhny Novgorod is the best place for creation of nuclear power cluster.

At the same time working for Nizhny Novgorod NPP the Cluster can be developed up to the level required for participation in other nuclear plants construction.

The cluster concept was developed and approved by Ministry of Industry and Innovations of Nizhny Novgorod region in 2011. Following laying of the foundation stone of Nizhny

Novgorod NPP this project is supposed to be represented for the competition of pilot projects of the Russian Federation Government areal clusters development.

The following results were achieved during the reporting period:

- Expert Board of the cluster is formed.
- Participation of the companies-cluster participants in congress and exhibition arrangements and forums held by JSC NIAEP is provided.
- Participation of the companies from the Nizhny Novgorod and Vladimir regions, the Volga Federal District's regions in catalogue of equipment and materials for NPP is provided.
- Opportunities and social and economic efficiency of Nizhny Novgorod and Vladimir regional companies' participation in construction of Nizhny Novgorod NPP were estimated.



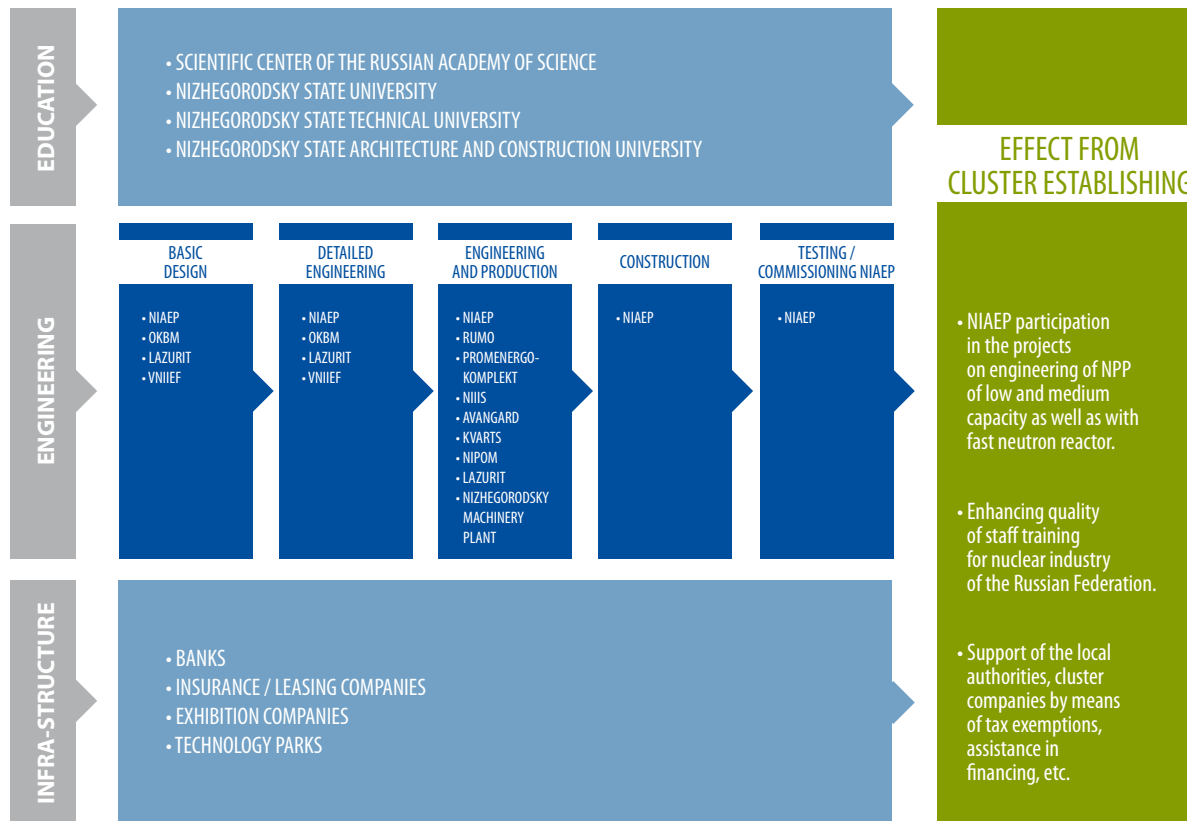


Figure 55. The cluster structure and its foundation effects

4.4.6. Working out of Programs of the Regions Social and Economic Development

In 2011, research works “Working out of enhanced variable-based program of social and economic development of Navashin district of Nizhny Novgorod region, Murom urban district and Murom region of Vladimir oblast taking into account the construction of Nizhny Novgorod NPP” were executed.

The following works were performed as part of the research works:

- complex social and economic analysis and estimation of situation at the real areas;
- estimation of community social spirits related to the construction of Nizhny Novgorod NPP;
- assessment of public efficiency of Nizhny Novgorod NPP construction project;
- development of recommendations to the state authorities of Nizhny Novgorod and Vladimir regions and the local authorities of Murom and Navashino regions for ways of achievement of strategic targets, resources and mechanisms

of their implementation based on accounting and usage of factors occurred during Nizhny Novgorod NPP construction and operation.

Continuation of works in the field of public opinion monitoring and designing of social and economic development of the Company presence territory is scheduled for 2012. In this connection the following issues are considered:

- extension of the territory for social and economic and public opinion monitoring;
- working out of the programs for social and economic development of Nizhny Novgorod region areas adjacent to the territory of Nizhny Novgorod NPP construction (Vyksun, Kulibak, Vachek, etc.);
- foundation of Social and Economic Research Center focused on cooperation of nuclear industry and the territories of nuclear facilities location.



4.5. Social Responsibility

JSC NIAEP representing itself as a leading engineering company in the nuclear industry sector of the Russian Federation makes an emphasis on social stability factor and considers the social responsibility as one of the key principle of its business.

Social responsibility of JSC NIAEP includes two lines. One vector is directed inside the Company: JSC NIAEP executes a number of its social programs focused on support and assistance of the em-

ployees, their families and the Company's long-service employees as well. Another vector of JSC NIAEP's social contributions is directed to outside of the Company: the Company is deeply involved into charity and investments to public infrastructures in the regions of its presence.

4.5.1. Social Programs

Any social benefits and protection of the Company's employees are fixed by the Collective Agreement of JSC NIAEP for 2010-2012 and executed in accordance with integrated social policy of State Corporation Rosatom in the context of on-going programs.

Social responsibility to personnel is managed together with labor union. Primary trade union organization of labor union of nuclear power and industry workers is legally registered in JSC NIAEP. The Company's management follows the terms of labor union operation, takes into account any opinions of labor union related to all issues stipulated by the law. Council of Veterans and Board of young specialists are founded and effectively operated in the Company.

Liabilities of JSC NIAEP as an employer in the field of social protection and provision of benefits to the workers with indication of certain amounts and payment methods are determined in the text of the Collective Agreement and its Annexes. The Agreement is valid for any workers of the Company depending on their labor union membership. Thus the share of workers covered by the social programs, protection and benefits is 100%.

Any previously valid social benefits and protection of the workers including welfare assistance to workers and veterans, partial payment of leisure time and health improvement for the employees and their families, payments for anniversaries and celebrations, payments at state and local awarding, voluntary health insurance of the employees, culture and sport events carrying out, maintenance of social infrastructure facilities, etc. are preserved in the Collective Agreement of JSC NIAEP for 2010-2012. Significant part of social protections is expanded (for example, assistance to veterans and families

with children) and some of them are introduced for the first time (for example, health resort treatment of the employees, assistance in housing acquisition).

According to the Collective Agreement of JSC NIAEP for 2010-2012 the workers shall be informed about the Agreement itself and any amendments and addendums to it within one month from the date of its signing (item 9.4). The notification is made by means of placement of full text document in the Company's Intranet. In addition any local regulations of the Company indicating all principal changes in the Company's business are also located in Intranet at the date of their signing.

Due to specificity of the Company's business and abidance by the Russian legislation,

JSC NIAEP estimates a risk of violation of the rights for free companies foundation and collective agreements conclusion as a minimal one.

Total social costs are increased yearly.

Increase of social costs amount up to 190,000 ths. rubles is forecasted for 2012.

Amount of social payments as per one employee is increased every year.

In 2011 the Company introduced the social programs in following directions:

- Health protection of the workers and their families;
- Cultural and sport mass work (arrangement and carrying out of corporate, culture and sport events);
- Maintenance of social infrastructure facilities;



- Social support of the employees (including welfare assistance, anniversary payments and payments for professional public holidays, payments related to state, government or local awarding, provision of special leaves with saving of payment in the amount of average wages);
- Housing program (including subsidizing of interests rate for residential loans, lease of accommodations for the Company's employees).

Health protection of employees and their families

The program on employees health support is implemented at JSC NIAEP. Health protection issues are determined in the Collective Agreement of JSC NIAEP for 2010–2012.

Every year the amount of costs for the employees' health protection, including voluntary health insurance of the workers, health resort treatment, leisure and health improvement of the workers at the recreation camps is increased. In 2009 target costs were 4,800 ths. rubles, in 2010 – 10,900 ths. rubles, in 2011 – 19,060 ths. rubles. The growth of this index up to 32,500 ths. rubles is forecasted for 2012.

Over a period of years JSC NIAEP signs the agreements with insurance medical companies for arrangement and payment of the workers medical treatment. Number of the workers insured according to the programs of voluntary health insurance (VHI) is increased annually. So that 1,534 people participated in VHI program in 2009 and 2,153 people – in 2010. The number of insured people for the reporting period was 2,414.

Modernization of VHI system was completed: the workers from the head office, branches and representative offices are insured according to unified programs. The funds given for voluntary health insurance are annually increased and this value became 11,600 ths. rubles in 2011.

In 2011 all employees were insured in compliance with industrial accidents and occupational diseases insurance programs. For these purposes 11,600 ths. rubles were spent.

Prevention and early detection of serious diseases including vascular heart diseases, cancerous and other diseases are under special attention. The employer notifies the employees about regulatory requirements for their working conditions, about necessary and mandatory personal and group protective equipment to be applied to prevent diseases. All employees of the Company are insured according to voluntary health insurance programs and they have a possibility for health check, timely

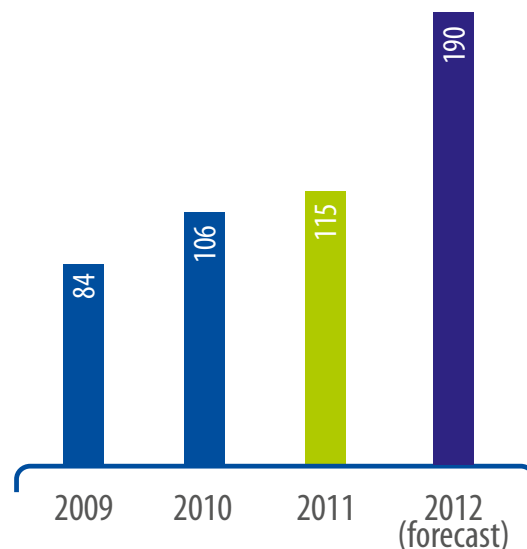


Figure 56. Total social costs, mln. rubles

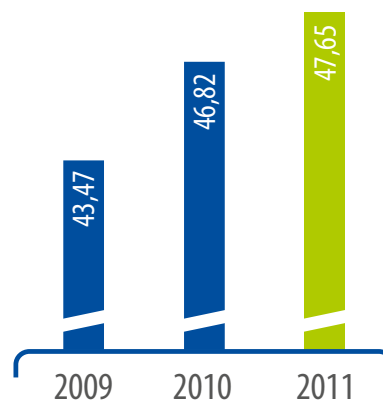


Figure 57. Amount of social payments as per one employee, ths. rubles

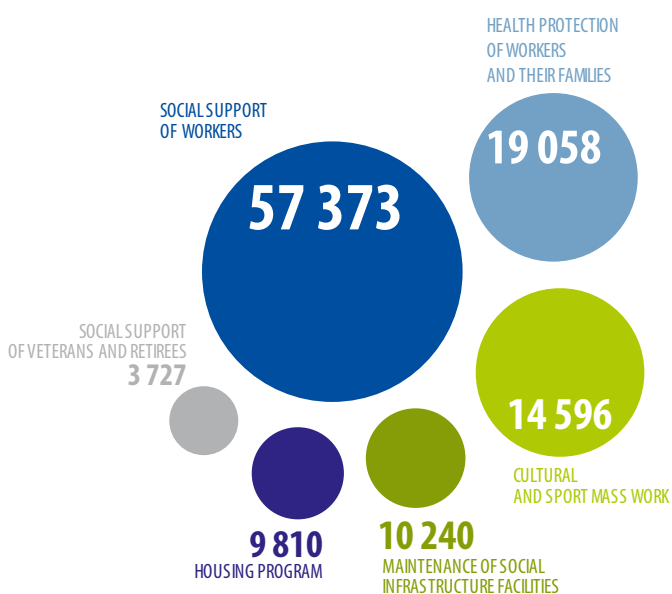


Figure 58. Amount of social payments as per one employee, ths. rubles

detection and treatment of diseases. Annual preventive health check of the workers being older than 45 years is arranged at JSC NIAEP to early detect the cancerous diseases. Inoculation of the workers against flue is performed every year. The Collective Agreement guarantees welfare assistance to the worker for paid treatment in case serious diseases occur.

JSC NIAEP regularly takes some measures for provision of its employees and their families with full health improvement and rest. Recreation camp "Lesnoy Uyut" is on the books of the Company. Opportunity of partial payment for passes to the recreation camp is foreseen for the workers of separate divisions. The passes to the recreation camps of the Russian Federation are partially paid as a part of the health resort treatment program. Separate expense line is a partial payment of passes to children's holiday camps for the employees' kids. Treatment and health improvement was provided to over 700 people in the Company in 2011. Purpose payments during the reporting period were equaled to 4 mln. rubles.

Significant scope of works related to arrangement of health improvement and rest time of the employees and their families is performed by the management together with trade union committee. Corporate Health Days held out of the town have become traditional as well as Family Health Days dedicated to the Children Protection Day. Corporate recreation activities promote favorable social climate and are very popular among the personnel.

Culture and sport events

In 2011, meetings of the management with the employees' children being first grade and graduated pupils as well as meetings with veterans were held. Children creativity competition were carried out. Festival and entertainment programs dedicated to federal and professional holidays are arranged together with the trade union. As a part of the Foundation Day celebration the boat festive pleasure cruise is arranged. Temporary exhibits of works made by Nizhny Novgorod artists and camera men are periodically represented in the lobby of the Company's building. Thematic photographic exhibition was arranged as part of the Victory Day celebration.

Over 600 workers of the Company go in for sport. All those who are willing can visit swimming pools, play futsal (indoor football), volleyball and other sports in rooms and halls rented by the Company. In 2011, the team of JSC NIAEP was a winner of the annual sports festival organized by Trade and Commerce Chamber of the Nizhny Novgorod region "Healthy Lifestyle – Health of Nation".

The 60-year anniversary of JSC NIAEP was a very important event of 2011. The informative advertising campaign was developed and introduced for the celebration. The movie about NIAEP's history was done and shown on the air of Nizhny Novgorod TV company "Volga" as well as the stories about the specialists and operation of the Company were represented. Special edition of "Nizhny Novgorod Business Newspaper" dedicated to 60-years of NIAEP was issued and series of materials about history, innovations, social policy and dynasties were published in newspaper "Komsomol Truth – Nizhny Novgorod".

Special historical section was opened at the Company's site, colorful anniversary wall newspaper was issued and NIAEP's divisions took participation in the competition of wall newspapers dedicated to the Company's anniversary.

Social support of the Company's personnel

Welfare assistance to the workers is a significant part of the payments. 720 payments for welfare assistance to the workers for an overall amount of about 14 mln. rubles were made during the reporting period. All payments were made in accordance with Provisions on welfare assistance rendering.

The Company makes its step by step contribution to implementation of state policy oriented to support of family, motherhood and childhood. Thus in case of marriage every worker receives 25 ths. rubles and in case of child birth – 55 ths. rubles. Monetary assistance to the families having three and more children up to 18 years old was equaled to 36 ths. rubles per year per each child in the reporting period.

It is important for the Company to encourage effective and creative work of its specialists. The amount of premiums in case of state and local awarding for special work achievements and great personal contribution into performance of production plan within the reporting period was near to 2 mln. rubles.

In compliance with the Collective Agreement special protection for working specialists and for the Company's long-service employees is stipulated. There is the program of retirees' social support in the Company. Monthly payments to the veterans were equaled to over 2 mln. rubles. 180 people received the payments. The work related to the arrangement of leisure time for the retirees and their involvement into participation in the Company's important events is performed together with Council of Veterans. The veterans are always welcome guests of corporate ceremonies and they are always waited in the fitness center. In May the Volga boat cruise for the veterans was arranged for Victory Day and 60-anniversary of the Company.





Housing program

Execution of the housing program was commenced in 2011. Today 48 people are the participants of this program. Over 2 mln. rubles were directed for acquisition of the housings by the Company's workers. According to the results of the program execution the proposals for its extension are prepared including stipulation of aimed loans for initial contribution in residential loans.

The Company activity in the field of personnel and social works was highly estimated in 2011: according to the results of all-Russian competition "Arrangement of high social efficiency", JSC NIAEP was pronounced as a winner in nomination "For development of labor market".

4.5.2. Investments to Social Infrastructure and Charity

The Company's social responsibility at the territories of presence is managed in according to the following principles. Any direct financial investments of JSC NIAEP to social infrastructure shall be considered as charitable projects. Initiatives directed to achievement of significant social changes within the territories of presence are preferable ones. At the same time the volume of costs shall be reasoned and equaled to expected result. The Company encourages targeting of charitable projects directed to improvement of the life quality surrounded by State Corporation Rosatom organizations and greets any personal charity, volunteerism and corporate assistance. JSC NIAEP implements social projects which shall not be considered as the budget substitutes and it supports competition procedures.

System work for accumulation of information about social needs within the territories of JSC NIAEP's activity (Nizhny Novgorod region, Volgodonsk, Udomlya, Neman) was performed by the Company in 2011. This information is collected by dynamic cooperation with local population: the Company's management takes participation in the meetings with local people, local authorities and the monitoring of local mass media is performed. The Company's workers being the deputies of local legislative authorities and the members of Regional Public Chamber act as the experts in assessment of local community needs. The program of charitable measures of JSC NIAEP is prepared in accordance with demands of the local communities.

In 2011 the volume of funds directed for charitable purposes by the Company was 84 mln. rubles.

Significant funds (64.5 mln. rubles) were transferred to public orthodox organizations for construction and reconstruction of churches (Rostov Eparchy – 36 mln. rubles, Nizhny Novgorod Eparchy – 25 mln. rubles, Tver Eparchy – 3.5 mln. rubles).

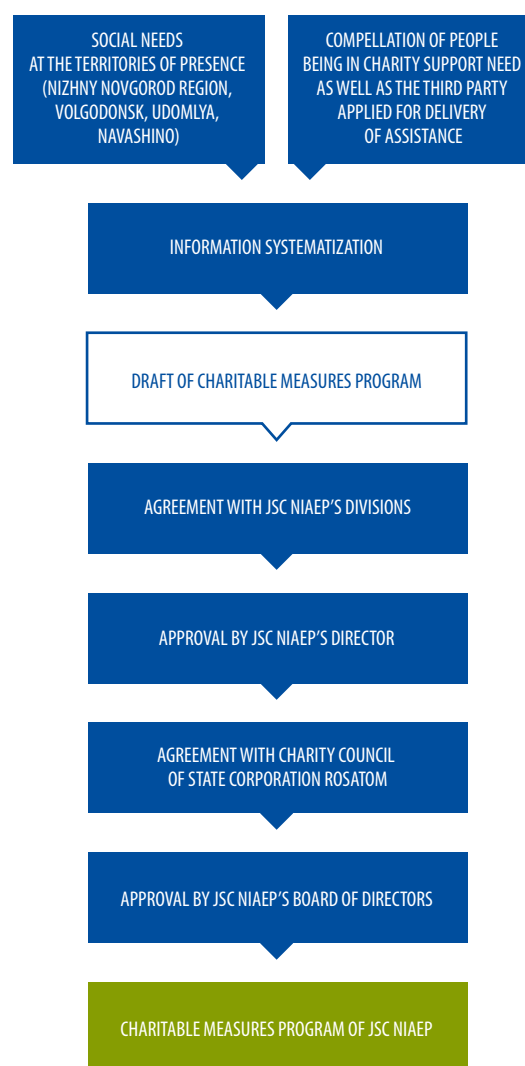


Figure 59. The procedure of Charitable Measures Program preparation



In 2011 the works related to launching of initiatives in education, health care, culture and sport fields were continued – charity support in the amount of 9.6 mln. rubles was provided.

The charity support in the amount of 9.4 mln. rubles was provided to municipal entities, institutions and social organizations of Nizhny Novgorod, Rostov, Tver and Kaliningrad regions for arrangement of charity events, enhancement of material and technical facilities, land improvements, execution of cultural and sport events, helping to war and labor veterans and disabled people. JSC NIAEP treats the memory of the Great Patriotic War with due care and supports veterans. Every year expecting Victory Day the meetings of the Company's management with veterans are arranged. Special payments to veterans of the Great Patriotic War for Victory Day are equaled to 50 ths. rubles per each veteran. In Udomlya, Tver region, the funds in the amount of 350 ths. rubles were spent for the construction of memorial for Russian artist A.G. Venetianov in connection with 230-years from the day of his birth. Thanks to charitable funds of JSC NIAEP the field workshop of Nizhny Novgorod young artists in Udomlya was arranged at Kalinin NPP.

The charity support in the amount of 1 mln. rubles was provided to four general high schools in Volgodonsk, Rostov region, for enhancement of material and technical facilities. The assistance in the amount of 4 mln. rubles was given to volleyball team "Impuls" representing Volgodonsk NPP at the Russian championship.

In the Kaliningrad region at Baltic NPP construction site the charity support to Center on social assistance to family and children (Neman) was given provided for purchasing of stocking-stuffers and provision of foster children of family care day group with hot meals.

In the Nizhny Novgorod region the support was provided to the children's charitable projects ("Under Welfare Flag" and "Child's Voice"), the help was given to disabled children and children being in hard real-life situation. Charity support to children was provided in the amount of 3.2 mln. rubles.

In 2012, competition of charitable projects is scheduled at the territories of presence with total grant funding of 12 000 280 rubles.

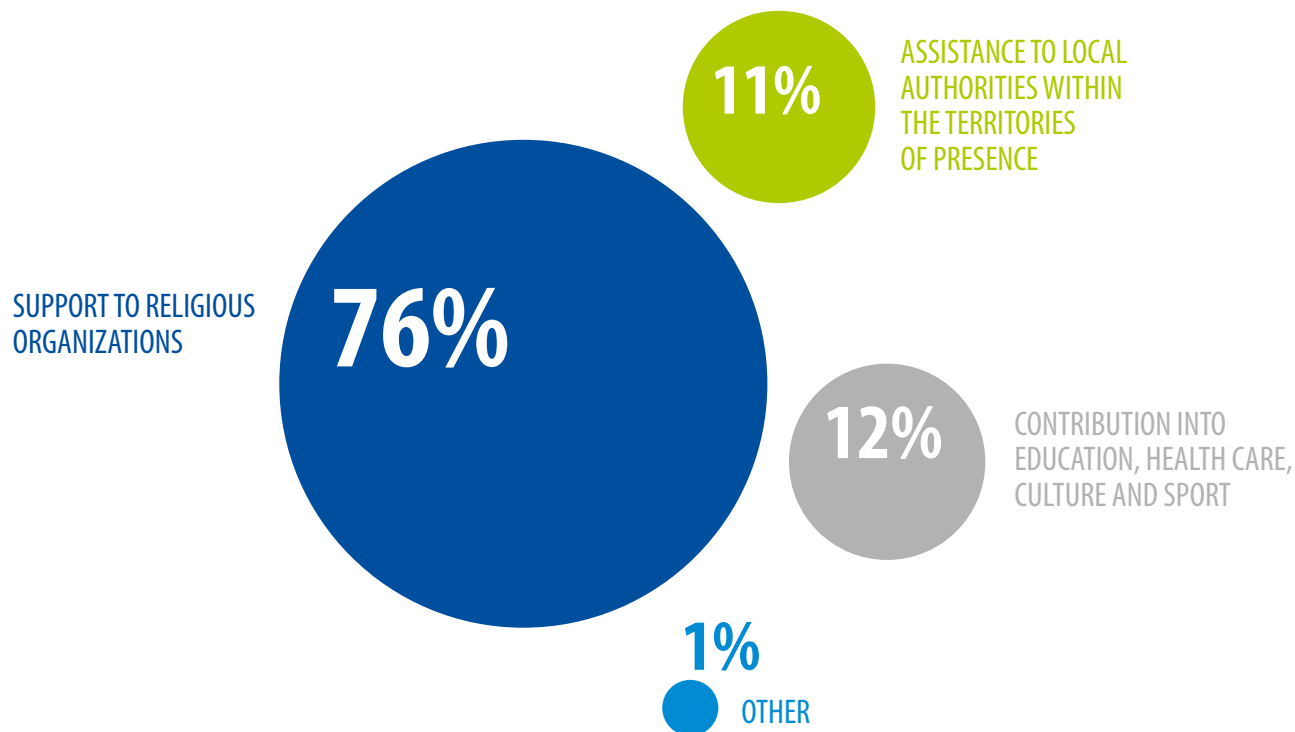


Figure 60. Principal areas of JSC NIAEP's charitable activity in 2011



4.6. Environmental Protection*

The Company recognizes that functioning of its divisions and branches can really result in environment adverse changes, negatively redound upon the health of personnel and population. Therefore the minimization of ecological impact to environment,

health care of personnel and population, provision of environmental safety is a high priority for the Company together with achievement of high economical indicators.

4.6.1. Environmental Policy

Environmental policy of JSC NIAEP is based on the following principles:

- Principle of compliance – assurance of compliance with legislative and other requirements in the field of environmental safety and protection provision.
- Principle of continual improvement – system of activities directed to achievement and maintenance of environmental safety high level.
- Principle of prevention – system of top-priority actions directed to avoidance of hazardous impact to humans and environment.
- Principle of readiness – instant readiness of the management and personnel for prevention and liquidation of consequences of incidents, radiation accidents and other emergencies at the objects under construction.
- Principle of consistency – system and comprehensive solution of environmental safety and environment-related activity maintenance by the Company's divisions and branches.
- Principle of transparency – openness and accessibility of environmental information, effective informational work of the Company's specialists and management with the society.

The environmental policy of JSC NIAEP is agreed with State Corporation Rosatom and put into force by the Order of the Company's Director.

During development of the environmental policy of JSC NIAEP the top-priority directions of its implementation were determined:

- Introduction of up to date global technologies (Multi-D) into engineering processes.
- Implementation of energy-efficient and resource saving technologies for power facilities construction and methods of these processes control.
- Provision of compliance with environmental legislation requirements.
- Steady monitoring of the Company's activity results influence to environment; thorough processing of received data and their usage in further work.
- Arrangement of required training for the specialists whose operating activity can be associated with environmental contamination; increase of their skills level; encouragement for spearheading in relation to environmental conservation.
- Development of the system for economic control of environment-related activity and environmental safety.

Environmental policy of the Company together with industrial environmental monitoring system and annual environmental protection measures programs are the elements of environmental management. Starting from 2011 JSC NIAEP and Region-Audit-Ecology Ltd. perform environmental audit with

* Also see information about the Company's activity at the website (www.niaep.ru – Activity – Environmental Policy)



further (in 2012) development and certification of integrated management system based on requirements of ISO 9001:2008, ISO 14001:2004, OHSAS 18001:2007 taking requirements of Russian legislation and IAEA into account. Implementation of above mentioned system of integrated management will allow minimizing of adverse impact to environment at all stages of the Company's activity.

The Company's activity in the field of environment impact control can be estimated by two aspects:

- from the point of influence of the Company's activity as a business unit to the environment (*see details in Subsection 4.6.2. Environmental impact of construction*);
- from the point of the Company's responsibility for environmental safety level of turnkey delivered NPP's units at all stages of their life cycle (*see details in Subsection 4.6.3 "Nuclear and radiation safety of facilities under construction"*).

Maximum influence to environment is performed during construction of the power units, therefore to control the impact of the Company's production activity to the environment (including requirements of federal environmental authorities) the branches and representative offices develop "Provisions on assurance environmental safety, protection during construction of the start-up facility objects", "Provision on industrial environmental monitoring", "Program of industrial environmental monitoring", plans of measures for decrease of wastes generation and disposal. According to these documents and constitutive propositions the responsibility is distributed between the construction parties, pattern of interaction with environmental authorities is shown and the questions related to environmental activity, industrial environmental monitoring, etc. are regulated.

JSC NIAEP implements a number of measures to decrease environmental impact:

- accounting of used resources, generated wastes, any energy consumption (*see Section 4.6.2 "Environmental impact of construction"*);
- monitoring of obligation of the Company's production divisions and subcontractors to have required permissive environmental documentation and agreed standards for emissions and discharges;
- regular disposal of generated wastes;

- used lands recultivation;
- necessary treatment of industrial emissions and discharges;
- refuse to use toxic materials and poisonous agents;
- additional training of specialists for the purposes to execute environmental policy of the Company;
- monitoring of the Company's activity regarding full adherence to environmental legislation;
- environmental control of any production processes of employees and subcontractors;
- development and execution of energy saving programs and measures for discharges reduction and generated wastes minimization.

In addition the Company takes technical decisions purposed to minimize environmental impact:

1. Thanks to introduction of technical decision "PGIS pipelines for cleaning of generator shaft sealing and lubrication system" at Rostov NPP unit 2, flushing of lubrication oil pipes in a very short time, decrease of wastes produced from dirty oil treatment was achieved.
2. Due to introduction of technical decisions "Pipelines of drainage collection from lower equipment and pipelines levels", "Pipelines of drainage collection from lower points of equipment and pipelines designed by JSC "LMZ" at Kalinin NPP unit 4, discharges of ethanolamine-containing waters into environment was avoided. In addition the expensive chemically treated water was saved.
3. To save power consumption and to decrease the amount of fuel oil in reactor compartment, the first loop blowing-feeding pumps lubrication system was excluded from Kalinin NPP unit 4 and Rostov NPP unit 3 by means of upgraded pumping unit application.
4. Oil treatment subsystem was installed in reactor compartment of Kalinin NPP unit 4 to reduce amount of dirty oil and power consumption connected with transportation of dirty oil to treatment plant as well as to decrease amount of wastes produced as a result of dirty oil treatment.
5. The silencers at exhaust steam piping from BRU-A are used in reactor compartment of Kalinin NPP unit 4 to change the acoustic affect to environment.



6. Thanks to introduction of “Turbine condensate treatment diagram” at Kalinin NPP unit 4, the volume reduction of sulfuric acid, waste waters at regenerations, ion-exchange resins was provided as well as discharge of ethanolamine to environment was avoided.
7. Cooling machines used at Kalinin NPP unit 4 provide the decrease of process water consumption by unaccountable consumers (group B) by 2,170 m³/hour (by 63%) and heating steam by 10,700 kg/hour (by 57%) in comparison with the cooling machines used at Kalinin NPP unit 3 and Rostov unit 2.
8. Vapor compression refrigerating machines used at Rostov NPP unit 3 provide the decrease of process water consumption by unaccountable consumers (group B) by 1,200 m³/hour (by 50%) and heating vapor by 11,000 kg/hour (by 100%) in comparison with vapor compression refrigerating machines used at Rostov NPP units 1 and 2.

Subcontractors activity control

Main production activity related to generation of hazardous wastes and emissions is performed by subcontractors executing construction, installation and commissioning works in accordance with the contracts signed with JSC NIAEP. Main requirements to these subcontractors during contracts conclusion are availability of hazardous waste management license, timely reception of waste disposal limits agreed with the local environmental authorities, getting of wastes certificates, development of maximum permitted emissions draft standards, payment for adverse environmental impact, compliance with the requirements of General subcontractor guiding documents.

Subcontractors’ environmental impact including requirements to environmental documentation is controlled by inspectors of the federal environmental authorities as well as the specialists of branches responsible for industrial environmental monitoring.

Energy efficiency enhancement

There are two directions of initiatives for provision or usage of energy efficient products in the Company’s business. The first is the engineering of more energy efficient capital structures. In this regard, in particular advance design solutions provide the increase of gross performance factor for developed project of NPP with VVER TOI up to 38% instead of 37% achieved for the project of NPP in 2006. The second direction is a reduction of power consumption in the Company’s activity by means of resource saving programs implementation.

The program of power saving and energy efficiency enhancement of the head office for 2010–2014 was introduced in May, 2010. This program is aimed to reduce power consumption by 17% by 2015. Energy saving in the head office already at the reporting year was about 10% (in terms of scheduled 5.5%). In result the significant reduction of greenhouse gases emission was achieved. Economic effect from this program implementation in 2011 was 1,361,512 ths. rubles¹.

Similar programs are used in the Company’s branches as well.

Power saving is achieved thanks to the following measures:

- introduction of automated control and energy accounting system;
- installation of new energy efficient equipment;
- reconstruction of internal and external lighting systems.

* In relation to 2009 with prices as of 2009.



4.6.2. Environmental Impact of Construction

Main environmental impact is performed during construction of the power units. According to the results of 2011 the environmental impact of JSC NIAEP in the part of emissions, discharges and generation of wastes did not exceed allowable values. The Company did not charge and pay penalties and nonfinancial sanctions applied for violation of environmental legislation and regulatory requirements.

Wastes generation

The construction of nuclear power facilities generates industrial wastes like the wastes produced during construction of thermal power plants (HEP and TPS) of the similar capacity. But during the operation the nuclear power plants do not need large fuel handling facilities which are required for coal and oil plants.

The wastes are delivered under the contracts to the companies having waste disposal licenses.

The volume of 4th and 5th class wastes at Udomlya Branch of JSC NIAEP in 2009 and 2011 is represented taking into account the wastes generated during demolition of construction base buildings and structures, repair of temporary buildings and structures at the sites of construction of Kalinin NPP unit 4.

The volume of 2nd class wastes in 2010 and 2011 is shown taking into account the wastes generated during servicing of portable toilets located at the sites of construction of Kalinin NPP unit 4.

The volume of 4th class wastes at Volgodonsk Branch of JSC NIAEP in 2009 is connected with completion of construction works at Rostov NPP unit 2.

Characteristics of wastes generated at Udomlya Branch

Table 51

Wastes	Wastes weight, t		
	2009	2010	2011
Class 1 – extremely hazardous	0.08	0.07	0.137
Class 2 – highly hazardous	6.58	32.33	43.6
Class 3 – moderate hazardous	0.52	1.24	0.52
Class 4 – low hazardous	8 092.5	474.8	5 554.9
Class 5 – virtually non-hazardous	81 032.6	195.6	147.5

Characteristics of wastes generated at Volgodonsk Branch

Table 52

Wastes*	Wastes weight, t		
	2009	2010	2011
Class 1 – extremely hazardous	0.059	0.052	0.062
Class 2 – highly hazardous	0.04	0.06	0.704
Class 3 – moderate hazardous	0.052	0.0466	11.75
Class 4 – low hazardous	3 592.6	256.3	362.67
Class 5 – virtually non-hazardous	–	60.53	262.67

* Classes of hazard are determined in accordance with the Federal Classificatory Catalogue of Wastes approved by the Order of Ministry of Natural Resources of Russia №. 786 dd. 02.12.2002.



Whereas the Company's head office shall be controlled by federal environmental authorities but in accordance with the Order of Department of Federal Service for Environmental Control within Far Eastern Federal District №.837 dd. 22.12.2010 JSC NIAEP is not included into the list of Nizhny Novgorod companies obliged to keep records under the form №.2-TP (wastes), i.e. its wastes are "really" non-hazardous.

Water use

The Company follows the policy of natural resources rational use and in the course of its business the Company does its best to use water taken for industrial and domestic needs as effectively as possible. For construction and installation works, production of commercial concrete and grout, manufacturing of structural steels at the subcontractors' bases and daily living needs the water is taken from public water supply mains of Kalinin and Rostov NPPs.

Public water supply system of Nizhny Novgorod is a source of water supply to the head office. Water from natural water sources (surface and underground sources, including portable water) is not intaken at construction of facilities of Kalinin and Rostov NPPs. Recycling water is not used during construction

Increase of water intake by Udomlya Branch during the last two years is reasoned by significant rise of works scope related to construction of Kalinin NPP unit 4.

Multiple growth of water volumes used by Volgodonsk Branch in 2009 and subsequent fall off in 2010 are caused by flushing of the equipment before the first start-up of Rostov NPP unit 2.

Sources of water supply to the head office and facilities of NPP being under construction are not located within nature reserves and shall not be considered as hazardous from the point of biological diversity saving.

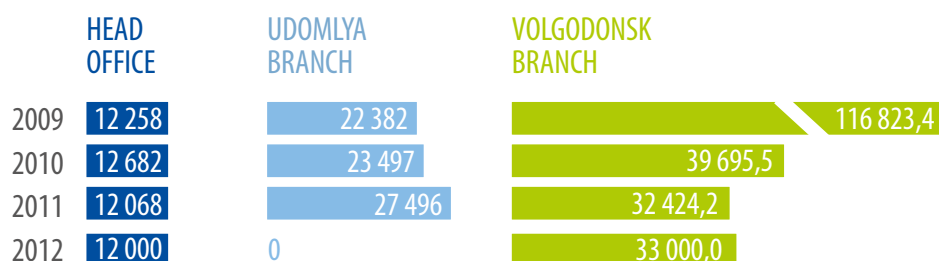


Figure 61. Water use, m³

Annual average water consumption rate, m³/day

Table 53

Branch	2009	2010	2011
Udomlya Branch	61.3	64.4	75.3
Volgodonsk Branch	320.1	108.7	88.8
Head Office	33.6	34.7	33.1



Waste water discharge

Waste water discharge at the production sites of JSC NIAEP is fall inside the limits of standard values determined by the legislation of the Russian Federation.

Waste water from the construction site of the power unit 4 of Kalinin NPP comes from domestic and industrial buildings of the branch and subcontractors to sewage system of APS and then to Udomlya treatment facilities.

Rain water from the construction site is directed to the Udomlya Lake using storm water system equipped by local treatment facilities. Composition of discharges is monitored by Kalinin NPP being land and water user according to the Program of industrial environmental monitoring.

The same situation is with sewage system at Rostov NPP with further direction of discharges to Volgodonsk treatment facilities.

Treated rain water comes from the construction site to heat sink of Tsimlyanskoe reservoir storage. For this purpose the high-tech equipment is used.

Significant differences in yearly indices are connected with business specificity of JSC NIAEP. Various environmental impacts are performed at different power units' construction stages.

Considerable increase of water consumption and waste water discharges at Kalinin NPP in 2011 is forced by required finishing flushing of the process equipment before the operation

start-up. Such multiple increase of environmental impact is admissible as it is foreseen by proper regulations and limits are agreed with the environmental authorities.

Atmospheric Emissions

Data on amounts of atmospheric emissions in 2011 from construction sites of NPP power units are prepared based on average data on sub-constructors and branches that is estimated limit values of maximum permissible emissions to atmosphere, instrument measured values provided by specialized agencies in real time, calculation of plants fuel balance and plants' estimated payments for negative impact to environment.

There are controlled and uncontrolled emissions sources on the premises of the NPP construction sites. Controlled emission sources include exhaust ventilation pipes, cyclones outlets, deflectors and roof fans. Uncontrolled emissions sources include unsheltered outdoor storage areas for inert materials (sand and broken stone) and area for their handling, welding equipment for outdoor use and motor vehicles. The Company headquarters has no stationary sources of atmospheric emissions and according to the requirements of Rosstat resolution dd. 10.08.2009 No.166 does not complete Form No2-TP (air).

Greenhouse Gases Emissions

State-of-the art technologies implemented for construction of NPP power units practically exclude greenhouse gases emissions. The only source of sulfur oxides, nitrogen and carbon

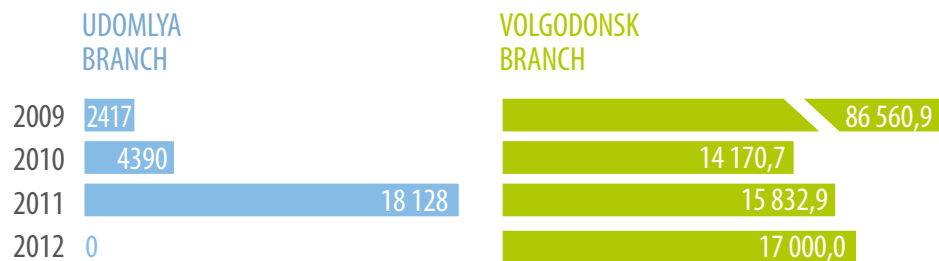


Figure 62. Waste water discharge, m³

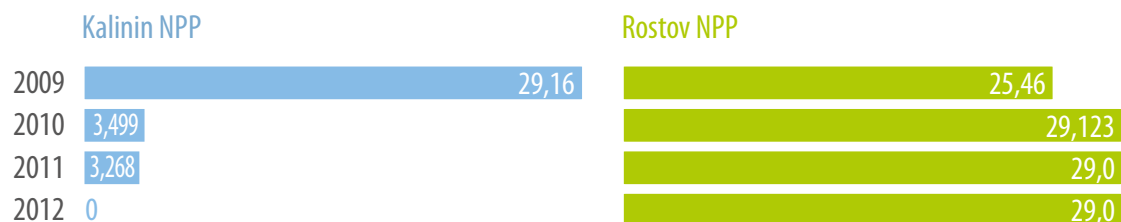


Figure 63. Atmospheric emissions, t



oxides is motor vehicles but such emissions are dispersed in both space and time.

On the other hand greenhouse effect can be rather significant in the course of NPP operation. Water heating in NPP cooling ponds disturbs existing biological processes in natural water bodies. Use of cooling towers reduces this thermal impact. However emission of considerable amount of water vapor to atmosphere enhances greenhouse effect (currently in average 78% of water vapor and only 22% of carbon dioxide account for greenhouse effect)*. The solution is use of dry cooling towers excluding water vapor emission to atmosphere. Unfortunately use of such equipment for a power unit with capacity of one and more megawatt is just under consideration and technically and economically limited.

Production (construction) and administration activities of the company do not generate greenhouse gases.

Greenhouse gases emissions come from use of transport and construction equipment in amount comparable to background level of greenhouse gases emissions (NO_x, SO_x and others) from use of transport and machinery ensuring general activities of the people involved in the company operation. Indirect emissions determined by burning of organic fuel for central heating and electricity supply of the headquarters are calculated based on annual heat and electricity consumption.

There are no indirect emissions of greenhouse gases determined by burning of organic fuel on the construction sites as heat and electricity supply to the construction sites of Kalinin NPP and Rostov NPP in the reporting year was provided by operating power units of these NPPs.

Indirect emissions determined by burning of organic fuel for central heating and electricity supply of the headquarters are calculated based on annual heat and electricity consumption. 1840 x 106 m³.

The sources of greenhouse gases emissions of the headquarters, representative offices and branches of the Company are motor vehicles and construction machinery exhaust in the course of engineering and construction activities.

Measures on reduction of such emissions include strictly regular technical control and adjustment of motor vehicles and construction machinery exhaust to keep it within allowable limits. Another way to cut down these emissions is acquisition of motor vehicles and construction machinery with less environmental impact to replace the old ones at over aging and retirement.

* According to the projects of NPP construction.

The major motor vehicles of the company are of the 4th environmental class. A number of new motor vehicles are qualified for the 5th environmental class.

The headquarters have one hybrid automobile and more such cars are to be bought in future.

Currently Company's motor vehicles are transferred to petrol «EKTO» ensuring minimal atmospheric emission. The motor vehicles are regularly maintained and repaired.

In 2011 in central office and in branches 3 motor vehicle "Gazel" (2th environmental class) were replaced by buses "Volkswagen" (4th environmental class). Taking into account standards of "EURO-2" and "EURO-4" for emissions the following reduction of greenhouse gases emissions is: carbon oxides – 40,8 t; nitrogen oxides – 6,4 t.

Mass of pollutants and greenhouse gases is not registered though the Company regularly pays environmental payments for motor vehicles that obligatory include mileage and capacity and environmental class of the applicable machinery.

Impact to Soil

Construction of NPP including a large number of facilities of various functional purpose and burying depending on composition, structure and other parameters of soils a lot of construction works are performed (stripping of fertile soil, the area panning, excavation, dewatering, revegetation of areas free from structures, etc.) affecting soil. However such impact meets the requirements of construction norms and regulations as well as other regulatory permitting documentation.

In 2011 no soil reclamations to JSC NIAEP facilities were implied.

Use of Power Resources

JSC NIAEP keeps strict record of all power consumption points (see Table 54–58).

Considerable reduction in energy consumption in 2011 at Udomlya branch is connected with completion of facilities construction in the current year.

High decrease in heat-transfer media at Udomlya Branch in 2011 is related to completion of construction works on Kalinin NPP unit 4.

Considerable increase in motor vehicle fuel consumption at Volgodonsk Branch in 2010 is connected with commencing of construction works on Rostov NPP units 3 and 4.



Environmental Protection Expenditure

In 2011 environmental protection expenditure and environmental payments amounted 5 477.17 ths. rubles. (see Tables 59–61).

In 2011 no fines for inobservance of environmental standards were imposed on JSC NIAEP and its branches.

Material Consumption

All materials consumed in the production activity of JSC NIAEP are procured with external suppliers.

In 2011, all the materials liable to obligatory certification were certified by the third party and tested in qualified laboratories.

At the Company's sites materials being recycled or reused wastes except for excavated soil are not used. Earth that was excavated for buildings and structures construction is used for backfilling for such structures.

Estimated earth amount used for backfilling is 60% that is less the volume of the underground structure parts.

Backfilling is performed as soon as underground parts of buildings and structures are constructed.

Energy consumption, kW/h

Table 54

Consumer	2009	2010	2011
Headquarters	2 132 252	2 316 145	2 388 528
Udomlya branch	25 409 184	26 403 494	17 113 653
Volgodonsk branch	9 346 693	12 530 498	14 924 308

Average year power consumption rate on business days, kW

Table 55

Consumer	2009	2010	2011
Headquarters	1 066.1	1 158.1	1 194.2
Udomlya branch	5 293.0	5 500.7	3 109.2
Volgodonsk branch	1 947.3	2 610.5	3 109.2

Water/heat consumption, GKal

Table 56

Consumer	2009	2010	2011
Headquarters	2 706	2 494	2 862
Udomlya branch	39 741	67 112	22 756
Volgodonsk branch	6 147	7 299	8 970.1



Petrol consumption

Table 57

Consumer	2009		2010		2011	
	t	MJ	t	MJ	t	MJ
Headquarters	382.6	1.68×10 ⁷	300.9	1.32×10 ⁷	356.1	1.57×10 ⁷
Udomlya branch	82.0	3.61×10 ⁶	99.6	4.38×10 ⁶	95.3	4.19×10 ⁶
Volgodonsk branch	211	9.28×10 ⁶	745	3.28×10 ⁷	700.1	3.08×10 ⁷

Diesel Fuel consumption

Table 58

Consumer	2009		2010		2011	
	t	MJ	t	MJ	t	MJ
Headquarters	49.4	2.11×10 ⁶	49.3	2.11×10 ⁶	56.6	2.46×10 ⁶
Udomlya branch	140.4	6×10 ⁶	200.1	8.54×10 ⁶	217.3	9.28×10 ⁶
Volgodonsk branch	39.5	1.69×10 ⁶	1 022.9	4.37×10 ⁷	1 100.4	4.7×10 ⁷

Environmental protection expenditure and environmental payments of the Headquarters (ths. Rubles)

Table 59

Consumer	2010	2011
Current expenses, including:	766.45	454.1
– water resources protection	102.25	100.7
– atmospheric air protection	–	–
– wastes processing	664.2	353.4
Payment for negative impact	1 883.9	1 607.3
Total	2 650.35	2 061.4

Environmental protection expenditure and environmental payments of Udomlya branch (ths. Rubles)

Table 60

Consumer	2010	2011
Current expenses, including	2 621.4	2 132.0
– water resources protection	–	–
– atmospheric air protection	25.6	25.6
– wastes processing	2 595	2 106.4
Payment for negative impact	224.2	448.1
Total	2 845.6	2 580.1



Environmental protection expenditure and environmental payments of Volgodonsk Branch (ths. Rubles)

Table 61

Consumer	2010	2011
Current expenses, including	353	324
– water resources protection	–	–
– atmospheric air protection	–	–
– wastes processing	353	324
Payment for negative impact	512	512
Total	865	836

Amount of raw material, goods and metal for construction of Kalinin NPP Unit 4 in 2010-2011

Table 62

№ п\п	Amount of raw material, goods and metal	Units	2010	2011
1.	Concrete	m ³	52 694.50	37 893.70
1.1	Sand	m ³	24 766.4	17 810.0
1.2	Cement	t	14 754.5	10 610.2
1.3	Crushed stone	m ³	42 682.5	30 693.9
2.	Metal structures erection	t	5 984.41	3 404.45
3.	Cable laying	km	1 564.04	1 910.38
4.	Pipe laying	t	4 558.87	2 754.65

Amount of raw material, goods and metal for construction of Rostov NPP Units 3&4 in 2010-2011

Table 63

№ п\п	Amount of raw material, goods and metal	Units	2010	2011
1.	Concrete	m ³	13 6247.1	121 017.3
1.1	Sand	m ³	64 036.1	56 877
1.2	Cement	t	38 149.2	33 884.76
1.3	Crushed stone	m ³	110 360.1	980 023.8
2.	Metal structures erection	t	9 079.40	4 834.57
3.	Cable laying	km	218.64	144 724.81
4.	Pipe laying	t	1 070.26	2 485.15



4.6.3. Nuclear and Radiation Safety of Facilities Under Construction

While constructing NPP units the Company implements the projects of NPP that meet all safety standards and requirements of the Russian Federation. Besides, the Company takes into account up-to-date approaches and principles of safety worked out by global nuclear community and formalized in safety standards of IAEA.

The Company provides minimization of adverse environmental impact related to nuclear and radiation safety at its completed projects where nuclear technologies are applied by means of professional development of project documentation and conformity with such documentation during the project construction.

The key target of JSC NIAEP is maintenance of the environmental safety level at the nuclear power projects to be constructed

through all stages of their lifetime taking into account NPP operating life being at least 50 years

Over many years nobody has disputed the fact that NPP operation produces minimal environmental impact. On the other hand environmental impact of the construction process as said above is significant and is determined by existing technologies applied to wastes processing, reclamation of contaminated soil and water bodies, polluted atmosphere and efficient use of natural resources.

Inhabitants accept no adverse affects from the constructed facilities. So, on each stage of the NPP lifecycle from design to decommissioning general issues of safety (nuclear, radiation, environmental, fire, etc) are considered as a matter of priority. Undoubtedly issues of nuclear and radiation safety are the first to be considered during NPP design.

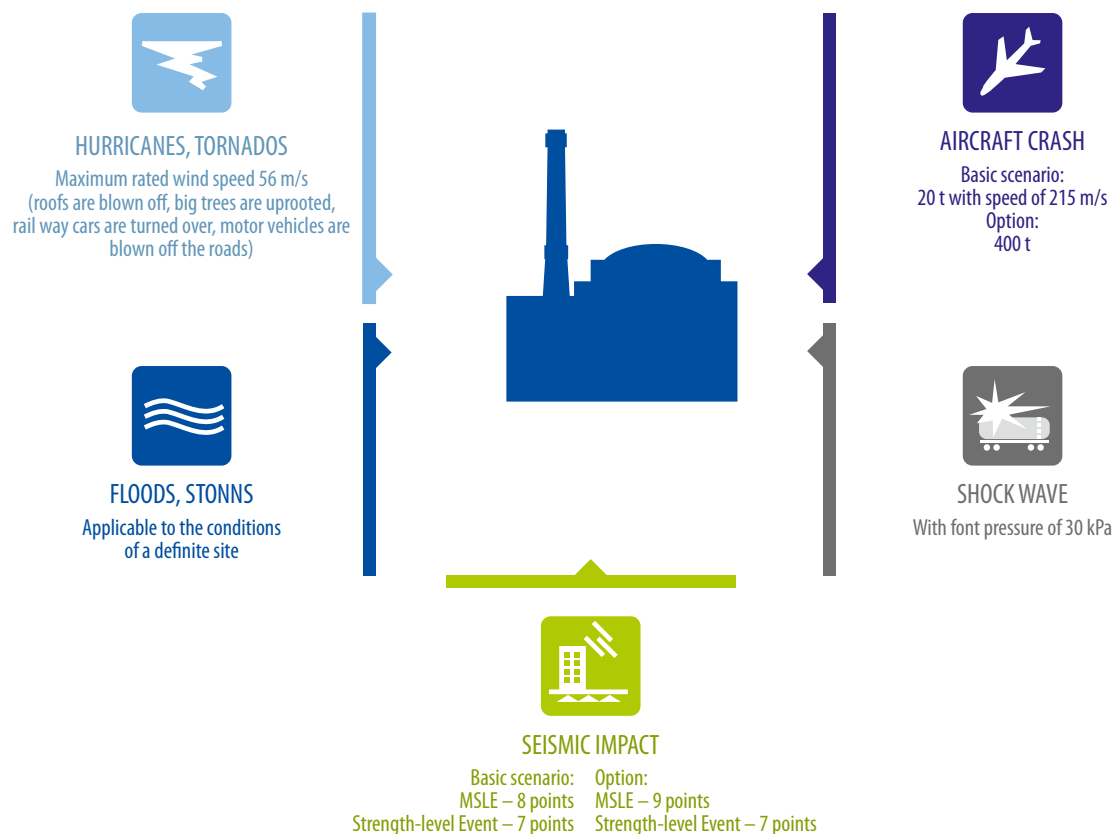


Figure 64. Safety level of NPPs under construction



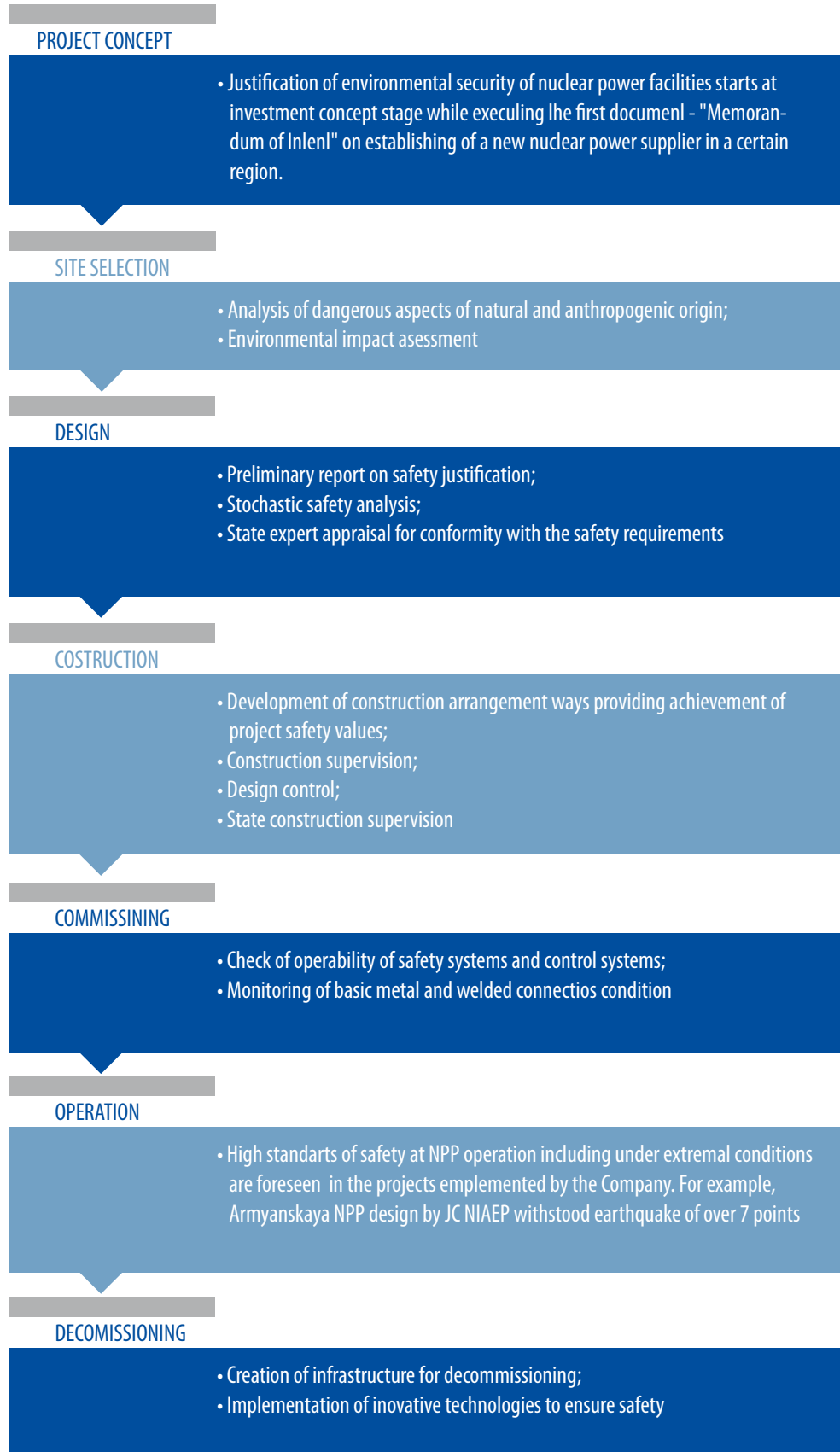


Figure 65. Safety requirements at each stage of NPP lifecycle.



Security is ensured at all stages of NPP lifecycle.

Justification of environmental security of nuclear power facilities starts at investment concept stage while executing the first document – “Memorandum of Intent” on establishing of a new nuclear power supplier in a certain region.

The Company has no own productions related to use of radioactive substances that require ensuring of nuclear and irradiation safety.

The main targets on environmental impact assessment are solved at the “project” stage. Environmental safety of NPP being designed for construction in Russia is proved by comparison of values estimated and achieved during operation of similar power units over the applicable standards.

So according to the main applicable standard “Sanitary regulations for design and operation of NPP” (SP AS-03) annual basic radiation exposure limit for population over the average lifespan of 70 years is 1 millisievert under ordinary operation conditions.

In the project of power units No3 and No4 of Rostov NPP this indicator is estimated at 10 microsievert per year (i.e. 0.01 millisievert per year) that is 100 times lower than the applicable standard.

Given the actual radiation level of operating power unit No1 of Rostov NPP is about 100 times lower than the project estimated values then it is approximately imperceptible for radiation dosimeters addition to the value of natural radiation background for Volgodonsk region being equal to 1 millisievert per year. Even in case of hypothetic beyond design-basis accidents estimated indices will not exceed 10% of the standards (100 mkZv/year).

NPP operation produces no radioactive effluents to water bodies. Analysis of water radioactivity coming from surface water resources for turbine condensers cooling remain practically unchanged hypothetic beyond design-basis accidents. Estimated indices do not reach standards and are from 4 till 14% of dose limit for a very short period with quick restoration of the prior water quality.

Arranged in compliance with specific requirements a block of design and engineering documentation undergoes public and state environmental expertise.

The obligatory requirement is accessibility of the justification documentation with opportunity to studying it by all interested people, public and scientific institutions. After preliminary intro-

duction public hearings on the documents relating to evaluation of environmental impact of the project (power unit or a number of power units) are arranged in the region of supposed construction. Public hearings fix current equilibrium of positive and negative aspects of nuclear power industry in comprehension of various public groups.

After obligatory procedure of public hearings a state environmental expert appraisal is held in accordance with federal law “On environmental expert appraisal”. Findings of the Expert Committee on State environmental expert appraisal is approved by order on Rosprirodnadzor and is considered final.

NPP documentation undergoes additional specific expert appraisal performed by scientific and research center of nuclear and radiation safety i.e. expert appraisal of nuclear radiation safety but taking into account other factors including environmental, fire, etc.

Only after positive approval of scientific and research center of nuclear and radiation safety Rostechnadzor issues license for a definite stage of NPP life cycle: allocation, construction, operation decommissioning.

It is very important when NPP documentation is prepared to ensure security by means of consecutive implementation of a concept of thorough separated protection based on application of a system of physical barriers on the way of ionizing emission and radioactive substances dissemination in the environment and a system of technical measures and arrangements to protect such barriers and to keep them efficient.

Thus, implementation of the projects of JSC NIAEP to ensure minimal radiation environmental impact of the nuclear power plants.

In 2012, JSC NIAEP is going to continue activities related to improvement of control over environmental impact based on its own experience and standards of environmental law.





Nizhny Novgorod. View from the Fedorovsky Embankment





4.7. Transparency and Accountability

4.7.1. Interaction with Interested Parties

Establishing of partner and mutually beneficial relations with interested parties is among the core aspects of JSC NIAEP activities. Based on evaluation of importance of their influence to ongoing activity of JSC NIAEP and effect the Company produces on interested parties the main groups of interested parties were determined to create efficient system of interaction with interested parties.

Interaction of the Company with interested parties is governed by the following principles:

- Respect of interested parties' opinion.

- Timely notification of interested parties.
- Interaction on regular basis.
- Fulfillment of commitments incurred.
- Requirement to interested parties to fulfill undertaken obligations.

Interaction is arranged taking into account expectations of each interested party. The Company uses various mechanisms and tools for such interaction. (See Table 64).

Interaction of JSC NIAEP with interested parties

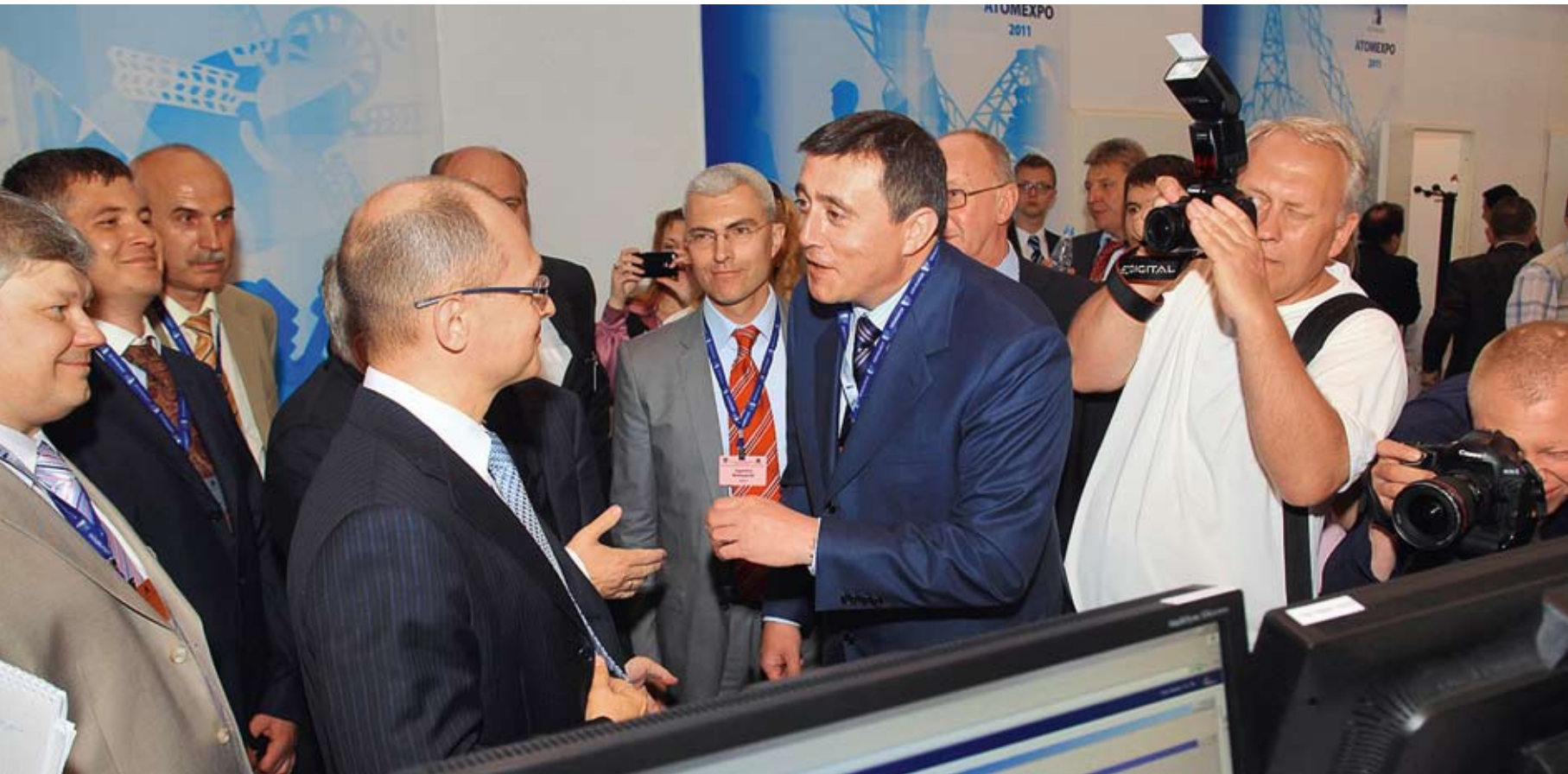
Table 64

INTERESTED PARTIES	EXPECTATIONS	WAYS OF INTERACTION	ACTIVITIES AND RESULTS IN 2011
SHAREHOLDER State Corporation Rosatom, JSC Atomenergoprom.	Carrying out activities in compliance with Shareholder's Strategy following corporate procedures.	Active involvement into fulfillment of strategic tasks of a shareholder, upgrading of corporation management system.	According to the Company's development strategy JSC NIAEP participated in implementation of a number of strategic initiatives of State Corporation Rosatom: «Increase in Nuclear Generation Share in Russian Federation»; «Global Expansion of Technology Platform VVER-TOI»; «Closed Nuclear Fuel Cycle based on Fast Reactors» (See Section 1.3. Strategy).
CUSTOMER JSC Rosenergoatom Concern.	Fulfillment of target plans and observance of construction terms, reduction of construction value and improved work quality.	Improvement of management system, participation in activities of emergency centers of JSC Rosenergoatom Concern, adoption of modern engineering technologies.	In the course of the reporting year meetings with Customer were regularly held at Rostov NPP, Kalinin NPP and Baltic NPP. (See Section 3.2. Results of Production Activities). The Customer's representatives are regularly present at every important arrangement of JSC NIAEP.
Partners, Suppliers, Subcontractors.	Placement of new orders on the basis of expansion programs of JSC NIAEP. Obtaining information on construction projects, supplier selection procedures, financial performance of the Company.	Holding of open auctions, nuclear machinery industry trade fairs, conclusion of long-term agreements with transparent pricing rules, foundation of Nizhny Novgorod cluster of nuclear power industry.	On June 15–16, 2011 I International Scientific-Practical Conference "Intellectual Engineering. Management of Lifecycle of Complex Engineering Facilities" took place. Cluster Concept was elaborated and approved by Ministry of Industry and Innovation of Nizhny Novgorod region to develop Nizhny Novgorod Cluster of nuclear power. Cluster Expert Committee was elected. Enterprises-members of the Cluster were involved in congress-exhibition events and conferences held by JSC NIAEP.



INTERESTED PARTIES	EXPECTATIONS	WAYS OF INTERACTION	ACTIVITIES AND RESULTS IN 2011
			<p>Participation of enterprises of Nizhny Novgorod region and Vladimir region and PFD regions in the industry catalogue of equipment and materials for NPP were arranged.</p> <p>Possibility and social and economic efficiency of participation of enterprises of Nizhny Novgorod region and Vladimir region in construction of Nizhny Novgorod NPP was assessed.</p>
<p>INTERNATIONAL PARTNERS ALSTOM, BouyguesTravaux-Publics, Alstom, Areva, Lione, VSL LTD, Fressine, Toshiba Corporation, Mitsubishi, Chinese Nuclear Engineering Corporation (CNEC), Nuclear Technologies, Siemens, Intergraph, Dassault Systemes.</p>	<p>Innovative development of JSC NIAEP, prospects for international development.</p>	<p>Participation in exhibitions, bilateral visits, meetings, establishing of strategic partnerships.</p>	<p>Within the frame of preparation for establishing of “national team” of State Corporation Rosatom in 2011 the Company carried out international activities on the following key activities:</p> <ul style="list-style-type: none"> • In January 2011 a delegation of JSC NIAEP led by the Corporation Director V.I. Limarenko visited the People Republic of China to conduct negotiations with management of Chinese Nuclear Engineering Corporation (CNEC). The visit resulted in signing a memorandum on strategic collaboration by JSC NIAEP and CNEC. • In the course of visit there took place negotiations with general director of Institute of Nuclear technologies CNEC Han Naichang, visits to NPP “Nind” (France), and NPP “Taishan” (Guangdong province), enterprises Dongfang producing turbines, a generator based on Allstom and Areva-Dongfang plant manufacturing MSP pumps. • On October 01-02 2011 JSC NIAEP was visited by a delegation of Belarus Construction and Engineering Complex and Ministry of Architecture and Construction of Republic of Belarus to establish collaboration and to consider opportunities for Belorussian engineers to work at JSC NIAE’ facilities. • In 2011 JSC NIAEP held a number of international meetings with representatives of Intergraph related to application of software Smart Plan on the basis of long-term agreements with these companies. • In 2011 managers and employees of JSC NIAEP met representatives of Dassault Systemes in respect of implementation of Enovia V6 Project and use of its software (CATIA, DELMIA, DELMIA PROCESS ENGINEER). In the course of those meetings the parties elaborated a concept approach to the issues of strategic partnership and carried out arrangements on the project of ENOVIA V6 introduction as a platform for NPP lifecycle management at the stages of design and construction. • On July 26 2011 JSC NIAEP was visited by Arvind Patel, Head of software solutions for operation of industrial facilities Bentley Systems Horsham (Great Britain), Igor Kudryavtsev, Commercial Director of a representative office of Bentley Systems in Russia and CIS countries. The purpose of their visit was studying of Bentley Systems’ experience in introduction of complicated engineering unit lifecycle management systems at American nuclear power units.





INTERESTED PARTIES	EXPECTATIONS	WAYS OF INTERACTION	ACTIVITIES AND RESULTS IN 2011
			<ul style="list-style-type: none"> • On June 15–16, 2011 I International Scientific-Practical Conference “Intellectual Engineering. Management of Lifecycle of Complex Engineering Facilities” took place. JSC NIAEP was an initiator and key organizer of the conference. The main event of the forum was a conference “Intellectual Engineering. Management of Lifecycle of Complex Engineering Facilities” which was attended by more than 350 companies-global leaders in engineering and IT technologies from 15 countries (JSC NIAEP, JSC Risenergoatom Concern, FGUP Sudoeksport, JSC TsKBM, NIC Helicopters of Russia, INCOSE, China Nuclear Industry 23 (CNI 23), BOUYGUES, FORTUM , EdF, DEK RA / TECNATOM , Intergraph, Dassault Systemes, Bentley, AVEVA, Siemens, Skoda, etc.). • In October 25–26 2011 JSC NIAEP participated in the conference of suppliers of nuclear industry «ATOMEX Europe 2011». Held in Prague The conference was organized by State Corporation Rosatom with the assistance of European Nuclear Society and Czech Nuclear Forum and gathered over 300 participants from ten countries. • In May – August 2011 JSC NIAEP and NTP Radioisotopes Ltd (SA) made mutual visits regarding participation of JSC NIAEP in bidding on construction of specialized reactor DIPR. • On December 21, 2011 a delegation of JSC NIAEP – ZAO ASE, headed by V.I. Limarenko, participated in a meeting chaired by V.Semashko, First Deputy Prime-Minister of Republic of Belarus. In the course of meeting the parties discussed a number of issues including during execution a contract for preparation of project documentation and engineering surveying of a site for NPP design as well as work out of top-priority detail documentation required to start preconstruction stage and discussed project financing and a preliminary general schedule of Belarus NPP construction. • On December 19–21 2011 JSC NIAEP met in its headquarters representatives of SKODA PRAHA Invest, Alstom Power, OOO Astom Atomenergomash, CJSC Atomstroyeksport, JSC SPbAEP on participation in Bidding for construction of NPP «Temelin» -3, 4 (Czech Republic). • In 2011 JSC NIAEP had a number o consultation with representatives of Alsom (France) on use of turbine unit ARABELLE in the main turbine building project VVER-TOI.



INTERESTED PARTIES	EXPECTATIONS	WAYS OF INTERACTION	ACTIVITIES AND RESULTS IN 2011
<p>PERSONNEL Employees of JSC NIAEP, trade union, Council of Young Specialists, Veterans Council.</p>	<p>Stable labour remuneration, development prospects, Company financial performance, social guarantees.</p>	<p>Social partnership, social and charity programs, personnel development programs, formation of candidates reserve.</p>	<p>In 2011 Council of Youth of JSC NIAEP was established. Company's top-management holds regular meetings with representatives of Company's trade union, Youth Council, Veterans Council, candidates team. A new way of direct communication of employees with management of JSC NIAEP and industry was introduced in the Company – The Day of Information Sharing.</p>
<p>EDUCATIONAL INSTITUTIONS Nizhny Novgorod State Technical University n/a R.E.Alekseev, Nizhny Novgorod Architectural and Construction University n/a V.P. Chkalov, N Nizhny Novgorod State University n/f N.I. Lobachevskiy; Ivanovskiy State Power University.</p>	<p>Communication of prospects of Company expansion and graduates employment.</p>	<p>Joint elaboration of educational programs, arrangement of training for students, target specialist training.</p>	<p>In 2011 JSC NIAEP concluded an Agreement for Educational and Scientific and Research Cooperation with Sarov Physics engineering Institute VPO NIYaU and negotiated foundation of basic departments together with a number of leading higher schools (Nizhny Novgorod State Technical University n/a R.E.Alekseev; Nizhny Novgorod Architectural and Construction University; Nizhny Novgorod Branch of National Research University – Higher School of Economics)</p>
<p>PUBLIC ORGANIZATIONS</p>	<p>Communication of prospects of Company expansion, providing of environmental and radiation safety.</p>	<p>Social and charity programs, social partnership, public hearings and public accountability.</p>	<p>Together with public organizations three consultations and public hearings were held within the frame of preparing the Report for the year 2011.</p>
<p>LOCAL AUTHORITIES Authorities of Nizhny Novgorod, Nizhny Novgorod and Vladimir regions, local authorities of Navashinsk, Udomlya and Murom districts.</p>	<p>Communication of prospects of Company expansion, infrastructure development, tax deductions, employment, social programs fulfillment.</p>	<p>Agreements on cooperation, social and charity programs, public hearings and public accountability.</p>	<p>Scientific and research study "Development of complex variable program of controlled social and economical development of Navashinsk district of Nizhny Novgorod region, Murom urban district and Murom region of the Vladimir area taking into account construction of Nizhny Novgorod NPP" was made. Activities under the project: <ul style="list-style-type: none"> • comprehensive social and economical analysis and assessment of situation on the areas under consideration; • assessment of public attitudes towards construction of Nizhny Novgorod NPP; • assessment of public efficiency of the project of construction of Nizhny Novgorod NPP; • elaboration of recommendations to state authorities of Nizhny Novgorod region and Vladimir region and to local authorities of Navashino and Murom districts on activities in relation to strategic goals, resources and means to achieve them based on considering and use of aspects arising in the course of construction and operation of Nizhny Novgorod NPP. </p>



INTERESTED PARTIES	EXPECTATIONS	WAYS OF INTERACTION	ACTIVITIES AND RESULTS IN 2011
LOCAL INHABITANTS Inhabitants of company habitat, potential employees.	Availability of vacancies, positive influence of the company to their life.	Public receptions, social and charity programs, public hearings.	In 2011 public receptions in Volgodonsk and Udomlya continued to work and on September 22, 2011 a public reception was opened in Sovetsk. They assisted to employ 319 inhabitants of JSC NIAEP.
MASS MEDIA	Communication of prospects of Company expansion, environmental security and key events.	News conferences, public accountability.	On the basis of Nizhny Novgorod Information Center on Nuclear Power news conference and training seminars with involvement of JSC NIAEP staff were held. Press-conferences of V.I. Limarenko were held (10.06.2011, 30.09.2011, 22.12.2011) Results of important events (emergency meetings, consultations) regular briefings were held. Journalism award for the best material about forum on Multi-D technologies. The monthly supplementary "Energostroitel" to "Udomlya Newspaper". Informational campaign in Udomlya was connected with commissioning of Kalinin NPP unit 4.

4.7.2. Creation of Public Reporting System

In 2011, JSC NIAEP created public reporting system. The Company established Committee on public reporting to resolve regulatory issues.

In the reporting year the Company elaborated and approved corporate documents on public reporting, including:

- Company standards "Procedure for Preparation of Annual Public Report for the Reporting Period" STP 10.01-11.
- Standards of Annual Public Accountability Statements of JSC NIAEP.

- Provisions on Committee of Interested Parties of JSC NIAEP.

In 2012, the Company's public reporting system is planned to be updated.



Public Annual Report | 2011 | JSC NIAEP

Using Experience for Good Cause

JSC NIAEP today – a successful engineering company with Kalinin NPP Unit 4 power start-up accomplished in the end of 2011 to confirm that

2011

5. INTERACTION WITH INTERESTED PARTIES WHILE PREPARING THE REPORT





5.1. Consultations with Interested Parties

In the course of preparation of the 2011 Report JSC NIAEP arranged three consultations with representatives of interested parties dedicated to issues critical to stakeholders of the Company.

The consultations were attended by representatives of State Corporation Rosatom, Association of Innovative Design, Nizhegorodsky Cluster of Nuclear Power Industry, key suppliers and environmental, educational and public organizations. Also the consultations involved members of the Government of Nizhny Novgorod region and local authorities of the company habitats.

Consultation №1 “Discussions of the 2011 annual report concept of JSC NIAEP with interested parties”

On January 30, 2012 in the office building of JSC NIAEP in Nizhny Novgorod (3, Svoboda sq.) consultation on report concept of JSC NIAEP for the year 2011 took place. Interested parties were presented a Report concept worked out by JSC NIAEP after that interested parties were suggested expressing their opinions and recommendations on priority issues of the Report, issues for other consultations with interested parties and a list of those authorized to approve the report. The meeting allowed finalizing and updating the Report concept and mak-

ing the report for the year 2011 meet interests of stakeholders better. Inquiries and recommendations of the participants related to the consultation are given in *Table 65*.

Consultation №2 “Development of JSC NIAEP competences”

On March 26, 2012 at 02:00 p.m. in the office building of JSC NIAEP in Nizhny Novgorod (3, Svoboda sq.) consultation on “Development of competences of JSC NIAEP” was held. The participants discussed innovative activities of the Company and consolidation of competences of JSC NIAEP and JSC Atomstroyexport. Inquiries and recommendations of the participants related to the consultation are given in *Table 65*.

Consultation №3 “NPP Safety”

On March 26, 2012 at 04:00 p.m. in the office building of JSC NIAEP in Nizhny Novgorod (3, Svoboda sq.) consultation on “NPP Safety” was held. The participants discussed safety issues covered in the project VVER-TOI, safety of Nizhny Novgorod NPP, as well as quality management at NPP construction. Inquiries and recommendations of the participants related to the consultation are given in *Table 65*.

Inquiries and recommendations stated during consultations with interested parties

Table 65

Inquiries/recommendations of participants	Comments of the JSC NIAEP’s management
To disclose information of the Company business model	Such information is given in <i>Subsection 1.2 “General Description of Activities”</i>
To submit information of JSC NIAEP interaction with higher schools	Such information is given in <i>Chapter 4.2.2. “Personnel Management”</i>
To describe risks and measures for their mitigation related to increase in revenue up to 10 \$ bln. and more.	Recommendation will be taken into account during preparation of the Report for 2012
To describe procedure of monitoring and troubleshooting of the constructed facilities	The Company as an engineering one is released from its obligations after warranty expiry. Currently the Company has no task to finance such procedure; it is within responsibility of an operating company, namely, Concern Rosenergoatom
To provide information on establishing of Nizhegorodsky Cluster of Nuclear Power Industry	Information is given in <i>Chapter 4.4.5. “Creation of Nuclear Power Industry Cluster”</i>
To present the Company prospects and forecast for 10-15 years after commissioning facilities to be constructed.	The strategy of JSC NIAEP covers the period up to 2020. Among the projects that have been already contracted the most long-term one is Nizhny Novgorod NPP-4 to be commissioned in 2025. The Company considers the current limit for planning (20 years) to be optimal. Still it will take into account recommendations of interested parties while preparing next annual report



Inquiries/recommendations of participants	Comments of the JSC NIAEP's management
To describe not only educational projects but scientific-educational projects. To let university department or scientific-educational center conclude scientific agreements involving students and future employees of JSC NIAEP.	JSC NIAEP interacts intensively with scientific community of Nizhny Novgorod and understands how such cooperation affects the Company's future. In JSC NIAEP they established a basic department of NSTU n.a R.A. Alekseev "Systems of Lifecycle Management for Complex Engineering Facilities". This is the first step on the way of creation a scientific-educational center of nuclear industry in Nizhny Novgorod that will attract students and young specialists. The department targets are as follows: to let students develop additional competences on priority industry directions, to conduct together with employees of JSC NIAEP research and development projects, to develop and train employees of the Company as well as to educate highly-qualified candidates
To unify approaches to Russian and foreign facilities.	The Company use similar engineering approaches both in Russia and foreign countries
To state a target to elaborate a dynamic model. To provide a schedule on elaboration of a dynamic model.	Under the VVER-TOI project this program is carried out by VNIIAES.
To assess and to classify social and political risks of NPP construction.	The Company will take into account the recommendation in the Report for the year 2012.
To describe system of risk management and function of State Corporation Rosatom regarding introduction of corporate risk management system.	We did our best to maximum disclose information of risks <i>in subsection 1.4. "Risk Management"</i> hereof. In Report for the year 2012 such information will be disclosed much more completely.
To show increase in competences in relation to public accountability statements and interaction with stakeholders.	The information is given <i>in chapter 4.7. "Transparency and Accountability"</i> .
To describe efficiency the Company noticed while preparing annual Report.	Such information is stated in the Director's Address.
To list more dynamic processes influencing change in Quality Management System.	The Company will take into account the recommendation in the Report for the year of 2012.
To include amalgamation with JSC ASE as a new requirement to Quality Management System.	We did our best to maximum disclose information on how we plan to upgrade Quality management system and to establish integrated Management system in relation to amalgamation with JSC ASE <i>in Subsection 4.1. "Safety and Quality"</i> hereof. In the Report for the year of 2012 such information will be disclosed much more completely.
Provide more understandable comments on information on safety.	The comment was taken into account in preparation of <i>Subsection 2.2. "NPP Safety"; 4.1. "Safety and Quality" and Chapter 4.6.3 "Nuclear and Radiation Safety of Facilities under Construction"</i> .
To visualize safety.	The Company will take into account the recommendation while preparing the Report for the year of 2012.
To develop a road map on cooperation with citizens of the company habitats.	We have started elaboration of a road map. In particular, a pilot project of a competition of charity projects for company habitats has been initiated and a plan of people informing is ready.
To monitor public attitudes and to evaluate it.	The Company's management together with representatives of federal, regional and municipal authorities participates in meetings with citizens. Besides, the Company thoroughly analyses comments in the target blogosphere. The recommendation is considered. In addition: evaluation of public attitudes is responsibility of State Corporation Rosatom.





Inquiries/recommendations of participants	Comments of the JSC NIAEP's management
<p>To set up joint Committee of Nizhny Novgorod region and Vladimir region and to empower it to generalize the submitted recommendations and to draw up a uniform approach.</p>	<p>JSC NIAEP thinks that the initiative should be launched by representatives of authorities of Nizhny Novgorod region and Vladimir region. Should such Committee is established the Company is ready to participate in its work.</p>
<p>To activate legislative initiatives to create social preferences for people living in the area of NPP construction and operation.</p>	<p>JSC NIAEP continually increases its social contribution to the company habitats. Data on the issue are disclosed in <i>Subsection 4.4. "Contribution to Economical Development"</i> of the annual report for the year of 2011. On the other hand the Company considers introduction and activation of legislative initiatives to be a prerogative of the authority of the company habitats. JSC NIAEP has no competences in lawmaking but in case the initiators of a law require assistance of the Company in the area of its competence the Company is ready to assist.</p>



5.2. Public Consultations on the Report

On April 25, 2012 public consultation on annual public report of JSC NIAEP for the year 2011 took place in a conference hall of the office building of JSC NIAEP in Nizhny Novgorod (3, Svoboda sq.).

Representatives of the main interested parties participated in public consultations on public annual Report.

On behalf of state authorities:

- **Mironov Pavel Yurievich** – Head of Executive Office of Committee on Environment and Nature Management of Legislative Assembly of Nizhny Novgorod region.
- **Rybin Andrey Mikhailovich** – Head of Department of Regional Policy of Ministry of Internal Policy of Nizhny Novgorod region.
- **Starchenko Nikolay Alexandrovich** – Deputy Head of Department of Industry and Innovation of Nizhny Novgorod region.
- **Chebanov Igor Alexandrovich** – Consultant of Development Dpt.

On behalf of scientific and educational institutions:

- **Egunov Vyacheslav Vasilievich** – Deputy Director of Scientific Research Institute of Mechanics of State University of Nizhny Novgorod n/a N.I. Lobachevsky – National Research University.
- **Faikov Dmitry Yurievich** – Deputy Director on Science of Nizhny Novgorod Institute of Economic Development.
- **Khrobostov Alexander Yevgenievich** – Director of Institute of Nuclear Power Industry and Technical Physics of Nizhny Novgorod State Technical University n/a R.E. Alekseev.

On behalf of partners and suppliers:

- **Anishchenko Anatoly Georgievich** – Deputy General Director of Chamber for Trade and Commerce of Nizhny Novgorod region.

- **Balandina Tatiyana Vladimirovna** – Administrator of Informational Center of Nuclear Industry in Nizhny Novgorod.
- **Balashova Alla Leonidovna** – representative of association “Sluzhenye”.
- **Berenson Alexander L’vovich** – Head of Public and Mass media Relations Dept. of JSC “OKBM Afrikantov”.
- **Komarov Andrey Vladimirovich** – Executive officer of non-profit partnership “Nizhny Novgorod Nuclear Engineering Business Center”.
- **Liven Alexey Anatolievich** – Vice-President of JSC AKB SAROVBUSINESSBANK.
- **Popov Alexander Vsevolodovich** – Assistant Executive Officer of Coordinating Council of Manufacturers and Entrepreneurs of PFR.
- **Tarassenko Elena Alexandrovna** – Head of Dpt. of Communication of Interregional Environmental Movement “Oka”.
- **Telegin Boris Vladimirovich** – Deputy General Director of Nizhny Novgorod Association of Manufacturers and Entrepreneurs.
- **Favorov Boris Yurievich** – Deputy Head of Dpt. of JSC Atomenergoproekt, Moscow.
- **Frolov Eduard Vladimirovich** – Deputy Director on Property management and Procurement of JSC “OKBM Afrikantov”.

On behalf of consulting and auditing companies on non-financial statements and corporate management (independent observers):

- **Galushkin Stepan Vladimirovich** – Head of Projects and Programs, GK “DA-Strategy”.
- **Prudnikov Evgeny Arkadievich** – Auditor, CJSC Group Bureau Veritas Certification Rus”.
- **Shadrin Konstantin** – Project Manager GK “DA-Strategy”.

On behalf of mass media:

- **Magasumova Rosa Alexandrovna** – Head of RIC ITAR-TASS in PFR.



- **Spirin Evgeny Yurievich** – representative of “Nizhegorodskaya Pravda”.

On behalf of JSC NIAEP:

- **Vaganov Leonid Sergeevich** – acting Director, Deputy Director on Procurement and Supply.
- **Kats Vladimir Lazarevich** – First Deputy Director of Economics Head of Team on Preparation of Annual Report.
- **Shkitelev Dmitry Vladimirovich** – Chief Engineer.
- **Podorov Nikolay Grigorievich** – Head of Main Finance and Economics Dpt.
- **Zorya Olyeg Valerievich** – Economist of Finance and Economics Dpt. Member of Team on Preparation of Annual Report.
- **Karlin Yakov Khaimovich** – Assistant Director, Chairman of Veterans Council.
- **Kochergina Elena Viktorovna** – Chairperson of Trade Union Committee.
- **Leontiev Nikolay Yakovlevich** – Head of Laboratory of Strategic Development and Market Monitoring.
- **Melnikova Nataliya Sergeevna** – Senior Economist of Dpt. PEUPP.
- **Panchenko Irina Olyegovna** – Head of Dpt. of Public Relations and Information Policy.
- **Petrovsky Valery Stanislavovich** – Head of Dpt. of Internal Audit Supervision.
- **Chistyakov Vladimir Nikolayevich** – veteran of JSC NIAEP.
- **Shiryaeva Nataliya Valerievna** – Head of HR Dpt.

Statements of Participants of Public Hearings

Report for the year of 2011 confirmed high level of the Company transparency and no doubt the report is of high standard; you apply to disclose a large number of indices.

Frolov Eduard Vladimirovich – Deputy Director on Property Management and Procurement of JSC “OKBM Afrikantov”.

The report highlights every aspect of development as in previous year.

Popov Alexander Vsevolodovich – Assistant Executive Officer of Coordinating Council of Manufacturers and Entrepreneurs of PFR.

Representatives of universities were present at all previous hearings. First, I would like to note that the comments that were made were included in the report. For my own part I studied the issues that are related to personnel management and cooperation with higher schools. There are aspects which we currently elaborate together with NIAEP. Some results have been achieved. We have departments which cooperate. A number of arrangements are planned. That is why we support in full NIAEP’s position related to report content and cooperation with higher schools.

Khrobostov Alexander Yevgenievich – Director of Institute of Nuclear Power Industry and Technical Physics of Nizhny Novgorod State Technical University n/a R.E. Alekseev

The report is interesting as it includes very many issues on safety.

Liven Alexey Anatolievich – Vice-President of JSC AKB SAROVBUSINESSBANK.





The report is very detailed. It would be better to more precisely disclose information on plans of economical development of regions of the Company presence.

Chebanov Igor Alexandrovich – Consultant of Development Dpt .

We have studied the next annual report. We realized that our recommendations were considered.

Starchenko Nikolay Alexandrovich – Deputy Head of Department of Industry and Innovation of Nizhny Novgorod region.

The Report is informative. The information is full by all criteria.

Magasumova Rosa Alexandrovna – Head of RIC ITAR-TASS in PFR.



5.3. Plans and Obligations to Interested Parties

While preparing public accountability statements JSC NIAEP together with Interested Parties works out plans and obligations both to improve public accountability statements and to perfect its activities as a whole. Plans and obligations of the Company are

approved at public hearings. Information related to fulfillment of plans and obligations of JSC NIAEP adopted in preparation of the previous report is given in Table 66.

Fulfillment of Plans and Obligations for the year 2011

Table 66

Inquiries/recommendations of Interested Parties	Plans and obligations of the Company for the year 2011	Fulfillment of obligations
ON BEHALF OF STATE AUTHORITIES		
<p>1. To optimize activities on people informing at the Company habitats.</p> <p>2. To discuss Report of JSC NIAEP at the Council on Science and Innovation Policy under the governor of Nizhny Novgorod region (I.G. Sazonov).</p>	<p>1. In 2011 it is planned to inform people of nuclear power safety on the basis of information centers of nuclear power industry involving staff of JSC NIAEP and to hold meetings with people together with municipal authorities. For example, after events in Japan an educational seminar for journalists union was arranged in Information Center of Nuclear power industry (in Nizhny Novgorod) at which the Company's employee delivered a report.</p> <p>2. Representatives of the Company are ready to make a corresponding report.</p>	<p>In 2011 informing of safety of nuclear power industry at the Company's habitats was arranged by means of:</p> <ul style="list-style-type: none"> • Udomlya – issue of printed editions, meeting of the Company management together with representatives of federal, regional and municipal authorities with population; exhibition of Nizhny Novgorod artists “Udomlya region: pure life energy”. • Sovietsk – JSC NIAEP public reception has been opened since September. • Nizhny Novgorod – arrangement of scaled information campaign in mass media of Nizhny Novgorod, informational and educational seminars in the Information Center of Nuclear power industry.
<p>To assist in establishing of a union or an association of former operators of nuclear power plants and nuclear power units to involve them in activities on informing citizens of safety in nuclear power industry.</p>	<p>In 2011 the Company's representatives are to participate in discussion of issues related to such union establishing together with other interested parties including Information Center of nuclear power industry.</p>	<p>The obligation was not fulfilled in 2011 as JSC NIAEP received no proposal to establish a union from the initiative team. As soon as such proposal is submitted the Company will be ready to discuss union foundation together with other interested parties.</p>
ON BEHALF OF BUSINESS ASSOCIATIONS		
<p>To provide a system of innovation introduction to facilitate design of innovative equipment by suppliers (A.V. Komarov).</p>	<p>While compiling a uniform industry catalogue it is planned to submit simplified data on equipment in 3D format. The Company is directly interested in adoption of innovative technologies but without simultaneous decrease in safety and corresponding licenses should be obtained and price should be cut down. The Report contains information of uniform industry catalogue compilation.</p>	<p>While compiling a uniform industry catalogue of equipment and materials JSC NIAEP think that designed (simplified) SD-model of an equipment unit that meets the standards of 3D-design system is a binding element. In 2011 3D-models from the Catalogue database were automatically communicated in test mode to use them for designing. Over 800 various models were successfully transferred.</p>



Inquiries/recommendations of Interested Parties	Plans and obligations of the Company for the year 2011	Fulfillment of obligations
<p>Strategy for the year 2011 should include issues on development of a Nuclear Power Industry Cluster, of the responsible people and executives and time periods.</p> <p>To carry out activities in order to let people have understanding of Nizhny Novgorod Cluster of Nuclear Power Industry. (V.N. Tsybanov).</p>	<p>Information on a Nuclear Power Industry Cluster is given in the Report. We are ready to contribute to such cluster development. First of all we agree to provide all the necessary information on the equipment we need in the nearest projects.</p>	<p>In 2011 draft concepts of a Nuclear Power Industry Cluster, Provisions on Expert Council and Membership of Expert Council were prepared. JSC NIAEP held a number of meetings on interaction among the companies of nuclear power industry:</p> <ul style="list-style-type: none"> • with OKBM n/a Afrikantov in respect of design and construction of NPP with reactors of low and middle capacity and fast neutron reactors; • with RFNC (Russian Federal Nuclear Center) on design and construction of a laser unit of thermonuclear fusion.
<p>To carry out activities on development of a Nuclear Power Industry Cluster. (I.G. Sazonov)</p>	<p>In 2011 the Company agrees to participate in development of a detailed schedule of activities on the cluster development.</p>	<p>JSC NIAEP developed a Life Cycle Management System (LCMS) for complex engineering facilities which could serve as organizational and methodological basis for the cluster foundation. In 2012 at II International Scientific and Practical Conference in Nizhny Novgorod we are to adopt the decision and to complete the cluster foundation.</p>
<p>To arrange discussion of advantages and disadvantages of Uniform Industry-wide Procurement Standard of State Corporation Rosatom (A.V. Komarov).</p>	<p>State Corporation Rosatom carries out activities on updating of Uniform Industry-wide Procurement Standard. JSC NIAEP is involved in this process. We form applications with recommendations on the standard improvement and agree to accept suppliers' recommendations to refer them to State Corporation Rosatom.</p>	<p>Uniform Industry-wide Procurement Standard of State Corporation Rosatom (EOSZ) is the basic document that JSC NIAEP applies to its procurement.</p> <p>To improve procurement procedure in nuclear power industry and for observance of interests of both procurement organizers and potential participants JSC NIAEP regularly send letters to State Corporation Rosatom that explain application of the Standard's provisions, initiates amendments to the Standard, considers revisions of the Standard and gives recommendations and comments.</p> <p>Employees of JSC NIAEP participated in conferences, organized by Department of Methodology and Procurement of State Corporation Rosatom on procurement procedures.</p>
ON BEHALF OF FINANCIAL INSTITUTIONS		
<p>To carry out activities on developing positive attitudes towards nuclear power industry (V.V. Evstigneev).</p>	<p>In 2011 we plan to inform people of nuclear power industry safety on the basis of information centers of nuclear power industry with participation of employees of JSC NIAEP as well as to organize meetings with people together with municipal authorities.</p>	<p>Priority issue of the report for the year 2011 was "NPP Safety". After events in Japan an educational seminar for journalists union was arranged in Information Center of Nuclear power industry (in Nizhny Novgorod) at which the Company's employee delivered a report.</p>



Interacting with interested parties on the Report preparation the Company formulated its plans and obligations for the year 2012 (See Table 67).

Plans and obligations of the Company for the year 2012

Table 67

Inquiries/recommendations of the interested parties	Plans and obligations of the Company for 2012
To include in the budget of the Company for the year 2012 amounts for establishing of Resource center for employees training. (B.V. Telegin).	The Company will consider possibility to include in the budget of the Company for the year 2013 amounts for establishing Resource center to train employees for construction of Nizhny Novgorod NPP.
To provide more detailed information of such important activities of the Company as prolongation of operation terms of ongoing facilities. (V.V. Egunov)	The Company will take the recommendations into account in 2012 annual reporting.
To provide more detailed description of plans of the Company in respect of economical development of the place of the Company presence. (I.A. Chebanov).	The Company will take the recommendations into account in 2012 annual reporting.



5.4. Conclusion on Public Approval of the Public Annual Report of JSC NIAEP

Introduction

Joint Stock Company NIZHNY NOVGOROD ENGINEERING COMPANY "ATOMENERGOPROEKT" (hereinafter – JSC NIAEP or the Company) submitted its Annual Report for the year 2011 (hereinafter – the Report) to evaluate it including completeness and materiality of the information disclosed in it and response of the Company to the inquiries of interested parties. For this purpose our representatives and we were given opportunity to participate in public hearings on the draft Report held on 25.04.2012 and in three consultations with interested parties:

- Consultation №.1 – "Discussions of annual report concept of JSC NIAEP" – 30.01.12.
- Consultation №.2 – "Development of competences of JSC NIAEP" – 26.03.12.
- Consultation №.3 – "NPP Safety" – 26.03.12.

Procedure of the Report Evaluation

Our opinion is based on a comparative analysis of two versions of the Report (Draft Report for public hearings and final version of the Report) and information submitted to us summarizing results of the consultations and hearings (minutes, table with recommendations of interested parties) as well as comments provided by the management and employees of JSC NIAEP during the procedure of public approval of the Report.

During the Report evaluation our target was not to examine the methods used by the Company to collect and analyze information as verification of reliability of the actual data presented in the Report is beyond the scope of public approval. All participants of public hearings were provided opportunity to freely express their opinions. We were not remunerated for participation in the procedure of public approval.

Opinion, Comments and Recommendations

We express common favorable opinion of the Report, its format and volume of information included. It is very important that the Report is prepared voluntary and is a good example of enhanced transparency demonstrated by the Company. In preparation of the Report the Company endeavored to ensure social and environmental acceptability of development of nuclear power industry and agreed to communicate with the interested parties on its various activities. We see the management of the Company is aware of advantages and prospects of interaction with interested parties.

Absolute merit of the Report is application of international standards for its preparation (Global Reporting Initiative (GRI, version G3.1 and construction annex CRESS) and a number of standards AA1000 Institute of Social and Ethical Accountability) and integrated nature of the Report that let fully disclose information on main activities of the Company and its achievement in respect of sustainability.

We are aware of no facts that doubt reliability of the information given in the Report. We consider disclosure of the information in the Report to be sufficient both in respect of application of international standards of public accountability statements and considering of the comments of interested parties expressed during preparation of the Report. We think that it is integrated Report that should represent official stand of the Company' management on every key socially important issue and directions of the Company's activities.

Information Materiality

We think that JSC NIAEP presented in the Report all significant issues critical for interested parties. The Report includes the Company's strategic development, financial and economic re-



sults of business activities and results of social, environmental and economical influence to the environment.

The priority issues of the Report of JSC NIAEP are as follows:

- Development of competences of JSC NIAEP.
- NPP Safety.

All substantial information on priority issues is disclosed. In particular, it is necessary to indicate sufficiency of information given about JSC NIAEP and JSC ASE.

Information Completeness

We see no reason to increase the Report volume though it does not cover all the questions of the representatives of interested parties that were asked during consultations and meetings. We recommend the Company to disclose more completely in the next reports information about business model of the company and risks connected with business expansion.

We believe that information of activities on sustainable development should be confirmed by specific and measurable plans.

Response of the Company to Comments and Recommendations of the Interested Parties

We think the Company made a considerable progress in development of interaction with interested parties and practice of public accountability statements in its activities. It is necessary to emphasize that this interaction started prior to the Report preparation at the stage of concept discussion. Interested parties were given opportunity to express their recom-

mendations on information disclosure in the Report and on development of accountability system as a whole. Response of JSC NIAEP to comments of interested parties resulted in entering amendments and additions to the final version of the Report. In particular, the following sections: Interaction with Interested Parties, Management of Economical Influence, Risk-management, Transparency and Accountability, Safety and Quality and others were revised and completed with the inquired information. Some information the Company promised to disclose in the next Reports. In respect of the other information it provided the reasons for such information non-disclosure. Besides, the Company promised to further improve public accountability system.

In the final version of the Report the Company eliminated various technical mistakes found by the participants of the procedure. So, while preparing the Report the Company demonstrated its readiness to take into account recommendations of interested parties and to tackle the raised issues positively. We hope the Company will continue to successively implement into its activities the principles of responsible corporate behavior through development of system of public accountability statements and interaction with interested parties.



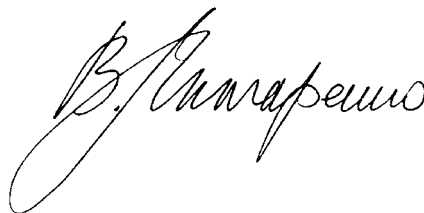
I.A. Aluskina		<i>President of JSC "AKB SAROVBUSINESSBANK"</i>
V.E. Antonevich		<i>Responsible Secretary of Coordination Council of Russian Union of Manufacturers and Entrepreneurs in Privolzhsky Federal District</i>
S.V. Budylin		<i>Deputy General Director – Director of Directorate on Capital Construction, State Corporation Rosatom</i>
S.M. Dmitriev		<i>Rector of Nizhny Novgorod State Technical University n/a R.E. Alekseev</i>
V.N. Drobinin		<i>President of Non-Profit Partnership "Nizhny Novgorod Nuclear Engineering Business Center"</i>
D.L. Zverev		<i>Director – Chief designer of JSC "Experimental Design Bureau for Mechanical Engineering n/a I.I. Afrikantov"</i>
E.V. Koposov		<i>Rector of Nizhny Novgorod State Architectural and Construction University</i>
E.V. Kochergina		<i>Chairperson of Trade Union Committee of JSC NIAEP</i>
D.G. Krasnov		<i>General Director of Chamber of Trade and Commerce of Nizhny Novgorod region</i>
V.V. Nefedov		<i>Minister of Industry and Innovation of Nizhny Novgorod region</i>
S.G. Novikov		<i>Director of Dpt. of Communication of State Corporation Rosatom</i>
A.K. Polushkin		<i>Deputy General Director – Director on Project Engineering, JSC Concern Rsenergatom</i>
V.V. Ulyanov		<i>Minister of Housing and Communal Services and Fuel and Energy Complex of Nizhny Novgorod region</i>
V.N. Tsybanev		<i>General Director of Nizhny Novgorod Association of Manufacturers and entrepreneurs</i>



Approved by decision of the sole shareholder

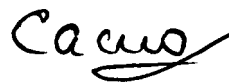
Approved by decision of the Board of Directors

Director



V.I.Limarenko

Chief accountant



E.V. Samogorodskaya





Turning Energy into Life

For the 60-year history under designs of JSC NIAEP the following facilities were commissioned:

7

- 7 nuclear power units of total capacity 5820 MW

- 94 turbosets at 24 heat power plants with total capacity 9380 MW

94

- 124 power boiler sets with production capacity 98096 tonn of steam per hour

124

6. ANNEXES



Annex 1.

Report of the Board of Directors on JSC NIAEP Operation Results as per its Priority Activities

In 2011, 35 meetings of the Board of Directors were held. A table below shows a list of the conducted meetings of the Board of Directors and adopted decisions.

№	Protocol date	Protocol number	Agenda
1	24.01.2011	1	1. Decision-making on questions of competence of General Shareholders Meeting (sole shareholder) of the Companies, 100 (one hundred) per cents of equity capital of which belong to JSC NIAEP – approval of the budget and projected indices of the financial and economic activity of LLC «VDMU», LLC «SMU No. 2» for 2010.
2	02.02.2011	2	1. Decision-making on questions of competence of General Shareholders Meeting (sole shareholder) of the Companies, 100 (one hundred) per cents of equity capital of which belong to JSC NIAEP – set up of the affiliate LLC «SMU No. 2».
3	16.02.2011	3	1. Approval of charity measures of JSC NIAEP for 2011.
4	07.04.2011	4	1. Decision-making on questions of competence of General Shareholders Meeting (sole shareholder) of the Companies, 100 (one hundred) per cents of equity capital of which belong to JSC NIAEP – election Yu.V. Orlov as a Director of LLC «SMU No. 2».
5	19.04.2011	5	1. Approval of transaction. Subject of transaction means property, works and services in amount of 500 (five hundred) million rubles being entered into between JSC NIAEP and JSC DEZ.
6	29.04.2011	6	1. Decision-making on questions of competence of General Shareholders Meeting (sole shareholder) of the Companies, 100 (one hundred) per cents of equity capital of which belong to JSC NIAEP – approval of annual reports, balance sheets, selection of auditor, selection of members of audit commissions, distribution of net profit of LLC «SMU No. 1», LLC «SMU No. 2» and LLC «VDMU» for 2010.
7	20.05.2011	7	1. Approval of transaction. Subject of transaction means property, works and services in amount of 500 (five hundred) million rubles being entered into between JSC NIAEP and JSC «Atomenergoproekt».
8	30.05.2011	8	1. Preliminary approval of an annual report of JSC NIAEP for 2010. 2. Preliminary approval of annual accounting statements, including Profit/Loss Statement (profit and loss account) of JSC NIAEP as per results of 2010. 3. Recommendations on distribution of profit of JSC NIAEP as per results of 2010, including (announcement) payment of dividends as per results of financial year, and on distribution of retained earnings for 2009. 4. Determination of JSC NIAEP auditor remuneration for the 2011 statements audit. 5. Addressing to a sole shareholder of JSC NIAEP with a suggestion to adopt decision on competence issues of the Annual General Shareholders Meeting of JSC NIAEP.
9	16.06.2011	9	1. Approval of the budget and projected indices of the financial and economic activity of JSC NIAEP for 2011.
10	20.06.2011	10	1. Approval of transaction. Subject of transaction means property, works and services in amount of 500 (five hundred) million rubles being entered into between JSC NIAEP and JSC «Mostostroy No. 6».



№	Protocol date	Protocol number	Agenda
11	29.06.2011	11	1. Payment of remuneration to Director of JSC NIAEP following achievement o key performance indicators for 2010.
12	26.07.2011	12	1. Election of Chairman of Board of Directors of JSC NIAEP. 2. Election of secretary of Board of Directors of JSC NIAEP. 3. Decision making on performing by JSC NIAEP a transaction on entering into Addendum No. 2 with JSC «Atomenergoproekt» to the General Facility Agreement No. 09/2020-10 dd. 25.08.2010.
13	27.07.2011	13	1. Decision-making on questions of competence of General Shareholders Meeting (sole shareholder) of the Companies, 100 (one hundred) per cents of equity capital of which belong to JSC NIAEP – approval of actual execution of key performance indicators (KPI) by LLC «VDMU» in accordance with KPI for 2010 and on payment of remuneration to General Director of LLC «VdMU», A.N. Goremykin.
14	29.07.2011	14	1. Approval of transaction. Subject of transaction means property, works and services in amount of 500 (five hundred) million rubles being entered into between JSC NIAEP and subcontractor determined in open bid.
15	10.08.2011	15	1. Election of Chairman of Board of Directors o JSC NIAEP. 2. Approval of transaction on assignment of property right entered into between JSC NIAEP and JSC «MRSK of Center and Povolzhye».
16	23.08.2011	16	1. On approval of transaction. Subject of transaction means property, works and services in amount of 500 (five hundred) million rubles being entered into between JSC NIAEP and subcontractors determined in open bid.
17	26.08.2011	17	1. Decision-making on questions of competence of General Shareholders Meeting (sole shareholder) of the Companies, 100 (one hundred) per cents of equity capital of which belong to JSC NIAEP – conclusion of Addendum No.1 to the Labour Agreement with Yu.V. Orlov Director of LLC «SMU No. 2».
18	31.08.2011	18	1. Opening of Baltiisky subsidiary of JSC NIAEP. 2. Suggestion to a sole shareholder of JSC NIAEP Joint Stock Company «Atomic Energy Power Corporation» to make a decision on amendment and additions to the Charter of JSC NIAEP. 3. Approval of Regulation for Baltiisky subsidiary of JSC NIAEP.
19	14.09.2011	19	1. Decision making on performing by JSC «NIAEP» a transaction on entering into Addendum No. 3 with JSC «Atom-energopr» to the General Facility Agreement No. 09/2020-10 dd. 25.08.2010
20	03.10.2011	20	1. On decision-making on questions of competence of General Shareholders Meeting (sole shareholder) of the Companies, 100 (One hundred) per cents of equity capital of which belong to JSC NIAEP - approval of actual execution of key performance indicators (KPI) by LLC «SMU No.1» in accordance with KPI for 2010 and on payment of remuneration to Director of LLC «SMU No.1», D.V. Romanets.
21	04.10.2011	21	1. Suggestion to a sole shareholder of JSC NIAEP – Joint Stock Company «Atom Energy Power Corporation» to make a decision on amendment and additions No. 4 to the Charter of JSC NIAEP.
22	12.10.2011	22	1. Approval of transaction. Subject of transaction means property, works and services in amount of 500 (Five hundred) million rubles being entered into by JSC NIAEP.
23	14.10.2011	23	1. Decision-making on questions of competence of General Shareholders Meeting (sole shareholder) of the Companies, 100 (one hundred) per cents of equity capital of which belong to JSC NIAEP – set up of the Baltiissky affiliate LLC «SMU No.1»
24	14.10.2011	24	1. Decision-making on questions of competence of General Shareholders Meeting (sole shareholder) of the Companies, 100 (one hundred) per cents of equity capital of which belong to JSC NIAEP – election of D.V. Romanets as Director of LLC «SMU No.1».



№	Protocol date	Protocol number	Agenda
25	31.10.2011	25	<ol style="list-style-type: none"> 1. Suggestion to the sole shareholder of Joint Stock Company NIZHNY NOVGOROD ENGINEERING COMPANY «ATOMENERGOPROEKT» – to make decision by Joint Stock Company «Atomic Energy Power Corporation» on amendments and additions No. 5 to the Charter of JSC NIAEP. 2. Approval of amendments No. 1 to the Regulations of Baltiisky affiliate of JSC NIAEP.
26	03.11.2011	26	<ol style="list-style-type: none"> 1. Decision-making on possibility of combining by Director of JSC NIAEP, V.I. Limarenko the position of interim sole executive body JSC «Atomstroyexport» – interim President of JSC «Atomstroyexport».
27	07.11.2011	27	<ol style="list-style-type: none"> 1. Approval of transaction. Subject of transaction means property, works and services in amount of 500 (five hundred) million rubles being entered into between JSC NIAEP and supplier affirmed a winner under results of open bid in electronic form.
28	15.11.2011	28	<ol style="list-style-type: none"> 1. Approval of transaction. Subject of transaction means property, works and services in amount of 500 (five hundred) million rubles being entered into between JSC NIAEP and supplier affirmed a winner under results of open bid in electronic form.
29	28.11.2011	29	<ol style="list-style-type: none"> 1. Opening of Moscow office of JSC NIAEP. 2. Suggestion to the sole shareholder of JSC NIAEP – to make decision by Joint Stock Company «Atomic Energy Power Corporation» on amendments and additions No. 6 to the Charter of JSC NIAEP. 3. Affirmation of statutes on Moscow affiliate of JSC NIAEP.
30	29.11.2011	30	<ol style="list-style-type: none"> 1. Approval of gratis transaction on donation of a motor-car by JSC NIAEP to Kstovo district organization of Nizhny Novgorod regional organization of All-Russian Public organization «Russian Veteran Union of Afghanistan War». 2. Affirmation of the terms and conditions of the Agreement with Registrar of JSC NIAEP.
31	14.12.2011	31	<ol style="list-style-type: none"> 1. Decision making on performing by JSC «NIAEP» a transaction on entering into Addendum No. 4 with JSC «Atomenergoprom» to the General Facility Agreement No. 09/2020-10 dd. 25.08.2010.
32	15.12.2011	32	<ol style="list-style-type: none"> 1. Approval of transaction. Subject of transaction means property, works and services in amount of 500 (five hundred) million rubles being entered into between JSC NIAEP and supplier affirmed a winner under results of open bid in electronic form.
33	20.12.2011	33	<ol style="list-style-type: none"> 1. Approval of transaction. Subject of transaction means property, works and services in amount of 500 (five hundred) million rubles being entered into between JSC NIAEP and supplier affirmed a winner under results of open bid in electronic form.
34	21.12.2011	34	<ol style="list-style-type: none"> 1. Approval of year procurement plan of JSC NIAEP for 2012. 2. Approval of transactions. Subject of transactions means property, works and services in amount of 500 (five hundred) million rubles.
35	22.12.2011	35	<ol style="list-style-type: none"> 1. Approval of charity initiatives of JSC NIAEP for 2012.



Annex 2.

Information on Compliance with Corporate Code of Conduct

№	Provision of Corporate Code of Conduct	Complied/ Not complied	Notes
General Shareholders Meeting			
1	Notification of the shareholders on summon of General Shareholders Meeting at least 30 days prior to its conduction despite of the issues of agenda, if otherwise not stipulated by the law	Not applicable	Availability of the sole shareholder governs specific decision-making
2	Possibility for the shareholders to get aware of list of people having right to participate in the General Shareholders Meetings beginning from the day of notification on General Shareholders Meeting to the closing day of attendee General Shareholders Meeting, in case of absentee meeting – until the end of acceptance of voting bulletins	Not applicable	Availability of the sole shareholder governs specific decision-making
3	Possibility for the shareholders to recognize the information (materials) to be provided with when preparing to the General Shareholders Meeting by electronic means, including by Internet	Complied	
4	Possibility for the shareholder to rise an issue to the agenda of the General Shareholders Meeting or to request for summon of the General Shareholders Meeting without providing with an extract from the shareholder register, if his shares rights are subject to be recorded in the recording system of the shareholder register, and in case his shares right is recorded at the depo account – it is sufficient to get extract from depo account to execute the said rights	Complied	
5	Availability of requirement in the Charter and other internal documents of the Joint Stock Company to mandatory attendance of General Director, members of Management Board, members of Board of Directors, members of auditing committee and auditor of the Joint Stock Company at the General Shareholders Meeting	Not applicable	Availability of the sole shareholder governs specific decision-making
6	Obligatory attendance of the candidates at the General Shareholders Meeting when considering election of the members of the Board of Directors, General Director, Members of Management Board, members of Auditing committee and approving an auditor of the Joint Stock Company	Not applicable	Availability of the sole shareholder governs specific decision-making
7	Availability in the internal documents of the Joint Stock Company attendees' registration procedure in respect of General Shareholders Meeting	Not applicable	Availability of the sole shareholder governs specific decision-making
Board of Directors			
8	Availability of the right of the Board of Directors in the JSC Charter to approve annually financial and economic plan of the Joint Stock Company	Complied	Item 33 Sub-Clause 13.2 of JSC Charter
9	Availability of JSC Risk Management System approved by the Board of Directors	Not complied	
10	Availability of the right of the Board of Directors in the JSC Charter to adopt a decision on suspension of powers of General Director to be appointed by General Shareholders Meeting	Complied	Item 28 Sub-Clause 13.2 of JSC Charter



№	Provision of Corporate Code of Conduct	Complied/ Not complied	Notes
11	Availability of the right of the Board of Directors in the JSC Charter to set requirements to qualification and amount of remuneration for General Director, members of the Management Board, Heads of the Main Departments of the JSC	Complied	Item 28 Sub-Clause 13.2 of JSC Charter
12	Availability of the right of the Board of Directors to approve terms and conditions of the Agreements with General Director and members of Management Board	Complied	Item 14.7 of the Company's Charter
13	Availability in the Charter or internal documents of JSC of a requirement that when affirming terms and conditions of the Agreements with General Director (managing organization, or managing director) and members of Management Board, votes of members of Board of Directors being a General Director and members of Management Board are not taken into account when counting voices	Not complied	
14	Availability in the Board of Directors of the JSC at least 3 independent directors corresponding to requirements of Corporate Code of conduct	Not complied	Board of Directors is determined under the decision of sole shareholder of the Company
15	Absence in the Board of Directors of Joint Stock Company of persons guilty of economic crimes or crimes against state authorities, interests of public service and service in the local self-government authorities, or those to whom administrative penalties for entrepreneurship or financial, fiscal or security market infringements were applied	Complied	Applied in practice
16	Absence in the Board of Directors of Joint Stock Company of persons being a participant, general director (managing director), member of management board or employee of legal entity competing with Joint Stock Company	Complied	Applied in practice
17	Availability in the Charter of Joint Stock Company a requirement to elect Board of Directors by cumulative voting	Not applicable	Due to availability of sole shareholder
18	Availability in the internal documents of the Joint Stock Company of a duty of members of Board of Directors to refrain from actions that lead or may lead to a conflict of interests between them and Joint Stock Company, and in case of conflict – a duty to disclose to Board of Directors information about this conflict	Complied	Sub-clause 3.5 Regulations on Board of Directors of the Company
19	Availability in the internal documents of the Joint Stock Company of a duty of Board of Directors to notify in written on intention to enter into transactions with securities of Joint Stock Company, Board of Directors they are members, or its subsidiaries or affiliates, and to disclose information on made transactions with securities	Not applicable	Members of Board of Directors do not own Company's shares
20	Availability in the internal documents of the Joint Stock Company of a requirement to conduct meetings of Board of Directors at least once per six week	Complied	Sub-clause 5.1 Regulations onboard of Directors of the Company
21	Conduction of meetings of Board of Directors of the Joint Stock Company during a year of annual report of the Company at least once per six weeks	Complied	Applied in practice
22	Availability in the internal documents of the Joint Stock Company of an order of conduct of Board of Directors meetings	Complied	Sub-clauses 13.4, 13.5 of the Company's Charter; Section 7 Regulations on Board of Directors of the Company
23	Availability in the internal documents of the Joint Stock Company of a provision on necessity to approve by Board of Directors transactions in amount of 10 and over per cents of assets of the Company, except for transactions made in the course of routine business activity	Complied	Item 18 Sub-clause 13.2 of the Company's Charter



№	Provision of Corporate Code of Conduct	Complied/ Not complied	Notes
24	Availability in the internal documents of the Joint Stock Company of a right of members of Board of Directors to receive from executive bodies and heads of main departments of the Company an information necessary to fulfill its functions and responsibilities for non-provision of such information	Complied	Item 1 Sub-clause 3.1 Regulation on Board of Directors of the Company
25	Availability of Committee of Board of Directors on strategic planning or transferring functions of said committee to other committee (except for audit committee and personnel and remuneration committee)	Not complied	Currently the committees of Board of Directors are not established
26	Availability of committee of Board of Directors (audit committee) that advise to Board of Directors of auditor of Joint Stock Company and interacts with it and internal audit commission	Not complied	Currently the committees of Board of Directors are not established
27	Availability in the audit committee of only independent and non-executive directors	Not applicable	Currently an audit committee is not established
28	Management of audit committee by independent director	Not applicable	Currently an audit committee is not established
29	Availability in the internal documents of the Joint Stock Company of an access right for all members of audit committee to all documents and information of Joint Stock Company on the basis of not-disclosing confidential information	Not applicable	Currently an audit committee is not established
30	Set-up of the committee of Board of Directors (Personnel and Remuneration Committee) whose duty is to determine the criteria for Board of Directors candidates selection and work out policy of Joint Stock Company in view of remuneration	Not complied	Currently the committees of Board of Directors are not established
31	Management of Personnel and Remuneration Committee by an independent director	Not applicable	Currently the Personnel and Remuneration Committee is not established
32	Absence in the Personnel and Remuneration Committee of the officials of the Joint Stock Company	Not applicable	Currently the Personnel and Remuneration Committee is not established
33	Set-up of the committee of Board of Directors on risks or transferring functions of this committee to other committee (except for audit committee and Personnel and Remuneration Committee)	Not applicable	Currently the committees of Board of Directors are not established
34	Set-up of the committee of Board of Directors for settlement of corporative conflicts or transferring duties of this committee to other committee (except for audit committee and Personnel and Remuneration Committee)	Not complied	Currently the committees of Board of Directors are not established
35	Absence in the committee for settlement of corporate conflicts of the officials of Joint Stock Company	Not applicable	Currently the committee for settlement of corporate conflicts is not established
36	Management of the committee for settlement of corporate conflicts by independent director	Not applicable	Currently the committee for settlement of corporate conflicts is not established
37	Availability of the internal documents approved by Board of Directors of Joint Stock Company stipulating the procedure of forming and activity of committees of Board of Directors	Not applicable	Currently the committees of Board of Directors are not established
38	Availability in the Charter of the Joint Stock Company of a procedure how to determine a quorum of Board of Directors allowing to provide mandatory participation of independent directors in the meetings of Board of Directors	Not applicable	Board of Directors has no independent members



№	Provision of Corporate Code of Conduct	Complied/ Not complied	Notes
Executive bodies			
39	Availability of collective executive body (of management) of the Joint Stock Company	Not complied	Sub-clause 11.1 of the Company's Charter stipulates only availability of sole executive body of the Company, namely director
40	Availability in the Charter and internal documents of the Joint Stock Company of a provision on necessity of approval by management real estate transactions, receiving by the Joint Stock Company of the loans, if transactions hereto are not considered large-scale transactions and their closing does not refer to routine business activity of the Joint Stock Company	Not applicable	The Company's Charter does not stipulate availability of collective executive body
41	Availability in the internal documents of the Joint Stock Company of a procedure for approving operations beyond financial and economic plan of the Joint Stock Company	Not complied	
42	Absence in the executive bodies of persons being participants, general director (management), member of management board or employee of the legal entity competing with the Joint Stock Company	Complied	Applied in practice
43	Absence in the executive bodies of the Joint Stock Company of the persons guilty in economic crimes or crimes against state authorities, interests of public service and service in the local self-government authorities, or those to whom administrative penalties for entrepreneurship or financial, fiscal or security market infringements were applied. If functions of the sole executive body are fulfilled by managing organization or by managing director, it corresponds to general director and members of managing organization or managing director subject to requirements to general director and members of management board of the Joint Stock Company	Complied	Applied in practice
44	Availability in the Charter or internal documents of the Joint Stock Company of a restriction of the managing organization (managing director) to perform similar functions in the competing company, and to have property relations with the Joint Stock Company in addition to rendering services by managing organization (managing director)	Not complied	
45	Availability in the internal documents of the Joint Stock Company of a duty of executive body to restrain from actions that lead or may lead to a conflict between their interests and interests off the Joint Stock Company, and in case of the conflict – a duty to notify Board of Directors	Complied	Sub-clause 14.8 of the Company's Charter
46	Availability in the Charter and internal documents of the Joint Stock Company the criteria to select the managing organization (managing director)	Not complied	
47	Representation by the executive bodies of the Joint Stock Company of monthly reports on the work done to Board of Directors	Complied	The executive body report to Board of Directors as may be required from time to time and as required by Board of Directors
48	Putting the responsibility in the agreements entered into by the Joint Stock Company with general director (managing organization, managing director) and members of management board for infringement of provisions on use of confidential and insider information	Complied	



№	Provision of Corporate Code of Conduct	Complied/ Not complied	Notes
Secretary of the Company			
49	Availability in the Joint Stock Company of special official (Secretary of the Company) in purpose of providing compliance by the bodies and officials of the Joint Stock Company of procedural formalities guaranteeing execution of rights and legal interests of the Joint Stock Company	Complied	The Company has a Secretary of Board of Directors
50	Availability in the Charter or internal documents of the Joint Stock Company of the Company's Secretary appointment procedure and duties of the Company's Secretary	Complied	Sub-clause 4.2 of Regulations on Board of Directors of the Company
51	Availability in the Charter of the Joint Stock Company of the requirements to a candidate of the Company's Secretary	Complied	Sub-clause 4.7 of Regulations on Board of Directors of the Company
Material Corporate Actions			
52	Availability in the Charter or internal documents of the Joint Stock Company of a requirement to approve large-scale transaction prior to its closing	Complied	Sub-clause 12.1 item 15, Sub-clause 13.2 item 15 of the Company's Charter
53	Mandatory attraction of the independent appraiser for assessment of market value of the property being a subject of the large-scale transaction	Not complied	Assessment is performed in accordance with Articles 77-78 of Federal Law on Joint Stock Companies
54	Availability in the Charter of a restriction for taking any action, when purchasing major stock of shares of the Joint Stock Company (merger), aimed at the protection of interests of executive bodies (member of these bodies) and members of Board of Directors of the Company, as well as shareholders making position of other shareholders worse compare to the present position (in particular, restriction to take a resolution by Board of Directors before the end of expected term of purchasing shares on emission of additional shares, on emission of securities transferred to shares, or securities granting the right to purchase shares of the Company, even if the Charter gives him the right for such decision)	Not applicable	Sole shareholder in the Company
55	Availability in the charter of the Joint Stock Company of a requirement on mandatory attraction of an independent appraiser for assessment of current market value of shares and possible variation of their market value as a result of the merger	Complied	Sub-clause 13.2 item 5 of the Company's Charter
56	Absence in the Charter of the Joint Stock Company of the liberation for the buyer from obligation to suggest to shareholders selling their ordinary shares of the Company (issuable securities transferred to ordinary shares) during merger	Not applicable	
57	Availability in the Charter or internal documents of the Joint Stock Company of a requirement on mandatory attraction of an independent appraiser for determining ratio of conversion of shares while reorganization	Not complied	
Disclosing of information			
58	Availability of the internal document approved by Board of Directors determining rules and approaches of the Joint Stock Company to disclosing of the information (Regulation information policy)	Not complied	The Company discloses information in accordance with acting law on Joint Stock Companies
59	Availability in the internal documents of the Joint Stock Company of a requirement on disclosing information about purposes of shares disposal, about persons, who intend to purchase shares under distribution, including the major stock of shares, and whether senior officials of the Joint Stock Company will participate in the acquisition of the shares under distribution	Not applicable	100 % of the Company's shares belong to the sole shareholder



№	Provision of Corporate Code of Conduct	Complied/ Not complied	Notes
60	Availability in the internal documents of the Joint Stock Company of a list of information, documents and materials to be submitted to shareholders for resolution of issues arisen for agenda of General Shareholders Meeting	Not applicable	100 % of the Company's shares belong to the sole shareholder
61	Availability of web-site in Internet belong to the Company and regular disclosing of information on the Joint Stock Company at the web-site	Complied	http://www.niaep.ru
62	Availability in the internal documents of the Joint Stock Company of a requirement on disclosing of information on transactions of the Joint Stock Companies with persons referred pursuant to the Charter to senior officials of the Joint Stock Company, as well as on transactions of the Joint Stock Company with organizations, where 20 or over per cents of the equity capital belong to senior officials of the Company or those who such persons can materially influence on	Not complied	
63	Availability in the internal documents of the Joint Stock Company of a requirement on disclosing of information about all transactions that can affect market value of the Company's shares	Not applicable	100 % of the Company's shares belong to the sole shareholder
64	Availability of the internal document approved by Board of Directors on use of material information on activity of the Joint Stock Company, shares and other securities of the Company and transactions with them, which is not public and disclosing of that information may materially affect the market value of shares and other securities of the Joint Stock Company	Not applicable	
Control for financial activity			
65	Availability of the procedures approved by Board of Directors for internal control for financial and economic activity of the Joint Stock Company	Not complied	
66	Availability of special department of the Joint Stock Company providing compliance of internal control procedures (internal auditing service)	Complied	Special department – Internal Audit Department is established in the Company
67	Availability in the internal documents of the Joint Stock Company of a requirement on determining a structure and content of internal audit department of the Joint Stock Company by Board of Directors	Complied	Regulation on Internal Audit Department
68	Absence in the Internal Audit Department of persons guilty in economic crimes or crimes against state authorities, interests of public service and service in the local self-government authorities, or those to whom administrative penalties for entrepreneurship or financial, fiscal or security market infringements were applied	Complied	Applied in practice
69	Absence in the Internal Audit Department of persons being members of executive bodies, as well as persons being participants, general director (managing director), member of management board or employee of the legal entity competing with the Joint Stock Company	Complied	Applied in practice
70	Availability in the internal documents of Joint Stock Company of a term for representing to the Internal Audit Department of documents and materials for assessment of financial and economic operation, as well as responsibility of officials of the Joint Stock Company for failure to represent documents and materials within the determined term	Complied	Applied in practice
71	Availability in the internal documents of the Joint Stock Company of a duty of Internal Audit Department to notify about found infringements to audit committee, in case of its absence – to Board of Directors of the Joint Stock Company	Not complied	



№	Provision of Corporate Code of Conduct	Complied/ Not complied	Notes
72	Availability in the Charter of the Joint Stock Company of a requirement on preliminary assessment by the Internal Audit Department of reasonability of operations not stipulated by financial plan of the Joint Stock Company (non-standard operations)	Not complied	
73	Availability in the internal documents of the joint Stock Company of an approval procedure for non-standard operation with Board of Directors	Not complied	
74	Availability of the internal document approved by Board of Directors determining the procedure of financial and economic activity checks by the internal audit committee	Complied	Section 7 Regulation on Internal Audit Department of the Company
75	Assessment by audit committee of audit statement prior to its presentation to the shareholders at the General Shareholders Meeting	Not applicable	Currently the committees of Board of Directors are not established
Dividends			
76	Availability of the internal document approved by Board of Directors guiding Board of Directors when making decisions on dividends amount (Regulation on dividend policy)	Not applicable	
77	Availability in the Regulation on dividend policy of a procedure for determination of minimal share of net profit of the Joint Stock Company for dividends payment, and conditions, when privileged shares dividends are not paid or paid partially, and which size is determined in the Charter of Joint Stock Company	Not applicable	The Company has no approved dividend policy
78	Publication of information on dividend policy of the Joint Stock Company and amendments in the periodicals stipulated by the Charter of the Joint Stock Company for publication of information on General Shareholders Meetings, and publication of information hereto on the web-site of the Joint Stock Company in Internet	Not applicable	The Company has no approved dividend policy



Annex 3.

Accounting Statements for 2011

BALANCE SHEET

as of December 31, 2011

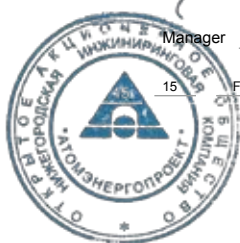
		Codes	
		0710001	
Form N 1 acc. to GCAD Date (year, month, day)		31	12 2011
Entity: Joint-Stock Company NIZHNY NOVGOROD ENGINEERING COMPANY ATOMENERGOPROEKT		accord. to the GCEO	
Taxpayer identification number		08841271	
Field Architectural Activity, Engineering Design of Activity: in Industry and Construction		accord. to the GCFEA	
Legal-Organizational Form/Property form Joint-Stock Company /Federal Property		74.20.1	
Unit of measurement: thous. RUR		accord. to the GCLOF/GCPF	
Location (address): 3, Svobody Sq., Nizyny Novgorod city, 603006		47 12 384	
		accord. to the GCMU	

Note	Line index	Code	As of December 31, 20 11	As of December 31, 20 10	As of December 31, 20 09
	ASSET				
	I. NON-CURRENT ASSETS				
1	Intangible assets	1110	1293	779	312
1	Results of investigations	1120			
2	Fixed assets	1130	835 050	1 073 958	986 404
	Buildings, machines, equipment and other fixed assets	1131	776 966	813 258	697 748
	Incomplete capital investments in general construction	1132	47 907	245 004	210 775
	Advances given to suppliers and contractors on capital construction, to general construction	1133	10 177	15 696	77 881
2	Income-bearing investments in material valuables	1140	412 380	209 855	17 974
3,12	Investments	1150	8 802	8 802	12 355
13	Deferred tax assets	1160	149 191	47 818	3 289
	Other non-current assets	1170	398 713	322 542	204 540
	Total for Section I	1100	1 805 429	1 663 754	1 224 874
	II. CURRENT ASSETS				
4,16	Stocks	1210	2 961 343	4 766 670	5 404 306
	raw materials, stuff or any other similar values	1211	1 017 289	1 068 601	1 240 727
	expenses in incomplete production	1212	26 794	145 126	127 071
	finished products and goods for resale	1213	1 599 527	3 491 152	3 890 790
	goods delivered	1214			
	deferred expenses	1215			
	accrued revenues not declared as payable	1216	317 733	61 791	145 718
	other stocks and expenses	1217			
	Value-added tax on purchased valuables	1220	302 483	522 346	947 887
5,16	Debts receivable	1230	39 482 274	18 971 913	22 183 813
	Long-term debts receivables - total	1231	14 686 667	1 655 191	7 319 782
	settlements with purchasers and clients	1232	8 174	7 738	7 679
	advances given	1233	145 105	1 644 582	5 223 005
	other debtors	1234	14 533 388	2 871	2 089 098
	Short-term debts receivables - total	1235	24 795 607	17 316 722	14 864 031
	settlements with purchasers and clients	1236	4 866 749	1 660 214	1 637 837
	advances given	1237	9 383 653	9 659 125	5 263 122
	other debtors	1238	10 545 205	5 997 383	7 963 072
3	Investments (except for money equivalent)	1240	30 320 000	10 000 000	682
	Cash and money equivalent	1250	3 836 217	3 439 526	10 034 251
	Other current assets	1260	22 942	12 217	7 648
	Total for section II	1200	76 925 259	37 712 672	38 578 587
	BALANCE	1600	78 730 688	39 376 426	39 803 461



Form 0710001 page 2

Note	Line index	Code	As of December 31, 20 11	As of December 31, 20 10	As of December 31, 20 09
	LIABILITIES				
	III. CAPITAL AND RESERVES				
	Authorized capital (share capital, collective investment fund, contributions of partners)	1310	500 002	500 002	500 002
	Treasury shares	1320	()	()	()
	Reappraisal of non-current assets	1340			
	Capital surplus (without reappraisal)	1350	103		
	Reserve capital	1360	25 000	25 000	20 833
	provisions formed acc. to the foundation documents	1361			
	reserve funds formed acc. to the legislation	1362	25 000	25 000	20 833
	Undistributed profit (uncovered loss)	1370	2 338 399	2 286 831	2 455 153
	Total for section III	1300	2 863 504	2 811 833	2 975 988
	IV. LONG-TERM LIABILITIES				
	Loan capital	1410			
	Deferred tax liabilities	1420			
	Estimated liability	1430			
5	Other liabilities	1450	38 207 879		
	Total for section IV	1400	38 207 879		
	V. SHORT-TERM LIABILITIES				
	Loan capital	1510			
5	Accounts payable	1520	36 901 517	36 203 195	36 665 094
	suppliers and contractors	1521	5 392 070	3 146 710	3 336 630
	advances given	1522	24 529 960	29 888 017	30 794 697
	debts to the Company's personnel	1523	40 193	3 033	1 550
	debt to the state off-budget funds	1524	4 704	250	10 346
	tax and duty arrears	1525	4 085 938	633 812	598 042
	other creditors	1526	2 848 652	2 531 373	1 923 829
	Accrued expenses	1530			
23	Estimated liability	1540	757 788	361 398	162 379
	Settlements with founding parties on share capital (authorized fund) payment	1545			
	Other liabilities	1550			
	Total for section V	1500	37 659 305	36 564 593	36 827 473
	BALANCE	1700	78 730 688	39 376 426	39 803 461



Manager

signature

Ivanov Y.I.

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February 20 12

Chief Accountant



Samogorodskaya E.V.

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INCOME STATEMENT

for January through December, 2011

Joint-Stock Company
Entity: NIZHNY NOVGOROD ENGINEERING COMPANY ATOMENERGOPROEKT
 Taxpayer identification number
Field: Architectural Activity, Engineering Design
of Activity: in Industry and Construction
 Legal-Organizational Form/Property form
Joint-Stock Company /Federal Property
 Unit of measurement: thous. RUR (min. RUR) **thous. RUR**

Codes		
0710002		
Form N 2 acc. to GCAD	31	12 2011
Date (year, month, day)		
accord. to the GCEO TIN	08841271 5260214123	
accord. to the GCFEA	74.20.1	
accord. to the GCLOF/GCPF	47	12
accord. to the GCMU	384	

Notes	Line index	Code	As of Jan-Dec., 2011	As of Jan-Dec., 2011
11, 16	Profit	2110	35 307 788	41 081 487
6	Cost of goods sold	2120	(33 211 562)	(37 623 337)
	Gross profit (loss)	2100	2 096 226	3 458 150
	Business expenses	2210	(450 770)	(401 832)
	Administrative expenses	2220	(1 126 980)	(1 299 450)
	Profit (loss) from sales	2200	518 476	1 756 868
	Income from participating in other organization	2310	72 047	17 450
	Interest receivable	2320	404 602	143 130
	Interest payable	2330		
11	Other income	2340	300 498	254 266
11	Other expenses	2350	(467 397)	(985 591)
	Before-tax profit (loss)	2300	828 226	1 186 123
	Current income tax	2410	(331 395)	(451 886)
	including: Recurrent tax liabilities (assets)	2421	(64376)	(194 728)
	Updating of deferred tax liability	2430	(43 800)	8 603
	Updating of deferred tax assets	2450	145 173	35 926
	Other	2460	109 575	(2 460)
	Clean profit (loss)	2400	707 779	776 306

Form 0710002 page 2

Notes	Line index	Code	As of Jan-Dec., 2011	As of Jan-Dec., 2011
	FOR REFERENCE ONLY			
	Result of reappraisal of non-current assets not included into clean profit (loss) of the period	2510		
	Result of other operations not included into the clean profit (loss) of the period	2520	103	
	Total financial result of the period	2500	707 882	776 306
	Base profit (loss) per share	2900	1	2
	Diluted profit (loss) per share	2910		



Manager

signature

Ivanov Y.I.

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15 February 20 12

Chief Accountant

signature


Samogorodskaya E.V.

signature decoding



Annex 4.

Audit Statement Proving Annual Financial Statements



At the orbit of your interests

17-B, Butlerov str., Moscow, 117342
tel./fax: (495) 730-41-14
kosmos@kosmos-audit.ru
www.kosmos-audit.ru

AUDIT REPORT

Addressee

Open Joint Stock Company “Atomic Energy Power Corporation” and other users.

Information about auditee

Name: Open Joint Stock Company NIZHNY NOVGOROD ENGINEERING COMPANY “Atomenergoproekt” (short name – JSC NIAEP).
Place of location: 3, Svoboda sq., Nizhny Novgorod, 603006, the Russian Federation
State registration number: OGRN 107526002940.

Information about auditor

Name: KOSMOS-AUDIT Limited Liabilities Company.
Place of location: 176, Butlerov str., Moscow, 117342.
State registration number: OGRN 1027700133207.
Information about self-regulatory organization of auditors:
KOSMOS-AUDIT LLC. is a member of non-profit partnership “Moscow Audit Chamber” and included in the auditors register in 28.12.2009 under principal number of registration entry (ORNZ) 10203000467.



Content of audited accounting statements

We audited attached accounting statements of Open Joint Stock Company Nizhny Novgorod Engineering Company “Atomenergoproekt” (hereinafter referred to as the Company) in a period from 01.01.2011 to 31.12.2011 inclusive.

Accounting statements consists of balance sheet as of December 31, 2011, profit and loss statement, statement of changes in equity and cash flow statement for 2011 and explanatory notes to balance sheet and profit and loss statement (explanatory note).

Responsibility of auditee for accounting statements

Director of JSC NIAEP is responsible for execution and accuracy of above mentioned accounting statements in accordance with Russian Rules on Accounting Statements Preparation and for internal control system required for preparation of accounting statements without any material misstatements due to frauds and mistakes.

Responsibility of auditor

Our responsibility is related to expression of opinion about accounting statements accuracy based on audit performed by our company. We audited in accordance with federal standards of audit activities. These standards require compliance with applied bona mores and also planning and audit to be sure that there are no any material misstatements in the accounting statements.

The audit included the holding of audit procedures directed to reception of audit evidences confirming accounting statements indexes and information disclosure. Audit procedures are selected according to our opinion based on estimation of material misstatements risk occurred as a result of frauds or mistakes. During assessment of this risk we consider internal quality system providing execution and accuracy of accounting statements to select proper audit procedures but not to express the opinion about efficiency of internal control system.



The audit also included the assessment of used accounting policy and soundness of estimated figures received by the auditee's management as well as the estimation of accounting statements representation in whole.

We suppose that audit evidences received during the audit provide good reason for expression of opinion about accounting statements accuracy.

Opinion

According to our opinion the accounting statements represent in all material respects true financial position of Open Joint Stock Company Nizhny Novgorod Engineering Company "Atomenergoproekt" as of December 31, 2011, results of its financial and economic activity and cash flow within the period from 01.01.2011 to 31.12.2011 in accordance with Russian Rules of Accounting Statements Preparation.

February 20, 2012

Executive Director
KOSMOS-AUDIT LLC.
(auditor qualification certificate No.03-000063)



S.A. Bobovnikova



Statement of Audit Commission

JSC Nizhny Novgorod Engineering Company “Atomenergoproekt”
Statement
of audit commission on results of financial and
economic activity check
for 2011

Nizhny Novgorod

April 10, 2012

In accordance with Federal Law “On Joint Stock Companies”, Charter of JSC Nizhny Novgorod Engineering Company “Atomenergoproekt” (hereinafter referred to as the Company), provision on the Company’s audit commission within the period from February 06, 2012 to April 10, 2012 the Company’s audit commission checked financial and economic activity of the Company for 2011.

Audit commission was elected in accordance with decision of annual general shareholders meeting, the Minutes No.13 dd. June 30, 2011 with participation of:

Iliya Dmitrievich Rychkov	Chief Specialist of Monitoring, Operative Accounting and Capital Construction Financing Department of Capital Construction Board of State Corporation Rosatom
Evgeniya Andreevna Kashchavtseva (maiden name Zabelina)	Chief Specialist of Economic and Controlling Department of Capital Construction Board of State Corporation Rosatom
Roman Alexandrovich Kashchavtsev	Head of Department on Capital Investments Programs of State Corporation Rosatom

Claims for unscheduled checks and auditing were not submitted to audit commission by any shareholders and Board of Directors during the year.

During the check Audit commission relies inter alia on the Company’s Auditor report: report of KOSMOS-AUDIT LLC. dd. March 28, 2012.

According to check results the audit commission:

1. Express the opinion about reliability of data represented in financial (accounting) statements of the Company in any material respect.
2. Did not find out any violations of financial reporting and accounting keeping procedure set by legislative and regulative acts of the Russian Federation as well as any regulations of the Russian



Annex 6.

Statement on Major Transactions and Interested Party Transactions

In the reporting period JSC NIAEP did not conducted the major transactions and interested party transactions.



Annex 7.

Statement of Internal Audit Department on the Report Data Validity

Internal audit of the forming of public annual report of JSC NIAEP is held in accordance with Preliminary regulation on internal audit of nonfinancial data of public report of JSC NIAEP approved by the order of Director of JSC NIAEP dd. 05.05.2010. No.285 taking into account requirements of State Corporation «Rosatom» policy of the public reporting, Common Standard of public annual reporting of State Corporation «Rosatom» and its organizations approved by General Director of State Corporation «Rosatom» dd 13.05.2011 No.403, Standard of the enterprise «Preparation procedure for public annual report for accounting period» (STP 10.01-11) come into force on 26.10.2011, basic provisions of Sustainability Reporting Guidance GRI (edition G3), series of international standards AA1000, recommendations of RUIE (Russian Union of Industrialists and Entrepreneurs) to be applied in practice of management and corporate nonfinancial reporting.

Subject to the requirements of industry-specific standards and standard of enterprise STP 10.01-11 the Company has got developed local regulatory documents governing activity in public annual reporting.

Upon the Order No.803 dd. 09.09.2011 «On functional responsibility center of public reporting» the Company has established a Committee on public reporting of JSC NIAEP – a collective body to control public annual reporting system (Chairman of Committee – The First Deputy Director on Economics V.L. Kats), and determined responsible employees for collection and representation of informative materials for public annual report.

The responsibility for preparation and promotion of public report is born by investments management team of Planning and Economic Department of JSC NIAEP.

On 16.02.2012 Director of the Company approved a Concept of Public annual report of JSC NIAEP for 2011 developed in accordance with Standard of the enterprise «Preparation procedure for public annual report for accounting period» (STP 10.01-11). The Concept contents Schedule for report preparation.

Preparation procedure for public annual report for accounting period of JSC NIAEP for 2011 is regulated by the Order No.40/172-P dd. 06.03.2012 that affirms task group for the report preparation, preliminary template of the report, appoints responsible persons, determines periods of time.

All measures stipulated by the Schedule and the Order No.40/172-P dd. 06.03.2012 as on the date of draft report submitted for approval are fulfilled.

In the course of audit:

- it is held an assessment of effectiveness of internal control system for public reporting (including analysis of regulation and formalization of key processes relative to forming of public reports; analysis of effectiveness of key control procedures implementation providing accurate public reports);
- it is held an assessment of compliance of procedure for forming public reports with acting law and internal regulatory requirements that govern a business-process of forming public reports;
- it is developed recommendation for improving the internal control system when forming public reports.

Results of conducted audit allow to make a conclusion on effectiveness of internal control system for forming public reports of JSC NIAEP subject to acting law, Policy of State Corporation «Rosatom» and internal regulatory requirements of JSC NIAEP that govern a business-process of forming public reports.

Head of department – chief controller V.S. Petrovsky



Annex 8.

Independent Audit Report on Nonfinancial Statement



INDEPENDENT ASSURANCE OF SUSTAINABILITY REPORTING

Addressed to JSC Nizhny Novgorod Engineering Company «Atomenergoproekt»

Introduction

The present audit assurance relates to Annual report for 2011 of JSC Nizhny Novgorod Engineering Company "Atomenergoproekt" (hereinafter referred as to the Report). The Report is prepared by the company JSC NIAEP (hereinafter referred as the Company), which is responsible for collection, systematization and representation of all information in the Report. "Bureau Veritas Certification Rus" bears responsibility for results of assurance of the Report only before the Company and does not take responsibility before any party for decisions adopted or postponed on the basis of this assurance.

Tasks and level of assurance

1. To assess a character and a level of observance by the Company principles of inclusiveness, importance, reaction indicated in the AA1000 Accountability Principles Standard (APS) 2008.
2. To assess quality of information disclosing in the field of sustainable development of the company on the basis of AA1000 Assurance Standard (AS) 2008.
3. To assess a level and a quality of involving interested parties into reporting process subject to AA1000 Stakeholder Engagement Standard (SES) 2011.
4. To assess a degree of Report conformance to common standard on public annual report of State Corporation "Rosatom" in part of requirements to reporting process, as well as to structure and contents of the Report;
5. To assess conformance of the Report to level B (self-estimation of the Company) subject to Global Reporting Initiative Sustainability Reporting Guidelines, version G3.1 (2011).
6. To give recommendations for development of corporate management within social reporting.
7. To apply "reasonable" level of assurance envisaged by standards on assurance engagement AA1000AS (2008) and International Standard on Assurance Engagement ISAE-3000.

While verification of the Report, the information on the corporate web-site of the Company www.niaep.ru, materials of different editions, including corporate newspaper "Strana Rosatom", magazine "Vestnik Atomproma" and publications in federal regional mass media, and "Policy in public reporting of State Corporation "Rosatom" and other internal corporate regulatory documents have been taken into consideration.

Methodology

- An interview with representatives of Company's senior management on material economic and ecological aspects of the Company's business, obligations, priorities and objectives in the field of sustainability, means and degree of these objectives achievements.
- Attendance in the Company's dialogs with interested parties, study of the reports on dialogs, interviews with managers responsible for dialogs and participants of dialogs.
- Attendance in public hearings of the Company's Annual Report for 2011.
- Verification of achieving objectives in the field of sustainability in 2011 set in the annual report for 2010.
- Verification of documents and data characterizing effectiveness of used by the Company approaches to management of economic, social and ecological aspects.





- Verification of used in the Company processes of collection, treatment, analysis and documenting of selection of representative data included into the Report.
- Verification in the Report of the adequacy of statements, declarations and given in interview with the Company's representatives on ecological management production indices, market activity, corporate communication during visit of the assurer to the central office of the Company in Nizhny Novgorod in May of 2012, and on objects of production and social infrastructure united in the Company.
- Analysis of mass media data and published third parties statements selection showing the Company's commitment to values in the field of sustainability in the purpose of verification of statements validity in the Report.
- Verification of conformance of the Report and information published on the corporate web-site to Standards AA1000AS(2008), AA1000APS(2008), AA1000SES(2011), common standard of State Corporation "Rosatom" and recommendations GRI in view of industry-specific application CRESS for the construction companies.
- Verification of effectiveness of the set mechanism of getting feedback in reporting.

Assurance limits

- The assurance has not been conducted in respect of effectiveness indices beyond the time limits of the current cycle of reporting for 2011.
- The assurance did not count statements expressing opinions, views or intentions of the Company to undertake any actions in the future.
- The assurance at the operative level was limited within visits of the headquarters of the Company (Nizhny Novgorod) in May of 2012 and one of the Company's presence regions.

Basis for our opinion

Assurance was based upon analysis of acknowledged information given by the Company's management, Company's departments, subsidiaries and representatives of interested parties, upon state statistic reports, data from accessible resources with usage of assurance methods. Assurance takes into account industry-specific activity of the Company and objectively existing limits of confidentiality. Selective verification of information in the Report within "reasonable" level of assurance provides less level of guarantees for assurance, than full check of all data ("highest" level). As for the numeric information in the Report, the work done can be considered absolutely sufficient for exposure of all possible inaccurate information. Nevertheless, the data collected in the course of work is a sufficient basis for making our conclusions under the "reasonable" level of assurance in respect of the character and degree of observance by the Company the principles of inclusiveness, importance, and reaction as per the standard AA1000APS (2008), and quality of disclosing information on sustainability effectiveness indices in accordance with the standard AA1000AS (2008).

Our opinion

- The Report in whole adequately reflects business indices of the Company from the position of corporate public reporting.
- The Report is stated in the comprehensive form, it is accurate, objective, and informative, and in whole is balanced in content. The Report contains the information in scope required by the interested parties, and in the same time avoids precise details. Abbreviations and technical terms are clarified.
- Revealed in the course of assurance particular errors are not significant and do not affect an ability of the interested parties to make relevant conclusions in respect of the Company's results.
- The Company shows the approaches it uses for management that allow to identify material economic, social and environmental aspects of the Company's business, to plan, govern and improve relative processes, determine expectations of the interested parties in respect of these aspects and duly react on them.





– The control systems for public reporting from the Company's management are in full supported by the Company's mission, its politicians, procedures and resources.

Report conformance to principles of AA1000APS (2008)

Principle 1. Inclusiveness

– Given in the Report information and received direct and indirect evidence show that during preparation of the information to be included into the Report all key interested parties interests were taken into account.

– The Company is apt to set long-term and mutual relations with interested parties, determines their main groups based on priority assessment of their influence on current activity of the Company and effect of the Company on interested parties.

– The Company uses mechanisms of effective interaction with interested parties for their due notification on the Company's initiatives and recording of opinions and interests of the main groups of the interested parties. The interested parties are involved in the exposure of significant aspects of the Company's activity.

– In case of conflict interests the Company uses effective mechanisms of their coordination within created Committee of interested parties of JSC NIAEP.

– Basic means of notification and interaction with the interested parties are reports, including this Report, public hearings, dialogs, informative messages, press-releases, interview, negotiations, web-site of the Company, publications in mass media.

– Structural interaction with interested parties is clarified in the Report in information about dialogs with the interested parties, public hearings of the Report visited by assurer. Informative openness of the Company is illustrated to the interested parties by means of substantive presentations and draft Report for the feedback and remarks.

– Regional involvement is reflected in published information on social projects of the Company. Also certificates on social obligations in respect of the Company's employees are provided.

Principle 2. Importance of given information

– The Company has implemented a process of exposure and actualization of the material aspects of business.

– The Report means a balanced and substantive statement of the information on priority for the interested parties of economic, social and environmental aspects of business determining the sustainability indices of the Company.

– The Report reveals the material information on preserving economic stability and development of the Company, gives self-estimation of the performance of perspective goals for firm development and taken social obligations for 2011, demonstrates assessment of social and regional importance of implementing projects. Attention taken to diverse subjects in the Report is proportional to their relative importance.

– The Company shows comprehension of sustainability concept and applies objective information when reflecting different themes in its Report. The Report contains perspective goals for 2012 and long-term future.

– Dwelling on the data of the Report and given interviews we cannot name a material aspect of sustainability that was omitted or unfairly excluded from the reports. The Report embraces major effectiveness indices GRI accounting the industry-specific application CRESS.

– The given information on the material aspects of the sustainable development of the Company demonstrates in whole sufficient traceability in the course of the data collection, processing, transfer and representation.

– The information in the Report and on the web-site of the Company is of great importance for the interested parties as it can influence on future decisions and behavior in respect of the Company.

– The Report illustrates sufficient information on observance by the Company of the Russian law, regulatory documents and nuclear industry-specific standards, and provisions of the Corporate Conduct Code recommended by the FSFR.





Principle 3. Reaction on the interested parties expectations

- At present we are not aware of the spheres that were not disclosed in the Report, or where the Company could be incapable to react on reasonable request from interested parties.
- The Company sets the following priority issues in the Report: the development of competences and safety of nuclear power plants.
- The requirements of the client in part of specific plans and construction terms, reduction of construction costs, improvement of works quality are provided by up-grading of management system, thorough coordination in NPP engineering and with the client, mastering of advanced engineering processes.
- Opinion and expectations of the Company's shareholder are viewed by means of active participation of the shareholder in the decision-making on strategic tasks, and improvement of corporate management system of the Company.
- The Company employees' interests are taken into account when approving a collective agreement between administration and labour union committee.
- Response on regional demand in the place of the Company's presence is given by the Company's participation in the social projects realized within cooperation agreements by means of charity and social programs, opening of the public reception offices and public hearings.

The Report conformance to GRI recommendations

The Report is made using recommendations of sustainability GRI, version 3.1, taking into account industry-specific excess CRESS for construction companies, and contains the information on all standard elements of reporting, on management approaches in respect of main groups of aspects and GRI and, in whole, meets the reporting level A+. The information on specific GRI is disclosed partially or excluded from disclosing, because at present either this data is not applicable to specialization of the Company, or insignificant for its interested parties, and its contribution can be neglected compared to the main activity of the Company.

Degree and quality of the involvement of interested parties in accordance with AA1000SES(2001)

Public reporting, in principle, corresponds to recommendations of AA1000SES(2011). It refers to the identification of the interested parties, initial identification of important questions, determination of strategy, goals and scope of involvement, planning, forming and scheduling of structural involvement, organization of involvements, reaction on involvement calls.

Conformance to common standard of State Corporation "Rosatom"

Public reporting and structure of the Report, in principle, correspond to the requirements of common standard.

Recommendations on up-grading of social reporting corporate management

- Accurate definition of methods to measure data and calculations, including suggestions and methodology used for preparation of indices and other information in the Report.
- More balanced reflection in the Report of both positive and negative trends of fulfilling projected tasks focused on sustainable development for the reporting period.
- More detailed reflection in the Report of the Company's obligations in the field of sustainability with regard to environmental importance of the Company's business, to climate fluctuations and reduction of carbon emissions (positive practice of the Company AREVA).
- Further development of approaches to control disclosing of all aspects of the Company's effectiveness, enlargement of the content and depth of disclosed GRI.
- Development and implementation of management system for social responsibility in accordance with International Standard SA 8000 and Guidelines ISO 26000.





– More detailed explanation of these or those trends in fluctuations of any effectiveness indices.

Statement of “Bureau Veritas Certification Rus” on independence, prejudice and competence

– CJSC “Bureau Veritas Certification Rus” –it is independent professional international company majoring in rendering services in the field of licensed certification of diverse management systems (in particular, quality management system, occupational safety system, environmental activity, social responsibility, etc.).

– “Bureau Veritas Certification Rus” officially states that this Opinion stands for the independent appraisal of the third party auditor. “Bureau Veritas Certification Rus” does not have commercial interests in the Company’s business except for rendered assurance services.

Assurer

CJSC “Bureau Veritas Certification Rus”

16th of May 2012



Dr. Evgeny Prudnikov

Leading Auditor



Annex 9.

Tables of Applying Standard Element of Reporting, Effectiveness Indices GRI and Indices of Public Reporting of JSC NIAEP and State Corporation "Rosatom"

Tables of applying standard element of reporting

Standard element of reporting	Section of the Report	Page
1.1. Application of the senior person making decision in the organization (for example, Chief Executive Officer, Chairman of Board of Directors or similar position) publishing a report on importance of sustainability for the organization and its strategy	Appeal of Chairman of Board of Directors of JSC NIAEP Appeal of Director of JSC NIAEP	11-13
1.2. Characteristics of key exposures, risks and possibilities	1.4. Risk management 1.3. Strategy 4.4. Contribution in economic development 4.5. Social responsibility 4.6. Environmental protection	46-52 40-45 128-136 137-142 143-155
2.1. Name of organization	Information on the report and its preparation	7
2.2. Major brands, types of products and/or services	1.1.General information on JSC NIAEP	22
2.3. Organizational structure, including key department, operations, subsidiaries and joint-ventures	1.1. General information on JSC NIAEP	22-23
2.4. Headquarters location	1.1. General information on JSC NIAEP	22
2.5. Number of countries, where organization makes business, and name of countries, where organization make its main business or which are of great importance in view of sustainability and covered by the report	1.2.2. Market of NPP construction	38
2.6. Ownership and legal structure	1.1. General information on JSC NIAEP	22
2.7. Markets, where organization operates (including geographic breakdown, servicing sectors and categories of Customers and beneficiaries)	1.2.2. Market of NPP construction 1.2.3. Market of HPP construction	32-38 39
2.8.Scale of organization	Key operational indices of JSC NIAEP 1.1. General information on JSC NIAEP	15 22-25
2.9. Material changes of the scale, structure or ownership occurred during the reporting period	Information on the report and its preparation	7
2.10. Awards received for the reporting period	Awards of JSC NIAEP	19
3.1. Reporting period (for example, financial year) represented information referred to	Information on the report and its preparation	7
3.2. Date of publication of the last from the previous reports (if applicable)	Information on the report and its preparation	7
3.3. Reporting regularity (year, two-year, etc.)	Information on the report and its preparation	7
3.4. Contact information regarding report and its content issues	Annex 12. Feedback form	231
3.5. Determination of report's content	Information on the report and its preparation	7-8
3.6. Limits of the report (for example, countries, departments, subsidiaries, operations in leasing, joint-ventures, suppliers)	Information on the report and its preparation	9



Standard element of reporting	Section of the Report	Page
3.7. Indicate the scope limits of the report	Information on the report and its preparation	9
3.8. Ground for inclusion in the report an information on joint-ventures, subsidiaries, production lease, assignment of some functions to the external contractors or organizational units that can materially affect compatibility with prior reports and/or other organizations	Information on the report and its preparation	9
3.9. Methods of measuring data and calculations, including assumptions and methodology used while preparation of Indices and other information in the report	Information on the report and its preparation	7-9
3.10. Description of meaning of any reformulation of information given in prior reports, as well as reasons for such reformulation (for example, merger/take over, alteration of reporting period, business character, assessment methods)	Information on the report and its preparation	7-9
3.11. Material fluctuations relative to previous reporting periods within the limits or measurement techniques used in the report	Information on the report and its preparation	7
3.12. Table indicating location of standard elements in the report	Annex 9. Tables of applying standard element of reporting, effectiveness indices GRI and indicators of public reporting of JSC NIAEP and State Corporation «Rosatom»	206
3.13. Policy and applied practical approaches to external assurance of the report	Information on the report and its preparation Annex 8. Independent audit report on nonfinancial statement	7-8 201
4.1. Management structure, including main committees in the senior management body, responsible for specific tasks, for example, for strategy development of general supervision for organization activity	1.6. Corporate management 1.7. Organizational structure of JSC NIAEP	58-63 66-67
4.2. Indicate if Chairman of senior management body combines position of chief executive officer (if «yes», what is the role of this manager in the management of the organization and what are the reasons of such situation)	Chairman of senior management body (Board of Directors) is chief executive officer.	-
4.3. For organization having Unitary Board of Directors, please indicate a number of independent members of senior management body and/or members not relating to executive management of the company	JSC NIAEP does not have a Unitary Board of Directors.	-
4.4. Mechanisms or tools with help of which shareholders can guide the activity of the senior management body or give it recommendations	1.6. Corporate management 4.2.2. Personnel management	58-65 115
4.5. Connection between payments to the members of senior management body, representatives of chief executive management and senior managers (including dismissal pay) and business results (including social and environmental results)	1.6.3. Corporate management bodies and key documents 4.2.2 Personnel management	63 107-108
4.6. Processes acting in the management body to avoid conflicts of interests	1.6. Corporate management	58-65
4.7. Determination of qualification and competence of members of senior management body to establish strategy of the organization in economic, environmental and social spheres of sustainability	1.6. Corporate management	58-65
4.8. Internally developed statements on mission or values, codes of corporate conduct and principles of great importance in view of economic, environmental and social effectiveness, and degree of their application in practice	1.5. Mission, values and public position in respect of the questions of stable development	53-55
4.9. Procedures used by senior management body to control how organization assess its economic, environmental and social effectiveness and manage it, including risks and possibilities, as well as compliance with international standards, codes of corporate conduct and principles	1.6. Corporate management 4.4. Contribution into economic development 4.5. Social responsibility 4.6. Environmental protection	58-65 128-136 137-142 143-155



Standard element of reporting	Section of the Report	Page
4.10. Assessment of own effectiveness by the senior management body, in particular, in view of economic, environmental and social results of organization activity	1.6. Corporate management	58-65
4.11. Explanation whether the organization applies precaution principle and how	JSC NIAEP does not apply directly the precaution principle. Risk management approach is described in Section 1.4. Risk-management. Preventive measures against adverse environmental consequences are given in Section 4.6. Environmental protection	-
4.1.2 Externally developed economic, environmental and social charters, principles and other initiatives joined and supported by organization	Information on the report and its preparation 1.6. Corporate management	7-9 63
4.13. Membership in associations	1.1. General information on JSC NIAEP	24
4.14. List of interested parties the organization interacts with	4.7.1. Interaction with interested parties	158-163
4.15. Grounds for exposure and selection of interested parties in purpose of long-term relations	4.7.1. Interaction with interested parties	158
4.16. Approaches to interaction with interested parties, including regularity of interaction per forms and interested parties	4.7.1. Interaction with interested parties	158-163
4.17. Key themes and interests arisen or exposed in the course of interaction with interested parties, and how the organization replied on this themes and interests including by means of its report	4.5. Interaction with interested parties while preparing the Report	158-163

Table of GRI performance indicators

Indicator	Completeness of disclosure	Section of report/comment	Page
EC1 Created and distributed direct economic cost including income, operating costs, employee benefits, donations and other investments in societies, undistributed profit, payments to fund suppliers and states	Completely disclosed	4.4. Contribution in economic development	128
EC2 Financial aspects and other risks and opportunities for organization's activity connected with climate change	Excluded	Supreme executive body of the company did not consider the issues of climate change and related risks and opportunities for the organization Risks and/or opportunities connected with climate change and having potential financial importance for the company were not defined Quantitative assessment of climate change impact on company's financial status was not performed	-
EC3 Securing of organization's obligations connected with employee benefit plan	Excluded	At the moment, the enterprise does not realize non-state pension provision programs, data for this indicator cannot be presented. Pensioners of the company will receive monthly financial aid, data is given in Chapter 4.1.1 «Social programs»	-
EC4 Considerable financial aid from governmental authorities	Completely disclosed	In 2011, JSC NIAEP did not receive financial assistance from governmental authorities. This fact is confirmed by T-balances per account 86 «Special-purpose financing»	-



Indicator	Completeness of disclosure	Section of report/comment	Page
EC6 Policy, practical approaches to purchases from local suppliers and the share of such purchases in essential regions of Company's activity	Completely disclosed	4.4.1. Economic impact on suppliers and contractors	129
EC7 Procedures of local population employment and share of top managers of local population in significant regions of Company's activities	Completely disclosed	4.4. Contribution in economic development	132-134
EC8 Development and impact of investments in infrastructure and services provided, first of all, for public benefit as commercial, in-kind or charitable contribution	Completely disclosed	4.5.2. Investments in social infrastructure and charity	141-142
EN1 Used materials with indication of mass or volume	Completely disclosed	4.6.2. Environmental impact of construction (Use of materials)	152
EN2 Share of recycled or re-used wastes	Completely disclosed	4.6.2. Environmental impact of construction (Use of materials)	153
EN3 Direct power use with indication of primary sources	Completely disclosed	4.6.2. Environmental impact of construction (Use of power sources)	150-151
EN4 Indirect power use with indication of primary sources	Completely disclosed	4.6.2. Environmental impact of construction (Use of power sources)	150-151
EN5 Power saved as the result of measures taken to reduce power consumption and enhance power performance	Completely disclosed	4.6.1. Environmental policy (Enhancement of power performance)	145
EN6 Initiatives for provision of products and services that are power efficient or based on use of renewable power and reduction of power demand as the result of these initiatives	Completely disclosed	4.6.1. Environmental policy (Enhancement of power performance)	145
EN8 Total quantity of taken in water with breakdown by sources	Completely disclosed	4.6.2. Environmental impact of construction (Use of water)	147
EN11 Location and area of land which is in ownership or leased or under the organization's control and located in protected natural areas and areas with high biological diversity outside of their borders or adjoining such areas.	Completely disclosed	JSC «NIAEP» has no lands that are owned, leased or under the organization's control and located in protected natural areas and areas with high biological diversity outside of their borders or adjoining such areas.	-
EN12 Description of substantial impact of activities, products and services on biodiversity in protected natural areas and areas with high biological diversity outside of their borders	Completely disclosed	Activities, products and services of the company do not have significant impact (which is not agreed with environmental bodies) on biodiversity in protected areas and areas with high biological diversity	-
EN16 Full-scale direct and indirect emissions of greenhouse gases with indication of mass	Completely disclosed	4.6.2. Environmental impact of construction (Greenhouse gases emissions)	149
EN17 Other considerable indirect emissions of greenhouse gases with indication of mass	Completely disclosed	4.6.2. Environmental impact of construction (Greenhouse gases emissions)	149
EN18 Initiatives for lessening of greenhouse gases emissions and reduction reached	Completely disclosed	4.6.2. Environmental impact of construction (Greenhouse gases emissions)	149
EN19 Ozone depleters emissions with indication of mass	Completely disclosed	Ozone depleters are not used in Company's offices and on facilities construction sites	-
EN20 Emissions of NOX, SOX and other important contaminants to the atmosphere	Completely disclosed	4.6.2. Environmental impact of construction (Greenhouse gases emissions)	149
EN21 Total volume of emissions with indication of sewage quality and receiving water body	Completely disclosed	4.6.2. Environmental impact of construction (Sewage disposal)	148
EN22 Total mass of wastes with breakdown by type and method of treatment	Completely disclosed	4.6.2. Environmental impact of construction (Waste generation)	146-147



Indicator	Completeness of disclosure	Section of report/comment	Page
EN23 Total number and volume of critical spills	Excluded	Oil products spills were not revealed in Company's offices and on facilities construction sites. Repairs and maintenance of motor transport is realized in the territories of other enterprises under separate agreements	-
EN26 Initiatives for mitigation of products and services impact on environment and the scale of mitigation	Completely disclosed	4.6.1. Environmental policy	143-145
EN27 Share of sold products and their packing materials returned to manufacturer for recycling with breakdown by categories.	Excluded	Sold products and its packing materials are not returned to Company's territory for recycling	-
EN28 Monetary value of substantial fines and total number of nonfinancial sanctions imposed for nonobservance of environmental law and regulatory requirements	Completely disclosed	4.6.2. Environmental impact of construction	146
EN30 Total costs and investments in environmental protection with breakdown by types	Completely disclosed	4.6.2. Environmental impact of construction	151
LA1 Total manpower with breakdown by type of employment, engagement contract and region	Completely disclosed	4.2.1. Personnel appraisal	100-106
LA2 Total number of employees and employee turnover with breakdown by age, sex and region	Completely disclosed	4.2.1. Personnel appraisal	100-106
LA4 Share of employees entered into collective agreements	Completely disclosed	4.5.1. Social programs	137
LA5 Minimum period(s) of notification on considerable changes in organization's activity and whether it is specified in the collective agreement	Completely disclosed	4.5.1. Social programs	137
LA7 Level of industrial injuries and diseases, lost day and absentee rate, total number of fatal outcomes connected with work. Breakdown by regions	Completely disclosed	4.2.3. Maintenance of labor safety	116-117
LA8 Existing educational, training, advisory, risk prevention and management programs for employees, members of their families and population representatives in respect of severe diseases	Completely disclosed	4.5.1. Social programs	137-141
LA10 Average number of training hours per one employee annually with breakdown by categories of employees	Completely disclosed	4.2.2. Personnel management (Personnel training)	110
LA13 Structure of managing bodies and staff of the organization with breakdown by sex and age and indication of minorities representation as well as other diversity indicators	Completely disclosed	1.6.3. Corporate management bodies and main documents 4.2.1. Personnel appraisal	59 100-106
LA14 Men and women base salary ratio with breakdown by employee categories	Completely disclosed	4.2.2. Personnel management (Labor remuneration)	108-109
LA15 Percent of employees returned to work after maternity leave with breakdown by sex	Completely disclosed	4.2.1. Personnel appraisal	106
HR1 Percent and total number of important investment agreements including provisions on assurance of human rights or inspected in terms of human rights assurance	Completely disclosed	There were no investment agreements including provisions on assurance of human rights or inspected in terms of human rights assurance during the reporting year	-



Indicator	Completeness of disclosure	Section of report/comment	Page
HR2 Share of important suppliers and contractors evaluated in terms of human rights assurance and measures taken	Completely disclosed	At JSC NIAEP, as well as at other organizations within the jurisdiction of State Atomic Energy Corporation «Rosatom», selection of suppliers and contractors is realized in accordance with the requirements of Unified Industry Purchasing Standard of Rosatom State Corporation (EOSZ) on the conditions of competitive purchases. Applicable EOSZ does not provide for evaluation of suppliers and contractors in terms of human rights assurance. The specified indicators can be admitted for disclosure only after Rosatom State Corporation makes regulatory changes	-
HR3 Total duration (hours) of personnel training in policies and strategies related to human rights aspects important for organization's activity including the share of already trained personnel	Completely disclosed	Training in strategies and procedures related to human rights issues in not conducted in the Society	-
HR4 Total number of discrimination cases and measures taken	Completely disclosed	There were no discrimination cases at JSC NIAEP within the reporting period	-
HR5 Activity within which use of right to freedom of association and collective bargaining may be subject to considerable risks and actions aimed at supporting of these rights	Completely disclosed	4.5.1. Social programs	137
HR6 Activity within which there is a substantial risk of children employment and actions aimed at participation in extermination of children employment	Completely disclosed	Production activity of JSC NIAEP excludes possibility of children employment: the company staff constitute highly-skilled professionals with higher and intermediate vocational education, persons under the age of 18 are not employed at JSC NIAEP	-
HR7 Activity within which there is a substantial risk of forced or compulsory labor and actions aimed at participation in extermination of forced or compulsory labor	Completely disclosed	Production activity of JSC NIAEP is realized in accordance with provisions of labor legislation of the RF and is not connected with substantial risk of forced or compulsory labor	-
HR10 Share and total number of transactions that were evaluated in terms of human rights assurance or within which assessment of impact on human rights was performed	Completely disclosed	Transactions evaluated in terms of human rights assurance or within which assessment of impact on human right was performed were not closed within the reporting period Within the frames of its major activity, JSC NIAEP (NPP construction) enters into subcontractor agreements, agreements on supply of equipment and materials for performance of general contractor agreements entered into with JSC Rosenergoatom Concern. Herewith, the form of general contractor agreement is a standard form approved by Rosatom State Corporation. Disclosure of the mentioned indicator will be possible only after Rosatom State Corporation makes corresponding changes to the general contractor agreement	-
HR 11 Number of complaints made in relation to human rights that were considered and settled through official grievance mechanisms	Completely disclosed	4.2.2. Personnel management (Internal communications)	115
S01 Nature, scope and efficiency of any programs and practical approaches to evaluation of the influence of organization activity on communities and management of this influence, including commencement of the activity, its carrying out and completion. (Percent of operations with involvement of local communities, influence assessment and development programs)	Completely disclosed	4.5.2. Investments to social infrastructure and charity	141-142
S02 Share and total number of business units assessed for risks connected with corruption	Completely disclosed	1.6.4. Control of financial and economic activity management	64



Indicator	Completeness of disclosure	Section of report/comment	Page
S03 Share of employees trained in anti-corruption policies and organization procedures	Completely disclosed	4.2.2. Personnel management (Training of personnel)	110
S04 Actions in response to corruption cases	Completely disclosed	During the reporting period there were no corruption cases at JSC NIAEP	-
S05 Standpoint on state policy, participation in state policy formation and lobbying	Completely disclosed	During the reporting period JSC NIAEP didn't have any official standpoint on state policy issues. The Company didn't take part in state policy formation. JSC NIAEP didn't lobby its interests	-
S06 Total monetary value of financial and in-kind contributions to political parties, politicians and related organizations with breakdown by countries	Completely disclosed	In 2011 JSC NIAEP didn't make contributions to political parties, politicians and related organizations	-
S08 Monetary value of substantial fines and total number of nonfinancial sanctions imposed for nonobservance of environmental law and regulatory requirements	Completely disclosed	During the reporting period fines and sanctions were not imposed on JSC NIAEP	-
S09 Enterprises that may have considerable influence or that are actually negatively or positively influencing local communities	Completely disclosed	4.4. Contribution in economic development 4.5.2. Investments to social infrastructure and charity 4.6. Environmental protection	128-136 141-142 143-156
S010 Measures for prevention or elimination considerable potential or actual negative influence on local communities in carrying out of activity	Completely disclosed	4.4. Contribution in economic development 4.5.2. Investments to social infrastructure and charity 4.6. Environmental protection	128-136 141-142 143-157
PR1 Lifecycle stages at which influence on health and safety of products and services is assessed to reveal improvement possibilities and share of important products and services subject to such procedures	Completely disclosed	4.6.3. Nuclear and radiation safety of constructed facilities	154
PR3 Types of information on products and services characteristics that are required by procedures and share of important products and services in respect of which such requirements to information are applied	Not applied	Is not related to the nature of JSC NIAEP activity	-
PR5 Practices connected with consumers satisfaction including results of researches on consumers satisfaction assessment	Completely disclosed	4.1. Safety and quality	97-98
PR6 Programs on assurance of compliance to law, standards and voluntary codes in the sphere of marketing communications including advertising, products promotion and sponsorship	Not applied	Is not related to the nature of JSC NIAEP activity	-
PR9 Monetary value of substantial fines and total number of nonfinancial sanctions imposed for nonobservance of environmental law and regulatory requirements	Completely disclosed	During the reporting period considerable fines were not imposed on the Company	-
CRE1 Power consumption rate during construction	Completely disclosed	4.6.2. Environmental impact of construction (Use of power resources)	150-151
CRE2 Water consumption rate in the building	Completely disclosed	4.6.2. Environmental impact of construction (Use of water)	147
CRE3 Greenhouse gases emissions from buildings	Completely disclosed	4.6.2. Environmental impact of construction (Greenhouse gases emissions)	149
CRE4 Greenhouse gases emissions as the result of activity connected with construction and refurbishment	Completely disclosed	4.6.2. Environmental impact of construction (Greenhouse gases emissions)	149
CRE5 Restored lands or lands that need to be restored that are planned to serve current and future needs in accordance with the target purpose	Completely disclosed	There are no lands for further reclamation or restoration in the territory of Kalinin and Rostov NPP construction sites are the regions of activity in 2011	-
CRE6 Compliance of labor conditions at the enterprise to international health and safety norms	Completely disclosed	4.2.3. Maintenance of labor safety	117



Indicator	Completeness of disclosure	Section of report/comment	Page
CRE7 Number of people resettled voluntary or involuntary during construction with breakdown by construction facilities	Excluded	A land plot in state ownership is allotted to the Company for nuclear power plants construction. Voluntary or involuntary people resettlement was not performed at construction sites as land plots assigned for construction of the facilities (NPP, SDPP and CHP) were outside of populated areas	-
CRE8 Type and number of certification, evaluation and categorization systems in terms of sustainable development at the stages of new construction, management, use and reconstruction	Completely disclosed	JSC NIAEP facilities did not pass through certification, evaluation and categorization process in terms of sustainable development in the reporting year	-



Table of use of public accounting indicators of JSC NIAEP and Rosatom State Corporation

Indicators *	Indices **	Completeness of disclosure	Correspondence of the indicator to GRI Guidelines, Public Accounting Indicators System of Rosatom State Corporation	Section of report	Page	
Section 1. Performance in major activity						
1.1.1. Construction and commissioning of new power units in the RF	1.1.1.1. Number of power units under construction in the RF	Completely disclosed	1.3.1.1. Number of power units under construction in the RF	Key performance indicators of JSC NIAEP	15	
	1.1.1.2. Number of commissioned units	Completely disclosed	1.3.1.2. Number of commissioned power units	3.2.2. Construction	82-84	
	1.1.1.3. Scope of works performed in connection with power units construction, ths. rub.	Completely disclosed	1.3.1.3. Cost of works performed in connection with power units construction, ths. rub.	3.2.2. Construction	82-84	
	1.1.1.4. NPP construction cost	Completely disclosed	1.3.1.4. NPP construction cost	1.3.1. Strategic initiatives	40-41	
	1.1.1.5. Completeness of construction facilities in the reporting year, %	Completely disclosed	1.3.1.5. Completeness of construction facilities in the reporting year, %	3.2.2. Construction	82-84	
	1.1.1.6. Contribution of the reporting year to completeness of construction facilities, %	Completely disclosed	1.3.1.6. Contribution of the reporting year to completeness of construction facilities, %	3.2.2. Construction	82-84	
	1.1.1.7. Forecast of construction facilities completeness for the year following the reporting year, %	Completely disclosed	1.3.1.7. Forecast of construction facilities completeness for the year following the reporting year, %	3.2.2. Construction	82-84	
	1.1.1.8. Forecast of contribution of the year following the reporting year to completeness of construction facilities, %	Completely disclosed	1.3.1.8. Forecast of contribution of the year following the reporting year to completeness of construction facilities, %	3.2.2. Construction	82-84	
	1.1.1.10. Amount of supplies in the reporting years	Completely disclosed			3.2.3. Equipment and materials supply	85
					4.4.1. Economic impact on suppliers and contractors	129

* Numbering as per NIAEP Standard STP 10.01-11.

** The report includes 74 indices of main activity efficiency and 65 indices reflecting the results of company stable development.



Indicators	Indices	Completeness of disclosure	Correspondence of the indicator to GRI Guidelines, Public Accounting Indicators System of Rosatom State Corporation	Section of report	Page
1.1.2. Power units engineering in the RF	1.1.2.2. Scope of design and survey works	Completely disclosed		3.2.1. Designing	79-82
	1.1.2.3. Scope of works within the frames of 6D-Engineering Project	Completely disclosed		3.2.1. Designing (See Works within the frames of Multi-D engineering)	79-80
	1.1.2.4. Scope of works within the frames of VVER-TOI Project	Completely disclosed		3.2.1. Designing	79-81
1.1.3. Provision of supplies for power units construction in the RF	1.1.3.1. Total number of suppliers, incl. non-residents	Completely disclosed		3.2.3. Equipment and materials supply	85
	1.1.3.2. Amount of supplies, incl. non-residents	Completely disclosed		3.2.3. Equipment and materials supply	85
	1.1.3.3. Amount of supplies (with breakdown by territories of presence and facilities)	Completely disclosed		4.4.1. Economic impact on suppliers and contractors	129
2.1.1. Financial performance	2.1.1.1. Proceeds	Completely disclosed	2.1.1.1. Proceeds	3.1. Main financial results and indices	76-78
	2.1.1.2. General production costs	Completely disclosed	2.1.1.2. Fixed general production costs	3.1. Main financial results and indices	76-78
	2.1.1.3. Administration costs	Completely disclosed	1.1.1.3. Administration costs	3.1. Main financial results and indices	76-78
	2.1.1.4. Selling costs	Completely disclosed	2.1.1.4. Selling costs	3.1. Main financial results and indices	76-78
	2.1.1.5. Gross profit	Completely disclosed	2.1.1.5. Gross profit	3.1. Main financial results and indices	76-78
	2.1.1.9. Net profit	Completely disclosed	2.1.1.9. Net profit	3.1. Main financial results and indices	76-78
2.1.2. Productivity	2.1.2.1. Labor productivity (with breakdown by directions of activity)	Partially disclosed	2.1.2.1. Labor productivity (with breakdown by directions of activity)	Key company performance indicators 3.1.2. Main financial and economic indices	15
	2.1.2.2. Value added/proceeds (internal performance)	Completely disclosed	2.1.2.2. Value added/proceeds (internal performance)	Key company performance indicators	15



Indicators	Indices	Completeness of disclosure	Correspondence of the indicator to GRI Guidelines, Public Accounting Indicators System of Rosatom State Corporation	Section of report	Page
2.1.3. Cost effectiveness	2.1.3.4. Return on sales (net income) (ROS)	Completely disclosed	2.1.3.6. Return on sales (net income) (ROS)	3.1. Main financial results and indices	76-78
	2.1.3.5. Return on assets (ROA), %	Completely disclosed	2.1.3.7. Return on assets (ROA), %	3.1. Main financial results and indices	76-78
	2.1.3.6. Return on equity (ROE), %	Completely disclosed	2.1.3.8. Return on equity (ROE), %	3.1. Main financial results and indices	76-78
	2.1.3.7. EBITDA margin, %	Completely disclosed	2.1.3.9. EBITDA margin, %	3.1. Key financial results and indicators	76-78
	2.1.3.9. Prime cost of sold goods, products, works and services	Completely disclosed	2.1.3.11. Prime cost of sold goods, products, works and services	3.1. Key financial results and indicators	76-78
	2.1.3.10. Proceeds gain by kinds of activity, %	Completely disclosed	2.1.3.12. Proceeds gain by kinds of activity, %	3.1. Main financial results and indices	76-78
2.2.1. Diversification of activity	2.2.1.1. Revenue mix by kinds of activities	Completely disclosed	2.2.1.1. Revenue mix by kinds of activities	3.1. Main financial results and indices	76-78
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12.1.1. Share and total number of business units assessed for risks connected with corruption	12.1.1.1. Share and total number of business units assessed for risks connected with corruption	Completely disclosed	15.1.1.1. Share and total number of business units assessed for risks connected with corruption	1.6.4. Control of financial and economic activity	63-64
			S02 GRI		
12.1.2. Share of employees trained in anti-corruption policies and organization procedures	12.1.2.1. Share of employees trained in anti-corruption policies and organization procedures	Completely disclosed	15.1.2.1. Share of employees trained in anti-corruption policies and organization procedures	4.2.2. Personnel management (Training of personnel)	107-115
			S03 GRI		
12.1.3. Actions in response to corruption cases	12.1.3.1. Actions in response to corruption cases or punishment of employees for corruption	Completely disclosed	15.1.3.1. Actions in response to corruption cases or punishment of employees for corruption	During the reporting period there were no corruption cases at JSC NIAEP	-
			S04 GRI		
	12.1.3.2. Total number of cases of contracts non-renewal due to violations connected with corruption	Completely disclosed	15.1.3.2. Total number of cases of contracts non-renewal due to violations connected with corruption.		
			S04 GRI	During the reporting period there were no corruption cases at JSC NIAEP	-
	12.1.3.3. Data on any completed legal actions connected with corruption practices against the organization or its employees including their results	Completely disclosed	15.1.3.3. Data on any completed legal actions connected with corruption practices against the organization or its employees including their results	During the reporting period there were no corruption cases at JSC NIAEP	-
12.2.2. Monetary value of substantial fines and total number of nonfinancial sanctions imposed for nonobservance of law and regulatory requirements	12.2.2.1. Monetary value of substantial fines and total number of nonfinancial sanctions imposed for nonobservance of law and regulatory requirements	Completely disclosed	15.1.2.1. Monetary value of substantial fines and total number of nonfinancial sanctions imposed for nonobservance of law and regulatory requirements	During the reporting period there were no fines and sanctions imposed on JSC NIAEP	-



Indicators	Indices	Completeness of disclosure	Correspondence of the indicator to GRI Guidelines, Public Accounting Indicators System of Rosatom State Corporation	Section of report	Page
12.3.1. Lifecycle stages at which influence on health and safety of products and services are assessed to reveal improvement possibilities and share of important products and services subject to such procedures	13.3.1.1. Lifecycle stages at which influence on health and safety of products and services are assessed to reveal improvement possibilities and share of important products and services subject to such procedures	Completely disclosed	15.3.1.1. Lifecycle stages at which influence on health and safety of products and services are assessed to reveal improvement possibilities and share of important products and services subject to such procedures PR1 GRI	4.6.3. Nuclear and radiation safety of constructed facilities	153-155
12.3.2. Practices connected with consumers satisfaction including results of researches on consumers satisfaction assessment	13.3.2.1. Practices connected with consumers satisfaction including results of researches on consumers satisfaction assessment	Partially disclosed	15.3.5.1. Practices connected with consumers satisfaction including results of researches on consumers satisfaction assessment PR5 (add.) GRI	4.1. Safety and quality	97-98
12.4.1. Total number of discrimination cases and measures taken	12.4.1.1. Total number of discrimination cases and measures taken	Completely disclosed	15.4.8.1. Total number of discrimination cases and measures taken HR4 GRI	There were no discrimination cases at JSC NIAEP within the reporting period	-
12.4.2. Activity within which use of right to freedom of association and collective bargaining may be subject to considerable risks and actions aimed at supporting of these rights	12.4.2.1. Activity within which use of right to freedom of association and collective bargaining may be subject to considerable risks and actions aimed at supporting of these rights.	Completely disclosed	15.4.9.1. Activity within which use of right to freedom of association and collective bargaining may be subject to considerable risks and actions aimed at supporting of these rights HR5 GRI	4.5.1. Social programs	137-141
12.4.3. Activity within the frames of which there is a substantial risk of children employment and actions aimed at participation in extermination of children employment	12.4.3.1. Activity within the frames of which use of right to freedom of association and carrying out of collective bargaining may be subject to considerable risks and actions aimed at supporting of these rights	Completely disclosed	15.4.10.1. Activity within the frames of which use of right to freedom of association and carrying out of collective bargaining may be subject to considerable risks and actions aimed at supporting of these rights HR6 GRI	Production activity of JSC NIAEP excludes possibility of children employment: the company staff constitute highly-skilled professionals with higher and intermediate vocational education, persons under the age of 18 are not employed at JSC NIAEP	-
12.4.4. Activity within which there is a substantial risk of forced or compulsory labor and actions aimed at participation in extermination of forced or compulsory labor	12.4.4.1. Activity within which there is a substantial risk of forced or compulsory labor and actions aimed at participation in extermination of forced or compulsory labor	Completely disclosed	15.4.11.1. Activity within which there is a substantial risk of forced or compulsory labor and actions aimed at participation in extermination of forced or compulsory labor HR7 GRI	Production activity of JSC NIAEP is realized in accordance with provisions of labor legislation of the RF and is not connected with substantial risk of forced or compulsory labor	-



Annex 10.

Glossary

EPCM-companies – (EPCM – Engineering, Procurement, Construction, Management) – companies using methods and means of turn-key projects portfolio management. The functions of a EPCM-company are engineering, supplies, construction and project management.

GRI – Global Reporting Initiative – an international nongovernmental organization that developed corporate reporting guidelines in the field of sustainable development.

SWOT-analysis – a strategic planning method used to evaluate the Strengths, Weaknesses, Opportunities and Threats.

ISO – a series of international standards on company management system developed to provide for predictable and stable services quality.

NPP-2006 – at the moment, it is most up-to date typical design of Russian nuclear plant of new “3+” generation with improved technical and economic performance. The project purpose is to achieve contemporary safety and reliability characteristics alongside with optimized capital investments for plant construction. The design provides for use of WWER reactor with electric power output of at least 1150 MW (and an option for uprating to 1200 MW). Two NPP projects were developed under the approved technical assignment: Novovoronezh NPP-2 (general designer – JSC «Atomenergoproekt», Moscow) and Leningrad NPP-2 (general designer - JSC Saint Petersburg Research and Design Institute «Atomenergoproekt»).

General contractor – a party in the contractor’s agreement that commissions specialized contractor organizations – subcontractors – with performance of certain types and packages of works under the agreement. General contractor is fully responsible to the Customer for package of subcontract works and their quality, timely defects elimination, etc.

Customer (developer) – a person or legal entity intending to perform building, renovation or other type of construction works for which a construction permit is required.

Engineering (lat. ingenium – inventiveness; knowledge) – engineering and advisory services of research, design and analytical nature, preparation of project feasibility study, drawing up of recommendations in the field of production and management organization, i.e. a package of commercial services for preparation and assurance of production process

and sales of products, for maintenance and operation of industrial, infrastructure and other facilities.

Project documentation – documentation consisting of materials in textual representation and in form of charts (schemes) providing for architectural, functional and engineering, design and technical solutions for the purposes of construction and renovation of capital construction objects, their parts, major repairs, in case during their performance design and other safety and reliability characteristics of capital construction objects are affected.

Design and survey works – a package of works including engineering survey, development of feasibility study, preparation of projects, detailed design documentation, drawing up of cost estimate documentation for the purposes of construction (new construction, extension, renovation, reequipment) of facilities and buildings.

Detailed design documentation – documentation developed in accordance with the approved project documentation and intended for performance of construction works.

Radioactive substances – substances containing radioactive nuclides.

Construction – entire process of NPP erection from design and survey to commissioning to the Customer.

Power unit – power station generator producing electric power.

Nuclear power – internal power of atomic nuclei released at nuclear fission or nuclear reactions.



Annex 11.

List of Abbreviations

- NPP** – Nuclear Power Plant
- IDO** – Integrated Design Office
- VVER** – Water-Water Energetic Reactor
- SDPP** – State District Power Plant
- MCL** – Main Circulation Line
- SA** – Subsidiaries and Affiliates
- VHI** – Voluntary Health Insurance
- CIS** – Common Information Space
- PIMS** – Project Information Management System
- ET** – Engineers and Technicians
- ODR** – Occupational Disease Ratio
- IIR** – Industrial Injury Ratio
- KPI** – Key Performance Indicators
- PIT** – Personal Income Tax
- SCT NRS** – Scientific-Research Center on Nuclear and Radiation Safety
- EIA** – Environmental Impact Assessment
- DRW** – Design and Research Works
- SW** – Software
- QASNPP** – Quality Assurance for Safety in Nuclear Power Plants
- DED** – Design and Estimate Documentation
- RPS** – Rosatom Production System
- RAS** – Russian Accounting Standards
- OHSAS** – Occupational Health and Safety Assessment System
- CIW** – Construction and Installation Works
- CID** – Construction and Installation Department
- CHP** – Combined Heat and Power Plant
- FSUE** – Federal State Unitary Enterprise
- SF** – Salary Fund
- ERPS** – Enterprise Resources Planning System



Annex 12.

Feedback Questionnaire

FEEDBACK: YOUR OPINION ON THE ANNUAL REPORT OF JSC NIZHNY NOVGOROD ENGINEERING COMPANY «ATOMENERGOPROEKT»

1. Please, tick the group of interested parties to which You belong:

- Shareholders (JSC Atomenergoprom, Rosatom State Corporation)
- Customer (Rosenergoatom Concern)
- Partners (enterprises of Rosatom State Corporation)
- Partners (other enterprises)
- Labor collectives
- Non-governmental organizations
- Local authorities
- Mass media
- Other (please state)

2. Does the report provide useful information about the Company?

- yes
- no
- other (Please, give Your comments)

3. Which section of the report is most important for You?

(Please, give your comments)

4. Is JSC NIAEP a dynamically developing company in nuclear industry?

- yes
- rather yes than no
- no

5. Your evaluation of report reliability and impartiality:

- high
- satisfactory
- low
- no evaluation

6. Your evaluation of report presentation style:

- high
- satisfactory
- low
- no evaluation



7. Your evaluation of report design:

- high
- satisfactory
- low
- no evaluation

8. Which information, in Your opinion, shall be included in the next report?

9. Would You like to become a member of the Company after reading of this report?

- yes
- no
- other. Please, give Your comments

10. Would you like to become a partner of the Company after reading of this report?

- yes
- no
- other. Please, give Your comments

11. Your evaluation of report importance:

- yes, it is an important document from which one can get useful information
- no, it is a useless document
- other (Please, give your comments)

12. Did you read Company's report for the previous year?

- yes
- no

13. If yes, please, evaluate the reports for 2010 and 2011 on a 1-5 scale by the following parameters:

	2010	2011
accessibility of presentation	<input type="checkbox"/>	<input type="checkbox"/>
sufficiency of data	<input type="checkbox"/>	<input type="checkbox"/>
design	<input type="checkbox"/>	<input type="checkbox"/>

Thank You very much for Your attention!

You can send the filled out Questionnaire (stating «annual report») to the following address:

JSC NIAEP, Svobody sq. 3, Nizhny Novgorod, 603006, or

by fax: (831) 421-06-04, 419-84-90, or

e-mail address: niaep@niaep.ru





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JSC NIAEP, 3, Svoboda sq., Nizhniy Novgorod, 603006, Russia
Phone: +7-831-421-79-00 • Fax: +7-831-421-06-04
E-mail: niaep@niaep.ru • www.niaep.ru