The principal direction for corporate governance improvement is maintenance of rapid decision-making by management bodies along with detailed consideration of the matters, which ensures efficient activities of TVEL JSC and its subsidiaries. The objective lies in reduction of decision-making process and quality improvement of the documents submitted to the management bodies.

In corporate governance TVEL JSC adheres to the policy of compliance with Russian and international standards, as well as with ROSATOM corporate governance practice. Improvement of the corporate governance system is aimed at increase of efficiency, reliability, transparency of the Company activities and management.

Measures taken by TVEL JSC to improve the corporate governance:
- exclusion to the extent possible of the circulation of paper media used for convoking meetings and for submission to their Board of Directors of materials on the agenda. The decision-making process by the management bodies is implemented through the Uniform Industry-Specific Electronic Document Management System;
- local regulatory acts are being amended with the purpose to reduce the time and improve the quality of corporate paperwork.

In the reporting year the system of corporate governance in the Fuel Company was focused on improvement of interaction between the management bodies, increase of their efficiency, and exclusion of wrong decisions. Similar plans have been also determined for the next year.

Implementation of the corporate policy implies coordination and supervision over scientific and research, investment, financial, selling, social and HR activities, and pricing policy of the subsidiaries. Legal relations between TVEL JSC and its subsidiaries companies in decision making procedures in the process of production economic activity are based on the approved regulations on interaction of the ROSATOM with TVEL JSC and of TVEL JSC with its subsidiaries. TVEL JSC and its subsidiaries have placed already into practice some provisions of the Corporate Governance Code recommended by the letter of the Central Bank of Russia of 08 April 10, 2014, with due regard to specific character of the legal status of ROSATOM set by legal regulatory acts of the Russian Federation, providing for unity of nuclear industry enterprises management; these provisions are reflected in the number of local regulatory acts.

TVEL JSC on a voluntary basis, assuming no obligations on regular and required disclosure, discloses all the required information on the website http://www.e-disclosure.ru/portal/company.aspx?id=400, namely:
- Articles of Association, amendments and supplements thereto;
- Annual Reports;
- Annual Financial Statements, notices of approval of the annual financial statements, explanatory notes to the annual financial statements;
- Audit Reports;
- List of affiliates, changes made to the list of affiliates, notices of disclosure of the list of affiliates, and other information stipulated by the Regulation Concerning Disclosure of Information by Issuer of Emission Securities.

The management bodies of TVEL JSC and its subsidiaries include the Boards of Directors and the Sole Executive Bodies acting on the ground of relevant regulations approved by the general meetings of shareholders.

In 2015 Atomenergoprom JSC, the Sole Shareholder of TVEL JSC, adopted nine decisions including but not limited to:
- approval of the Annual Report 2014;
- approval of the Annual Financial Statement 2014;
- approval of the auditor of the Accounting (Financial) Statements 2014;
- election of members to the Board of Directors, the auditing committee;
- distribution of income for 2014 and dividend payment following the results of half-year and nine-months periods of 2015 financial year.

The Board of Directors consists mainly of outside directors (not the employees of the Company), professionals who have wide experience in the industry and understanding of the specifics of the nuclear industry and the Company activities.

By the decision of the Sole Shareholder of TVEL JSC No. 25 dated June 30, 2015 the following six members were elected to the Board of Directors:
- Lyudmila Mikhailovna Zalimskaya, Director General of TENEX;
- Kirill Borisovich Komarov, Deputy Director General for Development and International Business of ROSATOM;
- Vladislav Igorevich Korogodin, Director for NFC and NPP Lifecycle Management of ROSATOM;
- Aleksandr Markovich Lokshin, First Deputy Director General for Operational Management of ROSATOM, Chairman of the Board of Directors of TVEL JSC;
- Nikolay Iosifovich Solomom, First Deputy Director General for Corporate Affairs — Senior Finance Director of ROSATOM;
- Yuri Alexandrovich Olenin, President of TVEL JSC.

The supreme governance bodies of subsidiaries — participants of TVEL Fuel Company are the General Meetings of Shareholders (Members). The procedure of decision-making at general meetings of shareholders (members) in the subsidiaries included in TVEL Fuel Company is determined by the internal regulations on these bodies.

Structure of TVEL JSC Corporate Governance Bodies

The Board of Directors of TVEL JSC plays a key role in strategic management of TVEL JSC and the Fuel Company in general. The Board of Directors is formed by the Sole Shareholder of TVEL JSC — Atomenergoprom JSC (AEP JSC) with due regard to qualification and expert knowledge that are required to solve the specified problems.

The Board of Directors consists mainly of outside directors (not the employees of the Company), professionals who have wide experience in the industry and understanding of the specifics of the nuclear industry and the Company activities.

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- Nikolay Iosifovich Solomom, First Deputy Director General for Corporate Affairs — Senior Finance Director of ROSATOM;
- Yuri Alexandrovich Olenin, President of TVEL JSC.

Scheme of TVEL JSC Corporate Governance Bodies
3.2 Risk Management

Main goal of TVEL JSC Corporate Risk Management System (CRMS) is identification, assessment and minimization of threats that may affect the results of activities of the Company.

Main CRMS objectives are the following:
• timely identification of risks that may affect the achievement of the goals by the Company;
• support of stable financial environment of the companies of TVEL Fuel Company with due consideration of the risks;
• continuous monitoring of risks and control over implementation of the plans of arrangements aimed at reduction of likelihood of risks occurrence and minimization of the consequences of such occurrences.

Analysis of the risks affecting achievement of target values of financial and economic indicators of TVEL JSC and the companies forming the TVEL Fuel Company's management system shall be carried out at the stage of development of the budget and medium-term plans, and at the stage of their control and performance forecast.

Regulatory documents aimed at CRMS development of the Fuel Company, approved in 2015:
• Methodological guidelines for credit risks management of TVEL JSC and the companies forming the management system of TVEL Fuel Company;
• Procedure and methodological guidelines for financial risks management of TVEL JSC and the companies forming the management system of TVEL Fuel Company.

Participants of TVEL FC Risk Management

Processes and Their Roles

CRMS Participants

CRMS Participants' functions during risk management procedures

President of TVEL JSC

• Approval of the list of key risks;
• appointment of holders of key risks and distribution of responsibility for risks management;
• approval of the limits for particular risks, strategies, programs for particular risks management;
• consideration of the issues related to distribution of authorities and responsibilities for particular risks management;
• Risk holders (Responsible for risks management)...

TVEL JSC Risk Officer

• Methodological support of risk identification;
• assessment of possible deviations from tolerance for risk when exposed to risks;
• consolidation of information concerning the state of risks management arrangements;

Continuous monitoring of risks and control over implementation of the plans of arrangements aimed at reduction of likelihood of risks occurrence and minimization of the consequences of such occurrences.

Main CRMS objectives are the following:
• timely identification of risks that may affect the achievement of the goals by the Company;
• support of stable financial environment of the companies of TVEL Fuel Company with due consideration of the risks;
• continuous monitoring of risks and control over implementation of the plans of arrangements aimed at reduction of likelihood of risks occurrence and minimization of the consequences of such occurrences.