


Annex No. 9

Conclusion of Non-Financial Auditor






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REPORT
on results of independent assurance
of Public Annual Report
of Joint Stock Company
NIZHNY NOVGOROD ENGINEERING COMPANY
“Atomenergoproekt”

for 2012

Moscow



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Introduction

The present audit assurance relates to Report of sustainability of Joint Stock Company NIZHNY NOVGOROD ENGINEERING COMPANY "Atomenergoproekt" (hereinafter referred to as the Report) for the period from 1, January to 31, December, 2012.

The present Report is addressed to management of Joint Stock Company NIZHNY NOVGOROD ENGINEERING COMPANY "Atomenergoproekt" (hereinafter referred to as JSC NIAEP).

Responsibility of parties

Management of JSC NIAEP bears full responsibility for preparation and accuracy of this Report.

We bear responsibility for results of work on independent assurance of the Report only to JSC NIAEP within the framework of requirements specifications agreed with it, and we do not assume responsibility to any third parties.

Scope, criteria, and level of assurance

Object to be assured is a Report including information on head office and branches of JSC NIAEP. As for matters of personnel management, activity of subsidiaries and affiliates (further in the text, SaA) is partially described. Information on Atomstroyexport company under control is also presented (as for certain aspects).

The Report was evaluated using following criteria:

- nature and degree of compliance with principles of Standard AA1000 "Accountably Principle Standard 2008" by the Company: inclusiveness (involvement), importance, and reaction.
- compliance of the Report with level A+ (self-evaluation of the Company) as per Manual GRIG3.1.

Our check was planned and implemented in accordance with AL 1000 Assurance Standard 2008 and International Standard ISAK 3000 "Assignments on assurance other than audit and review of historical financial information".

This assurance corresponds to type 2 as per definition of standard AA1000AS2008 taking into account restrictions specified in Section "Limits of assurance" of the present conclusions.

When rendering services we met following requirements related to level of assurance:

- Moderate: in accordance with standard AL 1000AS2008.
- Limited: in accordance with standard ISAE3000 "Assignments on assurance other than audit and review of historical financial information".

Selective verification of information in the Report can not ensure high level of guaranties for assurance. Works on assurance were based on supporting information of the Company management and its employees, on data from accessible sources, and analytic methods of confirmation. As for quantitative information in the Report, the work which is carried out can not be considered as a sufficient one to reveal all possible inaccuracies and misrepresentations. Nevertheless, confirmations collected by us are sufficient to form our opinion in accordance with the above levels of assurance.



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Methodology of assurance

Following procedures have been performed within the framework of works on assurance:

- Study and testing (on a sample basis) of systems and processes implemented by JSC NIAEP in order to provide and examine correspondence of activity to principles of LL1000APS, as well as control of productivity in the field of sustainable development.
- Collection of evidences supporting implementation of system processes where principles of AA1000APS are used.
- Questionnaire and interviews with representatives of JSC NIAEP top management.
- Study of documents and applications of management in order to get confirmations regarding compliance of activity with principles of AA 1000 APS.
- Study of protocols of public dialogues and consultations with the interested parties.
- Study of conclusion on results of public assurance of the Report.
- Study of information about activities regarding matters of sustainable development which is available on web-sites of JSC NIAEP.
- Study of the published comments of the third parties concerning economical, ecological, and social aspects of the JSC NIAEP activities in order to check relevancy of comments expressed in the Report.
- Analysis of non-financial reporting of foreign companies of similar market segment for benchmarking.
- Analysis of processes of the non- financial reporting internal audit.
- Selective study of documents and data on effectiveness systems to control economical, ecological, and social aspects of sustainable development which exist in JSC NIAEP.
- Study of existing processes of collection/ processing, documenting, verification, analysis, and selection of data subject to be included into Report.
- Validity checks of affirmations, comments, and data included into Report.
- Analysis of information in the Report for compliance with principles of standard AA 1000APS, recommendations GRIG3.1 (level A+).

Limits of assurance

The assurance is limited by time period of the reporting period (01.01-31.12.2012).

Evaluation of accuracy of the information about effectiveness presented in the report is carried out only regarding compliance with the recommendations of management GRIG3.1 for level A+.

Assurance regarding accuracy of figures covered in the report (as for quantitative disclosures of effectiveness) is limited to evaluation of correspondence to data of the audited accounting statements, as well as documents on internal and external reporting on other industrial-economical, ecological, and social aspects of activity.

The assurance is not carried out regarding forward-looking statements and comments which express opinions, beliefs, or intentions of JSC NIAEP to take any measures related to future.

Assurance concerning affirmations which sources are expert judgments, is not carried out.

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The assurance is carried out only for the Russian copy in MS Word format.

Conclusions

Following conclusions are based on the work performed by us within the scope and limits which are stated above.

1. The Report as a whole covers adequately the implemented mechanisms of control and effectiveness figures of JSC NIAEP regarding activity on economical, social, and ecological aspects of sustainable development.

2. As a result of our work, we did not reveal any essential distortions regarding information describing activity of JSC NIAEP in the field of sustainable development and its results which are presented in the Report.

Nature and degree of compliance with principles AA 1000 APS

Involvement

- JSC NIAEP cooperates with wide range of the interested parties. In the course of preparation of the Report, JSC NIAEP has conducted three dialogues with the interested parties, as well as public consultations on the Draft Report.
- The Company uses different methods of cooperation which are particular for different groups of the interested parties including joint ventures, web-site of the Company, publications in mass media, etc.
- On the basis of our work results we can conclude that JSC NIAEP understands composition of its interested parties and has mechanisms of cooperation with them and taking their opinions into account within the framework of our activity.

Importance

- The Report covers economical, social, and ecological aspects of JSC NIAEP activity which are essential for major interested parties.
- Concept of the report including key matters and performance indicators was presented during the first dialogue with the interested parties and improved on the basis of their remarks.

Reaction

- The Report shows aspiration of JSC NIAEP to take essential interests of the interested parties into account in its activity. Information on proposals of the interested parties within the course of public dialogues and consultations regarding report is presented in the Report. The Company took into account all remarks and proposals and amended the present report or undertook obligations for the next reporting period.

Compliance of the Report with level A+ as per Manual GRIG3.1

In order to form opinion on the given matter, we carried out analysis of compliance (when preparing the Report) with recommendations of OKIG3.1 regarding principles and standard elements of reporting for the declared level of application.



Principles to specify contents of the Report

Importance

- Information included into Report covers matters and performance indicators which reflect essential impacts of JSC NIAEP on economics, environment and society or are able to influence considerably on evaluations and decisions of the interested parties.

Coverage of the interested parties

- JSC NIAEP has presented in the Report an information about interested parties and algorithms to take into account their interests while specifying contents of the Report.

Context of sustainable development

- The Report represents results of JSC NIAEP activity in a broad context of sustainable development taking into account industrial -economical, social, and ecological aspects.

Completeness

- Within the declared limits, the Report covers information about activity of JSC NIAEP with sufficient degree of completeness, as well as essential aspects as for subsidiaries.
- In order to ensure completeness of information, the Company has used industrial technical protocol GRI for building contractors.

Principles to ensure quality of the Report

Balancedness

- The Report has a balanced content, and it reflects both results of activities and matters which require to be solved.

Comparability

- Comparability of the Report with non-financial statements of other companies is provided by usage of Manual GRIG3.1 as a basis to cover performance indicators in the field of sustainable development.
- Comparability of financial information in relation to reporting of other companies is not provided to the full extent because of usage of federal statutes and Provisions on accounting (not international standards of financial statements) for its disclosure.
- The majority of numerical values is given for three years and with projected value for next year, and it enables to carry out analysis of industrial trends of the Company.

Accuracy

- Accuracy of representation of actual information in the report is sufficient for the interested parties to evaluate results of JSC NIAEP activity in the field of sustainable development.
- Calculations for performance indicators are based on procedures approved in the protocols for indices GRIG3.1.

Timeliness

- The Report is prepared in order to submit it for the Annual General Meeting of Shareholders.

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Clarity

- As a whole the information is presented in the Report in a clear and understandable manner for the key groups of the interested parties.
- Annex "Glossary" is available in the Report, and it facilitates understanding of the presented information for the users of the Report.

Reliability

- Information on effectiveness presented in the Report is based on internal reporting documents of JSC NIAEP and State Corporation Rosatom, as well as statements submitted to supervisory bodies.
- Check of effectiveness of supervision and procedure of preparation of non-financial reporting are of competency of internal checks and audit department. In the course of check, the detailed documents on results of the performed check were submitted for us.
- We did not reveal any facts which put in doubt reliability of the information presented in the Report.

Standard elements of reporting**Strategies and characteristics**

- Information on characteristics of the Company, strategy, control, obligations of the company, cooperation with the interested parties and reporting parameters are described in the Report. This information should be disclosed in accordance with recommendations of GRIG3.1 regarding content of the Report.

Management approaches

- Management approaches on essential aspects of industrial-economical, social, and ecological field are presented in the Report. Particularly, strategic goals and algorithms of their achievement are covered.

Performance indicators

- All basic indicators are covered in the Report in accordance with protocols to indices GRIG3.1.

General evaluation of Report

- Our work enables to conclude that composition and quantity of disclosures required to ensure compliance of the Report with level A+ are presented in the Report and are reasonably given in Index Gr1.

The Report complies with the Policy of State Corporation Rosatom and typical standard of public annual statements of key companies of State Corporation Rosatom.

Process of public reporting, structure and content of the Report as a whole correspond to the requirements of Policy of Rosatom State corporation in the field of public reporting and typical standard of public annual statements of key companies of Rosatom State corporation.

Recommendations

1. Consider possibility to increase degree of disclosure of information on personnel management in the SaA in the next Report.



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1. Disclose information on algorithms to transfer own policies of personnel management to SaAs in the next Report.

2. Increase degree of disclosure of information on Moscow branch of JSC NIAEP and JSC Atomstroyexport in the next Report.

3. Consider possibility to increase degree of disclosure of information on the Company policy in implementation of principles of important business practice in the supply chains in order to provide compliance with the best practices of the reports preparation in similar foreign companies.

Declaration on competence and independence

NP Consult JSC is an independent auditor company rendering professional services on assurance. NP Consult JSC is a member of self-regulating organization of auditors "Institute of Professional Auditors". It operates in accordance with Code of conducts for Professional Accountants IFAC. Quality management system of auditing services including Ethics Compliance Program is used in the Company.

NP Consult JSC declares formally that the present Conclusion is an evaluation of an independent auditor. NP Consult JSC and its employees have no relations with JSC NIAEP, its subsidiaries and affiliates, which could cause conflict of interests when rendering services on independent assurance of the Report.

NP Consult JSC is an organizational stakeholder of GRI, licensed provider of assurance services in accordance with requirements of standard AA1000AS.

A team of reporting assurance in the field of sustainable development includes specialists of NP Consult JSC. They have a required experience of rendering services on audit and preparation of reports in accordance with GRIG3/3.1, as well as on training to prepare similar reports. Its leading specialists were trained in assurance of reports in the field of sustainable development in the training center of accountability.

Deputy Director General
of Closed Joint Stock Company
NP Consult

Moscow

25, June 2013



V. Yu. Skobaryov