

Stakeholders' proposals and comments

Double-check the information about the calculation of materiality matrix of the topics to be disclosed in the Report; explain why topic No. 14 (Contribution to Development of Digital Economy in RF) is above No. 1 (NPP Safety).

The Company's Response

Considered.
The materiality matrix was developed upon the results of the dialogue for determining the significant topics for the annual report that was held in November 2018 using Rapid Foresight technology and on-line voting. The location of significant topics in the materiality matrix was checked: it was based on realistic assessments given by the managers of the Division and the stakeholders during the dialogue; the participants of the dialogue verified the materiality matrix provided in the Report.

Explain the logic of the current hierarchy of the stakeholders in the Stakeholders Map.	Considered
Explain why the expenses for training are two times less than the expenses for charity.	Considered. Explanations provided. The Division expenses for employees' training and for charity are approved by Rosatom State Corporation.
If possible, assess all the types of capital in terms of their contribution to the Company's revenue.	Shall be considered in the reports of the next years.
Add parties to agreements concluded by the Company, explain how these agreements influence the management of the Company's capital.	Shall be considered in the reports of the next years.
Add explanation of the used terms and abbreviations to the Glossary.	Shall be considered in the reports of the next years and in the interactive version for 2018.
Consider the possibility of adding an aggregate impact index on the Company's capitalization for different types of capitals, in comparison with the previous years.	Shall be considered in the reports of the next years, provided an international or a Russian method of assessment of capitals impact on the Company's capitalization is developed.
If possible, increase retrospective of quantitative data up to 5 years.	Partially considered. In accordance with the requirements of international standards, retrospective is provided for two years back in relation to the reporting period. Data for earlier reporting periods can be found in annual reports of the previous years on the Division web-site: www.ase-ec.ru/sustainability/public-reporting/reports
Emphasize the unique character of Multi-D program.	Considered
The Occupational Safety section of the Report shall reflect quantitative data on injuries and describe the safety days that are organized (p. 116).	Considered
The Social Policy section of the Report shall reflect the events organized within the framework of AtomNEXT Forum.	Shall be considered in the reports of the next years.
Reflect the changes of requirements to personnel due to transformation and digitalization of the industry, if a shortage of qualified personnel is predicted for the nearest years, what measures are taken by the company to compensate these risks.	Considered
Give the sustainable development agenda in more detail.	Considered
Add information about the Company's work with local communities in the regions of operation.	Considered

Conclusion on the Public/ Stakeholders' Assurance of the Report

Introduction

The Engineering Division of Rosatom provided us with an opportunity to assess the Annual Report for 2018 (hereinafter referred to as the Report) including the completeness and materiality of the information provided therein and the Company's response to stakeholders' requests. For this purpose our representatives were given an opportunity to participate in public consultations on the draft Report which took place on 23.04.2019 and in two dialogues with stakeholders:

- dialogue for identification of material subjects to be reflected in the Report on 07.11.2018;
- dialogue on priority topics of the Report on 26.02.2019.

Report Assessment Procedure

Our conclusion is based on a comparative analysis of two versions of the Report (draft Report for public consultations and the final version of the Report) and the materials provided to us upon the results of the dialogues and consultations with stakeholders (protocols of the events, tables of comments of the stakeholders taken into account) and on the comments received from the management and the employees of the Engineering Division in the course of events related to the public assurance of the Report.

Checking of the system of information collection and information analysis as well as the reliability of the actual and forecasted data provided in the Report was beyond the tasks of the public assurance.

All participants of the public assurance had every opportunity to openly express their opinions. We have not received any remuneration from the Company for participation in the public assurance procedure.

Assessments, comments and recommendations

We are unanimous in a positive assessment of the Report – its format and the scope of information provided. The integrated character of the Report made it possible to fully disclose the reporting information about the results of the main activities of the Company, its effective performance in the field of sustainable development, strategy and plans for the future.

The Report was prepared under a broad framework: it includes reporting information of all the key companies of the Division (JSC ASE EC, JSC ASE, JSC "Atomenergoproekt" and JSC ATOMPROEKT) and a number of subsidiary companies in its scope of management.

The Engineering Division is involved in activities in many countries worldwide. That's why it is of extreme importance for the Company to prepare reports using international standards, use digital means of communication and be maximally transparent, also for representatives of its foreign stakeholders.

The report was prepared in accordance with the International <IR> Framework, AA1000 series of standards (Institute of Social and Ethical AccountAbility), Global Reporting Initiative sustainability reporting standards (GRI SRS, Comprehensive option).

In 2019, the Company continued the practice of dialogues with the stakeholders at construction sites and in design institutes. All the public consultations were held in St. Petersburg design institute; JSC ASE EC Moscow Branch participated via video-conference. The selection of the institute was not a random choice. The Engineering Division transformation envisages the integration of the design institutes. We recommend continuing the practice of dialogues and public consultations in the Company's organizations; we believe it is very efficient.

We believe that the selection of priority topics for the report was correct. We recommend disclosing in detail the subject of transformation and digitalization of the Division in future reports.

The Report showed commitment to sustainable development goals up to 2030 approved by the United Nations Organization (UN) and demonstrated the contribution of the Engineering Division into the achievement of these goals. We recommend justifying the selection of sustainable development goals, a more detailed explanation of connection between the strategic goals of the Division with the UN goals.

We point out with satisfaction that the Engineering Division, being one of the leaders of corporate reporting, continues to seek the most efficient and useful types of reports for its stakeholders. We hope to see the analysis of this pilot project in the next Report and the Company's decision to continue this practice.

We express the hope that resolving the goals of transformation of the Engineering Division into a digital company in the nearest future the Company will make its contribution to digitalization of reporting processes and relations with the stakeholders.

Materiality and Completeness of Information

We believe that the Engineering Division has considered the requirements of international standards for determination of materiality. To define material issues, Rapid Foresight technology was used for the third time. It allowed the top-management of the company and representatives of the stakeholders to implement, within a short time (at one event), a full cycle of works to develop the materiality matrix.



The selected material issues were comparable with the issues of GRI SRS. Information on material issues provided in the report is sufficiently complete. All important information on high-priority topics of the Report – “Transformation of the Engineering Division of Rosatom State Corporation into a digital company” and “Personnel Training and Development under digital transition conditions” is disclosed.

In our opinion, the Division strictly follows the principles of materiality and conciseness of the reporting information which has a positive effect on the scope of the Report and the significance of the reported information.

Response to stakeholders' requests

During the preparation of the report, the Company demonstrated readiness for an open discussion with the stakeholders on various fields of its activities. Most of recommendations to the Draft Report were taken into account, or the Company undertook the obligation to consider them in its future reporting cycles. The Report also contains information about the fulfillment of the obligations undertaken by the company in the previous reporting cycles which sets a good example for other companies.

The policy of dialogues pursued by the Company is a good example of improving the level of transparency of the company both in public reporting and on the whole for enhancing the public acceptance of nuclear technologies development.

We hope that the Engineering Division will continue pursuing the policy of information transparency in all the important public issues of the fields of the Company's activities and that it will improve the mechanisms of public reporting every year.

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