MINUTES

of the public consultation with stakeholders on the draft
public annual report of ROSATOM's Engineering Division for 2019

Venue: online conference

**Date and time:** June 11, 2019, 12:00 noon – 1:05 p.m.

AGENDA:

1. Digitization in ROSATOM's Engineering Division
2. Transformation in ROSATOM's Engineering Division
3. Draft reporting materials of ROSATOM's Engineering Division for 2019
4. Recommendations and proposals from stakeholder representatives regarding the draft reporting materials
5. Response from the company's representatives to stakeholders' requests and proposals

**LIST** of participants of the public consultation

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| **Moderator** |
| 1. | Yulia Emelyanova | Partner at LLC Nexia Pacioli Consulting |
| **Speakers** |
| 2. | Olga Tolstunova | Vice President for Digitalization of JSC ASE EC |
| 3. | Maria Armand | Director for Organizational Development of JSC ASE EC |
| **Representatives of organizations in the nuclear industry** |
| 4. | Sergey Golovachev | Head of the working group on public reporting of ROSATOM |
| 5. | Victoria Dolina | Head of Corporate Social Responsibility and Non-Financial Reporting in the Corporate Communications Department of JSC Atomredmetzoloto |
| **Representatives of international organizations** |
| 6. | Pavel Belousov | Head of the CIS Online School and chair of the working group on personnel training for the CIS Member States in the Council for Cooperation in the Peaceful Use of Atomic Energy under the CIS Integration Committee |
| **Representatives of educational institutions** |
| 7. | Alexander Ageev | Director General of the Institute for Economic Strategies of the Russian Academy of Sciences |
| 8. | Olga Boyko | Deputy Head, Higher Engineering School of NRNU MEPhI |
| **Representatives of consulting and audit firms and expert organizations** |
| 9. | Olga Kurda | Senior Consultant at LLC Nexia Pacioli Consulting |

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| 10. | Tatyana Lyakhovenko | Senior Consultant at LLC Nexia Pacioli Consulting |
| 11. | Elena Pertseva | LLC Financial and Accounting Consultants |
| 12. | Igor Sidelnikov | Senior Consultant at LLC Nexia Pacioli Consulting |
| 13. | Vladimir Skobarev | Partner at LLC Financial and Accounting Consultants |
| **Representatives of ROSATOM's Engineering Division** |
| 14. | Natalia Goncharova | Expert in the Communications Department of JSC ASE EC |
| 15. | Natalia Gornaeva | Head of the Division of Support for the Activities of the Digitalization Unit of JSC ASE EC |
| 16. | Nina Dementsova | Head of the Communications Department of JSC ASE EC |
| 17. | Andrey Efimov | Head of the Investment Department of JSC ASE EC |
| 18. | Marina Zamyatina | Head of the Internal Audit Division of JSC ASE EC |
| 19. | Denis Mashkov | Head of the Training and Development Department of JSC ASE EC |
| 20. | Victoria Medvedeva | Head of the Integrated Management System Department of JSC ASE EC |
| 21. | Maria Peregudova | Expert in the Integrated Management System Department |
| 22. | Nikolay Sagaydakov | Leading Specialist in the Organizational Support Division |
| 23. | Sergey Sadkov | Expert in the Occupational Safety and Health Department of JSC ASE EC |
| 24. | Dmitry Silaev | Chief Expert in the Intellectual Property Department of JSC Atomenergoproekt |
| 25. | Oleg Startsev | Deputy Director for Legal and Corporate Affairs, Head of the Contracts Department of JSC ASE EC |
| 26. | Olga Suvorova | Leading Specialist in the Intellectual Property Department of JSC Atomenergoproekt |
| 27. | Alexey Tikhomirov | Chief Specialist in the Risk Management Methodology Division of JSC ASE EC |
| 28. | Olga Tolstunova | Vice President for Digitalization of JSC ASE EC |
| 29. | Olga Khristenko | Leading Specialist in the Digital Products Department of JSC ASE EC |
| 30. | Alexandra Chistyakova | Expert in the Communications Department of JSC ASE EC |
| 31. | Natalia Shvets | Head of the Professional Training and Qualification Assessment Centre of JSC ASE EC |
| 32. | Olga Schepalova | Chief Legal Adviser in the Division of Legal Support for Statutory Activities |
| 33. | Olga Yakovleva | Head of the Innovative Projects Department of JSC ASE EC |

SPEAKERS:

The moderator of the dialogue explained the objectives and the rules of procedure.

**OPENING REMARKS**

**Nina Dementsova, Head of the Communications Department of JSC ASE EC**

The speaker welcomed all attendees and expressed her hope that the current pandemic had not affected the physical and emotional health of the participants of the dialogue forum and that the online meeting would compensate for the lack of face-to-face communication caused by the pandemic.

In addition, Nina Dementsova thanked the participants for taking part in the event and wished them productive work and strong immunity.

**ITEM No. 1**

**SPEAKER:**

**Olga Tolstunova, Vice President for Digitalization of JSC ASE EC**

**Topic:**

**Digitization in ROSATOM's Engineering Division.**

At the beginning of the report, the speaker presented a diagram of key NPP construction stages. The relevant methodology has been developed by the Engineering Division and has served as a basis for the development of a digital platform.

The speaker then proceeded to outline five key focus areas of the Division's digitization programme: internal digitization of key production processes, external digitization, architecture and data management, digital competences, and measures to ensure business process continuity. Key results for 2019 and plans for 2020 were presented for each focus area.

Olga Tolstunova explained how work had been organized during the lockdown: design institutes had been provided with every opportunity for effective work and handover of design documentation from home; virtual conference rooms had been created (secure video conferences had been arranged); access had been provided to the corporate directory and the landline office phone from mobile phones.

The participants of the dialogue asked follow-up questions.

Yulia Emelyanova, Partner at LLC Nexia Pacioli Consulting

Yulia Emelyanova asked to outline the Division's plans (if any) for construction work in the non-conventional (non-nuclear) segment, apart from the project of LLC Dom-Stroy.

**Olga Tolstunova** replied that the Division was focusing on achieving internal objectives, but cooperation with other industries was an interesting experience and, in the future, one or two projects per year might be implemented in non-conventional business areas.

**Pavel Belousov, Head of the CIS Online School and chair of the working group on personnel training for the CIS Member States in the Council for Cooperation in the Peaceful Use of Atomic Energy under the CIS Integration Committee**

Pavel Belousov asked how promptly work-related matters were addressed in the remote format and whether paperwork had been fully transitioned to the electronic format.

**Olga Tolstunova** replied that, judging from personal experience, such matters were currently addressed twice as fast as before, as there was no need to plan working meetings in advance, especially those attended by a large number of executives. Now almost all matters are dealt with by email or during brief video conferences.

Almost all documentation has been transitioned to the electronic format, except for documents that have no legal effect in the electronic format under Russian legislation. Such documents are signed and stamped in person.

The presentation accompanying the report is provided in Appendix 1.

**ITEM No. 2**

**SPEAKER:**

**Maria Armand, Director for Organizational Development of JSC ASE EC**

**Topic:**

**Transformation in ROSATOM's Engineering Division.**

The speaker presented key information on ROSATOM's Engineering Division and outlined key areas of its transformation.

Maria Armand presented key transformation outcomes in 2019 and plans for 2020 and 2021 for each transformation area.

The participants of the dialogue asked follow-up questions.

Yulia Emelyanova, Partner at LLC Nexia Pacioli Consulting

Yulia Emelyanova asked how a project team was formed.

**Maria Armand** replied that every project team had a certain set of specialists, functions and competences which remained unchanged. In addition to general management functions, a project manager is allowed to select specific specialists for each stage of the project.

Starting from last year, project teams possessing all the key competences are formed as early as at the stage of contract drafting.

In addition to the team reporting directly to the project manager, there is a fairly large team of supporting functions, which is involved in the project on a matrix basis: these are employees in their respective divisions, but at the same time they are assigned to the construction project. This means that they regularly collaborate with the project team, participate in all operational meetings, fully understand problems related to the project and are capable of promptly addressing matters within their competence, as required for the project in question.

Yulia Emelyanova, Partner at LLC Nexia Pacioli Consulting

Yulia Emelyanova asked what was included in the special executive training programme.

**Maria Armand** replied that there were programmes aimed at developing specific competences both for operating personnel and for experts and executives, as well as comprehensive development programmes for the Division's executives. These executives start to receive the relevant training when they are still candidates.

The programme evolves in line with the career progression of an executive: the higher position he or she occupies, the more carefully the selection of training courses is tailored to his or her needs.

**Pavel Belousov, Head of the CIS Online School and chair of the working group on personnel training for the CIS Member States in the Council for Cooperation in the Peaceful Use of Atomic Energy under the CIS Integration Committee**

Pavel Belousov pointed out that JSC NIKIMT-Atomstroy had established an industry competence centre for non-destructive testing in accordance with WorldSkills standards, and asked whether the company planned to establish a similar centre.

**Maria Armand** replied that the question had been recorded and would be submitted to Natalia Shafalovich, Vice President for HR and Internal Communications of the Engineering Division, and that the answer would be given taking into account her opinion.

Nina Dementsova, Head of the Communications Department of JSC ASE EC

Nina Dementsova asked whether sustainability principles, regional development programmes and topics related to stakeholder engagement in the company's regions of operation were incorporated into the transformation programme.

**Maria Armand** replied that those topics were certainly important for the industry. Foreign customers incorporate these requirements in their technical specifications submitted to the Division, and unless the appropriate level of sustainable development is achieved in the regions of operation, foreign customers will refuse to do business with the Division. Accordingly, this is one of the key topics; it is developed at the level of the industry as a whole, and the Engineering Division, which is at the heart of the industry, necessarily participates in this process.

This matter will be discussed in greater detail with the Communications Department.

The presentation accompanying the report is provided in Appendix 2.

**ITEM No. 3**

**Stakeholders' recommendations and proposals.**

**SPEAKERS:**

**Olga Boyko, Deputy Head, Higher Engineering School of NRNU MEPhI**

Olga Boyko pointed out that the report made almost no mention of students' participation in digital transformation of the Engineering Division, and asked to place a greater emphasis on cooperation with educational institutions going forward.

**Olga Tolstunova** replied that students played an important role in the Division's operations and that, in the course of their work, every student, assisted by their supervisors, implemented real-life projects which were subsequently put to use in the company's operations.

Olga Tolstunova emphasized that students undoubtedly made a valuable contribution and expressed her hope that they also benefited from that experience.

**Maria Armand** replied that slide 8 of her presentation also provided a description of the links between the Division and the Master's degree programme run by ASE and the Higher Engineering School of NRNU MEPhI.

Alexander Ageev, Director General of the Institute for Economic Strategies of the Russian Academy of Sciences

Alexander Ageev requested that, going forward, the report should focus on the balance between changes and sustainability (safety).

Alexander Ageev recommended providing more information about the Multi-D platform, including an explanation of why it had been rebooted and what were the drawbacks of the previous version.

He also asked that future presentations should provide a more detailed explanation of the meaning of the phrase 'What is power, brother?' in the page header of the report on digitization.

**Olga Tolstunova** replied that the phrase in the page header meant that people were the Division's main power. This is closely linked to the question about changes made to the Multi-D platform, as previously, modules that formed part of this platform were purchased or ordered and afterwards integrated into the enterprise system, whereas now the Division has a flexible solution designed in-house.

People who are capable of promptly tailoring digital solutions to the changing business needs are the driving power.

**Maria Armand** replied that at the moment, it was very important for any business to promptly adapt to changes. Any change requires numerous discussions and approvals; changes are discussed both with other Divisions and with the Corporation, which helps to achieve a balance between sustainability and changes.

ITEM No. 4

Closing remarks by representatives of ROSATOM's Engineering Division.

The representatives of ROSATOM's Engineering Division thanked stakeholders for their constructive participation in the dialogue and responded to every proposal that had been put forward. With regard to some of the recommendations made by stakeholders, the company undertook to discuss them and to inform the participants about the decisions that would be made. The company's response to proposals and recommendations voiced by stakeholder representatives is provided in the table reflecting the incorporation of stakeholders' proposals.

The table reflecting the incorporation of stakeholders' proposals and recommendations is provided in Appendix 3.

Yulia Emelyanova

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| Appendix: | 1. Presentation: Digitization in ROSATOM's Engineering Division
2. Presentation: Transformation in ROSATOM's Engineering Division
3. Table reflecting the incorporation of stakeholders' proposals
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Nina Dementsova

Head of the Communications Department of JSC ASE EC

Moderator of the dialogue, Partner at

LLC Nexia Pacioli Consulting

Appendix 3

**TABLE REFLECTING THE INCORPORATION OF
STAKEHOLDERS' COMMENTS AND PROPOSALS**

**following the dialogue with stakeholders on the draft public
annual report of ROSATOM's Engineering Division for 2019**

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| No. | Proposal / request | Source | The company's response |
| 1. | To focus on the balance between changes and sustainability (safety) | Alexander Ageev | The proposal will be incorporated in the next reporting period |
| 2. | To disclose more information about the Multi-D platform, including an explanation of why it has been rebooted, what are the drawbacks of the previous version and the advantages of the current system | Alexander Ageev | The proposal will be incorporated in the next reporting period |
| 3. | To explain in greater detail the meaning of the phrase 'What is power, brother?' in the page header of the report on digitization | Alexander Ageev | The reply was given during the public consultation |
| 4. | To focus more on students' participation in digital transformation of the Engineering Division and to place a greater emphasis on cooperation with educational institutions going forward | Olga Boyko | The reply was given during the public consultation |
| 5. | To disclose information on plans to establish an in-house industry competence centre | Pavel Belousov | The reply was given during the public consultation |
| 6. | To provide information on how promptly work-related matters are addressed in the remote format and whether paperwork has been fully transitioned to the electronic format | Pavel Belousov | The reply was given during the public consultation |