

2.6. Social and Reputation Capital



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Nina Anatolyevna, tell us about prioritized areas of work with social and reputation capital?

To start with, the social and reputation capital means good relations with the stakeholders. In our case, these are residents living in the vicinity of NPPs, environmentalists, shareholders, company employees, Russian and international partners and contractors, investors, public authorities, inspection and supervision bodies, local authorities and stakeholders. We show that we have on our side high proficiency, extensive experience, advanced technologies and transparency in doing business; we show ourselves as a reliable, safe and economically advantageous partner. Trust-based relations with the stakeholders are eventually manifested in promoting the public acceptability of the nuclear energy industry, which in turn increases the sustainability of the Division's business.

The work is carried out in all the regions of our operation. Information about the events in the company is regularly presented on internal and external websites, in numerous Russian and foreign publications, in social networking websites. We provide printed and photo and video materials, leaflets, books promoting the nuclear industry. Besides, it organizes photo exhibitions with participation of Russian and foreign secondary and higher school students, fairs for the public and journalist press tours to construction sites.

We participate in all major topic-based forums and arrange international organizations and experts visits to NPPs. So, for example, in March 2016 Yukiya Amano, IAEA Director General, visited the Belarus NPP.

How does the Company interact with foreign stakeholders in the regions of NPP construction?

All the stakeholders are needed, all the stakeholders are important, but the competitive international market of NPP construction is the Division's priority area of activity. We participate in numerous exhibitions, forums and conferences in various countries all over the world. Upon requests of our foreign partners, we organize workshops, expert meetings, round-tables, symposia, interviews with the company management on foreign TV channels. When requested by the local public of the customer's country, we hold seminars on the NPP safety, as we did this for example, in India and Bangladesh in the reporting year. We publish popular literature on nuclear power industry for junior school students. Public counseling office is starting its work in Pabna district, Bangladesh, where the NPP is being constructed. The premise for the public counseling office has already been allocated. Each year we bring school students from the countries of operation to participate in the International creative project for children Nuclear Kids. In the reporting year it was already shown the eighth Nuclear Kids musical.

Our annual report is an important and efficient tool of interaction with our foreign stakeholders. We have been already drafting it for several years taking into account international standards just to interact with our foreign users in the common reporting language.

What are the plans for 2017 and mid-term prospects for interacting with stakeholders?

We are going to expand our activities in Mass Media, the Internet and social networks. In general, we plan to uphold our information activities as a whole, for in 2016 the Engineering Division management framework was extended and consequently the scope of our operation was expanded, too. The main topics for work in the information field are such as: the Engineering Division's contributing to enlargement of the Rosatom foreign orders portfolio, development of PMS services and implementation of projects based on Multi-D technology.

But I see our main purpose in implementation of the awareness-raising activities for opinion leaders, media representatives and other concerned parties about our activities, plans and intentions. It is important not just to inform, for the sake of appearance, but to implement awareness-raising activity sincerely and extensively, not to be afraid of disputes, that is, what they call, to communicate, than the dialogs with the stakeholders will be fair and open. In short, we should meet oftener.

2.6.1. Social and Reputation Capital Management

The principles of relationship with the stakeholders are as follows:

- Record and response principle – the Company considers the requests and demands of the main stakeholders, including the interest of those who cannot express their opinion (e.g., the future generations).
- Materiality principle – The Company interacts with the stakeholders on all the issues that are significant for the company and all the interested parties.

Detailed information about interaction with the stakeholders is given in Chapter 3 Interface with stakeholders ([Chapter 3.1 “Stakeholder Engagement”](#), [Chapter 3.2 “Public Reporting System”](#), [Chapter 3.3 “Stakeholders Engagement in Report Preparation”](#)).

Formation the Positive Public Attitude Relative to Development of the Nuclear Energy Industry

In 2016 the Company pursued the policy of implementation of external communication strategy of ROSATOM. The strategy is aimed at:

- enhancing the level of confidence in the regions;
- enhancing social consent with the plans of NPP construction in the regions of presence;
- providing information about activities relating to enhancing the safety of nuclear facilities;
- providing information about the high level of competitiveness and reliability of Russian nuclear technologies.

Formation of a positive public opinion about the activities of the Company in the previous year was centered around the topics of informational campaign “NIAEP is 65” and “Rosatom Engineering Division (ASE Group of Companies) as a Tool for Strengthening Rosatom Positions in the Global Market”, aimed at demonstration of the latest achievements of the Russian nuclear power industry.

The Engineering Division participated in all significant industry international and Russian events (conferences, exhibitions, forums, etc.) There was a close coordination with regional, federal and foreign mass media. Additionally the Company ensured the growth of informational coverage about the current events via corporate

Social and reputation capital management includes arrangement of constructive cooperation with main stakeholders, building of public acceptability of nuclear technologies development, brand management, contributions to the development of the areas of presence, charity activities, etc.

publications and in the Internet. For more information, please see Chapter 3 Interaction with Stakeholders ([Chapter 3.1 “Stakeholder Engagement”](#), [Chapter 3.2 “Public Reporting System”](#), [Chapter 3.3 “Stakeholders Engagement in Report Preparation”](#)).

2.6.2. Social and Economic Results

Taxes

The company plays a significant role in forming the income part of the budget in areas where the company operates.

Taxes and Fees Imposed on and Paid by Subdivisions, thousand RUB

	2014		2015		2016	
	Charged	Paid	Charged	Paid	Charged	Paid
JSC ASE EC						
Taxes and fees in total	1,397,009	(1,481,821)	1,883,072	(2,555,032)	2,708,820	(2,302,786)
Including:						
The Federal budget	262,849	(448,098)	161,196	(766,607)	950,613	(275,659)
RF subjects budget	22,099	(25,303)	262,319	(562,450)	262,319	(562,450)
Local budgets	2,190	(2,135)	1,026	(1,314)	2,027	(2,192)
Foreign countries budgets	192,575	(206,914)	137,854	(211,745)	215,646	(189,377)
Insurance fees to off-budget funds	917,296	(799,371)	1,127,795	(1 120 293)	1,278,215	(1,266,394)
JSC ASE						
Taxes and fees in total	196,095	335,282	(4,618,006)	110,097	(4,633,321)	5,625,621
Including:						
The Federal budget	(7,792)	531,717	(4,854,474)	112,651	(4,826,885)	5,822,561
RF subjects budget	31,726	(31,580)	24,154	(25,372.)	31,515	(29,380)
Local budgets	4,797	(7,672)	10,079	(6,974)	10,079	(10,079)
Foreign countries budgets	–	–	1,652,266	(510,311)	1,279,148	(1,633,381)
Insurance fees to off-budget						

funds	167,364	(157,183)	202,235	(190,402)	151,969	(157,482)
JSC Atomenergoproekt						
Taxes and fees in total	483,902	(1,094,654)	668,547	(265,779)	2,399,453	(2,149,983)
Including:						
The Federal budget	(506,303.)	(126,368)	(780,709)	1,023,400	1,468,745	(742,227)
RF subjects budget	26,230	(25,798)	39,455	(37,804)	45,070	(48,503)
Local budgets	7,846	(7,967)	7,550	(8,664)	5,665	(5,962)
Foreign countries budgets	–	–	–	–	–	–
Insurance fees to off-budget funds	956,129	(934,521)	956,288	(983,719)	836,618	(760,638)
JSC ATOMPROEKT						
Taxes and fees in total	2,258,428	(2,124,096)	1,461,470	(2,345,363)	1,680,665	(1,397,033)
Including:						
The Federal budget	1,293,049	(985,248)	585,282	(1,465,527)	929,198	(653,214)
RF subjects budget	169,040	(376,647)	1,600	4,285	5,202	(5,887)
Local budgets	(3,216)	888	4,413	(4,765)	4,228	(4,149)
Foreign countries budgets	–	–	–	–	–	–
Insurance fees to off-budget funds	799,555	(763,089)	870,175	(879,356)	742,037	(733,783)

Charity Activities

JSC ASE EC's relations with regional authorities and local selfgovernment bodies, as well as public organizations are based on mutual interest and commitment in the area of social and economic development of the regions where it operates. One of the most important Company's tools of work is charity.

JSC ASE EC priorities in implementation of charitable activities are such as:

- maintaining high social and cultural standards in the areas where nuclear facilities are located;
- implementation of projects that promote the socio-economic development of the regions;
- ethical and spiritual cultivation of personality;
- support of regional environmental projects;
- formation of a positive image of the Company.

Basic directions of the charitable activity:

- strengthening the material and technical base of health, culture and education institutions;
- support for veteran organizations;

- support of social welfare organizations (provision of assistance to disabled people, children's funds etc.);
- conducting cultural and sports events;
- support to the activities of nuclear industry information centers
- support and promotion of Russian nuclear technologies development projects at foreign markets;
- support of faith-based organizations.

A significant area of work with local communities is organization of the Charitable Projects Contest for non-profit organizations, which is held in the following categories: culture and sports, environmental protection, patriotic initiatives, younger generation.

The contest is held within the 5-year period. The total grant funding amounted to 11 mln RUB in 2016. The competition was provided with 136 requests, 79 were acknowledged as winners.

The new form of charitable work is implementation of joint projects. The example of such project is: trilateral interface agreement in development of children's sport in the Nizhny Novgorod region. There are several participants in the project: JSC ASE EC, the Government of the Nizhny Novgorod region and the State Autonomous Institution "Sports Training Center". The amount of support in 2016 amounted to 25 mln rubles.

Contribution to the Development of Regions of Presence

The performance of the Division affect the development of the regions where NPPs are constructed both directly (through infrastructure investment projects) and indirectly. The Division's economic effect on the public infrastructure is not evaluated. As an example of this effect, the Kursk, Rostov, Belarus and Novovoronezh NPPs are referred to.

The area of the Company's investment projects implementation covers many regions in Russia and countries in the South-East Asia, Middle East and Europe. The territorial breakdown of investments is connected primarily with the schedule of objects construction and maintenance, with the need in infrastructure support of the Company's affiliated branches and representative offices.

Construction and commissioning of nuclear facilities including NPP power units promote new jobs. The major part of workers are employed from the amount of local residents living within 100 km from the construction site. Moreover, each job in the power unit construction facilitates emerging of additional 10–12 jobs in the related economy sectors (such as metallurgy, machine engineering etc.)

 For more details see [Chapter 2.5.2. Results of Human Resources Policy Implementation](#).

The Engineering Division does not provide any preferences to suppliers depending on the supplier's locality in respect of the region of operations. The choice of the suppliers is influenced only by the supplier's compliance with the requirements and criteria mentioned in the procurement documentation. Proceeding from this definition, the share of procurements from "local suppliers" in the regions of construction makes ~ 5.68 % of the sum total of all contracts concluded in 2016.

 For more details, see [Chapter 2.1.1. Production Capital Management](#).

Charity Funds, mIn RUB

Company	2014 actual	2015 actual	2016 planned	2016 actual	Δ 2016–2015, %	2017 planned
JSC ASE	5.37	1.45	0.89	0.89	61.3	1.0
JSC ASE EC	69.38	40.03	166.73	166.73	416.5	106.9
JSC Atomenergoproekt	1.77	8.0	6.8	6.80	85.0	4.6
JSC ATOMPROEKT	–	–	–	–	–	1.5
Reserve for work with unscheduled turnaround	5.84	9.00	10.00	10.00	111.1	8.0
Reserve for charity projects competitions	7.00	9.00	11.00	11.00	122.2	26.4
Engineering Division	89.36	67.48	195.42	195.42	289.6	148.4

Novovoronezh NPP

The volume of housing construction is increasing – about 74 thousand square meters of housing were commissioned in Novovoronezh in 2014. The project of the “Central” residential complex with an ice rink has been elaborated. The residential complex with the surface of 4.5 hectare, is located in the center of Novovoronezh.

In the city, there is “ENERGETIK” sanatorium (a subdivision of the Novovoronezh NPP). The main activities - rehabilitation of the personnel and patients after acute illnesses, rehabilitation of dispensary patients, nuclear veterans and participants in the liquidation of the Chernobyl NPP accident, activities during the holidays for rehabilitation of children of the Novovoronezh NPP employees, children from orphanages and

Belarus NPP

Owing to the construction of the Belarus nuclear power plant, the city of Ostrovets is being given a new look. There are about 9,500 permanent residents in Ostrovets. According to the plans, the city's population will have increased up to 35 thousand people by 2020.

At present, all the employees are provided with housing. 850 persons were provided with a job at the NPP, the total number of employees

Kursk NPP

On December 15, 2016, the opening of the Palace of Culture-2 in Kurchatov marked the 40th anniversary of the Kursk NPP. The completion of the Palace of Culture is directly connected with the construction of the Kursk NPP-2 power units and implementation of investment projects of the Kursk NPP. According to the Agreement between the ROSATOM, the ROSENERGOATOM CONCERN JSC and the administration of the Kursk Region, a part of additional tax deductions that come to the region from investment programmes and ROSATOM projects are channelled to develop the infrastructure of the city of Kurchatov. It is from this source that almost 60 mIn rubles have been totally received to carry out the 2nd stage construction works to complete the municipal Palace of Culture.

The Kursk NPP includes social facilities of regional importance; moreover, the municipalities-promoting “Association of the Location of Nuclear Power Plants” Foundation was engaged to finance seven social programs

Rostov NPP

Rostov NPP has been making a serious economic and social contribution to the development of the Rostov region. Ten units of the public transport were received by the

amounts to 2,400 persons.

The first residential area of the town of Ostrovets initiated the housing development, the Loshka river side was landscaped, a bridge was built across the river and a beach area was arranged. The Information Center for Atomic Energy is set up, whose main task is to ensure indoctrination in the area of nuclear power principles, which is accounted for by the public's intention to raise the level of its awareness in matters of NPP safe operation.

The second residential area is the area where a central district hospital, two kindergartens, schools and a sports and recreation complex are being built with 407 apartments having already been commissioned.

The works have started to construct the third residential area, i.e. – a residential and administrative center in Ostrovets.

Nuclear power information center has been established. Its main goal is education in the field of nuclear power. The construction of the center was a response to request for information by the population in terms of NPP safe operation.

There will be a large shopping center to emerge here, too.

municipality of Volgodonsk as part of implementation of the Agreement on cooperation between the Rostov NPP and the Government of the Rostov region. This is an environmentally friendly and efficient transport, which is convenient for landing and exit allowing to roll in a wheelchair easily. The additional taxes transferred by the Rostov NPP to the Rostov region were converted into the public transport for residents of Volgodonsk. In 2015, ten trolleybuses at the cost of 104 mln rubles were purchased. In 2016, the city administration received 190 mln rubles, of which 105 mln were used to purchase trolleybuses and buses and another 85 mln were used to purchase 17 units of road and municipal equipment.

As part of the traditional environmental programme, students took 80 soil samples in the territories adjacent to the Rostov NPP. As part of this programme, the environment was monitored in the area of the eventual adverse impact of the Rostov NPP. The results obtained during the soil investigation and radioactive measurements were compared with the data obtained from the monitoring which was carried out before the station was put into operation.

The results convincingly show that the nuclear power plant has had no harmful impact on the environment over 16 years of its existence.