

**75 YEARS
OF NUCLEAR
INDUSTRY**

**AHEAD
OF THE TIMES**



**PERFORMANCE
OF THE SALES
AND TRADING DIVISION
IN 2019**



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TENEX
ROSATOM

PERFORMANCE OF THE SALES AND TRADING DIVISION IN 2019

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1. MESSAGE FROM THE HEAD OF THE DIVISION

In 2019, TENEX JSC successfully maintained its foothold in all key regional segments of the global uranium market. Sales exceeded USD 2 billion. The 10-year order portfolio totalled about USD 14.9 billion.

SERGEY POLGORODNIK

Head of the Sales and Trading Division,
Director General of TENEX JSC
(holding company of the Division)



Dear colleagues,

In 2019, TENEX JSC successfully maintained its foothold in all key regional segments of the global uranium market. Sales exceeded USD 2 billion. The 10-year order portfolio totalled about USD 14.9 billion.

The Company continued to operate in the sphere of spent nuclear fuel (SNF) management. Potential customers around the world express their interest in the products that we offer, as these products are based on environmentally friendly technological solutions enabling SNF recycling and the fullest possible recovery of useful materials. We actively assisted with the development and approval of a national strategy for SNF management in Belarus.

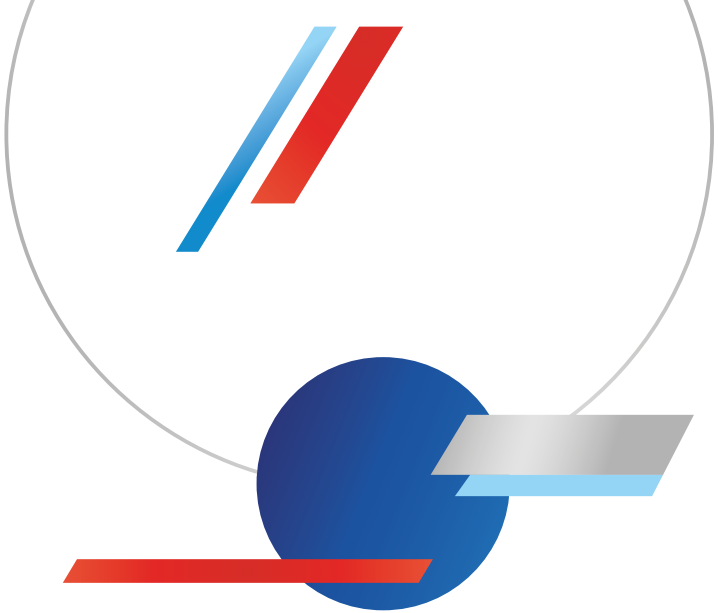
In the reporting year, TENEX JSC acquired a 100% shareholding in NFC Logistics, Joint-Stock Company (NFCL JSC¹), which is being developed into an international provider of logistics services in the nuclear fuel cycle (NFC). The Company partnered with Uranium One Group to develop projects that involve promoting solutions for ‘green’ energy. These include first and foremost biofuel exports and the development of the Rare and Rare-Earth Metals product area.

The approval of the Supplier Code of Conduct was an important milestone, as this document has formalized in a consistent manner our long-standing commitment to sustainable development values.

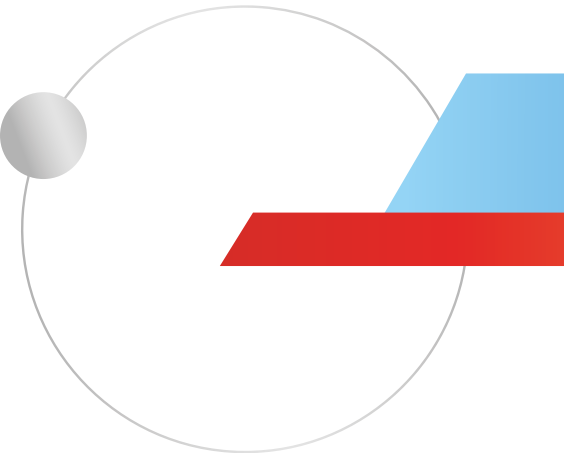
¹ Formerly JSC FCNRS.



I believe that these results confirm the reputation of TENEX JSC as a reliable and responsible supplier of NFC products and services and reflect out strong prospects for business growth.



Sergey Polgorodnik
Head of the Sales and Trading Division,
Director General of TENEX JSC
(holding company of the Division)



2. OVERVIEW OF THE SALES AND TRADING DIVISION

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2.1. GENERAL INFORMATION

The Sales and Trading Division (hereinafter referred to as the Division) is tasked with promoting nuclear fuel cycle (NFC) products and services on the global market. Its holding company is TENEX, Joint-Stock Company (hereinafter referred to as TENEX JSC or the Company), Russia’s oldest² foreign-trade company and one of the world’s largest NFC product suppliers meeting a major share of demand of foreign-design reactors for uranium enrichment services for almost five decades.

Full company name in Russian	Акционерное общество «Техснабэкспорт»
Abbreviated company name in Russian	АО «Техснабэкспорт»
Full company name in English	TENEX, Joint-Stock Company
Abbreviated company name in English	TENEX JSC
Primary state registration number	1027700018290, registered on July 11, 2002 with the Moscow Department of the Ministry of Taxes and Levies of Russia
INN / KPP	7706039242 / 770501001
Branches and representative offices	None

² For more details, see: <https://www.tenex.ru/about/history/>

Joint-Stock Company Atomic Energy Power Corporation³ is the sole shareholder of TENEX JSC. There were no changes in the structure of the Company’s share capital in the reporting year.

SUBSIDIARIES OF TENEX JSC AS AT DECEMBER 31, 2019

No.	Russian subsidiaries	Ownership interest (%)
1.	JSC SPb IZOTOP	100
2.	JSC TENEX-Logistics	100
3.	LLC Kraun	99.9998
4.	NFCL JSC ⁴	100

No.	Foreign subsidiaries	Ownership interest (%)
1.	INTERNEXCO GmbH, Switzerland	100
2.	TENEX-Korea Co., Ltd., Republic of Korea	100
3.	TENEX-Japan Co., Japan	100
4.	TRADEWILL LIMITED, UK	100
5	TENEX-USA, Incorporated, US	100

³ There were no changes in the authorized share capital of TENEX JSC in the reporting year; as at December 31, 2019, it totalled RUB 638,118,652. The Company has issued 26,636 registered ordinary shares with a par value of RUB 23,957 each. There are no preferred shares. The Russian Federation does not have any special rights of involvement in the management of TENEX JSC (a ‘golden share’).

⁴ Previous company name: JSC FCNRS. On October 25, 2019, ROSATOM (the seller) and TENEX JSC (the buyer) concluded a share purchase agreement with regard to 1,143,685 book-entry registered ordinary shares in NFCL JSC with a par value of RUB 1,000 each, totalling 100% of the authorized share capital of NFCL JSC. The title to 100% of shares in NFCL JSC was transferred from ROSATOM to TENEX JSC on November 13, 2019.

2.2. CORPORATE GOVERNANCE STRUCTURE

The corporate governance system of TENEX JSC is aligned with Russian and international best practices and standards.

In the course of its day-to-day activities in the sphere of corporate governance, the Company complies with applicable laws and regulations of the Russian Federation governing the operations of a joint-stock company and the work of its governing bodies, as well as with uniform industry-wide guidelines developed by State Atomic Energy Corporation Rosatom (ROSATOM) and local regulations on corporate governance adopted in the furtherance of these guidelines.

The Company participates in ROSATOM's programmes and projects aimed at improving corporate governance and implements uniform corporate rules and standards across all its operations.

⁵ The Company applies the principles and recommendations set out in the Corporate Governance Code (recommended for use by joint-stock companies whose securities are listed on a stock exchange, pursuant to letter No. 06-52/2463 of the Bank of Russia dated April 10, 2014) taking into account the special characteristics of its business, including the fact that TENEX JSC has a sole shareholder, the nature of ROSATOM's legal position ensuring the unity of management of nuclear organizations, and the fact that the Company's securities are not listed on a stock exchange.

In 2019, all corporate procedures fully complied with the requirements of Russian legislation and the Articles of Association of TENEX JSC⁵.

CORPORATE GOVERNANCE STRUCTURE

In accordance with the Articles of Association of TENEX JSC, the Company has the following governing bodies:

- **The General Meeting of Shareholders** (represented by the sole shareholder);
- **The Board of Directors;**
- **The Director General** (the chief executive officer).

The **General Meeting of Shareholders** represented by the sole shareholder (JSC Atomenergoprom) is the supreme governing body of TENEX JSC. The area of competence of the sole shareholder includes decision-making on key matters related to the Company's business.

In accordance with the Articles of Association, the Board of Directors of TENEX JSC comprises five members⁶. In 2019, members of the Board of Directors received no remuneration and did not purchase or sell the Company's shares.

From January 1, 2019 through December 31, 2019, the Board of Directors comprised the following members (elected pursuant to resolution No. 58 of the Company's sole shareholder dated June 29, 2018 and re-elected pursuant to resolution No. 61 of the Company's sole shareholder dated June 30, 2019):

- **Lyudmila Zalimskaya**, Chair of the Board of Directors;
- **Boris Arseev;**
- **Vladislav Korogodin;**
- **Natalya Nikipelova;**
- **Sergey Polgorodnik.**

⁶ There are no independent directors on the Company's Board of Directors, as all its members are representatives of ROSATOM and its organizations. The Chair of the Board of Directors does not simultaneously act as the chief executive officer of TENEX JSC. Members of the Board of Directors of TENEX JSC do not own the Company's shares.

CORE BUSINESS AREAS OF THE DIVISION IN THE REPORTING YEAR

- Exports of NFC front-end and back-end products and services;
- Transportation and logistics services;
- Promoting solutions for 'green' energy, including supplying pilot batches of products for bioenergy, etc.

The **Director General** is elected by the General Meeting of Shareholders (the sole shareholder). In the reporting year, the position of Director General of TENEX JSC was held by Sergey Polgorodnik (elected pursuant to resolution No. 56 of the Company's sole shareholder dated April 28, 2018).

The Division operates for the benefit of the Russian nuclear industry, leveraging its export potential and competitive advantages and complying with legislation, quality, safety and corporate social responsibility standards.

2.3. QUALITY MANAGEMENT SYSTEMS AND STANDARDS

TENEX JSC invariably attaches great importance to compliance with international standards. Since 2014, the Company has been working to integrate its management systems into a single corporate system. The integrated management system currently includes the quality management system, the environmental management system, the supply chain security management system and the occupational safety and health management system.

The resulting corporate quality management system is customer-centric, ensures that the interests of all stakeholders are taken into account, enables continuous improvement of business processes and promotes a systemic approach to managing the Company.

IN THE REPORTING YEAR, TÜV THÜRINGEN E.V., A GERMAN CERTIFICATION BODY, CONDUCTED WITNESS AUDITS, WHOSE FINDINGS CONFIRMED THAT:

- The supply chain security management system was compliant with the ISO 28000:2007 international standard;
- The occupational safety and health management system was compliant with the OHSAS 18001:2007 international standard;
- The quality management system was compliant with the ISO 9001:2015 international standard;
- The environmental management system was compliant with the ISO 14001:2015 international standard.

In 2019, the Division’s specialists took part in audits conducted by US and European customers at JSC UEIP, a supplier of TENEX JSC; the findings of these audits confirmed that its management systems were compliant with the ISO 9001:2015, ISO 14001:2015, OHSAS 18001:2007 and ISO 50001:2011⁷ international standards and with the Nuclear Quality Assurance Standard developed by the American Society of Mechanical Engineers (ASME NQA-1-2008⁸).

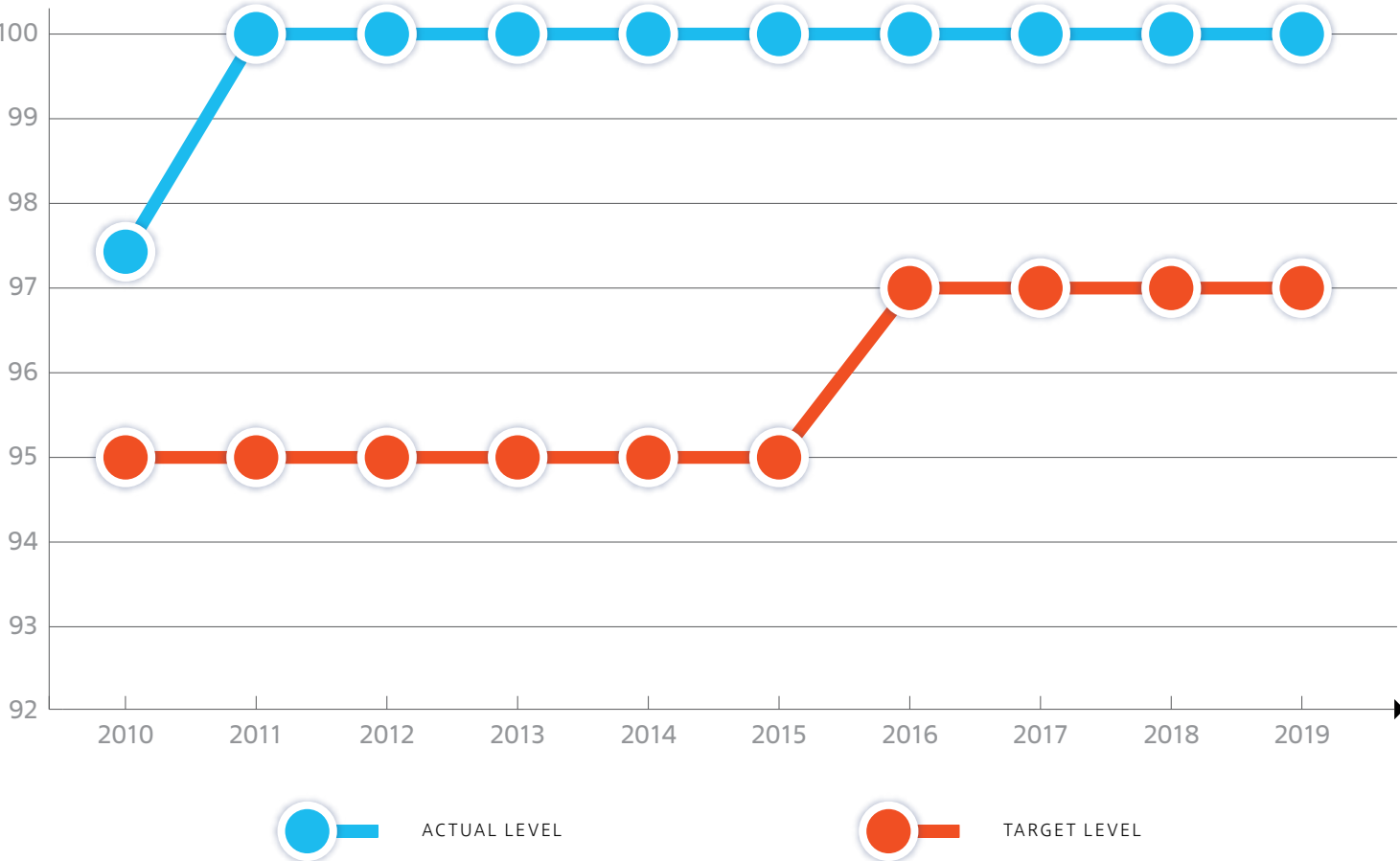
To assess the customer satisfaction level, which is one of the Division’s key performance indicators, a questionnaire survey is conducted annually among foreign customer companies as part of the quality management system. In the reporting year, the customer satisfaction index stood at 100% once again, which proves that the quality of products supplied by TENEX JSC and the quality of communication with customers meet their expectations.

Recommendations regarding individual quality indicators related to the performance of contracts for the supply of uranium products have been taken into account by the Division, and it has developed and is implementing the relevant corrective and preventive measures.

⁷ Energy management system.

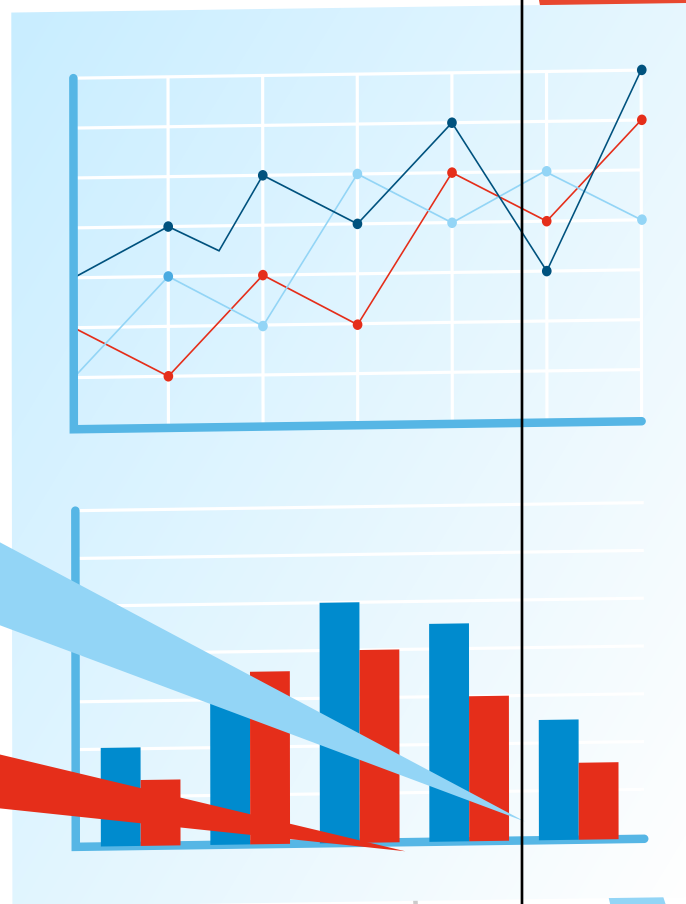
⁸ As amended in 2009.

CHANGES IN THE CUSTOMER SATISFACTION INDEX, %



3. KEY RESULTS AND PERFORMANCE INDICATORS OF THE DIVISION

3



3.1. KEY RESULTS

Indicator	2017	2018	2019
Sales (revenue in the nuclear fuel cycle front-end segment, excluding revenue from trading operations)	1.7	1.7	2.0
Number of customer companies supplied with products	27	32	42
Total value of deals concluded by the Company, USD billion	3.3	2.0	3.0
Average headcount, persons	326	324	330
Taxes and levies paid, RUB billion	3.6	2.9	7.1

3.2. OPERATING RESULTS

URANIUM PRODUCTS

The Division remains one of the world’s leading suppliers of nuclear fuel cycle front-end products:

- All obligations under existing contracts in the reporting year were fulfilled on time and in full;
- Uranium products were supplied to 42 customers in 16 countries;
- The annual sales volume (revenue in the nuclear fuel cycle front-end segment, excluding revenue from trading operations) totalled about USD 2.0 billion;

- 28 deals, including side agreements to existing contracts, were concluded with 18 customers in eight countries;
- The value of the deals totalled about USD 3.0 billion, while the 10-year portfolio of orders (contracts in the nuclear fuel cycle front-end segment, excluding trading operations) totalled about USD 14.9 billion.

SOLUTIONS FOR SPENT NUCLEAR FUEL (SNF) MANAGEMENT

TENEX JSC continues to promote Russian services and technological solutions for the back end of the nuclear fuel cycle on the global market:

- The National Strategy for SNF Management based on conceptual solutions forming part of the Balanced Nuclear Fuel Cycle was developed and approved in August 2019 in Belarus with active support from TENEX JSC;
- A consortium of nuclear organizations headed by TENEX JSC continues to take part in a number of projects forming part of the Fukushima Daiichi nuclear disaster clean-up which involve performing molten nuclear fuel (corium) characterization and ensuring safety during its removal.

NEW BUSINESSES

TENEX JSC has partnered with Uranium One Group, Joint-Stock Company to develop ‘green’ energy projects:

- Pilot batches of wood pellets have been supplied to customers in the UK and Finland.

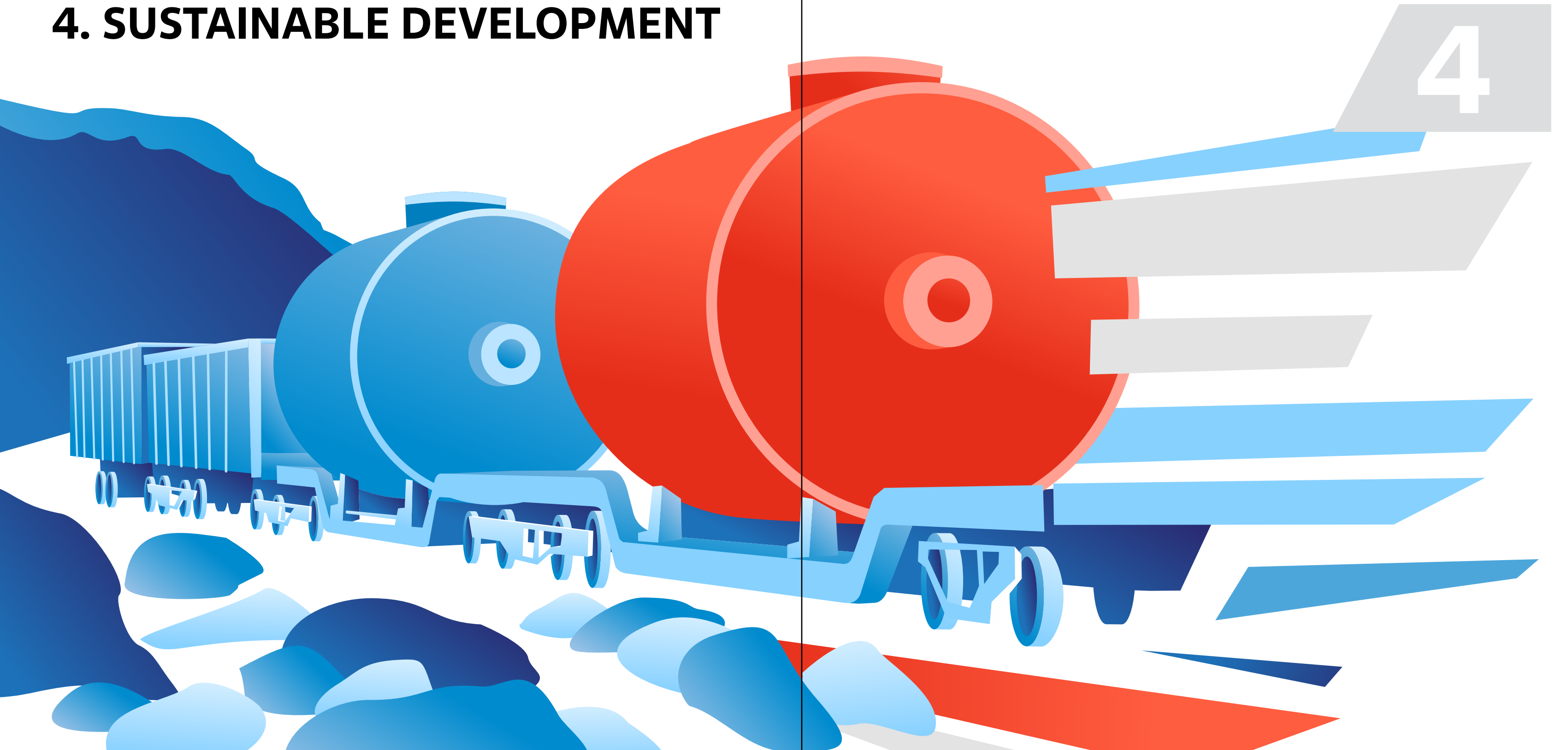
TRANSPORTATION AND LOGISTICS SERVICES

TENEX JSC is developing a transportation and logistics business in order to enter the global market:

- The Company acquired a 100% shareholding in NFC Logistics, Joint-Stock Company (formerly JSC FCNRS), which is being developed into a provider of logistics services in the nuclear fuel cycle;
- New routes in North America and Europe and transit corridors across Russia are being explored, including the Far Eastern transport corridor and the use of the Northern Sea Route in partnership with FSUE Atomflot;
- In the autumn of 2019, TENEX JSC provided a full range of logistics services for the transit of the first batch of low-enriched uranium across Russia to a specially built storage facility in Kazakhstan. The work was performed as part of a large-scale international initiative launched by the IAEA under a contract signed in 2018 as part of the 62nd session of the IAEA General Conference (Vienna, Austria).



4. SUSTAINABLE DEVELOPMENT



The Division shares the values of sustainable development and takes a responsible approach to managing its economic, social and environmental impacts, adhering to the principles of transparency and respect for the interests of its stakeholders.

The Division strictly complies with national legislation, international standards and agreements and generally accepted ethical rules of business conduct, and adheres to the principles of fairness and integrity when dealing with stakeholders.

To promote responsible practices across the Company’s supply chain, the Supplier Code of Conduct of TENEX JSC⁹ was developed and approved by the Director General in the reporting year; it is a set of fundamental principles of sustainable development, which form an integral part of the Division’s system of values. The Code is based on ROSATOM’s regulatory framework and practices, best practices adopted by major global companies, including our foreign customers, as well as international standards and initiatives, first and foremost the Universal Declaration of Human Rights adopted by the UN, International Labour Organization Conventions, the UN Global Compact and the Social Charter of Russian Business developed by the Russian Union of Industrialists and Entrepreneurs.

The Division has a zero-tolerance policy with regard to any forms of corruption. To ensure economic security and prevent corruption offences, TENEX JSC has established and continuously improves an anti-corruption system¹⁰.

⁹ For more details, see: <https://www.tenex.ru/#sustainability>

¹⁰ <https://www.tenex.ru/csr/anti-corruption/>

¹¹ Detailed information on the procurement procedures applied by the Company is available on the Company’s website.

In the reporting year, TENEX JSC continued to implement its Anti-Corruption Plan for the Period from 2018 through 2020 developed in accordance with the National Anti-Corruption Plan and the relevant plan of ROSATOM; the plan also incorporates the findings of analysis of corruption risks across all of the Company’s units.

Procurement activities of TENEX JSC comply with Federal Law No. 223-FZ of July 18, 2011 on the Procurement of Goods, Work and Services by Certain Types of Legal Entities and with the Uniform Industrial Procurement Standard¹¹.

In the course of its procurement activities, the Company seeks to make its procurement procedures as efficient, fair and transparent as possible; this includes providing unlimited access and support for small and medium-sized enterprises.

In the reporting year, the total procurement volume in the Division exceeded RUB 3.0 billion. Savings totalled about RUB 1.6 billion.

Procurement from small and medium-sized enterprises (SMEs) made up 71.5%¹² of the total annual value of contracts concluded by the Company, while the share of procurement from SMEs based on tendering only among SMEs totalled 42.0%¹³.

In 2019, there were no complaints of violations in the course of procurement procedures.

¹² With the threshold set at 18% pursuant to Decree No. 1352 of the Government of the Russian Federation dated December 11, 2014 on the Special Features of Participation of Small and Medium-Sized Enterprises in the Procurement of Goods, Work and Services by Certain Types of Legal Entities.

¹³ With the threshold set at 15% pursuant to Decree No. 1352 of the Government of the Russian Federation dated December 11, 2014.

KEY PROJECTS IMPLEMENTED IN 2019 IN THE DIVISION’S REGIONS OF OPERATION

The Company continues to provide targeted financing (grants) for programmes and projects in the sphere of environmental protection, culture, education and sports.

In the reporting year, TENEX JSC provided financial support for a number of projects, including the following:

■ Upgrading the infrastructure of the Lazovsky Nature Reserve, the Zov Tigra National Park and the Sikhote-Alin Nature Reserve as part of the project to support environmental initiatives to study and preserve the Siberian tiger population (Autonomous Non-Commercial Organization Amur Tiger Centre);

■ Creating a unique photographic monitoring network to study the behaviour of wild animals (leopards, tigers, bears, etc.) in the Land of the Leopard National Park and assess the size and status of their population as part of the project to support environmental initiatives aimed at preserving Amur leopards and creating an international molecular genetics database (Autonomous Non-Commercial Organization Eurasian Centre of Saving Far Eastern Leopards);

■ Organizing the 2019 Moscow Non-Proliferation Conference, which was attended by almost 300 participants from 38 countries worldwide and specialized international organizations (Centre for Energy and Security Studies);

■ Preparing the exhibit booth of the Russian Federation, ‘Tracking Progress: Russia and SDG Implementation by 2030. National SDG Indicator Set’, for participation in the 25th session of the Conference of the Parties to the United Nations Framework Convention on Climate Change (Madrid, Spain) (International Ecological Public Organization GREENLIGHT);

■ Organizing the 11th Nuclear Kids Network Camp; this initiative included staging a unique new musical, *In the Beginning Was the Word*, which featured teenage actors from ROSATOM’s countries of operation (Autonomous Non-Profit Organization Nuclear Industry Information Centre);

■ The Music Academy of Nuclear Towns and Cities under the Patronage of Yuri Bashmet; as part of this project, more than 70 musically gifted children took part in masterclasses and concerts, and a Youth Orchestra of Nuclear Towns and Cities was created afterwards (Autonomous Non-Profit Organization Territory of Culture);

■ Holding the 13th annual prize-giving ceremony of the Golden Belt National Award in the field of martial arts, the 12th Open National Youth Martial Arts Games and the Battle of Champions 11 Martial Arts Forum (Russian Union of Martial Arts);

■ Organizing the Open National Aikido Festival and the official prize-giving ceremony of the Tornado Award of the Russian National Aikido Board for developing and promoting the art of aikido; the event was attended by more than 700 athletes from Russia, Belarus, Ukraine, Uzbekistan, Kyrgyzstan and Poland (Russian National Aikido Board).

For years, volunteering has been one of the key elements of the corporate culture of TENEX JSC.

Since 2012, the Company’s employees donate blood in a mobile blood transfusion centre as part of blood donation campaigns regularly organized by the Company. They have already helped to save the life and health of several hundreds of patients at the Dmitry Rogachev National Medical Research Centre of Pediatric Hematology, Oncology and Immunology, the Botkin Hospital, Moscow City Clinical Hospital No. 52 and the A.N. Bakulev Research Centre of Cardiovascular Surgery. In recent years, participants of blood donation campaigns organized by the Company have also included employees of ROSATOM and its organizations, as well as partner companies with which TENEX JSC cooperates on various corporate social responsibility projects.

In the reporting year, about 150 people donated blood as part of two campaigns organized in cooperation with the A.N. Bakulev Research Centre of Cardiovascular Surgery.

A total of more than 75 litres of whole blood were donated. The campaign also included a traditional charitable donation to raise funds for the treatment of children supported by the Podari Zhizn Charitable Foundation.

Ahead of Children’s Day, TENEX JSC and JSC Atomenergomash held a joint charity fair at the Company’s office. As part of this event, the companies’ employees had an opportunity to buy souvenirs made by children supported by charitable organizations: the Uytka project run by the Vse Vmeste Charity Association, ANO Centre Space for Communication, the Orphan Opportunity Centre Step Up, the Konstantin Khabensky Foundation and the Nastenka Charity Foundation.

Funds collected at the fair were used to provide assistance to orphans, disabled children and children suffering from developmental disorders and cancer.

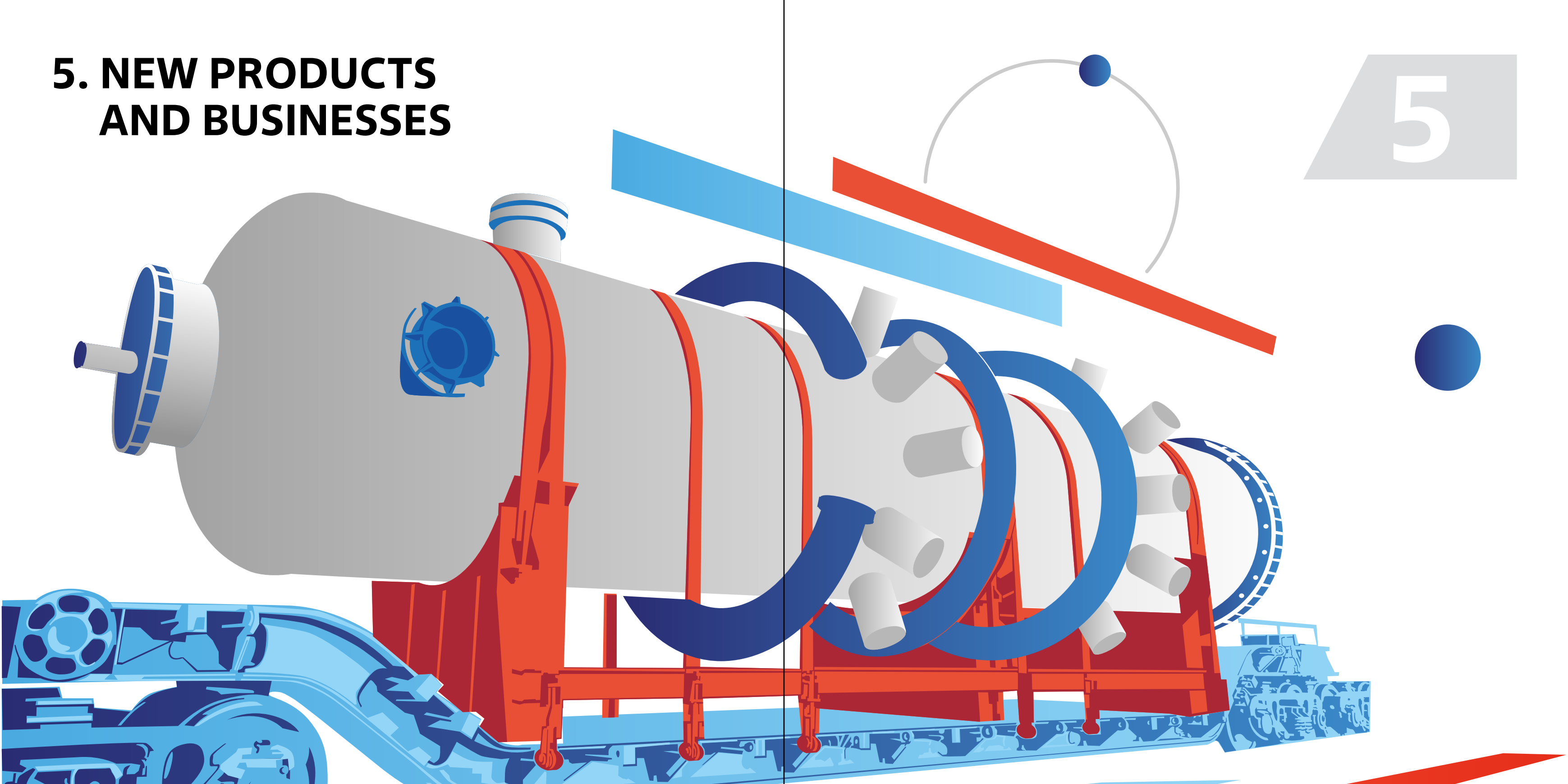
In July and August 2019, employees of TENEX JSC joined a campaign titled *School Bag for a Friend*, which was launched by the Russian Movement of Schoolchildren. As part of the campaign, a total of 8.5 tonnes of school supplies were collected for school students from the town of Tulun (Irkutsk Region) whose families had been affected by a flood.

In December, the Company held a traditional New Year campaign jointly with Uranium One Group, Joint-Stock Company to support children at the Spirovo Welfare Shelter (in the village of Spirovo, Tver Region), which provides care and temporary accommodation for socially disadvantaged children suffering hardship.

Funds collected by employees were used to buy household items and organize a children’s event, including workshops and greetings from Father Christmas and the Snow Maiden.

5. NEW PRODUCTS AND BUSINESSES

5



Given existing policies and legal rules of some countries on reducing greenhouse gas emissions and increasing the share of renewables in the energy mix, TENEX JSC has partnered with Uranium One Group, Joint-Stock Company and is actively working to expand its product offer for companies committed to producing and using ‘green’ energy.

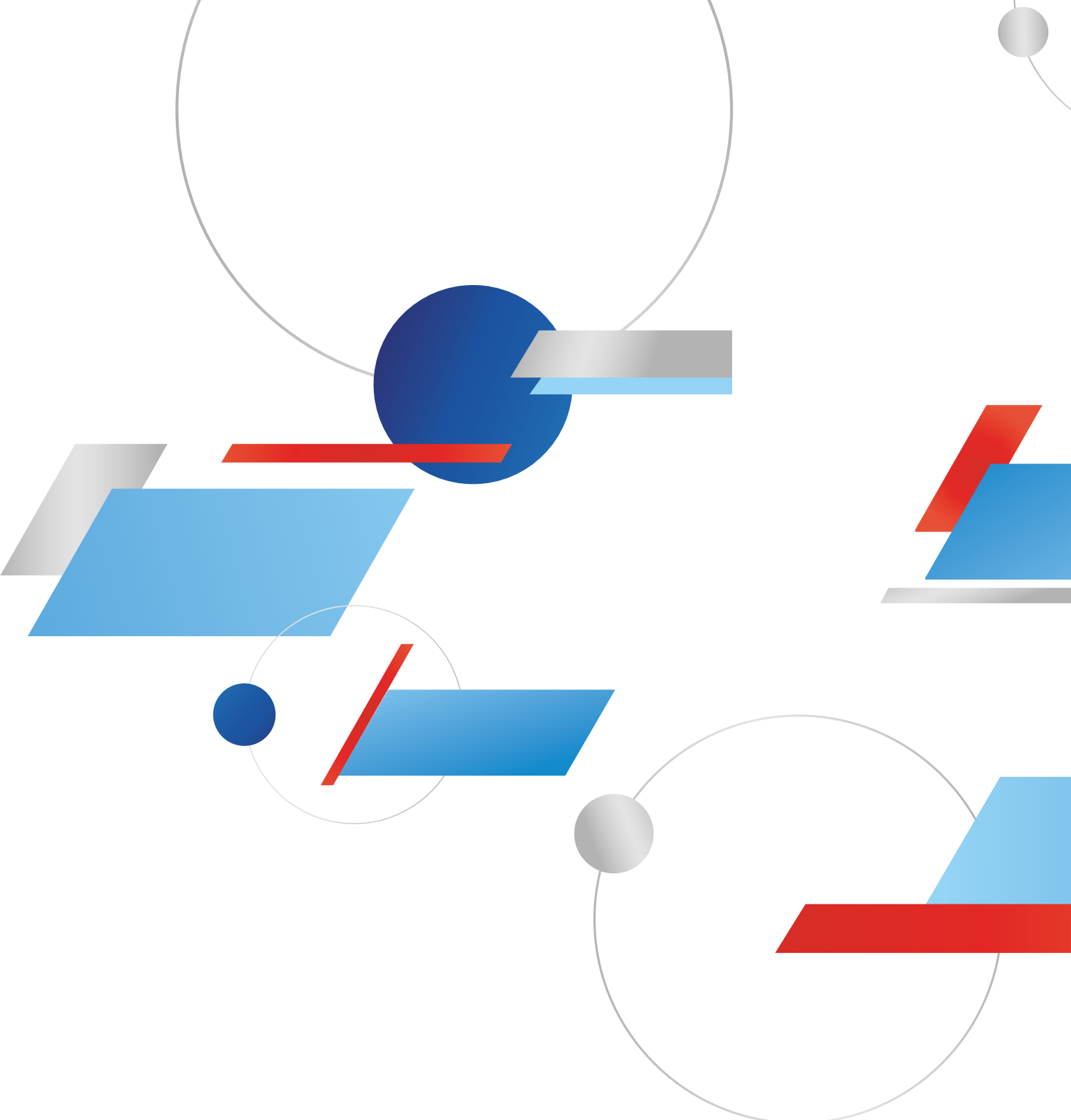
New promising business areas include bioenergy. Solid biofuel is a renewable energy source; unlike solar and wind power, it has no restrictions related to seasonal factors, weather conditions, etc.

Development of this area contributes to environmental improvement globally and promotes a transition to sustainable production and consumption models, as a zero-waste production system is being developed in the timber industry. In the reporting year, pilot batches of wood pellets were supplied to customers in the UK and Finland.

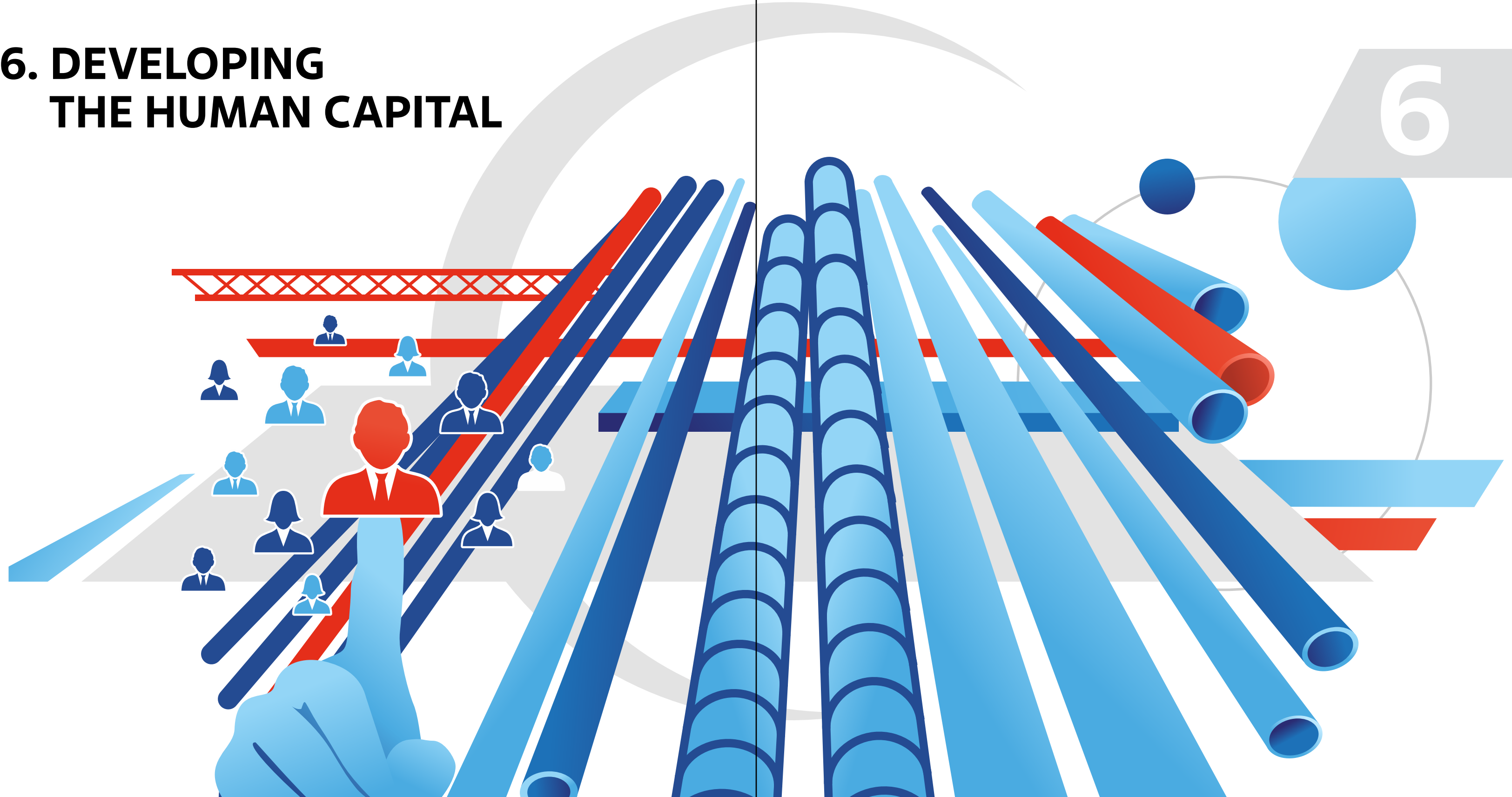


Another promising area is the production of metals required for the manufacture of energy storage systems for renewable energy.

Rare and rare-earth metals are a crucial component of almost any high-technology product and are at the core of most technological solutions of the future. TENEX JSC is currently evaluating deposits of rare and rare-earth metals, primarily lithium, in order to determine whether it is advisable to participate in their development.



**6. DEVELOPING
THE HUMAN CAPITAL**



Highly qualified employees are a key strategic resource and the main asset of the Division.

The findings of the annual survey conducted by ROSATOM show that in the reporting year, the employee engagement rate at TENEX JSC increased by 3% year on year to 82%.

In the reporting year, the average headcount in the Company increased by six persons. As at December 31, 2019, the actual workforce size (headcount) totalled 338 employees. There were no significant changes in personnel structure compared to 2018.

WORKFORCE SIZE, PERSONNEL STRUCTURE AND MOVEMENT

Indicators/year	Unit of measurement	2017	2018	2019
Average headcount	persons	326	324	330
Actual workforce size (headcount)	persons	362	374	338
including:				
women	%	57	57	58
men	%	43	43	42
under 30	%	13	12	13
aged 30 to 50	%	73	75	73
over 50	%	14	13	14
Share of employees aged under 35	%	41	36	32
Average age of executives	years	45	45	43
Average age of specialists	years	38	38	40
Part-time employees, total	persons	4	4	1

Indicators/year	Unit of measurement	2017	2018	2019
including:				
women	persons	4	4	0
men	persons	0	0	1
Employees on fixed-term contracts, total	persons	27	16	10
including:				
women	persons	13	10	5
men	persons	14	6	5
Newly hired employees, total	persons	40	70	49
	%	11	19	14
including:				
women	persons	23	36	13
men	persons	17	34	2
under 30	persons	20	15	3
aged 30 to 50	persons	19	47	10
over 50	persons	1	8	2
Dismissed employees, total	persons	35	60	78
		10	16	23
including:				
women	persons	21	30	46
men	persons	14	30	43

Indicators/year	Unit of measurement	2017	2018	2019
under 30	persons	2	10	16
aged 30 to 50	persons	30	35	56
over 50	persons	3	15	18

In the reporting year, almost half of the Company's employees completed training and professional development programmes. Detailed information is provided in the table below:

Training hours totalled about 8,800 hours.

TRAINING AND PROFESSIONAL DEVELOPMENT OF EMPLOYEES

Indicator	2017	2018	2019
Annual average training hours	5,104	7,427	8,836
Annual average training hours per employee included in the average headcount, hours/person	16	23	27

CHANGES IN PERSONNEL TRAINING COSTS OVER A THREE-YEAR PERIOD

Indicator	2017	2018	2019
Total personnel training costs, RUB million	4.1	7.0	6.9
Personnel training costs per employee included in the average headcount, RUB '000/person	12.6	21.7	20.9

TENEX JSC adheres to the laws of the Russian Federation, industry and local regulations and the Industry-Wide Agreement on Nuclear Power, Industry and Science between ROSATOM, the Russian Union of Employers in the Nuclear Power, Industry and Science and the Russian Trade Union of Nuclear Power and Industry Workers, and strictly complies with employment standards¹⁴.

In the reporting year, the minimum salary in the Company¹⁵ totalled RUB 50,000, which is 2.5 times higher than the minimum salary in Moscow¹⁶. In 2019, the average salary at TENEX JSC totalled RUB 225,000, which is almost 2.5 higher than the average salary level in Moscow¹⁷.

In the reporting year, there were no complaints about the Company's employment practices; no instances of discrimination or infringement of employee rights were revealed in the reporting period.

¹⁴ The Company notifies its employees of forthcoming significant changes in the regulation of social and labour relations two months in advance.

¹⁵ The basic salary level is the same for men and women.

¹⁶ Tripartite Agreement on the Minimum Salary in Moscow for the period from 2019 through 2021.

¹⁷ https://rosstat.gov.ru/labor_market_employment_salaries

6.1. SOCIAL POLICY

The Company’s social policy is aligned with the Uniform Industry-Wide Social Policy approved by ROSATOM¹⁸.

The Regulation of TENEX JSC on Social Benefits and Incentives¹⁹ stipulates the types, amount and conditions for the provision of financial assistance, sick pay, and the procedure for rewarding employees who have received awards from the Government of the Russian Federation.

To retain and motivate its employees and become more attractive as an employer, the Company is implementing various social programmes.

The Company arranges voluntary health insurance for its employees in accordance with the Industry-Wide Standard on Voluntary Health Insurance²⁰.

In the reporting year, the cost of voluntary health insurance provided for employees under the contract concluded in 2019 between TENEX JSC and SOGAZ Insurance Group totalled RUB 10.5 million.

In addition, in December of the reporting year, 129 employees of TENEX JSC underwent health screening.

All of the Company’s employees are also provided with insurance against accidents and diseases. In 2019, insurance premiums paid by TENEX JSC to SOGAZ JSC totalled RUB 351,000. No insurable events resulting in insurance claims occurred.

As at December 31, 2019, the corporate pension plan²¹ implemented through the industry-wide Non-State Pension Fund Atomgarant covered 62 people. Pension contributions paid into personal pension accounts of the participants of the pension plan of TENEX JSC in the reporting year totalled about RUB 1.6 million.

To provide financial assistance to retired employees who have made an important contribution to the development of the industry, in the reporting year, the Company allocated about RUB 0.7 million as part of ROSATOM’s corporate social programme.

¹⁸ TENEX JSC has not concluded a collective agreement.

¹⁹ The Regulation applies to all employees who have employment contracts with the Company, except for those who are on probation, have a second job or whose employment contract has a term of up to one year.

²⁰ Insurance covers qualified medical care provided to employees, including outpatient care, emergency care, dental care provided in specialized clinics and inpatient care.

²¹ A single pension scheme financed through joint contributions has been established for all participants of the pension plan: approved contributions from the Company (depending on the length of employment of an employee) and voluntary contributions by the employee (totalling no less than 25% of the amount of the Company’s contributions) are paid annually into the personal pension account.

CHANGES IN THE COMPANY’S EXPENDITURE ON SOCIAL PROGRAMMES

Indicator	2015	2016	2017	2018	2019
Expenditure on social programmes, total, RUB million	13.6	12.0	15.4	15.6	21.7
Expenditure on social programmes per employee included in the headcount, RUB ‘000/person	38.4	33.2	42.5	41.7	64.3

6.2. OCCUPATIONAL SAFETY AND HEALTH

Occupational safety and health measures in the Company comply with the Labour Code of the Russian Federation, the Single Industry-Wide Policy of ROSATOM and Its Organizations on Occupational Safety and Health, the Regulation on the Organization of Occupational Safety and Health Measures at TENEX JSC (STO-09-030-082-2009) and other regulations applicable in the Russian Federation. In 2019, regulatory and supervisory government agencies did not conduct an audit of the Company’s compliance with occupational safety and health requirements.

No workplace injuries or accidents, including fatalities, and no instances of occupational diseases were recorded in the reporting year; the Lost Time Injury Frequency Rate (LTIFR) stood at zero.

Given that the Company fully complies with occupational safety and health requirements, the Social Insurance Fund of the Russian Federation gave the Company a 40% discount on compulsory social insurance for employees against workplace accidents and occupational diseases for 2020.

7. DEVELOPING THE REGIONS OF OPERATION



The long-term overseas order portfolio of TENEX JSC, which is worth billions of US dollars, ensures a high level of capacity utilization in the industry²² and, accordingly, provides employment for several thousand people working for ROSATOM’s enterprises, most of which play a central role in the economy of their host towns and cities.

Revenue from sales of NFC products by TENEX JSC makes up about 30% of ROSATOM’s total revenue from foreign operations. The Company’s net profit is an important source of investment in the Russian nuclear industry and is allocated entirely for the financing of industry-wide development programmes.

²² The Company’s export programme accounts for up to a half of the total annual utilization of enrichment capacities of TVEL JSC.

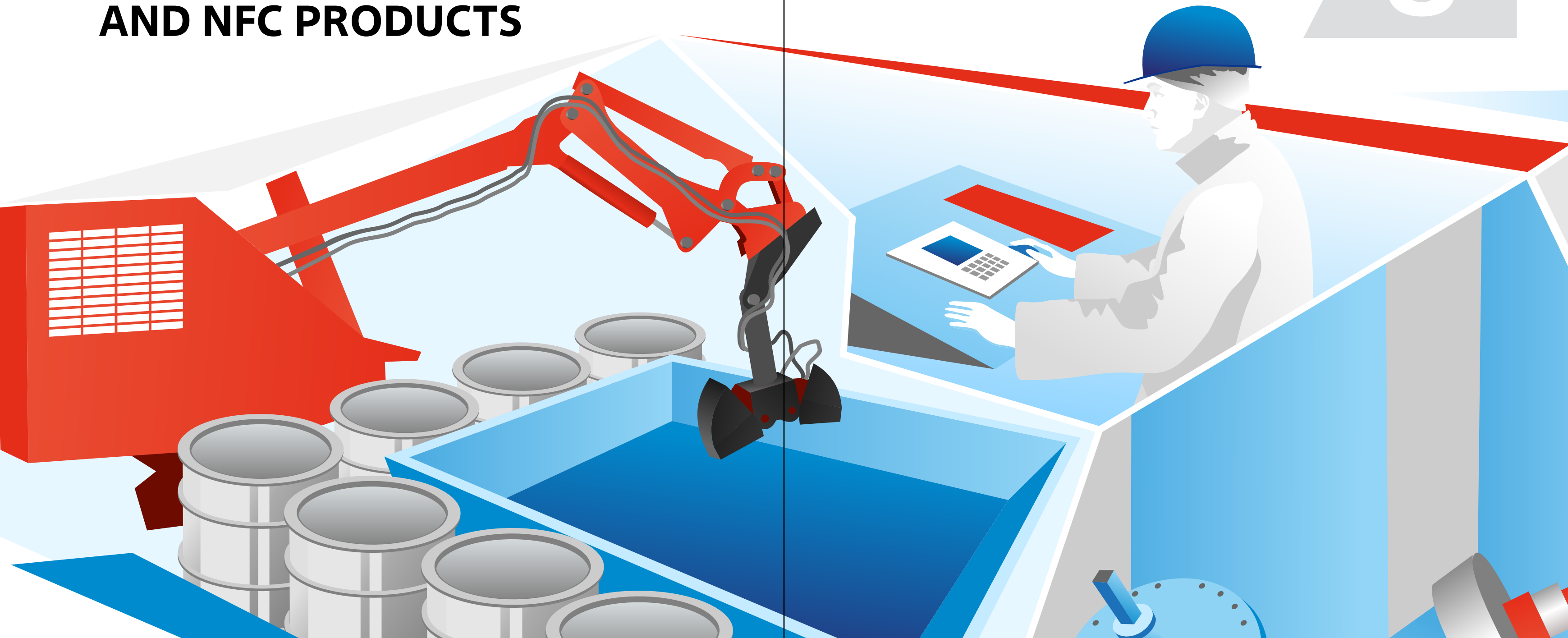
TAXES AND LEVIES CHARGED AND PAID TO THE BUDGETS OF ALL LEVELS AND EXTRA-BUDGETARY FUNDS IN 2019, RUB MILLION

Indicator	Charged	Paid
Taxes and levies, total, including:	5,450.53	7,078.32
Taxes, including:	5,196.03	6,837.55
Regional budget (Moscow), including:	10.73	9.55
income tax	-	-
property tax	10.73	9.550
Federal budget, including:	-	-
income tax	-	-
Income tax within the CTG ²³	5,185.30	6,828.00
Levies, including:	254.50	240.77
Extra-budgetary funds (insurance contributions)	254.50	240.77

²³ Since 2013, the Company is a party to an agreement on establishing a consolidated taxpayer group (CTG) in order to pay income tax pursuant to Federal Law No. 321-FZ of November 16, 2011 on Amendments to Parts One and Two of the Tax Code of the Russian Federation in Connection with the Establishment of a Consolidated Group of Taxpayers. The CTG is comprised of companies managed by ROSATOM. The tax is paid through JSC Atomenergoprom as a responsible member of the CTG.

8. SAFETY OF NUCLEAR TECHNOLOGIES AND NFC PRODUCTS

8



Ensuring radiation safety during the transportation of nuclear materials in accordance with the terms of the licence obtained from the Federal Environmental, Industrial and Nuclear Supervision Service (Rostekhnadzor)²⁴ is one of the top priorities of the Company’s environmental policy.

Products are transported in special packaging fully compliant with safety requirements and issued with Russian certificates of permission for packaging design and transportation, as well as national certificates of countries of destination. TENEX JSC monitors the validity periods and relevance of certificates of permission and verifies whether its Russian suppliers have licences from Rostekhnadzor for operations involving the use of nuclear energy and whether they have in place emergency response plans with regard to potential transport accidents.

To ensure safety across the supply chain, contracts concluded between the Company and its counterparties include clauses stipulating that the counterparties must ensure nuclear and radiation safety during the transportation and in-transit storage of nuclear materials in accordance with applicable legislation, federal and industry rules and standards.

In accordance with Federal Law No. 170-FZ of November 21, 1995 on the Use of Nuclear Energy, losses and damage suffered by legal entities and individuals in the event of radiation exposure in the course of transportation of nuclear materials used by TENEX JSC shall result in civil liability for the Company as an operator. The risk of losses and damage to third parties in the course of transportation of nuclear materials is shared by the Company and its counterparties, as stipulated in the relevant agreements.

Civil liability insurance is arranged on the basis of coinsurance and joint responsibility under general third-party liability insurance contracts for the transportation of radioactive substances, nuclear materials and items containing such materials; under these contracts, the Company obtains the relevant general liability insurance policies. TENEX JSC also arranges one-off third-party liability insurance every time when radioactive materials are transported across the Russian Federation (including in Russia’s territorial waters and airspace), stored in transit, loaded and unloaded under contractor agreements.

TENEX JSC has approved a Radiation Protection Programme for the Transportation of Nuclear Materials; the Company records and monitors nuclear materials in its possession and ensures physical security of nuclear materials in the course of transportation.

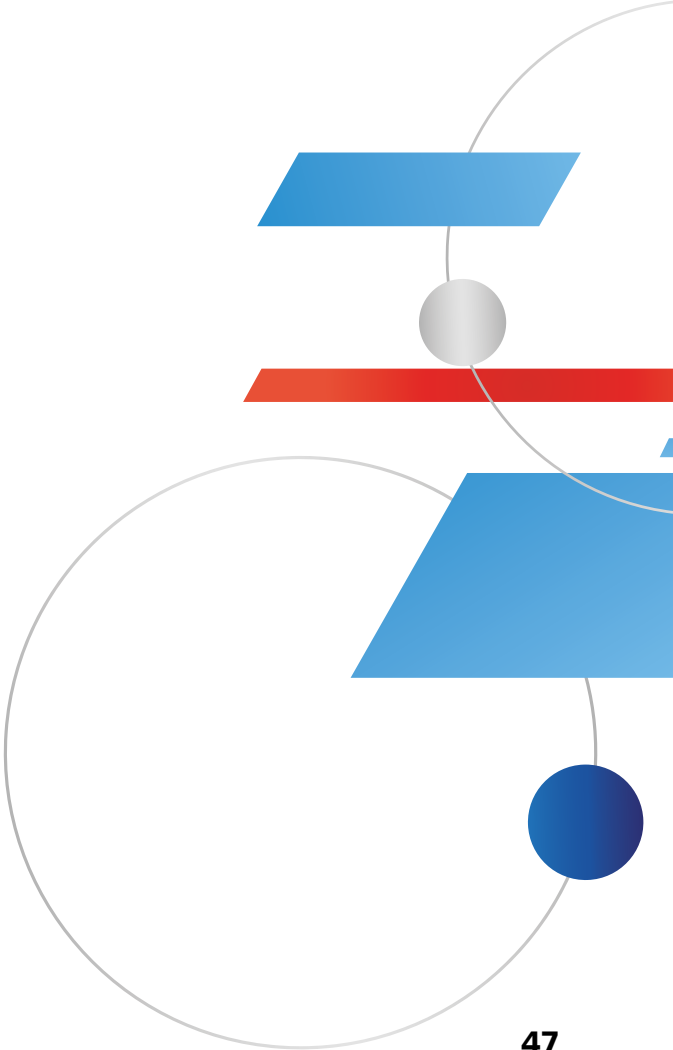
²⁴No. GN-05-401-3306 dated December 21, 2016; valid until 2021.

As part of the national system for recording and monitoring nuclear materials, TENEX JSC has established a chain of custody covering all business and process operations involving nuclear materials owned by the Company; this includes maintaining a register based on the collection, processing, analysis and storage of information on the volume of nuclear materials and their movement, including export and import.

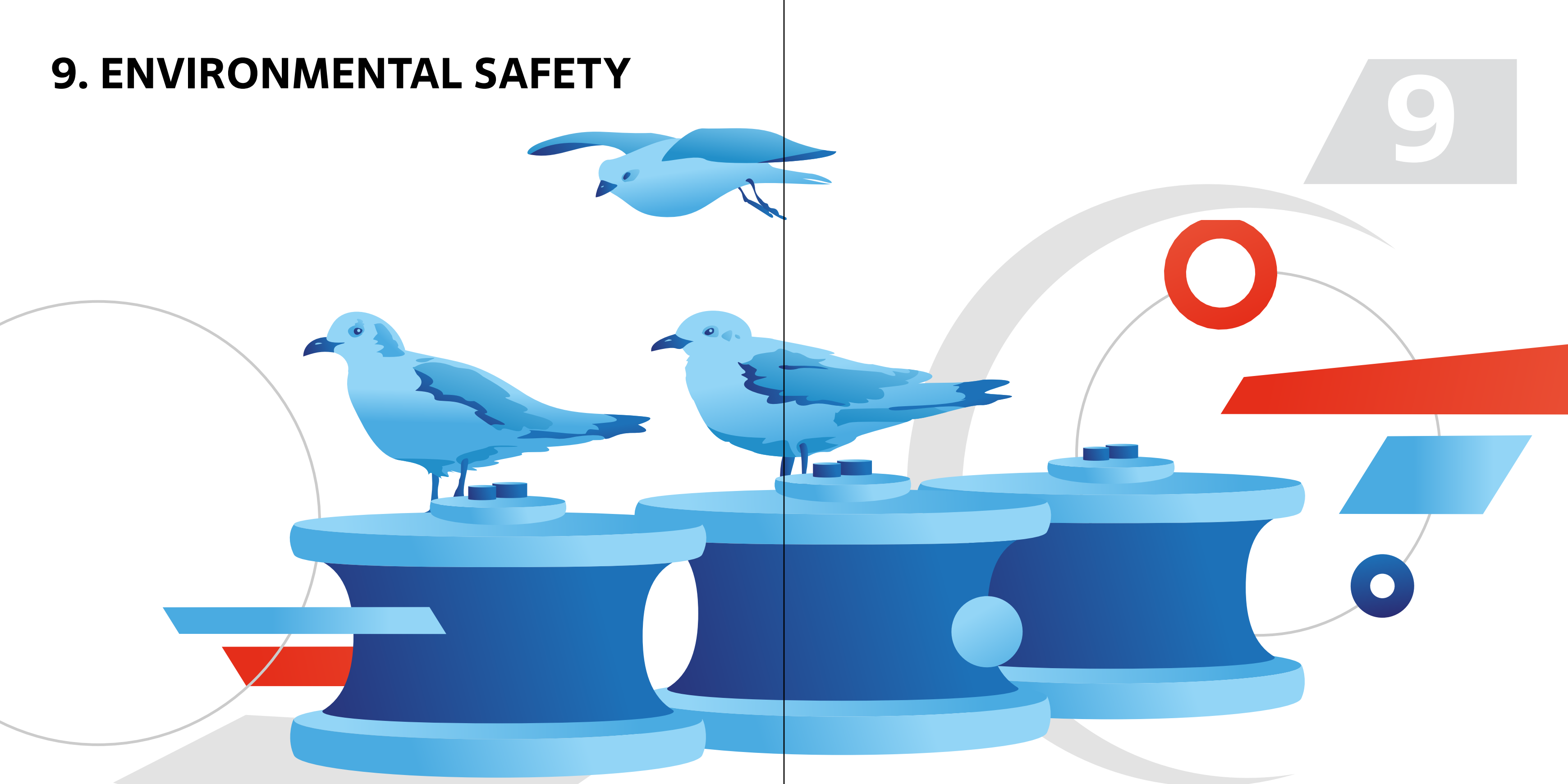
After an inventory of nuclear materials was compiled by the Company jointly with TVEL JSC, JSC Uranium Enrichment Centre and counterparties pursuant to order No. 006/408-P of the Director General of TENEX JSC dated November 29, 2019, no anomalies were found in the records of nuclear materials.

As part of monitoring of the movement of nuclear materials, in 2019, the Company prepared the following documents and submitted them to ROSATOM: 12 notifications of the movement of nuclear materials owned by TENEX JSC, four reports on the movement of special feedstock and fissionable materials by type of material, as well as information on the findings of inspections conducted at TENEX JSC and its subsidiary, JSC SPb IZOTOP, by regulators and supervisory agencies overseeing the circulation of nuclear materials.

Pursuant to Intergovernmental Agreements with the US and Canada on Cooperation in the Peaceful Use of Nuclear Energy and the relevant Administrative Arrangements, in 2019, the Company prepared 50 notifications and items of documentary evidence with regard to the import of nuclear materials covered by the said agreements into Russia and their export from Russia, as well as 4 reports on the movement of nuclear materials covered by the Intergovernmental Agreement between Russia and Canada on Cooperation in the Peaceful Use of Nuclear Energy and the relevant Administrative Arrangements, and submitted these documents to ROSATOM.



9. ENVIRONMENTAL SAFETY



The environmental policy of TENEX JSC is aimed at creating a safe environment in Russia and abroad for exporting and importing NFC products.

**THE FUNDAMENTAL PRINCIPLES
OF THE COMPANY’S ENVIRONMENTAL POLICY
INCLUDE:**

- Strict compliance with legislative requirements for nuclear and radiation safety and environmental protection;
- Providing information on environmental aspects of the Company’s business to a wide range of stakeholders, communicating and cooperating with environmental non-governmental organizations;
- Continuous monitoring of environmental aspects of operations of manufacturers of products exported by the Company and providers of the relevant transportation services;
- Taking steps to minimize the risk of environmental damage.

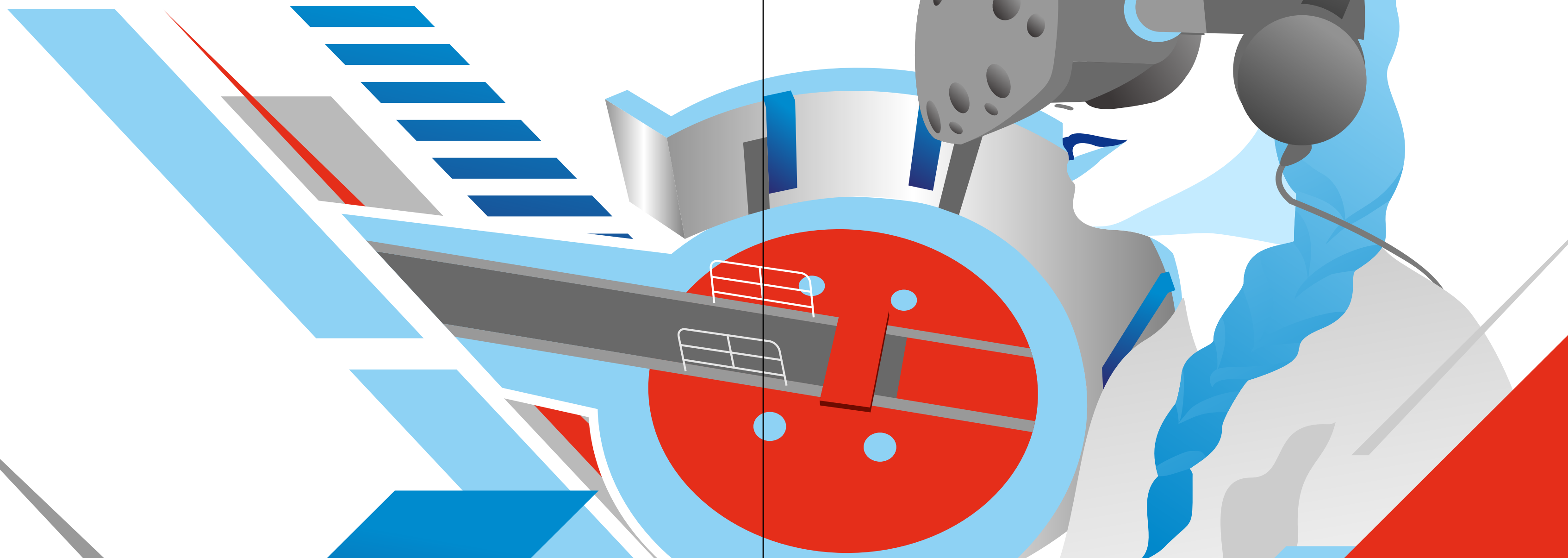
As part of its environmental policy, the Company has developed a system of goals, objectives and indicators and a programme for monitoring threats, risks and environmental aspects. The Company is improving its environmental management system, which has undergone certification to the ISO 14001:2015 standard, and works continuously to raise environmental awareness and foster an environmental culture among employees of TENEX JSC and its subsidiaries²⁵.

²⁵ The Company does not keep records of energy consumption in physical or monetary terms; the relevant expenses are included in office lease costs.

In the reporting year, regulatory and supervisory bodies conducted no inspections; no fines or non-financial sanctions were imposed on TENEX JSC for non-compliance with environmental legislation.

10. RISKS SPECIFIC TO THE DIVISION AND MANAGEMENT APPROACHES

10



The Company established a Risk Management System aligned with the industry-wide risk management system in 2010²⁶.

DETAILED INFORMATION ON THE MOST SIGNIFICANT RISKS FACED BY TENEX JSC
AND THE RELEVANT RESPONSE MECHANISMS

Risks on the business planning horizon	Response mechanisms
Commodity price risk Macroeconomic risks	Maintaining an optimal balance between market-focused and escalation pricing (based on benchmark price inflation) in contracts. Aligning pricing mechanisms used for procurement and those used in contracts with a high level of commodity risk.
Commodity volume risk	Discussing the volume of future orders with customers in advance. Embedding quantitative flexibility and options in contracts with customers to align purchase and sales volumes. Providing supply guarantee mechanisms.
Political risks	Developing and implementing action plans in the event of sanctions, as well as responding to the tightening of existing and the imposition of new trade restrictions on target end markets. Obtaining general export licences. Taking into account political interests of governments in the target markets.
Risk of deal cancellation	Reaching a compromise with customers on changes to the product delivery time as a best alternative to deal cancellation. Including deals in the Company's performance targets after obtaining reasonable assurance that they are feasible.

²⁶ Detailed information is available in previous public annual reports of the Company: <https://www.tenex.ru/disclosure/pa-reporting/>



Risks on the business planning horizon	Response mechanisms
Competition risks	Leveraging non-price factors to gain a competitive advantage by providing comprehensive services (in both the front and back ends of the nuclear fuel cycle) to customers and finding new strategic marketing forms and tools. Taking steps to mitigate existing trade restrictions on foreign markets. Taking steps to improve Russian legislation in order to ensure that foreign customers' orders are fulfilled on the same terms as those set by the Company's rivals.
Risk of a reduction in market capacity	Supply diversification with a focus on growing markets. Searching for new marketing tools and sales infrastructure. Promoting an integrated offer (in the front and back ends of the nuclear fuel cycle).
Currency risk	'Natural' hedging against currency risk by concluding credit facility agreements and paying for goods and services purchased by the Company in the currency of revenue (where possible) in order to reduce the Company's open currency position. Financial hedging in accordance with the applicable regulation on currency risk management of TENEX JSC.

To manage high-impact, low-probability risks, and in cases stipulated by legislation, TENEX JSC arranges insurance.

In 2019, the Company traditionally arranged insurance against civil liability for nuclear and radiation damage (compulsory insurance)²⁷, and against the risk of cargo loss and damage during the transportation of nuclear materials in the course of manufacture of uranium products by enterprises in the industry.

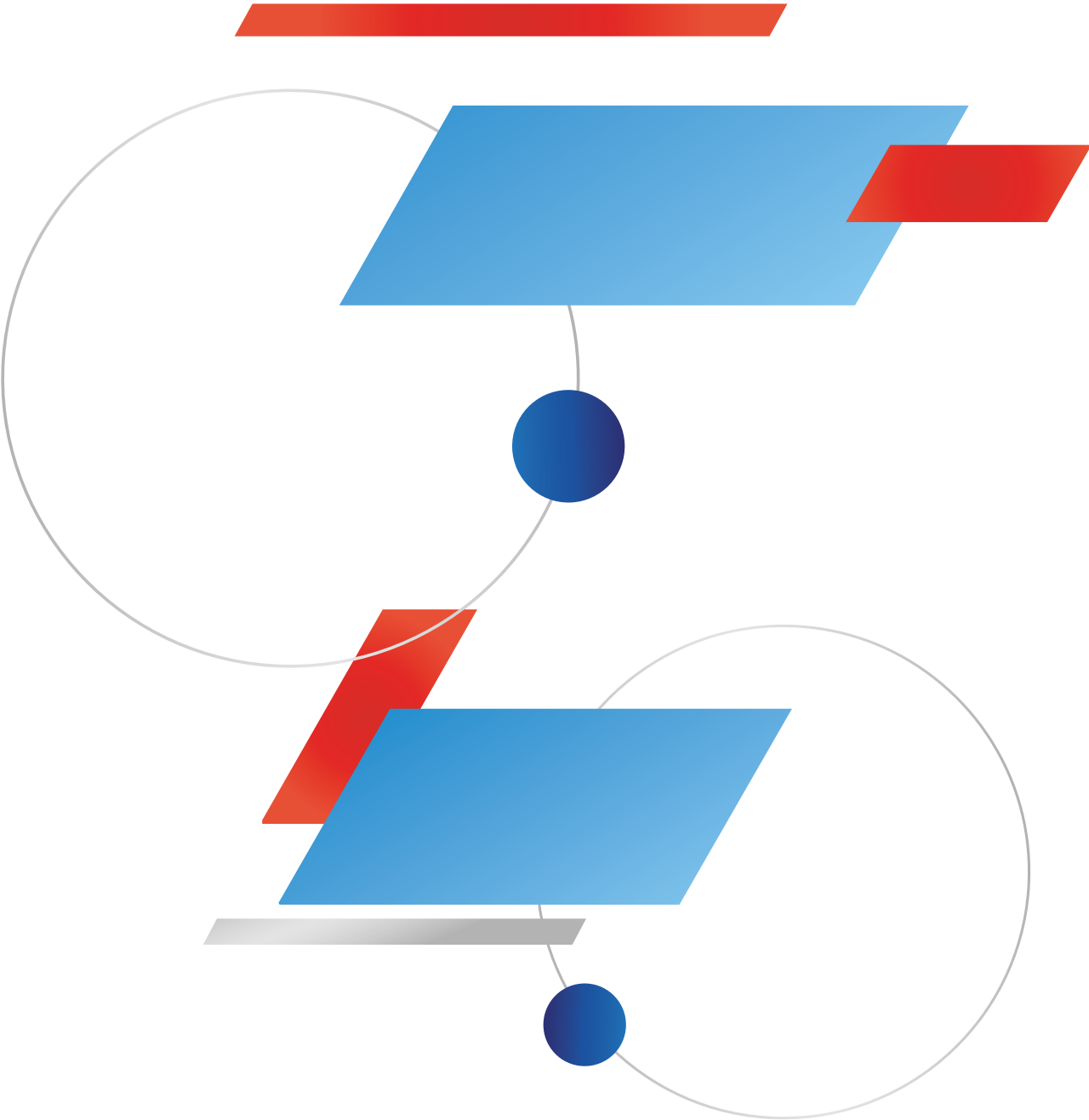
Although the likelihood of the risk of loss of and damage to nuclear materials in the course of manufacture of uranium products by enterprises in the industry is low, TENEX JSC has decided that it is necessary to arrange insurance against this risk to ensure the sustainable development of the Company's business.

Insurance is arranged in accordance with the Uniform Industrial Procurement Standard after a rationale is provided for the size of insurance premiums relative to risk exposure, including the impact of potential damage on the continuity, stability and sustainable development of the Company's business.

The Company did not arrange insurance against counterparty credit risk (risk of counterparty default on payment)²⁸ in the reporting year. The Company monitors the financial position of its counterparties on a regular basis through an internal counterparty solvency rating system.

²⁷ In accordance with the Uniform Industry-Wide Methodological Guidelines on Arranging Insurance against Civil Liability for Nuclear Damage, adopted in the Company pursuant to order No. 006/27-P of the Director General dated January 29, 2014.

²⁸ In accordance with the Methodology for Managing Counterparty Credit Risk under Contracts for the Supply of Uranium Products, approved pursuant to order No. 006/346-P of the Director General dated November 21, 2014.



11. ADDITIONAL INFORMATION



Disclosure	Comment / reference to the relevant Chapter
GRI 102. General Disclosures (2016)	
102-1	See Chapter 2.
102-2	See Chapter 2.
102-3	See Chapter 2.
102-4	See Chapter 2.
102-5	See Chapter 2.
102-6	See Chapter 2.
102-7	See Chapter 3.
102-8	See Chapter 6.
102-10	There were no significant changes in the supply chain.
102-11	When managing its operational risks, TENEX JSC is guided by the precautionary principle: unless it has been confirmed that such risks will not have a negative impact on third parties or the environment, these risks must be identified, assessed, managed and monitored as part of the Company's management systems. Regardless of the practice of insuring against some of these risks (including the risks of nuclear and radiation damage, cargo loss and damage), the Company also takes preventive measures to mitigate these risks.
102-12	See Chapter 4.
102-13	TENEX JSC is a member of well-established international specialized organizations, including the World Nuclear Association, the Nuclear Energy Institute, the World Nuclear Fuel Market and the World Nuclear Transport Institute ³⁰ .
102-14	See Chapter 1.
102-15	See Chapter 10.
102-16	See Chapters 4 and 7.
102-18	See Chapter 2.

²⁹ The titles of the GRI Standards have been translated into Russian by TENEX JSC.

³⁰ For more details, see: http://tenex.ru/upload/iblock/1ee/membership_ru.pdf

Disclosure	Comment / reference to the relevant Chapter
102-22	See Chapter 2.
102-23	See Chapter 2.
102-32	See the title page.
102-40	The Company's stakeholders traditionally include representatives of ROSATOM and its organizations, suppliers and customers, non-governmental and expert organizations.
102-41	See Chapter 6.
102-44	See Chapter 12.
102-45	See Chapter 12.
102-46	See Chapter 12.
102-47	See Chapter 12.
102-48	See Chapter 12.
102-49	See Chapter 12.
102-50	See Chapter 12.
102-51	See Chapter 12.
102-52	See Chapter 12.
102-53	See Contact Details.
102-54	See Chapter 12.
102-55	See Chapter 11.
GRI 103. Management Approach (2016)	
103-1	
103-2	

Disclosure	Comment / reference to the relevant Chapter
103-3	See Chapters 4, 5, 6, 7, 8, 9.
GRI 201. Economic Performance (2016)	
201-3	See Chapter 6.
GRI 202. Market Presence (2016)	
202-1	See Chapter 6.
GRI 203. Indirect Economic Impacts (2016)	
203-2	See Chapters 4, 7.
GRI 205. Anti-Corruption (2016)	
205-1	Corruption risk assessment is performed for all of the Company's units.
205-2	Information on anti-corruption policies and procedures applied by the Company is available on the Company's official website and on the corporate portal.
205-3	To prevent conflicts of interest and incidents of corruption, in the reporting year, 1,387 contracts with counterparties were reviewed; 128 potential counterparties were screened; 29 competitive, 321 non-competitive and 248 procurement procedures with a value of less than RUB 100,000 were reviewed. No instances of corruption or fraud on the part of the Company's employees or counterparties in the course of contract performance or procurement activities were revealed.
GRI 307. Environmental Compliance (2016)	
307-1	See Chapters 8, 9.
GRI 401. Employment (2016)	
401-1	See Chapter 6.
401-2	See Chapter 6.
GRI 402. Labour/Management Relations (2016)	
402-1	See Chapter 6.

Disclosure	Comment / reference to the relevant Chapter
GRI 403. Occupational Health and Safety (2018)	
403-2	See Chapter 6.
GRI 404. Training and Education (2016)	
404-1	See Chapter 6.
GRI 405. Diversity and Equal Opportunity (2016)	
405-2	See Chapter 6.
GRI 406. Non-Discrimination (2016)	
406-1	See Chapter 6.



12. INFORMATION ON THE REPORTING PROCESS

12

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The reporting materials of TENEX JSC contain information for the period from January 1, 2019 through December 31, 2019³¹ about the Company’s performance³² in the context of sustainable development³³. There have been no significant changes in the scope or boundaries of disclosed topics and no restatements of indicators compared to previous reports.

In the course of preparation of the reporting materials stakeholders were given an opportunity to voice their requests and recommendations. The list of topics that stakeholders believe should be disclosed in the reporting materials included the following:

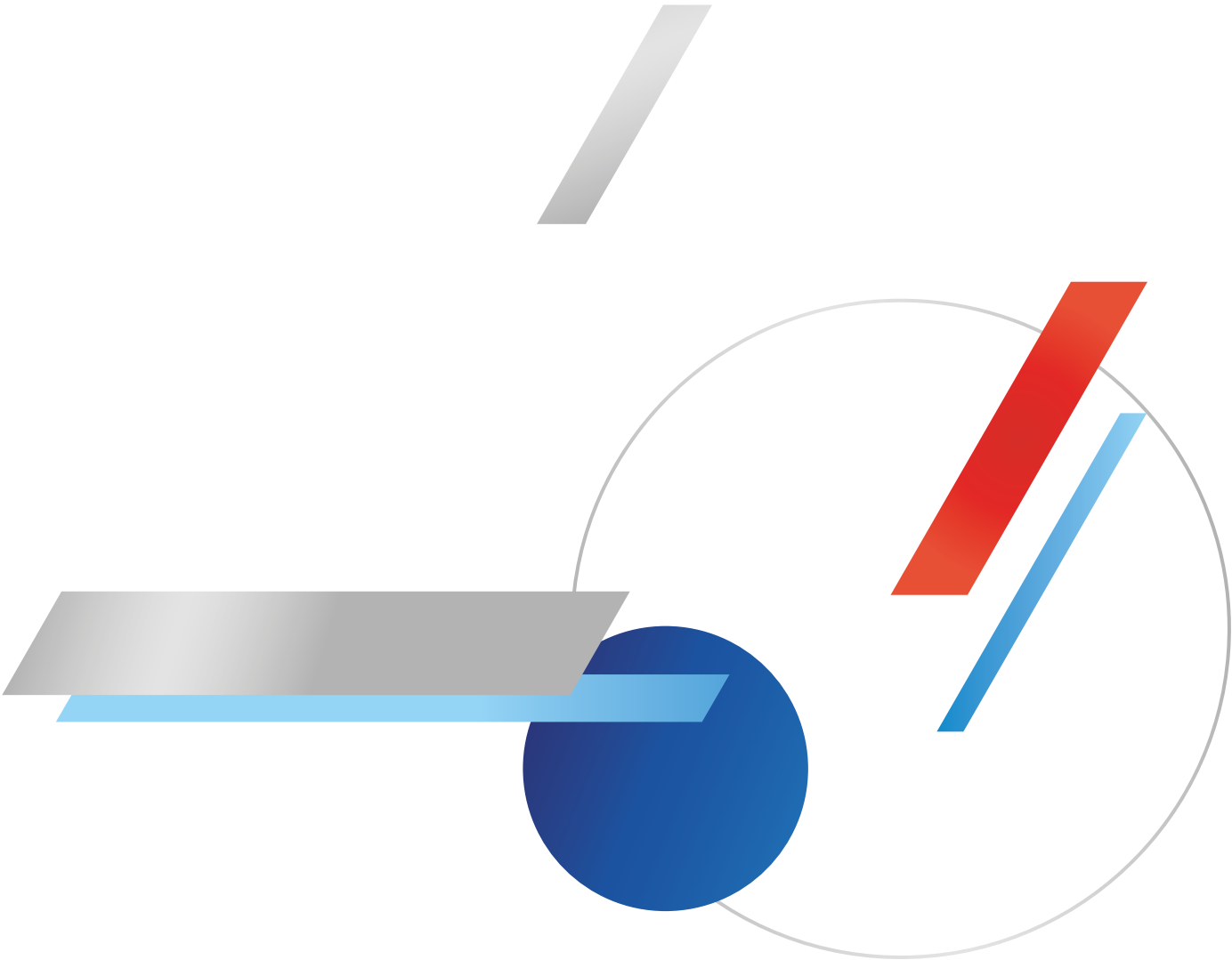
- Strategic prospects;
- Conclusion of contracts and sales in the nuclear fuel cycle;
- The transportation and logistics business;
- Personnel management (including information on the workforce size, personnel structure and movement);
- Environmental policy;
- Social policy;
- Philanthropy;
- Transparency;
- Recording and monitoring of nuclear materials.

Any statements made in these reporting materials that are not a statement of fact fall into the category of forward-looking statements and are relevant only at the time of publication. TENEX JSC assumes no obligations to revise or update such statements or to take into account the emergence of new information (except for cases expressly stipulated by law).

³¹ Future periods are covered in the reporting materials in descriptions of the Company’s strategy; previous periods are covered when operating results are compared and changes in indicators are analysed.

³² Data on subsidiaries is not consolidated.

³³ Prepared in accordance with the Core option of the Global Reporting Initiative (GRI) Sustainability Reporting Standards.



12.1. CONTACT DETAILS

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Sustainable Development and Communications Section: SCD@tenex.ru
(matters related to public reporting)

Corporate website: www.tenex.ru