



TAIF GROUP OF COMPANIES



PJSC «NIZHNEKAMSKNEFTEKHIM»

SUSTAINABILITY REPORT

14

**STABLE SOCIETY,  
BUSINESS ACTIVITY  
AND RESPONSIBILITY**



# Table of contents

## 01

### ABOUT THE COMPANY

- 08 About the company
- 09 Structure of the company
- 11 Company's development strategy
- 14 Risk management
- 17 Economic efficiency
- 19 Products
- 22 World and domestic market standings

## 02

### CORPORATE SOCIAL RESPONSIBILITY

- 28 Corporate social responsibility
- 30 Interaction with stakeholders

## 03

### THE COMPANY AND SHAREHOLDERS

- 38 Corporate management
- 39 Management bodies of the Company

## 04

### THE COMPANY AND BUSINESS PARTNERS

- 45 The Company activities in the field  
of produce quality and safety
- 47 Practical approach to procurement activities
- 47 Customer satisfaction
- 49 Marketing communications

## 05

### THE COMPANY AND EMPLOYEES

- 54 Company labour capital
- 58 System of personnel education
- 63 Social partnership
- 65 Social programs for Company employees

## 06

### SAFETY AND HEALTH OF EMPLOYEES

- 74 Occupational and industrial safety policy
- 76 Occupational and industrial safety  
training system
- 77 Employees' life and health preservation  
is the Company priority
- 78 Social benefits embodied  
in the collective agreement

## 07

### ENVIRONMENTAL ACTIVITIES

- 82 Environmental image of the Company
- 85 Basic environment protection measures
- 90 Environmental monitoring
- 91 Results of environment-related activity

## 08

### THE COMPANY AND COMMUNITY

- 94 Public relations
- 96 Social programs developed jointly  
with the community
- 101 The Company and the science
- 104 Important events of the year in the Company

## 09

### ABOUT THE REPORT

- 112 Replies and liabilities of the company according  
to the results of interviews with stakeholders
- 114 About the Report
- 116 Independent opinion on Verification  
of the Sustainable Development Report
- 121 Opinion of RUIE Non-financial Statement Council on  
the results of review of PJSC «Nizhnekamskneftekhim»  
Sustainability Report for 2014 aimed to public verification
- 124 Table of standard GRI elements

- 135 Glossary
- 138 List of abbreviations
- 142 Feedback questionnaire

## 10

### APPENDICES

- 146 Financial performance of the Company
- 147 Personnel of the Company
- 150 Information on the status of occupational accidents
- 151 GRI indicators in the area of environment protection  
and utilization of materials
  
- 156 Contact information

# Address of the Chairman of the board of Directors



«PJSC «Nizhnekamskneftekhim» holds the position among the largest companies in the petrochemical complex of Russia, which gives reason to be optimistic about the future»

## DEAR COLLEAGUES AND PARTNERS,

I would like to bring to your notice regular Sustainability Report of PJSC «Nizhnekamskneftekhim»

Despite the difficult economic situation, PJSC «Nizhnekamskneftekhim» has demonstrated the ability to maintain stability in challenging and changing business environment. The Company fully fulfilled all the social and financial commitments, provided important advances in the development of production.

The obtained results would not have been possible without the constant communication with partners. In 2014, the number of conferences, meetings with consumers, shareholders and investors, with employees, with civil society organizations, the media, with all parties interested in the successful business of the Company significantly increased.

PJSC «Nizhnekamskneftekhim» remains a reliable trading partner on the world market. It is evidenced by long-term agreement for the supply of synthetic rubber to world tire companies, contracts with major direct plastics processors.

Among our priorities are provision of high standards of environmental and industrial safety, occupational safety and personnel development. Company is actively involved in the development of Nizhnekamsk municipal district, is one of the largest taxpayers in the region, plays a key role in the Kamsky innovative territorial and production cluster as a producer of raw materials for auto components and consumer goods, enhances partnerships with educational institutions.

Maintaining a policy of risk reduction, PJSC «Nizhnekamskneftekhim» continues to work on import substitution. In October 2014 a catalyst production plant that will compete

with foreign analogues was opened in PJSC «Nizhnekamskneftekhim»

We are working in these directions and will follow them in future. We believe that winning and holding of leading positions in the petrochemical industry by PJSC «Nizhnekamskneftekhim» became possible due to the fact that its activity is based on the principles of corporate social responsibility, openness and continuous dialogue with the public and staff.

Summing up 2014, I express sincere thanks to all who contributed to the overall performance of the Company, presented in this report.

**V.M. Busygin**  
Chairman of the Board of Directors  
PJSC «Nizhnekamskneftekhim»

# Address of the General Director

## DEAR READERS AND COLLEAGUES,

In 2014 PJSC «Nizhnekamskneftekhim» again demonstrated its capability to implement its development strategy consistently and effectively. Due to measures taken, implementation of the plan for the production of consumable goods, the growth of labor productivity and wages were provided. All obligations on payments to the budget were fulfilled and social programs were realized in full scope.

In its activities, the Company demonstrates commitment to the achievement of technological leadership: in 2014 the fourth line of PS production was put into operation, the production of divinylstyrene rubber was started; new brands of polyether were developed. Within the frame of the import substitution program the process line for the production of a carrier for isoparaffin dehydration microspheric catalyst was put into operation in PJSC «Nizhnekamskneftekhim», methods of producing analogues of foreign brands of ethylene propylene copolymers with improved characteristics were developed, successful tests on the transfer of water treatment to domestic coagulator were performed.

In achieving its goals, the Company relies on close cooperation with suppliers of raw materials, expansion of contacts with consumers. To promote plastics in October 2014 polymeric forum of PJSC «Nizhnekamskneftekhim» was held in Belarus Republic, as well as annual meeting with rubber processors.

And, certainly, the main competitive advantage of the Company is its highly professional personnel. The system of continuous training and development is successfully functioning in the Company to maintain their qualification.

The essential social task – provision of

employees with comfortable flats is in the focus of attention. For the reporting period 256 flats are distributed among employees. In 2014 at the request of PJSC «Nizhnekamskneftekhim» non-commercial organization «State housing fund under the President of Tatarstan Republic» planned the construction of more than 3 000 flats for the employees of the Company in 2014–2016. Much prominence is given to attraction of personnel to healthy life style. 46 sporting events covering 8 226 people were held.

Culture and responsible practice in the issues of health, safety, and environment is the priority of the company. In an effort to minimize impact on the environment, the Company consistently implements environmental protection measures. The sustainable internal reserve to improve effectiveness of the activity is the work on the implementation of energy saving program.

Publication of the subsequent sustainability report confirms our commitment to comply with high standards of social and ecological responsibility. We are open for constructive dialogue with customers, staff, partners and all those who care of the future of petrochemical complex of Russian Federation.



«We have clear understanding of strategic tasks of the Company for the oncoming year—establishing its positions on key markets, cost optimization, production of high quality competitive products»

Azat Bikmurzin  
General Director



«Nizhnekamskneftkhim»  
is the largest producer of  
polyisoprene in the world  
(42% of world market), one  
of the four global leaders in  
production of butyl/halobutyl  
and polybutadiene rubber

# 01

## ABOUT THE COMPANY

- 08 About the Company
- 09 Structure of the Company
- 11 Company's development strategy
- 14 Risk management
- 17 Economical efficiency
- 19 Products
- 22 World and domestic market standings

# About the Company



Nizhnekamskneftekhim Public Joint-Stock Company (hereinafter referred to as «the Company») has been established under the Law of the Republic of Tatarstan «On reorganization of state and municipal property in the Republic of Tatarstan (on denationalization and privatization)», and in compliance with the Nizhnekamskneftekhim Industrial Corporation privatization plan, approved by the Resolution No. 41, dated August 11, 1993, of the State Property Management Committee, Republic of Tatarstan, and in accordance with the Minutes of Meeting No. 25 of the Board of the State Property Management Committee, Republic of Tatarstan, dated July 20, 1993, registered with the Ministry of Finance, Republic of Tatarstan, dated August 18, 1993, and entered under No. 388 in the State Register of the Joint Stock Companies established in the Republic of Tatarstan to bring the name of legal organization form of joint stock company in accordance with changes in RF Civil Code, JSC Nizhnekamskneftekhim was renamed to Public Joint Stock Company «Nizhnekamskneftekhim» (abbreviated name PJSC «Nizhnekamskneftekhim»). The decision on the introduction of the new name in the Corporate Charter was taken

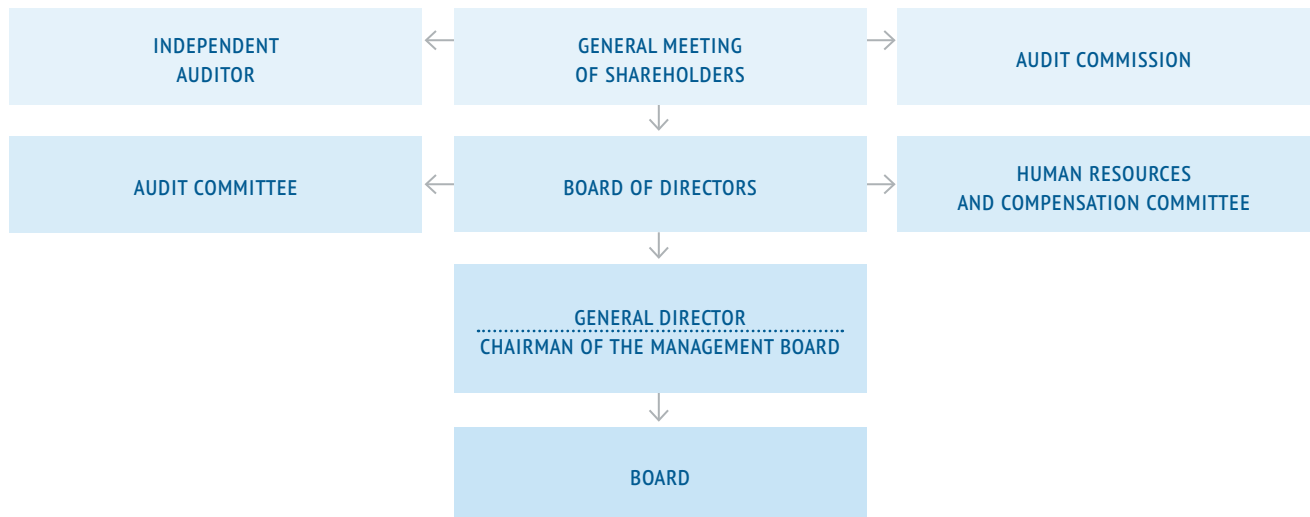
at the extraordinary General shareholders meeting on October 29, 2014.

Charter of the Company with the new name was registered by authorized government bodies of Russian Federation on November 13, 2014.

PJSC «Nizhnekamskneftekhim» is a dynamically developing high-tech petrochemical company making part of TAIF Group and is the main enterprise in Nizhnekamskneftekhim group of companies. Nizhnekamskneftekhim group of companies include 21 subsidiaries (including 2 enterprises)<sup>1</sup>. Net assets of PJSC «Nizhnekamskneftekhim» as of December 31, 2014, are 68,235,665 thousand rubles.

<sup>1</sup> The subsidiaries include: OOO Neftekhmagroprom, OOO UOP Neftekhim, OOO NKNH-Service, OOO PCT, OOO trust TSNHRS, OOO PAP Transport express, OOO Vtorresursy OOO Shop No.4100-NKNH, OY Nizhex Scandinavia Ltd, OAO SOV-NKNH, mechanical repair plant NKNH, OOO Motor transport department – NKNH, OOO Hockey Club Neftekhimik, OOO Football club Neftekhimik, security company NKNK, ZAO Polymatiz, OOO Kataliz-Prom, OOO Neftekhim Media, OOO UETP-NKNK. Enterprises include: OOO Sports-and-culture complex Neftekhimik, sport club Neftekhimik.

# Structure of the Company



## NOWADAYS PJSC «NIZHNEKAMSKNEFTEKHIM» IS ONE OF THE LARGEST PETROCHEMICAL COMPANIES IN EUROPE.

### 10 MAIN PRODUCTION PLANTS:

- butyl rubber plant;
- divinyl and hydrocarbon feed plant;
- synthetic rubber plant;
- isoprene -monomer plant;
- ethylene plant;
- ethylene oxide plant;
- styrene and polyether resin plant;
- oligomer plant;
- polystyrene plant ;
- polyolefins plant

### 7 MAIN DEPARTMENTS:

- railway transport department;
- water and drainage system and waste water treatment plant;
- social development department;
- technical control department;
- chief metrologist department;
- power station department;

### 7 CENTERS:

- automation center;
- R&D center;
- design and construction center;
- center of technical diagnostics and residual life;
- welding center;
- training center (personnel training);
- publication and printing center.

### 5 GENERAL PURPOSE SHOPS:

- storage shop;
- interdepartmental communication shop;
- general service shop;
- gas rescue squad;
- turbine and compressor repair shop.

## THE FUNCTIONAL STRUCTURE IS COMPOSED OF THE FUNCTIONS PERFORMED BY UNITS:

- the central office performs the function of coordination and organization of work of the Company;
- the plants perform the function of producing butyl and halobutyl rubber, polyisoprene and polybutadiene rubber, butadiene and hydrocarbon feedstock, isoprene-monomer, ethylene, ethylene oxide, styrene and polyester resins, oligomers, polystyrenes, polyolefins etc.;

- divisions, centers and general purpose production shops carry out maintenance work in relation to the plants and production units.

All functional groups are united into the hierarchy and are subordinate to the managers of the central office, that are subordinate to General Director, Chairman of the Board and Chairman of the Management Board of PJSC «Nizhnekamskneftekhim».



## CORE ACTIVITIES OF PJSC «NIZHNEKAMSKNEFTEKHIM»

- production of petrochemical and chemical products, consumer goods, certain utility types and other products;
- operation of production units, process trains (sections, stages), package units;
- operation of individual process facilities which do not make part of the process units (process units, warehouses, storage facilities, gas holders, purification and treatment facilities, units for waste utilization and neutralization);
- operation of all types of electrical equipment;
- training of personnel and staff training for the Company;
- commissioning of process systems;
- erection, installation and construction works for construction and revamping of production units, shops, sections, individual units and large process projects;
- repair of chemical-engineering systems and manufacture of equipment for repair and operation needs etc.

PJSC «Nizhnekamskneftekhim» possess 191 license and other permits for all types of activities.

# Company's development strategy

## COMPANY'S STRONG POINTS

<b>Leading petrochemical company in Russia</b>	<ul style="list-style-type: none"> <li>→ Largest petrochemical complex in Russia</li> <li>→ Leading member of global rubber market</li> <li>→ Leading member of Russian plastics market</li> </ul>
<b>Market outlook</b>	<ul style="list-style-type: none"> <li>→ Stable growth of demand at global rubber markets</li> <li>→ Relevantly low current consumption of plastics in Russia provides the potential for future sales growth</li> </ul>
<b>Low operational costs</b>	<ul style="list-style-type: none"> <li>→ Economy of scale – largest complex in Russia</li> <li>→ Location close to key raw Suppliers provides minimal expenses for its logistics</li> <li>→ Production diversification of rubber and plastics allow max. processing of raw materials and formed intermediate products</li> <li>→ Single site effect – minimization of expenses for internal logistics between production units</li> </ul>
<b>Investments in future development</b>	<ul style="list-style-type: none"> <li>→ Previous round of investments resulted in significant growth of the Company since 2010</li> <li>→ New investment program to 2020 will strengthen the position of PJSC «Nizhnekamskneftekhim»</li> </ul>
<b>Stable financial position</b>	<ul style="list-style-type: none"> <li>→ Satisfactory profitability</li> <li>→ Longstanding deleveraging caused the significant debt level</li> </ul>

Steady development is the basis of the PJSC «Nizhnekamskneftekhim» strategy. Company generates competitive advantages by creating balance in economical, ecological and social responsibility. Import substitution is one of PJSC «Nizhnekamskneftekhim» strategy development that became the most popular nowadays.

Company's development strategy is based on the expansion of integration relations within the existing business model.

Expansion of integration relations is directed at the increase of the degree of conversion of raw hydrocarbons in new products, expansion of brand product mix and improvement of product quality to meet the requirements of Customers.

Implementation of complex strategic development program until 2020 will allow increasing ethylene production 2.7 times. plastics production 3 times. rubber production 1.5 times.

On April 8, 2014, sectorial development strategy of chemical and petrochemical complex for the period until 2030 was approved by joint decree of Ministry of Industry and Trade and Minenergo of Russia No 651/172.

**STRATEGIC OBJECTIVES**

- Strengthening of positions in domestic and foreign markets as the producer of wide range of synthetic rubber
- Transformation into large market player in Russia and CIS in the field of production and sales of wide range of plastics, substituting their import as well;
- Refusal to sale products with low added value

**WAYS OF IMPLEMENTATION**

- Expansion of product mix and sales volumes of main production types
- Increase of Company's sales volumes, revenue and profit
- Increase of depth of processing of raw hydrocarbons, production output with added value, provision of high competitive abilities of products
- Significant modernization and update of capital funds
- Provision of ecological safety and energy efficiency of production complex

**PRIORITY GUIDELINES OF THE ACTIVITY**

Implementation of complex strategic program until 2020:

- Project on construction of new olefin complex with capacity up to 1 mln ton of ethylene per year
- Synthetic rubber IIR, HIR, IR, BR-Nd, SSBR production capacity ramp up projects
- Modernization and expansion of petrochemical production (divinyl, isobutylene, isoprene)
- Implementation of energy saving and ecological programs
- Development of import substituting components technology design center

**PJSC «NIZHNEKAMSKNEFTEKHIM» STRATEGIC DEVELOPMENT PROGRAM CORRESPONDS TO MAIN OBJECTIVES AND TASKS OF CHEMICAL AND PETROCHEMICAL COMPLEX IN RUSSIA DEVELOPMENT STRATEGY THAT ARE THE FOLLOWING:**

1. Increase of competitive ability of chemical complex in Russia for the benefit of:

- Improvement of the quality of life due to reaching chemical and petrochemical consumption of the developed countries level;
- Growth of branch production potential competitive ability level due to creating of sectorial petrochemical and chemical clusters;
- Transition from export and raw development model to innovation and investment model due to increase of refining depth of chemical and petrochemical industry and large scale revamping of existing capacity and creating of new technologies based on progressive modern technologies;
- Growing importance of chemical and petrochemical industry in economy of Russia;
- Creation of high performance working places;
- Import substitutions in consumption of chemical and petrochemical products.

2. Strengthening of national safety by provision of defense industry complex and strategic branches with high quality domestic special chemical products.

In 2014, Russia faced aggravation of geopolitical risks on global stage that resulted in a number of sanctions against some Russian citizens and companies. Under this situation import substitution in petrochemical industry and adjacent branches of industry became the key to acquisition of self-containment and economical safety of Russian Federation.

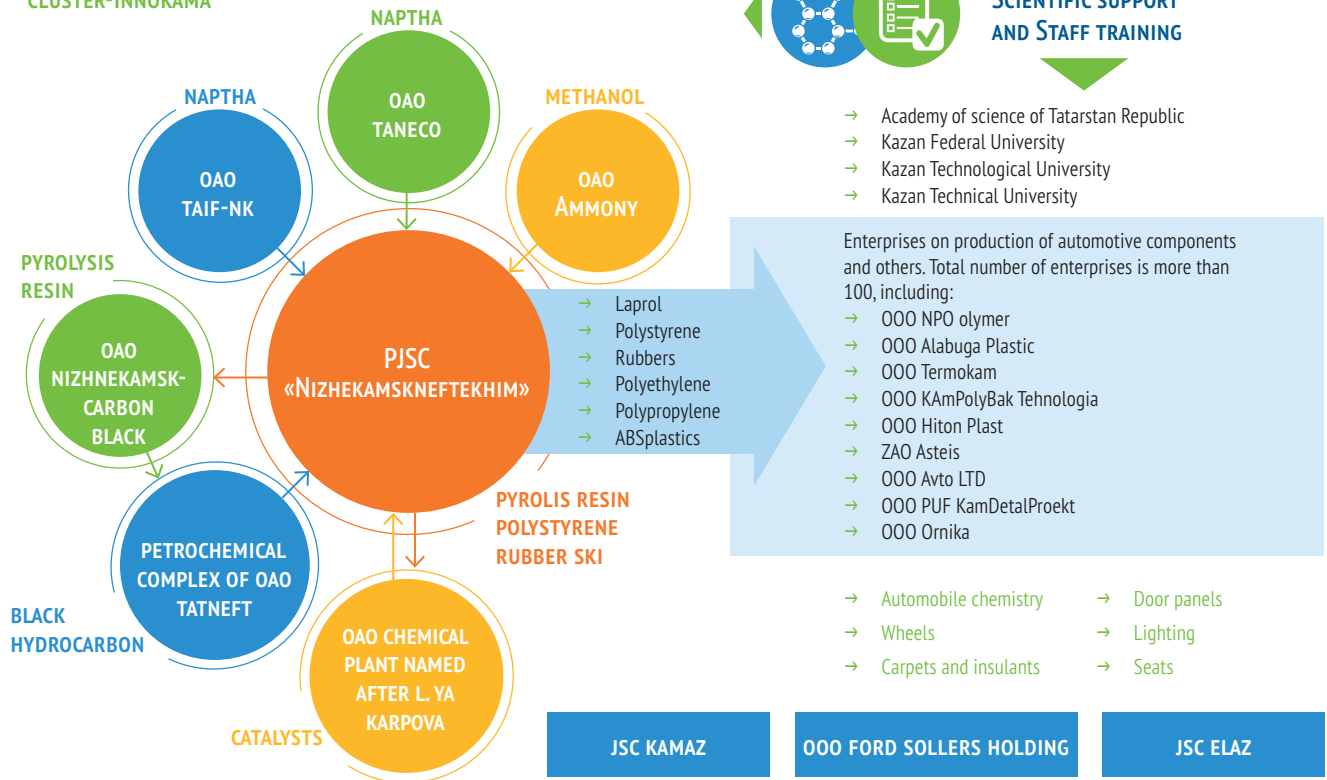
In this regard, it is appropriate to create Russian center of import substituting components technology development based on R&D center of PJSC «Nizhnekamskneftekhim» in the field of petrochemistry with the assistance of leading scientific organizations of Russian Federation.

PJSC «Nizhnekamskneftekhim» possesses all the required competence: R&D center is the part of PJSC «Nizhnekamskneftekhim», that is essentially an industrial institute. The center was founded in 1966; main activity is the development of new processes and improvement of the existing processes, testing of new processes at pilot plants and low-tonnage serial production, development and improvement of analytical control methods. The staff of the center has rich positive experience in the development and introduction of the wide range of import substituting components such as process catalysts, inhibitors.

One of the last examples is the startup of process line for the production of a carrier for isoparaffin dehydration microspheric catalyst (development of in-house catalyst to decrease cost value of products and improve its quality) on October 29, 2014, at the presence of RT President R.N. Minnihanov, RF President assistant A.A. Fursenko.

## Leading role in Kamsky cluster

THE DIAGRAM OF COOPERATION RELATIONS OF KAMSKY CLUSTER-INNOKAMA



Kamsky innovative territorial and production cluster (hereinafter referred to as «the Cluster») was founded in June, 2012, in view of the results of competitive selection of pilot programs of innovative territorial clusters development in Russia. The main cluster participants are petrochemical companies and automakers, infrastructure companies and Kazan technical and federal universities.

Implementation of petrochemical projects allows arrangement of new and development of existing automotive components production units that in its turn will contribute to the competence of automakers due to application of modern polymer, compound materials and components. Expressly, intersection of largest economy sectors, connection of chains of created added value into one innovative technological platform defines synergetic effect of Kamsky cluster. Refinery projects declared for implementation in cluster will form sufficient raw material base for petrochemical units that is in its turn the basis for auto components production. PJSC «Nizhekamskneftekhim» plays the leading role in Kamsky cluster in the production chain from oil refinery to car production.

Kamsky innovative territorial and production cluster development program until 2020 has been designed and is being implemented nowadays

# Risk management



## KEY FIGURES AND FACTS:

### PJSC «Nizhnekamskneftekhim»:

- ▶ Insured its civil liability for operation of **200** dangerous production facilities

---

- ▶ Has no provision for property underinsurance

---

- ▶ Implements the project on risk controlling system creation by using IT-solutions SAP GRC

---

Risk management is an integral part of the corporate management system of the Company, and it provides for active participation of departments and employees in identification and assessment of risks, and continuous expansion of studies of potential threats and opportunities, the systematic use of information about risks when taking managerial decisions.

Risk management program at PJSC «Nizhnekamskneftekhim» represents a continuous and evolving process encompassing the entire Company and is exercised by employees on all levels of the Company. The results of management are used to adjust the strategy and tactics of the Company, and are aimed at selection of the most effective possible ways of development taking into account the available resources to achieve the general goal of PJSC «Nizhnekamskneftekhim».

In order to ensure a reliable insurance coverage of production facilities and property interests of shareholders, PJSC «Nizhnekamskneftekhim» concluded the contracts of Company's property insurance for the cost of a full recovery from fire, explosion, natural disasters, illegal acts of third parties, aircraft crashes and other dangers. Considerable part of risks is successfully placed by leading insurance companies in foreign reinsurance companies.

Due to the fact that operation of hazardous production facilities is the licensed activity of PJSC «Nizhnekamskneftekhim», and

also other business entities and production facilities are located on the territory of the Company (which can be damaged), PJSC «Nizhnekamskneftekhim» has insured its civil liability for operation of 200 hazardous industrial facilities.

As of today, PJSC «Nizhnekamskneftekhim» has no provision for property underinsurance. In order to arrange proper insurance scheme foreign reinsurance companies pay particular attention to arrangement of insurance activities in the companies, and there are special requirements to the quality of substantial risk, as in the case of loss (loss occurrence) reinsurance companies will need to fund the losses in full, i.e. on actual expenditures for the restoration of the facility.

Voluntary accident insurance was arranged for employees in performance of their duties, and also insurance against harm to health of disablement for all employees of PJSC «Nizhnekamskneftekhim».

#### CREATION OF RISK CONTROLLING SYSTEM

Giving special consideration to the problem of minimizing the risks, PJSC «Nizhnekamskneftekhim» systematically implements the project on creation of the risk controlling system by using IT-solution SAP GRC. (Governance, Risk Management and Compliance).

#### RISK CONTROL SYSTEM CREATION

##### PJSC «NIZHNEKAMSKNEFTEKHIM» PURSUES THE FOLLOWING AIMS:

- Provision of possibility to constant control of risk factors, threatening to Company's strategy implementation;
- Reducing the time for taking management solutions on compensation of risk factors, creating threats for Company's strategy implementation;
- Increase of effectiveness of Company management system by using standard solutions and best practices of risk factors compensation;
- Provision of informational clarity of risk factors level to Company's shareholders that can give rise to a threat to the implementation of Company's strategy.

SAP GRC solution correlates business opportunities with the influence of financial, legal and operational factors that help minimize the potential losses in case of force majeure. Introduction of SAP GRC promotes efficient and sustainable development of the Company while providing the following advantages for strategic management purposes:

- automation based on key risk indicators and actions for responding to risks;
- preliminary reports on the status of the Company's risks;
- conformity to various models of risk management (ISO 31000, ASNZ 4360, COSO).

#### IMPLEMENTATION OF RISK CONTROLLING USING SAP RC WOULD MEAN:

- coordination of the principal risks and their threshold values;
- identification of the Company's key risks;
- carrying out of the qualitative and quantitative analyses;
- arrangement of the efficient strategy to respond to the main risks;
- prevention of impact on the business through continuous monitoring of the key risk indicators and the control efficiency.

Activities on the assessment of Company's risk situation and development trends for purpose of preparation to creation of corresponding data base for automation processing were held in 2014. A preliminary Company's risk assessment was performed and its standard, providing acceptable level of Company's integral risk was developed.

«Risk passports», providing the possibility to control the level of its influence on the achievement of given goals were designed. To improve effectiveness of management solutions and reduce the time for their adoption and also for rational distribution of responsibilities, drafts of corporate methods on prevention, reduction and risk compensation, discovered in the monitoring process were prepared.

The created system is based on the principles of risk controlling, i.e. risk assessment in terms of deviations from given target values of development. This approach provides the possibility of direct integration of the system under development into the operating SAP ERP in the Company by using constantly updatable information of this system.

The development of algorithm of value calculation, important for the assessment of economic development sustainability risk of PJSC «Nizhnekamskneftekhim» on database information of SAP ERP in the projection «Finances» is in the process of operation testing.

The following key tasks were solved to content the data base in the projection «Finances»:

- The data for calculation and assessment in the system of Company's risk management of the key indicators of static and dynamic risks, helping marketing of PJSC «Nizhnekamskneftekhim» products and providing the solution of its strategic tasks were selected;
- Map of risks that can be realized in the process of financial management in the projection of «Finances», preventing the provision of shareholders' financial interests of the Company in the projection of «Finances» was issued;
- The table of mutual normative values, allowable values and values relative to risk incident status in the financial management process of the Company was compiled;
- Data for calculation and assessment within the Company's risk management system of the key indicators of static and dynamic risks, helping to financial management of PJSC «Nizhnekamskneftekhim» for the solution of the assigned tasks were selected.

Nowadays algorithm of value calculation in the projection of «Processes», «Market», «Resources» are under the process of pilot operation.

In 2015, the introduction of this IT-solution and pilot operation of risk management system SAP GRC related to risks, affecting the execution of strategic tasks that will be fully integrated into Company's automation system of resources SAP ERP, incorporated in PJSC «Nizhnekamskneftekhim» will be finalized.

The major risks of PJSC «Nizhnekamskneftekhim» are presented in the Annual Report of the Company. The most significant risk groups that could have a material effect on fulfillment of social obligations by the Company would be environmental, financial and social risks.

#### FINANCIAL RISKS

Exposure of the Company to risks associated with change of the interest rates, exchange rate of foreign currencies, in connection with activity of the Company or in connection with hedging, conducted by the Company for the purpose of reduction of adverse consequences of impact of the above risks.

#### ENVIRONMENTAL RISKS

These risks include: air pollution risk at the industrial site and in the neighboring population areas, risk of water body pollution.

#### SOCIAL RISKS

The main social risks are: the risk of provision of the production facility with the personnel of required caliber, risks in the field of workers health and safety risks.

# Economic efficiency



## KEY FIGURES AND FACTS:

### 102.7%

Industrial production growth rate against the level of 2013.

### 42%

Share of isoprene rubber SKI-3 on global market

### 16%

Share of butyl rubbers (BK-1675H, HBK) on the global market

### 11%

Share of hydroxyethyl nonylphenol on the global market

The situation in the markets of petrochemical products in 2014 was characterized by the following circumstances: economic sanctions against Russia from foreign countries, the weakening of the ruble against foreign currencies, a significant reduction of oil and petrochemical products prices. Despite these challenges, the Company managed to stay in the area of profitability.

Competitive business of the Company that is rated by market laws ensures the long-term economic profit and growth. PJSC «Nizhnekamskneftekhim» activities exercise economic influence on the society. The production and financial results achieved in 2014 contribute to growth of the Company in accordance with principles of stable development and implementation of programs having significant social and economic importance for parties concerned.

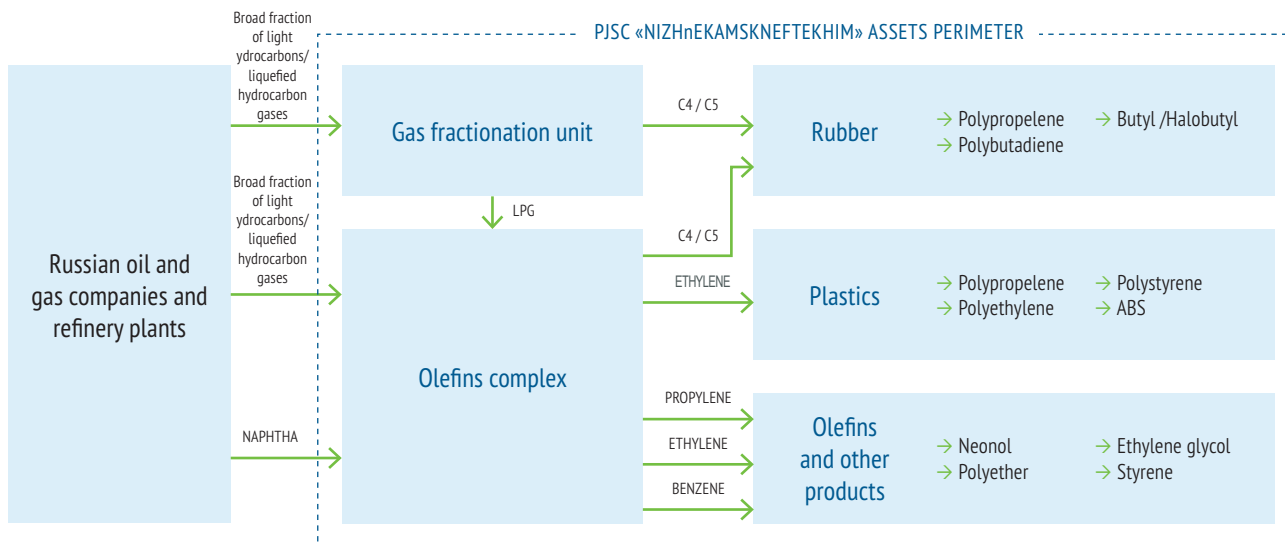
In 2014, market products were produced to the sum of 128.2 billion rubles that is 9.5 billion rubles higher than last year. Products and services were sold to the sum of 132.9 billion rubles.

**TECHNICAL AND ECONOMIC PERFORMANCE INDICATORS**

DESCRIPTION	UNIT OF MEASUREMENT	2012	2013	2014
Product sales, total	mIn. RUB	12,5247.1	119,826.1	132,893.0
Including export sales of commodity products	mIn. RUB	60,994.0	59,418.6	61,702.2
Expenses per 1 ruble of products sold	copecks	84.2	89.6	89.9
Income before tax	mIn. RUB	20,803.0	8,569.4	11,689.1

**COMPANY BUSINESS MODEL**

Company business model is the primary raw hydrocarbons processing (liquefied petroleum gases (LPG), straight-run naphtha) in the products with high depth of processing: rubber and plastics that are in their turn components for the production of final products for customers.



# Products



THE PRODUCT SLATE INCLUDES MORE THAN 120 ITEMS<sup>2</sup>. THE FOLLOWING PRODUCTS FORM THE BASES OF PRODUCT MIX:

- general purpose and special purpose synthetic rubbers;
- plastics: polystyrene, polypropylene and polyethylene, ABS-plastic natural, ABS-plastic colored;
- monomers, being the feedstock for production of rubber and plastics;
- other petrochemical products (ethylene oxide, ethylcellosolve, ethylene glycol, propylene glycol, propylene oxide, alpha-olefins, surfactants, etc).

According to the results of the Company activity for 2014 industrial production growth rate is equal to 102.7% against the level of 2013 and 106.7% against the level of 2012.

## KEY FIGURES AND FACTS:

IN 2014 IN COMPARISON WITH 2013 THE OUTPUT OF THE FOLLOWING PRODUCTS INCREASED:

**+22.1%**

Polystyrene

**+13.6%**

Styrene

**+6.7%**

Rubbers BK (BK-1675H, HBK)

<sup>2</sup> Rubber – more than 10 grades, plastics – more than 60 grades, olefins and other products – more than 60 items and grades.

### THE MAIN PRODUCTS OF PJSC «NIZHNEKAMSKNEFTEKHIM» HAVING THE CHARACTERISTICS OF THE GLOBAL PRESENCE IN MARKETS

Export portfolio of PJSC «Nizhnekamskneftekhim» is sufficiently diversified. The most heavy-tonnage products shipped for export are synthetic rubbers (isoprene, butyl, halobutyl and butadiene rubber), polystyrene, polypropylene, polyethylene, ethylene glycol, polyethylene glycol, absorbent KORB, KORE and neonol, cumulative share of which being equal to 88% of products exported.

Heavy tonnage products sold on domestic market are plastics (polypropylene, polystyrene and polyethylene), isoprene rubber, ethylene oxide, ethylene, ethylene glycol, absorbents, neonol,

pyrolysis resin, propane fraction, polyether, flotation agents, share of which on the domestic market is 92% of total volume of sales on the main production types.

In 2014 the share of synthetic rubber in all exported products of PJSC «Nizhnekamskneftekhim» was 74%. These products are most popular on foreign market.

PJSC «Nizhnekamskneftekhim» successfully cooperates with foreign tier companies such as Michelin, Goodyear, Pirelli, Continental, Bridgestone concern Belshina. In 2014 shipment share to these large consumers was equal to 78% of total export rubber volume.

PRODUCTS	SHARE OF WORLD MARKET SUPPLIES	IN 2014:
Isoprene rubber SKI-3*	42%	The Company exported 77% and 23% was sold on the domestic market.
Butyl rubber (BK-1675H, HBK)*	16%	The Company exported 98% and 2% of butyl rubber was sold on the domestic market and exported 96% and 4% of halobutyl rubber was sold on the domestic market.
Butadiene rubber*	4.9%	The Company exported 96% of butadiene rubber and 4% was sold on the domestic market.
<b>PLASTICS</b>		
Polystyrene*	2.9%	The forth PS production line was put into operation. Polystyrene sales at the domestic market increased by 20%. Compared to 2013 polystyrene volume sales increased 2 times.
Polypropylene*	0.4%	The Company mastered the new segment of Russian market of pipe polypropylene PPR100 (random copolymers). The sale of the produced plastic was mainly accounted for domestic market. Polypropylene sales on the domestic market increased by 7%.
Polyethylene*	0.3%	94% of polyethylene of the total sales volume was sold in Russia. Whereby sales on the domestic market increased by 30%.
<b>OTHER PETROCHEMICAL PRODUCTS</b>		
Neonol (hydroxyethyl nonylphenol)*	11%	PJSC «Nizhnekamskneftekhim» is the only producer of neonol in Russian Federation and CIS and one of the leaders on the international market of this product.

\*including Russian Federation

See application of Company's products on the site of PJSC «Nizhnekamskneftekhim» <http://www.nknh.ru/products/>

## Residential use of PJSC «Nizhnekamskneftekhim» products

### SYNTHETIC RUBBER



### POLYPROPYLENE



### STATIC COPOLYMERS OF PROPYLENE AND ETHYLENE



### STATIC COPOLYMERS OF PROPYLENE AND BUTENE



### GENERAL PURPOSE POLYSTYRENE



### HIGH-IMPACT POLYSTYRENE AND ABS PLASTICS



### GLYCOLS, ETHYLENE GLYCOLS, PROPYLENE GLYCOL AND THEIR DERIVATIVES



### HIGH-IMPACT POLYSTYRENE AND ABS PLASTICS



# World and domestic market standing

Geographical location of PJSC «Nizhnekamskneftekhim» allows the Company successful exporting of products to different regions of the world. Traditionally main largest export deliveries are to Europe, CIS countries, North America and Asia.

PJSC «Nizhnekamskneftekhim» is a Company with high export potential. Share of commodity products within the total sales volume is 46%. In 2014 Company exported its products to 54 countries of the world.

The leading direction of export sales of PJSC «Nizhnekamskneftekhim» products is Belgium where 16% was exported in 2014. 10% was exported to Hungary and Poland, 6% to Belarus and USA, 5% to Latvia and Turkey, 4% to Ukraine. 3% was exported to Romania and Slovakia, Czech Republic, Kazakhstan and India.

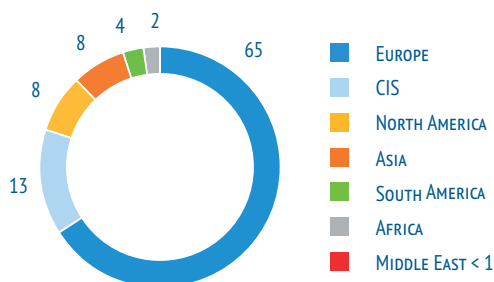
Among the regions in the domestic market top performers on sales volume of PJSC «Nizhnekamskneftekhim» are Tatarstan Republic – 36.5%, Moscow region – 23% and Moscow – 11%.

Due to the fact that the production of synthetic rubber in Russian Federation significantly surpasses the consumption, historically Russia became net exporter of synthetic rubber. Therefore, the largest share of this group of products is exported by the Company. In 2014, 89% of synthetic rubber was exported to foreign markets, while only 11% was sold in Russian Federation.

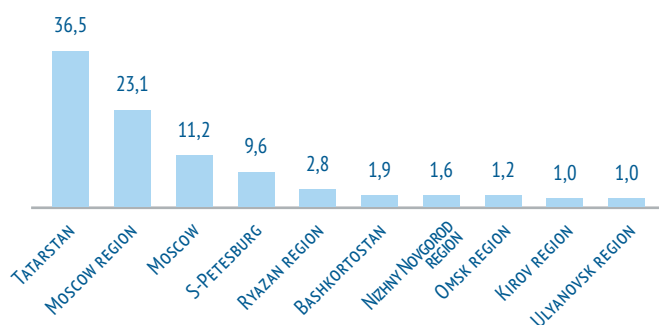
The company is successfully developing its synthetic rubber sector and proved its worth in the international market for these products. PJSC «Nizhnekamskneftekhim» has been supplying its rubber to major international tire companies, some of which started their production units in RF. In 2014, 78% of the total export volume of synthetic rubber was shipped for them.

Considering the tire production growth perspective, PJSC «Nizhnekamskneftekhim» keeps on investment in the expansion of product mix and volumes.

REGIONAL EXPORT STRUCTURE OF PJSC «NIZHNEKAMSKNEFTEKHIM», %



SALE OF PJSC «NIZHNEKAMSKNEFTEKHIM» PRODUCTS IN THE REGIONS OF RUSSIAN FEDERATION IN 2014 (% TOP-10)



The second important sector in the strategy of development of the Company is plastics, being the production segment of the Company focused primarily on the rapidly growing domestic market. Company produces wide range of plastics: high density polyethylene, low density linear polyethylene, polypropylene (homopolymer, static and block propylene copolymers), general purpose polystyrene and high impact polystyrene ABS plastic. In 2014, 84% of plastics sales accounted for Russian Federation, 16% was exported abroad. Despite relatively small share, PJSC «Nizhnekamskneftekhim» gradually increases the share of plastics export.

62% in the structure of the sales in Russia accounts for plastics. Company supplies plastics to packaging, heat insulation materials (construction), automotive production, consumer goods and other segments.

The third largest segment is other petrochemical products. It consists mainly of polyether, glycols, surfactants, monomers and other types of products. Its share in the sales volume is significantly low in comparison to synthetic rubber and plastics. 78% of sales of these types of products is accounted for Russia. Part of the output in this segment is used by the Company in internal production cycles for the production of polymers, elastomers and other types of products. The main consumers in this segment are furniture, automotive components, refrigerating fluids and heat transfer media, fiber and strands, synthetic cleaning agents, organic synthesis products and other manufacturers.

The diagrams show export structures of PJSC «Nizhnekamskneftekhim» in the regions in 2014 (shares of products in the total shipment volume to any region worldwide) and the

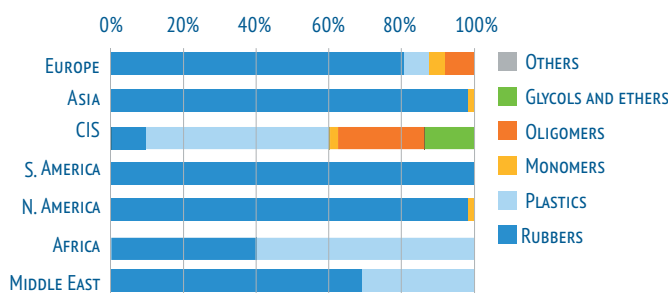
breakdown by export market sectors, where major portion is allocated to tires and technical rubber sector.

Practically in all the regions of the world where the products were exported in 2014, the supplies of synthetic rubber prevailed, excluding CIS and Africa where the largest share was accounted for plastics.

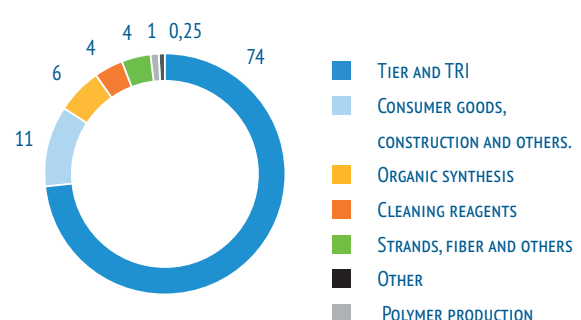
In 2014, PJSC «Nizhnekamskneftekhim» sold main products under 826 contracts and agreements (601 Russian agreement and 225 foreign contracts) to 535 contractors, including 372 Russian contractors and 163 foreign ones.

The Company is constantly contacting its Customers in Russia and abroad. During meetings evaluation of cooperation of the parties for the past period is performed, current issues related to the use of PJSC «Nizhnekamskneftekhim» products, commercial terms and logistics are solved, strategic cooperation goals are defined. The main consumers of PJSC «Nizhnekamskneftekhim» products are packaging, heat insulation, finish materials, consumable products, domestic electronic equipment, components for furniture, automotive components, tires and technical rubber items, synthetic fiber and strands, cleaning reagents and other manufacturers.

**EXPORT STRUCTURE OF PJSC «NIZHNEKAMSKNEFTEKHIM» IN REGIONS, %**



**MARKET SECTORS SERVICED BY EXPORT, %**



# Geography of export supplies



- |                  |                    |
|------------------|--------------------|
| 1 AUSTRIA        | 28 MOLDOVA         |
| 2 AZERBAIJAN     | 29 THE NETHERLANDS |
| 3 ARGENTINA      | 30 PERU            |
| 4 BELARUS        | 31 POLAND          |
| 5 BELGIUM        | 32 PORTUGAL        |
| 6 BULGARIA       | 33 ROUMANIA        |
| 7 BRAZIL         | 34 SAUDI ARABIA    |
| 8 GREAT BRITAIN  | 35 SERBIA          |
| 9 HUNGARY        | 36 SINGAPORE       |
| 10 GERMANY       | 37 SLOVAKIA        |
| 11 GREECE        | 38 SLOVENIA        |
| 12 EGYPT         | 39 USA             |
| 13 ISRAEL        | 40 TAIWAN          |
| 14 INDIA         | 41 THAILAND        |
| 15 INDONESIA     | 42 TURKEY          |
| 16 SPAIN         | 43 UZBEKISTAN      |
| 17 ITALY         | 44 UKRAINE         |
| 18 KAZAKHSTAN    | 45 FINLAND         |
| 19 CANADA        | 46 FRANCE          |
| 20 KIRGHIZIA     | 47 CZECH REPUBLIC  |
| 21 CHINA         | 48 CHILE           |
| 22 LATVIA        | 49 SWITZERLAND     |
| 23 LITHUANIA     | 50 ECUADOR         |
| 24 LIECHTENSTEIN | 51 ESTONIA         |
| 25 MALAYSIA      | 52 RSA             |
| 26 MALTA         | 53 SOUTH KOREA     |
| 27 MEXICO        | 54 JAPAN           |

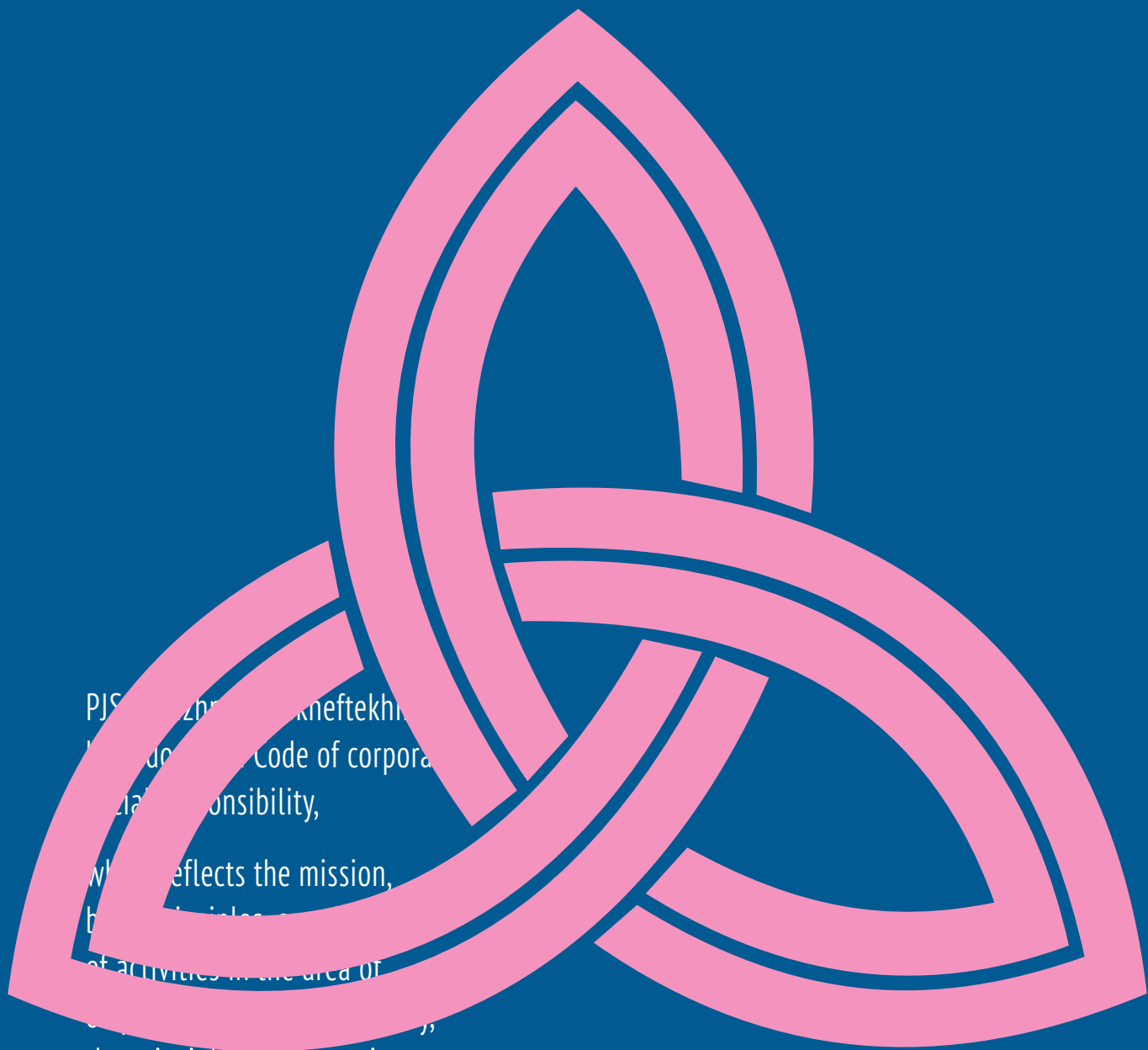
ENVIRONMENTAL  
ACTIVITY

COMPANY AND  
SOCIETY

ABOUT THE REPORT

ATTACHMENTS





PJS «Zheleznyy Kneftekhod»  
has adopted the Code of corporate  
social responsibility,  
which reflects the mission,  
basic principles and  
of activities in the area of

the principles of interaction  
with stakeholders, basic social  
programs of the Company, etc.

# 02

## CORPORATE SOCIAL RESPONSIBILITY

28 Corporate social responsibility

30 Interaction with stakeholders

# Corporate social responsibility



## KEY FIGURES AND FACTS:

### In 2014, the Company became:

- ▶ the laureate of the government prize of the Russian Federation in the field of quality and services.

---

- ▶ the winner of the contest of the government quality award of the Republic of Tatarstan

---

- ▶ the winner of the XVII annual contest of annual reports in the category «The best report on corporate social responsibility and sustainable development».

The Company's mission is the production and sale of competitive petrochemical products and services in accordance with the requirements and expectations of the stakeholders, development of new and existing sales markets, achievement of the Company's sustainability, improvement the quality of employees life and the Company in general.

The social mission of the Company is to produce the necessary public goods in the most efficient and safe manner, thereby contributing to the social welfare of society and to sustainable development of the territory and well-being of population, and improve the living standards of employees and their families. The social mission of the Company is closely linked to corporate social responsibility.

In implementation of its mission PJSC «Nizhnekamskneftekhim» relies on the three basic corporate merits: expertise, reliability, sustainable development.

The contents of the Code of corporate social responsibility of PJSC «Nizhnekamskneftekhim» could be found on the Company's corporate website: <http://www.nknh.ru/investors/documentation/>.

PRIORITIES OF THE COMPANY IN CORPORATE SOCIAL RESPONSIBILITY

Enhancement of ecological efficiency.

Achieving and maintaining the status of advanced high-performance and socially responsible Company based on the assessment of the key stakeholders.

Establishment of the production environment to promote the quality of the working life of employees (including the issues of production control, safety and health regulations, improvement of ecological state of production facilities, cleanliness of industrial premises, advancement of moral environment in the Company's departments).

Making contribution to maintaining the stable high level of national and international economic development and employment of population, development of competitive markets and creation of new jobs.

Promotion of the society social progress.

Goal-oriented activity for formation of the well consolidated, socially protected, creative and economically motivated team of the Company's specialists that would in the best way help coordinate the goals and priorities of the Company and its employees.

**QUALITY MANAGEMENT SYSTEM HAS BEEN CERTIFIED TO COMPLY WITH THE INTERNATIONAL STANDARDS**

- ▶ **ISO 9001**
- ▶ **ISO 14001**
- ▶ **OHSAS 18001**
- ▶ **ISO 50001**



# Interaction with stakeholders

PJSC «Nizhnekamskneftekhim» takes into account the views of all parties concerned. Working in close dialogue with stakeholders allows the Company to quickly learn about the expectations of all stakeholders and society in general and promptly respond to their needs. The Company regularly studies the opinion of key stakeholders.

In 2014, representatives of PJSC «Nizhnekamskneftekhim» participated in various meetings, workshops, and held discussions with the parties concerned, including

<b>JANUARY</b>	the meeting of the Department and the Office of the Federal Nature Management Supervision Service in the Volga Federal District, «The main objectives of enhancement the efficiency of performance of environmental legislation requirements in 2014», Kazan.
<b>MARCH</b>	the congress «Clean water. Kazan», the Basin Council, Kazan.
<b>APRIL</b>	meetings with the analysts and investors, Moscow: → in the panel meeting with representatives of 12 investment companies; → in the individual meetings with representatives of 5 investment companies; → in the teleconference with representatives of 2 investment companies.
<b>MAY</b>	the conference «Refining and petrochemicals: change-over to non-waste cycle» (Moscow), presentation was made: «Experience of PJSC «Nizhnekamskneftekhim» on reclamation of hazardous waste»; the V annual Forum «Investments in Russia».
<b>JUNE</b>	the VIII All-Russia Conference «Ecology and production. Future development of economic instruments for environmental protection», St. Petersburg.
<b>JULY</b>	panel meeting with representatives of 4 investment companies.
<b>OCTOBER</b>	polymer Forum in Minsk (Republic of Belarus). The Forum was arranged for representatives of belorussian companies –polymer processors. 77 people from 37 companies participated in the Forum.
<b>DECEMBER</b>	Russian industrial and ecological Forum ROSPROMECO, Moscow.

The basis for identifying the key stakeholders is to analyze the degree of interaction and closeness of interaction, the importance of their interests for the Company, based on conversations with the management of the Company. The list and priority of stakeholders are defined according to the degree of their influence on the activity of PJSC «Nizhnekamskneftekhim» and the degree of influence of the Company on them, and assessment of that impact in the future.

Rating card of key stakeholders is formed in accordance with the methodology approved in PJSC «Nizhnekamskneftekhim» and developed based on GRI guidelines. The most important stakeholders are the workers and their families, business partners, shareholders and investors, local communities (including local authorities, communities and non-governmental organizations), media, professional organizations, stakeholders at the federal, regional and international levels. Methods of informing, feedback and interaction are developed and implemented for each group.

Rating card of stakeholders has not been changed from 2013 and it could be found in the sustainability report of 2013 on the Company's website ([http://www.nknh.ru/about/social\\_policy/soc\\_rep/](http://www.nknh.ru/about/social_policy/soc_rep/) (page 25)).

Principles of interaction with stakeholders are defined in the Code of the Company's CSR (see [http://www.nknh.ru/upload/medialibrary/korp\\_sots\\_otv.pdf/](http://www.nknh.ru/upload/medialibrary/korp_sots_otv.pdf/)(pages 68)).

#### IDENTIFICATION OF ASPECTS THAT NEED TO BE INCLUDED IN THE REPORTING

When generating the report for 2014 and in the course of interaction with stakeholders the relevant topics of stakeholders were identified that are commensurable with the Company's issues of the day.

Degree of attention to specific issues in the report of 2014 is proportional to their importance, and to the interests and wishes of stakeholders.

In particular, information on import substitution and risk management was included in the report of 2014 after preliminary discussion of the content.

The more detailed information about the position of the management and performance of the Company in each particular area is represented in the relevant section of this report as well as in a separate appendix to the report along with the table of indicators GRI G 3.1.



## System of informing the stakeholders

INFORMATION TRANSMISSION CHANNELS	TARGET GROUPS	
CONSOLIDATED REPORTING	Annual report Sustainability report Published in Russian and in English once a year, prior to General Shareholders Meeting of the Company. Posted on the Company's website.	Shareholders Company top management Company employees Population of town and region Business community Consumers Suppliers
	Quarterly reports of the Issuer Posted quarterly on the websites of the Company and of the Interfax news agency.	
	Corporate action notification Posted from time to time on the websites of the Company and of the Interfax news agency.	
CORPORATE MASS MEDIA	Newspapers Neftekhimik has been published from 1968 in Russian, once a week, circulation is over 11,000 copies, on-line version <a href="http://www.nknh.ru/pressroom/neftekhim_media/neftekhimik/">http://www.nknh.ru/pressroom/neftekhim_media/neftekhimik/</a> . Khezmettesh avazy has been published from 1992 in Tatar, once a week, circulation is over 2,000 copies.	Population of town and region Company employees Shareholders
	Departmental TV studio Neftekhim TV programs in Russian and in Tatar 5 times a week, the audience is 250,000 town people and adjacent human settlements.	
	Departmental radio studio Neftekhim Daily on-air broadcasting in Russian and in Tatar from 7 a.m. to 11 p.m., the audience is 120,000 people.	
	Internet <a href="http://www.nknh.ru">www.nknh.ru</a>	
FEDERAL, REPUBLICAN, TOWN MASS MEDIA	Print media Rossiyskaya gazeta, Kommersant, Izvestiya, Respublika Tatarstan, Vatanym Tatarstan, Nizhnekamskaya Pravda, Tugan yak, Vasha Gazeta, Nizhnekamskoye vremya, Argumenty i fakty, Komsomolskaya Pravda.	Population of Russia, republic, Nizhnekamsk town, Business community
	Television media TV channels - Rossiya-1, TNV, TV companies –NTR and Efir	
ELECTRONIC DATA INTERCHANGE	→ with consumers via Elemica → with participants of trade platform ONLINECONTRACT	Consumers
SAP ERP SYSTEM	Functional modules introduced: → CO (Controlling); → FI (Finance and accounting); → MM (Material management); → SD (Sales); → PP (Production planning); → PS (Project system); → QM (Quality management); → PM (maintenance and repair of equipment); → HR/HCM (Human resources and wages); → GRC RM (Risk management) at the implementation stage; → RD (Reference data); → Basis (Functioning of technical infrastructure SAP ERP).	Shareholders Top management of the Company
ON-LINEPURCHASES	Placement of POs at ONLINECONTRACT trading platform	Suppliers

STAKEHOLDER	MODE AND FREQUENCY OF INTERACTION
<b>EMPLOYEES AND THEIR FAMILIES</b>	<ul style="list-style-type: none"> <li>→ collegiate bodies of employers and employees (permanent commissions for the collective agreement, labor safety and labor disputes);</li> <li>→ permanent reception on the production issues and weekly reception on social and labor issues;</li> <li>→ annual corporate forum;</li> <li>→ social monitoring (annually);</li> <li>→ monthly corporate cultural and sports events;</li> <li>→ constant interaction with the trade union committee and other unions of workers;</li> <li>→ regular interviews of employees of the Company (once per month);</li> <li>→ a permanent «hot line» for employees.</li> </ul>
<b>BUSINESS PARTNERS</b>	<ul style="list-style-type: none"> <li>→ business meetings and discussions as needed;</li> <li>→ selection of suppliers on a competitive basis;</li> <li>→ a permanent record of the views of consumers about the quality of products;</li> <li>→ development of standards for marketing of products;</li> <li>→ regular market research;</li> <li>→ participation in exhibitions;</li> <li>→ permanent involvement in electronic trading on the manufacturers' websites;</li> <li>→ procurement using electronic trading platform;</li> <li>→ regular business conversations by telephone.</li> </ul>
<b>SHAREHOLDERS AND INVESTORS</b>	<ul style="list-style-type: none"> <li>→ regular meetings of the Company's management with shareholders and investors;</li> <li>→ participation of the Company's management in the Russian and international conferences on invitation;</li> <li>→ annual general meeting of shareholders (once a year);</li> <li>→ extraordinary general meetings of shareholders (as needed);</li> <li>→ responses to the applications of shareholders and investors (constantly);</li> <li>→ trips to the Company's facilities (if necessary);</li> <li>→ disclosure of information on the Company's business in accordance with the requirements of the legislation.</li> </ul>
<b>LOCAL COMMUNITY</b>	<ul style="list-style-type: none"> <li>→ constant participation in working groups and commissions created by the administration of the business area;</li> <li>→ continued cooperation with the institutions of professional education;</li> <li>→ regular public opinion polls;</li> <li>→ conducting public hearings and consultations, as necessary;</li> <li>→ participation in regional exhibitions and forums (depending on business needs);</li> <li>→ continued involvement in the implementation of social programs in cooperation with community of Nizhnekamsk;</li> <li>→ continued cooperation with educational institutions (sponsorship, meetings, polls, participation in the meetings concerning future development of vocational education for petrochemical industry).</li> </ul>
<b>MASS MEDIA</b>	<ul style="list-style-type: none"> <li>→ permanent placement of information about important events of the Company;</li> <li>→ visits of Company's production facilities by media representatives;</li> <li>→ invitation of the media representatives to press tours, press conferences, the celebrations and sports events held at PJSC «Nizhnekamskneftekhim»;</li> <li>→ press coverage of annual conferences of the labor collective.</li> </ul>
<b>PROFESSIONAL ORGANIZATIONS*</b>	<ul style="list-style-type: none"> <li>→ participation in thematic meetings, conferences whenever they are organized;</li> <li>→ representation and participation in RTK activities;</li> <li>→ continued cooperation with the Russian Academy of Sciences;</li> <li>→ permanent representation and participation in working groups of associations and employers (RUIE, Coordination Board of employers association of Russia, AMP etc);</li> <li>→ continued cooperation with institutions of higher education.</li> </ul>
<b>FEDERAL REGIONAL AUTHORITIES</b>	<ul style="list-style-type: none"> <li>→ continued participation in governmental working groups, socially significant events, conferences and forums;</li> <li>→ annual agreements on cooperation with regional authorities;</li> <li>→ constant participation in the work of the Russian Union of Industrialists and Entrepreneurs;</li> <li>→ in 2014 the Company did not lobby the national policy.</li> </ul>
<b>INTERNATIONAL ORGANIZATIONS*</b>	<ul style="list-style-type: none"> <li>→ continued involvement in the work of international noncommercial organizations;</li> <li>→ representation in relevant international organizations;</li> <li>→ continuous cooperation with ITO, IOE.</li> </ul>

\* PJSC «Nizhnekamskneftekhim» is a member of the following organizations:

- Chamber of Commerce and Industry;
- Association of gas turbine technology for power generation and industry;
- The Russian Union of Chemists;
- The Russian Union of Industrialists and Entrepreneurs;
- Sintezkauchuk Association;
- Association of enterprises and entrepreneurs of the Republic of Tatarstan;
- Self-Regulatory Organization Regional Non-Profit Partnership «Builders Community of the Republic of Tatarstan».

\*\* PJSC «Nizhnekamskneftekhim» is a member of the following organizations:

- International academy of quality management;
- Association of self-identification UNISCAN/GS RUS ;
- International Rubber Study Group (IRSG);
- International institute of rubber producers.

## STAKEHOLDER

## KEY CORPORATE DOCUMENTS GOVERNING THE INTERACTION

## EMPLOYEES AND THEIR FAMILIES

- Policy of PJSC «Nizhnekamskneftekhim»
- Internal work rules
- Regulations on personal data of employees
- Company standard «Certification of managers and specialists»
- Company standard «Selection, placement and adaptation of staff. The procedure for determination and preparation of reserve staff for the posts of managers and specialists».
- Company standard «Procedure of preparation and development of personnel»
- Regulations on awarding the employees for the work and contribution to development
- Regulations on bonus payment for Nizhnekamskneftekhim employees based on the main results of economic operations for one month
- Regulations on coaching
- Regulation on the organization of training and examination of the workers
- Regulation on the moral and material incentives of labor protection and industrial safety
- Regulations for the organization of training on labor protection and verification of knowledge of labor protection requirements
- The collective agreement between workers and management for 2014
- General policy of development of physical culture and sports
- Regulations on payments of social nature to employees of «Nizhnekamskneftekhim»
- The main directions of youth policy
- Regulations on the Committee for occupational safety
- Regulation on the procedure of registration, use of innovative proposals, calculation of profit margin, payment of the award to the authors and remuneration for the promotion of innovations.

## BUSINESS PARTNERS

- Policy of PJSC «Nizhnekamskneftekhim»
- Instruction «On the procedure for acceptance of goods for industrial purposes and consumer goods by quantity» (approved by Resolution of the USSR State Arbitration of 15.06.65, No. P-6 (as amended on 29/12/1973, 14/11/1974, and 22/10/1997).
- Instruction «On the procedure for acceptance of goods for industrial purposes and consumer goods by quality» (approved by Resolution of the USSR State Arbitration of 25/06/1966, No. P-7 (as amended by provisions of the USSR State Arbitration No. 81 of 29/12/1973, No. 98 of 14/11/1974, and No. 18 of 22/10/1997).
- Implementation provisions for internal control for the purpose of combating money laundering and terrorist financing
- Regulation on procurement using electronic trading facility
- Provision on operating procedures of Department for chemical and hydrocarbon feedstock supply
- Regulation on contractual tender committee
- Regulations on drawing up documents for payments against contracts and control of settlements
- Guidelines on the order of contractual work
- Standard «Procedure of taking corrective and preventive measures»
- Provisions on the procedure for receiving foreign delegations and individual foreign experts coming to PJSC «Nizhnekamskneftekhim», and departure of the Company's representatives to foreign countries and to negotiations in other cities of Russia
- Regulations for the registration, handling and storage of documents containing commercial secrets at Nizhnekamskneftekhim and when working with other organizations
- Standard «Analysis of inquiries and responses to commercial proposals of potential buyers and analysis of the execution of contracts for sale of products in the domestic market»
- Standard «Guidelines for complaints management of external consumers. Monitoring and analysis of satisfaction»
- Standard «Procedures of claim administration»
- Standard «Requirements planning, purchase of spare parts for equipment, bearings and tools according to the nomenclature of the chief mechanical engineer office, and evaluation of suppliers»
- Standard «Procedure of concluding contracts to perform R&D and services. Organization of control of the execution of work under the contracts and the introduction of their results in the production»
- Instruction «Procedure of shipment by motor transport»
- Regulations on access and interplant modes
- Instruction «Procedure of work of Nizhnekamskneftekhim departments, services and divisions with business units located in the territory of the Company»

## STAKEHOLDER

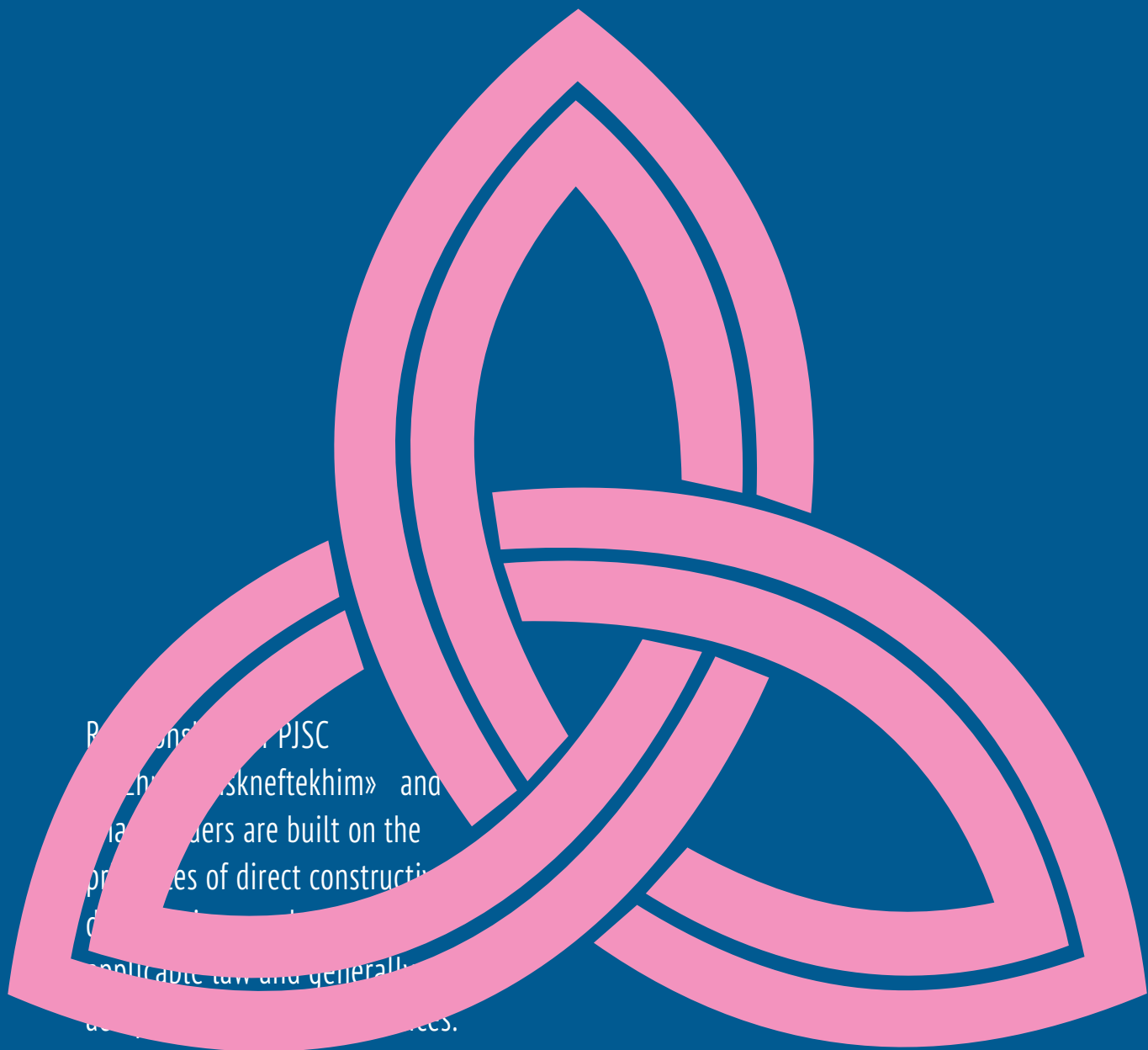
## KEY CORPORATE DOCUMENTS GOVERNING THE INTERACTION

## SHAREHOLDERS AND INVESTORS

- Charter
- Regulations on executive powers
- Regulations on the Board of Directors
- Regulations on the General Shareholders Meeting
- Provision on the operating procedure of the Internal Audit Commission
- Provision for information policy
- Regulations on the dividend policy
- Provision for independent directors
- Code of corporate ethics of the Board members
- Code of corporate social responsibility
- Regulation on the Audit Committee of the Board of Directors
- Regulation on the Personnel and Reward Committee of the Board of Directors

## LOCAL COMMUNITY

- Collective agreement between employees and management for 2014
- Agreement between PJSC «Nizhnekamskneftekhim» and Nizhnekamsk institute of chemical engineering on establishing the basic departments
- Agreement on cooperation with the basic educational institutions (Nizhnekamsk institute of chemical technology, Nizhnekamsk petrochemical college, Nizhnekamsk college of technology, technical school of petrochemistry and oil refining)
- Agreement on the production practice for students (Nizhnekamsk institute of chemical technology, Nizhnekamsk petrochemical college, Nizhnekamsk college of technology, technical school of petrochemistry and oil refining)
- Cooperation agreement with technical school of chemical technology and oil refining for implementation of the dual training system
- Resolution on preparation and holding the New Year holidays in Nizhnekamsk metropolitan region of Tatarstan Republic
- Resolution on holding public festivals: Navruz, Sabantuy 2014, Maslenitsa
- Resolution on holding municipal sanitary subbotniks, and subbotniks for landscaping, cleaning and greening the city
- Agreement with the public housing fund
- Resolution on maintenance of roads in autumn and winter of 2014 -2015
- Resolution on the measures of improvement of sanitary and environmental state of the forest areas in the territory of Nizhnekamsk municipality, Tatarstan Republic
- Guidelines for waste management at PJSC «Nizhnekamskneftekhim»
- Resolution on the corporate assistance of enterprises, institutions, organizations to educational institutions and intensification of community affairs at place of residence



Public Joint-Stock Company PJSC  
«Rosneft» and «Rosneftekhim» and  
shareholders are built on the  
principles of direct construction  
of the Company's activities.  
The Company is governed by the  
applicable law and generally

accepted practices.  
The Company seeks to maximize  
the transparency of its activities  
and provides equal and timely  
access of shareholders to the  
information about the Company

# 03

## COMPANY AND SHAREHOLDER

- 38 Corporate management
- 39 Company corporate bodies

# Corporate Management



## KEY FACTS AND FIGURES:

### 11

Persons are the members of the Board of Directors

### 4

Individual members of the Board of Directors

### 11

Meetings of the Board of Directors in 2014

### 2nd

place in the top 10 private companies according to the II annual survey of corporate transparency of Russian companies

Relationships of PJSC «Nizhnekamskneftekhim» and its shareholders are built on the principles of direct constructive dialogue in accordance with applicable law and generally accepted international practices. The Company seeks to maximize the transparency of its activities and provides equal and timely access of shareholders to the information about the Company.

The Top-Management increased competitive advantages and investment attractiveness of the Company due to the optimization and standardization of business processes thanks to the Management information system being used by the Company as part of the SAP ERP system. The Department of internal control operates in the Company.

Function of professional engagement and interaction with shareholders and investors is assigned to the Department of corporate ownership and strategic development at PJSC «Nizhnekamskneftekhim».

PJSC «Nizhnekamskneftekhim» in its corporate activities is guided by the Code of Corporate Governance, recommended to be used by the Letter of the Bank of Russia dated April 10, 2014 No. 06-52 / 2463. The list of corporate documents in force at the Company, the information on the authorized capital and capital structure, including the list of shareholders of PJSC «Nizhnekamskneftekhim» holding five percent or more of the Company shares are reflected in the Company's Annual Report and Quarterly Reports for 2014 (see corporate website <http://www.nknh.ru>).

# Company corporate bodies

Current PJSC «Nizhnekamskneftekhim» corporate governance system is focused on compliance with accepted international standards and is aimed at the effective implementation of the Company's activities. Corporate policy and business processes are arranged on the principles of maximum transparency and openness to all stakeholders, risk prevention of conflict of interests.

The Company pays special attention to perfection of the corporate governance constantly exploring and adapting the best Russian and international practices in this area. In accordance with the Charter of PJSC «Nizhnekamskneftekhim» the Company's management bodies are: the General Meeting of Shareholders, the Board of Directors, the Board, CEO, The Chairman of the Board of Directors of PJSC «Nizhnekamskneftekhim» is V.M. Busygin, Deputy General Director of TAIF for the Management and Strategic Development of PJSC «Nizhnekamskneftekhim». The General Director, Bikmurzin A. Sh., who is elected by the Board of Directors, is the Head of the Board and administers its work. The General Director is responsible to the shareholders and to the Board of Directors for realization of development strategy and financial performance of the Company.

The Principles of Corporate Governance of the Company are based on the legal and regulatory framework, including the Legislation of the Russian Federation and internal documents of PJSC «Nizhnekamskneftekhim» approved by the General Meeting of Shareholders and by the Board of Directors of the Company.

## GENERAL MEETING OF SHAREHOLDERS

In accordance with the Federal Law «On Joint Stock Companies» and the Charter of PJSC «Nizhnekamskneftekhim» a Supreme governing body of the Company is the General Meeting of Shareholders. Issues that cannot be delegated to the Board of Directors, to the General Director or to the Director of the Board remain within the competence of the General Meeting of Shareholders.

The regular and extraordinary General meetings of shareholders were held during the year. At the regular General Meeting of Shareholders held on April 14, 2014, the following issues were considered:

- Approval of the annual report, annual accounting statements, including the financial results of PJSC «Nizhnekamskneftekhim» activities in 2013;
- Profit distribution including payment (declaration) of dividends, according to the results of the Company's activities in 2013;
- Election of the Board of Directors of PJSC «Nizhnekamskneftekhim»;
- Election of the Audit Commission of PJSC «Nizhnekamskneftekhim»;

- Approval of the auditor of PJSC «Nizhnekamskneftekhim»;
- Introduction of amendments and additions to the Charter of the PJSC «Nizhnekamskneftekhim» and its approval as amended;
- Introduction of amendments and additions into the Rules and Regulations for the General Shareholders' Meeting at PJSC «Nizhnekamskneftekhim» and its approval as amended.

At the Extraordinary General Meeting of Shareholders on October 29, 2014 the agenda was as follows:

- Early termination of powers of the Board of Directors PJSC «Nizhnekamskneftekhim»;
- Election of the Board of Directors of PJSC «Nizhnekamskneftekhim»;
- Introduction of amendments and additions to the Charter of the PJSC «Nizhnekamskneftekhim» and its approval as amended.

Shareholders may direct the activities of the Top Management Body of the Company through the Board representation. Employees may give recommendations to a senior management body through the reports of the Company's management on the Board of Directors meetings, on the Committee on Personnel and Remuneration and Audit Committee meetings.

## THE BOARD OF DIRECTORS

The Board of Directors is the governing body of the Company and provides overall management of the Company, except for the issues referred to the competency of the General Meeting of Shareholders, according to the Federal Law and the Charter of the Company.

The Board members are elected at the annual general meeting as prescribed by the Federal Law until the next annual meeting. Quantitative representation of the Board of Directors: 11 persons (one of them is a woman). The number of individual members is 4 persons (all men).

For preliminary review of the most important issues the Board of Directors establishes the following committees: the Human Resources and Remuneration Committee, the Audit Committee. When necessary, the Board of Directors may establish other committees. These committees act on the basis of regulations approved by the Board of Directors. Personal composition of the Committees is formed by the Board of Directors. Committees of the Board of Directors meet in accordance with the plan approved by the Board of Directors and as appropriate. The committees may hold joint meetings.

In 2014, there were 11 meetings of the Board of Directors of the Company. The meetings reviewed more than 70 issues, including:

The Environmental Program implementation progress in 2013;

- Review and approval of the Environmental Program of PJSC «Nizhnekamskneftekhim» till the end of 2020;
- Progress in implementation of measures to improve the Intrinsic Business Value (capitalization) of PJSC «Nizhnekamskneftekhim»;
- Review of the results of financial and economic activities, fulfillment of the plan of capital investments and funding of PJSC «Nizhnekamskneftekhim» and, in the whole, group of NKNC companies at the end of 2013;
- Review of the results of financial and economic activities, fulfillment of the plan of capital investments and funding of PJSC «Nizhnekamskneftekhim» and, in the whole, group of NKNC companies at the 1st half of 2014;
- Review of the results of financial and economic activities, fulfillment of the plan of capital investments and funding of PJSC «Nizhnekamskneftekhim» and, in the whole, group of NKNC companies at the end of 9 months of 2014;
- The progress of the EP-1000 Project implementation at PJSC «Nizhnekamskneftekhim»;
- Actual tax and duty payments by PJSC «Nizhnekamskneftekhim» into consolidated budget of the Republic of Tatarstan for the first 6 months period 2014;
- Actual tax and duty payments by PJSC «Nizhnekamskneftekhim» into consolidated budget of the Republic of Tatarstan for the 9 months period of 2014 and assessment of PJSC «Nizhnekamskneftekhim» payments into consolidated budget of the Republic of Tatarstan in 2015;
- PJSC «Nizhnekamskneftekhim» receivables and payables status analysis as of October 1, 2014 and actions on their reduction;
- PJSC «Nizhnekamskneftekhim», credit and mortgage portfolio analysis;
- Analysis of effectiveness production facilities of PJSC «Nizhnekamskneftekhim» as of July 1, 2014;
- Analysis of effectiveness of investments to subsidiaries and associated companies of PJSC «Nizhnekamskneftekhim» as of July 1, 2014;
- Approval of the deal on gratuitous transfer of ownership for the hostels and bachelorette hostels to the municipality «City of Nizhnekamsk»;
- The current and future raw material supply of «Nizhnekamskneftekhim»;
- Report on the activities of the Internal Control Management of PJSC «Nizhnekamskneftekhim» for 10 months of 2014 and approval of the work plan of the Internal Control Management of PJSC «Nizhnekamskneftekhim» for 2015;

- Review and approval of operating and financial plan for 2015, capital investment plan and plan of funding the PJSC «Nizhnekamskneftekhim» and NKNC Group of Companies, as a whole;
- Approval of PJSC «Nizhnekamskneftekhim» interest-party transactions and others.

Payments to members of the Top Management Body, to Senior Executives and Senior Managers are stipulated by the results of the company activities.

There are Regulations on bonuses for personnel of PJSC «Nizhnekamskneftekhim» according to the results of work at the end of a month, in which the relationship is established between benefits and results of activities, including social and environmental ones. Paragraph 4.4 of the Regulations governs the size of monthly premium payments to the Executives of PJSC «Nizhnekamskneftekhim». The annual report of the Company contains the data on the amount of remuneration and compensations paid to the members of the Board of Directors and to the Board of the Company.

#### INTERACTION BETWEEN SHAREHOLDERS AND INVESTORS

Establishing and maintaining a trusting relationship with the shareholders and investors is one of the most important tasks of the Company. The Company does its best to preserve interests of shareholders and investors, and to establish relations with partners in order to improve the Company activities based on the principles of information transparency and the direct dialogue in accordance with applicable Legislation and generally accepted international practices.

PJSC «Nizhnekamskneftekhim» presents some information on its official website. The sections «Investors and Shareholders» (<http://www.nknh.ru/investors/market/>) and «Charter and internal documents» (<http://www.nknh.ru/investors/documentation/>) show internal corporate documents, annual reports, materials for shareholder meetings, information about the registrar and auditor, information on dividend policy, financial statements as per IFRS and Russian GAAP.

In 2014, 111 News and press releases were published at the corporate site about the current activities of the Company, 21 news releases on the activities of trade unions. In the «Disclosure of information» section published were 42 reports on important facts and 8 lists of affiliated legal entities and amendments thereto.

During the reporting period, the Company placed 75 publications, reports and press releases in periodic media and specialized

publications. Publications were also placed in the federal and regional printed press, such as «Rossiyskaya Gazeta», «AIF», «Kommersant», «Komsomolskaya Pravda», as well as in federal magazines «Trends, Events, Markets», «Industrial and Environmental Safety», «Plastics». Issues of shares, promotions, capitalization of, dividends of PJSC «Nizhnekamskneftekhim» were mentioned in the media 100 times.

Representatives of the Company take part in the international conferences and sessions on a regular basis<sup>3</sup>.

In order to timely inform the shareholders and the investors PJSC «Nizhnekamskneftekhim» regularly publishes financial statements with the results of the Company activities. In 2014, the following financial statements were published on the corporate website:

#### AS PER RUSSIAN GAAP:

- annual accounting (financial) report for 2013;
- interim accounting statement as of March 31, 2014;
- interim accounting statement as of June 30, 2014;
- interim accounting statement as of September 30, 2014.

#### AS PER IFRS

- annual accounting (financial) report for 2013;
- interim accounting statement as of June 30, 2014

Since 2005 PJSC «Nizhnekamskneftekhim» has been interacting with international rating agencies for the purpose of information of the investment community on the independent review of its credit rating. As part of this interaction of PJSC «Nizhnekamskneftekhim» holds regular meetings with representatives of the rating agencies and discuss the results of the Company activities for the period. In addition, at all times the Company maintains a constant dialogue with the rating agencies in order to discuss emerging issues on financing soundness of the Company, its market position and future plans.

In 2014, the following credit ratings of the Company were confirmed:

#### 15.05.2014 – STANDARD & POOR'S:

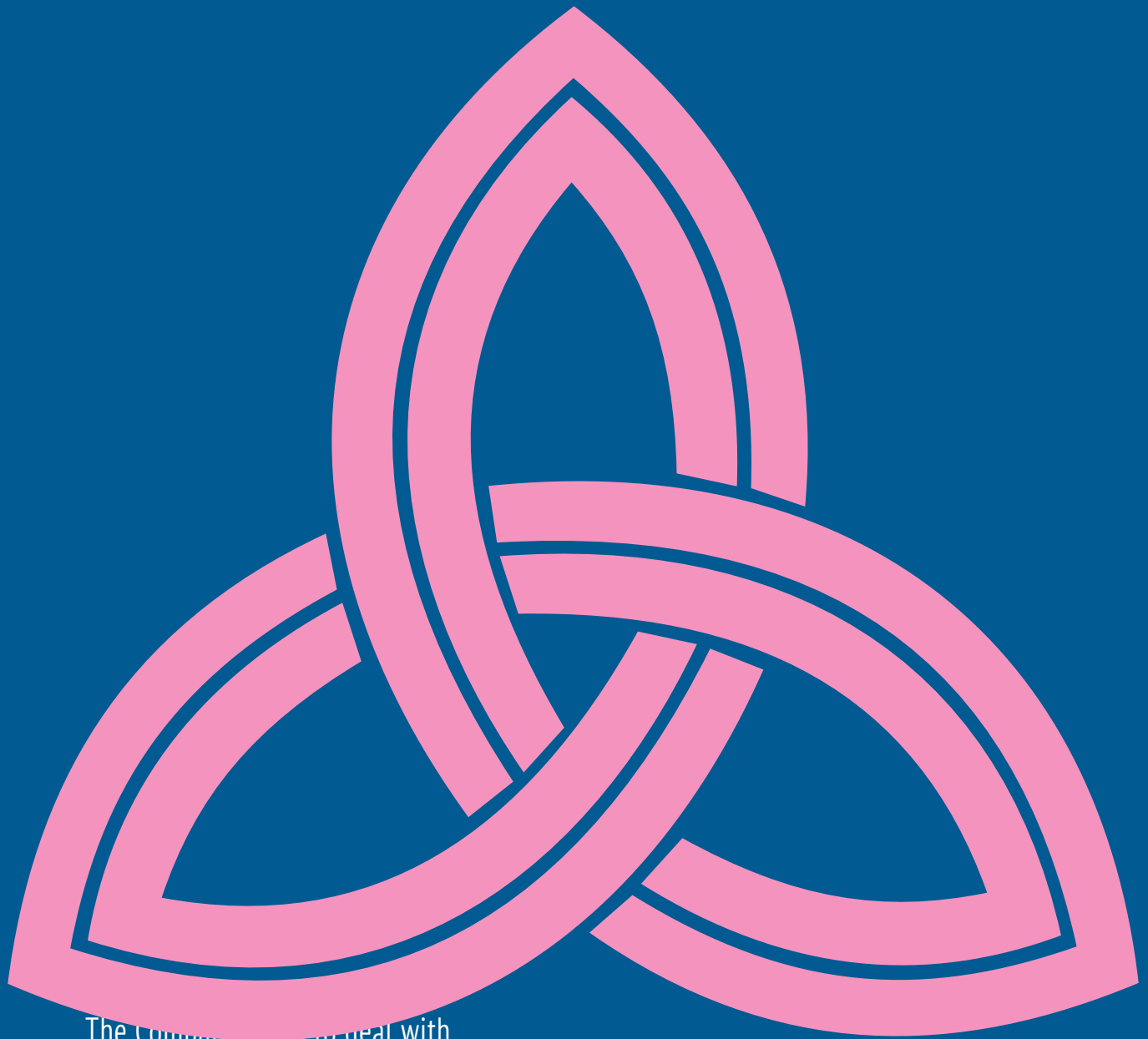
- long-term foreign currency rating - BB / Stable ;
- long-term local currency rating - BB / Stable;
- national scale rating - ruAA

#### 26.06.2014 MOODY'S INVESTORS SERVICE LTD.:

- corporate rating - Ba3 / Positive
- long-term national scale rating - Aa3.ru / Positive<sup>4</sup>
- Eurobonds rating Ba3 / LGD4 / Positive.

The Company strives to improve interaction with shareholders and investors, using the experience of other companies, keeping track of information on the latest changes in legislation and advanced technologies in this field.

<sup>3</sup>For details, see Section «Corporate Social Responsibility», in Sub-section «Interaction with interested parties»  
<sup>4</sup>23/12/2014 agency Moody's Investors Service Ltd. put its rating outlook on review for its possible downgrade.



The Company seeks to deal with business partners, suppliers and customers based on the principles of transparency, fairness and impartiality in compliance with the ethics of business.

# 04

## COMPANY AND BUSINESS PARTNERS

- 45 The Company's products compliance with the requirements
- 47 Practical approach to procurement
- 47 Customer Satisfaction
- 49 Marketing Communication

# The company and business partners



## KEY FIGURES AND FACTS:

### In 2014, the Company became:

- ▶ Prize-winner of the contest «Best Goods and Services of the Republic of Tatarstan»
- ▶ Prize-winner and diploma winner of the contest «100 best goods of Russia-2014»

In order to achieve competitive advantages and strengthening business relations with strategic consumers of finished products, works on the organization of automatic exchange of electronic data between the ERP systems of Continental Company and PJSC «Nizhnekamskneftekhim» through Rubber Network portal were performed. Today, PJSC «Nizhnekamskneftekhim» has all technical possibilities to integrate with the rest of global consumers of chemical products, participants of Elemica trade platform (Michelin, Goodyear, Pirelli, etc.).

The Company seeks to deal with business partners, suppliers and customers based on the principles of transparency, fairness and impartiality in compliance with the ethics of business. The Company seeks to deal with business partners, suppliers and customers based on the principles of transparency, fairness and impartiality in compliance with the ethics of business. The Company searches potential partners based on market research with due regard to public reputation of companies in terms of compliance with human rights and their shared principles of corporate governance and social responsibility. PJSC «Nizhnekamskneftekhim» performs

prequalification of bidders for supply of goods and services, paying special attention to suppliers' business ethics.

The company purchases essential resources consumed on a tender basis, guided by the principles of transparency of procurement procedures.

In 2014, the Company was not subject to proceedings in connection with opposing to competition, no legal actions were considered with regard to practical approaches to prevent monopolistic practices and their outcomes.

Understanding the importance of fighting this dangerous phenomenon as corruption, and fully supporting the legislative and executive power of the Russian Federation to enhance the implementation of measures aimed at eliminating this negative phenomenon, PJSC «Nizhnekamskneftekhim» takes all the necessary measures to prevent corruption, to form anti-corruption legal consciousness of workers, intolerance for corrupt practices. Anticorruption policy was approved in the Company on 29.08.2014 to meet the requirements of anticorruption legislation. The Company introduced the documents to all its employees, established the procedures to introduce the Policy to the newly hired employees. Corporate documents on anticorruption measures are posted on the official website of the Company (<http://www.nknh.ru/investors/documentation/>).

PJSC «Nizhnekamskneftekhim» implements measures to prevent a conflict of interest by drawing up the list of Affiliates of the Company and the list of Insiders. In order to resist corruption, contracts with suppliers, contractors, consumers and other partners which arrive for approval, are checked at PJSC «Nizhnekamskneftekhim». The contracts of all departments, business units, which authorities include conduct of contract activity were checked. Contracts are checked by specialists of the Department for study of partners, who have been trained in the profile of economic security. Training of security personnel to anti-corruption practices is mainly carried out within travelling subject seminars and conferences on economic security. Seven employees have been trained in anti-corruption practices in 2014, five men were trained in 2013 and nine people – in 2012. The complex of evaluation activities includes searching for information on the founders and managers of the counterparty in various data bases. Terms of signing a contract are determined by the Tender Commission, taking into account all the risks, including corruption. Candidates for management position are also checked for loyalty. The Company has the practice in place for monitoring and analysis of reports received by «hotline».

## The Company's products compliance with the requirements

### THE COMPANY ACTIVITIES IN THE FIELD OF PRODUCT QUALITY AND SAFETY

Sustainable Development Strategy and social mission of the Company require guarantees of high quality of product supplied and reliability of its deliveries. To do this, PJSC «Nizhnekamskneftekhim» undertakes activities in the following areas:

- implementation, enforcement and continuous improvement of compliance with the requirements of international standards for quality management, environmental management, occupational and industrial safety management, information security management;
- evaluation of impacts of the Company products and services on health, safety and environment;
- safeguarding of the Company assets and property;
- monitoring and analysis of satisfaction of customers and other stakeholders - shareholders, government, society and the Company employees.

The Company is very active in achievement of specified Objectives and performance of undertaken voluntary commitments with regard to implementation of Quality and Environment, Occupational and Industrial Safety Management Systems, using the whole possible range of effective methods and tools in accordance with the requirements of International Standards.

### EVALUATION OF COMPANY'S PRODUCTS IMPACT ON HEALTH, SAFETY AND ENVIRONMENT

In order to ensure the required - both by domestic and international legislation - level of human health and environment protection, establishment of mandatory requirements to produce / services safety, all the life cycle stages pass the procedure of assessment of the potential adverse impact on human health and environment.

Requirements to safe implementation of manufacturing processes for production, transportation, sale of products and rendering services are formalized in the Company in the relevant technical documentation - from design technical assignments to existing process instructions / maps of operational parameters for specific processes and operations, including permit-like documents (licenses, MSDS, expert opinions, etc.).



Information about found-out consumer properties of products, including safe / dangerous properties, is contained in the regulatory, technical and contractual documents for specific types of products. Compliance with the established requirements is confirmed through products quality control accompanied by formalization of required documents.

**LIFE CYCLE STAGES FOR WHICH THE MANDATORY REQUIREMENTS ON THE PRODUCTS/SERVICES SAFETY ARE ESTABLISHED AND THE POSSIBLE HEALTH EFFECTS ON CONSUMERS ARE ASSESSED FOR SUBSEQUENT IMPROVEMENT.**

Development of products/services concept
Research and development
Certification
Production
Marketing and promotion
Storage, distribution and supply
Use and maintenance
Disposal of, reuse or recycling

**TYPES OF INFORMATION ABOUT PRODUCTS SAFE PROPERTIES**

Sources of products components
Composition
Safe use of products
Disposal of products and impact on the environment/society

**SYSTEM OF MANDATORY REQUIREMENTS TO PRODUCTS SAFETY**

In 2014, no incompliances with regulatory requirements relating to information and labelling of products properties were recorded. Products impact on health and safety is assessed, and information on the established requirements provided for all of significant products manufactured by the Company. Delivery of products is accompanied by MSDS documents(Material Safety Data Sheet) mandatory in the EU, USA, etc., in which security measures when handling the product are specified. The task of MSDS is to spread information on the product safety, including possible dangerous aspects.

Liquid and gas products of PJSC «Nizhnekamskneftekhim» are dangerous for the environment and intended for industrial processing by consumers in accordance with the licenses for certain types of activities. All stages of processing liquid and gaseous products require use of individual and collective equipment for personnel protection, safe operation training, development of emergency response plans, process regulations and instructions. The customer is provided with the approved safety data sheet according to the RF legislation, Customs Union and REAH regulations, as well as in line with the laws of Canada, Japan, USA, ISO 11014, Taiwan and Korea. Warning, product handling marks and danger signs are indicated on the transport packaging in accordance with the regulations relevant to specific products in line with GOST 19433, GOST 14192, GOST 1510, Directive EC 1272/2008 (CLP), UNO Recommendations, and CGC. In this regard, no incompliances with regulations and voluntary codes related to impact of products and services on health and safety have been registered. In turn, both products sold and packaging materials are not returned to PJSC «Nizhnekamskneftekhim» for processing.

Successfully completed is planned for 2010-2014 registration of the Company products in compliance with the requirements of EC Regulation (REACH) No.1907/2006. In total, 39 substances (commodity products and monomers in polymer composition)

were registered within the framework of REACH Regulation. All registered products received certificates confirming registration by the European Chemicals Agency. Those certificates allow PJSC «Nizhnekamskneftekhim» to continue free export of chemical products to the EU market and maintain its competitiveness. The works are performed on preparation of technical files on chemicals alleged to delivery to the EU without prior registration.

All products supplied to EU have been completed with safety data sheets elaborated in accordance with REACH and Directive EC 1272/2008 (CLP).

## Practical Approach to Procurement

PJSC «Nizhnekamskneftekhim» cooperates with the major Russian companies such as OAO Gazprom, OAO LUKOIL, OAO NK Rosneft, PAO Sibur Holding, etc. The Company is a regular participant of the Inter-Republic Cooperation Program supervised by the Government of the Republic of Tatarstan aimed at 100% production capacity utilization. In 2014, 50% of raw materials delivered to PJSC «Nizhnekamskneftekhim» fall on the producing companies of the Republic of Tatarstan.

PJSC «Nizhnekamskneftekhim» is guided in its activities by the most advanced global requirements and standards. Constant evaluation of suppliers is ongoing in terms of such significant indicators as quality of materials supplied, price of goods, services. The Company specialists carry out external audits of suppliers for compliance with the international standards, issue recommendations on improving the Quality Management System at such enterprises.

The Company pays great attention to consumers' privacy and data security about them. In 2014, no complaints from the consumers thereabout have been reported.

## Customer Satisfaction

In 2014, 105 insulation polyethylene samples have been produced with further performance of more than 700 tests. As a result, production lots were produced and sent to the pipe manufacturing plants for testing the insulation of steel pipes for gas mains of JSC Gazprom and JSC Transneft and for qualification tests.

The Company determines the range of consumers of its products on the basis of selection criteria, taking into account reliability rating of purchasing companies and their reputation in the world market.

The Company develops its relations with the customers through elaboration of standards for marketing relevant to consideration of consumer claims, assessment of their satisfaction. The company, based on the Company Standard, carries out annual surveys of all customers in the domestic and foreign markets in order to identify their views on delivery terms, product quality, and packaging. In order to improve cooperation performance with consumers and ensure awareness of interested parties, electronic database of customer complaints are created and maintained for all types of the Company's products and inconsistencies associated with the supply of goods.

At various stages of products movement from the manufacturer to the consumer, the required control is undertaken over fulfilment of customer requirements related to packaging, delivery dates, formalization of required documents, etc. The comments received are analysed in accordance with the documents which regulate conduct of business with the customers and corrective and preventive measures of the Company Quality Management System.

The comments received are analysed with subsequent elaboration (if necessary) of corrective and preventive measures. One of the methods of implementing the principle of «customer focus» in the Company is to maintain feedback with the produce consumers and monitoring their degree of satisfaction.

Under the program of rubber sales, work with all the major consumers was carried out in 2014: a technical cooperation contract was negotiated; new trends of scientific and technical cooperation were discussed; Continental audited the QMS that resulted in high opinion of PJSC «Nizhnekamskneftekhim», Pirelli audited the corporate social responsibility issues with positive results.

In addition, work is carried out with the customers of new products of PJSC «Nizhnekamskneftekhim». Numerous meetings with ABS plastics consumers were held in 2014.

The annual consumer survey is conducted in order to determine their wishes regarding quality of the Company's products and services. Questionnaires in order to determine the degree of satisfaction with product quality and service level make it possible for the Company management to define how the customers perceive PJSC «Nizhnekamskneftekhim» and to what extent they are willing to pursue and develop cooperation with the Company in future. According to the survey conducted in 2014<sup>5</sup>, customers highly appreciated cooperation with PJSC «Nizhnekamskneftekhim»: 4.7 rating points of 5 possible ones. The customers' satisfaction was evaluated based on the following criteria: products quality, delivery time, possibility to choose, reliability, price, responsiveness, availability and customer loyalty.



### PRODUCTS DELIVERY TO THE CUSTOMERS

The main objective of PJSC «Nizhnekamskneftekhim» is mastering the new methods and technologies of delivering marketable products, optimization of railway transportation and introduction of the latest developments in the sphere of shipping logistics, meeting the requirements of customers in the domestic and foreign markets.

With the increase in traffic on access ways of PJSC «Nizhnekamskneftekhim», increased requirements for JSC Russian Railways regarding dangerous goods transportation, changes in tariff policy, the strategy is developed for introducing new methods and technologies of commercial products delivery.

To reduce the share of transport costs in the price of marketable products, all possible schemes of delivery and payment for transportation are calculated, the most effective delivery scheme is being selected, that allows to minimize costs and terms of commercial products delivery.

The company is very sensitive to the wishes of customers in selection of commercial products delivery. The main types of transport are motor and railway vehicles. Motor vehicles are more mobile. Nevertheless, railway transport in Russia in the long-haul traffic segment is dominant among all types of public transport, due to the geographical extent of the country and existing transport infrastructure.

In order to avoid damage to the package integrity and to provide safety of products, it has been decided to implement a scheme of «container shipments». The use of sea containers provided a significant economic effect of implementation of container shipment scheme for PJSC «Nizhnekamskneftekhim»'s products supply. This is particularly important for transportation of plastics (polystyrene, polypropylene, polyethylene) due to the maximum container load and lack of transshipment of goods at the ports; it eliminates damage to the goods.

<sup>3</sup>The study of consumer opinion about PJSC «Nizhnekamskneftekhim» products was conducted by specialists of the Sales Department and the Laboratory of Sociological and Psychological Research and Analysis; about 68 Russian and foreign consumers were interviewed.

300 new railcars were purchased in 2014 to meet the wishes of customers. The line of goods transported in the rail car of this model is extended from 15 to 37 items. This line includes the products the transportation of which is reported in high demand: benzene, neonols, ethylbenzene, toluene, etc. High operational reliability and efficiency of the model is provided by the use of sealed drain unit of original design with three degrees of protection, steam jacket that greatly facilitates the process of unloading, as well as its own truck «RM Rail Dual Amplification18-9801» with the improved frame design.

## Marketing Communication

Among methods of informing customers about the types and properties of the products sold by PJSC «Nizhnekamskneftekhim», are presentation of products for domestic and foreign companies, participation in dedicated national and international exhibitions, distribution of product catalogues, brochures, publication of information in the mass media. The website of PJSC «Nizhnekamskneftekhim» is regularly updated - <http://nknh.ru>. Promotional activities in order to create a favorable public opinion on industrial, social, and environmental policy are implemented at PJSC «Nizhnekamskneftekhim» in accordance with the legislation of the Russian Federation.

Being as an advertiser, during design, development and advertising campaigns PJSC «Nizhnekamskneftekhim» applies to dedicated advertising companies authorized to deal with such activities and which undertake to comply with the Russian Federation laws on advertising, regulatory legal acts of the President of the Russian Federation, regulatory legal acts of the Government of the Russian Federation, the orders of the authorities that regulate certain aspects of advertising. In 2014, no incompliances with regulations relevant to marketing communications, including advertising, promotion, and sponsorship were observed.

In 2014, PJSC «Nizhnekamskneftekhim» participated in international specialized exhibitions, fairs, presentations, forums, which attracted a lot of attention of government delegations, domestic and foreign firms, existing and potential customers of PJSC «Nizhnekamskneftekhim».

DATE	LOCATION	EVENT TITLE	RESULT
January, 2014	Moscow, Expocentre	17 th Dedicated International Exhibition of Plastics and Rubbers «Interplastic 2014»	The Company's stand attracted the attention of a large number of visitors. Altogether, stands of more than 900 companies were represented at the exhibition. About 20,000 people from 30 countries familiarized themselves with innovations in the field of plastics and rubbers.
March, 2014	Kazan, OAO Kazan fair	16th Dedicated International Exhibition «Energy and Resource Saving 2014».	According to the results of the exhibition the 1st degree diploma was gained in the category «Energy-efficient technologies and equipment» - «For introduction of the high-speed automatic switch unit (BAVR) in the factories of PJSC «Nizhnekamskneftekhim». Within the framework of the exhibition obtained was the Certificate of System Compliance of Efficient Energy Use Management (energy management) with ISO 50001: 2011 requirements.
April, 2014	Ufa, VDNKh-Expo	XXII International Exhibition «Gas. Oil. Technologies. 2014»	Based on the results of the exhibition the Company was awarded the diplomas: 1. «For participation in the exhibition, high professionalism and the relevance of the presented products». 2. «For the development of new products».
	Moscow, Gostiny Dvor	Moscow International Energy Forum «Fuel and Energy Complex of Russia in the XXI Century»	The Company was awarded the following diplomas: 1. Grand Prix - for introduction of energy efficient management ISO 50001: 2011 (energy management). 2. For the achievement of significant results in the implementation of the Complex Energy Saving Program for the period of 2011-2015. 3. For Demonstration of Effective Energy-Saving Equipment and Technologies at the Exhibition. 4. For the introduction of innovative technologies into power supply reliability improvement among petrochemical companies
September, 2014	Kazan, OAO Kazan fair	5th Dedicated International Exhibition «Plastic and rubber 2014» within the framework of the Tatarstan's Petrochemical Forum	Based on the results of the exhibition the Company was awarded: 1. Diploma from exhibition's organizers «For a wide assortment and high quality of products». 2. Diploma «For the development of new products and professional work of managers at the exhibition». 3. The forum was attended by more than 200 companies from 46 Russian regions and companies from 14 foreign countries.
	Kazan, OAO Kazan fair	9th Dedicated International Exhibition «Eco-technologies and equipment of the XXI century - 2014» within the framework of the Tatarstan's Petrochemical Forum	Based on the results of the exhibition the Company was awarded: Grand Prix Diploma «For the development and implementation of environmentally safe technologies for production waste disposal».
	Moscow, Gostiny Dvor	II Annual National Exhibition «VUZPROMEXPO – 2014. National Science – Fundamentals of Industrialization»	PJSC «Nizhnekamskneftekhim»'s stand informed of the outcomes of the projects implemented within the framework of cooperation development between universities and enterprises in the real sector of the economy in line with Resolution of the Government of the Russian Federation dated April 9, No 218. Under the said Resolution, PJSC «Nizhnekamskneftekhim» in conjunction with KFU enforces its second comprehensive project to develop domestic catalysts for petrochemical processes, funded with the budgetary means, so far as it relates to R&D
	Astana, Kazakhstan	Exhibition of industrial and investment potential of Tatarstan within the framework of the Days of the Republic of Tatarstan	Exhibition organized by the Ministry for Industry and Trade of the Republic of Tatarstan presented a wide range of opportunities for cooperation of industrial enterprises, universities and research institutions, modern investment sites. It was attended by more than 30 companies, universities and organizations of Tatarstan.

DATE	LOCATION	EVENT TITLE	RESULT
	Minsk the Republic of Belarus	Polymer Forum of PJSC «Nizhnekamskneftekhim»	<p>The Forum was organized for the representatives of Belarusian enterprises - polymer processors. The Forum was attended by 77 people, representatives of 37 companies.</p> <p>The key objectives of the Forum were promotion of polymer production of PJSC «Nizhnekamskneftekhim» by raising awareness plastics processors Republic of Belarus on new stamps plastics and new opportunities PJSC «Nizhnekamskneftekhim», the largest producer of plastics in Russia, as well as arranging of the conclusion of long-term mutually beneficial agreements that would promote the expansion and strengthening of the economic relations between the two countries.</p>
October, 2014	Moscow, Expocenter	International Exhibition of Chemical Industry and Science «Chemistry + 2014»	<p>Based on the results of the exhibition the Company was awarded:</p> <ol style="list-style-type: none"> <li>1. Based on the results of the contest held within the framework of the exhibition, the following best products exhibited in the nomination «For high performance of the goods» were awarded 10 diplomas of 1 degree: butyl rubber BK-1675N, halobutyl rubbers (HBK, BBK); SKDN, SKD-L, SKI-3 and DSSK 2012 rubbers, polystyrene plastics, polypropylene, polyethylene, ABS plastics.</li> <li>2. The Company was awarded the following diplomas: <ul style="list-style-type: none"> <li>→ «For the professional work of the Company managers at the exhibition «CHEMISTRY +».</li> <li>→ «For the development and mastering the new types of high quality products and contribution to the development of the petrochemical industry in Russia».</li> </ul> </li> </ol> <p>Innovative developments and achievements were demonstrated at the exhibition by 150 companies from 11 countries.</p>



Partnership with Gazpromneftekhimprom  
The Company's activities and  
development plans takes  
into account the fact that the  
Company's main resource is its people.

The Company implements high standards of occupational safety and encourages development of employees' competencies, improvement of their skills, using mechanisms of internal staff rotation.

# 05

## COMPANY AND EMPLOYEES

- 54 Company Labour Capital
- 58 System of Personnel Education
- 63 Social Partnership
- 65 Social Programs for Company employees

# Company and Employees



## THE KEY FACTS AND FIGURES:

**16,772**

employees in the Company

**39**

years – average age

**35.8%**

employees having higher education

**421**

graduates from educational institutions were recruited to the Company

**6,746**

people have been trained

**+90.7**

ths. RUB. – average monthly labour efficiency of one worker by 2013

Human capital asset is the main factor of competitiveness, economic growth and effectiveness of the Company. In general, the Company effectiveness depends on the qualifications of employees, their arrangement and utilization.

Staffing policy support is based on modern technology of staff training, selection and adaptation of young workers, search of highly qualified specialists, training of staff reserve, working with focus staff groups, development of corporate culture and internal communications. Hiring local population is the established practice for the Company.

PJSC «Nizhnekamskneftekhim» in its current activities and future development plans takes into account the fact that the Company's most important resource is its people. The Company implements high standards of occupational safety and encourages development of employees' competencies, improvement of their skills, using mechanisms of internal staff rotation.

### OBSERVANCE OF EMPLOYEE RIGHTS

PJSC «Nizhnekamskneftekhim» affirms its commitment to human rights in accordance with the RF Constitution and RF legislation. On the basis of commonly recognized international principles and norms, the legal regulation of labour and other associated relations in the Company are effected in accordance with the standards of the International Labour Organization and Russian Federation legislation. The Company ensures protection of workers' rights, which are an integral part of the rights to freedom of association and bargaining. Each employee of the Company has equal opportunities to exercise their labour rights regardless of gender, race, nationality, origin, material, social, and employment status, age, residence, religion, political beliefs, as well as of other circumstances not associated with the employee's professional qualities.

The company aims to provide all employees with equal opportunities to realize their potential in the workplace, impartial and fair assessment of the results of their work, selection and promotion of official workers solely on the basis of professional abilities, knowledge and skills. The Company complies with the requirements of the RF Labour Code, which prohibits employment of persons under the age of 18 years old for works with harmful and (or) dangerous labour conditions, as well as observes the rules prohibiting employment of women for jobs with difficult and dangerous conditions in the refining industry.

In its activities, the Company is guided by provisions of declarations and conventions of international organizations, the RF Constitution regarding prohibition of forced labour. The Company has a system of prevention, detection and, if necessary, taking actions to address violations of economic and social rights of workers. The instrument for regulation of relationship is the Labour Dispute Committee. In 2014, no appeals and complaints on the part of workers to the Labour Dispute Committee were reported. Violations of human rights were not identified, including the rights of native minorities.

Anti-discrimination policy is one of the main requirements of international agreements, social legislation and relevant guidelines. No lawsuits, complaints, and claims officially registered by the organization or competent authorities, as well as no violations identified by the organization by means of procedures established at

the Company have been reported. Human rights issues are covered during training of union members; 2,970 employees were trained in 2014 (2 303 employees - in 2013, 2 100 employees - in 2012).

The Company sociologists continually evaluate the socio-psychological climate in the units, including relationships that are taken into account in further work by Managers of Departments in development of measures focused on improvement of stability in the collective. The quality of working life in different social groups is being monitored, including minority groups. For the Republic of Tatarstan, two dominant ethnic groups are characteristic: Tatar and Russian. At the same time, representatives of national minorities, such as the Chuvashes, Germans, Ukrainians, Belarusians, Maris and others, are also satisfied with ethnic relations and equal conditions for everybody. Based on the results of sociological studies<sup>6</sup>, it was revealed that satisfaction with ethnic relations equals to 92% (with the standard value of 60%). Suppression of order violations using force is exclusively within the competence of the staff of the security company, among which 95.7% of guards (483 employees) have been trained on aspects of human rights and have standard form certificates.

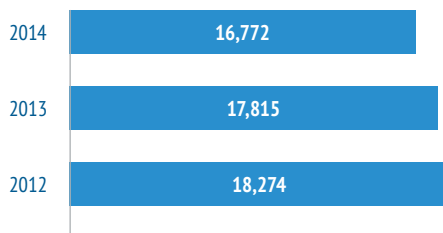
## Company Labour Capital

PJSC «Nizhnekamskneftekhim» employs 16,772 employees<sup>7</sup> of more than 300 professions. Of the total number of employees of PJSC «Nizhnekamskneftekhim», 16,156 employees (96.3%) are employed under an employment contract for an indefinite period, the number of employees employed under the fixed-term employment contract amounts to 616 (3.7%). To ensure stable qualification of staff required for the Company, the system of recruitment has been developed. The Company provides the opportunity to work and provides work for the employees of its subsidiaries, as well as construction companies.

<sup>6</sup>The study was conducted by specialists of the Laboratory of Sociological and Psychological Research and Analysis of PJSC «Nizhnekamskneftekhim»; about 974 respondents were interviewed.

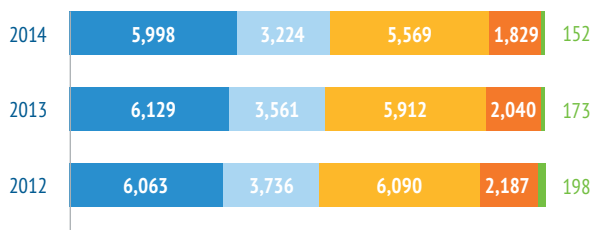
<sup>7</sup>The staff of PJSC «Nizhnekamskneftekhim» as of 31/12/2014 is presented in Annex 2.

NUMBER OF EMPLOYEES, PERS.

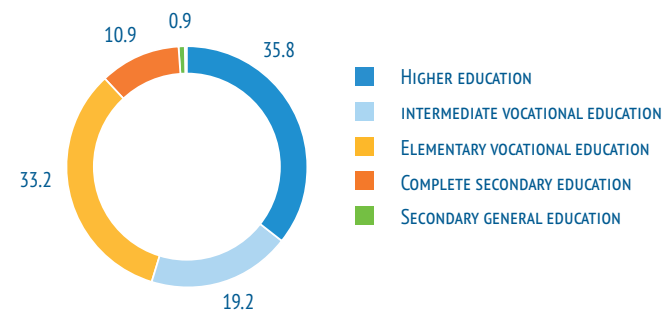


Decrease of employees number is noted compared to the prior periods. In 2014, the Company experienced some structural changes: in the form of shops combination and carving a number of units out of the Company to Subsidiaries and Associates. The Company Human Resource Management Policy provides activities to work with different social groups: in terms of age, education, gender, socio- professional belonging<sup>8</sup>.

PERSONNEL STRUCTURE BY EDUCATION LEVEL, PERS.



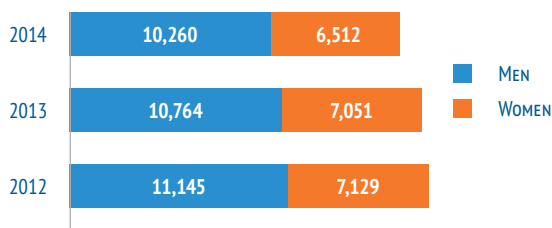
PERSONNEL STRUCTURE BY EDUCATION LEVEL, %, 2014 r.



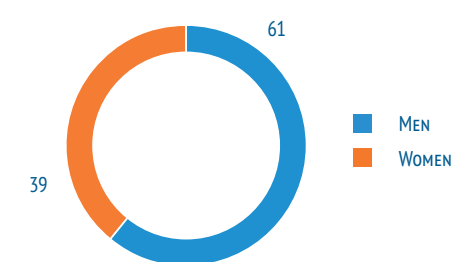
45 people in the Company have science-degrees.

The ratio and representation of men and women in various categories of personnel has been retained at the same level for several years.

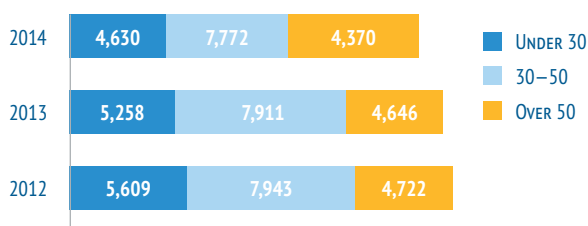
PERSONNEL STRUCTURE BY SEX, PERS.



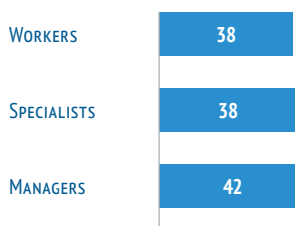
PERSONNEL STRUCTURE BY SEX, %



AGE COMPOSITION OF EMPLOYEES, PERS.



EMPLOYEES OF 39 YEARS AS OF 2014.



<sup>8</sup> The staff structure of PJSC «Nizhnekamskneftekhim» is presented in Appendix 2.



### RECRUITMENT

Personnel is carefully selected, which determines compliance of objective characteristics of the applicants with the production needs, including through psychodiagnostic testing of current employees and re-employed workers moving to the shops, whose activities are related to the operation of dangerous industrial facilities. In 2014, 1,247 employees were tested (all the personnel hired or transferred to fire and explosion hazardous shops), each employee was issued recommendations to improve psychological security, that is ability to avoid provoking and in the event of emergency to respond appropriately.

### INTERACTION WITH THE EDUCATIONAL INSTITUTION

Upon requests of the Company subdivisions, plans are approved for hiring young specialists; on their basis agreements are concluded with higher schools to train specialists. At the moment, contracts are in force for the period up to 2017, according to which PJSC «Nizhnekamskneftekhim» obtains trained personnel.

Through many years, the main sources of the Company replenishment with young specialists and workers are the basic institutions of the City of Nizhnekamsk:

- Nizhnekamsk Institute of Chemical Technology;
- Nizhnekamsk Petrochemical College;
- Nizhnekamsk College of Technology;
- Secondary Technical School of Petrochemistry and Refining.

Contracts have been entered into between educational institutions and the Company subject to organization of internship and recruiting of graduates. The employment plan has been approved until 2016. By the Order for PJSC «Nizhnekamskneftekhim», the graduates are distributed through the Company's departments, and each young

newcomer is assigned to the skilled worker, having a high level of professional skill. Totally 421 graduates of educational institutions were recruited in 2014<sup>9</sup>.

### STUDENT INTERNSHIP ORGANIZATION

Important part of the qualified personnel training is the practical training of students. Every year, PJSC «Nizhnekamskneftekhim» and basic educational institutions of the town execute the agreements where clearly stated is the type of practice, training program, specialty, number of students and pupils. In 2014, 1,530 students and pupils of educational institutions undertook internship<sup>10</sup>.

In order to improve the quality of training of students of basic vocational institutions and for closer interaction with the Company, a dual system of vocational education was introduced in 2013 that combined theoretical classes in educational institutions and in-plant training at PJSC «Nizhnekamskneftekhim».

The dual training system for students has several advantages: it eliminates the drawback of traditional training forms and methods - the gap between theory and practice; work; an educational institution works closely with the customer, takes into account the employer's requirements; reduces the period of adaptation in the Company.

On the basis of PJSC «Nizhnekamskneftekhim», «Federal experimental platform» of NHTI has been established and is functioning on a contractual basis. The students of the 5th graduating year are employed for one year by the Company and undertake an internship.

At the Company Training Center, they receive a certificate of working profession. The Company pays for student interns leave and, together with the departments of the institute, selects topics for graduation projects with due consideration of specific industries.

<sup>9</sup> Information about employment of graduates from educational institutions see in Appendix 2

<sup>10</sup> Information about the number of students admitted for internship see in Appendix 2

The experiment allows to solve a number of tasks: improvement of quality and relevance of the final qualifying works of students associated with the production problems and solution of important social objectives - employment of higher education establishment graduates. In the 2013-2014 school years, 35 students were involved in the experiment under the agreement. Since the beginning of the experiment, 735 students of NHTI FGBOU VPO «KNITU» undertook internship in the workplace. In line with the Collective Bargaining, all the students and pupils undergoing internship at the Company are provided with protective garment and personal protective equipment.

**COACHING SYSTEM**

PJSC «Nizhnekamskneftekhim» developed and approved the Regulation on coaching. For successful professional adaptation of young workers under the age of 30 years who goes to work for the first time, coaching is organized in all divisions of the Company, which promotes positive attitude of employees to their activities, contingency of public and personal motivation of labour activity. Coaching is paid in the form of surcharge of 15% of the base salary of the mentor. In 2014, mentor labour costs amounted to 1.4 thou. RUB.

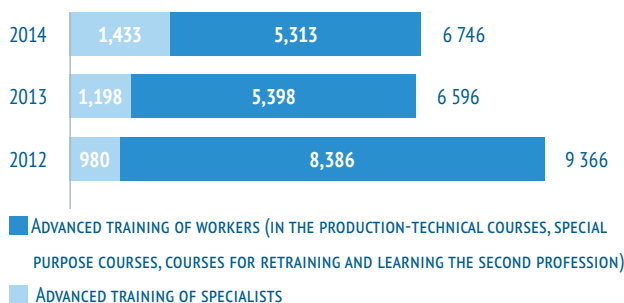
## System of Personnel Education

Measures within the Personnel Development System create conditions for the development and training of employees as the basis for formation of the collective able to solve high-tech innovative problems of modern production. Therefore, one of the most important areas in the field of human resource management is the retraining and professional development of workers, managers and professionals at all levels.

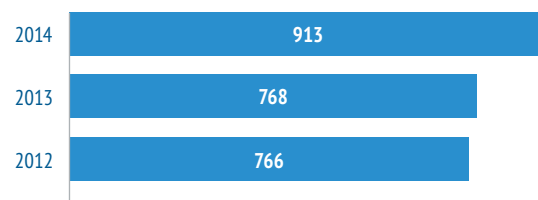
Staff vocational training planning is executed based on the actual state of human resources according to the need of effective work, quality products manufacturing, production development prospects, introduction of the advanced equipment and technology.

The educational system includes various types and directions for both workers and managers and specialists.

**PERSONNEL TRAINING, PERS.**

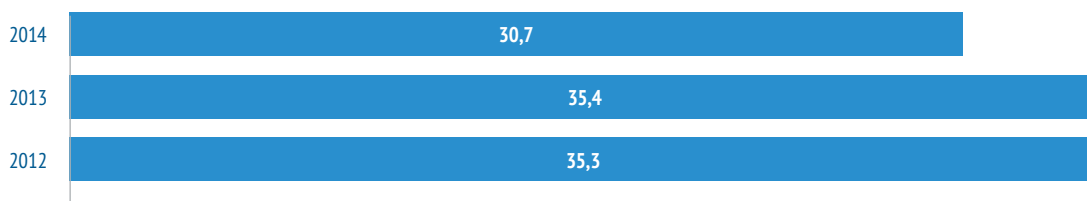


**BASED ON THE RESULTS, THE FOLLOWING NUMBER OF EMPLOYEES IMPROVED THEIR GRADES, PERS.**



Staff training is financed in accordance with the annual cost limit for staff training and the manufacturing departments' demand for personnel. The average number of training hours per employee per year was as follows: for workers - 34 hours, managers and specialists - 35.39 hours.

**PERSONNEL EDUCATION COSTS (MLN. RUB WITHOUT VAT)**



Priority in training is a form of intra-company training, as it involves less distracting employees from production processes, to a higher extent takes into account the needs of the Company, encourages personnel and requires less costs. In 2014, the Company was able to organize the training of personnel by means of internal reserves to the extent necessary to maintain and develop the competences of employees.

**INTERNAL RESOURCES FOR PERSONNEL DEVELOPMENT**

The Training Center is functioning in the Company for training personnel, which is licensed by the RT Ministry of Education for preparation and training for 100 professions and fields.

A sufficient material and technical base is established to develop and maintain a high level of professional competence of the Company employees. PJSC «Nizhnekamskneftekhim» pays special attention to training the personnel for maintenance of hazardous industrial facilities.

Vocational training is carried out according to the annual plans, which are the basic documents governing the activities of the Training Center in the personnel training arrangement.

A complex and consistent training of senior and middle rank management remains the priority focus of the Company's activities. Their advanced vocational training is carried out in educational institutions with a high rating in training the specialists of chemical and petrochemical industry.

In order to develop human resources, the training is continued within the framework of the Presidential program of management training for national economic enterprise of the Russian Federation on the basis of Kazan (Volga) Federal University. 12 prospective managers and specialists of the Company completed training in 2014.

Vocational training of workers in PJSC «Nizhnekamskneftekhim» is performed by industrial training teachers and instructors. 57 people improved their qualification as internal training teachers in 2014.

**PROFESSIONAL SKILL COMPETITIONS ARRANGEMENT**

In 2014, PJSC «Nizhnekamskneftekhim» held more than 36 professional skill competitions among young workers having basic professions. Participants in such competitions are employees of subdivisions under the age of 35, winners and awardees of factory professional skill competitions. The next step to increase professional skills and demonstrate skills and abilities are citywide and nationwide competitions:

Ayrat Batyrshin was ranked second and Elena Kazakova was ranked third (both represented the Science and Technology Center) in the competition «Young Innovator and Inventor of the Republic of Tatarstan - 2014». Cross-functional team of PJSC «Nizhnekamskneftekhim» won the 1st place in the city professional skills competition among young drivers. On the basis of the Company's subsidiary - OAO RMZ-Nizhnekamskneftekhim, the contest was organized among young turners and millers of PJSC «Nizhnekamskneftekhim». The workers of the Company won I and II place in the 3rd stage of the citywide professional skills competition among young electricians.

**EXTERNAL RESOURCES FOR PERSONNEL DEVELOPMENT**

The proven educational institutions and organizations of the Russian Federation are engaged for successful implementation of the Company's needs in the personnel training and certification.

**MAJOR EDUCATIONAL INSTITUTIONS, ENGAGED TO TRAIN THE STAFF IN 2013-2014.**



The company participates in the workers training programs «Kama innovative territorial production cluster development» in cooperation with the Federal State Budgetary Educational Institution of Higher Professional Education Kazan National Technological Research University. 11 employees completed professional retraining and advanced vocational training within the framework of additional vocational training program implementation in 2014, including such fields as the «Innovation Management», «The Russian system of technical regulation in the conditions of formation of economic space of the Customs Union and WTO», «Intellectual property rights management and commercialization», etc.

PJSC «Nizhnekamskneftekhim» vocational training system creates opportunities for professional growth, personal fulfilment of employees under conditions of free economy by raising the motivation to work, the use of advanced Russian and foreign programs, facilities and training technologies.

#### OCCUPATIONAL GUIDANCE ACTIVITIES

Being the major city-forming enterprise of Nizhnekamsk, PJSC «Nizhnekamskneftekhim» carries and extends the traditional patronage relations with educational institutions of the city from year to year.

Sponsorship provides the full utilization of the potential of each enterprise and consideration of the real needs of the sponsored institution. Today all of the structural subdivisions of the Company render assistance in the proper maintenance and preservation of the material base of educational facilities. Through practical assistance of petrochemists to conduct current and capital repairs of the premises, voluntary allocation of building materials, required machinery and transport to 20 educational institutions, assigned to the PJSC «Nizhnekamskneftekhim», they meet the new academic year in full readiness each year.

Much attention is paid to personnel participation in the educational process of younger generation; laboratories and workshops are equipped through joint efforts; necessary equipment, tools and technical literature is allocated; the Company specialists share their professional and life experience with students in the course of regular meetings.

In 2014, there started the procurement of equipment and materials for electromechanical laboratory of Municipal Budgetary General Education Institution Secondary school No. 29; the educational institution was sponsored for participation in the competition for the National Grant «School after lessons».

At the same time the Company conducts career-guidance works. Students of the 11th forms of Technological Lyceum No. 35 with chemical focus undertake internship in the Company's R&D Center as laboratory assistants for chemical analysis. Students of the 10th - 11th forms from five schools visited PJSC «Nizhnekamskneftekhim» divisions in 2014. Observation tour of the Company divisions for the students of Nizhnekamsk petrochemical college. Students of Nizhnekamsk Technology College visited the Polystyrene Plant and Synthetic rubber Plant in November and December. Such work is focused on the future, on shaping interest in the profession of a petrochemist in pupils.

The interaction of PJSC «Nizhnekamskneftekhim» with the students of education institutions creates favourable conditions for comprehensive development of younger generation, taking full advantage of the educational potential of labour groups, strengthening connection between families, schools, and the Company.

#### PERSONNEL EVALUATION

PJSC «Nizhnekamskneftekhim» performs evaluation of the personnel effectiveness with regard to the overall objectives on a continuous basis. Constantly performed is appraisal of managers and specialists to validate their compliance with the position occupied, certification for occupational and industrial safety and health, knowledge assessment of operating personnel (workers) by way of admission examination, that contributes to the staff skill management, and, finally, to the development of the Company human assets. Target performances and evaluation criteria have been communicated to all PJSC «Nizhnekamskneftekhim» employees.

In 2014, the share of specialists who have undergone the evaluation procedure for compliance with the position occupied amounted to 22%, managers - 24%. 48 Certification Committees are arranged to evaluate personnel. As a result of appraisal for compliance with the position occupied, a rating list of managers is generated, that allows to reasonably compose the personnel reserve.

#### WORK WITH RESERVE

One of the most important areas of work with the staff is career development and assessment of its efficiency. Great importance is paid to formation of Management, for which purpose the personnel reserve has been composed.

The list of management reserve for 2014-2018 includes 624 employees. Individual work is being performed with each employee,



being on the reserve list, and tests carried out to determine its managerial and professional potential. The reserve is trained over target areas, in accordance with approved programs. Regarding this group, career development is constantly assessed. For one year 110 employees were nominated out of reserve, including 106 employees as managers, 4 employees as specialists. 579 Employees were nominated out of reserve to management positions from 2009 to 2013.

#### FORMATION OF INDIVIDUAL APPROACH TO EMPLOYEES OF PJSC «NIZHNEKAMSKNEFTEKHIM»

At PJSC «Nizhnekamskneftekhim», great attention is paid to internal aspects of personnel management, therefore, in addition to professional skills, knowledge in the field of personnel management becomes demanded. The fundamentals of individual relation to the employee's personality are taught at the training courses for workers and specialists upgrade in the Training Center of PJSC «Nizhnekamskneftekhim», this area is also demanded at the Trade Union School.

At the same time, the Company performs analysis of the Company employees' needs using several ways: interview prior to employment, meetings, brief meetings, where mutual exchange of information between management and staff takes place, social studies in various fields, which identify the needs of all staff on the whole, as well as certain age, gender and socio-professional groups, and analysis of the degree of interaction between social and professional groups.

For improvement of work with personnel employees are regularly interviewed by sociologists on various topics. Knowledge of opinion of the collective, individual socio-professional and demographic groups allows to work with the staff purposefully, to take into account interests and needs of workers, and to develop measures on improvement of work with the staff. 17 social studies<sup>11</sup> were carried out in 2014, 7,325 people were interviewed. (7,643 employees – in 2013). Also the analysis was performed for provision of transport for delivery of 16,919 employees to and from work.

Further to current sociologic interviews, in order to determine the quality level of the working life at the Company, employee satisfaction with various aspects of working life is monitored. 974 employees were interviewed on this topic in 2014 (454 people - in 2013). In the subdivisions, meetings have been held based on the results of the study. It was revealed that the satisfaction level of employees remains high. Findings of surveys were reported to customers. According to the research results, activities, social programs of labour collectives development are elaborated.

<sup>11</sup> By the specialists of the Laboratory of social and psychological surveys and analysis

## Achievement of Goals in HR Relations in 2014

GOAL	REPORT OF GOAL ACHIEVEMENT
PROVIDING THE PRODUCTION DIVISION OF PJSC «NIZHNEKAMSKNEFTEKHIM» WITH PERSONNEL	<ul style="list-style-type: none"> <li>→ the staffing level at PJSC «Nizhnekamskneftekhim» is 97.4%;</li> <li>→ staff stability factor is 94.69%;</li> <li>→ 1,247 persons are tested during screening for the fire and explosion hazardous facilities.</li> </ul>
FORMING THE RESERVE OF LABOUR RESOURCES FOR RECRUITMENT	<ul style="list-style-type: none"> <li>→ contracts for training institutions of Nizhnekamsk;</li> <li>→ 1,530 students of the basic educational institutions pass internship;</li> <li>→ there started the procurement of equipment and materials for electromechanical laboratory of Municipal Budgetary General Education Institution Secondary school No. 29; the educational institution was sponsored for participation in the competition for the National Grant «School after lessons».</li> </ul>
CREATING CONDITIONS FOR STAFF DEVELOPMENT	<ul style="list-style-type: none"> <li>→ 6,746 workers were trained;</li> <li>→ 36 contests of professional skill;</li> <li>→ 110 employees of the reserve of leadership positions improved their career level;</li> <li>→ staff satisfaction with training in the Company - 81% (at a rate of at least 60%);</li> <li>→ employee satisfaction with the conditions for professional growth - 70% (at a rate of at least 60%).</li> </ul>
FOCUS ON STAFF JUVENATION	<ul style="list-style-type: none"> <li>→ average age - 39 years old;</li> <li>→ under the age of 30 years old - 27.6%.</li> </ul>
WORK IN THE LABOR MARKET (FORMING THE IMAGE OF PJSC «NIZHNEKAMSKNEFTEKHIM» AS A PREFERRED EMPLOYER)	<ul style="list-style-type: none"> <li>→ vocational guidance at schools, open lessons, organizing 8 excursions for the pupils to the production facilities of the Company;</li> <li>→ participation in employment fairs of Nizhnekamsk;</li> <li>→ graduates of basic educational institutions employed - 421 people;</li> <li>→ payment of scholarships for 192 students of basic educational institutions for academic excellence, sports, socially useful work</li> </ul>
USING BEST PRACTICES OF WORKING WITH THE STAFF	<ul style="list-style-type: none"> <li>→ participation in publication of the Russian Union of Industrialists and Entrepreneurs «Book of corporate practices «To Business Regions» on the topic «Social programs of the Company».</li> </ul>
FORMING THE STAFF LOYALTY TOWARDS PJSC «NIZHNEKAMSKNEFTEKHIM»	<ul style="list-style-type: none"> <li>→ implementation of youth policy and pensioners support programs;</li> <li>→ staff sociological surveys - 7,315 people;</li> <li>→ monitoring the quality of working life;</li> <li>→ employee satisfaction with labour is 74% (at a rate of at least 60%);</li> <li>→ employee satisfaction with staff morale - 74% (at a rate of at least 60%).</li> </ul>

Staff relations in the Company have been several times highly appreciated at the federal and regional levels. So, when summarizing the results of the IX All-Russian contest «Best HR Service - 2014», based on materials provided by the nominees and the expert opinion of the Organizing Committee of the International Forum «World Experience and Russian Economy» on the results of 2013-2014, the Department of Deputy Director General for Personnel and Social Issues of PJSC «Nizhnekamskneftekhim» was awarded the honorary diploma of the winner for the professional, effective and socially oriented approach to human resource management.

# Social Partnership

## THE KEY FACTS AND FIGURES

### ANNUAL COLLECTIVE BARGAINING

**1,961**

–year of the Trade Union organization establishment (since 2012 – OPO OAO NKNK RHP)

**31,500**

people - members of OPO OAO NKNK RHP

**16,477**

employees are the members of the Trade Union

**98.2%**

of total number of the Company employees

**11**

Commissions of the Trade Union Committee

**57**

shop-floor union organisations

**219**

shop committees

**1,107**

professional groups

**4,841**

employees are in the Trade Union front line



The company recognizes the right of workers to union and establishment of organizations representing their interests, which is an integral part of the right to freedom of association and bargaining.

In the Company, the system of representation of interests of workers in the social and labour sphere is in place. The Committee of PJSC«Nizhnekamskneftekhim» United Trade Union Organization of Russian Chemists Trade Union (hereinafter OPO OAO NKNK RHP) participates in the social dialogue with the employer. The Collective Bargaining in force in the Company has a long tradition in regulation of relations in the social and labour sphere. 98.2% Of PJSC«Nizhnekamskneftekhim» employees are involved in the Collective Bargaining.

In the PJSC«Nizhnekamskneftekhim», local regulations are in place governing provision of employees with benefits, guarantees, and compensations. The Collective Bargaining Commission is a permanent body of social partnership in the Company. The system of privileges established by the Collective Bargaining applies to all employees and does not depend on the status and conditions of employment. During 2014, the Company did not initiate any new substantial activities or projects in the field of human rights. The company is monitoring violation of human rights through the active Commission on Labour Disputes.

Coordinated work of the Company's management and Trade Union is based on the principles of partnership, such as equality, voluntariness, priority ranking, social justice, reconciliation of interests.

Social partnership in the Company is implemented in the forms of Collective Bargainings on drafting collective bargainings, agreements and their conclusion, mutual consultations (negotiations) on the issues of regulation of labour relations and other relations directly linked to them, guaranteeing workers' labour rights and improvement of labour legislation, workers' and their representatives' participation in the Company management, the participation of representatives of workers and employers in pre-trial settlement of labour disputes.

The Collective Bargaining of PJSC«Nizhnekamskneftekhim» provides the following: warranties and social benefits in the field arrangement of wage payment, working and leisure time, guarantees of occupational safety, health and legal protection, guarantees of protection of socio-economic interests of workers, guarantees of growth of professional skills of workers and protection of socio-economic interests of young people, creating conditions for development of mass-cultural and sports-recreation activities. Agreements are accepted and lists are approved as follows:

- «Agreement on Occupational Safety between Management and Trade Union Organization»;
- «The list of professions, shops, positions having the right to shorter working hours»;
- «The duration of annual leave by departments and categories»;
- «Internal Code of Conduct».

#### SYSTEM OF ADDITIONAL BENEFITS UNDER COLLECTIVE BARGAINING

- payment of expensive treatments and social support to families with many children and parents with disabled children;
- acquisition of vouchers for spa treatment in medical and recreational institutions of RT and RF on a preferential basis;
- acquisition of vouchers for children to have a rest in the camps;
- organization of regular preventive check-ups;
- provision of all employees with the voluntary health insurance, voluntary accident insurance;
- non-state pension provision;
- lump sum payment to employees who have reached retirement age;
- share in the corporate network of voluntary medical insurance (VMI).

#### INFORMING TRADE UNIONS MEMBERS

The collective bargaining agreement includes the procedure for informing employees about significant changes in the organization activities. Thus, the Company shall notify the Trade Union Committee of upcoming headcount reduction and possible termination of employment contracts no later than two months before the start of appropriate activities.

Information about joint activities of the Company's administration and Trade Union Committee is regularly communicated to labour collectives at the meetings and conferences, highlighted in national, regional and corporate mass media. The Internet portal of Nizhnekamskneftekhim Trade Union is functioning (<http://www.nknh.ru/profkom/>).

To better represent the interests of workers, 11 Commissions of the Trade Union Committee and 3 Joint Commissions with administration are permanently in force.

Trade Union Commissions (OPO OAO NKNK RHP): for occupational safety, health and environmental protection, organizational and mass work; wages and employment, pension issues, transportation services, work among women; cultural-mass work, work with young people; sports work, control over catering.

Joint Commissions with administration of PJSC«Nizhnekamskneftekhim»: for social insurance, labour disputes and occupational safety and health.

The training seminar «Social partnership as an important factor in sustainable development of the enterprise» took place in June, 2014, on board a motorship for the heads of departments and plant shops of PJSC«Nizhnekamskneftekhim». In the course of the seminar the «Round Table» was held the members of which expressed their views on formation and development of the teams and shared their experiences and exchanged data for long-term cooperation and further fruitful work.

# Social Programs for Company employees



## THE KEY FACTS AND FIGURES:

**38,280**

RUB. – average salary in the Company

**182.7**

mln. RUB. – vacation payments for the personnel

**90.4**

mln. RUB. – lump-sum allowance at the time of retirement

**9.09**

mln. RUB. – payments for retirees to holidays

**over 400**

concerts within cultural-educational events

**27**

canteens for the Company employees

The company pursues an extensive policy aimed at better satisfaction of the labour teams, former employees and younger generation. This policy contributes to creation of a highly qualified team, capable to work effectively under conditions of tough competition.

The system of internal communications aimed at informing employees about the Company's development strategy, bringing to them goals, objectives, long-term and current plans and results of production, identifying opinions and interests of workers.

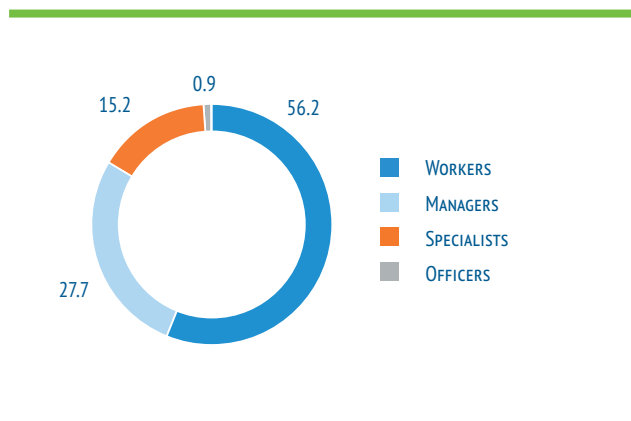
**STAFF MOTIVATION**

The bonus system of PJSC «Nizhnekamskneftekhim» creates a material interest and incentives for employees to achieve higher performance, ensuring fulfilment of monthly income, product sales, its cost reduction plans. Also considered is trouble-free operation, the quality of labour, no violations of rules and regulations on the environment. The salary fund is the source of bonus payment.

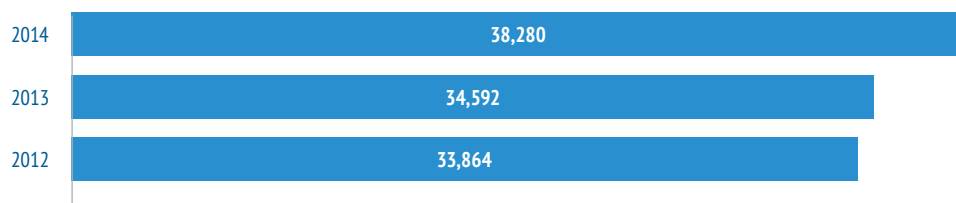
In addition to the Collective Bargaining, based on approved provisions, payments are made by the anniversary dates of employees and in connection with the first marriage. Remuneration payments are made on the basis of the year outcome; the Provision is adopted relative to the vacation payments. In 2014, vacation payments according to the appropriate Provision amounted to 182.7 million rubles.

Tariff rates for the same type of positions for men and women do not differ.

**SALARY FUND IN 2014, %**



**AVERAGE SALARY OF THE EMPLOYEES ON AN ANNUAL BASIS, RUB.**



**RATIO OF THE MINIMUM EMPLOYEE SALARY AND STATUTORY MINIMUM WAGE INDEX IN 2014**

PROFESSIONS	MINIMUM SALARY (3 CATEGORIES IN HARMFUL WORKING CONDITIONS)	STATUTORY MINIMUM WAGE INDEX*	STATUTORY MINIMUM WAGE INDEX EXCEEDANCE, %
Operator	9,066	5,554	163.2
Machine operator (pump and compressor stations)	9,066	5,554	163.2
Repairman	9,066	5,554	163.2

\* The minimum monthly wage (MMW) is established as of January 1, 2014, in the amount of 5,554 rubles per month, Federal Law No 336-FZ of 02.12.2013.

In order to improve motivation to work, the Provision about award of PJSC «Nizhnekamskneftekhim» employees for labour and contribution to the development is in place in the Company. In 2014 202 people were awarded the honorary title of «Veteran of PJSC «Nizhnekamskneftekhim»». 32 persons were entered on Board of Honour of the Company, 1 pers. - in the Book of Honor, 1 pers. - at the Veterans Alley. 11 persons were awarded with the Letter of Gratitude from the General Director of PJSC. 1 person was awarded an honorary badge of PJSC «Nizhnekamskneftekhim», 1,074 people- a certificate of honour of PJSC, 266 people – a commendation of PJSC. Awarded by the state, departmental and municipal awards are a total of 152 employees, including: 5 people awarded the Medal of the Republic of Tatarstan «For Valorous Labour»; 5 people awarded the honorary title «Honoured Chemist of RT»; 1 person awarded the honorary title of «Honorary Petrochemist»; 4 persons awarded Certificate of Acknowledgement of the President of RT; 17 people awarded the Letter of Gratitude of RT Cabinet of Ministers; 57 people awarded Diplomas and Certificates of Acknowledgement of the Ministries of the Russian Federation and the Republic of Tatarstan; and 63 people awarded the Diploma and Letters of Gratitude of the Head of Nizhnekamsk Municipal District.

#### YOUTH WORK

Implementation of targeted youth policy has become one of the priorities of PJSC «Nizhnekamskneftekhim» activities. Developed and implemented are the basic directions of the company youth policy, the department of work with youth is functioning.

The Collective Bargaining provides for a number of benefits for young people. Every year 100 Company employees go to the army service allowance in the amount of 5,000 rubles, and new employees allowance in the amount of 3,000 rubles. Young families can receive a loan of 50 thousand rubles for purchase of essential commodities. In 2014, such allowances were paid in the amount of 10 million rubles.

In 2014, the Department of work with young people held over 80 events, among them – 36 contests of professional skill. In November, 2014, the results of the contest «Young Innovator and Inventor of the Republic of Tatarstan» were summed up, where young workers of PJSC «Nizhnekamskneftekhim» took the 2nd and 3rd places. The Company's youth participated in the diploma program «Towards the Olympic Games – 2014», the purpose of which was to broadcast over the air on the amateur radio frequencies about the events of XXII Winter Olympic Games. In February 2014, pilot projects were launched for the Company's employees (club activities): Young Journalist Club, Radio and Chess Clubs. In May 2014, the Company's youth delegation took part in the National Youth Forum Tatreskomros of Chemical Trade Union. In June 2014, the Youth Retreat took place on board the motorship «Bashkortostan» that was dedicated to the prevention of smoking and promotion of healthy lifestyles

at PJSC «Nizhnekamskneftekhim» on the topic «Youth - Tobacco-Free!». In August 2014, the All-Russian expedition was organized for the search group «Neftekhimik» to the All-Russian «Watch of Memory» in Neklidovsk district of Rostov region. Games «What? Where? When?», «KVN», the Days of memory of victims in local wars, tourist meeting became traditional in the Company. As part of the intellectual development of the Company's young generation, the club of young scientists, intellectual and literary and other clubs function. In November 2014, the KVN team «Chemists Avenue» of PJSC «Nizhnekamskneftekhim» won the Grand Prix at the KVN games festival of the «League of young workers of Tatarstan Republic». The team of PJSC «Nizhnekamskneftekhim» won first place in «II Republican television festival of creativity of young workers».

#### PENSION PROGRAM

The major component of the Company Corporate Policy is maintaining the high level of quality of life for workers and veterans of the Company.

Interests of more than 8,800 retirees are represented and work with them is performed by the Council of war and labour veterans (among them disabled are 1,420 people, Great Patriotic War veterans are 19 people, real area veterans are 262 people). The Company has developed a number of regulations for provision of former workers with welfare and social assistance.

- Employees retired before 2001), that is formed using the funds of the enterprise, amounted to 63.1 million rubles.
- The total amount of the lump sums on retirement paid was 90.4 million rubles. Bonus by holiday dates: Victory Day, Day of Fatherland Defenders, Day of Old People, by Anniversaries.
- Bonus by holiday dates: Victory Day, Day of Fatherland Defenders, Day of Old People, by Anniversaries
- Veterans get preferential vouchers for sanatorium-and-spa treatment. Total 428 veterans of the Company improved their health in 2014. Every year different tourist trips are arranged for veterans.
- According to the Collective Bargaining, in the event of death of a pensioner all the funeral services are paid at the expense of the Company, financial assistance is paid. In 2014, payments totalled 4.3 million rubles.
- Every year, the annual free subscription to large-circulation newspapers Neftekhimik, Hezmettesh Avazy is organized for the veterans.
- All veterans-pensioners are insured with the insurance company ZAO Medical Insurance Company «Spaseniye». 3.8 Million rubles are allocated for the treatment of non-working pensioners.

Within the framework of the project «Internet - Longevity», approved by the Ministry of Education and Science of the Republic of Tatarstan, the Company's Training Center organized special courses to learn

the basics of computer competence for workers from among the pensioners and the elderly persons. 38 people were trained within the framework of this program.

#### STAFF REHABILITATION AND RECREATION

To ensure high-quality and timely treatment of employees, PJSC «Nizhnekamskneftekhim»'s Management concluded compulsory and voluntary health insurance agreements with ZAO Insurance Medical Society «Spaseniye».

PJSC «Nizhnekamskneftekhim» has always paid the utmost importance to the issues of health resort treatment and rest of its employees. In 2014, 2,974 petrochemists and their families had a rest and improved their health in the sanatorium OOO Korabelnaya Roshcha. The Company acquires sanatorium vouchers for preventive treatment in sanatoriums of Tatarstan Republic and Russia (Uva, Varzi-Yatchi, Undory, Pearl, Bakirovo, Vasilyev, Yangan-Tau, Krasnousolsk, etc.). During the current year the Company's employees were able to rest in the sanatorium «Tashir» of the Krasnodar Territory, boat cruise with excursions were organized for them. Total 1,103 petrochemists had their rest in sanatoriums in 2014 – 2,954 employees and their families had a rest at the recreation center Dubravushka during the season. The Company skiing lodge Almash was attended by approximately 12,000 petrochemists and their families during winter season. In addition, fishing base for 58 seats is functioning on a year-round basis.

#### MORTGAGE PROGRAM

Much attention is paid to solving the critical social problem - comfortable housing of the employees. The hostels are provided for temporary accommodation of PJSC «Nizhnekamskneftekhim» employees. At the same time, the Company finances construction of apartments for employees on the waiting list. In the reporting year,

256 apartments were distributed among the Company's employees including 180 apartments distributed according to the internal regulations of PJSC «Nizhnekamskneftekhim» and 76 apartments distributed according to has the program of social mortgage. 52,150 million rubles and 130 loans were allocated for payment of initial contribution under these programs.

In 2014, PJSC «Nizhnekamskneftekhim» granted the benefits totalling 10,485,000 rubles to 422 employees according to the «Regulations on the provision of benefits in allocation of housing».

In 2014, at the request of PJSC «Nizhnekamskneftekhim» the non-commercial organization «State Housing Fund under the President of the Republic of Tatarstan» has planned to build more than 3,000 apartments for the Company's employees in 2014-2016

#### PUBLIC CATERING SYSTEM AT THE PLACE OF PRODUCTION

The Company's existing catering system is the largest one not only in the Republic of Tatarstan, but also in the petrochemical industry in Russia. Catering of all employees is performed in 27 canteens located in the territory of PJSC «Nizhnekamskneftekhim» and in the canteen of sanatorium «Korabelnaya Roshcha»; the Company employees also can buy products in buffets, shops, pavilions located on the industrial zone territory and in the town.

Some employees are offered free healthful and dietary meals.

#### CULTURAL AND EDUCATIONAL PROGRAM

To organize cultural and educational work at PJSC «Nizhnekamskneftekhim», the House of Folk Arts (HFA) capacities are actively used. There are 10 creative teams functioning in the HFA, 6 youth teams among them. The leaders of all creative groups are experienced professionals; ten of them were awarded the title of «Honoured Worker of Culture of the Republic of Tatarstan».

Very popular among the Company employees are the meetings and concerts in the youth clubs, KVN Team «Chemists Avenue», the relationship club «For those who are beyond...», the relationship club for tartar youth «Ochrashu-tanyshular», the relationship club for veterans and numismatists club. The Company employees and groups of HFA have traditionally taken an active part in organizing and conducting a series of events dedicated to the Day of Victory in the Great Patriotic War, International Day for the Elderly and city celebration events. In 2014, HFA creative teams held 484 concerts and performances for petrochemists and residents of the town attended by more than 285 thousand people; more than 400 amateur participants were engaged.

With the support of PJSC «Nizhnekamskneftekhim» Trade Union Committee, the House of Folk Art organizes and holds festivals and shows of young workers at the national level, the result of participation in which was the acquisition of prizes, the titles of winners and Grand Prix winners.

#### SPORTS AND RECREATION PROGRAM

At PJSC «Nizhnekamskneftekhim», favourable conditions are created for development of mass sports and sports and recreation activities, and the program «Main Directions of Development of Physical Culture and Sport» is in place.





### SPORTS FACILITIES

At the disposal of the Company are powerful sports facilities intended for organization and conduct of recreation activities:

- Sports Complex Neftekhimik (which includes a football field, weight lifting room, aerobics room, fitness center);
- two Ice Sports Palace (with 5.000 and 2.000 seats);
- sports and fitness complex Druzhba;
- gym Fakel with the health-recreation center;
- training base Almash (young sportsmen have year-round training meetings here), during winter period the ski lodge is used;
- sports camp Olympiyets (during summer season it accepts young sportsmen from sports schools of the sports club Neftekhimik).

### THE SPORT OF RECORDS

The material base of the Company allows to support and finance two professional teams: the team Neftekhimik playing in the Continental Hockey League and the team having the same name which plays in the Second Division of the football championship of Russia. On the basis of the sports club «Neftekhimik» the Center for Higher sportsmanship is established for specialized training the promising athletes from among the children involved in sports schools and groups of central sections of the sports club Neftekhimik.

### WORKERS SPORT

15 professional instructors on physical training and 10 physical training activists are working at PJSC «Nizhnekamskneftekhim». Physical training is introduced in the work day schedule (industrial gymnastics, mikropauses, physical culture minutes, physical culture breaks, which are broadcasted on the internal radio) in order to increase efficiency and productivity).

In many Company subdivisions, sports corners and mini-rooms are arranged and constantly functioning, where competitions are held on darts, checkers, chess, arm wrestling, table tennis and other sports. The Company has organized 12 sports groups (football, men's and women's volleyball, cross country skiing, athletics, checkers, chess, basketball, swimming, weightlifting, table tennis and wrestling).

In 2014, the Company held the 20th Games of the Chemical Industry Trade Union of the Republic of Tatarstan. The team of PJSC «Nizhnekamskneftekhim» is the absolute winner of the Republican and City Games. The representatives of the Company took the 1st place in ski racing in the Republican Games «Health 2014» among the industries. As a rule, the strongest athlete- petrochemists are part of ricked teams of the city to participate in national competitions.



- In 2014, the international qualifying tournament in rhythmic gymnastics «Alina» was held together with PJSC «Nizhnekamskneftekhim» and Alina Kabayeva Foundation, which attracted young gymnasts from across the country, from Kaliningrad to Vladivostok, as well as from Azerbaijan and South Ossetia.



- The Company facilities were attended by the hockey team Neftekhimik. A. Bikmurzin, General Director of the Company, and I.Larionov, Deputy General Director - Vice President of the hockey club Neftekhimik, held the excursion to Polyolefin, Synthetic rubber and Ethylene Plants for the managers and players of the hockey club.



- The team of PJSC «Nizhnekamskneftekhim» became the absolute winner of the Games of workers of RT chemical industry enterprises for the 18th time.





### FORMATION OF HEALTHY LIFESTYLE

One of the most striking examples of promoting the idea of healthy lifestyle through physical activity is the annual sports competition among PJSC «Nizhnekamskneftekhim» employees. In 2014, 46 sports events were held with participation of 8,226 people. In subdivisions parallel competitions and tournaments are held within plants and workshops, besides annual military technical relay and tourist meetings are held for young petrochemists.

In order to encourage activity in physical culture and sports, annually the review-competition «The best organization of mass sports and recreation activities» is held among the Company subdivisions during which the best athlete of PJSC «Nizhnekamskneftekhim» is recognized. Winners and prize-winners of these competitions are awarded with cups and give bonuses when the Chemist's Day is celebrated.

Petrochemists demonstrate good organization and mass scale in the national sports movement as well. In 2014, 272 employees of the Company participated in the start of «Nizhnekamsk Ski-Track»; more than 2 thousand petrochemists participated in the start of the All-Russian Day Run «Cross of Tatarstan».

### CHILDREN SPORT

Great attention is paid to the children and teenage sports in the Company. More than 2 thousand children from all over the city attend different sports groups of the Children Sports School and other sports facilities. The qualified coaches mainly with the highest qualification category work with children. A total of 56 coaches and sport instructors carry out sports sections at SK Neftekhimik. A lot of training lessons take place on the basis of city schools. PJSC «Nizhnekamskneftekhim» pays attention to the neighbourhood youth clubs; 8 hockey courts of the city are arranged every year on the basis of secondary schools, where children are engaged from neighbourhood.

### MOTHER AND CHILD WELFARE

At PJSC «Nizhnekamskneftekhim», 38.8% employees are women. Many of them work in the Company more than one year, have families and children. Given the special role of a woman in the society and up-bringing of children, the Management and Trade Union Committee endeavour to ensure more favourable conditions of work and leisure for them. All subdivisions of PJSC «Nizhnekamskneftekhim» are provided with women's hygiene bathrooms.

In the Company, women are provided with one-off welfare assistance: at birth of a child – in the amount of 10 thousand rubles; at birth of two children at a time (twins) – in the amount of 70 thousand rubles; at birth of three children at a time (triplets) – in the amount of 100 thousand rubles. Money payments for birth of children in 2014 amounted to 9.35 rubles. Mothers with children under the age of 16 years are provided with one working day per month (based on 8 hours) with a payment of 50% of the daily wage rate. During school holidays the vacation sanatorium Korabelnaya Roshcha and recreation centers operate in the mode of «Mother and Child», which is very convenient for the women employees. The petrochemists' children have the possibility to spend holidays in recreational camps «Yunost» and «Olimpiyets». During the summer season, 1.905 children had a rest in the camp «Yunost», and 328 children – in the camp «Olimpiyets».

The number of employees on maternity leave, leave for child care as of December 31, 2014, amounted to 697 employees (all women), which is 4.2% of the authorised staff size.

The Company has a lot of family dynasties. Every year, Christmas gifts are bought for children of the Company employees, as well as New Year performances are organized. Celebration is organized in connection with the International Women's Day, the 8th of March with gifts distribution to the employed women, mothers with many children, women, caring for foster children and children with disabilities. In February 2014, Oksana Konysheva, Senior Dispatcher of Synthetic Rubber Plant became the winner of the zonal round of republican competition «Woman of the Year. Man of the year: Woman's outlook» in the nomination «Woman of production job. My fortune is my profession».

#### TRANSPORT SERVICE FOR EMPLOYEES

Provision of transport services is a significant component of social welfare of petrochemists. Annually, PJSC «Nizhnekamskneftekhim» allocates funds for free transfer of employees to/from the working place. Transfer of PJSC «Nizhnekamskneftekhim» employees is performed on a daily basis in three shifts by transport enterprises of the city on 10 special routes, which involve 160 buses performing 515 trips.

The bus circulation is also arranged in the Company territory. The Company employees' satisfaction with transport services is constantly monitored. Wishes of employees are transferred to carrier companies. Most of petrochemists are satisfied with the transportation services, both between the city and industrial zone, and in the Company territory.

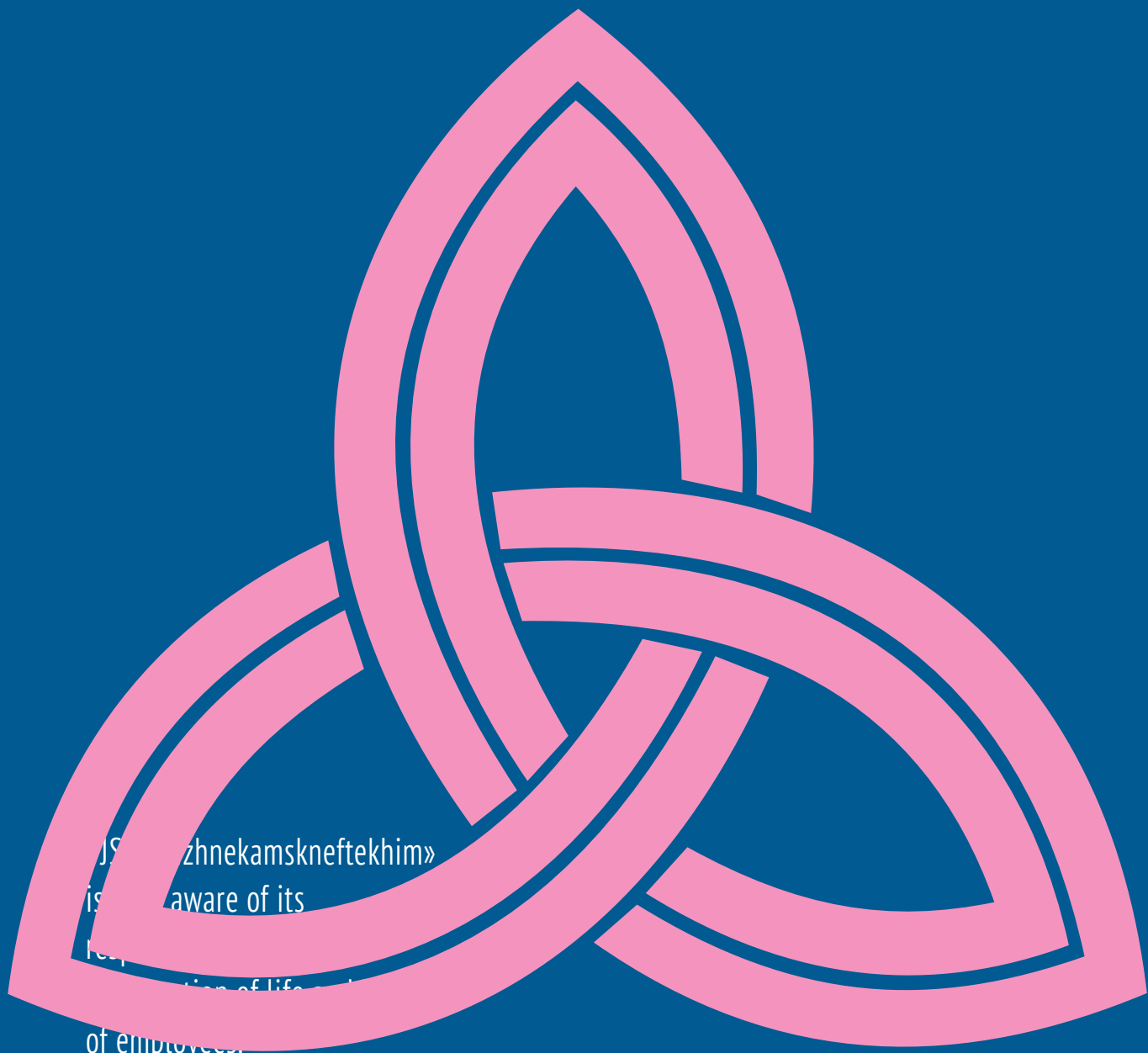
#### MEDICAL ASSISTANCE PROGRAM FOR THE EMPLOYEES

The Company has insurance practice in place relevant to its employees and retirees who are registered with the insurance company «Spaseniye» within the Company Council of Veterans based on the systems of mandatory and voluntary medical care insurance. Employees of PJSC «Nizhnekamskneftekhim» are treated in the clinic of the said insurance company located in the close proximity to the Company, which is very convenient for petrochemical workers.

According to the agreement, diversified health care is organized for all employees of PJSC «Nizhnekamskneftekhim». Health centers (there are 16) are functioning in the factories and offices, which are equipped with physical therapy equipment and staffed with highly qualified medical personnel. In accordance with the agreement, attendance of petrochemists is free of charge, on the basis of the insurance policy under which payment for medical services is guaranteed. Particular attention is paid to the health of women. Photofluorography check-ups of the employees are conducted in the clinic in order to prevent tuberculosis.

After hospital treatment, petrochemists are sent to the sanatorium based on the doctors' recommendations. Annually, PJSC «Nizhnekamskneftekhim» purchases new types of modern medical equipment for the hospital and sanatorium.

In order to continuously improve the quality and range of health services, OOO SMO «Spaseniye» regularly examines the quality of the treatment in medical institutions; protects the rights and interests of the insured employees of the Company; invests its own financial resources in the improvement of medical equipment base and attraction of highly qualified medical staff; organizes the personnel training to improve their qualification and categories; under the contract carries out the constant monitoring of new types of medical services.



JS «Zhneka  
is aware of its  
responsibility  
for the health  
and safety  
of employees.

That is why Company monitors  
and measures  
occupational and industrial  
safety parameters

# 06

## SAFETY AND HEALTH OF EMPLOYEES

- 74 Occupational Health and Safety Management System
- 76 Occupational Health and Safety Training System
- 77 Employees' Life and Health Preservation – Company's Priority
- 78 Social Benefits Set Forth in Collective Bargaining

# Occupational Health and Safety Management System



## KEY FIGURES AND FACTS:

**1,094**

managers and specialists were trained and certified

**223**

members of non-professional emergency teams were trained and certified

**9,566**

employees passed a regular medical examination, including 3,057 women

**2,099**

employees passed an in-depth medical examination

PJSC «Nizhnekamskneftekhim» is fully aware of its responsibility for preservation of life and health of employees. That is why Company monitors and measures occupational and industrial safety parameters and publicly demonstrates plans and results thereof, including Company's reports made available to interested parties. Corporate Standard «Safety Management System» was developed and put into effect, risk control and mitigation objectives and targets were set, «Occupational and Industrial Safety Management Program for 2013-2015» was developed.

In April 2014, specialists of CQS «IQNet» (Prague, Czech Republic) audited Integrated Management System of PJSC «Nizhnekamskneftekhim» on compliance with Directives of International Standards in order to improve Safety Management System applicable in PJSC «Nizhnekamskneftekhim». In the course of auditing, evaluation showed that requirements of these standards had been fully met.

In order to timely and completely provide employees of PJSC «Nizhnekamskneftekhim» with protective clothing, protective shoes and other personal protective equipment, software system for automated planning of protective clothing and protective shoes to be purchased, accounted and provided has been efficiently put into operation in SAP ERP.

Additionally, the following was carried out:

- development of electronic database containing list of PJSC «Nizhnekamskneftekhim» employees involved in heavy works and works with harmful and (or) hazardous labor conditions, liable to compulsory preliminary (at the commencement of employment) and regular medical examinations;
- automation of the accounting of working places certified by labor conditions, the accounting of working environment and process factors evaluation, maintaining of benefits, warranties and compensations, forming of consolidated statistics reports and lists; development of database for special evaluation study by working conditions in SAP ERP;
- automation of expediency control for carrying out certification in industrial safety;
- development of geographic information system superimposed with database of equipment being operated in SAP ERP, which provides to programmatically calculate hazard class of a facility dependent upon hazardous indications and location of facilities and to get final documents in forms established by Rostekhnadzor to register facilities.

Safety Management System scope of application covers all business units of PJSC «Nizhnekamskneftekhim»: units for manufacturing products, as well as units for rendering any services in production and social fields.

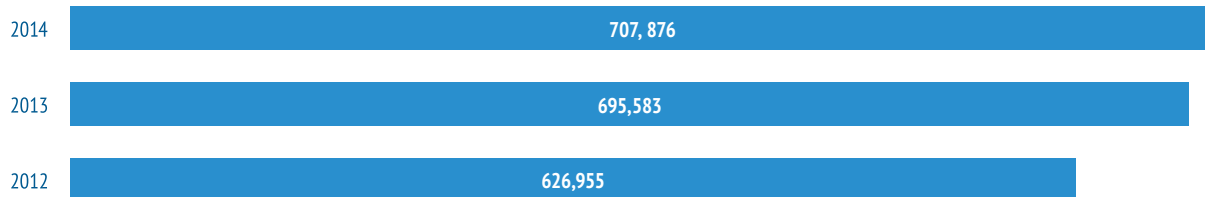
According to Health and Safety Management System Program for 2013-2015, the total of 180 activities aimed at improving the occupational health and safety level are planned to be carried out. All activities planned for 2013 and 2014 were fully completed.

Carrying out such activities as installation of automatic fire alarm unit, installation of pump emergency shutdown system; installation of carbon oxide and methane control system in kiln house; installation of automatic detectors of dangerous levels of explosive gas concentration in workplace air and etc., redounded to achieve, as risk reassessment has shown after activities carried out, occupational risks level reduction and ranking to «green» (allowable) zone, which undoubtedly elevated facility emergency tolerance and, therefore, reduced employee injury risk.

Questions regarding the status of Occupational Health and Safety Company's business units, including results of prevention activities, are regularly reviewed at weekly meetings of General Director, teleconferences conducted three times per week by Production Deputy General Director, at weekly meetings held by Company's Chief Engineer, at quarterly meetings (Day of Occupational Safety and Health) under the management of chief engineer, at monthly meetings – in the shops of the business units, and highlighted in media.

Occupational Health and Safety Management System of PJSC «Nizhnekamskneftekhim» is generally recognized, Company regularly takes part in profession-oriented activities. In February 2014, Company's employees took part in The 4th Republican Contest «The Best OHS Specialist 2014»; in April 2014, in order to participate in The 2nd Annual Contest «The Best OHS Specialist 2014» held between companies and organizations of Municipality of Nizhnekamsk Municipal Area PJSC «Nizhnekamskneftekhim» assigned its OHS specialists, who demonstrated high level of theoretical and practical professional knowledge.

#### OCCUPATIONAL HEALTH AND SAFETY COSTS, THOU. RUB



Following the results of the contest OHS engineer of PJSC «Nizhnekamskneftekhim» Ethylene Plant was awarded the 3d place. Furthermore, in this year Company's managers and specialists took part in a meeting of the sanitary epidemiological commission of the City of Nizhnekamsk «Of Influenza and Acute Respiratory Viral Infection Sickness Mitigation Measures». On December 8, 2014, PJSC «Nizhnekamskneftekhim» specialists took part in a conference held in Moscow together with project initiator «EuroChem»; in a conference on discussion of the project of SanPiNa (Sanitary Norms and Regulations) «2.2.4/2.1.814» «Hygienic Requirements to Physical Factors of Operating and Environment» together with The Russian Union of Chemists, taking into account PJSC «Nizhnekamskneftekhim» process characteristics.

Every year an agreement is concluded with OOO Medical Company «Spaseniye» for compulsory preliminary (at the commencement of employment) and regular medical examination of employees involved in heavy works and works with harmful and (or) hazardous labor conditions.

In 2014 9,566 Company's employees were to pass regular medical examination, including 3,057 women, covering 100%. Experts of FBUN Ufa Research Institute of Occupational Medicine and Human Ecology carried out in-depth medical examination of 2,099 employees (including 493 women) exposed to harmful substances and production factors, using a variety of functional and laboratory methods. All employees of Company who are subject to regular medical examination passed examination for non-medical use of narcotic drugs and psychotropic substances. No positive samples were found.

Annual vaccination of employees against influenza and ARVI is carried out at the expense of PJSC «Nizhnekamskneftekhim». In 2014, number of vaccinated employees accounted for 7,500.

Engineering and medical commissions (EMC) have been established in all divisions of PJSC «Nizhnekamskneftekhim». Specialists from technical departments of divisions, workshop physicians, representatives of Trade Union Organization, and workers participate in EMC work. At the meetings of EMC, results of periodic medical examinations, X-ray screenings, analysis and status of sickness rate, working conditions, progress reports of EMCs of the divisions, implementation of proposals given in final acts of medical examination results (including provision with vouchers for health resort treatment) are reviewed.

## OCCUPATIONAL HEALTH AND SAFETY TRAINING SYSTEM

In prevention of occupational injuries and emergencies at hazardous production facilities, timely and high-quality training of managers and professionals at all levels in occupational health and safety is of decisive importance.

Managers and specialists of the business units are trained directly at PJSC «Nizhnekamskneftekhim». Examination of knowledge of OHS obtained during training in the Company, and certification are conducted by the Examination Committee chaired by the heads of business units. All managers and specialists of the Company have undergone OHS training. In 2014, OHS seminars were held, where 1,094 Company's managers and specialists were trained and certified, 223 members of non-professional emergency teams were trained and certified.

In order to be prepared and to evaluate readiness of the personnel to take actions at emergency situations, emergency response drills and emergency training exercises according to «Emergency Localization Plans» (ELP) were conducted in business units as planned in established schedules. Generally, in PJSC «Nizhnekamskneftekhim» about 5,000 emergency training exercises and emergency response drills are conducted every year.

In addition to scheduled emergency training exercises, staff exercises were conducted under the supervision of director of Volga Region Rostekhnadzor Administration B. G. Petrov, as well as demonstration exercises at training ground before the committee headed by Deputy Director of Rostekhnadzor S. G. Radionova. Results of these training activities were acknowledged positive.

In structural business units of Company fire-fighter and fire preventing teams (FF&FPT) and non-professional emergency teams (NPET) were formed.

In PJSC «Nizhnekamskneftekhim», the training ground is successfully used, where workers and specialists practice their skills of mastering fire-fighting methods and practices, eliminating accidents and incidents, providing first aid. Emergency response drills of Emergency Localization and Elimination Plans are held monthly in all shops of PJSC «Nizhnekamskneftekhim» divisions.



In order to prevent emergency situations, industrial injuries and to increase readiness level of FF&FPT and NPET, training exercises were held on specially prepared training grounds.

On 27 August, 2014, final trainings were conducted between the best fire-fighter and fire preventing teams (FF&FPT) of plants, administrative departments, and general duty shops on training ground FD33 FKU 1 OFPS GPS in RT. Trainees showed their readiness to localize and eliminate possible fire hazards, as well as their competence to use fire-extinguishing means. 17 teams took part in trainings.

On 3 September, 2014, final training exercises were conducted between non-professional emergency teams of plants and administrative departments on training ground. 14 teams took part in trainings

## EMPLOYEES' LIFE AND HEALTH PRESERVATION — COMPANY'S PRIORITY

All preventive work regarding occupational health and safety in PJSC «Nizhnekamskneftekhim» is carried out with active participation of representatives of Trade Union Organization.

Company has authorized system of labor protection agents, when a specifically authorized employee through study and observation of labor conditions offers (binding) improvements. In Company

Trade Union there are 275 (authorized) delegates, who check implementation of labor protection measures under the collective bargaining, verify correctness of using protective equipment by the operating personal, compliance with legislation relevant to provision of benefits and compensation to workers for harmful occupational factors. In Company's business units, Occupational Safety Committee is functioning that is formed on a parity basis with the equal number of representatives of the administration and staff employees.

As part of ensuring occupational safety, the Commission for prevention of drug addiction and formation of healthy lifestyle has been established in Company. Comprehensive program was developed and approved for prevention of drug addiction with an appropriate series of lectures held in all Company's divisions. Complete ban on smoking in administrative buildings of PJSC «Nizhnekamskneftekhim» was imposed.

As part of study of the quality of working life in Company divisions, annual interviews are held concerning quality of health centers work and health services in Company.

During 2014, 1 accident has been registered at work at PJSC «Nizhnekamskneftekhim», which was not considered heavy. The accident was investigated by committee, reasons of and persons responsible for committed violation were discovered, following the results of investigation measures aimed at preventing such accidents were established. No occupational fatal cases have been occurred<sup>12</sup>.



Through detailed analysis and regular adjustment, PJSC «Nizhnekamskneftekhim» is constantly improving performance indicators in the field of occupational safety.

## SOCIAL BENEFITS SET FORTH IN COLLECTIVE BARGAINING

Activities on improvement of labor conditions and occupational health and safety of employees, on dealing with other social issues are conducted within the Collective Bargaining.

In 2014, Order No. 174-PO was issued regarding financial aid payment to families of Company's employees that got fatal occupational injuries, in the amount of 33,441 rubles per each victim. In total 1,304,199 rubles were allocated.

In order to increase occupational health and safety level and improve labor conditions, Occupational Health and Safety

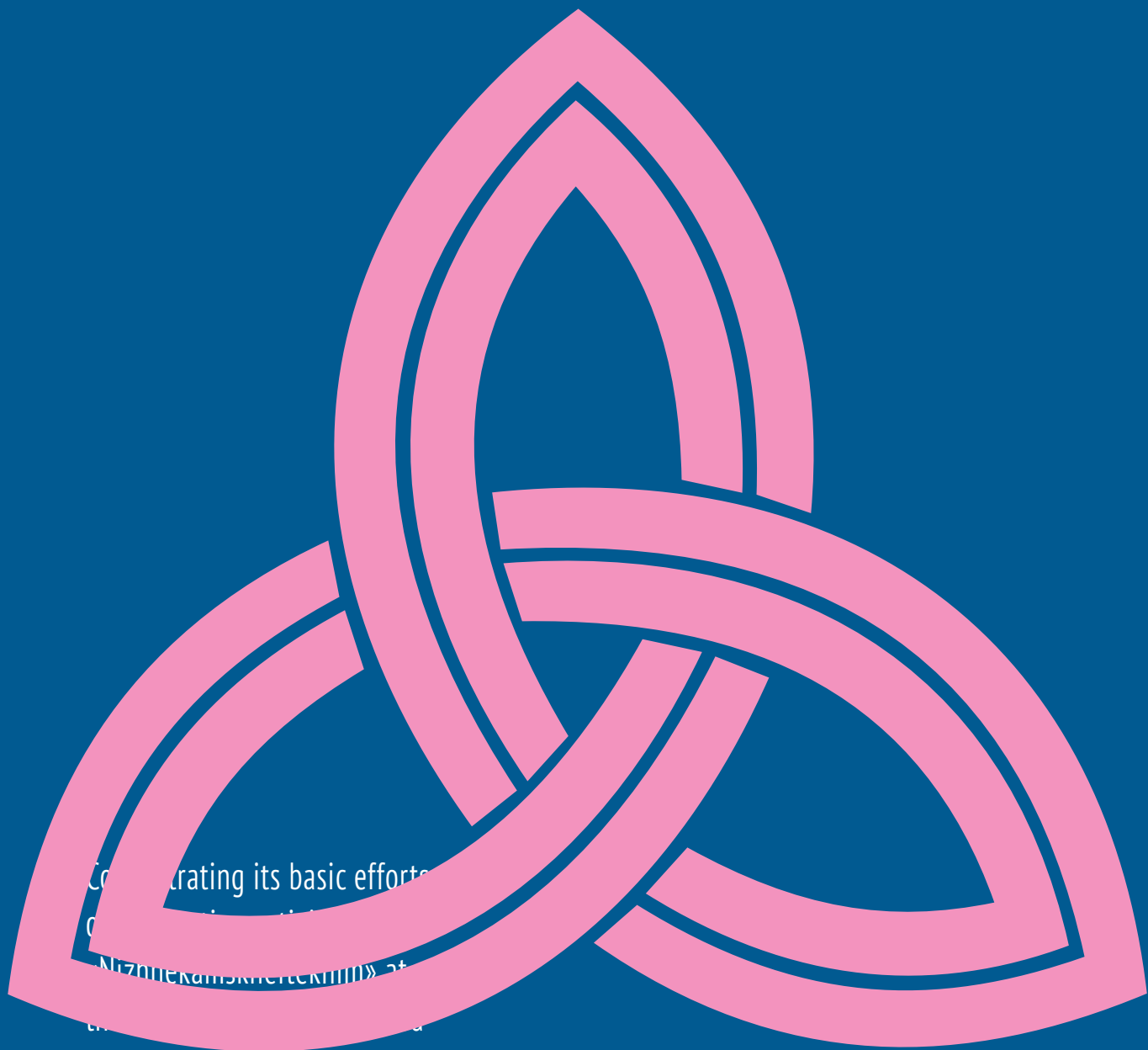
Agreement for 2014 was entered into between Administration and Trade Union Organization. In 2014, 35 activities for the amount of 13,158,300 rubles were planned and carried out in accordance with Occupational Health Agreement. During implementation of such activities, labor conditions of 1,704 Company employees, including 726 women, were improved.

<sup>22</sup> See Data on Occupational Accidents Status in Attachment 3.

## Achievement of goals in the sphere of occupational safety in 2014

GOAL	REPORT OF GOAL
<p><b>POSITIVE DYNAMICS REGARDING INDICATORS IN THE FIELD OF OCCUPATIONAL HEALTH AND SAFETY</b></p>	<p>→ Comprehensive Occupational Health and Safety Program was implemented. According to the approved «Program of OHS in PJSC «Nizhnekamskneftekhim» for 2013-2015», all activities planned for 2013 and 2014 were fully performed.</p>
<p><b>REDUCTION OF THE NUMBER OF WORKING PLACES INVOLVING HARMFUL FACTORS</b></p>	<p>→ Occupational Health and Safety Agreement was entered into. «Occupational Health and Safety Agreement» has been added to the separate section of the Collective Bargaining «Guarantees on Occupational Safety, Health and Legal Protection». In 2014, 35 activities were planned and carried out to improve working conditions and occupational health of employees. During implementation of such activities, labor conditions of 1,704 employees, including 726 women, were improved. All activities were fully completed.</p>
<p><b>IMPROVEMENT OF LABOR CONDITIONS OF WORKERS</b></p>	<p>→ On April, 2014, specialists of CQS «IQNet» (Prague, Czech Republic) audited PJSC «Nizhnekamskneftekhim» Safety Management System on compliance with the Directives of the International Standards. In the course of auditing, evaluation showed that requirements of these standards had been fully met, certification scope was expanded, i.e. the following was included into certification scope: engineering, development and production of ABS plastics; preparation of railway vehicles for loading and scheduled repair works, railway vehicles repair, maintenance and repair of railway and alerting, centralizing and interlocking devices. According to the results of compliance audit, no nonconformities were registered.</p> <p>→ Trainings were conducted for fire-fighter and fire preventing teams (FF&amp;FPT) of divisions for evaluating their readiness to localize possible fire hazards, as well as their competence to use fire-extinguishing means in PJSC «Nizhnekamskneftekhim», in accordance with established «Provision of Conducting Training Exercises for Fire-Fighter and Fire Preventing Teams of PJSC «Nizhnekamskneftekhim» Plants and Administrative Departments».</p> <p>→ Certification trainings for non-professional emergency teams to perform emergency and rescue operations in accordance with established «Provision of Conducting Training Exercises for Non-Professional Emergency Teams of PJSC «Nizhnekamskneftekhim» Plants and Administrative Departments».</p>

Main efforts in the field of occupational health and safety for 2015 will be basically related to further achieving of the goals: positive dynamics regarding indicators in the sphere of occupational health and safety, reduction of the number of working places involving harmful factors, improvement of labor conditions of workers.



Concentrating its basic efforts

on the development of its

«Nizhnekamskneftekhim» JSC

and its subsidiaries, the Company

has paid special attention to environmental protection.

Environment Management System of the Company has been functioning since 2003 in accordance with ISO 14001

# 07

## ENVIRONMENTAL ACTIVITIES

82	Environmental image of the Company
85	Basic environment protection measures
90	Environmental monitoring
91	Results of environmental activities

# Environmental image of the Company



## KEY FIGURES AND FACTS:

### The 4th Ecological Program was developed for 2014-2020

#### In 2014 PJSC «Nizhnekamskneftekhim»:

- ▶ confirmed the title «Leader of environmental activities of Russia»
- ▶ was included in the list of nominees of all-Russian competition and awarded an honorary diploma and medal «100 Best Companies of Russia. Ecology and Environmental management»
- ▶ was awarded a laureate diploma in the nominations «For wastes disposal and recycling» and «For the best environmental service»
- ▶ was awarded a winner's certificate of the Republican competition «EcoLeader» in nomination «Refinery and petrochemical industry»
- ▶ within the framework of Interregional exhibition «Ecotechnologies and equipment of the 21st century» was awarded diplomas: «For the best demonstration of environmental monitoring arrangement among the industrial companies» and «For the best demonstration of environmental protection activities among the industrial companies».

Concentrating its basic efforts on production activities PJSC «Nizhnekamskneftekhim» at the same time pays increased attention to environmental protection. Since 2003 Environmental Management System of the Company has been functioning in accordance with ISO 14001, which is proved by the Certificate of Conformity. PJSC «Nizhnekamskneftekhim» is the first company in the Republic of Tatarstan that received the International Certificate of Conformity MS ISO 14001.

The Company constantly searches for technical solutions to improve environmental protection facilities and decrease negative impact on the environment. Arising problems are solved by the Company's own Research and Development Center and Design Center as well as by involving specialized Research Development and Design Organizations.

In terms of environmental safety the Company meets the latest requirements having all the necessary environmental protection facilities:

- waste waters including storm run-offs are neutralized or treated in the own treatment facilities;
- special local treatment plants are provided in the process areas for preliminary treatment or neutralization of heavily contaminated effluents;
- most of off-gases are released to the atmosphere after being treated or neutralized.

By-products generated during production process of the main products are utilized as raw materials for production of other product types, and steam or used as fuel. Solid and pasty wastes, for disposal or treatment of which no acceptable technologies are available, are deposited at the Company's own landfill (hazard class III and IV) or transferred to dedicated companies. There is a plant for deep dewatering of sludges after biological treatment.

Sludge reservoirs are provided for settling and temporary storage of municipal and industrial sludges generated during waste water biological treatment, wastes of water treatment and wastes of reagent treatment of waste water. Advanced system of recycling water supply allows 5 times reducing of demand for fresh water to be used as cooling agent.

Environmental monitoring is ensured by departmental laboratories accredited in the national accreditation system. The laboratories have licenses for activities in hydrometeorology and related branches as well as for the activities connected with the use of infection causative agents.

Since 2008 the automated air pollution monitoring system has been functioning: four (4) fixed air monitoring stations have been installed in the sanitary area and along the perimeter of the industrial area of the Company. In 2013 the 5th air pollution monitoring station has been installed on the southwestern side of the territory of biological treatment facilities.

#### ENVIRONMENTAL SOCIAL RESPONSIBILITY, PUBLIC INFORMATION

Being an environmentally and socially responsible Company PJSC «Nizhnekamskneftekhim» covers environmental protection issues in a variety of media and participates in competitions, meetings and ratings.

Over the year 2014, 11 publications on the environmental topics were published in periodicals including 43 spots on TV (37 spots about environmental protection on VTS TV channel, 3 spots – on «NTR» channel, 3 spots – on TNV channel), besides, 35 radio spots were published on Neftekhim-Retro radio. TNV channel broadcasted spots in the program Habitat, VTS Neftekhim – programs Events of the day, Week, Main topic, NTR – program NTR News. Environmental summary based on monitoring results is weekly published in the corporate newspapers Neftekhimik and Hezmattesh avazy.

PJSC «Nizhnekamskneftekhim» is an active member of the interagency group permanently working on securing environmental safety in the course of development of Nizhnekamsk industrial hub, approved by the Resolution of the Cabinet of Ministers of the Republic of Tatarstan No. 904 dated June 08, 2010. Well aware of importance of environmental issues for the residents of the city of Nizhnekamsk, the management of the Company is taking serious measures to further mitigate a negative impact to the environment, -it is reflected in the long-term target program «Environmental Protection of Nizhnekamsk city and Municipal District for 2012-2015» approved by the Cabinet of Ministers of the Republic of Tatarstan No. 222 dated March 16, 2012. 14 activities were financed under the target program over the period of 2012 - 2014.

On August 25, 2014 an off-site meeting of interagency group permanently working on securing environmental safety in the course of development of Nizhnekamsk industrial hub was held during which the ecological program of the Company for 2014 - 2020 was presented.

The Company promptly responds to the complaints of citizens and employees. For example, along with the planned analytical monitoring of the air quality in Nizhnekamsk's Vakhitov Street and in settlements (Alan, Martysh, Prosty, Afanasovo), personnel of sanitary and industrial laboratories of Technical Control Department of PJSC «Nizhnekamskneftekhim» visited the sites and performed analyses regarding the complaints received.



Control of compliance with the environmental legislation is carried during the audits conducted by both inspection agencies and the Company, particularly by environment and industrial control divisions, during the individual audits and audits of the EPMS. In 2014, 19 inspections were carried out by the inspection agencies during which 12 punch items had been discovered, out of which 4 items were eliminated, and for 8 of them the corrective actions are currently in progress.

#### ENVIRONMENTAL PROGRAM OF PJSC «NIZHNEKAMSKNEFTEKHIM» AND ITS IMPLEMENTATION

Practical activities on environmental protection are executed in accordance with specially developed programs. Since 2011 PJSC «Nizhnekamskneftekhim» has executed 3 ecological programs for implementation of which about 5.2 bln RUB have been spent.

In 2014, the Ecological program for 2014 - 2020 has been developed with the purpose of ensuring the Company's sustainable development, reliable environmental protection and compliance with environmental legislation requirements.

Specific targets of the program are the following: increase of environmental efficiency and emergency tolerance of production, development of environmental protection facilities, elimination of previously accumulated damage, improvement of monitoring and environmental management systems, creation of comfortable

living conditions for the residents of Nizhnekamsk and Tukay municipal districts. Through implementation of activities provided in the Program, it is planned to achieve considerable saving of natural resources and reduce emissions and releases to the environment. Besides, the program enables recultivation of the disturbed lands, redevelopment and landscaping of the site territory of the enterprise and the city's residential districts, sanitary maintenance of suburban forest areas, arrangement of a single sanitary protection area of Nizhnekamsk industrial complex.

In 2014, as part of the perspective ecological program for 2014-2020, 71 activities were carried out (47 – technical, 24 – organizational and preventive), the costs amounted 669.3 mln RUB.

## Main events relevant to environmental protection

### ENERGY SAVING

PJSC «Nizhnekamskneftekhim» is the largest consumer of utilities among the industrial companies of the Republic of Tatarstan. The electrical power suppliers of PJSC «Nizhnekamskneftekhim» are Nizhnekamsk Heating Power Station and «Nizhnekamskaya» Substation. OAO TGK-16, Nizhnekamsk Heating Power Station (PTK-1) and OOO Nizhnekamskaya Heating Power Station are the sources of thermal power supply. Natural gas is supplied to the Company from the main gas pipelines of OOO Tattransgaz via MDSs (main distribution stations) No. 2, No. 3. In 2014, PJSC «Nizhnekamskneftekhim» consumed 2.57 bln kWh of electricity, 14.6 mln Gcal of thermal power, and 558 million cubic meters of natural gas. The amount of indirect use of energy in the form of electricity consumption for lighting and electric heating is monitored. Efforts for systematic monitoring of indirect energy consumption allow to significantly reduce such consumption, for example, by means of proper selection of energy efficient materials, services and production capacities.

### PERSPECTIVE TRENDS OF ENERGY SAVING PROGRAM

In 2014, the following was fulfilled within the third Program:

- 71 energy saving measures were implemented;
- the Company saved 80.025 thou Gcal of heat energy and 15.66 mlnk Wh of electricity;
- as a result of implementation 103.8 mln RUB were saved (including VAT).

In order to implement further energy saving works and reduce energy consumption the third Energy Saving Program for 2011-2015 was launched with the perspective up to 2020. According to it 246 energy-saving measures are planned. It is expected to save: 367.1 million kWh of electricity, 878.1 thousand Gcal of heat energy, 47.5 thousand tons of fuel equivalents.

PJSC «Nizhnekamskneftekhim» is carrying out activities for creation of rational electrical power supply system, optimization of the reactive power flows being one of its focuses. Execution of the above activities will enable to reduce considerably the losses and increase the throughput capacity of the system elements. The task of improving reliability and technical and economic efficiency of distribution systems and power grids based on reactive power flow control and voltage level stabilization is defined at PJSC «Nizhnekamskneftekhim» as a priority. For example, during preparation and issuance of technical specifications for power supply of newly built plants within the capital construction program, one of mandatory requirements is maintaining the tgφ factor within the desired range by installing compensating devices.

Currently 116 reactive power compensation units (RPC) are operated by the Company having the total capacity of 45.33 MVA. Additionally within the program of cost reduction for purchased utilities the works for creation of automated measuring and information system for commercial accounting of electric power complying with the requirements of wholesale electricity and power market were performed, which allowed to make a more detailed power consumption analysis.

For non-interrupted power supply to all of the Company's consumers by switching them to backup power source and for elimination of production shutdowns PJSC «Nizhnekamskneftekhim» has implemented and is operating high-speed automatic switch complexes (HSASC).

Eleven high-speed automatic switch complexes have been installed at Butyl Rubber Plant, Synthetic Rubber Plant, Isoprene Monomer Plant, Polyolefin Plant, Ethylene Plant over 2012-2014.

## Achievement of the objectives in energy efficiency in 2014

OBJECTIVE	REPORT OF THE OBJECTIVES ACCOMPLISHMENT
Replacement of overaged equipment by less energy-intensive equipment	→ Pumping equipment is replaced by less energy-intensive equipment at Butyl Rubber Plant, Synthetic Rubber Plant, Styrene and Polyester Resins Plant, in Water Supply and Sewage and Wastewater Treatment Units.
Implementation of advanced energy saving technologies	→ The advanced technology of synchronous drives excitation system is implemented at Water Supply and Sewage and Wastewater Treatment Units. Welding package unit was commissioned at SKD-L production plant.
Replacement of lighting networks with up-to-date energy-saving lights	→ Incandescent electric lamps were replaced by Phillips energy-saving lights at Butyl Rubber Plant, Synthetic Rubber Plant, Divinyl and Hydrocarbon Feedstock Plant, Isoprene Monomer Plant, at Ethylene, Ethylene Oxide and Polystyrene Plants, at Water Supply and Sewage and Wastewater Treatment Units, and Gas Turbine Power Plant.
Implementation of accounting information systems	→ The automated system for electric power consumption commercial accounting «Energy Management» was introduced in accordance with ISO50001 at 10 main plants of the Company and auxiliary divisions.
Use of variable speed drives	→ Variable speed drives were installed at Butyl Rubber Plant and Styrene and Polyester Resins Plant.

In 2014 the expenses for Energy Saving Program activities amounted to 36.4 mln RUB.

### ENERGY EFFICIENCY OBJECTIVES FOR 2015:

continuing overaged equipment replacement by less energy-intensive equipment; introduction of advanced energy saving technologies; replacement of incandescent electric lamps by up-to-date energy-saving lights in the 2nd industrial area of the Company; integration of «Energy Management» automated system for electric power commercial accounting « in auxiliary divisions of the Company; the use of variable speed drives.

### WATER CONSUMPTION

The source of water supply is surface water of the Kama River and ground waters from artesian wells in the recreation center Dubravushka, hunting area Osha. Consumption of water by PJSC «Nizhnekamskneftekhim» is made on the basis of Water use Agreement with the Department of Water Resources for RT (NVBVU) and licenses<sup>13</sup>. The advanced water recycling system of PJSC «Nizhnekamskneftekhim» allows to reduce the demand for fresh water used as coolant.

### WATER DISCHARGE

All contaminated industrial and household sewage effluents of the Company together with effluents from other companies and municipal effluents are treated at the biological wastewater treatment plants owned by PJSC «Nizhnekamskneftekhim». For pre-treatment or decontamination of extremely polluted effluents directly in the process shops, dedicated local treatment plants are provided. Rain and melt waters formed in the territories of petrochemical plants, before being discharged into the water courses, are also clarified in buffer ponds.

In 2014, the volume of waste waters discharge of PJSC «Nizhnekamskneftekhim» to water bodies after four discharges exceeded the volume of 2013 by 5.2% resulting from effluents increase after the Tungucha river buffer ponds due to increase of rain and melt water coming from the residential territories and blowdown water from cooling towers.

The quality of treated waste waters in all the effluents discharged into the Kama river improved in 2014 compared to 2013; after the buffer pond Strelochny Log the quality remained at the same level; after the buffer ponds of the Tungucha river the quality slightly degraded a bit which is confirmed by the pollution index.

Improvement of runoffs quality can be attributed to the improved quality of effluents discharged from the Company's plants and more efficient operation of treatment plants in 2014 due to activities undertaken in the Company divisions to improve the number of facilities at the treatment plants. The quality of runoffs discharged after the buffer pond into the

Strelochny Log stream, which remained at the same level, was caused by completion of accumulated silt removal from the pond; quality decrease of runoffs after the Tungucha river buffer ponds was caused by poor water quality at the river's origin, increase of the rain and melt water coming from the residential territories and by blowdown water volume increase.

The quality of treated waste water is assessed with an integral index - a pollution index of treated waste waters<sup>14</sup>. Since 2007 the pollution index after Biological Treatment Plant decreased from 3.55 to 2.34 ( for 34%), after the buffer ponds at Tungucha - from 2.45 to 1.75 ( for 28.6%), after the buffer pond at Strelochny Log - from 2.21 to 1.61 ( for 27%).

In 2014, no spills of chemicals occurred that can have a negative impact on the environment, posing a potential threat to soil, water, air, biodiversity and human health.

### ATMOSPHERIC EMISSIONS

Gross atmospheric emissions over 2014 were as follows:

- less by 9.9% compared to 2013;
- including decrease of the following;
- formaldehyde - less by 21.1%;
- benzopyrene - less by 70%;
- phenol - less by 37.3%.

The Company continuously undertakes activities on reduction of pollutant emissions into atmosphere. PJSC «Nizhnekamskneftekhim» has inventoried 2,863 sources of pollutant emissions into the atmosphere, 2,309 of which are stationary and 554 - fugitive sources of emissions.

In 2014, 24 measures were introduced at the Company's plants to reduce emissions of air pollutants. As a result of works performed, the overall emissions since 2006 to 2014 decreased by 47%, specific emission of pollutants decreased by 68%.

### TOTAL DIRECT AND INDIRECT GREENHOUSE GAS EMISSIONS WITH MASS INDICATED

PJSC «Nizhnekamskneftekhim» keeps a record of greenhouse gas emissions generated as a result of production activities.

Increase of direct emissions of greenhouse gases<sup>15</sup> since 2012 was caused by integration of OAO Divinyl-NKNK into the Company.

In 2014, comparing with 2013, greenhouse gas emissions increased by 1.43% due to increase of gasoline and diesel fuel consumption by the transport caused by motor vehicles quantity increase (transfer of cars from the affiliate OOO UAT-NKNK to PJSC «Nizhnekamskneftekhim»), by production increase of styrene, ethylene and natural gas consumption.

<sup>13</sup> See Attachment 5 for water consumption for the Company needs

<sup>14</sup> See Attachment 12 for the dynamics on each discharge

<sup>15</sup> See Attachment 8 for direct greenhouse gas emissions

The main source of indirect emissions of greenhouse gases at PJSC «Nizhnekamskneftekhim» is fuel burning during energy generation by OAO Generating Company – Power Plant, from which heat and electricity are purchased for PJSC «Nizhnekamskneftekhim» needs.

#### INITIATIVES ON REDUCTION OF GREENHOUSE GAS EMISSIONS AND REDUCTION ACHIEVED

PJSC «Nizhnekamskneftekhim» implements advanced technologies and develops measures to ensure reduction of greenhouse gas emissions. In 2014, the Company accepted the rubber producers' proposal and submitted the information about the climate change along the supply chain within CDP format (Carbon Disclosure Project).

#### WASTE GENERATION AND HANDLING

Currently, 311 types of wastes are generated at PJSC «Nizhnekamskneftekhim», including the following wastes: I hazard class – 5 types of wastes; II hazard class – 23 types of wastes; III hazard class – 164 types of wastes; IV hazard class – 73 types of wastes; V hazard class – 46 types of wastes. Wastes are generated in the process of production, as well as through the use of materials and products purchased from the third parties.

#### THE FOLLOWING IS ON THE BOOKS OF THE COMPANY:

- 6 plants for hazardous wastes utilization. Liquid wastes are used as fuel allowing fuel gas saving. The main purpose of hazardous wastes use in PJSC «Nizhnekamskneftekhim» is power generation. The main service of the plants is neutralization of heavily contaminated waste water;
- 4 plants for wastes neutralization. Liquid wastes of classes II and III are subjected to thermal processing, wastes of class II are neutralized;
- 7 wastes disposal facilities: 2 dumping facilities and 5 long term storage facilities (for over 3 years).

**Dumping facilities:** the existing and closed landfills for the industrial wastes. Occupied territory is 35.2 ha.

Solid, bulk and slurry wastes of classes III and IV are placed on the existing landfill. Receipt of wastes to the landfill from third parties is provided for in accordance with the license.

**Facilities for over 3 years storage:** sludge pits and reservoirs of Biological treatment plant, sludge reservoirs of blowdown water treatment unit, buffer ponds at the Tungucha river and the Strelochny Log stream.

Wastes that are secondary resources (ferrous and nonferrous metal scrap, waste paper, waste polyethylene and polypropylene, etc.) are delivered to the dedicated companies for recycling. Part of wastes is transferred to the third parties for decontamination: mercury-containing items and thermometers, transformers with oil containing biphenyls and terphenyls, etc.

#### TOTAL WEIGHT OF WASTES SPLIT BY TYPE AND HANDLING METHOD

In 2014, from the liquid and solid wastes generated in PJSC «Nizhnekamskneftekhim»:

- 66.93% was used (17.49% for own production; 49.44% was transferred for use by third party organizations);
- 26.03% – was neutralized and landfilled (at own plants and facilities – 16.34% (neutralized 4.78% and landfilled 11.56%); by third party organizations – 9.69%);
- 7.04% – was allocated at long term storage facilities.

The share of generated wastes as per their hazard class versus the total weight of wastes generated in 2014 is as follows: hazard class I – 0.006%; hazard class II – 7.464%; hazard class III – 30.06%; hazard class IV – 49.37%; hazard class V – 13.1%.

II hazard class waste formation was reduced from 45.4% to 7.5 % compared to 2006. This is due to increase in sale of marketable products, which, in its turn, led to decrease in waste quantity used at own plants as fuel. Since 2006, specific formation of nonutilizable wastes reduced by 45%.

#### SHARE OF MATERIALS THAT REPRESENT PROCESSED OR RECYCLED WASTES

Activities on increasing isoprene production capacity at Isoprene Monomer plant, on installation of Propane Purification Unit and modification of feedstock storage tank park at Ethylene plant, revamping alpha-olefins production plant and modification of cooling water towers V9/2A4, 784/2, V7vA2 resulted in increase in the amount of hazardous wastes of Classes IV, V (construction wastes from buildings demolition, soil from excavation) followed by 1.7 times increase in share of wastes transported for use by third-party organization compared to 2006. Construction wastes are used for reclamation of the ravine at the territory of Shingalchi village located 500 m to the south-east from Alan settlement.

Share of recycled wastes is calculated based on the ratio of the total weight of recyclable wastes at own units to the total weight of used raw materials which annually increase. Reduction of the share of recycled wastes is due to increase of liquid wastes use by the plants for the goods production followed by increase of the goods realization to the 3<sup>d</sup> party organizations.

In 2014, works on removal of oil sludge from the existing pits of the industrial waste landfill and transfer for recycling were continued.

#### EFFICIENT USE OF LAND

Great importance is attached to the efficient use of land. In particular development of production is carried out without involvement of additional land resources.

The Company is constantly working on conservation and restoration of natural landscape. Lands disturbed during repair of underground facilities are restored with application of fertile soil layer.

### ENVIRONMENTAL IMPACT OF TRANSPORTATION

The main environmental impact of transportation of feedstock, materials and employees of PJSC «Nizhnekamskneftekhim» is associated with air emissions and possible soil contamination. Transportation of products, feedstock and materials is carried out mainly by road, railway and by pipelines, while transportation of the workers is carried out by motor transport. Motor vehicles are used based on contracts with specialized transportation organizations.

The negative impact to the environment caused by transportation is minimum since the vehicle park of the organizations was switched over to gas motor fuel; the organizations provide annual maintenance of the vehicles with exhaust gases toxicity checked.

Within PJSC «Nizhnekamskneftekhim» there is a Railway Transport Division which provides the relevant maintenance services (tank cars repair depot). In 2014, 771 units of rolling stock were repaired; 300 tank cars with steam jackets were purchased; works on tank cars conditioning as per the requirements for hazardous cargo were fully completed minimizing accidents and negative impact on the environment.

### INITIATIVES AIMED AT MITIGATING ENVIRONMENTAL IMPACT OF PRODUCTS AND SERVICES AND DEGREE OF IMPACT MITIGATION

In 2014, 71 measures were taken under the perspective environmental program for 2014–2020. The Company carried out activities and received positive conclusion from the state ecological expertise for design documentation, developed in 2013 by the design institute Soyuzkhimpromproyekt GOUVPO KGTU for mitigation of the negative environmental impact caused by the wastes landfill. The Company developed the documentation for Glavgosexpertiza (Main Directorate of RF State Expert Review). Following the comments issued by the state ecological expertise Soyuzkhimpromproyekt GOUVPO KGTU finalized the design «Modification of the existing wastes landfill». In order to confirm the isolation adequacy of 19 non-overloaded landfill cells the geophysical and hydrogeological surveys were updated with the involvement of OOO Stroiproektizskaniya specialists and 19 monitoring wells were reconstructed and certified.

The Company proceeded with activities on oil sludge disposal from the existing territory of the wastes dumping landfill cells. In total 15,165 m<sup>3</sup> of oil sludge were taken from the existing wastes dumping landfill over 2012-2014. Landfill cells were prepared for hydro-isolation.

Works started in 2013 for treatment of the buffer pond at Strelochny Log with the use of high efficiency filtering Geotube geo-container for dewatering were completed. Since 2013, 27,757.86 m<sup>3</sup> of sludge were removed including 15,670 m<sup>3</sup> in 2014; 39.96 mln RUB were spent including 19.96 mln RUB in 2014.

With the purpose of rational consumption of water resources in 2014 the Company put into operation purified washing water recycle system from the Strelochny Log buffer pond to the 3<sup>d</sup> water lift which allowed reutilizing of 841,681 m<sup>3</sup> of water over 5 months of 2014.

In 2014, the Company concluded an agreement with ZAO NPK Mediana-Filter for design and detail documentation development for the waste water reutilization for the industrial needs of PJSC «Nizhnekamskneftekhim». Within the above agreement the trial runs were carried out for the implementation of wastewater treatment process technology (by ultra-filtering) after the Tungucha river ponds and after reutilization thereof for the production needs. Implementation of this process technology would enable return of treated water in amounts of 4 million 380 thou and m<sup>3</sup> for the production needs and reducing abstraction of river water by 1.29 mln RUB.

The Company is constantly working on improvement of the efficiency of circulating water utilization by means of implementation of the advanced water treatment technologies and reconstruction of the water cooling towers using energy-efficient towers produced in the Czech Republic and Italy. In 2014 repair and erection activities were completed and the water cooling towers V-9/2 A4, title 782/4 were put into operation. ID 10 000 V-8/2 A3 type Italian water cooling tower of Spig company, the energy consumption of which is for 69% less than the previously operated, was reconstructed and put into operation, it would enable power consumption saving by 4.818 mln kW per year. The following water cooling towers were overhauled: V-7 in A2, title 782/1, the routine maintenance was provided for the towers: V-9/2 A3, V4 A1, V-8/2 A2, title 792/1. In 2014 the costs amounted to 132.1 mln RUB. Over 2007-2014, reconstruction and overhaul activities were carried out for 16 water cooling towers; the costs amounted to approximately 845.1 mln RUB.

**NATURAL LANDSCAPE MAINTENANCE. PLANTING OF GREENERY**

PJSC «Nizhnekamskneftekhim» provides public amenities and greenery planting of the Company's territory and Neftekhimik Park. In 2014, the costs for improvement of park area and public amenities amounted to 12.82 mln RUB.

In 2007–2014, the Company planted 9,129 trees and bushes, 4,020,101 annual flowers and tulips (including 247,581 pieces in 2014), permanent grass seeds on the lawns in the area of 143 ha (including 12.5 ha in 2014). The forest area Korabelnaya Roshcha was cleared.

Every year in warm season the Company's employees carry out clearing of suburban forest sector assigned by direction of Nizhnekamsk city authorities, planting of flowers, trees and bushes instead of lost ones and in the newly built-up territories of the city and the Company.

**WASTE WATER TREATMENT SERVICES**

Biological wastewater treatment plants of PJSC «Nizhnekamskneftekhim» are used for treatment of household and industrial wastewaters of all the industrial enterprises and municipal drainage of Nizhnekamsk.

In 2014, the Company proceeded with activities on developing design documentation for construction of the new line of chemically contaminated waste water from the site to the biological wastewater treatment facilities. Execution of the project would ensure trouble-free transportation of the chemically contaminated waste water and unloading of the existing chemicals sewer.

In order to meet the standards' requirements for treated waste water it is necessary to reconstruct the biological wastewater treatment facilities. As of today the Company has a reconstruction project, certified by Glavgosexpertiza (Main Directorate of RF State Expert Review) in 2011, for the facilities of the first priority, developed by Soyuzkhimpromproekt Design Institute (Kazan city) with the specialized Moscow company GIPROkommun-vodokanal involved in 2009. In 2014, the Company concluded an agreement with JSC Institute of MosvodokanalNIIproekt for development of design documentation for reconstruction of biological wastewater treatment facilities. In 2014, the Company started its activities on the bacteriological laboratory expansion to meet the requirements of the sanitary norms, regulations and the requirements for up-to-date laboratory facilities provision.

In 2014, in order to improve the quality of the effluents, disposed to the Kama river and atmosphere, the works were continued on modernization of certain units of the biological treatment plants.

As a result of the work carried out in 2014, the effluents quality a little improved compared to 2013 which is proved by the pollution index: 2.84 in 2013 and 2.34 in 2014. The effluents quality improved in terms of the following chemicals content: suspended matters, ammonium ions, nitrates, nitrites, aluminum, iron, chlorides, phosphates, zinc, copper, sulphides, toluene, phenols, benzene, styrene. Vanadium content was rather small and the result was lower than the test procedure sensibility limit.

**CONSERVATION OF BIODIVERSITY**

The Company's production facilities are located outside the natural area of preferential protection created or reserved for this purpose based on decisions of the Government or regional public authorities of RF. As well as they are not located on wetlands of international importance, main ornithological areas or particularly sensitive sea areas and areas of sea mammals' protection and have no impact on them.

**PRODUCTION IMPROVEMENT IN ORDER TO ENHANCE ENVIRONMENTAL FRIENDLINESS**

For the purpose of improvement of ecological efficiency of production facilities there were carried out activities for renewal and modernization of production equipment, application of state-of-the-art technologies, use of flare abgas as fuel, optimization of technological processes modes.

In accordance with the applicable laws during development of any new project the Company takes into account the nature and severity of all potential impacts of future facilities on the environment and public health, carries out assessment of ecological, economic and social consequences of such impacts and considers the possibility of their preventing or mitigation. The environmental impact assessment is based on the principle of presumption of potential ecological hazard of any planned activity. Based on the assessment results the Company takes environmentally oriented managerial decisions also taking into consideration stakeholders' opinion.

Within the framework of the future-oriented program for the petrochemical industry development in the Republic of Tatarstan PJSC «Nizhnekamskneftekhim» proceeds its revamping activities at Linear Alpha-Olefins plant with the capacity of 37,500 tpa under Alpha-Sablin process. It will allow reducing significantly both the loads of the treatment facilities and impact to the Kama river open

water. Reduction of emissions to the atmosphere will result in decrease of the load to the soil mantle and ground cover outside the Company's industrial site.

Within the framework of the future-oriented development program for 2020 PJSC «Nizhnekamskneftekhim» is increasing production of synthetic butadiene rubber on lithium catalyst (SKD-L) and halobutyl rubbers. The use of halobutyl rubber in tireproduction industry instead of butyl rubber allowed to increase the cure rate and to reduce the cure temperature making the curing process less energy-consuming which in its turn has a positive effect on natural resources conservation. Use of halobutyl rubber in tubeless tire liners due to high gas impermeability helps to increase service life of tires (aging time) and to reduce wastes.

Use of SKD-L in polystyrene production ensures high impact resistance which ultimately leads to the increase of service life of products made of high-impact polystyrene and reduction of wastes.

The Company is carrying out activities to replace chromic ZBPh (zinc-bichromate-phosphatic) inhibitors by the alternative, less harmful polymer inhibitors.

#### ENVIRONMENTAL TRAINING

Tutorial and environmental training programs are developed in the Company for workers, managers and specialists. General instruction on environmental protection is applicable; such instructions are developed in all the shops including service shops. With the assistance of specialized organizations and educational institutions in 2007-2014, 299 managers and specialists improved their qualification at the course «Ecological Management» (including 39 persons in 2014), 329 people were trained for obtaining permits to hazardous waste products handling, 98 specialists were trained for radiation security issues (including 26 persons in 2014); 21 persons were trained for hydraulic technical installations operation and 51 persons – for environmental safety over 2013-2014.

## ENVIRONMENTAL MONITORING

In the Company there is a well-arranged environmental monitoring which is carried out by accredited and certified laboratories of the Technical Control Department: sanitary industrial laboratory and the laboratory of biological wastewater treatment plants.

Automated air pollution monitoring system, which is constantly enhanced, is functioning since 2008. The automated monitoring system allows prompt receiving of information, identifying the sources of air pollution and taking in time measures for preventing environmental pollution, as well as receiving adequate information about the environmental impact of the Company's production activities.

In 2014, analyses carried out by monitoring system located along the perimeter of the industrial site revealed that deviation in terms of dust, nitrogen dioxide, nitrogen oxide is 0.04% of all analyses performed (214 deviations out of 586,237 analyses).

According to analytical monitoring plans the Company carried out monitoring of the air quality in sanitary protected area and in the urban residential districts: Vakhitov Street in Nizhnekamsk, villages Bolshoe Afanasovo, Prosti, Alan, Ishteryakovo, Nizhnee Afanasovo, Martysh, Borok. In total 20,360 analyses were carried out for determination of 32 indexes, in 22 cases (0.1% of all analyses performed) maximum permissive concentration (MPC) was exceeded on 3 indexes: ammonia, formaldehyde, dimethyldioxane. For ammonia – 18 MPC deviations (1.4%) from 1 281 analyses; all the deviations of ammonia MPC were diagnosed in Vakhitov Street; for formaldehyde – 3 deviations (0.24%) from 1 271 measurements: 2 of them were diagnosed in Vakhitov Street and 1 in Martysh village; for dimethyldioxane – 1 deviation (0.32%) from 311 measurements in Martysh village.

In total the industrial-sanitary laboratory of PJSC «Nizhnekamskneftekhim» Technical Control Department carried out 126,509 investigations including monitoring of atmosphere – 29,474, waste water – 27,013, physical factors – 68,339, drinking water monitoring – 1,683. Totally Biological treatment plant laboratory of PJSC «Nizhnekamskneftekhim» Technical Control Department collected 27,581 samples and carried out 77,629 analyses of incoming and treated drains, water from the wells controlled, water in Kama river 500 m upstream and 500 m downstream the outlets.

#### THE FOLLOWING ACTIONS WERE CARRIED OUT IN 2014 WITHIN THE MONITORING SYSTEM ENHANCEMENT:

- the checklist of indexes to be monitored by the automatic air pollution monitoring station (PKZ-5) was enlarged for 5 parameters: ethylene oxide, ammonia, nitrogen oxide, nitrogen dioxide, carbon oxide;
- 23 underground water monitoring wells were settled and

certified at the wastes disposal facilities: 19 – at the existing landfill, 4 – at the sludge pits of the Biological treatment plant near Borok village;

- climate stability chamber was purchased for toxicity determination in the Biological treatment plant laboratory;
- Automatic gas chromatograph «Kristall-Lux» 4000M with computerized control and data processing system was purchased; a computer was purchased for the chromatograph for the industrial sanitary laboratory;
- Sampling points were provided for the Heaters' stacks: I 5V at Synthetic rubber plant, H-3001 H-1 at Polystyrene plant;
- R&D Center developed test methods for measurement by chromatograph of the following: silica dioxidemass fraction in the air (MI 2129), acetonitrile mass fraction in surface water and effluents (MI 2047);
- bacteriological laboratory was furnished with the advanced equipment.

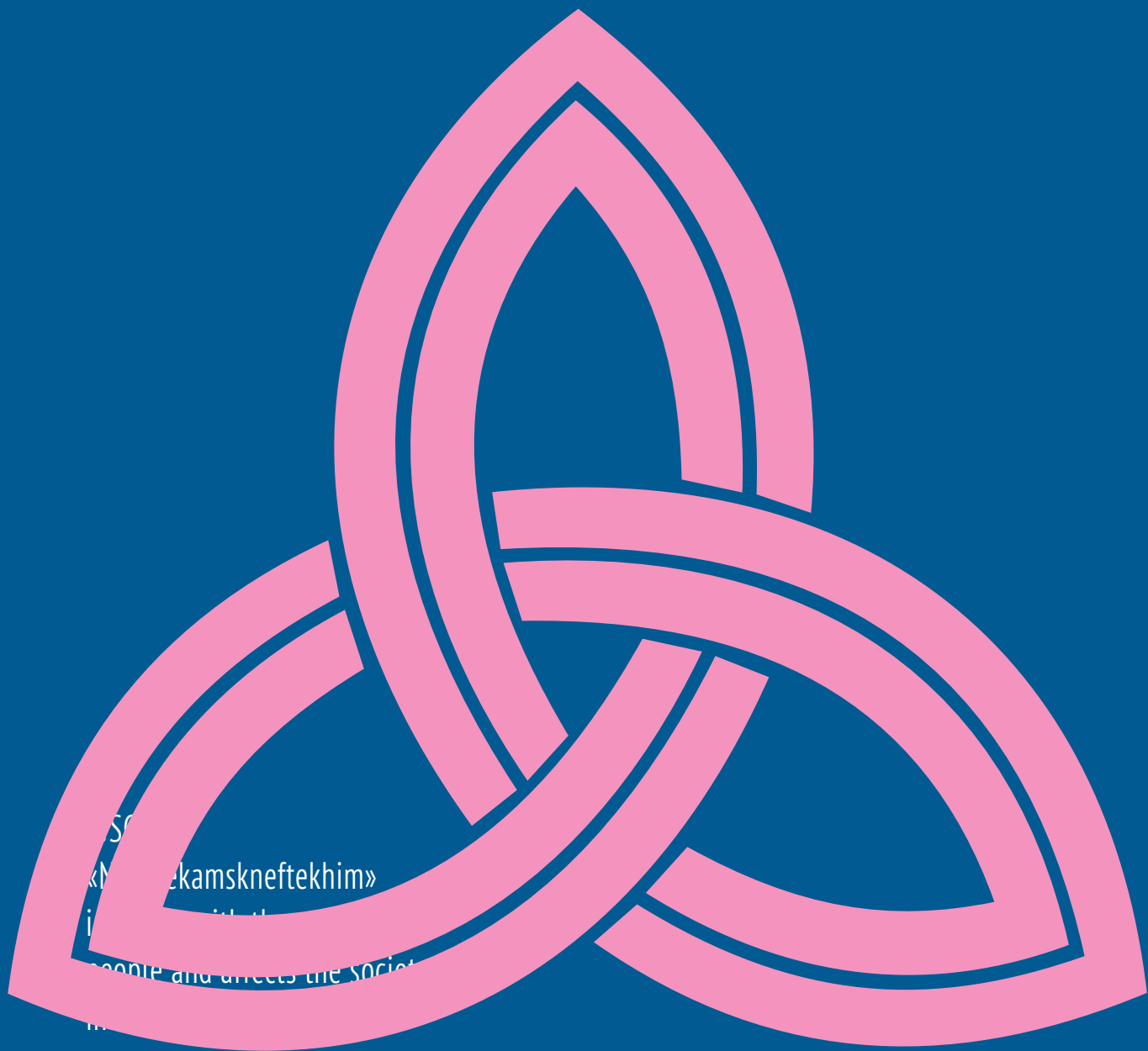
## RESULTS OF ENVIRONMENTAL ACTIVITIES

Every year the Company reconfirms the compliance with the international standard ISO 14001:2004 through compliance audits.

See Attachment 11 for increase of environmental efficiency expressed in specific values (in prices for 2004).

### MAIN ENVIRONMENTAL OBJECTIVES AND TASKS FOR 2015:

- To start cleaning activities on the Tungucha river buffer ponds.
- To develop design documentation for reconstruction of biological treatment facilities.
- To undergo the procedure of the State Expert Review for the reconstruction project of the existing wastes landfill.
- To revamp water circulating systems.
- To repair and carry out maintenance of underground utility systems.
- To participate in the target program «Environmental protection of Nizhnekamsk city and municipal district for 2012-2015»



С...  
«М...нефтехим»  
и...  
people and affects the societ  
in...

The Company invests funds  
to economic and social  
development of the territories  
of presence using partnership  
with the main groups of the  
parties concerned

# 08

## THE COMPANY AND COMMUNITY

- 94 Public relations
- 96 Social programs developed jointly with the community
- 101 The Company and the science
- 104 Important events of the year in the Company

# Public relations



## KEY FIGURES AND EVENTS:

**8,985 mln RUB**

are transferred to the budget of all levels

**more than 741 mln RUB**

are transferred to the Budget of Nizhnekamsk

PJSC «Nizhnekamskneftekhim» interacts with thousands of people and affects the society in different ways.

The Company invests funds to economic and social development of the territories of presence using partnership with the main groups of the parties concerned (local authorities, municipal and public organizations, charity funds, national associations, educational, culture and sport organization, etc.) as the basic mechanism.

## Information on payments to budget, thousand rubles

YEAR	2013		2014	
	ASSESSED	TRANSFERRED	ASSESSED	TRANSFERRED
Budget of Russian Federation	5,569,518	5,548,473	5,954,452	4,999,398
Consolidated Budget of Republic of Tatarstan	7,238,434	7,378,490	4,652,600	3,985,399
Including Budget of Nizhnekamsk	805,933	785,996	713,635	741,035
Other constituents In the Russian Federation	18,192	19,168	2,383	652
<b>TOTAL</b>	<b>12,826,143</b>	<b>12,946,131</b>	<b>10,609,435</b>	<b>8,985,449</b>

The approach of PJSC «Nizhnekamskneftekhim» to organization of interacting with the groups concerned is based on the dialogue in all stages of production cycle. New production building is followed by consultations with the representatives of local society of Nizhnekamsk. Cooperative making of decisions of social-and-economic planning and necessary infrastructure construction takes place. Successive development of business and improvement of social and economic conditions of local society are two inseparably associated processes. The Company supports the society through programs of cooperation, sponsor support and charitable gifts. PJSC «Nizhnekamskneftekhim» is an active participant of all the social programs of Nizhnekamsk.

The activity of the Company in the sphere of social and economic development of local societies is performed within the framework of cooperation with local government bodies, regional government bodies and public organizations.

Taking into account the interests of community and territories of management PJSC «Nizhnekamskneftekhim» realizes the target programs which assist the development of social sphere of territories – education, public health, housing and communal services, transport and communication. The Company also cooperates with the public

organizations, which perform their activity on the territory of management, including the organizations representing interests of society vulnerable population groups.

Representatives of the Company take part in the activities of work groups and commissions established by the authorities of Nizhnekamsk on the social politics problems, within the framework of which the activity of government bodies is coordinated. PJSC «Nizhnekamskneftekhim» Director General is the deputy of the State Council of Tatarstan Republic, he works in the committee on ecology, management of natural resources, agrarian issues and food policy. The sample of cooperation of the Company and local authority is participation of the Company managers in the weekly meeting of municipal administration of Nizhnekamsk district «Business Monday», work in standing commission of Nizhnekamsk city Council on the issues or Reglament of local government and deputative ethics.

Cooperation with professional organizations constantly takes place for discuss of important issues. Workers of PJSC «Nizhnekamskneftekhim» are presented in the Committee on ecological, industrial and technological safety of RUIE as experts.

# Social programs developed jointly with the Community

## SOCIAL PROGRAMS DEVELOPED JOINTLY WITH THE COMMUNITY

## ACTIVITIES CARRIED OUT BY THE COMPANY IN 2014

Participation in social mortgage loans and housing improvement

Since the beginning of 2005 PJSC «Nizhnekamskneftekhim» participates in financing of the republican program of social mortgage loans.

Science and education support program

The Company considers it necessary to develop high quality education in the territory of presence of its enterprises ; in connection with it in 2014 the following activities were carried out:

- Rendering the beneficent help within the framework of republic-wide campaign «Help to prepare for school»;
- Payment of scholarships to students for excellent performance in academic and social activities, including students of Chemical Lyceum of Kazan National Research Technological University (KNRTU);
- Corporate assistance to 20 educational institutions of Nizhnekamsk;
- Procurement of equipment and materials for Electrochemical Laboratory of Municipal Budgetary General Education Institution Secondary School No. 29;
- Corporate assistance for the children of Mendeleyevsk special boarding school;
- Transfer of money to Fund «Promotion to intellectual and creative development of gifted children of Chemical Lyceum of KNRTU» for procurement of demonstration equipment;
- Allocation of money to Scientific Fund named after Butlerov for publication of the book about the history of Mechanics Department of Kazan National Research Technological University – Kazan Institute of Chemical Technology (KNRTU – KICT) and about its graduating students;
- Allocation of money to public organization Academy of Information Support of republic of Tatarstan for performance of statutory activities on preparation and holding International Research and Practice Conference on the subject of «Modern problems of informatization of the Russian economy».

Culture support program

- Arrangement of concerts of pop stars of RF and RT in Ice Palace and House of Folk Art for the children from large and needy families;
- Arrangement of New Year performances for the workers of enterprise and the members of their families, purchase of New Year presents for the workers of enterprise;
- Celebrations: New Year with decoration and equipping of the assigned area, Seeing off Winter, Chemists Day, Sabantuy, Day of republic and Day of the Town, Mother's Day, invalids decade, etc.;
- Allocation of money to the Fund on support of creatively able children and youth Sozvezdiye for development and support of Russian culture, acutance of people with the high art and development of society creativity, association of likeminded people for the purpose of conservation and enhancement of Russian traditions;
- Allocation of money to Social Fund of culture and art development of Nizhnekamsk RT for arraignment of national celebration Sabantuy for the citizens of Nizhnekamsk and festive events dedicated to the Day of Republic of Tatarstan and 48 year anniversary o Nizhnekamsk;
- Allocation of money for arraignment of national celebration Sabantuy in rural settlement Ishkeyevsk of Mamadysh municipal district RT;
- Allocation of money to the Fund Assistance for arrangement of New Year celebrations, cultural and sport events for children and adults, national celebration Sabantuy in Sabinsky district in urban-type village Bogatye Saby, organization of cultural and sport events for adults and children;
- Allocation of money to the Fund for Chuvash culture and language support Dukhovniy vzlyet to provide for participation of Chuvash folk ensemble Shankarav at the XV International Folk Festival Treasure Chest held in the city of Sarayevo;
- Allocation of money to the Regional Charity Fund Zhiyen, Republic of Tatarstan, for preparation, compilation and publication of historical and biographical collection Alexander Butlerov;
- Financial assistance was rendered for foundation of House Museum n.a. F.A.Tabayev in the village of Azeyevo of Ermishimsky district of the Razyan Region.

Spiritual resurgence programs

- Allocation of money to the «Fund for Promotion of Civil Society Institutions in the Volga Federal District» for implementation of Cadets project;
- The voluntary searching group Neftekhimik leaves to the battlefields of Great Patriotic War. It was repeatedly awarded letters of appreciation and recognition. Many members of the team got the Lapel Pin «For active search» and medal «Patriot of Russia»;
- Martial-patriotic Club Naslediye is attended by about 150 children of the workers of PJSC Nizhnekamskneftekhim and citizen. In 2014 with the help of this club a specialize session Island of courage and a three day course Recruit training were organized on the base of summer camp Yunost with participation of instructors from Martial-patriotic Club Naslediye and students of Nizhnekamsk Institute of Chemical Engineering.

SOCIAL PROGRAMS DEVELOPED  
JOINTLY WITH THE COMMUNITY

## ACTIVITIES CARRIED OUT BY THE COMPANY IN 2014

<p>Program of social assistance for the community of the Republic of Tatarstan</p> <p>– support of war veterans and elderly people</p>	<ul style="list-style-type: none"> <li>→ Honoring veterans, organization of festive tea parties, ceremonial dinners for participants of the Great Patriotic War, visiting the families of veterans of the petrochemical enterprise, participants in war operations, single pensioners;</li> <li>→ Excursions, concert programs;</li> <li>→ One-time payout to veterans - participants of the Great Patriotic War;</li> <li>→ Arrangement of ceremonial dinners for war veterans and home front workers;</li> <li>→ One-time payout to veterans of the Great Patriotic War in the honor of Fatherland Defender's Day;</li> <li>→ Free annual subscription for the veterans of the enterprise for the newspapers «Neftekhimik», «Khezmettesh avazy»;</li> <li>→ Arrangement of beneficial treatment in the sanatorium-preventorium «Korabelnaya Roshcha» for the veterans of Great Patriotic War of PJSC «Nizhnekamskneftekhim»;</li> <li>→ 8 renovated apartments of veterans and home front workers;</li> <li>→ Providing support to the Council of Veterans of the city;</li> <li>→ One-time payout to veterans registered in the Council of Veterans;</li> <li>→ Allocation of money to National Islamic Charity Fund «Yardem» for arranging of charity concert in honor of May 9 – Victory Day - for invalids and war veterans, home front workers, veterans of the Ministry of internal Affairs (MIA);</li> <li>→ Allocation of money to Social Fund for development of the City of Nizhnekamsk for arranging of celebrations dedicated to 25 year anniversary of withdrawal of Soviet troops from Afghanistan.</li> </ul>
<p>– support of invalids</p>	<ul style="list-style-type: none"> <li>→ Creating new columns, making up news-items, programs dedicated to the Invalids Day in the corporate mass media;</li> <li>→ One-time payout to invalids registered in the Council of Veterans;</li> <li>→ According to collective labor agreement (item 5.14) the Company workers having handicapped children and persons disabled from childhood (up to 18 years old) once a year in the International Invalids Day are paid out financial assistance in the amount of minimum rate of payment for labor established in RF for each child;</li> <li>→ Allocation of money to Charity Fund «Ak Bars Sozidaniye» to provide large families, families bringing up orphaned children and disabled children.</li> </ul>
<p>Program for maintenance and development of sport facilities</p>	<ul style="list-style-type: none"> <li>→ Financial assistance is rendered to Nizhnekamsk Social Fund for Culture and Art development for arrangement of IX International Football Tournament dedicated to the memory of V.V.Vinnikov among young men born on 2000 with participation of leading clubs of Russia and Former Soviet Union states;</li> <li>→ Financial assistance is rendered to Federation of Billiard Sports for arrangement of the 11th International Russian Billiard Tournament dedicated to the memory of Hero of Socialist Labor – N.V.Lemayev;</li> <li>→ At the expense of petrochemists in Nizhnekamsk there are constructed and maintained: the stadium «Neftekhimik», 2 ice sport palaces, sport complex «Druzhba», 8 hockey rinks for schoolchildren in the micro-districts of the town, youth sport school for football, sport-and-health camp «Olimiyets», training grounds for football and hockey teams «Neftekhimik».</li> </ul>
<p>Program of law enforcement and prevention of violation of law among the population</p>	<ul style="list-style-type: none"> <li>→ PJSC «Nizhnekamskneftekhim» is a base for 5 public law enforcement stations and young workers' public organization for maintenance of public order FORPOST. All public law enforcement stations were renovated and equipped with office equipment and necessary communication facilities. PJSC «Nizhnekamskneftekhim» public order squad has a motor transport.</li> <li>→ In 2014 members of public order squad and FORPOST together with policemen prevented and solved 3 crimes, brought to justice 344 people, checked 35 juvenile offenders and suspected for violation of law;</li> <li>→ 277 raids to dormitories, public places and educational establishments were carried out during major public events;</li> <li>→ Material and moral incentives are provided for members of public order squad in the Collective Agreement ;</li> <li>→ 2014 marked 10 years since Organization of young workers of PJSC «Nizhnekamskneftekhim» FORPOST was founded. Workers of PJSC «Nizhnekamskneftekhim» were rewarded for active work on upbringing of young employees and contribution to the development of youth law enforcement movement, prevention of offence, strengthening of legality and public order in the Republic of Tatarstan.</li> </ul>
<p>Program of transportation of people to their gardens</p>	<ul style="list-style-type: none"> <li>→ PJSC «Nizhnekamskneftekhim» participates on a shared basis in financing transportation of the city residents to their gardens in summer. For this purpose in 2014 the Company allocated 5 million rubles. The Program covers about 120 thousand people.</li> </ul>

**SOCIAL PROGRAMS DEVELOPED JOINTLY WITH THE COMMUNITY****ACTIVITIES CARRIED OUT BY THE COMPANY IN 2014**

Ancillary farm development program	<ul style="list-style-type: none"> <li>→ In 2014, PJSC «Nizhnekamskneftekhim» allocated 50 million rubles to the principal activities of OOO Neftekhimagroprom (agricultural sector). This money helps to support the farming enterprise itself, social infrastructure of remote villages and, most important, to provide jobs for about 400 farm people. Thanks to PJSC «Nizhnekamskneftekhim» the rural population is provided with everything required for agricultural work and sustenance of settlements.</li> <li>→ The farming products are supplied to PJSC «Nizhnekamskneftekhim» canteen network.</li> </ul>
Small business support program	<ul style="list-style-type: none"> <li>→ On May 25th, 2005, a non profit organization Nizhnekamsk Industrial District Association was formed .</li> <li>→ In 2014m enterprises of Nizhnekamsk industrial district manufactured products for the amount of more than 11 bln RUB and converted more than 78,000 tons of plastics produces by произведенных PJSC «Nizhnekamskneftekhim».</li> <li>→ As of the end of 2014, 3,260 jobs were created in Nizhnekamsk industrial district.</li> </ul>
Program for solving social problems and municipal improvement of the area	<ul style="list-style-type: none"> <li>→ Every year in warm season the workers of the enterprise carry out cleaning of suburban forest sector assigned by direction of Nizhnekamsk city authorities, planting of flowers, trees and bushes instead of lost ones and in the newly built-up territories of the city and the enterprise.</li> <li>→ 54 ha of the forest arear Korabelhaya Roshcha was cleared.</li> <li>→ In the sanitary protection area 105,260 of young pine trees and 11,020 of young fir trees were planted on the area of 27.7 ha, and on the territory of the biological treatment plant 250 of hardwood trees were planted.</li> <li>→ On the total lawn arear of 32.8 ha 561 of trees and bushes, young plants and 450.42 of Tulip bulbs were planted, and perennial grasses were sown.</li> <li>→ PJSC «Nizhnekamskneftekhim» arrange for sanitary cleaning of streets, highways and adjacent territories with a total arear of 530,540 m<sup>2</sup> (Himikov Prospect (from Yuzhnaya Street to Lesnaya Street), Studencheskaya Street (from Stroiteley Prospect to Korabelnaya Street); 30 Years of Victory Street (from Himikov Prospect to Studencheskaya Street), 50 Years of October Street(both sides).</li> <li>→ Every day about 294,000 m<sup>2</sup> of building surrounding grounds of residential arears, social, cultural and household objects, 80,630 m<sup>2</sup> of Park Neftekhimik, 214,154 m<sup>2</sup> of Sobolekovskaya road, 18,500,000 m<sup>2</sup> of industrial arear were serviced.</li> <li>→ In the framework of works on sanitary cleaning and improvement of territory of Nizhnekamsk City divisions and subsidiaries of the Company arrange for a wide-scale outgo of their employees (up to 1,500 people) and special-purpose machinery (about 50 units) for cleaning on Wednesday and Saturdays, what allows to solve the tasks at hand in the shortest possible time.</li> <li>→ Just in 2014, for performance of these works more than 6,000 employees and 300 pieces of machinery were involved, including:</li> <li>→ In June, 2014, as part of «International voluntary ecology Saturdays» campaign in cleaning of designated arears of the city 1,678 employees of PJSC «Nizhnekamskneftekhim» took part and 74 pieces of machinery were involved.</li> <li>→ In August 2014 in the framework of «Green Russia» campaign in the cleaning of designated arears of the city 1,664 employees of the Company took part and 64 pieces of machinery were involved.</li> <li>→ From the 1<sup>st</sup> of July 2011, the day of its opening, on the territory of Park Neftekhimik festive occasions and cultural events dedicated to celebrations of the city and national scale are held. Floodlighting allows to visit the park during the night hours. Vast arear of 80,630 m<sup>2</sup>, an impressive panoramic view of the Park, places for hiking, a large number of benches, children playgrounds, including swings, roundabouts and slides for different age groups, and operating in the summer time fountain – all this made Park Neftekhimik one of the favorite places of recreation for Nizhnekamsk citizens. For the period of carrying out improvement works of the park more than 4,000 trees and bushes were planted in its territory. Scheduled work on further landscaping and improvement of the park area is performed.</li> <li>→ During the New Year Holidays the Company presented the City with the gift, having led up the New Year Tree Playground in Park Neftekhimik. The New Year Tree Playground became one of the most visited places in the city. For original design decision, lighting design and illumination the New Year Tree Playground of PJSC «Nizhnekamskneftekhim» was awarded Diploma in the nomination «The New Year Discovery».</li> </ul>
Targeted social assistance	<ul style="list-style-type: none"> <li>→ Financial support to families in difficult straits;</li> <li>→ Organization of targeted assistance to PJSC «Nizhnekamskneftekhim» employees' children with disabilities, the Company's veterans;</li> <li>→ Charity events for children and families in difficult straits;</li> <li>→ Transfer of funds to Charity Fund «Ak Bars Sozidaniye» for realization of socially important projects intended for administration of seriously all people.</li> </ul>
Interaction with the political parties, politicians, social organizations and others	<ul style="list-style-type: none"> <li>→ Donation of funds for formation of electoral fund of a candidate for deputy of the State Council of Tatarstan Republic of the fifth convocation for Akhtubinskiy Region No. 26 Valeyev R.I.</li> </ul>
Interaction with religious organizations	<ul style="list-style-type: none"> <li>→ Financial assistance to local Orthodox Religious Organization Parish of Trekhsvyatskoy Church in Izhevka village, Mendeleyevsk region of Tatarstan Republic for construction of a church in the village.</li> </ul>

# Letters of gratitude

Principal of Kazan National Research Technological University (KNRTU) G.S. Dyakonov, Director of Lyceum boarding school for gifted children n.a. P.A. Kirpichnikov L.R. Ibrasheva.

*«...we express our gratitude for the contribution to the development of our Lyceum. With all Your tremendous occupation, You manage to pay attention to us, to provide the necessary support in word and deed. We hope for future fruitful cooperation and understanding».*

Minnikhanov R.N., Head of Sabink Municipal District, RT

*«...Your help enabled us to celebrate Sabantuy festival at a high level. In the same way, owing to your help, we shall perform sports, cultural events with childrens and teenagers, charitable sessions with disabled persons and needy categories of citizen in 2014.*

*On behalf of population of Sabinsk Municipal District and on my own behalf I express words of gratitude for disinterested aid ...».*

R.Kh. Zaripov, the Deputy Prime Minister of the Republic of Tatarstan, Minister of Industry and Trade of the Republic of Tatarstan

*«The Ministry of Industry and Trade of the Republic of Tatarstan expresses to You its gratitude for support of Lyceum boarding school for gifted children n.a. Academician P.A. Kirpichnikov with advanced curriculum in Chemistry Federal State Budgetary Educational Institution of Higher Vocational Education «Kazan State technical University».*

A.G. Sidorov, the Minister on Ecology and Natural Resources of the Republic of Tatarstan

*«The Ministry on Environment and Natural Resources of the Republic of Tatarstan is grateful for rendering assistance in organizing the visit of deputies of the State Duma Committee of Russian Federation on natural resources, environmental management and ecology».*

Extract from the government telegram about organization of visits of deputies of the State Duma of Russian Federation to the attention of Prime Minister of the Republic of Tatarstan I.Sh. Halikov, V.A. Kashin, The Chairman of the Committee on Natural Resources, Environmental Management and Ecology

*«...The Committee would like to note the unequalled high level of activities organization within the framework of the visit of our delegation and express its hope for future fruitful cooperation, expansion and strengthening of productive interaction aiming to improve Natural Resources and Environmental legislation of Russian Federation and solution of other current problems in the sphere of management of natural resources and ecology».*

E. A. Rodygin, Chairman of the Board of Regional Division of the Union of Radio Amateurs of Russia, RT

*«I express my gratitude to the employees of the Company for the training of operators – radio amateurs from among the students of the senior high school No.2 n.a. Baki Urmanche in Nizhnokamsk and their active work in the diploma program of the Union of Radio Amateurs of Russia «Universiade – 2013». The trained operators – radio amateurs worked by means of specific radio call RT27NN (Republic of Tatarstan 27 Universiade Nizhnokamsk-Neftekhim) with radio amateurs from all over the world and honorably represented Your Company at the world level».*

M. R. Shagiakhmetov, Minister of Economic Affairs of the Republic of Tatarstan

*«The Ministry of Economy of the Republic of Tatarsan expresses gratitude for the organization of the project site Development of Kama economic zone: growth of competitiveness of KameZ». We also would like to thank You and employees of Your Company for taking an active part in this event and sincere interest to development of «The Strategy of Social and Economic Development of the Republic of Tatarstan till 2030»...*

*...We look forward to continued comprehensive cooperation on key issues as well as on active involvement in development and implementation of the Strategy».*

I.V. Utkin, General Director of OAO «Balakovorezintekhnika»

*«We thank Your team for the efficient work in the field of quality, what let us finalize the last year successfully. High qualification of Your staff and efficiency in solving issues has enabled Your Company to take its rightful place in the league table of suppliers of production, delivered to OAO «Balakovorezintekhnika» in 2013. We highly appreciate Your desire not to stop at the attained level, what guarantees our further successful cooperation. We wish Your team a great creative, industrial and personal success».*

R.Kh. Zaripov, the Deputy Prime Minister of the Republic of Tatarstan, Minister of Industry and Trade of the Republic of Tatarstan

*«...We express our sincere gratitude for the impressive performance of Your Company team in II Republican Television Creativity Festival of the young workers «Our time – Bezen Zaman» and appreciation to the staff of Your team for inventive approach, creativity and unforgettable experience.*

*We hope for further fruitful cooperation and will be glad to see Your team members in the ranks of active participants of the festival the next year».*

 ABOUT THE COMPANY

 CORPORATE SOCIAL RESPONSIBILITY

 COMPANY AND SHAREHOLDERS

 COMPANY AND BUSINESS PARTNERS

 COMPANY AND EMPLOYEES

 PROVISION OF EMPLOYEES' SAFETY AND HEALTH

<p>Yu. V. Shamkov, First Deputy of the Council of the Federation Committee on Economic Policy</p>	<p><i>«Let us express to You and Your Company profound appreciation for the annual support in arranging of International Energy Forum «Fuel and Energy Complex of Russia in the XXI century» in Moscow &lt;...&gt; considering the high status of the Forum participants, urgency and importance of the issues under consideration, we would like to invite You to take part in the XIII International Energy Forum in Moscow and study the possibility to include into the action plan for 2015 participation of PJSC «Nizhnekamskneftekhim» in the exhibition «Fuel and Energy Complex of Russia in the XXI century». We also kindly ask you to consider the possibility of PJSC «Nizhnekamskneftekhim» to act as a Partner of the Forum...».</i></p>
<p>R.Kh. Zariipov, Deputy Prime Minister of the Republic of Tatarstan, the Minister of Industry and Trade of the Republic of Tatarstan</p>	<p><i>«The Ministry of Industry and Trade of the Republic of Tatarstan would like to express their gratitude to You and Your team for contribution to organization of exhibition of industrial capacity and investment potential of the Republic of Tatarstan within the framework of the Days of Tatarstan in Kazakhstan (city of Astana, 19-20 September). Thanks to Your readiness to cooperate and a high professional level of Your team the event was highly appraised by the receiving party as well as by the leadership of our Republic. We trust that the past event has served as an efficient basis for consolidating the existing and establishing the new mutually beneficial relations and business contacts».</i></p>
<p>A.V. Mavlikov, Head of Customs Office of the Federal Customs Service of Volga Region Customs Administration «The Customs of Tatarstan»</p>	<p><i>I express my sincere appreciation and gratitude to You personally and to employees of Your Company for rendering assistance in implementation of the tasks aimed at optimization of Nizhnekamsk Customs Post. It was of extreme importance to us to feel from Your Company employers understanding and professional approach in developing strategic solutions, aimed at the effective interaction when carrying out customs formalities. We hope for further successful development of our business relationship...».</i></p>
<p>I.G. Fattakhov, Director of KVH humor show RT (Public Organization of the Young People «Club of the Merry and Inventive»)</p>	<p><i>«The Management of the «Club of the Merry and Inventive» of Tatarstan Republic is grateful for the assistance and comprehensive support of KVN Team «Prospect Himikov» that took part in the contest «The League of the young workers» of KVN of the Republic of Tatarstan in 2013-2014.»</i></p>

# The Company and the Science



## THE KEY FACTS AND FIGURES

BY BEGINNING OF 2015 IN PJSC «NIZHNEKAMSKNEFTEKHIM»

**1,202**

innovators and inventors

**30%**

a share of young innovators

**45**

people with scholastic degree

**416**

patents for inventions

**42**

certificates for the trade marks

**104**

representatives of the Company are in the Big League of the Corps of Engineers of the Russian Federation

## SCIENTIFIC AND TECHNOLOGICAL COOPERATION AT PJSC «NIZHNEKAMSKNEFTEKHIM»

### RESULTS:

- production of pilot batches of the new functionalized divinylstyrene rubber, which is demanded by the tire industry for production of tires with high performance;
- development of a new technology for formaldehyde absorption in vortex-type units and fabrication of pilot absorbers, K.O. drums and mist separators for formaldehyde production;
- development of technology of synthetic gutta-percha and production of enlarged laboratory samples of the same, tested by the tire manufacturers in the composition of the rubber mixtures.

The policy of PJSC «Nizhnekamskneftekhim» is oriented to assurance of competitiveness of the Company and organization of new facilities for production of marketable products that meet the high requirements of the customer. In doing so PJSC «Nizhnekamskneftekhim» rest upon its own scientific and technical potential of specialists of the Science and Technology Center, the Planning and Design Center, plants and departments, as well as engages on a contractual basis of scientific-research institutes and design institutes, high schools and other organizations.

In 2014, PJSC «Nizhnekamskneftekhim» continued its work within the terms of the agreement on the project «Improvement of efficiency of synthetic rubbers production through updating of isobutylene production technology, process design and launching of microspherical dehydrogenation catalyst production».

The dates for the complex project implementation are from January 1, 2013 to December 31, 2015. Development of technology for production of a new catalyst was performed by specialists of Kazan (Volga Region) Federal University (K(V)FU).

#### APPLICATION OF SCIENCE IN THE INDUSTRY

Science and Technology Center (STC) is a multipurpose research and development division of a very high scientific potential and together with the other departments of PJSC «Nizhnekamskneftekhim» it provides for successful operation of the Company. STC includes research laboratories and an experimental-industrial unit. The Science and Technology Center is staffed with 289 members, out of which 1 Doctor of Science and 21 Masters of Sciences.

The Science and Technology Center works closely with higher educational institutes, research establishments and research and manufacturing organizations, such as Kazan (Volga region) Federal University (Kazan); Institute of Catalysis n.a G.K.Boreskov at Siberin Branch of Russian Academy of Sciences (Novosibirsk); State Research Institute of Chemistry and Technology of Organoelement Compounds (Moscow); Kama Innovative Territorial Production Cluster (Kazan); Voronezh branch of the Research Institute of Synthetic Rubber (Voronezh); OOO Fosforos (Kazan); OOO Chemical Group OSNOVA (Kazan); OOO Science and Technical Center KAMA (Nizhnekamsk).

According to the results of scientific research carried out in STC, in 2014, 120 pilot-scale tests and survey of existing production facilities of PJSC «Nizhnekamskneftekhim» were conducted, 30 design basis data sets for designing the new and improving existing construction units and plants were developed, 64 reports on completed research works were issued. 19 articles of STC scientists were published in scientific and technical journals and collections of research articles and information data. The employee of the Center took part and delivered 45 reports in international, all-Russia and republican research and practical conferences and became prizewinners and awardees of Russian and republican Contests: Young Innovators and Inventors, «Engineer of the Year», «The New Idea». In May, 2014, STC hosted the IV Conference of Young Specialists «Innovation and Youth – two vectors of development of domestic petrochemistry», which was attended by young scientists and postgraduate students of Russia and CIS.

STC is one of the major performers of research and development works within the framework of the Federal target program, contract with the Ministry of Education and Science of Russian Federation, agreement with the Ministry of Economy of Republic of Tatarstan with respect to the following lines of research:

- «Development, recovery and organization of production of strategic, scarce and import-substituting materials and small-tonnage chemistry for production of weapon, military and special equipment for 2009 - 2011 and for the period until 2015»;
- «Improvement of efficiency of synthetic rubbers monomers production through development and industrial implementation of high technology production of domestic catalyst for isoamylene dehydration» «Development of new types of polymer products and technologies for improvement of monomers production efficiency»;
- «Development of scientific basis, market research, development of production opportunities for trans 1,4 polyisoprene (synthetic gutta-percha) in Russian Federation and CIS countries according to the method developed in Institute of Petrochemical Synthesis of Russian Academy of Sciences».

In the course of research works on import substitution performed in STC :

- positive test results of competitive domestic brand of polyethylene, suitable for production of insulating coating of metallic pipes were obtained;
- methods of production of foreign brands analogues of ethylene and propylene copolymers with the advanced characteristics were developed, that were adopted and successfully tested with the consumers;
- in the test shop of STC an analogue reagent, equivalent to that purchased from «Magikort» for cleaning the outer walls of convection coils was produced and successful pilot tests on cleaning of convection section were carried out;
- works on implementation of a new environmentally friendly and economic composition of «phosphate free» corrosion inhibitor and deposit and corrosion inhibitor OPC800 were conducted.

The research result in creation of technology for production of functionalized diene-styrene synthetic rubber was the positive feedback from the consumers – tire manufacturers: STC Kama, Pirelli, Michelin,

Continental, Bridgestone and Goodyear – with regard to oil-extended functionalized diene-styrene synthetic rubber.

The future plans of STC include participation in works on expansion of halobutyl rubber production capacity; further improvement of technologies for production of functionalized diene-styrene synthetic rubber, SKDN rubber; the search for alternative domestic catalyst for petrochemical processes and polymers production; participation in development of new kinds of products and brands; intensification of works on import substitution.

#### INNOVATION AND EFFICIENCY DRIVE

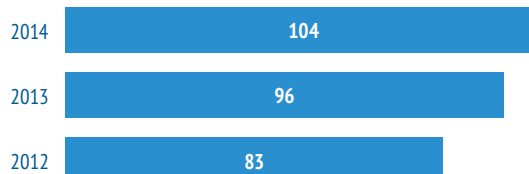
Considerable contribution to development of the petrochemical industry is made by inventors of PJSC «Nizhnekamskneftekhim». There are 1,202 rationalizers and innovators in the Company. For the expired year the innovators sold 441 engineering solutions and 431 proposals for technical improvements were made. 87 inventions, useful models and 227 proposals for technical improvements are introduced in different production facilities of the Company.

In accordance with copyright protection Norms for technical inventions and means of individualization by 2014 PJSC «Nizhnekamskneftekhim» received 416 patents for inventions, 63 patents for useful models, 42 certificates for brand marks, 10 certificates for computer programs. In accordance with the annual updating of the use of technical solutions on the patents of the company, portfolio of exclusive rights for intellectual property items is maintained in optimal condition and today it includes 107 patents for inventions, 25 patents for useful models, 21 certificates for the trademarks and service mark in Russia and abroad, 10 certificates for computer programs and 39 production secrets (know how).

The number of young innovators in the Company grows every year. In 2012 their share among rationalizers and innovators was only 9%; in 2014 it exceeded 30%.

Every year PJSC «Nizhnekamskneftekhim» takes part in the contest held by the Russian Union of Scientific and Technical Public Organizations, by the International Union of Scientific and Technical Public Associations, by the Academy of Engineering Sciences n.a. A.M. Prokhorov, by the Interregional Public Fund for Advance of the Scientific-and-Technological Progress. Certificate of Laureate of XIV All-Russia Contest «Engineer of Year 2014» in the nomination «Engineering of the Young», Laureate Commemorative Medal of the Contest, lapel badge »Professional Engineer of Russia» and Certificate of the title of «Professional Engineer of Russia» were presented to the Head of Shift at the Styrene and Polyether Resins Taimasov I.R.

#### REPRESENTATIVE OF THE COMPANY IN THE BIG LEAGUE OF CORPS OF ENGINEERS OF RUSSIA, NUMBER OF PEOPLE



In the nomination «Professional Engineers» the title of «Professional Engineer of Russia» with presentation of relevant certificate and marks was awarded to the Lead Specialist of Information Technology Department Matukhin R.V., Deputy Head of Department of the Design Engineering Center Misbakhov M.A., Deputy Director of Butyl Rubber Plant Poretskov A.Yu., Head of Laboratory of the Technical Control Division Savelyeva A.A., Head of Laboratory of Research and Technology Center Hasanova D.I., Head of Division of Automation Design Center Fatkhutdinov I.G..

In the nomination «Engineering of the Young» The Certificate «The Winner of the first round of All-Russian Contest «Engineer of the Year» was presented to programmer engineer of Polystyrene Plant Huzeyev I.A.

## THE MOST IMPORTANT EVENTS IN THE COMPANY

## January

- ▶ In the framework of program for cost reduction for steam purchase in the Company the automatic control system for the quality of condensate returned to Nizhnekamsk CHP Station from production facilities of the first industrial zone of the Company was put into operation.

---

- ▶ At dvinyl and hydrocarbon feedstock plant an Automatic Process Control System for Central Gas Fractionating Unit-1 was implemented. This allowed to bring control process for separation of wide light hydrocarbon fraction (WLHF) to the new, considerably higher level.

---

- 23** ▶ The Conference of the Company Staff was held, where results of execution of Collective Bargaining for 2013 were discussed and a document regulating the relationship of the staff and the management of the Company for 2014 was signed. This document keeps all benefits and payments envisaged in the Collective Bargaining of 2013.

---

- ▶ The Company was awarded diploma of the winner of the contest «Leader of environmental activities in Russia 2013». Its results were summed up within the framework of International Forum «World experience and economy of Russia».

---

- 28** ▶ Deputy Prime Minister of the Republic of Tatarstan – Minister of Industry and Trade RT Ravil Zaripov and Head of the Federal Service on Ecological, Technological and Nuclear Supervision (Rostekhnadzor) Aleksey Aleshin, who arrived to the Republic to participate in the meeting of Collegium of Volga Division of Rostekhnadzor paid a working visit to the Company.



## February

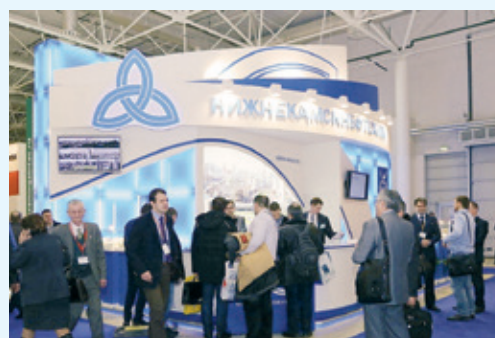
- ▶ The Company was awarded diplomas «For a wide range of presented plastics and rubbers of high quality» and «For professional work of managers of the Company at the exhibition» followed by the results of the 17<sup>th</sup> International specialized exhibition for plastics and rubbers «Interplastika2014», held on January 28–31, 2014 in Exhibition Center of Moscow. During the exhibition a conference was held, in which physical and mechanical properties and application areas of ABS plastics produced by PJSC «Nizhnekamskneftekhim» were demonstrated.

---

- ▶ Based on results of republican contest «The Best Design of the Central New Year Tree» the Company was awarded diploma in the nomination of «The best company participated in organization and decoration of New Year Trees».

---

- ▶ Car-repair depot of Railway Transport Administration received permission from the CIS Council for Railway Transport for right to perform capital repair of tank wagons for transportation of liquefied hydrocarbon gases and other chemical and petrochemical products, covered wagons, containers platforms and repair in depot of eight wheel covered hopper wagons and open wagons. Today PJSC «Nizhnekamskneftekhim» is the only Company that provides this type of service on the territory of the Republic of Tatarstan.



# March

- ▶ Butyl Rubber Plant celebrated 10 years anniversary of the first halobutyl rubbers production. Over the past years they produced 590 thousand tons of halobutyl rubbers, including 163.3 thousand tons of chlorobutyl rubber and 426.7 thousand tons of bromobutyl rubber.

---

- ▶ The Company was awarded the diploma of the winner of the Republican Contest «Charity Provider of 2013».

---

- ▶ Following the results of Contest «Energy efficient equipment and technologies» the Company was awarded with the First Place Diploma for implementation at the Company plants of hot spare system.

---

- ▶ The Company was the first in the Republic of Tatarstan to receive certificate of compliance of control system for efficient use of energy (energy management) to requirements of International Standards ISO 50001: 2011.



# April

- 8 ▶ A group of managers and specialists of the State Oil Company of Azerbaijan Republic (SOCAR) headed by the Vice President on strategic development Tofiq Gakhramanov paid an information visit to the Company.

---

- ▶ At Butyl Rubber Plant within the framework of Occupational and Safety Management program for 2013-2015 after the successful completion of the pilot tests period an automatic baler was put into operation.

---

- 7-14 ▶ in the period from April 7 to 14, 2014, specialists of Certifying Body IQNet of Czech Association for Quality Systems Certification CQS conducted compliance audit of quality management system, environmental and safety management system in the Company and confirmed extension of certification scope to include ABS plastics production facilities and services for quality control of raw materials, market products, repair for rolling stock of Railway Transport Administration.

---

- 14 ▶ The annual General Meeting of Shareholders of PJSC «Nizhnekamskneftekhim» was held, in which the business results of the Company for 2013 were summed up. President of the Republic of Tatarstan Rustam Minnikhanov took part in the work of the meeting.

---

- 14 ▶ The President of the Republic of Tatarstan Rustam Minnikhanov, the Chairman of the Board of Directors of the Company Vladimir Busygin took part in the ceremonial startup of the IV Stage Polystyrene Production Line. The production is based on technology ToyoMitsui (Japan). The Line is designed to produce 13 polystyrene grades, including 7 basic and 6 additional grades, intended for processing by means of casting, extrusion and fabrication of expanded materials.

---

- ▶ The Company was awarded Grand-prix and Golden Medal for implementation of Management System for effective use of energy ISO 50001:2011 (energy management) among the petrochemical enterprises of Russian Federation within the framework of the XII International Power Industry Forum in Moscow and exhibition «Fuel and Energy Complex of Russia in the XXI century», that were held on April 21-23, 2014.



THE MOST IMPORTANT EVENTS IN THE COMPANY

# May

- ▶ With the view of creating integrated management system compiling capabilities of Quality Management System, eco-management, industrial safety management with information security, energy resources and personnel management systems the Company has adopted a unified Policy.

---

- 23 ▶** In the sports and cultural center Neftekhimik of the Company a celebration of the republican Chemist's Day with participation of President of the Republic of Tatarstan Rustam Minnikhanov was held.

# June

- ▶ Since June 9, 2014, common and privileged shares of the Company have been included in the First (top) quotation list of Moscow interbank Currency Exchange (MICEX).

---

- ▶ The Company was awarded medal and diploma of the prize winner of the contest «100 best enterprises of Russia. Ecology and eco-management», as well as diplomas in the nominations of: «For elimination, recycling of accumulated wastes», «For the best environmental service».

---

- 16 ▶** In Kazan under the leadership of the Chairman of the Board of Directors of the Company Vladimir Busygin an unscheduled meeting of the board of directors of the Company was held. The Board of Directors has made a decision to grant a request of Oleg Nesterov about voluntary resignation from a post of General Director. Azat Bikmurzin was elected General Director by the members of the Board of Directors.

---

- 18 ▶** General Director of the Company Azat Bikmurzin and Chairman of the Company CC7 Su Futsyan signed in the presence of President of the Republic of Tatarstan Rustam Minnikhanov Memorandum of Understanding between of PJSC «Nizhnekamskneftekhim» and Chinese company CNCEC (Chinese national chemical and engineering company).

---

- ▶ The Legal Department of the Company was the winner of the IX annual contest «The best legal departments of Russia in 2014», the results of which were announced within the framework of the IV St. Petersburg International Legal Forum, held from June 18 to 21, 2014.

---

- 23 ▶** NKNK FINANC EPLC paid to Eurobond holders of NKNK 2015 a coupon yield amounting to 527 1, thousand US dollars and repaid 1/10 of the release of 3 million 100, 6 thousand U.S. dollars in accordance with the repayment schedule.



# July

- 2 ▶ Ceremonial taking up by people of their residences ion the new nine story house at Yamle Street hadplace.180 families of the Company employees received a key to the two – and three room apartments.

---

- ▶ The Company became awinner in the open competition for selection of organizations for the right to receive subsidiaries for implementation of a complex project together with FSAEI HVE Kazan Federal University and OOO KatalizProm for creation of high technology production within the framework of RF Government Decree No.218 of April 9, 2010.

---

- ▶ At Water Supply, Sewerage and Waste Water Treatment Division works on cleaning the buffer pond at the stream «Strelochnyi Log» were completed and water return forproduction needs was initiated.

---

- ▶ Within the framework of program implementation for import substitution and increase of the production competitiveness in early July at Polyolefins Plant a production of another new polypropylene grade PP4445T was started.

---

- ▶ Representatives of «Bridgestone» and "Pirelli» conducted Audit of the Supplier in the Company. Based on the audit results a high rating was given to the Quality Management System whose primary targets were meeting consumers' requirements, sales increase and promotion of business reputation ofthe Company.

---

- ▶ The Training Center of PJSC «Nizhnekamskneftekhim» received a new «perpetual» license for personnel training and advanced training in 100 professional qualifications and directions. Material and technical basis of the training process are 9 specially equipped rooms located directly in the Training Center and special technology classrooms in business units of the Company.



# August

- 7 ▶ At the premises of the Company with participation of representatives of Volga Divison of Rostechnadzor and petrochemical companies the staff exercises «Actions of emergency rescue teams during elimination of accidents» were conducted. When summing up the results of the staff exercises it was noted that all services have coped with the set tasks and are ready for localization and liquidation of the accident consequences.

---

- 14 ▶ At Polyolefins Plant the millionth tone of polyethylene was produced form the moment of the plant start-up.

---

- ▶ Under the program for import substitution at Water Supply, Sewerage and Waste Water Treatment Division a coagulant of GOHA8 grade produced by OAO «Khimprodmarket» (City of Naberezhniye Chelny») was successfully implemented in the process of obtaining filtered water.



THE MOST IMPORTANT EVENTS IN THE COMPANY

# September

- ▶ The Company has signed with the Italian tire manufacturing company «Pirelli» another long-term contract for 4 years with increase of supplies of all synthetic rubbers.

---

- 5 ▶ On the personnel training ground IP4 the demonstrating trainings on firefighting and accident rescue operations were held. The trainings were attended by participants of all-Russia seminar-meeting «Problems of implementation of Federal supervision during construction and operation of chemical and petrochemical complexes», held the day before in Kazan, headed by the Deputy Head of Federal Service for Ecological, Technological and Nuclear Supervision Svetlana Radionova.

---

- ▶ The Company was awarded Grand prix in the competition «For the best exhibit, the best designer, the best technical solution» within the framework of Tatarstan Petrochemical Forum in the nomination of «Innovative Environmentally Friendly Technologies» for development and implementation of environmentally friendly technologies for production residue treatment.

---

- 8-12 ▶ The Company took place in the National Congress on Energy Engineering 2014 held on September 8-12, 2014 at Kazan State power Engineering University.

---

- 19-20 ▶ The Company took part in exhibition of industrial capacity and investment potential of the Republic of Tatarstan within the framework Days of Tatarstan in the city of Astana (Kazakhstan).



# October

- 21-24 ▶ 10 product types of the Company were awarded the First Place Diploma for high consumer properties following the results of the contests carried out within the framework of Exhibition «Chemistry+» that was held on October 21-24, 2014 in Moscow Exhibition Centre.

---

- 29 ▶ In the presence of President of the Republic of Tatarstan Rustam Minnikhanov the ceremonial commissioning of the first process line for production of carrier for microspherical isoparaffin dehydration catalyst was performed.

---

- 29 ▶ An extraordinary meeting of the shareholders of the Company was held. President of the Republic of Tatarstan Rustam Minnikhanov took part in the meeting. After its completion the first meeting of the Board of Directors in the new composition was held. Having supported the proposal of President of the Republic of Tatarstan Rustam Nurgaliyevich Minnikhanov the members of the Board re-elected Vladimir Mikhailovich Busygin Chairman of the Board of Directors and confirmed authority of General Director Azar Shaukatovich Bikmurzin.

---

- ▶ In October, 2014, in the capital of the Republic of Belarus, Minsk, Polymer Forum of PJSC «Nizhnekamskneftekhim» was held.



# November

- 13** ▶ In the view of coming into force from September 1, 2014 of amendments to Civil Code of the Russian Federation and pursuant to the decision of October 29, 2014, of the Extraordinary General Meeting of the Shareholders of the Company of November 13, 2014, a state registration of the Company Charter (redrafted) was executed and the Company became the Public Joint-Stock Company. From that moment the full official name of the Company in Russian is Публичное Акционерное Общество «Нижнекамскнефтехим», the short name of the Company is ПАО «Нижнекамскнефтехим»; in English the full official name of the Company is Public Joint Stock Company «Nizhnekamskneftekhim», the short name of the Company is PJSC «Nizhnekamskneftekhim».

---

- 19** ▶ PJSC «Nizhnekamskneftekhim» hosted seminar meeting that was attended by the Chief Power Engineers and key specialists of power engineering departments of the group of the companies «TAIF».

---

- 20–22** ▶ Within the framework of unified exposition of the Republic of Tatarstan PJSC «Nizhnekamskneftekhim» took part in the International Forum «Energy Efficiency and Conservation» (ENES2014) held on November 20–22, 2014 in Moscow.

---

- 21** ▶ PJSC «Nizhnekamskneftekhim» arranged a professional skill competition among instrumentation technicians of up to 35 years old, which was attended by 16 participants from the plants and Automation Design Department of the Company.
  - ▶ PJSC «Nizhnekamskneftekhim» took the 2nd place in TOP list of 10 private companies as per the II Annual examination of corporate transparency of Russian companies.

---

  - ▶ PJSC «Nizhnekamskneftekhim» became the prizewinner of the XVII Annual competition of yearly reports of Moscow Currency Exchange and Media group «Securities market» in the nomination of «The best report on corporate social responsibility and sustainable development».

---

  - 25** ▶ PJSC «Nizhnekamskneftekhim» was awarded a special prize «For development of brand-name product range» in the ceremony of awarding the prize winners «Polymers of Russia 2014».



# December

- ▶ Bromobutyl Rubber (BBK232) and Polybutadiene Rubber with lithium catalyst (PBDEL) were among the one hundred best goods in Russia - 2014 in the nomination «Products for industrial and technical use». Two polystyrene grades (402 and 409M) were awarded the First Place Diploma and became «The New Product of the Year».

---

- ▶ PJSC «Nizhnekamskneftekhim» was awarded a RF Government prize of 2014 for obtaining significant results in the field of quality of the products and services and implementation of highly effective methods of quality management.

---

- 8–10** ▶ Extended meeting of the Council of Russian Union of Chemists and Association of Oil Refiners and Petrochemists was held at PJSC «Nizhnekamskneftekhim». At the plenary part of the meeting Director of Science and Technology Center Igor Belanogov delivered the report «Import substitution as a strategic target of PJSC «Nizhnekamskneftekhim». The Deputy Chief Engineer for production supervision for industrial and labor safety Shamil Nadyrshin familiarized participants of the meeting with the practical automation of the registration process of hazardous production facilities in the Company. During the round-table discussion the practice of implementation of program «Responsible Care» in the Company was discussed.

---

- ▶ Electrician of Power Engineering Department of PJSC «Nizhnekamskneftekhim» Aidar Gilmanov became the winner of corporate competition of professional skill.

---

- ▶ PJSC «Nizhnekamskneftekhim» was awarded the diploma of the winner following the results of the X All-Russia Contest «Leader in environmental activities of Russia 2014».

---

- ▶ At divinyl and hydrocarbon feedstock plant of PJSC «Nizhnekamskneftekhim», at nitrogen recovery, compressed air and oxygen shop, after completion of a large-scale revamp the first unit of an Air separation plant was put into operation. The carried out revamp not only allowed to increase the nitrogen capacity by 20–25%, but also to improve considerably reliability and safety of the plant operation.





# 09

## ABOUT THE REPORT

- 112 Replies and liabilities of the company  
according to the results of interviews with stakeholders
- 114 About the Report
- 116 Independent opinion on Verification  
of the Sustainable Development Report
- 121 Opinion of RUIE Non-financial Statement Council on  
the results of review of PJSC «Nizhnekamskneftekhim»  
Sustainability Report for 2014 aimed to public verification
- 124 Table of standard GRI elements
- 135 Glossary
- 138 List of abbreviations
- 142 Feedback questionnaire

**REPLIES AND LIABILITIES OF THE COMPANY ACCORDING TO THE RESULTS OF DISCUSSIONS WITH STAKEHOLDERS**

Within the framework of Sustainability Report preparation, PJSC «Nizhnekamskneftekhim» assumed obligations to carry out consultations with stakeholders of the Company. Results of the consultation meetings are included in the Sustainability Report for 2014 and are set out below. In the left column of the table frequently asked questions, comments are arranged that have been made in the course of consultation meetings with stakeholders. Right column of the table contains replies and comments of the stakeholders of the Company.

QUESTION	NAME, TITLE AND REPLY OF THE REPRESENTATIVE
<p><b>E.R.Dolotkasina Deputy Head of Nizhnekamsk Municipal Region and Mayor of Nizhnekamsk:</b> What are the plans of PJSC «Nizhnekamskneftekhim» to improve the environmental friendliness of production? What are the plans with respect to biological treatment plants?</p>	<p>See Section «Environmental activity» p.89</p>
<p><b>Jacob Grapengizer East Capital:</b> What are the plans of the Company to implement a project of Grassroots Olefins Complex and related plants construction?</p>	<p><b>Deputy General Director - Head of the Corporate Property and Strategic Development Department – PJSC «Nizhnekamskneftekhim» I.V. Larionov:</b> The Company is in the pre-investment phase of the project implementation. Process licenses were purchased; Basic Engineering and Extended Basic Engineering have been developed. The Company carries out preliminary work to conclude Agreement on Project Documentation Development.</p>
<p><b>Igor Vasilyev, Sberbank CIB:</b> Is dividend policy planned to be changed?</p>	<p><b>Deputy General Director - Head of the Corporate Property and Strategic Development Department – PJSC Nizhnekamskneftekhim I.V. Larionov:</b> Dividend Policy of PJSC «Nizhnekamskneftekhim» was established by appropriate Regulation on Dividend Policy published on the Company's website, and according to this regulation the amount of funds allocated for dividend payout, shall be not less 15% of the Company's annual net profit. In the meantime, actually the Company pays back 30% of net profit as per to RAS in the form of dividends in recent years. For the time being the Company does not have any plans to change Dividend Policy.</p>
<p><b>Chief Editor of Departmental television studio Neftekhim I.A.Afanasyeva:</b> What activities do PJSC «Nizhnekamskneftekhim» undertake to strengthen readiness for containment (elimination) of possible accidents?</p>	<p><b>Head of Production Control Division for Industrial Safety R.R.Gusamov:</b> PJSC «Nizhnekamskneftekhim» undertake activities to form contingency rescue units. Joint Committee (The Ministry of Emergency Situations, Rostekhnadzor) determined the structure and number of the contingency rescue units (NASF): the quantity of the required NASF was 65 with number of members up to 700. During last two years Joint Committee certified 45 unions. Emergency cabinets were completed in accordance with the list of equipment, employees in a number of 560 people were trained as rescue workers, self-contained breathing apparatus made by Omega firm were purchased, self-contained atmospheric protection suits made by Strelrts-Kio firm and by Trelchem-Super firm were bought. Certification of 20 units (NASF) was scheduled for 2015. Joint work improved the capacity to take rapid actions to transfer the process in a safe mode and rescue people in gas contaminated area by members of contingency rescue units before professional gas rescue squad arrives, as well as ensure interaction efficacy of staff and all services at possible emergency situations.</p>

**Chief Editor of Departmental television studio  
Neftekhim I.A.Afanasyeva:**

How many emergency drills and emergency training exercises have been carried out in 2014 at PJSC «Nizhnekamskneftekhim»?

**Head of Production Control Division for Industrial Safety R.R.Gusamov:**

According to initial procedure of emergency drills and emergency training exercises annually around 5 000 emergency training exercises and emergency drills are held in the joint-stock company. They include:

- 4 200 emergency training exercises under the guidance of shift supervisors (in the course of the year, at least once a month, with each shift of the shop);
- 1 000 emergency drills under the guidance of shift supervisors (in the course of the year, at least once a month, with each shift of the shop);
- 150 emergency drills under the guidance of Head of Subdivision (in the course of the year, at least once a month, in one or several shops);
- emergency drills under the guidance of Deputy Chief Engineer on Occupational and Industrial Safety (in the course of the year, at least once a month, in one or several subdivisions of the Company).

In the course of emergency training exercises and emergency drills the following items are checked: quality of containment and elimination of possible accidents, readiness of production (operating) personnel, contingency rescue units (NASF), fire prevention units (PPF), emergency rescue teams (gas rescue brigade, fire stations and medical first aid brigades) and other rescue services to save people, located in the dangerous area, plants' provision with appropriate and personal protective equipment and means of emergency containment, compliance of Contingency Plan (PLA) with actual status of production plant. Upon completion of emergency training exercises and emergency drills personnel actions were assessed, statements were drawn up including comments on the shortcomings, detected in the course of emergency drills, measures were elaborated to improve efficiency of interrelated actions.

# About the Report

## Period under Report, the reporting cycle

### LEVEL OF GRI G3.1

Self-assessment	A
Verification by third party	A+

Public Joint-Stock Company «Nizhnekamskneftekhim» continues the practice of publishing annual reports on sustainable development in order to inform the wide public about the principles, objectives, practical results and prospects of corporate social policy and the Company's activities in areas related to sustainable development.

This Sustainability Report is the sixth report<sup>16</sup> and it covers the period from January, 1, 2014, through December 31, 2014. Independent external evaluation based on the international standards was performed by ZAO «Bureau Veritas Certification Rus». The report has successfully undergone the procedure of public acknowledgement in the Nonfinancial Statement Council of the Russian Union of Industrialists and Entrepreneurs.

In preparation of the Report the Company's employees and stakeholders were involved to identify important subjects for disclosure, to select information from reliable sources, to form, discuss and design the Report. The working group included managers and specialists from different divisions of the Company that are responsible for the issues of corporate management and economic and social and environmental impact. Considerable efforts were made for involvement of stakeholders in the process of discussion of such matters as determination of the format and contents of the Report and important subjects that need to be disclosed.

PJSC «Nizhnekamskneftekhim» uses services of subsidiaries and contractor entities in production activity. Data on PJSC «Nizhnekamskneftekhim» is used in the performance analysis of Sustainability Report for 2014. Similar approach was used in preparation of the Reports for previous years.

Information and performance indicators of the Company were collected in accordance with the procedures of corporate governance, and Russian and international standards and the reporting requirements. There were no significant changes in the field of measurement techniques compared to the previous year. The data in the Reports for the previous years is comparable. The Company is aware of the necessity to provide the timely information in the Report, therefore, the Report is published with the same frequency once a year, and is synchronized with the publication of the Annual Report.

For convenience of readers the Report includes a table showing the location of the issues and indicators in accordance with the GRI Guidelines on page 124.

The concept of the Report is defined by the Code of Corporate Social Responsibility of PJSC «Nizhnekamskneftekhim». In accordance with it the Company considers the interests of the society, employees, stockholders, local societies, and other concerned parties. This is beyond the framework set by legislation, and supposes that PJSC «Nizhnekamskneftekhim» voluntarily takes additional measures to improve the life quality of employees and their families, and also of the local society and of the society in a whole.<sup>17</sup> Taking responsibility for its influence on the society, the Company accounts for its actions, and keeps a record of them.

<sup>16</sup> Social Reports of PJSC Nizhnekamskneftekhim for 2009 and 2010 as well as Sustainability Reports of the Company for 2011, 2012 and 2013 are available on the corporate website [www.nknh.ru](http://www.nknh.ru). Previous reports of the Company are included in the National Register of non-financial corporate reporting of the Russian Union of Industrialists and Entrepreneurs.

<sup>17</sup> Detailed information is provided in sections «The Company and Employees», «The Company and Community».

The report has been subjected to internal audit and the external analysis in the form of the survey of the stakeholders including government representatives, business partners and civil society organizations to identify their information needs and the subsequent inclusion of this information in the Report.

Details of the financial and operating activities are presented in the Annual Report of PJSC «Nizhnekamskneftekhim» for 2014, which is available on the Company's website (<http://www.nknh.ru>).

Any questions regarding the Report or its contents may be referred to: (8555) 37-93-33, 37-71-81, 37-53-31, or at 423574, the Republic of Tatarstan, Nizhnekamsk, PJSC «Nizhnekamskneftekhim». You can send your questions by e-mail: [nknh@nknh.ru](mailto:nknh@nknh.ru).

Performance indicators and indicators of financial and economic activity contained in the Report have been submitted as per financial statements prepared in accordance with International Financial Reporting Standards (IFRS).

By publishing the Report on sustainable development PJSC «Nizhnekamskneftekhim» expects to continue and expand the constructive public discussion of the issues of responsible business and would welcome the recommendations of all stakeholders to improve its activities in the field of sustainable development.

# INDEPENDENT OPINION ON VERIFICATION OF SUSTAINABLE DEVELOPMENT REPORT



Addressed to: PJSC «Nizhnekamskneftekhim» and stakeholders

## THE PURPOSE OF WORK:

According to request of PJSC «Nizhnekamskneftekhim», Bureau Veritas Certification Rus has provided the services for conducting an independent verification of Sustainable Development Report based on AA 1000 Assurance Standard 2008 and AA 1000 Accountability Principles Standard 2008 as well as on GRI G3.1 Global Reporting Initiative Sustainability Reporting Guidelines of 23.03.2011.

This independent verification is related to the Sustainable Development Report for 2014 of PJSC «Nizhnekamskneftekhim» (hereinafter «Report»).

The information and its presentation in the Report are an exclusive responsibility of PJSC Nizhnekamskneftekhim Management. «Bureau Veritas Certification Rus» was not involved in the process of preparation of the Report and is liable for presentation of independent verification of the Report solely to PJSC «Nizhnekamskneftekhim» within the scope of the agreed technical assignment. «Bureau Veritas Certification Rus» is not liable for any other appraisals or to any third party.

## THE SCOPE OF VERIFICATION

The scope and the method of performing the work have been determined after their discussion with PJSC «Nizhnekamskneftekhim» and comprised the following:

(1) verification of accuracy and reliability of data and information included in the Report and underlying systems and processes of collection, analysis and review of information for 2014 in accordance with the AA1000AS:2008 Standard, based on the main principles set forth in AA1000APS Standard:

- INCLUSIVITY (involvement of stakeholders),
- SIGNIFICANCE of the presented information on sustainability indicators
- RESPONSIVENESS to inquiries and comments of the stakeholders;

(2) verification of the Report conformity to GRI Sustainability Reporting Guidelines (GRI-G3.1 2011 version);

(3) applying the principles and procedures of International Standard On Assurance Engagement, ISAE-3000, for verification;

(4) appraising the level and quality of involvement of the stakeholders in the process of preparation of the Report according to AA1000SES:2011 Standard (Stakeholder Engagement Standard);

(5) providing the guidelines for corporate management development within the scope of corporate social reporting.

The information published on the Company's corporate site <http://www.nkn.ru/>, as well as materials of different advertising publications, newspapers Nizhnekamskaya Pravda, Neftekhimik and Khezmatdash avazy, TV programs of corporate television studio Neftekhim and GTRK Tatarstan, as well as the Collective Labor Agreement

for 2014, standards and other corporate documents were taken into account while certifying the Report.

## VERIFICATION METHODS AND PERFORMED WORKS

As a part of the independent verification Bureau Veritas Certification Rus performed the following:

- Held interviews with the General Director of PJSC «Nizhnekamskneftekhim» A.Sh.Bikmurzin as well as with the representatives of the top management and the managers of different divisions of the Company in order to form an integrate view of social-economic, environmental and innovative aspects of the Company's activities, the intents, obligations, priorities and goals in the sustainable development sphere, the means and the extent of achieving these goals.
- Analyzed Nizhnekamskneftekhim's approach to the involvement and consideration of opinions and expectations of stakeholders by interviewing the persons responsible for dialogues with such parties, holding meetings with representatives of several stakeholders, based on the study of the relevant documentation extraction confirming that such interaction took place in 2014.
- Studied the extraction of documentation and data, characterizing the efficiency of social and economic, environmental and innovative aspects of management systems functioning in PJSC «Nizhnekamskneftekhim».
- Took into account the positive results of quality management system audits, environmental audits, occupational health and safety management, certified in accordance with the requirements of international standards ISO 9001, ISO 14001 and OHSAS 18001.

Checked the data gathering, handling, recording, transmission, analysis, selection and consolidation processes used in PJSC «Nizhnekamskneftekhim», to be included in the Report.

- Checked internal auditing procedures of the social reporting process, used in PJSC «Nizhnekamskneftekhim».
- Confirmed the adequacy of assertions, statements and data presented in the Report by direct visiting of objects of social, production and innovative activities of PJSC «Nizhnekamskneftekhim» as well as interview with the representatives of Nizhnekamsk Municipal Administration.
- Analyzed the selected mass media data, published third party statements, characterizing the commitment of PJSC «Nizhnekamskneftekhim» to its mission and values in the sustainable development sphere, as references for checking substantiation of the statements made in the Report.
- Analyzed the Report and information published on the corporate website for conform to AA1000AS Standard, to GRI guidelines, to the principles of accuracy, availability, balance, clarity, comparability, authenticity and promptness.
- Checked the accessibility of the Report for all stakeholders and the effectiveness of the established feedback mechanism.
- The work has been performed in accordance with the guidelines and procedures of «Bureau Veritas Certification Rus» for external verification of Sustainable

Development Report, based on the existing best practices in the sphere of independent verification.

- The work has been scheduled and performed so as to provide the adequate, but not absolute level of verification, providing the reasonable basis for the conclusions to follow.

#### VERIFICATION LEVEL AND OUR OPINION BASIS

It should be realized that the selective checking of the Report information provides the lower level of verification guarantees than the full check of data. The use of the limited verification level for verification process is provided for by ISAE-3000 International Standard.

The work was based on the supporting information supplied by PJSC «Nizhnekamskneftekhim» Management and its structural divisions as well as by the representatives of some stakeholders, on the data from the available sources and analytical verification techniques.

The data, collected in the process of work, allowed to make conclusions with high degree of accuracy and draw the conclusions of the second order with the highest verification level in accordance with the definitions of the items 2.1-2.2 of AA1000AS Standard with regard to each principle of AA1000APS (Inclusivity, Significance, Responsiveness).

#### OUR OBSERVATIONS. OPINION OF THE VERIFICATION ORGANIZATION

Our opinion, based on the above described methodology and performance, is as follows:

- Information and data, included in our verification scope are accurate, reliable and free from substantial errors and false statements;
- The information is presented in a clear, understandable and accessible format;
- The Report provides a fair presentation of PJSC «Nizhnekamskneftekhim» activities throughout 2014;
- The information in the Report allows the readers to form a balanced opinion about the activity and results during the period under review;
- PJSC «Nizhnekamskneftekhim» established the relevant systems of gathering, accumulating and analyzing the required information;
- In general the Report adequately covers the performance of PJSC «Nizhnekamskneftekhim» in terms of corporate social reporting and sustainable development;
- PJSC «Nizhnekamskneftekhim» has efficient management systems allowing for identification of fundamental socio-economic and ecological and innovative aspects of operation, and planning, managing and improving the related processes, and determination of expectations of stakeholders concerning these aspects and responsiveness;
- Systems of social reporting control are supported to the full extent by the management of the Company, the Mission of the Company, and its Policies and resources, as well as by compliance of its business with the principles of the Social Charter of the Russian Business, and the Code of corporate social responsibility developed at PJSC «Nizhnekamskneftekhim».

#### CONFORMITY OF THE REPORT TO THREE AA1000 APS

##### PRINCIPLE 1. INCLUSIVITY

- PJSC «Nizhnekamskneftekhim» cooperates with many stakeholders. The most important ones are employees and their families, shareholders and investors, business partners (customers, suppliers, vendors), trade union, consumers of products and services, governmental authorities, mass media, public

organizations, local authorities, resident population, stakeholders of federal, regional and international levels.

- The information provided and the obtained objective and indirect evidence indicate that the expectations and needs of stakeholders with regard to the Company's activities are taken into account at all stages of social and ethical process.
- The main means of information distribution and interaction with stakeholders are public hearings, press releases, press conferences, publications in the mass media, distribution of information messages (letters, information booklets and brochures), corporate Internet portal, consultations, negotiations, inquiries, organization of work groups, standing commissions etc. Sources of information for workers and managers are briefings, meetings, e-mail, Internet, departmental media, orders, and scientific and technical documentation, documents developed in the Company.
- In 2014, PJSC «Nizhnekamskneftekhim» continued implementation of Strategic Development Programs, aimed to achieve technological leadership as well import substitution programmes.
- Implementation of social programs aimed at improving the quality of life of employees, their families and communities, creates favorable conditions for sustainable development of business.
- PJSC «Nizhnekamskneftekhim» is a member of the following organizations: Chamber of Commerce and Industry; Association of Gas Turbine Technologies for Energy and Industry; Russian Union of Chemists; Russian Union of Industrialists and Entrepreneurs; Sintezkauchuk Association; Association of Enterprises and Entrepreneurs of the Republic of Tatarstan; Self-Regulatory Organization Regional Nonprofit Partnership Commonwealth of Tatarstan Constructors, and is also a member of international organizations: the International Academy of Quality Management; Association of Automatic Identification UNISCAN/GS 1 RUS; International Rubber Study Group (IRSG); International Institute of Rubber Processors).

##### PRINCIPLE 2. SIGNIFICANCE OF THE PRESENTED INFORMATION

- The report is a balanced and reasonable presentation of significant socio-economic, environmental and innovative aspects of operation defining indicators of sustainable development of PJSC «Nizhnekamskneftekhim».
- All relevant information, including information on important facts, as well as major transactions with assets of the Company, is available on the official corporate Internet portal <http://www.nknh.ru/>.
- The report furnishes relevant information about maintaining the economic stability and development of the investment program, it provides self-assessment of performance of long-run objectives of sustainable development and social commitments in 2014, and provides an assessment of social and regional significance of investment projects, set objectives of public reporting system optimization.
- The report contains the long-term objectives of sustainable Development for the period until 2020. The information provided about the material aspects of sustainable development of the Company for 2014 possesses the necessary traceability in the process of collecting, processing, transmission and presentation of data.
- Based on the analysis of the Report and interviews conducted, it should be noted that none of significant aspects of sustainable development identified by the company were missed by the management of the company or unreasonably excluded from reporting. The Report covers all the GRI performance indicators, applicable to the Company, and provides a basis for the lack of detailed

information on the individual GRI performance indicators, which do not apply to the activities of Company.

- Risk management at PJSC «Nizhnekamskneftekhim» represents a continuous and evolving process encompassing the entire Company. Risk management is exercised by employees on all levels of the Company. The results of management are used to adjust the strategy and tactics of the Company, and are aimed at selection of the most effective possible ways of development taking into account the available resources to achieve the general goal of PJSC «Nizhnekamskneftekhim».
- The information presented in the Report and on the corporate website is important for stakeholders, as it may exert an influence on their future decisions and behavior in relation to the Company.
- The Report provides sufficient information on the Company's compliance with the Russian legislation and international standards as well as regulations and industry standards for the petrochemical industry.

### Principle 3: Response to stakeholder expectations

- At present such areas are not known to us which could be disclosed, but were not disclosed in the Report where the Company would be incapable to respond to sound inquiries of stakeholders.
- Responsiveness to regional needs is realized by financing and implementation of a number of social projects. PJSC «Nizhnekamskneftekhim» realizes sports, educational, cultural programs, brings the contribution to development of a social infrastructure on which condition quality of life both employees and their families, and all population of regions of activity depends.
- The Company respects public interests, assumes responsibilities of business impact upon consumers, suppliers, employees, stakeholders, local public and other concerned parties of social sphere. This obligation steps over the statutory bounds and supposes that PJSC «Nizhnekamskneftekhim» voluntary takes supplementary steps to improve the quality of life of employees and their families, as well as local community and society as a whole.
- Requirements of customers are provided with scheduled supply of products of the guaranteed quality. In creation of competitive advantage of the Company adjusted product quality control system, high service level, expansion of contacts with consumers as well as response to their wishes play an increasing role. In 2014, the Company became «A Laureate of the RF Government awards in the sphere of quality and services».
- The right of population to favorable environment is provided with the Company's planned environmental activity within the framework of PJSC «Nizhnekamskneftekhim» Ecology program. As a result of implementation of a wide range of activities the Company prevents exceedance of environment impact established limits. A new Ecology program was adopted in Year 2014 with perspective to Year 2020.
- In 2014, PJSC «Nizhnekamskneftekhim» was registered in the all-Russian competition nominees' list and awarded the Honorary Diploma and the medal «100 best organizations of Russia. Ecology and Ecological management» and also confirmed the title of «Leader of environmental activity in Russia».
- Interests and expectations of employees are considered by acceptance of the Collective agreement between PJSC «Nizhnekamskneftekhim» and a trade-union committee.
- Health and safety impact assessment of the products and reporting of data according to the specified requirements is performed for 100% significant production line of the Company.
- Realization of social programs directed to improvement of quality of employees' life, their families and local population, creates favorable conditions for steady development of business. Increase of an educational level of the personnel,

decrease of morbidity and industrial traumatism, improvement of a social climate in the regions of activity became the program results.

- One of the key components of the Company development within the reporting period was the energy saving policy.
- Views and expectations of stakeholders are accounted for by principles of PJSC «Nizhnekamskneftekhim» corporate management, including annual general meetings of shareholders.

**Additional comments :** PJSC «Nizhnekamskneftekhim» is one of the largest petrochemical companies in Europe. The industrial complex of the Company includes 10 major production plants, as well as auxiliary shops, departments and centers (including the R&D and design centers), located at industrial sites of Niizhnekamsk.

The strategic program of development of PJSC «Nizhnekamskneftekhim» corresponds to the basic principles of the approved Plan for development of the gas-oil-chemistry in Russia until Year 2030. In 2014, the fourth polystyrene production line was commissioned, production of divinyl-styrene rubber started and new polyether grades developed. The Company is successfully developing its synthetic rubber sector and has worked well in the international market of these products. PJSC «Nizhnekamskneftekhim» has been supplying its rubber to major international tire companies.

PJSC «Nizhnekamskneftekhim» is the only producer of neonol in the Russian Federation and CIS, and one of the leading players in the world neonol market.

PJSC «Nizhnekamskneftekhim» priorities in the area of corporate social responsibility (CSR) are focused on five main areas: the environment, education, health, personnel and charity.

### «Bureau Veritas Certification Rus» note with approval that :

- PJSC «Nizhnekamskneftekhim» is the Company having in its management system instruments and resources enabling to specify significant socioeconomic, environmental and innovative activity aspects, plan, manage and develop processes pertaining to them, define stakeholder's expectations in relation to these aspects and respond to them.
- Presented information on essential aspects of sustainable development of the Company has sufficient details on key areas of the report. Sustainability Report of PJSC «Nizhnekamskneftekhim» is an effective means of improving the management quality in the Company.
- PJSC «Nizhnekamskneftekhim» focuses on creating effective and safe workplaces, professional growth and social support of employees, environmental protection, support of education, culture and sports. There is an effective system of training at the Company. 6746 employees of the Company increased or confirmed their qualification in Year 2014. 81% of the Company employees are satisfied with training. All activities in the field of sustainable development are realized based on continuous interaction with the parties concerned and aimed at establishment and maintenance of long-term trust-based relationships with them.
- The Company views corporate management system as a means of increasing the transparency of management processes and as a way to ensure a balance of interests of all parties concerned towards effective growth and sustainable development of the Society.
- In the reporting year, the PJSC «Nizhnekamskneftekhim» performed a large amount of work in order to implement innovative technological and organizational and technical solutions. The company actively cooperates with scientific organizations in the field of development of new technologies.

- The results achieved provide implementation of strategic tasks pertaining to preserving financial stability and socio-economic stability, maintaining a high level of personnel social protection in accordance with corporate social standards.
- The Company's activity in the field of social responsibility is of a comprehensive nature and aimed at creating efficient and safe workplaces, social support of workers and members of their families, maintaining a favorable social environment.
- Codes of corporate conduct and corporate social responsibility applied in the Company reflect all the basic rules relating to standards of corporate governance, business ethics, corporate social responsibility, relations with employees, partners and counterparties, authorities and society. The anticorruption policy, adopted in 2014, describes mechanisms for governance, risk management, prevention and settlement of corporate conflicts and conflicts of interests. The Company performs constant monitoring of corruption risks; internal procedures for their detection and prevention are in force.
- The company carefully analyzes quantitative and qualitative sides of their social programs. Evaluation of social activity is carried out together with municipal authorities, public organizations and social groups, interested in implementation of projects.
- The company discloses information in accordance with applicable law. Information is disclosed on the official site of PJSC «Nizhnekamskneftekhim» in the Internet <http://nknh.ru/>, electronic mass media and publication media, public interviews and press-conferences of Company management.

#### REPORT CONFORMITY TO RECOMMENDATIONS OF GLOBAL REPORTING INITIATIVE «SUSTAINABILITY REPORTING GUIDELINES» (GRI – G3.1)

The report is executed using recommendations of Global Reporting initiative «Sustainability Reporting Guidelines», AA1000SES Stakeholder Engagement Standard, Social Charter of Russian Business and practically contains information on all essential reporting components and GRI performance indicators. Reporting level meets A+ criteria.

Basic information reflecting Company's activities is backed up with all data required. Certain examples and numeric data are confirmed by way of comparison with available sources. In general, certification level of the report can be considered as «high».

#### RECOMMENDATIONS ON CORPORATE MANAGEMENT DEVELOPMENT OF SOCIAL REPORTING

Based on the work carried out, PJSC «Nizhnekamskneftekhim» is recommended to consider the following possible areas of activities in terms of improving the quality of social reporting:

Develop efficiency appraisal criteria of social programs and Company projects.

- Transfer experience of the Company on steady development and the social responsibility of business to developers of the Branch appendix to GRI Guidance for the enterprises of petrochemical sector.
- Transition to the use of recommendations of «Sustainability Reporting Guidelines» GRI – G4

#### CERTIFICATION LIMITS

- Certification was not performed in relation to deliverables stepping over time bounds of current reporting cycle 2014.
- Statements expressing opinions, persuasions or intents of PJSC «Nizhnekamskneftekhim» to take any actions in future have not been accounted for by the certification.
- Certification at operating level has been achieved both by the analysis of documentation submitted and visits to different production facilities, Company departments and a number of social objects.

#### «BUREAU VERITAS CERTIFICATION RUS» APPLICATION ABOUT INDEPENDENCE, IMPARTIALITY AND COMPETENCE

An independent international company «Bureau Veritas» Group has introduced a Code of Ethics in all business areas to maintain high ethical standards in the daily work of all its employees, including employees of ZAO «Bureau Veritas Certification RUS». ZAO «Bureau Veritas Certification Rus» is an independent professional international company specializing in rendering services in the area of accredited certification of various systems of management.

The company provides a special responsibility as to prevention of conflict of interest. None of the certification group members has business relationships with PJSC «Nizhnekamskneftekhim», its directors and managers, excluding contacts, prescribed by contractual relations. This verification was carried out independently and there was no conflict of interests between the parties.

«Bureau Veritas Certification Rus» formally states that Opinion represents an independent appraisal of the third party.

«Bureau Veritas Certification Rus» has no commercial interests in PJSC «Nizhnekamskneftekhim» activity except for certification of services provided.

ZAO «Bureau Veritas Certification Rus»

St.Petersburg, February 2015

Lead Auditor

Georgiy Klenov



Российский союз промышленников и предпринимателей

# СВИДЕТЕЛЬСТВО

об общественном заверении  
корпоративного нефинансового отчета

Отчет об устойчивом развитии  
ПАО «Нижнекамскнефтехим»

прошел общественное заверение в Совете РСПП  
по нефинансовой отчетности

Развернутое заключение Совета РСПП об общественном заверении Отчета об устойчивом развитии ПАО «Нижнекамскнефтехим» за 2014 год направлено в Компанию, которая может публиковать его без каких-либо изменений и использовать как для внутрикорпоративных целей, так и в целях коммуникаций с заинтересованными сторонами.

Регистрационный номер 065.01.060.05.14

Президент РСПП



Москва, 2015

*А.Шохин*  
А.Шохин

# Conclusion of Non-financial Reporting Board of the Russian Union of Industrialists and Entrepreneurs (RUIE) based on review results of PJSC «Nizhnekamskneftekhim» sustainability report for Year 2014 with the purpose of social certification

Non-financial Reporting Board of the Russian Union of Industrialists and Entrepreneurs (hereinafter – «the Board»), established in accordance with the decision of the Board Bureau (Resolution of 28.06.2007), reviewed a Sustainable Development Report (hereinafter

«Report») at the initiative of PJSC «Nizhnekamskneftekhim» (hereinafter – «Nizhnekamskneftekhim» Company) for Year 2014.

«Nizhnekamskneftekhim» Company addressed RUIE with a request to arrange a social certification by the Board, which forms an opinion on the completeness and relevance of the information on the results of the Company presented in the report from the perspective of Social Charter of Russian Business principles.

The members of the Board studied the contents of the Report submitted by the Company in the period from February 20 to March 3, 2015, and made up a present conclusion in accordance with the regulations on social certification of corporate non-financial reports, approved by the Board. The Board members have the necessary competence in the field of corporate responsibility, sustainable development and nonfinancial reporting; they comply with the ethical requirements of independence and objectivity of ratings, and express their personal expert opinion rather than the opinion of the organizations represented by them.

The Report was evaluated based on the following completeness and relevance criteria as to the information contained therein:

Information is considered relevant when it shows PJSC «Nizhnekamskneftekhim» activities to implement the principles of responsible business practices disclosed in the Social Charter of Russian Business ([www.rspp.ru](http://www.rspp.ru)).

Completeness implies that the company comprehensively shows its activities in the report - the underlying values and strategic guidelines, its management systems and structures, its achievements and key performance results, the system of interaction with its stakeholders.

The Company's use of the international reporting systems is taken into account as part of the public certification of the Report. However, confirmation of the level of the Report's compliance with the international reporting systems is beyond the scope of this Conclusion.

PJSC «Nizhnekamskneftekhim» is responsible for the information and statements contained in the Report. Reliability of the factual evidence contained in the Report is not covered by the public certification.

This Conclusion is prepared for PJSC «Nizhnekamskneftekhim», which may use this Conclusion for both its internal purposes and communication with the stakeholders by publishing it without any changes.

## FINDINGS

Based on the Report analysis, as well as the public information posted on the PJSC «Nizhnekamskneftekhim» official corporate website, and the collective discussion of the results of an independent evaluation of the Report by the members of the RUIE Non-financial Reporting Board, the Board confirms the following:

**THE SUSTAINABILITY REPORT OF PJSC NIZHNEKAMSKNEFTEKHIM FOR 2014 CONTAINS THE RELEVANT INFORMATION ON KEY AREAS OF RESPONSIBLE BUSINESS PRACTICES IN ACCORDANCE WITH THE PRINCIPLES OF THE SOCIAL CHARTER OF RUSSIAN BUSINESS, AND DISCLOSES WITH SUFFICIENT COMPLETENESS INFORMATION ABOUT THE KEY PERFORMANCE RESULTS OF THE COMPANY'S ACTIVITIES IN THESE AREAS.**

**RECOMMENDATIONS OF THE RUIE BOARD ON SOCIAL CERTIFICATION RESULTS OF THE PREVIOUS REPORT FOR YEAR 2013 HAVE BEEN EMBODIED IN THE REPORT OF YEAR 2014.**

**STRATEGIC VISION OF THE COMPANY, IT'S ROLE AS AN «ANCHOR» ENTERPRISE OF NIZHNEKAMSK INDUSTRIAL AREA, PUBLIC EVENTS ARE HIGHLIGHTED MORE PROFOUNDLY IN THE COURSE OF REPORT PREPARATION.**

The Company's Report for 2014 contains relevant information on the following aspects of responsible business practices:

**Economic Freedom and Responsibility:** The Report presents the Company's main business and geography areas, its position at global markets and a strategic program up to 2020, it highlights long-term tasks for sustainable development. It outlines results of production and financial activities in Year 2014 and in a three year period dynamics. It presents main projects of production development, including those aimed to import substitution. The report informs about implementation of a corporate investment program. It shows the Company's role in Kamskiy innovative territorial production cluster as a producer of raw materials for consumer goods.

It shows the development of scientific and technological potential of the Company. The report describes activities aimed to increase quality and safety of the products. It's noted that in the reporting period there were no cases of products' and services' impact on health and safety, inconsistent with regulatory requirements. The report provides information about corporate governance, functional structure of management and risk management. The Report informs that the Company adopted the Code of corporate social responsibility, defining the Company's obligations, towards the parties concerned, surpassing statutory regulations. It states that the Company forms its competitive advantages through establishment of balance in economic, environmental, and social responsibility.

**Partnership in Business:** The report provides information on the principles and formats of building relationships with the parties concerned, development of dialogue practice with them. It provides the list of main corporate documents regulating their interaction. The Report describes priority stakeholders' group and gives information about methods of providing information and feedback to each of these groups. It provides information on the mechanisms of promoting interests of the shareholders, cooperation with business partners, suppliers and customers. The report informs, inter alia, about openness of procurement procedures, practice of regular customer satisfaction monitoring and received data analysis results.

It includes information on measures to prevent corruption in view of the Company's Anti-corruption policy adopted in 2014. The report extensively focuses on work with the personnel. It informs of the management system established at the Company in this sphere. The Report provides data on dynamics of wages, motivation tools of employees, professional development of staff capacity, protection of their health and social support. Special attention is paid to ensuring medical care program, support program for pensioners, corporate housing program. The Report highlights interaction with trade union organizations, including safety and working conditions improvement within the framework of collective bargaining agreements implementation. It informs of cooperation with the authorities and a local community on issues relating to social and economic development of the territories. The report contains a summary table with results of the company's interaction with various groups of the parties concerned.

**Human Rights:** The Report declares commitment to observance of human rights in accordance with international and Russian norms and standards, elimination of discrimination cases on any ground. It states that all employees have equal opportunities to exercise their labour rights and development of their labour potential. It describes applicable procedures and mechanisms intended to monitor the observance of human rights (labour disputes commission, sociological studies of psychological climate in the collective, employee inquiries, training courses for security personnel on human rights). The Report states that during the reporting period no complaints from employees have been received

and no cases of violation of their rights have been registered.

**Environmental Conservation:** The report contains information on the activities aimed at minimizing the environmental impact of the Company's production activity within the framework of implementing PJSC «Nizhnekamskneftekhim» environmental program.

It provides information about results in ecology, data on company's expenses to implement the environmental program and activities performed as a result of which the Company prevents exceedance of established limits in view of negative impact on the environment. The Report discloses key indicators on atmospheric and water sources impact, efficiency of land use. It describes activities on the rational use of resources, including data on the use of materials, representing recycled wastes.

It informs that, a new environmental program was adopted in 2014 with perspective up to 2020. The Report contains information about the energy saving program and the results of its implementation in the year under review. It states that environment-related activity of the Company has been carried out in accordance with requirements of international standard ISO 14001 as confirmed by certifying authority. The report informs about public recognition of the Company's environmental preservation activities.

**Participation in the local community development:** the

Report contains important information reflecting the Company's contribution to the development of company habitat and local communities.

It informs about Company's participation in the activities of various commissions set up by the authorities in order to develop joint solutions for planning and construction of infrastructure facilities in the region and on social policy issues. The Report includes information on cooperation with public and municipal organizations, including those representing the interests of socially vulnerable groups of population. It provides data on special programs aimed to promote education, public health service, housing and utilities sector, transport and communications on the company habitat. The Report includes a list of social programs implemented by the Company in cooperation with the local community and describes activities undertaken during the reporting period.

**Final Provisions**

In general, information contained in the Report gives a reasonably fair idea of PJSC «Nizhnekamskneftekhim» areas of responsibility, its exerted impact on society and environment, reflects its goals and results of activities in the context of sustainable development principles implementation, current and future challenges in this field.

**RECOMMENDATIONS**

Noting the merits of the Report, the Board draws attention of the Company to some aspects of its relevance and complete disclosure that are material for the stakeholders and recommends considering the same in further reporting cycles.

Remain relevant and can be used in further company's reporting practices the recommendations, defined by the Board based on the analysis results of the Company's previous report for Year 2013. This applies in particular to the recommendations to cover, in more detail, a sustainable development management, its integration in a corporate governance and management functional system, as well as approaches to the choice of important topics, disclosed in the Report.

It would be important to present in the reports a more detailed description of the Company's plans for main areas of activities and measured targets which would allow the stakeholders to better understand and evaluate the results of the Company's activity.

A balanced presentation of the disclosed information is an important feature of the Report. In this context, more attention should be paid to description and analysis of the problematic aspects in the Company's activities, approaches to resolve the issues, it is recommended to show in more detail not only a favourable trend data, but also problems which they reflect

The report contains information on social programs which are implemented by the Company on the territory of Nizhnekamsk city, including those in cooperation with the city authorities and population. Informational value of these data may be strengthened, if to include in the Report evaluation data on the effectiveness of these programs both in the context of regional development and in connection with the strategy of the Company.

The Report contains information relevant for the society about approval of a new Environmental program in the accounting year.

Accordingly, it would be important to increase the focus on the results of the previous program, analysis of objectives accomplished versus the results received, assessment of the progress achieved and the growth points, which may be considered in forming of a new program.

It is recommended further on to focus on the analysis and assessment of plans' implementation, especially long-term programs as per the Company's key activities and spheres of responsibility.

The report contains substantial information about the interaction with stakeholders, which is important to characterize the Company's responsible business practices. Consequently developing this course, it is recommended to pay more attention to the Company's interaction with public institutions, which in 2013-2014 Reports were not included in the map of stakeholders while the role of the «third sector» in society is increasing and will be strengthening getting closer to activities and business interests on different aspects (ecology, products' quality and safety, territory development and other issues).

The report notes that the Company pays special attention to business ethics of suppliers, this information is significant for the parties concerned. This subject should be highlighted in a more detailed way. It would be useful to expand the information about interaction with business partners inclusive of information relating to the compliance with the requirements of ethic norms and conducting of business in supply chain, most notably within the context of modern global trends in the sphere of social responsibility and corporate reporting.

The RUIE Nonfinancial Reporting Board favorably appraises the Report, acknowledging the Company's commitment to the principles of responsible business practices and noting consistency and progress in the reporting process development, and confirms that the Sustainability Report of PJSC for 2014 has passed public certification.

Chairman of the RUIE  
Nonfinancial Reporting Board

F.T. Prokopov

Deputy Chairman of the RUIE  
Nonfinancial Reporting Board

E.N. Feoktistova



# Table of standard GRI (Global Reporting Initiative) and ISO 26000 elements

This Report incorporates indicators recommended by The Guide for Reporting in the Sphere of Sustainable Development of the Global Reporting Initiative, ver.GRIG3.1. and ISO 26000 standard

Symbols in the table

indicator is fully disclosed
  Indicator is partially disclosed

ISO 26000	GRI INDICATOR AND ITS DESCRIPTION	DEGREE OF DISCLOSURE IN THE REPORT	SECTIONS OF THE REPORT	COMMENTS AND ADDITIONAL REFERENCES
<b>1. STRATEGY AND ANALYSIS</b>				
	1.1 Statement of the senior decision maker of the reporting organization of sustainable development importance for the organization and its strategy		Address of the Chairman of the Board of Directors Address of the General Director	
	1.2 Description of key impacts, risks and opportunities		Address of the General Director Development strategy of the Company Risk Management	
<b>2. PROFILE OF THE ORGANIZATION</b>				
	2.2 Name of the organization		About the Company Contact Information	
	2.3 Primary brands, products and/or services		About the Company	See also: corporate site of PJSC «Nizhnekamskneftekhim».Section «Products» ( <a href="http://www.nknh.ru">http://www.nknh.ru</a> ) The whole range of products is represented at the electronic trading floor ONLINECONTRACT ( <a href="http://www.onlinecontract.ru">http://www.onlinecontract.ru</a> )
	2.3 Operational structure of the organization, including main divisions, operating companies, subsidiaries and joint ventures		About the Company	
	2.4. Location of organization's headquarters		Contact Information	
	2.5 Number of countries in which the organization operates, and names of countries with either major operations or that are of special significance for the sustainability issues covered in the report		About the Company	Main operations of GC «Nizhnekamskneftekhim» are carried out in the territory of Russia
	2.6 Nature of ownership and legal form		About the Company Contact Information	

ISO 26000	GRI INDICATOR AND ITS DESCRIPTION	DEGREE OF DISCLOSURE IN THE REPORT	SECTIONS OF THE REPORT	COMMENTS AND ADDITIONAL REFERENCES
	2.7 Markets where the organization operates (including geographic breakdown, sectors served, and categories of consumers and beneficiaries)		About the Company	
	2.8. Scale of the reporting organization		About the Company	
	2.9. Significant changes in scale, structure or ownership, occurred during the reporting period		About the Company	
	2.10. Awards received in the reporting period		The Company and Community	See also: the corporate site of PJSC «Nizhnekamskneftekhim». Section «Awards» <a href="http://www.nknh.ru">http://www.nknh.ru</a>
	<b>3. PARAMETERS OF REPORT</b>			
	3.1. Reporting period		About the Report	
	3.2. Publication date of most recent previous report		About the Report	
	3.3. Reporting cycle		About the Report	
	3.4. Contact information for questions related to the Report or its content		About the Report Contact Information	
	3.5. Process for defining report content		About the Report Corporate social responsibility	
	3.6. Boundary of the report		About the Report	
	3.7. Indicate any specific limitations on the scope or boundary of the report		About the Report	
	3.8. Basis for incorporation in the Report of data on joint ventures, subsidiaries partly owned by the organization, lease of facilities, transfer of the part of functions to external contractors and other situations that can significantly affect comparability with previous Reports and / or other organizations		About the Report About the Company	
	3.9. Data measurement and calculation techniques, including assumptions and techniques used for preparation of indicators or other information in the Report		About the Report	
	3.10. Explanation of the meaning of any re-statements of information provided in earlier reports and the reasons for such re-statements (e.g., mergers/acquisitions, change of periods of report, nature of business, evaluation methods)		About the Report	
	3.11. Significant changes from previous reporting periods in the scope, boundary, or evaluation methods applied in the Report		About the Report	
	3.12. Table identifying the location of the Standard elements in the Report		Table of standard GRI elements	
	3.13. Policy and current practice with regard to seeking external confirmation of the Report		About the Report	

ISO 26000	GRI INDICATOR AND ITS DESCRIPTION	DEGREE OF DISCLOSURE IN THE REPORT	SECTIONS OF THE REPORT	COMMENTS AND ADDITIONAL REFERENCES
<b>4. MANAGEMENT, COMMITMENTS AND INTERACTION WITH INTERESTED PARTIES</b>				
1. Managerial control	4.1. Management structure of the organization, including the committees of the top managing body		The Company and Shareholders	See also: the Annual Report of PJSC «Nizhnekamskneftekhim» for 2014 at the corporate site of the Company <a href="http://www.nknh.ru">http://www.nknh.ru</a>
	4.2. Indicate whether the Chairman of the top managing body is simultaneously the executive manager of the company (in case of a positive answer, describe the role of this manager in the organization management and the reasons of such management structure)		The Company and Shareholders	
	4.3. For organizations that have a unitary board of directors, indicate the number of independent members of the top managing body and / or members not belonging to the executive body of the company		The Company and Shareholders	
	4.4. Mechanisms available to shareholders and the employees for providing recommendations or directives to the top managing body		The Company and Shareholders	
	4.5 Linkage between payments to members of the top managing body, representatives of senior executive management and senior managers (including severance payments) and the results of organization's performance (including social and environmental)		The Company and Shareholders	
	4.6. Procedures available for the top managing body, enabling to avoid conflicts of interests		The Company and Shareholders	
	4.7. Processes for determining the qualifications and expertise of the members of the top managing body for determining the strategy of the organization on social and environmental aspects (of sustainable development)		The Company and Shareholders	
	4.8. The mission, statement of values, codes of corporate conduct, and principles Internally developed in the organization that are important in terms of economic, environmental and social performance results, as well as the status of their implementation		Corporate social responsibility	
	4.9. Procedures used by the top managing body for monitoring the evaluation by the organization of its economic, environmental and social performance, including relevant risks and opportunities, and adherence or compliance with international standards, codes of corporate conduct, and principles		The Company and Shareholders	
	4.10. Processes for evaluating by the top managing body of the their own effectiveness, in particular in connection with the economic, environmental, and social results of activities of the organization		The Company and Shareholders	
	4.11. Explanation of whether and how the precautionary approach or principle is addressed by the organization		Risk management Environmental activity	

ISO 26000	GRI INDICATOR AND ITS DESCRIPTION	DEGREE OF DISCLOSURE IN THE REPORT	SECTIONS OF THE REPORT	COMMENTS AND ADDITIONAL REFERENCES
	4.12. Externally developed economic, environmental, and social charters, principles, or other initiatives which the organization joins or supports		Corporate social responsibility	
	4.13. Membership in associations and /or national/international organizations for protection of interests		Corporate social responsibility	
5.2. Responsible Involvement in policy	4.14. List of stakeholder groups which the organization interacted with Involvement in policy		Corporate social responsibility	
	4.15. Basis for identification and selection of interested parties with the purpose of further interaction with them		Corporate social responsibility	
	4.16. Approaches to interaction with interested parties, including the frequency of interaction, forms and interested groups		Corporate social responsibility	
	4.17. Key topics and interests that have been raised or identified in the process of interaction with interested parties, and how the organization has responded to those key topics and interests, through its reporting		Corporate social responsibility	
<b>5. PERFORMANCE INDICATORS: ECONOMIC EFFICIENCY</b>				
<b>ASPECT: ECONOMIC EFFICIENCY</b>				
	EC1 Direct economic value		About the Company Attachment. Financial indicators of activities	
	EC2 Financial aspects and other risks and opportunities for the organization's activities due to climate change		Environmental Activities Attachment. GRI indicators in the field of environment protection and use of materials	
	EC3 Coverage of the organization's obligations connected with pension scheme and fixed benefits		The Company and Employees The Company and Community	
	EC4 Substantial financial assistance received from government authorities		The Company and Science	
<b>ASPECT: ECONOMIC EFFICIENCY</b>				
	EC5 Range of ratios of standard entry level wage and fixed local minimum wage in the important regions of organization's activity		The Company and Employees	
	EC6 Policy, practical approaches to purchases from local suppliers and the share of such purchases in the important regions of operations		The Company and Business Partners	
	EC7 Procedures for local hiring and proportion of senior management hired from the local community at significant locations of operation		The Company and Employees	

ISO 26000	GRI INDICATOR AND ITS DESCRIPTION	DEGREE OF DISCLOSURE IN THE REPORT	SECTIONS OF THE REPORT	COMMENTS AND ADDITIONAL REFERENCES
<b>ASPECT: ECONOMIC EFFICIENCY</b>				
	EC8 Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind or charity participation		The Company and Community	
	EC9 Understanding and describing significant indirect economic impacts, including the sphere of influence		The Company and Community	
<b>6. PERFORMANCE INDICATORS: ENVIRONMENTAL EFFICIENCY</b>				
<b>ASPECT: MATERIALS</b>				
	EN1 Materials used, with indication of weight or volume		Environmental Activities	See also the Annual Report for 2014 of PJSC «Nizhnekamskneftekhim» at corporate site of the Company <a href="http://www.nknh.ru">http://www.nknh.ru</a>
	EN2 Percentage of materials that are reprocessed or recycled wastes		Environmental Activities	
<b>ASPECT: ENERGY</b>				
	EN3 Direct energy consumption with indication of primary energy sources		Environmental Activities	
4.2. Stable usage of resources	EN4 Indirect energy consumption with indication of primary energy sources		Environmental Activities	
	EN5 Energy saved due to energy saving events and energy efficiency improvements		Environmental Activities Attachment. GRI indicators in material use and environment protection sphere	
	EN6 Initiatives to provide energy-efficient or renewable energy-based products and services and reduction of energy consumption as a result of these initiatives.		Environmental Activities	
	EN7 Initiatives to reduce indirect energy consumption and reductions achieved		Environmental Activities	
<b>ASPECT: WATER</b>				
	EN8 Total water abstraction with breakdown as per the sources.		Environmental Activities Attachment. GRI indicators in material use and environment protection sphere	
4.2. Stable usage of resources	EN9 Water sources significantly affected by organization's withdrawal of water		Environmental Activities	
	EN10 Percentage and total volume of recycled and reused water		Environmental Activities	
	EN11 Location and area of lands owned, leased, managed by the organization or located on protected natural areas and areas of high biodiversity value outside their borders or adjacent to such territories		Environmental Activities	

ISO 26000	GRI INDICATOR AND ITS DESCRIPTION	DEGREE OF DISCLOSURE IN THE REPORT	SECTIONS OF THE REPORT	COMMENTS AND ADDITIONAL REFERENCES
	EN12 Description of significant impacts of activities, products, and services on biodiversity in protected areas with high biodiversity value outside their borders		Environmental Activities	
	EN13 Habitats protected or restored		Environmental Activities	
4.4. Environment protection and restoration of biodiversity of natural habitats	EN14 Strategies, current actions, and future plans for managing impacts on biodiversity		Environmental Activities	
	EN 15 Number of IUCN Red List and national conservation list species with habitats in areas affected by operations of the organization, with the breakdown as per the level of extinction risk		Environmental Activities	
	EN16 Total direct and indirect greenhouse gas emissions by weight		Environmental Activities Attachment. GRI indicators in material use and environment protection sphere	
	EN17 Other significant indirect greenhouse gas emissions by weight		Environmental Activities Attachment. GRI indicators in material use and environment protection sphere	
	EN18 Initiatives to reduce greenhouse gas emissions and reduction achieved		Environmental Activities Attachment. GRI indicators in material use and environment protection sphere	
	EN19 Emissions of ozone-depleting substances by weight		Environmental Activities	
	EN20 NOx, SOx, and other significant air emissions by type and weight		Environmental Activities	
4.1. Prevention of pollution	EN21 Total volume of discharges with indication of the quality of waste water and receiving destination point.		Environmental Activities Attachment. GRI indicators in material use and environment protection sphere	
4.3. Labor conditions and social protection	EN22 Total weight of waste by type and handling method		Environmental Activities	
	EN23 Total number and volume of significant spills		Environmental Activities	
	EN24 Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII, and percentage of waste transported between countries		Environmental Activities	

ISO 26000	GRI INDICATOR AND ITS DESCRIPTION	DEGREE OF DISCLOSURE IN THE REPORT	SECTIONS OF THE REPORT	COMMENTS AND ADDITIONAL REFERENCES
	EN25 Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the reporting organization's discharges of water and runoffs from the territories of its facilities		Environmental Activities	
<b>ASPECT: PRODUCTS AND SERVICES</b>				
	EN26 Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation		Environmental Activities	
	EN27 Percentage of products sold and their packaging materials that are returned to manufacturer for recycling with breakdown as per categories.		The Company and Business Partners	
<b>ASPECT: COMPLIANCE WITH REQUIREMENTS</b>				
	EN28 Monetary value of significant fines and total number of non-monetary sanctions for noncompliance with environmental laws and regulations		Environmental Activities Attachment: GRI indicators in the field of environment protection and use of materials.	
<b>ASPECT: TRANSPORT</b>				
	EN29 Significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and transportation of workforce		Environmental Activities	
<b>ASPECT: GENERAL</b>				
	EN30 Total environmental protection expenditures and investments with breakdown as per the type		Environmental Activities Appendices. GRI indicators in the field of environment protection and use of materials.	
<b>7. PERFORMANCE INDICATORS: LABOR PRACTICES AND DECENT WORK</b>				
<b>ASPECT:</b>				
	LA1 Total workforce with breakdown by employment type, employment contract		The Company and Employees	
	LA2 Total number and turnover of employees with breakdown by age group, gender, and region		Attachment: Employee turnover	
4.3. Labor conditions and social protection	LA3 Benefits provided to full time employees and not provided to temporary or part time employees, with breakdown as per the core activity		The Company and Employees	
<b>ASPECT: EMPLOYEES/MANAGEMENT RELATIONS</b>				
3.1. Hiring and employment relationship 3.3. Social dialogue	LA 4 Percentage of employees covered by collective bargaining agreements		The Company and Employees	

ISO 26000	GRI INDICATOR AND ITS DESCRIPTION	DEGREE OF DISCLOSURE IN THE REPORT	SECTIONS OF THE REPORT	COMMENTS AND ADDITIONAL REFERENCES
	LA5 Minimum notice period(s) regarding significant changes in the operations of the organization and whether it is specified in the collective agreement		The Company and Employees	
<b>ASPECT: OCCUPATIONAL HEALTH AND SAFETY</b>				
3.4. Development of human potential and training in the workplace	LA6 Percentage of total workforce represented in the official joint occupational health and safety committees of management and employee representatives participating in monitoring and giving recommendations on occupational health and safety programs		Ensuring health and safety of employees	
	LA7 Rates of industrial accidents, occupational diseases, lost days, and absentee rate, and total number of work-related fatalities by region		Ensuring health and safety of employees Appendix. Data on industrial accidents	
	LA8 Education, training, consulting, prevention, and risk-control programs in place to assist employees, members of their families, or community representatives with regard to serious diseases		Ensuring health and safety of employees	
	LA9 Health and safety topics covered in formal agreements with trade unions		The Company and Employees Ensuring health and safety of employees	
<b>ASPECT: TRAINING AND EDUCATION</b>				
3.4. Labor protection and safety In the workplace	LA10 Average hours of training per year per employee, by gender, and by employee category.		The Company and Employees	
	LA11 Programs for skills development and lifelong learning aimed at maintaining continuous employment ability of employees and supporting them at the time of finishing their careers		The Company and Employees	
	LA12 Percentage of employees receiving regular performance and career development		The Company and Employees	
<b>ASPECT: DIVERSITY AND EQUAL OPPORTUNITY</b>				
	LA13 Composition of governance bodies and employees with breakdown as per gender, age group, minority representation as well as other indicators of diversity		The Company and Employees	
	LA14 Ratio of basic salary and remuneration of women and men by employee category		The Company and Employees	
	LA15 Return to work and percentage rate of employees who returned to organization after parental leave, as per the gender		The Company and Employees	
<b>8. PERFORMANCE INDICATORS: HUMAN RIGHTS</b>				
<b>ASPECT: INVESTMENT AND PROCUREMENT</b>				
1. Human rights	HR1 Percentage and total number of significant investment agreements that include clauses of protection of human rights or that have undergone screening from the point of view of human rights		The Company and Business Partners The Company and Employees	

ISO 26000	GRI INDICATOR AND ITS DESCRIPTION	DEGREE OF DISCLOSURE IN THE REPORT	SECTIONS OF THE REPORT	COMMENTS AND ADDITIONAL REFERENCES
	HR2 Percentage of significant suppliers and contractors that have undergone screening from the point of view of human rights and actions taken		The Company and Business Partners	
	HR3 Total duration of employee training (in hours) on policies and procedures related to aspects of human rights that are of significance for organization operations, including the percentage of employees trained		The Company and Employees	
	HR 4 Total number of incidents of discrimination and corrective actions taken		The Company and Employees	
	HR5 Activities in which the right to use freedom of association and collective bargaining may be at significant risk and actions taken to support these rights		The Company and Employees	
	HR6 Activities where there is a risk of incidents of using child labor and measures, taken for elimination of child labor		The Company and Employees	
	HR7 Activities in which there is a significant risk of incidents of using forced or compulsory labor and measures taken for elimination of forced or compulsory labor		The Company and Employees	
<b>ASPECT: SECURITY PRACTICES</b>				
	HR8 Percentage of security personnel trained on policies or procedures related to human right aspects and relevant to operations		The Company and Employees	
<b>ASPECT: RIGHTS OF INDIGENOUS PEOPLES AND MINORITIES</b>				
	HR9 Total number of incidents of violations involving rights of indigenous peoples and minorities and actions taken		The Company and Employees	
	HR10 Number of enterprises evaluated for human rights respect		The Company and Business Partners	
	HR11 Number of registered complaints about violation of human rights		The Company and Employees	
<b>9. PERFORMANCE INDICATORS: INTERACTION WITH SOCIETY</b>				
<b>ASPECT: LOCAL</b>				
6.6 Access to services of first need 7.1 Participation in the life of society 7.2. Education and culture 7.3. Creation of employment and development of skills 7.5 Creation of wealth and income 7.7 Social investments	SO1 Nature, scope, and effectiveness of any programs and practices that assess and manage the impacts of organization's operations on communities and managing this impact including the beginning, implementation and ending of the activity		The Company and Community	

ISO 26000	GRI INDICATOR AND ITS DESCRIPTION	DEGREE OF DISCLOSURE IN THE REPORT	SECTIONS OF THE REPORT	COMMENTS AND ADDITIONAL REFERENCES
<b>ASPECT: CORRUPTION</b>				
	S02 Percentage and total number of business units analyzed for risks related to corruption		The Company and Business Partners	
	S03 Percentage of employees trained in organization's anti-corruption policies and		The Company and Business Partners	
	S04 Actions taken in response to incidents of corruption		The Company and Business Partners	
<b>ASPECT: STATE POLICY</b>				
	S05 Public policy positions and participation in public policy development and lobbying		Corporate social responsibility	
	S06 Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country		The Company and Community	
<b>ASPECT: COMPLIANCE WITH REQUIREMENTS</b>				
	S07 Total number of legal actions in respect of organization for anticompetitive behavior and practical approaches for prevention of monopoly practice and their effect		The Company and Business Partners	
<b>ASPECT: COMPLIANCE WITH REQUIREMENTS</b>				
	S08 Monetary value of significant fines and total number of non-monetary sanctions for noncompliance with laws and regulations			Information is presented in the Annual Report of PJSC «Nizhnekamskneftekhim» for 2014 at the Company's corporate site <a href="http://www.nknh.ru">http://www.nknh.ru</a>
	S09 Negative impacts on local communities		Environmental Activities Appendix. GRI indicators in the field of environment protection and use of materials	
	S010 Measures for prevention and mitigation of negative impacts on local communities		Environmental Activities Appendix. GRI indicators in the field of environment protection and use of materials	
<b>10. PERFORMANCE INDICATORS: PRODUCT RESPONSIBILITY</b>				
<b>ASPECT: CUSTOMER HEALTH AND SAFETY</b>				
6.2 Protection of customer health and safety	PR1 Life cycle stages in which health and safety impacts of products and services are assessed for identification of improvement possibilities as well as percentage of significant products and services subject to such procedures		The Company and Business Partners	

ISO 26000	GRI INDICATOR AND ITS DESCRIPTION	DEGREE OF DISCLOSURE IN THE REPORT	SECTIONS OF THE REPORT	COMMENTS AND ADDITIONAL REFERENCES
	PR2 Total number of incidents of non-compliance with regulations and voluntary codes related to health and safety impacts of products and services, broken down as per the type of their health outcomes		The Company and Business Partners	
<b>ASPECT: LABELING OF PRODUCTS AND SERVICES</b>				
6.3 Stable consumption	PR 3 Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements		The Company and Business Partners	See also: corporate site of PJSC «Nizhnekamskneftekhim». <a href="http://www.nknh.ru">http://www.nknh.ru</a>
	PR4 Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service characteristics information and labeling broken down as per the type of their health consequences		The Company and Business Partners	
	PR5 Practices related to customer satisfaction, including results of surveys measuring customer satisfaction		The Company and Business Partners	
<b>ASPECT: MARKETING COMMUNICATIONS</b>				
	PR6 Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion and sponsorship		The Company and Business Partners	
	PR7 Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship by type of consequences		The Company and Business Partners	
<b>ASPECT: CUSTOMER PRIVACY</b>				
	PR8 Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data		The Company and Business Partners	
<b>ASPECT: COMPLIANCE WITH REQUIREMENTS</b>				
	PR9 Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services			Information is presented in the Annual Report of PJSC «Nizhnekamskneftekhim» for 2 014 at the Company's corporate site <a href="http://www.nknh.ru">http://www.nknh.ru</a>

# Glossary

<b>LABOR PROTECTION</b>	Labor conditions under which the impact of hazardous and harmful factors on workers is excluded.
<b>PROCESS OF BUSINESS</b>	specific sequence of steps, involving several divisions of the Company and ending with creation of the final product having a value for the consumer / customer.
<b>IMPACT OF THE COMPANY</b>	positive or negative change in society, the economy and the environment which is wholly or partially is the result of past and current decisions and activities of the Company.
<b>CHARITY ACTIVITY</b>	provision of gratuitous help (or on favorable terms) to those who need it. The main feature of charity activity is free and unconstrained choice of form, time and place, as well as contents of help.
<b>INTERACTION WITH STAKEHOLDERS</b>	actions taken to create opportunities for dialogue between the Company and one or more interested parties in order to provide an information basis for decisions of the Company.
<b>GLOBAL AGREEMENT</b>	initiative of the United Nations for influencing the policies and behavior of the private sector. It implements this by promoting the development of enterprise management, implying the responsibility in the sphere of human rights, working conditions and environment.
<b>DISCRIMINATION</b>	unfair difference in the rights and obligations of the person on grounds of specific attribute.
<b>STAKEHOLDER</b>	a group which may influence the Company's activities or, on the contrary, experience the influence of the Company's activities.
<b>KEY STAKEHOLDER</b>	an interested party whose cooperation and participation in the activities of the Company are necessary for the Company for achievement of its goals.
<b>PERSONNEL RESERVE</b>	a group of managers and professionals with the ability for administrative activity, satisfying the requirements of the post who underwent a selection and received a systematic targeted qualification training.
<b>BOARD OF DIRECTORS' COMMITTEE</b>	subsidiary body of the Board of Directors created for preliminary review of issues related to the competence of the Board of Directors as well as elaborating appropriate recommendations for the Board of Directors.
<b>BUSINESS CULTURE</b>	a combination of norms, values and beliefs that determines the way of solving the problems of internal integration and external adaptation by the Company and the way the Company guides and stimulates the daily behavior of people and transforms itself under its influence.
<b>CORPORATE SOCIAL RESPONSIBILITY</b>	a voluntary contribution of the Company to the development of the state, society and business in the economic, social and environmental spheres, which is directly connected with the implementation of the Company's production activities and is largely beyond the scope of legally prescribed minimum obligations.
<b>CORPORATE MANAGEMENT</b>	structures and processes by which the management of the Company and control over them are exercised, ensuring the rights of shareholders and the effectiveness of the relationship between the general meeting of shareholders, the Board of Directors and executive body (senior management).
<b>CORPORATE VALUES</b>	components of the corporate culture, having a special meaning in the minds of employees of the Company and thereby regulating their social behavior.
<b>CORPORATE ETHICS</b>	system of relations between the shareholders, the Board of Directors and management of the Company, as defined in the Company's charter, internal regulations, official policy and rules of law.
<b>CORPORATE SOCIAL RESPONSIBILITY</b>	a concept whereby companies integrate social and environmental concerns in their business operations and their interaction with stakeholders on a voluntary basis.

<b>INTERNATIONAL NORMS OF BEHAVIOR</b>	expectations of socially responsible behavior of the Company, based on traditional international law, generally accepted principles of international law, or intergovernmental agreements recognized everywhere, or almost everywhere.
<b>MISSION</b>	socially oriented goal of the organization, expressing the meaning of its existence, its avowed purpose.
<b>INDEPENDENT DIRECTOR</b>	Member of the Board of Directors, which has no other relationship with the Company except membership in the Board of Directors.
<b>GENERAL SHAREHOLDERS'</b>	supreme governing body consisting of shareholders holding ordinary shares and, in cases stipulated by law of the holders of preferred shares and taking decisions on strategically important issues of activity and development of the company.
<b>IMPACT</b>	positive or negative changes in society, the economy or the environment, wholly or partially resulting from the activities of the Company.
<b>ENVIRONMENT</b>	the external environment in which the Company operates, including air, water, land, natural resources, flora, fauna, humans and their interactions.
<b>SUSTAINABILITY REPORT</b>	public tool for informing shareholders, employees, partners and society on economic, environmental and social aspects of the Company activity. Report on sustainable development should provide a balanced and reasonable picture of the Company performance in respect of sustainable development.
<b>LABOR PROTECTION</b>	system of preservation of life and health of employees in the workplace, which includes legal, socio-economic, organizational and technical, sanitary and hygienic, medical and preventive, rehabilitation and other measures.
<b>PERSONNEL</b>	all employees engaged in labor activities as well as employees temporarily not working due to various reasons (vacation, illness, child care, and so on.) ( but included in the full-time staff); the aggregate labor resources which are at the disposal of the enterprise and are necessary for performing certain functions and achieving the objectives of operations and long-term development.
<b>PRINCIPLE</b>	the fundamental belief that leads to or affects the decision-making process or behavior.
<b>PRECAUTIONARY PRINCIPLE</b>	principle applied in the evaluation of new technologies before given permission for their use. In accordance with this principle, if there is a reasonable doubt of safety of the new technology those who created it and intends to apply must present convincing arguments in favor of its safe.
<b>TRANSPARENCY</b>	openness in respect of decisions and activities that impact society, economy and environment and readiness to share information about them in clear, accurate, timely, honest and complete manner.
<b>TRADE UNIONS</b>	the organization of workers that promotes and protects the interests of its members in such matters as wages and working conditions, particularly through negotiations with employers.
<b>EMPLOYEE</b>	person having relations that are considered «employment relationship» according to labor law.
<b>BOARD OF DIRECTORS</b>	governing body acting in the interests of public and shareholders, determining the development strategy of the Company and supervising the activities of the executive body and financial and operational activities of the company.
<b>SOCIAL PARTNERS</b>	organization of stakeholders involved in the process of social dialogue (employers' associations, trade unions, government agencies and / or representatives of civil society, Research and Manufacturing Associations and etc).
<b>SOCIAL REPORTING</b>	non-financial data covering personnel matters, public and economic development, participation of stakeholders.
<b>TOP MANAGERS</b>	employees holding managerial positions having the most significant and direct influence on the final results of operations of the Company.
<b>LABOR RESOURCES OF THE ENTERPRISE (PERSONNEL)</b>	all individuals having relations with the enterprise as a legal entity governed by a contract of employment.

**SUSTAINABLE DEVELOPMENT**

development that meets the needs of the present time without putting in doubt the possibility of future generations to meet their own needs.

**HUMAN RESOURCES MANAGEMENT**

field of knowledge and practices aimed at providing the organization with qualified personnel, capable to perform its work functions, and its optimal use.

**COMPANY VALUES**

a set of values declaring and cultivating management and most of the staff supports it.

**VALUES OF PJSC «NIZHNEKAMSKNEFTEKHIM»**

- reliability. Orientation for long-term mutually beneficial relationship with business partners, employees and all interested parties, the implementation of undertaken obligations, responsibility in conduct of business as permanent guidelines for the Company's activities and the guarantee of its high reputation;
- professionalism. Following the highest standards in all, continuous development and improvement as the conditions of successful implementation of the Company's obligations;
- sustainable development. Implementation of strategic initiatives, securing the occupational safety during production activities, limiting the negative impact on the environment, implementation of social programs for workers and the public as a basis for strengthening the current and future potential of the Company.

**HUMAN CAPITAL**

a body of knowledge, abilities and skills that are used to satisfy the diverse needs of the individual and society as a whole.

# List of abbreviations

<b>IQNET</b>	International Certification Network
<b>MSPS</b>	Material Safety Data Sheet
<b>OHSAS</b>	Occupational Health and Safety Management System
<b>SAP ERP</b>	Automated Corporate System for Enterprise Management (Enterprise Resource Planning System)
<b>GRI (GLOBAL REPORTING INITIATIVE)</b>	International Organization «Global Reporting Initiative»
<b>FEED</b>	Front End Engineering Design
<b>ABS-PLASTICS</b>	Acrylonitrile butadiene styrene (high impact technical thermoplastic resin based on acrylonitrile butadiene styrene copolymer)
<b>AIMS</b>	Automated Information and Measurement System
<b>MA</b>	Managers Association
<b>AS RT</b>	Academy of Sciences of Tatarstan Republic
<b>ADCS</b>	Automated Dispatch Control System
<b>BK</b>	Butyl Rubber
<b>BTU</b>	Biological Treatment Units
<b>GPW</b>	The Great Patriotic War
<b>SAEI SPE</b>	The State Autonomous Educational Institution of Higher Professional Education
<b>HBR</b>	Halobutyl Rubbers
<b>GOST</b>	State Standards
<b>SAEI HPE</b>	The State Autonomous Educational Institution of Higher Professional Education
<b>SEI APE</b>	The State Educational Institution of Additional Professional Education
<b>GDS</b>	Gas Distribution Station
<b>GTU</b>	Gas Turbine Unit
<b>DV HCF</b>	Divinyl and Hydrocarbon Feed

HFS	House for Foreign Specialists
ITD	Information Technology Department
DMFA	Dimethyl formamide
FAH	Folk Art House
VFB	Voluntary Fire Brigade
ZAO	Closed Joint-Stock Company
MEC	Medical Engineering Commission
IM	Isoprene Monomer
IP	Isoprene Production
ISO	International Standardization Organization
K(P)FU	Kazan (Privolzhskiy) Federal University
CMI	Club of the Merry and Inventive
I&A	Instrumentation and Automation
CSR	Corporate Social Responsibility
CB REA	Coordinating Board of Russian Employers' Association
C	Coefficient
HDM	Healthful and Dietary Meals
SPRAL	Social Psychology Research and Analysis Laboratory
IOE	International Organization of Employers
ILO	International Labor Organization
IAS	International Accounting Standards
NFERT	Non-professional Emergency Response Teams
NVWBA RT	Nizhevolzhsk Water Basin Authority, RT
VAT	Value added tax
RADA	Research and Advanced Development Activities

PSRB	Pupils' scientific and research body
RFTC	Russian Federation Tax Code
NKNK	Nizhnekamskneftekhim
NCO	Noncommercial organization
NGEI	Non-governmental educational institution
R&D	Research and development
NCHT	Nizhnekamsk Chemical and Technological Institute
OAo	Open Joint-Stock Company
CGRT	Combined Gas Rescue Team
UNO	United Nations Organization
OOO	Limited Liability Company
LP	Labor Protection
GPT	General Physical Training
PATE	Passengers'Automobile Transportation Enterprise
UTS	Urban-Type Settlement
MAC	Maximum Allowable Concentration
PL	Professional Lyceum
ERP	Emergency Response Plan
FFD	Fire Fighting Detachment
RAS	Russian Academy of Sciences
M&S	Management and Specialists
RAP	Russian Accounting Principles
RUIE	Russian Union of Industrialists and Entrepreneurs
RPS	Ranking Payment Scheme
RT	Republic of Tatarstan
RT	Russian Trilateral Commission for the Regulation of Social and Labour Relations

RTS	Russian Trading System
RF	Russian Federation
PPE	Personal Protective Equipment
SR	Synthetic Rubbers
SKD-N	Butadiene Rubber
SKD-L	Synthetic Polybutadiene Rubber on Lithium Catalyst
SKI	Synthetic Isoprene Rubber
EPDM	Ethylene Propylene Diene Synthetic Rubber
MM	Mass Media
QMS	Quality Management System
MIS	Medical Insurance Society
CIS	Commonwealth of Independent States
SNIP	Construction Codes and Regulations
WTS	Water Treatment Station
TASSR	Tatar Autonomous Soviet Socialist Republic
TPS	Thermal Power Station
RWTA	Railway Transportation Administration
HIPS	High Impact Polystyrene
CHCFSD	Chemical and Hydrocarbon Feed Supply Department
TCD	Technical Control Department
LWDU	Liquid Wastes Disposal Unit
MICEX	Moscow Interbank Currency Exchange
SE	Stock Exchange
HC	Hockey Club
ECM	Electronic Computing Machine
UNESCO	United Nations Educational, Scientific and Cultural Organization

# Feedback questionnaire

## Dear Valued Reader,

Thank you for reading PJSC Nizhnekamskneftekhim's Sustainability Report for 2014<sup>18</sup>. We are very much interested in hearing your opinion of this document. Your feedback is of great importance to us since it will help us to make the next report of PJSC «Nizhnekamskneftekhim» more practicable and informative. To evaluate the report, please underline (or circle) the version of the answer which corresponds to your opinion. Thanks in advance for your feedback!

11. What is Your assesment of PJSC «Nizhnekamskneftekhim's» 2014 Sustainability Report? (maximum 5 points, round-off score in each line):

Completeness of information	5	4	3	2	1
Reliability and objectivity	5	4	3	2	1
Design and graphics	5	4	3	2	1
Ease of reference	5	4	3	2	1
Representation and style of narration	5	4	3	2	1
Overall score	5	4	3	2	1

2. Has the Report influenced your attitude to PJSC Nizhnekamskneftekhim's activity?

- Yes
- Insignificantly
- No
- I don't know

3. What information provided in 2014 Sustainability Report of PJSC «Nizhnekamskneftekhim» was the most interesting for you?  
(please, write)

---



---

4. What, in your opinion, needs to be updated in the Report? (please, write) \_\_\_\_\_

---



---

5. What areas of PJSC Nizhnekamskneftekhim's activity require, in your opinion, improvement in terms of enhancing social responsibility?  
(please, write)

---



---

<sup>18</sup> You can read sustainability reports in English and Russian languages on the website of PJSC «Nizhnekamskneftekhim» [http://www.nknh.ru/soc\\_rep.asp](http://www.nknh.ru/soc_rep.asp), [http://www.nknh.ru/sus\\_rep\\_en.asp](http://www.nknh.ru/sus_rep_en.asp)

6. What information do you expect to see in 2015 Sustainability Report of PJSC «Nizhnekamskneftekhim»? Indicate topics to be disclosed in the report that are of significance for you. (please, write) \_\_\_\_\_

And now, please, fill in data about yourself:

Company name: \_\_\_\_\_

The form of your interaction with PJSC «Nizhnekamskneftekhim»: \_\_\_\_\_

Your name, surname: \_\_\_\_\_

Your position: \_\_\_\_\_

Telephone: \_\_\_\_\_

Fax: \_\_\_\_\_

E-mail: \_\_\_\_\_

To what stakeholder group do you belong to? (Put «+»)

Federal, regional government authorities

Local public (including local authorities, population of Nizhnekamsk city, public organizations, educational institutions etc.)

Shareholders

Business partners (consumers)

Business partners (suppliers)

Employees of PJSC «Nizhnekamskneftekhim» and their families (including former-employees)

Mass media

Representatives of other stakeholder groups (please, write)

Please send your comments using the most convenient way:

- to the following address: PJSC «Nizhnekamskneftekhim», Nizhnekamsk, Republic of Tatarstan, 423574; Social Psychology Research and Analysis Laboratory, to I.F.Notfullina
- by fax: 8(8555)37-93-33;
- to e-mail address: [NotfullinaF@nknh.ru](mailto:NotfullinaF@nknh.ru)

Your comments and suggestions will be greatly appreciated by PJSC «Nizhnekamskneftekhim».



# 10

## APPENDICES

- 146 Financial performance of the Company
- 147 Personnel of the Company
- 150 Information on the status of occupational accidents
- 151 GRI indicators in the area of environment protection and utilization of materials

# Financial performance of the Company

APPENDIX 1

## Financial performance of PJSC «Nizhnekamskneftekhim» for 2012 - 2014

ITEM	2012	2013	2014
Overall liquidity ratio	2.55	1.63	2.02
Instant liquidity ratio	1.47	0.87	1.20
Absolute liquidity ratio	0.47	0.17	0.47
Depreciation ratio (%)	52.56	50.80	52.93
Coefficient of renewal (%)	9.41	13.71	5.73
Retirement rate (%)	1.35	0.45	0.56
Capital-labor ratio, thousand rubles	1,880.0	2,098.5	2,388.9
Monthly average productivity of one worker, thousand rubles	623.7	590.3	681.0
Net assets, million rubles	59,636.6	60,733.6	68,235.7

# Personnel of the Company

APPENDIX 2

## Staff composition of PJSC «Nizhnekamskneftekhim»

GRADE	2012			2013			2014		
	PERSONS			PERSONS			PERSONS		
Managers	2,345			2,346			2,243		
Specialists	2,786			2,730			2,609		
Officers	291			289			275		
Workers	12,852			12,450			11,645		

## Personnel structure of PJSC «Nizhnekamskneftekhim» by education level

GRADE	EDUCATION (%)														
	HIGHER			SECONDARY VOCATIONAL			BASIC PROFESSIONAL			GENERAL SECONDARY			BASIC GENERAL (LOWER SECONDARY)		
	2012	2013	2014	2012	2013	2014	2012	2013	2014	2012	2013	2014	2012	2013	2014
Managers	80.9	81.9	83.7	16.0	14.8	13.2	2.2	2.3	2.2	0.9	0.9	0.8	0	0	0
Specialists	86.5	88.4	89.7	11.3	9.8	8.3	1.0	1.0	1.0	1.2	0.9	1.0	0	0	0
Officers	46.4	50.5	52.0	21.3	19.7	20.0	19.2	17.0	15.3	12.7	12.5	12.7	0.3	0.3	0
Workers	12.6	13.2	14.1	23.2	23.2	22.8	46.3	46.4	46.8	16.3	15.7	15.0	1.5	1.4	1.3
All grades	33.2	34.4	35.8	20.4	20.0	19.2	33.3	33.2	33.2	12.0	11.5	10.9	1.1	1.0	0.9

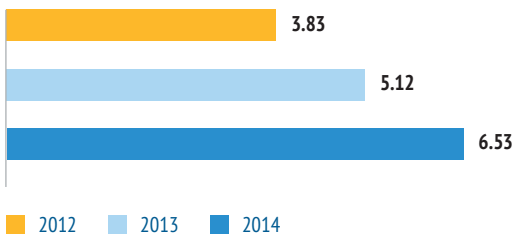
## Personnel structure

GRADE	NUMBER BY GENDER (%)					
	MEN			WOMEN		
	2012	2013	2014	2012	2013	2014
Managers	80.2	79.7	80.8	19.8	20.3	19.2
Specialists	29.0	28.5	28.1	71.0	71.5	71.9
Officers	0	2.8	2.9	100	97.2	97.1
Workers	65.8	65.1	66.2	34.2	34.9	33.8
All grades	61.0	60.4	61.2	39.0	39.6	38.8

## Age composition of PJSC «Nizhnekamskneftekhim» staff

GRADE	NUMBER BY AGE GROUPS (%)								
	UP TO 30 YEARS			30 TO 50 YEARS			ABOVE 50 YEARS OLD		
	2012	2013	2014	2012	2013	2014	2012	2013	2014
Managers	11.9	12.3	11.2	57.1	57.5	61.1	31.0	30.2	27.7
Specialists	28.2	27.0	24.2	51.7	54.3	58.1	20.1	18.7	17.7
Officers	39.9	36.7	33.8	38.8	41.5	44.0	21.3	21.8	22.2
Workers	34.5	33.1	31.4	39.3	39.8	40.9	26.2	27.0	27.7
All grades	30.7	29.5	27.6	43.5	44.4	46.3	25.8	26.1	26.1

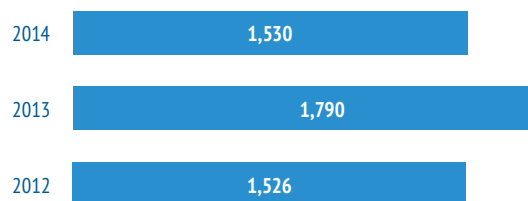
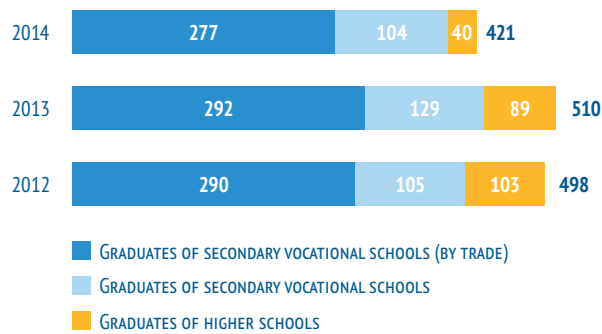
TURNOVER OF EMPLOYEES, %



Increase of staff turnover is associated with the changes in the labor market. Certain measures were taken by the Company's management at the end of 2014 to reduce the staff turnover. Every employee that gave notice of resignation is interviewed, and the cause of resignation is verified. Whenever possible, if the employee is of necessity for the production facility, he is offered to be transferred to another production shop. The action plan is in force intended to keep the young employees. Arrangements for housing improvements of employees were made and implemented. Consequently, the Company has succeeded in keeping the personnel – occupational stability is close to 95%.

EMPLOYMENT OF GRADUATES FROM EDUCATIONAL INSTITUTIONS, PERSONS

NUMBER OF STUDENTS AND PUPILS ADMITTED FOR INTERNSHIP, PERSONS



- GRADUATES OF SECONDARY VOCATIONAL SCHOOLS (BY TRADE)
- GRADUATES OF SECONDARY VOCATIONAL SCHOOLS
- GRADUATES OF HIGHER SCHOOLS

# Information on the status of occupational accidents

APPENDIX 3



PARAMETERS	2012	2013	2014
Number of accidents, inclusive of:	2 (1*)	1 (0*)	1 (1*)
Frequency ratio	0,11	0,06	0,06

\* inclusive of women.

# GRI indicators in the area of environment protection and utilization of materials

APPENDIX 4

## Environmental protection costs in 2014

COSTS (EXCLUSIVE OF VAT)	THOUSAND RUBLES
Capital investment (construction of environmental facilities)	16,483
Current costs*:	2,809,510
→ atmospheric air protection	184,972
→ water resources conservation	2,407,129
→ waste management	25,277
→ other activities	5,121
Costs for overhaul of fixed assets relevant to the environmental protection	379,897
Fee for negative impact on the environment	46,008
Penalties	235
Payment for natural resources	463,898
Other expenses (environmental services)	133,755
<b>TOTAL</b>	<b>3,849,786</b>

\* Inclusive of depreciation payments

## APPENDIX 5

## Water consumption of PJSC «Nizhnekamskneftekhim»

SOURCE OF WATER SUPPLY	UNITS	2007	2008	2009	2010	2011	2012	2013	2014
Total water consumption:	thou m <sup>3</sup>	54,811.720	54,226.728	57,276.362	71,022.536 <sup>*</sup>	71,889.506 <sup>**</sup>	72,038.01 <sup>**</sup>	71,520.2	67,994.428
1. Kama river	thou m <sup>3</sup>	54,811	54,226	57,275	71,018.8	71,881.8	72,034.1 <sup>***</sup>	71,515.7	67,992.489
2. Artesian wells	thou m <sup>3</sup>	0.720	0.728	1.362	3.755	4.706	3.910	2.259	1.939
including:									
2.1. «Dubravushka» Recreation Center	thou m <sup>3</sup>	0.479	0.454	1.083	3.473	4.553	3.763	2.004	1.002 <sup>****</sup>
2.2. «Korabelnaya Roshcha» Guest House	thou m <sup>3</sup>	0.114	0.132	0.139	0.72	Plugging			
2.3 Hunt Society «Osha»	thou m <sup>3</sup>	0.127	0.142	0.140	0.210	0.153	0.147	0.255	0.937 <sup>****</sup>
Consumption of clarified water for make-up of circulation water system	thou m <sup>3</sup>	27,054.34	30,062.47	33,751.53	43,727.45	47,330.19	46,592.47	45,000.345	44,550.812
Cooling water consumption	mln m <sup>3</sup>	1,444.70	1,546.09	1,503.28	1,632.55	1,740.61	1,826.65	1,889.51	1,966.386

<sup>\*</sup> Increased water consumption is associated with increase (by 9 975.9 thousand m<sup>3</sup>) of fresh water used as make-up for recycling water systems (due to increase of drop entrainment from cooling towers due to abnormally hot summer of 2010 and change in the accounting system of water consumption); increase in water consumption for domestic and potable needs of employees (by 868.7 thousand m<sup>3</sup>) due to hot summer; increase of water consumption for process purposes (by 1 270.5 thousand m<sup>3</sup>), as well as the expansion of Dubravushka recreation center and increase of the number of holidaymakers.

<sup>\*\*</sup> A slight increase (by 1.2% в 2011 и by 0.2% в 2012) of water consumption from the Kama river due to increase in produce output.

<sup>\*\*\*</sup> Decrease of water consumption in 2013 by 518 thousand m<sup>3</sup> was due to decreased consumption of clarified water used as make-up for recycling water system and for the process needs of IM plant and railway transport department as well as due to decreased consumption of artesian water at the Dubravushka recreation center; increased consumption of artesian water at Osha hunt area was associated with the construction of a new administrative building. Decreased consumption of clarified water to make-up water recycling systems was associated with the revamp of the cooling towers, which allowed to decrease drop entrainment and, as a result, the use of water consumption for make-up. Increase of the cooling water consumption by 62.9 million m<sup>3</sup> in 2013 compared with 2012 was due to the increased production of rubber, plastics (commissioning of ABS plastics facility) and monomers plant.

<sup>\*\*\*\*</sup> Decreased water consumption at Dubravushka recreation center in 2014 was associated with decreased number of holidaymakers due to cool summer. In May, August, September 2014 number of visitors increased at Osha hunt area compared to similar periods of previous years, therefore consumption of potable water increased. Water consumption from Kama river in 2014 decreased because of return of washing water from Strelochny Log and the revamping of cooling towers and as a consequence – reduction of clarified water consumption for make-up of cooling water system; reduction of water consumption for the process needs at Synthetic Rubber plant, IM plant and Divinyl & Hydrocarbon Feed plant.

## APPENDIX 6

## Quantity of treated wastewater discharged into water bodies

UNITS	2006	2007	2008	2009	2010	2011	2012	2013	2014
thou m <sup>3</sup>	38,331	41,944 <sup>*</sup>	37,562	37,157	47,096 <sup>**</sup>	47,062 <sup>**</sup>	43,698	41,932	44,110 <sup>***</sup>

<sup>\*</sup> Due to increased volume of runoff downstream the pond on the Strelochny Log River because of the increase of wash and blow-down water discharge in the process of preparation of JSC SOV-NKNK water treatment plant for commissioning.

<sup>\*\*</sup> Due to increased water consumption because of the abnormally hot summer in 2010 and increase of produce output in 2010-2011.

<sup>\*\*\*</sup> Due to increased volume of runoff downstream the ponds on Tungucha River because of the increase of run-off volume from the residential areas caused by the flood, rains as well as increase of blow down water quantities from the cooling towers owing to increase of produce output.

## APPENDIX 7

## Trend of total emissions of pollutants into atmosphere

WATER SOURCE	ЕД. ИЗМ.	2006	2007	2008	2009	2010	2011	2012	2013	2014	Δ 2014-2006
Authorized emissions of pollutants into the air	thou. tons	46,629	46,6296	28,588	28,510	27,928	27,928	27,364	27,422	24,395	-22,234
Actual emissions of pollutants from the stationary sources	thou. tons	44,231	39,832	27,657	26,484	26,832	26,375	27,289	26,005	23,435	-20,796
including:											
Sulfur dioxide	thou. tons	0,103	0,133	0,167	0,165	0,150	0,169	0,166	0,166	0,126	0,023
Carbon dioxide	thou. tons	5,038	4,873	5,091	5,144	5,080	4,965	4,893	3,512	4,491	-0,547
Nitrogen oxides (in terms of NO <sub>2</sub> )	thou. tons	4,053	3,829	6,689	6,493	7,018	6,996	4,089	3,066	3,392	-0,661
Hydrocarbons											
without VOC	thou. tons	4,2698	3,500	2,097	1,674	1,786	1,066	1,453	1,366	1,312	-2,958
Volatile organic compounds (VOC)	thou. tons	29,0396	26,019	12,665	12,225	11,961	12,155	15,599	16,890	13,212	-15,828
Other gaseous and liquid materials	thou. tons	0,645	0,557	0,300	0,269	0,279	0,361	0,063	0,037	0,047	-0,598

## APPENDIX 8

## Direct greenhouse gas emissions

POLLUTANT	UNITS	2006	2007	2008	2009	2010	2011	2012	2013	2014
CO <sub>2</sub>	thou. tons	2 072,19	2 047,03	2 253,30	2 422,2	2 393,75	2 307,04	2 698,78	2 777,81	2 815,52
CH <sub>4</sub>	thou. tons	3,503	3,28	3,23	3,2	3,55	3,21	3,07	3,96	4,14
N <sub>2</sub> O	thou. tons	0,024	0,02	0,023	0,02	0,022	0,02	0,023	0,023	0,023
HFC (as CO <sub>2</sub> )	thou. tons	-	-	-	-	-	-	-	-	-
PFC (as CO <sub>2</sub> )	thou. tons	-	-	-	-	-	-	-	-	-
SF <sub>6</sub>	thou. tons	-	-	-	-	-	-	-	-	-
Total emissions (as CO <sub>2</sub> )	thou. tons	2 153,18	2 122,28	2 327,65	2 496,09	2 474,86	2 380,99	2 770,34	2 868,08	2 909,11*

Increased greenhouse gas emissions from 2012 is attributable to affiliation of JSC Divinyl-NKNC to the Company in May 2012

\*Increase of direct greenhouse gas emissions by 41.035 thousand tons in 2014 compared to 2013 was due to the increased use of the natural gas, increased use of gasoline and diesel fuel in the vehicles and increase of styrene and ethylene production.

## The effect of the energy saving measures

APPENDIX 9

SAVING:	UNITS	2007	2008	2009	2010	2011	2012	2013	2014
– heat energy	thou. Gcal	1 537,4	937,8	324,1	182,4	190	114,38	81,527	80,03
– electric energy	mln kWh	35,8	38,9	16,04	10,10	19,2	18,85	29,29	15,66
– fuel	tons of fuel equivalent	16 294	15 653	5 283	13 943	30 800	2 480,1	884	-

## Formation of non-utilizable production waste

APPENDIX 10

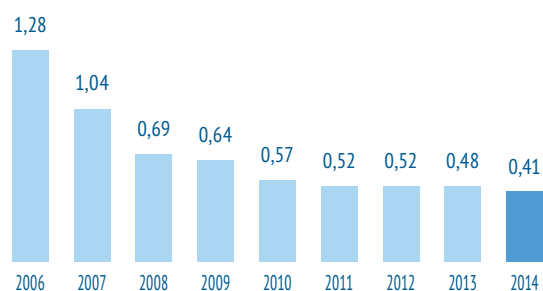
YEAR	2006	2007	2008	2009	2010	2011	2012	2013	2014	Δ 2014– 2006	Δ 2014– 2006
tons/year	9 144	8 989,7	8 191	7 600	9 614	9 155,3	7 547	11 185,7*	10 875	1 731**	18,9%
t/t	0,0055	0,0051	0,0044	0,004	0,004	0,004	0,003	0,0049*	0,0047	-0,0008	-14,55%
tons/mln RUB	0,264	0,235	0,204	0,185	0,205	0,182	0,146	0,204*	0,191	-0,073	-27,7%

\* Increase of non-recycled wastes in 2013 is due to the placement of sediments from Biological treatment plant into the landfill for disposal of industrial wastes.

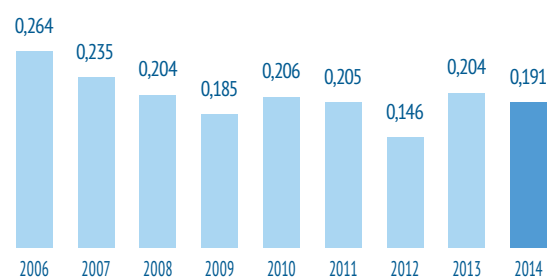
## Environmental impact

APPENDIX 11

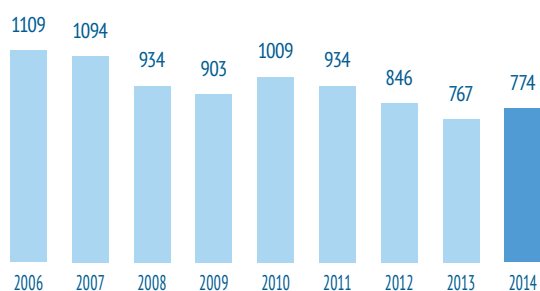
EMISSION OF HARMFUL SUBSTANCES TO ATMOSPHERE, TONS/MLN RUB



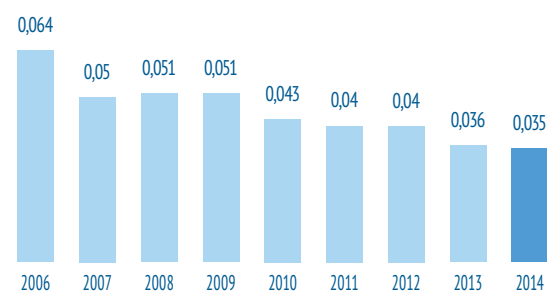
FORMATION OF NON-UTILIZABLE WASTE, TONS/MLN RUB



WASTE WATER DISCHARGE TO WATER RESERVOIR, M3/MLN RUB

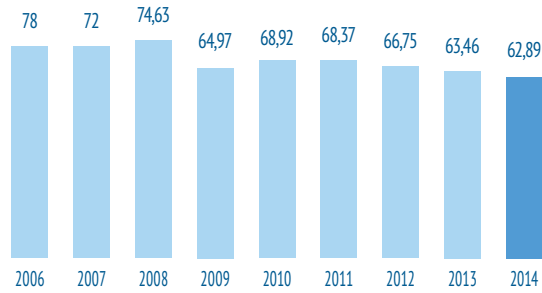


LAND USE, HECTARES/MLN RUB

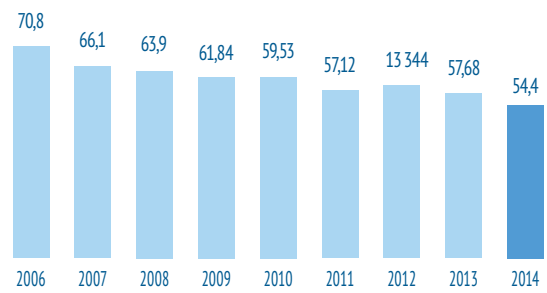


## Use of resources in production of commodities

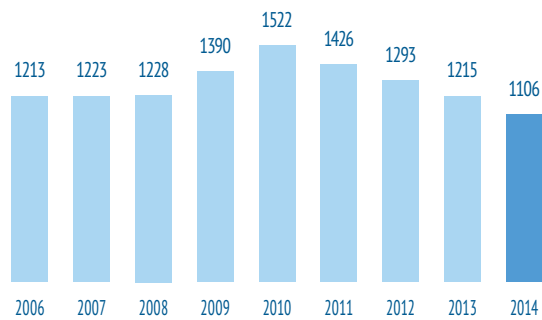
CONSUMPTION OF RAW MATERIALS, TONS/MLN RUB



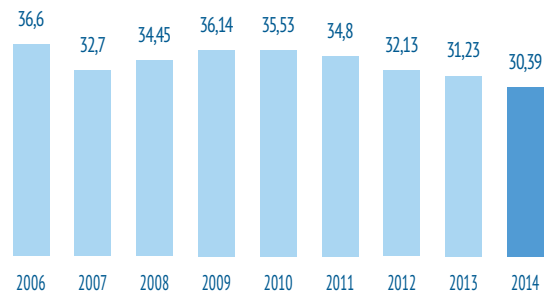
POWER CONSUMPTION, THOU. KWH/MLN RUB



WATER CONSUMPTION FOR PROCESS NEEDS, M3/MLN RUB

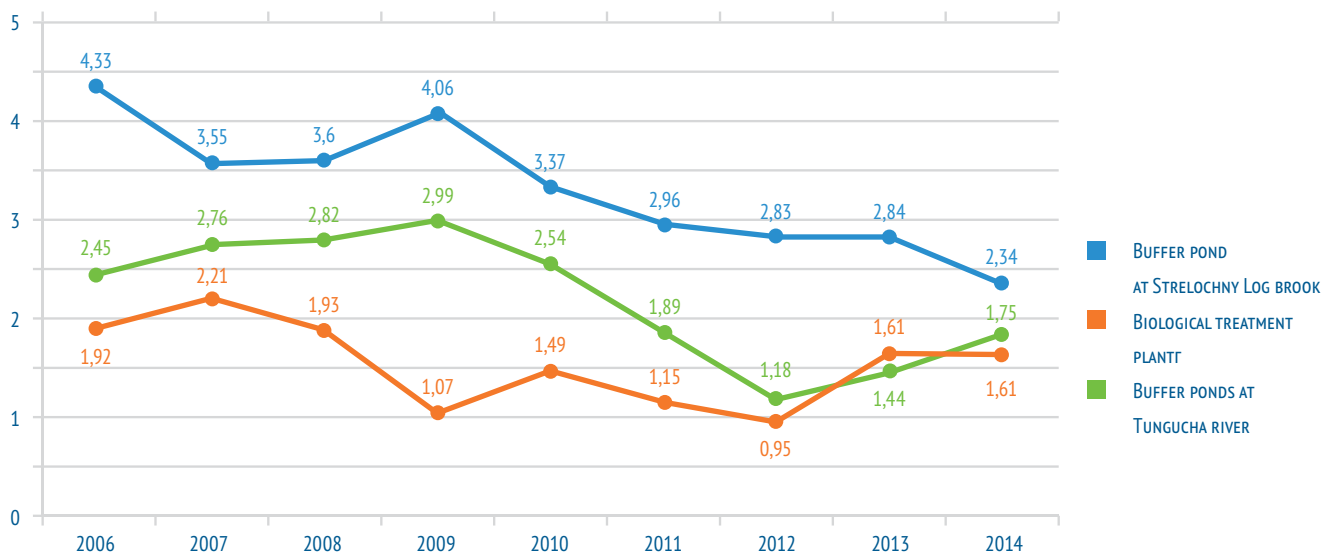


FUEL CONSUMPTION, TOE./MLN RUB



## Soiling index of purified effluent water after sewage purification works

APPENDIX 12



## Contact information

### FULL NAME OF THE COMPANY:

- in Russian – Публичное Акционерное Общество «Нижнекамскнефтехим»;
- in Tatar – «Нижнекамскнефтехим» ачык акционерлык жәмгыяте;
- in English – Public Joint-Stock Company «Nizhnekamskneftekhim».

### SHORT NAME OF THE COMPANY:

- in Russian – ПАО «Нижнекамскнефтехим»;
- in Tatar – «Нижнекамскнефтехим» ААЖ;
- in English – PJSC «Nizhnekamskneftekhim».

### REGISTERED ADDRESS OF THE COMPANY:

Nizhnekamsk, the Republic of Tatarstan, 423570

### POSTAL ADDRESS:

PJSC «Nizhnekamskneftekhim», Nizhnekamsk, Republic of Tatarstan, 423574

### IF YOU HAVE ANY QUESTIONS CONCERNING THE REPORT OR ITS CONTENT PLEASE CONTACT US OVER THE TELEPHONE:

(8555) 37-93-33 or at the address: 423574, PJSC «Nizhnekamskneftekhim», Nizhnekamsk, Republic of Tatarstan. You can send your questions by e-mail at: [nknh@nknh.ru](mailto:nknh@nknh.ru)