



2015

annual report



NIZHNEKAMSKNEFTEKHIM

SUSTAINABLE
DEVELOPMENT STRATEGY





PJSC «NIZHNEKAMSKNEFTEKHIM»
ANNUAL REPORT | 2015



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CHAIRMAN OF THE BOARD OF DIRECTORS ADDRESS

DEAR SHAREHOLDERS, INVESTORS AND PARTNERS,

The main outcome of PJSC «Nizhnekamskneftekhim» activity in the difficult macroeconomic situation in 2015 was the achievement of all key performance indicators. The growth in revenue, net profit, production volumes clearly demonstrate the appropriateness of the Company's long-term development strategy.

Recognizing the changes in the world, the Board of Directors has paid great attention to form an adequate response to them in the period under review. Throughout 2015 strategy issues, plans coordinated to monitor compliance with strict financial and operational discipline were discussed at the Board meetings. Only such an approach ensures sustainable growth of the Company in the long term.

Thanks to the effective management exercised by the Board of Directors and coordinated work of the Management of PJSC «Nizhnekamskneftekhim» and all its Divisions, as well as due to the high financial and economic results of operations and informational transparency, the market capitalization of the Company significantly increased in 2015.

The Concept of a new Strategic Program for the development of PJSC «Nizhnekamskneftekhim» till 2025 was adopted by the Security Council of the Republic of Tatarstan that became part of the Plan of Russian Gas and Petrochemical Industry until 2030.

A detailed business plan of the Strategic Program was approved by the Board of Directors of the Company and will be a basis for further activities.

Looking ahead I am sure that in the future all the tasks will be successfully resolved as well thanks to our collective professionalism and constructive cooperation of the shareholders, the Board of Directors and PJSC «Nizhnekamskneftekhim» Management.

On behalf of the Board of Directors, I express my gratitude to the Management and employees of the Company for the strong financial performance achieved and for their contribution to the implementation of current programs and plans of further development of the Russian Federation, the Republic of Tatarstan and PJSC «Nizhnekamskneftekhim».

Vladimir Busygin

Chairman of the Board of Directors



Looking ahead I am sure that in the future all the tasks will be successfully resolved as well thanks to our collective professionalism and constructive cooperation of the shareholders, the Board of Directors and PJSC «Nizhnekamskneftekhim» Management

GENERAL DIRECTOR'S ADDRESS

DEAR COLLEAGUES, PARTNERS,

I am pleased to state that in the environment of complication of the economic conditions in Russia in 2015 PJSC «Nizhnekamskneftekhim» has improved the production and financial results.

Commodity output against 2014 in comparable prices is 103.1%. The share of exports in total sales is 48% for the reporting period. The largest share of 78% falls on synthetic rubbers in export sales structure. Sales on the domestic market are accounted for mostly by plastics.

Among the most important events of the past year is the commissioning of the 4th rubber finishing line at the Butyl Rubber Plant, start-up of the unit for decomposition of high-boiling byproducts at the Isoprene Monomer Plant, production launch of a new type of rubber at the Synthetic Rubber Plant, i.e. styrene butadiene rubber for the tire industry.

During the reporting period, the Company continued the implementation of projects aimed at reducing the dependence on imports. The largest among these projects was the revamp of the Linear Alpha-Olefins Plant, where pre-commissioning activities began at the end of 2015. We successfully mastered commercial production of new products: triisobutylaluminum, CDI-M catalyst and four grades of plastics. Our efforts in the field of import substitution were honored with the Investor Awards and «Polymers of Russia» National Award.

The most important objectives in modernization of production units for the purpose of import substitution have also become issues of resource saving, energy saving and improvements in the field of industrial safety and labor protection. A great deal of work has been done to reduce consumption rates and ensure steady operation of production facilities. Palletizing robots have been installed at the synthetic rubber plants.


In 2015, we continued introduction of measures focused on reducing the harmful effects on the environment. Among the most important ones was compilation of the project documentation for biological treatment facilities, revamp of which is planned to start in the near future. Positive results of environmental activities of the Company were awarded with a diploma and a medal of the All-Russian contest winner: «Leader of Environmental Activity in Russia», as well as a diploma and a medal «Russia's Top 100 Companies by Ecology and Environmental Management».

In the current economic conditions, the Company sees the opportunity to reduce the potential risks associated with the complication of the situation in the world and the continuing economic crisis by way of increasing the labor productivity through modernization and automation of main and auxiliary technological operations, improving the management system, developing new, technologically advanced and popular products in the framework of relevant programs that will enable reduction of production costs and the products competitiveness increase.

On behalf of the entire team of PJSC «Nizhnekamskneftekhim» I thank our shareholders and the Board of Directors for the high level of trust, mutual understanding and successful cooperation in the common interest. Together with you, we feel confident about the future.

Azat Bikmurzin

General Director

A professional portrait of a middle-aged man with short, dark hair and light-colored eyes. He is wearing a dark blue suit jacket, a white dress shirt, and a dark red patterned tie. He is seated in a yellow chair, with his hands clasped in his lap. The background is a plain, light-colored wall. A semi-transparent blue graphic element is overlaid on the bottom right of the image, containing white text.

I am pleased to state that in the environment of complication of the economic conditions in Russia in 2015 PJSC «Nizhnekamskneftekhim» has improved the production and financial results

PJSC «NIZHNEKAMSKNEFTEKHIM» IN 2015

| PRODUCTION | SALES | ECONOMY AND FINANCES |
|--|--|--|
| Commodity output increased by 3.3% up to 2.4 million metric tons | Balanced sales structure: Russia: 52% Exports: 48% | Proceeds of «Nizhnekamskneftekhim» Group are 166.7 billion rubles (13.6% growth) including PJSC «Nizhnekamskneftekhim» 150.6 billion rubles (13.3% growth) |
| Production of polymers (rubbers and plastics) by 2.4% up to 1,365.5 thousand metric tons | Export to 53 countries of the world | Reduction of unit cost of goods sold by 9.1% |
| Start-up of the 4-th halobutyl rubber finishing line | Share of isoprene rubber on the global market is 43% | Fixed assets 56.6 billion rubles (14.4% growth) |
| Start-up of the unit for decomposition of high-boiling byproducts at the Isoprene Monomer Plant, will provide feedstock to produce additional 15 thousand metric metric tons of isoprene rubber every year | Share of butyl rubber in the global market is 16.2% | Net assets 92 billion rubles (34.8% growth) |
| Completion of construction and installation, beginning of commissioning works on the revamp project of the alpha-olefins plant | 72% of rubbers shipped as per the long term contracts with major world tire producers | Low level of debt borrowings - 1.7 billion rubles (decrease by 73%) |

PROCEEDS OF
«NIZHNEKAMSKNEFTEKHIM» GROUP

166.7  billion rubles

EXPORTS TO

53  countries of the World

THE VOLUME OF
COMMODITY PRODUCTS

2.4  million metric tons

72% of rubbers shipped as per the long term contracts with major world tire producers

SOCIAL
RESPONSIBILITY

Reduction of emissions to atmosphere for «Nizhnekamskneftekhim» Group is **3.9%** including **4.3%** by PJSC «Nizhnekamskneftekhim»

Social and non-production costs, accrued taxes of «Nizhnekamskneftekhim» Group are 22,079 million rubles including 19,829 million rubles of PJSC «Nizhnekamskneftekhim»

Improved working conditions for 1,904 employees

Granting benefits to 454 employees for the acquisition of housing worth a total of 11.64 million rubles

The winner of the XI All-Russian contest "Leader of Environmental Activity in Russia - 2015"

CORPORATE
MANAGEMENT

Ordinary shares of PJSC «Nizhnekamskneftekhim» were included in the MICEX and the RTS Indices

Stable credit ratings: Ba3 (Moody's) and BB- (S&P)

Commencement of trial operation of the risk management system based on SAP GRC solution

Corporate transparency: the 2nd place in the nomination "Leader of corporate transparency among private companies"

Development Strategy: The Investor Awards in the nomination "The Best Corporate Business Development Strategy"

NET ASSETS

92  billion rubles

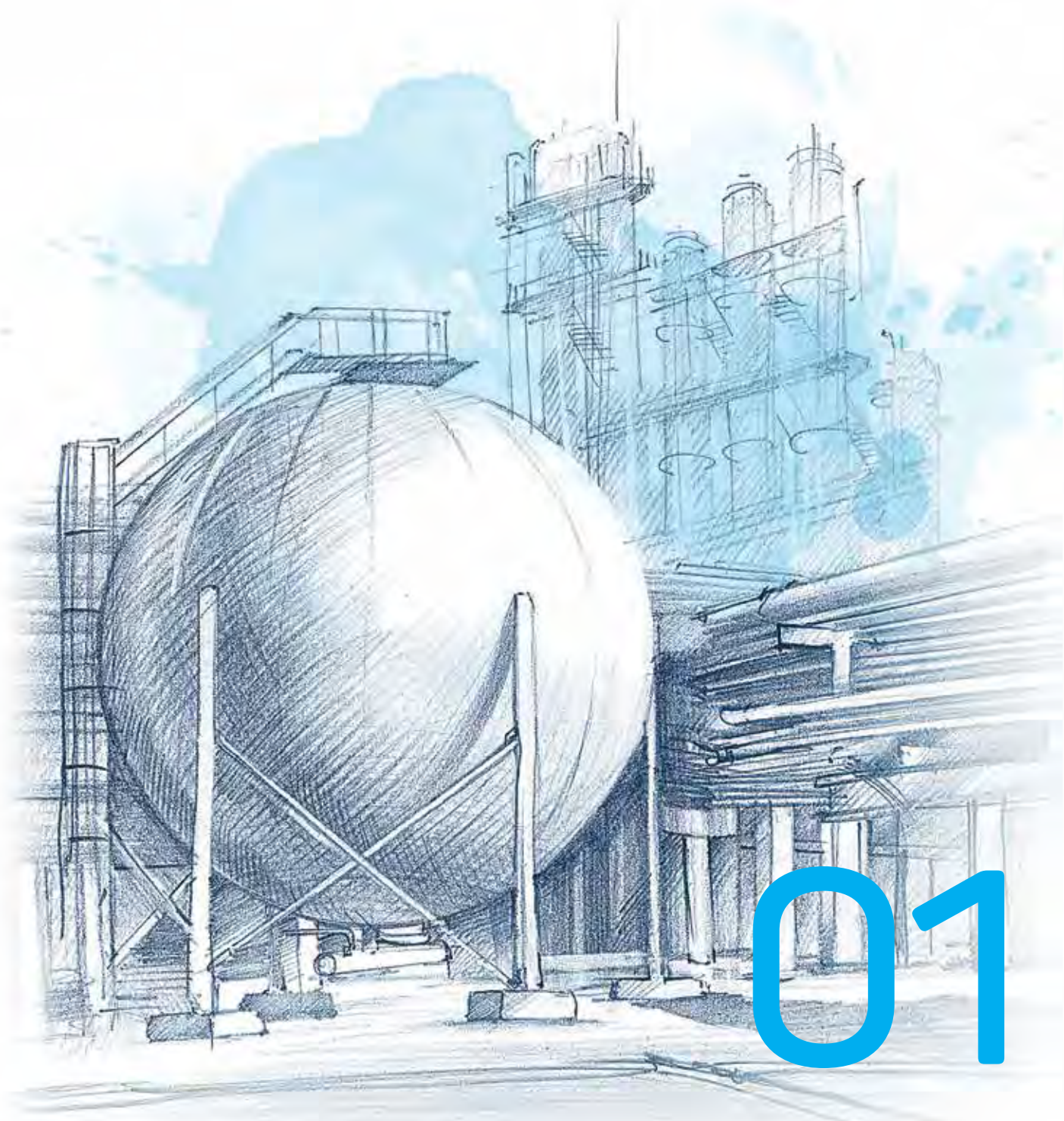
ENERGY SAVING

24.1  million kWh

THE PRODUCTION OF POLYMERS

1,365.5  thousand metric tons

15  significant awards and honors



01



«Nizhnekamskneftekhim» is the world's largest producer of polyisoprene (43% of the world market) and is among the top four international companies by production of butyl / halobutyl rubber and polybutadiene rubber

COMPANY PROFILE

PJSC «NIZHNEKAMSKNEFTEKHIM»

Production and sales of competitive petrochemical products and services meeting the demands and expectations of the parties concerned, development of new and growth of the existing market outlets, sustainable success of the Company, improvement of life standards of the employees and the society as a whole

PJSC «Nizhnekamskneftekhim» is one of the largest companies in Europe and takes leading positions among synthetic rubber & plastics producers of the Russian Federation.

The Company makes a part of TAIF Group.

Its production facilities are situated in the town of Nizhnekamsk, Republic of Tatarstan.

The Company was founded in 1967.



«Nizhnekamskneftekhim» produces more than 120 product items of four main categories: synthetic rubbers, plastics, monomers and other products, and is able to supply, and is able to supply rubbers and plastics as a package delivery.

The production complex embodies 9 main plants, several base Divisions and Centers located in two industrial areas with centralized transport, power and telecommunication infrastructure. The surface area of the production space is 22 square kilometers.

The Company products are exported to more than 50 countries of Europe, America, South-East Asia. Export share in the total amount of products makes about 50 %.

Environmental activity of PJSC «Nizhnekamskneftekhim» is recognized as complying with the relevant International Standards

of ISO 14001:2004. Quality Management System is certificated in accordance with International Standards ISO 9001:2008, Health & Occupational Management System – acc. to OHSAS-18001:2007, Energy Management System (Energy Management) – acc. to ISO 50001: 2011.

Shares of the Company are included in the first (top) quotation list of the Russian MICEX Stock Exchange (common share code is NKNC, preference share code is NKNCP), as well as in the index of chemical and petrochemical industries MICEX CHM. Since December 16, 2015 common shares of PJSC «Nizhnekamskneftekhim» are part of the MICEX Index and RTS Index. Credit ratings: Ba3, stable outlook (Moody's) and BB-, stable outlook (Standard&Poor's).



STRUCTURE OF

| PLANTS & PRODUCTION FACILITIES | CENTERS | DEPARTMENTS | OFFSITE FACILITIES |
|---|---|---|---|
| Butadiene & Hydrocarbon Feedstock | Research & Development | Rail Transport | Interconnecting Utilities Systems |
| Isoprene Monomer | Design | Technical control | United Gas-Rescue Brigade |
| Synthetic Rubbers | Technical Diagnosis & Residual Resource | Water Supply, Sewage, Waste Water Treatment | Storage Facilities |
| Butyl Rubbers | Automation | Chief Metrologist | House-keeping Facilities |
| Ethylene | Welding | Power Supply | Turbine and Compressor Repair Workshops |
| Styrene & Polyether Resins | Training (for personnel training) | Utilities Stations | |
| Ethylene Oxide | | | |
| Oligomers | | | |
| Plastics | | | |
| Butane Dehydrogenation (Single stage) Complex | | | |

DIRECTORATES

Grassroots Olefins Complex

Competitive Advantages

- › stable demand growth on the global rubber market;
- › relatively low current consumption of plastics in Russia provides a potential for further sales growth;
- › economies of scale – it is the largest complex in Russia;
- › integration of production facilities within a single site minimizes the costs of internal logistics and infrastructure;
- › close proximity to key suppliers of raw materials ensures minimum logistics cost;
- › production diversification to rubber and plastics maximizes processing of raw materials and intermediate products;
- › due to diversification of geographical markets about half of the revenues are from export trading.

«NIZHNEKAMSKNEFTEKHIM» GROUP

| DIVISIONS | 20 AFFILIATES | | |
|--------------------|-------------------------------|--|--|
| Civil Construction | Industrial production | <ul style="list-style-type: none"> > OOO Polymerkholodtehnika > OOO Vtorresursy > OOO Kataliz-Prom | <ul style="list-style-type: none"> > ZAO Polymatiz > Ethylene Pipeline Systems – Nizhnekamskneftekhim |
| IT- Solutions | | | |
| Sports | Social Services | <ul style="list-style-type: none"> > Culture and Art Center – NKNK > OOO Neftekhimagroprom > Public Catering Service – Neftekhim | <ul style="list-style-type: none"> > Water Treatment Unit - NKNK > Hockey Club Neftekhimik > Football Club Neftekhimik |
| Agriculture | Trade | <ul style="list-style-type: none"> > OOO Nizhnekamskneftekhim-Service | <ul style="list-style-type: none"> > Oy Nizhex Scandinavia Ltd. |
| | Freight Service | <ul style="list-style-type: none"> > OOO Transport-Express | <ul style="list-style-type: none"> > Vehicles Department - NKNK |
| | Repair Service | <ul style="list-style-type: none"> > OOO Trest Tatspetsneftekhimremstroy | <ul style="list-style-type: none"> > Mechanical Repair Workshop - NKNK > OOO Tsekh 4100 – NKNK |
| | Security Service | <ul style="list-style-type: none"> > Private Security Company – NKNK | |
| | Advertisement & Media Service | <ul style="list-style-type: none"> > OOO Neftekhim Media | |

DEVELOPMENT STRATEGY

Sustained development is the strategic basis for PJSC «Nizhnekamskneftekhim». The Company forms its competitive advantages through establishment of balance in economic, environmental and social responsibility.

Strategic Goals:

- > strengthening the Company's position on the domestic and global markets as a diversified manufacturer of the synthetic rubbers;
- > strengthening the status of a major player on the markets of Russia and CIS in the field of manufacture and sales of a wide range of plastics, including substitution of import;
- > phasing out of sales of low value added products.

Implementation Ways:

- > Expansion of the range and production volumes of basic product types;
- > Increase of the Company's volumes of sales, revenue and income;
- > Increase the level of hydrocarbons processing, manufacture of products with higher added value, ensuring high competitiveness of the products;
- > Material revamp and renovation of key assets;
- > Ensuring environmental safety and energy efficiency of the production complex.

Business Priorities and Development Prospects

Implementation of a comprehensive strategic development program until 2020:

- > Construction of the Grassroots Olefins Complex including integrated plastics production facilities (polyethylene, polypropylene, polystyrene);
- > Projects on expansion of synthetic rubber production capacities (isoprene, butyl, halobutyl, polybutadiene);
- > Revamp and expansion of the existing petrochemical facilities (butadiene, isobutylene, isoprene);
- > Implementation of Energy Saving and Environmental Protection Programs;
- > Development of technology for production of import-substituting components;
- > Optimization of existing facilities (realization of program on efficiency raising).

On June 17, 2015 at the meeting of Security Council of the Republic of Tatarstan dedicated to consideration and approval of the Program on Development of Petrochemical & Gas Sector of the Republic of Tatarstan for 2015-2019, a long-term strategy program on enterprise development till 2026 was presented. It is based on a new olefins complex with a total capacity of 1.2 million metric tons of ethylene per year and integrated production of polymers, which allows for a major increase in products output.

In accordance with the Program on Petrochemical & Gas Sector Development for 2015-2019 approved by the Security Council of the Republic of Tatarstan, PJSC «Nizhnekamskneftekhim» has started implementation of the 1st stage of construction of the new EP-600 olefins complex and downstream processing plants.

A detailed business plan for Strategic Development Program of «Nizhnekamskneftekhim» was approved by the Board of Directors and adopted as a basis for further work.

The work connected with the first stage of Detailed Engineering is currently underway.

The Results of Implementation of Development Strategy in 2015

Rubbers

In April 2015, the fourth finishing line as well as two automatic palletizing lines were put on stream at halogenated rubber plant. This finishing line implementation is a continuation of the Company's long-term policy, aimed at steady development of rubber production, increasing stability and product quality. The ultimate output of the plant is 8 metric tons per hour.

At the end of April a new catalytic unit for decomposition of high-boiling isoprene production by-products was put in operation at isoprene-monomer plant, which will ensure obtaining of isoprene used for additional production of nearly 15 000 tons of isoprene rubber per year.

Within the scope of an overall program on isoprene rubber expansion work has been started to expand isoprene capacities to 333,000 metric tons, and isobutylene and formaldehyde capacities.

Plastics

Within the scope of strategic development of Oligomers Plant a new α -Sabin energy-efficient technology has been provided for linear alpha-olefins production plant of the Company. The main priority of the project is obtaining fractions of butane-1 and hexane-1, which are used as comonomers for production of premium- & popular grades of linear low density polyethylene (LLDPE) and high density polyethylene (HDPE). Currently most of these fractions are imported to Russia.

As for the project, its implementation was maximally based on using the existing building, facilities and equipment. Revamp work started in April, 2012.

Within the period of construction the following items were mounted and assembled:

- > 116 items of the major process equipment (reactors, pumps, cooling units, etc.);
- > 1.8 thousand metric tons of steel structures;
- > more than 40 kilometers of pipelines.

By the end of December, 2015 all construction and mounting works had been completed and commissioning activities began.

Import Substitution

In 2015, Russia faced the escalation of geopolitical risks in the world stage, which led to imposing sanctions against a number of Russian citizens and organizations. Analysis of the enterprise dependence on imports has identified the range of problems inherent in the entire petrochemical industry in the country.

In order to reduce dependence on imported products, as well as due to the fact that dependence on imported products is initially based on manufacturing technologies, the work is in progress on establishment of a center on the basis of PJSC «Nizhnekamskneftekhim», i.e. a scientific and technological center for development of import-substituting components technology and their tests with assistance of leading scientific organizations of the Russian Federation. The main objectives of the center will be the development of technologies for production, testing of catalysts, inhibitors, demulsifiers, oil extraction reagents, and so on.

PJSC «Nizhnekamskneftekhim» participates in the work of the working team formed under the Ministry of Energy of the Russian Federation for elaborating solutions and coordinating work aimed to reduce dependence of petrochemical & refining companies on catalyst import.

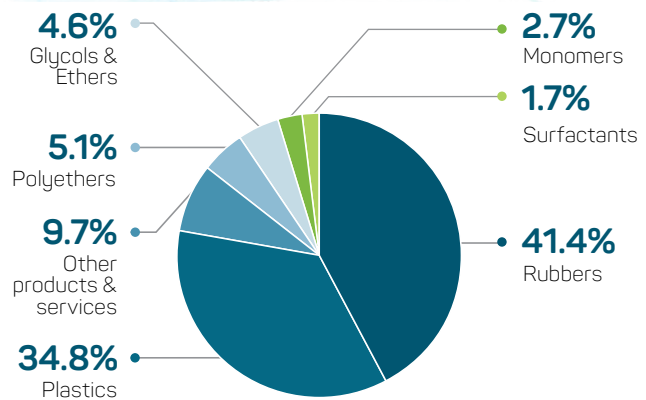
Within the scope of "Plan of Actions (Road Map) for Imports Reduction in the Field of Catalysts for Oil Refinery and Petrochemical Industries", PJSC «Nizhnekamskneftekhim» is involved in development of domestic functionalized solution styrene-butadiene rubber (SSBR) of the new generation.

POSITION IN CHEMICAL INDUSTRY

PJSC «Nizhnekamskneftekhim» is one of the leading petrochemical companies in Russia producing and making sales of a wide range of products from basic monomers to synthetic rubbers and plastics

Synthetic rubbers are traditionally the main product segment of the Company with their share being 41.4 % of total sales in 2015. More than one third of the Company's revenue in 2015 was attributed to plastics. Other 24% were gained through the sales of other kinds of products and services.

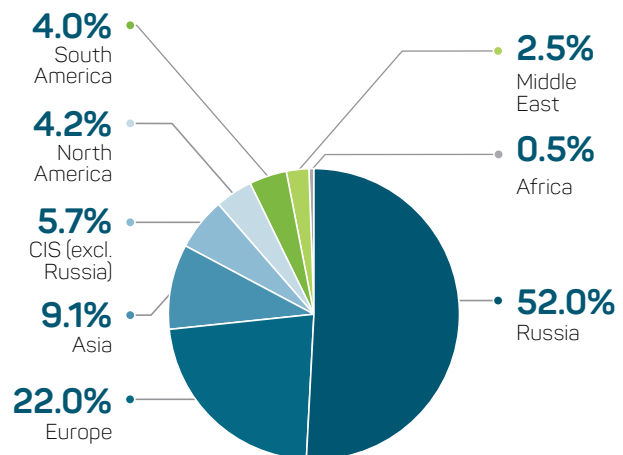
PRODUCT SALES STRUCTURE



The Company's sales in Russia and in the export sector have approximate parity. Thus, in 2015 sales volume of own products within Russian Federation accounted for 52%, export sales – 48%. The major export directions are Europe, Asia and neighboring countries.

In 2015, the Company exported its products to 53 countries around the world.

SALES GEOGRAPHY



In 2015 the situation in the petrochemical markets can be characterized by the following economical and geopolitical circumstances: significant reduction in price of crude oil and petrochemical products on international markets, economic recession in Russia, high interest rate of the Bank of Russia, economic sanctions against Russia on the part of several abroad countries.

Despite the complication of economic conditions, the Company has been keeping its leading position as a rubber and polymer supplier having sold more than 1.3 million metric tons of rubbers and plastics in Russia and the rest of the world countries. Total sales of the Company have 13.3 % increase comparing to 2014, including the domestic market – of 11.7%, international market –15.1%.



Despite the complication of economic conditions, the Company has been keeping its leading position as a rubber & polymer supplier having sold more than 1.3 million metric tons of rubbers and plastics in Russia and the rest of the world countries. Total sales of the Company have 13.3 % increase comparing to 2014, including the domestic market – of 11.7%, international market – 15.1%

Synthetic Rubbers

PJSC «Nizhnekamskneftekhim» produces a wide range of products in synthetic rubber segment, which includes isoprene, butyl, chloro-butyl, butadiene (using Neodimium and Lithium catalysts) types of rubbers. The rubbers of «Nizhnekamskneftekhim» production have various applications in such fields as car, truck and OTR-tires, inner tubes, conveyor belts, multipurpose rubber items, medical purpose articles, and as plastic modifiers for improving impact properties.

High quality of products and continuous pursuance of improvement consolidated the position of the Company as a significant supplier on the global market. PJSC «Nizhnekamskneftekhim» is in TOP 10 among world producers of synthetic rubber. The Company is a leader in production of isoprene rubber, with its global share making 43%, and the world's third largest supplier of butyl rubber with its share of 16.2%, it also has a share of 5.6% on the global market of butadiene rubber. Products of PJSC «Nizhnekamskneftekhim» have been consumed by the leading domestic and world companies.

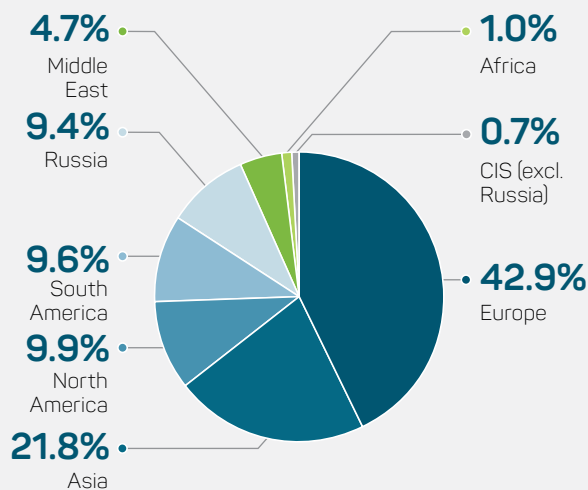
In 2015, over 90 % of sales in a synthetic rubber segment accounted for overseas markets. 72% were sold to TOP 5 global tire producers (including their plants in the Russian Federation).

Plastics

PJSC «Nizhnekamskneftekhim» is the second largest plastics producer in the Russian Federation. The Company is the largest Russian producer of styrenic plastics, one of the leading manufacturers of polyolefins, as well as the only domestic producer of linear low density polyethylene, and a leading producer and supplier of propylene copolymers to the domestic market. The plastics of PJSC «Nizhnekamskneftekhim» have wide application in the following fields: insulating materials, containers and packaging, film, plastic pipes, nonwovens, synthetic fibers, components for auto-industry, multipurpose plastic articles, consumer goods. All plastic production facilities were designed and built according to up-to-date foreign licenses and equipped with complete imported equipment, which guarantees high quality products. A wide product grade slate enables to select the most suitable product for most areas of applications. High quality, stable production and supply ensured a high confidence of the leading domestic processors towards the products of the Company.

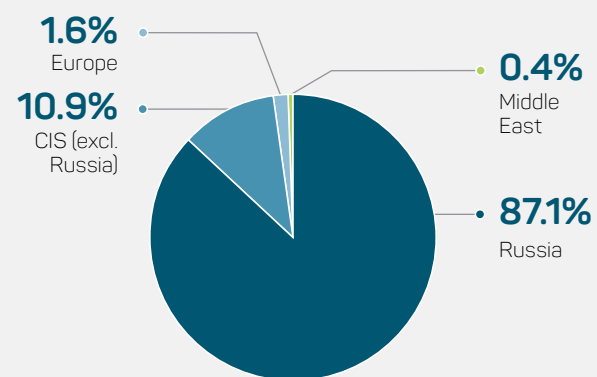
In 2015, about 90% of the plastics produced by the Company were sold within the territory of the Russian Federation.

SYNTHETIC RUBBERS SALES STRUCTURE, %



All types of rubbers produced at PJSC «Nizhnekamskneftekhim» are certified in accordance with International Standards **ISO-9001, ISO-14001, ISO-18001**.

PLASTICS SALES STRUCTURE, %



All plastics produced at PJSC «Nizhnekamskneftekhim» are certified in accordance with International Standards **ISO-9001, ISO-14001, ISO-18001**.

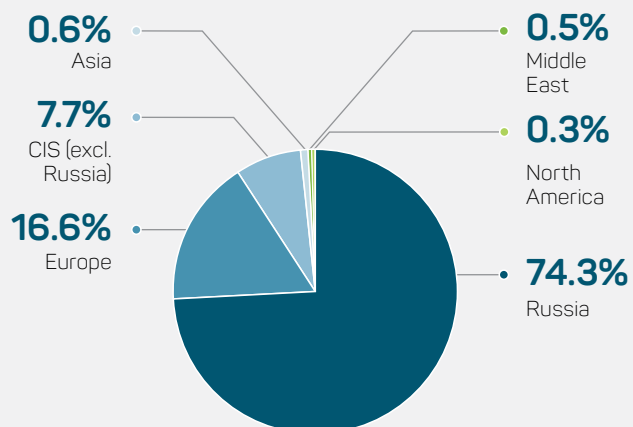
Olefins and Derivatives

Advanced high-technology petrochemical products based on olefins and their derivatives also provide PJSC «Nizhnekamskneftekhim» with the status of the leading Company in the industry. Speaking about this segment, Company make sales of such products as monomers, polyethers, glycols, glycol ethers, propylene trimers and tetramers, surfactants and other kinds of products. The Company is the only high-volume manufacturer of polyethers based on propylene oxide and the only producer of propylene trimers and tetramers, non-ionic alkylphenol-based surfactants in Russia and neighboring countries and the second large supplier of ethylene oxide and ethylene glycols to domestic market.

The products of this segment have variety of applications, including multipurpose polyurethane (foam plastic for furniture industry, rigid foams for thermal insulation products and automobile components), polyethylene terephthalate (used in manufacture of bottles for water, beer, carbonated drinks), synthetic fibers (which are used to make various types of synthetic fabrics and cords for automobile cars), coolants and brake fluids for automobiles, heat-transfer and anti-freezing liquids, detergents, products of organic synthesis.

In 2015 almost three quarters of the products produced within this segment were sold in Russia.

OLEFINS & DERIVATIVES SALES STRUCTURE, %



All PJSC «Nizhnekamskneftekhim» products of this segment are certified in accordance with International Standards **ISO-9001**, **ISO-14001**, **ISO-18001**.

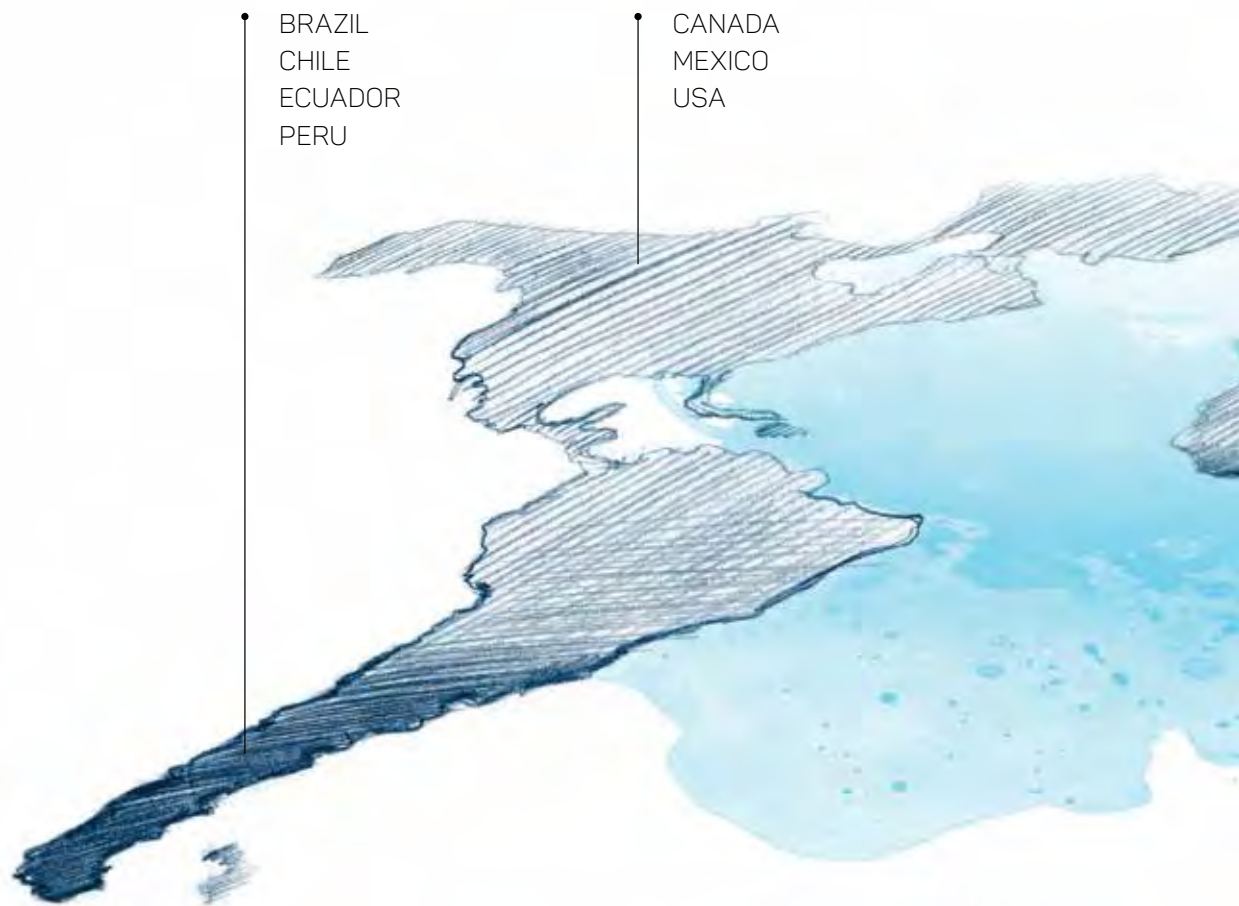


THE GEOGRAPHY OF EXPORTS

In 2015, the Company
exported its products to

53 ↻

countries around the world





- AUSTRIA
- ARMENIA
- BELARUS
- BELGIUM
- BULGARIA
- GREAT BRITAIN
- HUNGARY
- GERMANY
- GREECE
- ISRAEL
- INDIA
- ITALY
- CHINA
- LATVIA
- LITHUANIA
- MOLDOVA
- THE NETHERLANDS
- OMAN
- POLAND
- PORTUGAL
- ROMANIA
- SAUDI ARABIA
- SERBIA
- SLOVAKIA
- SLOVENIA
- TURKMENISTAN
- TURKEY
- UZBEKISTAN
- UKRAINE
- FINLAND
- FRANCE
- CZECHIA
- SWITZERLAND
- SWEDEN
- ESTONIA

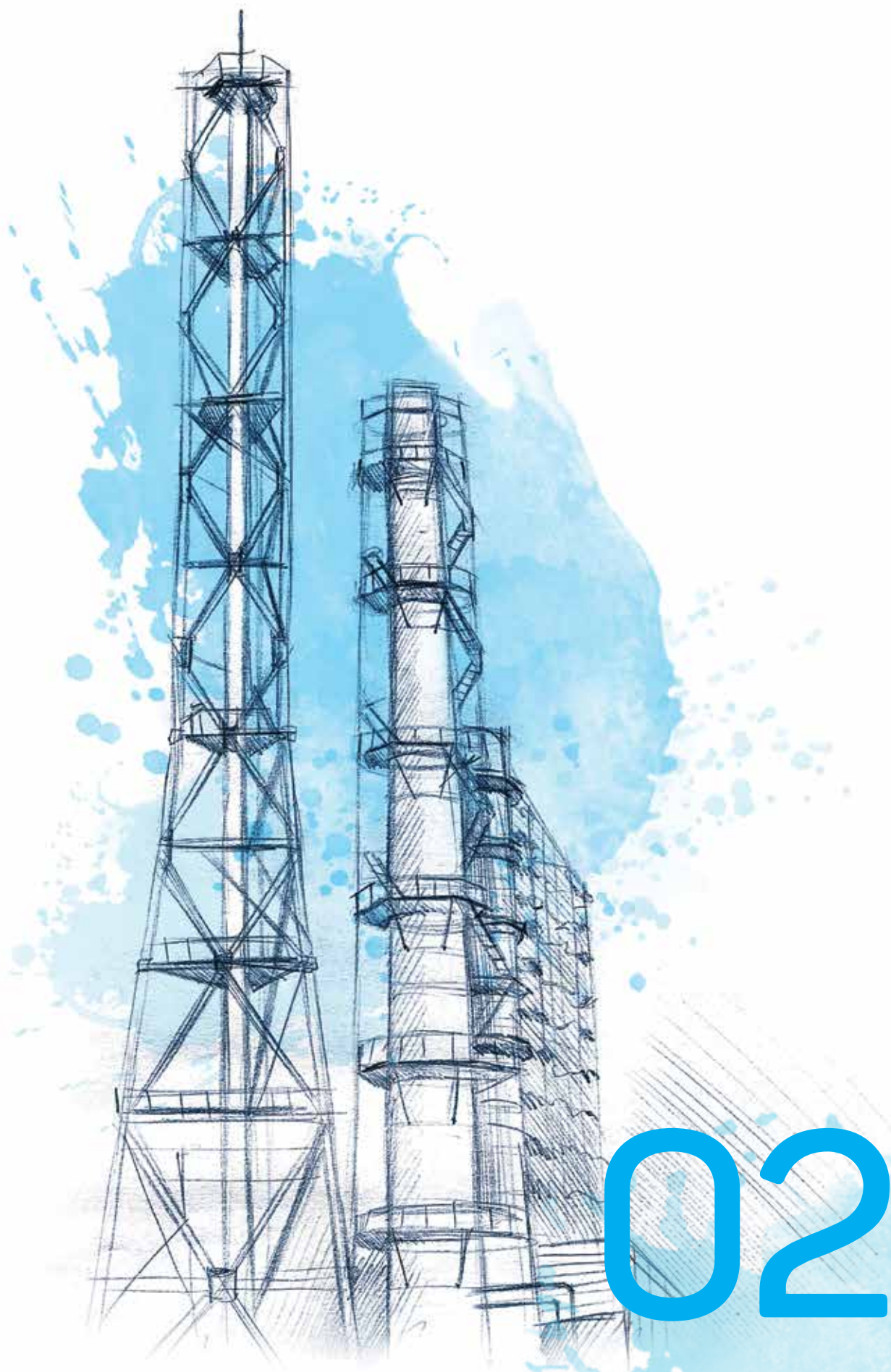
- ALGERIA
- EGYPT
- RSA

- INDIA
- KAZAKHSTAN
- KYRGYZSTAN
- CHINA
- THAILAND

- JAPAN
- TAIWAN

- INDONESIA
- MALAYSIA
- SINGAPORE

NIZHNEKAMSK





« PJSC «Nizhnekamskneftekhim»
adheres to international standards
of corporate governance and constantly
improves compliance therewith
in light of the best global practice »

CORPORATE GOVERNANCE

CORPORATE GOVERNANCE

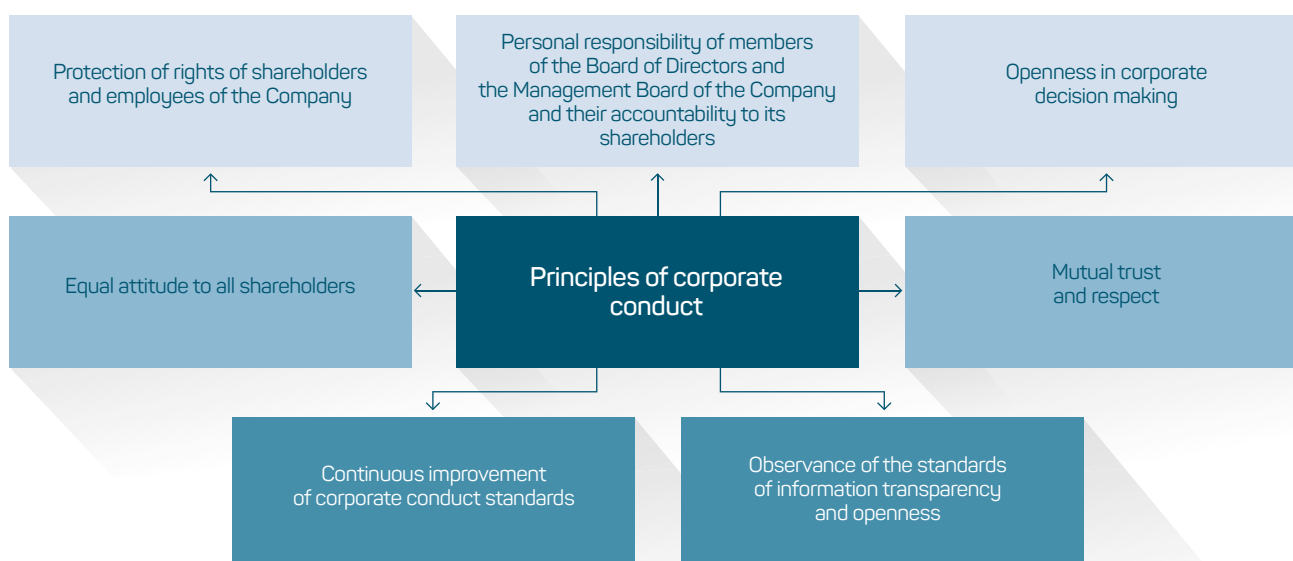
In its corporate activity PJSC «Nizhnekamskneftekhim» is guided by the corporate governance code recommended for use by the letter of the Bank of Russia No. 06-52/2463 of April 10, 2014

See information about Company's observance of corporate governance code principles and recommendations in Appendix 3.

List of corporate documents established and applicable at PJSC «Nizhnekamskneftekhim»:

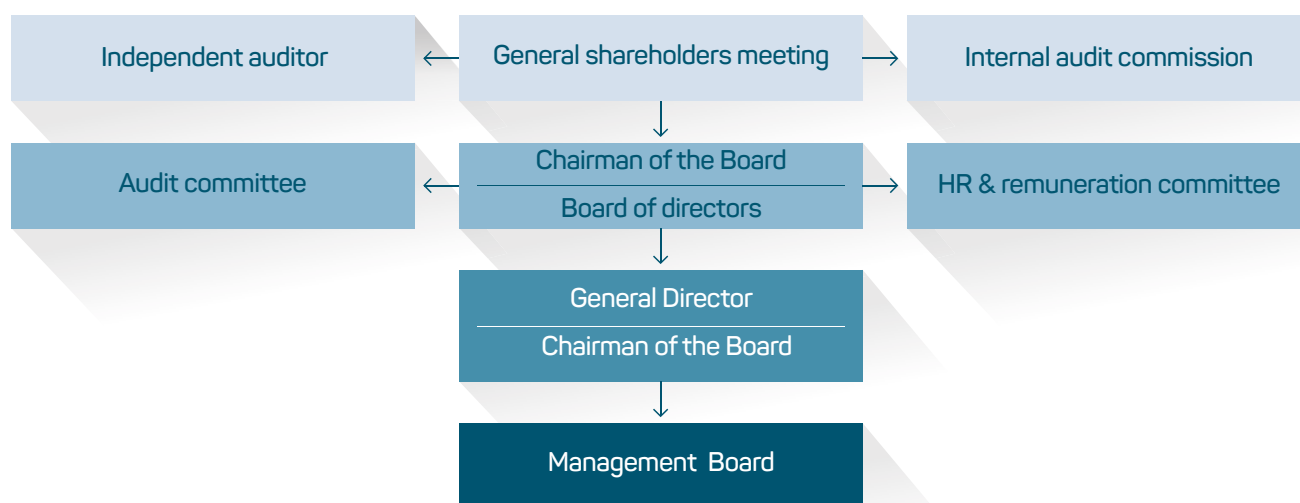
- > Charter;
- > Regulations on the General Shareholders Meeting;
- > Regulations on the Board of Directors;
- > Regulations on the Audit Committee of the Board of Directors;
- > Regulations on the HR & Remuneration Committee of the Board of Directors;
- > Regulations on the Operating Procedures of the Audit Commission;
- > Information Policy Regulations;
- > Dividend Policy Regulations;
- > Regulations on the Internal Control Department;
- > Regulations on the Internal Control System;
- > Regulations on the Executive Bodies;
- > Regulations on the Independent Directors;
- > Code of Corporate Social Responsibility;
- > Code of Corporate Ethics for the Members of the Board of Directors.

The Company acts in accordance with the following principles in its activity:



STRUCTURE OF CORPORATE GOVERNANCE

The supreme management body of PJSC «Nizhnekamskneftekhim» under the Federal Law on Joint-Stock Companies is the General Shareholders Meeting. General management of the Company's business and establishment of the corporate strategy for a long-term perspective is performed by the Board of Directors. Executive bodies, the General Director (Chairman of the Management Board) and the Management Board, exercise the day-to-day business management. Internal Audit Commission controls financial and economic activities of the Company, its agencies, officers, divisions and departments. Internal Audit Commission controls financial and economic activities of the Company, its agencies, officers, divisions and departments. Independent auditor performs auditing of the Company's financial and economic activities in accordance with the legal instruments of the Russian Federation.



GENERAL SHAREHOLDERS MEETING

In 2015
the General
meeting
of shareholders
was held on April 22

General Shareholders Meeting is the highest management body of the Company and it acts in accordance with provisions of the Company's Charter and internal documents of the Company and the Russian legal requirements. The authority of the General Shareholders Meeting includes the issues that may not be remitted to the Board of Directors, General Director and the Management Board of the Company.

On April 22, 2015 the Annual General Meeting of Shareholders of PJSC «Nizhnekamskneftekhim» took place, where the results of the Company activity in 2014 were summed and the annual report and annual financial statements for 2014 were approved.

Following the results of financial and economic activities of the Company in 2014, 2.78 billion rubles were allocated for dividends payment that is 152 ruble per each ordinary and preferred share.

The Board of Directors consisting of 11 members was elected at the Annual General Meeting of Shareholders of PJSC «Nizhnekamskneftekhim».

After completion of the Annual General Meeting of Shareholders, the first meeting of the Board of Directors took place in a new composition. Members of the Board of Directors supported a suggestion of the President of the Republic of Tatarstan, Rustam Minnikhanov, and again elected Vladimir Busygin as the Chairman of the Board of Directors and also confirmed authorities of Azat Bikmurzin as the General Director of PJSC «Nizhnekamskneftekhim».



☐ CHRONICLE OF KEY
EVENTS IN 2015

☐ INFORMATION
FOR SHAREHOLDERS

☐ APPENDICES

Regulations on the General Shareholders Meeting
of PJSC «Nizhnekamskneftekhim»
<http://www.nknh.ru/investors/documentation/>



BOARD OF DIRECTORS

Board of Directors of PJSC «Nizhnekamskneftekhim» is the key component of the Company's corporate governance system and performs the general control of the Company activities with the exception of the issues that are within the sphere of the General Shareholders Meeting as provided by the Federal law and the Company's Charter.

The members of the Company's Board of Directors are elected by the General Shareholders Meeting for the period until the next Annual Meeting. The members of the Board of Directors are elected by cumulative voting at the General Shareholders Meeting. 11 members form the Board of Directors.

Annual Shareholders Meeting of PJSC «Nizhnekamskneftekhim» was held on April 22, 2015 where the new members of the Company's Board of Directors were elected.

Decisions of the Board of Directors are taken by a majority of the voting Board members except in cases provided by the Charter and the law. When taking decisions at the Board meeting, each Board member is entitled to one vote.

Board meetings are held on a scheduled basis. A meeting is convened by the Chairman of the Board of Directors on his own initiative or at the request of any member of the Board, Company's Audit Commission or the Company's Auditor, as well as other persons defined by the Federal law on Joint-stock Companies and the Charter.

Coordination and management of the Board is the responsibility of the Board Chairman in accordance with the approved schedule of meetings.

Notification of the Board meeting along with the attached materials is sent to each member of the Board of Directors at least 10 calendar days before the meeting.

Information about the Board meetings

9 meetings of the Company's Board of Directors were held in 2015: 7 of them – in the form of voting in person and 2 – in the form of absentee voting. 68 agenda items have been considered at the meetings, including:

- › Taxes and dues actually paid by PJSC «Nizhnekamskneftekhim» to the consolidated budget of the Republic of Tatarstan on 2014 results;
- › Execution of Nizhnekamskneftekhim's program of industrial and environmental safety improving and coverage of the results thereof in the mass media;
- › Progress of carrying out measures of appreciation of stock market value (capitalization) of PJSC «Nizhnekamskneftekhim»;
- › Results of Nizhnekamskneftekhim's work with the sectorial small business entities within the frame of Nizhnekamsk industrial district;
- › Review of candidates for the members of Board of Directors and Audit Committee proposed by the shareholders and to be elected at the Annual General Shareholders Meeting of PJSC «Nizhnekamskneftekhim»;
- › Convocation of the Annual General Shareholders Meeting of PJSC «Nizhnekamskneftekhim» to establish the format, date, place and time for the Annual General Shareholders Meeting, registration start time for the persons participating in the meeting and address which the filled bulletins may be sent to;
- › Date determination for listing the persons entitled to participate in the Annual General Shareholders Meeting of PJSC «Nizhnekamskneftekhim»;
- › Determination of recommendations with regard to received voluntary offer of OOO Telekom-Management to acquire the shares of PJSC «Nizhnekamskneftekhim»;
- › Review and preliminary approval of the Company's annual report for 2014;
- › Review of the Company's Sustainable development report (Social responsibility report) for 2014;
- › Recommendations of the Board of Directors on the Company's net profit allocation including recommendations on dividend rates of Nizhnekamskneftekhim's shares, remuneration of the Board of Directors members, the Board of Directors' committees, Audit Commission as well as the Board of Directors' recommendations on allocation of subsidiary and associated companies' profit based on 2014 results;

Participation of Nizhnekamskneftekhim Board of Directors members in the Board meetings in 2015

| Name / MOM No. | 9 | 10 (in absentia) | 11 | 1 | 2 |
|----------------|------------|------------------|------------|------------|------------|
| Date | 29/01/2015 | 06/03/2015 | 19/03/2015 | 22/04/2015 | 28/05/2015 |
| V. Busygin | + | + | + | + | + |
| A. Bikmurzin | + | + | + | + | + |
| S. Alekseyev | + | + | + | + | + |
| R. Gaizatullin | - | + | + | + | + |
| R. Zaripov | + | + | W. O. | - | W. O. |
| N. Maganov | W. O. | + | W. O. | + | + |
| Z. Milich | + | + | + | + | + |
| V. Presnyakov | - | + | + | + | W. O. |
| A. Rappoport | + | + | - | + | + |
| R. Sabirov | + | + | + | + | + |
| G. Safina | + | + | + | + | W. O. |

Notes:
«+» participated in the meeting
«-» not participated in the meeting
«w.o.» sent written opinion on the agenda

Regulations on the Board of Directors of PJSC «Nizhnekamskneftekhim»
<http://www.nknh.ru/investors/documentation/>

- > Preparation for the Annual General Meeting of Nizhnekamskneftekhim's Shareholders;
 - > Report of the Company Board of Directors' committees on decisions taken at the meetings thereof;
 - > Election of management board of PJSC «Nizhnekamskneftekhim»;
 - > Approval of concurrent service of Nizhnekamskneftekhim's Board of Directors members in other companies' management bodies;
 - > Approval of the Company's Board of Directors Program for 2015 and 2016;
 - > Appointment the Company's Board of Directors committee of PJSC «Nizhnekamskneftekhim» (Audit Committee and HR & Remuneration Committee);
 - > Programs Approval for Nizhnekamskneftekhim's Audit Committee and HR & Remuneration Committee for 2015 and 2016;
 - > Review of results of financial and economic activities and accomplishment of investment and financing plan of PJSC «Nizhnekamskneftekhim» and NKNK Group on 2014 results;
 - > Review of utilization efficiency of PJSC «Nizhnekamskneftekhim» facilities in 1H 2015;
 - > Taxes and dues actually paid by PJSC «Nizhnekamskneftekhim» to the consolidated budget of the Republic of Tatarstan based on 1H 2015 results;
 - > Adoption of the Program for the joint R&D principal areas of PJSC «Nizhnekamskneftekhim» and leading research and educational institutions of the Republic of Tatarstan and the Russian Federation for 2015 – 2020;
 - > Review of results of financial and economic activities and accomplishment of investment and financing plan of PJSC «Nizhnekamskneftekhim» and NKNK Group on the whole in 1H 2015;
 - > Analysis of receivables and payables of PJSC «Nizhnekamskneftekhim» as of July 01, 2015, and measures for their reduction; analysis of the Company's loan and pledge portfolio;
 - > Analysis of efficiency of investments into subsidiary and associated companies of PJSC «Nizhnekamskneftekhim» as of July 01, 2015;
 - > Expected payments of PJSC «Nizhnekamskneftekhim» to the consolidated budget of the Republic of Tatarstan in 2016;
 - > Review of production and financial plan for 2016, plan of investments and their financing at PJSC «Nizhnekamskneftekhim» and NKNK Group in general;
 - > Review of the Company's production and financial plan through 2020;
 - > Execution by Nizhnekamskneftekhim of mutual deliveries of hydrocarbon feedstock and petrochemical products to be sold to petrochemical complex companies and sectorial small business entities of the Republic of Tatarstan in accordance with the resolution of the Board of Directors of OAO Tatneftekhiminvest Holding;
 - > Review of results of financial and economic activities and accomplishment of investment and financing plan of PJSC «Nizhnekamskneftekhim» and NKNK Group on the whole based on the results of 9 months of 2015;
 - > Report on activities of the Internal control department of PJSC «Nizhnekamskneftekhim» for 10 months of 2015, and approval of the Internal control department program for 2016;
 - > Review and approval of updated business plan of Nizhnekamskneftekhim Strategic development program through 2020;
 - > Development strategy for commercial activities and pricing policy making of PJSC «Nizhnekamskneftekhim»;
 - > Approval of transactions of interest for the Company;
- Others.

| 3 | 4 | 5 (in absentia) | 6 | TOTAL | Written opinion |
|------------|------------|-----------------|------------|-------|-----------------|
| 30/07/2015 | 21/09/2015 | 09/10/2015 | 26/11/2015 | | |
| + | + | + | + | 9 | - |
| + | + | + | + | 9 | - |
| + | + | + | + | 9 | - |
| W.O. | + | + | + | 7 | 1 |
| + | + | + | - | 5 | 2 |
| - | - | + | - | 4 | 2 |
| + | + | + | + | 9 | - |
| W.O. | - | + | - | 4 | 2 |
| W.O. | + | + | + | 7 | 1 |
| + | + | + | + | 9 | - |
| + | + | + | + | 8 | 1 |

BOARD OF DIRECTORS

Independent directors

In accordance with the global international standards of corporate governance and provisions of corporate documents, the Company is interested that the Board of Directors includes independent directors whose presence ensures a reasonable balance between the interests of all stakeholders: the Company, its shareholders and other interested persons.

The Board of Directors held 3 independent directors at the beginning

of 2015, and 1 independent director by the end of 2015. Reduction of number of independent directors occurred on formal grounds – the term of official capacity of two Board members exceeded seven years. Management bodies of the Company are working the issue of maintaining the necessary number of independent directors in the Board of directors of the Company.



Vladimir Busygin

Chairman of the Board of Directors

Born in 1949

Graduate of Perm Polytechnic University, Doctor of Economics

Deputy General Director, Management and Strategic Development of Nizhnekamskneftekhim Group, OAO TAIIF

Interest in the Company's charter capital: 0.192%

Company equity share: 0.17%

Change in the share of the issuer's stock in 2015

Acquisition of joint stock company shares

Date of transaction:

August 5, 2015

Purchase of shares

Uncertificated registered ordinary shares:

13 605 pcs.



Azat Bikmurzin

Deputy Chairman of the Board of Directors

Born in 1969

Graduate of Kazan Institute of Chemical Engineering

General Director, PJSC «Nizhnekamskneftekhim»

Interest in the Company's charter capital: 0.0004%

Company equity share: 0.0005%

Change in the share of the issuer's stock in 2015

Acquisition of joint stock company shares

Date of transaction:

August 6, 2015

Purchase of shares

Uncertificated registered ordinary shares:

8 000 pcs.



Sergey Alekseyev

Born in 1966

Graduate of Kazan State University and Chelyabinsk State University

First Deputy General Director, AO Svyazinvestneftekhim

Shares of PJSC «Nizhnekamskneftekhim»: none

Changes to the membership of the Board of Directors in 2015

Board of Directors members elected in 2015
No changes.

Board of Directors members whose authorities were terminated in 2015
No changes.



Radik Gaizatullin

Born in 1964
Graduate of Kazan Agricultural Institute,
Doctor of Economics
Finance Minister of the Republic of Tatarstan
Shares of PJSC «Nizhnekamskneftekhim»:
none



Ravil Zaripov Independent Director

Born in 1954
Graduate of Kazan Aeronautical Institute,
Candidate of Technical Sciences
Assistant to President of the Republic
of Tatarstan
Shares of PJSC
«Nizhnekamskneftekhim»: none



Nahil Maganov

Born in 1958
Graduate of Moscow Institute
of the Petrochemical and Gas Industry
General Director, PJSC Tatneft
Shares of PJSC
«Nizhnekamskneftekhim»: none

BOARD OF DIRECTORS



Zeljko Milich

Born in 1946
Graduate of Zagreb Economic University
Executive Director, IPCO-TRADING S.A.
Shares of PJSC «Nizhnekamskneftekhim»: none



Vladimir Presnyakov

Born in 1951
Graduate of Kazan Institute of Chemical Engineering
Deputy General Director for Refinery & Petrochemicals, OAO TAIF
Interest in the Company's charter capital: 0.0005%
Company equity share: 0.0006%



Alexander Rappoport

Born in 1959
Graduate of Moscow Academy of Law
Lawyer, Managing Partner, Law Office "Rappoport and Partners" of Moscow City Bar Association
Shares of PJSC «Nizhnekamskneftekhim»: none



Rinat Sabirov

Born in 1967

Graduate of Kazan State University,
Postgraduate training program of Ka-
zan State University of Technology
Assistant to the President of the
Republic of Tatarstan

Shares of PJSC «Nizhnekamskneft-
ekhim»: none



Guzeliya Safina

Born in 1955

Graduate of the Institute of Finance and
Economics

Deputy General Director for Economics
and Finance, PSC TAIF

Interest in the Company's charter
capital: 0.0082%

Company equity share: 0.0093%

COMMITTEES OF THE BOARD

Committees of the Board of Directors

With the view to preliminary regard of the most important issues and drawing-up the recommendations for the Board of Directors of PJSC «Nizhnekamskneftekhim», the Committees of the Board of Directors were formed. The following permanent committees function under the Board of Directors:

- > Audit Committee;
- > HR & Remuneration Committee.

Current members of the Board of Directors form the committees. In making up committees, job-related experience of the Board members and independence criteria were taken into account.

The Secretary of the Committee

I.Yakhin – Chief Accountant
of PJSC «Nizhnekamskneftekhim»

Audit Committee acts in accordance with the Regulations on the Audit Committee of PJSC «Nizhnekamskneftekhim» Board of Directors (<http://www.nknh.ru/investors/documentation>).

AUDIT COMMITTEE



Radik Gaizatullin

Chairman of the Committee,
Finance Minister
of the Republic of Tatarstan



Guzeliya Safina

Deputy Chairman of the Committee,
Deputy General Director for Economics
and Finance, OAO TAIF



Sergey Alekseyev

First Deputy General Director,
AO Svyazinvestneftekhim



Vladimir Presnyakov

Deputy General Director
for Refinery & Petrochemicals,
OAO TAIF



Rinat Sabirov

Assistant to the President
of the Republic of Tatarstan

OF DIRECTORS

HR & REMUNERATION COMMITTEE



Ravil Zaripov

Chairman of the Committee,
Assistant to the President
of the Republic of Tatarstan



Rinat Sabirov

**Deputy Chairman
of the Committee,**
Assistant to the President
of the Republic of Tatarstan



Sergey Alekseyev

First Deputy General Director,
AO Svyazinvestneftekhim



Vladimir Presnyakov

Deputy General Director
for Refinery & Petrochemicals,
OAO TAIK



Alexander Rappoport

Managing partner, Law office
"Rappoport and Partners"

HR & Remuneration Committee acts in accordance with the Regulation on the HR & Remuneration Committee of PJSC «Nizhnekamskneftekhim» Board of Directors (<http://www.nknh.ru/investors/documentation>).

The Secretary of the Committee

V. Amelin — Head of Labor and Wages department of PJSC «Nizhnekamskneftekhim»



GENERAL DIRECTOR



AZAT SH. BIKMURZIN

General Director of PJSC «Nizhnekamskneftekhim»

Born in 1969

1993 - graduated from Kazan Institute
of Chemical Engineering

1990 - began his working career
at PJSC «Nizhnekamskneftekhim»

2003 – 2012 – Director of Ethylene Plant

2012 – 2014 – Deputy General Director,
Director of Directorate of Grassroots Olefins
Complex

2014 – 2014 – Deputy General Director
for Industrial Construction and Revamp

From June, 2014 to the present
day - General Director
of PJSC «Nizhnekamskneftekhim»

According to the Charter of PJSC «Nizhnekamskneftekhim», the General Director of the Company is vested with all necessary powers for the implementation of operational management of the Company's current activities and addressing any respective issues that are not within the competence of the General Shareholders Meeting, the Board of Directors or the Management Board.

The General Director of the Company is elected by the Company's Board of Directors by the majority vote of the elected members of the Board of Directors. In his activities the General Director reports to the General Shareholders Meeting and the Board of Directors of the Company.

The General Director acts as an executive body of the Company at the meetings of the Board of Directors and General Meetings of Shareholders, and he is the Chairman of the Management Board and arranges its work, acts without a power of attorney on behalf of the Company, performs the operative management of the Company business, represents the interests of the Company in the Republic of Tatarstan, the Russian Federation and abroad, recommends the members of the Management Board of the Company for approval by the Board of Directors of the Company, on behalf of executive bodies (administration) of the Company conducts collective bargaining, signs the labor contract, administers the property and funds of the Company and makes transactions within

his competence established by the existing laws and the Charter of the Company, submits for approval by the Board of Directors of the Company his working plan and the working plan of the Management of the Company; reports to the Board of Directors the results of his activities, arranges issue of shares and other securities of the Company based on a decision of the General Meeting of Shareholders and the Board of Directors of the Company, makes the list of information of the Company being the trade secret or the confidential information and establishes the procedure of their use, issues orders and gives instructions compulsory for members of Management and employees of all business units of the Company, takes decisions of establishment of non-commercial organizations and of participation of the Company in the non-commercial organizations with the exception of the cases within the competence of the General Meeting of the Shareholders, transfers his authorities to one of his deputies if necessary.

The General Director of the Company may also exercise other duties prescribed by the Board of Directors of the Company and confirmed in the agreement (contract) signed by the General Director with the Company and he shall also perform other functions required to achieve the goals of the Company activities and ensure its normal operation that shall not be referred to the competence of other bodies of the Company according to the legislation in force and the Charter of the Company.

MANAGEMENT BOARD

Implementation of the selected strategy and specific solutions of the Board of Directors are delegated to the General Director and to the Management Board, that are in charge of implementation of resolutions

of the Board of Directors and General Shareholders Meeting within the actual competence.



Azat Sh. Bikmurzin
(Chairman of the Management Board)

Born: 1969
 Position: General Director of PJSC «Nizhnekamskneftekhim»
 Interest in the Company's charter capital: 0.0004%
 Company equity share: 0.0005%
 Change in the share of the issuer's stock in 2015
 Acquisition of joint stock company shares
 Date of transaction: August 6, 2015
 Purchase of shares
 Uncertificated registered ordinary shares: 8 000 pcs.



Akhtyam T. Amirkhanov

Born: 1964
 Position: Director of SK (synthetic rubber) Plant, PJSC «Nizhnekamskneftekhim»
 Interest in the Company's charter capital: 0.0007%
 Company equity share: 0.0006%



Khamit Kh. Gilmanov

Born: 1949
 Position: Chief Specialist for Nizhnekamskneftekhim Group construction projects, Department of Management and Strategic Development of Nizhnekamskneftekhim Group, PSC TAIF
 Until October 19, 2015 First Deputy General Director of PJSC «Nizhnekamskneftekhim» – Chief Engineer
 Interest in the Company's charter capital: none
 Company equity share: none



Vyacheslav N. Krasnov

Born: 1961
 Position: Director of Ethylene Oxide Plant, PJSC «Nizhnekamskneftekhim»
 Shares of PJSC «Nizhnekamskneftekhim»: none

As per the resolution of the Board of Directors of September 21, 2015, 10 members of PJSC «Nizhnekamskneftekhim» Management Board were elected.

Regulation on the executive bodies of PJSC «Nizhnekamskneftekhim»
<http://www.nknh.ru/investors/documentation/>



Igor V. Larionov

Born: 1970

Position: Deputy General Director, Head of the Corporate Property and Strategic Development Department, PJSC «Nizhnekamskneftekhim»

Interest in the Company's charter capital: 0.0057%

Company equity share: 0.0065%

Change in the share of the issuer's stock in 2015

Acquisition of joint stock company shares

Date of transaction:

August 6, 2015

Purchase of shares

Uncertificated registered ordinary shares:

6 700 pcs.



Aidar R. Sultanov

Born: 1965

Position: Head of Legal Department, PJSC «Nizhnekamskneftekhim»

Shares of PJSC «Nizhnekamskneftekhim»: none



Ilfat G. Sharifullin

Born: 1976

Position: First Deputy General Director, Chief Engineer, PJSC «Nizhnekamskneftekhim»

Until October 20, 2015 Director of Ethylene Plant, PJSC «Nizhnekamskneftekhim»

Shares of PJSC «Nizhnekamskneftekhim»: none



Valery G. Starkov

Born: 1966

Position: Deputy General Director for Economics and Finance, PJSC «Nizhnekamskneftekhim»

Interest in the Company's charter capital: 0.00004%

Company equity share: none



Vasily N. Shuisky

Born: 1957

Position: Deputy General Director for Personnel & Social Issues, PJSC «Nizhnekamskneftekhim»

Interest in the Company's charter capital: 0.0007%

Company equity share: 0.00005%



Ilfar R. Yakhin

Born: 1963

Position: Chief Accountant, PJSC «Nizhnekamskneftekhim»

Interest in the Company's charter capital: 0.0135%

Company equity share: 0.003%

Changes to the membership of the Management Board in 2015

MEMBERS OF MANAGEMENT BOARD ELECTED IN 2015

| | |
|-------------------|---|
| Rustam R. Gusamov | Director of Isoprene Monomer Plant, PJSC «Nizhnekamskneftekhim» (elected by the Board of Directors resolution of 28/05/2015) |
| Oleg N. Nesterov | Deputy General Director, Director for Production, PJSC «Nizhnekamskneftekhim» (elected by the resolution of Board of Directors dated 28/05/2015) |

MEMBERS OF THE MANAGEMENT BOARD WHOSE AUTHORITIES WERE TERMINATED IN 2015

| | |
|-----------------------|---|
| Irek A. Aglyamov | authorities terminated upon the resolution of Board of Directors dated 21/09/2015 |
| Vladislav K. Bagaev | authorities terminated upon the resolution of Board of Directors dated 28/05/2015 |
| Ruslan G. Borodin | authorities terminated upon the resolution of Board of Directors dated 28/05/2015 |
| Tabriz G. Burganov | authorities terminated upon the resolution of Board of Directors dated 28/05/2015 |
| Anton A. Butaev | authorities terminated upon the resolution of Board of Directors dated 28/05/2015 |
| Ravil M. Galimzyanov | authorities terminated upon the resolution of Board of Directors dated 21/09/2015 |
| Rustam Kh. Galimov | authorities terminated upon the resolution of Board of Directors dated 21/09/2015 |
| Rustam R. Gusamov | authorities terminated upon the resolution of Board of Directors dated 21/09/2015 |
| Leonid Kh. Kutuev | authorities terminated upon the resolution of Board of Directors dated 21/09/2015 |
| Irina N. Maksimova | authorities terminated upon the resolution of Board of Directors dated 21/09/2015 |
| Oleg N. Nesterov | authorities terminated upon the resolution of Board of Directors dated 21/09/2015 |
| Vyacheslav G. Romanov | authorities terminated upon the resolution of Board of Directors dated 28/05/2015 |
| Feodor V. Tomilov | authorities terminated upon the resolution of Board of Directors dated 21/09/2015 |
| Victor S. Trifonov | authorities terminated upon the resolution of Board of Directors dated 21/09/2015 |

In accordance with Regulations on the principles and criteria of remuneration of members of the Board of Directors, and the Committees of the Board of Directors and the Internal Audit Commission of PJSC «Nizhnekamskneftekhim», the criterion for remuneration payment is the availability of net profit.

The fund for remuneration of the Board members of the Company is determined based on the percentage of deductions from the Company's net profit for the fiscal year and the percentage of deductions from the Company's positive absolute economic value added for the work period of the current members of the Board of Directors in accordance with provisions of the Regulations. Amounts of such remunerations are approved by General Shareholders Meeting.

Rewards of the General Director (Chairman of the Management Board) and members of the Management Board is paid as per the employment agreements entered into between them and PJSC «Nizhnekamskneftekhim».

Total size of remuneration (including refund of charges) paid to the members of the Board of Directors and Management Board of PJSC

«Nizhnekamskneftekhim» for 2015 amounted 207,477 thousand rubles, including:

> members of the Board of Directors of PJSC «Nizhnekamskneftekhim» – 26,940 thousand rubles.

> members of the Management Board of PJSC «Nizhnekamskneftekhim» – 180,537 thousand rubles.

The Management Board consisted of 22 members from January 2015 to May 2015.

The Management Board consisted of 19 members from June to September 2015.

The Management Board consists of 10 members from October 2015 to the present day.

Total size of remuneration for members of both the Board of Directors and the Management Board of the Company shall be included only to the amount of remuneration of the Company Management Board members.

AUDIT COMMISSION

Audit commission of PJSC «Nizhnekamskneftekhim» consists of 5 persons.

The authority of the Internal Audit Commission is defined by the Federal Law on Joint-Stock Companies. On any issues not stipulated in the Federal Law on Joint-Stock Companies, the competence of the Internal Audit Commission is provided for by the Company's Charter and the Regulation on the operating procedures of the Internal Audit Commission of PJSC «Nizhnekamskneftekhim».

Regulation on the arrangements of activities of PJSC «Nizhnekamskneftekhim» Audit commission
<http://www.nknh.ru/investors/documentation/>

| | |
|-----------------------|--|
| Olga V. Ignatovskaya | Chairman of Audit commission Chief Accountant, OAO TAIF Born: 1963 Shares of PJSC «Nizhnekamskneftekhim»: none |
| Natalya V. Kuznetsova | Head of Economic Planning and Prognostics Department, PJSC «Nizhnekamskneftekhim» Born: 1977 Shares of PJSC «Nizhnekamskneftekhim»: none |
| Fanis G. Gabdulkhakov | Head of Economic Analysis Department, Ministry of Finance of the Republic of Tatarstan Born: 1974 Shares of PJSC «Nizhnekamskneftekhim»: none |
| Liliya F. Sultejeva | Economist of the Financial and Economic Department, OAO TAIF Born: 1981 Shares of PJSC «Nizhnekamskneftekhim»: none |
| Dmitry A. Evdokimov | Head of Department, Management and Strategic Development of Nizhnekamskneftekhim Group, OAO TAIF Born: 1979 Shares of PJSC «Nizhnekamskneftekhim»: none |



03



« Risk Management in PJSC «Nizhnekamskneftekhim» is an integral part of Corporate Management, and an effective and continuously developing process covering all the Company's activities »

RISK MANAGEMENT

RISK MANAGEMENT

Risk Management is one of the tools for improving the quality of decision making and sustainable development of PJSC «Nizhnekamskneftekhim». The Company purposefully forms a system that enables to clearly identify the existing risks, inform stakeholders about them and minimize possible negative consequences for the Company

Giving exceptional value to minimization of risks, the Company is systematically implementing a project for creating a risk-controlling system using the SAP GRC (Governance, Risk Management and Compliance) IT-solution.

The System is intended for automation of monitoring process of the risks affecting the provision of stable strategic development of PJSC «Nizhnekamskneftekhim», and also for accumulation of the best methods and techniques for reduction of risk level to the acceptable level.

SAP GRC solution compares business opportunities with the influence of financial and operational factors, allowing minimization of possible losses in force majeure situations. Implementation of SAP GRC ensures an effective and sustainable development of the Company, offering at the same time the following advantage for strategic management as automation based on key risk indicators and measures to respond to the risks.

In 2015, work continued on establishment and implementation of the risk management system. The set of standard solutions during operation of risk management system was elaborated, trial operation of the system for main risk classes management was carried out, trial operation of SAP GRC risk management system was completed with regard to risks affecting the implementation of strategic tasks, and it will be integrated into the automated system of enterprise resource

planning SAP ERP, implemented by the Company.

The risks in ERP system of «Nizhnekamskneftekhim» are distributed to classes of interrelated strategic objectives, which are named in accordance with the approach to strategic planning:

- > projection "Finance" – risks for financial result;
- > projection "Resources" – risks for resource base of the Company;
- > projection "Processes" – risks of the main business processes of the Company;
- > projection "Market" – risks of market position of products of the

Company.

For loading with data the database of the projections the following main tasks were solved:

- > Data were selected for calculation and evaluation of key risk indicators of projection "Market" associated with the sales of the products of PJSC «Nizhnekamskneftekhim» on the market;
- > The maps of risks capable of realizing in the process of PJSC «Nizhnekamskneftekhim» activities in the projections "Processes" and "Resources", encumbering the provision of financial interests of stakeholders of the Company are compiled and regularly updated;
- > Rated, acceptable and negative values of key risk indicators corresponding to the state of risk incident in the process of management of PJSC «Nizhnekamskneftekhim» are compiled and periodically analyzed;
- > During the trial operation the algorithms of information chains with SAP ERP system data as well as collection and updating of data coming from the Company's services, are tested.

Trial operation of the Risk Management System of PJSC «Nizhnekamskneftekhim» was performed with the purpose to determine the actual values of qualitative and quantitative indicators of the System and personnel readiness to work under the conditions of system operation, definition of actual system efficiency. Trial operation of Automation system of risk management showed the complete system acceptance for automation needs of risk monitoring process and collection of the best practices of risk optimization for the purpose of corporate standards creation.

Following the results of all activities performed in 2015 the structure of all projections of risk management system was changed. As a result of changes in the structure of risk management system the updated projection «Finance» was created, which comprises calculation summary of all projections.

In SAP GRC system the risk analysis is permanently available and the system is ready for making the database on corporate standards of strategy risks management. After establishing of all the connections between the projections PJSC «Nizhnekamskneftekhim» will commence the final stages on implementation and efficiency assessment of risks management system.

KEY RISK FACTORS

Industry risks

PJSC «Nizhnekamskneftekhim» operates in the petrochemical industry. Raw materials and energy are dominating in the cost structure of the industry. Main risks may be the changes in demand and prices for raw materials, energy and manufactured products.

In 2015, there was a decrease in crude oil prices; the average price for North Sea Brent crude amounted to 52.28 dollars per barrel in 2015.

According to IHS data, in 2015 global GDP growth is forecasted at the level of 2.6%. In 2016 the growth may accelerate to an average of 3.2%. Price for Brent crude in 2016, according to IHS forecast, will be 46.98 dollars per barrel. However, the forecast of average Brent crude was revised to the significant downside from 50-60 to 37 dollars per barrel by some other analytics.

In 2016, no significant changes of situation are expected. Economic and geopolitical factors, such as slowdown of economic growth in China, removal of oil export ban from USA and lift of sanctions on Iran indicate that oil price this year will be low-level. Increases in oil supplies in the world and its storage restrictions will bring pressure on oil futures. Therefore it is expected that petrochemical product prices will also be approximately at the current levels and there will be no incentives for their sustainable growth in the coming years.

Prospects for national petrochemical industry depend largely on trends on the international petrochemical market, since Russia is an important exporter of petrochemical products. The main trends in 2016 which may directly or indirectly influence the activity of petrochemical production units are the following:

- › Slowing down of the growth of Chinese economy;
- › Geopolitical risks;
- › Lift of sanctions on Iran and increase in oil supply from this country to the global market;
- › Low prices for products of commodity-raw material destination;
- › Continuing economic sanctions against the Russian Federation;
- › Inflation risks.

Country and regional risks

There are no risks associated with geographical features of the country and the region in which the Company conducts its principal operations as the location of the Company is characterized by the absence of danger of natural disasters. In addition, considering the level of transport infrastructure development, there are no risks of communication failure associated with the difficult geographical accessibility and distance. The convenient location allows a continuous shipment of products from the warehouses of the Company by rail road and motor trucks.

Under current conditions the state of domestic chemical and petrochemical industries is largely dependent on exports. Therefore, the most successful segments of the chemical and petrochemical complex were and still are the production units operating not only for domestic market, but also having a strong export potential.

PJSC «Nizhnekamskneftekhim» exports its products to 53 countries. The main share of products is shipped to the countries of Europe, CIS, North America and Asia. In conjunction with events around the Crimea the main risk is associated with probability of imposing sectoral sanc-

tions, trade embargo from USA and European countries, placed over petrochemical sector of the Russian Federation. However, imposing the additional sanctions of this kind seems unlikely in the age of economic globalization, when risks for the party imposing sanctions can injure badly its own economy.

Risks associated with the Company's activities

After financial crisis in the USA and debt crisis in Euro zone the world faced new threat represented by political risks growth. Currently political risks define to a great extent the choice of region for doing business and allocation of investments.

In 2014 and 2015 European Union, USA and some other states imposed several sanctions against Russia. Some of these sanctions are directed against individual companies, others provide general restrictions of business activity in certain economic sectors in Russia. «Nizhnekamskneftekhim» is not indicated directly among the companies against which these sanctions are directed.

Due to ongoing crisis in Ukraine the risks of applying sanctions of financial and economic character from the USA and Europe directly against PJSC «Nizhnekamskneftekhim» may arise, that may slightly encumber collaboration with business partners of the Company. The discussion of potential additional sanctions is in progress. The extent of the sanctions, forecast for their strengthening or relaxation and, consequently, degree of their influence on the Company's activity remain uncertain.

In case of imposing sanctions, adversely affecting the Company's activity, all possible reasonable measures will be taken in order to minimize negative consequences. At the same time, in order to reduce risks, the Company is constantly working to maintain its goodwill.

The difficult economic situation in the world and in Russia has a negative impact on revenue and causes the prices boost, but due to the devaluation of the ruble the products of the Company have become more competitive compared to similar products of other companies of the world.

Since the part of the purchased equipment for production is imported or manufactured from components of other countries' origin, there are certain risks for the Company associated with the rise of basic assets costs, for this reason the Company has adopted a policy of import substitution.

Legal risks

Neither risks, associated with the Company's activities, nor the risks connected with the current litigations in which the Company participates exist. There are no claims for liquidation of the Company, for alienation of property, challenging the rights of licenses, patents, recognition of debt on taxes and levies to the budget and extra-budgetary funds.

The probability of changing of judicial practice connected with the operations of PJSC «Nizhnekamskneftekhim» (including licensing issues), is considered as insignificant and will not have a material impact on its activities. In case of entering changes in the judicial practice related to issues connected with the activities, the Company intends to plan its financial and economic activities taking into account such changes.

Risks of changes in legislation or decisions of the federal or local authorities on licensing issues are beyond the control of PJSC «Nizhnekamskneftekhim» and the Company cannot guarantee that in the future there will be no changes of this kind which may adversely affect its activity. However, at present the prerequisites of legal, economic or political nature associated with either the complication of the procedure or the decrease of the possibility of extending licenses of PJSC «Nizhnekamskneftekhim» haven't been identified.

Changes of requirements to licensing of the primary activities of the Company as well as the change in the judicial practice on matters relating to the Company's operations (including licensing issues), could adversely affect its operations in the event that

PJSC «Nizhnekamskneftekhim» would not be able to obtain (extend) licenses required for its future activities, or the current licenses would be revoked judicially. However, the probability of such cases is low.

Expiration of licenses creates the risk of complicated implementation of licensed types of activities. The Company complies with the requirements of licenses, takes all necessary actions to obtain, maintain licenses validity and minimize the probability of suspension, change or revocation of licenses - to avoid this risk, the Company regularly takes actions on timely extension of licenses (renewal of licenses).

In 2015, PJSC «Nizhnekamskneftekhim» received the perpetual license to operate fire and explosion hazardous and chemically haz-



ardous production facilities.

Risks associated with changes in currency legislation

Unexpected change of currency control can hinder the proper fulfilment of obligations under the agreements (contracts), concluded earlier with counterparties (Russian and foreign), providing for the need to make payments on them in foreign currency and require the conclusion of additional agreements to such agreements (contracts). In this regard, the Company is largely dependent on the change of currency legislation. It should be noted that Federal Law No.173-FZ dated December 10, 2003 "On Currency Regulation and Currency Control" compared to the previous law significantly expanded the rights of participants of international economic activity and made the foundation for further liberalization of currency relations. Therefore, the probability of deterioration of the Company's position as a result of changes in the currency legislation seems unlikely.

Risks associated with changes in tax legislation

PJSC «Nizhnekamskneftekhim» is one of the largest taxpayers of the Republic of Tatarstan, paying federal, regional and local taxes.

Among the most significant changes which may adversely affect the Company's activities, are: introduction of amendments and additions to legislative acts on taxes and charges relevant to increase of tax rates as well as introduction of new taxes. These changes, as well as other changes in tax legislation, can lead to increase in tax payments and, as a consequence, decline in net profit. Legal risks connected with changes in tax legislation are assessed as average. The Company constantly responds to changes in tax legislation with the purpose of ensuring the most complete and rigorous compliance with its requirements and fully complies with the tax laws related to its operations, which, however, does not eliminate the potential risk of a difference of opinions with the relevant regulatory bodies on the matters allowing ambiguous interpretation.





04



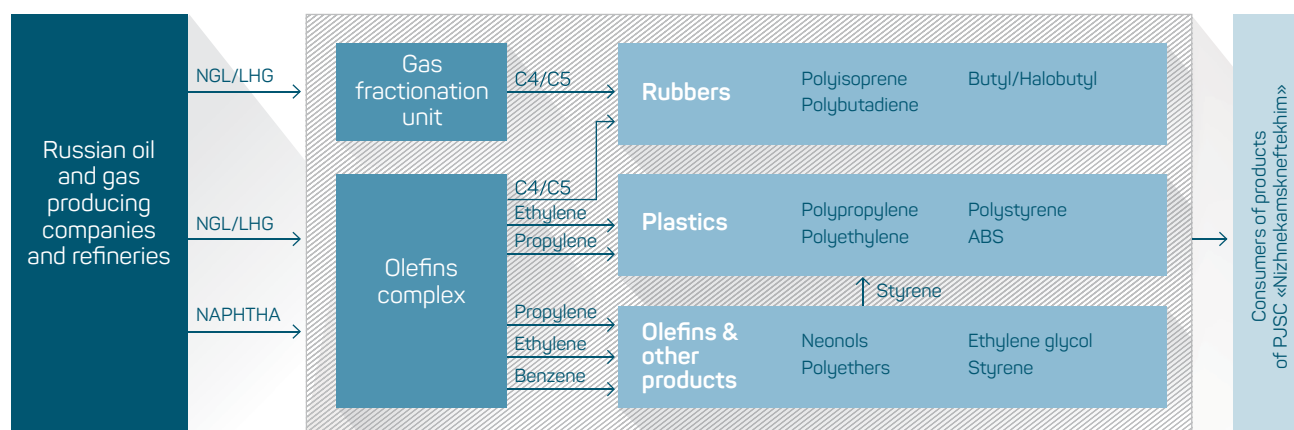
« PJSC «Nizhnekamskneftekhim» is one of the largest petrochemical companies in Europe, the leader in the production of synthetic rubbers and plastics in the Russian Federation. Overall commercial production output reached 2.4 million metric tons in 2015 »

PRODUCTION ACTIVITIES

PRODUCTION ACTIVITIES

Business model of the Company is processing of crude hydrocarbons into petrochemical products with high added value.

SCOPE OF PJSC «NIZHNEKAMSKNEFTEKHIM» ASSETS



Key technical and economic indicators of PJSC «Nizhnekamskneftekhim»

| Description | Unit | 2014 | 2015 | Change |
|---|----------|-----------|-----------|----------------|
| Proceeds from sales of the goods, products, works, services | mln. rub | 132,893.0 | 150,597.4 | +13.3% |
| Sales profit | mln. rub | 13,277.9 | 27,284.8 | +105.5% |
| Costs per 1 ruble of products sold | copecks | 89.92 | 81.76 | -9.1% |
| Average monthly wages | rub | 38,280 | 44,094 | +15.2% |
| Social and non-production expenses, taxes payable | mln. rub | 14,069 | 19,845 | +41.1% |
| Fixed assets | mln. rub | 49,495 | 56,603 | +14.4% |

In 2015 the output of marketable products amounted to **151.4** billion rubles which is **23.2** billion rubles higher than the level of the previous year. Commercial product output in comparable prices was **103.1%** compared with the level of 2014. In 2015, the total output of marketable products was **2.396** million metric tons, being **3.28%** higher than the figures of 2014. Products and services were sold for the amount of **150.6** billion rubles.

Dynamics of net asset value, million rubles

| Indicator | 2013 | 2014 | 2015 |
|------------|----------|----------|-----------------|
| Net assets | 60,733.6 | 68,235.7 | 91,979.5 |

Payments to the budget

Data on payments to the budgets of all levels in 2015,
million rubles

| Description | Accrued | Transferred |
|---|-----------------|-----------------|
| Budget of the Russian Federation | 7,323.1 | 7,866.3 |
| Consolidated budget of the Republic of Tatarstan | 8,801.2 | 8,967.6 |
| including the budget of Nizhnekamsk city | 788.2 | 787.1 |
| Budgets of other entities of the Russian Federation | 2.2 | 2.1 |
| TOTAL on budgets | 16,126.6 | 16,836.0 |

ENERGY SAVING

Being one of the largest consumer of energy resources PJSC «Nizhnekamskneftekhim» develops and implements the energy saving programs which provide the wide range of measures for increase of its energy efficiency. During the period from 2000 to 2010 the First and the Second energy saving programs have been successfully completed allowing to reduce the costs for outsourced energy resources and specific consumption rates per unit of produced product. In general during the period of running of these Programs from 2000 to 2010, 875 energy saving activities have been implemented in the Company, saving 5.2 million gigacalories of thermal power, 240 million kW/h of electrical power, 156 thousand metric tons of fuel equivalent for the amount of 3.3 billion rubles.

In accordance with the Program of reconstruction and renovation of the overaged electrical equipment the activities for replacement of old MCC boards with up-to-date model are carried out in the Company. Implementation of this Program has been started in 2005 and will continue through 2020. It is planned to replace 250 MCC boards and 27 distribution boards (DB) and transformer substations (TSS). 167 MCC boards have already been replaced in accordance with this Program.

Within the framework of the joint Program for increasing the power supply reliability and reducing risks of power failures of Nizhnekamsk industrial hub the outdated system "isolator-short circuiter" has been replaced with advanced system using electrical-gas switches at thirteen main step-down substations including two of them in 2015.

In 2011, the Center of Energy Saving Technologies under the Cabinet of Ministers of the Republic of Tatarstan, based on Federal law No. 261- FZ "On energy saving", carried out the third energy survey (energy audit) which determined the achieved state of energy consumption for the last five years, the residual energy saving potential

and scheduled energy saving activities as well as the sequence of their implementation. "The Power Certificate of Industrial Consumer of PJSC «Nizhnekamskneftekhim» of Fuel - Energy Resources" has been developed and issued. In 2015, in cooperation with the Center of Energy Saving Technologies of the Cabinet of Ministers of the Republic of Tatarstan preparation for the fourth energy survey scheduled for 2016 was started.

PJSC «Nizhnekamskneftekhim», within the Program for optimization of costs for outsourced energy resources starting from July 1, 2012, switched for electric power supplier Tatenergobytt to OOO PEST energy supplying company. The economic effect (reduction of energy cost) from substitution of the supplier made 713.3 million rubles including 200.4 million rubles in 2015.

Today, in PJSC «Nizhnekamskneftekhim» the Third energy saving program for 2011 –2015 is being implemented, with the perspective up to 2020. 311 energy saving activities have been implemented during the period of 2011–2015, including 164 main activities and 147 additional activities. 107 million kW/h of electric power, 610 thousand gigacalories of thermal energy, 36.1 thousand metric tons of fuel equivalent have been saved, amounting to 810 million rubles.

In 2015, 56 energy saving activities have been implemented, 144 thousand gigacalories of thermal energy, 24.1 million kW/h of electric power and 2 000 metric tons of fuel equivalent have been saved for the amount of 187.4 million rubles.

With the purpose of further specific energy consumption decrease, the Company introduces a new management system for efficient energy use. The State Independent institution "The Center of Energy Saving Technologies of Tatarstan Republic of the Cabinet of Ministers of Tatarstan Republic" was selected as the main contractor which implemented a complex of software and hardware solutions of automated energy control system for real-time process monitoring and control of energy consumption.



During the first stage of implementation in 2014, the automated energy control system of the Company (AECS) was installed in all major Plants of PJSC «Nizhnekamskneftekhim». All related documentation for the optimal energy control was developed in cooperation with this Center.

During the second stage in 2015, the system was installed in auxiliary units and divisions of the Company. The energy control software was developed and training and certification program for auxiliary units personnel was conducted. Efficient energy use control system allows on-line monitoring of energy consumption by the sections, downstream processing areas and the entire Company, as well as provides taking of prompt measures for exclusion of deviations from plans and limits.

Implementation of the efficient energy use control system and realization of the complex of energy saving activities, increased the effi-

ciency of control of PJSC «Nizhnekamskneftekhim» and decreased specific consumption rates of electric power and thermal power by 7.2% and 3.5% respectively.

The efficient energy use control system of PJSC «Nizhnekamskneftekhim» was certified by standard GOST R ISO 50001-2012.

For good achievements in the field of energy saving, the Company received numerous awards of Republican and All-Russian competitions.

As a result of the All-Russian Internet voting arranged under the IV Moscow Forum on Energy Efficiency and Energy Development – ENES – 2015, the Company was awarded the First Degree diploma and an Honorary Prize for the project «The effective management system in the field of energy saving and energy efficiency upgrading at the manufacturing corporation».

The table below shows the consumption of outsourced energy resources by the Company in 2015, without subconsumers.

| Description | Unit | Consumption volume in physical terms | Consumption amount, mln.rub. (ex VAT) |
|------------------------|-------------|---|---|
| Electric power | thous. kW/h | 2,589,364 | 5,600 |
| Thermal power | Gcal | 14,673,847 | 10,204 |
| Motor gasoline | metric tons | 396 | 13 |
| Diesel fuel | metric tons | 2,425 | 70 |
| Natural gas (as power) | thous. m3 | 613,712 | 2,507 |
| Dry gas | thous. m3 | 36,714 | 95 |

Perspective aspects of energy saving activities for year 2016

- › Reconstruction of distribution boards, transformer substations and MCCs;
- › Replacement of electric drive control systems with variable frequency drive systems;
- › Reconstruction/overhaul of life-expired power equipment;
- › Capital repairs of lighting networks;
- › Capital repairs of electric cable racks;
- › Reconstruction of power supply cable network;
- › Implementation of the program for steam condensate recovery from production facilities;
- › Replacement of outdated «isolator-short circuiter» system on substations I and II of water lift and biological treatment plants;
- › Revamp of closed distribution unit;
- › Installation of devices for quick-operating automatic activation of stand-by power supply.



05



« Nizhnekamskneftekhim is
company with a strong
financial position.
In 2015 the revenues of the
Nizhnekamskneftekhim Group
reached 166.7 billion rubles »

FINANCIAL STATEMENTS

BALANCE SHEET

| ASSET | Line code | As of December 31, 2015 (thous. rub) | As of December 31, 2014 (thous. rub) | As of December 31, 2013 (thous. rub) |
|--|-------------|--|--|--|
| I. NON-CURRENT ASSETS, thous. rub | | | | |
| Intangible assets | 1110 | 1,425 | 1,051 | 885 |
| Results of research and development | 1120 | 548,215 | 491,821 | 386,774 |
| Fixed Assets | 1150 | 56,603,251 | 49,495,346 | 46,075,600 |
| Financial investment | 1170 | 5,446,897 | 5,431,539 | 5,442,343 |
| Deferred tax assets | 1180 | 351,127 | 317,506 | 274,563 |
| Other fixed assets | 1190 | 854,567 | 1,184,405 | 1,385,860 |
| Total for Section I | 1100 | 63,805,482 | 56,921,668 | 53,566,025 |
| II. CURRENT ASSETS, thous. rub | | | | |
| Reserves | 1210 | 15,269,993 | 12,807,823 | 12,972,650 |
| VAT on purchased values | 1220 | 1,330,358 | 898,472 | 1,207,259 |
| Accounts Receivable | 1230 | 13,242,152 | 9,309,791 | 10,085,122 |
| Financial investment (except for cash equivalents) | 1240 | 883,809 | - | - |
| Monetary assets and cash equivalents | 1250 | 11,964,359 | 6,909,546 | 2,878,229 |
| Other circulating assets | 1260 | 623,006 | 344,285 | 166,107 |
| Total for Section II | 1200 | 43,313,677 | 30,269,917 | 27,309,367 |
| BALANCE SHEET | 1600 | 107,119,159 | 87,191,585 | 80,875,392 |
| LIABILITY | | | | |
| III. CAPITAL AND RESERVES, thous. rub | | | | |
| Authorized capital | 1310 | 1,830,240 | 1,830,240 | 1,830,240 |
| Revaluation of non-circulating assets | 1340 | 6,260,384 | 6,307,352 | 6,335,037 |
| Additional capital (without revaluation) | 1350 | 29,949 | 98,998 | 102,184 |
| Reserve capital | 1360 | 112,445 | 112,445 | 112,445 |
| Undistributed profits (uncovered loss) | 1370 | 83,255,107 | 59,468,575 | 52,018,954 |
| Total for Section III | 1300 | 91,488,125 | 67,817,610 | 60,398,860 |
| IV. LONG-TERM LIABILITIES, thous. rub | | | | |
| Loan funds | 1410 | - | 1,547,425 | 1,160,204 |
| Deferred tax liabilities | 1420 | 2,330,117 | 1,981,604 | 1,810,386 |
| Total for Section IV | 1400 | 2,330,117 | 3,529,029 | 2,970,590 |
| V. SHORT-TERM LIABILITIES, thous. rub | | | | |
| Loan funds | 1510 | 1,652,121 | 4,580,148 | 4,451,267 |
| Accounts Payable | 1520 | 10,097,275 | 10,103,350 | 11,943,189 |
| Deferred revenues | 1530 | 491,389 | 418,055 | 334,722 |
| Deferred revenues | 1540 | 875,473 | 743,393 | 666,249 |
| Other liabilities | 1550 | 184,659 | - | 110,515 |
| Total for Section V | 1500 | 13,300,917 | 15,844,946 | 17,505,942 |
| BALANCE SHEET | 1700 | 107,119,159 | 87,191,585 | 80,875,392 |

PROFIT AND LOSS ACCOUNT

| Index name | Line code | For 2015 (thous. rub) | For 2014 (thous. rub) |
|---|-----------|-----------------------|-----------------------|
| Revenue | 2110 | 150,597,392 | 132,893,013 |
| Cost of goods sold | 2120 | (112,075,262) | (109,810,542) |
| Gross profit (loss) | 2100 | 38,522,130 | 23,082,471 |
| Business costs | 2210 | (5,587,186) | (4,476,993) |
| Administrative costs | 2220 | (5,650,156) | (5,327,581) |
| Profit (loss) from sales | 2200 | 27,284,788 | 13,277,897 |
| Profit from partnership with other companies | 2310 | 69,439 | 37,885 |
| Interest receivable | 2320 | 920,933 | 255,061 |
| Interest payable | 2330 | (231,463) | (352,441) |
| Other Income | 2340 | 77,087,323 | 57,796,631 |
| Other Expenses | 2350 | (71,488,414) | (59,325,963) |
| Income (loss) before tax | 2300 | 33,642,606 | 11,689,070 |
| Current income tax | 2410 | (6,843,730) | (2,310,711) |
| including recurrent tax liabilities (assets) | 2421 | 430,100 | 101,172 |
| Change of deferred tax liabilities | 2430 | (348,513) | (171,218) |
| Change of deferred tax assets | 2450 | 33,621 | 42,943 |
| Miscellaneous | 2460 | (1,399) | 19,071 |
| Net profit (loss) | 2400 | 26,482,585 | 9,269,155 |
| FOR REFERENCE | | | |
| Result of non-current assets revaluation excluded from net profit (loss) on the accounting period | 2510 | — | — |
| Result of other activities excluded from net profit (loss) on the accounting period | 2520 | (31,981) | (22,108) |
| Aggregate financial result of the accounting period | 2500 | 26,450,604 | 9,247,047 |
| Basic earnings (loss) per share (rub.) | 2900 | 16,43 | 5,75 |
| Diluted earnings (loss) per share (rub.) | 2910 | — | — |



AUDITOR'S REPORT

To Shareholders of Public Joint Stock Company «Nizhnekamskneftekhim»:

Entity subject to audit

Public Joint Stock Company «Nizhnekamskneftekhim» (PJSC «Nizhnekamskneftekhim»)

The legal entity was registered on August 18, 1993, by the Ministry of Finance of the Republic of Tatarstan in the Register of Joints Stock Companies established in the territory of the Republic of Tatarstan, under No. 388.

Certificate of Entry in the Unified State Register of Legal Entities registered before July 1, 2002, No. 1021602502316 of November 5, 2002, was issued by the Interdistrict Inspectorate No. 20 of the RF Ministry of Taxation for the Republic of Tatarstan.

423574, Republic of Tatarstan, Nizhnekamsk

Auditor

Joint-Stock Company PricewaterhouseCoopers Audit (AO PwC Audit) with the registered office at: 125047, the Russian Federation, Moscow, Butyrsky Val str., 10.

Certificate No. 008.890 of State Registration of the Joint-Stock Company was issued by Moscow Registration Chamber on February 28, 1992.

Certificate of Entry in the Unified State Register of Legal Entities registered before July 1, 2002, No. 1027700148431 of August 22, 2002, was issued by Moscow Interdistrict Inspectorate No. 39 of the RF Ministry of Taxation for Moscow.

The member of Non-commercial Partnership "Auditor Chamber of Russia" (NP AG1R) being a self-controlled entity of auditors – Registration Number 870 in the Register of NP ACR members.

The principal record registration number (PRRN) in the Register of Auditors and Auditor Organizations is 10201003683.

Joint-Stock Company PricewaterhouseCoopers Audit (AO PwC Audit),

Business Center «Belaya Plotshad», Butyrsky Val str., 10, Moscow, Russia, 125047,
Tel.: +7(495) 967-6000, Fax: +7 (495) 967-6001, www.pwc.ru



AUDITOR'S REPORT

To Shareholders of Public Joint Stock Company «Nizhnekamskneftekhim»:

We have audited the attached Accounting Statements of Public Joint Stock Company «Nizhnekamskneftekhim» (hereinafter referred to as the "Company"), which comprises Accounting Balance Sheet as of December 31, 2015, Profit and Loss Statement, Capital Changes Statement, Cash Flow Statement for 2015, Explanatory Note to the Accounting Balance Sheet and Profit and Loss Statement (hereinafter collectively referred to as the "Accounting Statements").

Company Management Responsibility for Accounting Statements

The Company Management is responsible for the preparation and fair presentation of these Accounting Statements in accordance with Russian Federation Standards, and for such internal control necessary to enable the preparation of the Accounting Statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express the opinion on fair presentation of these Accounting Statements based on the audit carried out. The audit is carried out in accordance with Federal Standards on Auditing Activities and International Auditing Standards. These standards require compliance with the applicable ethical norms as well as planning and conducting the audit in such a way as to obtain reasonable assurance whether the financial statements are free of material misstatements.

The audit included performance of auditing procedures developed to obtain the audit evidence supporting figures given in the Accounting Statements and disclosure of information therein. The choice of audit procedures is the auditor's judgment based on the assessment of material misstatements risks whether due to fraud or error; in the course of such risk assessment, the internal control system providing development and reliability of Accounting Statements, was considered in order to select appropriate audit procedures, but not to express an opinion on the effectiveness of the internal control system. The audit also included evaluating the propriety of the applicable accounting policy and relevance of estimates made by the Company management, as well as evaluating the overall presentation of financial statements as a whole.

We believe that auditing evidence obtained in the process of the audit gives reasonable ground to express our opinion with regard to reliability of the Accounting Statements.

Opinion

In our opinion, the Accounting Statements fairly reflect, in all material respects, the Company's financial status as of December 31, 2015, outcomes of its financial and economic activities and cash flow movement for 2015, in line with the Russian Federation rules of the Accounting Statements development.

Director of AO Pricewaterhouse Coopers Audit
February 29, 2016



D.P. Derevyankin

FINDINGS OF AUDIT COMMISSION

summarizing results of financial and economic activity
of PJSC «Nizhnekamskneftekhim» for 2015

Kazan

February 26, 2016

The Audit Commission of PJSC «Nizhnekamskneftekhim» (hereinafter referred to as Audit Commission, Company) was elected at the Annual General Shareholders Meeting on April 22, 2015, based on Article 85 of the Federal Law «On Joint Stock Companies».

In its work the Audit Commission was guided by the Federal Law “On Joint Stock Companies”, Statute of PJSC «Nizhnekamskneftekhim» and Regulations “Operating Procedure of Audit Commission of PJSC «Nizhnekamskneftekhim».

The financial and economic activity of the Company was audited based on the results of the Company’s activity for the fiscal year of 2015. No unscheduled audits were conducted on the initiative of persons entitled to require such review. For the reporting period, no requests were filed to the Audit Commission from the Company’s shareholders and other authorized persons.

During the audit, the Audit Commission reviewed Annual Report and Annual Accounting Statements of the Company for 2015.

In the course of such audit, it was established, that:

1. In 2015, the Company’s activity was in compliance with the Russian Federation Legislation. The Accounting Statements were prepared on the basis of the Russian Federation Accounting Rules. The accounting policy for the year 2015 was approved by the General Director of PJSC «Nizhnekamskneftekhim» by Order No. 505-PO dated December 15, 2014.

2. Sales revenue in 2015 amounts to 150,597,392 thousand rubles, profit on sales – 27,284,788 thousand rubles, pretax earnings – 33,642,606 thousand rubles, net income – 26,482,585 thousand rubles.

3. The Company’s balance sheet assets as of December 31, 2015 equaled to 107,119,159 thousand rubles, including the following:

- Non-current assets amount to 63,805,482 thousand rubles, among them 56,603,251 thousand rubles fall within fixed assets – 89% of the Company’s total non-current assets;
- Working assets amount to 43,313,677 thousand rubles, among them: 15,269,993 thousand rubles fall within inventories – 35% of the total working assets, 13,242,152 thousand rubles fall within receivables – 30.6% of the total working assets;
- Capital and Reserves amount to 91,488,125 thousand rubles;
- Long-term liabilities amount to 2,330,117 thousand rubles;
- Short-term liabilities amount to 13,300,917 thousand rubles, including 1,652,121 thousand rubles (12%), which fall within short-term loans, and 10,097,275 thousand rubles (76%), which fall within payables.

4. No evidence of wages late payment was revealed at the Company.

5. Net asset value of the Company as of December 31, 2015 amounted to 91,979,514 thousand rubles.

The Company’s Accounting Statements allow to define a complete and objective situation on financial and economic activity of the Company and outcomes thereof. No facts of breach of the order of Financial and Accounting Statements presentation were determined. The accounting is in compliance with the Russian Federation Legislation. The Company keeps to the term of making Statements.

Based on audit and analysis of the Company’s activity, the Audit Commission has sufficient ground to confirm reliability of the data, contained in the Annual Report and Annual Accounting Statements of PJSC «Nizhnekamskneftekhim» for 2015.

Chairman of Audit Commission:



O.V. Ignatovskaya

CHRONICLE OF KEY
EVENTS IN 2015

INFORMATION
FOR SHAREHOLDERS

APPENDICES





06

« The social mission of the Company is manufacture of products for the society using the most efficient and safe methods, contributing to the social welfare of society and sustainable development of the territory and population well-being, life quality of the employees and their families »

SOCIAL RESPONSIBILITY

ENVIRONMENTAL PROTECTION

Ecological situation in 2015 was stable and accidental emissions that could have led to negative impact on the environment were not present. The Company has all necessary environmental facilities

Environmental activities of PJSC «Nizhnekamskneftekhim» are carried out in accordance with the stated policy and requirements of international standard ISO 14001 that is acknowledged by the conformity certificate issued by international certifying body IQNet. Recertification audit with the expansion of the certification scope of styrene-butadiene rubber (SSBR) was performed by Czech Association for Quality in 2015.

In practice, the activities of the Environmental protection are implemented in accordance with specially designed environmental programs. Since 2001 PJSC «Nizhnekamskneftekhim» has implemented three such programs.

In July 2014 an Environmental program was developed for the 2014 - 2020 period, the main goal being to achieve sustainable development of the Company, reliable protection of the environment to comply with the requirements of environmental legislation.

The specific objectives of the program are to increase the efficiency of environmental sustainability and emergency tolerance of the production units, the development of environment protection facilities, clean-up of the past environmental damage, improving the monitoring and environmental management system, creation of comfortable living conditions for the residents of Nizhnekamsk and Tukay municipal districts.

The program provides for landscaping and shade gardening of industrial and residential areas of the city, thinning of suburban forests, arrangement of the sanitary protection zone for Nizhnekamsk industrial hub.

In 2015, 59 activities were implemented in line with the current program to the total amount of 740.1 million rubles.

In 2015, in order to improve the treatment quality of effluent discharged into the Kama river and air, work was continued on the improvement and repair of some units of the biological treatment.

Effluent quality indicators such as suspended solids, petroleum products, nitrates, nitrites, iron, chlorides, sulphates, zinc, titanium, nonionic surfactants and methanol after the biological treatment facilities were improved.

According to the results of environmental monitoring it was noted that the discharge of waste water after bio treatment had no significant impact on water quality in the Kama river, which was confirmed by the results of the analysis of water above and below the discharge of sewage.

In 2015, the work started in 2014 on the alterations of the bacteriological laboratory was completed in accordance with the requirements of sanitary norms and rules and on fitting out laboratories with modern equipment.

In 2015, work was started on buffer pond No1 treatment on the Tungucha (Inish) river using high performance filtering woven system of Geotube geocontainer for drying. In 2015, about 16 thousand cubic meters of sediment was filled into the geotubes.





Work on cooling water efficiency improvement is always performed in PJSC «Nizhnekamskneftekhim» due to implementation of advanced technologies of water treatment and increasing of cooling towers energy efficiency after reconstruction. In 2015, overhaul was completed and two cooling towers were put into operation, that would save energy consumption by 4.746 million kWh per year.

In 2015, positive findings of state ecological expertise on the project «Reconstruction of Nizhnekamskneftekhim industrial waste landfill in operation» were obtained. Waterproof strengthening of two pits was carried out, one more pit was prepared for waterproofing.

Great attention is given to the efficient use of land. In particular, the increase in capacity of production units is done without occupation of additional land. The natural landscape is constantly preserved and restored. Soils disturbed during repair work of underground pipelines are cultivated and covered with fertile layer.

In 2015, 18 action items were introduced at the Company plants aimed at reducing emissions of pollutants into the atmosphere. Sealed apparatuses continued to be installed. In 2015, 28 pumps were replaced and brought up to a standard within an environmental program.

As a result of new technologies adoption, flare vents application as fuel, natural resources conservation, processes conduction optimization and process equipment replacement by more advanced one and pumps replacement by sealed ones, negative impact on environment is not increased. The values of certain parameters are improved. Since 2006 the reduction of pollutants emission into the atmosphere by 21,796 metric tons (or 49.3%) has been achieved.

In 2015, in comparison with 2014, the following was reduced:

- > Pollutants emission into the atmosphere by 4.3%;
- > Water withdrawal from the Kama river for production needs by 2.5%;
- > Waste water discharge after buffer ponds at the Strelchoni Log river by 70.8%.

In 2015, waste catalyst transmission to external companies for processing prevented wastes landfill in the amount 3.1 thousand metric tons.

Since 2008 automated system of environment monitoring is in operation. In 2015, the following measures were performed for the system development:

- > The Federal Service for Accreditation (RosAkkreditatsiya) performed accreditation for competence of environment objects of BTU departmental laboratory and confirmed the competence of the sanitary-industrial laboratory;
- > Software of automated stations of atmosphere pollution monitoring was improved with the aim of further development;
- > BTU laboratory equipment was upgraded for pollutants determining in emissions and waste water;
- > 5 methods were obtained for environment monitoring with the aim of compliance with standard requirements.

Great attention is paid to personnel training. In 2015, qualification in the following fields was improved:

- > Wastes handling – 90 persons;
- > Environmental safety – 31 persons;
- > Radiation safety – 2 persons;
- > Hydraulic structures – 2 persons;
- > Water supply and drainage – 16 persons.



The set goal to improve eco-efficiency, expressed in the specific units (per million rubles of output products in 2004 prices) was reached.

During the last five years (from 2011 to 2015) the unit cost of raw materials decreased by 8%, water for technological needs by 25.4%, electricity by 4.5%, fuel by 14%. Specific emissions were reduced by 25.6%, specific wastewater discharges by 15.6%, the specific formation of non-utilizable production waste by 3.4%, the efficiency of land use increased by 15%.

Positive results of environmental activities of PJSC "Nizhnekamskneftekhim" were honored by the Government Authorities of the Russian Federation and the Republic of Tatarstan. In 2015, the Company was awarded with diploma and medal of the winner of XI all-Russian competition "The Leader of Environmental Activity in Russia-2015", with diploma and medal "100 Best Companies of Russia. Ecology and Environmental Management".

Based on the results of the competition conducted within the inter-regional exhibition "Ecological Technologies and equipment of the 21st century", which is supported by the Office of the President of the Republic of Tatarstan, by the Government of the Republic of Tatarstan, PJSC "Nizhnekamskneftekhim" was awarded with diplomas: "For the Best Demonstration of the Organization of Environmental Monitoring Among Industrial Enterprises" and "For the Best Demonstration of the

Environmental Protection Operation Among Industrial Enterprises".

The Public report "On the state and protection of environment of the Russian Federation in 2014" (published in 2015) a general decrease in the concentrations of pollutants in the atmosphere of Nizhnekamsk was noted in comparison with 2013 year, in the first place - benzo(a) pyrene, which is the largest contributor to air pollution.

Perspective aspects of environmental activities in 2016

Environmental activities are conducted in accordance with "PJSC "Nizhnekamskneftekhim" environmental program for 2014-2020", the main activities of which in 2016 will be:

1. Biological treatment units reconstruction.
2. Cleaning of the buffer pools on the Tungucha river from the accumulated sediment
3. Adoption of waste water treatment technology (ultrafiltration) downstream of the ponds on the Tungucha river with the aim to reuse for production needs.
4. Modernization of water recycling systems.
5. Repair and recovery activities at of the underground utilities.



OCCUPATIONAL HEALTH AND SAFETY

PJSC «Nizhnekamskneftekhim» strives to constantly improve and perfect their activities in the field of industrial safety and health on the basis of regular monitoring

Safety certificate and effective certifying system of quality management improve image and competitiveness of the Company, characterize it as reliable partner and socially responsible business entity, that ensures its stable economic activity.

Management system integration complied with international standards requirements is the index of the Company sustainable development, serves as the base for planning and resources allocation, determination of common goals and assessment of common effectiveness of the organization.

In order to improve safety management system existing in PJSC «Nizhnekamskneftekhim» compliance and recertification audits of PJSC «Nizhnekamskneftekhim» integrated management system were conducted by specialists of the Association of Certification for Quality System IQNet (CQS) in March, 2015 against the requirements of international standards ISO 9001:2008, ISO 14001:2004, BS OHSAS 18001:2007. During the audits these standards requirements execution was fully checked.

Based on the findings of the recertification audit the validity period of the international certificate of integrated management system was extended that proved its positive execution at PJSC «Nizhnekamskneftekhim». The scope of certification was expanded, that showed the trend to constant improvement. Based on the findings of the compliance audit no discrepancies were detected, recommendations were offered, on the basis of which plan of improvement measures of integrated management system applied in the Company was developed to meet the requirements of OHSAS 18001 international standard.

In 2015, PJSC «Nizhnekamskneftekhim» continued the work on compliance with the requirements of international standards, the Company single policy, the obligations of which were aimed at industrial safety and labor protection. Pursuant to the requirements

of International Standard OHSAS 18001 in 2013 the «Program of Labor Protection and Industrial Safety for the 2013-2015 Period» was developed and approved. The program provided for the implementation of 180 measures aimed at improving industrial safety and labor protection. Activities planned for 2013 – 2015 period are fully implemented.

Fulfillment of the program in full scope allowed to implement a number of aspects in the field of safety ensuring and injury and occupational disease prevention at units of the Joint-Stock Company by reducing the level of occupational risks at the workplace.

An Agreement on labor safety for 2015 was concluded between the administration and trade union committee in order to increase occupational safety and improve working conditions. In accordance with this Agreement 27 activities were scheduled and fully implemented. During the implementation of these measures working conditions were improved for 1904 employees of the Company, including 591 women.

Labor safety expenses in 2015 amounted to 655 million rubles.

Constant increase of culture level at the plant

The training ground where employees and specialists practice their skills on firefighting, accidents and incidents mitigation and first aid treatment successfully operates in PJSC «Nizhnekamskneftekhim».

With the aim to train and examine personnel readiness for action in emergency training classes and alerts on "Accident Liquidation Plan" which is the base for obtaining practical skills for accident localization and mitigation are conducted in different department of the Company according to the elaborated schedules. On the whole, about five thousand training alerts and classes are conducted in the Company each year. Upon their completion personnel actions are assessed, reports are made indicating deviations detected during training alerts and elaborating measures on prevention and elimination on similar violations.

Industrial injuries and accident rate

In 2015, only one case of injury and two accidents with no injured occurred at PJSC «Nizhnekamskneftekhim». The cases were investigated by the Commission with the involvement of the representatives of State Labor Inspection, Rostekhnadzor, the causes were established as well as those responsible for the violations committed, according to the results of the investigation measures were developed to prevent similar cases in the future.

In 2015, the maximum permissible concentration of harmful substances and fire in the Company production units were not breached.

In the result of preventive activity measures on gas and fire safety level increase were elaborated for implementation in the Company departments. All proposed measures were fulfilled in full scope within the established time limit.

Based on the results of fire and technical inspection of PJSC «Nizhnekamskneftekhim» units in February, 2015, the fire safety condition of PJSC «Nizhnekamskneftekhim» was admitted by Emergencies Ministry Fire Safety Inspection Service Commission for the Republic of Tatarstan as compliant with fire safety requirements.

Meeting the requirements of industrial safety

41 hazardous production facilities operated at PJSC «Nizhnekamskneftekhim» in 2015, out of which 28 units are certified as Hazard Class 1, 1 unit – as Hazard Class 2, 4 units – as Hazard Class 3, 8 units – as Hazard Class 4. Liability insurance was arranged for injury resulting from an accident or incident at hazardous production facilities.

In the Company divisions Fire Preventive Organizations (FPO) and Supernumerary Emergency Response Teams (SERT) were established

and function. In 2015, SERT was equipped succeeded by accreditation of 25 organizations in intergovernmental commission (totally 69 SERT were certified in PJSC «Nizhnekamskneftekhim»).

In 2015, 757 measures aimed at increasing of industrial safety level were implemented.

Inspection of compliance with requirements and conditions while operating of hazardous production units is performed by monitoring authorities. In 2015, within constant inspection program hazardous production units of PJSC «Nizhnekamskneftekhim» were checked. According to their results, no deviations from license requirements were detected, the number of measures aimed at further increase of industrial safety level were proposed. During the accounting period the license was reissued, according to the results of which a perpetual license for operating of fire and explosion hazardous and chemically hazardous production facilities was obtained on December 29, 2015.

Preventive work

In 2015, 9 complex inspections of the state of occupational safety, industrial safety and industrial discipline of the shops were conducted by PJSC «Nizhnekamskneftekhim» specialists.

Also in 2015, 720 special inspections in different divisions of the Company were conducted. Inspection results were reported and analyzed, the reasons of the detected deviations were elaborated with the aim to eliminate and prevent repetition of the deviations detected.

Great attention is constantly paid to the state of industrial and occupational safety in different divisions of the Joint-Stock Company, including the results of the preventive activity, at the regular meetings of the General Director, Chief Engineer, Deputy General Director for Production and directly in the divisions of the Company. Moreover, "The Day of Occupational and Industrial Safety" of PJSC «Nizhnekamskneftekhim» attended by mass-media representatives is conducted each quarter.



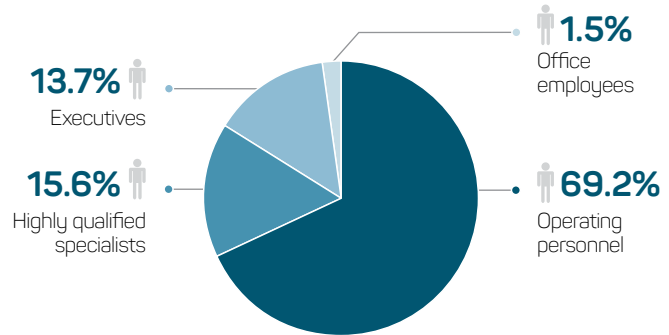
PERSONNEL

New policy in the sphere of personnel management was adopted in 2015, which is to ensure the development of the human capital of the Company in accordance with the chosen business strategy, and promote creation of a highly motivated professional team being able to solve the assigned tasks in an efficient way.

Personnel recruitment

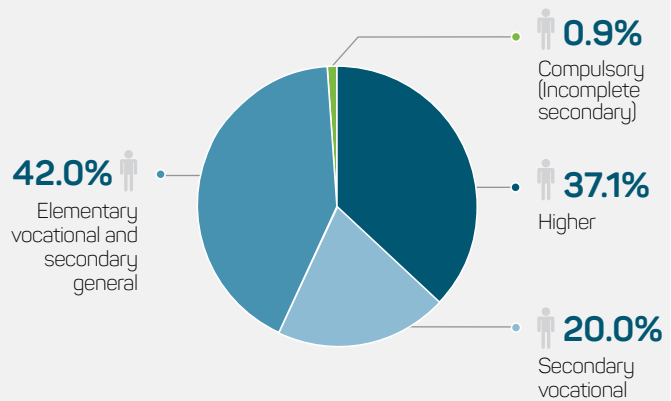
As of December 31, 2015 the quantity of employees of over than 300 types of occupation in PJSC «Nizhnekamskneftekhim» made up 16 109 persons (men – 9 922, women – 6 187). The personnel recruitment system is elaborated in the Company for stable provision with personnel of the required qualification.

STAFF COMPOSITION



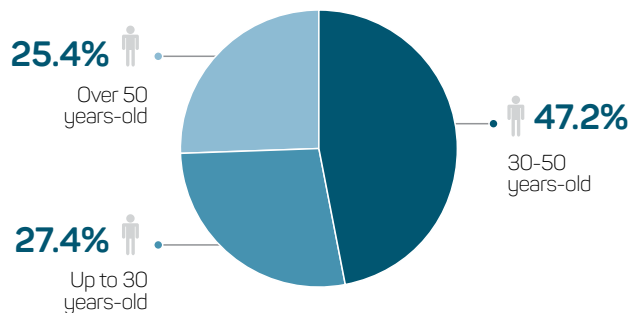
In 2015, the Company's share of workers with higher education accounted for 37.1%, with an average vocational education - 20%. 43 persons Graduate had an academic degree.

STAFF COMPOSITION EDUCATION WISE



The average age of the employees is 39 years old. The share of youth up to 30 years-old is 27.4% of total staff.

STAFF COMPOSITION AGE WISE



The Company appreciates its personnel and takes measures to retain it. The human resources manager conducts an interview with every worker who filed for voluntary leave, in order to find out the reason for his wish to quit the job. Whenever possible, if a worker is required for the Company as a good specialist, he will be offered a transfer to another department. For the young workers retention the Company performs a package of measures. Some measures to improve the living conditions of workers are developed and implemented. As a result, the Company manages to maintain a multidiscipline team, i.e. the HR stability factor is nearly 92%, personnel turnover rate - 6.46%.

Interaction with educational institutions of the city

Educational institutions of Nizhnekamsk prepare qualified staff for the Company, involve leading specialists of PJSC «Nizhnekamskneftekhim» for advising and reviewing of graduation papers, support different competitions and events.

With the aim to prepare plant-adapted graduates PJSC «Nizhnekamskneftekhim» establishes different trainings on professions in-demand. Each year educational institutions enter into contracts indicating type of practice, year of study, speciality, the number of students. Within this work the Company cooperates with four basic educational institutions of Nizhnekamsk:

- > Nizhnekamsk Institute of chemical-engineering;
- > Nizhnekamsk Petrochemical college;
- > Nizhnekamsk College of Technology;
- > Petrochemical and oil refining technical college.

In 2015, 1 711 students practiced in PJSC «Nizhnekamskneftekhim», 396 graduates of educational institutions were employed (in 2014 – 421 persons).

The Company implemented a program for a group training of skilled workers according to the type of occupation (specialties) of secondary vocational education in state institutions of the Republic of Tatarstan. On the base of this program PJSC «Nizhnekamskneftekhim» cooperates with Nizhnekamsk Petrochemical college and Petrochemical and oil refining technical college. These educational institutions entered into 63 contracts for training of specialists of the required professions.

In order to improve the quality of training the students of basic vocational educational institutions and for closer interaction with the Company a dual system of vocational education was introduced in 2013 that combined a theoretical training at an educational institution and practical training at the enterprise. Within this educational system Nizhnekamsk Petrochemical college and Nizhnekamsk College of Technology entered into cooperation agreement.

Vocational orientation

The first of September 2014 is the beginning of the implementation of the program developed by Nizhnekamsk Education authority of the Executive Committee and aimed at vocational guidance of schoolchildren in Nizhnekamsk. Under this program (on the basis of Technology and Petrochemical Colleges) seventh, eighth and ninth graders get career advice. Special excursion programs including visits to industrial areas and facilities were set up by PJSC «Nizhnekamskneftekhim» to let 46 schoolchildren see the chemical production process. For this purpose the Company provided transportation and specialists to deliver a summarizing lecture.

Recruitment

Operation of hazardous operation facilities in certain shops predetermines careful selection of personnel. Matching of the objective characteristics of candidates and new incoming workers to the needs of production was determined by way of thorough psychological diagnostic testing. The list of departments and positions was determined by the General Director order. Each tested specialist was given recommendations intended to improve his psychological resistance to the occupational hazards.

Staff training

PJSC «Nizhnekamskneftekhim» considers staffing, preserving and augmenting the existing human resources and their forward-looking development to be the most important tasks. To promote personnel development a corporate educational center specializing in 100 professions and majors trains personnel. In 2015 the educational center obtained a perpetual license to implement educational activities from the Tatarstan Ministry of Science and Education. There are

certain facilities established once and being updated on an ongoing basis which are aimed at developing skills of the Company staff and maintaining their high level.

Staff training is a multi-faceted and continuous process and it includes training of all personnel categories. In-house skills development is a priority and it means keeping personnel at work and gives a chance to satisfy 90 % of the training need and to optimize training costs. To implement educational activities the specialists of the company developed 60 training programs and exam papers in the professions and specialties related to the equipment maintenance.

In 2015, 8 953 (in 2014 – 6 746) employees were trained, of which: 5 694 (in 2014 – 5 313) of workers upgraded their skills at the production and technical courses, special purpose courses or were retrained and mastered the second profession, 2 989 (in 2014 – 1 433) managers and specialists upgraded their managerial skills. Upon completion of training 1 042 workers were upgraded.

As far as apprenticeship system is concerned one cannot over-emphasize the role of industrial training instructors, who are usually members of the key staff and have a very high level of expertise and better understanding of the overall situation. They have great respect for their profession and wish to pass it on to the younger generations. In 2015 qualification enhancement course was offered for the instructors to let them acquire additional pedagogical and communication skills. Training sessions and business games offered as a part of the course let highly-qualified workers help their younger colleagues during the apprenticeship program and create conditions for their adaptation in the team. 133 employees took this kind of training in 2015.

Educational projects the company takes part in serve to maintain personnel competence at a very high level.

In particular, 60 perspective managers from the Company's talent pool have taken a retraining course under the President's program for managerial staff in cooperation with Tatarstan regional branch of managerial staff training between 2000 and 2015.

Besides, the Company takes part in the employees training under the development program of the Kama region innovation cluster involving federal and regional subsidies to compensate for the course of training. The Kama region innovation cluster was founded in June 2012 as a result of competition between pilot development programs of Russian innovation clusters. The key actors of the cluster are petrochemical and automotive companies, Tupolev State Technical University, Kazan State Technological University and Kazan (Volga) Federal University. The total number of employees who have taken the retraining course under the program between 2012 and 2015 is 111, 43 of which took the course in 2015. 223 employees are to take the course in 2016 in leading universities of Tatarstan.

A new capacity-building project designed for managers and specialists and called "In-house target-oriented engineering staff capacity building program for 2015-16" was introduced in 2015 and it involves a principle of parallel funding both by the state and the companies. 30 employees are to take the course in 2016.

Personnel rating

50 evaluation committees of production units of the Company and the Central Commission were involved in the assessment the staff. Rating of each manager was determined during certification. 472 managers and 585 specialists were certified in 2015. The Commissions issued 772 recommendations for further professional growth.

Employees' opinion survey

To improve their work with the staff, sociologists systematically conducted surveys of employees on various topics. Knowledge of the views of the collective and individual socio-professional and demographic groups allows working directly with the staff, to take into account the interests and needs of employees, to develop measures

to improve the work with collectives. In 2015, a total of 19 sociological studies were carried out, 7 296 people were surveyed. 54 quick surveys were conducted on the corporate portal and 250 employees took part in each of them. The housing needs of 13 658 employees were analyzed the same way.

Monitoring the quality of working life

In addition to current opinion polls the Company monitors employees' satisfaction with various aspects of working life in order to determine the level of quality of working life in the Company. In 2015, 1 277 employees were interviewed on this topic. Department meetings were held to discuss the results of the study and labor collective development programs were worked out. It was revealed that the level of employees' satisfaction remains high.

Working with personnel reserve

697 employees were put on the List of Reserve of managerial personnel for the 2014 -2018 period. Every employee on the List of Reserve was interviewed and tested to determine his managerial and professional potential. Training of the employees was carried out according to the approved programs. 135 people from the reserve took up new positions in 2015, among those as managers – 121 persons, as specialists – 14 persons.

Staff motivation

In order to motivate the employees of the Company the Regulation on the promotion of employees of PJSC «Nizhnekamskneftekhim» was enacted to promote contribution to the development of the Company.

In 2015, 415 persons were awarded the honorary title "Veteran of the Company", portraits of 32 persons were put on the Honors Board of the Company, 1 person was enrolled into the Book of Honor, and a portrait of 1 person was added to the Alley of Veterans. 14 persons got a Letter of Gratitude from the General Director, 959 persons got Certificate of Honor, 284 persons were awarded a commendation.

160 persons received state, corporal and municipal rewards.

- › 4 persons were awarded a medal "Valorous Labor"
- › the title of honor "Distinguished Chemist of Tatarstan" was given to 8 persons
- › 2 persons got a "Distinguished Chemist" title

- › 5 persons were acknowledged by the President of Tatarstan
- › 7 persons received a letter of gratitude from the Cabinet of Ministers of the Republic of Tatarstan
- › 67 persons received Certificate of Merit and acknowledgement from different Ministries of the Russian Federation and the Republic of Tatarstan
- › 2 persons got a Certificate of merit from the representative of the Russian Federation President in the Volga region
- › 65 persons received a Certificate of Merit and a Letter of gratitude from the Head of the Nizhnekamsk Municipality

Public recognition

The training center of PJSC «Nizhnekamskneftekhim» took part in the first Russian national competition among further professional training institutions which was organized by interregional public organization "Moscow Entrepreneurs Association" and the International Academy for Educational Development, and was awarded an Honorary diploma for active participation and the high level of represented materials. The training center of PJSC «Nizhnekamskneftekhim» submitted two projects – "Educational institution presentation" and "Innovation project". Under the "Innovation project" «Nizhnekamskneftekhim» presented an extension course for working pensioners "Internet longevity" aimed at personal development, social integration, strengthening life position of elderly people and making electronic public services available to them. Under this program 158 employees attended the course and 67 of them did it in 2015.

PJSC «Nizhnekamskneftekhim» participated in the regional stage of the All-Russian contest "The Russian Organization of High Social Efficiency" and was awarded the first place in the nomination "Staff capacity development in the production sector companies". It was the second place the Company was awarded in the following nominations: "Reducing the rate of injury and occupational diseases in the production sector companies", "Promotion of a healthy way of life in the production sector companies", "Developing the social partnership system in the production sector companies". The contest "The Russian Organization of High Social Efficiency" has been held every year since 2000. It is targeted at attracting more public attention to social issues both at the enterprise level and at the level of institutions, as well as at identifying the best social projects promoting a positive social image.



Since 2012 111 employees have taken training course under the Program of development of the Kama region innovation territorial-production cluster

SOCIAL POLICY

Youth outreach

Implementation of a youth targeted policy is one of the priorities at PJSC «Nizhnekamskneftekhim».

The Collective agreement provided a number of benefits for young people. Every year, about 100 young people are called up for military service, leave the Company and return from the Armed Forces to work for the Company. Workers, who returned after the military service within three months, receive material assistance. Newly recruited young people after the services in the Armed Forces of the Russian Federation within three months also receive material aid. Young families are allocated a loan of 50 thousand rubles to purchase essential goods. For these purposes 10 million rubles were allocated in 2015.

Constant work is stated to be going in chess club, radio school, as well as the creative circles of young journalists and computer graphics.

As a part of youth military-patriotic education the various thematic activities have been organized on a regular basis. In 2015, they were devoted to the 70th anniversary of Victory in the Great Patriotic War: military and technical relay, radio expedition Memorial "Victory – 70", amateur performance festival "Victory Salute!", as well as military-patriotic profile session "The Island of Courage" with participation of students and instructors of military-patriotic complex "Heritage" at the children's health camp "Youth". Visiting exhibition of Great Patriotic War museum was arranged by the search group "Neftekhimik", and 25 members of this search group took part in the All-Russian action "Memory Vigil 2015", whose purpose was to honor the memory of those killed in the Great Patriotic War. Young employees of PJSC «Nizhnekamskneftekhim» regularly participate in the Best in Profession contest, competitions of professional excellence.

In October 2015, the team of PJSC «Nizhnekamskneftekhim» ranked first at gala concert of the festival of television creativity of young workers of enterprises and organizations of the Republic of Tatarstan team.

In the same month, representatives of the Company became the first at the Republican youth spartakiada games of "Outpost" teams.

The KVN team "Chemists Avenue" has participated in games of KVN Central League "Volga Region" of the International KVN Union. In December 2015, the team won Grand Prix of KVN festival games "The League of Young Workers of the Republic of Tatarstan".

According to the results of the republican contest "Capacity of the Republic" the youth organizations of PJSC «Nizhnekamskneftekhim» was among the winners and got a special award for the best youth work among corporates and organizations of the Republic of Tatarstan.

Pension plan

There is a number of provisions to provide material aid and social assistance to former employees. In 2015, the amount of non-state pension and monthly pension supplements (for the workers laid off before 2001) was 66.5 million rubles. A lump sum on retirement was allocated, which amount depends on the labor contribution. In 2015, such benefits were paid off to the amount of 101.4 million rubles. Remunerations are paid on the red letter days: the Victory Day, the Day of Defender of the Fatherland, the Day of Elderly People, and the anniversaries. Total payments to pensioners for holiday dates in 2015 amounted to 9.65 million rubles. Pensioners and veterans are attached to a hospital for medical care at the expense of the Company. In 2015, 3.8 million rubles were allocated for the treatment of non-working pensioners.

Maternal and Child Care

There are 38.4% women workers at the Company. Many of them work for many years for the Company, have families and children. Given a special role for women in the society, in parenting, the management and the trade union committee create more favorable working and leisure conditions for them.

Each year the Company organizes Christmas pageant for children of the workers.

For second consecutive year Christmas town in the park area "Neftekhimik" becomes one of the most favorite places in the city to spend New Year holidays for school children, residents and city guests. In 2015 the park won a nomination "Bright lights, Big city", among Christmas park zones, awarded by Nizhnekamsk municipal area of the Republic of Tatarstan.

PJSC «Nizhnekamskneftekhim» provides a one-time financial aid in the amount of 10 thousand rubles to women after the birth of a child; at the birth of two children at the same time (twins) – 70 thousand rubles; a the birth of three children in one go (triplets) – 100 thousand rubles. In 2014, material payments for child birth amounted to 9.45 million rubles (in 2014 – 9.35 million rubles). One day off is provided every month with a 50% fee to mothers with children under the age of 16. During summer holidays "Ship Grove" sanatorium and recreation camp operate in the Mother and Child arrangement, which is very convenient for workers. Children of petro chemists have a possibility to unwind in "Youth" and "Olympian summer camps". During the summer season about 1,234 people enjoyed their rest in the "Youth" camp and 311 in the "Olympian" camp.

Non-financial accounting

Annual publications of non-financial reporting (Sustainability Report) along with the results of activity have become the norm for the Company. In 2015 the sixth Sustainability Report was published for the year of 2014, which reflects the results of operations, including the work of personnel. The report was prepared using GRI Reporting Guidelines on Sustainable Development, the AA1000SES stakeholder engagement standard, the Social Charter of Russian business and covers practical information on almost all the GRI essential reporting elements and performance indicators. According to the independent conclusion of a third party the reporting standard meets the criterion A+.

The report received public assurance in the Non-Financial Reporting Council of the Russian Union of Industrialists and Entrepreneurs. The report results on social activities of PJSC «Nizhnekamskneftekhim» are summarized in the collection of corporate policies of Russian Union of Industrialists and Entrepreneurs.

Mortgage program

The Company pays great attention to solving one of the crucial problems – provision of workers with comfortable housing. In 2015, the Company reserved 729 apartments, including 235 apartments distributed under the program of social mortgage and industrial clusters development; and according to additional housing program 494 apartments were distributed for the employees of TAIF Group

companies. Within these programs the initial contribution of 569 allocated loans in amount over 155.4 million rubles were repaid.

In 2015, for the purpose of financial support of the employees in accordance with the "Regulations on the provision of benefits under the housing program by PJSC «Nizhnekamskneftekhim»" the Company allocated 11.64 million rubles to 454 employees.







CHRONICLE OF KEY EVENTS IN 2015

JANUARY

- 15** On January 15, the results of implementation of the collective agreement in 2014 were discussed at the meeting of the workers and employees of the Company. A document was signed to regulate the relations between workers and employees and the Company's management for the year 2015. It retains all the benefits and payments that have taken place in the collective agreement of 2014.
- 21** On January 21, the meeting of Federal Environmental, Industrial and Nuclear Inspection Service of Russia (Rostekhnadzor) was held at PJSC «Nizhnekamskneftekhim». The results of activities focused on assurance of industrial safety and energy safety of operation of hazardous production facilities of chemical, petrochemical and refining industry in 2014.
- 27** An automatic bale palletizing line of SKI-3 has been commissioned at Synthetic Rubber Plant.
- 29** On January 29, a regular meeting of the Board of Directors of PJSC «Nizhnekamskneftekhim» was held. The Board of Directors took note of the actual payment of all taxes and dues by the Company into the consolidated budget of the Republic of Tatarstan in 2014, and the implementation of measures to increase the market capitalization of the Company in 2014 and the volumes of processing Nizhnekamskneftekhim plastics by the companies of Nizhnekamsk industrial district. The Board of Directors has approved the progress in implementation of the Ecological Program for the period 2014 - 2020 as well as the Program of health and safety management for the period 2013 - 2015.
- 29** On January 29, Prime Minister of the Russian Federation Dmitry Medvedev awarded representatives of PJSC «Nizhnekamskneftekhim» with a Prize of the Russian Federation Government in the field of quality following the results of 2014. "It is not easy to gain a reputation of reliable manufacturer that also renders services. It was not easy in 1990s and it is not easy now, too. It is commonly known that it is much more complicated to keep leadership that is why your achievements are always a result of a team work. I would like to emphasize professional skills of all companies that will be awarded today and say that you do a lot for strengthening of competitiveness, for the development of your industry sector," – mentioned Prime Minister in his opening speech.
- 30** On January 30, PJSC «Nizhnekamskneftekhim» was awarded with a Commemorative token "BEST SUPPLIER 2014" by OOO Samsung Electronics Rus Kaluga. Samsung Electronics Rus uses NKNK's polypropylene as a compound, high impact polystyrene and dyed ABS plastic in their production of domestic appliances.



FEBRUARY

- 2** PJSC «Nizhnekamskneftekhim» was awarded with a Diploma "For a wide range of plastics and rubbers of high quality" at the end of the 18th International special plastics and rubbers exhibition "Interplastika-2015". Professional work of Company's managers was awarded with a special Diploma of OOO Messe Dusseldorf Moscow.
- 25** Ildar Taimasov, a Shift Supervisor of plant for production of styrene and polyether resins, was given a title of laureate of all-Russian competition "Engineer of the Year 2014" in the nomination "Youths engineering skills". Ilshat Khuzeev, a Polystyrene Plant software engineer, was awarded with a Winner's Certificate in the first audition of this Contest in the abovementioned nomination. Six employees of NKNK were awarded the title of "Russian Professional Engineer" that are Anatoliy Poretskov, Roman Matukhin, Marat Misbakhov, Dilyara Khasanova, Alsu Savelieva and Ildus Fatkhutdinov following the results of the first round in the nomination "Professional Engineers".



MARCH

- 11** General Director Azat Bikmurzin, Company's Chief Process Engineer Anas Sakhabutdinov, Plant Director for production of synthetic rubbers Akhtyam Amirkhanov and Deputy Director of Company's R&D Center Vladimir Shepelin in cooperation with the team of scientists from Voronezh Branch of NIISK, OOO SIBUR and Russian Chemical-engineering University named after D. Mendeleev were awarded a Prize of the Russian Federation Government of the year 2014 in the field of science and technology and got a title of "Laureate of a Prize of the Russian Federation Government in the Field of Science and Technology" for the development and implementation of rubber production with the use of anionic polymerization.
- 13** General Director of PJSC «Nizhnekamskneftekhim» Azat Bikmurzin was awarded with a title of honor "Honored Chemist of the Republic of Tatarstan" by the Decree of President of the Republic of Tatarstan.
- 19** The regular meeting of the Board of Directors of PJSC «Nizhnekamskneftekhim» was held on March 19. The Board of Directors preliminary approved the annual financial statements including the profit and loss account of the Company for 2014, financial and operating performance, implementation of investment and financing program of PJSC «Nizhnekamskneftekhim» and «Nizhnekamskneftekhim» Group in the aggregate in 2014, acknowledged the auditor's opinion and findings of the auditing commission of the Company in 2014, and also preliminary approved the 2014 Annual Report of PJSC «Nizhnekamskneftekhim» and adopted 2014 Sustainable Development Report of the Company.
The Board of Directors suggested that 30 percent of the net income of PJSC «Nizhnekamskneftekhim» be allocated for payment of dividends based on the results of financial and economic performance in 2014, and after reviewing the results of closed competition for selection of an independent auditor, PricewaterhouseCoopers Audit was recommended for approval at the Annual General Meeting of Shareholders as the auditor in 2015.
The Board of Directors approved the agenda of the Annual General Meeting of Shareholders of PJSC «Nizhnekamskneftekhim», and the wording to be published in print media, the format and texts of voting bulletins, and the list of information for shareholders familiarization.
- 16-23** On March 16-23, a compliance audit of Quality Management System, Safety and Health Management System and re-certification audit of Environmental Management System have been performed at PJSC «Nizhnekamskneftekhim». Auditors confirmed compliance of Quality Management System with the requirements of International Standard ISO 9001:2008, compliance of Environmental Management System to the requirements of ISO 14001:2004, compliance of Safety and Health Management System with the requirements of OHSAS 18001:2007 and extended the field of certification for engineering, development and production of styrene butadiene synthetic rubber (SSBR).
- 27** On March 27, the presentation of Company strategic development was performed for the members of Russian Sberbank delegation managed by the Deputy Chairman of Management Board of Sberbank, Leader of Sberbank CIB Oleg Ganeev.

APRIL

- 1** On April 01, PJSC «Nizhnekamskneftekhim» was awarded the first place Diploma in the nomination "Power Efficient Developments" for the development of water steam condensate recovery technology to Power Station from the production facilities of the first industrial area following the results of industrial competition carried out in the frame of 16-th international specialized fair "Power Industry. Cost-effective use of resources" and XV International Symposium "Energy resource effectiveness and energy saving". The Company participation in the execution of National program "Energy Saving and increase of energy efficiency in the Republic of Tatarstan for 2014-2020" and achievement of the best characteristics in the field of energy saving and increase of energy efficiency were awarded a Diploma and statuette in the nomination "Chemistry and Petrochemistry".
- 18-19** On April 18-19, PJSC «Nizhnekamskneftekhim» joined the ranks of competition laureate "100 Best Companies in Russia. Environment and Environmental Management" according to the results of IX All-Russian conference "Ecology and Industry. Development prospects of economical gear of environmental safety". The Company's General Director Azat Bikmurzin was awarded a gratuity sign "Ecologist of the year 2015" for achievements in the field of rational nature management and decrease of negative impact on the environment.
- 20-22** On April 20-22, PJSC «Nizhnekamskneftekhim» was awarded a Grand Prize, a Gold Medal and a Prize for implementation of effective energy saving equipment and technology during production of ABS-plastic following the results of the XIII-th Moscow International Energy Forum and a Fair "Fuel & Energy Complex in Russia in the XXI century". Implementation of Fast-acting Automatic Switch over Unit at the production facilities of the Company was awarded a Diploma "For the Development of innovative technologies in the field of energy production and for increase of energy saving reliability". One more Diploma has been awarded to the Company for the achievement of significant figures in the field of energy saving and saving of resources among the companies of the Russian Federation petrochemical complex.
- 22** On April 22, the Annual General Meeting of Shareholders at PJSC «Nizhnekamskneftekhim» summarized the Company activities in 2014. The meeting was attended by i.a. President of the Republic of Tatarstan, Rustam Minnikhanov. After completion of the Annual General Meeting of Shareholders, the first meeting of the Board of Directors traditionally took place in a new composition. Members of the Board of Directors elected Vladimir Busygin as the Chairman of the Board of Directors and also confirmed authorities of Azat Bikmurzin as the General Director of PJSC «Nizhnekamskneftekhim».
- 22** On April 22, the fourth rubber finishing and drying line was put in operation at the Butyl rubber Plant. President of the Republic of Tatarstan Rustam Minnikhanov, Chairman of the Board of Directors of PJSC «Nizhnekamskneftekhim» Vladimir Busygin and General Director of PJSC «Nizhnekamskneftekhim» Azat Bikmurzin took part in this ceremony.
- 28** Decomposition unit of higher boiler by-products was put into operation at the plant for production of isoprene monomer of PJSC «Nizhnekamskneftekhim»; this unit is intended to be used for catalytic decomposition of abovementioned products forming isoprene, formaldehyde and isobutylene. This Project execution will allow producing feedstock for production of nearly 15 kta of isoprene rubber additionally.



MAY

- 14 On May 14, PJSC «Nizhnekamskneftekhim» was awarded a Prize "Investor Awards" in the nomination "For the Best Corporate Business Development Strategy for the Year of 2014" in the frame of the VI-th forum "Investments in Russia".
- 19 Commercial production of a new type of product – triisobutylaluminum (TIBA) was started at the Oligomers plant in the frame of import substitution program.
- 21 On May 19, a dividend payout for 2014 to nominee shareholders of PJSC «Nizhnekamskneftekhim» in an amount more than 2.2 billion rubles was completed.
- 26-29 The Legal Department of PJSC «Nizhnekamskneftekhim» won the X annual contest "Best Legal Departments of Russia-2015" the results of which were announced at the V-th St. Petersburg International Legal Forum.
- 28 The regular meeting of the board of directors of the Company was held on May 28. Management Board members of the Company were elected consisting of 19 people, also positions overlapping was authorized for Management Board members of the Company in the management bodies of any other institutions. Committees of the Board of Directors were approved as well as distribution of management over the main areas of activity of PJSC «Nizhnekamskneftekhim» between the Board of Directors members, and appointment of supervisors of these activities from executive departments of PJSC «Nizhnekamskneftekhim». The action plan of the Board of Directors for 2015 – 2016 was approved at the meeting.
- 29 The third Republican Festival dedicated to the Chemists Day was held in the Ice Palace of PJSC «Nizhnekamskneftekhim» on May 29, 2015. The ceremony was attended by Rustam Minnikhanov, acting President of the Republic of Tatarstan, and Mikhail Babich, Presidential Envoy in the Volga Federal District. Large group of workers of PJSC «Nizhnekamskneftekhim» were presented with high awards in the course of the festival. Chairman of the Board of Directors of the Company Vladimir Busygin received the main prize of IISRP (International Institute of Synthetic Rubber Producers). Honorary title "Distinguished Chemist of the Republic of Tatarstan" was given to Azan Bikmurzin, General Director of the Company, Kh. Motygullin, compressor operator of ethylene oxide plant, R. Petrov, warehouse technician of butyl rubber plant, Vladimir Popov, operator of synthetic rubber plant, and I. Fazylov, operator of ethylene plant, title "Honored Petrochemist of the Russian Federation" went to Kh. Sabirov, operator of synthetic rubber plant and A. Komlev, operator of oligomers plant.



JUNE

- 1 On June 1, a Plastics Plant is formed at PJSC «Nizhnekamskneftekhim» with the aim of restructuring on the base of Polystyrene Plant and Polyolefins Plant of the Company.
- 8 PJSC «Nizhnekamskneftekhim» received a Compliance Certificate of BK-1675P butyl rubber production to the international standard EN ISO 22000:2005 as a result of audit held by the specialists of certification body IQNet Czech Association for Quality System Certification CQS. It is an initial stage of food grade butyl rubber certification according to FSSC 22000.
- 9 On June 9, a dividend payout for 2014 to the shareholders of PJSC «Nizhnekamskneftekhim» (other than nominee shareholders) in an amount of more than 566 million rubles was completed.
- 17-18 On June 17-18, PJSC «Nizhnekamskneftekhim» represented its product at Tatarstan-Kazakhstan polymer forum in the frame of the II-d International Conference "Refining and Petrochemistry of Central Asia".
- 22 On June 22, NKNK FINANCE PLC paid to the holders of Eurobond "NKNK- 2015" coupon income in the amount of 263.5 thousand US dollars and repaid the 1/10 portion of issue in the amount of 3 million 100.6 thousand US dollars in accordance with the repayment schedule.
- 30 PJSC «Nizhnekamskneftekhim» started implementation of another big campaign in the frame of running Environmental program. Works at cleaning of river Tungucha buffer ponds from accumulated silt were started.



JULY

AUGUST

- 21 RR4445T polypropylene grade and PEG-400 polyethylene glycol grade of PJSC «Nizhnekamskneftekhim» became laureate of competition "The Best Products and services of the Republic of Tatarstan" of the year 2015 in the nomination "Technical and industrial goods". Another product that was represented at the fair - ethylene glycol - was also honored with the First Place Diploma.
- 29 The pilot testing of a newly developed in R&D Center eco-friendly corrosion and scale inhibitor for water circulation systems was carried out at PJSC «Nizhnekamskneftekhim». The proposed inhibitor allows to decrease environmental damage due to reduction of biogenous phosphorus and sulfates content in waste water, and it also is much more profitable decision from economic point of view.
- 30 A regular meeting of the Board of Directors was held on July 30. The members of the Board of Directors took note of the information about the efficiency of using the production facilities of PJSC «Nizhnekamskneftekhim» following the results of the first half of 2015, as well as the information about the actual payment of taxes and dues to the consolidated budget of Tatarstan Republic for the same period. Also the information on the "Program of activities for the main directions of joint scientific researches of PJSC «Nizhnekamskneftekhim», carried out with the leading research and educational institutions of the Republic of Tatarstan and the Russian Federation for the period of 2015 - 2020 was shared. The Board of Directors approved plans of activities of the Board's committees for audit, personnel and remunerations for 2015-2016.

- 7 The Environmental Monitoring System of PJSC «Nizhnekamskneftekhim» was improved. An additional function "odor monitoring" was included to the Video wall allocated in the Company's Master Control Center. In case of detection hydrocarbons concentration at the control stations equal to 10% of nominal rate a light alarm activates. This information is immediately transferred to Environmental Department, to dispatching offices, to operating services and to the Company's Management.
- 26 On August 26, fire-fighting service brigades of PJSC «Nizhnekamskneftekhim» divisions have shown their good training and good experience in fire suppression with the use of primary firefighting equipment in course of final drill performed at a drill ground of Fire-fighting Detachment No. 33. The First Place was awarded to the brigade of Railway transport Division.



SEPTEMBER

2 On September 2, the team of plant for production of styrene and polyether resins won the first place in the competition of Non-staff Gas Rescue Battalions of PJSC «Nizhnekamskneftekhim» divisions that was held at a training drill ground of IP-4. 14 teams, the representatives of all Company's plants, took part in the competition including a Division for Water Supply, Sewerage and Waste-water Treatment, Rail way transport Division, Power Station Division and R&D Center.

2-4 On September 2-4, PJSC «Nizhnekamskneftekhim» became a winner of Grand Prize in contest for the best show-piece, project or technical solution in the frame of the XXII Tatarstan petrochemical and gas chemical forum in the nomination "Goods with new or improved parameters" for the development and implementation of production process for manufacturing of the goods with a new properties namely butadiene styrene synthetic rubber that is used for «green» tires.

9 It was the first time that decontamination process was used in preparation of equipment for the overhaul as part of the program of harmful environmental impact mitigation at the facility of pyrolysis gasoline hydrogenation and benzene and butadiene production at the ethylene plant of PJSC «Nizhnekamskneftekhim». Now, instead of primary steaming, the equipment is flushed with an aqueous solution of a chemical reagent that absorbs all hydrocarbons. This reagent is also added to steam that is fed to the heated equipment being prepared for repair. After steaming operation, flushing water and condensate are collected and sent to the special tank, from where later they are directed for thermal treatment.

21 Specialists of the plant for production of styrene and polyether resins in cooperation with the specialists of R&D Center performed a mutual pilot testing of a technology intended for decreasing of environmental negative impact during preparation of the equipment to complete overhaul. During complete overhaul a specially selected composition of surface-activated substances was tried at acetophenone hydrogenation unit for flushing of equipment and piping. As a result, it became possible to reduce sufficiently the residues of hydrocarbons at the equipment walls and decrease a time of equipment steaming out.

21 The regular meeting of the Board of Directors of the Company was held on September 21. Members of the Board of Directors acknowledged the information related to the financial and economic performances, the information about the analysis of efficiency of investments in the subsidiaries and associates of PJSC «Nizhnekamskneftekhim» as of July 01, 2015 and also information about the expected financial and economic performances of subsidiaries as of the end of 2015, and implementation of investment and financing program of PJSC «Nizhnekamskneftekhim» and «Nizhnekamskneftekhim» Group in the aggregate for 6 months of 2015, and information about receivables and payables of PJSC «Nizhnekamskneftekhim» as of July 01, 2015 and measures for their reduction as well as information about loan and pledge portfolios of PJSC «Nizhnekamskneftekhim», the current version of the production and financial plan of PJSC «Nizhnekamskneftekhim» till 2020. The Board of Directors reviewed the expected volume of payments of PJSC «Nizhnekamskneftekhim» to the consolidated budget of the Republic of Tatarstan for 2016; and approved the production and financial plan of PJSC «Nizhnekamskneftekhim» for 2016, as well as the investment and financing program of PJSC «Nizhnekamskneftekhim» and of «Nizhnekamskneftekhim» Group in general. The Board of Directors elected the Management Board of the Company consisting of 10 members.



OCTOBER

13 One more environmental protection measure was implemented at the Ethylene Plant in order to exclude gasoline vapors from getting straight in the atmosphere during storage. Now all vaporized hydrocarbons from nitrogen tank will originally directed to the sulfur recovery section, then gasoline vapors are absorbed in the absorber, and the nitrogen, after control of the hydrocarbons, is released into the atmosphere. Gasoline is recovered from the adsorbent in the form of condensate and returned to the storage tank.

23 In the context of implementation of the long-term ecological program, waterproofing of another two plots (tanks for disposal of non-recycled waste) was completed on the existing waste landfill of PJSC «Nizhnekamskneftekhim». The works on reinforcement of plots waterproofing at the waste landfill have been carried out since 2012. To avoid any adverse effect of the waste landfill on the ground water, waterproofing is reinforced using modern waterproofing materials such as chemically resistant geomembrane Carbofol and geosynthetics based on Bentofix bentonite clays. To ensure mechanical protection of the geomembrane, the needed artificial wool geotextile is used.

27-30 On October 27-30, ten types of products of PJSC «Nizhnekamskneftekhim» were awarded a First Degree Exhibition Certificate at the III Moscow International Chemical Forum «Chemistry-2015», at «Expocentre» for their high consumer properties. Among those were plastics, halobutyl (chlorobutyl rubber and bromobutyl rubber), and styrene-butadiene (SBR) rubbers, ethylene glycol and polyether PEG-400. The Company was also honored Certificates of the Exhibition organizer - ZAO «Expocentre» - for development and commercial production of new high-quality products and contribution to the development of the petrochemical industry in Russia as well as for the professional work of managers at the exhibition. The General Director of the Company, Azat Bikmurzin, was also honored a Certificate for his great contribution to the development of the petrochemical industry in Russia.



NOVEMBER

3 On November 3, PJSC «Nizhnekamskneftekhim» became the winner of «The III National rating of corporate transparency contest 2015» of major Russian companies, annually held by the Russian regional network of integrated reporting. The Company took second place in the nomination «Leader of corporate transparency among private companies 2015».

11 On November 11, Rustam Minnikhanov, President of the Republic of Tatarstan, visited the revamped Linear Alpha-Olefins Plant of PJSC «Nizhnekamskneftekhim» during his working trip to Nizhnekamsk. President visited the site of the revamped Linear Alfa-Olefins Plant (LAO). General Director of PJSC «Nizhnekamskneftekhim» acquainted him with the course of pre-commissioning activities at this plant. The intent of plant modernization is a production of goods required for manufacturing of polyethylene at the existing plant of NKNK and at Grassroots Olefins Complex.

19 The RR4445T polypropylene brand produced at PJSC «Nizhnekamskneftekhim» became the winner of the contest «100 Best Goods of Russia» in 2015 in the nomination «Production of Technical and Industrial Goods». Two other products - polyether PEG-400 brand and ethylene glycol - won the First Degree Certificates.

19-21 On November 19–21, PJSC «Nizhnekamskneftekhim» was honored with a First Place Diploma for the Effective Management System in the field of energy saving and increasing of energy efficiency at the industrial facility and got a honorary winner award of the Second All-Russian Competition for implemented projects in the field of energy saving and development of power industry ENES-2015.

25 On November 25, PJSC «Nizhnekamskneftekhim» became the winner of the Third National Award «Polymers of Russia» in the nomination «Import substitution». The ceremony took place at the 8-th Forum «Polymers of Russia».

26 On November 26, a regular meeting of the Board of Directors PJSC «Nizhnekamskneftekhim» was held. The Board of Directors approved the results of financial and economic activities, implementation of the plan of capital investments and financing of PJSC «Nizhnekamskneftekhim» and the whole group of NKNK companies as of 9 months of 2015, took note of the report on the activities of the Internal Control Management of PJSC «Nizhnekamskneftekhim» as of 10 months of 2015 and approved the work plan of the Office for the year 2016 and the strategy of development of business in terms of sales of finished products.



DECEMBER

- 4** Sanitary & Industrial Laboratory (Engineering Supervision Board) of PJSC «Nizhnekamskneftekhim» has successfully passed the procedure of confirmation of competence to meet the requirements of GOST ISO / IEC 17025-2009 Standards and accreditation criteria.
- 4** On December 4, 12 petrochemical specialists took part in the corporate competition of the Young Shift Supervisors at the Training Center for the personnel of PJSC «Nizhnekamskneftekhim». The winner of the contest was Yuriy Nikonov, the Shift Supervisor of the Synthetic Rubber Plant.
- 9** PJSC «Nizhnekamskneftekhim» was awarded a Diploma and a Winner's Medal of the 11th All-Russian Contest «Leader of Environmental Activity in Russia-2015». In this competition, PJSC «Nizhnekamskneftekhim» participates since 2006 and each year the Company becomes the winner.
- 11** On December 11, a professional skill competition of electricians working at PJSC «Nizhnekamskneftekhim» was held at engineering school. 15 employees of the Company at the age up to 35 years and engineering school student have participated in this competition. A representative of Energy Supply Division Ruslan Romanov became the winner.
- 16** On December 16, Ordinary shares of PJSC «Nizhnekamskneftekhim» were included in the new composition of the MICEX Index and the RTS Index. The MICEX Index and the RTS Index are the main indexes of the Moscow Stock Exchange and correspond to the composite price indexes of the Russian stock market weighted at a market-dependent capitalization rate. They include the 50 most liquid stocks of the largest and dynamically developing Russian issuers, which economic activities are among the major sectors represented at the ZAO 'MICEX Stock Exchange'.
- 17** On December 17, the results of VII corporate competition of PJSC «Nizhnekamskneftekhim» young innovators were announced. Winner's certificate in the nomination "The Best Technical Solution, implemented for the period of 2014-2015" was awarded to Irek Gazizov, process engineer of R&D Center. His study "Method for production of block-copolymers" was patented according to the law of the Russian Federation. In the nomination "The Best Technical Solution proposed for implementation" the winners became Kiril Kubanov, a Head of R&D Center Laboratory, proposed a way of increase of halogenation process efficiency during production of bromobutyl rubber, and Nadim Shaidullin, process engineer, developed polyethylene composition for outer layer of steel pipes coating.
- 22** On December 22, NKNK-15 Eurobonds were finally paid off. NKNK Finance plc (Ireland) paid to holders the coupon income in the amount of 131,775.50 thousand US Dollars in accordance with the schedule. Our Company never had any defaults in its business, and the payments of coupon yields and the principal debt on all obligations were made in due time. The deal concluded at the end of 2005 was unique for the Russian debt capital market as the Eurobond issue was arranged by Russian banks for the first time. Preparatory work took some years, the company commenced its activities on the debt market having involved bilateral loans first, and later, beginning from the year 2001, PJSC «Nizhnekamskneftekhim» was the first among Russian petrochemical companies which successfully joined the public capital market by making 4 Ruble bond issues.
- 25** On December 25, PJSC «Nizhnekamskneftekhim» presented a real festive surprise to the city. This day the New Year village was officially opened in the Neftekhimikov Park. It immediately became one of the most visited places during winter holidays. Based on the results of the special city competition among the companies who have distinguished themselves in the organization of New Year villages, the Company was awarded a diploma in the nomination "City Lights".





08



« Being aware of its responsibilities to all stakeholders the Company deems it necessary to follow the principles of openness and ensures timely disclosure of complete and reliable information when carrying out its activities »

INFORMATION FOR SHAREHOLDERS

STATUTORY CAPITAL AND EQUITY CAPITAL STRUCTURE

Statutory Capital of PJSC «Nizhnekamskneftekhim» as on December 31, 2015:

- > amounts to **1,830,239,750** RUB;
- > It is split into **1,830,239,750** shares with the nominal value 1 ruble each,
including:
 - > **1,611,256,000** ordinary registered shares,
 - > **218,983,750** preference registered shares.

The statutory capital is fully paid up.

Shareholders holding 5% or more shares of the Company as of December 31, 2015 are OOO Telecom Management and AO Svyazinvestneftekhim.



CREDIT RATINGS

Since 2005, PJSC «Nizhnekamskneftekhim» is cooperating on a regular basis with international rating agencies in order to provide objective information on the results of its activity, as well as to maintain and improve the level of assigned credit rating and to enhance its investment attractiveness.

Within the framework of such cooperation, PJSC «Nizhnekamskneftekhim» is holding regular meetings with representatives of rating agencies, in the course of which the Company results for the past period and further development plans are discussed.

In addition, throughout a whole time the constant dialogue with the rating agencies is maintained in order to discuss emerging topics on the financial stability and market position of the Company.

In 2015, PJSC «Nizhnekamskneftekhim» maintained the same level of credit ratings in spite of unfavorable external factors.

Moody's Investors Service Ltd.

| Object of the credit rating | Rating | Outlook | Date of confirmation |
|-----------------------------|--------|---------|----------------------|
| Long-term Corporate rating | Ba3 | Stable | 16/04/2015 |
| National scale rating | Aa3.ru | Stable | 16/04/2015 |
| Eurobond rating | Ba3 | Stable | 16/04/2015 |

Standard&Poor's

| Object of the credit rating | Rating | Outlook | Date of confirmation |
|-----------------------------|--------|---------|----------------------|
| Long-term corporate rating | BB – | Stable | 24/08/2015 |
| National scale rating | ruAA – | Stable | 24/08/2015 |

DIVIDEND POLICY

The dividend policy is based on the balance of interests of the Company and its shareholders, as well as on necessity to increase an investment attractiveness of PJSC «Nizhnekamskneftekhim» and its shareholder value.

The annual meeting of shareholders of PJSC «Nizhnekamskneftekhim» held on April 22, 2015 adopted a resolution to pay dividends on shares following the results of 2014 fiscal year in the amount of 1.52 ruble per share. This obligation to shareholders was performed within the period determined by the Company's Charter and the Federal Law «On Joint-Stock Companies».

The resolution on dividend payment is adopted by the General Meeting of Shareholders of PJSC «Nizhnekamskneftekhim» based on the recommendations of the Board of Directors.

When determining the amount of dividends the Board of Directors focuses on the net profit according to unconsolidated financial accounting data of PJSC «Nizhnekamskneftekhim» according to Russian accounting standards.

The amount of dividend payments should be at least 15% of net profit according to the Company's dividend policy. In recent years, the Company used to commit 30% of net profits to dividend payments in conformity with established practice.

Dynamics of dividend payments

| Year | Dividend rate | Total, thousands of rubles | Share of net profit for dividend payments, % |
|------|---------------|----------------------------|--|
| 2006 | 0.5448 | 997,115 | 30 |
| 2007 | 0.6715 | 1,229,006 | 30 |
| 2008 | 0.3098 | 567,008 | 32 |
| 2009 | 0.07 | 128,117 | 30 |
| 2010 | 1.176 | 2,152,362 | 30 |
| 2011 | 2.36 | 4,319,366 | 30 |
| 2012 | 2.78 | 5,088,067 | 30 |
| 2013 | 1.00 | 1,830,240 | 30 |
| 2014 | 1.52 | 2,781,964 | 30 |

There are no overdue dividends.

INTERACTION WITH SHAREHOLDERS AND INVESTORS

One of the most important tasks of PJSC «Nizhnekamskneftekhim» is the development and maintaining of trustful relationships with shareholders and investors.

In its activity the Company works diligently to comply with the interests of shareholders and investors as well as to establish trust relations with partners within the framework of activities improvement, based on the principles of information transparency and direct dialogue according to applicable law and generally accepted international practice.

Information on activity and relevant results of PJSC «Nizhnekamskneftekhim» is disclosed on the official website. The internal corporate documents, annual reports, materials for shareholder meetings, information on the registrar and auditor, information on the dividend policy, RAS and IFRS financial statements are provided in the sections - Investors and Shareholders (<http://www.nknh.ru/investors/market/>) and Charter and internal documents (<http://www.nknh.ru/investors/documentation/>).

The following information was published on the corporate website:

- > 116 news and press releases on current activities of the Company;
- > 24 news on the trade union activities;
- > 37 corporate event announcements;
- > 4 lists of Affiliates and amendments;
- > 3 quarterly issuer's reports, and Annual and Social Reports for 2014.

During the reporting period the press service of the Company published 102 news items in the mass media, including television.

Representatives of the Company are participating regularly in the conferences and competitions.

On May 14, at VI Annual Forum "Investments in Russia" PJSC «Nizhnekamskneftekhim» got the "Investor Awards 2015" prize in the category "Best corporate strategy for business development"

On November 3, PJSC «Nizhnekamskneftekhim» was ranked second in the category "Leader of corporate transparency in 2015 among private companies" within frame of III Annual Study of corporate transparency of 729 major Russian companies under the authority of Russian Regional Network on integrated reporting.





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APPENDIX

Appendix 1.
List of major transactions and transactions falling under
the procedure of major transaction approval

PJSC «Nizhnekamskneftekhim» did not implement any major transactions in 2015.

Appendix 2.
List of related parties transactions

| Related party | Subject and essential conditions of transaction | Amount of transaction in rub per month | The authority having adopted the decision of the transaction approval |
|---------------|---|--|---|
| TAIF-NK | Tenancy | 121,794.24 | Board of Directors |
| ОАО ТАИФ-НК | Tenancy | 703,200.00 | Board of Directors |
| ОАО ТАИФ-НК | Tenancy | 133,525.96 | Board of Directors |
| ОАО ТАИФ-НК | Tenancy | 7,586.51 | Board of Directors |
| ООО ГТК | Tenancy | 524,141.95 | Board of Directors |
| ОАО ТГК-16 | Tenancy | 466.95 | Board of Directors |

Appendix 3 – Information on observance of principles and recommendations of the Corporate Governance Code by the Company

PJSC «Nizhnekamskneftekhim» conducts its business in compliance with corporate governance principles set forth by Corporate Governance Code recommended for application by the Letter No. 06-52/ 2463 dated 10/04/2014 of Bank of Russia.

The Board of Directors of PJSC «Nizhnekamskneftekhim» confirms that the information below about the Company's observance of principles and recommendations of the Corporate Governance Code is true and accurate.

The corporate governance principles or key criteria

Brief description of the part where the principle or key criterion is observed, or description of applied alternative mechanisms and tools of corporate governance

I. Rights of Shareholders and parity of conditions for Shareholders in implementation of their rights

Company shall ensure equal and fair attitude towards all shareholders when they implement their right of participation in the Company management. System and practices of corporate governance shall ensure equal conditions for all shareholders – holders of one category of shares, including minority shareholders, and equal attitude of Company towards them.

Company ensures equal and fair attitude towards all shareholders when they implement their right of participation in the Company management by means of inclusion of basic procedures of preparation, convocation and arrangement of Shareholders' General Meeting into internal documents of the Company. Basic procedures generally conform to the recommendations of the Corporate Governance Code, including:

- Article 9.19 of Company Charter provides prior 30 days notice to the shareholders of the General Shareholders Meeting;
- According to recommendations of MICEX, Article 9.21, the Company Charter provides the disclosure of the date of the List of persons, entitled to participate in the Shareholders' General Meeting at least 5 days before the Meeting scheduled date.

Shareholders shall have equal and fair opportunity to participate in Company profits through dividends.

Article 6.2.2 of the Company Charter establishes annual fixed dividend payable on preference shares in the amount of 13 139 025 rubles. However, according to Article 7.6.1 of Company Charter, should the dividend amount payable on ordinary shares be higher than the dividend rate specified for preference shares then holders of preference shares shall be paid dividends at the rate of dividends on ordinary shares.

The Company approved "Provisions on dividend policy" that ensure dividend payment in amount of 15% of annual net profits at least. See the Provision on the Company web site.

II. Board of Directors of the Company

The Board of Directors defines main strategic milestones of the Company's activity for long term perspective and key indicators of this activity, performs strategic management of the Company, supervises the activities of Executive boards of the Company, determines the remuneration of members of the Company's Board of Directors and Executive boards and carries out other key functions as well.

According to the Company Charter the Board of Directors was established. Its authorities are as follows:

- definition of main strategic milestones of the Company's activity for long term perspective and key indicators of this activity;
- supervision of the activities of Executive bodies of the Company;
- determination of the Company's policy for remuneration of members of the Board of Directors, Executive bodies of the Company.

The Board of Directors shall be an effective and professional governance body of the Company, capable to make objective independent judgments and take decisions that benefit the Company and its shareholders. Chairman of the Board of Directors shall promote the most effective implementation of functions assigned to the Board of Directors. Meetings of the Board of Directors, relevant preparation and participation of the members of the Board of Directors shall ensure effective activities of the Board of Directors.

Internal documents of the Company establish the procedure for preparation and arrangements of Meetings of the Board of Directors, providing the Board members with an opportunity to prepare for the Meeting adequately for making objective independent judgments and taking decisions for the benefit of the Company and its shareholders. This procedure particularly covers:

- Terms of notification to the members of the Board of Directors of the forthcoming meeting including all necessary documents not later than 7 days prior to the meeting (in practice not later than 10 days prior to the meeting);
- Terms of submission of ballots and receiving of filled ballots when the meetings are arranged in absentia;
- Possibility to send and record the expression in writing on agenda issues for the members of the Board of Directors, who are absent at the meeting in praesentia.

The Board of Directors shall include a sufficient number of independent Directors.

3 independent directors were the members of the Board of Directors at the beginning of 2015, and by the end of year 2015 – 1 independent Director. Reduction of the number of independent Directors occurred on formal grounds – the term of official capacity of two Board members exceeded seven years. Management bodies of the Company are working on the issue of maintaining the required number of independent Directors in the Board of Directors of the Company.

The Board of Directors shall establish committees for preliminary consideration of most important issues of the Company, such as audit committees, committee for remunerations and nominations (for appointments and personnel). The functions of the committee for nominations can be assigned to the committee for remunerations.

The Board of Directors established the Audit Committee and the united Committee for remunerations and nominations. Both Committees are active. The functions of the Committees are stipulated in the respective Provisions approved by the Board of Directors of the Company. The Committee for personnel and remuneration is headed by an independent Director.

III. Corporate Secretary of the Company

Corporate Secretary shall ensure effective ongoing cooperation with shareholders, coordination of the Company's actions aimed to protection of the rights and interests of shareholders and maintaining of effective activity of the Board of Directors.

There is no position of Corporate Secretary in the Company. Main relevant functions are performed by the Secretary of the Board of Directors, who combines the job of such Secretary with the job of the Head of Department in Executive administration of the Company. Rights and duties of the Secretary of the Board of Directors are set forth in the Company's Charter and in "Provisions on the Board of Directors". The Secretary is appointed and released from his position by decision of the Company's Board of Directors.

IV. The system of remuneration of the members of the Board of Directors, Executive Boards and other key executive officers of the Company

The system of remuneration of the members of the Board of Directors should ensure a convergence between financial interests of the Directors and long-term financial interests of Shareholders.

The remuneration of the Members of the Company's Board of Directors is executed as per the "Provisions on the principles and criteria of remuneration of the Members of the Board of Directors, Auditing Committee, Committees of the Board of Directors", that guarantee these terms.

The system of remuneration of Executive Boards and other key executive officers of the Company should ensure the dependence of remuneration on the result of the Company's performance and their personal contribution to achievement of this result.

The remuneration of the members of Executive Board is executed as per the "Provisions on the principles and criteria of remuneration of the members of Executive Board", that guarantee these terms.

V. The System of risk management and internal control

The Company should have an efficient risk management system, including anti-corruption component. The System serves the aim of maintaining of reasonable assurance of Company's goals achievement.

The Company has established an individual structural unit for risk management. The Company has developed and implemented anti-corruption policy that determines the measures aimed to development of corporate culture and organizational structure components, as well as rules and procedures for corruption exclusion in line with the best Russian and international practice.

The Company shall arrange internal audit for a systematic independent evaluation of the reliability and effectiveness of risk management, internal control and corporate governance practices.

The Company established the Department for internal control, which functionally reports to the Company's Board of Directors. This Department is responsible for internal audit as well.

VI. Disclosure of information about the Company, information policy of the Company

The Company and its activity shall be transparent to the shareholders, investors and other related parties.

The Company approved the internal document that sets forth the information policy of the Company. Internal corporate documents, financial and corporate records of the Company, materials for the Meetings of Shareholders, a calendar of corporate events of the Company, which regularly updates, as well as other useful information for shareholders and investors can be found on a special page of the Company website. On a regular basis, the Company arranges presentations (including teleconferences) and meetings with participation of key executive officers of the Company, including related publications of the Company's accounting (financial) records or associated with major investment projects and strategic plans of Company development. Information policy control is performed by Executive Boards of the Company. The Company established the procedures that ensure coordination of all Company's services and structural units related to the information disclosure or which may require a disclosure of information due to their activities.

In order to provide the shareholders and investors with an opportunity for making of reasonable decisions, the Company shall timely disclose detailed, relevant and reliable information about the Company.

The Company discloses annual consolidated financial statements prepared in accordance with RAS and IFRS. Annual consolidated financial statements shall be disclosed together with an audit report.

CONTACT DETAILS



Public Joint Stock Company «Nizhnekamskneftekhim» (PJSC «Nizhnekamskneftekhim»)

Location and postal address:

PJSC «Nizhnekamskneftekhim», 423574, Republic of Tatarstan, Nizhnekamsk

Tel. (8555) 37-58-29, 37-70-09, Fax (8555) 37-93-09

Internet: www.nknh.ru, e-mail: nknh@nknh.ru

Date of Official Registration:

18th of August 1993, registered by the Ministry of Finance of the Republic of Tatarstan and entered under number 388 in the Register of Joint-Stock Companies, created in the territory of the Republic of Tatarstan.

Registered on November 5, 2002, by the Interdistrict Tax Inspectorate No.20 of the Ministry of Taxes and Levies of the Russian Federation responsible for the Republic of Tatarstan and entered in the Unified State Register of Legal Entities under the principal state registration number 1021602502316.

Taxpayer Id Number: 1651000010.

Independent Auditor of the Company (on International Financial Reporting Standards and Russian Accounting Standards):

AO "PricewaterhouseCoopers Audit"

State Registration Certificate No. 008.890 issued by Chamber of Commerce in Moscow on February 28, 1992.

The Member of SRO NP Audit Chamber of Russia No. 870. General number of registration entry in the Register of Auditors and Audit Organizations is 10201003683.

Location and postal address: 125047, Butyrsky Val 10, Moscow, Russia

Tel. (495) 967-60-00, fax: (495) 967-60-01

Internet: www.pwc.ru

Registrar:

Limited Liability Company «Euro-Asian Registrar» – Kazan Branch.

License for maintaining a register No.10-000-1-00332 of 10.03.2005, issued by the Federal Financial Markets Service without limitation as to period of validity.

Vishnevsky Str. 6, Kazan 420043, Republic of Tatarstan

Internet: www.erd.ru

Mass Media


The list of mass media where the announcements about shareholders meetings are published according to Article 9.19 of the Charter of PJSC «Nizhnekamskneftekhim», newspapers: Neftekhimik, Hezmattash Avazy, Nizhnekamskaya Pravda, Tugan Yak, Respublika Tatarstan, Vatanym Tatarstan.

Validity of information contained
in this Annual Report is confirmed
by the Audit commission
of PJSC «Nizhnekamskneftekhim».

The Annual Report was preliminary
approved by the Board of Directors
of PJSC «Nizhnekamskneftekhim»
on 14 March, 2016

Protocol № 09 of 16 March, 2016.

General Director of
PJSC «Nizhnekamskneftekhim»



_____ A.Sh. Bikmurzin



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