



# 2015

sustainability  
report



**NIZHNEKAMSKNEFTEKHIM**

SUSTAINABLE  
EFFICIENCY





APPROVED  
by the Board of Directors  
of PJSC «Nizhnekamskneftekhim»  
on March 14, 2016

Protocol No. 09 of March 16, 2016.



**PJSC «NIZHNEKAMSKNEFTEKHIM»**  
**SUSTAINABILITY REPORT | 2015**





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# ADDRESS OF THE CHAIRMAN OF THE BOARD OF DIRECTORS **G4 -1**

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## DEAR COLLEAGUES AND PARTNERS,

It is impossible to ensure a steady growth of business without the correlation of our aims and goals with the expectations of those who every day experience the results of our work. Therefore, corporate social responsibility is an important component of the policy and development concept of PJSC «Nizhnekamskneftekhim».

Financial and operational performance of the Company in 2015 confirms both its stable position in the industry, on the international and domestic markets, and the success of its strategy. Adhering to the well-defined principles of corporate social responsibility during the past year, the Company has paid special attention to the implementation of social and environmental programs, most of which are long-term ones.

Environmental activities are carried out in accordance with the declared policy and the requirements of ISO 14001 International Standard; this is confirmed by a Certificate of Conformity issued by IQNet International Certification Body.

In 2015, the Czech Society for Quality conducted a recertification audit with the expansion of the scope of certification for the production of butadiene-styrene rubber (SBR).

The Company has launched the third program of energy saving for the 2011-2015 period with the outlook for the year 2020. In continuation of the work done in 2014, an Automated Energy Management System was installed in auxiliary shops and departments of the main plants in the reporting period. As a result, the efficiency of energy management was improved; the specific consumption rate of electric power and heat was reduced. The efficiency of energy management Control System at PJSC «Nizhnekamskneftekhim» was certified according to GOST R ISO 50001-2012.

The social atmosphere and a sense of stability in the Company are all-important for us. We guarantee to our employees a comfortable working environment by providing and maintaining a decent level of wages, implementing the housing program, conducting activities to support young families and veterans. Techniques and methods are regularly improved to ensure production safety, introducing advanced courses and training for all categories of employees. The Company has created all necessary conditions for professional and personal growth of the employees.

The Company participates in all municipal social programs going on with the sponsorship and charitable assistance.

In conclusion, I would like to thank the staff of PJSC «Nizhnekamskneftekhim» for professional well-coordinated work. This very factor reflects the Company's unique potential, which, I am sure, will be more fully realized through our further joint work.

Yours faithfully,

**Vladimir Busygin**

Chairman of the Board of Directors



The social atmosphere and a sense of stability in the Company are all-important for us. We guarantee to our employees a comfortable working environment by providing and maintaining a decent level of wages, implementing the housing program, conducting activities to support young families and veterans.

# ADDRESS OF THE GENERAL DIRECTOR **G4-1**

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## DEAR READERS, COLLEAGUES,

As a public company PJSC «Nizhnekamskneftekhim» regularly and in a timely manner discloses information not on financial and economic performance only, but in the whole about its place in the Russian society life as well. Presenting to your kind attention the Sustainability Report of PJSC «Nizhnekamskneftekhim» for 2015, we keep on the dialogue with all those who are interested in our companionship, and we do our best to tell about our work results, achievements and plans for the future with the bark off.

To sum up the results of 2015 I would like to highlight that PJSC «Nizhnekamskneftekhim» managed both to achieve its target performance indicators and adhere to the chosen course of development and the principles of corporate social and environmental responsibilities. In order to improve the environmental efficiency of production facilities we have implemented measures on use of advanced technologies, rational use of natural resources, upgrade and revamp of the process equipment and optimization of process operations. As a result, this ensured reduction of pollutants emission, compared to the previous year, to the atmosphere and the Kama river, waste water discharge downstream the buffer ponds.

Full implementation of occupational safety and health and environmental protection programs enabled a number of measures relating to safety of the Company facilities, as well as prevention of accidents, injuries and occupational diseases through reduction of the occupational hazards level of the workplaces.

Realization of energy saving programs significantly decreased the unit cost of energy resources within the cost structure of the industrial output. Existing Energy Management System allowed the operating personnel to be fully aware of energy consumption and improved its efficiency.

PJSC «Nizhnekamskneftekhim» successively provides care for each employee to realize his/her career and professional ambitions, to work in a comfortable environment and to be the most motivated. In 2015, the Company launched an additional program of housing arising out of the agreement between the State, the shareholders of TAIF Group of companies and PJSC «Nizhnekamskneftekhim». Unprecedented support by the Company in the provision of benefits for the down payment, interest rate on the mortgage, fringe benefits and insurance will allow to completely eliminate housing waiting list within one or two years. According to the plans the Company organized staff training, cultural and sports events.

Nowadays, we face the new goals and objectives, the achievement of which is possible only if we focus on the best global practices in the field of sustainable development, if we take into account the social and public interests, if we give consideration to the impact of our activities on the humans and environment and if we take care of each and every customer whether existing or prospective.

I thank all those who worked with us throughout the year for the efforts taken, confidence and readiness for the constructive dialogue.

Yours faithfully,

**Azat Bikmurzin**

General Director



PJSC «Nizhnekamskneftekhim» successively provides care for each employee to realize his/her career and professional ambitions, to work in a comfortable environment and to be the most motivated





« PJSC «Nizhnekamskneftekhim» is a leader in production of isoprene rubber (with 43% share of the global market), and ranks among the top four world producers of butyl/halobutyl and polybutadiene rubber »

# ABOUT THE COMPANY

# ABOUT THE COMPANY

PJSC «Nizhnekamskneftekhim» is a dynamically developing high-tech petrochemical company making part of TAIF Group and is the main enterprise in «Nizhnekamskneftekhim» group of companies.

PJSC «Nizhnekamskneftekhim» (hereinafter referred to as “the Company”) is presented in this report as the Public Joint Stock Company without affiliated companies. [G4-3, 4, 5, 6, 7, 13](#)

## KEY FIGURES AND FACTS:

Year of incorporation

# 1967

Main production facilities are located in

## Nizhnekamsk

the Republic of Tatarstan, the Russian Federation

export sales exposure



# 48%

home market sales exposure



# 52%

items in the output product slate



# 120

types

affiliates<sup>1</sup>



# 20

<sup>1</sup>Affiliated companies: OOO Neftekhimagroprom, OOO UOP Neftekhim, OOO NKNK-Servis, OOO PKhT, OOO Trest TSNKhRS, OOO PAP Transport Ekspres, OOO Vtorresursy, D000 Tsekh No.4100-NKNK, Oy Nizhex Scandinavia Ltd., OAO SOV-NKNK, Mechanical Repair Workshop OOO RMZ-NKNK, Vehicles Department OOO UAT NKNK, Hockey Club OOO KhK Neftekhimik, Football Club OOO FK Neftekhimik, Private Security Agency OOO ChOP NKNK, ZAO Polymatiz, OOO Kataliz-Prom, OOO Neftekhim Media, OOO UETP-NKNK, Culture and Art Center OOO DNT NKNK. Enterprise includes also: Sports-and-culture complex, sport club "Neftekhimik".



# COMPANY STRUCTURE

**G4-8** PJSC «Nizhnekamskneftekhim» is one of the largest petrochemical companies in Europe.

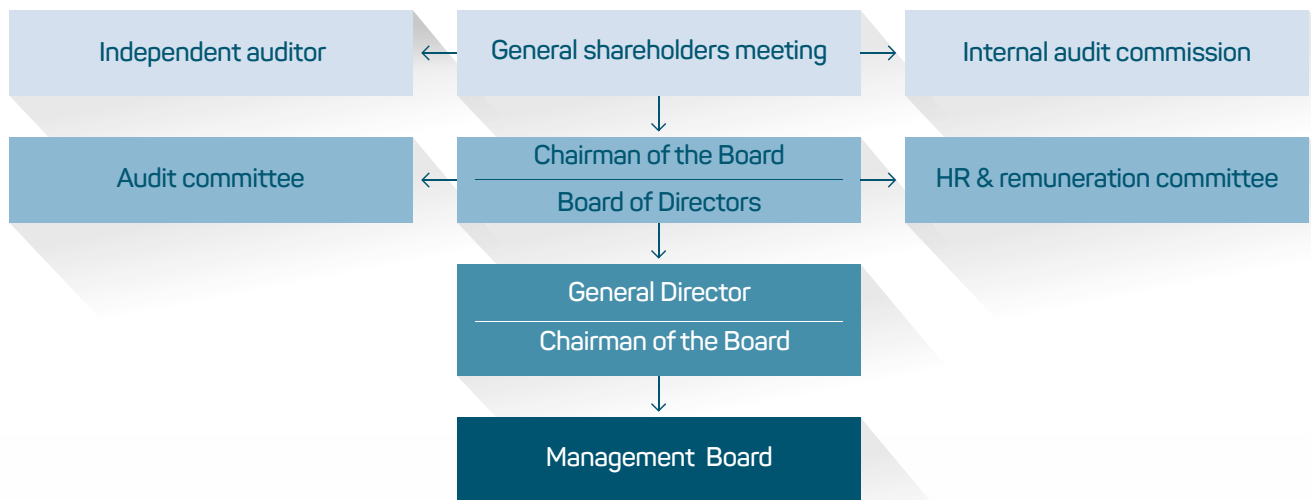
**Production complex includes:**

- > nine production plants,
- > six basic control departments,
- > six centers, including the Research and Development, Design Engineering Centers,

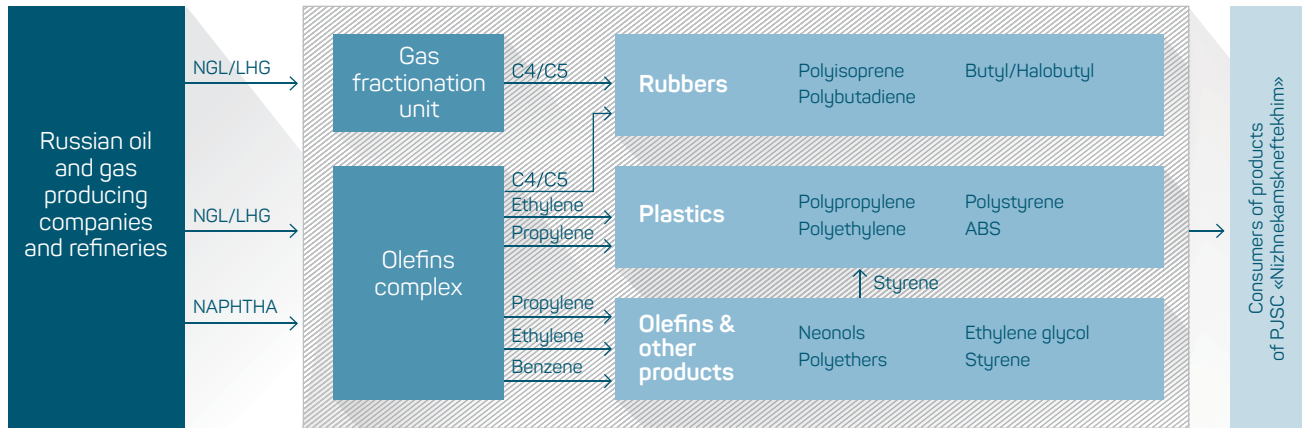
- > five general service shops.

All functional groups are combined into a hierarchy and subordinated to the Chief Executive Officers of the Head Office under control of the General Director who is the Chairman of the Management Board of PJSC «Nizhnekamskneftekhim».

# COMPANY MANAGEMENT



# PRODUCTION CHAIN



The business model of the Company is reforming of the fresh raw hydrocarbons (liquefied hydrocarbon gas LHG, straight-run gasoline) into the products of high technological downstream processing: rubbers and plastics, which, in turn, are the raw materials for the production of end-items by consumers.

# PRODUCTS

SYNTHETIC RUBBERS	PLASTICS	MONOMERS	OTHER PETROCHEMICAL PRODUCTS
of general and special purpose	polystyrene	as the feedstock for production of rubbers and plastics	ethylene oxide
	polypropylene and polyethylene		ethylcellosolve
	white ABS-plastics		ethylene glycol
	colored ABS-plastic		polyethers on the basis of propylene oxide
			polyethylene glycol
			propylene oxide
			alpha-olefins
			surface active agents, etc.

☐ THE COMPANY  
AND THE SCIENCE

☐ COMPANY'S MOST  
IMPORTANT EVENTS

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# PRODUCTS ON THE MARKET

## KEY FACTS AND FIGURES:

NET ASSETS

**91,979.5**  mln RUB

INCLUDED TO THE FIRST  
(TOP) QUOTATION LIST OF  
THE RUSSIAN STOCK EXCHANGE

**MICEX**  The Company's  
shares

SOLD IN THE  
RUSSIAN  
FEDERATION



**87 %**  
of plastics

PLASTICS  
AND RUBBERS

**1.3**  mln MT

 **1 position**  
in rubber production in  
the Russian Federation

 **2 position**  
in plastics production  
in the Russian Federation

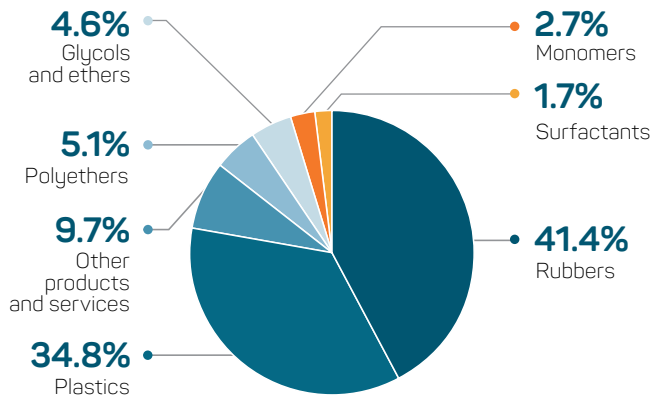


# POSITION IN THE INDUSTRY

PJSC «Nizhnekamskneftekhim» is one of the leading Russian petrochemical companies which manufactures and sells a wide range of products from basic monomers to synthetic rubbers and plastics.

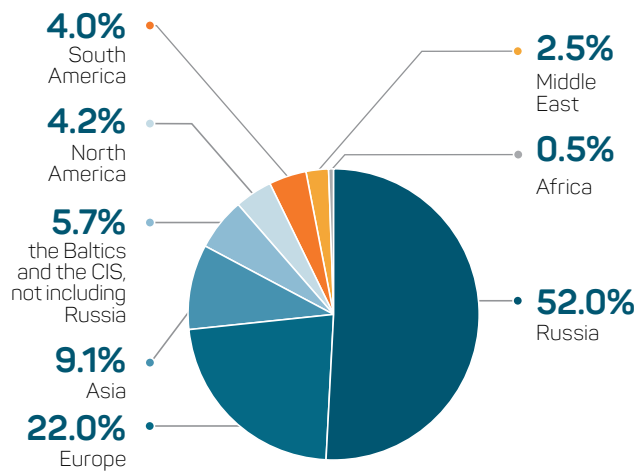
The main product segment of the Company is, traditionally, synthetic rubbers, which share of sales was 41.4% in 2015. More than one-third of the Company's revenues in 2015 are accounted for plastics and about 24% was gained from the sale of other types of products and services.

## SALES PATTERN

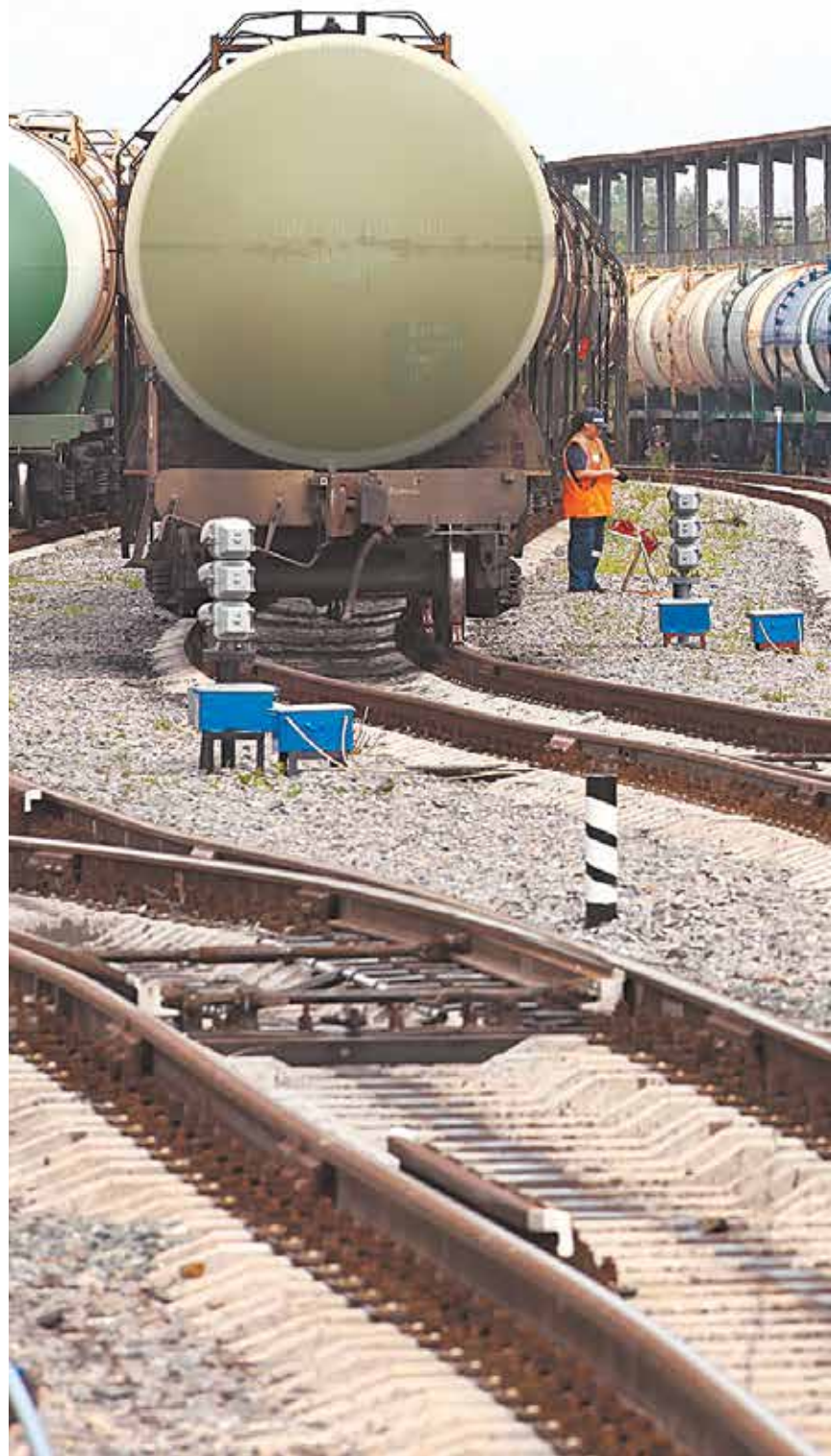


Geographically, half of the Company's sales are within the Russian Federation and 48% in other countries. The major export destinations are Europe, Asia and the Baltics and the CIS, not including Russia.

## THE GEOGRAPHY OF PRODUCTS SALES



Production of all types of rubbers and plastics in PJSC «Nizhnekamskneftekhim» is certified against **ISO 9001, ISO 14001, ISO 18001**



THE COMPANY AND THE SCIENCE

COMPANY'S MOST IMPORTANT EVENTS

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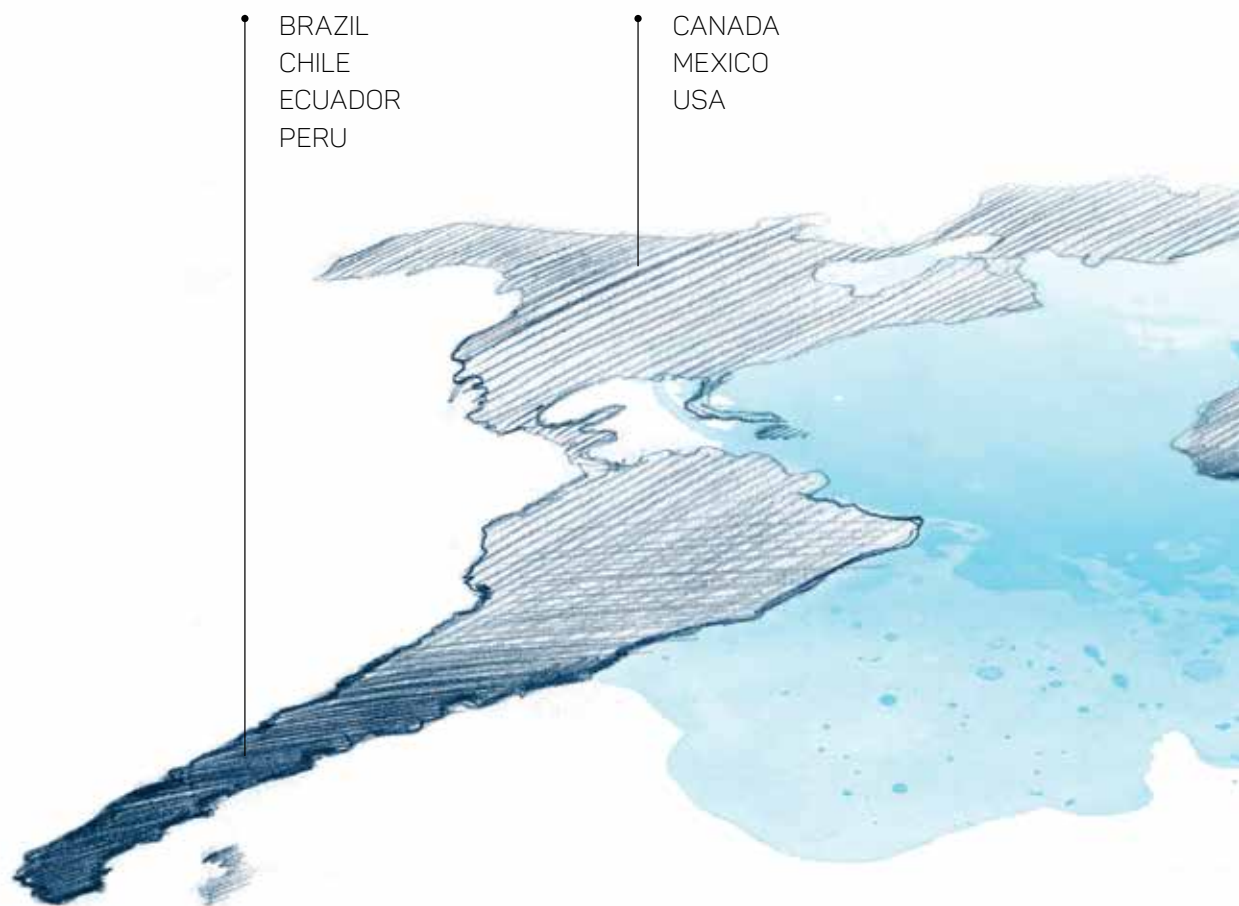


# THE GEOGRAPHY OF EXPORTS

In 2015, the Company exported its products to

**53** 

countries around the world



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- AUSTRIA
- ARMENIA
- BELARUS
- BELGIUM
- BULGARIA
- GREAT BRITAIN
- HUNGARY
- GERMANY
- GREECE
- ISRAEL
- ITALY
- 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



**Synthetic rubbers**

The Company produces a wide range of synthetic rubbers, which comprises isoprene rubber, butyl rubber, chlorobutyl rubber and bromobutyl rubber, butadiene rubber based on neodymium and lithium catalysts. High product quality, reliability and constant drive to perfection made PJSC «Nizhnekamskneftekhim» a significant supplier of synthetic rubbers on the global market.

The Company ranks among the top 10 world producers of synthetic rubbers. It is a leader in production of isoprene rubber with 43% share of the global market, and is the third largest supplier of butyl rubber with a share of 16.2%, and has a 5.6% share of the global market for butadiene rubber. The products of PJSC «Nizhnekamskneftekhim» are consumed by the leading domestic and oversea end users.

In 2015, over 90% of the Company's sales in the segment of synthetic rubber fell on the international market. 72% was supplied to the top 5 global tire companies (including their tire factories on the territory of the Russian Federation).

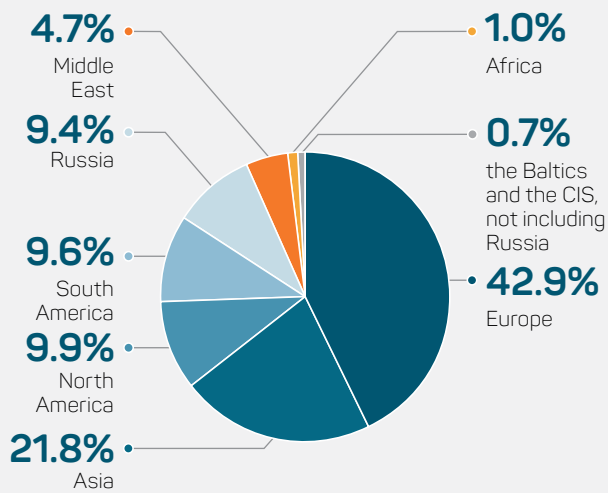
**Plastics**

PJSC «Nizhnekamskneftekhim» is the second largest producer of plastics in the Russian Federation. The Company is Russia's largest producer of styrene plastics; it is one of the leading producers of polyolefins and the sole domestic manufacturer of linear low density polyethylene, as well as a leader in manufacturing and supply of propylene copolymers to the domestic market.

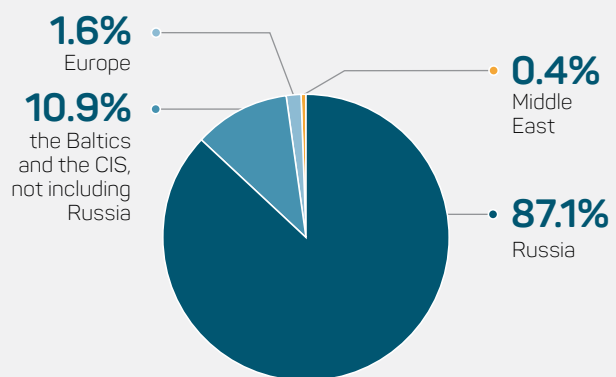
All plastics production facilities are designed and built according to foreign licenses, and are equipped with complete sets of imported equipment, which guarantees high quality of products. An extensive selection of brands gives an opportunity to choose the most suitable product for the majority of application types. High quality, stable production and reliability of supplies justify the high confidence of the leading domestic processors in the Company's products.

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

**SYNTHETIC RUBBER SALES PATTERN, %**



**PLASTICS SALES PATTERN, %**

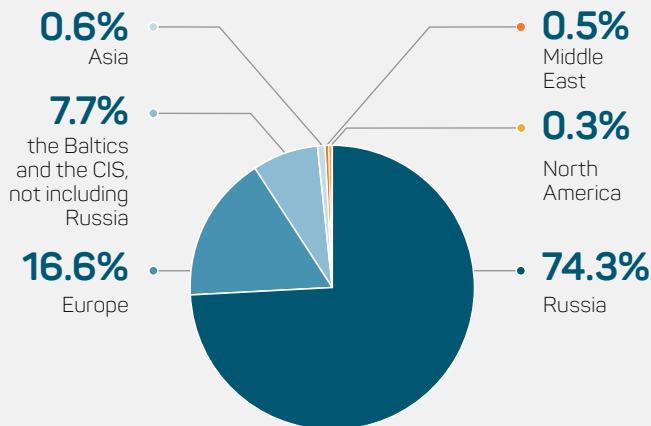


**Olefins and their derivatives**

High-tech products on the basis of olefins and their derivatives provide the Company with a status of one of the leading enterprises of the national petrochemical industry. In this segment of market the Company sells monomers, polyethers, glycols and glycol ethers, propylene trimers and tetramers, surfactants and other products. The Company is the one large-scale domestic producer of polyethers based on propylene oxide and the only producer in Russia and in the near-abroad countries of trimers and tetramers of propylene, non-ionic surface active agents (surfactants) on the basis of alkyl phenols. It is the second largest supplier to the domestic market of ethylene oxide and ethylene glycols.

In 2015, more than 70% of products in this segment were sold in the Russian Federation.

**OLEFINS & DERIVATIVES SALES PATTERN, %**



## USE OF PRODUCTS IN EVERYDAY LIFE

The Company products are in great favor in various fields.

Rubbers are used in various applications, such as cars, trucks and OTR-tires, inner tubes, conveyor belts, rubber technical goods, medical products, and also in the plastics modification to enhance their impact properties. Plastics are widely used in the production of thermal insulation materials, tare and packaging, films for food and industrial purpose, plastic pipes, nonwovens, synthetic yarns and fibers, components for the automotive industry, polymer goods for various use, and consumer goods.

The olefins and their derivatives-based products have many fields of application, including the production of polyurethane foams for different purposes (foam plastic for the furniture industry, rigid foams for thermal insulation products and car components), polyethylene terephthalate (bottles for water, beer and carbonated soft drinks), synthetic fibers (for different types of synthetic fabrics and cords for car tires), coolants and brake fluids for automobiles, heat transfer fluids and anti-freezers, detergents, organic synthesis products.

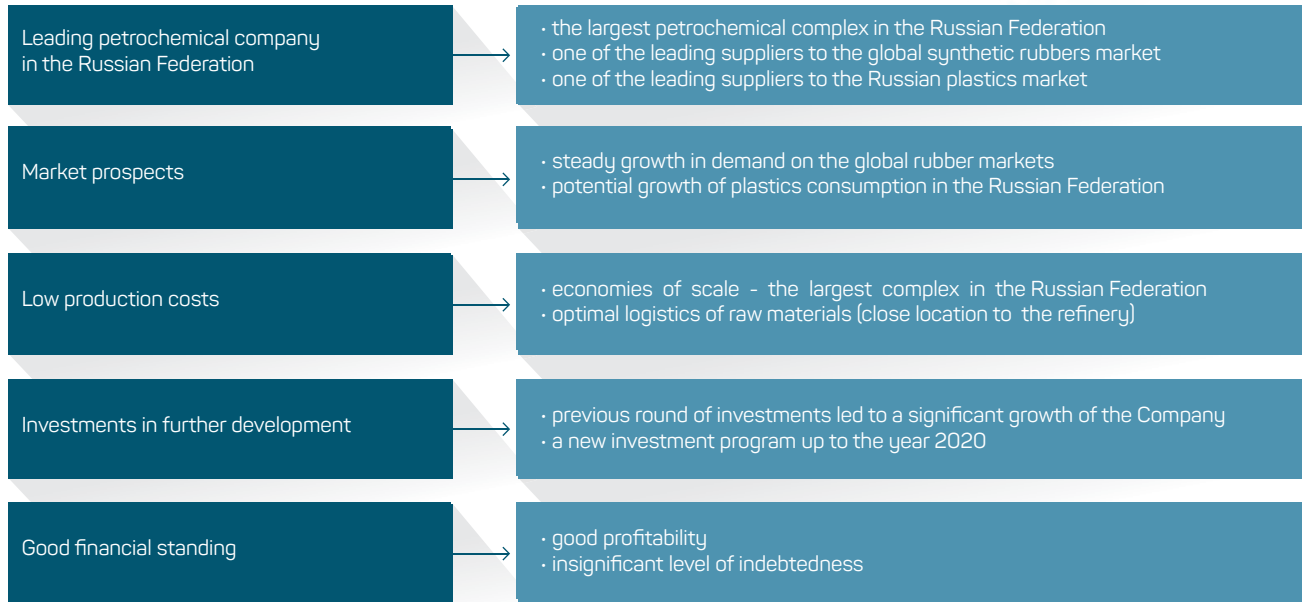
## Market sectors covered by PJSC «Nizhnekamskneftekhim», %

Sector	%
Tires and rubber technical goods	43.1
Packaging	20.4
Pipes	5.3
Yarns, fibers and others	4.4
Consumer goods	3.7
Automotive industry	3.3
Thermal insulation	3.1
Detergents	3.2
Furniture industry	3.0
Polymer production	2.8
Organic synthesis	2.1
Other	5.6

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



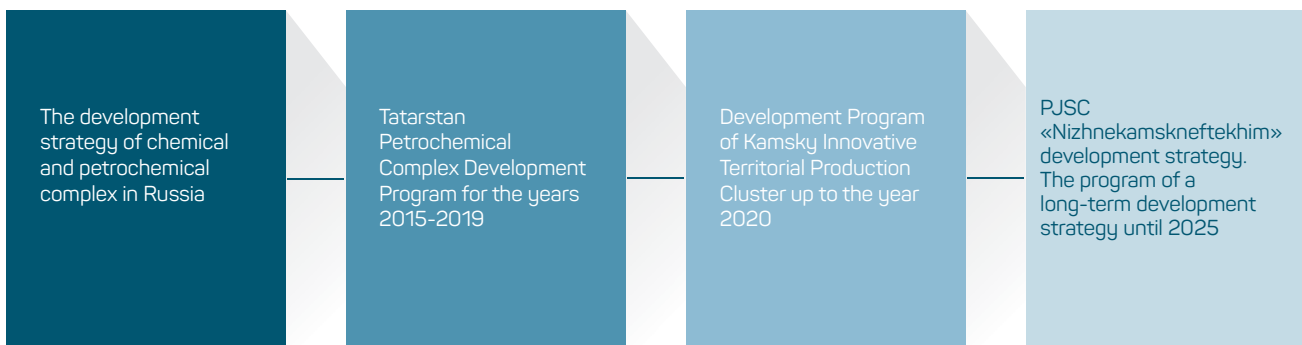
# ADVANTAGES OF THE COMPANY



# DEVELOPMENT STRATEGY OF THE COMPANY

The Company's development strategy is based on expanding the integration ties within the existing business model. Enhanced integration ties are aimed both at increase the level of raw hydrocarbons processing into new products, which expands the product mix and improve the products quality in order to meet

consumers' demands. The Company's long-term development strategy program up to the year 2025 is approved. The basis of this development program is the Grassroots Olefins Complex with a total capacity of 1.2 million metric tons of ethylene per year and integrated Polymers Plants, which will allow to increase production output.



STRATEGIC GOALS	WAYS OF IMPLEMENTATION	PRIORITY ACTIVITIES AND DEVELOPMENT PROSPECTS
Strengthening the position on the global markets as diversified manufacturer of synthetic rubbers	Expanding the range and production volumes of major products	Implementation of the integrated strategic development program until 2025:
Strengthening the Company's status of the participant of the Russian and CIS market in the field of production and sales of a wide range of plastics for imports substitution	Increase in sales volumes, revenues and profits of the Company	<ul style="list-style-type: none"> <li>&gt; project for construction of the Grassroots Olefins Complex including integrated Plastics Plants (polyethylene, polypropylene, polystyrene)</li> </ul>
Phasing out the sales of the low value-added products	Increasing the level of hydrocarbons processing, production of high added value products, ensuring high competitiveness of the products	<ul style="list-style-type: none"> <li>&gt; projects on expanding the capacities of synthetic rubbers production (isoprene, butyl, halobutyl, polybutadiene rubbers and SSBR)</li> </ul>
	Significant modernization and renewal of fixed assets	<ul style="list-style-type: none"> <li>&gt; revamp and expansion of existing monomers production plants (butadiene, isobutylene, isoprene)</li> </ul>
	Ensuring the environmental safety and energy efficiency of the industrial complex	<ul style="list-style-type: none"> <li>&gt; projects on expanding the production capacity of polyethers</li> </ul>

**UNITY OF GOALS AND OBJECTIVES OF THE COMPANY WITH THE DEVELOPMENT STRATEGY OF THE CHEMICAL AND PETROCHEMICAL COMPLEX OF THE RUSSIAN FEDERATION**

1. Growth in the competitiveness of the Russian chemical complex in order to:

- > improve the quality of life of the population by pushing the consumption of chemical and petrochemical products on to the level of developed countries;
- > increase the level of competitiveness of the industrial potential through creation of petrochemical and chemical clusters;
- > transit from "raw materials exports" pattern of development to "innovation and investment" pattern through enhancing processing degree of chemical and petrochemical industry, large-scale revamping of existing facilities and creating new ones on the basis of the advanced modern technologies;
- > raise the importance of the chemical and petrochemical industry in the Russian economy;
- > create high-performance workplaces;
- > substitute imports in the consumption of chemical and petrochemical products.

2. Strengthening the national security.

- > implementation of measures envisaged by the energy saving program and environmental program

- > optimization of the existing plants operation (implementation of the program to increase production efficiency)



02



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

# SUSTAINABLE DEVELOPMENT

# ACHIEVEMENTS OF THE COMPANY IN THE FIELD OF SUSTAINABLE DEVELOPMENT

## Objectives for 2015

## Report on implementation of objectives in 2015

### Economy

Tax payment to budgets of all levels	Payment of over 16.8 billion rubles to budgets of all levels Growth in tax payments
Keeping sufficient profit level	Growth of net profit by 185.7%

### Ecology

Environmental efficiency improvement	Decrease compared to the previous year: <ul style="list-style-type: none"> <li>› atmospheric pollutants emissions – by 4.3%;</li> <li>› reduction of waste water discharge downstream the buffer ponds of the Strelochny Log river by 1 million 403 thousand cubic meters</li> </ul>
Rational use of the resources	<ul style="list-style-type: none"> <li>› Reduction of fresh water intake from the Kama river by 1 million 337 thousand cubic meters;</li> <li>› replacement of life-expired equipment with the less energy-intensive equipment;</li> <li>› implementation of advanced energy saving technologies;</li> <li>› replacement of lighting systems with the up-to-date energy saving lighting fixtures;</li> <li>› introduction of information accounting system;</li> <li>› use of variable frequency drives;</li> <li>› condensate return from the Company's production facilities to the chemical water treatment unit of Heat and Power Station</li> </ul>
Energy efficiency improvement	<ul style="list-style-type: none"> <li>› 56 energy-efficiency measures were implemented;</li> <li>› 144.0 thousand Gcal of thermal energy and 24.1 million kWh of electric energy were saved;</li> <li>› 2,000 metric tons of fuel equivalent saved;</li> <li>› savings from these measures amounted to 187.37 million rubles inclusive of VAT</li> </ul>
Construction of a new energy-efficient Linear Alpha-Olefins Plant based on alfa-Sablin technology	Construction and installation works at Oligomers Plant were completed and commissioning activities have been started
Ensure reliable, sustainable and advanced power supply	167 old MCC boards were replaced with modern types, fast acting changeover switches were put in operation to prevent shut-down of production facilities in case of undervoltage
Assistance in maintaining the biodiversity	15,457 young carps were released into the Kuibyshev reservoir

### Production

Ensure stable production models	Industrial production growth rate is 103.1% compared to 2014 level and 105.9% - to 2013.
Increase of isobutylene production output from Central Gas Fractionation Plant	Revamping of butanes separation unit Kt-70 at IP-7 plant.
Increase of halobutyl rubber production	Welding-4 rubber finishing line was put into operation
Increase of isoprene production	IF-8 unit was revamped and commissioned at Isoprene Monomer Plant to ensure efficient use of by-products, thus production of isoprene from isobutane was increased up to 200 thousand metric tons per year and feedstock consumption rate was reduced.
Increase of straight-run gasoline storage volume	The works were completed on modernization of straight-run gasoline tank farm at the Ethylene Plant with twofold increase of storage volume

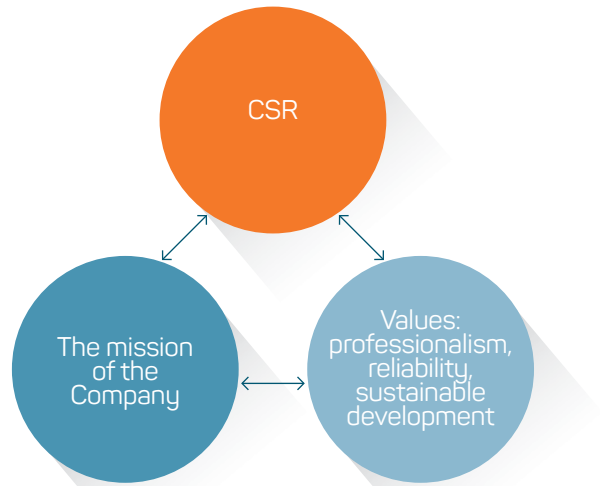
## Objectives for 2015

## Report on implementation of objectives in 2015

Introduction of the latest achievements in the field of transport logistics	<ul style="list-style-type: none"> <li>&gt; Strategy of introduction of new methods and technologies was developed for delivery of commercial products;</li> <li>&gt; by virtue of the contract with OAO Russian Railways on electronic document interchange, corporate network of PJSC «Nizhnekamskneftekhim» was securely connected to ETRAN system of OAO Russian Railways via Internet;</li> <li>&gt; “delivery in containers” system was introduced. Use of maritime containers is particularly efficient for transportation of plastics (polystyrene, polypropylene, polyethylene) due to maximum possible loading of containers and absence of necessity for transshipment of goods in the ports</li> </ul>
<b>Personnel</b>	
Development of creative and economically motivated team	<ul style="list-style-type: none"> <li>&gt; Personnel management policy was adopted at «PJSC «Nizhnekamskneftekhim»;</li> <li>&gt; personnel turnover was reduced;</li> <li>&gt; 8,953 employees received training;</li> <li>&gt; average salary growth by 15%;</li> <li>&gt; average salary level is significantly higher than the average salary in the Republic of Tatarstan</li> </ul>
Increase in labor productivity, decrease of occupational injuries, improvement of working conditions	<ul style="list-style-type: none"> <li>&gt; Increase in labor productivity by 132 thousand rubles per one employee;</li> <li>&gt; bales palletizing robots were installed and commissioned at the plants for production of butyl rubber, halobutyl rubber, synthetic isoprene rubber and SKD-N;</li> <li>&gt; improved working conditions for 1,904 employees, one third of them are women;</li> <li>&gt; number of jobs with harmful labor conditions was reduced down to 439</li> </ul>
Encourage learning opportunities throughout the life	<ul style="list-style-type: none"> <li>&gt; 371 employees got their higher education diplomas on-the-job and 41 employees – secondary vocational education. 824 employees study in various schools;</li> <li>&gt; implementation of project “Internet longevity”</li> </ul>
Arrangements of a healthy lifestyle	<ul style="list-style-type: none"> <li>&gt; 48 activities were organized with participation of 6,769 people;</li> <li>&gt; In 2015 the Company organized trial “Get Fit for Work and Defense” competition (GTO) within the context of All-Russian fitness and sports complex</li> </ul>
<b>Society</b>	
Safe, secure and sustainable habitat	<ul style="list-style-type: none"> <li>&gt; Payments to the budgets of the Republic of Tatarstan and Nizhnekamsk amount to 8,9676 million rubles, growth of tax payments;</li> <li>&gt; charitable expenses and sponsorship – 1,650.6 million rubles;</li> <li>&gt; participation in all Nizhnekamsk social programs including maintenance of station of public order</li> </ul>
<b>Prospective development</b>	
Implementation of the project for construction of the Olefins Complex	<ul style="list-style-type: none"> <li>&gt; The first construction stage of the Grassroots Olefins Complex EP-600 and downstream derivatives plants has begun;</li> <li>&gt; Supplement License Agreement is signed for Olefins Production Plant (EP-600);</li> <li>&gt; new configuration provides polyethylene production based on INEOS technology and polypropylene production using technology of LyondellBasell;</li> <li>&gt; the work was carried out for execution of the first stage of EP-600 detail engineering;</li> <li>&gt; the work is in progress on other production plants, namely, execution of license agreements and contracts for basic engineering with technology providers, selection of detail engineering contractors and equipment suppliers.</li> </ul>
Decrease of dependence on import products	<ul style="list-style-type: none"> <li>&gt; Participation in the working team for preparation of proposals and coordination of activities on reduction of imports dependence in the field of catalysts provision for refineries and petrochemical plants formed under the guidance of the Ministry of Energy of the Russian Federation;</li> <li>&gt; development of domestic functionalized solution styrene-butadiene rubber (SSBR) of new generation</li> </ul>
As part of the imports substitution program, production of microspheric catalyst to be set up for dehydrogenation of isoparaffins	Within the framework of a simple partnership between PJSC «Nizhnekamskneftekhim» and OOO Kataliz-Prom, production of microspheric chromia-alumina catalyst was set up for dehydrogenation of isoparaffins in February 2015

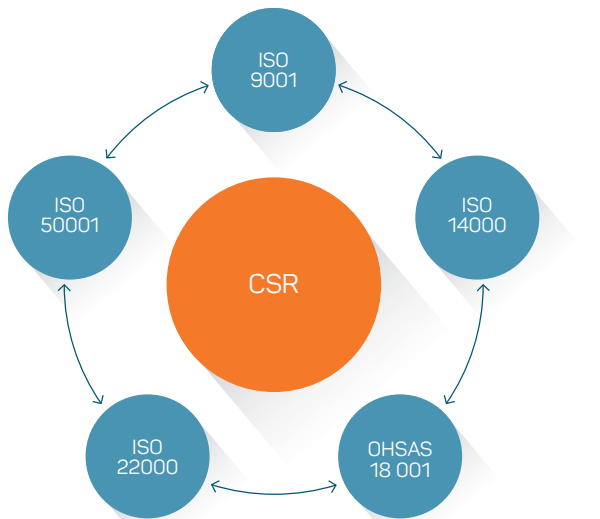
# CORPORATE SOCIAL RESPONSIBILITY

Realization of the corporate social responsibility (CSR) policy is vested upon all functional divisions of the Company within the framework of their competence and in accordance with CSR Code.



The Company's mission is the production and sales of the competitive petrochemical products and services in accordance with the requirements and expectations of the stakeholders, development of new and existing sales markets, achievement of the Company's sustainability, improvement of the quality of employees' life and the Company in general. The social mission of the Company is to produce the necessary public goods in the most efficient and safe manner, thereby contributing to the social welfare of the society, sustainable development of the territory and well-being of population, as well as to improve the living standards of the employees and their families. The social mission of the Company is closely linked to the corporate social responsibility. In implementation of its mission PJSC «Nizhnekamskneftekhim» relies on the corporate values.

The Company has created and successfully runs an Integrated Management System (IMS).



The Company continues vigorous activities on reaching the specified goals and implementing assumed voluntary obligations for introduction of integrated management system (IMS), comprising quality and environment management systems, industrial and labor occupational safety management systems, food safety management system, using the entire spectrum of effective methods and tools in accordance with requirements of International Standards ISO 9001, 14000, OHSAS 18001 and ISO 22000.

In 2015 the auditors of the Quality Systems Certification Association IQNet carried out the audit to determine the compliance of QMS and Safety Management System (OHSAS) with the requirements of ISO 9001:2008, OHSAS 18001:2007, recertification audit of compliance with the Environmental Control System requirements of ISO 14001:2004. Subsequent to the results, a decision was taken to extend validity of "Golden International Certificate for Integrated Management System", which signifies a successful operation of IMS at PJSC «Nizhnekamskneftekhim». In the course of audit the scope of certification was extended to include production of SSBR rubber.

At the Butyl Rubber Plant of PJSC «Nizhnekamskneftekhim» the Association for Quality Certification CQS carried out certification audit of compliance of the Food Safety Management System (rubber Grade 1675P) of the plant with the requirements of the International Standard ISO 22000:2005. The ISO 22000:2005 – is worldwide used standard, according to which a system of food safety management is developed and introduced.

Work on introduction, certification and updating of corporate integrated management system with regard to compliance with international standards in business units of the Company is an important tool of improving competitiveness of the enterprise, based on such fundamental principles as consumer orientation, risk-oriented systematic approach with leadership of management and involvement of all employees into the process, continuous improvement of processes and cooperation with suppliers under mutually beneficial terms. IMS facilitates achievement of assigned production and social tasks, efficiency increase of managing, monitoring and analysis of decision making processes, declaration and demonstration to consumers and business partners of the Company's compliance with the international standards, including guarantees that all business processes of the Company can be monitored and controlled, the required safety level of production has been reached, reliability of supplies and quality of manufactured products have been provided. Efficiency of all business units is evaluated by means of internal integrated audits, where compliance of management systems in business units with the international standards is verified. Evaluation of IMS efficiency is made by means of external audits, including the audits performed by the world famous consumers aimed at improving the Company's finished products competitiveness in the world market, which results in long term mutually beneficial contracts and development of joint programs of cooperation in the future.

See the content of Corporate Social Responsibility Code on PJSC «Nizhnekamskneftekhim» website: <http://www.nknhr.ru/investors/documentation/>

# RISK MANAGEMENT

**G4-2** Risk Management is one of the tools that allow the Company to improve the adequacy of the decisions made and provide sustainable development of PJSC «Nizhnekamskneftekhim». The Company intentionally forms the system that would allow identifying of the exact existing risks, informing the stakeholders about them and minimizing potential negative consequences to the Company.

## Insurance

In order to ensure a reliable insurance coverage of production facilities and property interests of shareholders, PJSC «Nizhnekamskneftekhim» concluded the contracts of the Company's property insurance as per the value of complete recovery after the accidents. Considerable part of risks is successfully placed by leading insurance companies in other countries' reinsurance companies. PJSC «Nizhnekamskneftekhim» has insured its civil liability for operation of 200 hazardous industrial facilities. The Company has no provision for property underinsurance. Voluntary accident insurance was arranged for employees in performance of their duties, and also insurance against harm to health of disablement for all employees.

## Risk Controlling System

Giving special consideration to the problem of minimizing the risks, the Company systematically implements the project on creation of the risk controlling system by using IT-solution of SAP GRC. The system is meant for automation of risk monitoring process, affecting the provision of stable strategic development, as well as for accumulation of the best methods and techniques applied for reduction of risk levels down to acceptable. In 2015, works on introduction of Risk Management System of PJSC «Nizhnekamskneftekhim» were completed. In the course of operation of Risk Management System (RMS) a series of standard solutions was developed, an operational testing of basic category risks management system was performed, a trial performance of Risk Management System of SAP GRC was completed relevant to risks, affecting implementation of strategic objectives, that will be integrated into the automated system of enterprise resource planning SAP ERP, introduced in PJSC «Nizhnekamskneftekhim».

Risks in the Risk Management System (RMS) of the Company are grouped by class of interconnected strategic targets and named based on the approach to strategic planning:

- › projection "Finance" – risks for financial result;
- › projection "Resources" – risks for resource base of the Company;
- › projection "Processes" – risks of major business processes of the Company;
- › projection "Market" – risks of market position of the Company's products.

The trial performance of RMS exhibited complete acceptability of the system for the needs of automation of risk monitoring process and accumulation of best risk management practices for the purposes of creating corporate standards. The system provides a continuous risk analysis and is ready for creation of data base of corporate standards for strategic risks management.

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

## Financial risks

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

## Environmental risks

**G4-EC2** These risks include air pollution on the industrial site and in the neighboring population areas, risk of water pollution.

## Social risks

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

# CORRUPTION CONTROL

See the corporate documents containing description of anti-corruption measures on the Company's website (<http://www.nknh.ru/investors/documentation/>)

The Company takes all necessary anti-corruption measures, such as formation of anticorruption legal consciousness with employees, intolerant attitude towards corruptive behavior. The Company has accepted anti-corruption policy.

The Company implements measures against occurrence of conflicts of interests by making the lists of the Company's affiliated entities and insiders. In 2015, 1,098 responsible executives and specialists were evaluated for affiliation, abuse of authority, availability of corruption risks. **S03** Simultaneously, examination of contracts concluded with the suppliers, subcontractors, products consumers and other counterparts that are forwarded for approval is carried out. Examination of contractual documents is made by specialists who have completed specific training on methods of providing economic safety. Complex of evaluation events comprises analysis of information about founders and managers of counter party, using specialized information and analysis systems. Signature terms of contractual documents are defined by the Tender Board that considers all risks, including corruption. In 2015, no incidents of corruption occurred. **S05**

## Training of employees in anti-corruption practices

**S04** In the last three years, 14 security staff members completed training in anti-corruption practices.

Further, in October, 2015, two employees of the Company completed training in the City of Kazan on the subject "Corruption Control in organizations of all forms of ownership".

## Compliance with anti-corruption legislation

Consultation and training of all employees with regard to the issues of compliance with anti-corruption legislation is carried out at the time of internal and external audits of financial and operating activities of the Company. As part of internal inspection, examination of key business directions of the Company is performed, including verification using primary accounting documents of financial and operating activities, and compliance with the requirements of anti-corruption policy. Candidates for executive positions are checked for loyalty.

## Trust line

**G4-57, 58** The Company has introduced the practice of monitoring and analysis of information communicated through the "trust lines". All messages communicated via the "trust lines" are considered on an anonymous basis by Security Office of the Company, verbal and written replies are given upon mandatory reporting to the Company Management.



# CHARTERS AND MEMBERSHIP IN ASSOCIATIONS **G4-16**



The Company adheres to general principles of UN Global Compact in the field of human rights, labor relationship, corruption management and environmental control that is reflected in CSR Code of the Company. PJSC «Nizhnekamskneftekhim» organizes its activity in the field of sustainable development following the International Standard ISO 26000:2010 "Guidance on Social Responsibility" and GOST R ISO 26000-2012 "Guidance on Social Responsibility".

PJSC «Nizhnekamskneftekhim» shares the principles and fundamental provisions of Russian Union of Industrialists and Entrepreneurs (RUIE), the member of which the Company has been since 2012. The Company has applied them also during preparation of this Report with regard to the use of responsible business practice.

The Company relies on basic provisions of precautionary principle (UN Declaration on Environment and Development, Principle 15, Rio de Janeiro, 1992). The Company considers all possible consequences to environment when making decisions on potential projects. In the course of preparation for implementation of projects, PJSC «Nizhnekamskneftekhim» makes an assessment of possible impacts on environment.

The Company takes part on a regular basis in the work of international non-commercial organizations, maintains continuous cooperation with International Labor Organization (ILO), International Organization of Employers (IOE), and has representative offices in relevant international organizations.

PJSC «Nizhnekamskneftekhim» is a member of the International Academy of Quality Management, the Association of Automatic Identification "UNISCAN/GS 1 RUS", the International Institute of Synthetic Rubber Producers (IIRSP), the Association of Gas Turbine Technologies for Power Generation and Industry, the Russian Union of Chemists, Russian Union of Industrialists and Entrepreneurs, the Association of Undertakings and Entrepreneurs of Republic of Tatarstan.

Besides the above associations and organizations PJSC «Nizhnekamskneftekhim» is a member of the Chamber of Commerce and Industry of Republic of Tatarstan. Such participation gives the Company an opportunity to promote sectoral interests, maintain its business reputation and is a supplementary tool for establishment of business contacts.

In addition to this, PJSC «Nizhnekamskneftekhim» is a member of a number of designated self-regulated organizations of industry branches and uncommercial partnerships, such as Self-regulated Organization Regional Uncommercial Partnership "The Community of Construction Engineers of Tatarstan Republic", which provides the Company's permit to perform certain types of operations.

When disclosing nonfinancial information in the Report, the Company is governed by data disclosure methodology of Global Reporting Initiative 4.0. Preparation of statements with regard to sustainable development has been performed by the Company since 2009.

A blue-toned illustration featuring a 3D bar chart with five bars of increasing height, a large upward-pointing arrow, and a 3D pie chart on a document. The background includes faint sketches of other charts and documents. A large, bold blue number '03' is overlaid in the bottom right corner.

03



« Financial and operating performance confirms sustainable positions of the Company and success of chosen strategy »

# ECONOMIC EFFICIENCY

# TECHNICAL AND ECONOMIC PERFORMANCE INDICATORS

## KEY FACTS AND FIGURES:

IN 2015, COMPARED WITH 2014:

COMMODITY PRODUCTS  
OUTPUT GREW BY

**+ 23.2**  billion rubles

TRANSFERS TO THE BUDGETS  
OF ALL LEVELS

**16.8**  billion rubles

SALES GROWTH ON THE DOMESTIC  
AND INTERNATIONAL MARKETS, %

**+ 13.3** 

The situation on the markets of petrochemical products in 2015 was characterized by the economic and geopolitical factors such as a significant reduction of oil and petrochemical products prices on

international markets, economic slowdown in the Russian Federation, high level of key rate of the Central Bank of the Russian Federation.

## TECHNICAL AND ECONOMIC PERFORMANCE INDICATORS

Description	Unit of Measurement	2013	2014	2015
Profit of the sales of goods, products, works, services	mIn RUB	119,826.1	132,893.0	<b>150,597.4</b>
Costs per 1 ruble of the products sold	copecks	89.59	89.92	<b>81.76</b>
Income before tax	mIn RUB	8,569.4	11,689.1	<b>33,642.6</b>

## FINANCIAL PERFORMANCE OF PJSC «NIZHNEKAMSKNEFTEKHIM» FOR 2013-2015

For more details on results of economic performance of the Company see the Annual Report of the Company.

Item	2013	2014	2015
Current ratio	1.63	2.02	<b>3.56</b>
Quick ratio	0.87	1.20	<b>2.30</b>
Cash ratio	0.17	0.47	<b>1.08</b>
Depreciation ratio (%)	50.80	52.93	<b>52.04</b>
Coefficient of renewal (%)	13.71	5.73	<b>10.84</b>
Retirement rate (%)	0.45	0.56	<b>0.62</b>
Capital-labor ratio, thousand rubles	2,098.5	2,388.9	<b>2,700.4</b>
Monthly average productivity of one worker, thousand rubles	590.3	681.0	<b>813.2</b>
Net assets, million rubles	60,733.6	68,235.7	<b>91,979.5</b>

SSBR BEING A NEW TYPE OF  
SYNTHETIC RUBBER WAS  
PRODUCED IN THE AMOUNT OF

**270**  metric tons

DEVELOPED

**34**  formulations  
for ABS plastics  
coloring

START OF PRODUCTION

**3**  new polypropylene  
grades

**1**  one grade  
of polyethylene

The main goal of the Company in 2015 was prevention of the results aggravation and maintaining the positions achieved. To compensate the negative impact of drop of prices on the international markets a number of measures was taken such as increase of production output and volumes of products sales, introduction of economy regime, providing tight control of the Company's expenditures and minimization of non-production expenses. Thereby all planned figures on output of commercial production, sale and profit were reached. Plan for production of commercial products was realized for 100.5%, commercial production output compared to 2014 was 103.1% in comparable prices.

The Company maintained all dominant positions as a polymer supplier. Total sales of the Company's products grew by 13.3% compared

to 2014, including sales on domestic markets – by 11.7%, and on international markets – by 15.1%. In 2015 commercial production amounted to 1514 billion rubles. Sales volumes of products and services amounted to 150.6 billion rubles. [G4-9](#)

The Company fulfilled all obligations for tax payments.

[G4-EC4](#) In 2015 within the framework of available mechanisms of subsidiary support from the Federal budget the Company received about 136.3 million rubles.

One of the major activities of the Company is implementation of measures aimed at reduction of utility consumption and improvement of power supply reliability.

### INFORMATION ON PAYMENTS TO THE BUDGET, MLN RUB

Item	2014		2015	
	Assessed	Transferred	Assessed	Transferred
Payments to the budget, mln RUB	10,609.4	8,985.4	<b>16,126.6</b>	<b>16,836.0</b>

### KEY FACTS AND FIGURES:

IN 2015 COMPARED TO 2014 THE COMPANY EXPANDED PRODUCTION OF:

+ 24.0% Rubber SKDL

+ 19.3% Neolon

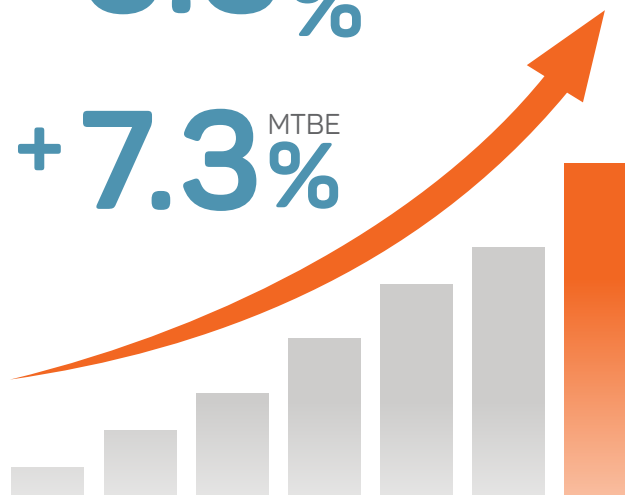
+ 11.6% DEG

+ 9.3% Rubber SKDN

+ 7.6% Ethylbenzene

+ 7.3% MTBE

+ 6.3% Styrene



THE COMPANY  
AND THE SCIENCE

COMPANY'S MOST  
IMPORTANT EVENTS

ABOUT  
THE REPORT

APPENDICES





04



« Focusing the main efforts on production activities, PJSC «Nizhnekamskneftekhim» at the same time pays great attention to the environmental protection. Since 2003 the Company's Environment management system has been running in compliance with international standard ISO 14001 »

# ENVIRONMENTAL EFFECTIVENESS

# ENVIRONMENTAL ACTIVITIES

PJSC «Nizhnekamskneftekhim» established the specialized service for the environmental protection as far back as 1975. In the course of time, while the Company grew and the national ecology policy changed, the environmental division functions varied as well

The Company's activities in the field of nature protection are arranged in compliance with environment management system (EMS) and international standard ISO 14001.

The General Director of PJSC «Nizhnekamskneftekhim» performs executive management of all types of activities including environment management system. Top management representative for the environmental management in the Company is the First Deputy General Director – Chief Engineer. Coordination of environmental activities across the Company is carried out by the Department that runs under the supervision of the Deputy Chief Engineer for the environment protection.

# ENVIRONMENTAL IMAGE OF THE COMPANY

Focusing the main efforts on production activities, PJSC «Nizhnekamskneftekhim» at the same time pays great attention to the environmental protection. In terms of environmental safety, the Company meets the latest requirements and has all necessary environmental protection facilities:

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

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

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

Environmental monitoring is ensured by departmental laboratories that have licenses for activities related to monitoring of emissions and environment and that accredited in the national accreditation system. Automated air pollution monitoring system has been functioning since 2008: four fixed air-monitoring stations have been installed in the sanitary area and along the perimeter of the industrial area of the Company. In 2013, air pollution monitoring station has been installed on the southwest of the territory of biological treatment facilities.

The Company constantly searches for technical solutions aimed to improve the environmental facilities and reduce the negative impact to the environment. The arising problems are solved both by the efforts of the Company's Research and Development Center and Design Engineering Center, and by the involvement of specialized Research and Design organizations.



# ENVIRONMENTAL PROGRAM OF PJSC «NIZHNEKAMSKNEFTEKHIM» AND ITS IMPLEMENTATION

## KEY FACTS AND FIGURES:

UNDER THE ECOLOGICAL PROGRAM FOR 2014-2020:

**59** measures were carried out

IMPLEMENTATION COSTS EQUALED TO

**740.1** million rubles

Practical activities on environmental protection are executed in accordance with special developed programs. Since 2001, PJSC «Nizhnekamskneftekhim» has introduced 3 ecological programs and spent 5.2 billion rubles accordingly.

Currently the Ecological program for 2014-2020 is being implemented with the purpose of ensuring the Company's sustainable development, reliable environmental protection and compliance with environmental legislation requirements. Specific targets of the program are the following: increase of environmental efficiency and emergency tolerance of production, development of environmental protection facilities, elimination of previously accumulated damage, improvement of monitoring and environmental management systems, creation of comfortable living conditions for the residents of Nizhnekamsk and Tukay municipal districts of the Republic of Tatarstan.

### Expected results of implementation of ecological program for 2014-2020:

Through implementation of activities provided in the Program, it is planned to achieve

considerable savings of natural resources and to reduce emissions and releases to the environment

Particularly, the following is expected:

#### To prevent:

- 2.8 thousand metric tons – emissions of harmful substances into the atmosphere;
- 55.1 million cubic meters – waste water discharge in water bodies;
- 6.5 thousand metric tons – discharges of pollutants in water bodies;
- 17 thousand metric tons – generation of nonutilizable wastes;
- 20.7 thousand metric tons – generation of utilizable wastes;



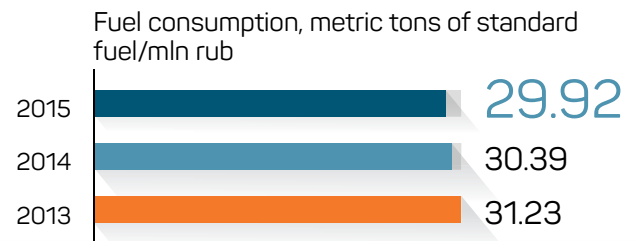
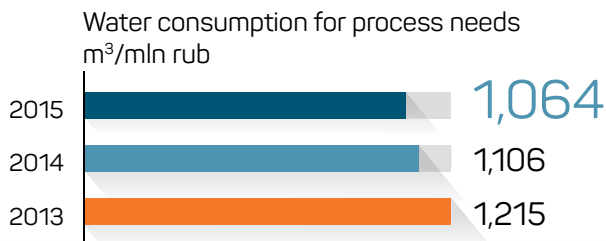
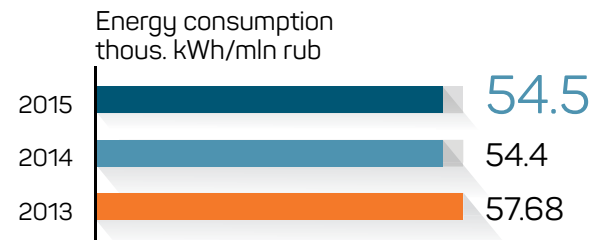
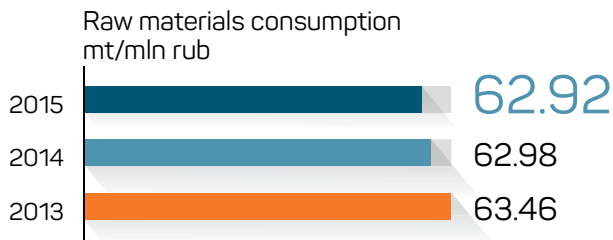
#### To save:

- 58.4 million cubic meters of river water;
- 743 thousand metric tons of steam;
- 41 thousand metric tons of crude hydrocarbons.

The program foresees recultivation of the disturbed lands, redevelopment and landscaping of the site territory of the enterprise and the city's residential districts, sanitary maintenance of suburban forest areas, arrangement of a single sanitary protection area of Nizhnekamsk industrial complex.

**G4-EN 31** In 2014-2015, under perspective ecological program for 2014-2020, 130 measures were implemented (82 – technical, 48 – organizational and preventive), the costs amounted to 1,409.4 million rubles.

UTILIZATION OF RESOURCES  
(at the adjusted prices):



# MAIN EVENTS RELEVANT TO ENVIRONMENTAL PROTECTION

## Energy saving

PJSC «Nizhnekamskneftekhim» is the largest consumer of utilities among the industrial companies of the Republic of Tatarstan. The electrical power suppliers of PJSC «Nizhnekamskneftekhim» are Nizhnekamsk Heating Power Station and Nizhnekamskaya Substation. Heating Power Station of Nizhnekamsk ("PTK-1"), and Heating Power Station OOO Nizhnekamskaya TETs are the sources of thermal power supply. Natural gas is supplied to the Company from the main gas pipelines of OOO Tattransgaz via MDSs (main distribution stations) No. 2, No. 3. **G4-ENS** In 2015, PJSC «Nizhnekamskneftekhim» consumed 2.59 billion kilowatt hours of electricity, 14.674 million

gigacalories of thermal power, and 613.7 million cubic meters of natural gas<sup>2</sup> (without sub-users) **G4-ENS** Energy intensity of production in 2015 equaled to 25.00 metric tons of standard fuel/million rubles<sup>3</sup>. Volumes of indirect use of energy in the form of electricity consumption for lighting and electric heating are monitored.

Efforts of systematic monitoring of indirect energy consumption allow reducing significantly such consumption by means of proper selection of energy efficient materials, services and production capacities.

## KEY FACTS AND FIGURES:

WITHIN THE THIRD PROGRAM IN 2015:

**56** energy saving measures were implemented

SAVED:

heat energy

**144** thousand gigacalories

electricity

**24.1** million kilowatt-hours

standard fuel

**2,000** metric tons

Costs related to implementation of measures amounted to

**59.2** million rubles

as a result of implementation

**187.37** million rubles were saved (including VAT)

<sup>2</sup> Energy consumption within the Company is shown in Appendix No.6.

<sup>3</sup> The calculation of energy intensity takes into account the consumption of utilities (heat power, electric power, and fuel) within the Company, related to the cost of commercial products.

### Perspective trends of Energy Saving Program

Energy Saving Program for 2011-2015, that runs today, is already the third one, and is rated up to 2020. According to this program 246 main energy saving measures are planned.

PJSC «Nizhnekamskneftekhim» proceeds to carry out the activities for creation of rational electrical power supply system; optimization of the reactive power flows is one of its focuses. During preparation and issuance of technical specifications for power supply of newly built plants within the capital construction program, one of mandatory requirements is maintaining the tgφ factor within the target range by installing compensating devices. Currently 116 reactive power compensation units (RPC) are operated by the Company having the total capacity of 45.33 megavoltamperes.

Additionally within the program of cost reduction for purchased utilities the works for creation of automated measuring and information system for commercial accounting of electric power complying with the requirements of wholesale electricity and power market were performed, which allowed to make a more detailed power consumption analysis.

For non-interrupted power supply to all Company's consumers by switching them to backup power source and for elimination of production shutdowns PJSC «Nizhnekamskneftekhim» has implemented and is operating high-speed automatic switch complexes (HSASC). Sixteen high-speed automatic switch complexes have been installed at all Plants of the Company over 2012-2015.

In December, 2013 was resumed the condensate return within the Program for reconstruction and revamp of the system for steam condensate collection and return from production area of the Company to Nizhnekamsk Heating Power Station (PTK-1 of OAO TGK-16). Within the period from December 2013 to December 2015, steam condensate in amount of 3.055 million metric tons was returned. Savings in payments for the heat energy amounted to 121 million rubles.



### EXPECTED RESULTS OF ENERGY SAVING PROGRAM IMPLEMENTATION FROM 2011 TO 2020:

#### SCHEDULED SAVINGS:

electric power

**367.1**   
million  
kilowatt-  
hours

heat power

**878.1**   
thousand  
gigacalories

standard fuel

**47.5**   
thousand  
metric  
tons

## G4-EN6 EFFECT OF IMPLEMENTATION OF ENERGY SAVING MEASURES

Savings:	Unit	2013	2014	2015
heat power	thous. Gcal	81.527	80.03	<b>144.0</b>
electric power	mIn kWh	29.29	15.66	<b>24.1</b>
fuel	tons of standard fuel	884	-	<b>2,000</b>

### G4-EN8,9,10 Water consumption

The source of water supply is surface water of the Kama river and ground waters from artesian wells in the recreation center Dubravushka, hunting area Osha. Consumption of water by PJSC «Nizhnekamskneftekhim» is made on the basis of Water Use Agreement with the Department of Water Resources of the Republic of Tatarstan and licenses<sup>4</sup>. The advanced water circulating system of PJSC «Nizhnekamskneftekhim» allows reducing of fresh water demand used as coolant.

### G4-EN22 Water discharge

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

Wastewaters are discharged from biological treatment plants to the Kama river, downstream of the Tungucha river buffer ponds to the Avlashka river, then via the buffer pond in Strelchny Log stream to the Kama river. In 2015, the volume of waste waters discharge of PJSC «Nizhnekamskneftekhim» to water bodies after four discharges amounted to 45,688.8 thousand cubic meters and exceeded the

volume of 2014 by 1,578.8 thousand cubic meters due to increase of waste water discharge from biological treatment plants.

Increase of wastewater discharge from biological treatment plants is related to the fact that the volume of waste waters routed for advanced treatment from collection and distribution unit is greater in comparison with the last year. Additionally, in September, 2015 the wastewater accounting system was modified as well.

The quality of treated wastewaters discharged into the Kama river from the biological treatment plants improved in the last three years, that is confirmed by the pollution index. Pollution index – is an integral indicator of water quality evaluation, which is calculated as the average value of the ratio of the actual pollutants content and their maximum permissible concentration (MPC) in fishery water bodies.

Since 2013 the pollution index of treated wastewaters, discharged from biological treatment Plants, reduced from 2.84 to 2.4 (15.5% reduction).

Improvement of wastewater quality discharged from biological treatment plants was reached via improved quality of effluents discharged from the Company's plants and more efficient operation of the treatment plants due to measures undertaken for the improvement of the number of facilities.

G4-EN24 In 2015, no spills of chemicals occurred that could have had a negative impact on the environment or create a potential hazard to soil, water, air, biodiversity and humans health.

Wastewater discharge to water body m<sup>3</sup>/mIn RUB (in adjusted prices)



Pollution index of treated wastewaters discharged from biological treatment plants



<sup>4</sup> Water consumption for the needs of Company is shown in Appendix No. 2

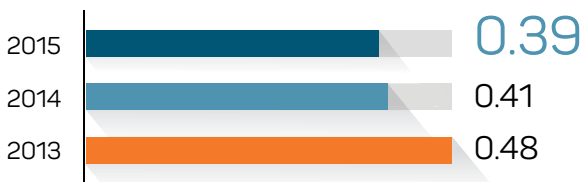
**G4-SO2 Emission of pollutants into atmosphere**

**G4-EN21** The Company continuously undertakes the activities aimed at reduction of pollutant emissions into the atmosphere. PJSC «Nizhnekamskneftekhim» has inventoried the sources of pollutant emissions into the atmosphere. 18 measures were introduced at the Company's plants in 2015 in order to reduce the pollutant emissions into the atmosphere. Moreover, leak-proof equipment was installed and 28 pump units were replaced or upgraded in conformity to the standards within the framework of ecological program.

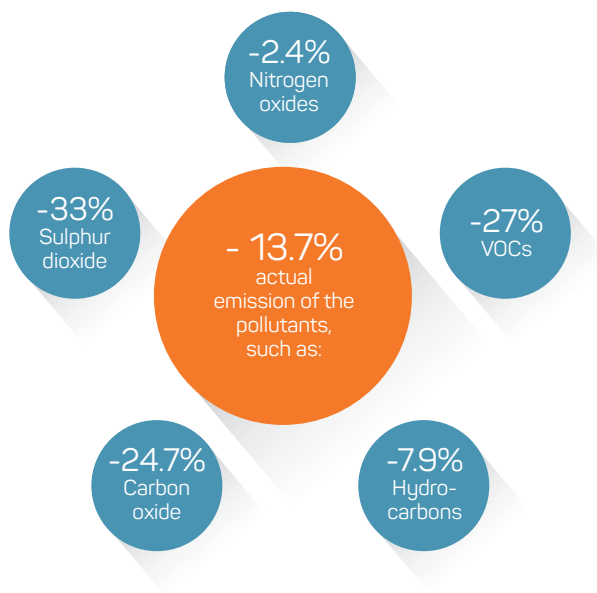
Because of works performed the overall volume of gross emissions decreased by 3,570 metric tons (18.8%) within the period from 2013 to 2015.

Gross emission of hazardous substances into the atmosphere in 2015 amounted to 22,435 metric tons, i.e. less by 1 thousand metric tons in comparison with 2014 (or 4.3% reduction).

Emissions of hazardous substances into the atmosphere tons/mln RUB (in adjusted prices)



**G4-EN21 Reduction of gross emissions of hazardous substances into atmosphere within 2013-2015**



#### G4-EN15-21 Total direct and indirect greenhouse gas emissions with mass indicated

PJSC «Nizhnekamskneftekhim» maintains accounting of greenhouse gas emissions generated because of its production activities.

In comparison with 2014, greenhouse gas emissions decreased in 2015<sup>5</sup> by 34.14 thousand metric tons in CO<sub>2</sub> equivalent (1.2%) due to decrease of gasoline and diesel fuel consumption by the motor vehicles and reduced ethylene production. Minor increase of methane emissions in 2015 was related to ramp up of styrene production and extended waste disposal at the landfill.

The main source of indirect emissions of greenhouse gases at PJSC «Nizhnekamskneftekhim» is fuel burning during energy generation by Nizhnekamsk Heating Power Station (PTK-1), OAO TGK-16 affiliate, from which heat and electricity are purchased for PJSC «Nizhnekamskneftekhim» needs.

#### G4-EN18 Initiatives on reduction of greenhouse gas emissions and reduction achieved

One of the methods of implementation of PJSC «Nizhnekamskneftekhim» policy is the rational use of natural resources and reduction of the negative impact on the environment.

PJSC «Nizhnekamskneftekhim» implements advanced technologies and develops measures to ensure reduction of greenhouse gas emissions. In 2015, the Company submitted the information about the climate change along the supply chain within CDP format (Carbon Disclosure Project) upon the proposal of main consumers of rubber products.

#### Wastes generation and handling

Currently, 310 types of wastes are generated at PJSC «Nizhnekamskneftekhim», including:

I hazard class – 5 types of wastes; II hazard class – 23 types of wastes; III hazard class – 163 types of wastes; IV hazard class – 73 types of wastes; V hazard class – 46 types of wastes. Wastes are generated both in the process of production and through the use of materials and products purchased from the third parties.

#### Generation of nonutilizable production wastes, t/mln RUB



The following is on the books of the Company:

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

Dumping facilities: the existing and closed landfills for the industrial wastes. Solid, bulk and slurry wastes of III and IV hazard classes are placed on the existing landfill. Receipt of wastes to the landfill from third parties is provided in accordance with the license. Wastes that are secondary resources (ferrous and nonferrous metal scrap, waste paper, waste polyethylene and polypropylene, etc.) are delivered to the dedicated companies for recycling. Part of wastes is transferred to the third parties for neutralization: mercury-containing items and thermometers, transformers with oil containing biphenyls and terphenyls, etc.

<sup>5</sup> Direct greenhouse gas emissions are shown in Appendix No. 5

#### G4-EN23, EN 25 Total weight of wastes split by type and handling method

In 2015 PJSC «Nizhnekamskneftekhim» generated 74,226.19 metric tons of liquid and solid wastes, of which: 71.7% used, 20.54% - neutralized and landfilled, 7.73% - allocated at long term storage facilities.

The share of generated wastes as per their hazard class versus the total weight of wastes generated: I hazard class – 0.016%; II hazard class – 6.89%; III hazard class – 24.22%; IV hazard class – 39.33%; V hazard class – 21.82%.

Increase of share of I hazard class wastes in 2015 versus the total weight of wastes generated in comparison with 2013 is related to the replacement of incandescent electric lamps with energy saving lamps. Reduction of II hazard class wastes in 2015 by 26% in comparison with 2013 is driven by increased use of liquid wastes in production of commercial products. Moreover, there was a decrease in generation of non-utilizable production wastes by 471.7 metric tons (4.2%); specific generation of non-utilizable wastes reduced by 9.8%.

In 2015, in order to decrease the volume of wastes, subject to dumping, PJSC «Nizhnekamskneftekhim» has concluded the agreements with dedicated companies for recycling of III and IV hazard class wastes: 3,138.170 metric tons of catalyst wastes, which previously were subject to dumping in the landfill, were handled for recycling to the third party companies.

Generation of V hazard class wastes in 2015 was reduced against 2013 by 93.8% (construction waste from buildings breakdown; soil of excavation works, not contaminated by hazardous substances). It is related to the civil works performed in 2013 at the Plants in order to increase the production capacity. Construction wastes are used for ravine restoration.

The total amount of I-V hazard class wastes in 2015 decreased by 76.5% in comparison with 2013, that was generally associated with reduction of V hazard class waste generation.

#### G4-EN2, 25 Share of materials that represent recycled or re-used wastes

Share of re-used wastes was calculated based on the ratio of the total weight of re-used wastes at own plants to the total weight of used raw materials and equaled in 2013 to 0.5%, in 2014 to 0.3% and in 2015 - 0.3%. Reduction of the share of re-used wastes is due to increase of liquid wastes use by the plants for the goods production followed by increase of the goods realization to the third party companies. In 2013-2014, works on removal of oil sludge from the existing pits of the industrial waste landfill and transfer for recycling were carried out.

#### G4-EN13 Efficient use of land

Great importance is attached to the efficient use of land. In particular development of production is carried out without involvement of additional land resources. Since 2013 the efficiency of land use has grown by 5.6%.

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

#### G4-E30 Environmental impact of transportation

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

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

Within PJSC «Nizhnekamskneftekhim» there is a Railway Transport

Division, which provides the relevant maintenance services (tank cars repair depot). In 2015, 563 units of rolling stock were repaired; tank cars fully meet the requirements for hazardous cargo transportation that minimize the accidents and negative impact on the environment. PJSC «Nizhnekamskneftekhim» does not arrange international transportation of wastes.

#### G4-E27 Initiatives aimed at mitigating the environmental impact of products and services and degree of impact mitigation

In order to reduce environmental impact of the pyrolysis gasoline hydrogenation unit, as well as of benzene and butadiene production unit and styrene production unit at the Ethylene Plant, in 2015 during the preparation of equipment for the overhaul PJSC «Nizhnekamskneftekhim» started for the first time to use a decontamination process. Therefore, instead of the primary steam out PJSC «Nizhnekamskneftekhim» now performs flushing of equipment with solution of water and specific chemical agent. This chemical agent is also added into steam, which is supplied to heated equipment during preparation for startup. Wash water and condensate after steaming out are collected via temporary lines in a special tank with further supply to thermal decontamination area. Such method of equipment preparation for the overhaul prevents the emission of substances with strong smell into the atmosphere.

In 2015 PJSC «Nizhnekamskneftekhim» got a positive conclusion of the State Environmental Expertise on the Project of Reconstruction of existing industrial waste landfill of PJSC «Nizhnekamskneftekhim». As of today, the waterproofing of the seven pits is completed, and it prevents from future groundwater contamination.

In 2015 the activities were started for cleaning of the Tungucha river buffer pond (Inysh) by using of Geotube high-efficiency filter fabric dewatering systems. 15,850 cubic meters of settlement were pumped into the geotubes. Design documentation was developed in 2015, several portions of the design documentation on technology of wastewater treatment by ultrafiltration were issued. The introduction of this technology will allow the return of treated wastewaters from the buffer ponds on the Tungucha river for industrial purposes in amount of 4,380,000 cubic meters and will save 1,290,000 rubles in abstraction of river water.

The implementation in 2014 of the plan for returning of treated wash water from the Strelochny Log stream buffer pond to the 3rd water level allowed in 2015 to reutilize 3,422,400 cubic meters of wash water.

The Company is constantly working on improvement of the efficiency of circulating water utilization by means of implementation of the advanced water treatment technologies and increase of efficiency of water cooling towers through relevant reconstruction. In 2015 the erection works were completed and two cooling towers were started up. This will save 4.746 million kilowatt-hours per year of power consumed. Additionally, overhaul of another cooling tower was started.

The heating water for heating of biological treatment plants is used instead of steam in the Division of water supply, sewerage and wastewater treatment: the steam boiler has been switched to water-heating mode, which reduces the consumption of potable water and decreases the emissions via reducing of fuel oil consumption.

#### G4-EN13 Natural landscape maintenance. Planting of greenery

PJSC «Nizhnekamskneftekhim» is constantly working on maintenance and restoration of the natural landscape. The lands affected during the overhaul of underground utilities are restored with the application of fertile soil layer.

Every year in warm season the Company's employees carry out cleaning of suburban forest sector, planting of flowers, trees and bushes instead of lost ones and in the newly built-up territories of the city and the Company. In 2015 the Company planted 375,739 of summer flowers and tulips, permanent grass seeds on the lawns in the area of 4.6 hectares. The forest area Korabelnaya Roshcha was cleaned up. PJSC «Nizhnekamskneftekhim» proceeded the public amenities and greenery planting of the Company's territory and

Neftekhimikov Park, where 55 green fir-trees were planted. Along the tram railways in the industrial area 56 fir-trees were planted. In the framework of the "Green Russia" action the Company planted 283 nursery plants.

### Waste water treatment services

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

In order to meet the standards requirements for treated waste water was taken a decision to reconstruct the biological wastewater treatment facilities. In 2015 the Company completed with activities on developing of detailed design documentation for reconstruction of mechanical treatment unit of biological treatment plants and started preparation for revamping.

In 2015 were completed the activities started in 2014 aimed at the bacteriological laboratory expansion in order to meet the requirements of the sanitary norms, regulations and to provide it with up-to-date laboratory facilities.

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

To ensure reliable operation of biological treatment plants and to avoid any accidental pollution of the Kama river the sludge from sludge storages is released every year. As a result of the work carried out in 2015 the effluents quality a little improved compared to 2013, which is

proved by the pollution index, 2.84 in 2013, 2.4 in 2015. The effluents quality in 2015 improved in terms of the following chemicals content: suspended matters, petroleum products, nitrates, nitrites, iron, chlorides, zinc, sulfides, titanium, nonion-active agent, methanol. Vanadium content was rather small and the result was lower than the test procedure sensibility limit. In 2015 the Company divisions performed the measures for the improvement of waste water quality.

### G4-EN11-14, 26 Conservation of biodiversity

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

The Company has a water intake structure with a fish protection system, located on the bank of the Kama river in the area of the Kuibyshev water storage nearby the Krasny Kluch village at a distance of 18 kilometers from the outfall of the Kama river. As additional facilities the floating boom with fish protection nets are provided.

Every year the Company performs evaluation of the impact on aquatic biological resources of the Kama river with engagement of the State Research Institute of Lake and River Fisheries. Taking in account this evaluation a specialized organization on a contractual basis carries out an artificial reproduction of aquatic biological resources to compensate the damage caused to aquatic bio-resources and their habitat.



31,358 juvenile carps were released into the Kuibyshev water storage in 2013-2015.

#### Production improvement in order to enhance environmental friendliness

For the purpose of improvement of ecological efficiency of production facilities, activities were undertaken for upgrading and revamping of production equipment, application of state-of-the-art technologies, use of flare off-gas as fuel, optimization of technological processes modes.

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

In the framework of implementation of perspective program aimed to development of petrochemical industry in the Republic of Tatarstan the works for the Project on reconstruction of Linear Alpha-Olefins Plant with the capacity of 37,500 metric tons per year based on Alpha-Sablin technology at Oligomers Plant were completed. The new technology is less energy-intensive: it needs

1.5 times less electric power, 4 times less heat energy and 2.5 less fuel gas. After reconstruction, the emission of pollutants into the atmosphere will be 1.9 times reduced, i.e. less by 180.6 metric tons per year in comparison with the actual value, as well as the amount of wastes generated will be reduced significantly. Particularly, the volume of liquid wastes handled to the incineration plant will be almost 8 times reduced. The volume of chemical waste waters handled to biological treatment plants will be reduced by 1.5 times and this will significantly reduce the load on treatment facilities and the impact on the surface water of the Kama river. Reduction of harmful substance emissions into the atmosphere will decrease the burden on soil and vegetation layer outside the industrial site of the Company.

Within the framework of the future-oriented development program for 2020 PJSC «Nizhnekamskneftekhim» is increasing production capacity of lithium catalyst-based butadiene rubber (SKD-L) and halobutyl rubbers (HBK). The use of halobutyl rubber in tire production industry instead of butyl rubber allowed to increase the cure rate and to reduce the cure temperature making the curing process less energy-consuming which in its turn had a positive effect on natural resources conservation. Use of halobutyl rubber in tubeless tire inner liner due to high gas impermeability helps to increase service life of tires (aging time) and reduce wastes. Use of SKD-L in polystyrene production ensures high impact resistance that ultimately leads to the increase of service life of the products made of high-impact polystyrene and reduction of wastes. The Company is carrying out activities to replace chromic ZBPh (zinc-bichromate-phosphatic) inhibitors by the alternative less harmful polymer inhibitors.



# ENVIRONMENTAL MONITORING

A well-arranged environmental monitoring is carried out in the Company by accredited and certified laboratories of the Technical Control Department.

In the sanitary protection zone and along the perimeter of industrial site of the Company (in the direction of all nearby settlements) fixed monitoring stations are installed, which keep record of harmful substances content in the air. These stations are designed for continuous automatic monitoring of air pollution and automatic measuring of mass concentration of 40 substances, as well as for measuring of meteorological parameters of the atmospheric air: temperature, absolute value of atmospheric pressure, relative humidity, speed and direction of the wind. The results of the analyses are transmitted 24 hours-a-day via communication system to the monitoring center in the sanitary-industrial laboratory, as well as to environmental protection department and to the central control room of the Company. The automated monitoring system allows prompt receipt of information, identifying the sources of air pollution and taking in time measures for preventing environmental pollution, as well as receipt of adequate information about the environmental impact of the Company's production activities. The automatic monitoring system located along the perimeter of the industrial site revealed 0.08% total exceed of standard values by 10 parameters (1,101,640 analyses).

To control the level of pollution of chemical waste waters discharged to biological treatment plants the analyzer at the site outlet line was installed in order to monitor the content of organic impurities. In 2015 at the premises of biological treatment plants atmospheric air automatic monitoring system made 558,179 analyses based on 30 parameters. The share of results, where maximum allowable concentration in atmospheric air was exceeded by three parameters, amounted to 0.001%.

At the northeastern end of the residential areas of Nizhnekamsk, where a monitoring station was installed, air quality generally maintained at the same level. In 2015 0.12% of 10,704 analyses, based on 32 parameters, showed the exceed of maximum allowable concentration by 3 parameters.

The number of analyses of atmospheric air quality in the villages nearby the industrial area, such as Martysh, Prosti, Ishteryakovo, Alan, Nizhneye Afanasovo, Bolshoye Afanasovo, Borok, Minkino amounted to 5,394, in which the exceed of MAC was 0.02% (one case).

Sanitary industrial laboratory performed 129,260 analyses in total, that comprises 29,038 analyses of air, 20,931 analyses of waste water, 77,007 analyses of physical factors and 2,284 analyses of potable water. Laboratory of biological treatment plants took 19,359 samples and performed 67,115 analyses of wastewaters fed to biological treatment plants and treated wastewaters, as well as water from wells and water from the Kama river at 500 meters distance upstream and downstream the waste water discharge points.

In the framework of improvement of the monitoring system in 2015 the following activities were performed:

- › The Federal Certification Body (Rosakkreditatsiya) certified the environmental competence of the biological treatment plants laboratory and sanitary industrial laboratory;
- › Software of air pollution control automatic stations was updated;
- › Laboratory equipment for determination of pollutants in emissions and wastewaters was upgraded;
- › In order to meet regulatory requirements 5 procedures for environment monitoring were purchased.

## Environmental training

The Company gives the high priority to the ecological education. The Company adopted the general instruction on environmental protection for the Plants as well as detailed instructions for all shops, including auxiliary ones. The environmental training of personnel is arranged with engagement of professors of institutes of the Russian Federation and the Republic of Tatarstan. Specialists of the Company participate as well. In 2015 the qualification of the specialists who are working in the following areas was improved: wastes handling and management – 90 persons; environmental safety – 31 persons; water supply and wastewater disposal – 16 persons; radiation safety – 2 persons; water development facilities – 2 persons.

## KEY FACTS AND FIGURES:

IN 2015 THE FOLLOWING ANALYSES WERE CARRIED OUT:

# 1,101,640

analyses based on 10 parameters along the perimeter of the industrial site via automated monitoring system

# 558,179

analyses based on 30 parameters at the premises of biological treatment plants via atmospheric air automatic monitoring system

# 10,704

analyses of atmospheric air quality based on 32 parameters at the northeastern end of the residential areas of Nizhnekamsk

# 5,394

analyses of atmospheric air quality in the villages nearby the industrial area

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In 2015 PJSC «Nizhnekamskneftekhim» took part in ecological and educational event "Russian National Ecological Lesson "Do together". Within the framework of this action the excursion to the water treatment plant of the subsidiary Company OAO SOV-NKNK was organized with participation of the following persons: representatives of the Sanhedrin Shura of Aqsqaals of Nizhnekamsk and Nizhnekamsk region, the Deputy Head of Nizhnekamsk Municipal District of the Republic of Tatarstan, the Head of Department of Russian Federal Consumer Rights Protection and Human Health Control Service, the Head of the Environmental Protection Department of Executive Committee of Nizhnekamsk Municipal District of the Republic of Tatarstan. Moreover, the educational film about the work of biological treatment plants of PJSC «Nizhnekamskneftekhim» was produced. In addition, the presentation "Environmental safety of PJSC «Nizhnekamskneftekhim»" was prepared and handed over to Nizhnekamsk School No. 3.

In 2015, the Company's representatives took part in:

- › the Research and Practice Conference organized by the Department of Federal Service for Supervision of Natural Resource Management in Volga Federal District (Nizhny Novgorod) with the report "Experience of PJSC «Nizhnekamskneftekhim» in waste management";
- › the X Russian National Conference "Industrial Ecology and Safety" (Kazan) with report "On the environmental safety of PJSC «Nizhnekamskneftekhim»";
- › the Joint Meeting of the Board of the Ministry of Ecology and Natural Resources of the Republic of Tatarstan and the Federal Service Administration for the Management of Natural Resources in the Republic of Tatarstan, where the results of works in 2014 and tasks for 2015 were reviewed. The President of the Republic of Tatarstan jointed this meeting as well;
- › the Conference "Current Issues on Air Quality and Control of Emissions of Industrial Enterprises in the Framework of Amendment of Federal Law No. 119-FZ" (Moscow);
- › the IX Russian National Conference "Ecology and Production. Prospects of Economic Mechanisms Development in Environmental Protection" (St. Petersburg);
- › the Seminar-meeting organized by the Department of Federal Service for Supervision of Natural Resource Management in the Republic of Tatarstan on the issues of changes related to the entry into force of Federal Laws Nos. 210-FZ, 416-FZ, 458-FZ (Kazan);
- › the Russian National Research and Practice Conference "Ecological and Innovative Aspects of Russian Society Development" (Nizhnekamsk).

#### Environmental responsibility to society and public information distribution

Being aware of the fact, that resolving of environmental problems is very important for Nizhnekamsk residents, the management of the Company takes significant measures aimed at further reduction of the negative impact of the Company's activities on the environment. These measures are reflected in the long-term target-oriented program Environmental Protection of Nizhnekamsk and Nizhnekamsk Municipal District for 2012-2015 approved by the resolution of the Cabinet of Ministers of the Republic of Tatarstan. In the framework of this target-oriented program within the period from 2012 to 2015 the Company performed 16 activities amounting to 1,725.7 million rubles, including 343.2 million rubles in 2015.

On April 30, 2015 the field meeting of the interdepartmental institutional working team was held on the issues of the environmental safety in development of the Nizhnekamsk industrial complex, which was attended by the Minister of Ecology of the Republic of Tatarstan, the Head of Federal Service for Supervision of Natural Resource Management in the Republic of Tatarstan, the Deputy Head of the Department of Russian Federal Consumer Rights Protection and Human Health Control Service in the Republic of Tatarstan. At this meeting the managers of

PJSC «Nizhnekamskneftekhim» and Design Company presented the materials on the proposed revamp of biological treatment plants.

PJSC «Nizhnekamskneftekhim» is the environmentally and socially responsible Company. It covers the issues of environmental protection in the mass media and participates in the competitions, meetings and ratings.

In 2015, 76 articles on environmental issues were published, 36 reports were shown on TV and 37 stories were 451 times declared on the radio. In each issue of "Neftekhimik" and "Hezmettesh Avazy" newspapers the ecological summary of the monitoring results is published. In addition, in 2015, 6 news were posted on the internet newspaper "Realnoye Vremya", 1 piece of news – on the official website of Nizhnekamsk Municipal District of the Republic of Tatarstan, 1 article – on the online journal of the Republic of Tatarstan "Business Online". Special press releases are regularly posted on the corporate portal.

**G4-EN34, SO11** PJSC «Nizhnekamskneftekhim» promptly responds to the complaints of Nizhnekamsk residents and the Company's employees. In 2015, one complaint was received only and field inspection of the premises, sampling and analysis were arranged accordingly.

Control of environmental legislation compliance is carried out in the course of inspections conducted both by the inspecting authorities and the environmental protection industrial services of the Company via individual audits and audits of these services. In 2015, dedicated authorities performed 20 inspections, during which two prescriptions were issued. Measures on one of these prescriptions are completed and on the other are still in progress.

#### Results of environment related activities

The Company annually confirms the compliance with the international standard ISO 14001:2004 through the compliance audits. In 2015, the Czech Society for Quality carried out a recertification audit.

Positive results of environmental activities of the Company were evaluated on national and regional level.

In 2015, the Company was awarded a diploma and medal of the winner of the XI National Competition "The Leader in Environmental Activity in Russia – 2015". Moreover, the Company was included into the list of nominees of National Competition and was awarded an honorary diploma and the medal "100 Best Organizations of Russia by Ecology and Environmental Management".

According to the results of the Competition held within the framework of the Interregional Trade Fair "Ecological Technologies and Equipment of XXI Century", which was supported by the office of the President of the Republic of Tatarstan, PJSC «Nizhnekamskneftekhim» was awarded diplomas "For the best work on environmental protection of industrial enterprises" and "For the best organization of environmental monitoring of industrial enterprises".

#### Main environmental objectives and tasks for 2016-2017:

- › To increase the environmental effectiveness;
- › To implement a new version of ISO 14001:2015;
- › To start cleaning of the Tungucha river buffer ponds;
- › To start revamping of biological treatment plants;
- › To develop design documentation and start the sewer laying for chemically contaminated drainage from industrial site to the biological treatment plants;
- › To upgrade the existing wastes landfill in conformity with the applicable codes and regulations;
- › To proceed with the improvement of recycling water systems;
- › To proceed with the overhaul of underground utilities pipelines;
- › To proceed with the activities related to timely update of environment protection permits.

## REPORT OF COMPLETION OF TARGETS AND TASKS FOR 2015

Target	Progress status
Increase of environmental effectiveness expressed in specific units (in prices of 2004)	Completed
From 2013 to 2015 the Company decreased the specific consumption of:	
› Raw materials	- 1%
› Water for process needs	- 12.4%
› Electric power	- 5.5%
› Heat power	- 2.4%
› Fuel	- 4.2%
› Specific emissions to the atmosphere	- 18.8%
› Specific generation of non-utilizable production wastes	- 9.8%
Arrangement of recertification audit of Environmental Management System	Completed
Cleaning of the Tungucha river buffer ponds	cleaning of pond No. 1 was started
Cleaning and recycling of waste waters from the Tungucha river buffer ponds for production needs of PJSC «Nizhnekamskneftekhim»	in progress
Start of revamping of biological treatment plants	in progress
Completion of revamping of biological treatment plants	in progress
Development of design documentation and start of the sewer laying for chemically contaminated drainage from the industrial site to the biological treatment plants	in progress
Upgrade of the existing wastes landfill in conformity with the applicable codes and regulations	Positive conclusion of State Environmental Authority was received
Proceeding with the improvement of recycling water systems	in progress
Proceeding with the overhaul of underground utilities pipelines	in progress
Proceeding with the activities related to timely updating of environment protection permits	in progress

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05



« PJSC «Nizhnekamskneftekhim» has adopted the Code of Corporate Social Responsibility, which reflects the Company's mission, key principles, coordination of activities in the field of social responsibility, principles of interaction with the stakeholders, basic social programs, etc. »

# SOCIAL PERFORMANCE

# INTERACTION WITH STAKEHOLDERS

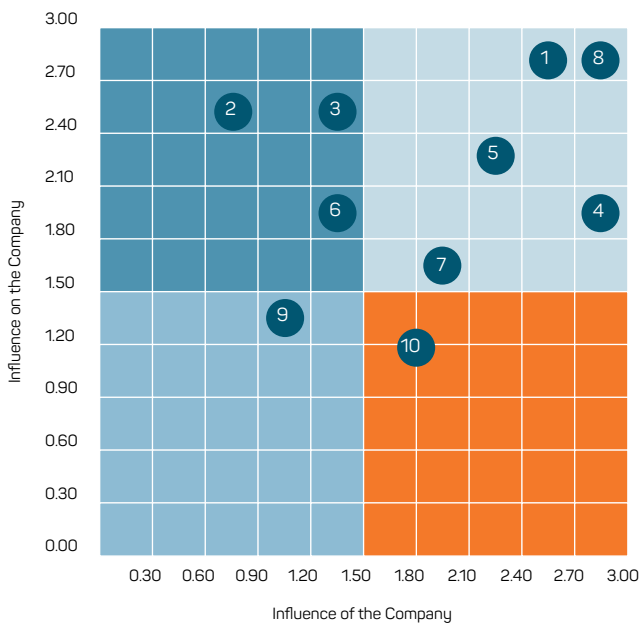
PJSC «Nizhnekamskneftekhim» takes into account the views of all stakeholders. Working in close dialogue with them allows the Company to quickly learn about the expectations of all stakeholders and society in general and promptly respond to their needs

The Company regularly studies the opinion of key stakeholders. In 2015 the representatives of PJSC «Nizhnekamskneftekhim» participated in various meetings, workshops, and held discussions with the stakeholders.

Within realization of the project "Construction of Grassroots Olefins Complex and its derivatives" (EP-600), development and improvement of process technologies focused on receiving new product types and products with improved properties, in 2015, more than 90 meetings with famous world companies were held in PJSC «Nizhnekamskneftekhim».

**G4-25, 26** The basis for identifying the key stakeholders is to analyze the degree of interaction and closeness of interaction, the importance of their interests for the Company, based on conversations with the management of the Company. The list and priority of stakeholders are defined according to the degree of their influence on the activity of PJSC «Nizhnekamskneftekhim» and the degree of influence of the Company on them, and assessment of that impact in the future.

**G4-24** Rating card of key stakeholders is formed in accordance with the methodology approved in PJSC «Nizhnekamskneftekhim» and developed based on GRI guidelines. The most important stakeholders are the workers and their families, business partners, shareholders and investors, local communities (including local authorities, communities and non-governmental organizations), media, professional organizations, stakeholders at the federal, regional and international levels. Methods of informing, feedback and interaction are developed and implemented for each group.



- 1 Shareholders
- 2 Investors
- 3 Federal authorities
- 4 Employees
- 5 Local community
- 6 Suppliers
- 7 Trade unions
- 8 Consumers
- 9 Media
- 10 Noncommercial organization

\* The card is compiled based on the results of top managers' inquiry

## System of informing the stakeholders

Channels of information transmission		Target group	
Consolidated reporting	Annual report Sustainability report	Published in Russian and in English once a year, prior to General Shareholders Meeting of the Company. Posted on the Company's website	Shareholders Company top management
	Quarterly reports of the Issuer, including RAP results	Posted quarterly on the websites of the Company and of the Interfax news agency	Company employees Population of the town and region
	IFRS statements	Twice a year (interim for 6 months and annual) posted on the websites of the Company and of the Interfax news agency	Business community Consumers
	Lists of affiliated entities	Posted quarterly on the websites of the Company and of the Interfax news agency	Suppliers
	Corporate action notification	Posted from time to time on the websites of the Company and of the Interfax news agency	
Corporate mass media <sup>6</sup>	Newspapers	"Neftekhimik" has been published from 1968 in Russian, once a week, circulation is over 12,000 copies, on-line version <a href="http://www.nknh.ru/pressroom/neftekhim_media/neftekhimik/">http://www.nknh.ru/pressroom/neftekhim_media/neftekhimik/</a>  "Khezzmettesh avazy" has been published from 1992 in Tatar, once a week, circulation is over 2,000 copies, on-line version <a href="http://www.medianknh.ru/newspapers/hezzmettesh-avazy">http://www.medianknh.ru/newspapers/hezzmettesh-avazy</a>	The population of the city and the region  Employees of the Company Shareholders
	TV-channel "Neftekhim"	TV programs in Russian and Tatar 5 times a week, the audience is 250,000 town people and adjacent human settlements	
	Radio "Neftekhim - 105,1" - Retro FM	Daily on-air broadcasting in Russian and Tatar, the audience is 120,000 people	
	Internet	<a href="http://www.nknh.ru">www.nknh.ru</a>	
Federal, republican, town mass media	Print media	Newspaper publications: "Rossiyskaya gazeta", "Respublika Tatarstan", "Vatanyrn Tatarstan", "Izvestiya", "Nizhnekamskaya Pravda", "Tugan Yak", "Vasha Gazeta", "Nizhnekamskoye Vremya", "Argumenty i Fakty", "Komsomolskaya Pravda", "My - Nizhnekamtsy", magazine publications: "Tatarstan", "Kauchuk i Rezina", "Promyshlennaya i Ekologicheskaya bezopasnost", "Business Excellence", "Plasticheskiye massy"	Population of Russia, the Republic of Tatarstan, Nizhnekamsk, Business community
	Television media	TV channels - "Rossiya-1", "TNV", TV companies - "NTR" and "Efr"	
Electronic data interchange	- with consumers via Elemica - with participants of trade platform ONLINECONTRACT		Consumers
SAP ERP system	12 functional modules introduced		Shareholders Top management of the Company
On-line purchases	Placement of POs on ONLINECONTRACT trading platform		Suppliers

Principles of interaction with stakeholders are defined in the Code of the Company's CSR (see [http://www.nknh.ru/upload/medialibrary/korp\\_sots\\_otv.pdf/](http://www.nknh.ru/upload/medialibrary/korp_sots_otv.pdf/) (pages 6-8)).

<sup>6</sup> From 2015, the corporate media are included in the holding company "Neftekhim Media", which is a subsidiary of PJSC «Nizhnekamskneftekhim».

## Mode and frequency of interaction with stakeholders

Stakeholder	Mode and frequency of interaction
Employees and their families	<ul style="list-style-type: none"> <li>› collegiate bodies of employers and employees (permanent commissions for the collective agreement, labor safety and labor disputes);</li> <li>› permanent reception on the production issues and weekly reception on social and labor issues;</li> <li>› annual corporate forum;</li> <li>› social monitoring (annually);</li> <li>› monthly corporate cultural and sports events;</li> <li>› constant interaction with the trade union committee and other unions of workers;</li> <li>› regular interviews of employees of the Company (once a month);</li> <li>› a permanent "hot line" for employees.</li> </ul>
Business partners	<ul style="list-style-type: none"> <li>› business meetings and discussions as needed;</li> <li>› selection of suppliers on a competitive basis;</li> <li>› a permanent record of the views of consumers about the quality of products;</li> <li>› development of standards for marketing of products;</li> <li>› regular market research;</li> <li>› participation in exhibitions;</li> <li>› permanent involvement in electronic trading on the manufacturers' websites;</li> <li>› procurement using electronic trading platform;</li> <li>› regular business conversations by telephone</li> </ul>
Shareholders and investors	<ul style="list-style-type: none"> <li>› regular meetings of the Company's management with shareholders and investors;</li> <li>› participation of the Company's management in the Russian and international conferences;</li> <li>› annual general meeting of shareholders (once a year);</li> <li>› extraordinary general meetings of shareholders (if necessary);</li> <li>› responses to the applications of shareholders and investors (constantly);</li> <li>› trips to the Company's facilities (if necessary);</li> <li>› disclosure of information on the Company's business in accordance with the requirements of the legislation.</li> </ul>
Local community	<ul style="list-style-type: none"> <li>› constant participation in working groups and commissions created by the administration of the business area;</li> <li>› continued cooperation with the institutions of professional education;</li> <li>› regular public opinion polls;</li> <li>› conducting public hearings and consultations, as necessary ;</li> <li>› participation in regional exhibitions and forums (depending on business needs);</li> <li>› continued involvement in the implementation of social programs in cooperation with community of Nizhnekamsk;</li> <li>› continued cooperation with educational institutions (sponsorship, meetings, polls, participation in the meetings concerning future development of vocational education for petrochemical industry).</li> </ul>
Mass media	<ul style="list-style-type: none"> <li>› permanent placement of information about important events of the Company ;</li> <li>› visits of Company's production facilities by media representatives;</li> <li>› invitation of the media representatives to press tours, press conferences, the celebrations and sports events held at PJSC «Nizhnekamskneftekhim»;</li> <li>› press coverage of annual conferences of the labor collective.</li> </ul>
Professional organizations*	<ul style="list-style-type: none"> <li>› participation in thematic meetings, conferences whenever they are organized;</li> <li>› representation and participation in RTK activities ;</li> <li>› continued cooperation with the Russian Academy of Sciences;</li> <li>› permanent representation and participation in working groups of associations and employers (RUIE, Coordination Board of employers association of Russia, AMP, etc.);</li> <li>› continued cooperation with institutions of higher education.</li> </ul>
Federal regional authorities	<ul style="list-style-type: none"> <li>› continued participation in governmental working groups, socially significant events, conferences and forums;</li> <li>› annual agreements on cooperation with regional authorities;</li> <li>› constant participation in the work of the Russian Union of Industrialists and Entrepreneurs;</li> <li>› in 2015 the Company did not lobby the national policy.</li> </ul>
International organizations**	<ul style="list-style-type: none"> <li>› continued involvement in the work of international noncommercial organizations;</li> <li>› representation in relevant international organizations;</li> <li>› continuous cooperation with ILO, IOE.</li> </ul>
Noncommercial organizations	<ul style="list-style-type: none"> <li>› co-operative activities with social and political, national and culture organizations, as well as organizations of social orientation, youth and physical organizations of town and the Republic of Tatarstan, including:</li> <li>› negotiations and consultations with local authorities;</li> <li>› support of social initiatives;</li> <li>› organization of charitable programs.</li> </ul>

## Interaction on the matters of sustainable development in 2015

Date	Location	Event title	Result
January, 2015	Moscow, Central Exhibition Complex "Expocentre"	17th Dedicated International Exhibition of Plastics and Rubbers "Interplastika 2015"	The Company's stand attracted the attention of a large number of visitors. Altogether, stands of more than 900 companies were represented at the exhibition. About 20,000 people from 30 countries came to know of the innovations in the field of plastics and rubbers production. PJSC «Nizhnekamskneftekhim» gained the diploma "For wide range of presented rubbers and plastics of high level quality".
February, 2015	Kazan, Exhibition Center "Kazanskaya Yarmarka"	International forum of motor industry "TIAF"	Major event for motor industry of the Republic of Tatarstan and Volga region. The forum gathered more than 280 experts from the leading automobile concerns of Europe and Russia, manufactures of automobile components, service and trade companies, industrial national organizations.  The stand of PJSC «Nizhnekamskneftekhim» took rightful place in the complex exposition of the enterprises of the Republic of Tatarstan which demonstrated a wide range of products: beginning from chemistry, oils and polymers and ending with finished automobile components.
	Naberezhnye Chelny	Exhibition within the framework of X "Kamskii Industrial Forum 2015"	Within the framework of the forum the matters associated with implementation of import substitution program aimed to support republic's manufacturers and assist in effective outsourcing for state corporations of the Republic of Tatarstan were discussed.
March, 2015	Kazan, Exhibition Center "Kazanskaya Yarmarka"	16th Dedicated International Exhibition "Energy and Resource Saving 2015"	According to the results of the exhibition the Company was awarded:  1. 1st degree diploma in the category "Power Efficient Developments" for the development of water steam condensate return technology to Heating Power Station from the production facilities of the first industrial area following the results of industry-specific competition.  2. Diploma and statuette in the category "Chemistry and Petrochemistry" for active participation in implementation National Program "Energy Saving and Increase of Energy Efficiency in the Republic of Tatarstan for 2014-2020" and for the achievement of the best characteristics in the field of energy saving and increase of energy efficiency.
	Nizhnekamsk, PJSC «Nizhnekamskneftekhim»	Presentation of strategic program for Company development	Presentation of Strategic Development Program of PJSC «Nizhnekamskneftekhim» was performed for the representatives of Sberbank of Russia delegation managed by Deputy Chairman of Management Board of Sberbank, Leader of Sberbank CIB Oleg Ganeev.
	Nizhnekamsk, PJSC «Nizhnekamskneftekhim»	Presentation of polyethylene for rotational molding	The meeting of the Company's specialists and representatives of the enterprises of Russia and Kazakhstan, involved in polyethylene processing by rotational molding, took place. In the course of the meeting discussed were the guaranteed actual quality properties of medium-density polyethylene of PEG432R and PEG438R grades compared to import analogues, as well as factors influencing possibility to transfer to production of polyethylene for rotational molding. According to the meeting results some agreements on mutually advantageous cooperation were reached.

Date	Location	Event title	Result
April, 2015	Moscow, Exhibition Complex "Gostiny Dvor"	XIII Moscow International Energy Forum "Fuel and Energy Complex of Russia in the XXI Century"	The Company was awarded the following diplomas: <ol style="list-style-type: none"> <li>1. Grand Prix, gold forum medal and prize "For Introduction of Effective Energy-Saving Equipment and Technologies during ABS-plastics production".</li> <li>2. "For the achievement of significant results in energy and resource saving among petrochemical companies of the Russian Federation".</li> <li>3. "For the introduction of innovative technologies into power industry and improvement of power supply reliability (introduction of the high-speed automatic switch unit (BAVR) in power supply systems)".</li> </ol>
	Moscow	Meeting with investors	The meetings with analysts and investors were held. They covered significant events and achievements of the joint-stock company and identified the perspectives of future development. More than 30 representatives of professional organizations took part in the meeting.
	Sochi	First All-Russian week of occupational safety	The Company's specialists took part in work of "round" tables, panel discussions and workshops where accepted amendments and those under preparation in occupational safety legislation were discussed.
May, 2015	Moscow	VI Forum "Investments in Russia"	Company's representatives took parts in the forum performance where PJSC «Nizhnekamskneftekhim» was awarded Investor Awards 2015 in the category "Best Corporate Strategy of Business Development".
	Nizhnekamsk, PJSC «Nizhnekamskneftekhim»	Meeting with plastics processors	Within the development strategy of PJSC «Nizhnekamskneftekhim», expansion of cooperation ties of Kamskiy Innovative Territorial Production Cluster, as well as operation of Nizhnekamsk industrial district at site of PJSC «Nizhnekamskneftekhim», the meeting of the Company's representatives, OOO Ford Sollers Holding and companies-processors of plastics (OOO Tatkhimplast, ZAO Polimatiz, OOO I-Plast, Polymer Plant OOO KZPM, etc.) was held. On plenary session and interactively on multisphere sessions "at round table" discussed were the possibilities of PJSC «Nizhnekamskneftekhim» in development of base raw materials for automobile industry, interrelation scheme of "Ford Sollers Holding" company with different level suppliers, capabilities of manufacturers of composite materials and articles from them for automobile industry needs.
	Nizhnekamsk, Ice Palace "Neftekhimik"	Exhibition of industrial potential of the Republic of Tatarstan within the framework of professional holiday Chemical Industry Employee Day	On May 29, 2015 in Ice Palace of PJSC «Nizhnekamskneftekhim» for the third time the republican holiday devoted to Chemical Industry Employee Day was celebrated, within the framework of which the exhibition of production enterprises of petrochemical industry of the Republic of Tatarstan was organized.  The meeting was attended by Rustam Minnikhanov, a.i. the President of the Republic of Tatarstan, M. Babich, authorized representative of the President of the Russian Federation in Volga Federal District, R. Zaripov, the Deputy Prime Minister of the Republic of Tatarstan and the Minister of Industry and Trade of Tatarstan.

Date	Location	Event title	Result
June, 2015	Nizhnekamsk, PJSC «Nizhnekamsk- neftekhim»	Teleconference	Teleconference with the representatives of investment community was held.
	Almaty, Kazakhstan	Tatarstan and Kazakhstan Polymer Forum within the framework of II International Conference "Crude Refining and Petrochemistry of Central Asia"	<p>PJSC «Nizhnekamskneftekhim» presented its products at Tatarstan and Kazakhstan Polymer Forum, held on June 17-18, 2015 in Almaty city (Kazakhstan) within the framework of II International Conference "Refining and Petrochemistry of Central Asia".</p> <p>Holding a forum was initiated by the Ministry of Industry and Trade of the Republic of Tatarstan and the Ministry of Energy of the Republic of Kazakhstan according to protocol of the first meeting of Joint Kazakhstan and Tatarstan working group on trade and economic cooperation. Its main aim was the possibility of experience and knowledge exchange in the field of polymer materials and establishing business relations between businessmen of both republics.</p> <p>«Nizhnekamskneftekhim» presented to polymer processors the whole range of plastics produced by the Company, emphasizing unique propylene copolymers manufactured within the program of "Import substitution"; polystyrene used in construction industry and engineering ABS-plastics intended for production of electrical articles, household appliances, gas counters, etc.</p>
	Naberezhnye Chelny, KamAZ Head Office	Inter-industry conference "Polymers and Compounds in motor truck industry"	<p>The whole range of products of PJSC «Nizhnekamskneftekhim» that is used or can be used in automotive industry was presented on inter-industry conference "Polymers and compounds in motor truck industry" which was held on June 29, 2015 in Management Board of KamAZ. The conference participants received new information on new polypropylene grades, characterized by high impact strength and cold resistance, on new grade of block copolymer PP8440T, as well as injected ABS-plastics grades that can be used for production of lighting fixtures, internal components and parts suited for electroplated coatings.</p> <p>Assembled on the conference representatives discussed interaction problems and possible ways of solution in production chain from supplier of base polymers to motor manufacturer. Not only the reports of major companies, but also achievements of manufacturers of compounds and articles made of plastics were presented that aroused specialists' interest.</p> <p>The representatives of PJSC «Nizhnekamskneftekhim» and PAO KamAZ mentioned importance and necessity of the like meetings, where not only polymer products innovations are presented, but also the today and tomorrow needs of auto manufacturers are specified.</p>
August, 2015	Nizhnekamsk, PJSC «Nizhnekamsk- neftekhim»	Teleconference	Teleconference with the representatives of investment community was held

Date	Location	Event title	Result
September, 2015	Kazan, Hotel and Entertainment Complex "Korston"	XXII European Congress on Catalysis and Exhibition "EuropaCat"	Prestigious European scientific event of catalytic direction – Congress "EuropaCat" was held under the auspices of European Federation of Catalysis Societies (EFCATS). The Russian congress EuropaCat-XII was devoted to the problems of balanced use of mineral and renewable resources. The increased interest to the actual theme of the biggest catalysis forum in Europe enabled to gather in Kazan 837 participants from 44 countries of the world.  Within the framework of the Congress the exhibition was organized which gathered 22 national and some foreign companies.
	Kazan, Exhibition Center "Kazanskaya Yarmarka"	22th Dedicated International Exhibition "Gas. Oil. Petrochemistry. 2015" within the framework of XXII Tatarstan Petrochemical Forum	Over 200 companies from 18 countries of the world took part in the forum performance. The exhibition was attended by 7,600 specialists of petrochemical industry, representatives of the Russian and foreign science, industry ministers and departments, production area from 77 cities of Russia as well as the near and far abroad countries. PJSC «Nizhnekamskneftekhim» was awarded Grand Prix for the best exhibit item, project or technical solution within the framework of XXII Tatarstan Petrochemical Forum in the category "The products with new or improved properties" for the development and implementation of technology for manufacturing the product with new properties i.e. butadiene-styrene synthetic rubber that is used in "green" tires production. Also the Company was awarded: 1. Diploma "For the development of new types of products". 2. Diploma "For a wide assortment and high quality of manufactured products".
	Kazan, "Kazanskaya Yarmarka"	10th Dedicated International Exhibition "Ecology and Equipment of XXI century – 2015" within the framework of XXII Tatarstan Petrochemical Forum	Over 200 companies from 18 countries of the world participated in the forum. The exhibition was attended by 7,600 specialists of petrochemical industry, representatives of Russian and world science, industry-specific ministries and departments, production area from 77 cities of Russia, as well as neighboring countries and beyond. Based on the results of the exhibition PJSC «Nizhnekamskneftekhim» was awarded the following diplomas: 1. "For the best demonstration of environmental activity among industrial facilities". 2. "For the best demonstration of environmental monitoring arrangement among industrial facilities". 3. Based on the results of the contest for the "Best exhibit item, best project or best technical solution" II degree Diploma was awarded in the category "Innovative environmentally friendly technologies" for development of the project on the use of technology of reverse osmosis ultrafiltration with the aim of cleaning of buffer ponds and their return to internal water cycle system.
	Kazan, Main Department of the Ministry of Emergency Situations of Russia in the Republic of Tatarstan	Workshop "Changes in legislation and regulatory legal acts governing fire safety matters. Performance of monitoring and supervisory activities in licensing sphere".	Representatives of occupational safety division of PJSC «Nizhnekamskneftekhim» participated in workshop.

Date	Location	Event title	Result
October, 2015	Moscow, Central Exhibition Complex "Expocentre"	18th International Exhibition of Chemical Industry and Science "Chemistry 2015"	<p>390 companies from 25 countries of the world demonstrated advanced technologies and new engineering developments at exhibition "Chemistry 2015". Exhibition was attended by 16,400 people. National expositions at the domestic level were organized by the companies from Belarus, Germany, China, and France. 190 Russian companies demonstrated their success. Based on the results of the exhibition "Chemistry 2015" the Company was awarded the diplomas:</p> <ol style="list-style-type: none"> <li>1. "For the development and mastering the new types of high quality products and contribution to the development of the petrochemical industry in Russia".</li> <li>2. "For the professional work of the Company managers at the exhibition".</li> </ol> <p>The General Director of the Company, Azat Bikmurzin, was honored a Diploma "For great contribution to the development of the petrochemical industry in Russia".</p> <p>Within the framework of the exhibition the competition for the best exposed products took place. The presented samples of manufactured products of PJSC «Nizhnekamskneftekhim» were awarded the top assessments that are confirmed by received First Degree Diplomas "For high consumer properties" of the samples.</p> <ul style="list-style-type: none"> <li>- general purpose polystyrene;</li> <li>- polypropylene;</li> <li>- polyethylene;</li> <li>- ABS-plastics;</li> <li>- rubber CBK-139;</li> <li>- rubber BBK-232;</li> <li>- styrene-butadiene rubber SBR 2012;</li> <li>- styrene-butadiene rubber SBR 2560F, 2560FM;</li> <li>- ethylene glycol;</li> <li>- polyether PEG-400.</li> </ul>
November, 2015	AO Ammoniy Mendeleevsk	The meeting of the Presidium of the Tatarstan Republican Committee of Trade Union of chemical industry workers	Participation in offsite meeting of the Presidium of the Tatarstan Republican Committee of Trade Union of chemical industry workers with the agenda "On the status of special assessment of working conditions at enterprises and organizations of the industry". Based on the meeting results the activity of PJSC «Nizhnekamskneftekhim» was given a positive evaluation within the special assessment of working conditions, adopted the resolution "On the work of the administration and the trade union committees of enterprises according to the special assessment of working conditions".
	Moscow	Forum "Polymers of Russia"	<p>Forum "Polymers of Russia" is the main industry platform for meeting of the top-management of the leading Russian polymer companies with the governmental authorities influencing the industry development. The aim of the Forum is provision of effective business relations and search of ways to overcome the crisis for those market players who are intended to continue the struggle for survival and industry development. Within the framework of the 8th Forum "Polymers of Russia" was held the ceremony of awarding the winners of the same-name award.</p> <p>PJSC «Nizhnekamskneftekhim» became the winner of the Third National Prize "Polymers of Russia" in the category "Imports substitution". The Prize "Polymers of Russia" is one of the most prestigious awards in polymer industry, and it is intended to encourage the industry leaders who provide its stable and progressive growth.</p>

Date	Location	Event title	Result
December, 2015	Moscow, "Technopolis Moscow"	III Annual National Exhibition "VUZPROMEXPO 2015. National Science – Fundamentals of Industrialization"	PJSC «Nizhnekamskneftekhim» stand informed of the outcomes of the projects implemented within the framework of cooperation development between universities and enterprises in the real sector of the economy in line with Resolution of the Government of the Russian Federation dated April 9, No. 218
During 2015	Moscow	Meeting to discuss the draft of Sanitary Regulations and Standards SanPiN 2.2.4/2.1.8-14	The specialists of the Company participated in the meeting, held together with the Russian Union of Chemists, on discussion of the draft of Sanitary Regulations and Standards SanPiN 2.2.4/2.1.8-14. "Hygienic requirements for physical factors of production and environment", with regard to peculiarities of technological processes at PJSC «Nizhnekamskneftekhim»
	Nizhnekamsk	Sessions of the Sanitary Anti-epidemic Commission of the town	The specialists of PJSC «Nizhnekamskneftekhim» took part in the Sessions of Sanitary Anti-epidemic Commission of Nizhnekamsk "On the status of the disease and measures to strengthen the fight against rabies in 2015", "On the status of the disease and the measures to strengthen the prevention of hemorrhagic fever with renal syndrome (HFRS) in 2015", "On preventive measures aimed at reduction of tick-borne encephalitis and tick-borne borreliosis in 2015"
December, 2015	PJSC «Nizhnekamskneftekhim»	Self-evaluation of CSR by suppliers	Presented questionnaires filled in by majority of the suppliers
	PJSC «Nizhnekamskneftekhim»	Questionnaires with regard to determination of significant themes to be realized in Sustainable Development Report for 2015	100 questionnaires with stakeholders' wishes. The wishes were taken into account during the Report development

□ THE COMPANY  
AND THE SCIENCE

□ COMPANY'S MOST  
IMPORTANT EVENTS

□ ABOUT  
THE REPORT

□ APPENDICES



## Key corporate documents governing the interaction

Stakeholder	Key corporate documents governing the interaction
Employees and their families	<ul style="list-style-type: none"> <li>› Policy of PJSC «Nizhnekamskneftekhim»</li> <li>› Internal labor regulations</li> <li>› Regulations on personal data of employees</li> <li>› Company standard for certification of managers and specialists</li> <li>› Company standard for determination and preparation of reserve staff for the posts of managers and specialists</li> <li>› Company standard for preparation and development of personnel</li> <li>› Regulations on compensation of the employees</li> <li>› Regulations on bonus payment for Nizhnekamskneftekhim employees based on the main results of economic operations for one month</li> <li>› Regulations on bonus payment for Nizhnekamskneftekhim employees based on the main results of economic operations for one year</li> <li>› Regulations on bonus payment for introduction of new equipment and development of new product types</li> <li>› Regulations on bonus payment for performance of particularly important tasks</li> <li>› Regulations on payments of social nature to employees of Nizhnekamskneftekhim</li> <li>› Regulations on awarding the employees for the work and contribution to development</li> <li>› Regulations on bonus payment for the economy of raw materials and supplies</li> <li>› Regulations on bonus payment for the economy of fuel, heat and electrical power</li> <li>› Regulations on coaching</li> <li>› Regulation on the organization of training and examination of the workers</li> <li>› Regulation on the moral and material incentives of labor protection and industrial safety</li> <li>› Regulations on the organization of training on occupational safety and assessment of knowledge of occupational safety requirements</li> <li>› Collective Bargain Agreement between employees and management for 2015</li> <li>› General policy of development of physical culture and sports</li> <li>› The main directions of youth policy</li> <li>› Regulations on the Committee for Occupational Safety</li> <li>› Regulation on the procedure of registration, review, use of innovative proposals, payment of remuneration</li> </ul>
Business partners	<ul style="list-style-type: none"> <li>› Policy of PJSC «Nizhnekamskneftekhim»</li> <li>› Regulations on the internal control for the purpose of combating money laundering and terrorism financing</li> <li>› Regulations on procurement using on-line trading platform</li> <li>› Standard on operating procedures of Department for chemical and hydrocarbon feedstock supply</li> <li>› Regulations on contractual tender commission</li> <li>› Instruction on drawing up documents for payments against contracts and control of settlements</li> <li>› Instruction on the order of contractual work</li> <li>› Standard for taking corrective and preventive measures</li> <li>› Instruction on the procedure for receiving foreign delegations and individual foreign experts coming to PJSC «Nizhnekamskneftekhim», and departure of the Company's representatives to foreign countries and to negotiations in other cities of Russia</li> <li>› Regulations on the registration, handling and storage of documents containing commercial secrets at Nizhnekamskneftekhim and when working with other organizations</li> <li>› Standard for sales management of finished products</li> <li>› Standard for complaints management of external consumers. Monitoring and analysis of satisfaction</li> <li>› Standard for claim administration</li> <li>› Standard for purchase of equipment, materials, spare parts, works and provision of services through Purchase Directorate in PJSC «Nizhnekamskneftekhim»</li> <li>› Standard for concluding contracts to perform R&amp;D and services. Organization of control of the execution of work under the contracts and the introduction of their results in the production</li> <li>› Instruction on shipment by motor transport</li> <li>› Regulations on access and internal security control</li> <li>› Instruction on work of Nizhnekamskneftekhim departments, services and divisions with business units located in the territory of the Company</li> </ul>

Stakeholder	Key corporate documents governing the interaction
Shareholders and investors	<ul style="list-style-type: none"> <li>› Charter</li> <li>› Regulations on executive powers</li> <li>› Regulations on the Board of Directors</li> <li>› Regulations on the General Shareholders Meeting</li> <li>› Regulations on the operating procedure of the Internal Audit Commission</li> <li>› Regulations on information policy</li> <li>› Regulations on the dividend policy</li> <li>› Regulations on independent directors</li> <li>› Code of corporate ethics of the Board of Directors Members</li> <li>› Code of corporate social responsibility</li> <li>› Regulations on the Audit Committee of the Board of Directors</li> <li>› Regulations on HR and Remuneration Committee of the Board of Directors</li> </ul>
Local community	<ul style="list-style-type: none"> <li>› Collective Bargain Agreement between employees and management for 2015</li> <li>› Agreement between PJSC «Nizhnekamskneftekhim» and Nizhnekamsk Institute of Chemical Technology on establishing the basic departments</li> <li>› Agreement on cooperation with the basic educational institutions (Nizhnekamsk Institute of Chemical Technology, Nizhnekamsk Petrochemical College, Nizhnekamsk College of Technology, Technical School of Petrochemistry and Oil Refining)</li> <li>› Agreement on the production practice for students (Nizhnekamsk Institute of Chemical Technology, Nizhnekamsk Petrochemical College, Nizhnekamsk College of Technology, Technical School of Petrochemistry and Oil Refining)</li> <li>› Cooperation agreement with Technical School of Chemical Technology and Oil Refining for implementation of the dual training system</li> <li>› Resolution on preparation and celebration of the New Year holidays in Nizhnekamsk Municipal District of the Republic of Tatarstan</li> <li>› Resolution on the public festivals: Navruz, Sabantuy 2015, Maslenitsa</li> <li>› Resolution on the voluntary works for landscaping, cleaning and planting the city</li> <li>› Agreement with the public housing fund</li> <li>› Resolution on maintenance of roads in autumn and winter of 2015 -2016</li> <li>› Resolution on the measures of improvement of sanitary and environmental condition of the forest areas in the territory of Nizhnekamsk municipality, the Republic of Tatarstan</li> <li>› Guidelines for wastes management at PJSC «Nizhnekamskneftekhim»</li> <li>› Resolution on the corporate assistance of enterprises, companies, organizations to educational institutions and intensification of community affairs at place of residence</li> </ul>

# THE COMPANY AND SHAREHOLDERS



The second place in the top 10 companies according to the III Annual Survey. Nomination “Leader of Corporate Transparency Among Russian Companies 2015”

## Corporate management

The Company's corporate management is an important part of PJSC «Nizhnekamskneftekhim» Responsible Business Practice. The Company in its corporate activities is guided by the Code of Corporate Governance, recommended for application by the Letter No. 06-52 / 2463 of the Bank of Russia dated April 10, 2014.

PJSC «Nizhnekamskneftekhim» does all that is necessary to protect the shareholders' and investors' interests and to build trust-based relations with the partners in the frame of improvement of the Company's activities on the base of information transparency principles and direct dialog in accordance with the applicable law and the world standard practices. The Top Management increases competitive advantages and investment attractiveness of the Company due to the optimization and standardization of business processes thanks to the Management information system being used by the Company as part of the SAP ERP system. Internal Control Department functions in the Company. PJSC «Nizhnekamskneftekhim» on a regularly basis publishes financial statements with the results of the Company activities in order to timely inform the shareholders and investors. Financial statements as per the Russian Accounting Principles and IFRS are posted on the corporate website. The list of corporate documents in force at the Company, the information on the authorized capital and capital structure, including the list of the shareholders of PJSC «Nizhnekamskneftekhim» holding five percent or more of the Company's shares are reflected in the Company's Annual Report and Quarterly Reports for 2015 (see corporate website <http://www.nknhr.ru>).

## Management bodies of the Company [G4-34, 36, 38,41, 42](#)

The corporate management system in force at PJSC «Nizhnekamskneftekhim» is focused on compliance with accepted international standards and aimed at the effective fulfillment of the Company's activities. The corporate policy and business processes are based on the principles of maximum transparency and openness to all stakeholders, risk prevention of conflict of interests.

[G4-LA12](#) In accordance with the Charter of PJSC «Nizhnekamskneftekhim» the Company's management bodies are: the General Meeting of Shareholders, the Board of Directors, the Management Board, and the General Director. The General Director is elected by the Board of Directors as the Chairman of the Board and administers its work. The General Director is responsible to the shareholders and the Board of Directors for realization of development strategy and financial performance of the Company. 10 persons form the Management Board. The average age of the Management Board members is 51 years.

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

## General Meeting of Shareholders [G4-35,37, 43, 44](#)

In accordance with the Federal Law on Joint Stock Companies and the Charter of PJSC «Nizhnekamskneftekhim» the supreme governing body of the Company is the General Meeting of Shareholders. Issues that cannot be delegated to the Board of Directors, the General Director or the Management Board remain within the competency of the General Meeting of Shareholders. In 2015 one Annual General Shareholders Meeting of the Company was held. It took place on April 22, 2015. Shareholders may direct the activities of the Top Management Body of the Company through the Board of Directors representation. Employees may give recommendations to a senior management body through the reports of the Company's management at the Board of Directors meetings, at the meetings of HR and Remuneration Committee and Audit Committee.

## The Board of Directors [G4-38,40](#)

The Board of Directors is the governing body of the Company and provides overall management of the Company, except for the issues referred to the competency of the General Meeting of Shareholders, according to the Federal Law and the Charter of the Company. The Board of Directors determines focus area, development strategy, plans and budgets, main risks related to the Company's activity and implementation of activities and procedures for the management of such risks. The Board of Directors is entitled to instruct the Company's Management and control the tasks execution. For preliminary consideration of the most important issues the Board of Directors establishes the Human Resources and Remuneration Committee, the Audit Committee. [G4-45, 46](#)

The Board of Directors members are elected at the Annual General Shareholders Meeting for the period until the next annual meeting. Elections of active members of the Board of Directors took place at the General Meeting of Shareholders on April 22, 2015.

[G4-47, 48, 49,50](#) Quantitative representation of the Board of Directors: 11 persons. One of them is an independent member. The Chairman of the Boards of Directors is not a CEO. An average age of the Board of Directors members is 57 years. In 2015, there have been 9 meetings of the Board of Directors of the Company. Meetings of the Board of Directors are held on a regular base. More than 68 issues were addressed at these meetings.

[G4-51,52,53](#) In accordance with Regulation on Principles and Criteria for Remuneration of the Members of the Board of Directors, the Board of Directors Committees and Audit Commission of PJSC «Nizhnekamskneftekhim» the criterion for remuneration payment is the availability of net profit. The amount of remuneration of the Company Board of Directors' members is calculated on the basis of Company net profit interest deduction for the financial year and on the basis of positive EVA interest deduction for the period of work of the active structure of the Board of Directors in accordance with provisions of this Regulation. Amount of such remuneration is approved by the decision of General Shareholders Meeting.

The General Director (the Chairman of the Management Board) and the Management Board members are remunerated in accordance with labor contracts entered into by them and PJSC «Nizhnekamskneftekhim». The remuneration of the members of the supreme governing body, top executive management and senior managers are conditioned by the Company business activity results.

There are Regulations on Bonuses for Personnel of PJSC «Nizhnekamskneftekhim», based on the results of work at the end of the month, in which the relationship is established between the benefits and results of activities, including social and environmental ones. Paragraph 4.4 of the Regulations regulates the size of the monthly premium payments to the executives of PJSC «Nizhnekamskneftekhim». The Annual Report of the Company contains the data on the amounts of remuneration and compensation paid to the members of the Board of Directors and the Management Board of the Company.

### Interaction with shareholders and investors

Establishing and maintaining trust relationship with the shareholders and investors is one of the most important tasks of the Company.

The Company does everything possible to preserve the interests of shareholders and investors, and to establish relations with the partners in order to improve the Company activities based on the principles of information transparency and the direct dialogue in accordance with applicable legislation and global standard practices.

**G4-49** PJSC «Nizhnekamskneftekhim» posts the information on its activities and results thereof on its official website. The sections "Investors and Shareholders" (<http://www.nknh.ru/investors/market/>)

and "Charter and Internal Documents" (<http://www.nknh.ru/investors/documentation/>) show internal corporate documents, annual reports, materials for shareholder meetings, information about the registrar and auditor, information on dividend policy, financial statements as per IFRS and Russian Accounting Principles.

In 2015 the Company placed 116 publications and press releases relating to the Company's current activities and 24 publications about trade union activity on its website. In section "Information Disclosure" 37 statements on significant events and 4 lists of affiliated companies and their amendments are published. Besides, 3 Quarterly Reports for the year 2015, 2014 Annual Report and Sustainability Report are posted on the website in the Russian and English languages.

The representatives of the Company take part in the international conferences and sessions on a regular basis<sup>7</sup>.

Since 2005 PJSC «Nizhnekamskneftekhim» has been interacting with the international rating agencies for the purpose of making available the information on the Company's activities results, maintaining the credit rating assigned and improving the investment attractiveness.

As a part of this interaction PJSC «Nizhnekamskneftekhim» holds regular meetings with the representatives of the rating agencies and discusses the results of the Company activities for the past period as well as the plans of further development. Besides, the Company has been maintaining a constant dialogue with the rating agencies in order to discuss emerging issues on financing soundness of the Company and its position on the market. In 2015, despite of unfavorable external conditions, PJSC «Nizhnekamskneftekhim» has kept its credit ratings at the previously attained level.

Agency	2013	2014	2015
Moody's Investors Service	Issuer's Corporate Rating – Ba3.	Issuer's Corporate Rating – Ba3.	Issuer's Corporate Rating – Ba3.
	Outlook: Positive.	Outlook: Positive.	Outlook: Stable.
	National Scale Long-Term Rating – Aa3.ru.	National Scale Long-Term Rating – Aa3.ru.	National Scale Long-Term Rating – Aa3.ru.
Standard & Poor's	Long-Term Corporate Rating – BB-.	Long-Term Corporate Rating – BB-.	Long-Term Corporate Rating – BB-.
	Outlook: Stable.	Outlook: Stable.	Outlook: Stable.
	National Scale Long-Term Rating – ruAA-.	National Scale Long-Term Rating – ruAA-.	National Scale Long-Term Rating – ruAA-.

<sup>7</sup> See detailed information is in Section "Social Performance of the Company", subsection "Interaction with Stakeholders"

# THE COMPANY AND BUSINESS PARTNERS

The Company seeks to deal with business partners, suppliers and customers based on the principles of transparency, fairness and impartiality in compliance with the ethics of business. The Company realizes a socially responsible approach in choosing the suppliers and consumers. Business partners and other concerned parties while execution of terms and conditions of contracts and agreements get necessary advisory services through attendance at the meetings, within the work groups, permanent commissions, discussions and negotiations on solving the specific issues, including the Company's ethics and reliability, at any time and in any required language by engaging translators with guarantee of confidentiality upon parties agreement.

The Company searches potential partners based on market research with due regard to public reputation of companies in terms of compliance with human rights and their shared principles of corporate management and social responsibility. PJSC «Nizhnekamskneftekhim» performs prequalification of bidders for supply of goods and services, paying special attention to suppliers' business ethics. The company purchases essential resources consumed on a tender basis, guided by the principles of transparency of procurement procedures.

**S07** In 2015, the Company was not subject to proceedings in connection with opposing to competition, no legal actions were considered with regard to practical approaches to prevent monopolistic practices and their outcomes.

## CONSUMERS AND SUPPLIERS AUDIT

Specialists of the Company hold external audits of suppliers' production facilities according to International Standards, give recommendations on improvement of Quality Management System at such plants.

Based on the results of the audit held in April the consumer company Tatkhimplast highly estimated Quality Management System of PJSC «Nizhnekamskneftekhim». In August, Bridgestone Company specialists carried out a Consumer Audit, as a result of which PJSC «Nizhnekamskneftekhim» Quality Management System was highly estimated: 91.2 %, i.e. "very good, keep current level".



## Polyether PEG-400 and Ethylene Glycol

were awarded the First Place Diploma of the competition "100 Best Products of Russia"



## RR4445T Polypropylene grade

by PJSC «Nizhnekamskneftekhim»  
is the prize winner of the competition  
"100 Best Products of Russia"

On June 24, the Company carried out an audit of the supplier OOO KZPM, recommendations were given and a deadline was imposed for the development of corrective and preventive measures. Check of recommendations implementation was held in December, 2015; the supplier reported on elimination of non-compliances.

The audit objectives are end-to-end and system processes and procedures: planning, design engineering, manufacturing, purchasing, logistics, sales, work with consumers, environmental management, production management, industrial environment, infrastructure, internal audit of the Company's divisions, analysis of QMS functioning by top management.

## Products compliance with requirements

### The Company activities in the field of products quality and safety

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

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

The Company pays great attention to provide a necessary level of personnel competence and training on management issues with the use of online study, certification and performance assessment of employees, conducting of corporate seminars. Internal information sharing, management, analysis, documents updating are performed in accordance with the requirements of the Company governing documents, State and International Standards. International Standards, the Company Standards and General Instruction Manuals are posted on the Corporate Portal that was developed and implemented in the Company. All regulatory technical documentation is timely updated.

### **G4-E27, PR1** Evaluation of the Company products' impact on health, safety and environment

All products/services lifecycle phases are estimated with regard to its potential negative impact on humans' health and environment. Requirements to safety of manufacturing processes for production, transportation, sale of products and rendering services are formalized in the Company's relevant technical documentation - from design technical assignments to existing process instructions / charts of operating parameters for specific processes and operations, including permits (licenses, MSDS, expert opinions, etc.).

Information about found-out quality properties of products, including non-hazardous / hazardous properties, is contained in the regulatory, technical and contractual documents for specific types of products. Compliance with the applicable Russian and international requirements is confirmed through quality control of finished products, testing of products in Russian and international certified laboratories and issuing the related documents to declare safe use of the Company's products.

### System of compliance with the products safety requirements

**G4-PR3, PR4** In 2015, no incompliances with regulatory requirements relating to information and labelling of products properties have been discovered. Products impact on health and safety is assessed, and information on the established requirements is provided for all valuable products manufactured by the Company. Delivery of products is accompanied by MSDS documents (Material Safety Data Sheet) mandatory in the EU, the USA and other countries, in which safety measures when handling the product are specified. The purpose of MSDS provision is making available the information on the products safety, including possible dangerous aspects.

Stages for which the mandatory requirements on the products/services safety are established and the possible impact on users' health are assessed for the purpose of subsequent improvement

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

Information about the products safety

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

Liquid and gaseous products of PJSC «Nizhnekamskneftekhim» are environmentally hostile and intended for industrial processing by consumers in accordance with the licenses for certain types of activities. All stages of liquid and gaseous products processing require the use of personal and group protection equipment, personnel training for safe operation, development of emergency response plans, operating procedures and instructions. The customer is provided with the approved Safety Data Sheets according to the Russian Federation legislation, Customs Union and REACH regulations, as well as in line with ISO 11014 and the laws of Canada, Japan, the USA, Taiwan, Korea, Turkey and others. Warning, caution and product handling marks and signs are applied to the transport packaging in accordance with the regulations relevant to specific products in line with GOST 19433, GOST 14192, GOST 1510, Directive EC 1272/2008 (CLP), UN Recommendations, GHS- Globally Harmonized System of Classification and Labelling of Chemicals), additional information to describe the products are applied as well. Works on Global Product Stewardship (GPS) are in progress. Rational management of chemical products is a responsibility of the Company. A GPS profile of PJSC «Nizhnekamskneftekhim» chemical products is being prepared. All polymer products produced in the Company are used for production of finished goods (tires, general mechanical rubber goods, consumer goods, medical goods, agricultural goods, etc.). There are no cases of products and services non-compliance with the regulatory requirements and voluntary codes with regard to their impact on health and safety. **G4-PR2**

Requirements to the Company products labelling are stipulated in the relevant regulatory documents (GOST and Product Specifications,

EU Regulation (EC) No.1272/2008 (CLP), Global Harmonized System (GHS), Custom Union Technical Regulation for specific types of products, hazardous goods transport regulations for specific transport means (Agreement on International Goods Transport by Rail, UN Recommendations, ADR, IATA, etc.), these requirements are detailed and supplemented during the development of contract delivery terms upon consumers' request. There are no returnable packaging materials. [G4-E28](#)

Registration of the Company products in compliance with the requirements of the EU Regulation (REACH) No.1907/2006 planned for 2010-2015 is successfully completed. In total, 39 chemicals (commodity products and monomers in polymer composition) were registered within the framework of REACH Regulation. All registered products received certificates confirming registration by the European Chemicals Agency. Those certificates allow PJSC «Nizhnekamskneftekhim» to continue free export of chemical products to the EU market and maintain its competitiveness. The works are performed on preparation of technical files on chemicals to be exported to the EU without prior registration.

All products being supplied to the EU are provided with Safety Data Sheets elaborated in accordance with REACH and EU Directive 1272/2008 (CLP), the UN Recommendations and SGS. Guidance for Safety Data Sheets is updated on a regular basis. Descriptions of usage methods, an exposure scenario and information on risk management procedures are added into a new form of Safety Data Sheets. According to the new regulation the supply chain participant, who has to provide the Chemical Safety Report (CSR), must attach the exposure scenario to the new form of Safety Data Sheet.

Being a dynamic developing Company PJSC «Nizhnekamskneftekhim» continuously works on enlargement of the sales market; in this context the geography of the Company's products registration will be wider as years go by. A GPS profile of PJSC «Nizhnekamskneftekhim» chemical products is under preparation in accordance with the GPS Risk Assessment Guidance. The Company doesn't sell prohibited and problematic goods. [PR6](#)

#### Practical approach to procurement [G4-12](#)

PJSC «Nizhnekamskneftekhim» cooperates with the major Russian companies. The Company is a permanent participant of the Inter-Republic Cooperation Program supervised by the Government of the Republic of Tatarstan aimed at 100% production facilities utilization. In 2015, 50% of raw materials delivered to PJSC «Nizhnekamskneftekhim» fell on the local companies of Tatarstan. [G4-EC9](#) Supply chain range did not significantly change during the previous year.

In 2015, suppliers upon the initiative of PJSC «Nizhnekamskneftekhim» performed a self- assessment of corporate social responsibility, during which the assessment was carried out in terms of labor relations practice, observance of human rights, impact on society, number of claims and others. In the course of assessment effective actual and potential negative impact on the society in supply chain was not revealed. [G4-EN32](#), [G4-EN33](#), [G4-LA14](#), [G4-LA15](#), [G4-HR4](#), [G4-HR6](#), [G4-HR10](#), [G4-HR11](#), [G4-S09](#), [G4-S010](#). The Company pays great attention to consumers' privacy and protection of its information. In 2015, there were no consumers' claims regarding this issue. [G4-PR8](#)





### Customers satisfaction

The Company is in a continuous contact with its buyers in Russia and other countries. The Company defines the range of customers on the basis of selection criteria, taking into account the reliability rating of purchasers and their reputation on the world market. Electronic data bases of consumer's claims for all types of the Company products and claims for incompliances related to products delivery are formed and supported with the aim to increase work performance with consumers and to assure informing of concerned parties. A necessary control of packaging, delivery terms, issuing of the required documents and others is performed at different stages of products transportation from a producer to a consumer. Analysis of the claims received is performed in accordance with the documents that stipulate an order of work with consumers and implementation of corrective and preventive measures of the Company's Quality Management System.

One of the Company's methods to ensure "consumer orientation principle" is the feedback from the end users and survey of their satisfaction. Totally 187 messages regarding the products' quality, packaging and compliance to the documents have been received in 2015. All messages have been worked out, investigated and corrective and preventive measures have been developed. **G4-S011**

**G4-PR5** The annual questionnaire survey of the consumers is conducted in order to receive the feedback on the quality of the Company's products and services. According to the survey<sup>9</sup> conducted in 2015, end users highly appreciated cooperation with PJSC «Nizhnekamskneftekhim»: rating point is 4.6 of 5 maximum.

### Marketing communications

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

As an advertiser the Company during design, development and advertising campaigns involves dedicated advertising companies entitled to deal with such activities and which undertake to comply with the laws of the Russian Federation on advertising, regulatory legal acts of the President of the Russian Federation, regulatory legal acts of the government of the Russian Federation, the orders of the authorities that regulate certain aspects of advertising. In 2015, no incompliances with regulations relevant to marketing communications, including advertising, promotion, and sponsorship were observed. **G4-PR7**

To maintain positive public image PJSC «Nizhnekamskneftekhim» in 2015 developed and placed means of out-of-home advertising media that would create honorable Company representation. Subject posters were placed (among them are posters on industrial, social issues, and also posters confined to professional, international, national celebrations, startup of new plants, visits of the government delegations, business executives, etc.).

In 2015, PJSC «Nizhnekamskneftekhim» participated in the international specialized exhibitions, fairs, presentations, forums and conferences, where the Company attracted lots of attention of government delegations, domestic and oversea firms, existing and potential customers. Highly-designed show benches, professional work of specialists, availability of various promotional publications, covering different production activities of the Company ensured the exhibits' success, win in almost all nominations and the First Place Diplomas award.

<sup>9</sup> An investigation regarding consumers opinion poll of PJSC «Nizhnekamskneftekhim» products was carried out by the Sales Department specialists and specialists of laboratory for sociological, psychological investigations and analysis; the polling was made among 68 consumers in Russia and other countries.

# SOCIAL PARTNERSHIP

## Enforcement of the right of Trade Union association

The Company recognizes the employees' right to associate and establish the organizations to represent their interests, which is an integral part of the right of freedom of association and bargaining. Coordinated work of the Company's management and Trade Union is based on the principles of partnership, such as equality, voluntariness, priority ranking, social justice, reconciliation of interests.

In the Company, the system functions to represent the employees' interests in the social and labor sphere. The Company's Trade Committee "United Labor Union Organization of Chemists Trade Union of Russia" keeps the social dialogue with the employer. Trade Union consists of 30,449 members (including the Company's pensioners), 4,773 employees of the Company are active trade unionists. [G4-11](#)

[G4-LA2](#) In PJSC «Nizhnekamskneftekhim» local regulations governing provision of employees with benefits, guarantees, and compensations are applicable. The Collective Bargaining Commission is a permanent body of social partnership in the Company. The system of privileges established by the Collective Bargaining is applied to all employees and does not depend on the status and conditions of employment.

[G4-HR12](#) During 2015, the Company did not initiate any new substantial activities or projects in the field of human rights. The Company monitors the violation of human rights through the active Commission on Labor Disputes, a body of prejudicial settlement of individual labor dispute, created on a parity base. Commissions have been created not only at the level of employer in whole, but in all the Company's structural divisions as well.

Social partnership in the Company is implemented in the forms of Collective Bargaining on drafting collective contracts, agreements and conclusion thereof, mutual consultations (negotiations) on regulation of labor and other respective relations, guaranteeing workers' labor rights and improvement of labor legislation, workers' and their representatives' participation in the Company management, participation of the workers' and employers' representatives in pre-trial settlement of labor disputes.

## Cooperation through discussion of benefits and guarantees to employees

In the frame of social partnership 17 conferences and 11 meetings were held for discussion and acceptance of 2015 Collective Bargaining Agreement. For a better representation of employees' interests 11 Trade Union commissions and 3 administration joint commissions function on a permanent basis.

Currently, the review of results of the specific evaluation of labor conditions is a matter of a careful attention of all concerned parties (employers, trade union and certifying authorities) at all stages of its performance with the development of exact solutions, including industry-based level, regarding drafting a single policy for all companies of the industry for making decisions on management of important issues such as review of self-assessment results in the field of reconsideration of guarantees provided to employees and compensation payment for the work in hazardous working conditions.

The Company Management and Trade Union are in close cooperation for assurance of decent working and leisure conditions for the employees.

## Training

The year of 2015 is marked with jubilee dates of Trade Union: 110 years anniversary from establishing the Trade Union in Russia and

## KEY FACTS AND FIGURES:

# 1961



Trade Union of  
the Company  
was established

OVER

# 97%



of the Company  
employees are the  
Trade Union members

in Tatarstan, 25 years anniversary from founding the Federation of Independent Trade Unions of Russia and 25 years from establishing the Central Committee of the Russian Trade Union of Workers of Chemical Industry. An educational seminar "Timeline of achievements", held in August for active trade unionists (Trade Union leaders, Heads of Shop Committees and Chairmen of Trade Union Committees of the Company's structural divisions), was dedicated to these significant dates. Knowledge, experience, handout materials and methodological recommendations gained in the course of seminar are intended to support active trade unionists in their further work in labor collectives.

Training and skills upgrading of Trade Union staff and active unionists is always one of the top targets of the United Labor Union Organization of Chemists Trade Union of Russia. During 2015, the Trade Union members received training at 16 ongoing schools of active trade unionists, visiting training seminars, trainings, a set of lectures and reports, simulation exercises and master classes, active trade unionists days and round tables. These particular people are qualified for determination of Trade Union members' essential needs, for informing Trade Union Members of the Company's Trade Union activity.

In October, 2015 training of newly elected active trade unionists of the United Labor Union Organization of Chemists Trade Union of Russia was performed. Lectures, practical trainings and physiological tests were conducted on subjects "Social partnership at work"; "Milestones of trade union movement in Russia and Tatarstan"; "Emotional competency. Leadership"; "Moral and psychological climate in teams"; "Youth policy at PJSC «Nizhnekamskneftekhim»".

In November 2015, training of newly elected specialists for labor health and safety of the United Labor Union Organization of Chemists Trade Union of Russia was carried out in accordance with the schedule of active trade unionists school. 33 representatives of labor groups of the Company divisions responsible for control implementation, advising and support of employees with regard to their rights on health and safety attended a course of lectures "Labor Safety" on the following subjects: "Public control of labor safety at the plant"; "Collective Bargaining Agreement and the parties responsibility"; "Employees' guarantees and rights of labor safety", etc. Upon training completion the specialists received Certificates confirming their authorities in terms of labor safety.

### Sharing of the information on the Trade Union activities

**G4-LA4** The Collective Bargaining Agreement includes the procedure of informing the employees about significant changes in the organization activities. Thus, the Company shall notify the Trade Union Committee of upcoming headcount reduction and possible termination of employment contracts not later than two months before the start of related activities.

Information about joint collaboration of the Company's administration and Trade Union Committee is regularly communicated to labor collectives at the meetings and conferences and highlighted in national, regional and corporate mass media. Nizhnekamskneftekhim Trade Union has the website <http://www.nknh.ru/profkom/>.



# THE COMPANY AND EMPLOYEES

## KEY FACTS AND FIGURES:

71.34  hours

average training time per an employee

201.9  mln RUB

vacation bonuses

In 2015, the new Policy in the field of personnel management that is to ensure the development of the human capital assets of the Company in compliance with the chosen business-strategy, facilitate the creation of well-motivated professional team capable to effectively resolve the tasks assigned.

The strategic tasks in the field of personnel management are:

- > timely provision of the Company with highly qualified personnel capable to resolve the tasks assigned for achievement of business targets;
- > optimization and stabilization of the Company's staff;
- > improvement of the personnel management in accordance with the Company strategy and trends on the job market;
- > increase of the personnel management effectiveness through the development of corporate culture, introduction of the latest standards into the system of the Company personnel management;
- > development of approaches and improvement of technologies of personnel management for achieving maximum results;
- > formation of the system of personnel development, continuous education, knowledge management at the Company;
- > assurance of the system approach for the training, skill improvement, and reskilling of the Company's personnel;
- > formation of personnel reserve: inner – due to selection and development of more perspective and successful workers, outer – due to activation of professional orientation, expansion of cooperation with educational institutions and employment services of the region;
- > improvement of the assistance to younger employees, implementation of the program of the youth adaptation;
- > development and increasing of the effectiveness of the Company's inner and outer communication;
- > sustaining the Company's image as stable and preferable employer.

## Observance of the employee rights

**G4-15,HR5, HR6** PJSC «Nizhnekamskneftekhim» affirms its commitment to human right observance as per the Universal Declaration of the Human Rights, ILO Declaration on Fundamental Principles and Rights at Work, the Russian Federation Constitution and legislation. The Company ensures protection of workers' rights, which are an integral part of the rights to freedom of association and bargaining. Each employee of the Company has equal opportunities to exercise their labor rights regardless of gender, race, nationality, origin, material, social, and employment status, age, residence, religion, political beliefs, as well as of other circumstances not associated with the employee's competency.

The Company meets the requirements of the Russian Federation Labor Code, which prohibits employment of persons under the age of 18 years for work in harmful and (or) hazardous labor conditions, and observes the rules prohibiting employment of women for work in difficult and hazardous conditions in the refining industry.

In its activities, the Company is guided by provisions of declarations and conventions of international organizations, and the RF Constitution regarding prohibition of forced labor. The Company has a system of prevention, detection and, if necessary, taking measures to address violations of economic and social rights of workers. The instrument to regulate the relations is the Labor Dispute Commission.

**G4-LA16** In 2015 no appeals and complaints of employees to the Labor Dispute Commission on the part of violation of human rights including rights of indigenous people and minorities were reported. In 2015 one appeal on labor practices was handled in the Labor Dispute Commission.

Anti-discrimination policy is one of the main requirements of international agreements, social legislation and relevant guidelines. No lawsuits, complaints, and claims officially registered by the organization or competent authorities, and no violations identified by the organization by means of procedures established at the Company were reported. Human rights issues are covered during training of the union members; 2,471 employees were trained in 2015. **G4-HR3**

The Company sociologists continually evaluate the social and psychological climate in the business units, including relationships that are taken into account by managers of departments in further work for development of measures focused on improvement of stability in the team. The quality of working life in different social groups is being monitored, including minority groups. The Republic of Tatarstan is characterized by two dominant ethnic groups: Tatar and Russian. At the same time, representatives of national minorities, such as the Chuvashes, Germans, Ukrainians, Belarusians, Mari and others, are also satisfied with ethnic relations and equal conditions for everybody. **G4-HR8** Based on the results of sociological studies<sup>9</sup>, it was revealed that satisfaction with ethnic relations equals to 91% (with the standard value of min. 60%).

Security Service employees of the Company obtained knowledge on human rights within the training programs while upgrading qualification. The share of trained employees of Security Service is 24.7%. **HR2**

<sup>9</sup>The study was conducted by the specialists of the laboratory of social, psychological investigations and analysis of PJSC «Nizhnekamskneftekhim»; 1,277 respondents were surveyed.

☐ THE COMPANY  
AND THE SCIENCE

☐ COMPANY'S MOST  
IMPORTANT EVENTS

☐ ABOUT  
THE REPORT

☐ APPENDICES

In its work, Security Service ensures observance of economic and informational safety, security and regulations of the Company and its subsidiaries. **HR9** Functional responsibilities of the security service employees do not contemplate to use force towards violators. Suppression of order violations using force is exclusively within the competence of the staff of the security company, among which 82.1% of guards have been trained on aspects of human rights and have standard form certificates. **HR7**

### HUMAN CAPITAL OF THE COMPANY

**G4-10, EC6, LA1** PJSC «Nizhnekamskneftekhim» employs 16,109 persons<sup>10</sup> of more than 300 professions. Out of the total number of employees of PJSC «Nizhnekamskneftekhim», 96.2% of employees are employed under an employment contract for an indefinite period, the number of employees employed under the fixed-term employment contract amounts to 3.8%. The share of top managers at the Company employed from the number of representatives of the local community<sup>11</sup> was 100% in 2015. 69.2% of total staff are workers. To ensure stable qualification of staff required for the Company, the system of recruitment has been developed. In 2015, 1,493 persons were employed in PJSC «Nizhnekamskneftekhim», the new hire rate was 9.3% of total staff. The Company provides the opportunity to work and provides work for the employees of its subsidiaries, as well as construction companies.

### Number of employees, persons



Decrease in the number relates to optimization of organizational structure including: consolidation of Polystyrene and Polyolefins Plants into the single Plastics Plant, etc.

The Company's Policy of Human Resource Management provides for work activities with different social groups: in terms of age, education, gender, social and professional belonging<sup>12</sup>. 43 people in the Company have science degrees.

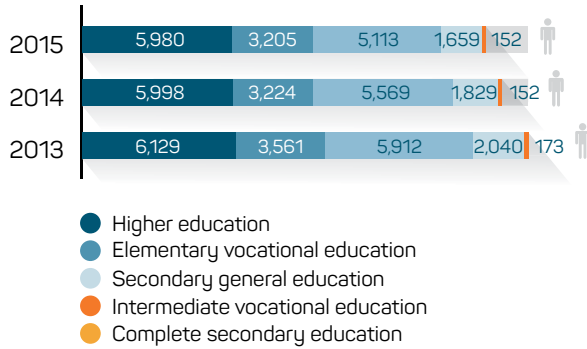
<sup>10</sup> PJSC «Nizhnekamskneftekhim» staff as of 31/12/2015 is in Appendix 8.

<sup>11</sup> The General Director, Deputies General Director, Directors of Departments and Divisions are the top managers of the Company. The local community means members of the public having citizenship of the RF.

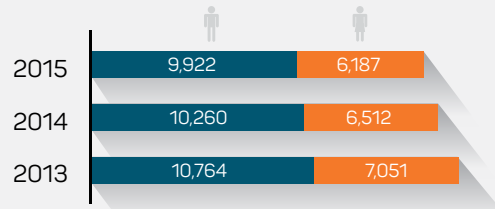
<sup>12</sup> PJSC «Nizhnekamskneftekhim» personnel structure is in Appendix 8



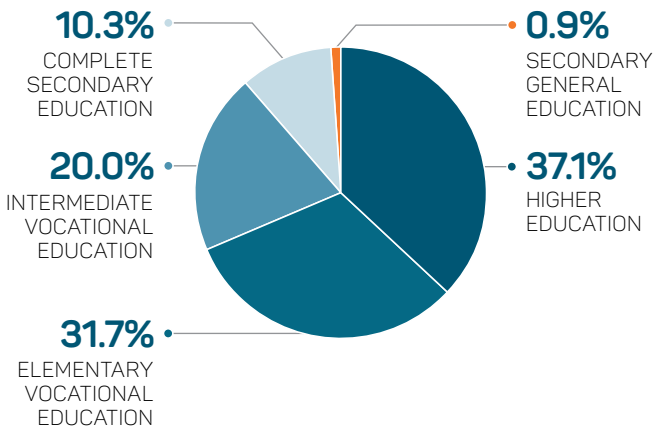
### Personnel structure by education level, persons



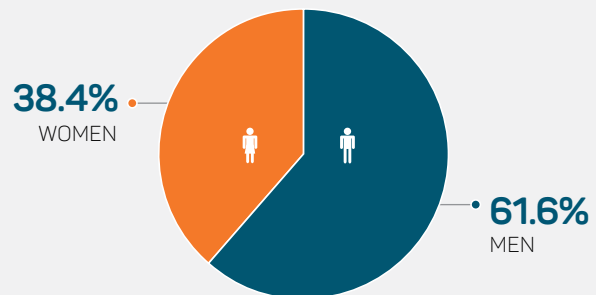
### Personnel structure by gender, persons



### Personnel structure by education level, 2015



### Personnel structure by gender 2015



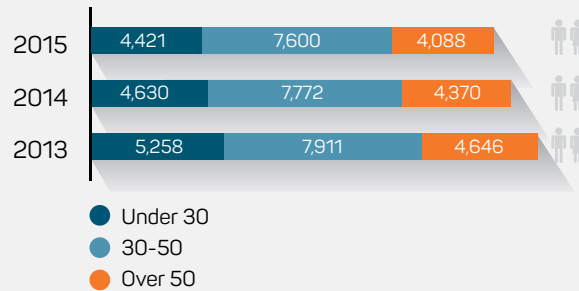
The ratio and representation of men and women in various categories of personnel has been retained at the same level for several years.

G4-LA12

At year-end 2015, total quantity of working retirees in PJSC «Nizhnekamskneftekhim» was 3,108 people, 515 people retired. Individual data on length of employment and wage of employees of the Company are prepared and sent to the Pension Fund. G4EC 3

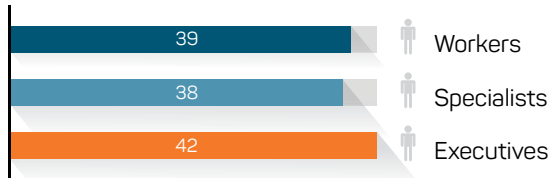
G4-LA1 Turnover rate of personnel is within normal limits for an industrial enterprise and is equal to 6.46% (6.53% in 2014)<sup>13</sup>. The work on decreasing personnel turnover is continued.

### Age composition of employees, persons



<sup>13</sup>Data on personnel turnover are in Appendix 8

### Average age of employees, 2015



Average age of employees is **39** years

### Recruitment of new employees



#### Interaction with the city's educational institutions

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

For many years, the main sources of the Company replenishment with young specialists and workers are the basic institutions of the City of Nizhnekamsk: Nizhnekamsk Institute of Chemical Technology, Nizhnekamsk Petrochemical College, Nizhnekamsk College of Technology, Secondary Technical School of Petrochemistry and Refining.

#### STUDENTS TRAINED AT THE COMPANY

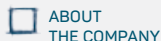
**1,711**

#### GRADUATES OF EDUCATIONAL INSTITUTIONS EMPLOYED AT THE COMPANY

**396**

#### ASSIGNED FOR CO-FUNDING OF THE RESOURCE CENTER

**6.25** mln RUB



### Student internship organization

Agreements between educational institutions and the Company were signed subject to arrangement of internship and employment of the graduates<sup>14</sup>.

As a result the Company has an opportunity to hire graduates adapted for work, update educational programs taking into account production needs<sup>15</sup>. According to the Collective Bargain Agreement all students and pupils having practical training in the Company are provided with work clothes and personal protective means.

### Dual system of vocational education

In order to improve the quality of training of students of basic vocational institutions and for closer interaction with the Company, a dual system of vocational education is in force that combines theoretical classes in educational institutions and in-plant training in the Company on specializations: electrician for repair and maintenance of electric equipment, operator of inorganic substances production, operator of process pumps and compressors. In 2014-2015 academic session 65 students studied as per this system and 60 students studied in 2015-2016 session.

### Federal experimental platform

For improving the training of students, and assignment of graduates of higher educational institutions at the Company, Federal Experimental Platform of Nizhnekamsk Institute of Chemical Technology established on the basis of the award of Collegium of the Ministry of Education and Science of the Russian Federation has been functioning at the Company for 14 years. The main goal of the program is an internship of the students of the graduating year. In 2015/2016 48 students participate in the experiment. Totally from the beginning of the experiment 826 students of Nizhnekamsk Institute of Chemical Technology undertook in-plant training. During these years the students were employed temporarily for 10 months, from 2015 almost all of them have been employed on the basis of termless agreement. Now, students having defended graduation thesis successfully, may return to their working places being certified specialists, and further climb their ranks using obtained theoretical and practical skills.

### Base departments

In 2014, within implementation of science and education programs an agreement was signed with Nizhnekamsk Institute of Chemical Technology for establishment of four basic chairs: "Automated control systems", "Industrial energy of petrochemical plants", "Equipment of petrochemical plants", "Petrochemical synthesis". Within the work of these chairs it is planned to approve the topics of course papers and graduation thesis taking into account the needs and possibilities of PJSC «Nizhnekamskneftekhim», conduct joint scientific investigations and introduce the results of research and development into production, conduct employer-sponsored training of specialists, bachelors and masters. Thus, in 2015, 11 employees of the Company were matriculated into the higher educational institution for state-subsidized education. In 2016, qualification upgraded courses in the energy sector for workers of the Company are planned on the basis of Nizhnekamsk Institute of Chemical Technology.

### Employer-sponsored training

The Company has implemented the program for employer-sponsored training of skilled staff on professions (specializations) of vocational secondary education in the state institutions of Tatarstan Republic. On this program the Company cooperates with two basic educational institutions:

› from September, 2013 – 44 agreements with Nizhnekamsk Petrochemical College with payment of allowances when employed on specialization "Industrial process automation" were signed;

› from new 2015/2016 academic year – the agreements were executed with Secondary Technical School of Petrochemistry and Refining on professions: universal lathe operator and operator of pumps and compressors with payment of allowances when employed. Due to the demand in machine operators and attraction the youth to the profession of lathe operator, besides allowances the students of this category are paid with scholarship from the Company in the amount of 2,500 rubles.

Educational system of PJSC «Nizhnekamskneftekhim» staff includes general education at higher educational institutions and colleges.

### Resourcing Center

Resourcing Center for training of the staff of petrochemical enterprises on the basis of the Secondary Technical School of Petrochemistry and Refining was established in Nizhnekamsk by PJSC «Nizhnekamskneftekhim» and enterprises of the city with the methodological support of Kazan National Research and Development Institute. Within co-funding of works on the Resourcing Center functioning, the Company allocated 6.25 million rubles to the College of Petrochemistry and Refining.

### Recruitment

Thorough selection of the staff is performed during which correspondence of candidates' objective characteristics to production needs is determined including psychodiagnostic test of permanent employees and newly hired employees to the production shops, whose activity is associated with operation of hazardous production units.

In 2015, 1,351 persons (all those employed and transferred to hazardous shops) were tested, in the meantime each candidate was provided with recommendations on increasing the psychological safety, i.e. the ability not to provoke but in case emergency situation occurs to respond to it promptly.

### Occupational guidance

With the aim to promote and increase attractiveness of the profession of workers the Company together with the Resourcing Center conducts extensive professionally oriented practice, professional skill competitions, observation tours for pupils of the city schools. Common activity on preparation to the championship of workers WorldSkills 2019 in Kazan is gaining momentum. The aim of the championship is to increase the status of the profession of workers and develop vocational education by means of organization and conducting professional skills competitions.

Being the main city-forming enterprise of the city of Nizhnekamsk, from year to year PJSC «Nizhnekamskneftekhim» implements and expands conventional patronage relationship with 20 educational institutions of the city. Great attention is paid to the participation of the working team in the educational process of the coming generation, the laboratories and workshops are equipped by joint efforts, necessary instruments, tools technical literature are provided, and the Company specialists pass their professional and life experience to the students in the course of regular meetings. In 2015, a swimming pool was opened in Gymnasium No.32.

Patronage assistance of PJSC «Nizhnekamskneftekhim» is aimed not only at improvement of educational program but at upbringing students as well. Targeted aid is provided to educational institutions. In particular, the project "I am a Man" is launched for the pupils of the elementary grade of Secondary School No.29 who grow up without father. The Company Management procured special locksmith's tables fully equipped with necessary devices for electrical and mechanical works. This project has no analogues and due to the Company assistance School No.29 won a scholarship for 530 thousand rubles for its further development. At the same time the students of the 11th forms of Technological Lyceum No. 35 with chemical focus undertake internship

<sup>14</sup>Data by years on hiring of educational institutions graduates are in Appendix 8

<sup>15</sup>Data by years on the number of internshipped students are in Appendix 8

in the Company's R&D Center as laboratory assistants for chemical analysis. The program of career-guidance for pupils elaborated by the Department of Education of the Executive Committee of Nizhnekamsk Municipal District is continued to be implemented. Within this program the pupils of 7th, 8th, and 9th forms become acquainted with the job of workers on the basis of the engineering and petrochemical colleges. With the aim of direct acquaintance with chemical production, observation tours were organized for 46 pupils, with summarizing lectures and attending industrial areas and production facilities of the Company. This work is focused on perspective, creation of pupils' interest in the profession of a petrochemist.

### Coaching system

According to PJSC «Nizhnekamskneftekhim» order, educational institutions graduates are distributed between the Company divisions, and each young worker hired for the first time is assigned to an experienced worker having high level of professional skills.

New Regulations on coaching has been adopted and coaches' activity is moved to a new level. As a result of complex teaching of coaches one man combines functions of an adviser of in-plant training – in occupational training, a coach – while supporting of incoming employees, and a trainer-coach – while students receive work experience. 133 coaches were trained at qualification upgrading courses, including 63 of them – at basic educational institutions within the framework of the dual educational program. Trainings and business games organized within the framework of this education allows high qualified employees to help the youth of their divisions both during in-plant training and during adaptation in the team. Coaches are paid 15% of the wage, trainer-coaches – 10% of the wage.

### Personnel motivation [G4-EC1](#)

PJSC «Nizhnekamskneftekhim» bonus system creates financial interest and stimulation of employees in achieving higher results ensuring implementation of month plans on income, products sale, reducing of its production costs. Accident-free operation, quality of work, non-infringement of rules and environmental standards are also taken into account. The source of bonus payment is payroll fund.

[G4-EC5](#) The minimum rate of workers with 3d grade and harmful working conditions is 11,441 rubles, that makes up 191.8% to the level of minimum monthly wage, which from 01 January, 2015 equals to 5,965 rubles per month (Federal Law FZ No.408 as of 01/12/2014). The rates of positions of the same type for men and women do not differ. [G4-LA13](#)

Regulations on reward of the employees for performance and contribution to the Company's development, currently in force, is aimed at performance motivation increase.

## KEY FACTS AND FIGURES:

Upgraded their qualification level based on the results of studying

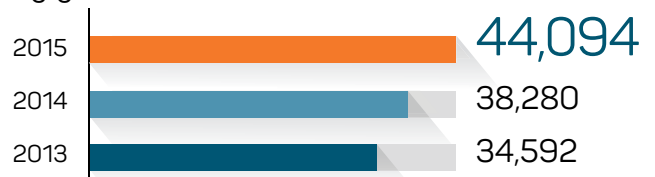
**1,042**  workers

over

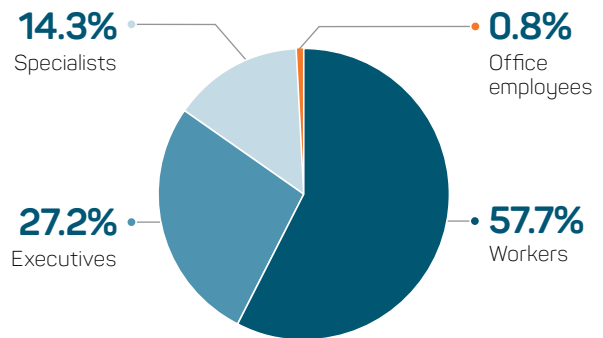
**2.8**  million rubles

are devoted to tutors' benefit

Average wage of employees by years, RUB



Payroll fund for 2015 office employees 0.8%



## Salary structure, %

Year	2013	2014	2015
Fixed part	61.2	57.2	61.1
Regular bonus	37.0	34.1	31.7
Single bonus	1.8	8.7	7.2

# RECOGNITION

AWARDED:

PEOPLE AWARDED WITHIN THE COMPANY

1,257 

(Recognition letter of the General Director, Certificate of Merit)

THE TITLE OF THE VETERAN OF PJSC «NIZHNEKAMSKNEFTEKHIM» IS AWARDED TO

415  people

PEOPLE ARE ACKNOWLEDGED WITH STATE, DEPARTMENTAL AND MUNICIPAL AWARDS

160 

(medal of the Republic of Tatarstan "For Valorous Labor", Titles of Hohors "Honored Chemist", "Honored Petrochemist", Acknowledgement of the President of the Republic of Tatarstan, Recognition Letter of the Cabinet of Ministers of the Republic of Tatarstan, Acknowledgements and Certificates of Merit of the Russian Federation and the Republic of Tatarstan, Certificate of Merit of the Plenipotentiary of the President of the Russian Federation in Volga Federal District, Certificate of Merit and Acknowledgement of the Head of Nizhnekamsk Municipal District)

PEOPLE ARE ENTERED ONTO THE HONORED BOARD OF THE COMPANY

32 

PERSON - INTO THE HONORED BOOK

1 

PERSON - INTO THE VETERANS AVENUE

1 

### Personnel evaluation

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

In 2015, the share of specialists who underwent the evaluation procedure for compliance with the position occupied amounted to 55%, managers – 45%; men among all qualified ones – 52%, women – 48%. 50 certification commissions are available for personnel evaluation. As a result of appraisal for compliance with the position occupied, a rating list of managers is generated, that allows to reasonably compose the personnel reserve. [G4-LA11](#)

### Work with reserve

One of the most important areas of work with the staff is career development. The list of management reserve for 2014-2018 as amended in 2015 includes 697 employees. Individual work is being performed with each employee, being on the reserve list, and tests carried out to determine his or her managerial and professional potential. The reserve is trained over target areas in accordance with approved programs. Regarding this group, career development is constantly assessed. For one year 135 employees were nominated out of reserve, including 121 employees as managers, 14 employees as specialists. 245 employees were nominated to management positions out of reserve for the period of 2014-2015.

### Formation of individual approach to employees of PJSC «Nizhnekamskneftekhim»

At PJSC «Nizhnekamskneftekhim», great attention is paid to internal aspects of personnel management, therefore, in addition to professional skills, knowledge in the field of personnel management comes into demand. At the same time, the Company performs analysis of the Company employees' needs using several ways: interview prior to employment, meetings, brief meetings, where mutual exchange of information between management and staff takes place, social studies in various fields, which identify the needs of all staff on the whole, as well as certain age, gender and social and professional groups, and analysis of the degree of interaction between social and professional groups.

For improvement of work with personnel, employees are regularly interviewed by sociologists on various topics. Knowledge of opinion of the collective, individual social and professional and demographic groups allows to work with the staff purposefully, to take into account interests and needs of workers, and to develop measures on improvement of work with the staff. In 2015, 19 social studies<sup>16</sup> were carried out, 7,296 people were interviewed (in 2014 – 7,325 people). 54 express surveys were carried out on the corporate portal, up to 250 people participated in each. Also the analysis of housing acquisition needs of 13,658 employees of the Company was carried out. Further to current sociologic interviews, in order to determine the quality level of the working life at the Company, employee satisfaction with various aspects of working life is monitored. 1,277 employees were interviewed on this topic in 2015 (in 2014 – 974 people). In the subdivisions, meetings have been held based on the results of the study. It was revealed that the satisfaction level of employees remains high. Findings of surveys were reported to customers. According to the research results, activities, social programs of labor collectives development are elaborated.

Planning of the personnel training within the framework of the project on managers and specialists qualification upgrade "Departmental special-purpose program of engineers and technicians qualification upgrade for 2015-2016" (Order of the Ministry of Education and Science of the Russian Federation as of 12/05/2015) contemplating a parity participation of the government and the Company in co-funding of expenses for the personnel qualification upgrading

Training on "Kama Innovative Territorial Production Cluster" Development Programs

Professional skill competitions

Studying in the educational institutions of the Russian Federation and the Republic of Tatarstan

Training in the Company Personnel Training Center - covers 90% of the Company needs

In-plant training

### Knowledge management

Knowledge management at the company relates both to their margin and movement. Knowledge management strategies ensure exchange of it, binding employees with each other and with information in such a way that education would be carried out on a proved record. Knowledge is kept in the data base, in reports, corporate technical libraries, documents and instructions. Knowledge is passed within the enterprise by the information systems, meetings, internships, tutorials, written meetings, messages in inner corporate net.

### Training

The basis for knowledge management is a fruitful interaction within professional groups and among them, that is conducted in the process of everyday activity, coaching, using the experience and tried-and-tested material. The work with the staff of the Company represents a complex continuous process and includes training of all personnel categories. Training system includes different types and directions both for workers and for managers and specialists. The average time of training of one person per year was: for workers – 72 hours (men – 68 hours, women – 76 hours); for managers – 67.39 hours, for specialists – 74.64 hours (men – 74.79 hours, women – 73.44 hours). [G4-LA9](#)

<sup>16</sup>By specialists of the laboratory of social, psychological studies and analysis

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Internal and external resources are attracted for the personnel training and development. Personnel training center operates at the Company ensuring training in more than 100 professions and directions within the framework of the license of the Ministry of Education and Science of the Republic of Tatarstan for the right of educational activity. In 2015, 60 training programs in professions and directions were developed by the specialists of the Company to perform an educational process. The priority of the Company's work remains multilateral and consistent training of high- and mid-level executives. Upgrading of their qualification is performed in the educational institutions possessing high rating for training of specialists in chemical and petrochemical industries. Performance indicator of the training conducted is the number of managers and specialists promoted at work, which in 2015 made up 221 people. The data on the Company employees training is entered into the corporate automated system SAP ERP.

Vocational training of the employees of PJSC «Nizhnekamskneftekhim» is performed by in-plant teachers and trainers. In 2015, 24 employees underwent qualification upgrade as the teachers of the internal training.

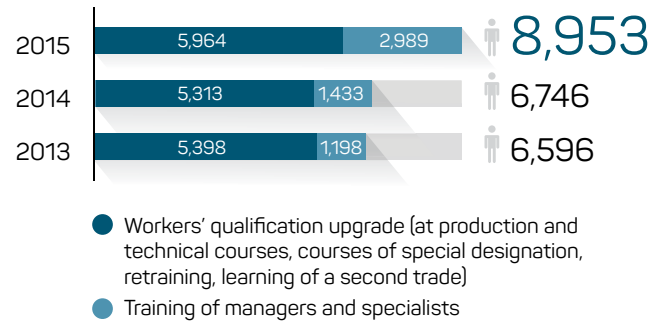
Each year the analysis of the personnel training efficiency is performed that allows to improve the work in the future. The following were surveyed on this topic: 142 workers (140 men, 2 women), 30 managers, 60 specialists (15 women among them). **LA11**

The personnel competence maintenance at high level is facilitated by educational projects of different levels and directions. Within the framework of the development of workforce capacity in cooperation with Tatar Regional Division of management staff training, during the period of 2000-2015 60 promising managers of the Company from the personnel reserve have been retrained according to the Presidential Program of Managers Training. In 2015, a new project on managers and specialists qualification upgrade "Departmental special-purpose program of engineers and technicians qualification upgrade for 2015-2016" was introduced (Order of the Ministry of Education and Science of the Russian Federation as of 12/05/2015) contemplating a parity participation of the government and the enterprise in co-funding of expenses for the personnel qualification upgrading. Within the framework of this program, training of 30 people is planned for 2016 on the program "Modern aspects of the production process and maintenance of petrochemical equipment". The Company also participates in training of employees on Development Programs of Kama Innovative Territorial Production Cluster contemplating 90-100% sponsoring of expenses for training from federal and republican funds. 111 employees underwent vocational retraining and qualification upgrading within the framework of this program in 2012-2015 (43 people in 2015).

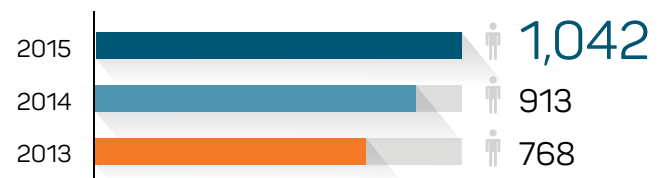
#### Arrangement of professional skill competition

Over 30 professional skill competitions were conducted among young workers of main professions. The winners and awardees of plants' professional skill competitions at the age under 35 become the participants of these competitions. The next stage of upgrading and demonstrating professional skills is the city and republican competitions. PJSC «Nizhnekamskneftekhim» team of drivers won the city professional skills competition. On the basis of the Company affiliate OOO RMZ-Nizhnekamskneftekhim professional skills competitions were arranged and conducted among PJSC «Nizhnekamskneftekhim» lathe operators, millers and welders, competition of electricians was arranged on the basis of Nizhnekamsk College of Technology. Dmitriy Pavlov took the 2nd place at the third stage of the professional skill competition among young electricians. In December 2015, on the basis of the personnel training center the professional skill competition was conducted among young shift leaders of PJSC «Nizhnekamskneftekhim».

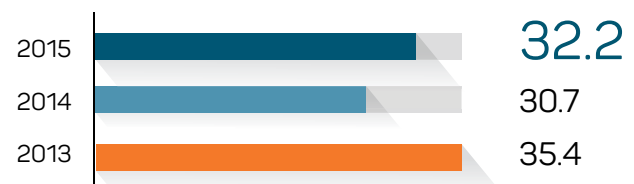
#### Staff training, persons



#### Workers qualification upgrade based on the results of training, persons



#### Staff training expenses (mIn RUB, excluding VAT)



#### Awards for staff development

The work with the personnel of the Company was repeatedly highly assessed at the federal and republican level. Thus, PJSC «Nizhnekamskneftekhim» was awarded the 1st place in the nomination "For the development of human capacity in production enterprises" based on the results of the regional stage of all-Russian Competition "Russian organization of high social effectiveness-2015". The Company took the 2nd place in other three nominations – "For reducing of on-the-job injury rate and occupational illness at production enterprises", "For formation of healthy lifestyle in production enterprises", and "For development of social partnership in production enterprises".

Based on the results of the all-Russian show contest of supplementary vocational education institutions organized by the Interregional Social Organization of International Academy for Educational Development and Moscow Entrepreneur Association the personnel training center was honored with diploma for active participation and high level of the materials provided. Two projects were submitted for the competition "Presentation of the educational institution" and "Innovative project".

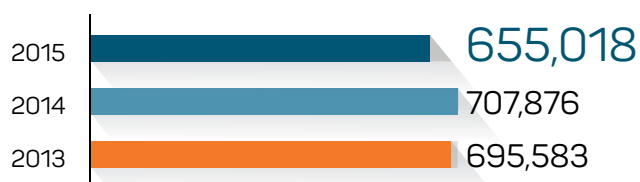
# SAFETY AND HEALTH OF EMPLOYEES

## Occupational Health and Safety Management System

The Company strives to constantly improve and develop its activities with respect to occupational and industrial safety based on regular control and monitoring results. In accordance with Program of HSE management for 2013-2015 PJSC «Nizhnekamskneftekhim» fulfilled all 180 measures that were planned. That ensured implementation of a number of safety measures at the Company's facilities, as well as injury and occupational diseases prevention measures through reducing the level of occupational hazards in the workplaces.

Aiming to timely and complete provision of the Company's employees with protective clothing, protective shoes and other personal protective equipment, the SAP ERP electronic database has been developed and efficiently put into operation which allows automatically to make requisitions considering individual approach to every employee with indication of his/her personal clothes and shoes sizes. The Company developed electronic database of employees involved in heavy work or work in harmful and (or) hazardous working conditions and are subject to mandatory preliminary (at the commencement of employment) and regular medical checkups. Besides the Company implemented automated records of jobs certified according to labor conditions, evaluation of occupational environment and labor process factors, maintaining the benefits, guarantees and compensations, compilation of summary statistical reports and lists, a special database is set up for working conditions assessment.

## Expenses for occupational safety, thousand rubles



## Employees' Life and Health Preservation – Company's Priority

**G4-LA6.7** An important indicator of occupational safety condition is the health of the Company's employees. The Company organized control (monitoring) of physical factors, which is carried out by accredited and licensed sanitary and industrial laboratory of Technical Control Department and gas analysis laboratory of combined gas rescue squad. Following the results of monitoring in 2015, exceeding of hazardous substances maximum allowable concentration was not found.

Every year the Company enters into agreement with Medical Company 000 Spaseniye for compulsory, preliminary (at the commencement of employment) and regular medical checkups of employees involved in heavy works and works with harmful and (or) hazardous labor conditions. While undertaking regular medical checkups, Company employees passed examination for non-medical use of narcotic drugs and psychotropic substances. No positive samples were found. Experts of Ufa Research Institute of Occupational Medicine and Human Ecology carried out in-depth medical checkup of 983 employees exposed to harmful substances and production factors.

In 2015 10,525 Company's employees were to pass regular medical checkup, covering 100%. Occupational diseases in 2015 were not discovered at PJSC «Nizhnekamskneftekhim».

## Engineering and medical commissions (EMC)

Medical checkups, X-ray screenings, microclimate conditions in the offices and premises are carried out by Engineering and Medical Commissions. In 2015 EMC had 104 meetings. Following the results of inspections EMC proposed and developed measures aimed at the facilities to meet the requirements of sanitary standards and regulations.

## Vaccination

Employees of PJSC «Nizhnekamskneftekhim» are annually vaccinated against influenza and ARVI. 7,500 employees were vaccinated in 2015. Immunization is carried out in the pre-epidemic season in accordance with the applicable instructions on vaccination approved for use in the Russian Federation in the established order.

## Special evaluation study of labor conditions

Special study of labor conditions is carried out by certifying organization having an appropriate accreditation. In 2015, the study covered labor conditions of 995 workplaces. In 2016, it is planned to study conditions of 2,000 workplaces.

## Occupational Health and Safety Training System

One of the main tasks for PJSC «Nizhnekamskneftekhim» is provision of personnel for production plants, saving of the existing human resources and its priority development in future.

Based on Decree No. 1/29 of the Ministry of Labor and Social Development of the Russian Federation and the Ministry of Education of the Russian Federation dated 13/01/2003, managers and specialists completed Labor safety training course. In 2015, precertification training seminars for managers and specialists of the Company were held. Totally, in 2015 Production Control Department, together with personnel training center of PJSC «Nizhnekamskneftekhim» organized 5 seminars, where 1,138 Company's managers and specialists were trained and certified.

Special training courses are organized for maintenance of equipment and facilities under control of Inspection Authority Rostekhnadzor. In 2015, Kazan Training Center conducted training and certification of 272 members of the emergency rescue teams.

## Practical skills for emergencies localization

In order to train and evaluate readiness of the personnel to take actions at emergency situations, emergency response drills and emergency training exercises according to Emergency Localization Plans (ELP) were conducted in business units as planned in established schedules. Firefighting and fire preventing teams (FF&FPT), non-professional emergency teams (NPET) and training area are formed and function in the Company's structural units. Training exercises and emergency drills upon Emergency Localization and Elimination Plans are held monthly in all PJSC «Nizhnekamskneftekhim» divisions. In the course of training and drills the following is checked: quality of the localization and liquidation of possible accidents, readiness of operational (service) personnel, NPET, FF&FPT, rescue teams (gas rescue team, fire stations and ambulance teams) and other services to rescue people in danger area, provision of plants with appropriate personal protection equipment and means of eliminating accidents, compliance of ELP with the actual condition of plants. Upon completion of training courses and drills the actions of staff were evaluated, reports were made with indication of the deficiencies revealed during the drills with further development of measures to eliminate and prevent similar accidents. In 2015, 5,000 emergency response drills were carried out.

Besides, on 03 July, 2015, pursuant to the order of the Prime Minister, Head of Civil Defense of the Republic of Tatarstan, the Company arranged on the training ground the demonstration exercises of the

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radiation and chemical protection team of the Republic of Tatarstan, created on the basis of structural subdivisions of PJSC «Nizhnekamskneftekhim». The representative of the Republic of Tatarstan Ministry of Emergency Situations, Deputy Head of the RF Ministry of Emergency Situations in the Republic of Tatarstan, the Colonel A. Orlov gave a high appraisal of the training exercises.

Fire-preventing and non-professional emergency response teams are set up and functioning at the structural divisions of the Company.

The training ground is successfully used at PJSC «Nizhnekamskneftekhim». Training exercises and emergency drills upon Emergency Localization and Elimination Plans are held monthly in all PJSC «Nizhnekamskneftekhim» divisions. In order to prevent emergency situations, industrial injuries and to increase readiness level of FF&FPT and NPET, training exercises were held on specially prepared training grounds.

On August 26, 2015, final trainings were conducted between the best fire-fighting and fire preventing teams (FF&FPT) of plants, administrative departments and general duty shops on training ground FD33 FKU "1 OFPS GPS in Tatarstan". 15 teams participated in the training. Based on the results and judgement the Railway Transport Department became the winner, Butyl Rubber Plant team was the second, Divinyl and Hydrocarbon Feed Plant team – the third.

On September 2, 2015, final training exercises were conducted between non-professional emergency teams of plants and administrative departments on the training ground. 14 teams took part in the trainings. Based on the results and judgement the Styrene & Polyether Resins Plant team was the winner, Butyl Rubber Plant team – the runner-up, the team of OOO UETP-NKKN – the third place.

Trainees showed their readiness to localize and eliminate possible fire hazards and emergencies, as well as their skills in rescuing, use of fire and gas extinguishing means, premedical first aid.

### Preventive work

**G4-LA5, LA8** All preventive work regarding occupational health and safety in PJSC «Nizhnekamskneftekhim» is carried out with active participation of representatives of Trade Union Organization. The Company has a system of public control of the occupational safety and health conditions in the workplaces. Through participating in the labor process and being one of the employees of the division, the authorized representative of the trade union, by study and monitoring the occupational safety and health conditions, puts forth proposals (obligatory for execution) to improve them. 262 authorized trade union representatives arrange and conduct public control of the labor safety in the Company, and check implementation of labor protection measures under the Collective Bargain Agreement, verify correctness of using protective equipment by the operating personnel, compliance with legislation relevant to provision of benefits and compensation to workers carrying out harmful and (or) hazardous work, etc. Occupational Safety Committee is functioning in the Company's divisions that is formed on a parity basis with the equal number of representatives of the administration and staff employees.

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

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

### **G4-LA8 Social benefits set forth in Collective Bargaining Agreement**

In order to increase occupational health and safety level and improve labor conditions, Occupational Health and Safety Agreement is annually entered into between administration and Trade Union Organization. In accordance with 2015 Occupational Health Agreement 27 activities for the amount of 12.9 million rubles were

planned and carried out. During implementation of such activities, labor conditions of 1,904 (including 591 women) Company employees were improved.

Every year to provide financial assistance to the families of Company's employees that got fatal occupational injuries, a lump sum of the Company's average monthly wage is paid at the Day of Chemists. In 2015 the Order was issued regarding financial aid payment in the amount of 36,777 rubles for each victim.

### Sharing of information on occupational safety issues

Issues on industrial safety status and labor safety at the Company's divisions, including the results of preventive activities, are constantly considered at the weekly meetings with the General Director, conference calls, weekly meetings with the Chief Engineer of the Company, monthly meetings on industrial and labor safety at the facilities as well as on the "Days of labor health and industrial safety" held quarterly at PJSC «Nizhnekamskneftekhim» in presence of mass media; these issues are actively covered by the media (newspapers "Neftekhimik", "Hezmettesh Avazy", "Nizhnekamskaya pravda", "Tugan Yak", "Respublika Tatarstan", "Vatanym Tatarstan", in telecasts Latest Events, Weekly News, News on Neftekhim TV Channel and on Neftekhim radio channel). The text of PJSC «Nizhnekamskneftekhim» Policy is available on the Company's website.

### Professional cooperation

Occupational Health and Safety Management System of PJSC «Nizhnekamskneftekhim» is generally recognized, the Company regularly takes part in profession-oriented activities such as:

- › Off-site meeting of the Presidium of the Tatarstan Republican Committee of Chemical Industries Trade Union, with agenda on the status of special working conditions assessment at the industrial enterprises and organizations, held at the territory of AO Ammonia (Mendeleevsk); following the results of the meeting, the activities of PJSC «Nizhnekamskneftekhim» were given a favorable assessment within the frames of special working conditions assessment;

- › Meeting with the Russian Union of Chemists (Moscow) to discuss the draft SanPiN 2.2.4/2.18-14 Hygienic Requirements to Physical Factors of Occupational Environment and Ambient Environment, taking into account the specific characteristics of technological processes at PJSC «Nizhnekamskneftekhim»;

- › Seminar on changes in legislation and the regulatory legal acts that govern fire safety issues, and inspections in licensing held with the informational support of EMERCOM of Russia in the Republic of Tatarstan;

- › Meeting of sanitary epidemiological commission of Nizhnekamsk on anti-rabies measures, measures to prevent hemorrhagic fever with renal syndrome and preventive measures aimed to reduce the tick-borne encephalitis and tick-borne borreliosis;

OHS specialists of PJSC «Nizhnekamskneftekhim» participated in the VII Republican Contest "The Best OHS Specialist 2015" and Annual Contest "The Best OHS Specialist 2015" held between companies and organizations of Municipality of Nizhnekamsk Municipal Area, and they demonstrated high level of theoretical and practical professional knowledge.

### Results

**G4-LA6** Through detailed analysis and regular adjustment, PJSC «Nizhnekamskneftekhim» constantly improves performance indicators in the field of occupational safety. No occupational fatal cases have occurred in 2015.<sup>17</sup> One industrial accident has occurred. Occupational diseases have not been revealed.

Goals in the field of occupational health and safety for 2016 will be basically related to further achieving of positive dynamics regarding indicators in the sphere of occupational health and safety, reduction of the number of working places involving harmful factors, improvement of labor conditions of workers. The Company has developed the Program of measures to improve working conditions and safety and reduce occupational risk levels in PJSC «Nizhnekamskneftekhim» for 2016-2018.

<sup>17</sup>Information on industrial injuries see in Appendix 9

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# SOCIAL PROGRAMS FOR COMPANY EMPLOYEES

The Company pursues an active policy aimed at better satisfaction of labor teams of former employees and younger generation

## KEY FACTS AND FIGURES:

PAYMENTS FOR CHILD BIRTH

9.45  mln RUB

COMPANY EMPLOYEES ACQUIRED HOUSING WITHIN DIFFERENT PROGRAMS

729 

TOOK PART IN SPORTS COMPETITIONS

6,769  employees

### Youth relations

Implementation of targeted youth policy has become one of the priorities of the Company. The Collective Bargaining Agreement provides a number of benefits for young people. Employees after the service in the Armed Forces receive material aid. Young families can receive allowance for purchase of essential commodities. In 2015, the Department of work with young people organized over 80 events, among them contests of professional skill. Third youth forum "Meeting generations. The future starts today!" devoted to the 70th anniversary of Victory in Great Patriotic War was held in February 2015 in the health center "Korabelnaya Roscha", in the course of which for the first time young people had recreation activities together with pensioners of the Company. "Thank you for the Victory!" event was organized in April, 2015 by efforts of young activists jointly with trade union organization. In May radio-expedition was held. In May and August, 2015, the all-Russia expedition was organized for the search group "Neftekhimik". In May, the Company's youth delegation took part in the National Youth Forum devoted to 110 year anniversary of trade union. Humor and intellectual shows and quizzes became traditional in the Company. The club of young scientists, intellectuals and literature and other clubs function in the Company. In May 2015, for the purpose of intensifying the youth work, and comprehensive implementation of youth policy, enlarged presidium meeting of trade union committee was held. As a part of preparation to the meeting, survey<sup>18</sup> "Is it easy to be young?" was conducted among the youth. Analysis of the work conducted formed the basis for adopted resolution on perfection of youth relations. The renewed team "Chemists Avenue" won Grand Prix of the Festival Games "The League of Young Workers of the Republic of Tatarstan", won KVN Grand Prix of the Cup of Nizhnekamsk Administration Head. On the 3rd National television creativity festival of working youth the "Beznin zaman" team of PJSC «Nizhnekamskneftekhim» won the first prize. The Company's youth organization was awarded the Badge of Honor of the national best work with youth among corporates and organizations contest of the Republic of Tatarstan "Potential of the Republic" of the Ministry of Youth and Sports of Tatarstan.

### Pension program

The major component of the Company's Corporate Policy is maintenance of the high level of quality of life for workers and veterans. Interests of more than 9,200 retirees (including 1,425 disabled people, Great War veterans – 17 people, homefront veterans – 235 people) are represented and work with them is performed by the Council of war and labor veterans. The Company has developed a number of regulations for provision of former workers with welfare and social assistance

### G4-EC3 Postemployment benefits and preferences:

- > Occupational pension and monthly pension extra supplements (employees, retired before 2001) formed using the funds of the Company;
  - > Lump-sum benefit on retirement;
  - > Bonuses on the occasion of holidays: Victory Day, Day of the Fatherland Defenders, Day of Old People, by anniversaries;
  - > Preferred vouchers for medical treatment in the health center, tourists trips;
  - > All funeral services in the event of death of a pensioner are paid at the expense of the Company, financial assistance;
  - > Annual free subscription to large-circulation newspapers Neftekhimik, Hezmettesh Avazy;
  - > All veterans-pensioners are insured with insurance company ZAO Spasenije. 3.8 million rubles are allocated for medical treatment of non-working pensioners.
- Within the framework of the project "Internet – Longevity", approved by

<sup>18</sup> Social survey was conducted by experts of laboratory of social, psychological studies and analysis together with trade union chairmen of Company's divisions.

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"Thank you for the Victory" event was organized in April, 2015 by efforts of young activists jointly with trade union organization.

the Ministry of Education and Science of the Republic of Tatarstan, the Company's Training Center organized special courses to learn the basic computer competence for the workers among the pensioners and elderly persons. In 2015, 67 people were trained within the framework of the program; since 2012, totally 158 people have been participating in the training. [G4-LA10](#)

### Staff health care and recreation

To ensure high-quality and timely medical treatment of employees, the PJSC «Nizhnekamskneftekhim» Management concluded compulsory and voluntary health insurance agreements with the insurance company ZAO Spaseniye.

The Company and trade union organizations give special priority to the issues of health resort treatment and rest of its employees.

In 2015, 2,974 petrochemists with their families and 509 Company veterans had a rest in the Health Center "Korabelnaya Roshcha". 3,102 employees and their families had a rest at the recreation center Dubravushka during the season. The Company skiing lodge Almash was attended by approximately 12,000 petrochemists and their families during winter season. In addition, fishing base for 58 persons is functioning on a year- round basis.

The Company trade union normally acquires health resort vouchers for its employees for preventive treatment in health centers of Tatarstan and Russia (Uva, Varzi-Yatchi, Undory, Zhemchuzhina, Bakirovo, Vasilyevo, Yangar-Tau, Krasnousolsk, etc.). Also excursion tours are of the importance along native lands to Kazan, Sviyazhsk, Bulgary, Tetyushi, Chistopol, Elabuga, Izhevsk, and education tours to St. Petersburg. In 2015, total of 1,015 vouchers to health resorts and tourists tours were purchased.

### Mortgage program

Much attention is paid to solving the critical social problem - provision of comfortable housing for employees. The Company finances construction of apartments for employees on the waiting list.

In 2015 the Company reserved 729 apartments, including 235 apartments – according to the program of social mortgage and development of industrial complexes, and also 494 apartments – according to additional program of housing construction, being implemented for workers of TAI F Group.

Under these programs total amount of over 155.4 million rubles of initial contribution was allocated for repaying 569 loans.

In 2015, PJSC «Nizhnekamskneftekhim» granted the benefits totaling 116.4 million rubles to 454 employees according to the Regulations on Provision of Benefits in Allocation of Housing.

### Public catering system at the place of production

Catering of all employees is provided in 26 canteens, located in the territory of PJSC «Nizhnekamskneftekhim» and in the canteen of Health Center "Korabelnaya Roshcha".

UOP Neftekhim, the Company's subsidiary organization, carries out the catering services. The Company employees also can buy products in 33 buffets, shops, pavilions located at the industrial territory and in the town. The Company's existing catering system is the largest one not only in the Republic of Tatarstan, but also in the petrochemical industry in Russia. To ensure maximum provision of hot meals each canteen has a choice of 4-5 kinds of cold appetizers, 2-3 types of soup, 4-5 types of main dishes and side dishes, 3-4 kinds of drinks and dairy products, a wide range of baking items. The menu is made according to the rations of therapeutic and preventive nutrition, balanced composition and content of basic nutrients, minerals and vitamins. At the expense of PJSC «Nizhnekamskneftekhim» equipment for 2 canteens was purchased. Some employees are offered free healthy and dietary meals.

### Cultural and educational program

To organize cultural and educational work at PJSC «Nizhnekamskneftekhim», the Culture and Art Center is efficiently used; it became a subsidiary organization in 2015. There are

12 creative teams functioning in the Culture and Art Center, including "Nadezhda" - veterans chorus, vocal group "Romantiki". The leaders of all creative groups are experienced professionals; 10 of them were awarded the title "Honored Worker of Culture of the Republic of Tatarstan".

Very popular among the Company employees are the meetings and concerts within youth clubs and social clubs "People over...", "Ochrashu-tanyshular", veterans, coin collectors. The Company employees and groups of HFA traditionally take active part in organizing and conducting a series of events dedicated to the Day of Victory in the Great Patriotic War, International Day for the Elders and city celebration events. Within celebration of the 70th anniversary of the Victory, petrochemists festival of armature creativity "Victory Salute" among the structured divisions of the Company was held. War veterans and homefront workers, as guests of honor, were invited at the final stage of the concert. Gratitude words, songs about war, congratulations for them were heard from the scene.

During 2015 the creative teams performed 361 ceremonies for petrochemical workers and residents, including concerts of the Culture and Art Center's vocal and dance groups, citywide activities; New Year parties for the children of workers and employees of the Company were conducted in Russian and Tatar languages.

With the support of PJSC «Nizhnekamskneftekhim» trade union, on the national level, working youth festivals are organized and conducted, resulting in winning the prizes, titles and Grand Prix.

### Sports and recreation program

The Company created favorable conditions for development of mass sports and recreation activities, and the program Main Directions of development of physical culture and sport is in force. Sport and recreation activity is conducted jointly with associated facility Sports and Culture Complex and Sports Club "Neftekhimik", which has a powerful base:

- > sports complex "Neftekhimik" (which includes a football field, weight lifting room, aerobics room, fitness center);
- > two Ice Sport Palaces (for 5,500 and 2,000 persons);
- > sports and fitness complexes "Druzhba";
- > gym "Fakel" with health-recreation center;
- > training base "Almash" (young sportsmen have the year-round training sessions there), during winter period the ski lodge is used;
- > sports camp "Olympiyets" (during summer season it accepts young sportsmen from sports schools of the sports club "Neftekhimik")

### The Sports of records

The material base of the Company allows to support and finance 2 professional teams: the team "Neftekhimik" playing in the Continental Hockey League and the football team of the same name which plays in the championship of Football National League in Russia. On the basis of the sports club "Neftekhimik" the Center for High Sportsmanship is established for specialized training of the promising athletes from sports schools and groups of central sections of the sports club "Neftekhimik".

Owing to this center Nizhnekamsk has its first master of sports of international class, the first participant in the Olympic Games, the first of Honored Master of Sports; winners of European, World championships and Olympic Games. Sportsmen of the Center of Higher sportsmanship have achieved outstanding results and bring glory for the Company, Nizhnekamsk city, the Republic of Tatarstan and Russia on high level competitions.

### Workers sport

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

In many Company subdivisions, sports corners and mini-rooms are

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arranged and constantly functioning, where competitions are held on darts, checkers, chess, arm-wrestling, table tennis and other sports. The Company has organized 11 sports groups (football, men's and women volleyball, cross country skiing, athletics, checkers, chess, swimming, weightlifting, table tennis and wrestling).

The Company team is the absolute winner of trade union games "Spartakiada" of chemical industries of the Republic of Tatarstan and the Olympics in Nizhnekamsk. The Company sportsmen became the winners in ski racing in the Republican Games "Health 2015" among the industries. As a rule, the Company's strongest sportsmen are included in the picked teams of the city to participate in the Republican competitions.

### Formation of healthy lifestyle

One of the most striking examples of promoting the idea of healthy lifestyles through physical activity is the annual sports competitions among Company employees. In 2015, 48 sport events were held. In subdivisions parallel competitions and tournaments are held with plants and workshops, besides annual military technical relay and tourists meetings are held for young petrochemists. In 2015, the trial implementation of Russian sports complex standards "Ready for labor and defense" (RLD) was organized. As an example, 5 thousand employees took part in reaching qualifying standards in ski races and more than 2 thousand workers were tested in swimming. In 2015, by the resolution of the Executive Committee of Nizhnekamsk Municipal District, Sports Club "Neftekhimik" was empowered to implement the Testing Center RLD standards, since there are necessary sports facilities, qualified personnel and training certificates. In order to encourage activity in physical culture and sports, annually the review-competition "The best organization of mass sports and recreation activities" is held among the Company subdivisions during which the best athlete is determined. Winners and prize-winners of these competitions are awarded the cups and are given bonuses when the Chemist's Day is celebrated.

Petrochemists demonstrate good organization and large-scale participation in the national sports movement as well. In 2015, 547 employees of the Company participated in the start of "Nizhnekamsk Ski-Track"; more than 2 thousand petrochemists participated in the start of the All-Russian Day Run "Cross-country run of Tatarstan".

### Children sports

Great attention is paid to the children and teenage sports in the Company. More than 2 thousand children from all over the city attend different sports groups of Children Sports School and other sports facilities. The qualified coaches mainly with the highest qualification category work with children. A total of 55 coaches and sport instructors carry out sports sections at Sports Club "Neftekhimik".

A lot of training lessons take place on the basis of city schools. PJSC «Nizhnekamskneftekhim» pays attention to the neighborhood youth clubs; 8 hockey courts of the city are arranged every year on the basis of secondary schools, where children are engaged from neighborhood.

### Mother and child health

At PJSC «Nizhnekamskneftekhim» 38.4% employees are women. All the subdivisions of the Company are provided with women's hygiene bathrooms.

In the Company, women are provided with one-off welfare assistance: at birth of a child. Mothers with children under 16 years are provided with one day-off per month with a payment of 50% of a daily wage rate. During school holidays the Health Center "Korabelnaya Roshcha" and recreation centers operate in the mode of "Mother and Child", which is very convenient for women employees. The petrochemists' children have the possibility to spend holidays in recreational camps "Yunost" and "Olimpiyets". During the last summer season 1,234 children had a rest in the camp "Yunost" and 311 children in the camp "Olimpiyets".

**G4-LA3** The number of employees on maternity leave, leave for child care as of December 31, 2015, amounted to 697 employees, which is 4.2% of the authorized staff size.

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Russian sports complex standards "Ready to labor and defense" was organized in the Company

In 2015, the trial implementation of Russian sports complex standards "Ready to labor and defense" was organized in the Company



Sports club "Neftekhimik" of PJSC «Nizhnekamskneftekhim» was vested with the authority of a Testing Center to implement RLD tests, standards, and regulations to evaluate knowledge and skills in the field of physical culture and sports

# XXI

Spartakiada Games

of the Tatarstan organization of the Russian Trade Union of chemical industry employees

The team of PJSC «Nizhnekamskneftekhim» became 19th-time absolute winner of sport games of workers of chemical industry of the Republic of Tatarstan



In 2015, Center of High Sportsmanship of Sports Club "Neftekhimik" celebrated its 20th anniversary. In total in the short center's history, it raised 52 sportsmen on athletics, ski racing, freestyle wrestling, judo, boxing, swimming, trap shooting and weight-lifting. There are 3 Honored Masters of Sports, 13 World Class Athletes and 28 Masters of Sports of Russia among them



The Company has a lot of family dynasties. Every year, Christmas gifts are bought for children of the Company employees, as well as New Year performances are organized. Celebration is organized in connection with the International Women's Day, the 8th of March with gifts distribution to the employed women, mothers with many children, women, caring for foster children and children with disabilities. Alsou Savelieva, head of polyolefin quality control laboratory, won the nomination "My fate – my profession" in a prestigious national contest "Woman of the Year. Man of the Year. Women's outlook".

### Transport services for employees

Provision of transport services is a significant component of social welfare of petrochemists.

Annually, PJSC «Nizhnekamskneftekhim» allocates funds for free transfer of employees to/from the working place. Transfer of the Company employees is performed on a daily basis in three shifts by transport enterprises of the city on 10 special routes, which involve 160 buses performing 486 trips. In 2015, the number of transport services for the Company employees by subdivisions amounted to 255,328.2 thousand rubles, VAT excluded. On monthly basis the Company provides its employees with 115 monthly tickets for tram route No. 3 (in the amount of 126.5 thousand rubles).

The bus circulation is also arranged in the territory of the Company. The Company employees' satisfaction with transport services is constantly monitored. Wishes of the employees are transferred to carrier companies. So, from December 2015, on working days three additional daily tram routes were introduced. Most of petrochemists are satisfied with the transportation services, both between the city and industrial zone, and in the Company territory. The solution of transport issues is an indication of the daily manpower care of the administration and trade union.

### Medical assistance program for the employees

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

According to the agreement, diversified health care is organized for all employees of PJSC «Nizhnekamskneftekhim». There are 17 health centers in the production plants and offices, which are equipped with physical therapy equipment and staffed with highly qualified medical personnel. In accordance with the agreement, attendance of petrochemists in health centers is conducted on the basis of a voluntary insurance policy. Employees of PJSC «Nizhnekamskneftekhim» are attached to the clinic of the Medical Company Spaseniye by their policies of compulsory health insurance, and they receive medical care to the extent approved by the Program of the state guarantees in providing free medical care on the territory of the Republic of Tatarstan. Particular attention is paid to the health of women. In December 2015, during 5 days, mobile mammography worked at the industrial area gates. Women wishing to get free mammogram check-up could take it for free and totally 364 employees have undergone this examination.

Photofluorography check-ups of the employees are conducted in the clinic in order to prevent tuberculosis.

After hospital treatment, petrochemists are sent to the health centers based on the doctors' recommendations. Annually, new types of modern medical equipment are purchased for the hospital and health centers for timely provision of high quality medical care. The clinic building has been overhauled by contracting companies.

In order to continuously improve the quality and range of health services, Medical Company OOO Spaseniye regularly examines the quality of treatment in medical institutions; protects the rights and interests of the insured employees of the Company.



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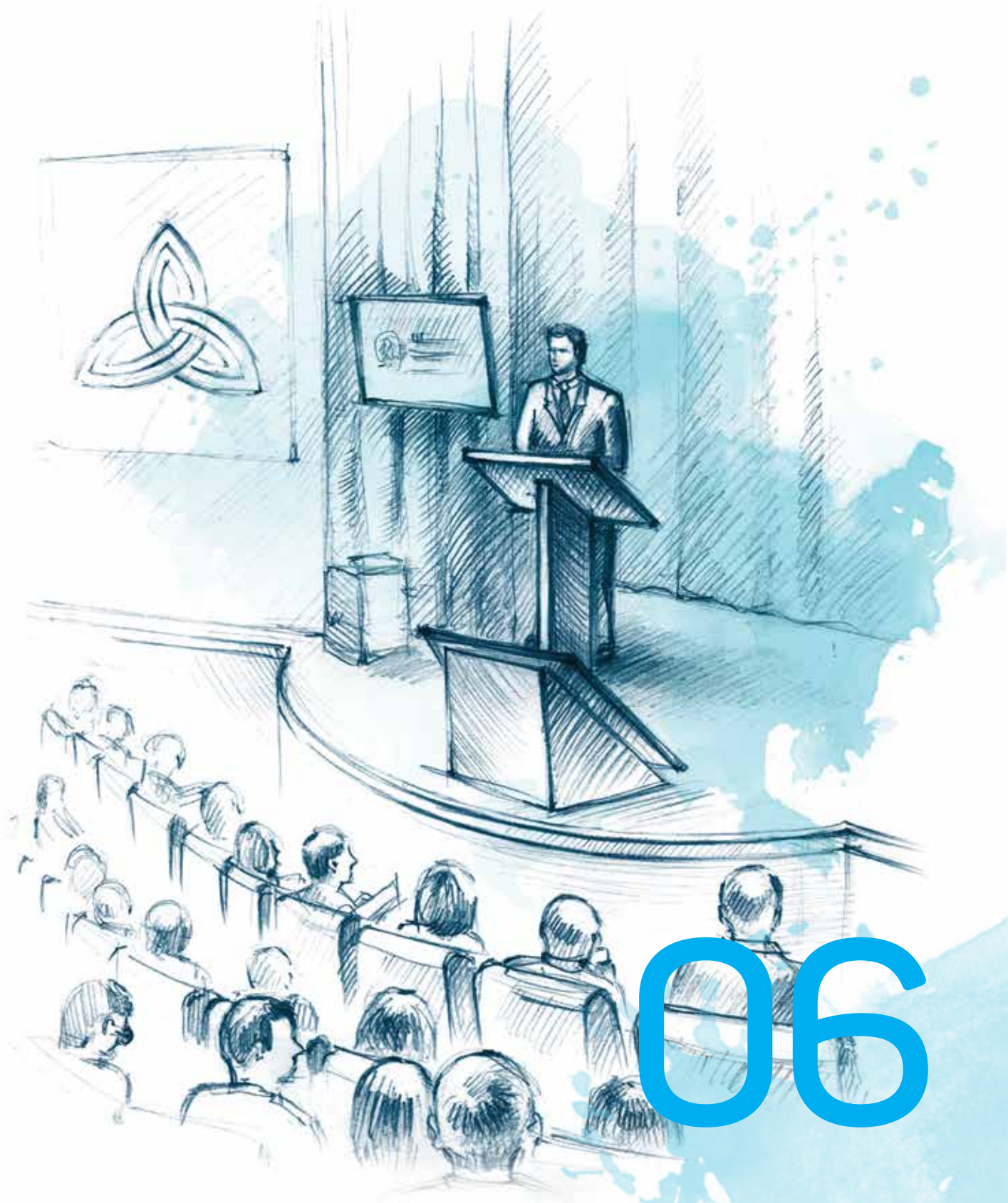
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One of the most striking examples of promoting the idea of healthy lifestyles through physical activity is the annual sports competitions among Company employees





« PJSC «Nizhnekamskneftekhim» interacts with thousands of people and influences the society in different ways. The Company invests funds to economic and social development of the territories of presence using partnership with the main groups of the parties concerned as the basic mechanism »

## THE COMPANY AND COMMUNITY

# THE COMPANY AND COMMUNITY

**G4-EC7, EC8**

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

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

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

## Information on payments to budget, million rubles

Item	2014		2015	
	Assessed	Transferred	Assessed	Transferred
Consolidated Budget of Tatarstan Republic	4,652.6	3,985.4	8,801.2	<b>8,967.6</b>
Including Budget of Nizhnekamsk	713.6	741.0	788.2	<b>787.1</b>

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

Taking into account the interests of community and territories of management PJSC «Nizhnekamskneftekhim» implements the target programs which assist the development of social sphere of territories – education, public health, housing and communal services, transport and communication. The Company also cooperates with the public organizations, which perform their activity on the territory of management, including the organizations representing interests of society vulnerable population groups.

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

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

For the purpose of solving various issues the Company cooperates with such non-profit organizations as Community Council of Nizhnekamsk Municipal District, Nizhnekamsk's local branch of Republican social and political movement "Tatarstan – noviy vek" –

"Tatarstan – yana gasir", Nizhnekamsk's organization of Republican non-governmental organization "Executive Committee of Tatar World Congress", Nizhnekamsk's branch of "Assembly of the People of Tatarstan", local non-governmental organization "Nizhnekamsk's Russian community", supporting and development fund of Chuvash culture and language "Spiritual Rise", local non-governmental organization "Ethnographic Cultural and Educational Community "Kryashen" of Nizhnekamsk and Nizhnekamsk district, Nizhnekamsk Municipal Cossack Community of Simbirsk District, Cossack Community of Volzhsk, Cossack Military Community, Municipal Cossack Community "Nizhnekamsk's Cossack Village" of the 5th Tatarstan's branch of Orenburg's Cossack Host of Union of the Cossacks of Russia, local non-governmental organization "Women of Nizhnekamsk and Nizhnekamsk municipal district", Association of Fathers, literary institution "Danko", local non-governmental organization of veterans (elderly people) of war, labor, armed forces and law enforcement of Nizhnekamsk Municipal District of the Republic of Tatarstan, Council of Sport Veterans, NMD Association of parents and trustees of disabled children, non-governmental organization "All-Russian Deaf Community", Nizhnekamsk's branch of Tatarstan republican non-governmental organization of disabled people Union "Chernobyl" of Russia, Nizhnekamsk's district office of Tatarstan republican non-governmental organization of disabled veterans of Afghanistan or other local conflicts, Nizhnekamsk's district office of trans-regional non-governmental organization "Union of Troopers", non-governmental organization of families of war dead defenders of the Motherland, Nizhnekamsk's branch of veterans' regional non-governmental organization "Brothers in Arms", Youth NGO "Nizhnekamsk's Club of the Merry and Inventive", NGO "Nizhnekamsk's Union of Young Workers", regional non-governmental organization "Federation of Martial Arts of the Republic of Tatarstan", primary organization of non-governmental organization of Russian Defence Sports and Techniques Organization ROSTO (army, aviation and navy support NGO) RT "Neftekhimik", local non-governmental organization "Hunters and Anglers" of Nizhnekamsk Municipal District, etc.



# G4-S01 SOCIAL PROGRAMS DEVELOPED JOINTLY WITH THE COMMUNITY

## Social programs developed jointly with the community

## The activities undertaken by the Company in 2015

### Participation in social mortgage loans and housing improvement

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

### Science and education support program

The Company considers it necessary to develop high quality education in the territory of presence of its enterprises. In 2015 the following activities were carried out:

- > Rendering the beneficent help within the framework of republic-wide campaign "Help prepare for school".
- > Payment of scholarships to students for excellent performance in academic and social activities, including students of Chemical Lyceum of Kazan National Research Technological University.
- > Corporate assistance to 20 educational institutions of Nizhnekamsk.
- > Procurement of equipment and materials for Electrochemical Laboratory of Municipal Budgetary General Education Institution Secondary School No. 29 within the framework of the project "I am a man".
- > Corporate assistance for the children of Mendeleevsk special boarding school.
- > Allocation of funds to State educational institution of secondary vocational education Petrochemical and Oil Refining College for promoting activities in the education field on vehicle purchase and implementation of repair work.
- > Transfer of funds for the IV International research-to-practice conference "Modern problems of life safety: intelligent transport system".
- > Allocation of funds for repair of the Tatarstan Academy of Sciences building.
- > Financial help for the Second research and practice symposium in the north-eastern region of the RT on "Topical issues of neurology for practical medicine" in Nizhnekamsk.
- > Allocation of funds to non-profit partnership "Educational center of high medical technologies" for training health care specialists to provide high-tech medical care.

### Culture and sports support program

Support of cultural, religious and ethnic diversity of the territory of presence, formation of healthy lifestyle are of great importance to the Company. In 2015 the following activities were carried out:

- > Allocation of money to Social Fund of culture and development of Nizhnekamsk, the Republic of Tatarstan, for arrangement of national celebration "Sabantuy" for the citizens of Nizhnekamsk and festive events dedicated to the Day of the Republic of Tatarstan and 49-year anniversary of Nizhnekamsk.
- > Allocation of money for arrangement of national celebration "Sabantuy" in rural settlement Ishkeyevsk of the Mamadysh Municipal District.
- > Allocation of money to the Fund "Assistance" for arrangement of New Year celebrations, cultural and sports events for children and adults, national celebration "Sabantuy" in Sabinsky District in urban-type village Bogatye Saby, organization of cultural and sports events for adults and children.
- > Allocation of money to non-profit organization "Republican Fund for revival of historical and cultural monuments of Tatarstan" for the construction of a facility "Hotel with a sauna complex-an analog of the historic White Chamber in Bolgar town, XIV century".
- > Arrangement of celebrations: "New Year" with equipping of the assigned area, "Seeing off Winter", "Chemists Day", "Sabantuy", "Day of Republic" and "Day of Town", "Mother's day", invalids decade, etc.
- > Organization of literature exhibition in PJSC «Nizhnekamskneftekhim» trade-union library dedicated to the heroes of the Great Patriotic War.

## Social programs developed jointly with the community

### The activities undertaken by the Company in 2015

- > Financial assistance was rendered for maintenance of the Culture and Arts Center.
- > Allocation of money to Tatarstan regional public fund of regional cooperation and development support for implementation of statutory activities and formation of resource base.
- > Arrangement of New Year performances for the workers of the Company and the members of their families, purchase of New Year presents for the Company's workers .
- > Financial support was rendered to Nizhnekamsk Public Fund of Culture and Arts for conducting X Anniversary International Football Tournament in memory of V. Vinnikov.
- > Financial assistance was rendered to hold the XIX Traditional Charity Race Track "Cup of Salavat".

### Spiritual resurgence program

Year of 2015 is the year of the 70th anniversary of Victory in Great Patriotic War. Development of patriotism and devotion to the Motherland of the Company's workers and growing population of Nizhnekamsk is the most important task of the Company:

- > Allocation of money to the "Fund for Promotion of Civil Society Institutions in the Volga Federal District" for implementation of "Cadets" project.
- > The voluntary searching group "Neftekhimik" leaves for the battlefields of Great Patriotic War. It was repeatedly awarded with letters of appreciation and recognition. Many members of the team got the Lapel Pin "For active search" and medal "Patriot of Russia".
- > Martial-patriotic club "Naslediye" is attended by about 150 children of the workers of PJSC «Nizhnekamskneftekhim» and citizens. In August 2015 with the help of cadets and instructors of the club a special session "Island of Courage" was organized dedicated to the 70th anniversary of Victory in Great Patriotic War.
- > Organization of farewell ceremonies of young petrochemists due to drafting in the Russian Federation Armed Forces.
- > Financial help was rendered for conducting festive events on the occasion of the 50th anniversary of military commissariat establishment of Tatarstan in Nizhnekamsk and Nizhnekamsk District and preparation for the 70th anniversary of Victory.

### Program of social assistance for the community of the Republic of Tatarstan

- > Support of war veterans and elderly people
- > Honoring veterans, organization of festive tea parties, ceremonial dinners for participants of the Great Patriotic War, visiting the families of veterans of the petrochemical enterprise, participants in war operations, single retirees.
- > Excursions, concert programs.
- > One-time payout to veterans – participants of Great Patriotic War in the amount of 10,000 rubles, home front veterans – 3,000 rubles.
- > Handing over valuable gifts to veterans of war and home front such as household appliances, food packages, bedding items.
- > Organization of ceremonial reception for honoring the war participants and home front workers in the recreation camp "Yunost".
- > One-time payout to veterans of the Great Patriotic War in the honor of Motherland Defender's Day.
- > Free annual subscription for the veterans of the Company for the newspapers "Neftekhimik", "Khezmettesh avazy".
- > Arrangement of beneficial treatment in the Health Center "Korabelnaya Roshcha" for the veterans of Great Patriotic War of PJSC «Nizhnekamskneftekhim».
- > Organization of special arrival of veterans with young people of the Company to the Health Center "Korabelnaya Roshcha".
- > Presentation of commemorative medals to war veterans by the General Director of the Company.
- > 10 renovated apartments of veterans and home front workers.
- > One-time payout to veterans registered in the Council of Veterans of the Company.
- > Providing support to the Council of Veterans of the city.

## Social programs developed jointly with the community

### The activities undertaken by the Company in 2015

- > Support of invalids
- > Creating new columns, making up new-items, programs dedicated to the Invalids Day in the corporate mass media.
- > One-time payout to invalids registered in the Council of Veterans.
- > According to collective labor agreement (item 5.14), on the International Invalids Day, the Company workers having handicapped children and persons disabled from childhood (up to 18 years old) once a year are paid out financial assistance for each child in the amount of minimum rate payment for labor established in the Russian Federation.

#### Program of law enforcement and prevention of violation of law among the population

PJSC «Nizhnekamskneftekhim» is a base for 5 public law enforcement stations and young workers' public organization for maintenance of public order FORPOST. All public law enforcement stations were renovated and equipped with office equipment and necessary communication facilities. PJSC «Nizhnekamskneftekhim» public order squad has a motor transport. In 2015 members of public order squad and FORPOST together with policemen prevented and solved 15 crimes, brought to justice 646 people, checked 29 juvenile offenders and 467 people on file with IAD. 13,888 raids to dormitories, public places and educational establishments were carried out during major public events. Material and moral incentives are provided for members of public order squad in the Collective Agreement. In October 2015, in the Republican Youth Organization Olympics the FORPOST team of PJSC «Nizhnekamskneftekhim» won the first team place.

#### Program of transportation of people to their gardens

PJSC «Nizhnekamskneftekhim» participates on a shared basis in financing transportation of the city residents to their gardens in summer. For this purpose in 2015 the Company allocated 5 million rubles. The Program covers about 120 thousand people.

#### Ancillary farm development program

The Company uses services of subsidiary agricultural sector which is overseen by OOO Neftekhimagroprom and consists of 9 settlements of the district. The area of farmland of ancillary farm is 15.9 Hectares. The farm has 3,753 heads of cattle, 11,030 pigs and 47 horses.

The farming products are supplied to PJSC «Nizhnekamskneftekhim» canteen network. During 2015, 235 metric tons of meat and 260 metric tons of dairy products were delivered from ancillary farms to the Company's catering system. At this stage, the meaning of maintenance of ancillary farm is not only in production but also in supporting domestic producers of agricultural products. The work of the branch organization helps support the farming enterprise itself, social infrastructure of remote villages and, most important, provide jobs for about 400 farm people. Thanks to the Company the rural population is provided with everything required for agricultural work and sustainment of settlements.

#### Program for solving social problems and municipal improvement of the area

- > Every year in warm season the workers of the enterprise carry out cleaning of suburban forest sector assigned by direction of Nizhnekamsk city authorities, planting of flowers, trees and bushes instead of lost ones and in the newly built-up territories of the city and the Company.
- > 54 ha of the forest area Korabelnaya Roshcha was cleaned.
- > PJSC «Nizhnekamskneftekhim» arranges for sanitary cleaning of streets, highways and adjacent territories with a total area of 510,900 square meters.
- > Every day building surrounding grounds of residential areas, social, cultural and household objects, 80,630 square meters of Park Neftekhimik, 214,154 square meters of Sobolekovskaya road, 18,500,000 square meters of industrial area are serviced. In the framework of works on sanitary cleaning and improvement of territory of Nizhnekamsk City divisions and subsidiaries of the Company arrange for a wide-scale participation of their employees (up to 1,500 people) and special-purpose machinery (about 50 units) in cleaning on Wednesdays and Saturdays, that allows to solve the tasks at hand in the shortest possible time. Overall in 2015, more than 7,000 employees and 300 pieces of machinery were involved in the performance of these works.
- > In August 2015, PJSC «Nizhnekamskneftekhim» joined the campaign "Green Russia" in the cleaning of designated areas of the city.

## Social programs developed jointly with the community

### The activities undertaken by the Company in 2015

- > Festive occasions and cultural events dedicated to celebrations of the city and national scale are held on the territory of Park Neftekhimik from July 1, 2011, the day of its opening. Floodlighting allows visiting the Park during the night hours. Vast area of 80,630 square meters, an impressive panoramic view of the Park, places for hiking, a large number of benches, children playgrounds, including swings, roundabouts and slides for different age groups, and fountain operating in the summer time— all this made Park Neftekhimik one of the favorite places of recreation for Nizhnekamsk citizens. For the period of carrying out improvement works of the Park, more than 5,000 trees and bushes were planted in its territory. Scheduled work on further landscaping and improvement of the park area is performed.
- > The second year in a row The New Year Tree Playground became one of the most visited places by students, citizens and guests of the city. The Company constructed snow slides, opened a skating rink and conducted entertainment programs.
- > In 2015 the New Year Tree Playground of PJSC «Nizhnekamskneftekhim» was awarded Diploma in the nomination "Big City Lights" in Nizhnekamsk Municipal District of the Republic of Tatarstan.

#### Targeted social assistance

- > Financial support to families in difficult straits;
- > Organization of targeted assistance to PJSC «Nizhnekamskneftekhim» employees' children with disabilities, the Company's veterans;
- > Charity events for children and families in hardship;
- > Transfer of funds to Charity Fund "Ak Bars Sozidaniye" for implementation of socially important projects intended for administration of seriously ill people.

#### Relations with religious organizations

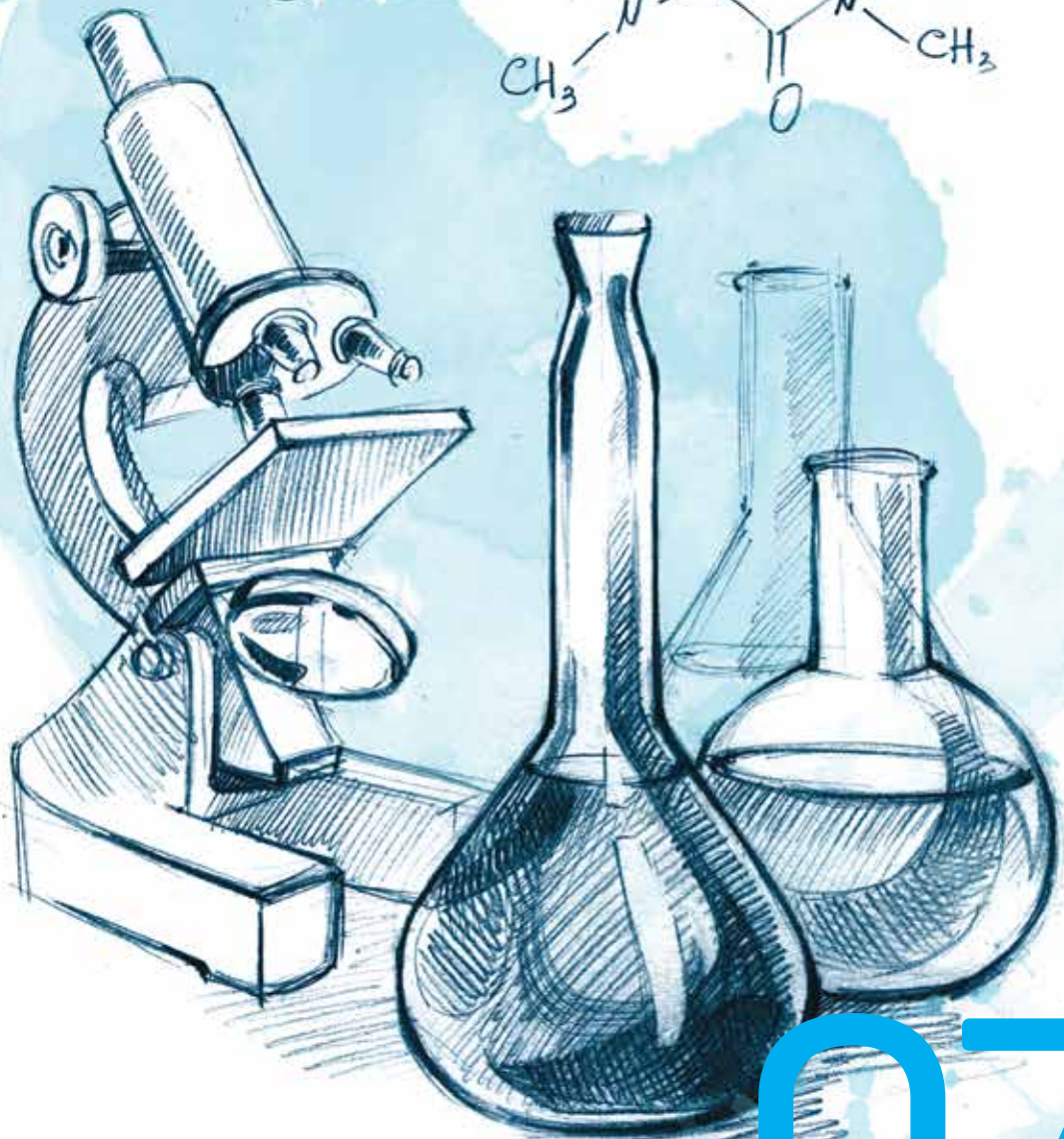
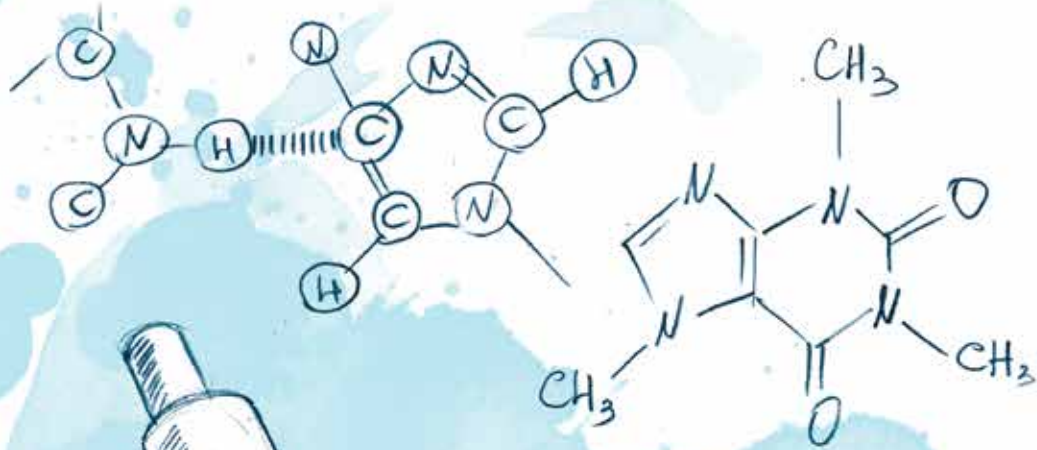
Financial assistance to local Muslim Organization "Parish Mosque "Zhamig" of Muhtasibat of Nizhnekamsk and Nizhnekamsk Region for purchase of specialized vehicles.

In 2015, no financial and in-kind contributions to political parties, politicians and related institutions were rendered. [S06](#)

# LETTERS OF GRATITUDE

<p>T.P. Vodopianova Chairman of Trade Unions Federation of Tatarstan</p>	<p>"Tatarstan Federation of Trade Unions expresses gratitude to General Director of PJSC «Nizhnekamskneftekhim» Azat Shaukatovich Bikmurzin for active cooperation with the Federation of Trade Unions of the Republic of Tatarstan on the development and strengthening of social partnership".</p>
<p>N.I. Ryzhkov Federation Council Member President of Moscow International Energy Forum</p>	<p>"I express my gratitude for your support of Moscow International Energy Forum "Russian Fuel and Energy Complex in the XXI Century" and assistance in the preparation and conducting of XIII Moscow International Energy Forum "Russian Fuel and Energy Complex in the XXI century" on on April 20-21, 2015".</p>
<p>A.A. Karimov Deputy Prime Minister of the Republic of Tatarstan, Minister of Industry and Trade of the Republic of Tatarstan</p>	<p>"On behalf of the Ministry of Industry and Trade of the Republic of Tatarstan I express my gratitude to PJSC «Nizhnekamskneftekhim» for participation in the single exposition of the Republic of Tatarstan at the IV International Forum on energy efficiency and energy ENES 2015, held on November 19-21, 2015 in Moscow... Thanks to the layout view and information materials, as well as the coordinated work of specialists of PJSC «Nizhnekamskneftekhim», exposition of the Republic of Tatarstan has been praised at the federal level ...".</p>
<p>A.R. Metshin Head of Nizhnekamsk Municipal District of the Republic of Tatarstan</p>	<p>"Council of Nizhnekamsk Municipal District appreciates your personal contribution and invaluable assistance in preparing and holding events to celebrate City Day 2015... Thanks to you and your team, the 49th Birthday of Nizhnekamsk was held at a high level, residents and guests of our city received a lot of joy and an unforgettable experience. Only united together, we were able to create a single entity - a holiday, which has become for us a real triumph ... We wish your team success, prosperity and hope for a long cooperation together for the good of our hometown ...".</p>
<p>R.N. Minnikhanov Head of Sabinsk Municipal District of the Republic of Tatarstan</p>	<p>"We express our sincere gratitude for the assistance in the organization of the New Year holidays in the Sabinsk municipal district ... Thank you for the fun, exciting and thrilling experience that you have presented to residents, guests of our region during the New Year festival. We wish you and your colleagues health, interesting ideas and their well-incarnations, bright, significant events, happiness and further prosperity of the Company".</p>
<p>R.Kh. Zaripov Deputy Prime Minister of the Republic of Tatarstan, Minister of Industry and Trade of the RT</p>	<p>"Ministry of Industry and Trade of the Republic of Tatarstan expresses sincere gratitude for active participation in the XV All-Russian Contest "Engineer of the Year" ... Given the high importance of the competition of drawing attention to the best specialists of the Republic in the field of engineering, we give the winner of competition our warmest congratulations and express our appreciation for the implementation of the objectives of scientific and technological development of Tatarstan and the whole country. We hope for further fruitful cooperation in the field of promoting and raising the level of professionalism of the engineering staff of the Republic".</p>
<p>L.S. Alekhin General Manager JSC TANECO</p>	<p>"Thank you for the assistance provided to Joint Stock Company TANECO in the organization of the International research-to-practice conference "The development of deep processing of hydrocarbon raw materials in the Russian Federation." Your support in conducting of the festive events dedicated to the 10th anniversary of TANECO, was a new confirmation of the good relations that bind our companies for many years. I sincerely wish you and the entire staff of PJSC «Nizhnekamskneftekhim» happiness, health and success of new production".</p>
<p>SA. Vashurov General Director ZAO PKP SV</p>	<p>"We express our appreciation to you and your specialists involved in the training and familiarization of representatives of civil and military aviation with ethylene oxide plant. The event was conducted with great professionalism, all questions have been answered. We hope for further fruitful cooperation".</p>
<p>R.Kh. Zaripov Acting Deputy Prime Minister of the Republic of Tatarstan Minister of Industry and Trade of the Republic of Tatarstan</p>	<p>"Ministry of Industry and Trade of the Republic of Tatarstan expresses gratitude to you and specialists of your organization for active participation in the regional stage of the Second All-Russian competition of projects implemented in the field of energy saving projects, energy efficiency and development of ENES-2015 Energy, held in the Republic of Tatarstan in 2015 in the framework of the IV International Forum of energy efficiency and energy ENES-2015. Submission of materials speak of high performance of your organization and make a significant contribution to energy saving and energy efficiency implementation of state policy".</p>

<p>R.Z. Miftakhov Head of Nizhnekamsk Customs Post</p>	<p>"We express our gratitude for fruitful work accomplished together to the employees of PJSC «Nizhnekamskneftekhim». Nizhnekamsk customs post released first customs declaration on July 03, 2015 using the technology of automatic release of goods, where PJSC «Nizhnekamskneftekhim» became a participant of FEA. 213 customs declarations were automatically released by the customs post over the period of 7 months of 2015 to the present day, all of them belong to PJSC «Nizhnekamskneftekhim». It should be noted that during this period total of 216 customs declarations were automatically released in the Russian FCS."</p>
<p>A.A. Sadykov Police Colonel Head of the Ministry of Internal Affairs of Russia in Nizhnekamsk District</p>	<p>"On behalf of all personnel and the families of the lost employees veterans of Nizhnekamsk police garrison I express to you my sincere appreciation for the assistance in carrying out the solemn events dedicated to the employees of the Internal Affairs of Russian Federation and the 50th anniversary of Nizhnekamsk police ... I wish you and your team health, interesting ideas and their well-incarnations, the brightest and significant events and prosperity of PJSC «Nizhnekamskneftekhim»..."</p>
<p>FK. Mingariev Head of Military Commissariat of the Republic of Tatarstan in Nizhnekamsk and Nizhnekamsk Municipal District</p>	<p>"Military Commissariat of the Republic of Tatarstan in the city of Nizhnekamsk and Nizhnekamsk Municipal District would like to thank you for the assistance in conducting events dedicated to 50th anniversary of the military commissariat of the city of Nizhnekamsk and Nizhnekamsk district ...."</p>
<p>I.G. Fattakhov Director of the Humor Contest Club of Tatarstan</p>	<p>"The Management of the Humor Contest Club of Tatarstan is grateful for the assistance in the tour of the Club Team "Prospect Khimikov" that took part in the contest "Cup of Humor Contest Club" in the park FINA within the framework of XXVI FINA world championships in Kazan, Russia 2015."</p>
<p>L.G. Kutuzov Director of Nizhnekamsk Petrochemical College</p>	<p>"We express our gratitude to you and the staff of PJSC «Nizhnekamskneftekhim» for the help in the preparation and conducting of the contest of professional skills for the title of "Best in Profession "Maintenance fitter -2015" among students of institutions of secondary vocational education of the Republic of Tatarstan".</p>
<p>E. A. Rodygin Chairman of the Tatarstan Regional Office Russian Amateur Radio Union</p>	<p>"I express my gratitude to the Company's employees for their active work with young workers of PJSC «Nizhnekamskneftekhim». The team of radio operators of the cooperative broadcasting station selected for participating in the All-Russian program of the Victory Memorial in 2012, 2013, 2014, 2015 honorably represented our Republic, the city of Nizhnekamsk and your Company on a global level".</p>



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« PJSC «Nizhnekamskneftekhim» draws on its own scientific and technical potential: R&D center, design center, production facilities and departments, and uses the services of specialists from R&D and design organizations, universities and other companies on contractual basis »

# THE COMPANY AND THE SCIENCE

# TECHNICAL AND SCIENTIFIC COOPERATION OF PJSC «NIZHNEKAMSKNEFTEKHIM»

Policy of PJSC «Nizhnekamskneftekhim» is focused on continuous enhancing the competitiveness and release of new kinds of products, increasing the existing industrial capacities and introduction of innovating technologies for improving the technologies of the prior art.

The target goals are realized by the Company's specialists' efforts as well as of other research and development and design organizations, universities and companies participating on contractual basis.

In 2015, the Company had 43 contracts for performing research and development, design and experimental activities and 22 organizations provided their services in technical and scientific field.

The main source for the financing scientific, research, experimental and design activities and other kinds of services performed on contractual basis is the internal funds of PJSC «Nizhnekamskneftekhim».

**G4-EC4** In 2015 PJSC «Nizhnekamskneftekhim» continued its work within the terms of agreement upon a three-phase project "Improvement of Efficiency of Synthetic Rubber Production through Upgrading Isobutylene Production Process, Development of Micro Spherical Catalyst of Dehydrogenation and Launching Its Manufacturing". As for the time of implementation, the global project is to be implemented over the period from January 1, 2013, to December 31, 2015. All six stages of contractual work have been accomplished. The specialists of Kazan (Volga-Region) Federal University developed a process of new catalyst production. This work was financed through the budget under the contract with the Ministry of Science and Education for 2013-2015.

## Research and development investments (million rubles)

Item	2013	2014	2015
Research and development (including Design Works) Investments, mln RUB	364.4	565.6	<b>450.4</b>

### Science in production processes

The R&D Center of the Company is a multipurpose research and development division of very high scientific potential and together with the other departments of PJSC «Nizhnekamskneftekhim» contributes to successful operation of the Company. The Center includes several research laboratories and a pilot plant. The staff of the R&D Center is a well-established team of scientists and includes 285 people out of which 116 research engineers, 1 Doctor of Science and 22 Masters of Science.

## Total staff engaged in the R&D activity

Item	2013	2014	2015
Number of employees as of December 31	351	298	<b>285</b>

R&D Center is in close cooperation with higher education institutions, research and development, scientific and industrial organizations. In 2015, the results of R&D investigations made it possible to perform successfully 125 plant tests and surveys of the existing facilities, to develop 23 basic design data both for new units and facilities and for improving the existing ones, to release 57 research study reports.

15 articles of R&D scientists were published in scientific and technical journals and scientific reference books. R&D specialists presented 16 reports while participating at the International, All-Russian and Republic research-to-practice conferences and were acknowledged as the best in the following nominations: "Young Innovators", "Best Engineer of the Year", "Best in the Occupation". The Research

and Analytical Laboratory of the Center took part at the republic competitions "Best Goods and Services of the Republic of Tatarstan" held by Federal Budgetary Institution "Tatarstan Center of Standardization and Metrology" together with the Tatarstan Ministry of Industry and Trade where it was awarded in the nomination "Best Investigator of the Republic of Tatarstan in 2015". R&D Center is one of the main performer of research and development project started within the scope of the Federal Dedicated Program, under Agreement with the RF Ministry of Education and Science, Agreement with the Ministry of Economy of the Republic of Tatarstan and aimed at realization of the complex project "Enhancing Synthetic Rubber Monomers Production through Development and Industrial Launching of Domestic Catalyst for Isoamylene Dehydrogenation".



## Number of employees of the Company awarded a title “Professional Engineer of Russia”

Item	2013	2014	2015
Number of employees	96	104	116

In the course of import-substitution program, the research work of the Center enabled the following achievements:

- > basing on test results some domestic competitive brands of polyethylene were approved as suitable for isolating coatings in metal pipes;
- > proprietary process for production of foreign equivalents of ethylene and propylene copolymers with enhanced properties, development of the production and successful results of customers' tests;
- > successful pilot tests of extrusion-grade ABS-1035 production using SSBR-2012 of own production;
- > proprietary composition of inhibitor and its trial production at R&D pilot plant;
- > trial production of the new kind of polyether KFU-210 – a base for oil emulsion breaker.

In the context of Environmental Policy, PJSC «Nizhnekamskneftekhim» has been performing investigations of liquid and solid wastes treatment in the following directions:

- > revamping of biological treatment facilities of PJSC «Nizhnekamskneftekhim»;
- > detoxification of the liquid wastes coming from EP-450, ethylbenzene and propylene oxide production facilities;
- > bioremediation of oil sludge at treatment units;
- > implementation of a new eco-friendly and cost efficient non-phosphate inhibitor OPC- 800 preventing corrosion and scale formation.

For the purpose of diversification of PJSC «Nizhnekamskneftekhim» product grade slate:

- > pilot-scale tests were performed and the 1st trial lot of 825 ESM-grade high-impact polystyrene was produced meeting the requirements for oil-and-grease resistant grades of polystyrene;

> trial lot of lithium catalyst based butadiene rubber with high dynamic viscosity was produced, which is used in production of chemical resistant grades of high-impact polystyrene.

The specialists of R&D Center are involved in all engineering challenges and accompany the whole manufacturing chain, from development of a new process, product and analysis procedure to product approval by a customer.

As for perspectives of R&D Center, its specialists will be actively involved in halobutyl rubber capacities expansions, further enhancement of functionalized SSBR as well as production processes of neodymium catalyst based butadiene rubber; searching of alternative domestic catalysts for petrochemical and polymer industry; adjusting the production of new grades of products; stimulation of import-substitution process.

### Innovativeness and efficiency drive

Considerable contribution to development of petrochemical industry is made by inventors of PJSC «Nizhnekamskneftekhim». There are 1,158 innovators and inventors at the Company. For the expired year the innovators filed 417 technical solutions including 406 applications for innovative proposals. 83 inventions, utility models and 204 innovative proposals have been implemented into different facilities of the Company.

In accordance with copyright protection norms for technical inventions and intellectual property designations, the Company received 423 patents for inventions, 65 patents for utility models, 42 certificates for brand marks, 10 certificates for computer software as of the end of 2015. Due to annual updating the use of technical solutions of the Company's patents, the portfolio of exclusive rights for intellectual property items is maintained at optimal state and presently includes 112 patents for inventions, 26 patents for utility models, 21 certificates for brand marks and service marks in Russia and abroad, 10 certificates for computer software and 39 production secrets (know-how).

The number of the young innovators of the Company grows every year. In 2002 their share among innovators and inventors was 9 % only; in 2015 it exceeded 30 %.

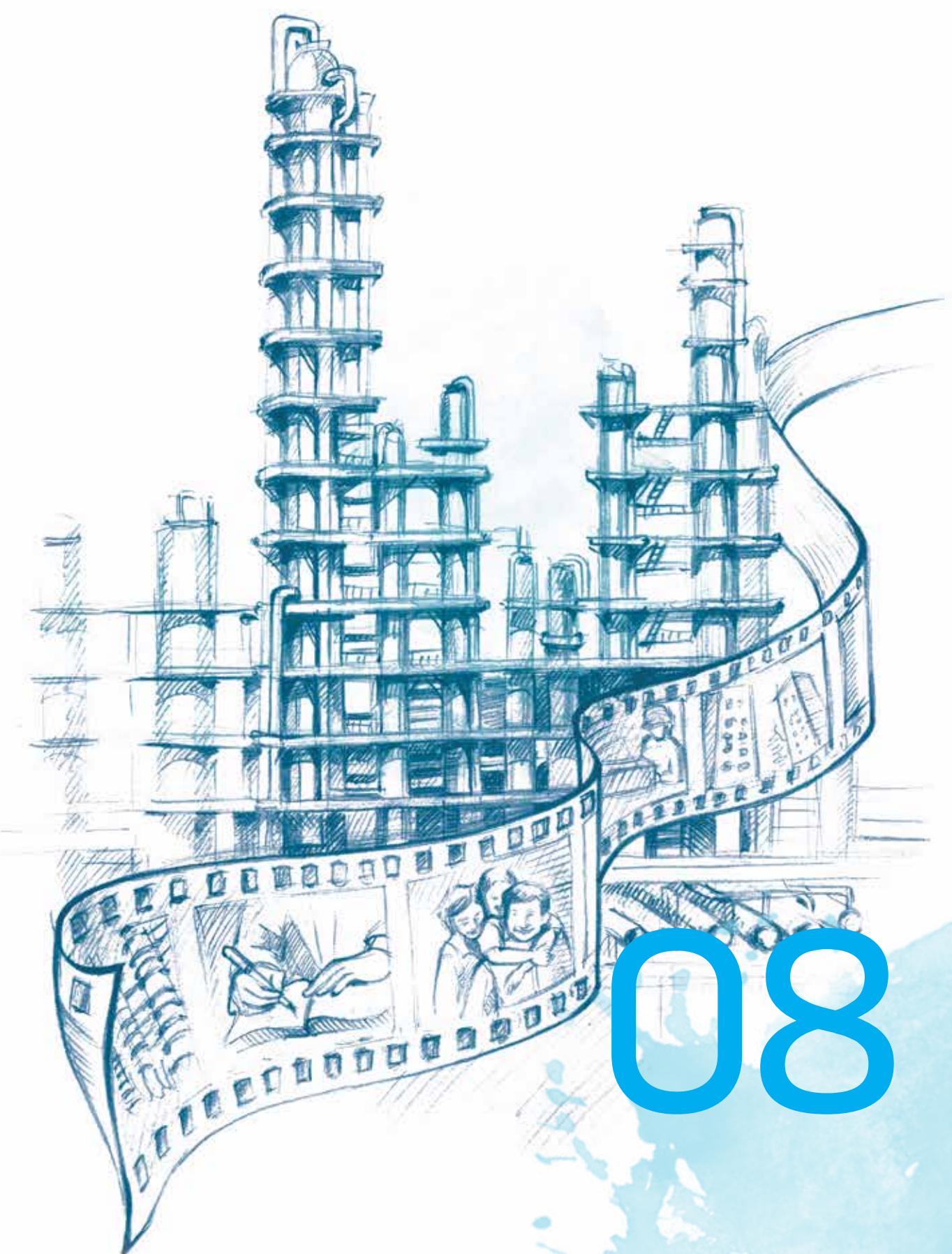
THE COMPANY  
AND THE SCIENCE

COMPANY'S MOST  
IMPORTANT EVENTS

ABOUT  
THE REPORT

APPENDICES





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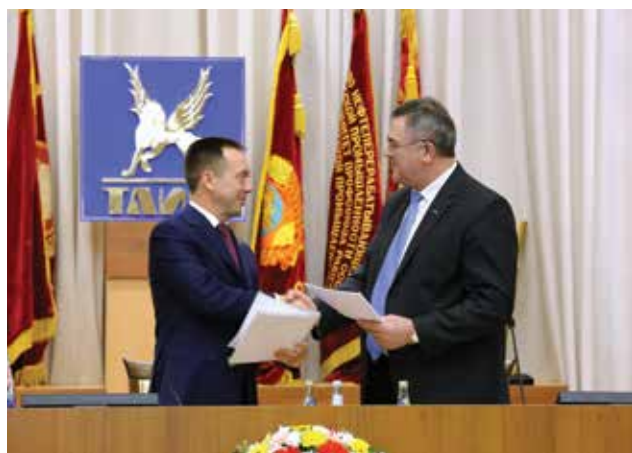
# COMPANY'S MOST IMPORTANT EVENTS

# JANUARY

- 15 PJSC «Nizhnekamskneftekhim» held a Labor Collective Conference to discuss the results of Collective Employment Agreement dd. 2014 and to sign a new one for 2015.
- 21 PJSC «Nizhnekamskneftekhim» arranged a meeting of the Volga Department of the Federal Environmental, Industrial and Nuclear Supervision Service (Rostekhnadzor).
- 27 Commissioning of a new automated palletizing line of SKI-3 bales at Isoprene Rubber Production Plant.
- 29 A regular meeting of the Board of Directors of PJSC «Nizhnekamskneftekhim» took place. The Board of Directors reviewed the information referred to actual payment of taxes and duties to the consolidated budget of the Republic of Tatarstan by the end of 2014; information on measures aimed to improve the market value of the shares (capitalization) of PJSC «Nizhnekamskneftekhim» for 2014; information on plastic volumes produced by PJSC «Nizhnekamskneftekhim» and processed by the manufacturers of Nizhnekamsk district in 2014; approved implementation of the Ecological Program of the Company for 2014-2020 and the Program of Health, Safety & Environment Management for the period of 2013-2015.
- 29 Dmitry Medvedev, the Prime Mnister of the Russian Federation presented Government Quality Award at year-end 2014 to representatives of PJSC «Nizhnekamskneftekhim».
- 30 PJSC «Nizhnekamskneftekhim» was awarded a Commemorative token "BEST SUPPLIER 2014" by OOO Samsung Electronics Rus Kaluga. Samsung Electronics Rus uses Nizhnekamsk polypropylene as a compound, high-impact polystyrene and dyed ABS plastic in their production of domestic appliances.

# FEBRUARY

- 2 Following the results of the 18th International Trade Fair Plastics and Rubber 2015, i.e. "InterPlastika 2015", PJSC «Nizhnekamskneftekhim» was awarded a diploma "For Wide Variety and High Quality of the Presented Products and Plastics". High professionalism of the Company's management staff was marked by the fair organizer, i.e. Messe Dusseldorf Moscow with a special diploma.
- 25 Ildar Taymasov working as a shift supervisor at styrene and polyether resins plant of PJSC «Nizhnekamskneftekhim» became a winner of All-Russian Contest "Engineer of the Year – 2014" in the nomination "Engineering Skill of Young". Ilshat Khuzeev, the software engineer of polystyrene plant was a winner of the 1st round of the competition in this category. Six employees, i.e.: Anatoly Poretskov, Roman Matukhin, Marat Misbakhov, Diliara Khasanova, Alsu Savelieva and Ildus Fatkhutdinov were awarded the title "Professional Engineer of Russia" in the 1st round of the competition "Professional Engineers".



# MARCH

**6** A meeting of PJSC «Nizhnekamskneftekhim» Board of Directors took place in the form of absent voting. The members of the Board reviewed shareholders' proposals concerning the agenda of the Annual Shareholders General Meeting, the candidates list to the Board of Directors and Audit Commission of the Company. Following the decision of the Board, it was decided to hold Annual Shareholders General Meeting on April 22, 2015. The members of the Board determined their recommendations towards a Voluntary Offer received from OOO Telecom-Management referred to shares acquisition of the Company and approved participation of PJSC «Nizhnekamskneftekhim» in setting-up an institution "Culture and Art Center Nizhnekamskneftekhim".

**11** Azat Bikmurzin, General Director of PJSC «Nizhnekamskneftekhim», A. Sakhabutdinov, the Chief Process Engineer, A. Amirkhanov, Director of Synthetic Rubber Plant, V. Shepelin, Deputy Head of the R&D Center as well as other scientists and specialists of the Voronezh Affiliate of NIISK, SIBUR and the Russian Mendeleev University of Chemistry and Technology, were awarded the Prize of Russian Federation Government for 2014 in the field of science and engineering and were awarded the title "Russian Federation Government Prize Winner in the Field of Science and Engineering" for development and implementation of anionic polymerization for rubber production.

**19** A regular meeting of the Board of Directors took place. The Board preliminary approved the annual accounting report, including financial results of PJSC «Nizhnekamskneftekhim» for 2014 as well as the results of financial and economic activities, implementation and financing of the capital investments planned individually for PJSC «Nizhnekamskneftekhim» and for NKNK Group as a whole for the year of 2014. Besides, the Board reviewed Auditors' Report and the report of the Company's Audit Commission and preliminary approved the Annual Report of PJSC «Nizhnekamskneftekhim» as well as Sustainability Report of the Company for 2014.

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** The audits of Quality Management System, Health and Safety as well as the recertification audit of Environment Management were carried out at PJSC «Nizhnekamskneftekhim». The auditors confirmed the compliance of Quality Management System to the requirements of ISO 9001:2008, Environmental Management – to the requirements of ISO 14001:2004, requirements of Occupational Health and Safety Management System OHSAS 18001:2007 and extended the scope of certification for development, engineering and production of Solution Styrene Butadiene Rubber (SSBR).

**27** PJSC «Nizhnekamskneftekhim» presented its Strategic Program to the representatives of the Sberbank of Russia headed by Mr. Oleg Ganeev, Deputy Chairman of Sberbank Management Board, Sberbank CIB manager.



# APRIL

**1** Following the results of the sector contest held within the 16th International Specialized Exhibition "Energy and Resource Saving" and the XV International Symposium "Energy Resource Efficiency and Energy Efficiency", PJSC «Nizhnekamskneftekhim» was awarded the first degree diploma in the nomination "Energy Efficient Design" for implementation and adjusting the recycle of steam condensate from the first industrial area to Power Station. One more diploma and a statuette were awarded to the Company in the nomination "Chemistry and Petroleum Chemistry" for its activity in realization of the Governmental Program "Energy Saving and Enhancing Energy Efficiency in the Republic of Tatarstan over 2014 - 2020" and for the best achievements in this connection.

A regular meeting of PJSC «Nizhnekamskneftekhim» management with investment community representatives and of other financial institutes and mass media as well took place in Moscow. The meeting was held with the support of Deutsche Bank and the representatives of more than 30 professional organizations took part in it.

Ethylene Oxide Plant of PJSC «Nizhnekamskneftekhim» produced its 6th million ton of ethylene oxide since the moment of plant commissioning.

**18-19** PJSC «Nizhnekamskneftekhim» was among the prize winners in the nomination "100 Best Organizations of Russia. Environment and Environmental Management", the contest results were summarized at the 9th All-Russian Conference "Environment and Industry. Prospects of Economic Mechanisms Development in Environmental Protection". Azat Bikmurzin, the General Director of the Company, was awarded a premium badge "Ecologist 2015. For Achievements in Environmental Management and Reduction of Negative Impact on the Environment".

**20-22** PJSC «Nizhnekamskneftekhim» was awarded a grand prize, golden medal and prize for energy- saving and efficient process and equipment introduced at ABS-production plant basing on the results of XIII Moscow International Energy Forum and Exhibition "The Fuel and Energy Complex of Russia in XXI Century". The Corporation was also awarded a diploma "For Energy Innovations and Reliability Improvement in Energy Supplies" for implementation at its production facilities a BAVR complex, i.e. the complex for quick automatic load transfer; one more diploma was awarded for significant achievements in energy and resource savings among petrochemical companies of the Russian Federation.

**22** Annual general meeting of PJSC «Nizhnekamskneftekhim» shareholders took place to summarize the operation of the Company in 2014. The meeting was attended by R. Minnikhanov, the Interim President of the Republic of Tatarstan.

**28** Isoprene production facility of PJSC «Nizhnekamskneftekhim» commissioned the unit of high-boiling by-products decomposition wherein the indicated products are decomposed catalytically along with isoprene, formaldehyde and isobutylene formation. This project will enable production of additional 15,000 metric tons of isoprene per year.



## MAY

- 14 The work "Import substitution as a development strategy tool" of PJSC «Nizhnekamskneftekhim» won Investor Awards in the category "Best Corporate Strategy Business Development 2014" in the framework of the VI Forum "Investments in Russia".
- 19 Another automated palletizing line was put into operation at Synthetic Rubber Plant of PJSC «Nizhnekamskneftekhim», this time – for neodymium catalyst based butadiene rubber.
- 21 Within the framework of import substitution program at PJSC «Nizhnekamskneftekhim» Oligomer Plant, a new product line was started – triisobutylaluminum (TIBA). This product is used as co-catalyst in the production of polyethylene and as catalyst – in the production of synthetic rubbers.
- 26-29 Legal department of PJSC «Nizhnekamskneftekhim» won the X Annual Contest "Best Legal Departments of Russia-2015". Results were announced within the framework of the V St. Petersburg International Legal Forum.
- 28 A meeting of PJSC «Nizhnekamskneftekhim» Board of Directors took place. The Board of Directors approved distribution of management of the main activities of PJSC «Nizhnekamskneftekhim» between members of the Board and appointed executive officers from the executive management of PJSC «Nizhnekamskneftekhim». Plan of activities of the Board of Directors of PJSC «Nizhnekamskneftekhim» for 2015-2016 and members of the Board's committees were approved.

## JUNE

- 1 Plastics Plant was originated on the basis of Polystyrene Plant and Polyolefins Plant for the purpose of improving the structure.
- 8 On the results of the audit conducted by CQS Czech Society for Quality specialists PJSC «Nizhnekamskneftekhim» received conformity certificates of butyl rubber BK-1675P production according to international standard EN ISO 22000:2005. This is an initial stage for certification of food-grade butyl rubber by FSSC 22000 system.
- 17-18 PJSC «Nizhnekamskneftekhim» presented products at Tatarstan and Kazakhstan Polymer Forum in the framework of the II International Conference "Oil-Refining and Petrochemical Industry of Central Asia".
- 22 NKNK FINANCE PLC paid to Eurobond holders of NKNK-2015 a coupon yield amounting to 263.5 thousand US dollars and repaid 1/10 of the release of 3,100.6 thousand US dollars in accordance with the repayment schedule.
- 30 PJSC «Nizhnekamskneftekhim» launched another major event in the framework of the current environmental program: work on clearing accumulated silt in buffer ponds on Tungucha River started.



# JULY

- 21 Polypropylene grade PP4445T and polyethylene PEG-400 of PJSC «Nizhnekamskneftekhim» production won the contest "Best products and services of the Republic of Tatarstan" in 2015 in the category "Products for Industrial Purposes". Another product submitted to the contest - ethylene glycol was awarded First Degree 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 took place. The Board took into account information on the utilization efficiency of PJSC «Nizhnekamskneftekhim» production facilities in the first half of 2015 as well as information about the actual payment of taxes and fees to the consolidated budget of Tatarstan for the same period. The Board of Directors took into consideration information about "Program of activities on the main directions of PJSC «Nizhnekamskneftekhim» joint research together with leading academic institutions of the Republic of Tatarstan and the Russian Federation for the period of 2015-2020". The Board members approved work activities of the Board's Committees on Audit, HR and Remuneration in 2015-2016.

# AUGUST

- 7 PJSC «Nizhnekamskneftekhim» upgraded the system of ecological monitoring. Additional function "Monitoring of Odors" is enabled at videowall in the central control room. At fixation of control posts concentration of hydrocarbons at 10% of the norm triggers warning lights. Information is instantly transmitted to the Department of Environmental Protection, Control and Operating and to the management of PJSC «Nizhnekamskneftekhim».
- 26 Teams of PJSC «Nizhnekamskneftekhim» fire units showed efficient training and skills in eliminating fire hazards with the help of primary fire extinguishing equipment in the final exercises conducted at the landfill PCh-33. Team of Railway Transport Management was awarded the first prize.



# SEPTEMBER

**2** Styrene and Polyether Resins Plant team won the first place in the exercises of emergency gas rescue units of PJSC «Nizhnekamskneftekhim» which took place at the training landfill IP-4. The exercise was attended by 14 teams which represented all plants as well as water supply, sewage and waste water treatment department, railway transport department, power station and R&D Center.

**2-4** PJSC «Nizhnekamskneftekhim» was awarded Grand Prix at the exhibition for the best exhibit, the best design or the best technical solution within the framework of XII Tatarstan Petrochemical Forum in the nomination "Products with new or improved characteristics" for development and implementation of products with new characteristics production technology – synthetic butadiene-styrene rubber which is used in the production of green tyres.

**9** For the first time decontamination process was put into practice within the framework of the program for reducing harmful effects on the environment in the pyrolysis gasoline hydrogenation, benzene and butadiene production unit of PJSC «Nizhnekamskneftekhim» Ethylene Plant in the preparation of equipment to the current overhaul. At present, instead of primary steaming operation, equipment washing is performed with water solution chemical agent which soaks up all hydrocarbons. This agent is also added to steam which is fed into heated equipment during its preparation for overhaul. Washing water and condensate after steaming operation are collected by temporary lines into a special container and later sent to thermal decontamination.

**21** Styrene and polyether resins Plant specialists and PJSC «Nizhnekamskneftekhim» R&D Center Experts conducted joint experimental-industrial trial runs of the technology, designated to reduce the negative impact on the environment during the preparation of equipment for overhaul. For the first time specially selected composition of surfactants was tested during the current overhaul of acetophenone hydrogenation unit for machines and pipes washing. The result was not only the reducing of hydrocarbon residues on the walls of equipment but also the reducing of its steaming time.

**21** A regular meeting of the Board of Directors took place. Members of the Board took note of the results of financial and economic activity, information about the analysis of investment effectiveness in subsidiaries and affiliates of PJSC «Nizhnekamskneftekhim» as of July 1, 2015, about the expected financial and economic results of subsidiaries at 2015 year-end, implementation of the plan for development and financing of capital expenditures of PJSC «Nizhnekamskneftekhim» and overall of NKNK Group in the first half of 2015, information on the status of accounts receivable and payable as of July 01, 2015 and activities to reduce them as well as information about the state of credit and collateral portfolios of PJSC «Nizhnekamskneftekhim», and the current version of PJSC «Nizhnekamskneftekhim» industrial and financial plan until 2020. The Board of Directors reviewed the forecast of payments of PJSC «Nizhnekamskneftekhim» to the consolidated budget of the Republic of Tatarstan for 2016, approved the industrial and financial plan of PJSC «Nizhnekamskneftekhim» for 2016 and the plan of capital expenditures and financing thereof both of PJSC «Nizhnekamskneftekhim» and NKNK Group on the whole. The Board Members elected the Company Management Board of 10 people.



## OCTOBER

- 13 Vapor Recovery Plant was commissioned at the Ethylene Plant, designed for elimination of straight-run petrol vapor release to atmosphere during its storage. At the new plant, all vaporized hydrocarbons with nitrogen originally are directed to cleaning from sulfur impurities, then gasoline vapors are adsorbed in the adsorber and nitrogen is discharged to the atmosphere after hydrocarbons content control. Gasoline is derived from the adsorbent and returned to the tank in the form of a condensate.
- 23 Waterproofing of two cards (tanks for disposal of non-utilized waste) was completed as part of the implementation of perspective environmental program at the existing landfill. Works to strengthen the waterproofing of cards at the existing landfill have been carried out since 2012. Strengthening the waterproofing using modern waterproofing materials such as chemically resistant geomembrane Carbofol and geosynthetic material based on bentonite clay Bentofix is carried out to avoid negative impact on the landfill. Needle-punched spun-fiber geotextile is provided for geomembrane protection against mechanical damage.
- 27-30 10 product types of PJSC «Nizhnekamskneftekhim» were awarded the First Place Diploma for high consumer properties following the results of the exhibition carried out within the framework of III Moscow International Chemical Forum «Chemistry-2015». These products include plastics, halobutyl rubber (chlorobutyl rubber and bromobutyl rubber) and butadiene-styrene rubbers, ethylene glycol and polyether PEG-400. The Company was also awarded diplomas of exhibition sponsor – JSC «Expocentr» - for invention of new kinds of high quality products and contribution to development of Russian petrochemical industry and for the professional work of managers at the exhibition, and Azat Bikmurzin, the General Director of the Company, – for his great contribution to the development of petrochemical industry of Russia.



## NOVEMBER

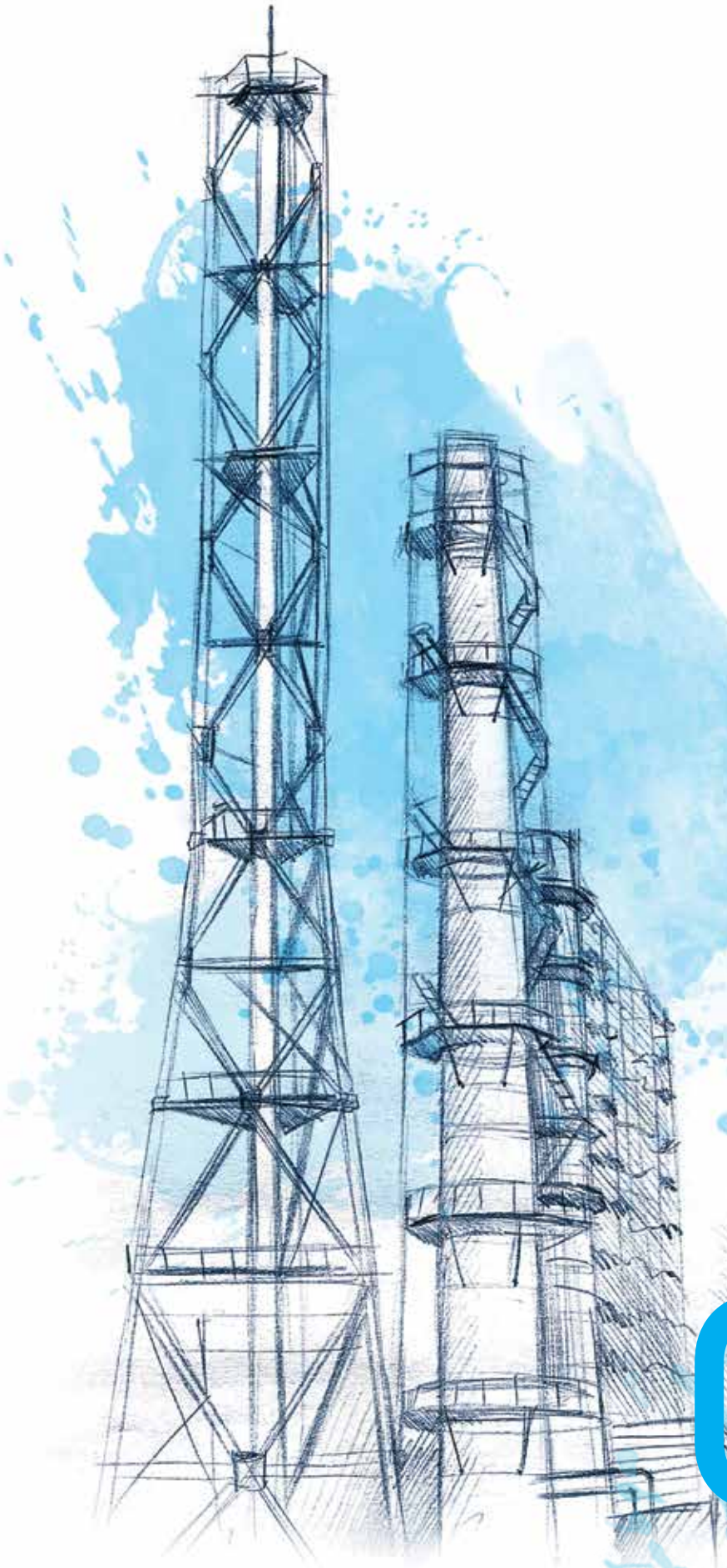
- 3 PJSC «Nizhnekamskneftekhim» became the prizewinner of the III National Ranking of Corporate Transparency of the largest Russian companies conducted annually by Russian Regional Network of Integrated Reporting (RRN). The Company took second place in the nomination «Leader of Corporate Transparency among private companies 2015».
- 11 Within the framework of the working trip to Nizhnekamsk, Rustam Minnikhanov, the President of the Republic of Tatarstan, visited the Oligomers Plant. The President visited reconstruction and modernization areas of Linear Alpha - Olefins (LAO) Production Plant. The aim of reconstruction is to obtain products needed for polyethylene production in the current production of PJSC «Nizhnekamskneftekhim» and the future Olefins Complex.
- 19 Polypropylene grade PP4445T of PJSC «Nizhnekamskneftekhim» was among «One hundred best goods of Russia» of 2015 in the nomination «Products for industrial and technical use». Two other products - polyether PEG-400 and ethylene glycol – were awarded the First Degree Diploma.
- 19-21 PJSC «Nizhnekamskneftekhim» was awarded the First Degree Diploma for effective management system in energy saving and energy efficiency in the industrial plant and Honorary Prize of the Second All-Russian Contest of projects implemented in the energy saving field, energy efficiency and energy development ENES-2015.
- 25 PJSC «Nizhnekamskneftekhim» became the prizewinner of the Third National Award «Polymers of Russia» in the category «Import substitution». The ceremony took place in the framework of the Eighth Forum «Polymers of Russia».
- 26 A regular meeting of the Board of Directors took place. The Board approved the results of financial and economic activities, implementation of plan for development and financing of capital expenditures of PJSC «Nizhnekamskneftekhim» and overall NKNK Group in the first 9 months of 2015, acknowledged the business report of Internal Control Division for 10 months of 2015, and approved the work plan of this Division for 2016 and strategy for development of commercial activity with regard to sales of final products.



# DECEMBER

- 4** Corporate competition of professional skills amongst young shift supervisors attended by 12 petrochemists was held at the training center for personnel training of PJSC «Nizhnekamskneftekhim». Yuri Nikonov, the shift supervisor of Synthetic Rubber Plant, became the winner.
- 4** Common shares of PJSC «Nizhnekamskneftekhim» were included in new structure of MICEX Index and RTS Index.
- 4** Sanitary-industrial laboratory of PJSC «Nizhnekamskneftekhim» technical control department successfully passed the procedure of professional integrity confirmation for compliance with GOST ISO/IEC 17025-2009 and accreditation criteria.
- 9** PJSC «Nizhnekamskneftekhim» was awarded a diploma and a winner medal of the Eleventh All-Russian contest "Leader of Environmental Activity in Russia-2015". PJSC «Nizhnekamskneftekhim» has been participating in this competition since 2006 and becomes the winner every year.
- 11** The contest of professional skills of PJSC «Nizhnekamskneftekhim» electricians was held on the basis of Technological College. It was attended by 15 employees of the Company under the age of 35 and the College students. Ruslan Romanov, the representative of power supply division, became the winner.
- 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 Kirill Kubanov, a Head of R&D Center Laboratory, who proposed a way of increase of halogenation process efficiency during production of bromobutyl rubber, and Nadim Shaidullin, process engineer, who developed polyethylene composition for outer layer of steel pipes coating.
- 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 bond issues denominated in rubles.
- 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".





09



« Information and performance indicators of the Company are collected in accordance with the procedures of corporate governance, and Russian and international standards and the reporting requirements »

# ABOUT THE REPORT

# REPORTING PERIOD AND REPORTING CYCLE

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

The Company has won the All-Russian competition of RUIE "Leaders of Russian business: dynamics and responsibility - 2015" in nomination "For high quality of reporting on sustainable development"

**G4-28, 33** This Sustainability Report is the seventh report<sup>19</sup> and it covers the period from January 01, 2015 through December 31, 2015. Independent external evaluation based on international standards was performed by ZAO Bureau Veritas Certification Rus. The Report has successfully undergone the procedure of public acknowledgment in the Nonfinancial Statement Council of the Russian Union of Industrialists and Entrepreneurs.

**G4-18, 19, 20** In accordance with the Guidelines GRI G4 (basic level<sup>20</sup>) for defining the content of Report the procedure of evaluation of essential subjects (aspects) of the Company's activity was developed and implemented. In preparation of the Report the Company's employees and stakeholders were involved to identify important subjects to disclosure, to select information from reliable sources, to discuss and design the Report. The working group included managers and specialists from different divisions of the Company that are responsible for the issues of corporate management, economic and social and environmental impact. Considerable efforts were made for involvement of stakeholders in the process of discussion of such matters as determination of the format and content of the Report and important subjects that need to be disclosed.

In its production activity, PJSC «Nizhnekamskneftekhim» uses the services of subsidiaries and contractor entities. Only the data related to PJSC «Nizhnekamskneftekhim» is used in the performance analysis of Sustainability Report for 2015. Similar approach was used in preparation of the Reports for previous years. **G4-23**

Information and performance indicators of the Company were collected in accordance with the procedures of corporate governance, and Russian and International standards and the reporting requirements. There were no significant changes in the measurement techniques compared to the previous year. The data in the Reports for the previous years is comparable. The Company is aware of the necessity to provide

the timely information in the Report; therefore the Report is published at one year intervals, and is synchronized with the publication of the Annual Report. **G4-30**

For convenience of readers the Report includes a table showing the location of the issues and indicators in accordance with the GRI Guidelines on page 106.

The Report conception is defined by Code of Corporate Social Responsibility of PJSC «Nizhnekamskneftekhim». According to this Code the Company accommodates public interests of society, shareholders, local communities and other interested parties of social sphere. This obligation goes beyond the law and assumes that PJSC «Nizhnekamskneftekhim» voluntarily takes supplementary steps to improve the quality of life of employees and their families, as well as local community and society as a whole<sup>21</sup>. By accepting responsibility for its impact on the society, the Company accounts for its activities and keeps a record of them.

**G4-21** The Report has been subjected to internal audit and discussed at Audit, HR and Remuneration Committees, approved at the Board of Directors of PJSC «Nizhnekamskneftekhim». In order to identify important issues for disclosure and subsequent inclusion of this information into the Report a survey of the stakeholders, including government representatives, business partners and civil society organizations was conducted.

Details of financial and operating activities are presented in the Annual Report of PJSC «Nizhnekamskneftekhim» for 2015, which is available on the Company's website (<http://www.nknh.ru/>).

**G4-17** Performance indicators and indicators of financial and economic activities contained in the Report have been submitted as per financial statements prepared in accordance with Russian Accounting Principles (RAP).

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

**G4-31** For any questions regarding the Report or its contents please contact us by the phones: (8555) 37-93-33, 37-71-81, 37-53-31. Address: 423574, PJSC «Nizhnekamskneftekhim», Nizhnekamsk, the Republic of Tatarstan, Russia. E-mail: [nknh@nknh.ru](mailto:nknh@nknh.ru).

<sup>19</sup> Company's Social Report for 2010 and Sustainable Development Reports of the Company for years 2011, 2012, 2013 and 2014 are presented on the Company's website (<http://www.nknh.ru/>). Previous reports of the Company are entered in the National register of non-financial corporate reports of the Russian Union of Industrialists and Entrepreneurs (G4-29)

<sup>20</sup> See Attachment 10

<sup>21</sup> See details in sections "The Company and Employees", "The Company and Community".

THE COMPANY  
AND THE SCIENCE

COMPANY'S MOST  
IMPORTANT EVENTS

ABOUT  
THE REPORT

APPENDICES



# INDEPENDENT OPINION ON VERIFICATION OF SUSTAINABLE DEVELOPMENT REPORT



Attn: Stakeholders  
PJSC «Nizhnekamskneftekhim»

## Objectives

Bureau Veritas Certification Rus by the order of PJSC «Nizhnekamskneftekhim» (Company) performed the work on independent verification of its sustainable development report and social responsibility based on AA1000 Assurance Standard 2008 and AA1000 Accountability Principles Standard 2008, and The Guide for Reporting in the Sphere of Sustainable Development of the Global Reporting Initiative (GRI G4 Global Reporting Initiative Sustainability Reporting Guidelines of May 21, 2013).

This independent verification relates to the "Report of Sustainable Development of PJSC «Nizhnekamskneftekhim» for 2015. Stable Effectiveness" (hereinafter Report).

Information and its representation in the Report is the sole responsibility of PJSC «Nizhnekamskneftekhim» management. Bureau Veritas Certification Rus was not involved in the process of report preparation and is responsible for representation of independent opinion on verification of Report only to PJSC «Nizhnekamskneftekhim» within the framework of technical assignment agreed with PJSC «Nizhnekamskneftekhim». Bureau Veritas Certification Rus bears no responsibility for any other assessments and to any third party.

## Scope of verification

Frameworks and methods of work were defined after discussion with PJSC «Nizhnekamskneftekhim» as follows:

(1) to verify accuracy and adequacy of the data and information included in the Report and of underlying systems and processes of information gathering, analysis and review for 2015 in accordance with AA1000AS standard on the basis of the main principles stated in AA1000APS standard:

- › INCLUSIVITY (involvement of stakeholders),
- › MATERIALITY of the provided information on sustainability indicators,
- › RESPONSIVENESS on requests and remarks of stakeholders;

(2) to verify the Report for conformance to GRI Guidelines (GRI-G4 2013 version) for reporting in the sphere of sustainable development;

(3) to apply for verification principles and procedures of International Standard on Assurance Engagement ISAE-3000;

(4) to evaluate the level and quality of stakeholders' involvement in the process of Reporting in accordance with AA1000SES:2011 standard (Stakeholder Engagement Standard);

(5) to give recommendations on development of corporate management within the frameworks of social responsibility.

Upon the Report verification the information published on the corporate website of the Company [www.nknh.ru](http://www.nknh.ru), materials of the various advertising publications, "Nizhnekamskaya Pravda", "Neftekhimik" and "Khezmettesh avazy" newspapers, TV programs of Neftekhimik TV-channel and GTRK Tatarstan, Collective Agreement for 2015, standards and other corporate documents were taken into account.

## Methods of verification and works performed

As the part of the independent verification "Bureau Veritas Certification" made the follows:

- › Interviewed First Deputy General Director – Chief Engineer of PJSC «Nizhnekamskneftekhim» I. G. Sharifullin, and representatives of the top-management and heads of different Company's divisions in order to form a complete picture of significant social and economic, environmental and innovative aspects of the Company's activity, intentions, liabilities, priorities and objectives in the sphere of sustainable development, means and extent of achieving these objectives.
- › Interviewed Deputy Head of Nizhnekamsk Municipal District, Deputy Mayor E.R. Dolotkazina.
- › Analyzed the approach of PJSC «Nizhnekamskneftekhim» to the involvement and consideration of the opinions and expectations of stakeholders by interviewing the persons responsible for dialogue with such parties, holding of meetings with the representatives of some stakeholders, on the basis of selection of the respective documentation proving such interaction in 2015.
- › Studied documents and data selection, characterizing efficiency of management systems of social and economic, environmental and innovative aspects functioning in PJSC «Nizhnekamskneftekhim».
- › Considered the positive results of the audits of quality management systems, environmental and energy management systems, occupational health and safety management system certified according to the requirements of international standards ISO 9001, ISO 14001, ISO 50001 and OHSAS 18001.
- › Checked used in PJSC «Nizhnekamskneftekhim» the processes of gathering, processing, transmission, analysis, selection and consolidation of data that are subject to be included in the Report.
- › Checked used in PJSC «Nizhnekamskneftekhim» procedures of internal audit of social responsibility.
- › Confirmed the adequacy of statements, announces and data by direct visits of facilities for social, production and innovative activity of PJSC «Nizhnekamskneftekhim», and interview with representatives of administration of Nizhnekamsk and Leaders of Resource Center.
- › Analyzed the selection of mass media data and published statements of the third parties, which characterize the commitment of «Nizhnekamskneftekhim» to its mission and valuables in the sphere of sustainable development as the references to check validity of statements in the Report.
- › Analyzed the Report and information published on the corporate website for conformance to AA1000AS Standard, Guidelines of GRI G4 (concepts of completeness and materiality, as well as principles of provision the quality of the Report: balance, comparability, accuracy, timeliness, clarity, reliability and authenticity).
- › Checked the availability of the Report for all stakeholders and efficiency of the specified feedback mechanism.

The work was being done in accordance with the guidelines and procedures of "Bureau Veritas" for external verification of Sustainable Development Reports based on the existing best practices in the

sphere of independent verification.

The work was planned and performed in such a way as to provide sufficient but not the absolute level of verification that provides sound foundation for further conclusions.

#### Level of verification and Basis of our opinion

It should be realized that performed random check of information in the Report provides less level of guarantee for verification than complete check of all data. Application of the limited level of verification is provided by the International Standard ISAE-3000 for verification activities.

The work was based on the supporting information, data from available sources and analytical methods of confirmation provided by the management of PJSC «Nizhnekamskneftekhim» and its structural divisions as well as representatives of a number of stakeholders.

Data collected during the work, to a high degree of accuracy, enable to form conclusions on the high level of second type verification in accordance with the definitions of p. 2.1-2.2 of AA1000AS standard in relation to each principle of AA1000APS standard (Inclusion, Value, Response).

#### Our observations. Verifier's opinion

Based on the procedures and activities, described above, our opinion is the following:

- > Information and data, included in the sphere of our verification, are accurate, authentic and free of significant mistakes or false statements;
- > Information is provided in a clear, understandable and available format;
- > The Report provides a fair representation of PJSC «Nizhnekamskneftekhim» activity for the period of 2015;
- > Information provided in the Report enables readers to form a balanced opinion on the activity and its results during the reporting period;
- > PJSC «Nizhnekamskneftekhim» established the respective systems of gathering, acquisition and analysis of the necessary information;
- > In whole the Report reflects performance indicators of PJSC «Nizhnekamskneftekhim» from a perspective of corporate social reporting and sustainable development.
- > PJSC «Nizhnekamskneftekhim» company has effective management systems that allows identifying the significant social and economic, environmental and innovative aspects of the activity, planning, managing and improving the relevant processes, defining the expectations of stakeholders with regard to these aspects and responding to them.
- > Management systems of social reporting process are completely supported by the Company management, its Mission and Policy, provided resources, as well as by compliance of its activity with principles of "Social Charter of the Russian Business" and Code of social corporate responsibility developed in PJSC «Nizhnekamskneftekhim».

### Compliance of the Report with three principles of AA1000 APS

#### Principle 1. Inclusivity

- > PJSC «Nizhnekamskneftekhim» interacts with exceptionally broad range of stakeholders. The most significant among them are the employees and their families, shareholders and investors, business partners (customers, suppliers, subcontractors), trade union, consumers of products and services, governmental authorities, mass media, public organizations, local government authorities, resident population, stakeholders on the federal, regional and international levels.
- > The provided information and received objective and circumstantial evidences show that expectations and demands of the stakeholders in relation to the Company's activity are taken into account at all stages of social and ethical process.
- > The main means of informing and interaction between stakeholders are public hearings, press releases, press-conferences, mass media publications, distribution of informational messages (letters, informational leaflets and brochures), corporate Internet-portal, counselling, negotiations, polling, organization of working groups, permanent commissions, etc.
- > In 2015, PJSC «Nizhnekamskneftekhim» continued implementation of strategic development programs intended to achievement of technological leadership as well as import substitution programs.
- > Realization of the social programs, focused on improvements of life quality of employees, their families and resident population, creates favorable conditions for sustainable development of business.

#### Principle 2. Materiality of the provided information

- > The Report represents balanced and well-grounded exposition of the significant social and economic, environmental and innovative aspects of the activity, which define the indicators of sustainable development of PJSC «Nizhnekamskneftekhim».
- > All significant information including notifications on important facts, in particular on major transactions with the Company's assets, is placed on official corporate Internet portal: <http://nknh.ru/>.
- > The Report discloses the significant information about maintenance of economic stability and development of investment program, provides self-assessment of performing the long-run objectives of sustainable development and assumed social liabilities for 2015, provides evaluation of social and regional value of investment projects, sets optimization tasks of public reporting system.
- > The provided information on significant aspects of sustainable development of the Company in 2015 possesses the necessary traceability in the processes of gathering, processing, transmission and representation of data.
- > On the basis of the Report data analysis and performed interview there is no one significant aspect of sustainable development, identified by the Company, that can be named as omitted by the Company management or unreasonably excluded from the reporting. The Report covers practically most of the GRI performance indicators relating to the aspects specified as significant by the Company, and

gives the grounds for absence of the information about separate GRI performance indicators that are inapplicable to the Company's activity.

- › Risk management in PJSC «Nizhnekamskneftekhim» represents continuous and developing process covering the whole organization. Risk management is performed by the employees of all levels of the Company.
- › Information provided in the Report and on corporate website is notional for stakeholders, so far as it can influence their future decisions and behavior with regard to the Company.
- › The Report provides sufficient information on Company's compliance with the Russian legislation, international standards, regulations and industry-specific standards for petrochemical industry.

### Principle 3. Responsiveness to expectations of stakeholders

- › At present we are not aware of the spheres that might be but were not disclosed in the Report. The Company demonstrated its ability to respond to any well-grounded requests of stakeholders.
- › Responsiveness to the needs of the region is realized by financing and implementation of numerous social projects. PJSC «Nizhnekamskneftekhim» implements sports, educational, cultural programs, contributes to the development of social infrastructure, which condition influences the quality of life of both employees and their families and all population of the activity regions.
- › The Company takes into account the interests of the community, assumes responsibility for influence of the activity on the consumers, suppliers, employees, shareholders, local communities and other stakeholders of the social sphere. This responsibility goes beyond the scope established by law and assumes that PJSC «Nizhnekamskneftekhim» voluntarily takes additional measures to increase life quality of employees and their families as well as local community and society as a whole.
- › The consumers' requirements are met by scheduled supplies of products of guaranteed quality. In creation the competitive Company's advantage the increasingly more role is played by well-functioning system of products quality control, high-level service, extension of contacts with the consumers as well as responding to their desires.
- › The right of population for favorable environment is provided by planned environment-related activity of the Company within the frames of Ecological program of PJSC «Nizhnekamskneftekhim».
- › The interests and expectations of the employees are respected by accepting the Collective Agreement between PJSC «Nizhnekamskneftekhim» and Trade Union Committee.
- › The assessment of product influence on health and safety and provision of information upon established requirements is performed for 100% of valued types of Company's products.
- › The result of social programs implementation is increase of educational level of the employees, reduction of diseases and industrial injuries, improvement of social climate in the regions of activity.
- › The policy of energy saving remained a key component of enterprise development in the reporting period.
- › Opinions and expectations of shareholders are taken into account by realization of principles of PJSC «Nizhnekamskneftekhim» corporate management, including holding the annual general meetings of shareholders.

### Bureau Veritas Certification Rus is pleased to note that:

- › In its management system, PJSC «Nizhnekamskneftekhim» has the tools and resources that enable to identify, plan, manage and improve the related processes, define the expectations of the stakeholders with regard to these aspects and respond to them.
- › The provided information on significant aspects of the Company's

sustainable development is sufficiently complete with regard to key areas of the reporting. The Sustainability Report of PJSC «Nizhnekamskneftekhim» is the effective means of increasing the quality of management in the Company.

- › PJSC «Nizhnekamskneftekhim» pays attention to the creation of effective and safe workplaces, professional development and social support of the employees, environmental protection, and support of education, culture and sport.
- › All activities in the sphere of sustainable development are realized on the basis of continuous cooperation with the stakeholders and are directed at establishment and maintenance of long-term trust relationships with them. The Company considers the system of corporate management as the mean to increase transparency of management processes, as the way to provide balance of interests of all stakeholders for the purpose of continual increase and sustainable development of the Community.
- › In the reporting year PJSC «Nizhnekamskneftekhim» made a large amount of work on introduction of innovative technological and executive and technical solutions. The Company actively engages with scientific organizations in the sphere of new technologies development.
- › The results achieved allow PJSC «Nizhnekamskneftekhim» to perform the strategic tasks on maintenance of financial stability and social and economic strength, support high level of social protection of personnel in accordance with the corporate social standards.
- › The business of the Company in the sphere of the social responsibility has the systemic character and focused on creation of effective and safe workplaces, social protection of the employees and their families, maintenance of favorable social situation.
- › In the Company are applicable the Codes of corporate behavior and corporate social responsibility, which reflect the main norms relating the standards of corporate management, ethics of doing business, corporate social responsibility (particularly the recommendations of ISO 26000 standard are considered), relations with the employees, partners and contracting parties, authorities and community, as well as norms of production safety, health and environment.
- › Corruption risks are constantly monitored in the Company, internal procedures for their detection and prevention are in effect.
- › The Company thoroughly analyses the quantitative and qualitative aspects of its social programs. The assessment of the social activity is performed in cooperation with municipal authorities, organizations and public groups interested in realization of the projects.
- › The Company discloses the information in accordance with the applicable legislation. Disclosure is done on official website of PJSC «Nizhnekamskneftekhim» on the Internet <http://nkn.ru/>, in electronic and printed mass media, public interviews and press-conferences of the Company's managers.

### Compliance of the Report with Recommendations of Global Reporting Initiative «Sustainability Reporting Guidelines» GRI – G4

The Report was prepared using Recommendations of GRI Sustainability Reporting Guidelines, AA1000SES stakeholder engagement standard, Social Charter of Russian Business and covers information on almost all GRI essential elements and performance indicators. The reporting was prepared in accordance with GRI G4 Guidelines in the "MAIN" version.

Information which demonstrates activity of the Company is supported by all required data. Individual samples and numerical values are confirmed through comparison with available sources.

### Recommendations for the Development of Corporate Management of Social Reporting

Based on the work done, it is recommended that

PJSC «Nizhnekamskneftekhim» considers further possible directions of the activity on improving the quality of social reporting:

- > Development of criteria required for objective assessment of the effectiveness of various social programs and Company development projects.
- > Transfer of the Company's experience on the business sustainable development and social responsibility to developers of Sector Application of GRI Guidelines for petrochemical sector companies.
- > Preparation of the Report in accordance with GRI G4 Guidelines in the "EXTENDED" version.

#### Certification Boundaries

- > Certification was not performed with regard to indicators of the results of the functioning, which are beyond the time limits of the current reporting cycle 2015.
- > Certification did not include statements with views, beliefs and intentions of PJSC «Nizhnekamskneftekhim» to take any actions in future.
- > Certification on the operational level was provided by analyzing the provided documentation and by visiting various departments and facilities of the Company, as well as a number of social facilities.

#### Statement of independence, impartiality and competence by Bureau Veritas Certification Rus

Bureau Veritas Group has implemented a Code of Ethics into every business area to maintain high ethical standards of all their employees in everyday activity, including employees of AO Bureau Veritas Certification Rus.

Bureau Veritas Certification Rus is an independent professional services company that specializes in providing services in the field of accredited certification of different management systems.

The company is especially responsible for the prevention of conflict of interest. No member of the verification team has a business relationship with PJSC «Nizhnekamskneftekhim», its Directors or Managers, except contacts required by contractual relations.

The present verification was conducted independently and there has been no conflict of interest.

Bureau Veritas Certification Rus officially declares that this conclusion is an independent assessment of a third party. Bureau Veritas Certification Rus has no commercial interest in the activity of PJSC «Nizhnekamskneftekhim», except for the certification services rendered.

AO Bureau Veritas Certification Rus  
Saint Petersburg, February 29, 2016

Leading Auditor



Georgiy Klenov



Российский союз промышленников и предпринимателей

# СВИДЕТЕЛЬСТВО

об общественном заверении  
корпоративного нефинансового отчета

**Отчет об устойчивом развитии  
ПАО «Нижнекамскнефтехим»**

прошел общественное заверение в Совете РСПП  
по нефинансовой отчетности

Развернутое заключение Совета РСПП об общественном заверении Отчета об устойчивом развитии ПАО «Нижнекамскнефтехим» за 2015 год направлено в Компанию, которая может публиковать его без каких-либо изменений и использовать как для внутрикорпоративных целей, так и в целях коммуникаций с заинтересованными сторонами.

Регистрационный номер 079.01.060.05.15

Президент РСПП



Москва, 2016

*А. Шохин*  
А.Шохин

## CONCLUSION OF THE NON-FINANCIAL REPORTING COUNCIL OF THE RUSSIAN UNION OF INDUSTRIALISTS AND ENTREPRENEURS (RUIE) ON RESULTS OF REVIEW OF PJSC «NIZHNEKAMSKNEFTEKHIM» SUSTAINABLE DEVELOPMENT REPORT 2015 FOR PUBLIC ASSURANCE

The Non-Financial Reporting Council of the Russian Union of Industrialists and Entrepreneurs (hereinafter referred to as the Council) founded in accordance with the decision of Management Bureau (Decision of 28/06/2007) reviewed at the initiative of PJSC «Nizhnekamskneftekhim» (hereinafter referred to as "PJSC «Nizhnekamskneftekhim»", the Company) Sustainable Development Report 2015 (hereinafter referred to as the Report).

«Nizhnekamskneftekhim» requested RUIE to organize procedure of public assurance by the Council which assesses completeness and relevance of the information presented in the Report on the results of the Company's activity based on the principles of the Social Charter of Russian Business.

During the period of February 05 - 24, 2016 members of the Council examined content of the Report provided by the Company and made this Conclusion in accordance with the Regulations of Public Assurance of Corporate Non-Financial Reports approved by the Council. Members of the Council have the necessary level of competence in the field of corporate responsibility, sustainable development and non-financial reporting, follow ethical requirements of independence and objectivity of assessment, and express a personal expert view rather than a view of organizations they represent.

The assessment of the Report was based on the following criteria for completeness and relevance of the information contained in the Report:

Information is considered relevant since it reflects the activity of PJSC «Nizhnekamskneftekhim» in implementation of the responsible business practice principles defined in the Social Charter of Russian Business ([www.rspp.ru](http://www.rspp.ru)).

Under completeness it is assumed that the Company comprehensively reflects its activity in the Report – including its values and strategic objectives guiding its activity, systems and management structures, achievements and key results of the Company's activity, system of interaction with stakeholders.

The use of the international reporting system by the Company is taken into account in the course of the procedure of public assurance of the Report. However, confirmation of the level of compliance of the Report with international reporting systems is beyond the scope of this Conclusion.

It is PJSC «Nizhnekamskneftekhim» that is responsible for the information and statements contained in the Report. Reliability of the evidence contained in the Report is not subject to the public assurance.

This conclusion was prepared for PJSC «Nizhnekamskneftekhim». The Company may use it both for internal purposes and for the purpose of stakeholders relations and publish it without any changes.

### CONCLUSIONS

Based on the review of the Report, on public information available on the official corporate website of PJSC «Nizhnekamskneftekhim»,

and on collective discussion of results of the independent assessment of the Report carried out by members of the Non-Financial Reporting Council of the RUIE, the Council acknowledges the following:

**Sustainability Report of PJSC «Nizhnekamskneftekhim» for 2015 contains relevant information on key aspects of responsible business practice in accordance with the principles of the Social Charter of Russian Business and sufficiently discloses the main results of activities of the Company in these areas.**

**Recommendations of the Council of the RUIE on the public assurance of the previous Report 2014 are reflected in the Report 2015. Results of activities of the Company for the reporting year are disclosed more comprehensively in comparison to the plans, in terms of cooperation with public institutions included into the map of stakeholders, with business partners, including compliance with the requirements of business ethics and standards in the supply chain business.**

The Company's Report 2015 contains relevant information on the following aspects of responsible business practice:

#### Economic Freedom and Responsibility:

The Report describes production and economic results of the activity during the reporting year, including information on the implementation of anti-recessionary measures for the Company's sustainability maintenance. The Report presents direction and geography of activities, as well as its market positions, and its position in the industry; it describes types of products and sales structure. The Report contains information describing the Company's business model, its strategic objectives and its connection with the strategy of Russian chemical and petrochemical complex development. The Report also contains information on the approval of a program of the long-term development strategy up to 2025, as well as a new investment program up to 2020. It contains information on the measures aimed at improving products and services, their quality and safety.

The Report highlights the development of scientific and technical potential of the Company as an essential aspect of long-term sustainable economic, social and environmental development. It is reported about the extension of the validity of the golden international certificate with regard to the integrated management system existing in the Company which covers management of the quality, industrial and environmental safety, occupational health and products safety in accordance with the requirements of international standards ISO 9001, 14000, OHSAS 18001, and ISO 22000 based on the results of inspections. The Report presents information on corporate management system of the Company, measures aimed at prevention of corruption. The Report gives a summary of the management of risks, including environmental, financial and social risks. It defines Russian and international standards and guidelines, which are the basis for the Company in organizing its activity in the field of sustainable development, it gives information on the principles of this activity, which are reflected in the Corporate Social Responsibility Code of PJSC «Nizhnekamskneftekhim».

### Business Partnership:

The Report presents the interaction with stakeholders as a regular practice within the current activity of the Company. The Report identifies key groups of stakeholders, approaches to their definition, interaction channels, main discussed issues. The Report outlines main corporate documents regulating processes of interaction with each stakeholder group. The Report shows procedure of interaction with shareholders and investors. The Report presents activities of the Company aimed at ensuring adequate salary and working conditions, as well as opportunities for professional growth of employees, social support of workers, members of their families, and veterans. The Report presents information on the practice of social partnership with trade unions and surveys of staff satisfaction. The Report gives information on responsible interaction with business partners. Particularly, it is reported about the openness of procurement procedures, pre-qualification of bidders for the supply of goods and services based on business ethics of suppliers, including prevention of corruption. It is stated that in 2015 at the initiative of PJSC «Nizhnekamskneftekhim» vendors made self-assessment of corporate social responsibility. The Report discloses the results of consumers survey studies held annually to determine their wishes regarding the quality of products and services. It contains information on cooperation with scientific and educational institutions in key areas of joint research works, on the Company's membership in international and Russian public organizations, as well as on the work in professional associations.

### Human Rights:

In the Report the Company declares its commitment to human rights observance and the recognition of equal opportunities for each employee to exercise their employment rights, regardless of the circumstances not related to their professional qualities. The Report covers data on observance of workers' rights in associations, on their participation in trade unions. The Report also covers measures of legal education of personnel, also during training of security personnel. The Report contains information on the activities of the commission on labor disputes, whose objectives include actions to prevent, detect and adopt measures with regard to violations of social and labor rights. It is reported that during the reporting year the labor dispute committee had no reclamations and complaints from workers regarding cases of human rights violations.

### Environmental Protection:

The Report informs on results of PJSC «Nizhnekamskneftekhim» Environmental Program 2014-2020 execution in the reporting year, its goals and objectives for the near future, and presumed results of program execution. The Report presents dynamic information on the use of resources (water for technical needs, fuel, electricity, raw materials), activities for water consumption and wastewater disposal. The Report highlights problems connected with the generation and treatment of wastes, the use of lands, impact of Company's transportation activities on environment. The Report includes information on results of measures aimed at reduction of emissions into the atmosphere, greenhouse gases resulting from production activities. It includes information on the Company's costs for the implementation of environmental program. The Report contains information on activities of the implementation of energy saving program for the period 2011-2020 and results achieved in this area. The Report highlights initiatives to mitigate the impact of the Company's activity, including initiatives implemented due to renewal and modernization of process equipment, application of modern technologies, optimization of production process modes. The report also contains information on the environmental training of employees, the Company's participation in environmental educative actions. It provides information on the Company's contribution to the implementation of long-term target program "Environmental Protection of Nizhnekamsk and Nizhnekamsk Municipal District for 2012-2015". The Report reflects interaction of the Company with stakeholders on environmental protection issues, and gives information on the public recognition of the Company's activities in this area.

### Contribution to Local Community Development:

The Report contains information on the Company's contribution to sustainable development of its areas of operation and local communities. It is reported that the Company's activities in this field are carried out within the cooperation with local authorities, regional authorities, and different social organizations. The Report informs on the Company's investments into economic and social development of the regions, and provides examples and results of the implementation of main social programs of the Company: support of science and education, culture and sport, social assistance to various categories of the population of the Republic of Tatarstan, who are in difficult life circumstances. The Report also provides information on the taxes paid to the republican and municipal budgets, as well as total costs for charitable programs.

### Final Provisions

Overall, information included in the Report describes the strategy and the scope of activities of the Company, and reflects results of responsible business practice, it suggests that the Company connects sustainable development topics with the business strategy. A comprehensive approach to the disclosure of information on responsible business practice is implemented. The Report includes performance indicators in key areas, including economic, environmental and social components.

The Report covers essential topics, and during its definition the results of stakeholders survey were taken into account. The Report provides a large number of specific performance indicators. The Report was prepared by using the Sustainability Reporting Guidelines (GRI G4); provisions of ISO 26000 were also taken into account, which increases comparability of information with reports of other companies.

The Report is the seventh non-financial report of the Company and that reflects the sequence of the reporting process development as an important component providing transparency of operations and extending information disclosure. The Company uses various forms of independent assessment of the Report (professional audit and public assurance) thus proving responsible attitude towards its obligations of informing the stakeholders and of the quality of information disclosed.

### RECOMMENDATIONS

While acknowledging the Report's strengths, the Council draws the attention to several aspects of relevance and completeness of information disclosure, considering them significant to the stakeholders, and recommends taking them into account in the subsequent reporting cycles. Recommendations made by the Council on the results of the review of the previous Report of the Company for 2014 remain valid and can be used in further reporting practice of the Company.

It is recommended to highlight sustainable development management, its integration into corporate management in more detail, to highlight the role of the Board of Directors in consideration of topics relating to specific areas of sustainable development in a more comprehensive manner.

In order to completely reflect information on the progress of the Company towards the strategic objectives attainment, in future it is recommended to expand the number of measured target indicators, to complement presented information with comparative assessments. Particularly, it is recommended to introduce into reports information on the future plans while providing quantitative indicators, with regard to which the progress achieved can be evaluated more substantially.

The Report contains information on self-assessment of Corporate Social Responsibility practices made by the suppliers at the initiative of the Company. This initiative and its results are of a certain interest, considering relevance of a topic of supply chain responsibility, and thus deserve more detailed description. It is recommended that the next Report draws more attention towards both procedural and substantive points regarding self-assessment and the tools used for this purpose.

□ THE COMPANY  
AND THE SCIENCE

□ COMPANY'S MOST  
IMPORTANT EVENTS

□ ABOUT  
THE REPORT

□ APPENDICES

This applies to situations when the Company itself is a supplier for its partners and is surveyed.

The Report reflects positive results of the Company's activity in the field of sustainable development. In order to provide more balanced information, in future it is recommended to include information on problematic aspects of the work and plans to overcome them.

The Report contains a list of activities, which once implemented by the Company contribute to sustainable development of local communities and its areas of operation. It is recommended in the future to include efficiency assessment of such activities, effectiveness analysis of technologies used for the implementation of social programs, and cooperation with stakeholders in this field, including its scope, objectives, mechanisms of cooperation as well as partnership sustainability. The Report contains information on interaction with

stakeholders organized during the preparation of the Report, where it implies carrying out the survey in order to identify essential topics to be reflected in the Report. Since selecting of essential topics is an important condition for the preparation of non-financial reporting on recommendations of **GRI G4**, this procedure should be expanded.

It is also recommended to use other tools to identify stakeholders' opinions regarding sustainability reporting, including such public procedures, as public hearings, consultations, open dialogues.

The Non-Financial Reporting Council of the RUIE positively evaluates the Report and supports the Company's commitment to the principles of responsible business practice distinguishing sequence in the development of the reporting process, and confirms that PJSC «Nizhnekamskneftekhim» Sustainability Report for 2015 has received public assurance.

Chairman of Non-Financial Reporting  
Council of RUIE

Deputy Chairman of Non-Financial  
Reporting Council of RUIE



F. Prokopov

E. Feoktistova

# G4-32 TABLE OF STANDARD GRI (GLOBAL REPORTING INITIATIVE) AND ISO 26000 ELEMENTS

This Report incorporates indicators recommended by The Guide for Reporting in the Sphere of Sustainable Development of the Global Reporting Initiative, ver. GRI G4 and ISO 26000 standard.

Symbols in the table:  
+ independent verification  
- no independent verification

GRI Indicator and its description	Sections of the Report/ Comments	Page	Inde- pendent verifica- tion <sup>22</sup>	ISO 26000
<b>Strategy and analysis</b>				
<b>G4-1</b> Statement of the management	Address of the Chairman of the Board of Directors Address of the General Director	6 8	+	
<b>G4-2</b> Description of key impact, risks and opportunities	Sustainable development of the Company	31	+	
<b>Profile of the Organization</b>				
<b>G4-3</b> Name of the Organization	About the Company	12	+	
<b>G4-4</b> Primary brands, products and services	About the Company See also: corporate site of PJSC «Nizhnekamskneftekhim» section «Products» ( <a href="http://www.nknh.ru/">http://www.nknh.ru/</a> ) The whole range of products is represented at the electronic trading floor ONLINECONTRACT ( <a href="http://www.onlinecontract.ru/">http://www.onlinecontract.ru/</a> )	14	+	
<b>G4-5</b> Location of Organization head-quarters	About the Company Contact Information	12 174	+	
<b>G4-6</b> Number of countries in which the organization operates and names of countries with either major operations or that are of special significance for the sustainability issues covered in the report	About the Company Main operations of Group of Companies «Nizhnekamskneftekhim» are carried out in the territory of Russia	12	+	
<b>G4-7</b> Nature of ownership and legal form	About the Company	12	+	
<b>G4-8</b> Scale of the reporting organization	About the Company	12-13	+	
<b>G4-9</b> Markets where the organization operates (including geographic breakdown, sectors served and categories of consumers and beneficiaries)	About the Company	15-22	+	
<b>G4-10</b> Total number of employees as per different breakdowns	The Company and Employees. Appendix. Information about the personnel of the Company	83-85 168- 170	+	Labor practices
<b>G4-11</b> Percentage of employees covered by collective bargaining agreements	Social Partnership	80	+	Labor practices
<b>G4-12</b> Supply chains of the organization	About the Company	14	+	Fair business practices

<sup>22</sup> Verification was performed only to check the compliance with GRI G4 requirements

GRI Indicator and its description	Sections of the Report/ Comments	Page	Inde- pendent verifica- tion <sup>22</sup>	ISO 26000
<b>G4-13</b> Significant changes in scale, structure of ownership or in its supply chain occurred during the reporting period	Company and business partners	76	+	
<b>G4-14</b> Operation of precautionary principle (Principle 15 of UNO Declaration on Environmental Protection and Development, Rio de Janeiro, 1992)	Sustainable development	33	+	Environment
<b>G4-15</b> Externally developed economic, environmental and social charters, principles and other initiatives, which the organization joins or supports	Sustainable development	33	+	Administrative Control
<b>G4-16</b> Membership in associations	Sustainable development	33	+	
<i>Revealed significant aspects and boundaries</i>				
<b>G4-17</b> List of all legal entities, accounts and records of which were included into consolidated statements or similar documents. Indication to lack in sustainable development report of information about any legal entity, accounts and records of which were included on to the consolidated statements or similar documents	About the Report	132	+	
<b>G4-18</b> Process for defining the report content and boundary of aspects	About the Report	132	+	
<b>G4-19</b> List of significant aspects revealed in the process of defining the report content	About the Report Appendix. Table of currently important aspects	132 172- 173	+	
<b>G4-20</b> Aspect boundary inside the organization for each significant aspect	About the Report	132	+	
<b>G4-21</b> Aspect boundary outside the organization for each significant aspect	About the Report	132	+	
<b>G4-22</b> Consequences of any re-statements of information provided in earlier reports and the reasons for such restatements	About the Report	132	+	
<b>G4-23</b> Significant changes from previous reporting periods in the scope and boundary of aspects	About the Report	132	+	
<i>Interaction with stakeholders</i>				Fair business practices
<b>G4-24</b> List of stakeholder groups, which the company interacts with	Social Performance	60	+	
<b>G4-25</b> Basis for identification and selection of stakeholders with the purpose of further interaction with them	Social Performance	60	+	
<b>G4-26</b> Approaches to interaction with stakeholders, including the frequency of interaction with breakdown as per the forms of interaction and interested groups. Indication to interaction with stakeholders, specifically taken in the process of and with the purpose of preparing this report	Social Performance	60-71	+	
<b>G4-27</b> Key subjects and apprehensions that have been raised by stakeholders in the process of interaction with the organization, and how the organization responded to those key subjects and apprehensions	Social Performance	60-71	+	

GRI Indicator and its description	Sections of the Report/ Comments	Page	Inde- pendent verifica- tion <sup>22</sup>	ISO 26000
<b>Overview of the Report</b>				
<b>G4-28</b> Reporting period for which the information is provided	About the Report	132	+	
<b>G4-29</b> Publication date of the previous report in the field of sustainable development	About the Report	132	+	
<b>G4-30</b> Reporting cycle	About the Report	132	+	
<b>G4-31</b> Contact information for questions related to this Report or its content	Contact information	174	+	
<b>G4-32</b> Version of the report prepared "in accordance with" GRI guidelines and selected by the Company. Index of GRI content for the selected report version. Reference to Conclusions on independent verification of the report if the document has been verified by an independent agency	About the Report Table of standard GRI elements	132 142	+	
<b>G4-33</b> Policies and practices of the Company related to provision of independent verification of the statement on sustainable development	About the Report	132	+	
<b>Corporate Management</b>				Administrative Control
<b>G4-34</b> Corporate management structure of the organization, including committees of the top managing body as well as committees responsible for making decisions on economic, environmental and social impacts caused by the organization	The Company and Shareholders See also: The Annual Report of PJSC «Nizhnekamskneftekhim» for 2015 on the corporate site of the Company <a href="http://www.nknh.ru">http://www.nknh.ru</a>	72	+	
<b>G4-35</b> Procedure of delegation of powers for solution of economic, environmental and social problems	The Company and Shareholders	72	+	
<b>G4-36</b> Availability of Functional Title presuming responsibility for solution of economic, environmental and social problems	The Company and Shareholders	72	+	
<b>G4-37</b> Advising procedures on economic, environmental and social problems between stakeholders the Supreme Corporate Management Body	The Company and Shareholders	72	+	
<b>G4-38</b> Members of the Supreme Corporate Management Body	The Company and Shareholders	72	+	
<b>G4-39</b> Is the Chairman of the top managing body simultaneously the Executive Manager of the Company? (in case of positive answer, describe the role of this manager in the organization management and the reasons of such management structure)	The Company and Shareholders	72	+	
<b>G4-40</b> Procedure for nomination and selection of candidate members of the Supreme Corporate Management Body and its committees	The Company and Shareholders	72	+	
<b>G4-41</b> Procedures applied by the top managing body, enabling to avoid and manage conflicts of interests	The Company and Shareholders	72	+	

GRI Indicator and its description	Sections of the Report/ Comments	Page	Inde- pendent verifica- tion <sup>22</sup>	ISO 26000
<b>G4-42</b> Role of the Supreme Corporate Management Body and Top Rank Executive Heads in development, approval and updating of objectives statements of the Company, its values and mission and its strategy, policies and targets related to economic, environmental and social impact	The Company and Shareholders	72	+	
<b>G4-43</b> Measures taken for development and improvement of the Company staff familiarization of the Supreme Corporate Management Body's members in connection with economic, environmental and social problems	The Company and Shareholders	72	+	
<b>G4-44</b> Evaluation procedures of the Supreme Corporate Management Body's activity in terms of economic, environmental and social issues solution and measures taken	The Company and Shareholders	72	+	
<b>G4-45</b> Role of the Supreme Corporate Management Body in identification of economic, environmental and social impacts, risks and possibilities to control them	The Company and Shareholders	72	+	
<b>G4-46</b> Role of the the Supreme Corporate Management Body's in effectiveness analysis of risk management practice used by the organization related to economic, environmental and social issues	The Company and Shareholders	72	+	
<b>G4-47</b> How often does the Supreme Corporate Management Body analyze economic, environmental and social impacts, risks and opportunities?	The Company and Shareholders	72	+	
<b>G4-48</b> Superior committee or position of a person officially examining and approving the report of the Company on sustainable development and covering all important aspects	The Company and Shareholders	72	+	
<b>G4-49</b> Briefing procedure the Supreme Corporate Management Body about critically important problems	The Company and Shareholders	73	+	
<b>G4-50</b> Total number and nature of important problems brought to the knowledge of top management body and mechanism for their solution	The Company and Shareholders	72	+	
<b>G4-51</b> Rules for remuneration of the Supreme Corporate Management Body members and Top Rank Executive Heads as well as evaluation criteria	The Company and Shareholders	72	+	
<b>G4-52</b> Procedure of defining the extent of remuneration	The Company and Shareholders	72	+	
<b>G4-53</b> How are opinions of stakeholders regarding remuneration identified and taken into account?	The Company and Shareholders	72	+	
<b>G4-54</b> Ratio of average annual remuneration of the most highly-paid official of the Company and annual remuneration of all employees (without the most highly-paid official)	Is not disclosed due to protection of personnel information		-	
<b>G4-55</b> Ratio of growth percentage of average annual remuneration of the most highly-paid official and average annual remuneration increase of all employees (without the most highly-paid official)	Is not disclosed due to protection of personnel information		-	

GRI Indicator and its description	Sections of the Report/ Comments	Page	Inde- pendent verifica- tion <sup>22</sup>	ISO 26000
Ethics and Integrity				Fair business practices
<b>G4-56</b> The company's values, principles, standards and norms of behavior such as code of behavior and code of ethics	Sustainable development of the Company	30	+	
<b>G4-57</b> Internal and external mechanisms of application for consultations relating to ethical and legitimate behavior as well as issues relating to occurrence of unfair practices in the Company such as trust line or consultations over the telephone	Sustainable development of the Company	32	+	
<b>G4-58</b> Internal and external mechanisms of informing about non ethical or unlawful behavior, as well as about problems related to unfair practices in the Company, such as reporting to the immediate superior, mechanisms of informing about facts of unlawful activity or hot lines	Sustainable development of the Company	32	+	
Specific and standard elements of reporting Economic Efficiency indicators Aspect: Economic Efficiency				
<b>G4-EC1</b> Created and distributed direct economic value	Economic Efficiency of the Company	36-38	+	
<b>G4-EC2</b> Financial aspects and other risks and opportunities for the organization's activity due to climatic change	Sustainable development of the Company	31	+	Environment
<b>G4-EC3</b> Coverage of organization's obligations connected with pension scheme and fixed benefits	The Company and Employees	84	+	
<b>G4-EC4</b> Financial assistance received from the government authorities	Economic Efficiency The Company and The Science	38 116	+	Fair business practices
Aspect: Presence on the markets				Labor practices
<b>G4-EC5</b> Range of ratios of standard entry level wage of employees of different gender and fixed minimum wage in important regions of organization's activity	The Company and Employees	87	+	
<b>G4-EC6</b> Percentage of senior management hired from local community at significant locations of operation	The Company and Employees	83	+	
Aspect: Indirect economic impacts				Participation on the life of communities and their development
<b>G4-EC7</b> Development and impact of infrastructure investments and gratuitous services	The Company and Community	106-113	+	
<b>G4-EC8</b> Considerable indirect economic impacts, including impact area	The Company and Community	106-113	+	
Aspect: Procurement practices				
<b>G4-EC9</b> Quota for expenditures for local suppliers in significant regions, in which the company conducts business	The company and Business partners	76	+	

GRI Indicator and its description	Sections of the Report/ Comments	Page	Inde- pendent verifica- tion <sup>22</sup>	ISO 26000
Environmental performance indicators Aspect: Materials				Environment
<b>G4-EN1</b> Consumed materials by weight and volume	Environmental Activities See also the Annual Report of PJSC «Nizhnekamskneftekhim» for 2015 on the corporate site <a href="http://www.nknh.ru">http://www.nknh.ru</a>	45-51	+	
<b>G4-EN2</b> Percentage of materials that constitute processed or recycled wastes	Environmental Activities	51	+	
Aspect: Energy				Environment
<b>G4-EN3</b> Energy consumption inside the organization	Environmental Activities Appendix. GRI indicators in material use and environment protection sphere	46 166	+	
<b>G4-EN4</b> Energy consumption outside the organization	Is not registered due to lack of legal requirements		-	
<b>G4-EN5</b> Energy capacity	Environmental Activities	46	+	
<b>G4-EN6</b> Reduction of energy consumption	Environmental Activities	48	+	
<b>G4-EN7</b> Reduction of energy consumption in sold products and services	Reduction of energy consumption did not take place due to expansion of production		-	
Aspect: Water				Environment
<b>G4-EN8</b> Total water abstraction with breakdown as per sources	Environmental Activities Appendix. GRI indicators in material use and environment protection sphere	48 164	+	
<b>G4-EN9</b> Water sources significantly affected by organization's water intake	Environmental Activities Appendix. GRI indicators in material use and environment protection sphere	48 164	+	
<b>G4-EN10</b> Percentage and total volume of recycled and reused water	Environmental Activities Appendix. GRI indicators in material use and environment protection sphere	48 164	+	
Aspect: Biodiversity				Environment
<b>G4-EN11</b> Production sites owned, leased, managed by the organization or located on protected natural areas and areas of high biodiversity value outside their borders or adjacent to such territories	Environmental Activities	52-53	+	

GRI Indicator and its description	Sections of the Report/ Comments	Page	Inde- pendent verifica- tion <sup>22</sup>	ISO 26000
<b>G4-EN12</b> Description of significant impacts of activities, products and services on biodiversity on protected natural areas and in protected areas with high biodiversity value outside their borders	Environmental Activities	52-53	+	
<b>G4-EN13</b> Habitats protected or restored	Environmental Activities	51-52	+	
<b>G4-EN14</b> Total number of IUSN Red List and national conservation list of species with habitat in areas affected by operations of the organization, with the breakdown as per the degree of existential threat to species	Environmental Activities	52	+	
<i>Aspect: Emissions</i>				<i>Environment</i>
<b>G4-EN15</b> Direct greenhouse gas emissions (scope 1)	Environmental Activities Appendix. GRI indicators in material use and environment protection sphere	50 166	+	
<b>G4-EN16</b> Significant indirect greenhouse gas emissions (scope 2)	Environmental Activities Appendix. GRI indicators in material use and environment protection sphere	50 166	+	
<b>G4-EN17</b> Other significant indirect greenhouse gas emissions (scope 3)	Environmental Activities Appendix. GRI indicators in material use and environment protection sphere	50 166	+	
<b>G4-EN18</b> Intensity of greenhouse gas emissions	Environmental Activities	50	+	
<b>G4-EN19</b> Reduction of greenhouse gas emissions	Environmental Activities Appendix. GRI indicators in material use and environment protection sphere	50 166	+	
<b>G4-EN20</b> Emissions of ozone-depleting substances	Environmental Activities Appendix. GRI indicators in material use and environment protection sphere	50 166	+	
<b>G4-EN21</b> NOx, SOx and other significant air emissions	Environmental Activities Appendix. GRI indicators in material use and environment protection sphere	49-50 165	+	
<i>Aspect: Discharges and wastes</i>				<i>Environment</i>
<b>G4-EN22</b> Total volume of discharges with indication of the quality of waste water and receiving destination point	Environmental Activities	48	+	
<b>G4-EN23</b> Total weight of waste with breakdown as per type and handling method	Environmental Activities	51	+	
<b>G4-EN24</b> Total number and volume of significant spills	Environmental Activities	48	+	

GRI Indicator and its description	Sections of the Report/ Comments	Page	Inde- pendent verifica- tion <sup>22</sup>	ISO 26000
<b>G4-EN25</b> Weight of transported, imported, exported or treated waste deemed hazardous under the terms of Basel Convention Annex I, II, III and VIII and percentage of waste transported internationally	Environmental Activities	51	+	
<b>G4-EN26</b> Identity, size, protected status and biodiversity value of water bodies and related habitats significantly affected by the reporting organization's discharges of water and runoffs from the territories of its facilities	Environmental Activities	52-53	+	
<i>Aspect: Products and Services</i>				Environment
<b>G4-EN27</b> Extent of mitigation of environmental impacts of products and services	Environmental Activities	51-52	+	
<b>G4-EN28</b> Percentage of products and their packaging materials that are returned to manufacturer for recycling with breakdown as per categories	The Company and Business Partners	76	+	
<i>Aspect: Compliance with requirements</i>				Environment, Fair business practices
<b>G4-EN29</b> Monetary value of significant fines and total number of non-monetary sanctions for noncompliance with environmental laws and regulations	Appendix. GRI indicators in the field of environment protection and use of materials	164	+	
<i>Aspect: Transport</i>				Environment
<b>G4-EN30</b> Significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and transportation of workforce	Environmental Activities	51	+	
<i>Aspect: General information</i>				Environment
<b>G4-EN31</b> Total environmental protection expenditures and investments with breakdown as per the type	Environmental Activities Appendix. GRI indicators in the field of environment protection and use of materials	44-45 164	+	
<i>Aspect: Ecological evaluation of Suppliers</i>				Environment, Fair business practices
<b>G4-EN32</b> Percentage of new suppliers evaluated as per the ecological criteria	The Company and Business Partners	76	+	
<b>G4-EN33</b> Significant actual and potential negative impact on environment within supply chains and actions taken	The Company and Business Partners	76	+	
<i>Aspect: Grievance mechanisms related to ecological problems</i>				Environment, Fair business practices
<b>G4-EN34</b> Number of complains for impact on environment, applied, processed and settled via official grievance mechanism	Environmental Activities	55	+	

GRI Indicator and its description	Sections of the Report/ Comments	Page	Inde- pendent verifica- tion <sup>22</sup>	ISO 26000
Category: Social Subcategory: Labor practices and decent work Aspect: Employee Status				
				Labor practices
<b>G4-LA1</b> New hires rate and total number and turnover of employees with breakdown as per the age, gender and region	The Company and Employees. Appendix. Information about the personnel of the Company	83-84 170-171	+	
<b>G4-LA2</b> Benefits provided to full time employees and not provided to temporary or part-time employees with breakdown as per the significant regions, in which the organization operates	Social Partnership	80	+	
<b>G4-LA3</b> Percentage rate of employees who returned to organization after parental leave, and percentage rate of employees stayed with the organization after their return after parental leave with breakdown by gender	Social programs for Company Employees	102	+	
Aspect: Employees/Management Relations				
				Labor practices
<b>G4-LA4</b> Minimum notice period regarding significant changes in the operations of the organization and whether it is specified in the collective agreement	Social Partnership	81	+	
Aspect: Occupational Health and Safety				
				Labor practices
<b>G4-LA5</b> Percentage of total workforce represented in the official joint occupational health and safety committees of management and employee representatives participating in monitoring and giving recommendations on occupational health and safety	Safety and health of employees	95	+	
<b>G4-LA6</b> Types and rates of industrial accidents, occupational diseases, lost of days, and absentee rate, and total number of work-related fatalities by region	Safety and health of employees. Appendix. Data on industrial accidents	92, 95 171	+	
<b>G4-LA7</b> Employees with high injury and incidence rates due to their business occupation	Safety and health of employees	92	+	
<b>G4-LA8</b> Health and safety topics covered in formal agreements with trade unions	Safety and health of employees	95	+	
Aspect: Training and Education				
				Labor practices
<b>G4-LA9</b> Average hours of training per year per employee, by gender, and by employee group	The Company and Employees	82, 90	+	
<b>G4-LA10</b> Programs for skills development and lifelong learning aimed at maintaining continuous employment ability of employees and supporting them at the time of finishing their careers	Special programs for the Company employees	98	+	
<b>G4-LA11</b> Percentage of employees receiving regular performance and career development, with breakdown by gender and by employee group	The Company and Employees	90-91	+	

GRI Indicator and its description	Sections of the Report/ Comments	Page	Inde- pendent verifica- tion <sup>22</sup>	ISO 26000
Aspect: Diversity and Equal Opportunity				Labor practices
<b>G4-LA12</b> Composition of governance bodies and employees with breakdown as per gender, age group, minority representation as well as other indications of diversity	The Company and Shareholders	72	+	
Aspect: Equal remuneration of women and men				Labor practices
<b>G4-LA13</b> Ratio of basic salary and remuneration of women and men by employee category and major regions of implementation of activities	The Company and Employees	87	+	
Aspect: Evaluation of labor practices of suppliers				Fair business practices
<b>G4-LA14</b> Percentage of new suppliers evaluated as per criteria of labor practices	The Company and Business Partners	76	+	
<b>G4-LA15</b> Significant actual and potential negative impact on labor practices within supply chains and actions taken	The Company and Business Partners	76	+	
Aspect: Grievance mechanisms related to labor practices				Labor practices Fair business practices
<b>G4-LA16</b> Number of complains for labor practices, applied, processed and settled via official grievance mechanisms	The Company and Employees	82	+	
Subcategory: Human rights Aspect: Investments				Human rights
<b>G4-HR1</b> Percentage and total number of significant investment agreements that include clauses of protection of human rights or that have undergone screening from the point of view of human rights	The Company and Employees	82-83	+	
<b>G4-HR2</b> Total duration of employees training (in hours) on policies and procedures related to human rights that are of significance for organization operations, including the percentage of employees trained	The Company and Employees	83	+	
Aspect: Nondiscrimination				Human rights
<b>G4-HR3</b> The number of incidents of discrimination and corrective actions taken	The Company and Employees	82	+	
Aspect: Freedom of association and collective bargaining				Labor practices Human rights
<b>G4-HR4</b> Revealed business units where there are suppliers whose right to use freedom of association and collective bargaining may be violated or at significant risk and actions taken to support these rights	The Company and Business Partners	76	+	

GRI Indicator and its description	Sections of the Report/ Comments	Page	Inde- pendent verifica- tion <sup>22</sup>	ISO 26000
Aspect: Child Labor				Labor practice
<b>G4-HR5</b> Activities where there is a risk of incidents of using child labor and measures, taken for elimination of child labor	The Company and Employees	82	+	
Aspect: Forced or Compulsory Labor				Human rights
<b>G4-HR6</b> Activities, in which there is a significant risk of incidents of using forced or compulsory labor and measures taken for elimination of all forms of forced or compulsory labor	The Company and Business Partners	76	+	
<b>G4-HR7</b> Percentage of security personnel trained on policies or procedures related to human right aspects and relevant to operations	The Company and Employees	83	+	
Aspect: Rights of indigenous people and minorities				Human rights
<b>G4-HR8</b> Total number of incidents of violation involving rights if ingenuous peoples and minorities and actions taken	The Company and Employees	82	+	
Aspect: Evaluation				Human rights
<b>G4-HR9</b> Percentage and total number of business units evaluated for human rights respect or impact in connection with human rights	The Company and Employees	82-83	+	
Aspect: Evaluation of suppliers for human rights respect				Human rights
<b>G4-HR10</b> Percentage of new suppliers evaluated for human rights respect	The Company and Business Partners	76	+	
<b>G4-HR11</b> Significant actual and potential negative impact on human rights respect in the supply chain and actions taken	The Company and Business Partners	76	+	Labor practice
Aspect: Grievance mechanisms for violation of human rights				Human rights
<b>G4-HR12</b> Number of complains about violation of human rights, applied, registered and settled via official grievance mechanisms	Social partnership	80	+	
Subcategory: Society Aspect: Local communities				Participation in the life of society
<b>G4-S01</b> Percentage of business units that implemented programs of interaction with local communities, programs of evaluation of the organization's operations impact on local communities and programs of local communities development	The Company and Community	108-113	+	
<b>G4-S02</b> Business units with significant actual or potentially negative impact on local communities	Environmental Activities of the Company	49-50	+	
Aspect: Corruption control				Fair business practices
<b>G4-S03</b> Percentage and total number of business units analyzed for risks related to corruption and significant risks revealed	Sustainable development of the Company	32	+	

GRI Indicator and its description	Sections of the Report/ Comments	Page	Inde- pendent verifica- tion <sup>22</sup>	ISO 26000
<b>G4-S04</b> Provision of information about the anti-corruption policies and methods and related trainings	Sustainable development of the Company	32	+	
<b>G4-S05</b> Confirmed incidents of corruption and actions taken	Sustainable development of the Company	32	+	
Aspect: State Policy				Fair business practices
<b>G4-S06</b> Total value of financial contributions for political purposes by countries and recipients/beneficiaries	The Company and Community	111	+	
Aspect: Anticompetitive Behavior				Fair business practices
<b>G4-S07</b> Total number of legal actions in respect of organization for anticompetitive behavior and practical approaches for prevention of monopoly practice and their effect	The Company and Business Partners	74	+	
Aspect: Compliance with Requirements				Fair business practices. Interaction with consumers
<b>G4-S08</b> Monetary value of significant fines and total number of non-financial sanctions for noncompliance with laws and regulations	Information was provided in Annual Report of PJSC «Nizhnekamskneftekhim» for 2015 on corporate site of the Company <a href="http://www.nknh.ru">http://www.nknh.ru</a>		+	
Aspect: Evaluation of suppliers' impact on society				Interaction with consumers
<b>G4-S09</b> Percentage of new suppliers evaluated for impact on society	The Company and Business Partners	76	+	
<b>G4-S010</b> Significant actual and potential negative impact revealed in the supply chains and actions taken	The Company and Business Partners	76	+	
Aspect: Grievance mechanisms related to impact on society				Participation in the life of society
<b>G4-S011</b> Number of complains related to impact on society, applied, processed and settled via official mechanisms	Environmental Activities of the Company.	55	+	
	The Company and Business Partners	77		
Subcategory: Responsibility for Production Aspect: Customer Health and Safety				Interaction with consumers
<b>G4-PR1</b> Percentage of significant products and services, impact of which on health and safety is assessed for identification of improvement possibilities	The Company and Business Partners	75	+	
<b>G4-PR2</b> Total number of incidents of noncompliance with regulations and voluntary codes related to health and safety impact of products and services broken down as per the type of their health outcomes	The Company and Business Partners	76	+	

GRI Indicator and its description	Sections of the Report/ Comments	Page	Inde- pendent verifica- tion <sup>22</sup>	ISO 26000
<i>Aspect: Labelling of products and services</i>				
<b>G4-PR3</b> Type of product and service information required by procedures and percentage of significant products and services subject to such information requirements	The Company and Business Partners. See also: corporate site of PJSC «Nizhnekamskneftekhim» <a href="http://www.nknh.ru">http://www.nknh.ru</a>	75	+	
<b>G4-PR4</b> Total number of incidents of noncompliance with regulations and voluntary codes concerning product and product characteristics information and labeling broken down as per the type of their health consequences	The Company and Business Partners	75	+	
<b>G4-PR5</b> Results of survey of measuring customer satisfaction	The Company and Business Partners	77	+	
<i>Aspect: Marketing Communications</i>				<i>Fair business practices</i>
<b>G4-PR6</b> Sale of prohibited or disputable goods	The Company and Business Partners	76	+	
<b>G4-PR7</b> Total number of incidents of noncompliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion and sponsorship by type of consequences	The Company and Business Partners	77	+	
<i>Aspect: Customer privacy right</i>				<i>Interaction with consumers</i>
<b>G4-PR8</b> Total number of substantiated complains regarding the breaches of customer privacy and losses of customer data	The Company and Business Partners	76	+	
<i>Aspect: Compliance with Requirements</i>				
<b>G4-PR9</b> Monetary value of significant fines for noncompliance with laws and regulations concerning the provision and use of products and services	Information is provided in the Annual Report of PJSC «Nizhnekamskneftekhim» for 2015 on the corporate site of the Company <a href="http://www.nknh.ru">http:// www.nknh.ru</a>		+	

THE COMPANY AND THE SCIENCE

COMPANY'S MOST IMPORTANT EVENTS

ABOUT THE REPORT

APPENDIX



# GLOSSARY

**Labor protection** – labor conditions under which the impact of hazardous and harmful factors on workers is excluded.

**Process of Business** – specific sequence of steps, involving several divisions of the Company and ending with creation of the final product having a value for the consumer / customer.

**Impact of the Company** – positive or negative change in society, the economy and the environment which is wholly or partially the result of past and current decisions and activities of the Company.

**Charity activity** – provision of gratuitous help (or on favorable terms) to those who need it. The main feature of charity activity is free and unconstrained choice of form, time and place, as well as contents of help.

**Interaction with stakeholders** – actions taken to create opportunities for dialogue between the Company and one or more interested parties in order to provide an information basis for decisions of the Company.

**Global agreement** – initiative of the United Nations for influencing the policies and behavior of the private sector. It is implemented by promoting the development of enterprise management, implying the responsibility in the sphere of human rights, working conditions and environment.

**Discrimination** – unfair difference in the rights and obligations of the person on grounds of specific attribute.

**Stakeholder** – a group which may influence the Company's activities or, on the contrary, experience the influence of the Company's activities.

**Key stakeholder** – an interested party whose cooperation and participation in the activities of the Company are necessary for the Company for achievement of its goals.

**Personnel reserve** – a group of managers and professionals with the ability for administrative activity, satisfying the requirements of the job title who underwent a selection and received a systematic targeted qualification training.

**Board of Directors' Committee** – subsidiary body (division or group) of the Board of Directors created for preliminary review of issues related to the competence of the Board of Directors as well as elaborating appropriate recommendations for the Board of Directors.

**Corporate culture** – a combination of norms, values and beliefs that determine the way of solving the problems of internal integration and external adaptation by the Company and the way the Company guides and stimulates the daily behavior of people and transforms itself under its influence.

**Corporate social responsibility of the Company** – a voluntary contribution of the Company to the development of the state, society and business in the economic, social and environmental spheres, which is directly connected with the implementation of the Company's production activities and is largely beyond the scope of legally prescribed minimum obligations.

**Corporate management** – structures and processes by which the management of the Company and control over them are exercised, ensuring the rights of shareholders and the effectiveness of the relationship between the general meeting of shareholders, the Board of Directors and executive body (senior management).

**Corporate values** – components of the corporate culture, having a special meaning in the minds of employees of the Company and thereby regulating their social behavior.

**Corporate ethics** – system of relations between shareholders, Board of Directors and management of the Company as defined in the Charter of the Company's internal regulations, official policies and the rule of law.

**Corporate social responsibility** – a concept whereby companies integrate social and environmental concerns in their business operations and their interaction with their stakeholders on a voluntary basis.

**International norms of behavior** – expectations of socially responsible behavior of the Company, based on traditional international law, generally accepted principles of international law, or intergovernmental agreements that are recognized everywhere, or almost everywhere.

**Mission** – a socially-oriented purpose of the organization, expressing the sense of its existence, its avowed purpose.

**Independent Director** – member of the Board of Directors who has no other relationship with the Company other than membership of its Board of Directors.

**General meeting of shareholders** – supreme governing body consisting of shareholders—the owners of ordinary shares, and, in cases stipulated by the legislation in force, also of the holders of preferred shares, and making decisions on strategically important issues of activity and development of the Company.

**Impact** – positive or negative changes in society, the economy or the environment, wholly or partially resulting from the activities of the Company.

**Environment** – the external environment in which the Company operates, including air, water, land, natural resources, flora, fauna, humans and their interactions.

**Sustainability report** – public tool for informing shareholders, employees, partners and society on economic, environmental and social aspects of the Company activity. Report on sustainable development should provide a balanced and reasonable picture of the Company performance in respect of sustainable development.

**Labor protection** – system of preservation of life and health of employees in the workplace, which includes legal, socio-economic, organizational and technical, sanitary and hygienic, medical and preventive, rehabilitation and other measures.

**Personnel** – all employees engaged in labor activities as well as employees temporarily not working due to various reasons (vacation, illness, child care, and so on.) (but included in the full-time staff); the aggregate labor resources which are at the disposal of the enterprise and are necessary for performing certain functions and achieving the objectives of operations and long-term development.

**Principle** – the fundamental belief that leads to or affects the decision-making process or behavior.

**Precautionary principle** – principle applied in the evaluation of new technologies before given permission for their use. In accordance with this principle, if there is a reasonable doubt of safety of the new technology those who created it and intends to apply it, must present convincing arguments in favor of its safety.

**Transparency** – openness in respect of decisions and activities that impact society, economy and environment and readiness to share information about them in clear, accurate, timely, honest and complete manner.

**Trade unions** – the organization of workers that promotes and protects the interests of its members in such matters as wages and working conditions, particularly through negotiations with employers. Employee – person having relations that are considered “employment relationship” according to labor law.

**REACH** – an abbreviation of the technical regulations of EU *The order of state registration, evaluation, authorization of chemicals*. The REACH Regulation provides for the registration, evaluation and authorization of chemicals before the introduction on the market. It imposes obligations on manufacturers and importers to determine the hazardous properties of substances and assess their impact on human health and the environment.

**Board of Directors** – governing body acting in the interests of public and shareholders, determining the development strategy of the Company and supervising the activities of the executive body and financial and operational activities of the Company.

**Social partners** – organization of stakeholders involved in the process of social dialogue (employers’ associations, trade unions, government agencies and / or representatives of civil society, Research and Manufacturing Associations, etc.).

**Social reporting** – non-financial data covering personnel matters, public and economic development, participation of stakeholders.

**Top managers** – employees holding managerial positions having the most significant and direct influence on the final results of operations of the Company.

**Labor resources of the enterprise (personnel)** – all individuals having relations with the enterprise as a legal entity governed by a contract of employment.

**Sustainable development** – development that meets the needs of the present time without putting in doubt the possibility of future generations to meet their own needs.

**Human resources management** – field of knowledge and practices aimed at providing the organization with qualified personnel, capable to perform its work functions, and its optimal use.

**Company values** – a set of values declared and cultivated by the management and most of the staff supports it.

#### Values of PJSC «Nizhnekamskneftekhim»:

- › reliability. Orientation for long-term mutually beneficial relationship with business partners, employees and all stakeholders, the implementation of undertaken obligations, responsibility in conduct of business as permanent guidelines for the Company’s activities and the guarantee of its high reputation.
- › professionalism. Following the highest standards in all, continuous development and improvement as the conditions of successful implementation of the Company’s obligations;
- › sustainable development. Implementation of strategic initiatives, securing the occupational safety during production activities, limiting the negative impact on the environment, implementation of social programs for workers and the public as a basis for strengthening the current and future potential of the Company.

**Human capital** – a body of knowledge, abilities and skills that are used to satisfy the diverse needs of the individual and society as a whole.

# LIST OF ABBREVIATIONS

QNET  
MSDS  
OHSAS  
SAP ERP

GRI  
(Global Reporting Initiative)  
FEED  
ABS-plastics

AIMS  
MA  
AS RT  
ADCS  
BK  
BTU  
GPW  
GAOU SPO

HBK  
GOST  
GOU VPO  
GOU DPO

GDS  
GTU  
DB UVS

DIS  
ITD  
DMFA

DNT  
VFB  
ZAO (CJSC)

MEC  
IM  
IP

PPC  
ISO  
K(P)FU

KVN  
I&A  
CSR

CB REA  
C

HDM (LPP)  
SPRAL  
IOE

ILO  
IFRS

NFERT  
NV BVU RT  
VAT

RADA (NIOKR)  
PSRB (NIOU)  
RFTC

NKNK  
NCO (NKO)  
NGEI (NOU)  
R&DC

- › International Certification Network
- › Material Safety Data Sheet
- › Occupational Health and Safety Management System
- › Automated Corporate System for Enterprise Management (Enterprise Resource Planning System)
- › International Organization «Global Reporting Initiative»
- › Front End Engineering Design
- › Acrylonitrile butadiene styrene (high impact technical thermoplastic resin based on acrylonitrile butadiene styrene copolymer)
- › Automated Information and Measurement System
- › Managers Association
- › Academy of Sciences of the Republic of Tatarstan
- › Automated Dispatch Control System
- › Butyl Rubber
- › Biological Treatment Units
- › The Great Patriotic War
- › The State Autonomous Educational Institution of Secondary Professional Education
- › Halobutyl Rubbers
- › State Standards
- › The State Autonomous Educational Institution of Higher Professional Education
- › The State Educational Institution of Additional Professional Education
- › Gas Distribution Station
- › Gas Turbine Unit
- › Divinyl and Hydrocarbon Feed
- › Guest House
- › Information Technology Department
- › Dimethyl formamide
- › Culture and Arts Center
- › Voluntary Fire Brigade
- › Closed Joint-Stock Company
- › Medical Engineering Commission
- › Isoprene Monomer
- › Isoprene Production
- › Publishing and Printing Center
- › International Standardization Organization, ISO
- › Kazan (Privolzhskiy) Federal University
- › Humor Contest Club
- › Instrumentation and Automation
- › Corporate Social Responsibility
- › Coordinating Board of Russian Employers' Association
- › Coefficient
- › Healthful and Dietary Meals
- › Social Psychology Research and Analysis Laboratory
- › International Organization of Employers
- › International Labor Organization
- › International Financial Reporting Standards
- › Non-professional Emergency Response Teams
- › Nizhnevolzhsk Water Basin Authority, Tatarstan
- › Value added tax
- › Research and Advanced Development Activities
- › Pupils' scientific and research body
- › Russian Federation Tax Code
- › Nizhnekamskneftekhim
- › Noncommercial organization
- › Non-governmental educational institution
- › Research and development center

NKTI	> Nizhnekamsk Chemical and Technological Institute
OJSC (OAO)	> Open Joint-Stock Company
CGRT (OGSO)	> Combined Gas Rescue Team
UNO	> United Nations Organization
LLC (OOO)	> Limited Liability Company
LP	> Labor Protection
GPT (OFP)	> General Physical Training
PATP	> Passengers' Automobile Transportation Enterprise
UTS (pgt)	> Urban-Type Settlement
MAC	> Maximum Allowable Concentration
PL	> Professional Lyceum
ERP	> Emergency Response Plan
FFD	> Fire Fighting Detachment
RAS	> Russian Academy of Sciences
M&S	> Management and Specialists
RAP	> Russian Accounting Principles
RUIE	> Russian Union of Industrialists and Entrepreneurs
RPS	> Ranking Payment Scheme
RT	> Republic of Tatarstan
RTK	> Russian Trilateral Commission for the Regulation of Social and Labor Relations
RTS	> Russian Trading System
RF	> Russian Federation
PPE	> Personal Protective Equipment
SK	> Synthetic Rubbers
NdBR (SKDN)	> Neodymium Catalyst-based Butadiene Rubber
LiBR (SKD-L)	> Lithium Catalyst-based Butadiene Rubber
IR (SKI)	> Isoprene Rubber
EPDM	> Ethylene Propylene Diene Rubber
MM	> Mass Media
QMS	> Quality Management System
MIS (SMO)	> Medical Insurance Society
CIS	> Commonwealth of Independent States
SNiP	> Construction Codes and Regulations
WTS (SOV)	> Water Treatment Station
TASSR	> Tatar Autonomous Soviet Socialist Republic
HPS	> Heat Power Station
UZhDT	> Railway Transport Department
HIPS	> High Impact Polystyrene
UPKhUS	> Chemicals and Hydrocarbon Feed Supply Department
USR	> Social Development Department
TCD (UTK)	> Technical Control Department
UUZhO	> Liquid Wastes Disposal Unit
MICEX	> Moscow Interbank Currency Exchange
SE	> Stock Exchange
HC	> Hockey Club
ECM	> Electronic Computing Machine
UNESCO	> United Nations Educational, Scientific and Cultural Organization

# FEEDBACK QUESTIONNAIRE

Dear Colleague,

Thank you for reading 2015 Sustainability Report of PJSC «Nizhnekamskneftekhim»<sup>23</sup>. Your feedback is of great importance to us since it will help us make the Company's next report more practicable and informative. To evaluate the Report, please underline (or encircle) the answer corresponding to your choice. Your opinion of this Report will be highly appreciated. Thanks in advance for your feedback!

1. What is your assessment of PJSC «Nizhnekamskneftekhim» 2015 Sustainability Report?  
(maximum 5 points; round-off score in each line):

Completeness of information	5	4	3	2	1
Reliability and objectivity	5	4	3	2	1
Design and graphics	5	4	3	2	1
Ease of reference	5	4	3	2	1
Representation and style of narration	5	4	3	2	1
Overall score	5	4	3	2	1

2. Has the Report influenced your attitude to PJSC «Nizhnekamskneftekhim» activities?

- > Yes
- > Insignificantly
- > No
- > I don't know

3. What information provided in 2015 Sustainability Report of PJSC «Nizhnekamskneftekhim» is the most interesting for you?  
(please, write)

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4. What, in your opinion, needs to be updated in the Report? (please, write)

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5. What areas of PJSC «Nizhnekamskneftekhim» activities require, in your opinion, improvement in terms of enhancing social responsibility?  
(please, write)

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6. What information would you like to find in 2016 Sustainability Report of PJSC «Nizhnekamskneftekhim»? Please specify the topics of interest to you to be reflected in the Report. (please, write)

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<sup>23</sup> See Sustainability Report in English and Russian on the website of PJSC «Nizhnekamskneftekhim» [http://www.nknh.ru/soc\\_rep.asp](http://www.nknh.ru/soc_rep.asp), [http://www.nknh.ru/sus\\_rep\\_en.asp](http://www.nknh.ru/sus_rep_en.asp)»

THE COMPANY  
AND THE SCIENCECOMPANY'S MOST  
IMPORTANT EVENTSABOUT  
THE REPORT

APPENDICES

Please, fill your data in:

Company name:

The form of your interaction with PJSC «Nizhnekamskneftekhim»:

Your name, surname:

Your position:

Telephone:

Fax:

E-mail:

What stakeholder group do you belong to? (mark with "+")

Federal, regional government authorities

Local public (including local authorities, population of Nizhnekamsk city, public organizations, educational institutions, etc.)

Shareholders

Investors

Business partners (consumers)

Business partners (suppliers)

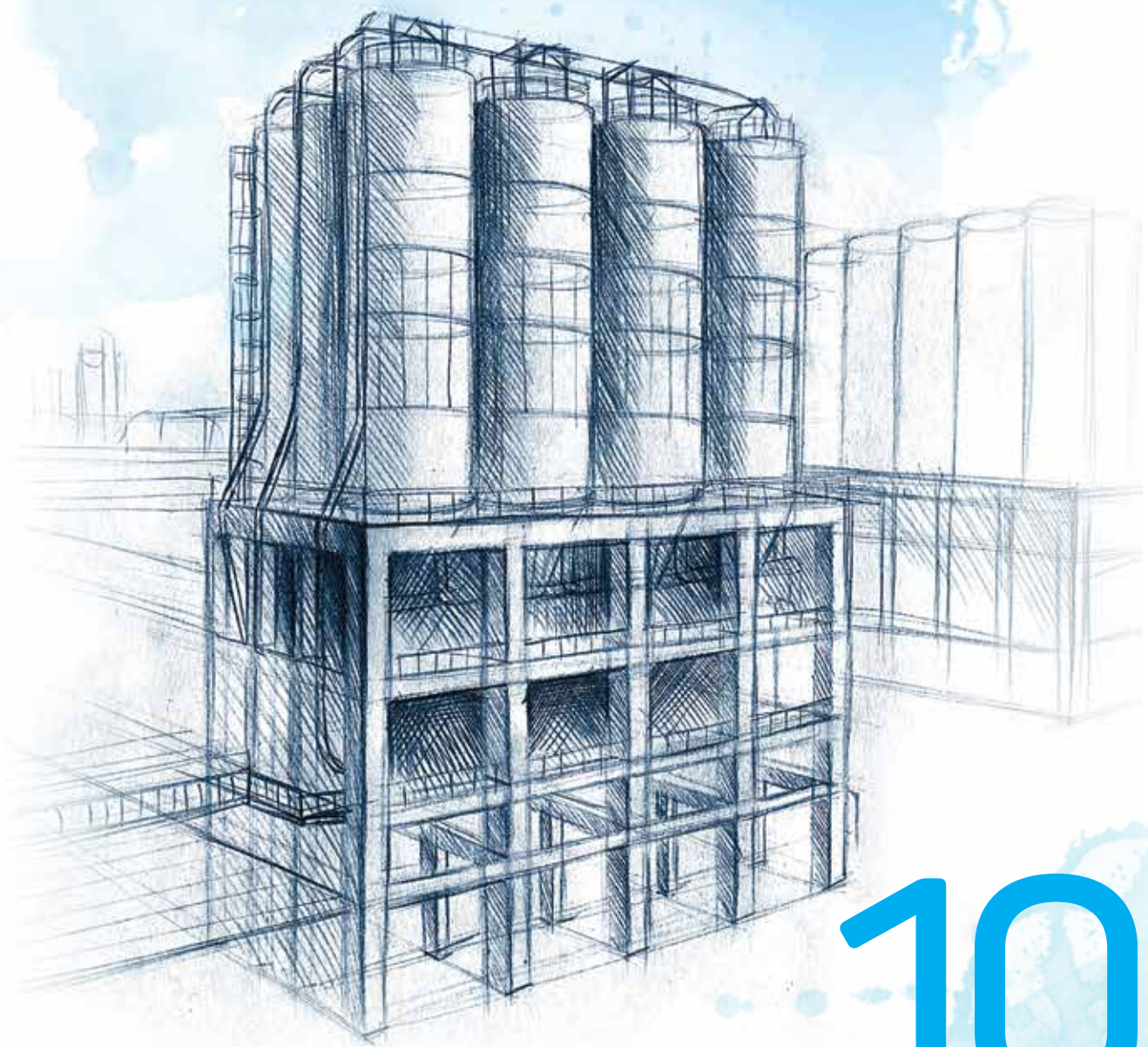
Employees of PJSC «Nizhnekamskneftekhim» and their families (including former employees)

Mass media

Representatives of other stakeholder groups (please, write)

Please send your comments in the way the most convenient to you:

- > Address: 423574, Social Psychology Research and Analysis Laboratory, PJSC «Nizhnekamskneftekhim», Nizhnekamsk, the Republic of Tatarstan, Russia.
- Attn.: I.F. Notfullina
- > fax: 8(8555) 37-93-33
- > e-mail: [NotfullinaF@nknhr.ru](mailto:NotfullinaF@nknhr.ru)



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# APPENDICES

# APPENDICES

## Appendix 1

### G4-E29, EN31 ENVIRONMENTAL PROTECTION COSTS IN 2015

Costs (exclusive of VAT)	thous. RUB.
Capital expenditure (construction of environmental facilities)	62,413
Current costs*:	2,762,725
› atmospheric air protection	308,368
› water resources conservation	2,406,930
› waste management	33,399
› other activities	14,029
Costs for overhaul of plants and equipment relevant to the environmental protection	374,061
Fee for negative impact on the environment	43,037
Penalties	260
Payment for natural resources	506,827
Other expenses (environmental services)	132,052
<b>TOTAL</b>	<b>3,881,376</b>

\* Inclusive of depreciation deduction

## Appendix 2

### G4-EN8, 9 WATER CONSUMPTION OF PJSC «NIZHNEKAMSKNEFTEKHIM»

Water consumption of PJSC «Nizhnekamskneftekhim»:	Units	2013	2014	2015
Total water consumption:	thous. m <sup>3</sup>	71,515.75	67,994.428	66,658.054**
1. Kama river	thous. m <sup>3</sup>	71,513.49	67,992.489	66,655.259**
2. Artesian wells	thous. m <sup>3</sup>	2,259	1,939	2,795***
including				
2.1 "Dubravushka" Recreation Center	thous. m <sup>3</sup>	2,004	1,002*	1,742
2.2 Hunt Society "Osha"	thous. m <sup>3</sup>	0,255	0,937*	1,053
Consumption of clarified water for make-up of circulation water system	thous. m <sup>3</sup>	45,000.345	44,550.812	41,817.655****
Cooling water consumption	mln. m <sup>3</sup>	1,889.51	1,966.386	2,038.580

Decreased water consumption at Dubravushka recreation center in 2014 was associated with decreased number of holidaymakers due to cool summer. In May, August, September, 2014, number of visitors increased at «Osha» hunt area compared to similar periods of previous years, therefore consumption of potable water increased.  
 \*\*in 2015 water consumption from Kama river decreased because of return of washing water from Strelochny Log and the revamping of cooling tower and as a consequence – reduction of clarified consumption for make-up of cooling water system.  
 \*\*\* in 2015 increase of water consumption from artesian wells was associated with increased number of holidaymakers in recreation centers.  
 \*\*\*\*in 2015 reduction of clarified water consumption for charge of circulation water system was associated with implementation of water consumption instrumental metering at B5 and B7.

## Appendix 3

**G4-EN22** QUANTITY OF TREATED WASTEWATER DISCHARGED INTO WATER BODIES

Units	2013	2014	2015
thous. m <sup>3</sup>	41,932	44,110*	45,669**

\* Due to increased volume of runoff downstream the ponds on Tungucha River because of the increase of run-off volume from the residential areas caused by the flood, rains and increase of blow down water quantities from the cooling towers owing to increase of production output.

\*\* Due to changes in accounting system of wastewater after BTP

## Appendix 4

**G4-EN21** TREND OF TOTAL EMISSIONS OF POLLUTANTS INTO ATMOSPHERE

Description	Units	2013	2014	2015	Δ 2015-2013	Δ 2015-2013
Authorized emissions of pollutants into the air	thous. mt	27422	24.395	29.511	2.089	7.5 %
Actual emissions of pollutants from the stationary sources	thous. mt	26.005	23.435	22.435	-3.57	- 13.7%
including:						
› Sulfur dioxide	thous. mt	0.166	0.126	0.111	- 0.055	- 33%
› Carbon monoxide	thous. mt	3.512	4.491	4.379	- 0.867	- 24.7%
› Nitrogen oxide (in terms of NO <sub>2</sub> )	thous. mt	3.066	3.392	3.139	- 0.073	- 2.4%
› Hydrocarbons without VOC	thous. mt	1.366	1.312	1.258	- 0.108	- 7.9%
› Volatile organic compounds (VOC)	thous. mt	16.890	13.212	12.335	- 4.555	-27 %
› Other gaseous and liquid compounds	thous. mt	0.037	0.047	0.046	- 0.009	24.3%

## Appendix 5

## G4-EN 15,18, 19, 20 DIRECT GREENHOUSE GAS EMISSIONS

Description	Units	2013	2014	2015	Δ 2015-2013	Δ 2015-2013
CO <sub>2</sub>	thous. mt	2,777.81	2,815.52	2,779.21	-36.31 -1.3%	1.4 (0.05%)
CH <sub>4</sub>	thous. mt	3.96	4.14	4.22**	0.08** 1.9%	0.04 (1%)**
N <sub>2</sub> O	thous. mt	0.023	0.023	0.023	0	0
HFC (as CO <sub>2</sub> -equivalent)	-	-	-	-	-	-
PFC (as CO <sub>2</sub> -equivalent)	-	-	-	-	-	-
SF <sub>6</sub>	-	-	-	-	-	-
Total emissions (as CO <sub>2</sub> -equivalent)	thous. mt	2,868.08	2,909.11*	2,874.97*	- 34.14* -1.2%	6.9* (0.2%)

\* Decrease of direct greenhouse gas emissions by 34.14 thousand metric tons (1.2%) in 2015 compared to 2014 was due to the decreased use of gasoline and diesel fuel in the vehicles and decrease of ethylene production, secession of Social Development Department from PJSC «Nizhnekamskneftekhim».

Total GG emissions (as CO<sub>2</sub>-equivalent) in 2015 remained almost at the same level as in 2013.

\*\* Increase of methane emissions in 2015 compared to 2014 and 2013 due to increased production of styrene and increased waste storage at the landfill.

\*\*\* Increase of direct greenhouse gas emissions in 2014 and 2015 compared to 2013 was due to increased use of natural gas, gasoline and diesel fuel in the vehicles and increase of styrene and ethylene production.

## Appendix 6

## G4-EN3 ENERGY CONSUMPTION WITHIN PJSC «NIZHNEKAMSKNEFTEKHIM»\*

Description	Units	2013	2014	2015
Heat energy	thous. Gcal.	14,050.5	14,599.1	14,673.8
Electric energy	mln kWh	2,573.3	2,566.2	2,589.4
Fuel	mln m <sup>3</sup>	564.4	557.7	613.7

\* without sub-users.

## Appendix 7

## FORMATION OF NON-UTILIZABLE PRODUCTION WASTE

Units	2013	2014	2015	$\Delta$ 2015- 2013	$\Delta$ 2015- 2013
metric tons/year	11,185.7*	10,875	10,714	- 471.7	- 4.2%
mt/mt	0.0049*	0.0047	0.0038	- 0.0011	- 22.44%
mt/mln RUB**	0.204*	0.191	0.184	- 0.02	- 9.8%

\* Increase of non-recycled wastes in 2013 is due to the placement of sediments from Biological treatment plant into the landfill for disposal of industrial wastes.

\*\* At the adjusted figures.

## STAFF COMPOSITION OF PJSC «NIZHNEKAMSKNEFTEKHIM»

Grade	2013		2014		2015	
	Persons	%	Persons	%	Persons	%
Executives	2,346	13.2	2,243	13.4	2,201	13.7
Specialists	2,730	15.3	2,609	15.6	2,510	15.6
Office staff	289	1.6	275	1.6	246	1.5
Workers	12,450	69.9	11,645	69.4	11,152	69.2

## PERSONNEL STRUCTURE OF PJSC «NIZHNEKAMSKNEFTEKHIM» BY EDUCATION LEVEL (PERSONS)

Grade	Education (persons)														
	higher			secondary vocational			basic vocational			general secondary			basic general (lower secondary)		
	2013	2014	2015	2013	2014	2015	2013	2014	2015	2013	2014	2015	2013	2014	2015
Executives	1,922	1,878	1,873	348	296	273	54	50	38	21	19	17	1	0	0
Specialists	2,412	2,339	2,306	267	216	170	26	26	18	25	27	16	0	1	0
Office staff	146	143	130	57	55	44	49	42	39	36	35	31	1	0	2
Workers	1,649	1,638	1,671	2,889	2,657	2,718	5,783	5,451	5,018	1,958	1,748	1,595	171	151	150
All grades	6,129	5,998	5,980	3,561	3,224	3,205	5,912	5,569	5,113	2,040	1,829	1,659	173	152	152

## PERSONNEL STRUCTURE OF PJSC «NIZHNEKAMSKNEFTEKHIM» BY EDUCATION LEVEL (%)

Grades	Education														
	higher			secondary vocational			basic vocational			general secondary			basic general (lower secondary)		
	2013	2014	2015	2013	2014	2015	2013	2014	2015	2013	2014	2015	2013	2014	2015
Executives	81.9	83.7	85.1	14.8	13.2	12.4	2.3	2.2	1.7	0.9	0.8	0.8	0	0	0
Specialists	88.4	89.7	91.9	9.8	8.3	6.8	1.0	1.0	0.7	0.9	1.0	0.6	0	0	0
Office staff	50.5	52.0	52.8	19.7	20	17.9	17.0	15.3	15.9	12.5	12.7	12.6	0.3	0	0.8
Workers	13.2	14.1	15	23.2	22.8	24.4	46.4	46.8	45	15.7	15.0	14.3	1.4	1.3	1.3
All grades	34.4	35.8	37.1	20.0	19.2	20.0	33.2	33.2	31.7	11.5	10.9	10.3	1.0	0.9	0.9

## PERSONNEL STRUCTURE OF PJSC «NIZHNEKAMSKNEFTEKHIM» BY GENDER (PERSONS)

Grade	men			women		
	2013	2014	2015	2013	2014	2015
Executives	1,870	1,813	1,805	476	430	396
Specialists	779	734	692	1,951	1,875	1,818
Office staff	8	8	8	281	267	238
Workers	8,107	7,705	7,417	4,343	3,940	3,735
All grades	10,764	10,260	9,922	7,051	6,512	6,187

## PERSONNEL STRUCTURE OF PJSC «NIZHNEKAMSKNEFTEKHIM» BY GENDER (%)

Grade	men			women		
	2013	2014	2015	2013	2014	2015
Executives	79.7	80.8	82	20.3	19.2	18
Specialists	28.5	28.1	27.6	71.5	71.9	72.4
Office staff	2.8	2.9	3.3	97.2	97.1	96.7
Workers	65.1	66.2	66.5	34.9	33.8	33.5
All grades	60.4	61.2	61.6	39.6	38.8	38.4

## AGE COMPOSITION OF PJSC «NIZHNEKAMSKNEFTEKHIM» PERSONNEL (PERSONS)

Grade	Number by age groups								
	up to 30 years			30 to 50 years			50 years		
	2013	2014	2015	2013	2014	2015	2013	2014	2015
Executives	289	251	242	1,348	1,370	1,389	709	622	570
Specialists	738	632	575	1,482	1,515	1,535	510	462	400
Office staff	106	93	74	120	121	118	63	61	54
Workers	4,125	3,654	3,550	4,961	4,766	4,558	3,364	3,225	3,064
All grades	5,258	4,630	4,421	7,911	7,772	7,600	4,646	4,370	4,088

## AGE COMPOSITION OF PJSC «NIZHNEKAMSKNEFTEKHIM» PERSONNEL (%)

Grade	Number by age groups								
	up to 30 years			30 to 50 years			50 years		
	2013	2014	2015	2013	2014	2015	2013	2014	2015
Executives	12.3	11.2	11.0	57.5	61.1	63.1	30.2	27.7	25.9
Specialists	27.0	24.2	23.0	54.3	58.1	61.1	18.7	17.7	15.9
Office staff	36.7	33.8	30.0	41.5	44.0	48.0	21.8	22.2	22.0
Workers	33.1	31.4	31.6	39.8	40.9	40.9	27.0	27.7	27.5
All grades	29.5	27.6	27.4	44.4	46.3	47.2	26.1	26.1	25.4

## AGE RECORD OF EMPLOYEES RESIGNED DUE TO TURNOVER

Year	Persons	Turnover, %		
		18 to 30 years	30 to 50 years	over 50 years
2013	906	2.83	2.08	0.21
2014	1,104	3.29	2.85	0.38
2015	1,001	3.32	2.76	0.38

## NUMBER OF STUDENTS ADMITTED FOR INTERNSHIP

Year	Persons
2013	1,790
2014	1,530
2015	1,711

## EMPLOYMENT OF GRADUATES FROM EDUCATIONAL INSTITUTIONS

Year	Pers.	Educational institutions		
		Graduates of secondary vocational school (by trade)	Graduates of secondary vocational schools	Graduates of higher schools
2013	510	292	129	89
2014	421	277	104	40
2015	396	194	116	86

Appendix 9

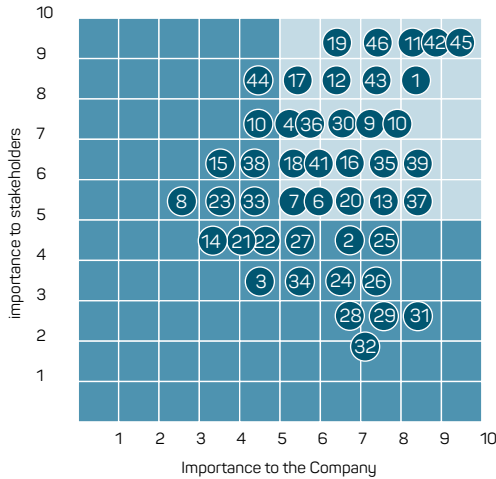
## G4-LA6 INFORMATION ON THE STATUS OF OCCUPATIONAL INJURIES

Parameters	2012	2013	2014	2015
Number of accidents, inclusive of	2 (1*)	1 (0*)	1 (1*)	1 (0*)
Frequency ratio	0.11	0.06	0.06	0.06
Severity ratio	8.5	0	242	105
Accident frequency rate	0.94	0	14.52	6.3
Loss of labor capacity days	17	0	242	105

\* - inclusive of women

# TABLE OF CURRENTLY IMPORTANT ASPECTS

Appendix 10



During preparation of the Report for year 2015 in cooperation with key stakeholders who were chosen as a result of senior management of PJSC «Nizhnekamskneftekhim»<sup>24</sup> relevant aspects (themes) for stakeholders were defined consistent with the aspects relevant to the Company.

Attentiveness and disclosure of certain aspects in the Report are proportional to materiality and feedback of stakeholders.

Ranking table of stakeholders is presented on p. 60 of the Report in «Interaction with stakeholders»

Aspect name	Corresponding GRI indicator
1 Economic performance	G4-EC1 G4-EC2 G4-EC3 G4-EC4
2 Presence on the market	G4-EC5 G4-EC6
3 Indirect economic impacts	G4-EC7 G4-EC8
4 Procurement practices	G4-EC9
5 Materials	G4-EN1 G4-EN2
6 Energy	G4-EN3 G4-EN4 G4-EN5 G4-EN6 G4-EN7
7 Water	G4-EN8 G4-EN9 G4-EN10
8 Biodiversity	G4-EN11 G4-EN12 G4-EN13 G4-EN14
9 Emissions	G4-EN15 G4-EN16 G4-EN17 G4-EN18 G4-EN19 G4-EN20 G4-EN21
10 Discharges and wastes	G4-EN22 G4-EN23 G4-EN24 G4-EN25 G4-EN26
11 Products and services	G4-EN27 G4-EN28
12 Compliance with requirements	G4-EN29
13 Transport	G4-EN30
14 General information- Ecology	G4-EN31
15 Ecological evaluation of Suppliers	G4-EN32 G4-EN33
16 Grievance mechanisms related to ecological problems	G4-EN34
17 Employee Status	G4-LA1 G4-LA2 G4-LA3
18 Employees/Management Relations	G4-LA4
19 Occupational Health and Safety	G4-LA5 G4-LA6 G4-LA7 G4-LA8
20 Training and education	G4-LA9 G4-LA10 G4-LA11

	Aspect name	Corresponding GRI indicator
21	Diversity and equal opportunities	G4-LA12
22	Equal remuneration for men and women	G4-LA13
23	Evaluation of suppliers labor relations	G4-LA14 G4-LA15
24	Grievance mechanisms related to labor practices	G4-LA16
25	Investments	G4-HR1 G4-HR2
26	Non discrimination	G4-HR3
27	Freedom of association and collective bargaining	G4-HR4
28	Child labor	G4-HR5
29	Forced or compulsory labor	G4-HR6
30	Safety practice	G4-HR7
31	Rights of indigenous people and minorities	G4-HR8
32	Evaluation for human rights respect	G4-HR9
33	Evaluation of suppliers for human rights respect	G4-HR10 G4-HR11
34	Grievance mechanisms for violation of human rights	G4-HR12
35	Local communities	G4-S01 G4-S02
36	Corruption control	G4-S03 G4-S04 G4-S05
37	State policy	G4-S06
38	Anticompetitive behavior	G4-S07
39	Compliance with requirements	G4-S08
40	Evaluation of suppliers' impact on Society	G4-S09 G4-S010
41	Grievance mechanisms related to impact on society	G4-S011
42	Customer Health and Safety	G4-PR1 G4-PR2
43	Labelling of products and services	G4-PR3 G4-PR4 G4-PR5
44	Marketing communications	G4-PR6 G4-PR7
45	Customer privacy right	G4-PR8
46	Compliance with requirements	G4-PR9

# CONTACT INFORMATION

## Full name of the Company:

- in Russian - Публичное Акционерное Общество «Нижнекамскнефтехим»;
- in Tatar - «Нижнекамскнефтехим» ачык акционерлык жәмгыяте;
- in English – Public Joint-Stock Company «Nizhnekamskneftekhim».

## Short name of the Company:

- in Russian - ПАО «Нижнекамскнефтехим»;
- in Tatar - «Нижнекамскнефтехим» ААЖ;
- in English - PJSC «Nizhnekamskneftekhim».

## **G4-5** Registered address of the Company:

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## Postal address of the Company:

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## **G4-31** Should you have any questions related to the Report or its content please feel free to contact us:

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