

SUSTAINABLE DEVELOPMENT REPORT

TOGLIATTIAZOT 2019



**IN A SINGLE
RHYTHM**





IN A SINGLE
RHYTHM

1979

2019

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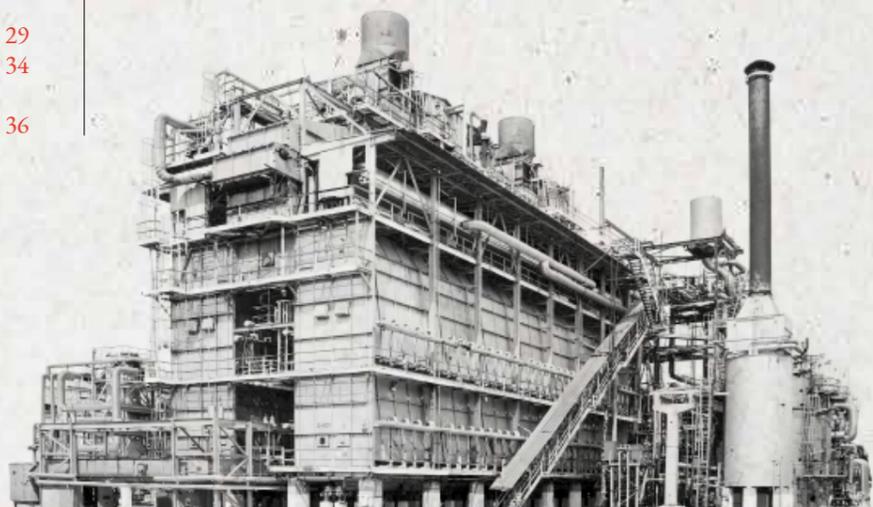


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ADDRESS OF THE GENERAL DIRECTOR OF THE COMPANY

2019 is an anniversary year for Togliattiazot. The Company celebrated its 40th anniversary with significant successes in all areas of activity. Thus, a record level of 3 million tons of annual output of ammonia in the entire history was achieved. In addition, TOAZ increased its urea output by almost 19% up to 784.6 thousand tons. This indicator is the best for the Company over the past twelve years. Successful sales activities allowed the company in the reporting year to become the largest supplier of urea to the agricultural market of the Russian Federation. During the reporting period, TOAZ demonstrated excellent results in energy efficiency. TOAZ became the best in terms of labor efficiency in the region.

Abovementioned and many other achievements became possible due to the systematic modernization of the factory's capacities and the involvement of each TOAZ employee in an effective work process.

At the end of 2019, a new enterprise development strategy until 2025 was adopted. For the first time, it formalized the mission of the Company: "We care about land fertility and productivity for the benefit of the whole world", as well as stated ambitious goals: leadership in the production of nitrogen mineral fertilizers in Russia and becoming one of the five largest producers in the world. According to the new development strategy of Togliattiazot, the enterprise is faced with an ambitious task to significantly increase production indicators (including production of ammonia by approximately 40% up to 4.15 million tons per year, of urea by more than 2.5 times up to 2.53 million tons per year) and increase EBITDA by 3.3 times. Investment in production development will amount to 112 billion rubles.

To ensure such growth, it is planned to increase operating and commercial efficiency, as well as

to develop the production site. To increase operating efficiency, it is planned to bring the repair service in line with the best practices in the frequency and duration of shutdown repairs, increase labor efficiency and reduce gas consumption. Changes in the structure of sales in the foreign and domestic markets, as well as improving the commercial conditions for the main products with key customers, should contribute to increasing commercial efficiency. As part of the development of the production site, it is planned to build Urea Plant No. 4, an Ammonium Nitrate and Urea Ammonium Nitrate Plant, as well as to complete the construction of a fertilizer transshipment terminal in Taman.

The construction of Urea Plant No. 3 is currently in progress. In November 2019, the foundation of one of the key elements of the facility, a Prilling Tower, was completed. At the end of the year, large-scale equipment manufactured by the Swiss company CASALE S.A. was delivered at the site, its installation will begin in the summer of 2020. The implementation of the project for construction of Urea Plant No. 3 will increase the existing urea production capacity of the enterprise by 70%. Commissioning of the Plant is scheduled for 2021.

In 2019, TOAZ completed the overhaul of Ammonia Plant No. 3. This project has become one of the largest in the history of the enterprise in terms of scope of work and investment. The Plant received modernized turbine, compressor, rotating equipment and a new control system. Technical re-equipping made it possible to stabilize the operation of the plant and reduce the consumption of natural gas per ton of product by almost 10%. In addition, quality of control of the technological process has increased due to introduction of the advanced Honeywell automated

process control system, which allows minimizing the influence of the human factor, increasing the reliability, safety of equipment operation and maintaining an optimal process mode.

An important moment for the further growth of production indicators of TOAZ was the signing of a three-year gas supply contract with Gazprom Mezhtregiongaz Samara LLC at the end of 2019. Thus, the enterprise guarantees for itself long-term supplies of the key raw material and will be able to increase accuracy of prognosis of expenses which constitute a significant part in the production cost.

It is worth noting individually that highly qualified employees are the basis for the successful implementation of all planned projects. The TOAZ team is an example of solidarity and hard work. The company takes care of its employees, providing them with all kinds of support. Thus, the program for provision of corporate housing, launched in 2018, is in full swing, under which the company allocates apartments for families of employees as per a planned program.

TOAZ is one of the major employers of the city; it takes an active part in projects of social significance and contributes to development of the general cultural and educational environment of Togliatti. The company continues to implement awareness-raising, educational, cultural, charitable, sports and environmental projects. Among those projects which attracted wide public interest are such as the city lectures "Chemistry of the Word", a unique educational program for the elderly "Chemistry of Experience", a charity program "Chemistry of Good", a scholarship program for young talents "Impulse". Togliattiazot is in constant search of new vectors for the social and cultural development of the Company, its hometown and its inhabitants.

Care for the environment is one of the main tasks for TOAZ. In 2019, more than 254 million rubles was allocated for environmental protection, thereby air and water basins protection programs, as well as programs aimed at reduction of the harmful effects of industrial waste, are successfully implemented. The company systematically implements programs to reduce impact on the environment.

The new year sets new tasks for the management and employees of Togliattiazot. In difficult conditions, we should maintain leadership positions in the Russian and global markets, developing production, ensuring a decent standard of living not only for employees and their families, but also for all residents of the city and the region, moving forward in terms of strengthening the economy of Samara region and the entire country. I am sure that taking into account the accumulated experience and the constantly growing production and labor indicators, it is within our scope of abilities. At the same time, we understand that any progress is possible only with strict compliance with the rules of industrial safety, improvement of the labor protection system and social policy. I am grateful to each employee for his/her invaluable contribution to the overall success and I urge to continue, without reducing efforts, the course of TOAZ development!

Best regards,
Dmitry Mezheedov
General Director of CJSC
Corporation Togliattiazot,
the managing company
of PJSC TOAZ



ABOUT THE REPORT



The Sustainable Development Report (hereinafter – “the Report”) of Public Joint Stock Company Togliattiazot (hereinafter – “the Company”) for 2019 continues the practice of annual disclosure of non-financial corporate statements. It contains a comprehensive description of production, economic, environmental and social indicators for the period from January 1, 2019 to December 31, 2019.

The Sustainable Development Report of PJSC TOAZ for 2019 was prepared in accordance with the Global Reporting Initiative Guidelines for Sustainable Development, version 4.0 (Global Reporting Initiative - GRI, G4, hereinafter referred to as “the Reporting Guidelines”), the basic version (Core).

The analysis of the Company’s priorities and the events held in

2019 identifies the main topic of the Report, i.e. “40 years of achievements: modernization and development”. In an unstable economic and political environment, TOAZ is trying not only to keep production output and sales in the same volumes, but also to increase these indicators. Certainly, as TOAZ is a first hazard class enterprise, the safety is its fundamental priority, which affects all the aspects of the Company’s activities: occupational and industrial safety, production facilities modernization program and development of internal business processes.

Support for the team, care for the region of presence and the environment come to the forefront and become the foundations for sustainable development of Togliattiazot. The abovementioned guidelines for the Company’s activities were formed

historically, were and are the basis of its development.

The target audience of the Report is traditionally a wide range of stakeholders of PJSC TOAZ, including employees, shareholders and investors, residents of the regions of presence, public organizations, clients and partners of the Company. The enterprise has various channels for obtaining feedback. Comments and suggestions on the sustainable development reports are accepted by phone and e-mail specified in the Contact Information section. All received messages are considered and taken into account in the process of working on the next Report.

This Report serves as one of the instruments for creating a favorable image of PJSC TOAZ as a socially responsible company for authorities, local citizens, and other stakeholders.

All Company Reports are available on the official website of PJSC TOAZ: www.toaz.ru.

SUBSTANTIVE AND PRIORITY TOPICS TO BE INCLUDED IN THE REPORT

When preparing the Report for 2019, the Company applied the Sustainable Development Reporting Standards of the Global Reporting Initiative (GRI Standards) as a methodological basis. To disclose the most relevant topics in the Report, the Company analyzed the materiality of aspects of sustainable development for individual indicators and for topics identified in the GRI Standards, based on a study of the

internal and external environment of the Company with the involvement of stakeholders. The results of the analysis of the materiality of aspects of sustainable development carried out in 2015–2018 were taken into account.

Based on the results of the analysis, taking into account the principles of completeness, materiality, interaction with external and internal stakeholders, as well as the context of sustainable

development, a list of topics was formed that are significant and mandatory for disclosure in the Report.

In 2019, as well as in 2018, when creating the Report, the Company focused on the results of the analysis of the significance of sustainable development aspects (conducted in 2015) in accordance with the approach. The identified aspects remain relevant for the designated reporting period.



This Report discloses in more detail a number of issues related to the priorities of the Company’s activities in the field of sustainable development in 2019.

The sources of information in the field of sustainable development are statistical and management reporting. To show the dynamics of the results and ensure visualization of the data, key indicators are presented both for the reporting period, and for several previous years.

ECONOMIC	SOCIAL	ENVIRONMENTAL
<ul style="list-style-type: none"> Economic performance Market presence Indirect economic impacts 	<ul style="list-style-type: none"> Employment Occupational health and safety Employees training and education Local communities 	<ul style="list-style-type: none"> Energy Water Emissions Wastes and discharges Compliance with environmental requirements Investments in environmental protection

LIMITATIONS OF THE REPORT

The preparation of Sustainable Development Reports in the Company is carried out at the corporate level and includes consolidated information about PJSC TOAZ.

Information on disclosure of indicators with scopes other than those described above are provided in the respective descriptions, tables and charts. The key performance indicators of the Company in the field of sustainable development for 2017–2019 are presented on page 10 of this Report.

CHANGES IN THE REPORT

The present Report like the Sustainable Development Report of PJSC TOAZ for 2018 was completed in line with GRI Guidelines version 4.0.

KEY INDICATORS AND ACHIEVEMENTS IN 2019

STABLE POSITIVE DYNAMICS ALLOWS PJSC TOAZ TO KEEP THE LEADERSHIP POSITION AMONG INDUSTRIAL ENTERPRISES OF RUSSIA AND THE WORLD.

PRODUCTION

3.9 MILLION TONS 

IS THE TOTAL PRODUCTION OUTPUT

- Shipment of 60 million tons of ammonia since the start-up of the factory
- **3.019 MILLION TONS** ammonia output
- **784.6 MILLION TONS** urea output
- 12 million tons is the product output since start-up of **AMMONIA PLANT NO. 2**
- Start of the maintenance and repair system improvement program
- Procurement of 50 mineral hoppers for transportation of urea
- More than 1.9 million tons of ammonia has been pumped through the Togliatti-Odessa pipeline
- Production capacity volume of **AMMONIA PLANT NO. 7** totalled 620 000 tons
- Completion of scheduled overhauls and technical re-equipping of **AMMONIA PLANTS NO. 3.6** and **UREA PLANT NO. 2**

LABOUR PROTECTION

200.6 MILLION RUBLES 

WAS ALLOCATED FOR LABOUR PROTECTION AND OCCUPATIONAL SAFETY

LTIFR IS 0.58

0 identified occupational diseases



EMPLOYEES

4 110 

EMPLOYEES ARE IN THE TEAM OF THE COMPANY

- The average salary of TOAZ employees is 51.33% higher than the average salary in Samara region (35 274 rubles, according to Rosstat data)
- 100% of employees are provided with the VHI program
- 400 VHI policies were received by family members of employees
- 140 million rubles was allocated for medical support and health improvement of employees
- 28.5 million rubles was allocated for training
- Launch of the online training system
- More than 13 thousand people underwent occupational training and advanced training
- 240 applications with ideas were submitted as part of the incentive program "YIW: Your Idea Works", 109 of which were accepted for implementation
- 119 students had the work experience internship at TOAZ within the framework of the Career Guidance program to create a labour pool.

- 130 employees of the Company obtained apartments under the corporate housing program
- Launch of a corporate professional skill competition for mentors
- 40th anniversary of factory football
- Nadezhda health resort celebrated the 20th anniversary
- 556 people took a course of treatment in Nadezhda health resort with subsidized vouchers



- 215 children of employees received an invitation to the First-Grader Day
- More than 3 million rubles has been spent on children's recreation; 174 children of the company's employees visited the leisure and health centers, 100 of them had holidays on the Black Sea coast in August. According to the Collective Bargaining Agreement, the parents paid only 30% of the cost of the voucher
- 1300 of the retired, the members of the TOAZ veteran organization, received gifts and awards for the 40th anniversary of the factory

KEY INDICATORS AND ACHIEVEMENTS IN 2019

DEVELOPMENT OF THE REGION

3.8 BILLION
RUBLES



WAS ALLOCATED TO THE BUDGET
OF SAMARA REGION

- The amount of taxes paid to the budget of the region increased by 8.6%
- More than 15.5 million rubles was allocated to charity and sponsorship programs
- A grant program “Chemistry of the Good” was launched, within the framework of which 15 socially significant projects received support for a total amount of 2.9 million rubles
- TOAZ became a partner of the 10th anniversary basketball tournament 3x3 Samara Open in memory of the honoured coach of Russia Yuri Tyulenev
- Organization of the regional competition-exhibition “Chemistry in Paints”
- 7 musicians and artists of the city received a grant from TOAZ within the framework of the “Impulse” program
- 11 business projects were developed by the graduates of the first season of the “Chemistry of Experience”
- Creation of engineering and technical classes on the basis of two schools in Togliatti, 36 high school students started studying in these classes



ENVIRONMENTAL PROTECTION

254 MILLION
RUBLES



WAS ALLOCATED TO THE
IMPLEMENTATION OF MEASURES
AND PROJECTS FOR ENVIRONMENTAL
PROTECTION

- Seedlings were planted in the area of 10 hectares to reforest the woods suffered from the fire
- 6 586 carp fry were released into the Volga River
- 116.6 tons of garbage were removed as part of the activities to clean up unauthorized landfills in the city of Togliatti
- The share of waste recycling has reached the level of **75%**

ECONOMIC SUSTAINABILITY

THE BOARD OF DIRECTORS
OF PJSC TOAZ APPROVED
A NEW STRATEGY
FOR 2019-2025
TO THE AMOUNT OF



112 BILLION
RUBLES

REVENUE IN 2019 AMOUNTED TO

54.15 BILLION
RUBLES

5.3 BILLION
RUBLES

OF TAXES WAS PAYED
TO BUDGETS OF ALL LEVELS

(9% higher compared to 2018)

- Togliattiazot became the largest supplier of urea to the Russian market, the Company's share in the market of this mineral fertilizer in the Russian Federation totalled **OVER 38%** (data of FAS Russia)



TOP-20 RAEX-600

- TOAZ entered the TOP-20 socially responsible companies in RAEX-600 (17th place)
- TOAZ took 16th place in the rating of business leaders in terms of energy efficiency by RAEX rating agency
- Togliattiazot took 1st place in the Samara region in the ranking of the 100 largest industrial companies by labor productivity from the Production Management business portal
- TOAZ took 247th place in the RAEX-600 rating in terms of gross income from the sale of products, works, services
- Togliattiazot took 231st place in the rating of the largest companies in the Russian Federation according to RBC
- TOAZ traditionally entered the TOP-200 largest private companies according to Forbes (173rd place, in 2018 it took 192nd place)

THE CORPORATE HISTORY

1970-80s

CONSTRUCTION OF THE FACTORY



1973

- The area for construction of Togliatti Nitrogen Plant was determined
- The agreement with Occidental Petroleum Corporation (USA) was concluded

1974

- Start of the construction: the first load of dipper was excavated at the construction site of Togliatti complex for production, storage and transportation of chemical fertilizers

1976

- Start of laying Togliatti-Odessa ammonia pipeline with the length of more than 2 400 km

1978

- Commissioning of the first facility of TOAZ, i.e. liquid ammonia storage vessel

1979

- "Birthday of the Chemical Colossus": on the 7th of April, first ammonia was produced at Ammonia Plant No. 1. Before the end of the year ammonia was produced at Plants No. 2 and 3. Urea Plant No.1 was commissioned

1980

- Commissioning certificate for Ammonia Plant No. 4 was signed. Commissioning of Urea Plant No. 2

1981

- TOAZ withdrew from Production Association Kuibyshevazot and was transformed into an independent enterprise Production Association Togliattiazot

- Togliatti-Odessa ammonia pipeline was commissioned

- Commissioning certificate for Ammonia Plant No. 5 was signed

1983

- Commissioning of Ammonia Plant No. 6. First tons of product were produced in carbon dioxide workshop

1985

- Commissioning of urea-formaldehyde resin production unit

1986

- Commissioning of Ammonia Plant No.7

1990s

DIVERSIFIED ENTERPRISE

1990

- Commissioning of ammonia water unit

1992

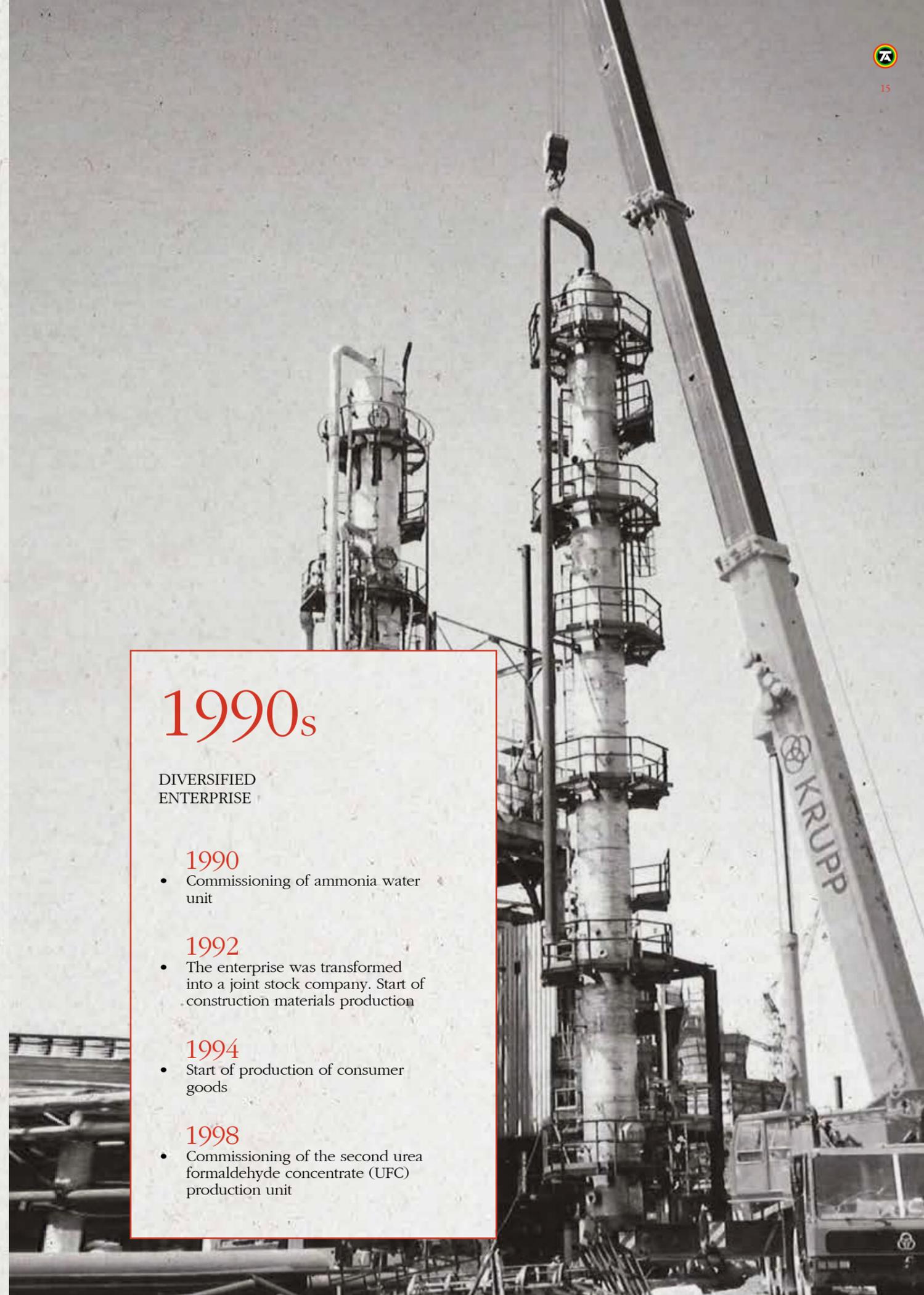
- The enterprise was transformed into a joint stock company. Start of construction materials production

1994

- Start of production of consumer goods

1998

- Commissioning of the second urea formaldehyde concentrate (UFC) production unit



THE CORPORATE HISTORY

XXI CENTURY

LEADERSHIP IN THE INDUSTRY
AND FURTHER DEVELOPMENT

2003

- Start of construction of ammonia transshipment terminal in the Port of Taman (Krasnodarsky Region)

2006

- The produced urea formaldehyde concentrate was awarded the certificate “100 Best Russian Goods”

2007

- The produced technical ammonia was awarded the certificate “100 Best Russian Goods”

2011

- Commencement of large-scale program for modernization and revamping of production facilities

2014

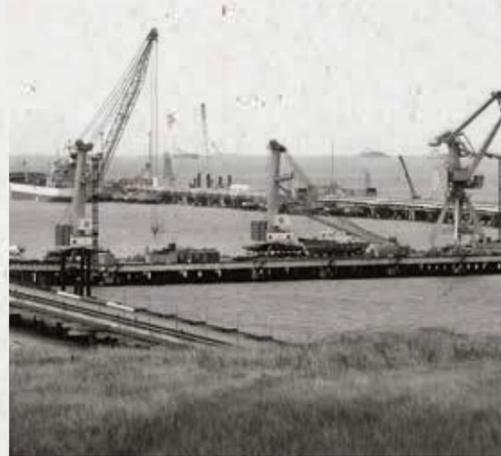
- Production of the 70 millionth ton of ammonia

2015

- TOAZ entered TOP-200 largest Russian companies according to RBC magazine and Expert-400
- The products of the Company entered into “100 Best Russian Goods”
- The 1st position in the ranking “100 largest enterprises in Togliatti”
- TOAZ became the winner of the competition “Leader of environmental activity in Russia 2015”

2016

- TOAZ is the 50th largest company in terms of net profit according to RBC magazine
- TOAZ won the award “Philanthropist of the Year” following the results of 2015
- TOAZ health and safety inspector held the 3rd position among the best in Russia



2017

- Production of 80 millionth ton of ammonia
- TOAZ entered Forbes rating “200 Largest private companies in Russia”
- TOAZ held the 256th position in RAEX-600 index in terms of gross income from sales of products, works, services
- TOAZ held the 230th position in the annual ranking of RBC Top-500 largest companies in terms of revenue
- Togliattiazot was among the winners in the nomination “For achievements in the field of occupational safety and health of workers” in the competition of Russian Union of Industrialists and Entrepreneurs (RUIE)
- TOAZ became the winner in the nomination “Safe Production Leader” in the award “People of the City”

2018

- Commencement of Urea Plant No. 3 construction
- TOAZ continued implementation of the construction project of transshipment terminal in the sea port of Taman
- TOAZ launched corporate housing program for employees
- Start of implementation of improvement program “YIW: Your Idea Works”



2019

- Togliattiazot celebrated the 40th anniversary of its successful work
- Achievement of a record indicator of 3 million tons for annual production of ammonia in the entire history of operations
- Achievement of a record indicator of more than 1.9 million tons in terms of volumes of ammonia pumped through the Togliatti-Odessa pipeline
- Shipment of 60 million tons of ammonia since the start-up of the factory
- Ammonia Plant No. 7 became the leader in terms of the amount of ammonia produced, its result reached 620 thousand tons
- Ammonia Plant No. 2 produced the 12 millionth ton of product since the start of production in 1979
- Creation of engineering and technical classes on the basis of two schools in Togliatti
- Nadezhda health resort celebrated the 20th anniversary of its work
- Launch of a corporate professional skill competition for mentors
- Togliattiazot became the largest supplier of urea to the Russian market, the company's share in the market of this mineral fertilizer in the Russian Federation amounted to over 38% (data of FAS Russia)

- TOAZ took 16th place in the rating of business leaders in terms of energy efficiency by RAEX rating agency
- TOAZ entered the TOP-20 socially responsible companies in RAEX-600 (17th place)
- Togliattiazot took 1st place in Samara region in the ranking of the 100 largest industrial companies by labor productivity from the business portal “Production Management”
- TOAZ took 247th place in the RAEX-600 rating in terms of gross income from the sale of products, works, services
- Togliattiazot took 231st place in the rating of the largest companies in the Russian Federation according to RBC
- TOAZ traditionally entered the TOP-200 largest private companies according to Forbes (173rd place, in 2018 it took 192nd)
- TOAZ was included in the list of the country's largest exporters according to Expert magazine (60th place)
- TOAZ was awarded “Commerçant of the Year” in nomination “Modernization” by the Kommersant-Volga publishing house



THE CORPORATE HISTORY

XXI CENTURY

MODERNIZATION

From 2012

- The beginning of the implementation of a large-scale program for the modernization and revamping of production facilities, set until 2022. All projects are aimed at reducing the consumption of raw materials, reducing the environmental impact and increasing production

2013

- Large-scale repair of Ammonia Plant No. 2

2014

- Modernization of Ammonia Plant No. 1
- Renewal of the bus fleet for comfortable transportation of factory employees

2015

- Large-scale repair of Ammonia Plant No. 4 (completed in 2016)

- The first stage of the overhaul of the water disposal system (completed in 2016)
- Modernization of Ammonia Plant No. 6 (completed in 2016), which led to an increase in the capacity of the plant by more than 20%
- The first stage of the project for renewal of thermal insulation at the technical facilities of the enterprise

- Overhaul of the isothermal ammonia storage facility

2016

- Modernization of TOAZ own railway infrastructure
- Large-scale repair of Ammonia Plants No. 3,4

2017

- Overhauls of:
 - Urea Plants No. 1, No. 2,
 - isothermal storage facility No. 2,
 - Ammonia Plants No. 2, No. 5
 (with a complete renewal of the cooling tower)

2018

- Completion of overhaul of Ammonia Plant No. 7
- Increase of Ammonia Plant No. 5 productivity to 1750 tons/day due to modernization
- Implementation of a modern Yokogawa automated system at urea plants, which will increase the safety and efficiency of Plant control
- Replacing of the reactor at Urea Plant No. 2 (which was a unique procedure)

2019

- At the end of the year, the Board of Directors of PJSC TOAZ approved a new strategy for 2019–2029, it amounts to 112 billion rubles
- Start of the maintenance and repair system improvement program
- Procurement of 50 mineral hoppers for transportation of urea
- Implementation of an electronic face recognition system at checkpoints

- Active phase of construction of Urea Plant No. 3; the Prilling Tower has grown up to 35 meters
- Start of the program of repairs in social premises at production
- Completion of overhaul of Ammonia Plant No. 3; the project is one of the largest in the history of the enterprise in terms of scope of work and investments
- TOAZ continues the renewal of the factory railway infrastructure; in the shop for preparation of ammonia for transportation (No. 13), a 300-meter section of track No. 10 was repaired
- Continuation of technical re-equipping of the existing chemical water treatment unit at the urea production; the facility is strategically important for the Company: the unit will be able to meet the needs of three urea plants
- Completion of scheduled overhauls at Urea Plant No. 2 and Ammonia Plant No. 6



AWARDS OF THE COMPANY

Contribution of PJSC TOAZ into social, economic and environmental development of the region of presence and the whole country is annually marked with various awards. Various federal and regional awards and commendations also evidence labour achievements and active stance of the team.



THE MINISTRY OF AGRICULTURE OF THE RUSSIAN FEDERATION

- Letter of gratitude “For the active work in 2019 to provide domestic agricultural producers with mineral fertilizers”

SECTORAL: CORPORATE, REGIONAL AND CITY AWARDS

- Letters of appreciation of PJSC TOAZ were given to **26 EMPLOYEES**
- Certificates of honour were given to **26 EMPLOYEES**
- **10 EMPLOYEES** were recognized by the title “Honoured Employee”
- **20 EMPLOYEES** were listed on the board of honour
- **12 EMPLOYEES** were awarded according to the results of the review competition for the best authorized OSH specialist
- **79 EMPLOYEES** received external awards (of local government, Samara region, departmental)

THE COMPETITION OF SAMARA REGION TRADE UNIONS FEDERATION

- Collective Bargaining Agreement of PJSC TOAZ for 2017-2020 was recognized as the best in the region

TRADE UNION

- The chairman of the TOAZ Trade Union committee, deputy of the regional дума Olga Sevostyanova was awarded the badge “For serving the law” of the Samara Regional Duma.
- Certificate of honour of the Samara regional committee of the Russian Trade Union of Workers of Chemical Industries was given to **5 EMPLOYEES**
- Badge of Trade Union “Honour Badge” of the third degree was given to **1 EMPLOYEE**
- **2 EMPLOYEES** were awarded the title “Honoured Veteran of the Trade Union Movement of Chemical Industry Workers of Samara Region”
- **3 EMPLOYEES** were honoured with an award “The Best Young Trade Union Leader”
- **1 EMPLOYEE** received badge of honour of the Russian Trade Union of Workers of Chemical Industries “For Proactive Efforts in Trade Union” of the first degree
- **1 EMPLOYEE** received badge of honour of the Russian Trade Union of Workers of Chemical Industries “For proactive efforts in Trade Union” of the second degree
- **1 EMPLOYEE** was awarded badge of honour of the Governor of Samara Region “For the Development of the Trade Union Movement in Samara Region”
- **39 EMPLOYEES** received diplomas of the Trade Union committee of PJSC TOAZ

“ARCHIMEDES -2019”

- The medal of the Russian national Intellectual Property Organization “For Invention” was awarded to Sergey Afanasyev, Head of the Bureau for Development and Protection of Intellectual Property Objects of PJSC TOAZ, Professor of Togliatti State University

COMPETITION OF THE ONLINE MEDIA FERTILIZER DAILY

- The newspaper “Volzhsky Chemist” became a laureate in the nomination “The best corporate media in the chemical industry of Russia and foreign countries”

INTERNATIONAL COMPETITION OF CORPORATE MEDIA “MEDIA LEADER, 2019”

- The project “Corporate video: 40 years in a single rhythm” took **2nd PLACE** in the nomination “The Best Corporate Film for Clients”

RUSSIAN COMPETITION “THE BEST CORPORATE MEDIA -2020”

- Illustrated edition “TOAZbuka” (TOAZ alphabet) is a laureate. It is awarded a special nomination “The Best Corporate Edition for Children”

NATIONAL COMPETITION OF CORPORATE MEDIA “SILVER THREADS”

- The video “40 years in a single rhythm” won the Grand Prix in the nomination “The Best Corporate Video”
- The booklet “40 years of PJSC TOAZ” was awarded a diploma in “The Best Design” nomination
- The Corporate alphabet “TOAZbuka” became a laureate in the nomination “The Highest Achievement: Creative Solutions in Corporate Nominations”

VOLGA REGION ANNUAL AWARD OF THE BEST MARKETING SOLUTIONS VOLGA BRAND – 2019

- The project “Power in Truth” took **1st PLACE** in “The Best Solution in Outdoor and Print Advertising” nomination
- The music video “40 years in a single rhythm” took **2nd PLACE** in the nomination “The Best Solution in Video and Radio Advertising”
- Special prize “For Loyalty to the Native Enterprise” from the publishing house Rossiyskaya Gazeta

REGIONAL STAGE OF THE NATIONAL PRIZE “SILVER ARCHER”, SAMARA

- The project “Intellectual Club Chemistry of the Word” became the winner in the nomination “Corporate Social Responsibility”. The project became a participant in the federal stage competition
- The project “Newspaper Volzhsky Chemist. Restart” became the winner in the category “Internal Communications and Corporate Media”. The project became a participant in the federal stage of the competition

ANNUAL BUSINESS FORUM “RESULTS OF THE YEAR” ORGANIZED IN SAMARA BY THE PUBLISHING HOUSE KOMMERSANT-VOLGA

- Award in the “Modernization” nomination for the development of own production

“INSPIRATION” NAME AWARD OF THE CITY ADMINISTRATOR

- Intellectual club “Chemistry of the Word” became a laureate of the first degree

40 YEARS OF THE COMPANY'S ACHIEVEMENTS

In 2019, Togliattiazot celebrated the 40th anniversary of the factory. The first ammonia was produced at TOAZ on April 7, 1979.

Public Joint Stock Company Togliattiazot is the leading producer of ammonia in Russia, one of three enterprises in the world, the capacity of which allows to manufacture more than 3 million tons of this product per year at one production site. TOAZ is also the largest supplier of urea to the Russian agricultural market, produces urea-formaldehyde concentrate and other chemical products that are in demand by consumers on five continents. Togliattiazot is one of the leading taxpayers and employers in Samara region, and is one of the largest companies in Russia according to the magazines RBC, Forbes and Expert.

TOAZ PRODUCTION AREA IS MORE THAN

200 HA



OWN RAILWAY PARK CONSISTS OF

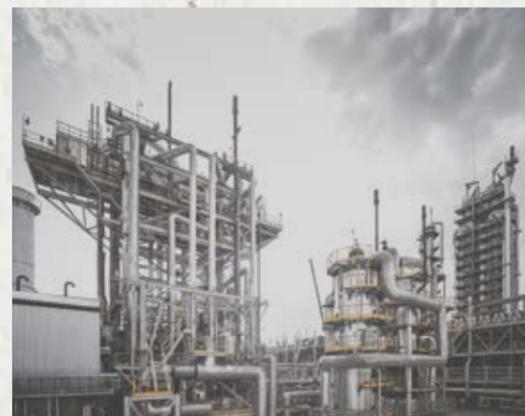
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WAGONS



ACCESS TO THE UNIQUE AMMONIA TOGLIATTI-ODESSA PIPELINE WITH A LENGTH OF

2 400 KM



COMPANY PERFORMANCE INDICATORS FOR 40 YEARS

VOLUMES OF PRODUCTION:

AMMONIA	UREA
84.1	26.1
MILLION TONS	MILLION TONS

INVESTMENT VOLUME:

47.5	MORE THAN 30
BILLION RUBLES	BILLION RUBLES
OF INVESTMENTS SINCE 2012	IN TAXES WAS PAID TO BUDGETS OF VARIOUS LEVELS SINCE 2012



EMPLOYEES

TOTAL EMPLOYEES OVER 40 YEARS

35 912

EMPLOYEES

from PJSC TOAZ
34 568
EMPLOYEES

from CJSC Corporation Togliattiazot
1344
EMPLOYEES



AWARDED:

- Order of the Red Banner of Labour 6
- Order of the Badge of Honour 14
- Order of Glory of Third Class 6
- Order of Merit for the Chemical Industry 8
- Medal "For Labor Valor" 21
- Medal "For Labor Distinction" 24
- Honoured Oil Chemist 55
- Honoured Chemist 82
- Honoured Construction Worker 9
- Honoured Energy Worker 26
- Honored Employee of CJSC Corporation Togliattiazot 5
- Honored Employee of PJSC TOAZ 27

- The total number of benefits in the Collective Bargaining Agreement of PJSC TOAZ is 53 BENEFITS, GUARANTEES AND COMPENSATIONS
- Collective Bargaining Agreement of PJSC TOAZ is the best in the region for 2 years
- 100% of PJSC TOAZ employees receive VHI
- 1200 PUPILS have graduated from the kindergarten "Tulip"
- The total number of people who received health improvement services for the entire period of operation of the Nadezhda health resort is MORE THAN 80 000
- Number of types of professional skills competitions is 18
- The total number of competition participants is 684 EMPLOYEES



ENVIRONMENTAL PROTECTION

40 HA

IS TOTAL AREA OF FOREST PLANTS TO REPLACE THE BURNT DOWN FOREST

266 THOUSAND

TOTAL NUMBER OF YOUNG FISH RELEASED IN THE WATER BODIES OF SAMARA REGION



STRATEGY AND VISION OF SUSTAINABLE DEVELOPMENT

1

1.1 COMPANY OVERVIEW
1.2 COMPANY GOVERNANCE STRUCTURE
1.3 COMPANY'S STRATEGIC PRIORITIES
1.4 RISK MANAGEMENT IN THE FIELD OF SUSTAINABLE DEVELOPMENT
1.5 STAKEHOLDER ENGAGEMENT
1.6 INNOVATION DEVELOPMENT OF THE COMPANY

1.1 COMPANY OVERVIEW

Public Joint Stock Company Togliattiazot is one of the largest enterprises in Russian chemical industry, a recognized leader of the industry in the country and abroad.

Production facilities of PJSC TOAZ are located 12 km to the north-east of Togliatti in Samara region and on the area of more than 200 hectares, uniting an industrial complex and administrative buildings.

The main activity of the Company is production of ammonia, urea, UFC and ammonia water. The capacities of the facilities operated by PJSC TOAZ allow to produce annually:

- More than 3 million tons of liquid ammonia at seven large-scale plants;
- 960 000 tons of urea at two plants;
- 47 000 tons of UFC at two units;
- 109 000 tons of ammonia water.

PJSC TOAZ IS ONE OF THE WORLD'S LARGEST CHEMICAL ENTERPRISES CAPABLE OF PRODUCING MORE THAN 3 MILLION TONS OF AMMONIA AT ONE PRODUCTION SITE ANNUALLY.

Stable and reliable supplies are ensured by a developed transport infrastructure, which includes rail car and motor vehicle fleets and the unique Togliatti-Odessa ammonia pipeline of more than 2400 km in length.

At the end of 2019, the Board of Directors of PJSC TOAZ approved a new development strategy for the Company until 2025. The strategy formalized the mission of Togliattiazot, which the management and members of the Board of Directors formulated as, "We care about fertility and productivity for the benefit of the whole world". The document states that the Company will strive to become the leader in the production of nitrogen mineral fertilizers in Russia and enter the five largest producers in the world. To achieve this goal, the strategy assumes an increase in production (including ammonia by about 40% to 4.15 million tons per year and urea by more than 2.5 times, up to 2.53 million tons per year) and an increase in EBITDA by 3.3 times.

The new strategy of PJSC TOAZ outlines the development directions that will allow the enterprise to achieve the declared indicators.

Investments in the development of production facilities and an increase in production volumes will amount to 112 billion rubles.

"The new strategy declares an ambitious vision that reflects the leadership aspirations not only of the management, but of the entire team of Togliattiazot. We believe that the achievement of the declared indicators in the medium term is absolutely realistic, since over the past 7 years a huge amount of work has been done within the framework of the strategic modernization program; more than 47.5 billion rubles has been invested in the renovation of TOAZ's production facilities. The next step, which is recorded in the new strategy, is the development of production, expansion of the product portfolio, a more active presence on the market, so that Togliattiazot products are associated with efficient agriculture worldwide".

Petr Ordzhonikidze
Chairman of PJSC TOAZ
Board of Directors

More detailed information about the Company is contained in the Annual Report of PJSC TOAZ for 2019, which is presented on the Company's official website (www.toaz.ru) in the Investors section.

DEVELOPMENT DIRECTIONS OF THE COMPANY

IMPROVING OPERATING EFFICIENCY	IMPROVING COMMERCIAL EFFECTIVENESS	PRODUCTION SITE DEVELOPMENT
<ul style="list-style-type: none"> • Bringing the repair service in line with best practices in terms of frequency and duration of shutdown repairs • Improving labor efficiency and reducing gas consumption 	<ul style="list-style-type: none"> • Change in the structure of sales in foreign and domestic markets • Improving commercial terms for key products with key buyers 	<ul style="list-style-type: none"> • Construction of Urea Plant No. 4, ammonium nitrate and urea ammonium nitrate units for the production of new products • Completion of the construction of a terminal for transshipment of fertilizers in Taman • Improving the performance of ammonia plants

1.2 COMPANY GOVERNANCE STRUCTURE

The corporate governance of PJSC TOAZ is a set of processes ensuring regulation and control of the Company's activities for the benefit of shareholders and the team. The shareholders are represented by the Board of Directors. The interaction of the Board of Directors and senior executives is focused on maintaining the most effective corporate governance system.

Due to reliance on its own capacities and maximum self-sustainability, the Company has been steadily working for 40 years under various external political and economic conditions.

In its activities, the Company strives to comply with the following principles of the Corporate Governance Code, recommended for use by the Bank of Russia:

- Equal and fair treatment of all shareholders with the exercise of their right to participate in the management of the Company;
- Equal and fair opportunity for shareholders to participate in profits of the Company through receipt of dividends;
- Reliable and efficient ways of consideration of shareholders' share rights, as well as the possibility of free and unburdensome disposal of their shares;
- The right for regular and timely acquisition of complete and reliable information on the activities of PJSC TOAZ in accordance with the requirements and provisions of the Federal Law "On Joint Stock Companies", as well as on the Internet page used by the Company for information disclosure:
www.e-disclosure.ru/portal/company.aspx?id=23343.

In accordance with the articles of association, the company's management bodies are:

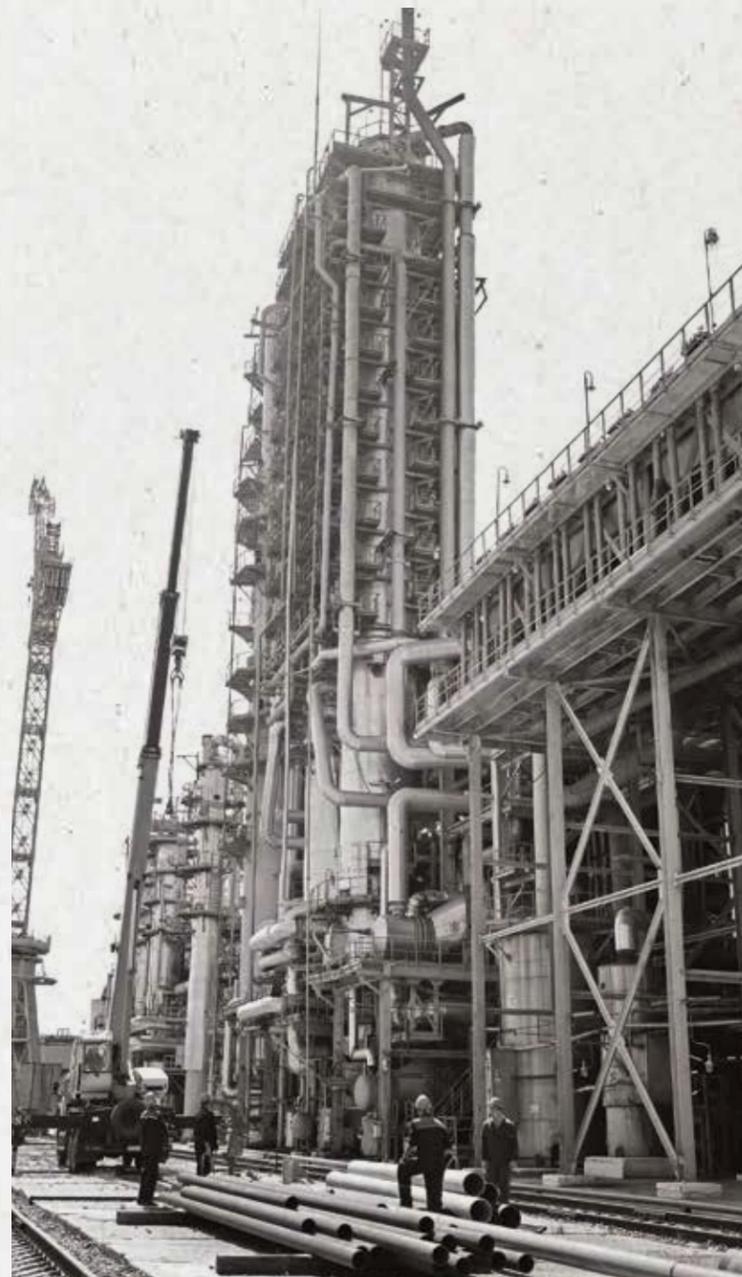
- General meeting of shareholders; Board of Directors;
- Single executive body (PJSC Corporation Togliattiazot).

The General meeting of shareholders is the highest governing body of PJSC TOAZ. The Board of Directors is a collegial body consisting of five members. Independence of directors is determined in accordance by the Corporate Governance Code. The order of activities of the Board of Directors is regulated by the Articles

of Association and the Regulations on the Board of Directors approved at the general meeting of shareholders held on 29.04.2017 (Minutes of meeting No. 38 dd. 03.05.2017). All members of the Board of Directors have many years of experience in the chemical industry and have participated in the implementation of best practices and projects both in the industry and in other spheres. The amount of remuneration of members of governing bodies of the Company and

key managers directly depends on the performance of the Company.

In order to control the financial and economic activities of the Company the Audit Commission is elected. At the request of the Audit Commission, persons holding positions in the management bodies of the Company are required to submit documents on the financial and economic activities of the Company. The Audit Commission is entitled to request the calling of an extraordinary General meeting of shareholders.



• Repair work on the Ammonia Plant

1.3 COMPANY'S STRATEGIC PRIORITIES



• Factory management building

Public Joint Stock Company Togliattiazot is guided by a long-term development program, which is aimed at strengthening the Company's competitiveness both in the Russian, and in the global chemical markets. In an effort to make business as efficient as possible, the Company modernizes production, optimizes management processes, reduces environmental burden, and invests in human capital assets and the prosperity of the region of presence.

The strategic goal of PJSC TOAZ is the continuous growth of the Company's capitalization, achievement of maximum business efficiency and leadership in the chemicals' production to ensure sustainable development for the benefit of shareholders, team, partners and consumers. According to TOAZ, achievement of this goal is possible only through ensuring environmental and industrial safety, preserving the life and health of employees and people affected by the Company's activities.

TOAZ values and principles:

- Due regard for the interests and expectations of the stakeholders;

- Constant search for new solutions;
- Continuous improvement of the technological capabilities;
- Ethical business management.

At the end of 2019, with the adoption of a new strategy, a clear understanding was formed in accordance with which the direction of the Company's work will be built from 2020 and on which priorities it will rely.

The main strategic priorities of the Company are the growth of internal efficiency and expansion of production, which together will lead to an increase in the value of the business and will allow achieving the strategic goal of leadership in the Russian and world markets.

By 2025, the Company plans to significantly increase production, expand its sales geography and product portfolio, which will make it the world's fifth largest producer of nitrogen mineral fertilizers. Such a change in the market position will require investments in the amount of 112 billion rubles, a change in corporate culture and a significant increase in operating efficiency.

To achieve the growth stated in the strategy, the management of the Company will ensure significant changes in the following areas:

- Increase of operational efficiency. This implies an increase in labor productivity of all groups of

workers, a reduction in the specific consumption of resources, as well as an increase in the productivity of ammonia and urea plants. The latter is achieved by reducing the duration and frequency of shutdown repairs to best practice levels and in accordance with industrial safety requirements;

- Increase of sales efficiency. It is planned to switch to direct sales both in the domestic and foreign markets, as well as to revise the trading conditions for working with buyers;

• Product line development. It is planned to build units for the production of ammonium nitrate and UAN at the factory in Togliatti, which will lead to diversification of the Company's product portfolio and an increase in its marginality. There are also plans to increase the production of urea, including packed in big-bags.

- Construction of Urea Plant No. 4 in Togliatti and completion of work on the urea transshipment terminal in Taman will lead to an increase in urea production and optimization of commercial costs.

Not the least important place among the strategic priorities of the Company is given to the issues of production safety, increasing the efficiency of the Company management and increasing the involvement of employees.

1.4 RISK MANAGEMENT IN THE FIELD OF SUSTAINABLE DEVELOPMENT



• The Construction of Urea Plant No. 3

RESULTS OF COMPANY'S PERFORMANCE FOR 2019 BY MAJOR AREAS OF DEVELOPMENT	
DEVELOPMENT DIRECTIONS	RESULTS OF COMPANY'S PERFORMANCE FOR 2019
Improving of operational efficiency	The company focused on improving production efficiency through the systematic implementation of modernization and overhaul of priority facilities. Technical re-equipment and modernization of basic production assets, large-scale renovation of the production base of the enterprise were carried out. In particular, overhauls of Ammonia Plants No. 3, 6 and Urea Plants No. 1, 2 were completed. Implementation of a program to improve the system of maintenance and repairs was started. Ammonia production increased compared to the previous year. Compared to the previous year, the production volumes of urea and UFC also increased.
Increasing of commercial efficiency	The company focused on selling ammonia and urea directly to end customers, bypassing agents and traders. This will lead to an increase in marginality, and thus reduce the Company's dependence on traders.
Expansion of sales markets	The existing sales markets have been preserved. The priority is to promote in the domestic market of the Russian Federation and the Middle East.
Effective human resources management	The Collective Bargaining Agreement of TOAZ is recognized as the best in the region. In 2019, the Company spent over 28.5 million rubles on employee training. TOAZ has allocated 400 VHI policies to family members of employees. In 2019, 140 million rubles was allocated for medical support and health care of employees. Holding a corporate competition of professional skills for mentors. Implementation of the Career Guidance program to attract young professionals.
Ensuring industrial and environmental safety	In 2019, there were 4 incidents with loss of ability to work (minor injury). The LTIFR injury rate is 0.58. There were no cases of occupational diseases.
Development of the region of presence	Payments to the budget of Samara region amounted to 3.5 billion rubles. A number of social projects was implemented in the field of culture, ecology, sports, health and education. A scholarship program to support gifted musicians "Impulse", an educational project of the lectures Intellectual Club "Chemistry of the Word", a program for development of personal and professional skills of people of pre-retirement age "Chemistry of Experience" were implemented. The program of grants for families who adopted children left without parental care is continuing.

PJSC TOAZ, like any industrial company, faces certain risks in its work, the level of which is influenced by internal and external factors. External factors are associated with the economic and political situation, the situation on the labor and capital markets, which the enterprise cannot have a direct impact on:

- Geopolitical situation;
- Shortage of qualified personnel in the region;
- Currency fluctuations and inflation;
- Negative coverage and activities of competitors' lobbying groups;
- Reduction of natural resources;
- Changes in legislation resulting in additional costs to bring the activity of the Company in line with them.

In addition to the external conditions, the Company is affected by the following internal factors:

- Imperfection of a number of business processes;
- Human mistake factor.

The risk management policy is an important component of improving the efficiency of the Company's operational and strategic activities, which is aimed at identifying and assessing unfavorable factors and threats in order to prevent or reduce the likelihood of their occurrence. Timely identification of risks and development of scenarios for their management contribute to the achievement of the Company's strategic goals in the field of sustainable development.

In addition, risk management ensures the stability of the Company's operation in changing external conditions, promotes the Company's image and

builds trust on the part of stakeholders.

The Company has approved the Regulation on the Risk Management System, formed the Risk Management Department and has a Risk Management Committee.

The main tools used in the risk management policy are:

- Compliance of the Company's activities with the requirements of international and Russian standards;
- Long-term financial and investment planning;
- Rejection of risk investments;
- Comprehensive insurance;
- Increasing labor productivity and awareness of employees' activities;
- Introduction of modern technologies and processes of production and management, contributing to the further development of the Company.

Togliattiazot is one of the leaders in the Russian chemical complex. Due to the fact that about 70% of manufactured products are exported, the Company is exposed to both internal and external factors that may have a negative impact on its activities:

- The main activity of the enterprise is related to the chemical industry, the production of hazardous substances, i.e. along with mining, metallurgical and fuel, it is technologically hazardous in nature;
- An increase in prices (tariffs) for products and services of natural monopolies, including an increase in the price of natural gas used in the production of ammonia and fertilizers, an increase in the cost of energy and other resources, an increase in tariffs for railway transport;

- The focus of the enterprise on foreign buyers inherent in the design, which makes the enterprise dependent on the uninterrupted shipment of ammonia to the ammonia pipeline;
- Transit of ammonia through the territory of Ukraine is associated with possible failure to fulfill transit obligations, which entails risks of improper fulfillment of obligations under contracts;
- Establishment of quotas on the transit of ammonia through the territory of Ukraine;
- Commissioning of new capacities in fertilizer producing countries with cheaper resources leads to increased competition in world markets.

Industry risks

PJSC TOAZ takes all necessary measures to neutralize and reduce the impact of risks on the achievement of the strategic goals of the enterprise, including construction of ammonia transshipment terminal in Volna village of Temryuk district in Krasnodar Region, increase of production output of urea and development of railway logistics for the transportation of ammonia.

The Company pays much attention to modernization and technical re-equipping of the production complex, aimed at improving the quality of products and saving raw materials. This provides a margin of safety in the conditions of rising prices for raw materials and energy. Long-term contracts have been concluded with major suppliers, partnership relations have been strengthened.

One of the main elements of the Company's development is preservation and protection of the natural environment and reduction of man-induced impact in the area where the production site is located. All projects being carried out undergo an environmental impact assessment process from the moment of their development to implementation. Significant funds are allocated for environmental protection and industrial safety improvement.

Financial risks

The Company's activities are exposed to the following types of financial risks that may adversely affect it:

Foreign currency risk

Among the risks that industrial enterprises active in foreign trade have to face, there is a special place for foreign currency risk.

The export share of PJSC TOAZ is more than 70% of the total volume of manufactured products; the company also buys equipment, spare parts, catalysts, etc. abroad.

The Company is exposed to the risk of changes in exchange rates in terms of cash flows related to sales, financing and investments. To mitigate this risk, the company seeks to match assets and liabilities denominated in one currency.

Interest rate risk

This type of risk may have a negative impact on the Company's activities with an increase in the cost of borrowed resources.

The following measures are taken by the Company to minimize exposure to interest rate risk:

- Continuous monitoring of macroeconomic indicators and the conditions in the financial market in order to predict changes in interest rates;
- Maintaining an impeccable credit history;
- Exercising control over the increase in the cost of paying interest or reducing the income from investments and receipts.

Liquidity risk

PJSC TOAZ constantly analyzes cash flows and, due to the dynamic development of the business, strives to provide a flexible financing system. To minimize the impact of liquidity risk, the company takes the following actions:

- Implementation of effective cash flow planning tools (payment calendar);
- Improving the efficiency of using free cash;
- Strengthening the expenditure control (improving payment procedures);
- Strengthening the budget control;
- Assessment of non-core production facilities' effectiveness.

Credit risk

It is connected with the possibility of a decrease in the value of assets as a result of the inability

of counterparties to fulfill their obligations to Togliattiazot.

In order to reduce credit risk, the company uses tools such as maintaining a system of long-term relations with buyers with an appropriate credit history, effective counterparty accreditation procedures, continuous monitoring of counterparty creditworthiness, the use of letters of credit and bank guarantees, settlements for partially supplied products and a decrease in the share of advance payments.

Inflation risk

Inflation risk has a comparable degree of influence with foreign exchange risk. Only that part of costs is subject to inflation risk, which is formed from resources that do not depend on prices for similar resources abroad, such as energy resources, labor costs, etc.

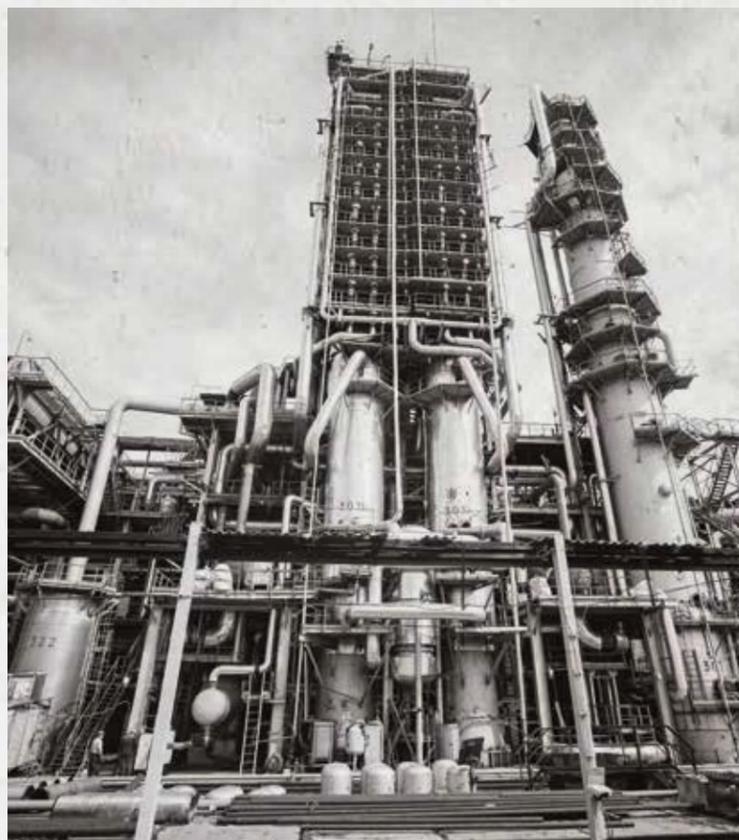
PJSC TOAZ also sells its products on the domestic market, where prices for finished products are also affected by inflation. In order to limit inflation, the Company is taking measures to improve production efficiency, including reduction in resource consumption, accelerating the turnover of current assets and

reducing the terms of turnover of accounts receivable.

Legal risks

In the Russian economy, there is a risk of changes in tax conditions: tax legislation is being reformed, and the existing laws allow their ambiguous interpretation and can negatively affect the activities of the enterprise. Changes in the rules of currency regulation, customs control and duties can also have a significant impact on the company due to the high volumes of product export.

The company is forced to spend significant efforts and funds to protect its assets, conduct legal proceedings related to unfounded claims of tax authorities and minority shareholders. State authorities regularly carry out numerous checks. At the request of the Investigative Committee of the Russian Federation, the court imposed a temporary arrest on the property of PJSC TOAZ within the framework of a criminal case, which limits the possibility of disposing of it. At the same time, this temporary arrest does not impose any restrictions on the operational management of property and its use for the production activities of the Company.



• Ammonia Plant



• Work process at Urea Plant No. 1

KEY RISKS OF THE COMPANY AND MITIGATION ACTIVITIES		
DIRECTION	BASIC RISKS	MITIGATION ACTIVITIES
Production process	<ul style="list-style-type: none"> • Risks of delivery of low-quality products; • Risks of late delivery • Risks of lack of local suppliers with sufficient qualifications • Increase of raw material prices • Technogenic hazard of products 	<ul style="list-style-type: none"> • Modernization and technical reequipping of production complex • Conclusion of long-term contracts, strengthening of partnership relations • Supplier accreditation procedure • Development of procedure for suppliers assessment • Measures for reduction of technogenic impact in the region of presence
Human resources management	<ul style="list-style-type: none"> • Risks of a shortage of qualified employees • Risks of an ineffective training system • Risks of insufficient motivation of employees 	<ul style="list-style-type: none"> • Providing a systematic approach to training, proficiency enhancement, retraining of the Company's employees • Implementation of a system of key performance indicators for all levels and categories of personnel • Youth engagement, cooperation with educational institutions



• Competition of volunteer fire brigades

KEY RISKS OF THE COMPANY AND MITIGATION ACTIVITIES		
DIRECTION	BASIC RISKS	MITIGATION ACTIVITIES
Finance	<ul style="list-style-type: none"> • Foreign currency risks • Interest rate risks • Liquidity risks • Credit exposure • Inflation risks • Legal risks 	<ul style="list-style-type: none"> • Compliance of assets and liabilities denominated in one currency • Continuous monitoring of macroeconomic indicators and the conditions in the financial market in order to predict changes in interest rates; • Maintaining an impeccable credit history; • Exercising control over the increase in the cost of paying interest or reducing the income from investments and receipts; • Implementation of effective cash flow planning tools (payment calendar); • Improving the efficiency of using free cash; • Strengthening the expenditure control (improving payment procedures); • Strengthening the budget control; • Assessment of non-core production facilities' effectiveness; • Effective counterparty accreditation procedures and continuous monitoring of counterparty creditworthiness; • Reduction in resource consumption; • Accelerating the turnover of current assets and reducing the terms of turnover of accounts receivable;
Environment	<ul style="list-style-type: none"> • Negative environmental impact (emissions, discharges, waste disposal, resource consumption) 	<ul style="list-style-type: none"> • Compliance with environmental legislation and adaptation of internal regulations to new requirements; • Long-term investment in environmental improvement of the region of presence; • Obtaining quotas for waste disposal; • Obtaining a license for waste disposal activities; • Introduction of technologies for processing and reuse of waste; • Undergoing ecological expert review;

KEY RISKS OF THE COMPANY AND MITIGATION ACTIVITIES		
OHS	<ul style="list-style-type: none"> • The risks of accidents at work • The risks of professional diseases • The risks of accidents and incidents 	<ul style="list-style-type: none"> • Compliance with legislation requirements in the field of industrial safety and labour protection, in particular, conduction a special assessment of labour conditions; • Actions to ensure facilities' operation in line with the imposed requirements; • Development of plans and strategic scenarios for emergency response; • Conducting regular comprehensive emergency training exercises for all services and workers; • Team training to reduce the risk of errors leading to work injuries, accidents and incidents; • Conducting behavioural safety audits (BSA); • "Leader-Winner" program aimed at developing an effective system of occupational safety and ensuring a high level of industrial safety;

Realizing the existence of the abovementioned risks, the Company makes every effort to minimize the potential impact of risks and to reduce the likelihood of their occurrence.

Timely identification of risks, development and implementation of measures to manage them contribute to the achievement of the Company's strategic goals in the

field of sustainable development. In addition, risk management ensures the stability of the Company in a volatile external environment, as well as enhances the image of the Company and the confidence of stakeholders.

The main tasks for 2020 in the field of risk management are the development of the regulatory

framework and a comprehensive assessment of the identified risks. Further plans for the development of the risk management system at PJSC TOAZ include process automation and improvement of the risk management culture, the integration of risk management into the decision-making and planning processes at all levels of the Company's management.

1.5 STAKEHOLDER ENGAGEMENT

When building up its activities, PJSC TOAZ takes into account the interests of all groups of stakeholders (parties interested in the Company's activities) and seeks mutually beneficial cooperation based on the principles of respect and responsible fulfilment of its obligations. Such open dialogue with stakeholders is the key to achieve high results and set strategic goals, improving business efficiency and risk management.

Togliattiazot determines a certain range of external and internal stakeholders directly or indirectly influencing the management decisions.

Stakeholder engagement is governed by legal requirements, the Collective Bargaining Agreement, documents on certain areas of activity, and existing agreements with stakeholders.

The Stakeholders are:

- State bodies;
- Mass media;
- Local communities;
- Workers and Trade Unions;
- Consumers and partners;
- Shareholders and investors.

To build an effective dialogue, the Company uses a wide range of communication channels, the choice of which depends on the specific features of interaction with a particular group of the stakeholders.

The most popular channels of interaction with stakeholders are Volzhsky Chemist corporate newspaper, corporate newscast on the radio, feedback boxes and information kiosks. Another effective channel of communication with employees are regular Information Days, i.e. meetings at which the Company managers report the results of work for the period and further development plans for each functional unit. Heads of workshops and departments, workers representatives of each workshop, the Youth Council and the Trade Union Committee representatives are invited to participate in the Information Day meeting.

In 2019, another feedback channel, called a "hot line", began to work, where employees of the enterprise can address if they notice the fact of any violation.



• View from the checkpoint of Togliattiazot

To interact with external audiences, the Company uses both its own channels (a corporate website, social networks, the Togliattiazot TV studio, newsletters, events) and public media. The Company strives for open, honest and multilateral dialogue with all audiences. TOAZ website has been translated into English.

Messages on important events are published in Press Center section of the official website of PJSC TOAZ. The News section contains the official press releases of the Company. The Mass Media About Us section contains publications of external mass media about the enterprise. The Corporate Newspaper section contains electronic versions of all issues of Volzhsky Chemist newspaper since 2017.

In 2019, Togliattiazot continued active development and use of its accounts in social networks:

- vk.com/toaz_official
- www.facebook.com/toazofficial/
- twitter.com/toaz_official

In the reporting year, the Company's official account was registered and began to be filled with content in another social network: [instagram.com/toaz_official_](https://www.instagram.com/toaz_official_)

All news releases of the corporate television studio "Togliattiazot TV" are available on the official YouTube channel:

www.youtube.com/c/toaz_official

The main objectives of the Company's presence in social networks are:

- Informing an unlimited number of people;
- Working with an external audience;
- Increasing loyalty to the Company;
- Maintaining the image of a modern, technological enterprise;
- Attracting the employees.

Interaction with stakeholders as part of Urea Plant No. 3 construction project is performed separately. Detailed data and contact addresses are listed on the site in the section About Company / Investment Projects / Urea Plant No.3

toaz.ru/rus/about/invest_projects/project_1.phtml?prod=1

Comments and suggestions on Sustainability Reports are accepted by phone and e-mail, indicated in the SummaryC section. All received messages will be considered and taken into account during the work on the next Reports.

STAKEHOLDER ENGAGEMENT IN 2019	
EXPECTATIONS OF A STAKEHOLDER	FORMS OF INTERACTIONS
EMPLOYEES AND TRADE UNION	
<ul style="list-style-type: none"> • Fair salaries • Occupational safety • Social benefits and bonuses • Opportunities for professional development • Consideration of employees' opinions and dispute resolution • Implementation of the Company's activities taking into account the interests of employees 	<ul style="list-style-type: none"> • Conclusion of labour and collective bargaining agreements • Holding regular meetings with management to get the employee feedback on social and production issues • Professional training of employees of various specialities and management levels • Lecturing on safety and labour protection • Implementation of internal social programs • Informing about the activities of the Company through the regular Information Days, Volzhsky Chemist corporate newspaper, radio newscasts, information kiosks, and other channels of internal communication • Consideration of appeals filed through the "hot line", to the editorial board of the internal newspaper Volzhsky Chemist, corporate e-mail as well as on "hot line" telephone 60-17-77 • Participation of Trade Union representatives in labour dispute resolution • Participation of Trade Union representatives in industrial safety compliance checks • Preparation of the Report on compliance with the Collective Bargaining Agreement
SHAREHOLDERS AND INVESTORS	
<ul style="list-style-type: none"> • Economic performance of the Company • Increase in the Company value • Investment potential of the Company • Stability of business over a long period 	<ul style="list-style-type: none"> • Involvement in the activities of the Company through the General meeting of shareholders • Informing of shareholders through: <ul style="list-style-type: none"> - Publication of annual reports, - Publication of sustainable development reports, • News portal of PJSC TOAZ website
PUBLIC AUTHORITIES	
<ul style="list-style-type: none"> • Maintaining of employment level • Ensuring safe production • Reducing negative environmental impact • Assistance in environmental monitoring by regional enterprises • Support of social and economic development of the regions 	<ul style="list-style-type: none"> • Implementation of social programs and projects of the region of presence development • Legislative and regulatory dialogue • Participation in expert councils and industry associations • Coordination of the Company's projects in the framework of production modernization • Reporting on the Company's activities

EXPECTATIONS OF A STAKEHOLDER	FORMS OF INTERACTIONS
LOCAL COMMUNITIES	
<ul style="list-style-type: none"> • Local communities support programs • Implementation of the Company`s activities with due account for the local communities` interests • Reducing the negative environmental impact and contributing to environmental improvement 	<ul style="list-style-type: none"> • Conclusion of cooperation agreements • Company`s social initiatives implementation • Holding public events • Publications in local mass media • Communication with non-profit organizations
MASS MEDIA	
<ul style="list-style-type: none"> • Completeness and accuracy of public information on the Company`s activities and its impact on the life of the region 	<ul style="list-style-type: none"> • Press releases on important events • Press conferences arrangement • Informing the media through news and public reports

1.6 INNOVATION DEVELOPMENT OF THE COMPANY

Research and innovative technologies are an important component of the Company`s development. TOAZ employees participate in the development of various solutions aimed at production processes improvement, based on their many years of experience and high qualifications.

TOAZ holds more than 100 patents for inventions.

Scientific and practical activities are an important component in terms of operation and modernization of the Company. The Company actively invests in the production facilities re-equipping and introduces into the process both advanced world technologies and the solutions developed with the participation of TOAZ employees. The Company has Intellectual Property Development and Protection Department (hereinafter – IPDPD).

IPDPD employees conduct research and develop innovative technologies for application in the chemical industry. All the innovative development results of the Company are legally protected, currently the Company has more than 100 patents for inventions. These up-to-date solutions are implemented as part of the modernization process and are used to increase the operational efficiency of production and solve specific problems in the field of environmental protection.

Togliattiazot is always open to exchange information on the existing technical achievements with the expert community and other enterprises of chemical industry.

IPDPD specialists regularly publish research papers on topics relevant both for the Company and for the whole industry, and also generalize the accumulated information and publish it in the form of textbooks for universities, which are sent to the scientific libraries of the region of presence and other regions.

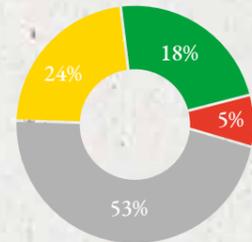
In 2018, the motivational program “YIW. Your idea works” was started. It is aimed at increasing the involvement of employees in the development of the enterprise, increasing productivity and quality of work performed, eliminating economic and organizational losses, improving working conditions, increasing the comfort and safety of the workplace. In 2019, as part of the “YIW. Your idea works” 240 applications with ideas were submitted from TOAZ employees, 109 applications were accepted for implementation based on the results of the commission review.

In 2019, the following ideas were implemented: “Installation of a service platform for clean and dirty CO2 fraction valves”; “For improvement of cooling of the front bearing of IM-1001 motors”;

“On connection of Bentley Nevada 7200 vibration monitoring system of carbamate pumps 11-MP-2B, 14-MP-2A to the automated process control system Centum VP using the Modbus RTU protocol”; “On reconnecting the Enraf servo level control station from the APC Smart-UPS 750 uninterruptible power supply to the LIEBERT uninterruptible power supply unit of the HINET system”.

The total economic effect from ideas accepted for implementation is more than 32.8 million rubles.

YIW | IDEAS FOR IMPLEMENTATION, 2019



- Improving workplace organization and working conditions
- Improvement of technical and economic indicators
- Reduction of waste of raw material and time
- Environmental safety progress



Ammonia production unit

PRODUCTION, SAFETY AND SALES OF PRODUCTS

2

2.1 TYPES OF PRODUCTS AND PRODUCTION VOLUME

2.2 ENSURING SUPPLY OF RAW MATERIALS AND EQUIPMENT

2.3 PRODUCTION EFFICIENCY

2.4 PROGRAM OF MODERNIZATION AND REVAMPING OF PRODUCTION FACILITIES

2.5 CONSTRUCTION OF UREA PLANT NO. 3

2.6 RESTRUCTURING OF THE REPAIR SERVICE

2.7 SALES MARKETS AND TRANSPORTATION OF PRODUCTS

2.8 LABORATORY RESEARCH AND DEVELOPMENT

2.1 TYPES OF PRODUCTS AND PRODUCTION VOLUME

3 019 000 tons – ammonia output
785 000 tons – urea output
45 000 tons – UFC output

PJSC TOAZ is one of the largest chemical enterprises in Russia, one of the three major producers of ammonia in the country and among the ten world leaders.

The main activity of the enterprise is the production of mineral fertilizers and chemical products. Currently, the factory is comprised of seven plants for production of ammonia and two urea plants, located in the territory

of approximately 300 hectares of the production site.

Togliattiazot is one of three chemical complexes in the world capable of producing three million tons of ammonia annually.

Ammonia is one of the most important products of the chemical industry, as it is used to obtain nitrogen-containing compounds, nitric acid and fertilizers (ammonium nitrate, urea, complex fertilizers).

The introduction of 100 kg of ammonia per hectare of land increases yield of wheat by 8-10%, corn by 60 %.

2019 was not only an anniversary year for Togliattiazot, but also a record year in terms of production performance indicators. TOAZ produced a record volume of ammonia in 40 years of operation – 3 019 000 tons, which is 9.6% more compared to 2018.

Urea output in 2019 amounted to 785 000 tons which is 19.7% more than in 2018.

UFC output in 2019 increased in relation to the result of 2018 by 3.8% and amounted to 45 000 tons.

Ammonia water output in 2019 increased compared to 2018 by 28.7% and amounted to 59 600 tons.

PRODUCTS OUTPUT, '000 TONS					
	2016	2017	2018	2019	Dynamics 2018-2019
Ammonia water	64	52	46	59,6	29.6%
UFC	129	96	43	45	4.7%
Urea	552	720	655	785	19.8%
Ammonia	2856	2642	2754	3019	9.6%
Total	3601	3510	3498	3909	11.75%

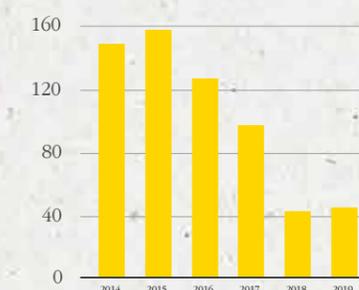
PRODUCTS OUTPUT FOR 2014-2019 ('000 TONS)



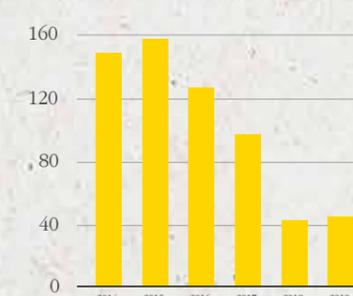
AMMONIA OUTPUT, '000 TONS



UFC OUTPUT, '000 TONS



UREA OUTPUT, '000 TONS



CONSUMERS

Agriculture	-Production of fertilizers
Chemical industry	-Production of cosmetic, dyes and detergents
Pharmaceutical companies	-Production of medicines
Household chemicals	-Formaldehyde resins production
Transport sector	
Woodworking enterprises	

In 2019, Ammonia Plant No. 2 produced 12 million tons of products since the start of its operation; Ammonia Plant No. 6 produced 13 million tons. Ammonia Plants have achieved the production indicator of 85 million tons since their start-up. Both Urea Plants have produced 26 million tons of products since the start-up.

Ammonia Plant No. 7 increased its productivity. It reached a record output for PJSC TOAZ of 620 000 tons per year.

In the reporting year, a record volume of ammonia shipment since the start of the plant for 60 million tons was achieved.

After the technical re-equipment of Plant No. 3, a record (among Chemicco Plants) minimum flow rate for natural gas per ton of ammonia was reached and amounted to 1 270 000 m³/t.

OUTPUT		RESOURCES	
Ammonia (7 plants)	3 019 000 tons	Natural gas	3 789 million cubic meters
Urea (2 plants)	785 000 tons	Ammonia	466 000 tons
UFC	45 000 tons	Methanol	31 000 tons
Ammonia water output	59 600 tons	Urea	11 000 tons



• Ammonia pipeline

Shipment and transportation of products is an integral part of the production process, in this regard, the well-managed operation of the Company's transport services is of great importance in the chain of delivery of finished products to customers.

PJSC TOAZ has a wide own rolling stock:

- Diesel locomotives – 4 vehicles;
- Tanks (for ammonia, UFC, ammonia water, methanol) – 853 vehicles;

- Mineral hoppers – 669 vehicles;
- Special machinery (cars, buses, tractors) – 921 vehicles.

47 kilometers of railway tracks, 88 railroad switches, 32 railroad crossings, 3 bridges, crossovers comprise track facilities of Togliattiazot. In 2019, the overhaul of seven railway tracks with a total length of about four kilometers was completed. Wooden sleepers were replaced with reinforced concrete ones, which made it possible to double their service life and increase

the safety of shunting operations during the supply and removal of wagons and during maneuvering and transportation of goods.

In relation to the last year, the rate of product shipment has increased. About a hundred wagons of finished products are sent per day.

Togliattiazot has an established circle customers and consumers of products, both in the external and domestic markets. The Company's permanent partners appreciate the reliability and high quality of products under TOAZ brand.

TRANSPORTATION		
Way of transportation	Volume of sales, tons	%
Railway transport	1 021 770	29%
Ammonia pipeline	2 332 390	67%
Motor vehicles	151 416	4%

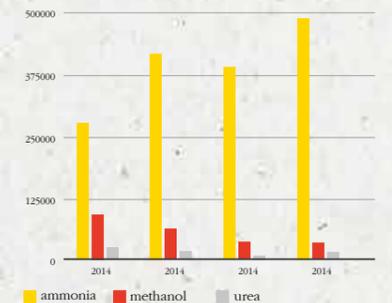
2.2 ENSURING SUPPLY OF RAW MATERIALS AND EQUIPMENT

PJSC TOAZ does not import products or raw materials, which guarantees protection of end customers from currency fluctuations.

In addition to the raw materials needed for the production process, Togliattiazot purchases other types of goods, materials and services.

One of the Company's strategic targets is to increase competitiveness through more efficient operating activities, including reduction of production costs. In conditions of the outstripping growth in the cost of resources, this task is of particular importance.

VOLUME OF AMMONIA, METHANOL AND UREA USED AS RAW MATERIALS



2.3 PRODUCTION EFFICIENCY

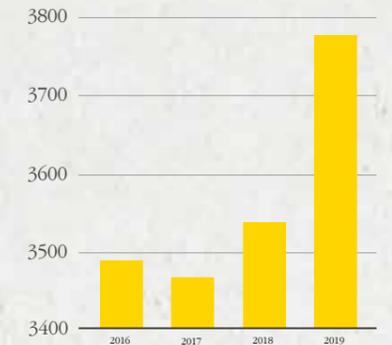
“Transammiak is a long-term and reliable partner of TOAZ. Due to the confident work of colleagues, TOAZ ensures guaranteed sales of its products to consumers in dozens of countries. I am confident that our cooperation will continue, and in the near future we will celebrate the shipment of the 100 millionth ton of ammonia”.

Vladislav Pustynnikov
Deputy General Director - Director on Commercial Affairs
CJSC Corporation Togliattiazot

“Since 1981, when the ammonia pipeline was launched, our main task has been to guarantee uninterrupted and safe transportation of TOAZ and other manufacturers' products. We are successfully managing this task. I hope that the partnership of our enterprises will develop for the benefit of the Russian economy”.

Andrey Ivanov
General Director
PJSC Transammiak

VOLUME OF NATURAL GAS USED AS RAW MATERIALS, '000 000 M3



On April 12, 2019, the dispatcher of the Central Control Center of PJSC Transammiak, which manages the Russian part of the Togliatti-Odessa ammonia pipeline, confirmed the fact of shipment of the 60 millionth ton of ammonia.

The ammonia pipeline was built according to the project in the TOAZ-Transammiak-OPP complex (Odessa Port Plant, Ukraine) and has been successfully operating for forty years. The pipeline is the longest in the world, its length is 2 417 km, it passes through the territory of Russia and Ukraine and serves to transport products of PJSC TOAZ, as well as other enterprises to the port of Yuzhny (Odessa) for transshipment to ships (gas tankers). The capacity of the pipeline is up to 2.5 million tons per year, the production of Togliattiazot is about 75% of the total.

The anniversary ton of ammonia was intended for the Russian consumers of TOAZ products.



• Railway fleet of the Company

2.4 PROGRAM OF MODERNIZATION AND REVAMPING OF PRODUCTION FACILITIES

Since 2012, PJSC TOAZ has been implementing a program for modernization of production facilities, designed until 2022, under which a large-scale renewal of the enterprise is being performed.

The implementation of the strategic investment program aimed at the modernization and development of the production facilities of PJSC TOAZ remains a priority task, the results of which are already positively affecting the performance of the enterprise. In particular, during 2015–2018 the overhaul and modernization of ammonia plants, both isothermal ammonia storages, factory's process pipelines system, railway infrastructure were carried out.

The total volume of capital investments within the framework of the production renovation and development program has exceeded 47.5 billion rubles since 2012. More than 14 billion rubles was invested in modernization in 2019.

This program will allow to ramp up production volumes by increasing efficiency and uninterrupted operation of plants, as well as to reduce negative environmental impact due to introduction of modern high-efficiency equipment. Under the program, TOAZ introduces the latest technologies, which result from the engineering work of both the world's leading developers and the Company's employees. The major overhaul and modernization projects implemented in 2019 are set out below:

- A large-scale overhaul of Ammonia Plant No. 3 was completed, which made it possible to stabilize the operation of the equipment and reduce by almost 10% the consumption of natural gas per ton of product at this plant;
- Ammonia Plant No. 6 was repaired;
- Work was carried out on both Urea Plants, including overhaul of Urea Plant No.1 reactor and the introduction of Yokogawa process control system at Urea Plant No. 2.

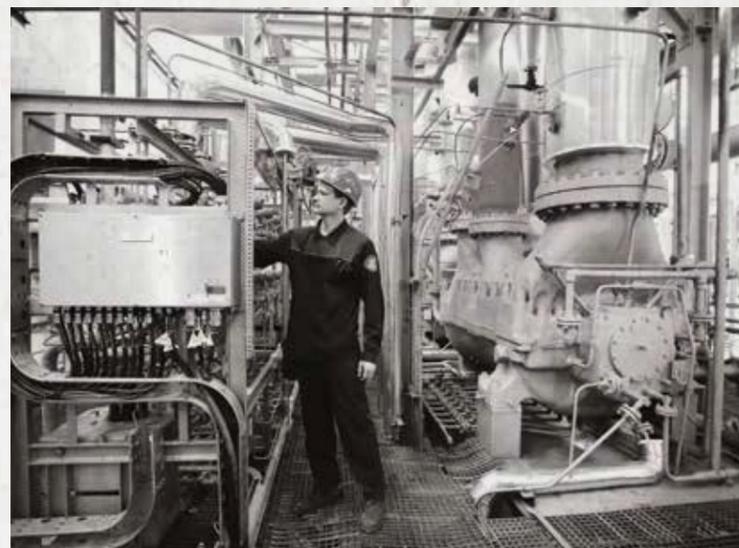
Modernization and overhaul of production facilities is the most important stage in implementation of the Company's plans in terms of

development and increase of capacity of the enterprise.

In total, the modernization program will allow to significantly increase the operational and economical efficiency of the Company.

In order to increase productivity, improve efficiency and ensure the stability and safety of production processes in the ammonia production, the following technical measures were carried out:

- Ammonia Plant No. 01 A: in May, the tube bundle of the boiler E-451 of Benfield solution was replaced;
- Ammonia Plant No. 02 A: in November-December, the feed water preheaters E-103 A/B/C were replaced, the LTC and HTC catalysts were replaced, the safety check valve was installed on the fuel gas pipeline to the D-101 primary reforming furnace;
- Ammonia Plant No. 03 A was put into operation in March after the completion of overhaul and commissioning of the automated process control system and automatic control and regulation system, repair and modernization of compressor equipment, replacement of catalysts;
- Ammonia Plant No. 04 A was stopped for unscheduled repair since October 2018; in 2019, the foundations of the D-101 primary reforming furnace were erected;
- Ammonia Plant No. 05 A was undergoing a planned overhaul



• Ammonia Compression Operator

in September, divided into 2 parts (major overhaul in 2020);

- Ammonia Plant No. 06 A was undergoing a planned overhaul: in June-July, during which there was a replacement of MDEA solution tank (item No. 335), condenser tank (item No. 6), sulphuric acid (item No. 11) and alkali (item No. 12) tanks, condensate pumps (item No. 426), primary flow feed pump pos. 317, highly demineralized water pumps (item No. 18), relocation of underground CW tower pipeline outside, replacement of bubble trays on ammonia refrigeration units (item No. 901 A-G), replacement of utility air header and flare unit stack.

At the urea production facility the following works within the modernization framework have been performed:

- Urea Plant No. 1 was under scheduled overhaul from August to October to restore lining of the reactor 11-R-1;
- Urea Plant No. 2 was under scheduled overhaul from July to August to introduction of the Yokogawa automated process control system at compressor 14-K-1 and steam boiler 24-B-1.

At the UFC production facility, scheduled overhauls with the replacement of catalysts were carried out on the 3rd train in May and on the 4th train in August 2019.

2.5 CONSTRUCTION OF UREA PLANT NO. 3

The priority project for implementation of the investment program of PJSC TOAZ in 2019 was the construction of Urea Plant No. 3.

Site preparation was completed in May 2019. After completion of the preparation, the process of arranging the foundation for the equipment of the plant began.

In order to ensure timely and uninterrupted supply of construction materials, the installation of a concrete distribution unit was planned on the territory of the production site.

At the end of the summer, the contractor carried out work on dismantling of concrete and metal structures and the reconstruction of underground communications, freeing up the space for new construction. In the eastern part of the site, a pile foundation for an electrical substation was installed; in the western part, the foundation for the building of one of the key elements of the new facility, the future prilling tower, was laid. The process of laying the foundation lasted for three days. During the foundation more than 2700 m³ of concrete, supplied by three concrete pumps, which were continuously operated by more than 500 concrete mixers, was used. The tests carried out have confirmed the full compliance of the structure with the industrial safety requirements.

By this time, the site for the storage of pipes and building materials was already prepared.

At the process site, a concrete mixing unit began operation, the capacity of which will provide concrete for all construction work at Urea Plant No. 3. The final stage was the development of working documentation and updating of the

design documentation, supply of the equipment for construction.

The project has passed the second state examination.

After the foundation was laid, the construction of the prilling tower began. The construction rate of the facility is two meters per day, the total height of the structure is 107 meters, and the diameter is 14.6 meters.

A special feature of the construction was the use of advanced technology, i.e. the slip formwork method. It allows, without removing or disassembling the formwork, to move it up and pour new portions of concrete over the hardened layer. To ensure the uniformity of the concrete and the formation of cold joints, the work was carried out on a round-the-clock basis for over 50 days.

In November 2019, the project for the construction of Urea Plant at the production site of PJSC TOAZ passed public hearings to assess the facility's impact on the environment. The need for the public hearings is associated with the introduction of changes in the design documentation. Based on the results of the hearings, Casale S.A. and JSC NIIK were invited to finalize the design documentation by the end of 2019 in accordance with the comments and suggestions received and send it to the State Environmental Expert Review.

In addition, the supply of large-capacity equipment to the plant started last year. The separator of the second stage evaporator with a total weight of 55 tons, the urea solution tank with a total weight of 48 tons and economizer with a total weight of 110 tons were delivered to the Togliattiazot site. This equipment

will subsequently be installed in the converter and the boiler house, the construction of which is in the active phase. The installation of the equipment is scheduled for the summer of 2020.

Construction work at Urea Plant No. 3 is being carried out in compliance with all industrial safety requirements, as well as taking into account the ongoing main production process: the prilling tower of Urea Plant No. 2 is located nearby. In particular, a safe work plan has been developed and strictly observed, which takes into account the technological regime of Urea Plant No. 2 and the use of personal protective equipment. Construction progress and safety regulations are regularly inspected by representatives of the organizations which provided financing of the project.

"This project will allow TOAZ to strengthen its leadership in the market for products with higher added value, such as urea. At the same time, the new facility meets all safety and environmental requirements, which means that residents of Togliatti have nothing to worry about. I believe that they have demonstrated their confidence in what Togliattiazot is doing by re-supporting this project".

Viktor Kazachkov
Director of Technical Policy
PJSC TOAZ

PROJECT IN FIGURES*

Designed
84.9%

Equipment delivered
35%

Construction progress
17.44%

Were excavated
21 409 m³ of ground

Were mounted
3 738 m³ of underground pipelines

84.9%
of design documentation was developed

* at the end of 2019

316 foundation piles were driven

6 694 m³ of concrete structures were mounted

21.7 tons of metal structures were mounted

Environmental aspects

PJSC TOAZ organizes noise level monitoring and measurements of harmful substances concentration in the atmosphere both on the construction site and on the boundaries of the sanitary protection zone.

- The monitoring is carried out by an independent laboratory of Ecostandard LLC, which meets the requirements of the International Finance Corporation.

- In April and September 2019, two monitoring studies of the construction environmental impact were carried out. As a result, it was concluded that the construction of the Urea Plant with a capacity of 2200 MTD does not affect the acoustic situation within the boundaries of the sanitary protection zone. In addition, no impact of construction on the air condition was revealed.

ABOUT UREA PLANT NO. 3, PJSC TOAZ

In October 2018, Togliattiazot launched a project for construction of Urea Plant No. 3 at the production site in Togliatti. The design capacity of the plant will be 2200 tons per day, which will allow to increase the existing production capacity of the enterprise for the production of urea by more than 70%. Commissioning of the plant is expected in 2021. The project budget is over 25 billion rubles. The project is financed by PJSC TOAZ's own and borrowed resources. In March 2018, Togliattiazot signed a loan agreement with the syndicate of banks Commerzbank AG (Zurich, Switzerland) and Landesbank Baden-Württemberg (Stuttgart, Germany) for 180 million euros for the period of 9 years. The guarantor is Swiss Export Risk Insurance Agency (SERV). The project of the plant was developed in collaboration with Casale S.A. (Lugano, Switzerland) taking into account the latest technologies in the field of industrial and environmental safety, that will guarantee a significant reduction in air emissions.

TOAZ completed the overhaul of Ammonia Plant No. 3

The overhaul of Ammonia Plant No. 3 has become one of the most ambitious projects in the history of

the enterprise in terms of scope of work and investments.

The Plant received modernized turbine, compressor, rotating equipment and a new control system. Technical re-equipping made it possible to stabilize the operation of the plant and reduce the consumption of natural gas per ton of product by almost 10%, which will ensure significant economic and environmental benefits. Also, the environmental safety of production has increased due to the improvement of the K-901 ammonia compressor.

The turbines were renovated by Telatek Engineering Plant, a partner of General Electric the general contractor of the project. In addition, the plant was transferred to a Honeywell automated digital production control system, which minimizes the impact of the human factor, improves the reliability, safety of equipment operation and maintains an optimal technological mode.

Ammonia Plant No. 3 has been brought up to the design capacity.

Priority activities and prospects for development

The development of the enterprise is carried out in accordance with the new development strategy of the Company until 2025, Investment program of PJSC TOAZ for the period until 2022 and the schedule of major overhauls adopted by the Board of Directors. These documents determine the major projects of the Company, which meet production and management goals, social policy and corporate activities.

The tasks of the enterprise for 2020 are the phased implementation of the investment program for the development of the Company

In 2020, PJSC TOAZ will focus its efforts on the following projects, implementation of which will contribute to ensuring stable operation of production and reliability:

- Technical re-equipping of ammonia plant No. 1;
- Technical re-equipping of ammonia plant No. 2;
- Technical re-equipping of ammonia plant No. 3;
- Technical re-equipping of ammonia plant No. 4;

- Technical re-equipping of ammonia plant No. 7;
- Technical re-equipping of urea plant No. 1;
- Technical re-equipping of urea plant No. 2;
- The construction of new urea plant No. 3 with a production capacity of 2200 MTD;
- Technical re-equipping of water treatment plant of urea production;
- Revamping of the gas measurement and pressure reduction unit;
- Revamping of the wastewater treatment facilities;
- Technical re-equipping of the workshop responsible for ammonia preparation for transportation;
- Modernization of the water purification plant of PJSC TOAZ with the start-up of reverse osmosis unit;
- Technical re-equipping of the Azotnaya Station.

In the framework of implementation of the new Strategy, it is planned to build a new complex for the production of nitric acid and ammonium nitrate that will become another step for the Company on the way to leadership in the production of nitrogen fertilizers in Russia, allowing it to become one of the five largest producers in the world.

"The plant is equipped with a new steam turbine of a Siemens air compressor, it is economical, it consumes less steam and it is technically more advanced and has a power reserve. Air compressor housings were upgraded. In order to carry out technical re-equipping of the low and high pressure turbines of the synthesis gas compressor, both turbines were dismantled and sent for repairs to Finland".

Viktor Kazachkov
Director of Technical Policy
PJSC TOAZ

2.6 RESTRUCTURING OF THE REPAIR SERVICE

In 2019, TOAZ began implementing a program to improve the maintenance and repair system (MRS). The need to transform the repair service has appeared after strategizing the Company's development program until 2025, which implies a significant increase in production through increased business efficiency. The growth of production cannot be imagined without quality repairs.

The key tasks of the transformation are building of a system for organizing repairs in accordance with world practices, reducing shutdown repairs and increasing equipment reliability.



• Repair work in progress

"In the future, Togliattiazot needs to reach a three-year overhaul period and increase ammonia production by 1 million tons, in order to achieve this it is necessary to improve the quality of repairs. Therefore, we decided to opt for using the best practices to create a world-class service, as well as reliability management service, development and implementation of solutions to reduce shutdown maintenance. I would like to emphasize that the changes do not imply the physical movement of specialists from the workshops, reduction of personnel and salary. Everyone will retain the workplace, there will only be changes in the organizational structure of the repair personnel of technological shops, which will become subordinate to the Repair Department".

Dmitry Mezheedov
General Director
CJSC Corporation Togliattiazot

It is worth noting the general tendency to reduce the time of shutdown repairs at chemical enterprises in Russia, i.e. once every two or three years for up to forty days.

The main change in the improvement of the service will affect the repair personnel from the process shops, which will be transferred to the repair shops and the customer's service department being created. The customer service

department manages the repair personnel, therefore its task is to constantly monitor and analyze the condition of the equipment, transfer requests for repair to the performer of the work. The division is responsible for formation of demands, organization and acceptance of repair work together with the process personnel, as well as collecting a list of all defects and ensuring safety during repairs.

The functions of planning and formation of demands for purchases to perform repairs are concentrated in a separate department of the department. Its specialists are engaged in the plans and schedules development, determination of repair performers, the timing of elimination of the defect according to priorities, allocation of resources of the repair personnel, acceptance of applications for the purchase of inventory items and services, and engaged in contracts with contractors.

In addition to the customer service department and planning division, the new structure will have several new divisions dealing with: reliability department (development and implementation of repair strategies by groups and units of equipment, ensuring equipment reliability and analyzing the reasons for its downtime), shutdown repair management (duration and list of shutdown repairs, scheduling, control of the timing and quality of repairs, formation of requirements for the necessary resources etc.).

An expert review will also enter in the repair department, which will include the chief specialists of the enterprise as experts on a

permanent basis: a chief mechanical engineer, a chief power engineer and a chief metrologist. The center will be engaged in the development of technology and methodology for carrying out repairs by directions, control over technology compliance during performance of work and equipment examination, analysis of the causes of equipment failure, development of appropriate solutions and other tasks.

A working group of nine people was formed specially for the implementation of the project. At the initial stage, about 50 applications from employees of different shops were submitted for participation in the project. The working group, which began the work on November 18, 2019, includes promising employees of production departments. Before becoming participants of the transformation, these employees were tested and interviewed; they proved competence and analytical skills.

The improved MRS system shall start working in the first half of 2020. However, the developers note that after the transition, it will take some time to stabilize internal processes.

At the end of 2019, the target organizational structure of the Repair Directorate was approved. Further, there shall be the plan for the transition to the target model, study and elimination of risks for the repair service.

It worth noting, that the program is aimed at restarting the repair system of Togliattiazot and bringing it to a new level, where planning, diagnostics and reliability will be of top priority.

2.7 SALES MARKETS AND TRANSPORTATION OF PRODUCTS

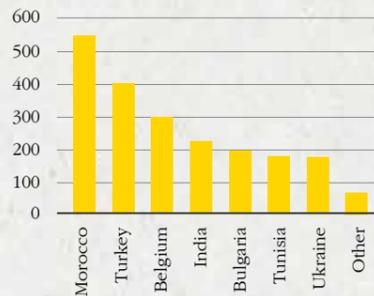
In 2019, TOAZ took about 30% of the Russian market and 11% of world ammonia exports.

The main products of the enterprise are liquid technical ammonia, urea, urea-formaldehyde concentrate, ammonia water. Foreign buyers are located in dozens of countries around the world on five continents. The main buyers of ammonia in 2019 are Morocco, Turkey, Belgium, India, Bulgaria and Tunisia. The main buyers of urea in 2019 are Mexico, Peru, India and Senegal.

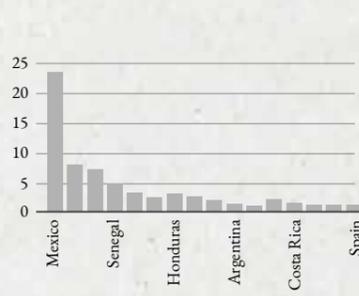
At the beginning of 2019, the Company's management was actively resolving issues of ensuring uninterrupted supplies of ammonia to

TOAZ product sales in the domestic market and for export in 2019				
Products	domestic market		export	
	Tons	%	Tons	%
Ammonia	436 078	17%	2 141 982	83%
Urea	273 263	34%	530 385	66%
UFC	39 630	100%		0%
Ammonia water	59 169	100%		0%

EXPORT OF AMMONIA IN 2019, '000 TONS



EXPORT OF UREA IN 2019, '000 TONS



the Turkish authorities to cross the straits at night, TOAZ sent appeals and negotiated with the Consulate General of the Russian Federation in Turkey and with representatives of the Turkish Maritime Chamber of Shipping, as well as with the vessel traffic service in Istanbul.

In 2019, TOAZ's share in the Russian urea market was 17% and 1% in the global market.

The uninterrupted supply is ensured by a developed transport infrastructure: in addition to its own railway fleet (1 523 wagons), TOAZ has access to the unique Togliatti-Odessa ammonia pipeline with a length of more than 2,400 km. The length of TOAZ's own railways is about 47 km. The structure of the Company's shipments in the context of transportation methods for the main types of products is presented below.

end customers. In the first quarter of the reporting period, the Company worked on reduction of the transit time for ammonia tankers through the Turkish sea straits. The problem of increasing the idle time of ships in the Turkish straits at the beginning of 2019 is caused by the fact that the Turkish Government introduced new rules for the passage of the Bosphorus and Dardanelles in September 2018. According to new safety requirements, gas tankers with

a length of more than 150 meters were to pass the Turkish sea straits exclusively during daylight hours and only accompanied by tugboats. Thus, the passage time for each tanker per voyage increased to two-three weeks. To obtain permission from



• Delivery of products by water transport

"The active position of Togliattiazot helped to resolve the situation. This allowed our company to timely fulfill its obligations to customers, as well as to avoid a significant increase in the cost of crossing the Dardanelles and increase the cargo turnover of the fleet".

Vladislav Pustynnikov
Deputy General Director - Director on
Commercial Affairs
CJSC Corporation Togliattiazot

The volume of supply/shipments of main products by means of transportation

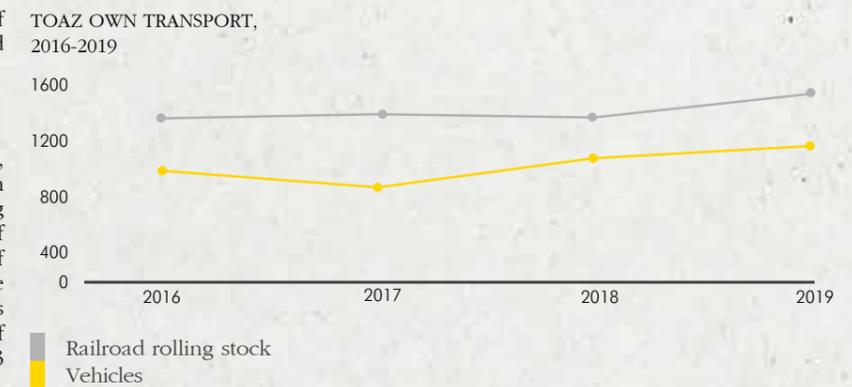
Type of transportation	2016	2017	2018	2019		
				Tons	Tons, turnover	Structure
Ammonia pipeline	2 041	1689	2 081	83 %	12%	67%
Railway transport	1 588	1 764	781	66 %	31%	29%
Motor vehicles	224	242	220	0 %	-31%	4%
Total	3 853	3 695	3 082	0 %	14%	100%

* The volume of deliveries by railway transport is indicated taking into account the methanol of TOMET LLC transported by PJSC TOAZ under the service agreement.

The dynamics of the number of units of TOAZ own rolling stock and own vehicles is presented below.

VOLUMES OF PURCHASES

Other conditions being equal, PJSC TOAZ prefers to cooperate with local suppliers, thereby contributing to the economic development of Samara Region. The number of local suppliers with which the Company cooperated in 2019 was 168 organizations. This is 34.78% of the total number of suppliers (483 organizations in total).



VOLUMES OF PURCHASES, BILLION RUBLES.



EXPORT GEOGRAPHY





• Laboratory specialists at work

2.8 LABORATORY RESEARCH AND DEVELOPMENT

PJSC TOAZ values the trust of consumers and carefully monitors the quality and safety of its products, therefore close attention is paid to internal quality control at all stages of the production chain.

Quality assessment is carried out in accordance with legal requirements, state standards, regulatory and technical documents, internal standards and procedures.

Input control is performed in order to establish compliance of the supplied products with the requirements of regulatory documents (state and technical specifications) to determine possibility of its further use in production and to prevent the use of products, which do not meet the established requirements, in the production process.

Operational control is carried out in order to ensure control and maintenance of stable parameters of technological processes in accordance with operational procedures and approved schedules.

Acceptance control of products is performed in order to obtain certificates of compliance of quality of the finished product to the established requirements.

Many years of experience, a high level of expertise and a leading position in the market allow the Company to carry out unique research and the latest developments in order to increase the efficiency of the enterprise.

The Company has the Central Factory Laboratory and the Technical

Control Department.

The object of activity of the Central Factory Laboratory is organization and ensuring of research and development works on improvement of existing and introduction of new technologies, implementation of analytical control of production facilities while performing pilot studies, introducing new and improving existing processes, identifying and eliminating reasons of process malfunctions.

The Central Factory Laboratory consists of the following divisions:

- Ammonia and methanol laboratory,
- UFC and urea laboratory,
- Construction materials laboratory,
- Analytical laboratory.

PJSC TOAZ laboratories are completed with modern equipment, which allows conducting research work, ensuring high accuracy of product quality analysis and effective control of the production process.

Responsibilities of the Central Factory Laboratory include as follows:

1. Development of recommendations aimed at intensification of production.
2. Optimization of process parameters to increase output of products, improve their quality, reduce consumption indices of feedstock and power, and reduce production waste.
3. Carrying out, jointly with other divisions of the Company and

third-party research organizations, surveys to stabilize production and develop measures to improve technology, clarify the norms of the technological regime, eliminate excessive consumption of raw materials and energy resources.

4. Preparation of necessary data and verification of analysis methods for projects developed by TOAZ, and revision of existing specifications and standards.
5. Methodological guidance provided by laboratory departments of the Company, ensuring correctness of analysis methods, development of new methods of analytical control of production.

In 2019, the following organizations carried out air quality control at the production site as part of industrial environmental control:

1. Accredited sanitary and industrial laboratory of workshop No. 34 of PJSC TOAZ;
2. Accredited laboratory FSBI "CLATM VFD" (Federal State Budgetary Institution "Center for Laboratory Analysis and Technical Measurements of the Volga Federal District.")

In 2019, air quality control in the sanitary protection zone of the enterprise was carried out by an accredited laboratory Federal State Budgetary Institution Volga Territorial Administration for Hydrometeorological and Environmental Monitoring.



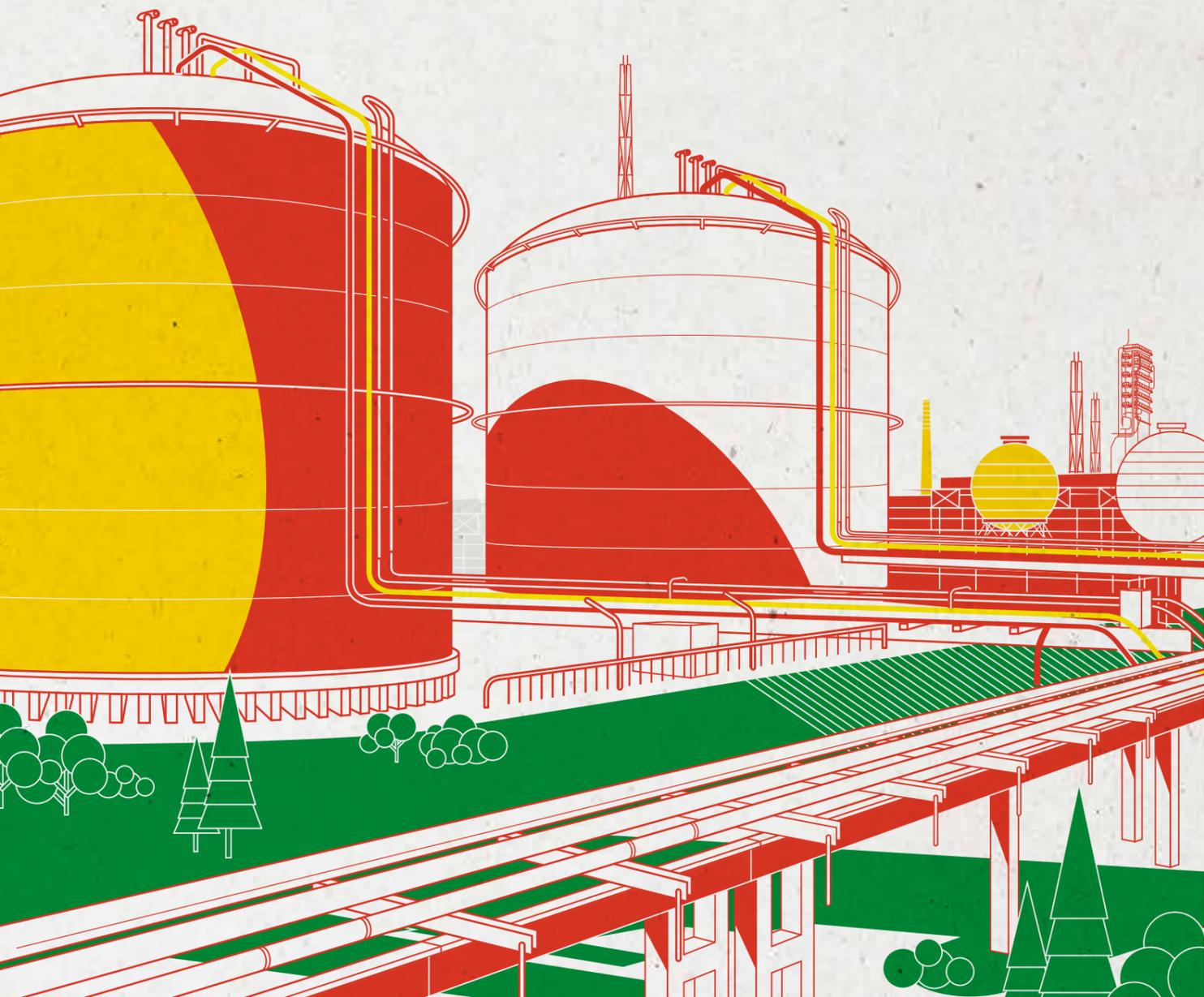
• Conducting control on the territory of the enterprise

ECONOMIC SUSTAINABILITY

3

3.1 ECONOMIC GROWTH INDICATORS

3.2 COMPANY'S ASSETS



3.1 ECONOMIC GROWTH INDICATORS

“2019 for Togliattiazot was marked by a number of outstanding results both in terms of production and sales policy. We have not just increased production, which is a consequence of constant modernization, increasing the stability and safety of the plants. For the first time, TOAZ became the largest supplier of urea to the Russian agricultural market, which testifies to the successful work of the commercial services of the enterprise, helping to overcome the unstable situation on the world markets with less losses.

Despite all the difficulties, the changing market situation and non-market factors, TOAZ continues to develop. We are building Urea Plant No. 3 on schedule; a new strategy with ambitious goals has been adopted, which sets the guidelines for moving forward for the next 5 years. 2019 has shown that our team could solve the most difficult tasks, meet new challenges and help Togliattiazot develop in the most difficult conditions”.

Dmitry Mezheedov
General Director
CJSC Corporation Togliattiazot



• Factory management building

Revenues for 2019 amounted to 54 159 million rubles, which is higher than the same period in 2018 by 622 million rubles. The increase in revenue from selling the main products was due to an increase in sales volumes.

The net profit of the Company in 2019 amounted to 5 510 million rubles, which is 1 613 million rubles lower than the net profit in 2018 which amounted to 7 123 million rubles. The main factors for the decrease in the financial result in the reporting year are the growth of the Company's tax liabilities and the fall of prices for the main products of PJSC TOAZ on the world market. Thus, the actual price

of ammonia in dollar turned out to be 15% lower than the budgetary plans of the Company, and the price of urea 5% lower.

In 2019, Togliattiazot fulfilled all of its tax and social obligations on time and in full, and implemented a broad social responsibility program aimed at developing the key region of operations, Samara region.

In the reporting period, tax payments to the budgets of all levels amounted to 5.33 billion rubles, which is 9% higher than in 2018 (4.91 billion rubles). The company has once again confirmed its status as one of the largest taxpayers in Samara region.

KEY FINANCIAL INDICATORS

Indicator	2019, `000 rubles	2018, `000 rubles
Revenue (less VAT)	54 158 927	53 537 206
Cost of goods sold	(24 986 263)	(22 249 109)
Profit (loss) on sales	8 671 263	13 073 377
Profit (loss) before taxation	11 242 627	9 864 479
Income tax and similar mandatory payments, deferred tax assets and liabilities	(5 732 415)	(2 741 703)
Net profit (loss) from ordinary activities	5 510 212	7 122 776

3.2 COMPANY'S ASSETS

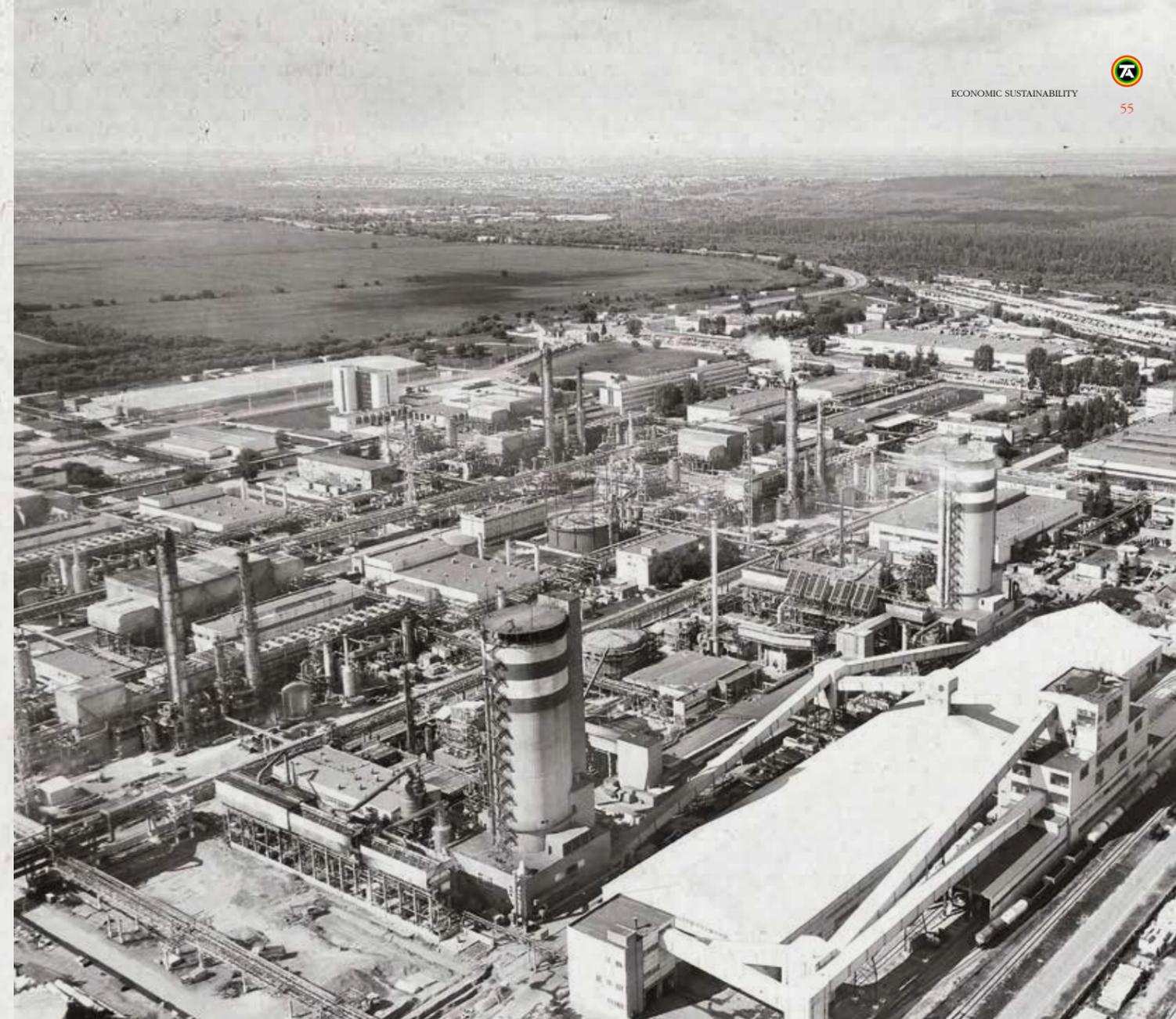
GENERATED AND DISTRIBUTED ECONOMIC VALUE OF THE COMPANY (billion rubles)				
	2016	2017	2018	2019
Generated straight economic value	45,52	43,07	54,31	54,5
Revenue	44,35	42,18	53,53	54,16
Income from financial investments	1,17	0,87	0,78	0,34
Income from sales of tangible assets	0,0002	0,02		
Distributed economic value	41,48	38,83	45,67	50,80
AMONG SUPPLIERS AND CONTRACTORS				
Operational costs excluding salaries	34,42	33,93	38,02	42,56
AMONG EMPLOYEES				
Salaries	2,59	2,12	2,44	2,64
Other payments and benefits for employees	0,08	0,04	0,03	0,06
AMONG LOCAL COMMUNITIES				
Charitable donations	0,032	0,008	0,010	0,011
Sponsor support	0,016	0,003	0,002	0,005
AMONG SHAREHOLDERS AND INVESTORS				
Payments to capital providers	0,14	0,33	0,27	0,22
Including dividends	0	0	0	0,11
Including finance costs	0,14	0,33	0,27	0,11
AMONG STATE BODIES				
	4,2	2,4	4,9	5,3
Undistributed economic value	4,04	4,24	8,64	3,7

In 2019, to reduce the influence of exogenous factors on the economic performance of the Company a number of measures was taken:

- Implementation of better cash-flow planning tools;
- Evaluation of non-core production units' performance;
- Improving the efficiency of use of available assets;
- Strengthening of budget control.

Indicator	Code	As of 31 December 2019, `000 rubles	As of 31 December 2018, `000 rubles	As of 31 December 2017, `000 rubles
ASSET				
I. NONCURRENT ASSETS				
Intangible assets	1110	1	2	-
Research and development results	1120	-	-	-
Intangible development assets	1130	-	-	-
Tangible development assets	1140	-	-	-
Fixed assets	1150	43 605 451	39 441 083	35 608 027
Income bearing investments in tangible assets	1160	-	-	-
Financial investments	1170	1 136 424	1 259 793	7 507 167
Deferred tax assets	1180	250 793	201 299	163 637
Other noncurrent assets	1190	25 080 130	16 061 521	9 914 818
Total section I	1100	70 072 799	56 963 698	53 193 649
II. CURRENT ASSETS				
Inventory	1210	6 547 071	7 885 991	8 320 640
Value added tax on acquired assets	1220	130 850	265 339	1 902 697
Accounts receivable	1230	16 115 643	11 464 014	10 950 435
Financial investments (excluding monetary equivalents)	1240	15 671	3 418 100	2 744 231
Cash assets and monetary equivalents	1250	8 909 777	10 272 578	3 908 185
Other current assets	1260	114 810	143 484	107 337
Total section II	1200	31 833 822	33 449 506	27 933 525
TOTAL	1600	101 906 621	90 413 204	81 127 174

Indicator	Code	As of 31 December 2019, `000 rubles	As of 31 December 2018, `000 rubles	As of 31 December 2017, `000 rubles
LIABILITIES				
III. EQUITY				
Share capital (joint capital, authorised fund, contributions of partners)	1310	97 116	97 116	97 116
Shares repurchased from shareholders	1320	-	-	-
Re-evaluation of non-current assets	1340	1 233 477	1 233 477	1 476 389
Additional fund (without re-evaluation)	1350	-	-	-
Reserve fund	1360	4 856	4 856	4 856
Undistributed profits (uncovered loss)	1370	78 127 040	73 972 793	66 605 508
Total section III	1300	79 462 489	75 308 242	68 183 869
IV. LONG-TERM LIABILITIES				
Borrowed assets	1410	9 817 302	4 804 729	1 440 005
Deferred tax liabilities	1420	538 668	442 491	362 540
Estimated liabilities	1430	-	-	-
Other liabilities	1450	-	-	-
Other liabilities	1400	10 355 970	5 247 220	1 802 545
V. SHORT-TERM LIABILITIES				
Borrowed assets	1510	1 648 039	1 658 045	2 710 685
Accounts payable	1520	9 361 322	6 338 036	6 101 444
Income of future periods	1530	429	16	23
Estimated liabilities	1540	1 075 928	1 860 002	2 327 840
Other liabilities	1550	2 444	1 643	768
Total section V	1500	12 088 162	9 857 742	11 140 760
BALANCE	1700	101 906 621	90 413 204	81 127 174



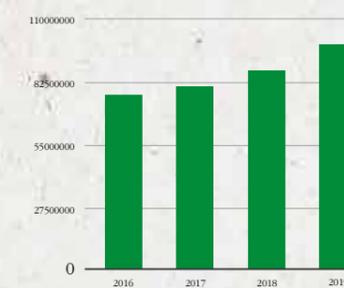
• A bird's eye view of the factory

According to the results of 2019, PJSC TOAZ maintained the Company's net assets at high level, significantly exceeding the values of 2018, which indicates that the Company retained and increased its investment attractiveness among shareholders, creditors and employees.

In 2019, a loss adjustment on the insured accident that occurred in 2018 at Ammonia Plant No. 4 was completed. The insurance proceeds amounted to 3.9 billion rubles.

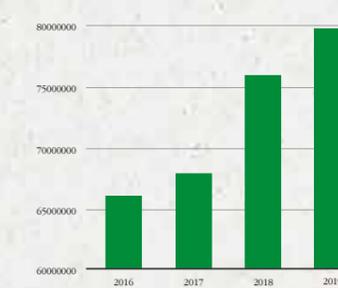
In order to improve the liquidity indicators of the Company, to improve the efficiency of cash flow planning, in 2019 the forms of settlements using discounted letters of credit were used for settlements with customers for operating activities.

DYNAMICS OF THE BALANCE SHEET TOTAL VALUE (`000 RUBLES)



The value of balance sheet total for 2019 increased by 11 billion rubles.

DYNAMICS OF THE COMPANY'S NET ASSETS (`000 RUBLES)



As at the end of 2019, net assets amounted to 79.4 billion rubles.

HUMAN CAPITAL ASSETS AND FORMATION OF A PROFESSIONAL TEAM

4

4.1
THE COMPANY STAFF AND FORMATION OF A PROFESSIONAL TEAM

4.2
TRAINING AND PROFESSIONAL DEVELOPMENT

4.3
REMUNERATION SYSTEM

4.4
SOCIAL SUPPORT OF EMPLOYEES, INCENTIVES

4.1 THE COMPANY STAFF AND FORMATION OF A PROFESSIONAL TEAM

The general approach of the enterprise to sustainable development is formed on the basis of the principle of creating a professional, well-coordinated team. PJSC TOAZ invests in human resources, providing employees with competitive remuneration, opportunity for professional development and career growth, social support programs, and ensures health care and disease prevention, takes care of safe and comfortable working conditions.

As part of the employee motivation program, the company offers salaries, which are competitive in the region of presence, as well as various forms of material and non-material rewards. The policy in the field of remuneration and motivation system is aimed at encouraging employees to increase interest in the efficiency of work and improve its quality in order to achieve enterprise targets by creating a common effective remuneration system.

The Company pursues an active personnel policy, which is an integrated coordinated system, including the recruitment, training and retraining of all categories of employees. One of the most important directions is creation of conditions for increasing efficiency, developing staff business initiative and creative activity. As part of long-term planning, a labour pool in key areas is being formed.

In connection with the modernization of production and the construction of Urea Plant No.3, the Company is continuously

implementing team development and attracting new employees (about 100 jobs are planned to be created upon completion of the plant construction). For future employees, career guidance is also being carried out through initiatives aimed at popularizing of chemical education.

In the field of labour relations and social protection, PJSC TOAZ is guided by the Collective Bargaining Agreement, which is the main document regulating the relationship between the employees and the employer, contributing to the formation of reliable partnership relations. The Collective Bargaining Agreement of the enterprise for many years has been a leader among similar enterprises and is recognized as the best in the region.

PJSC TOAZ takes care of employees' health. The policy in the field of health insurance is being actively implemented, analysis and constant monitoring of existing voluntary health insurance programs is carried out. Much attention is paid to sports initiatives.

The following priorities are defined in the personnel policy of PJSC TOAZ:

- Improvement of the human resources management system;
- Monitoring of effective managers and highly qualified specialists capable of implementing the company's strategy;
- Providing competitive working conditions;
- Employees development;
- Maintaining corporate culture.

Key indicators for 2019:

53 379 RUBLES
is an average salary of a TOAZ employee

262,3 MILLION RUBLES
is a total amount of funds allocated to social projects

3
professional skills contests "The best in profession" were held

592
employees have a higher education

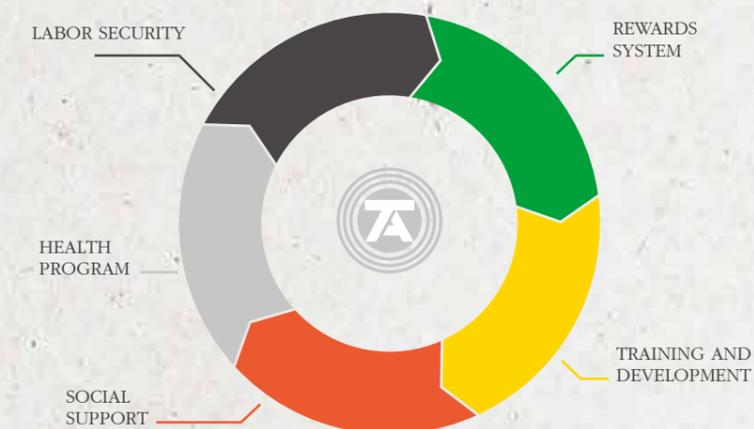
43,8 YEARS
is an average age of a TOAZ employee

2 446
employees are of age 30-50 years

4 195
employees are provided with VHI

556
employees recreated and took a treatment course in Nadezhda health resort

130
employees obtained apartments for corporate residence



"For 40 years, the factory has produced almost 84 million tons of ammonia and more than 26 million tons of urea. This is not just statistics, this are the success and achievements of every day the employees of the factory lived".
Petr Ordzhonikidze
Chairman of PJSC TOAZ Board of Directors

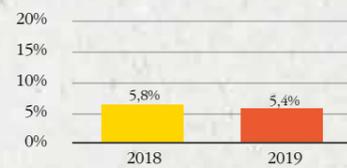
Organizational structure of human resources management and Collective Bargaining Agreement

The Company has developed and approved a number of official documents regulating various areas in the field of labour management of employees:

1. Regulations on recruitment of employees of PJSC TOAZ;
2. Regulations on equipping of workplaces of PJSC TOAZ;
3. Regulations on labour remuneration of PJSC TOAZ;
4. Regulations on the rate of bonuses to employees of PJSC TOAZ, including regulation on special kinds of bonuses;
5. Regulations on the procedure for establishing personal bonuses to employees of PJSC TOAZ;
6. Regulation on the awards of PJSC TOAZ;
7. Regulations on honoured employees of PJSC TOAZ;
8. Regulations on financial assistance to employees of PJSC TOAZ;
9. Regulations on additional pension benefits; as well as regulatory documents ensuring implementation of benefits.

In 2019, the average headcount of employees was 4 110 people,

TURNOVER OF EMPLOYEES DYNAMICS IN 2018-2019



Employees form the basis of the enterprise's activities, therefore increasing the efficiency and personal interest of employees in achieving high results are the main areas of personnel policy. The personnel structure over the past years has remained stable and meets the needs of the enterprise. Comfortable working conditions and expanded employment benefits ensure low turnover of employees.

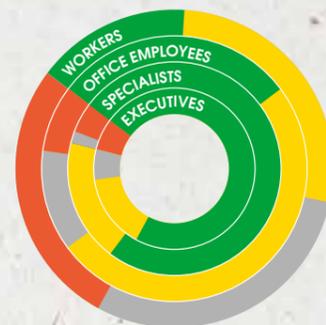
The average age of employees of PJSC TOAZ is 43.8 years. The ratio of employees with work experience (baby boomers generation) and promising young workers (X and Y generation) is currently optimal. In 2019, the number of employees of Y generation increased by 7%. This contributes to the succession of personnel, i.e. the transfer of professional expertise and highly specialized knowledge.

The average term of employment at the enterprise is 11 years, which, combined with low turnover of employees indicators, reflects high

stability, loyalty of employees, as well as reliability of PJSC TOAZ as an employer in the region of presence.

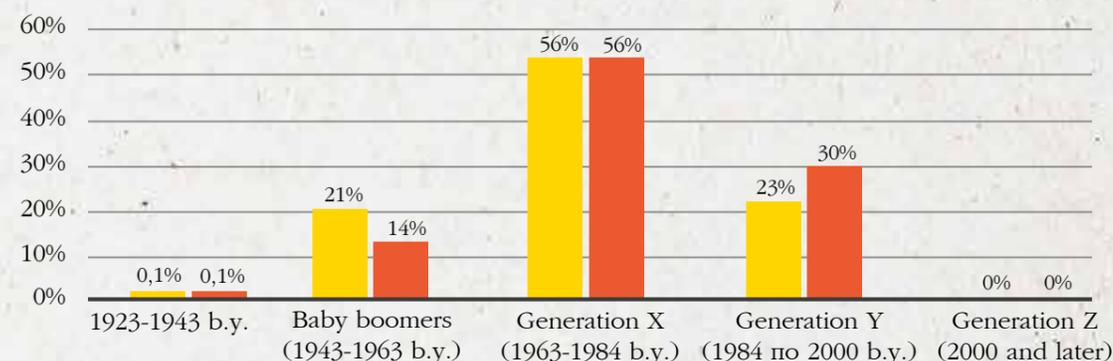
The percent of workers with secondary vocational education and higher is 62.4%. Automation of production processes leads to an increase in the number of workers with higher specialized education. PJSC TOAZ has a grant training program, which implies training in higher educational institutions at the expense of the enterprise.

LEVEL OF EDUCATION OF PJSC TOAZ EMPLOYEES



Higher | Incomplete higher
Secondary vocational
Primary vocational
General (complete, primary)

THE COMPOSITION OF PJSC TOAZ IN 2018-2019 BY GENERATION



4.2 TRAINING AND PROFESSIONAL DEVELOPMENT

Togliattiazot is interested in the professional development of its employees, the Company allocates significant amount of funds in this direction, focusing on implementation of the best practices.

As a result of modernization and implementation of investment projects, TOAZ receives high-technology equipment and creates new jobs for qualified specialists. In this regard, with an equal level of qualifications, the recruitment advantage is given to specialists who are able to work on the latest equipment, which makes it possible to gradually improve the general level of qualifications of employees. For existing employees of the enterprise, training is provided to effectively apply new technologies and procedures.

In the long run, the success of Togliattiazot depends on the availability of labour pool of employees who have the potential to continue to work in senior positions or to perform tasks of high level of complexity that require special technical knowledge and skills. The Centre for Training and Employees Development of PJSC TOAZ was created specifically to provide the enterprise with professional workers and to ensure advanced training for engineering and technical workers and specialists.

Young employees are assisted in career growth at the enterprise by the Youth Council. The professional skill contests organized by the Council also allow to identify promising employees. In 2019, 3 such competitions were held: "The best gas-electric welder", "The best operator", "The best mentor", in which more than 130 employees took part.

The activities of the Center for Training and Employees Development is part of a motivation system that allows each employee

to count upon career growth and remuneration corresponding to his/her level of training and personal contribution to the business of the Company. PJSC TOAZ assists young employees of the enterprise in obtaining higher education by partial or full tuition assistance at a university.

In the reporting year, three candidates from the labour pool were trained under the Management training for organization of the national economy of the Russian Federation program (Presidential Program). Based on the results of the training, the participants completed project work on topics relevant to the enterprise.

In 2019, 13 728 employees underwent professional training and advanced training, which is 6% more than in 2018. 211 employees improved their qualifications in third-party organizations. 86 people were qualified for work at the second workstation, out of which 37 remote control console operators. 32 remote control console operators took training and skills improvement program in technological process conducting at a computer simulator.

3 116 employees were trained in labor protection, 700 people were trained to work at height and 2 383 had training on industrial safety.

During the year, Togliattiazot also had Effective Mentor program for employees working with young personnel, also a system of online personnel training was launched.

In the reporting year, a new procedure for assessing the professional status of TOAZ employees and the formation of a labour pool was carried out. Over 3 950 employees have been assessed and over 3 000 individual development plans have been developed. In the process of assessing occupational statuses, over 400 employees were included in the lists of candidates for the labour pool.

At the end of 2019, TOAZ employees were tested for the general level of numerical and verbal abilities. 98% of the Company's employees in



• Studying process

the category of managers, specialists and workers attended the testing. As a result, the employees of the Company demonstrated a level of numerical and verbal abilities sufficient for professional performance. The workers were additionally tested for the factors of unsafe behavior. Based on the test results, managers provided feedback to their subordinates. The test results will be used when deciding on the development of the employee (his/her training, transfer to other departments, etc.).

In addition to training its own employees, an important area of social and personnel policy of PJSC TOAZ is the creation and long-term development of a comprehensive rotation of workforce. The Company not only attracts young professionals, but also educates them from school.

PJSC TOAZ also carries out active work among schoolchildren and students, systematically implementing educational projects. In partnership with leading technological universities and vocational educational institutions in the region of presence, there is a program to attract students of industry-specific educational institutions for subsequent employment in PJSC TOAZ. Students conclude agreements on mutual obligations with payment of scholarships and provision of the opportunity to have job training at the enterprise.

In 2019, the work of the Togliatti State University (TSU) Methodical Council was started, which includes TOAZ.

As part of the new Dual Training project, in accordance with an agreement on cooperation with Togliatti chemical engineering college, the enterprise concluded contracts for education with 8 students of the college. In 2019, these students underwent practical training in workshops No. 01 A, 03 A, 100, and in 2020 they will come to work at PJSC TOAZ.

In 2019, 3 graduates of the Career Guidance program of Togliatti chemical engineering college joined TOAZ team (workshops No. 01 A, No. 03 A), three students of this educational institution entered the Career Guidance program.

In the reporting year, Togliattiazot for the first time became a participant in the Golden HR festival, dedicated to honouring 337 graduates of colleges and technical schools who graduated with honours from the city's professional educational institutions. Togliattiazot became the only representative of the chemical industry at the ceremony.

The enterprise assists the schoolchildren in the choice of the future job already at the secondary education stage. To do that, TOAZ continues to cooperate closely with schools No. 10, 35, 39, 41, 57, 93, 94, 80 of Togliatti.

In 2019, PJSC TOAZ launched the Engineering Classes project together with vocational guidance partners Municipal budgetary educational institutions School No. 41 and Gymnasium No. 35. For the students



• Introductory practice of TSU students at the enterprise

of these classes, the employees of the enterprise conducted elective courses on the topics "Production of ammonia and urea", "Treatment facilities of the enterprise" and "Principles of work with personnel in the company". Pupils of schools No. 35, 41 took part in an excursion around the enterprise.

Also in 2019, with the support of PJSC TOAZ and the Department of Education of the Togliatti City Administration, a competition The Best Chemistry Teacher According to PJSC TOAZ was held. The winners who took the first three places

were awarded a cash prize from the Company.

119 students had industrial work placement at TOAZ, most of them are from TSU (59 people) and Togliatti chemical engineering college (57 people).

In 2019, Togliattiazot was first represented by its specialists at the "iVolga" youth forum of the Volga Federal District. The project, prepared for the forum by TOAZ employees, is called City competition of professional skills for young professionals and students "Best in profession".

Priority areas of activity and development prospects

In 2020, TOAZ will continue to implement career guidance programs, namely:

- Supervising the work of the TSU methodological council: developing of educational programs for business needs;
- Development of the project of engineering classes: involvement of students of 7th-8th grades;
- Development of the dual training system: increase in coverage by 50%;

Professional development and training of employees also remain among the priority areas of the enterprise; within the framework of this the following activities are planned:

- Introduction of an internal training

program on personal and team effectiveness, management trainings, development of online training;

- Revision of the mentors' motivation system;
- Updating the criteria for assessing professional statuses;
- Automation of assessment processes;
- Training and development of employees;
- Formation of the labour pool of the Company;
- Revision of the Collective Bargaining Agreement for 2020–2023;
- Indexation of salaries by 5%;
- Holding a conference on the selection of the active core to the youth council for the period 2020–2023.



• TSU chemistry students, 1st grade

4.3 REMUNERATION SYSTEM

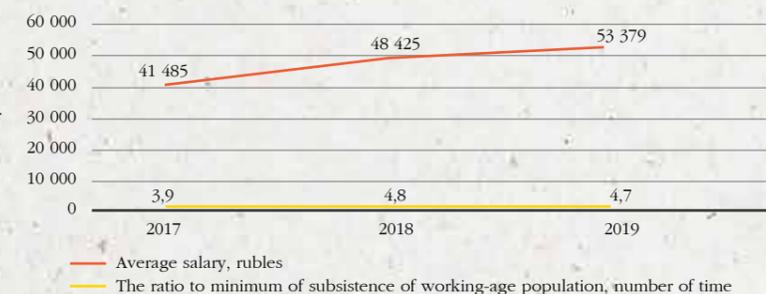
The salaries accounting system of PJSC TOAZ is in full compliance with employment and labour legislation.

The average salary at the enterprise in 2019 amounted to 53 379 rubles, which is 4.7 times higher than the minimum salary of working population.

In the reporting year, PJSC TOAZ took measures to increase the share of the permanent-conditional part of remuneration in the total remuneration of the Company's employees to a value equal to at least 70%. The increase in the share of the remuneration of the Company's employees was made by reducing the target amount of the bonus and at the same time increasing the amount of personal premium for the employees of the enterprise.

The salary, in addition to the main and motivational parts, includes compensation payments, incentive payments and bonuses for performing particularly important tasks outside the framework of main responsibilities. In 2019, salaries were indexed by 3%, and in the reporting year, on the occasion of reaching a production target of 3 million tons, the management decided to reward each employee of the enterprise.

AVERAGE SALARY OF PJSC TOAZ EMPLOYEES



• Maintenance service employee at work

4.4 SOCIAL SUPPORT OF EMPLOYEES, INCENTIVES

Existing benefits and compensation

The policy of the Company is aimed at creating conditions for the social protection of employees, maintaining stability and a favourable psychological climate in the team.

The Collective Bargaining Agreement of PJSC TOAZ is recognized as one of the best in Samara region among the enterprises of chemical industry. The social program of the enterprise includes more than 50 benefits, guarantees and compensations such as providing financial support in various life situations, preferential vouchers for children's camps and for treatment in health resorts, providing transport and preferential transportation services, dental services at a reduced cost, additional paid vacations, remuneration for work on anniversary dates, etc.

In 2019, preferential vouchers to children's camps, including those on the Black Sea coast, were in demand. This benefit was used by 174 employees (70% of them used the benefit for the first time). The Company allocated more than 3 million rubles for this. Financial assistance was provided to 211 employees in difficult life situations, for a total amount of more than 8 million rubles. Payments after the birth of a child were received by 34 employees (680 thousand rubles), a monthly allowance for caring for a child from 1.5 to 3 years old was provided to 51 people (more than 618 thousand rubles).

For the children of employees of PJSC TOAZ, the only in Togliatti departmental Tulip kindergarten, which is fully financially supported by the Company, was created. The kindergarten has been operating since October 1993 and is the only kindergarten with a swimming pool in the Shlyuzovoy microdistrict. TOAZ fully provides the pupils of the kindergarten with toys, textile products, furniture, and regularly carries out renovation of the building and internal premises. In the Tulip kindergarten, in addition to preschool teachers, there are focused specialists: music teachers, physical instructor, art teacher, teachers-logopedists. Among teaching personnel, 50% of employees are people with higher education, having the highest and first professional categories. In 2019, 176 children of the Company employees spent time under the watchful attention and supervision.

For the second year, PJSC TOAZ has been implementing a housing program for employees. The apartment house consisting of 726 apartments constructed by the Company is located in the Central District of Togliatti at 7 Novopromyshlennaya Street. By the decision of housing committee,



• Rewarding of TOAZ employees on Chemist Day

in 2019, 130 employees received the opportunity to move into the corporate house. 33 one-room, 21 two-room 1 three-room apartments were allocated for this purpose. In the reporting year, a partnership agreement was concluded with JSC Togliattikhimbank on preferential mortgages for members of the Youth Council and members of the Trade Union at the request of one or another public organization. In 2020, the enterprise will continue to collect applications from employees in need of housing.

40 years in a single rhythm

Success comes to those who never stop moving forward. Having passed the way from a construction site to an industry leader, Togliattiazot has been proving this for 40 years. The team of chemists draws energy from new endeavors and sees each day as a new opportunity to become better. The chemistry of movement - this topic filled the life of the enterprise in 2019, not only in the anniversary year, but also in the year of records and high production indicators.

In 2019, as part of the program of celebrating the 40th anniversary of PJSC TOAZ, a large number of events were held for employees and their families, residents of the city and region.

General factory community work days

The initiative to hold community work days dedicated to the 40th anniversary of TOAZ united all employees. The leaders, together with their teams, cleaned the territory of their enterprise. The environmental campaign was also supported by the Company's administration. Despite the tight work schedule, each of the

company's managers considered it important to demonstrate their attitude to the culture of production by personal example.

Chemist Day 2019

The chemistry of movement became the central theme of the celebration on the occasion of the double celebration: the Chemist Day and the 40th anniversary of the factory.

On the Chemist Day, the central figures of the celebration, of course, were factory workers, experienced production workers, company employees who participated in the construction and start-up of plants, in the repair of equipment. Particular attention was paid to those employees who work at TOAZ for most of their lives.

More than 160 employees of the enterprise were awarded honorary titles and awards of the Ministry of Industry and Trade of the Russian Federation, the Governor and the Ministries of Industry and Trade, Economic Development and Investments of Samara Region, the Russian Trade Union of Chemical Industry Workers, the Samara Regional Duma, the Duma and the City Administration of Togliatti, as well as corporate awards. The "Honoured Chemist" badge of the Ministry of Industry and Trade of the Russian Federation was awarded to the remote control console operator of ammonia production workshop No. 7, Alexander Filatov, who has worked at TOAZ for over 33 years. 20 employees who made a significant personal contribution to the development of the chemical industry and the achievement

of high performance indicators of Togliattiazot were awarded special gifts (cars and family travel vouchers). A separate category of awardees was the winners of the corporate innovation program "YIW: Your Idea Works!"

Chemist Day annually becomes a holiday not only for all employees of Togliattiazot, but also for the local residents. On this day at the territory of the TOAZ Community center, each guest of the celebration participates in a rich program. The concert of the guest celebrity and fireworks, which were admired by all residents of the Komsomolsk district, traditionally became a bright point of the celebration.

Taking care of veterans

Communication of former and current employees is a wonderful tradition of Togliattiazot; it is the continuity of generations, the exchange of experience and knowledge, and the invaluable care and attention to veterans from the administration.

Before the Chemist Day, an excursion to the plant was organized for the veterans, so that the older generation could see with own eyes that their life's work is developing successfully. The veterans visited the industrial site and again plunged into the working atmosphere for several hours. They were acquainted with modern TOAZ with great pleasure, saw how their favorite factory has changed and renewed. The excursion ended in the factory museum, where the veterans were presented with gifts in memory of the meeting. 300 former employees of Togliattiazot, who stood at the origins of the enterprise, built it and launched production, were invited to the White Hall of the Togliattiazot Community center to celebrate the Chemist Day and the 40th anniversary of the enterprise. Representatives of the PJSC TOAZ administration and the Trade Union committee of the enterprise came to congratulate the veterans. It is worth noting the special atmosphere that prevails at veteran meetings, and the Chemist Day is no exception. People who have worked shoulder to shoulder for decades cannot do otherwise, so each event turns out to be incredibly soulful and leaves pleasant memories for a long time. This Chemist Day will be especially remembered by the veterans of the enterprise, this is because a popular performer, a baritone from Moscow, Vladislav Kosarev, sang especially for them, and his talent and diverse

repertoire does not leave anyone indifferent.

As part of the anniversary celebrations, 1 300 pensioners, members of the TOAZ veteran organization, received gifts and prizes for the 40th anniversary of the factory.

Hero race

TOAZ employees are team-oriented. Therefore, many events in the framework of the celebration of the anniversary of the factory were for family participation, and some were focused exclusively on the children of the factory employees.

Thus, for the 40th anniversary of Togliattiazot and the International Children's Day, the administration organized a celebration called "Future Heroes of TOAZ". After registering and receiving a route map with a description of the trials, young participants could complete tasks and receive memorable gifts. Throughout the day, the guests were entertained by the presenter, who cheerfully commented on the passage of the distance, conducted quizzes on the knowledge of

the history of the factory and the environment. Participants of the celebration could take a photo with superheroes as a souvenir.

TOAZ through the eyes of children

On the anniversary of Togliattiazot, a drawing competition was also held among employees' children. The following topics of works were presented at the competition: "TOAZ, you are my future", "TOAZ, as I see you", "I want to do chemistry like father (mother, grandmother, grandfather)", "Factory: how many interesting things there are!", "What does chemistry look like? The children's view", "TOAZ: a look into the future". Young fans of fine arts at the age of 4 to 14 years old sent 77 works to the competition. The works of little artists were presented at the exhibition, which opened on April 8 in the factory management building. One of the winning works was used for the manufacture of souvenirs within the framework of the PJSC TOAZ anniversary. All the participants received prizes.



• Future Heroes of TOAZ

Sails of Hope

In June 2019, Togliatti hosted the Sails of Hope regatta, organized by PJSC TOAZ. The company is hosting a sailing competition for the first time.

Over 200 sportsmen from Togliatti, Samara, Taganrog, Syzran, Novosibirsk and other cities took part in the regatta, which lasted for three days. The competition was held in six categories: five categories for adults (on cruisers and yachts) and one for children. The regatta ended with a high-profile award ceremony.

“Togliatti is a city with a rich sailing history. In the 80s of the last century, there was already an annual regatta for the prizes of Togliattiazot. Our regatta is a wonderful revival of those good old traditions. And it was important for us to do this exactly in the anniversary year, the year of the 40th anniversary of the factory”.

Tatiana Efremova
Deputy General Director –
HR Director of CJSC Corporation
Togliattiazot

Family tourist rally

It has already become a good tradition for Togliattiazot employees to get together on vacation with the whole family, and the family tourist rally has become part of the anniversary events, bringing together more than 250 TOAZ employees with their families.

At the foot of the Molodetsky

mound in the Zhigulevsky Mountains, a tent city of the TOAZ employees grew up, and the organizers gave all the necessary equipment to the participants. The participants also received special eco-packages with raincoats, a corporate bracelet and token-coins for hot meals and bottled water. The tour program included not only the rest on the banks of the Volga, but also the ascent of the Molodetsky mound under the supervision of a guide, tourist multidiscipline competition among family teams, a wall newspaper competition, a talent competition, a creative workshop, a quest game: no one was bored. The guests of the tourist rally did not forget about the priority of Togliattiazot, i.e. environmental policy, becoming participants in the campaign to clean up the territory.

Autoquest

As part of the series of corporate events dedicated to the 40th anniversary of Togliattiazot, in October, for the first time, a corporate autoquest was held for the Company's employees.

17 teams of three to four people in each attended the competition. The autoquest of Togliattiazot had six tasks that required participants to show not only speed, but also creativity and observation. Each team was given tasks in a different order, solving which the participants moved along the route. Car enthusiasts-chemists solved the ciphered places of the city, solved logical tasks and were acquainted with the Komsomolsky and Central districts of the city.

The winning teams were awarded cups and automobilist kits. The

game has become not only fun, but also a great way of team building, demonstrating the importance of teamwork.

Chemistry in paints

The competition for amateur artists and professionals, students of art schools and studios in the city of Togliatti and Samara region, was organized jointly with the Spiritual Heritage Foundation named after S.F. Zhilkin. The purpose of the competition, announced in March 2019, is to draw attention to the activities of Togliattiazot and its significance for Togliatti. In the summer, as part of the competition, an open air was held on the territory of the factory: teachers and students of the Institute of Fine and Applied Arts of TSU and art schools of the city worked at the production site for a week.

Based on the results of the competition, a collection of works of art dedicated to the celebration of the anniversary of PJSC TOAZ was formed. The best works of the participants were presented at the exhibition, which opened at the end of November at the Togliattiazot Community Center.

Day in museum with TOAZ

In December, the Togliatti Museum of Local Lore hosted the quest “A Big Journey with TOAZ”, which brought together almost 400 employees with their families. Everyone plunged into the history of their native land with pleasure. The family quest in the museum became the final point in a series of festive events dedicated to the 40th anniversary of Togliattiazot.

“The Museum of Local Lore is a long-standing partner of the enterprise which we cooperate with. This year Togliattiazot helped the museum to open the “Operator Room” exposition, which presented equipment, samples of the Company's products, and a model of a urea plant. Therefore, today at one of the stations “Big Chemistry” children of chemists will see in miniature how urea is produced. This year TOAZ has organized many family events, and the quest in the museum is no exception. A day off with family and colleagues reflects our corporate culture and traditions”.

Natalia Denisova
Deputy HR Director
PJSC TOAZ

Medical services and programs to promote a healthy lifestyle

Promoting a healthy lifestyle and caring for the health of employees is an essential component of the personnel policy of PJSC TOAZ. On the territory of the enterprise, there is a polyclinic with a team of narrow-profile medical specialists.

The employees' health protection program provides for qualified medical care and is aimed at reducing morbidity, organizing preventive work to improve the health and treatment of employees, and eliminating occupational diseases. The polyclinic has procedure, vaccination, physiotherapeutic rooms, a gym, a speleo-chamber, an aromatherapy room. On the basis of the day patient facility there is an ozone therapy room. General physicians, an ophthalmologist, an otolaryngologist, a dentist receive patients daily. Consultations with a surgeon, an ophthalmologist, a urologist, an endocrinologist, a neurologist, a pulmonologist, a gynecologist are carried out twice a week. Women undergo a mandatory mammographic examination at Nadezhda health resort. For the early detection of cancer in men, an examination is carried out for the presence of a cancer-specific marker.

The enterprise has a free voluntary health insurance program. In 2019, 4 195 employees were provided with VHI, 80% of which (3 361 people) used the services under the program. As part of the 40th anniversary of Togliattiazot, 400 VHI policies were also awarded to family members. In 2019, 140 million rubles were allocated for medical support and rehabilitation of employees.

In 2019, Nadezhda health resort celebrated the 20th anniversary of its work

Today Nadezhda health resort consists of two nine-storey buildings, a cinema hall, a dining room and a restaurant. The institution can simultaneously accept up to 250 guests. Every year 500-600 employees of Togliattiazot together with their families improve their health here.

Nadezhda health resort is the winner of many prestigious awards, including gold and silver medals of the Russian forum Zdravnitsa, the Crystal Dolphin and Crystal Drop festivals. The departmental health resort Nadezhda has a rate of “3 stars” according to the international classification.

In 2019, 556 employees, members of their families, members of the council of veterans of TOAZ (533 employees in 2018) rested and and



• Nadezhda health resort

underwent a course of treatment on preferential vouchers at Nadezhda health resort.

In the formation of a healthy lifestyle, the basic direction is the stimulation to engage in physical culture and sports. For employees of PJSC TOAZ and their children, there is a 30% discount on visits to the gym and swimming pool in the sports complex of the Togliattiazot Community Center. In 2019, 715 people used this service. Twice a day, the factory radio broadcasts an industrial gymnastics complex developed by the specialists of Nadezhda health resort.

Sports events such as paintball, basketball, volleyball, multidiscipline competition, carp fishing, bike ride, competitions “Mom, Dad and I is a sports family!” are held annually for employees. For sports activities, the enterprise has organized hockey, football (which celebrated its 40th anniversary in 2019), volleyball and basketball teams. 4 769 tickets were purchased for cultural and sports events in 2019.

The reporting period was the year of TOAZ sports achievements as an active sports life in 2019 included 25 internal and external events, in which 1 379 people took part. For the first time TOAZ held a corporate basketball championship, an autoquest and backgammon competitions. In addition, the factory employees played billiards, took part in the Russian Ski Track of Russia sports festival, in the chess tournament

of the Trade Union Committee, in the sports day of labor collectives, in mini-football tournaments and in darts competitions.

Separately, it is worth noting the victory of the joint team of Togliattiazot employees at the Himfest sports festival in Moscow, confined to the Chemist Day, in which more than 300 chemical workers from all over the country took part. Also, the factory teams and individual sportsmen took part in the industrial sports contest of chemists of Samara region, in the big sports festival “Race of Heroes - Future Heroes of TOAZ”, in the Togliattiazot regatta, in the carp fishing tournament, in the Samarskaya Luka marathon, set new records for the number of participants at the volleyball tournament.

For the fifth year in a row, the Company has been organizing a corporate “military tactical games” tournament for its employees. This year, a lasertag competition was held, in which almost 100 people, divided into 12 teams, took part.

The Togliattiazot team, with the support of the Trade Union committee of the enterprise, became a participant in the Russian multisport project, the extreme race “Steel Temper”, which was held in Togliatti for the third time. It is aimed at popularizing physical culture and sports; also this is a new form of exciting and active recreation, bordering on extreme sports. Our sportsmen were among the first to overcome five kilometers and 15 difficult obstacles.



• Sails of Hope regatta

Program for social support of the retired

One of the important areas of social policy of PJSC TOAZ is the provision of support to employees of retirement age. According to the Regulations on non-state pension provision, which is in force in Togliattiazot, an employee who has worked at the enterprise for at least 10 years and has no violations of labor and production discipline, upon dismissal due to retirement, has the right to a monthly non-state pension in the amount of at least 10 percent from earnings prior to dismissal. The non-state pension is paid for five years, its amount, taking into account the labor contribution of a particular employee, can be increased.

Non-state pension is one of the most stable options for pension provision, since it is built on a contractual basis and has security guarantees. The pension program of Togliattiazot works as follows: the non-state pension fund forms pension reserves at the expense of the employer's contributions, keeps a personalized record of liabilities for each of the pension accounts. In this case, the fund cannot dispose of clients' funds at its own discretion. By law, it is obliged to place pension reserves on the market on the principles of repayment, liquidity, diversification and reliability, in accordance with the placement rules established by law. In 2018, a rule that allows the Central Bank to force non-state pension funds to accrue additional income to clients if it is established that the fund, as a result of its actions, receives a yield below

the market average, came into force. In addition, the fund operates a system of internal control, risk management, and each action of a non-state pension fund is accompanied by strict multi-level control.

Since 1993, employees of the Company have had the opportunity to receive an increase in state pension payments through the non-state pension fund Togliattiazot, then it was called Titan. The clients of non-state pension fund Titan were employees of not only TOAZ, but also other organizations of the city. In September 2018, Togliattiazot transferred an agreement on non-state pension provision for its employees from Titan with all obligations to another non-state pension fund called JSC Vnesheconombond. This is a large fund, the capital of which is more than a billion rubles, and Vnesheconombank is the main client of the non-state pension fund. The fund has been operating since 1992 and is one of the leaders in this segment of the economy.

In 2019, 69 employees received payments upon dismissal (more than 8 million rubles), 24 870 thousand rubles was sent to non-state pension fund.

The interests of former employees are represented by the Veteran Council. As of 2019, 1400 people are members of the Veteran Council. Preferential payments such as quarterly financial assistance (in the reporting period, it increased by 15% and amounted to 1150 rubles), and New Year's gifts are provided for them, as well as participation in various holiday events. Members of the Veteran Council

receive preferential tickets to the health resort for only 10% of the total cost; health groups are organized. In 2019, financial assistance was provided to pensioners in the amount of 6 011 000 rubles.

The quarterly celebration of anniversary heroes has become tradition of PJSC TOAZ, where 326 people participated. Every year, a meeting of veterans is held at TOAZ Community center, which is timed to coincide with the celebration of the Day of Elderly People, to which 300 former TOAZ employees were invited, and honouring the veterans and home front workers of the Great Patriotic War in honour of Victory Day. Veterans of the Great Patriotic War are given monthly financial assistance to purchase medicines.

The youth council

The Youth Council is involved in engaging of young personnel in the active production and social activities of the enterprise. Its main task is to adapt new employees and participate in activities to attract new personnel.

As of December 2019, the youth council consisted of 209 TOAZ employees (52 people joined the youth council in the reporting year). In 2018, 190 employees joined the association.

A youth policy development program of PJSC TOAZ for 2020-2022 and performance targets of the youth council for 2020 were developed. The youth council organized and participated in 35 events with a total of 10 335

participants.

The active work of the youth council in 2019 was also reflected in the results of participation of representatives of the enterprise in various kinds of competitions: PJSC TOAZ team took first place in the Russian competition Himfest, first place in the city festival Intellect-63", second place in the regional competition Practical School of Teamwork in Management, the TOAZ Club for the Lightheaded and Quick-witted team entered the final of the Club for the Lightheaded and Quick-witted of Labor League of Samara Region.

TOAZ in the reporting year became a finalist of the Russian HR-brand competition, with the Youth Council project.



• United young team of the enterprise



• Youth Council visiting the departmental kindergarten Tulip



• Veteran of the factory on excursion at his native enterprise

The Trade Union

93% of the Company's employees are members of the Trade Union. One of the main tasks of the Trade Union committee is the preparation, conclusion and monitoring of implementation of the Collective Bargaining Agreement. In addition, one of the most important task of the Trade Union is to monitor the conformity with labour protection requirements, safety rules and standards, industrial health. There are 43 public health and safety inspectors at TOAZ. The health and safety inspectors of Togliattiazot multiple times received winner's certificates and awards in competitions for the title of the best health and safety inspector of Samara Region.

Since 2016, the Trade Union, together with the administration,

has been organizing weekend travel trips. Workers of the enterprise visit tourist places of Samara region and neighbouring regions. In total, 14 such trips were organized in 2019, 419 people participated. For the period from 2017 to 2019, 1395 people took part in excursion trips:

- PJSC TOAZ employees - 879 people;
- Family members - 268 people;
- Council of Veterans - 240 people;
- CJSC Corporation Togliattiazot employees - 8 people.

The sporting life was intense: 492 employees took part in 14 events. The Trade Union committee traditionally arranged for corporate delivery of "Fit for labour and defence" physical training standards for TOAZ

employees. It is worth noting that TOAZ is the only company in the city that organizes such a sporting event for employees.

The own library is the pride of the Trade Union. It is considered to be one of the best in Togliatti in terms of collection of books. In 2019, 7119 people visited it, 13197 books were borrowed. 314 new editions were purchased for the library.

In the framework of the traditional holiday organized by the Trade Union, a First-Grader Day, 215 children of the Company's employees were congratulated and given memorable gifts in 2019.

In the reporting year, 2019 factory employees received financial assistance in the amount of 8 016 000 rubles. Moreover, the Trade Union allocated 31 interest-free loans to the people in need.

ECOLOGY, ENVIRONMENTAL PROTECTION AND PERSONNEL SAFETY

5

- 5.1 ENVIRONMENTAL POLICY OF THE COMPANY
- 5.2 ENVIRONMENTAL IMPACT
- 5.3 ENERGY EFFICIENCY
- 5.4 ECOLOGICAL ACTIVITIES
- 5.5 INDUSTRIAL SAFETY, HEALTH AND LABOUR PROTECTION



5.1 ENVIRONMENTAL POLICY OF THE COMPANY

PJSC TOAZ pays great attention to issues of environmental protection in the region. One of the main conditions for this activity is strict observance and implementation of environmental requirements of the Russian legislation. The management of the enterprise considers it its duty to maintain a favourable environmental situation and safe living conditions in the region of presence.

The Company implements environmental programs in three main areas:

- Air basin protection;
- Water basin protection;
- Reduction of the negative impact of production waste.

Effective environmental policy is the key to sustainable development of the Company and successful engagement with stakeholders as part of their commitments.

The environmental principles of PJSC TOAZ are based on the following principles of the Company:

- Sustainable development;
- Rational nature management;
- Integrated environmental management.

Togliattiazot strictly complies with the requirements of the legislation of the Russian Federation in the field of environmental protection, industrial safety and labour protection, also taking into account the requirements of international standards.

To ensure the most efficient use of natural resources, TOAZ invests in the introduction of innovative technologies and methods for ensuring environmental and industrial safety.

The Company widely practices the use of internal regulatory documents and procedures governing activities in the field of ecology and ensuring the health of employees. The fundamental principles are reflected in PJSC TOAZ policy in the field of industrial and environmental safety, health and labour protection.

Every year, the Company implements a number of measures aimed at reducing the negative impact on the environment and at preventing

risks in the field of industrial safety and labour protection.

Organizational structure of HSE management

Management of Health, Safety and Environment (HSE) is implemented at all organizational levels of the enterprise. In the managing company, responsibility for strategic decisions in this area is assigned to the Deputy General Director - Production Director and his deputy in the field of environmental protection and labour protection.

In addition, in 2019, the enterprise had departments of labor protection, environmental protection under the control of the HSE Chief Specialist, which carried out internal inspections of the Company for compliance with the requirements of the legislation of the Russian Federation in the field of labor and environmental protection. The production control department monitors compliance with industrial safety requirements.

Goals and tasks in the field of environmental protection

The strategic goal of PJSC TOAZ is a constant reduction of the negative impact on the environment at all stages of the production cycle. For each essential aspect, the most important tasks are the following:

- Reduction of harmful emissions into the atmosphere;
- Reduction of wastewater discharges into water bodies and improving the quality of wastewater discharged;
- Reduction in the volume of production waste and an increase in the percent of recovered waste;
- Compensation of environmental impact due to implementation of environmental initiatives to restore natural resources and improve the quality of the environment.

Implementation of PJSC TOAZ development strategy until 2025 and the modernization programs are aimed at creating a modern enterprise where the work of the Company's employees is aimed at the careful use of natural resources and solving urgent environmental problems. The



• Carrying out research on the territory of the enterprise

responsible and sensitive attitude of the team towards the preservation of the region's natural resources allows us to proceed towards improving the quality of life of employees, their families and the city as a whole.

Key achievements for 2019 reflect consecutive advancement in the implementation of the tasks assigned:

More than **254** MILLION RUBLES

is allocated for implementation of environmental protection actions and projects

10 HECTARES of seedlings planted for reforestation of the woods burned down in 2020

More than **6 000** fry is released into the Volga

More than **200** MILLION RUBLES is allocated for labour safety

Injury index LTIFR was **0.58**

0 professional diseases were identified

5.2 ENVIRONMENTAL IMPACT

The enterprise takes measures to reduce the total amount of air emissions, wastewater discharges and solid waste disposal.

In 2019, the emission of pollutants into the atmospheric air at the enterprise, taking into account all structural divisions, amounted to about 11 thousand tons.

To monitor the quality of atmospheric air at the factory's production site and in the sanitary protection zone, the enterprise uses its own unique accredited sanitary-industrial laboratory, which, in accordance with approved schedule, conducts daily air sampling at sources of polluting emissions, as well as third-party accredited laboratory FSBI "CLATM VFD". During 2019, more than 1800 air samples were taken. To reduce emissions of pollutants into the atmosphere, dust and gas recovery units are used.

the improvement of the biological wastewater treatment process;

- Water sumps and underground water supply and sewerage networks were repaired, which is aimed at excluding contamination of groundwater and soil, including excluding the infiltration of storm water into the soil.

In addition, the following activities for control over the state of water bodies are implemented at the enterprise:

- Monitoring of wastewater at the discharge to the Saratov water reservoir;
- Mixed flow biotesting;
- Virological analyses;
- Microbiological research at dissipating discharge with a hygienic assessment of the results with involvement of specialized



• Wastewater treatment facilities

Extensive revamping work is carried out at the existing wastewater treatment facilities.

In 2019, in order to improve the quality of wastewater, the following activities were taken at the wastewater treatment facilities, which allowed reducing the negative impact on the environment:

- The replacement of germicidal lights for ultraviolet disinfection was carried out at the installations of the UDV-1000/360-D23 type, which made it possible to efficiently perform the disinfection of waste water;
- Aeration systems in aerobic stabilizers (items 5, 8) were replaced, which contributed to

organizations.

The whole range of activities carried out in 2019 at the wastewater treatment facilities of PJSC TOAZ is aimed at reducing the negative impact on the water bodies of the region.

At the site of the enterprise, there is a landfill for waste disposal and sludge lagoons for temporary storage of sludge. Hydraulic structures comply with all regulatory requirements of the legislation of the Russian Federation. Monitoring of hydraulic structures is carried out annually with the involvement of specialized organizations.

The activated sludge formed at the wastewater treatment facilities, after passing through analytical control carried out by the federal supervision

services, is used as fertilizer when restoring the fertile soil layer on the burned out forest lands of the region.

All events held in 2019 are aimed at reduction of discharges, pollutant emissions, decrease of waste generation, its ecologically safe storage and use.

Togliattiazot in its activities depends on the availability of water resources. That is why improving the ecological state of the Volga river is one of the most important aspects of the enterprise's environmental activities. The key role in ensuring this task is assigned to the wastewater treatment facilities of PJSC TOAZ, which not only treat the company's own wastewaters, but also serve the facilities of the Northern industrial hub and household customers of the Komsomolsky district of Togliatti. Due to the ongoing modernization of treatment facilities, TOAZ has managed to reduce wastewater discharge by 1.2% over the past five years - from 20 753 thousand m³ in 2015 to 20 502 thousand m³ in 2019.

To reduce water consumption, Togliattiazot uses circulation water supply system for ammonia plants, in which water undergoes special treatment with reagents that restore its characteristics for further use. In addition, the factory provides water recycling systems, in which water is used repeatedly without special preparation. The functioning of these technological systems can significantly reduce the consumption of water resources from natural sources.

In addition to caring about water quality, the enterprise is actively implementing a program for the reproduction of the Volga's biological resources. In total, since 2008, within the framework of systematic work, the enterprise has released almost 273 thousand carp and sterlet fry.

The environmental activities of PJSC TOAZ are aimed at improving the reliability of equipment operation through a modernization program, improving the system of environmental monitoring and control over the state of atmospheric air, water and soil, and reducing the technogenic impact on the environment.

Thus, last year TOAZ has significantly increased the share of waste recycling. At the end of 2019, it reached a level of 75%, having increased by almost 4 times compared to 2015 (19.2% of waste was recycled).

Moreover, PJSC TOAZ initiates and supports numerous environmental actions.

5.3 ENERGY EFFICIENCY

In the course of its work, PJSC TOAZ focuses on indicators of efficient energy consumption. The Company uses the following types of energy resources in its activity: natural gas, as the raw material and energy source for production of ammonia and urea, electric and thermal energy.

Production facilities consume significant resources, which affect the prime cost of production. Therefore, one of the strategic goals of the Company is to increase competitiveness through more efficient operational activities, also by reduction of production costs.

Every year, PJSC TOAZ implements a number of activities aimed at reduction of energy consumed, increase of energy efficiency and strengthening control

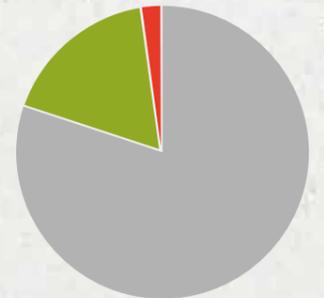
over energy consumption. In the context of rapid growth of resources cost, this objective is of particular importance.

The starting point for energy efficiency projects at TOAZ was entry into force of the Federal law dd. 23.11.2009, no. 261-FZ "On energy saving and improvement of energy efficiency". In 2012, an energy Audit was conducted at the enterprise. Implementing the proposals of specialized organizations, the company resumed the technical re-equipping of the plants in order to increase efficiency and reduce energy costs. Ensuring energy supply control allows the Company to guarantee uninterrupted operation, improve energy efficiency indicators, and reduce the negative impact on the

environment due to energy saving.

The Company implements programs for replacement and modernization of equipment, increasing the efficiency of its use, reducing indirect losses, as well as organizational activities aimed at involving personnel in resource saving.

SHARE OF ENERGY INTENSITY OF PRODUCTS, 2019



- Energy consumption for ammonia production
- Energy consumption for urea production
- Energy consumption for UFC production

IN 2019 THE ENTERPRISE'S CONSUMPTION OF ENERGY RESOURCES WAS AS FOLLOWS:

Resources	UOM	Quantity
Natural gas	^000 m ³	3 789 147, 94
Electrical power	^000 kWh	533 437, 531
Heat power	Gcal	162 099,52
Diesel fuel	t.	1 676
Motor petrol	t.	207

In 2019, a number of measures aimed at reducing of energy consumption and increasing of energy efficiency of production processes were performed, including:

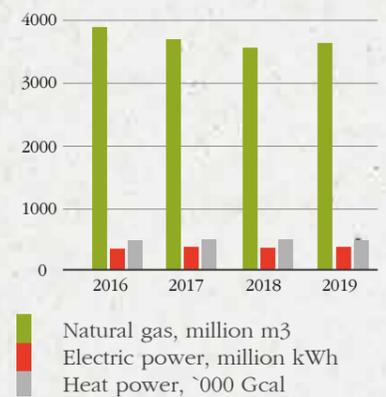
- Replacement of 6 kV air circuit breakers with vacuum ones at substations of ammonia and urea plants;
- Replacement of power transformer at MSDS-2, 2T, TRDN-80 MVA;
- Replacement of 0.4 kV automatic circuit breakers at substations of ammonia plants;
- Replacement of street mercury arc lamps with LED ones for lighting process units of ammonia and urea plants. 860 lamps were replaced at urea production plants;

- Work continues on the implementation of a variable frequency drive (VFD) for energy-intensive electric motors.

The plans for energy saving for 2020 include the following actions:

- Implementation of frequency regulation of electric drives;
- Replacement of oil high-voltage bushing at SS-110 kV;
- Inspection of oil facilities of 110 kV cable lines;
- Replacement of gravel coating of oil receivers of power transformers at substations and main step-down substations;
- Putting into operation of the "Telemechanics" system.

ENERGY RESOURCES CONSUMPTION



- Natural gas, million m³
- Electric power, million kWh
- Heat power, ^000 Gcal

5.4 ENVIRONMENT ACTIVITIES

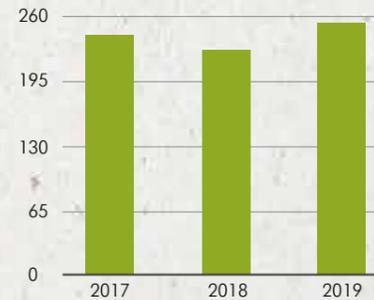
PJSC TOAZ strategy is to minimize the negative impact on environment. Therefore, at the initiative and support of the enterprise, a large number of various environmental activities are carried out annually in the region including the ones organized by the public organization “Social & Ecological Union”, which the Company has close cooperation with. PJSC TOAZ takes part in solving issues of preservation of environment together with public organizations, residents and administration of the city and the region.

Total expenditure and investments in health, safety & environmental protection

PJSC TOAZ annually invests in development of the HSE system in order to maintain the necessary level of industrial and environmental safety.

In 2019, more than 254 million rubles was allocated to the implementation of the environmental protection activities and projects to protect the environment.

EXPENDITURES FOR ENVIRONMENT PROTECTION, MILLION RUBLES



DYNAMICS OF COSTS FOR ENVIRONMENTAL PROTECTION MEASURES:

Expenditures for environment protection, '000 RUB.	2017	2018	2019	Dynamics, 2018-2019
Air protection and climate change mitigation	55 386	56 202	53 392	-5%
Waste water collection and treatment	152 600	157 918	170 473	7,95%
Production and consumption waste management	16 884	9 555	10 994	15,06%
Other directions of activities in the sphere of environment protection*	21 880	18 315	19 230	5%
Total	246 732	241 990	254 089	5%

More than 742 million rubles was the amount of investments allocated for environmental protection over the past three years; Expenditures for wastewater collection and treatment increased by 7.95%; Production and consumption waste management expenditures increased by 15.06%.

*The costs for other activities in the field of environmental protection include:

- comprehensive surveys, including engineering and ecological, engineering and geological, engineering and geodetic, as well as engineering and hydrometeorological as part of the Utilization of Sludge from the Sludge Collector project;
- artificial reproduction of biological resources in order to compensate for damage: release to the Volga river of carp fry (6 586 fishes).

• Enterprise employees participate in action of forest rehabilitation in Togliatti



• Release of fry into the water area of the Saratov reservoir

Landscaping, cleaning, electronic document flow

PJSC TOAZ annually conducts landscaping: planting of trees, shrubs and flowers. This helps to filter and reduce concentration of dust in the air.

In summer, grass is mowed on a regular basis in order to comply with fire safety. Grass after mowing is ground into mulch and used as a fertilizer. In winter, the snow is removed with the help of special equipment.

In 2016 the enterprise introduced an electronic document management system: electronic signatures and electronic keys. This has significantly reduced the amount of paper used, which, accordingly, contributes to resource saving.

Environmental projects

Togliattiazot annually participates in city community work days on cleaning up the territory and

actively supports the program of the Administration of the city of Togliatti on liquidation of unauthorized disposal areas. In 2019 due to the enterprise 116.6 tons of garbage were collected from the city territory. For the period from 2016 to 2019 – about 600 tons.

PJSC TOAZ took part in environmental actions for rehabilitation of urban forest park area affected in large-scale fires of 2010. Together with volunteers, TOAZ employees planted seedlings on 10 hectares of forest land using the funds allocated by the enterprise. Since 2014, TOAZ has restored 40 hectares of forest.

PJSC TOAZ annually carries out collection of waste paper and batteries. In 2019, 10.7 tons of waste paper were collected.

Besides the care about the water quality, the enterprise actively performs the program on reproduction of the biological resources of the Volga. In the water area of the Saratov Reservoir, more than 6 thousand of fry of valuable fish species were released in 2019. Totally, for the period since 2008 within the framework of the system work, the enterprise released almost 273 thousand of carp and sterlet fry.

The implementation of all these environmental measures allows to reduce the negative impact of PJSC TOAZ on the environment, as well as contributes to the sustainable development of the Company, increases credibility of the Company in the region.

All activities performed in 2019 are aimed at reduction of discharges, emissions of pollutants, environmentally safe storage and use of wastes, as well as increase of the level of environmental responsibility of employees.

In 2020, the work in this direction is planned to be continued.

“PJSC TOAZ takes care of the ecology of Togliatti. We are renewing production facilities and treatment facilities, thereby providing leadership not only in production, but also in reducing environmental impact. We actively participate in campaigns aimed at preserving nature – we plant a forest, eliminate landfills. Togliattiazot treats in a responsible way the environment, because the future of us and our children directly depends on the state of the environment.”

Dmitry Mezheedov
General Director
of CJSC Corporation Togliattiazot

5.5 INDUSTRIAL SAFETY, HEALTH AND LABOUR PROTECTION

The most important condition for sustainable development of the Company is to ensure a high level of safety culture and production culture. In a chemical enterprise, there are always increased production risks. The system of their reduction is one of the most important elements of successful and safe activity of the Company.

The work in this area includes as follows:

- Ensuring through the use of advanced technologies of such a level of safety of production facilities at which the risk of accidents is minimal;
- Reduction of the likelihood of errors leading to accidents by improving the personnel skills;
- Trainings on localization and

- liquidation of accidents;
- Control over compliance of the employees working conditions with the standards established by the legislation and the Collective Bargaining Agreement.

In accordance with the Federal law “On industrial safety of hazardous production facilities”, Rules of organization and implementation of production control over compliance with industrial safety requirements at a hazardous production facility, the Company has developed the Industrial Safety Management System.

The System is a complex of interrelated organizational and technical measures, guidelines and instructions for employees of

the enterprise in order to prevent emergencies and incidents at hazardous production facilities, as well as localization and elimination of consequences of such accidents.

More than 200 million rubles was allocated for occupational safety in 2019.

The Company has all the necessary licenses for all activities performed. Relevant documentation has been developed for hazardous production facilities, they are insured and operated in accordance with the requirements of industrial safety legislation.

Production control is an integral part of the industrial safety management system which carried out through a set of measures aimed at ensuring the safe operation of hazardous production facilities, as



well as prevention of accidents at these facilities and preparedness for localization of emergencies and incidents, as well as elimination of their consequences. Data on organization of the production control in terms of observance of industrial safety requirements are presented in the form of electronic document to the Federal executive authorities in the field of industrial safety annually before the 1st of April of a corresponding calendar year.

The necessary and sufficient level of professional training of the personnel is provided by professional selection and timely maintenance of personnel, as well as professional development of employees. Due to release of new Federal rules and regulations in the field of industrial safety, managers and specialists of PJSC TOAZ receive training and are certified on safety to the extent corresponding to their official duties. Operational personnel is trained in accordance with the professional training programs for workers of the main professions, as per qualification requirements for each category of a particular profession in compliance with the established training duration.

Monitoring and detection of violations of occupational health requirements and elimination of their causes are important activities. At the enterprise, the work is conducted on assessment of working conditions as per indicators of harmfulness and danger of the production environment, severity and intensity of the working process. Based on the results of a special assessment of working conditions, the measures are developed and implemented to bring working conditions in compliance with the requirements of state regulations, assessment of occupational risks and informing employees, working in harmful working conditions, on the working conditions at the workplaces is performed.

Employees of the enterprise are fully provided with the certified work clothing, special footwear, means of personal protection as well as medical and preventive food. Effective methods of industrial safety based on the best world practices are successfully implemented.

Regulation of occupational health and industrial safety

Production facilities of hazard class I and II are located at the enterprise, that is why it is necessary to ensure their safe continuous

operation, by means of controlling the risks of thermal, baric and toxic damaging factors.

Activities of PJSC TOAZ in the field of occupational health and industrial safety are regulated by the following basic documents:

- PJSC TOAZ Policy in the field of industrial and environmental safety, occupational health and safety;
- Fundamental safety rules;
- Behavioral Safety Audits standard;
- Regulation on industrial control over compliance with the industrial safety requirements at hazardous production facilities of PJSC TOAZ;
- Instructions and rules of occupational health and industrial safety for specific professions and types of work.

The recommendations for workplace safety are set out in the Collective Bargaining Agreement (see Chapter 4).

To settle the issues of occupational health and industrial safety, a special department has been created, i.e. the Occupational Health Commissioners Department. It operates as per the "Regulation on the occupational health commissioners of PJSC TOAZ", which was developed and approved in 2008 in accordance with Art. 370 of the Labour Code of the Russian Federation, Art. 20 of the Federal law of 10.01.1996 No. 10-FZ "On Trade Unions, their rights and guarantees of activity" and the Charter of the Russian Trade Union of employees of chemical industries.

When choosing contractors, their readiness to comply with the requirements of PJSC TOAZ in the field of health, safety and environmental protection is considered. All the necessary requirements in terms of occupational health and industrial safety are included in the annexes to the contracts for works and services. The Company's specialists monitor compliance with these requirements. For violation of the obligations, there are penalties or termination of the contract. Application of these sanctions leads to an increase of responsibility of contractors in the field of HSE when performing work on the territory of PJSC TOAZ.

Control over compliance with the requirements of occupational health and industrial safety

The control measures to comply with the rules and requirements of occupational health and industrial safety is an integral part

of the production safety system. Ensuring compliance with the HSE requirements is within the framework of complex and thematic inspections, as well as within the control of hazardous production facilities. Control measures are performed by specialists of the occupational health, production control departments, by senior line managers.

A separate role in this area is assumed by the activities of the Trade Union Committee on HSE, participating both in joint inspections of compliance with the rules of HSE and in protecting of the interests of employees on various issues in this area. The rights of employees in the field of ensuring safe working conditions are provided for in the Collective Bargaining Agreement containing the relevant section.

The Trade Union Committee holds regular meetings to settle issues in the field of occupational health. Annual reports on inspections for compliance with safe working conditions are sent to the Regional Committee of the Trade Union of chemical industry workers.

Besides that, the occupational health commissioners being the permanent members of the Russian Trade Union of Workers of Chemical Industries, regularly control observance by the employer, officials and employees of HSE rules. Occupational health commissioners also represent interests of employees in labour disputes, and advise employees on occupational health issues.

Occupational health commissioners perform the following duties:

- Control over observance by the employer and workshop employees of occupational health regulations;
- Participation in work of commissions on occupational health under the chairmanship of the workshop manager;
- Participation in development of measures to improve the culture of production;
- Participation in provision of first aid;
- Informing employees of their division about the state of the working conditions and occupational health;
- Monitoring of equipment, areas of workshops, fire-fighting equipment, personal protective equipment.

In 2019, at the enterprise there were 43 occupational health and safety commissioners, who were trained, had certificates

and had been provided with all necessary documentation. In total, in 2019, 32 people were trained and received the appropriate certificates. In 2019, the commissioners conducted 1527 inspections on occupational health in the company's divisions.

Special assessment of working conditions

Monitoring and detection of violations of occupational health requirements and elimination of their causes are important activities of PJSC TOAZ.

According to Federal law of 28.12.2013 No. 426-FZ "On special assessment of working conditions" and Federal law of 28.12.2013 No. 421-FZ "On amendments to certain legislative acts of the Russian Federation in connection with adoption of the Federal law "On special assessment of working conditions", the classifier of potentially hazardous and harmful working conditions has appeared in the methods of the special assessment of working conditions. In particular, in the new classifier the number of factors of harmful working conditions was reduced by a third.

At Togliattiazot, there is an assessment of working conditions as per indicators of harmfulness and danger of the production environment, severity and intensity of the working process. Based on the results of a special assessment of working conditions, the measures are developed and implemented to bring working conditions in compliance with the requirements of state regulations, assessment of occupational risks and informing on the working conditions at the workplaces of employees in harmful working conditions is performed.

Industrial safety commission

PJSC TOAZ certifies the managers and specialists of the enterprise in the field of industrial safety upon appointment to a new position or transfer to another work in the scope corresponding to their official duties. Certification may be primary, periodic or extraordinary, and it shall be carried out according to the approved schedule. Responsible persons for the certification to be performed are the heads of divisions, directorates, departments and workshops. Factory employees who have not passed the test of knowledge are

sent for re-certification.

For two years, the factory certification Commission for industrial safety has been working at the enterprise on a permanent basis. The Commission consists of about 20 specialists and managers in relevant areas.

The Commission ceased its activities in November 1, 2019 in accordance with the decree of the Government of the Russian Federation dated 25.10.2019 No. 1365 "On preparation and certification in the field of industrial safety, according to issues of safety of hydraulic structures, safety in the electric power industry" (together with "Regulation on certification in the field of industrial safety, safety of hydraulic structures, safety in the electric power industry").

Personnel health and occupational injury rate

The labour team is one of the main values and one of the most important factors in the social policy of PJSC TOAZ, therefore the ensuring of industrial safety, establishment of a comfortable working environment, protection of health and expanding of opportunities for recreation of employees is one of the Company's top priorities.

The main activities of the enterprise in the field of preservation of health of employees are:

- Prevention of occupational diseases;
- Reduction of overall sick rate;
- Improving of availability and quality of health care.

100% of employees are provided with voluntary health insurance policies

The labour team is provided with modern types of treatment. The health of employees is closely monitored by qualified doctors. On the territory of the enterprise there is own medical unit No.7 and round-the-clock health post, the material base of which allows not only to carry out medical examination, but also conduct prevention and treatment.

25.3 million rubles was allocated to the voluntary health insurance program

For employees whose work is associated with harmful and dangerous working conditions, the periodic medical examinations are conducted, and based on the results, if necessary, treatment in Nadezhda Health Resort is prescribed.

In 2019, 3024 employees of the factory underwent preventive examination. In addition, each employee of the Company on favorable terms has an opportunity to recreate and undergo preventive treatment in the health resort. The enterprise strongly recommends undergoing annual preventive treatment (including with the possibility of a partial separation from the work) to the heads of process and repair workshops whose work is connected with considerable tension and psychological and emotional stress.

PJSC TOAZ in 2019 continued implementation of the voluntary health insurance program, and for the fourth year in a row provided all personnel with 100% coverage of the cost of the voluntary health insurance policy at the Company's expense. Also, for three years already there is a following benefit: 70% of the cost of dental services provided in the medical unit of the enterprise is paid by Togliattiazot.

The Company is actively working towards promotion of healthy lifestyle programs among employees. On a regular basis there are sports events: tournaments in volleyball, paintball, basketball, carp fishing, multi-discipline competitions, bike rides, etc. Also on a regular basis there are sports teams in football, basketball, volleyball and hockey. The Youth Council and the Trade Union play an important role in promoting a healthy lifestyle.

Thanks to the effective organization of the personnel health management system, no cases of occupational diseases have been registered in PJSC TOAZ since 2003.

In 2019 there were 4 accidents with causing of temporary disability (mild severity). This is not more than in other previous years (except for 2017, in which the risks were managed most effectively: there were no cases of disability). The accidents in 2019 were related to human factors. In this regard, additional innovative methods have been developed and are being implemented to minimize the risk of dangerous actions and an "operator error" for personnel working in conditions of increased situational tension. The case-study on conscious safety for key



• Fire brigade on the territory of the enterprise

employees of all workshops, and especially, for repair workshops has been strengthened.

According to the integrated indicator of performance in the field of occupational health, i.e. the international indicator of injury frequency LTIFR, PJSC TOAZ demonstrates performance which is better than the average for petrochemical domestic enterprises and many foreign ones.

LTIFR [Injuries per million hours worked] is defined as: (number of injuries with temporary disability) x (1 million of man-hours) / (total working time worked by personnel for the year) and in 2019 it was 0.58.

Fire safety and readiness for localization and elimination

of possible accident consequences

Industrial safety also includes protection from fires and man-made disasters, reduction of risks of their occurrence and ability to respond quickly and mitigate emergencies, as well as improving of response skills of the Company's employees in emergency situations, since TOAZ operates hazardous production facilities of classes I and II.

Primary emergency rescue work at the enterprise is performed by a special professional division, i.e. departmental Gas Rescue Unit. This professional division is certified by the Interdepartmental Commission on certification of emergency rescue formations and has a Certificate

authorizing emergency rescue and other urgent work in emergency situations.

For more than 15 years now, the Company has had its own part-time emergency response unit consisting of the Company's employees and engineering and technical workers. It has been established in accordance with the Federal law No. 116-FZ of 21.07.1997 "On industrial safety of hazardous production facilities". The total number is 116 people.

The emergency rescue units are equipped with operational vehicles and emergency rescue means to the full extent, in accordance with the Regulations, the Charter and the list of the technical equipping. Twice a year at PJSC TOAZ there are trainings on evacuation from high occupancy buildings.

INDICATORS OF INDUSTRIAL INJURIES AND OCCUPATIONAL DISEASES			
Level of occupational injuries, diseases, total number of fatal accidents	2017	2018	2019
Number of fatal accidents among the workforce	0	1	0
Total number of occupational diseases among the workforce during the reporting period	0	0	0
Total number of injuries among employees of the company	0	5	4
International indicator of lost time injury frequency rate LTIFR	0	0,66	0,58



• Tactical exercises of Togliattizot fire department

DEVELOPMENT OF THE REGION OF PRESENCE. CHARITY

6

6.1

COMPANY POLICY ON DEVELOPMENT OF THE REGION

6.2

ENVIRONMENTAL INITIATIVES

6.3

SOCIAL PROJECTS, CHARITY

6.1 COMPANY POLICY ON DEVELOPMENT OF THE REGION

More than 15.5 million rubles was allocated in 2019 to charity and sponsorship programs.

For TOAZ, Togliatti is a native city where employees of the enterprise and members of their families live. Social programs of Togliattiazot are aimed at promoting sustainable development of the region of presence, improving the quality of life of the Company's employees and local communities, and preserving the environment. The enterprise invests

heavily in the social infrastructure of the region, providing a favorable environment for the implementation of its long-term development strategy.

PJSC TOAZ pays special attention to programs that contribute to development of the urban environment, the realization of potential of local communities, solving of acute social problems, support of socially unprotected segments of the population, preservation of historical heritage, development of culture and education, support of sports and promotion of a healthy lifestyle and, of course, taking care of the ecology of the native land.

The Company develops mechanisms for multilateral cooperation, strengthening partnerships with gov-

ernment authorities and the public. The main directions of social investments of the enterprise are determined taking into account the needs and expectations of stakeholders and, first of all, the state and society.

Togliattiazot is a city-forming enterprise and a major taxpayer. The Company promotes employment in the city.

The Company transferred over 3.8 billion rubles to the budget of Samara region in 2019.

COMPANY CONTRIBUTION TO SUSTAINABLE DEVELOPMENT OF THE REGION OF PRESENCE

Economic aspect	Fulfillment of tax obligations and increasing of the economic potential of the region by providing orders for contractors and suppliers of the Company, maintaining the level of employment among the population.
Environmental aspect	Improving of the environmental situation by increasing the environmental efficiency of production and modernization, as well as implementation of environmental programs.
Social aspect	Development of sociocultural environment through implementation of cultural and sports programs, promotion of educational activities, and support for vulnerable sections of the population.

The growth of tax payments over the reporting period compared to the previous year amounted to 8.6%.

The Samara economy in 2019, which has reduced the main indicators over the past several years, returned to the growth zone and has serious potential for its continuation. Regional industry also demonstrates good growth opportunities. According to the Ministry of

Industry and Trade of Samara Region (minprom.samregion.ru) and Samarastat (samarastat.gks.ru/folder/34255), at the end of 2019, the industrial production index in Samara Region in the manufacturing industries amounted to 101%, compared to last year, products were shipped to the amount of 1 trillion 107.9 billion rubles, which is 4.7% higher than the level of 2018. The increase in production took place in industries that make up about 35.5% of the manufacturing

industry, including chemistry. At the end of 2019, the growth of the industrial production index in Togliatti amounted to 99.4%. In the production of chemicals and chemical products, the production index in 2019 was 103.3%. The growth in production in the industry is due to an increase in the volume of manufactured and sold products at the leading enterprises of the industry, as well as the implementation of investment projects aimed at ensuring future development,

reducing the consumption of raw materials, heat and energy resources, reducing the impact of production on the environment, as well as maintaining the company's market position in an increasingly competitive environment.

The production of ammonia was increased in 2019 (106.4% compared to the same period in 2018) and mineral fertilizers (108.4%) in general. The positive dynamics of real incomes of the population resumed.

The growth in living standards has positively influenced development of the consumer segment of the regional economy. The levels of employment and unemployment have developed better than the average Russian and regional average values.

The trend of growth of off-budget investments of large and medium-sized enterprises has been preserved. Among the important growth factors is the construction of Urea Plant No.3 by PJSC TOAZ.



• City environmental laboratory

Togliattiazot is interested in creating a favorable social environment in the region of presence in order to implement its long-term development strategy. The Company not only makes a positive impact on life in the city through the creation of new jobs, tax payments or improving the quality of life of its employees and their families, but also invests heavily in social infrastructure of Togliatti.

PJSC TOAZ ACTIVELY PARTICIPATES IN LIFE OF THE CITY AND THE REGION IN GENERAL

DEVELOPING THE CITY AND THE REGION

- Togliattiazot is the organizer of a professional development program for people of pre-retirement age "Chemistry of Experience"
- Togliattiazot is a partner of Togliatti Philharmonia and Togliatti Local History Museum
- Togliattiazot is the organizer of the lecture educational project "Intellectual Club "Chemistry of the Word"
- Togliattiazot is the organizer of "Impulse" scholarship for talented young musicians, actors, artists
- Togliattiazot is the organizer of a grant program for social initiatives "Chemistry of the Good"
- Togliattiazot is an active supporter of event tourism (sponsorship of the festival of classical music "Classics Open Fest" and the summer session of the Volga Youth Symphony Orchestra, etc.)
- Togliattiazot provides support of shelters for homeless animals in Togliatti



• Togliattiazot employees take part in an environmental campaign

SUPPORTING SPORTS: HELPING SOCIALLY VULNERABLE GROUPS: SAVING NATURE OF THE NATIVE AREA:

- Togliattiazot is the official sponsor of Samara Region Basketball Federation
- Togliattiazot is a sponsor of "Zhemchuzhina" ("Pearl") Synchronized Figure Skating Team
- Togliattiazot is an official sponsor of the home games of the "Lada" hockey team in the 2019/2020 season
- Togliattiazot is a sponsor of the Volga Martial Arts Academy
- Togliattiazot is a sponsor of the Invincible Power Martial Arts Games
- Togliattiazot is the organizer of a grant program for persons who have adopted children left without parental care
- Togliattiazot provides support for orphanages in the city of Togliatti
- Togliattiazot is the organizer of charity performances to help children's social institutions in Togliatti
- Togliattiazot is a partner of "Our Forest" program
- Togliattiazot is a partner of the city program for the elimination of unauthorized landfills
- Togliattiazot is implementing a program for the reproduction of the Volga bioresources
- Togliattiazot is an organizer and a participant of environmental volunteer events

6.2 ENVIRONMENTAL INITIATIVES

TOAZ allocated more than 250 million rubles to the environment in 2019.

Taking care of the region's ecology is one of the priorities of PJSC TOAZ. Togliattiazot does its best to preserve a favorable environment. Seeking to increase production, the Company works to reduce the negative impact on the environment, uses natural resources rationally, and takes care of maintaining biodiversity.

Thanks to Togliattiazot, 116.6 tons of garbage were removed from the city in 2019.

PJSC TOAZ develops a system of constructive interaction on environmental issues with a wide range of stakeholders, cooperates with government authorities and local communities, and actively participates in the city initiatives.

TOAZ annually provides support in the implementation of various environmental programs. The Company engages its employees in environmental activities, including on a volunteer basis. Togliattiazot organizes community work days to clean up the territory of the enterprise, to clean up the banks of the Volga, to eliminate unauthorized landfills, participates in landscaping and improvement of the city areas, in sports activities of an ecological focus.

As part of its environmental activities, the Company took part in an environmental campaign to restore urban forests damaged by large-scale fires in 2010. Forest planting has already become a good tradition for the employees of PJSC TOAZ. 2019 was no exception: a total of 10 hectares of seedlings were planted.

For the fourth year in a row, Togliattiazot has sponsored the ecological marathon "Samarskaya Luka". The main goal of the race is to attract public attention to the problems of preserving the natural complex Samarskaya Luka and to promote a healthy lifestyle. A special feature of the marathon is its track, running through the most picturesque places of the Samarskaya Luka National Park with a view to the Great Volga River. 1000 participants from 7 countries, 22 regions of Russia and 76 cities - the geography

of the event in 2019 exceeded all expectations. France, Azerbaijan, Austria, Turkmenistan, Kazakhstan and South Africa - "Samarskaya Luka" has once again confirmed the status of the international race. Among the participants were TOAZ employees.

Restoring the biodiversity of the Volga basin, Togliattiazot traditionally released a brood of fry into the river water area. More than 6 000 fish fry of valuable species have replenished the number of river inhabitants. Togliattiazot continued cooperation with the Socio-Ecological Union of the city of Togliatti in 2019, assisting in the implementation of environmental activities of the organization. This year, the form of TOAZ cooperation with this environmental organization has changed: work on the basis of a permanent valid contract. During the reporting period, a number of joint environmental activities were carried out, most of which were directly attended by the enterprise's employees:

- The first ecological urban Forum;
- Eco-festival "Klumba TLT" ("Flowerbed TLT");
- Eco-campaigns to clean up the territories "Musora NET" ("Garbage NO"), "Ecodvor" ("Eco-yard"), "Chistye berega" ("Clean riverbanks"), "Sdelaem 2019" ("Let's do it 2019");
- Family holidays "Izbushka TLT" ("TLT Hut"), "Prazdnik po-sosedski Ecologiya dvora" ("Neighborhood Party: Yard Ecology");
- Patrolling urban forests during the fire-hazardous period of the year, etc.

Togliattiazot supported the XXIII regional meeting of school foresters "Druziya Lesa" ("Friends of the forest"), which was organized by GKU SO "The Samara forestry". The laboratory presentation took place on February 14, 2020.



• Restoration of forests damaged by fires of 2010

6.3 SOCIAL PROJECTS, CHARITY

PJSC TOAZ provides gratuitous financial assistance to state educational institutions of Togliatti and socially vulnerable groups, organizes human health care events, and supports cultural and sport events.

Supporting socially vulnerable categories of citizens is an important task for the Company, which observes the principles of sustainable development.

Togliattiazot systematically provides charitable assistance to those who especially need it: adults and children with disabilities, children from low-income families, orphans.

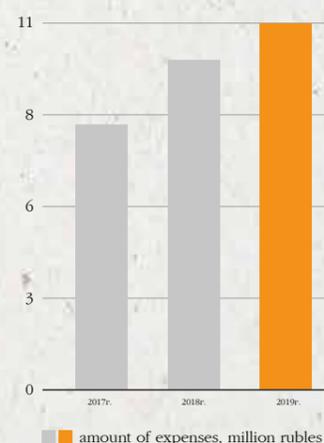
PJSC TOAZ has a Regulation on sponsorship and charitable activities

approved by the decision of the Board of Directors.

The bulk of the Company's cooperation in the social sphere falls on non-profit organizations (NPO) of various types. Social NPO partners are selected, first of all, according to the importance and value of their activities for society.

Over the past three years, Togliattiazot has allocated more than 29 million rubles for charity.

CHARITABLE EXPENDITURES



■ amount of expenses, million rubles



• "Togliattiazot Community Center"

6.3.1 SOCIAL AND NON-PROFILE OBJECTS

For many years, the structure of the Company includes three infrastructure facilities which positively affect the social situation both at the enterprise and in the entire region. These are Nadezhda health resort, Togliattiazot community center and Tulip kindergarten.

A veteran choir, various crafts groups and sports sections work in Togliattiazot community center, also in 2019 a number of social events free of charge for visiting were organized among which are as follows:

- The City Day celebrations,
- The Victory Day celebration,
- An open dance floor for elderly people,
- Music concerts;
- Free lectures on science and art (frequency - 2 lectures per month) as part of a cultural and educational project Intellectual Club, "Chemistry of the Word";
- Children's yard events "Summer with TOAZ" for residents of the

- Komsomolsky district of Togliatti;
- Entertaining and educational activities for schoolchildren "Vacations with TOAZ";
- Entertaining and educational activities for children of school and preschool age "To school with TOAZ";
- New Year, Christmas and Maslenitsa celebrations, gift fairs,
- Chemist Day, and more.

6.3.2 EXTERNAL PROJECTS

PJSC TOAZ finances not only its own social assets, but also allocates significant funds and efforts into implementation of programs aimed at improving the standard of living in the region of presence.

City and regional development

In 2019, the Company implemented a number of projects aimed at the development and improvement of urban space:

- At the request of the administration of the city of Togliatti, landscaping of the road ring in the Komsomolsk district was carried out;
- The development of a project for improvement of the staircase on the embankment of the Komsomolsky district of the city of Togliatti;
- Improvement of the territory of the Komsomolsky district of the city of Togliatti for the New Year: holiday decorations were made and installed on the road ring;
- Provided support for development of a project for improvement of the park named after S.F. Zhilkin in the Avtozavodsky district of the city of Togliatti;
- Provided support for development of a sports ground project in the Komsomolsky district of the city of Togliatti.

In 2019, PJSC TOAZ supported the activities of the Para`DOX youth television studio of the city of Zhigulevsk. This year has become a special one for the creative team; they celebrated the 10th anniversary of the television studio. Togliattiazot presented the Para`DOX team with a modern professional video camera. The youth television studio, within the framework of partnership relations, was involved in the coverage of many TOAZ events.

Competition of social initiatives "Chemistry of the Good"

Since 2019, Togliattiazot has been implementing the "Chemistry of the Good" program, which aims to support significant initiatives aimed at solving urgent problems of the region, developing its social and cultural environment. Non-profit, non-governmental and public organizations,

charitable foundations, state, municipal budgetary organizations, local self-government bodies can take part in the competition.

During the first stage of the competition, the organizers received 54 applications. Only 23 of them were allowed for defense the council of experts. During face-to-face presentations, participants were able to describe in detail their ideas, present implementation details and answer questions from the jury. Following the results of the public «defense», it was decided to support 15 projects.

The largest grants in the amount of 400 thousand rubles were received by the projects of Municipal Budget Institution of Culture of the city of Togliatti "Togliatti Museum of Local Lore" – "Childhood of Stavropol-Togliatti", of Municipal Budget Institution of Culture City Museum Complex "Heritage" (ecomuseum) – "Local Lore "grafting" or Where the Motherland begins" and of Volga Region Association of Territorial and Ecological Development "Master Plan" – "Laboratory of Modern Technologies".

Other nominees for the "Chemistry of the Good" program, which PJSC TOAZ supported in the implementation of socially significant initiatives, were:

- Municipal Budget Institution of Culture of the city of Togliatti "Togliatti Art Museum", project of the exhibition "Formula of Water"
- State Public Institutions of Samara Region "Togliatti social shelter Dolphin", the project "Fairy tale with your own hands"
- State Public Institutions of Samara Region "Assistance Center For Children Left Without Parental Care "Unity" (correctional)", the project "Workshop for the production of hand-made souvenirs Academy of Needlework"
- State Public Institutions of Samara Region "Assistance Center For Children Left Without Parental Care "Unity" (correctional)", a project for theatrical activities "Dobrotushki"
- Administration of the Lunacharsky rural settlement of the Stavropolsky municipal district of Samara region, the project "Miracles of the Weaving and Embroidery Box"
- Municipal Budget Educational Institution of Supplementary Education "Edelweiss", the project "Artists 2.0"
- Municipal Budget Educational Institution of Supplementary Education "Planet", the project "Safe City Express Laboratory"
- Non-State Educational Institution of Supplementary Education the

- Volga Martial Arts Academy, project "For Children of Togliatti - Decent Conditions for Sports and Recreation"
- Autonomous Non-Profit Organization "Hippotherapy Center "Zhivoy Mir" (Living World)", the project "Towards a sports dream under the sound of hooves"
- Municipal Children and Youth Public Non-Profit Organization of the city of Togliatti "Ecological Commonwealth" (Municipal Children and Youth Public Non-Profit Organization "Eco-Commonwealth"), the project "Traveling Ecological Laboratory "Ekokeyslab"
- Municipal Budgetary Institution for Supplementary Education School of Art "Lyceum of Arts", the project "Electronic educational publication "Local Lore Leaflet"
- Municipal Budget Educational Institution of Supplementary Education Humanitarian Center for Intellectual Development "MetaLAB", the project "Free Educational Space of Natural Science Laboratories"



• "Safe City" project within grant program "Chemistry of the Good"

"We were pleasantly surprised by the large number of applications, which indicates the high activity of Togliatti residents. When choosing the winners, we tried to cover all aspects of the social life of our city, but the projects that received the largest grants concern all residents of Togliatti, each of us, help us get to know our city better or develop new modern skills. It would be nice to see as many such initiatives as possible."

Yulia Petrenko
Deputy General Director,
Director on Public Relations

Medicine

The social policy of the enterprise includes support for the city medical institutions and development of affordable medicine in the region. In 2019, the traditional Donor days were held on the territory of PJSC TOAZ. They are held with the participation of a mobile team from the Togliatti blood transfusion station. It is worth noting that the first Donor day in 2019 in Togliattiazot set a record for activity, 125 factory employees visited medical unit No. 7, 32 of which donated blood for the first time.



• Medical personnel of medical unit No. 7

Sport

PJSC TOAZ in its activities has always focused on promotion of a healthy lifestyle and sports not only among its employees, but also at the city and regional levels. The Company annually is engaged in organization of internal sports competitions, and also provides support in implementation of sports initiatives at the city and regional level:

- Organization of trips to the international competitions of "Zhemchuzhina" ("Pearl") Togliatti synchronized figure skating team of State Autonomous Institution of Specialized Children and Youth Sports School of the Olympic Reserve No. 1;
- Organization of a trip to the competition for the pupils of the "Freestyle" sports school;
- Organization of a trip of the Togliatti team to the football competition among veterans;
- Sponsorship of the home games of the "Lada" hockey team in the 2019/2020 season;
- Support for the organization of a sports event - ecological marathon "Samarskaya Luka";

- Assistance in organizing and conducting of the Invincible Power Martial Arts Games together with the Council of Sports Federations Association;
- Organization of sports events jointly with the Basketball Federation of Samara Region: "Zhiguli-Basket" Festival, Samara Region Men's Basketball Championship, Samara Region Mini-Basketball Championship, Togliattiazot Cup 3x3 Basketball Tournament, Samara Open 2019 Basketball Tournament.

Samara Open-2019

274 teams took part in the X anniversary 3x3 Samara Open Basketball Tournament in memory of the honored trainer of Russia Yuri Tyulenev. Athletes competed for awards in 14 different categories. The prize fund of the Tournament was 1 million rubles. The guests of honor of the Tournament were the world stars: Ivan Edeshko, Valdemaras Khomichus, Olga Arteshina, Sergei Panov, Igor Grachev, Sergei Chikalkin. The show-match with the

participation of VIP-guests attracted the attention of a large number of spectators.

This year, for the first time, the competition was held in the "Elite" group, where professional streetball teams included in the TOP-35 rating of the International Basketball Federation played. It shall be noted that the this Tournament has become a record in terms of the number of participants. At Samara Open-2019, Togliattiazot was represented by three teams.

In addition, the Company acted as a partner of the Tournament. Member of the Board of Directors of PJSC TOAZ Vyacheslav Suslov greeted the basketball players and presented prizes to the youngest athletes. Mr. Suslov took part in the "Star match", which brought together the honoured guests of the Tournament.

Culture and Education

PJSC TOAZ supports projects in the field of culture and art of international and regional scale, participates in events which have an educational orientation, and also implements its own programs. Every cultural and



• Participants of the ecological marathon "Samarskaya Luka"



• Gala concert of the Youth Symphony Orchestra of the Volga Region as part of the classical music festival "Classic OpenFest"

educational project, regardless of its status, is important for the enterprise: art in any of its manifestations shall be accessible to people, while it needs support.

In 2019, Togliattiazot continued to implement its own projects and supported a large number of cultural and educational projects:

- Implementation of the cultural and educational project Intellectual Club "Chemistry of the Word" continues;
- Impulse scholarship program was continued;
- Competition and exhibition "Chemistry in Paints" (together with The City Charitable Foundation "Togliatti Foundation") was organized;
- The Company's own entertainment and educational project "TOAZbuka" (TOAZ alphabet) was implemented;
- Assistance was provided to the Municipal Autonomous Cultural Institution of the city of Togliatti "Park Complex of Equipment History named after KG Sakharov" in organizing the reconstruction of the exhibit;
- Assistance was organized to the Togliatti Museum of Local Lore in

organizing interactive zones within the framework of the construction of the historical exposition "20th century: Stavropol-Togliatti";

- Support was provided to the 2019/2020 season of the Togliatti Philharmonic;
- Support was provided, together with the Togliatti Philharmonic Society, the Association "Youth Symphony Orchestra of the Volga Region" in organization of the festival "Classics OPEN FEST";
- Assistance was provided in organizing the trip of the creative team of the Autonomous non-profit organization "Ladiya Boys' Choir" to the festival (Syzran);
- Assistance was provided in organizing a trip for artists from the city of Togliatti with a theatrical performance "Either people or dolls" at the VI Regional National Folk Festival "Bom in the Heart of Russia" (Samara);
- Organization of a trip of the artists of the Youth Drama Theater to the festival (Gubakha, Perm region);
- Organization of a trip of the "Variant" theater artists to festivals (Riga, St.

Petersburg);

- Assistance was provided in organizing of the International Chemical Forum as part of the Chemistry-2019 exhibition;
- Cooperation with the Russian Chemical Society named after Dmitry Mendeleev: the work of the web-portal Mendeleev.info, a platform for popularization of chemistry and its history in Russia;
- Assistance was provided in publication of a collection of scientific papers within the framework of the 2nd All-Russian Scientific and Practical Conference "Innovations" and "Green Technologies";
- Assistance was provided to the team of the Risk-Film studio in organizing of the shooting of the popular science film "Brain. Evolution" and the wide release of the picture;
- Implementation of the Company's own educational program "Chemistry of Experience" aimed at developing skills in people over 50;
- Implementation of the Career Guidance program aimed at attracting young specialists to the enterprise, improving the quality of specialists training in educational institutions.

Cultural Education Project Intellectual Club «Chemistry of the Word»

Since 2017, based on Togliattiazot community center, PJSC TOAZ has been implementing the educational project Intellectual Club Chemistry of the Word, which has a popular science aim. In 2019, the lecture cycle was continued.

THE SPEAKERS IN 2019 WERE

- Literary critic, teacher, literary columnist for the Meduza website, Galina Yuzefovich,
- Science journalist, editor-in-chief of the Neuronovosti.ru web-portal, editor-in-chief of the Mendelev. info web-portal, scientific editor of the Indicator.ru web-portal, Aleksey Paevsky,
- Professor of Medical School at Harvard University (USA), Professor of the Moscow State University, Vadim Gladyshev;
- Musician, journalist, Lyalya Kandaurova,
- Journalist, publicist, philologist, Leonid Klein,
- Researcher of the history of architecture, Mikhail Solodilov
- Journalist, Pavel Poluichik,
- Specialist in neuroeconomics, professor, Director of the Institute of Cognitive Neurosciences, Higher School of Economics, Vasily Klyucharev,
- Journalist and historian of popular music, host of the program «Walking on Sounds» on the Silver Rain radio station and author of the book of the same name, writer, critic and translator, Lev Gankin,
- Scientist, Doctor of Philology, Kirill Babaev,
- Expert and style coach, practicing consultant on external transformations, Alexandra Badova,
- Art photographer and teacher, Yuri Shalimov,
- Candidate of Physical and Mathematical Sciences, Senior Researcher of the State Astronomical Institute named after P.K.Sternberg of the Moscow State University, Vladimir Surdin,
- Psychologist, specialist in family and child-parent relations, Alexander Kolmanovsky.



• Lecture by Pavel Poluichik as part of the «Chemistry of the Word» project



• Awarding of the «Impulse» program scholarships

The lectures are very popular among residents and visitors of the city. Attending all lectures within the framework of the «Chemistry of the Word» is free.

«The idea of «Chemistry of the Word» as an intellectual club, at the events of which citizens will be able to gain new knowledge in various fields of science and art, share impressions and exchange opinions with each other, absolutely found support from the public. Last season, the hall of the Togliattiazot community center was repeatedly full, and the audience met the guests with interest and enthusiasm, who also liked the Togliatti audience. Therefore, we continue to develop the project, look for new topics and new lecturers, and we hope that in the beginning season Chemistry of the Word will continue to delight Togliatti residents with new discoveries.»

Yulia Petrenko
Deputy General Director,
Director on Public Relations

Impulse Scholarship Program

In 2019, PJSC TOAZ, the «Nebezrazlichno» («Unindifferent») charity fund and the Togliatti Philharmonia continued to implement the «Impulse» scholarship program. In the 2019-2020 academic year, 7 talented young performers became scholars of the program.

The «Impulse» Scholarship Program was launched in 2017. It was originally conceived to support gifted young musicians. Now the program is being implemented to stimulate and support young talents

in music, visual and theatrical arts: musicians, artists, actors, directors, musical groups and musical projects in the field of culture and art.

Laureates are paid a monthly stipend for 10 months. The fund for the scholarship program is formed from the sale of tickets for performances of performers known in Russia and abroad, whose concerts are regularly organized by TOAZ with the support of the «Nebezrazlichno» («Unindifferent») charity fund.

Six cultural events were organized for Togliatti residents as part of the «Impulse» program in 2019. In particular, a concert in honour of the virtuoso guitarist Ivan Smirnov, a performance by the «Otava Yo» group, performances by the Moscow city creative collective - the «Nadezhda» musical theater, a concert by poet Roman Mnatsakanov and pianist Pavel Kupriyanov, a performance by the «Russian Acapella Band» cover group.

«This year has been declared the Year of Theater in Russia, we wanted to add this kind of art to the project, so we invited the Moscow theater «Nadezhda». These are young guys, which coincides with the idea of the «Impulse» program, and perhaps their arrival will be useful to some of our young actors. In general, we believe that the program shall expand and involve as many young talented guys as possible in its orbit in order to give impetus to their development»

Yulia Petrenko
Deputy General Director,
Director on Public Relations

Regional Competition and Exhibition «Chemistry in Paints»

In March 2019, PJSC TOAZ together with the Spiritual Heritage Foundation named after S.F. Zhilkin announced the «Chemistry in Paints» competition, timed to coincide with the 40th anniversary of the enterprise. All artists of Samara region, students of art schools and universities, amateur artists and children from 5 years old were invited to participate in the competition.

To get acquainted with the history of the factory and its modern achievements, a plein-air was held for the artists on the territory of the enterprise. Artistic works were performed in the genre «Industrial landscape» on the theme «Togliattiazot Factory»: production, factory buildings, the territory of the factory, working man, etc. The techniques of execution are «Painting» and «Graphics».

Out of 65 paintings sent to the competition, the expert council chaired by a full member of the Petrovskaya Academy of Sciences and Arts, Honoured Artist of Russia, Anatoly Rybkin, were selected 52 in three nominations «Professionals», «Amateurs», «Children».

The winners of the competition received cash prizes from 20 to 50 thousand rubles for professionals and from 10 to 20 thousand rubles for amateurs. Participants in the «Children» nomination received memorable prizes. Also in each nomination were awarded the audience sympathy prizes to the participants of the competition.

Thanks to the competition and exhibition «Chemistry in Paints» PJSC TOAZ was able to show the entire city community the beauty of industrial production, a working profession and a «working man», hidden from the eyes of a common man, but in this way bright and deep.



• Plein-air participant at work

«With this competition we wanted to show the beauty of industrial production, working profession and «working man». This competition brought together artists of different ages, and with their works they let the citizens to learn more about the everyday work of Togliattiazot. When we conceived this competition, there were doubts whether artists will take part in it, and I am very glad that everything worked out. Many thanks to the artists who participated in the competition. They managed to show our company in such a way that it inspires and fascinates! The bright works of the contestants provide an opportunity to see beauty in the ordinary. Beautiful paintings are the best gift for Togliattiazot on his 40th birthday».

Yulia Petrenko
Deputy General Director,
Director on Public Relations

As a result of the competition, a collection of works of art dedicated to the celebration of the 40th anniversary of PJSC TOAZ was formed. Also published a catalog of works that have passed competitive selection, presented at the exhibition.

Creation of a new section of the exposition of the Museum of Local Lore

In May 2019, a new section of the exposition «20th century: Stavropol-Togliatti» was opened for public at the Togliatti Museum of Local Lore. The section is devoted to the history of the city in the

70-80s of the last century and the creation, activity and role of PJSC TOAZ in the development of the city. It is symbolic that this section, the creation of which was supported by Togliattiazot with finances and exhibits, was opened in the year of the 40th anniversary of the start of production by the enterprise.

In the new section, all guests of the museum can get acquainted with the history of the factory, the construction and expansion of industrial capacities of which dates back to the 70-80s of the 20th century, and the role of the enterprise in development of the city. An image of the «Operator's room» of chemical production was created in the interactive space, where computers and their components are presented, real elements of the remote control of a chemical unit, as well as samples of products of PJSC TOAZ. Among the interactive elements of the new exposition section, it is worth highlighting the «Urea Production» model, which in a simplified form will acquaint museum visitors with the technology of obtaining these products. As additional information, the «Operator's room» touch panels contain videos about the production of other types of products at TOAZ, as well as information about the citizens, city events, eyewitness memories of various episodes in the history of the city of the 70-80s, including the history of the construction of Togliattiazot, enterprise start-up, construction of urban facilities of the Komsomolsk region.

«This exposition is unique not only for Togliatti, but for Russia as a whole. Thus, Togliatti residents have the opportunity to get involved in advanced museum technologies without leaving their hometown. I think that this alone is a sufficient reason to visit both the new exposition and the entire Museum of Local Lore.»

Yulia Petrenko
Deputy General Director,
Director on Public Relations

The company has been supporting the Togliatti Museum of Local Lore for more than three years. Thus, in 2017, a joint video competition «Welcome to my Togliatti» was held, and in 2018 a photo competition «Togliatti. Confession of love» was held.

Entertainment and Educational Project "TOAZbuka" (TOAZ alphabet)

PJSC TOAZ actively supported the celebration of the beginning of the academic year in educational institutions of Togliatti. The company has prepared a unique gift for first-graders. Especially for the beginning of the academic year, Togliattiazot created "TOAZbuka", which is a unique alphabet, reflecting the specifics of the enterprise's activities are matched to each letter of the alphabet. Thanks to this book, children can not only learn the alphabet in a playful way, but also get acquainted with chemical science, professions typical for chemical production, and the substances used in it. "TOAZbuka" contains many color illustrations, as well as tasks that will keep children interested in letters and the work of a chemical factory: coloring pages, stickers and even a crossword puzzle.

About 1000 first copies of "TOAZbuka" were received by the first-graders of the Komsomolsky district of the city of Togliatti from the hands of the deputy of the Togliatti City Duma of the VII convocation, the Director for Technical Policy of PJSC TOAZ Viktor Kazachkov during the beginning of school assemblies in

several city schools, as well as at the specially organized celebration "To School with TOAZ", held on the Day of Knowledge at the Togliattiazot Community Center. Some of the books were donated to 4 libraries in Togliatti: to the Autograd library, to the Central Library named after V.N. Tatishchev, to the Central Children's Library named after A.S. Pushkin, to the library of PJSC TOAZ. Also each pupil of the preparatory groups of the Tulip kindergarten received "TOAZbuka".

"TOAZbuka is a unique gift from our Company to all the little residents of Togliatti. And for adults too, because we hope that children will read this alphabet and learn new things together with their parents. We congratulate children with the beginning of the school year and wish the school year will be filled with bright and interesting discoveries, such as our TOAZbuka."

Yulia Petrenko
Deputy General Director,
Director on Public Relations

Mendeleev.info Partner Project

In 2019, 150 years have passed since publication by Dmitry Mendeleev of one of the most important discoveries made in Russia: the Periodic Table of Chemical Elements. At the same time, the Russian Chemical Society named after Dmitry Mendeleev celebrates its anniversary this year.

In connection with these events, in 2018, PJSC TOAZ concluded a Memorandum of Cooperation and Interaction with the Russian Chemical Society named after Dmitry Mendeleev. The main result of this document was establishment of the Mendeleev.info portal. This website is one of the main platforms for popularizing chemistry and its history in Russia.

The website publishes news of chemical science, articles about great chemists, and materials on the history of chemistry and, of course, about Dmitry Ivanovich Mendeleev himself.

The head of the portal is Alexey Paevsky, a well-known scientific journalist, member of the Russian Chemical Society named after Dmitry Mendeleev, in the past – organic chemistry engineer.



• Participants of the lecture in the framework of the program "Chemistry of Experience"



• Children get acquainted with "TOAZbuka"

Educational Program "Chemistry of Experience"

In June 2019, graduation papers were defended and certificates were awarded to participants in the unique program "Chemistry of Experience" initiated by PJSC TOAZ. This program was the first in the Russian Federation to develop personal and professional skills for people of pre-retirement age, organized by a large industrial enterprise. 47 people aged 45 and older took part in the pilot implementation of the "Chemistry of Experience" program. Classes were held in the evening on weekdays and weekends. Each participant had the opportunity to attend 42 hours of English classes, 30 hours of computer literacy, 28 hours of classes in the basics of management and entrepreneurship, as well as 7 master classes by invited experts in different industries, open not only for program participants, but also for all the citizens. Also for the participants, there was an excursion to the Zhiguli Valley Technopark to get acquainted with business support events.

At the end of the program, each participant presented a project (an individual or a group one): a business plan for a possible business, a career



• The process of defending graduate projects of the program "Chemistry of Experience"

portfolio, or a business case solution. Graduation works were evaluated by a competent jury. All program participants received certificates and memorable gifts, as well as reviews

and recommendations from curators and project experts. The authors of one of the presented business ideas received an invitation on cooperation from the Zhiguli Valley Technopark.

"Launching the "Chemistry of Experience" program, we hoped for positive changes in the lives of people who will take part in it. And the enthusiasm with which, despite fatigue or household chores, the participants attended classes, that positive attitude, the communication that they received here is already a worthy result. But it is important that they received knowledge that will help them in their future professional or personal life. They were able to combine new knowledge with the life experience that they already had, we can see this from the projects presented. We are confident that the projects will be implemented and we will follow them with interest."

Yulia Petrenko
Deputy General Director,
Director on Public Relations

Career Guidance Program

The Career Guidance program covers all aspects of the educational process from school to production. Its purpose is to attract young specialists, improve their training in specialized colleges and universities, and form a labour pool from successful employees. Thanks to the program, even high school students who are keen on natural sciences and dream of connecting their life with chemical production can get into the “golden hundred”.

It is worth noting that the Company has been implementing certain areas of the program for several years, but since 2019 it has covered all age categories of Togliatti residents. Therefore, in the spring TOAZ announced the creation of specialized engineering and technical classes on the basis of city schools No. 35 and No. 41. Education in them goes in two directions – chemical-physical and physico-mathematical. The profile classes were formed within the framework of the innovative project of the enterprise “School as one of the elements of the formation of human resources for the chemical industries of Samara region”, which became the winner in the regional fair of social and pedagogical innovations. The purpose is to develop students’ interest in the technical field, engineering and design thinking, to develop skills in modeling technical processes, and also to motivate graduates to make a conscious choice of engineering-technical and working professions.

Considering the large number of applicants wishing to get into engineering classes, the selection for them was based on the results of the State Final Examination and the technical portfolio competition. As a



• Engineering-technical students in a practical lesson

result, 36 tenth graders who passed the competition began their studies in September 2019. Note that the Company has repaired classrooms and will regularly equip them with modern equipment. In the reporting year, more than 500 thousand rubles were allocated for this.

“We expect the first impact from engineering-technical classes in seven years, when their graduates, having finished school and the chosen university, will come to Togliattiazot as well trained specialists. We hope that other Togliatti schools will join our project as well.”

Dmitry Mezheedov
General director of CJSC Corporation
Togliattiazot

TOAZ initiative leads to the fact that in-depth knowledge and skills in the profile chosen during school years end in a specific workplace.

The second block of the Career Guidance program is TOAZ’s cooperation with universities and colleges. Within the framework of the new concept, each successful student who cooperates with the enterprise can not only receive practical skills at the plant under the guidance of experienced mentors, but also guaranteed employment at the factory.

In addition, the best students of Togliatti Chemical Engineering Technical College and Togliatti State University receive material support from the enterprise in the form of personalized TOAZ scholarships (payment of scholarships in 2019

under the agreement amounted to 305 thousand rubles). TSU is a university that is an industrial partner of the factory. In September 2019, TOAZ handed over a batch of new equipment worth over 300 000 rubles for the training laboratory. The Institute of Chemistry and Environmental Engineering of TSU received a spectrophotometer, a drying cabinet and an evaporator as a gift from the enterprise for the Day of Knowledge. The equipment will be used both in the process of preparing students for practical work in chemical production, and in research activities. In total, Togliattiazot supported the university in 2019 in the amount of about 700 000 rubles.

Earlier (in 2018), within the framework of the Career Guidance program, the Company donated more than a million rubles worth of instruments to the university, then a test stand was launched in the Laboratory of Machines and Apparatus for Chemical Production of the Institute of Chemistry and Energy of TSU to study heat exchange processes.

Not only local students are striving to undergo an industrial internship on the basis of Togliattiazot. In the summer of 2019, TOAZ accepted 119 young people from different regions of the country for practice. This is useful not only for future chemical engineers, but also for the enterprise, since it allows its HR specialists and engineers to see in action and select the best young specialists who not only have specialized education, but are also able to work on the latest equipment, which, as part of the modernization program, is more widely used in the factory.

Support for veterans

The 9th of May is the day when words of gratitude take on a special meaning.

Traditionally, a ceremonial event in honour of the Victory Day in the Great Patriotic War, organized by Togliattiazot, was held at the TOAZ community center.

The guests of honor of the holiday, of course, became war veterans and homefront workers. For the third year in a row, TOAZ, as part of a festive event dedicated to the Great Victory, the “Poetic Marathon” was held, where anyone could read poetry about the war from the stage. In 2019, 30 people of different ages took part in this heartwarming event.

The evening ended with a rich concert program and bright fireworks.

TOAZ has another wonderful tradition, on the eve of Victory Day in the Great Patriotic War, in appreciation of and deep gratitude for the great feat, factory representatives come to visit the war veterans and homefront workers and congratulate them on the 9th of May. With flowers and gifts, TOAZ employees visit those who gave a lot for the desired victory, but are unable to attend the festive event due to health reasons.



• Veterans of the Great Patriotic War at the Victory Day celebrations on the square of the Togliattiazot Community Center.

Support of social and budgetary institutions, socially disadvantaged groups

PJSC TOAZ annually provides support to social and budgetary institutions of the city and region, 2019 was no exception:

- TOAZ own grant program for those who have adopted children left without parental care;
- Support for the organization of the charity performance “Beautiful Women in Anger” to raise funds to improve the material and technical base of children’s social institutions in the city of Togliatti;
- Assistance in organizing the regional project “Samara Region is Our Home”;
- Assistance to the “This is an honour” Union of Reserve Officers in organizing events dedicated to the Defender of the Fatherland Day and the Navy Day;
- Provision of tickets for New Year’s performances for children from large and low-income families, children with disabilities;
- Provision of tickets to events hosted by TOAZ Community Center (concerts, performances, children’s entertainment programs) for social and budgetary institutions;
- Assistance in organizing of the

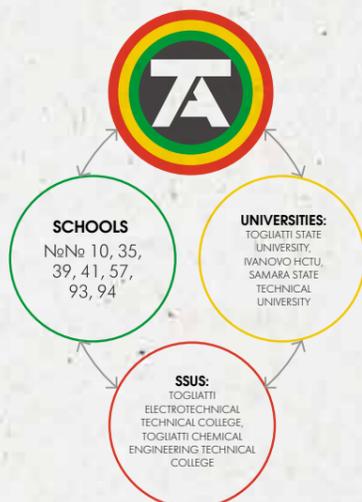
“Easter Drops-2019” Festival of Children and Youth Crafts;

- Assistance in organizing of the “Star of Bethlehem” Festival of Children and Youth Crafts.
- Assistance to the Territorial Public Self-Government No. 1 of the Komsomolsk region of the city of Togliatti in the improvement of residential courtyards, the manufacture and installation of benches;
- Assistance in organization of repair work in the premises of the Temple of Queen Tamara of the city of Togliatti;
- The allocation of special equipment and construction materials for construction work at the Resurrection Monastery of the city of Togliatti, Samara region, and the Syzran Eparchy of the Russian Orthodox Church;
- The allocation of special equipment for the construction work of the Non-profit organization for the Development of Education “Volga Orthodox Institute named after Saint Alexy of Moscow”;
- The allocation of special equipment for the improvement of the territory of the Church of St. Spyridon Trimifuntsky in Zelenovka village;
- Organization of an action to collect aid for shelters for homeless animals in the city of Togliatti.

Since 2014, PJSC TOAZ has been implementing a grant program for persons who have adopted children with disabilities. This is an initiative of the employees, the Trade Union organization and the administration of the enterprise. The program was also supported by the Board of Directors of the Company. As part of the program, Togliattiazot allocates funds to persons who have orphaned children; as well as children with disabilities and children left without parental care who were at the time of adoption in organizations for orphaned children. An important condition of the program is the adoption of children in Samara region.

In 2019, 13 families received financial support under this Program for a total amount of 1 480 000 rubles.

PJSC TOAZ makes a significant contribution to the socio-economic development of its region, implements projects for environmental protection, provides support for projects in the field of culture, sports, education, etc. Thus, the Company shows a worthy example of social responsibility of business.



Public non-financial reporting has been developing around the world for more than 20 years now. Reports similar to this Sustainable Development Report are published by most large national and multinational companies. State and municipal organizations in many countries follow the principles of transparency of the information provided. This is all owing to the fact that the idea of long-term profitability combined with social justice and environmental protection is becoming more and more obvious and wide-spread.

Development of Russian business, its responsibility and openness is an important, if not to say a priority, task. The State policy in the field of social and economic, as well as environmental development sets goals which

can only be achieved with the joint efforts of the government, private and public sectors. It is important that developers of ratings in the sphere of sustainable development welcome any step of each company aimed at disclosing and transparency of the reporting in each area of the company's activities.

In the course of its activity, PJSC TOAZ pursues not only to maintain and increase the growth rates of economic development, but also environmental protection and minimization of its impact on the environment, care for the Company's employees, their health and wellbeing, development of the region of presence and cultural environment. These principles of corporate responsibility and the results of their application

are published annually as the Sustainable Development Report.

This Sustainable Development Report of PJSC TOAZ for the period from 1 January 2019 to 31 December 2019 has been prepared in accordance with the main version of compliance with requirements of the Sustainability Reporting Guidelines of the Global Reporting Initiative (GRI), version G4.

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ABBREVIATIONS AND DESIGNATIONS

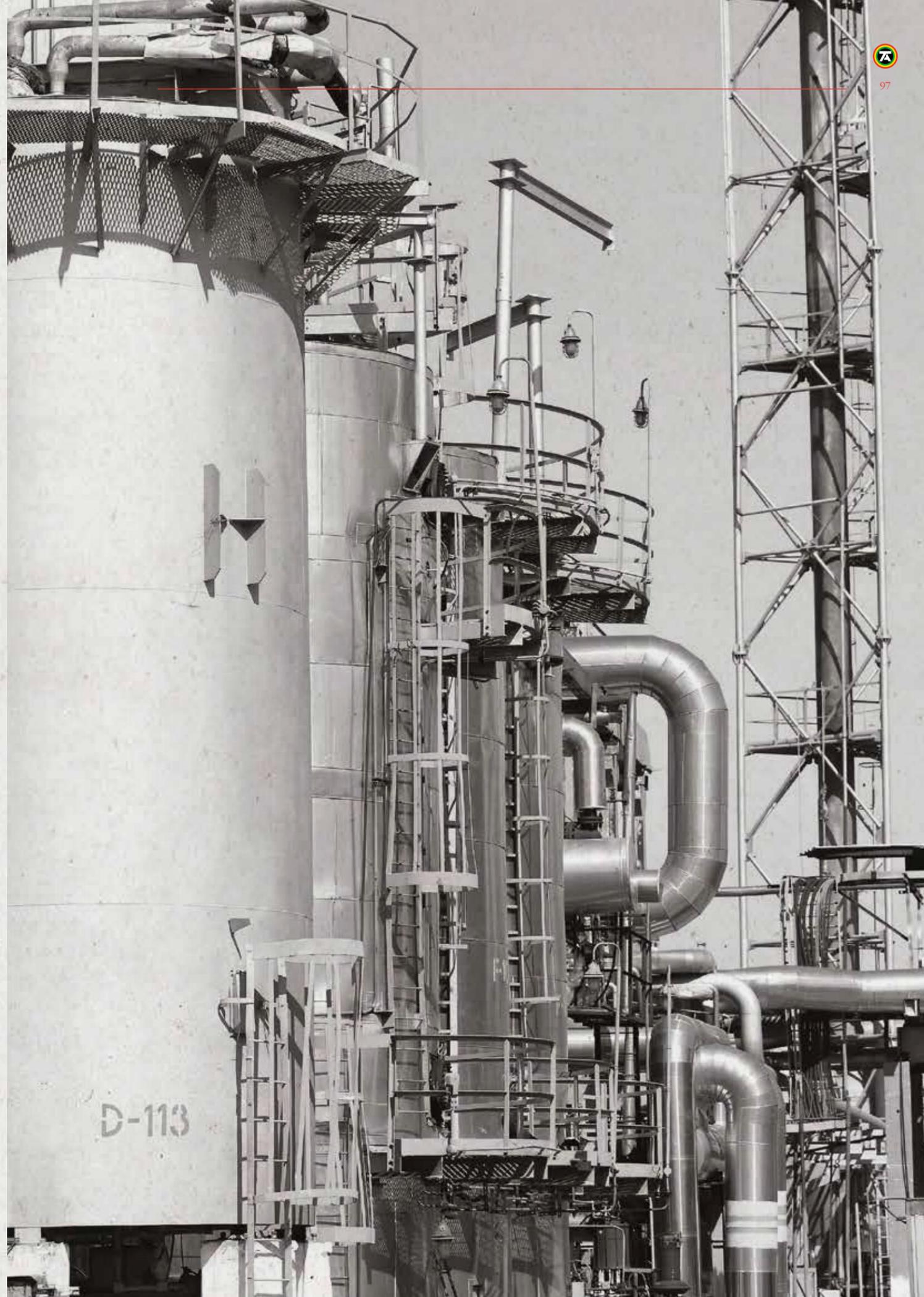
THE FOLLOWING ABBREVIATIONS AND DESIGNATIONS WERE USED IN THE REPORT:

GRI	Global Reporting Initiative
IPDPO	Intellectual property development and protection office
WWTF	Waste water treatment facility
DGRF	Departmental gas rescue team
WCC	Water cooling cycle
HEI	Higher education institution
SPI SR	State public institution of Samara region
GOST	National standard
HS	Hydraulic structures
CC	Community center
VHI	Voluntary health insurance
RCC	Remote control console
CJSC	Closed joint stock company
ISM	Integrated management system
ETP	Engineering and technical personnel
Sludge cake	Activated sludge dehydrated to 60–85% humidity
Company	PJSC TOAZ, Togliattiazot, TOAZ
EC	Efficiency coefficient
KPI	Key performance indicators
LDC	Labour disputes commission
UFC	Urea formaldehyde concentrate
VOC	Volatile organic components
MW	Minimum wage
PHU	Primary healthcare unit
EM	The Ministry of the Russian Federation for Civil Defence, Emergencies and Elimination of Consequences of Natural Disasters
VERT	Volunteer emergency response team

NSPF	Non-state pension fund
EP	Environmental protection
OH	Occupational health
TCD	Technical control department
Report	Sustainable development report of PJSC TOAZ for 2019
Reporting period	01 January 2019 – 31 December 2019
PJSC	Public Joint Stock Company
BSA	Behavioural safety audit
IS	Industrial safety
DGC	Dust and gas collectors
EP	Emergency plan
DSWGLP	Draft standards for wastes generation and limits on their placement
FS	Fire station
RUIE	Russian union of industrialists and entrepreneurs
RF	Russian Federation
SRS	Sanitary Regulations and Standards
MM	Mass media
CO ₂	Carbon dioxide
ISMS	Industrial safety management system
SHMO	Specialized hydrometeorological observatory
TS	Technical specification
FZ	Federal law
WT	Water treatment
COD	Chemical oxygen demand
CFL	Central factory laboratory
ES	Emergency situation
SER	Safety expert review

DEFINITIONS

LTIFR	Injury rate, calculated as the ratio of the total number of lost time injuries to the number of manhours worked multiplied by 1 million man-hours
Interested parties, stakeholders	Organizations or individuals whose interests are related to the activities of PJSC TOAZ and who, in turn, affect the results of the Company's operation
KPI	Key performance indicators are the indicators of the activities of a division (company), which help the company in achieving strategic and tactical (operational) goals
Company, enterprise	Public Joint Stock Company Togliattiazot
Modernization program	Capital investment plan of PJSC TOAZ
GRI Guidelines	Sustainability Reporting Guidelines of the Global Reporting Initiative
Essential topics / essential issues	Aspects that reflect the economic, environmental, and social impact on organizations or that have a significant impact on evaluations and decisions of interested parties.
Managing company	CJSC Corporation Togliattiazot



STANDARD GRI G4 DISCLOSURES TABLE

INDICATOR		REFERENCE /NOTE
STRATEGY AND ANALYSIS		
G4-1	Statement of the most senior decision-maker of the organization about the relevance of sustainability to the organization and its strategy	Address of the General Director of the Company
G4-2	Research and development results	1.6. Innovation development of the Company
ORGANIZATIONAL PROFILE		
G4-3	Name of the organization	Public Joint Stock Company Togliattiazot, PJSC TOAZ, Togliattiazot
G4-4	Primary brands, products and services	Core business line of PJSC TOAZ is production of ammonia and mineral fertilizers: urea, UFC and other chemical products. For detail see: 1.1. Company overview 2.1. Types of products and production volumes
G4-5	Location of the organization's headquarters	445045, Samara region, Togliatti, Povolzhskoe shosse, 32
G4-6	Number of countries where the organization operates, and names of countries where either the organization has significant operations of that are specifically relevant to the sustainability topics covered in the report	2.7. Sales markets and transportation of products
G4-7	Nature of ownership and legal form	PJSC, i.e. Public Joint Stock Company
G4-8	The markets served by the company	2.7. Sales markets and transportation of products
G4-9	The scale of the organization	Key indicators and achievements in 2019 Awards Company overview Chapter 2. Production, safety and sales of products Chapter 3. Economic sustainability
G4-10	Total number of employees by employment type, employment contract, region and gender	4.1. The Company staff and formation of a professional team
G4-11	Percentage of total employees covered by collective bargaining agreements	Collective Bargaining Agreement covers 100% of the Company's personnel 4.1. The Company staff and formation of a professional team
G4-12	Organization's supply chain	2.1. Types of products and production volumes 2.2. Ensuring supply of raw materials and equipment 2.7. Sales markets and transportation of products

G4-13	Significant changes regarding organization's size, structure, ownership, or its supply chain occurred over the reporting period	No significant changes regarding organization's size, structure, ownership or its supply chain occurred over the reporting period
G4-14	Whether and how the precautionary principle is addressed by the organization	The precautionary principle is the fundamental principle that guides the Company in planning and carrying out its activities, including the integration of environmental aspects and safety issues.
G4-15	Externally developed economic, environmental and social charters, principles, or other initiatives to which the organization subscribes or which it endorses	The Company endorses the principles of sustainable development. i.e. it considers economic, environmental and social factors in its activities. The Company promotes the initiatives to support the regions of presence, for detail see: Chapter 6. Development of the region of presence. Charity
G4-16	Membership in associations (such as industry associations) and /or national or international advocacy organizations	Chamber of Commerce and Industry of the Russian Federation Russian Fertilizer Producers Association (RFPA) Russian Union of Commodity Producers Russian Chemists Union Samara Region Employers' Association Chamber of Commerce and Industry of Togliatti
IDENTIFIED MATERIAL ASPECTS AND BOUNDARIES		
G4-17	All entities included in the organization's consolidated financial statements or equivalent documents	PJSC TOAZ The sustainable development report does not contain information about any entities included in the organization's consolidated financial statements or equivalent documents
G4-18	Methods of defining the Report content and aspect boundaries	About the Report
G4-19	All the material Aspects identified in the process for defining report content	About the Report
G4-20	Each material Aspect boundary within the organization	About the Report
G4-21	Each material Aspect boundary outside the organization	About the Report
G4-22	Effect of any restatement of the information provided in the previous reports, and reasons for such restatements	About the Report
G4-23	Significant changes from previous reporting periods in the Scope and Aspect Boundaries.	About the Report

STANDARD GRI G4 DISCLOSURES TABLE

STAKEHOLDER ENGAGEMENT		
G4-24	A list of stakeholder groups engaged by the company	1.5. Stakeholder engagement
G4-25	The basis for identification and selection of stakeholders with whom to engage	1.5. Stakeholder engagement
G4-26	Approach to stakeholder engagement, including frequency of engagement by type and by stakeholder group, and the engagement elements which were undertaken specifically as part of the report preparation process	1.5. Stakeholder engagement
G4-27	Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting	1.5. Stakeholder engagement
REPORT PROFILE		
G4-28	Reporting period for information provided	From 01.01.2019 till 31.12.2019
G4-29	Date of most recent previous sustainable development report	The previous sustainable development report for 2018 was placed in the public domain in 2019 https://toaz.ru/rus/invest/razvitie.phtml?prod=2
G4-30	Reporting cycle	The Company prepares sustainable development reports on an annual basis (annual reporting cycle)
G4-31	Contact person for questions regarding the report or its contents	Summary
G4-32	"In accordance" with GRI option chosen by the organization, GRI Context Index for the chosen option	The report was prepared in accordance with the "core" version of compliance with the requirements of the Sustainability Reporting Guidelines of the Global Reporting Initiative version G4
G4-33	The organization's policy and current practice with regard to seeking external assurance for the report	An independent audit was not conducted on this Sustainable Development Report for 2019. Nevertheless, the Company is aware of the importance of conducting professional external audits to increase the level of confidence in non-financial reporting and is considering the possibility of conducting them in the future.

CORPORATE GOVERNANCE		
G4-34	Corporate governance structure of the organization, including committees of the highest governance body	1.2. Company governance structure
G4-35	The process for delegating authority for economic, environmental and social topics from the highest governance body to senior executives and other employees.	Chapter 1. Strategy and vision of sustainable development
G4-36	Whether the organization has appointed an executive-level position or positions with responsibility for economic, environmental and social topics	Chapter 1. Strategy and vision of sustainable development
G4-37	Processes for consultation between stakeholders and the highest governance body on economic, environmental and social topics	1.5. Stakeholder engagement
G4-39	Whether the Chair of the highest governance body is also an executive officer	No
G4-42	The highest governance body's and senior executives' roles in the development, approval, and updating of the organization's purposes, values and mission statements, strategies, policies, and goals related to economic, environmental and social impacts	The senior executives set goals and tasks in relation to economic, environmental and social impacts, form the principles of engagement with internal and external stakeholders, participate in their work
G4-43	The measures taken to develop and enhance the highest governance body's collective knowledge of economic, environmental and social topics	Publication of the Annual Report and the Sustainable development report of PJSC TOAZ. The economic, environmental and social issues of corporate governance are discussed at the Board of directors. 1.5. Stakeholder engagement
G4-48	The highest committee or position that formally reviews and approves the organization's sustainability report and ensures that all material Aspects are covered	General Director Deputy General Director

STANDARD GRI G4 DISCLOSURES TABLE

ETHICS AND INTEGRITY		
G4-56	The organization's values, principles, standards and norms of behavior such as codes of conduct and codes of ethics	1.3. Company's strategic priorities
G4-58	The internal and external mechanisms for reporting concerns about unethical or unlawful behavior, and matters related to organizational integrity	1.5. Stakeholders engagement Chapter 4. Human capital assets and formation of a professional team 5.5. Industrial safety, health and labour protection
SPECIFIC STANDARD DISCLOSURES		
G4-CIIM	Overview of management approaches	Chapter 1. Strategy and vision of sustainable development
CATEGORY: ECONOMIC		
ECONOMIC PERFORMANCE		
G4-DMA	Overview of management approaches	Chapter 1. Strategy and vision of sustainable development Chapter 3. Economic sustainability
G4-EC1	The generated and distributed direct economic value	Chapter 3. Economic sustainability
G4-EC3	Coverage of the organization's retirement plans and defined benefit plan obligations	4.4. Social support of employees, incentives
G4-EC4	Financial assistance received from government	The Company received no financial assistance from government in the reporting period
MARKET PRESENCE		
G4-DMA	Overview of management approaches	4.3. Remuneration system
G4-EC5	Ratios of standard entry level salary by gender compared to local minimum salary at significant locations of operation	Chapter 4. Human capital assets and formation of a professional team The company does not discriminate against its employees. Regardless of gender, the average salary level of an employee of the Company entry level is the same. The ratio of standard entry level salary by gender compared to local minimum salary at significant locations of operation was 2,1.
G4-EC6	The proportion of senior management at significant locations of operation that are hired from the local community	The percentage of senior management at significant locations of operation that are hired from the local community was 20%

INDIRECT ECONOMIC IMPACT		
G4-DMA	Overview of management approaches	Chapter 1. Strategy and vision of sustainable development Chapter 6. Development of the region of presence. Charity
G4-EC7	Development and impact of infrastructure investments and services supported	Chapter 6. Development of the region of presence. Charity
G4-EC8	Significant indirect economic impacts, including the extent of impacts	Chapter 6. Development of the region of presence. Charity
CATEGORY: ENVIRONMENTAL		
ENERGY		
G4-DMA	Overview of management approaches	5.1. Environmental policy of the Company
G4-EN3	Energy consumption within the organization	5.3 Energy efficiency
G4-EN6	Reduction of energy consumption	5.3. Energy efficiency
WATER		
G4-DMA	Overview of management approaches	5.1. Environmental policy of the Company
G4-EN8	Total water withdrawal by source	5.2. Environmental impact
G4-EN9	Water sources significantly affected by withdrawal	5.2. Environmental impact
BIODIVERSITY		
G4-DMA	Overview of management approaches	5.1. Environmental policy of the Company 6.2. Environmental initiatives
G4-EN13	Habitats protected or restored	5.4. Ecological activities 6.2. Environmental initiatives

EMISSIONS		
G4-DMA	Overview of management approaches	5.1. Environmental policy of the Company 5.2. Environmental impact
G4-EN15	Direct greenhouse gas emissions (Scope 1)	Greenhouse gas (CO ₂), generated in the production process, is used at other stages of the production cycle
G4-EN21	NO _x , SO _x , and other significant air emissions	5.2. Environmental impact
EFFLUENTS AND WASTE		
G4-DMA	Overview of management approaches	5.1. Environmental policy of the Company
G4-EN22	Total water discharge by quality and destination	5.2. Environmental impact
G4-EN23	Total weight of waste by type and disposal method	5.2. Environmental impact
G4-EN24	Total number and volume of significant spills	Not a single spill occurred during the reporting period.
COMPLIANCE		
G4-DMA	Overview of management approaches	5.1. Environmental policy of the Company
OVERALL		
G4-DMA	Overview of management approaches	5.1. Environmental policy of the Company
G4-EN31	Total environmental protection expenditures and investment by type	5.1. Environmental policy of the Company 5.2. Environmental impact
CATEGORY: SOCIAL		
PRACTICE OF LABOR RELATIONS AND DECENT WORK; EMPLOYMENT		
G4-DMA	Overview of management approaches	1.4. Risk management in the field of sustainable development Chapter 4. Human capital assets and formation of a professional team
G4-LA1	Total number and rates of new employee hires and employee turnover by age group, gender and region	4.1. The Company staff and formation of a professional team
G4-LA2	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operation	4.3. Remuneration system 4.4. Social support for employees, incentives

OCCUPATIONAL HEALTH AND SAFETY		
G4-DMA	Overview of management approaches	4.1. The Company staff and formation of a professional team 5.1. Environmental policy of the Company 5.5. Industrial safety, health and labour protection
G4-LA5	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs	4.4. Social support for employees, incentives
G4-LA6	Type of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and by gender	5.5. Industrial safety, health and labour protection The indicator is disclosed without breakdown by gender, as well as without data on employees of contractors
G4-LA8	Health and safety topics covered in formal agreements with trade unions	5.5. Industrial safety, health and labour protection
TRAINING AND EDUCATION		
G4-DMA	Overview of management approaches	4.1. The Company staff and formation of a professional team 5.5. Industrial safety, health and labour protection
G4-LA9	Average hours of training per year per employee by gender, and by employee category	4.3. Remuneration system
G4-LA10	Programs for skills management and lifelong learning that support the continued employability of employees and assists them in managing career endings	Chapter 4. Human capital assets and formation of a professional team
G4-LA11	Percentage of employees receiving regular performance and career development reviews, by gender and by employee category	4.3. Remuneration system The indicator is disclosed without division by employee category
LOCAL COMMUNITIES		
G4-DMA	Overview of management approaches	Chapter 6. Development of the region of presence. Charity
G4-SO1	Percentage of operations with implemented local community engagement, impact assessments, and development programs	Chapter 6. Development of the region of presence. Charity
G4-SO2	Operations with significant actual or potential negative impacts on local communities	Chapter 5. Ecology, environmental protection and personnel safety

