



**Omsk Carbon
Group**

THE ART OF CREATING BLACK

**Omsk Carbon Group
Sustainability Report**

2020

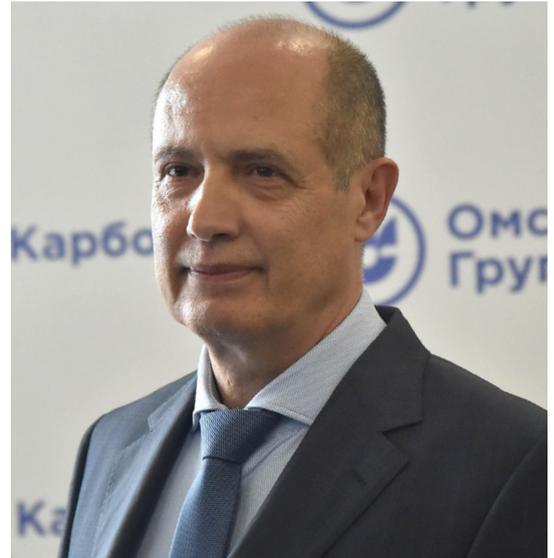
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A Word from Our Board Chairman

Valeriy KAPLUNAT

Chairman of the Board of Directors,
Omsk Carbon Group OOO



Time marches on, and requirements posed for any industrial facility are evolving. It is society's demands that gave rise to our project. And just like people's needs, production is transforming. A product either becomes a thing of the past or undergoes modifications. A vivid example is a true revolution in the electronics industry. A light bulb first gave way to silicon transistors and then to integrated circuits. Or think of aircraft engineering. While a modern-day aircraft may reach the speed of Mach 3, a fabric and wood wire-braced plane could not even outpace a conventional automobile back in the 1920's and 1930's, not to mention safety and comfort.

Our product will be in demand for years, but one special thing about the modern technology platform on which carbon black production is based is that we have already approached our maximum performance. Society, however, demands that our product has novel modified features. This is primarily due to computerization and the development of electronic gadgets, the production of e-vehicles, the so-called green energy and a reduced role hydrocarbons are becoming to play in our lives. In order to produce carbon blacks for such narrow applications on the same technological platform, we require either changed chemical properties of feedstock or post-industrial processing. This is a leading global trend now.

Large overseas manufacturers, such as Cabot Corporation, Orion Engineered Carbons, Aditya Birla Group and Jiangxi Black Cat, have been going this way for already a while. We are running behind so far. Whereas the share of specialty blacks on the global market has already reached 10% of the range in quantitative terms and 20% in monetary terms, we are still at 3 to 5%. Therefore, our next step is establishing separate experimental and manufacturing facilities to develop and regularly produce special grades of carbon black, implement own developments and adopt the best technologies available. R&D task forces where scientists are at the same time production engineers will play a leading part in this work. Manufacturing a good product alone is not enough. It should be successfully commercialized and sold, which requires a service-based approach to customers. Hence, in addition to supplementary technological platforms, new organization forms are required. The specialty black era is coming, and we should "get our teeth" into it, exploring this domain, both extremely challenging and incredibly fascinating. This is our principal task.



About the Report

Omsk Carbon Group rolls out its second sustainability report for the annual disclosure of non-financial corporate reporting. The report covers Omsk Carbon Group's manufacturing activities over the calendar year 2020 and contains information about the existing production facilities, including the Omsk, Volgograd and Mogilev production sites.

The report demonstrates Omsk Carbon Group's progress in the sustainability area, describing the company's environmental, social and economic impacts on welfare in the regions of presence. The report provides an overview of the company's financial performance, ecological impacts, social contributions to the presence regions, corporate governance and relations with stakeholders. The report details a number of matters related to the company's sustainability priorities in 2020. In particular, there is an emphasis on UN sustainable development goals whose achievement Omsk Carbon Group will contribute in the course of its business.

The report is prepared for a wide range of Omsk Carbon Group's stakeholders, including employees, shareholders, residents of the presence regions, NGOs, suppliers and customers.

The financial information presented encompasses our entities' activities from the 2020 IFRS consolidated financial statements perspective.

In preparing the document, we have relied on the Global Reporting Initiative (GRI) standards in their main version.

The report is posted on the company's website. We welcome feedback from all the stakeholders regarding this report.

Contact details:

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Mailing address: 17 Pushkin str., building 1, 644024 Omsk, Russian Federation (please make sure your letter is provided with the "Sustainability Report" mark).



About the Company

The company's full business name in Russian: Общество с ограниченной ответственностью «Омский завод технического углерода».

The company's brief business name in Russian: ООО «Омсктехуглерод».

The company's business name in English: Omsk Carbon Group ООО.

Registered address: 125284, Moscow, 31A, Leningradskiy prospekt, building 1, floor 18, suite 1, room 15B instead of its prior registered address: 17 Pushkin str., building 1, 644024, Omsk.

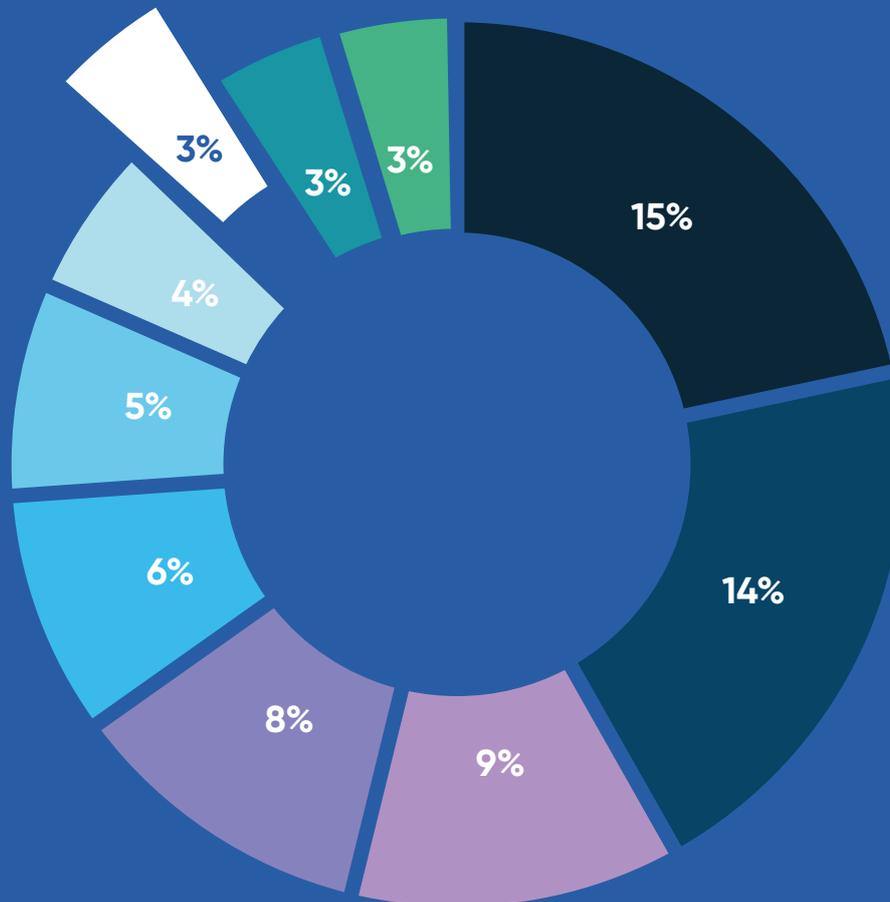
Mailing address: 17 Pushkin str., building 1, 644024, Omsk.

The company's principal activities:

- commercial-scale manufacture of various grades of carbon black and heat production;
- organizing and financing research programs in the development of petrochemical technologies; and
- developing and enhancing processes and organizing the commercial-scale manufacture of new types of petrochemical or other products.

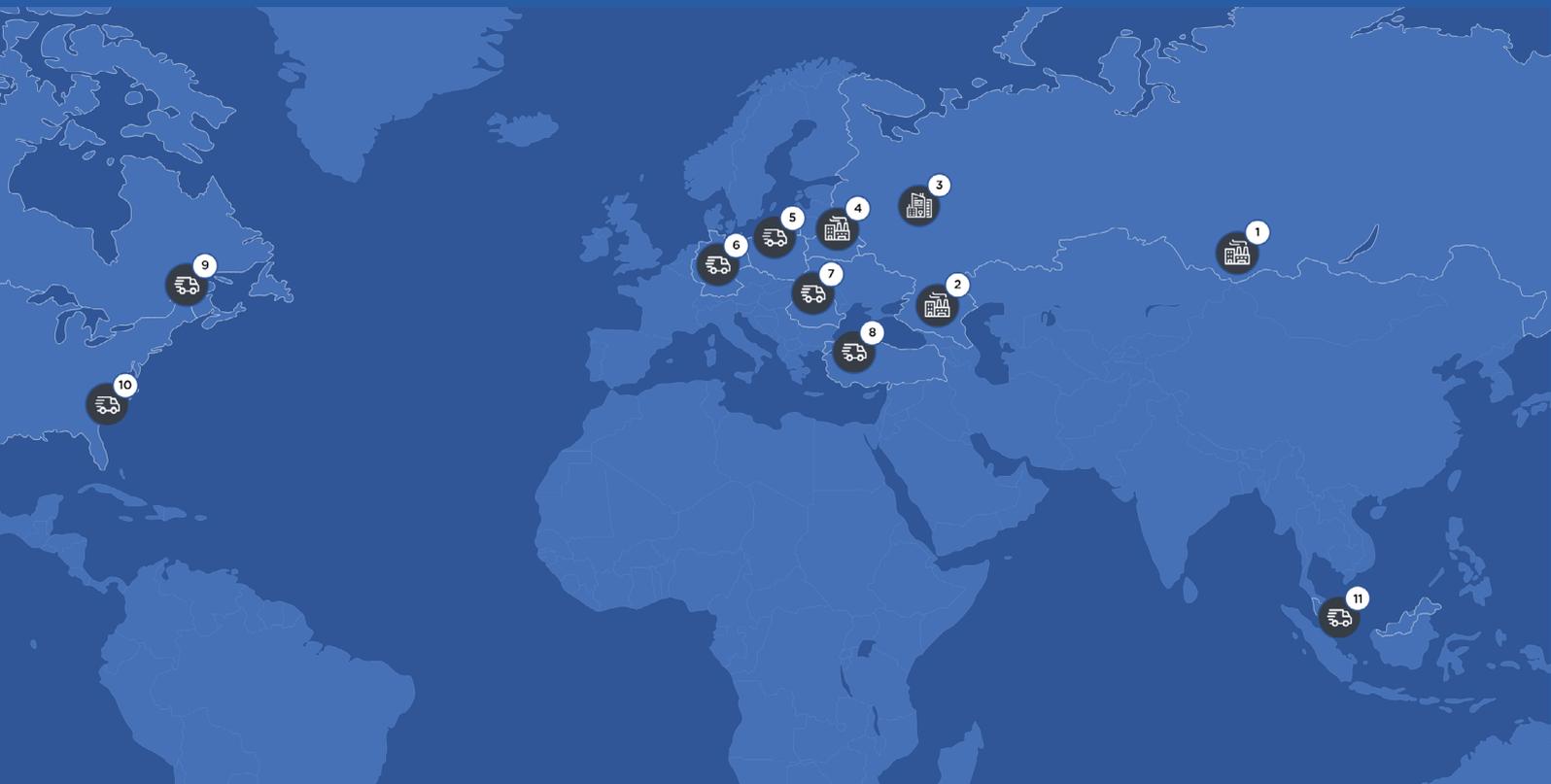
Omsk Carbon Group ranks among the top ten manufacturers of carbon black across the globe and is the largest manufacturer in Russia and the CIS.

The World's Carbon Black Market



- Cabot Corporation
- Aditya Birla Group
- Orion Engineered Carbons
- Jiangxi Black Cat Carbon Black
- Tokai Carbon
- China Synthetic Rubber Corp.
- Phillips Carbon Black Ltd.
- Omsk Carbon Group
- An Lun Chemical (Sunshine Coking)
- Longxing Chemical Group

Geographical Footprint



1. Omsk (Russia) – an R&D center, a plant
2. Volgograd (Russia) – a plant
3. Moscow (Russia) – a head office
4. Mogilev (Belarus) – a plant
5. Chocicza (Poland) – warehouse facilities
6. Waltrop (Germany) – an office along with a logistics center and warehouse facilities
7. Galati (Romania) – an office along with a logistics center and warehouse facilities
8. Istanbul (Turkey) – an office along with a logistics center and warehouse facilities
9. Prescott (Canada) – an office along with a logistics center and warehouse facilities
10. Bishopville (USA) – warehouse facilities
11. Singapore – an office along with warehouse facilities in Port Klang, Malaysia

Omsk Carbon Group cooperates with major international tire group of companies, manufacturers of mechanical rubber goods, plastics, paints and other products containing carbon black. Products are supplied to 34 countries of the world in Eastern and Western Europe, the Middle East, North and South America, the CIS and Asia.

Quality control for received feedstock and outgoing products is performed by our QA laboratories accredited by the Federal Accreditation Service (RusAccreditation) for technical independence and competence and having certification in the ISO/IEC 17025 international standard. The labs are provided with state-of-the-art equipment for the testing of carbon black for compliance with ASTM D or GOST requirements. Allen Bradley, an automation system based on the Rockwell Automation microprocessor technology, is used for process control.

Today Omsk Carbon Group aims to pursue intensive growth based on the expansion of our product range with new high-dispersity, pigment and conductive grades of carbon black much needed in key industries. Going forward, Omsk Carbon Group will continue to boost its production and financial performance, looking to the growing market needs.

Products



Carbon black (CB) is a high-dispersity amorphous carbon product manufactured on a commercial scale and widely used as a reinforcing filler for rubbers, a black pigment for inks and paints as well as a filler for plastics or cable sheaths imparting special properties to them.

Around 70% of the total carbon black produced is used for tire manufacturing, some 20% goes into other rubber products and around 10% finds usage in other, not related to rubber, applications (plastics, paints, varnishes, xerographic compositions, etc.).

Omsk Carbon Group manufactures the widest in Russia and the CIS and constantly expanding array of products, comprising more than 30 grades of carbon black. Specialty grades are produced under our own OMCARB trademark.



Tires

Over 75% of our carbon blacks (commodity grades) are used for auto tire manufacturing. Without CB, a passenger car tire could not last more than 100 km.



MRG

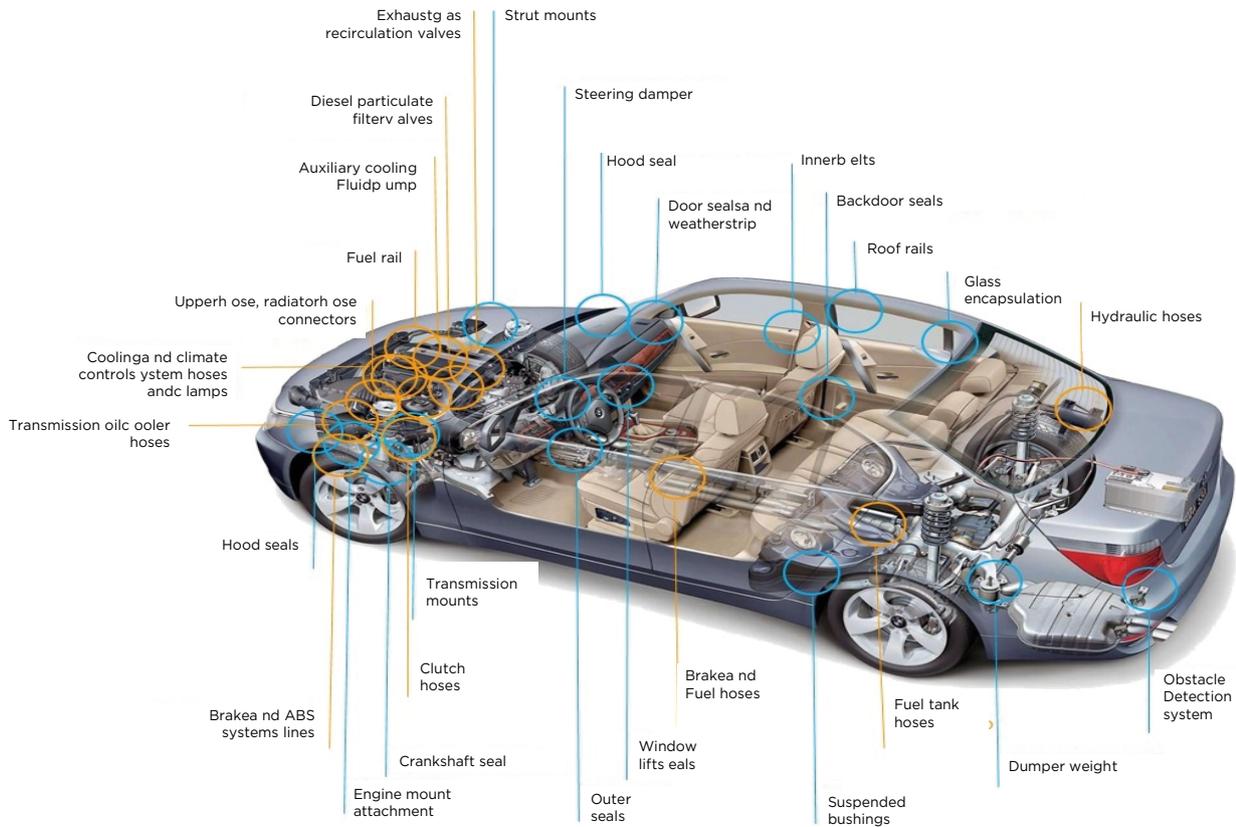
Over 12% of our blacks (commodity grades) go to the production of MRGs. Applying OMCARB-series high-purity soft blacks leads to an up to 5% reduction in their cost.



Plastics

Plastics account for more than 8% of our carbon black. Using P-type grades extends the service life of plastic pipes to 50 years.

Example of Using CB in the Automotive Industry



Coatings, inks, toners

Approx. 3% of our CB (OMCARB-series) is used for the production of inks, toners or other paints and varnishes.



Batteries and power sources

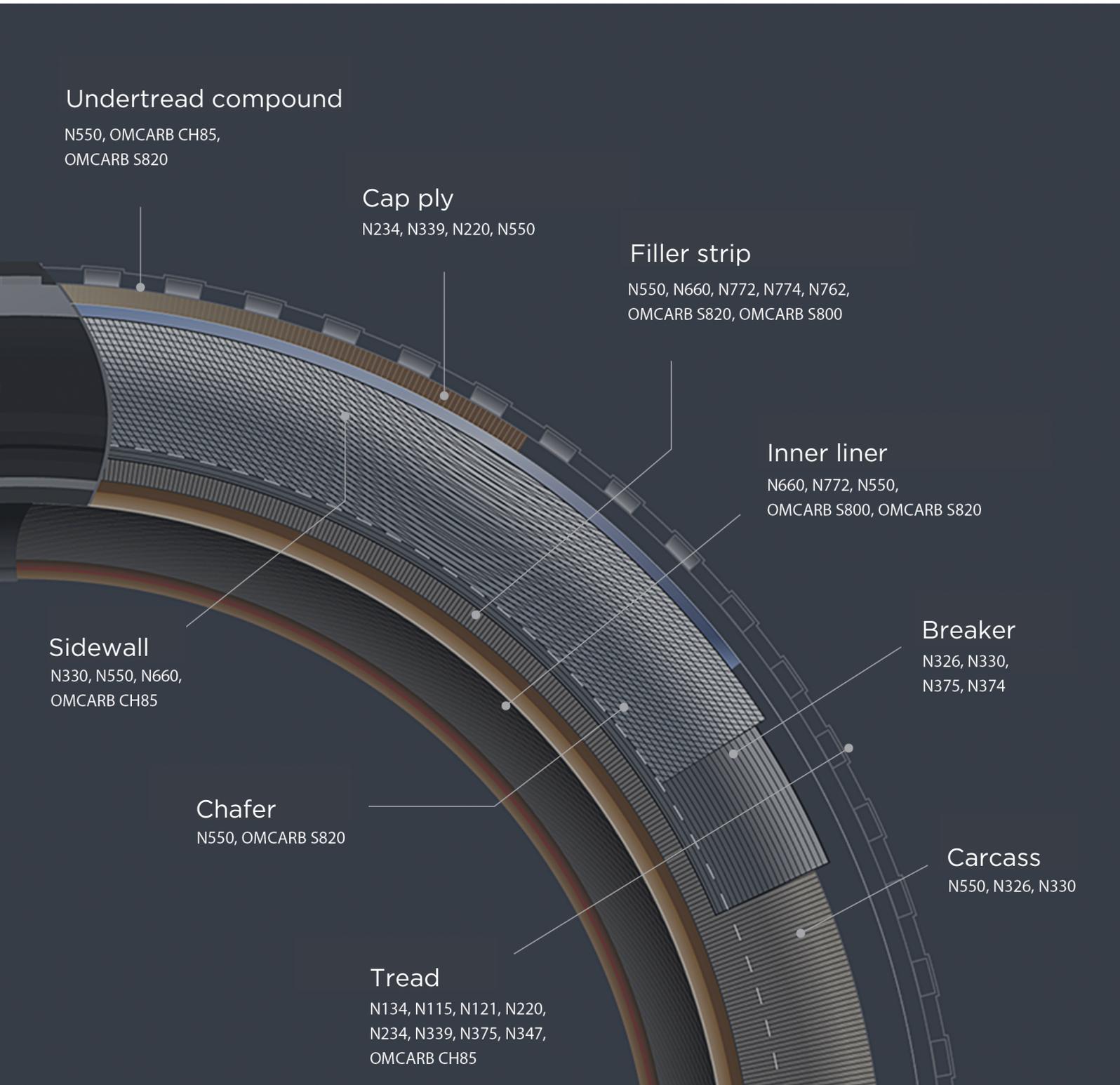
Some 2% is used in producing batteries or electrical cells. CB finds usage in meeting IT sector needs and devising new technologies for transportation.



Items in contact with food

Around 1% (low-PAH FA-series CB) is used as a coloring agent in plastic items being in contact with food.

Example of Using CB in the Tire Industry



Sustainability Management

Omsk Carbon Group's executives of different levels are responsible for the management of sustainability activities.

The strategic management of matters related to sustainability efforts along with the consideration and approval of top-level documents fall within the competence of the General Directors of Omsk Carbon Group OOO and Omsk Carbon Mogilev IOOO.

The following units are responsible for day-to-day management of sustainable development matters:

- HR Units;
- Industrial Safety Department;
- Legal Development Unit;
- Security Department.

The responsibilities of our HR Director and heads of HR Divisions include compliance with employment regulations and commitment to social guarantees for personnel, developing employees' competencies and improving labour productivity and labour satisfaction.

The Head of Industrial Safety Department along with the heads of OHS Divisions are responsible for the fulfillment of industrial safety, fire safety, occupational health and safety, environmental protection, civil defence and emergency response requirements.

The Director for Legal Development and the heads of local legal divisions oversee compliance within the activities of their respective entities, keep employees updated on the applicable legislation and organize studies of relevant laws and regulations for our officers.

The Head of our Security Department and the heads of the divisions within it are responsible for fighting fraud and corruption and preventing unlawful acts.

Sustainability management also occurs at the subdivisional level.

The main task for our trade union committees is aligning employees' and the employer's interests in shaping and implementing our HR and social policies.

Collective bargaining agreements and staff councils are in place at Omsk Carbon Group OOO and its Volgograd-based branch, and there is a staff council at Omsk Carbon Mogilev IOOO. The collective bargaining agreements establish the employer's obligations to collaborate in the OHS area and to regard the promotion of healthy and safe working conditions as one of the top-priority tasks, and guarantee that our working conditions, compensation and benefits will be far above the minimum level provided by the applicable laws.

The Quality Assurance Unit coordinates Omsk Carbon Group's sustainability efforts and prepares Omsk Carbon Group's annual Sustainability Report.



Sustainable Development

As a leading carbon black manufacturer, Omsk Carbon Group strives to incorporate sustainability principles and values into its day-to-day operations. We are aware of the fact that sustainable development is vital to our stability, competitiveness and the ability to create value for our stakeholders in the long run.

Omsk Carbon Group's key sustainability areas:

Economic stability

Omsk Carbon Group's aim is maintaining steady economic growth and creating a long-standing value for Omsk Carbon Group.

Employee wellbeing

Omsk Carbon Group's aim is to ensure safe working conditions, a fair compensation package and professional growth opportunities.

Environmental protection

Omsk Carbon Group's aim is to minimize any adverse impacts of its operations on the environment.

Local communities development

Omsk Carbon Group's aim is to contribute to economic prosperity, social and cultural progress in the geographies of presence.

Omsk Carbon Group maintains an open dialog with all of its stakeholders and actively implements a variety of involvement mechanisms to make sure our relations are transparent and to mutual benefit.

Omsk Carbon Group's commitments are based on internationally recognized standards and best practices. Omsk Carbon Group endorses the provisions of the UN Universal Declaration of Human Rights and respects civil, political, economic, social and cultural human rights.

Sustainable Development Priority



The sustainable development goals were adopted at the 70th Session of the UN General Assembly in September 2015 as the new global program Transforming our world: the 2030 Agenda for Sustainable Development. The agenda consists of 17 goals, including 169 targets.

One special feature of these goals is that they are addressed not only to governments, but also to other participants of the sustainable development process in the world: businesses, civil society and all private persons.

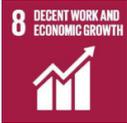
17 Sustainability Goals:

- SDG No. 1. End Poverty in All its Forms Everywhere;
- SDG No. 2. End hunger, achieve food security and improved nutrition and promote sustainable agriculture;
- SDG No. 3. Ensure healthy lives and promote well-being for all at all ages;
- SDG No. 4. Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all;
- SDG No. 5. Achieve gender equality and empower all women and girls;
- SDG No. 6. Ensure availability and sustainable management of water and sanitation for all;
- SDG No. 7. Ensure access to affordable, reliable, sustainable and modern energy for all;
- SDG No. 8. Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all;
- SDG No. 9. Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation;
- SDG No. 10. Reduce inequality within and among countries;
- SDG No. 11. Make cities and human settlements inclusive, safe, resilient and sustainable;
- SDG No. 12. Ensure sustainable consumption and production patterns;
- SDG No. 13. Take urgent action to combat climate change and its impacts;
- SDG No. 14. Conserve and sustainably use the oceans, seas and marine resources for sustainable development;
- SDG No. 15. Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss;
- SDG No. 16. Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels;
- SDG No. 17. Strengthen the means of implementation and revitalize the global partnership for sustainable development.

Omsk Carbon Group understands the importance of the SDGs adopted by the UN General Assembly for tackling economic, environmental and social issues. Omsk Carbon Group seeks to make its own contribution to the accomplishment of the global goals by implementing fair and transparent business principles, reducing the effects of its operations on the environment and local communities and maximizing the benefits it can bring to society as a result of integrating the principles into its business.

Omsk Carbon Group facilitates the achievement of the UN goals not only within its core operations, but also through the involvement in different projects and initiatives aimed at protecting the environment in the presence regions, improving the quality of life and developing science, education and culture.

Sustainable development goals	Omsk Carbon Group's contribution	Targets implemented	Accomplishments 2020
	<p>Ensure a decent standard of living and facilitate equal access to social aspects:</p> <ul style="list-style-type: none"> – creating employment opportunities in presence regions; – social investment. 	<p>1.1 1.2 1.4</p>	<p>197 new jobs created.</p> <p>Average monthly salary grew by 8.5% in 2020.</p> <p>A company employee's average monthly salary is 31.5% higher than the average monthly pay in the regions of presence (Omsk, Volgograd and Mogilev regions).</p> <p>Charity spending amounted to RUB 6,640 thousand in 2020.</p>
	<p>Ensure healthy lives and promote well-being for all at all ages:</p> <ul style="list-style-type: none"> – securing high standards of medical services for employees; – supporting projects promoting a healthy lifestyle among employees, notably young professionals, and their family members. 	<p>3.4 3.8 3.9</p>	<p>Contracts for employees' statutory medical insurance concluded.</p> <p>All employees were provided with pre-employment and routine checkups.</p> <p>A contract for voluntary medical insurance concluded with VSK Insurance House with all employees insured.</p> <p>Contracts concluded for vaccination as per the National Immunisation Schedule, vaccination against COVID-19 and antibody testing. Employees are vaccinated and tested on a voluntary basis.</p> <p>More than 1,500 employees and their family members took part in international, federal, regional or corporate sports competitions: the SIM Marathon; Russian Ski Run; the Velo Omsk bicycle race; city, district or plant Olympics; outdoor teambuilding events.</p>
	<p>Ensure comprehensive and fair quality education and promote lifelong education:</p> <ul style="list-style-type: none"> – providing training and skills upgrade opportunities to all employees; – involving educational institutions in employees' training and skills upgrades; – offering work experience internships to students; – teaching students at the Carbon Black Manufacturing Processes and Apparatuses industrial chairs. 	<p>4.3 4.4 4.7</p>	<p>1,789 employees trained.</p> <p>Average number of training hours per employee was 57.</p> <p>54 students interned.</p>

Sustainable development goals	Omsk Carbon Group's contribution	Targets implemented	Accomplishments 2020
	<p>Achieve gender equality and empower all women and girls:</p> <ul style="list-style-type: none"> – providing equal social guarantees and creating equal opportunities for high performance and professional advancement for all employees regardless of the gender. 	5.5	<p>Women made up 34.6% of our employees.</p> <p>Women accounted for 39.5% of our senior management.</p>
	<p>Ensure the availability and sound use of water and sanitation:</p> <ul style="list-style-type: none"> – reducing the consumption of freshwater, including surface water; – using water saving technologies; – minimizing impact on water bodies by ensuring the required condition of treatment plants and meeting the limits for treated wastewater discharge. 	6.3; 6.4; 6.6	<p>The amount of circulation water used for manufacturing remained unchanged.</p> <p>Routine controls are in place for drinking water quality and wastewater discharges.</p>
	<p>Ensure access to affordable, reliable, sustainable and modern energy:</p> <ul style="list-style-type: none"> – reducing electricity consumption; – generating electrical power. 	7.2; 7.3	<p>Total electricity purchased remained practically unchanged, down by 0.16%.</p> <p>Total electricity produced increased by 6,5%, that is 12,085 thousand kWh</p>
	<p>Promote sustained, inclusive and sustainable economic growth, employment and decent work for all:</p> <ul style="list-style-type: none"> – paying taxes; – creating added value in the presence regions' economies by enhancing own production capacities; – ensuring the highest possible wages and benefits, and the best working conditions possible; – respecting and protecting labour rights and providing safe working conditions for all employees; – implementing policies that respect labour rights, including freedom of association and collective bargaining, non-discrimination and combatting workplace violence. 	8.1; 8.2; 8.4; 8.5; 8.6; 8.8	<p>Aggregate taxes and customs duties paid increased by 24.1%.</p> <p>Personnel expenses including insurance contributions grew by 14.1%.</p> <p>There was an 8.5% increase in monthly average salary.</p>

Sustainable development goals	Omsk Carbon Group's contribution	Targets implemented	Accomplishments 2020
	<p>Build resilient infrastructure, promote sustainable industrialization and foster innovation:</p> <ul style="list-style-type: none"> – investing in projects for the upgrading and development of production infrastructure in the regions of presence; – strengthening technological capabilities through investments in R&D. 	91; 92; 94; 95	Investment projects financing grew by 20% and amounted to RUB 1,344,148 thousand.
	<p>Ensure sustainable consumption and production patterns:</p> <ul style="list-style-type: none"> – maintaining conformity of the existing environmental management system to international standards; – reducing the amount of industrial waste; – increasing amounts of waste recycled. 	12.1; 12.2; 12.5	<p>Environmental management system certified to the ISO 14001:2015 standard.</p> <p>Investment in environmental protection increased by 172.6%.</p> <p>The dramatic growth in environmental protection expenses is attributable to increased expenses at Omsk Carbon Mogilev IOOO.</p> <p>Waste generated reduced by 28.1%.</p> <p>Waste sold to external parties for repurposing increased by 18.8%.</p> <p>Waste treated for reuse increased by 2.4%.</p>
	<p>Take urgent action to combat climate change and its impacts:</p> <ul style="list-style-type: none"> – reducing carbon dioxide emissions (CO₂) by consuming less energy and improving efficiency. 	13.3	<p>Using tail gas from carbon black production for electricity generation: total electricity produced increased by 6.5% and amounted to 12,085 thousand kWh.</p> <p>The consumption of water for drinking and household purposes reduced by 5.5%; process water, by 2.6%; natural gas, by 4.8%; heating energy, by 7.4%.</p>
	<p>Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss:</p> <ul style="list-style-type: none"> – reclaiming disturbed land and landscaping; – social and environmental campaigns conducted together with municipal authorities 	15.1	As part of landscaping projects, 1,092 nursery plants and 262,340 flower seedlings planted, 2,482 m ² of flower gardens decorated.

Sustainable development goals	Omsk Carbon Group's contribution	Targets implemented	Accomplishments 2020
 <p>16 PEACE, JUSTICE AND STRONG INSTITUTIONS</p>	<p>Promotion of peaceful and inclusive societies for sustainable development, the provision of access to justice for all, and building effective, accountable institutions at all levels:</p> <ul style="list-style-type: none"> – complying with applicable laws, including on human rights protection; – proactively implementing initiatives to combat corruption or bribery, preventing conflicts of interest; – working with governmental authorities with a view to satisfying the local communities' needs. 	<p>16.3; 16.5; 16.6; 16.7; 16.10</p>	<p>Rigorous compliance with the principles of our Social Policies. No contraventions of applicable laws recorded, including in respect of human rights protection.</p> <p>Strict compliance with the principles of our Anti-Fraud and Corruption Policies, effective use of anti-corruption mechanisms: 3,489 suppliers and contractors screened; selecting contractor entities through bidding procedures; assessing suppliers' activities for corruption-related risks.</p> <p>No contracts terminated or non-renewed with our business partners due to any identified corruption-related violations or any legal proceedings initiated against the company or its employees based on alleged involvement in contravention of anti-corruption laws.</p> <p>The company is socially and legally proactive in identifying and preventing its suppliers' corruption schemes or attempts to involve the company's personnel in such corruption schemes.</p>
 <p>17 PARTNERSHIPS FOR THE GOALS</p>	<p>Revitalize the global partnership for sustainable development:</p> <ul style="list-style-type: none"> – maintaining effective partnerships between governmental entities, between public and private sectors and between civil society organizations. 	<p>17.17</p>	<p>Supplying heat to Omsk's two microdistricts – Moskovka and 40 let Oktyabrya.</p> <p>Silver Level CSR recognition received from EcoVadis.</p> <p>Omsk Carbon Group OOO took second place in the competition "The Best Employer of the Year in the Central Administrative District of Omsk" in the category "Developing talent".</p> <p>Omsk Carbon Group OOO ranked among the 100 best employers in Russia, according to hh.ru, one of Russia's most trusted online recruiting websites.</p> <p>Omsk Carbon Group OOO and its Volgograd-based branch are among the top ten taxpayers in the Omsk Region and the Volgograd Region, respectively.</p>

Involvement in International, National and Regional Sustainability Initiatives

The UN Global Compact is a voluntary international social responsibility initiative aimed at facilitating steady economic growth and enhancing corporate social responsibility which brings together 12,000+ companies based in over 160 countries.

The Global Compact's principles are stated on the basis of the Universal Declaration of Human Rights, the International Labour Organization's (ILO's) Declaration on Fundamental Principles and Rights at Work and the Rio Declaration on Environment and Development.

Though not participating in the Global Compact, Omsk Carbon Group's management team extensively support the idea behind it, strive to rely on the ten fundamental principles in their activities and endorse the UN sustainable development goals aimed at improving the wellbeing of the present and future generations.

The UN Global Compact Principles

Areas	Principles	
Human Rights	Principle 1	Businesses should support and respect the protection of internationally proclaimed human rights
	Principle 2	Businesses should make sure that they are not complicit in human rights abuses.
Labour	Principle 3	Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining
	Principle 4	Businesses should uphold the elimination of all forms of forced and compulsory labour
	Principle 5	Businesses should uphold the effective abolition of child labour
	Principle 6	Businesses should uphold the elimination of discrimination in respect of employment and occupation
Environment	Principle 7	Businesses should support a precautionary approach to environmental challenges
	Principle 8	Businesses should undertake initiatives to promote greater environmental responsibility
	Principle 9	Businesses should encourage the development and diffusion of environmentally friendly technologies
Anti-Corruption	Principle 10	Businesses should work against corruption in all its forms, including extortion and bribery

Omsk Carbon Group considers the UN Global Compact principles at the strategic and operational management levels. Being an integral part of our strategic development, the principles are embedded in Omsk Carbon Group's system of internal regulations which expressly govern the operation of our core business processes.

Omsk Carbon Group sets high value on responsible business management. The company adheres to, and shares, the principles of fundamental international declarations and conventions on human rights, labour, anti-corruption and the environment, including:

The UN Universal Declaration of Human Rights

The UN Declaration on the Environment and Development

The International Labour Organization (ILO) Declaration on Fundamental Principles and Rights at Work

ILO's Freedom of Association and Protection of the Right to Organise Convention No. 87

ILO's Right to Organise and Collective Bargaining Convention No. 98

ILO's Convention concerning Discrimination in Respect of Employment and Occupation No. 111

The principles of those international documents are set forth in our internal regulations and integrated into the corporate business processes.

Omsk Carbon Group facilitates the achievement of the UN's goals not only as part of its core operations, but also by supporting and participating in diverse projects and initiatives designed to protect the environment in operations areas, improve the quality of life, develop science, education and culture.

The principles of the UN Global Compact are taken into account both at the strategic and operational management levels. Being an integrated part of the strategic development of Omsk Carbon Group, these principles are transferred into a system of local regulatory documents that directly determine the functioning of the main business processes



More than 820 institutional investors with their assets totaling USD 95 trillion collaborate with the project. In 2016, CDP launched its new scoring methodology, significantly lifting the bar and requiring leading companies, in addition to GHG control and reduction efforts, to take steps consistent with the goals and targets described in the Paris Climate Agreement.

Based on the 2019 results, in 2020 Omsk Carbon Group reached a yet again higher score – C level – compared with the previous year.



Omsk Carbon Group's integrated management system is certified to the ISO 9001:2015, ISO 14001:2015 and ISO 45001:2018 international standards. In 2020, Omsk Carbon Group's quality management system was recertified to ISO 9001:2015.



As a consumer of coke-chemical products, Omsk Carbon Group OOO holds membership of the TK 395 standardization technical committee "Coke and Coke-Chemical Products".

As part of the technical committee's meetings, Omsk Carbon Group participates in developing the "Coke and Coke-Chemical Products" Technical Regulations as well as standards and specifications for the manufacturing of coke-chemical products.



In an effort to minimize its environmental impacts, conserve natural resources and reduce the amount of waste, Omsk Carbon Group extensively supports "green office" principles.

The project's essence is meeting voluntary commitments to improve the environment of office premises. Participating in the project means reduced office maintenance costs, a real contribution to lower energy consumption and decreased GHG emissions.

The following "green office" principles are in place at Omsk Carbon Group:

- using modern energy-saving (LED, fluorescent) lamps and light fixtures in outdoor and indoor lighting systems;
- optimizing the modes of electrical equipment and heat consumption in buildings;
- using multisystems instead of air conditioners;
- using an electronic document management system, which reduces paper consumption;
- purchasing printing paper with eco labeling;
- implementing energy efficient equipment;
- making use of metering devices, water flow and heat consumption regulators; and
- separate collection and accumulation of waste.



Omsk Carbon Group annually takes part in "Green Spring", a nation-wide environmental cleanup organized by the Green Russia environmental social movement.



Omsk Carbon Group participates in all actions comprising the "Clean Air" federal project within the "Environment" national project.



As one of the largest Russian exporters, in 2010 Omsk Carbon Group registered its products in accordance with the requirements of REACH (Registration, Evaluation, Authorisation and Restriction of Chemicals) Regulation (EC) No 1907/2006, adopted by the EU, which regulates the circulation of chemical products manufactured and imported to EU countries.

The Regulation's aims include:

- ensuring a high level of protection for human health and the environment;
- collecting and systematizing information about all of the substances manufactured or imported into the EU;
- promoting innovation and development of alternative methods for the assessment of the hazardous properties of substances.



The visit of the the Minister of Natural Resources and Environmental Protection of the Republic of Belarus to Omsk Carbon Mogilev IOOO.

Stakeholder Engagement

As part of sustainable development, Omsk Carbon Group attaches particular importance to building up fair and win-win relations with its partners, striving to accommodate the stakeholders' interests and concerns in all business processes, be compliant with Russian laws, fulfill contractual obligations and protect and respect human rights.

Our key stakeholders are individuals and legal entities whose actions, interests or safety could be affected by, or affect, Omsk Carbon Group's operations. To continually improve the interaction process, we seek to obtain feedback from both internal and external stakeholders.

Key stakeholders:

- investors;
- partners and shareholders;
- customers;
- employees and trade unions;
- governmental authorities;
- supervision and oversight authorities;
- local self-government authorities;
- the presence regions' population;
- suppliers and contractors;
- educational institutions;
- research community; and
- the mass media.

An open dialogue with stakeholders is crucial to the achievement of high performance and strategic goals, improvement of business efficiency and risk management. To maintain an effective dialogue, Omsk Carbon Group uses a whole gamut of communication channels depending on the modalities of engaging with a particular stakeholder group.

For our internal stakeholders, the most in-demand communication channels are Zavodskie Vesti, a corporate newsletter, and meetings with management, at which our managers tell employees about operational results and further development plans.

Omsk Carbon Group is committed to an unhindered, fair and multilateral dialogue with all of its audiences. An overview of the company, its products and sustainable development, contact and hotline details are available at Omsk Carbon Group's website, as well as at its English version:

- omskcarbongroup.com, en.omskcarbongroup.com (Omsk and Volgograd);
- ocm.omskcarbongroup.com (Mogilev).

News is posted in the "Newsroom" section, consisting of the "Company news", "Events" and "Publications" subsections.

In 2020, Omsk Carbon Group continued to develop and employ the VKontakte social network service:

- vk.com/omskcarbongroup (Omsk and Volgograd);
- vk.com/omskcarbonmogilev (Mogilev).

The aims of presence at this communication site:

- providing the public with insight into Omsk Carbon Group's activities;
- improving general loyalty to the organization;
- sustaining an image as an up-to-date advanced company; and
- attracting talent.



Managing Sustainability Risks

Risk management is a by-product of our success and growth. Our business readily accepts new ideas, projects, business models and innovation, which increases its complexity and risk exposure.

Developing a "risk-oriented" culture inside it, Omsk Carbon Group seeks to use risk management to accomplish its strategic and operational goals and make the right management decisions. Our senior management team takes the lead in this process and demonstrates permanent dedication to risk management. Ensuring the company's growth while at the same time mitigating its risks is a key to long-standing success.

Risk management policies are in place at our company. These ensure we are focused on risk management and create responsibility at all levels of Omsk Carbon Group's organizational structure. Through establishing and promoting high risk management standards, we achieve our corporate goals related to the protection of people, assets, earnings and the environment.

In planning, Omsk Carbon Group considers factors with external and internal conditions in mind and determines the risks and opportunities for which action is required:

- to secure the achievement of anticipated results;
- to enhance desired effects;
- to avert or mitigate negative consequences; and
- to attain improvement.

The risks listed below do not constitute the entirety of risks our company is exposed to. There may be other risks so far not known or appearing insignificant which could adversely affect our operations and financial performance:

- customer relationships risks;
- feedstock availability and pricing risks;
- regulatory risks;
- HR management risks;
- Environmental risks;
- OHS risks;
- Corruption risks;
- Risks associated with the engagement of third parties (vendors);
- IT security risks.

Human Rights

In the human rights area, Omsk Carbon Group relies on the applicable Russian legislation and follows the principles of the Human Rights Declaration, ILO Declaration on Fundamental Principles and Rights at Work and other international requirements in this area. Omsk Carbon Group OOO is compliant with all the Global Compact human rights requirements.

Omsk Carbon Group places a particular emphasis on ensuring full compliance with all of the applicable laws and regulations. To this end, we have developed a package of internal documents containing the ethical standards and fair business practices which all employees should observe.

The principal documentation governing such matters:



Management Systems Policies



Ecologically Responsible Purchasing Policies



Social Policies



Anti-Fraud and Corruption Policies



Code of Conduct

Omsk Carbon Group provides working conditions meeting all internal and external requirements:

- complies with the prohibition on child and forced labour;
- guarantees the protection of human dignity and privacy;
- acknowledges the right to freedom of thought, conscience and expression;
- puts no obstacles to unionization;
- provides decent pay and social security to all staff members;
- seeks to avoid harm to the residents of the presence areas by its operations.

The company guarantees no discrimination on the grounds of race, gender, ethnic origin, religion, political or other views, sexual orientation, national or social origin, property or any other status or other factors not related to performance.

In accordance with Omsk Carbon Group's Code of Conduct, compliance with business conduct rules and ethical standards constitutes an essential part of the corporate governance system. Integrity and honesty in performing job duties and the observance of business ethics regulations are required from all staff. The principles, rules and regulations set out in the Code are further developed and detailed in the company's other internal regulations.

At Omsk Carbon Group, labour relations are governed by the requirements of the RF's Labour Code and the Republic of Belarus' Labour Code. The Labour Codes list the jobs which women are restricted from doing, the jobs forbidden to persons of less than 18 years of age, prohibit forced labour, promote the protection of labour rights and freedoms, establish the procedure for resolving employment-related disputes and liability for acting contrary to labour laws or other regulations containing norms of labour law.

To effectively ensure respect for employees' rights, we consistently handle feedback and requests by employees, law enforcement authorities, the trade union and the Federal Labour and Employment Service.

Implementing personnel development and support programs, Omsk Carbon Group promotes its employees' rights to, among others, social security, education, family welfare, housing, creative freedom and involvement in cultural life.

Drafts of documents governing social or labour relations (internal regulations such as collective bargaining agreements, by-laws, regulations on compensation and bonus payments as well as employment contracts and orders on disciplinary action or termination) are subject to approval by in-house counsel.

Omsk Carbon Group's obligations associated with rights of the citizens affected by the company's operations basically arise from environmental laws.

Omsk Carbon Group's Code of Conduct establishes a discrimination-free working environment where every employee can contribute to the overall performance and make full use of their capabilities and potential. All employees and job applicants are assessed based on their professional competence, experience and abilities. Any decisions made for reasons not related to an employee's or a job applicant's performance (e.g., based on race or ethnical origin, gender, religion, political views, nationality, age, sexual orientation, family status, disability, etc.) are discriminatory and prohibited by law and the principles Omsk Carbon Group relies on.

Child and forced labour are strictly prohibited across Omsk Carbon Group's and suppliers' operations. Omsk Carbon Group requires its suppliers to observe the same ethical principles as it observes. We annually conduct assessments of human rights risks.

To gain assurance that human rights are fully respected, Omsk Carbon Group interacts with its stakeholders on an ongoing basis using various two-way communication channels. There is a hotline at Omsk Carbon Group providing direct access by stakeholders via different channels such as phone, email and Russian Post. At Omsk Carbon Group, we carefully review any reports, suggestions or questions, whether public or anonymous, regardless of the applicant's status. Omsk Carbon Group welcomes transparency and unhindered dialogue and encourages all its stakeholders to be involved in it. Labour dispute commissions were established to resolve employment-related issues, with no applications in 2020.

All of the human rights commitments and matters related to the management of risks associated with potential or actual human rights violations resulting from the company's activities are integrated in our internal regulations. Omsk Carbon Group OOO incorporated respect for human rights standards into all areas where the risks of violation exist such as interaction with personnel, organizing procurement and contractors' works, safety and security.

For human rights requirements to be met, staff members must have relevant knowledge. Therefore, the company organizes appropriate training and raises personnel's awareness on a systemic basis. Human rights requirements are included in a number of training programs and internal regulations that all employees must know. Employees undergo human rights training as part of the "Onboarding School" course, when confirming or raising their grades or as part of targeted training. 100% of our staff are familiarized with internal regulations governing human rights matters, with signature acknowledgement in relevant logs.

Hotline

Omsk Carbon Group's hotline is a system for collecting information on violations, abuse or embezzlement that enables reporting on known facts or suspicions.

The hotline was organized to accept applicants' reports, review them, prepare response and take appropriate action (where required).

Omsk Carbon Group guarantees confidentiality to persons who report on potential or existing violations and protection for both employees and third parties from any forms of pressure, retaliation or discrimination.

Applicants are free to send their reports in any form convenient, but there are a number of recommendations which, if complied with, speed up the consideration process. Where a report is made and sent in line with such recommendations, the applicant may expect an official response within the period established by the company's applicable internal regulations.

Where economic, social or reputational effect, such as prevented damage, from a hotline report is identified, the applicants, other than anonymous ones, may be rewarded.

To speed up the processing of a violation report, it should contain:

- the applicant's full name;
- preferred communication method (mailing address, phone or email);
- as many details of the violation to be investigated as possible.

Anonymous reports are processed too.

Currently, there are the following communication channels: phone, e-mail and Russian Post.



Across Omsk Carbon Group companies, employees can anonymously express their opinion regarding any sustainability aspects. "Trust-mail" boxes are installed for anyone to report their problems, or voice company development initiatives, suggestions on improvement of the compensation system or social policies, or willingness to grow professionally or upgrade skills.

There are three reporting areas:

Regarding combatting fraud and corruption, preventing unlawful actions, including, without limitation, the following matters:

- bribing an employee;
- exceeding authority by an employee;
- taking advantage of an employee's official position contrary to Omsk Carbon Group's legitimate interests for the purpose of deriving benefit;
- inducing an employee to corruption offence;
- an employee's actual/potential conflict of interests;
- embezzlement of things of value by an employee;
- divulgence or unauthorized use of confidential information;
- inflicting damage/loss of profits;
- inflicting harm to reputation.

Phone: +7 (3812) 91-01-41
E-mail: a.kundaev@omskcarbon.com

Mailing address: 17/1 Pushkin str., Omsk, 644024,
Russian Federation (with the "for hotline" mark).

Regarding environmental and OHS matters, including, without limitation:

- breach of environmental laws;
- breach of OHS laws and regulations;
- potential hazards and risks in the OHS area.

Phone: +7 (3812) 91-04-27
E-mail: a.nadtochiy@omskcarbon.com

Mailing address: 17/1 Pushkin str., Omsk, 644024,
Russian Federation (with the "for hotline" mark).

Regarding HR management matters, including, without limitation:

- human rights abuse;
- discrimination (e.g., on the grounds of race, ethnic origin, gender, religion, political views, nationality, age, sexual orientation, family status, disability, etc.);
- child or forced labour;
- employment relations.

Phone: +7 (3812) 91-05-16
E-mail: personal@omskcarbon.com

Mailing address: 17/1 Pushkin str., Omsk, 644024,
Russian Federation (with the "for hotline" mark).



People

Omsk Carbon Group treasures its employees and seeks to make sure our incentive system fully unleashes every staff member's potential.

We have taken a comprehensive approach to creating appealing and competitive working conditions, training and development, shaping the corporate culture and implementing our all-round social policies.

In its business, Omsk Carbon Group is guided by the principles of respect towards people and ensuring equal rights and opportunities. Any discrimination on the grounds of gender, nationality, religion, political views, etc. in hiring, promoting or providing benefits is not tolerated. In particular, we guarantee equal remuneration to women and men occupying equal positions. Omsk Carbon Group encourages an open and transparent exchange of information and regularly receives feedback from its employees.

Omsk Carbon Group's strategic goals:

- conformity to Russian and international standards for the respect, support and promotion of human rights;
- meeting the needs for highly skilled personnel to cope with day-to-day or strategic objectives.

Structure

Staff composition

Personnel	2020
Total employees	2,923
- men	1,911
- women	1,012 (34.6%)
- including those with disabilities	16
Total senior managers	43
- men	26
- women	17 (39.5%)

Omsk Carbon Group supports the desire of women for leadership and management. The smaller number of women compared to men is explained by the legislative requirements restricting the work of women in enterprises with harmful working conditions.

Executive employees from among the communities of the presence regions

Executive employees from among the communities of the presence regions	2020
senior managers	42
including from among local residents	36
percentage of local senior managers,%	86

Personnel gender and age structure

Age	Under 18 years of age	18–30 years of age	31–50 years of age	51 years of age or more
total	none	407	1,154	351
men	none	157	938	286
women	none	565	1,792	566

Staff turnover in 2020 was 9.6%, that is 0.4% less compared to 2019.

Engagement

Providing decent and comfortable working conditions to all employees is one of Omsk Carbon Group's crucial tasks. To this end, we place much emphasis on employee engagement, including both financial and nonfinancial incentives.

Omsk Carbon Group offers its employees a competitive level of compensation (at or above the market average values). There is zero tolerance to discrimination. Skills, capabilities, credentials and experience are what matters in deciding on the amount of pay when it comes to hiring and career achievements, when it comes to promotion. Gender, age or ethnic background is irrelevant. Base salaries and rates of pay are annually raised to reflect the anticipated growth in the consumer price index according to the RF Ministry of Economy.

The year 2020 saw an 8.5% increase in the average monthly salary against 2019.

In addition, all of Omsk Carbon Group's employees can benefit from monetary and nonmonetary incentives whose amounts exceed what is required by employment laws. Such incentives include vacation bonuses, annual performance-based bonuses, partial reimbursement of medical treatment expenses, additional pay to recent graduates and retiring staff members, professional holiday bonuses, food allowances, taking employees to and from work, reimbursement for stay at recreation centers for employees and their family members, etc.

In a bid to enhance social protection for Omsk Carbon Group's employees, our management decided to increase the share of base salaries and decrease the share of bonuses from 60% to 30%, thus alleviating the risk of a sharp fall in employees' earnings due to decreased outputs or other external factors. This also led to a rise in the amount of annual vacation bonuses.

Salary

On average, a salary paid to an employee of Omsk Carbon Group was 31.5% higher than the average salary in our geographies of operation (Omsk, Volgograd and Mogilev Regions).

Social welfare benefits

The collective bargaining agreements provide for Omsk Carbon Group's core principles and approaches in the social welfare area. A benefits package is available to all of our employees. It includes both statutory benefits and fringe benefits as per the bargaining agreements.

Social welfare benefits, RUB thousand	2020
Social expenses, including: <ul style="list-style-type: none"> – vacation bonus; – production site anniversary bonus; – partial meal allowances; and – social expenses, including financial aid under bargaining agreements. 	69,985

Taking care of our employees' and their family members' health has long been one of the priorities pursued in Omsk Carbon Group's social policies.

We entered into contracts for employees' statutory medical insurance, and all our employees receive scheduled health checks. Our contract for voluntary medical insurance with VSK Insurance House covers all employees. A voluntary medical insurance policy includes both government-run and private health care facilities. The sum insured provides for employees' access to a wide range of medical services, including medical advice, diagnostics, medical supervision, lab testing, functional diagnostics, etc. With free choice of doctors, no waiting in line and personalized approach, the insurance makes medical services highly convenient.

More than 1,500 employees and their family members took part in international, federal, regional or corporate sports competitions: the SIM Marathon; Russian Ski Run; the Velo Omsk bicycle race; city, district or plant Olympics; outdoor team-building events.

Personnel Development and Training



To develop its employees' potential, Omsk Carbon Group implements different training and development programs, provides continuous inhouse professional training and works out targeted programs for workers, specialists and management. Employees are trained throughout their professional lives based on tailor-made learning programs.

The system for continuous professional education involves several types of learning:

- mandatory learning required to ensure the necessary competence level in order to be admitted to work at hazardous production facilities;
- targeted learning provided for certain professions in given areas;
- periodic learning needed to maintain employees' proficiency.

There are additional programs for the training of employees comprising the talent pool.

Despite the restrictions imposed due to the adverse epidemiological situation in the presence regions, we have been able to make training and skill upgrades safe for our employees using:

- the online mode based on information technologies and education platforms, videoconferencing and webinars;
- intramural training in classrooms equipped with all preventive measures in mind (up to 10 persons attending, ventilation, social distancing).

No. of employees trained	2020
Total	1,789
Management and specialists	981
Workers	775
Talent pool	83

The average number of training hours per employee was 57.

Collaboration with Educational Institutions

Young people regard Omsk Carbon Group as a reputable employer thanks to its competitive pay, steady jobs, professional and career opportunities, strict compliance with employment laws and appealing welfare benefits.

One of the aspects of working with youth is the company's involvement in students' education at specialist educational institutions. Interaction with specialist educational institutions is, therefore, one of Omsk Carbon Group's focal areas.

We regularly conduct targeted tours for students. Our representatives participate in preview days held by educational institutions, job fairs, presentations and panel discussions on graduates' employment prospects. The company annually provides internships for students.

Organizing internships for students

With a view to infusing a fresh spirit, work experience or research internships organized in the presence regions have become a tradition for Omsk Carbon Group. We co-work with the following universities and vocational schools:

- Omsk State Technical University;
- F.M. Dostoevsky Omsk State University;
- Omsk State University of Railway Engineering;
- K.G. Razumovsky Moscow State University of Technologies and Management;
- Volgograd State Technical University;
- Volgograd State Agrarian University;
- National Research University "Moscow Power Engineering Institute";
- Omsk Polytechnic;
- Volgograd Industrial Technical School;
- Omsk Industrial and Economic School;
- Omsk Aviation School;
- Omsk Road Transport School;
- Volgograd Power Engineering School;
- Volgograd Gazprom College;
- V.I. Vernadsky Volgograd Engineering College.

Due to the COVID-19 pandemic, students' internships were partially conducted using remote access in 2020.

Youth Policy



Working with young employees is an essential part of Omsk Carbon Group's HR policies designed to secure uninterrupted supply of workforce, attract youth and facilitate their successful and efficient onboarding and self-actualization.

Onboarding action comprises two components: getting to know the company and workplace adaptation. Our HR Division organizes the former via a new employee training course. A new employee's line manager is responsible for the latter.

Developing the concept of guidance plays a vital part in the system for working with young professionals as this ensures continuity in professional experience, best production practices and the corporate culture. Guides are designated from among the superior or equal-ranking employees.

Working with young workers and specialists, up to 30 years of age	2020
No. of young employees	565
Percentage of young employees of headcount, %	21.1
No. of young specialists	29
Young employees hired	166
No. of students interned	54

Working with Trade Unions

Omsk Carbon Group recognizes employees' rights to freedom of trade-union association and collective bargaining. One of the priority objectives of our Social Policies is entering into long-term bargaining agreements with trade unions. The trade union committees established at our sites align employees' and the employer's interests when shaping and implementing the HR and social policies.

The collective bargaining agreements between the employer and the employees adopted at employees' general meetings are currently in effect at Omsk Carbon Group OOO and its Volgograd branch. At Omsk Carbon Mogilev, there is a staff council elected at a general meeting of employees.

The bargaining agreements fix the employer's commitment to collaboration in the OHS field and to creation of healthy and safe conditions for employees, and complement statutory safeguards in terms of compensation, benefits and working and living conditions.

To make the co-work effective, senior management regularly holds meetings with the trade unions' representatives. No conflicts or collective labour disputes were recorded in 2020.

In 2020, there were also no violations of human rights to the freedom of association or collective bargaining.

Training is provided for newcomers as part of onboarding seminars discussing human rights procedures, organizational structure, rules of procedure, employment contracts, compensation, the existing collective bargaining agreement, social security, etc.



The Social Policies, approved by the General Director on 25 April 2020, are in place at Omsk Carbon Group OOO. Its objectives include:

- protecting employees via a system of benefits and guarantees provided by the government, employment laws or the company's management;
- safeguarding interests of all parties to the production relationship; and
- reproducing workforce.

These provisions are also included in the collective bargaining agreements of Omsk Carbon Group OOO and the Volgograd branch.

The Social Policies make sure that Omsk Carbon Group is compliant with employment laws and contains the following guarantees:

- Regular payment of salaries;
- Indexing salaries on an annual basis;
- Higher payments, reduced working days and additional leave entitlement for abnormal working conditions;
- Pre-employment and routine health checkups;
- No labour by children or persons under 18 years of age;
- No discrimination on the grounds of gender, nationality, religion, political opinions and any other grounds when hiring, promoting or supplying benefits;
- Observing OHS rules and regulations;
- Promoting work-life balance;
- Protecting personal data;
- The welfare benefits and guarantees set forth in the Social Policies;
- Taking personnel to and from work using the company's vehicles at no charge;
- The availability of medical facilities at the plant premises;
- Enhancing technological infrastructure and workplace comfort;
- Personnel training, skills upgrading and development;
- Awarding employees on their professional holiday;
- One-time bonuses depending on the seniority of working at the carbon black plants;
- A one-time vacation bonus;
- A one-time bonus based on annual performance;
- Partial meal allowances for all shop workers and other employees;
- Financial aid in accordance with the collective bargaining agreements;
- Financial aid for resigning persons who have reached the age of retirement and have worked over 15 years at a carbon black plant;
- Health resort vouchers for employees;
- Children's health camp vouchers;
- Additional days off for employees on their special occasions; and
- Organizing sports events, participating in cross-industry competitions.

Occupational Health and Safety

As with any industrial manufacturing process, carbon black manufacturing is fraught with a high level of production risks. Because of this, ensuring safety of all employees and contractors is a matter of priority for Omsk Carbon Group. Omsk Carbon Group's approach to OHS management comprises promoting safety culture among staff members and contractors, complying with all applicable laws as well as monitoring and managing risks.

Occupational health and safety management is a crucial component of Omsk Carbon Group's sustainability efforts and success for the long term.

Omsk Carbon Group's strategic objective is maintaining a zero injury frequency rate.

Omsk Carbon Group received ISO 45001:2018 certification for its occupational health and safety management system.

The corporate safety culture forms a critical part of OHS management. Identifying key health or safety risks is integral to the OHS system. OHS briefings and training supply employees with the knowledge and skills needed to perform their work safely. Every employee annually takes a test to check the knowledge of working instructions and OHS rules.

Omsk Carbon Group established documented OHS procedures designed to mitigate risks, including workplace hazards associated with the potential of inflicting harm on employees' life or health, improve working conditions, and minimize the risk of workplace injuries, incidents or accidents while raising personnel's awareness and understanding of their personal OHS responsibility, pursuant to which:

- A Hazards and Risks List has been developed;
- OHS agreements have been entered into between the employer and employees represented by the shop-floor trade unions.

Expenses for OHS activities, RUB thousand	2020
Expenses for OHS activities, including:	89,051
– PPE expenses;	
– Health maintenance;	
– Statutory workplace assessment of labor conditions;	
– Purchasing legal, regulatory or standard process documentation, safety signs, posters, etc.;	
– Occupational injury and disease insurance;	
– Liability insurance for businesses operating hazardous production facilities;	
– Expenses under a contract for disease control and prevention testing;	
– Expenses under a contract with accident rescue units; and	
– Fire safety expenses.	

Workplace injury prevention

Occupational health and safety management is an essential part of Omsk Carbon Group's sustainability efforts and success over the longer term. Our strategic objective is maintaining a zero injury frequency rate.

To this end, Omsk Carbon Group provides its employees with briefings, training and knowledge assessments on safe working practices.

Briefing types

- introductory briefing;
- initial briefing (at workplace);
- refresher briefing;
- off-schedule briefing;
- targeted briefing.

Training types

- theoretical instruction;
- hands-on training (for employees exposed to harmful or hazardous working conditions).

Knowledge assessment types

- knowledge assessment and clearance to work unsupervised;
- routine knowledge assessment;
- extraordinary knowledge assessment.

Omsk Carbon Group puts much emphasis on personnel training in the industrial and occupational safety area.

Personnel training in the industrial and occupation safety area	2020
No. of managers and specialists certified in industrial safety	226
No. of workers trained and certified based on the results of targeted safe operation courses*	121
No. of managers, specialists and workers trained and certified in basics of fire safety	342
No. of managers and specialists trained and certified in occupational safety	255
Total	944

* Targeted courses cover the following topics:

- safe operation rules for pressure vessels;
- rules for the design and safe operation of steam and hot water pipelines;
- gas-based units maintenance with the authorization to perform hazardous gas works;
- working cradles located on the lift (tower);
- road safety rules for drivers (annually);
- training for carbon black production operators;
- management systems training for personnel;
- preparation for a scheduled knowledge assessment for electric and gas welders;
- preparation for a scheduled knowledge assessment for elevator operators;
- operating rules for heat-generating power plants;
- basics of fire safety for workers performing electric and gas welding or other hot works; and
- safe operation rules for hazardous facilities.

Occupational injury and disease information

Indicator		2020
No. of employees injured due to workplace accidents with one working day or more lost		–
Of whom:	Women	–
	Persons under 18 years of age	–
No. of fatalities		–
Of whom:	Women	–
	Persons under 18 years of age	–
No. of workdays lost by casualties with disability for one working day or more where temporary disability discontinued in the reporting year		–
No. of casualties with partial disability transferred from their main job to another job for one working day or more as required by a medical assessment report		–
Of whom: Women		–
No. of persons with an occupational disease first identified		–

There is an absolute success in terms of achieving Omsk Carbon Group's strategic objective – maintaining a zero injury frequency rate.

For three years – 2018, 2019 and 2020, no occurrences of occupational injuries were recorded.

The injury severity rate and the accident frequency rate in 2020 are zero.

With a view to preventing workplace injuries, we conduct comprehensive surveys of working and industrial safety conditions as well as audits of the fulfillment of statutory OHS requirements in accordance with documented procedures. In 2020, OHS inspections were conducted in 53 units of our companies as per inspection schedules.

In the course of such inspections, compliance with statutory or other OHS requirements is assessed on the basis of Omsk Carbon Group's List of Statutory and Other Occupational Health and Safety Requirements. The audits focus on irregularities in maintaining documentation, operations' sanitation conditions, the completeness or correctness of using personal protective equipment, etc.

Preventing Incidents or Accidents and Emergency

Omsk Carbon Group has identified potential accidents and emergencies with adverse effects on the environment and OHS and developed the procedures for preparing for, responding to, or preventing such situations and mitigating their consequences.

Ensuring the preparedness for accidents or emergencies means the allocation of organizational, human, technological, financial or other resources as necessary to prevent, contain or eliminate accidents and their consequences.

Omsk Carbon Group's hazardous production facilities are identified and recorded in national registers.

No accidents, emergencies, incidents, fires or ignition were recorded in 2020 at Omsk Carbon Group's sites.



There are services contracts with emergency response teams to ensure continuous availability of a professional response team's efforts and resources for the containment of, and recovery from, emergencies associated with systems or equipment depressurizing, oil or petroleum products spills and emissions of harmful, explosive or hazardous substances at the production facility.

Omsk Carbon Group plants yearly hold emergency drills and exercises involving all working shifts during the year as scheduled.

Our plants have developed action plans for emergency preparedness and addressing any civil defense or emergency challenges, whether natural or man-made:

- Oil and petroleum product spills prevention and containment plans;
- Hazardous production facilities accidents containment and recovery plans;
- Action plans for the containment and elimination of natural or man-made emergencies;
- Plans for enhancing the protection of potentially hazardous facilities.

At our plants, we established facility-based commissions for emergency prevention and containment, and fire safety.

Drill/exercise type	2020
Emergency drills conducted as per accident containment and recovery plans for personnel preparedness for action in the event of an accident at hazardous production facilities	47
Training exercises completed for personnel preparedness for action in the event of an accident at hazardous production facilities	428
Fire safety drills (topic-based exercises) conducted	14
Comprehensive civil defense and emergency situation exercises completed	1
Special tactical training exercises on civil defense and emergency situations completed	4
Civil defense and emergency situation table top exercises completed	2



Environmental Protection

Environmental conservation for future generations is an integral part of Omsk Carbon Group's company culture and business principles. We seek to attain leadership in minimizing our environmental impacts and making environmentally-friendly manufacturing possible.

Omsk Carbon Group's environmental management system is ISO 14001:2015 certified.

Improving environmental efficiency, which is assessed based on specific consumption of natural resources and emissions, is one of Omsk Carbon Group's primary goals.

Provided with all required environmental facilities, our plants meet modern-day environmental safety requirements.

Effluents, including storm sewage, are rendered harmless at our local waste treatment plants, and tail gases produced are treated in waste heat boilers. Our sophisticated circulation water system many times reduces fresh river water used for manufacturing purposes.

To conduct environmental monitoring, we use both our own quality control lab, which is accredited to monitor emissions, discharges and the environmental status within the sanitary protection areas, and third-party laboratories.

Our core environmental protection principles are:

Meeting requirements of the Russian laws and regulations issued by the federal, regional or local authorities, regarding environmental protection, OHS, product quality and safety as well as the requirements provided for by contracts with our customers, including specifications, and applicable to the company's operations.

Using natural resources sustainably, which involves:

- reduced consumption of energy (with primary energy resources including water and natural gas and secondary resources including electricity and thermal energy) and its efficient use at our plants by developing and implementing energy saving and energy efficiency programs;
- maintaining the maximum efficiency and environmental safety of the operating modes of power equipment affecting the environment (boilers and water treatment equipment) by conducting timely process flow tests and making process flow diagrams (at least once every 3 years); communicating them to maintenance staff and overseeing compliance;
- ensuring accident-free operation of power equipment (including hazardous production facilities) and uninterrupted utilities supply to the plants' operations and external consumers by observing industrial safety rules, including the organization of proper industrial control of hazardous production facilities and power generation systems, timely and quality maintenance and repairs of power equipment and training of maintenance staff, including accident-prevention and fire safety drills.

Environment protection expenses and scheduled environmental action

Expenses, RUB thousand	2020
Expenses for environmental protection action	15,102.359

A dramatic growth in environmental protection expenses (172.6%) is due to considerably increased spending at Omsk Carbon Mogilev IOOO.

Omsk Carbon Group also facilitates the development of its vendors by sharing expertise and overseeing their compliance with environmental requirements as part of contractual relations.

At Omsk Carbon Group, there is industrial environmental control in place with a view to ensuring the taking of action aimed at protecting the environment, promoting environmental stewardship and securing compliance with statutory environmental requirements in the course of operations.

In 2020, pursuant to a documented procedure for the control of compliance with statutory environmental requirements and implementation of environmental measures, we conducted environmental inspections across our divisions as per an environmental inspection schedule. A total of 172 inspections were completed.

Sustainable use of natural resources

Water consumption

Water is one of the essential resources in Omsk Carbon Group's day-to-day operations. One of the priorities as part of our environmental efforts is improved water efficiency and prevention of any associated accidents with environmental effects.

At Omsk Carbon Group OOO, we basically use water to produce our carbon blacks, generate steam and cool equipment. A closed-loop recirculation system is in operation at our facilities, with river water fed for replenishment.

Resource consumed	2020
Water for drinking and household needs, m ³	542,479
Process water, m ³	4,318,378
Circulating water, m ³	721,240

In 2020, we achieved a 5.5% reduction in the consumption of water for drinking and household needs and a 2.6% reduction in process water consumption. The amount of circulating water used for manufacturing remained at the same level.

Omsk Carbon Group's facilities contain local waste treatment plants where physicochemical treatment of process and storm sewage occurs. Our water saving efforts are continual. Annual routine includes cleaning collection ponds; maintaining water supply networks and equipment; and replacing filter media in water treatment filters.

Omsk Carbon Group's strategic objective is reducing its gross water discharge to surface bodies to 0.0063 million m³ by 2024.

Resource consumed	2020
Gross water discharge to surface bodies, m ³ million	0.0067

In the year 2020, gross water discharge to surface-level bodies was 0.0067 million m³.

Natural gas consumption

Natural gas is one of the key resources needed for Omsk Carbon Group's day-to-day operations; therefore, reduced natural gas consumption is one more focal area for our environmental efforts.

Natural gas is basically used in our carbon black production technology and for the operation of WH boilers generating heat (heating water, producing steam).

Resource consumed	2020
Overall gas consumption, m ³ thousand/year	249,635.016

In 2020, our overall gas consumption was 4.8% lower than in 2019.

Electricity generation and consumption

Resource	2020
Total electricity produced, kWh thousand	184,850.836
Total electricity purchased, kWh thousand	90,348.763

2020 marked a 6.5% increase in the total electricity generated as compared to 2019.

Heat consumption

Resource consumed	2020
Thermal energy, Gcal	1,314,955.126

In 2020, total heat consumption was 7.4% lower than in 2019.

Omsk Carbon Group's sites are implementing their long-term energy saving and energy efficiency programs for specific types of our activities:

- heat generation in heating and industrial heating boiler houses;
- transporting cold water and effluents;
- electric power transmission.

The programs contain targets for saving energy and improved energy efficiency and specific actions designed to achieve them. Quarterly program implementation reports are submitted to oversight authorities.

We record the amounts of energy used by our operations and external consumers, with the records processed and compiled in monthly, quarterly and annual reports to be relied on for the analysis of energy used by the company and the consumers. Whenever any deviations from standards or limits are identified, corrective actions are taken, and instructions and notices are given.

Setting up efficient and safe modes for the combustion of boiler fuel and the utilization of tail gases in WHB furnaces during heat generation (heating water, producing steam) is underway. Specialized providers perform process flow tests for every boiler at least once every 3 years, resulting in the preparation of process flow diagrams being guidance for the boilers operation.

Our top priority measure to reduce energy consumption and GHG emissions involves operating at the Omsk, Volgograd and Mogilev plants own co-generation units with the installed capacity of 18,000 thousand kW, which cover 65% of the facilities' electric power needs. Electricity is produced by steam-driven turbine plants using the steam generated by tail gas WHBs. Tail gas is also used in heat exchange equipment for carbon black production lines and at a heating boiler house.



Waste Handling

One more priority area for Omsk Carbon Group is the implementation of action aimed to reduce the amount of waste released into the environment.

We handle our waste in line with the requirements of the RF and Belarusian environmental laws and developed required waste generation standards and waste disposal limits. The Volgograd-based branch is a third-category facility in terms of negative environmental impact and as such is not required to draft waste generation standards or waste disposal limits according to Russian law. Arrangements for the disposal of waste on the premises were made.

A hazardous waste profile sheet is available for every waste type at Omsk Carbon Group OOO and its Volgograd branch. Waste profiling is not required for Omsk Carbon Mogilev IOOO in accordance with Belarusian law. All types of our facilities' waste are within the allowable annual generation standards. Our group's entities have licenses for the transportation, treatment, disposal, neutralization and placement of I–IV hazard class waste, authorizing them to transport I–IV hazard class waste.

Waste generation

In 2020, the amount of waste generated was 11,146 tonnes, 28.1% down from 2019.

Selling industrial waste

Waste type	2020
Ferrous scrap, t	603.9
Non-ferrous scrap, t	303.6
Carbon black sweepings, t	1,146

Collected selectively, waste can be sold to third-party entities licensed for the handling of hazardous waste for their further treatment and use as secondary materials. There are contracts concluded to transfer waste for disposal or recycling.

In 2020, we sold 2,053.5 tonnes of waste (including ferrous scrap, non-ferrous scrap and carbon black sweepings).

2020 marked an 18.8% growth in the waste volumes we sold to third parties for further treatment and recycling.

For industrial waste abatement, we reuse part of our waste. Non-conformity products are re-worked, which reduces waste released into the environment. In 2020, 19,415 tonnes of non-conformity blacks were re-worked.

Reusing refractory mortar breakage

Refractory mortar breakage is disintegrated and reused for the production of refractory articles, with 173.9 tonnes reused in 2020. A growth in waste treated for reuse was 2.4%.

Harmful (Pollutant) Substances Emissions and Discharges

Omsk Carbon Group OOO has a permit for harmful (pollutant) substances emissions with the emission quota of 5,648.806 t per year. The Volgograd Branch of Omsk Carbon Group OOO holds a permit for harmful (pollutant) substances emissions with the emission quota of 5,088.535 t per year. Omsk Carbon Mogilev's permit for harmful (pollutant) substances emissions provides for the emission quota of 1,331.297 t per year. To prevent the annual quota from being exceeded and keep emissions as low as possible, our plants conduct preventive overhauls for process equipment. In a bid to reduce dust emissions, we maintain effective operation of our dust control equipment by carefully observing the right filter operating parameters and replacing filter bags. With a view to decreasing air emissions, our storage facilities for hydrocarbon feedstock have dedicated apparatuses installed for each and every tank. Our motor vehicles are being replaced by Euro 5 petrol cars to reduce CO₂ emissions, and Euro-5 compliant fuel is used for filling.

In order to monitor the air condition on the border of the sanitary protection areas of the Omsk and Volgograd facilities, quality control labs conduct daily tests. The technical competence of the laboratories as part of ISO/IEC 17025 accreditation was determined by RusAccreditation. Accreditation Certificate for the Laboratory of Omsk Carbon Group OOO No. ROSS RU.0001.511240. Accreditation Certificate for the Laboratory of Volgograd Branch No. ROSS RU.0001.512283. Accreditation of Omsk Carbon Mogilev's lab is scheduled for 2021.

In 2020, Omsk Carbon Group OOO, its Volgograd branch and Omsk Carbon Mogilev IOOO performed 4,468 tests of the air on the border of their respective sanitary protection areas. No pollutants exceeded the maximum allowable concentrations.

Omsk Carbon Group OOO discharges its effluents into a surface water body based on a permit. The facilities are provided with a recirculation system. Process water is fed to the local treatment plant and re-appears at production lines. Excessive treated water is discharged into the Irtysh River where necessary.

We monitor our water resources to ascertain whether the quality of inflow meets the relevant requirements and understand the water effects of our operations. We have also established routine testing for pollutants and microorganisms in effluents with a view to addressing any reasons for the deterioration of their quality in a timely fashion.

Neither our Volgograd branch nor Omsk Carbon Mogilev discharges effluents into water bodies.



Emission of pollutants

The actual emissions of pollutants by Omsk Carbon Group OOO, its Volgograd branch and Omsk Carbon Mogilev IOOO in 2020 were 4,948.56 tonnes, which is 50.6% of the emission limit.

One of the priorities pursued by Omsk Carbon Group OOO, its Volgograd-based branch and Omsk Carbon Mogilev IOOO is the implementation of measures designed to maintain emission levels within the allowable limits. At our production facilities in Omsk, Volgograd and Mogilev, we developed draft regulations on maximum permissible emissions, had them approved and brought them into effect. All of the facilities' harmful (pollutant) substances emissions are within the allowable concentrations as required by the regulations.

In order to reduce dust emissions, filter bags are continuously replaced in recovery and aspiration systems, which is critical to the effective operation of gas and dust removal equipment. To decrease its air emissions, the Feedstock Preparation Shop of Omsk Carbon Group OOO is equipped with a hydrocarbon recovery unit. Hermetic feedstock discharge systems are in operation across our production sites, preventing any air emissions.

Sanitary and industrial labs accredited for technical competence as per the ISO/IEC 17025 requirements test the condition of atmospheric air for the group's facilities.

Discharges of pollutants

In 2020, the pollutants actually discharged by Omsk Carbon Group OOO was 0.802 t, which is 3.1% of the discharge limit. The Volgograd-based branch and Omsk Carbon Mogilev discharge no effluents into water bodies.

For Omsk Carbon Group OOO, the implementation of measures aimed at maintaining the discharge level within the allowable limit is a matter of priority. We developed draft regulations on maximum permissible discharges of substances and microorganisms into water bodies, had them approved and brought them into effect. A permit for the discharge of pollutants was issued on the basis of the draft. All discharges of pollutants in effluents are within the allowable concentrations as per the approved draft regulations.

We monitor the condition of our water resources to ascertain compliance of the quality of inflow with applicable requirements and generally understand the water effects of our operations. We perform testing of the outflows of effluents from our operations in order to promptly identify and eliminate any reasons for the deterioration of their quality. Our quality control lab and third-party laboratories conduct quality testing for the effluents. Our laboratory in Omsk is accredited for technical competence as per the ISO/IEC 17025 requirements.



Protecting Biodiversity

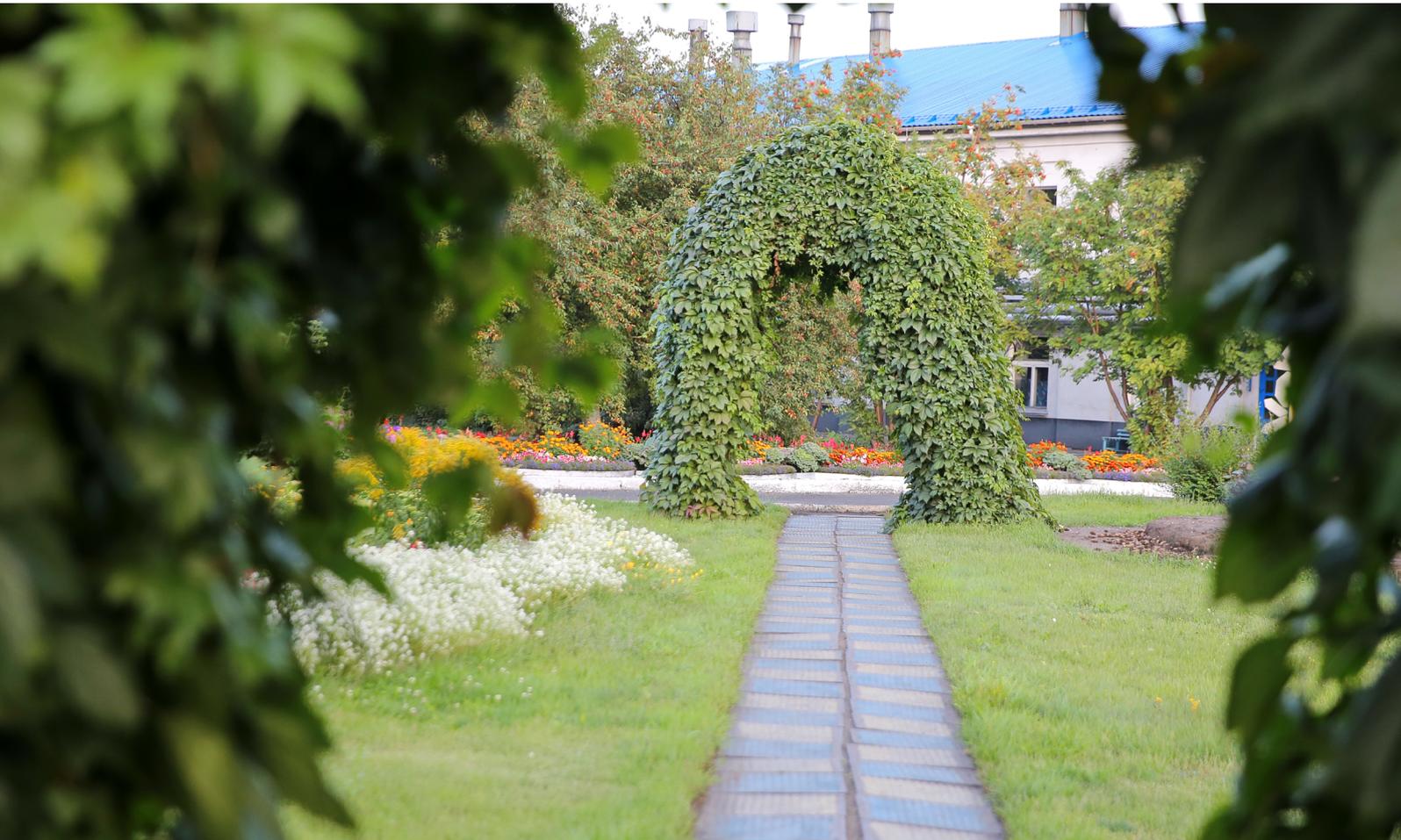
Omsk Carbon Group has no operations in protected areas or areas of high biodiversity value. However, we are aware of potential effects of the carbon black manufacturing process on biodiversity in the geographies where we operate.

Therefore, Omsk Carbon Group seeks to promote the culture of careful attitude to nature and biodiversity among its employees and build the skills required for environmental project management and effective interaction with local communities.

Our group's companies place high emphasis on the conservation of natural ecosystems exposed in the course of manufacturing operations. We at regular intervals monitor background environmental conditions on the borders of the sanitary protection areas and assess the impact of our operations on those conditions. The monitoring results demonstrate that the group's facilities have no substantial direct or indirect impact on the biodiversity of the natural complex. For instance, average pollutant concentrations on the border of a sanitary protection area within which manufacturing occurs do not exceed 50% of the upper limit of the safe level.

Moreover, in an effort to conserve biodiversity, the group's companies have long been engaged in landscaping not only at the premises of our facilities, but also within wider presence areas.





Landscaping

Omsk Carbon Group is a regular participant of green the so-called green community involvement events. Our companies annually undertake landscaping works and invest in the purchase of seedlings. Throughout 2020, our employees planted 1,092 trees of various species.

In 2020, we also decorated 2,482 m² of flower gardens, which required the planting of 262,340 pcs of flower seedlings.



Supply Chain Management

Omsk Carbon Group is committed to ensuring the compliance of its purchasing with all applicable statutory requirements and the principles of respect for ethical standards, human rights and environmental responsibility we have adopted.

Omsk Carbon Group's purchasing principles

Transparency and partner relations

The policy of openness, transparency, reinforcing confidence and respect towards suppliers.

Openness and equal treatment

Any Russian or international company can freely compete to become our supplier as long as it fulfills all our requirements of safety, reliability and legality.

Efficiency

Conducting procurement procedures using the most efficient methods with minimum costs and without compromising quality.

Minimizing inventory levels

Streamlining production and procurement processes to minimize inventory levels, with the absolute priority being process safety and continuity.

As a major consumer of goods and services, Omsk Carbon Group can contribute to the mitigation of social and economic risks within the supply chain. Omsk Carbon Group seeks to cooperate with suppliers committed to sustainable development principles.

To implement sustainability principles, our suppliers subscribe to Omsk Carbon Group's Supplier Code, and the requirements to meet environmental, labour and anticorruption laws (anticorruption clauses) are incorporated into our supply contracts.

Omsk Carbon Group annually rates its suppliers. The criteria to be assessed include the conformity of their environmental management systems to ISO 14001 requirements and the conformity of their OHS management systems to ISO 45001. There are three supplier categories (A, B and C), and no certified management system leads to a lower category.

In selecting suppliers, we prefer those who have certified their environmental and OHS management systems for conformity to the ISO 14001 requirements and the ISO 45001 requirements, respectively.

Supplier sustainability scoring occurs using a self-assessment method. Suppliers are evaluated based on Omsk Carbon Group's environmental, OHS, human rights and ethics requirements, including in the course of a supplier audit.

Omsk Carbon Group's strategic objective is 100% of its suppliers meeting our sustainability requirements by 2024.

Engagement with Local Communities

Omsk Carbon Group is developing a meaningful collaboration with local communities to facilitate socioeconomic development, create a friendly environment for its operations and preserve cultural traditions and the environment in the regions of presence.

The engagement with the presence regions' representatives includes signing cooperation agreements.

We co-work with local communities in the following areas:

- furthering economic growth;
- creating new jobs;
- investment in developing, expanding, upgrading and refurbishing production facilities;
- tax matters;
- environmental protection; and
- implementing social responsibility or charity projects.

Being a major taxpayer in the presence regions, Omsk Carbon Group procures their fiscal stability, which enables a balanced national socioeconomic policy. The company paid RUB 2,155 million in federal, regional and local taxes, fees, duties and social security contributions.

Charity

Omsk Carbon Group is a socially responsible business for both society at large and individuals, focusing on charitable activities and sponsorship, and promoting culture, science, education, sports and healthy lifestyle through a variety of campaigns.

Veterans and people with disabilities are within the zone of special attention. We have long been interacting with the Russian Orthodox Church and other confessions in an effort to revitalize spiritual values and religious traditions in Russia.

Over 20 years ago, Omsk Carbon Group OOO took Omsk Orphanage No. 3 for children with disabilities under patronage. The company cannot remain indifferent to those kids, providing monthly aid to them and the establishment.

Omsk Carbon Mogilev IOOO has joined "Rejoicing the Cockles of Children's Hearts", a regional charity marathon promoting various campaigns for children's wellbeing. Our Mogilev employees are providing support to multiple children families living in the agrotown of Voskhod and the settlement of Mirniy within the Mogilev Region.

Charity expenses breakdown, RUB thousand	2020
Charity expenses, including: <ul style="list-style-type: none"> – Education, research; – Supporting veterans, the disabled and those in need; – Charitable organizations and NGOs; – Orphanages; – Preschool institutions; – Spiritual heritage revival; – Other. 	6,640.438

Managing Corruption Risks

Omsk Carbon Group has taken a systemic approach to identifying, assessing and managing corruption-related risks.

We focus our attention on assessment of the existing controls and procedures within the areas and business processes that are particularly exposed to corruption risks. These basically include purchasing, payments, sales, charity, sponsorship, business gifts, entertainment expenses, interaction with public authorities, due diligence and contract approval.

Adherence to the highest business ethics standards forms an integral part of Omsk Carbon Group's corporate principles. We use substantial efforts to maintain the reputation of a transparent, fair and responsible company. To this end, Omsk Carbon Group promotes zero tolerance to any forms of corruption or bribery and applies a systemic approach to the prevention of misconduct and the taking of appropriate corrective action.

Omsk Carbon Group places a strong focus on the promotion of ethical behaviour and the prevention of fraud, corruption and bribery at all organizational levels. All reports of alleged corruption, bribery or unlawful acts are thoroughly investigated.

The Head of our Security Department is in charge of combatting fraud and corruption.

Omsk Carbon Group has developed its anticorruption system, including a number of steps to combat corruption at all corporate regulation levels:

- applying the due diligence principle when selecting contracting parties, incorporating anticorruption clauses into contracts;
- checking all of the existing and newly hired employees for affiliation with third-party businesses and conflicts of interest;
- running an anonymous hotline to report fraud, corruption or other irregularities; and
- undertaking internal investigations and holding perpetrators liable.

An important element of Omsk Carbon Group's steps to prevent corruption, fraud and bribery is keeping employees and vendors permanently informed on the need to prevent unlawful misconduct, bribery and corruption.

To ensure full compliance with all applicable laws and regulations, Omsk Carbon Group has developed a package of internal documents governing fair and ethical conduct, the ban on discrimination and corruptive activities, business conduct norms and the rules for staff members' internal and external communication.

Our essential documents regulating such matters:

- Anti-Fraud and Corruption Policies;
- Ecologically Responsible Purchasing Policies;
- Code of Conduct.

In addition to the policies and the code, there is a wide array of anti-corruption mechanisms (as described below) integrated at Omsk Carbon Group.

In 2020, we completed due diligence in respect of 3,489 suppliers and contractors. Our due diligence involves the assessment of financial performance, claims from business partners (where exist) and tax compliance. Such an approach helps us avoid dealing with mala-fide potential vendors whose business reputation (practices) is not fair or open. In addition to due diligence procedures for companies intended to become our business partners, we evaluate the current status of our existing business partners in terms of sound business practices. Partner relationships discontinue if the supplier fails to meet its tax liabilities or defaults on its obligations under a supply contract with third-party purchasers. Omsk Carbon Group highly appreciates our partners' fair practices and integrity. As part of identifying, combating and preventing corruption, key matters related to the approval of potential vendors (suppliers or contractors) and the determination of payment procedures for services or goods supplied are openly considered with the involvement of representatives of the business units concerned using the 1C Dokumentooborot software, which provides a discussion opportunity and rules out any covert, unfounded or unfair decisions. We select our contractors for performing works of nearly any complexity via our Tender Board. Every bidder submits documents required by our internal regulations that evidence the availability of its HR resources, materials and technology as well as its expertise in completing similar works. Certain works are also performed in respect of our branch's staff members. For the purposes of combatting corruption, staff members are required to report to the employer and law enforcement authorities any instances where they were approached by any persons to induce a corruption offence.

No contracts were terminated or non-renewed with our business partners due to any identified corruption-related violations in the reporting period. There were also no legal proceedings initiated against us or our employees based on alleged involvement in contravention of anti-corruption laws.

Our company is socially and legally proactive in identifying and preventing suppliers' corruption schemes or attempts to involve our staff in such corruption schemes.

Defining Report Content

In preparing this 2020 Report, we have relied on the Global Reporting Initiative (GRI) standards for sustainability reporting as a guidance and used applicable GRI reporting elements. The report reflects Omsk Carbon Group's contribution to achieving the UN sustainable development goals and implementing the UN Global Compact principles.

Omsk Carbon Group maintains an active dialog with all of its stakeholders, gathering feedback consistently. In preparing this Report, we made use of the results of our regular interaction with stakeholders, including for such purposes as the determination of considerable topics. The contents of the Report were based on the considerable topics identified, providing disclosures on the whole range of Omsk Carbon Group's impacts and meeting the interests of all our stakeholders.

The scope of the Report gives a fair view for understanding the economic, environmental and societal impacts Omsk Carbon Group had in the reporting period and has no intentional omissions. The Report to an equal extent discloses both positive and negative results of our operations without any intentional misrepresentation.

The terminology used in the Report is comprehensible to a broad range of stakeholders and sufficient to form an objective view



GRI Correspondence Table

GRI Indicator	GRI Indicator Description	Report Section and/or Comments, References to Other Sources	Report page
UNIVERSAL REPORTING ELEMENTS			
ORGANIZATIONAL PROFILE			
102-1	Name of the organization	About the Company	4-7
102-2	Activities, brands, products, and services	About the Company	4-7
102-3	Location of headquarters	About the Company	4-7
102-4	Location of operations	About the Company	4-7
102-5	Ownership and legal form	About the Company	4-7
102-6	Markets served	About the Company	4-7
102-7	Scale of the organization	About the Company	4-7
102-8	Information on employees and other workers	People	29-35
102-9	Supply chain	Supply Chain Management	51
102-10	Significant changes to the organization and its supply chain	No significant changes occurred in 2020.	
102-11	Precautionary principle or approach	Managing Sustainability Risks	24
		Supply Chain Management	51
		Managing Corruption Risks	53-54
102-12	External initiatives	Involvement in International, National and Regional Sustainability Initiatives	19-23
102-13	Membership of associations	Involvement in International, National and Regional Sustainability Initiatives	19-23
STRATEGY			
102-14	Statement from senior decision-maker	A Word from Our Board Chairman	3

GRI Indicator	GRI Indicator Description	Report Section and/or Comments, References to Other Sources	Report page
102-15	Key impacts, risks, and opportunities	Sustainable Development	12
		Sustainable Development Priority	13-14
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		Managing Sustainability Risks	24
		Human Rights	25-26
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		Supply Chain Management	51
		Engagement with Local Communities	57
		Managing Corruption Risks	53-54
ETHICS AND INTEGRITY			
102-16	Values, principles, standards, and norms of behaviour	Managing Corruption Risks	53-54
102-17	Mechanisms for advice about ethics	Managing Corruption Risks	53-54
GOVERNANCE			
102-21	Consulting stakeholders on economic, environmental, and social topics	Stakeholder Engagement	22
102-30	Effectiveness of risk management processes	Managing Sustainability Risks	24
102-35	Remuneration policies	People	31-32
102-36	Process for determining remuneration	People	31-32
102-37	Stakeholders' involvement in remuneration	People	29-35
		Working with Trade Unions	35-36

GRI Indicator	GRI Indicator Description	Report Section and/or Comments, References to Other Sources	Report page
STAKEHOLDER ENGAGEMENT			
102-40	List of stakeholder groups	Stakeholder Engagement	22
102-41	Collective bargaining agreements	Working with Trade Unions	35-36
102-42	Identifying and selecting stakeholders	Stakeholder Engagement	22
102-43	Approach to stakeholder engagement	Stakeholder Engagement	22
102-44	Key topics and concerns raised	Managing Sustainability Risks	24
REPORTING PRACTICE (GENERAL)			
102-45	Entities included in the consolidated financial statements	About the Report	55
102-46	Defining report content and topic boundaries	About the Report	55
102-47	List of material topics	About the Report	55
102-48	Restatements of information	No restatements of information were used during the reporting period.	
102-49	Changes in reporting	No changes in reporting were made.	
102-50	Reporting period	About the Report	55
102-51	Date of most recent report	About the Report	55
102-52	Reporting cycle	About the Report	55
102-53	Contact point for questions regarding the report	About the Report	55
102-54	Claim of reporting in accordance with the GRI Standards	About the Report	55
REPORTING PRACTICE (CORRESPONDENCE INDEX)			
102-55	GRI Content index	About the Report	55
REPORTING PRACTICE (ASSURANCE)			
102-56	External assurance	No external assurance was provided.	

GRI Indicator	GRI Indicator Description	Report Section and/or Comments, References to Other Sources	Report page
103 Management approach			
103-1	Explanation of the material topic and its boundary	About the Report	55
103-2	The Management approach and its components	Sustainability Management	11
		Sustainable Development	12
		Omsk Carbon Group's Contribution to the Achievement of the Sustainable Development Goals	15-18
201 ECONOMIC PERFORMANCE			
201-3	Defined benefit plan obligations and other retirement plans	People	29-35
		Working with Trade Unions	35-36
201-4	Financial assistance received from government	In 2020, the company obtained no financial assistance from governmental authorities	
202 MARKET PRESENCE			
103	Management approach	People	29-35
202-1	Ratios of entry-level wage to local minimum wage	People	29-35
202-2	Proportion of senior management hired from the local community	People	29-35
203 INDIRECT ECONOMIC IMPACTS			
203-1	Infrastructure investments and services supported	Omsk Carbon Group's Contribution to the Achievement of the Sustainable Development Goals	15-18
		Engagement with Local Communities	52
203-2	Significant indirect economic impacts	Omsk Carbon Group's Contribution to the Achievement of the Sustainable Development Goals	15-18
		Engagement with Local Communities	52
204 PROCUREMENT PRACTICES			
103	Management approach	Supply Chain Management	51
204-1	Proportion of spending on local suppliers	Supply Chain Management	51

GRI Indicator	GRI Indicator Description	Report Section and/or Comments, References to Other Sources	Report page
205 ANTI-CORRUPTION			
103	Management approach	Managing Corruption Risks	53-54
205-1	Operations assessed for risks related to corruption	Managing Corruption Risks	53-54
205-2	Communication and training about anti-corruption policies and procedures	Managing Corruption Risks	53-54
205-3	Confirmed incidents of corruption and actions taken	No confirmed instances of corruption were recorded in 2020.	
206 ANTI-COMPETITIVE BEHAVIOUR			
103	Management approach	Managing Corruption Risks	53-54
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	Managing Corruption Risks	53-54
ENVIRONMENTAL			
301 MATERIALS			
103	Management approach	Environmental Protection	42-48
301-3	Reclaimed products and their packaging materials	Environmental Protection	42-48
302 ENERGY			
103	Management approach	Environmental Protection	42-48
302-1	Energy consumption within the organization	Environmental Protection	42-48
302-2	Energy consumption outside of the organization	Environmental Protection	42-48
302-3	Energy intensity	Environmental Protection	42-48
302-4	Reduction of energy consumption	Environmental Protection	42-48
302-5	Reductions in energy requirements of products and services	Environmental Protection	42-48
303 WATER			
103	Management approach	Environmental Protection	42-48
303-1	Water withdrawal by source	Environmental Protection	42-48
303-2	Water sources significantly affected by withdrawal of water	Environmental Protection	42-48

GRI Indicator	GRI Indicator Description	Report Section and/or Comments, References to Other Sources	Report page
303-3	Water recycled and reused	Environmental Protection	42-48
304 BIODIVERSITY			
103	Management approach	Protecting Biodiversity	49
304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Protecting Biodiversity	49
304-2	Significant impacts of activities, products, and services on biodiversity	Protecting Biodiversity	49
304-3	Habitats protected or restored	Protecting Biodiversity	49
304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	Protecting Biodiversity	49
305 EMISSIONS			
103	Management approach	Environmental Protection	42-48
305-1	Direct (Scope 1) GHG emissions	Environmental Protection	42-48
305-5	Reduction of GHG emissions	Environmental Protection	42-48
305-6	Emissions of ozone-depleting substances (ODS)	Environmental Protection	42-48
305-7	Nitrogen oxides (NOx), sulphur oxides (SOx), and other significant air emissions	Environmental Protection	42-48
306 EFFLUENTS AND WASTE			
103	Management approach	Environmental Protection	42-48
306-1	Water discharge by quality and destination	Environmental Protection	42-48
306-2	Waste by type and disposal method	Environmental Protection	42-48
306-4	Transport of hazardous waste	Environmental Protection	42-48
306-5	Water bodies affected by water discharges and/or runoff	Environmental Protection	42-48
307 ENVIRONMENTAL COMPLIANCE			
103	Management approach	Environmental Protection	42-48
307-1	Non-compliance with environmental laws and regulations	Environmental Protection	42-48

GRI Indicator	GRI Indicator Description	Report Section and/or Comments, References to Other Sources	Report page
SOCIAL			
401 EMPLOYMENT			
103	Management approach	People	29-35
401-1	Total number and rate of employee turnover during the reporting period, by age group, gender and region	People	29-35
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	People	29-35
402 LABOUR/MANAGEMENT RELATIONS			
102-48	Management approach	People	29-35
402-1	Minimum notice period regarding operational changes	In accordance with the Labour Code of the Russian Federation, federal laws or other regulations containing rules of labour law, agreements and employment contracts	
403 OCCUPATIONAL HEALTH AND SAFETY			
103	Management approach	Occupational Health and Safety	37-41
403-1	Workers representation in formal joint management – worker health and safety committees	Occupational Health and Safety	37-41
403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	Occupational Health and Safety	37-41
403-3	Workers with high incidence or high risk of diseases related to their occupation	Occupational Health and Safety	37-41
403-4	Health and safety topics covered in formal agreements with trade unions	Working with Trade Unions Occupational Health and Safety	35-36 37-41
404 TRAINING AND EDUCATION			
103	Management approach	People	29-35
404-1	Average hours of training per year per employee	People	29-35
404-2	Programs for upgrading employee skills and transition assistance programs	People	29-35

GRI Indicator	GRI Indicator Description	Report Section and/or Comments, References to Other Sources	Report page
404-3	Percentage of employees receiving regular performance and career development reviews	People	29-35
405 DIVERSITY AND EQUAL OPPORTUNITY			
103	Management approach	People	29-35
405-1	Diversity of governance bodies and employees by gender, age, minorities and other diversity indicators	People	29-35
405-2	Ratio of basic salary and remuneration of women to men	People	29-35
406 NON-DISCRIMINATION			
103	Management approach	Human Rights People	25-26 29-35
406-1	Incidents of discrimination and corrective actions taken	Human Rights People	25-26 29-35
407 FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING			
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	The company has no operations in which the right to freedom of association and collective bargaining may be exposed to significant risks.	
408 CHILD LABOUR			
408-1	Operations and suppliers at significant risk for incidents of child labour	The company has no operations at risk for incidents of child labour.	
409 FORCED OR COMPULSORY LABOUR			
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labour and measures taken to eliminate forced or compulsory labour	The company has no operations at risk for incidents of forced or compulsory labour.	
410 ОБЕСПЕЧЕНИЕ БЕЗОПАСНОСТИ			
410-1	Security personnel trained in human rights policies or procedures	100%	

GRI Indicator	GRI Indicator Description	Report Section and/or Comments, References to Other Sources	Report page
411 RIGHTS OF INDIGENOUS PEOPLES			
411-1	Incidents of violations involving rights of indigenous peoples	No violations involving rights of indigenous peoples were recorded in 2020.	
413 LOCAL COMMUNITIES			
401-1	Management approach	Engagement with Local Communities	52
413-1	Operations with local community engagement, impact assessments, and development programs	Engagement with Local Communities	52
413-2	Operations with significant actual and potential negative impacts on local communities	In 2020, there were no operations with significant actual or potential impacts on local communities.	
414 SUPPLIER SOCIAL ASSESSMENT			
103	Management approach	Supply Chain Management	51
414-1	Percentage of new suppliers that were screened using social criteria	Supply Chain Management	51
415 PUBLIC POLICY			
415-1	Political contributions by country and recipient/beneficiary	The company makes no contributions to political parties or organizations or their representatives and is not involved in politics.	
416 CUSTOMER HEALTH AND SAFETY			
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services, by type of consequences	In 2020, there were no instances of non-compliance with statutory or voluntary code requirements concerning the health and safety impacts of products or services.	
417 MARKETING AND LABELING			
417-2	Incidents of non-compliance concerning product and service information and labeling, by type of consequences	In 2020, there were no instances of non-compliance with regulatory or voluntary code requirements concerning product or service information or labeling.	